

Sseko Designs: Empowering Ugandan Women

INTRODUCTION

Being an entrepreneur often means pursuing your dream even in the face of rejection. Fashion company Sseko Designs is a for-profit social enterprise developed to help women in Uganda improve their lives through higher education. It was founded by entrepreneur Liz Bohannon, who has a passion for Ugandan women. She was even able to pitch her idea on the reality show *Shark Tank* to try and secure additional funding. However, none of the funders agreed to provide capital for the firm.

Liz remains undeterred by the rejection. She is adamant that her firm will successfully create social change and lead to better income opportunities for Ugandan women. This case will discuss the motivation behind the creation of Sseko Designs, its major accomplishments, its participation on ABC's *Shark Tank*, and future opportunities for success.

BEGINNINGS

It all started when Liz Forkin-Bohannon decided the corporate world was not for her. After quitting her job at a global communications firm, she decided to travel through a developing country in hopes that she could gain some perspective. Because a friend of hers worked at an orphanage in Uganda, Liz chose to travel through Uganda for four months.

When Liz arrived in the capital city of Kampala in 2008, she was stunned by the contrast between the five-star hotels and large corporations and the poverty she saw on the streets. She had a strong desire to develop positive social change in Uganda—particularly for Ugandan women. After some investigation, Liz learned that promising Ugandan women who finished schooling were given a nine-month break before college to go back to their villages and earn enough money to pay for tuition. Unfortunately, most women could not secure jobs with adequate wages. This has resulted in a whopping 98 percent of Ugandan women who do not complete higher education.

Liz set out to change this. Initially, she wanted to develop a charity that would secure funding to send Ugandan women to college. However, one of her Ugandan friends told her that they did not need or desire handouts. What would really help them is to find them jobs that would allow them to earn their own money for college. This is a similar idea behind many micro-lending organizations such as Kiva.org, which provides small loans to budding entrepreneurs in developing countries. The loans help the entrepreneurs start their own business and rise out of poverty. The belief behind this concept is that while charity provides a short-term solution to poverty, teaching people the skills needed to lift *themselves* out of poverty represents a long-term solution that is sustainable. This concept is known as a *social enterprise*, in which the sales of the products are used to support the

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organization. Social enterprises are often more sustainable than traditional charity organizations or non-profits because they do not depend solely on donations but sustain themselves.

Liz Forkin-Bohannon was intrigued by the idea. What she needed next was a product that Ugandan women could develop and sell. At first, she tried her hand at chicken farming, but it did not pan out. Then a friend reminded her of the ribbon sandals she had developed while she was in college. During her college years, Forkin-Bohannon disliked the flapping noise of traditional sandals, so she redesigned them by purchasing rubber flip-flop bottoms tied with ribbon. This was a low-cost way to reduce the flapping noise and allowed Forkin-Bohannon to use the ribbons to tie the sandals in creative ways. Her ribbon sandals quickly caught the eye of other students who viewed them as unique and fashionable.

Liz believed she could improve upon her original design using materials obtained locally. For two weeks she traveled through Kampala looking for suppliers while gaining skills in sandal making through tutorial videos on YouTube. After developing a step-by-step manual, she approached the Cornerstone Leadership Academy in Uganda for recommendations on potential hires who recently graduated and wanted to obtain a higher-level education. The institution recommended three women that Forkin-Bohannon hired.

She developed a business idea for a work-study model for Ugandan women who showed college potential. Liz would offer women employment during the nine-month period they had to earn enough revenues for college. The women would make sandals and other products that could be sold to consumers in the United States. In the process the Ugandan women would not only learn skills but also have the chance to earn their wages to go to college. The organization would place 50 percent of the women's salaries into a university savings account, and at the end of the nine months Sseko would match the savings collected 100 percent with a scholarship.

With her first three workers Forkin-Bohannon promised the women that the organization would guarantee their first year's college tuition if they agreed to make sandals for the next eight months. The cost for tuition was approximately \$15,000 among the three. This required Forkin-Bohannon to work hard to meet their goal. Sseko Designs (pronounced say-ko from the Lugandan word for laughter) was officially born.

