

Jaipur Rugs

Weaving a Tapestry of Empowerment across Rural India

Nature of Business: Carpet Weaving
Industry Sector: Manufacturing
Family Business History: 2nd Generation
Provenance: India



Setting the Stage

The story of Jaipur Rugs is one for the ages. It exemplifies how a purpose-driven company focused on inclusive growth redefines success in business. By empowering marginalised communities, nurturing a new 'creative caste' and connecting them with global markets, Jaipur Rugs has transformed the lives of thousands in rural India whilst building a flourishing family business.

Jaipur Rugs is one of India's largest manufacturers of hand-knotted rugs. Founded in 1978 by Nand Kishore (N.K.) Chaudhary, the core purpose of Jaipur Rugs is to nurture the creative capacity of India's artisans and empower them to fulfil their aspirations and live a dignified life. NK's five adult children are committed to the family business. They cherish that their "business is built on a bedrock of values that goes back to our father and founder, that combines kindness as our default demeanour, compassion for those around us, and the humility that everyone deserves dignity".

To connect people around the world with the talents of the artisans that surround him in India, NK started Jaipur Living. Headquartered in Atlanta, USA, Jaipur Living is helmed by eldest daughter Asha while second daughter Archana heads quality assurance.

Back in India, daughter Kavita is the Design Director, while sons Yogesh and Nitesh work in marketing, sales & supply chain management.

Yogesh had an unorthodox entry into the business. In 2006, while back on a break from his sophomore year at Boston College, the family faced dramatic upheaval at home. A theft at the office had pulled the rug from under their feet and some key people in the organisation had quit. Father NK was under tremendous pressure and young Yogesh stayed back to lend a helping hand. Yogesh shares that until that experience,

he had no intention to join the family business. But the young man's technical knowledge and expertise in international marketing proved invaluable to the family business. Today, Yogesh is the driving force behind the company's efforts to expand to 60 countries within the next 10 years.

Holding the Mirror

NK Chaudhary grew up in a small town in Rajasthan, a state in northwestern India. After graduating from the University of Rajasthan, NK began his career in his family's shoe shop. However, he wanted to do something on his own, with societal impact. He learnt that high-quality rug weaving was in demand. But simply starting a traditional business and employing people was not enough to reshape society. NK had bigger plans. He intuitively realized there was a need to fundamentally change the way business was conducted. The carpet industry had a lot of middlemen; unfair and delayed wages to artisans were really big problems. Furthermore, in India's male-dominated society, women hardly left their homes except for the most dire of necessities. Going to work and earning an income were far-fetched scenarios.

There was also the roadblock of the world's oldest form of surviving social stratification, the system that divides Hindus into four rigid hierarchical groups based on their karma (work) and dharma (duty). Rural communities have long been arranged on the basis of castes: The upper and lower castes almost always lived in segregated colonies; village artisans from lower caste communities used to take a different route to go to market to avoid the disdain of upper caste women. Water wells were not shared; Brahmins, for instance, would not accept food or drink from the 'untouchable' Shudras (people of a lower caste); and one could marry only within one's caste.

It was apparent to NK that conventional means and business-as-usual could not address all these societal challenges.

Connecting the Dots

Chaudhary had the conviction that he would succeed only if he challenged the status quo. So he adopted an audaciously different business model:

- 1 **Pay weavers on time (monthly), fairly (without deductions as the middlemen were prone to do) and close to twice what they were making.**
- 2 **Provide them all the materials they would need.**
- 3 **Enable them to work from home.**

This was **disruption on three massive fronts** – a complete rejection of conventional theory and practice. But NK was convinced that weavers who work from home – with access to their children and families – would be happier and more productive. He also believed that people discover their best selves when they are treated with fairness and dignity, and given a chance to earn a sustainable livelihood with the work of their hands.

The business started when a then-25-year old NK, with intelligent naivety and little else, borrowed Rs5000 (US\$100) from his father to purchase two looms and an old bicycle to start his rug business. He set up the looms in his home and

quickly learned the technical aspects of weaving from local weavers, adding more looms and hiring nine trained but unemployed villagers. His wife supported his new venture despite pushback from their families. She cooked, fed and took care of the weavers, who often slept and ate at their home. In the face of uncertainty, with no precedent or safety net to fall back on, they pressed on, fuelled by hope and a tenacious belief that people with purpose can accomplish anything.

Two years later, they moved from Rajasthan to the neighbouring state of Gujarat to work with tribal communities, teaching them how to weave. NK's business philosophy was – and remains – rooted in the villages of India, not in the rise of congested urban factories. He self-effacingly stated at the time: *"I don't do well in a suit and tie."* Eight years later, he had built a network of 15,000 tribal artisan families in the state.

Jaipur Rugs employs men and women who live in the most remote parts of India with little to no access to transport. The greatest challenge in these artisans' lives is commuting to work and back, often resulting in families that live far apart. One of the key differentiators of the Jaipur model is an artisan's ability to not only work from home but have business travel to them.

Through a grassroots network that requires specialised logistical support, raw material is dropped off at an artisan's home where they work on the product. To ensure end customers receive high-quality products, quality supervisors

L-R: Asha, Yogesh, N.K., Kavita, Sulochana, Nitesh and Archana



The Chaudhary family

inspect looms to help ensure a consistent output while tracking progress. When completed, the rug is picked up at the weaver's doorstep and sent on to the next stage of the rug-making process.

Eighty distinct processes are recognised in carpet making, from buying the raw materials to final delivery. Jaipur Rugs monitors each one, sending a quality supervisor every two weeks to the villages to track progress. Through a conscientious and robust programme, Jaipur Rugs trains and contracts these rural people to make world-class hand-knotted carpets from home using weaving looms supplied by the family business. Unlike the old practices where weavers were only paid on completion, Jaipur Rug artisans are given progressive payments every month when the supervisors come by for training and quality inspection.

Quality control is of paramount importance. In 2009, the company was throwing out US\$10,000 worth of product because of defects and loose knots. It eliminated waste by setting up more checkpoints at the village level and then in the warehouse. Completed rugs were delivered to the Jaipur offices for inspection. Colour-coordinated digital blueprints were designed, printed, and sent to the village artisans to create consistency of output. Colours also made it easy for villagers, who were illiterate; they simply had to match thread colours to the pattern.

The Jaipur Rugs ecosystem works well because its people are mission-aligned. NK has built Jaipur Rugs by emphasizing family values, nurturing relationships and prioritising people. The family business governance board meets once a month via video-conference to review operations, forge strategy and plan for the future.

Only a leader with an audacious ambition would be able to pull this off. But despite his grand vision, NK has remained a realist, believing that the real lessons of business (and life) are learned in practice, not in the classroom. His battle-cry? "Knowledge gained without practice is ego."

Case in point: When he hired his first management team, NK opted for well-educated, experienced candidates. That resulted in a period of tumult. NK, a man of the villages, was at odds with the city-bred professionals who carried degrees from illustrious business schools around the world but had little understanding of the weavers' lives. To give them perspective and to 'break the ego', he set up a unique programme: **The Higher School of Unlearning**. He partnered professionals with older, less-educated managers who were entrenched in the business. "You have to appreciate the wisdom that people at the grassroots level have. They're probably the best managers in the world."

The initiative was intuitive; but it was founded on sound organisational principles. Companies of the future need to build not just their 'know-how', but also their 'learn-how'. They need to be intentional about their learning process, and build in real time and space for 'unlearning'.

Jaipur Rugs artisan



Creating Impacts