When Liz returned for Christmas in 2008, her long-time boyfriend Ben Bohannon asked her to marry him. Liz agreed, but only if he would support her promise to provide \$15,000 to send her Ugandan workers to college. She was married wearing Sseko sandals with silver straps. During that time, Forkin-Bohannon read the book *HTML for Dummies* and was able to build a rudimentary website for Sseko Designs where she shared the story behind the organization's founding.

Of course, making the sandals was only half the battle. The Bohannons also had to find buyers. Liz's husband Ben was supportive of the organization, so much so that he quit his high-tech job to go into business with his wife. The couple shared the desire to turn what started as an eight month work-study program into a sustainable "not just for profit" company that would make a significant difference for women in Uganda. Together the couple traveled the nation for six months in their Honda Odyssey minivan—often sleeping in the van and showering at truck stops to save money—

to try and convince stores to purchase sandals from Sseko Designs. Sandals were stored in the couple's one-bedroom apartment. Customers could also purchase through the website www.ssekodesigns.com.

SUCCESS

The sandals themselves are relatively simple, with a \$47 cost for the rubber and leather bases and \$8-\$13 for the straps. What consumers seemed to like most about the shoes is that the straps are interchangeable and can be easily changed out with different ones to create new fashions. The shoes come with two sets of interchangeable ribbons and sell for approximately \$65.

The orders started to pour in. Within one year Sseko Designs obtained its first big break when Marth Stewart included the sandals in her holiday gift guide for 2009. The publicity caused so many orders that the company temporarily experienced a stock-out. The sandals appealed to both fashionistas and consumers who desired to see their purchase going to support a social cause.

Retailers were also interested in the social enterprise. Two companies in Portland, Oregon—where the couple eventually settled—saw the sandals as a win-win solution. They thought the sandals were a unique idea that would attract customers while also helping women in a developing country achieve their own dreams. The products are displayed with a point-of-purchase card users can scan with their smartphones, which connects them to YouTube videos demonstrating the various ways the ribbons could be tied to create new fashions. Interest in Sseko Designs continued to grow, and by 2011 the organization had sold 10,000 pairs of sandals.

The success of Sseko Designs enabled the company to expand into other areas, including accessories and leather handbags. While the sandals and accessories are developed in the company's Uganda workshop, Sseko Designs has also partnered with different groups in East Africa to develop crafted goods. This has allowed the company to extend its reach beyond Uganda and create a positive impact on other East African countries through additional business opportunities. Soon Sseko Designs had 10 students and 20 employees in Uganda developing its products. Wages for the workers are much higher than what is normally earned in the country. Workers are paid \$200 to \$250 monthly compared to an average wage of \$60. With half of this money being saved in a college fund, Sseko Designs matches the savings at the end of the nine-month period so that enough funds are available to cover college tuition. Despite these high wages, Sseko Designs was profitable for the first three years it was in business. Today Sseko Designs has become Uganda's largest footwear manufacturer. Its products can be purchased online or in 400 retailers in North America.

SHARK TANK

For the Bohannons, this is just the beginning. They believe Sseko Designs has a lucrative future that will significantly impact the economies of East African countries. To make their dreams a reality, however, the couple needed to secure additional funding. They were able to secure some funding from four private investors. Then the couple was given the opportunity to appear on the ABC reality show *Shark Tank*.

On February 13, 2015, Liz and Ben Bohannon presented Sseko to the panel of sharks—self-made billionaires that included Dallas Mavericks owner Mark Cuban, real estate maven Barbara Corcoran, venture capitalist Kevin O’Leary, QVC entrepreneur Lori Greiner, and technology expert Robert Herjavec. The couple offered the sharks a 10 percent stake in the firm for a \$300,000 investment. At the time of the episode, Sseko sales had surpassed \$3 million.

On the other hand, Sseko had suffered a \$90,000 loss in 2014 and anticipated it would lose money in 2015 as well. The Bohannons explained that the reason for the loss is that they are putting more money into development and are hiring more salespeople. They expressed their belief that as more Americans learn about Sseko, its unique products, and its social mission, sales would increase and the firm would recoup its profits.

It is not unusual for an organization to incur debt or suffer losses as it expands. Debt, managed correctly, could actually help a firm because it allows it to take on opportunities it would not normally have with limited funds. However, a negative cash flow often turns off investors, and the sharks were no exception. Of greatest concern to the sharks was the belief that the Bohannons overvalued their business. However, the Bohannons explained that they could not lower their valuation due to the deals they had already struck with the four private investors. Venture capitalist Kevin O’Leary told the couple that he would require a 50 percent equity in the business for him to invest the full amount. The Bohannons rejected the deal.

The failure to gain funding from any of the sharks did not discourage Liz Forkin-Bohannon. While she hoped that at least one shark would invest in the firm, she knew that entrepreneurs on *Shark Tank* rarely end up with the valuation they request. She also knew that 6 million people watch *Shark Tank*, and many would sympathize with their social mission. The exposure on the show resulted in a 500-fold increase in traffic on the website and a 1,000 percent increase in sales for the month of February. She also points out that since the show aired, they received the entire investment they had initially wanted from the sharks without having to decrease the company’s valuation.

The show also gave Liz the chance to defend their business model. One of the criticisms the sharks had is that the Bohannons are too focused on their social mission and not enough on profit. Real estate maven Barbara Corcoran compared Sseko Designs to another company that had been on *Shark Tank* that wanted to help people. However, they were focused on profit first, then on philanthropy. She explained how the company became very successful, she earned a major return on her investment, and the company was able to build three orphanages in India.

The Bohannons believe that the prevailing view among the sharks is that they should earn profit quickly and then use some of those profits to donate to charity. In an article later published in *The Huffington Post*, Liz Forkin-Bohannon claims they are not in the business of philanthropy. While charitable contributions make up two percent of U.S. GDP, consumer spending makes up 68 percent. Additionally, she points out that Millennials (those born between 1980 and 2000) tend to be less concerned with big brand names and more concerned with the story behind the brand. Research shows that the Millennial generation is more engaged with brands and have a more personal connection to them. Although this makes it harder for any one brand to achieve significant

relevance, brands that support a cause consumers care about are viewed favorably. It is this awareness and the knowledge of Sseko's mission that the Bohannans feel is key to increasing demand.

The Bohannans believe that building social impact into the organization from the get-go will generate significant profit and provide a market-based, long-term solution to the problem of poverty and lack of education among women in East Africa. For this reason, they plan to stay with their original business model even if it takes longer to reach profitability because they thoroughly believe in their business's social mission.

THE FUTURE

Although the Bohannans faced rejection from the sharks, they raised the same amount of funding from other investors. The couple sees this as only the beginning and expects to transform Sseko Designs into a lifestyle brand. However, they are adamant that Sseko Designs will remain focused on mission over profitability.

Sseko Designs has already had a major impact on Uganda. Not only is it the largest footwear manufacturer—resulting in more jobs for Uganda as well as for the Ethiopian and Kenyan artisans who create crafted products for Sseko to sell—it also serves to empower women. Those women that complete the nine-month program learn important skills such as quality control and design that could help them in their future careers. Thus far, Sseko has sent 60 girls to college and employed another 120.

The trick for Sseko Designs is to maintain profitability, as even the best social enterprise will not work without it. While it is not easy to incorporate social impact into the business model as it might entail delaying profitability, the Bohannans feel their venture will succeed. They hope to eventually build a production base for Sseko that would be able to produce products for both small and large brands. Even more rewarding for the Bohannans, however, is the impact Sseko is having on women's lives. In 2012 one of Sseko's original three interns—Mercy Ahurira—was the first to graduate from college.

QUESTIONS

1. Discuss Sseko's social entrepreneurship model and how it differs from traditional charitable initiatives that other companies might take.
2. How do you think Sseko's social mission might have changed if the Bohannans had accepted the deals from the "sharks"? Do you think they made the right decision?
3. Do you believe that the Bohannans are too focused on their social mission? Should they focus more on profit? Why or why not?

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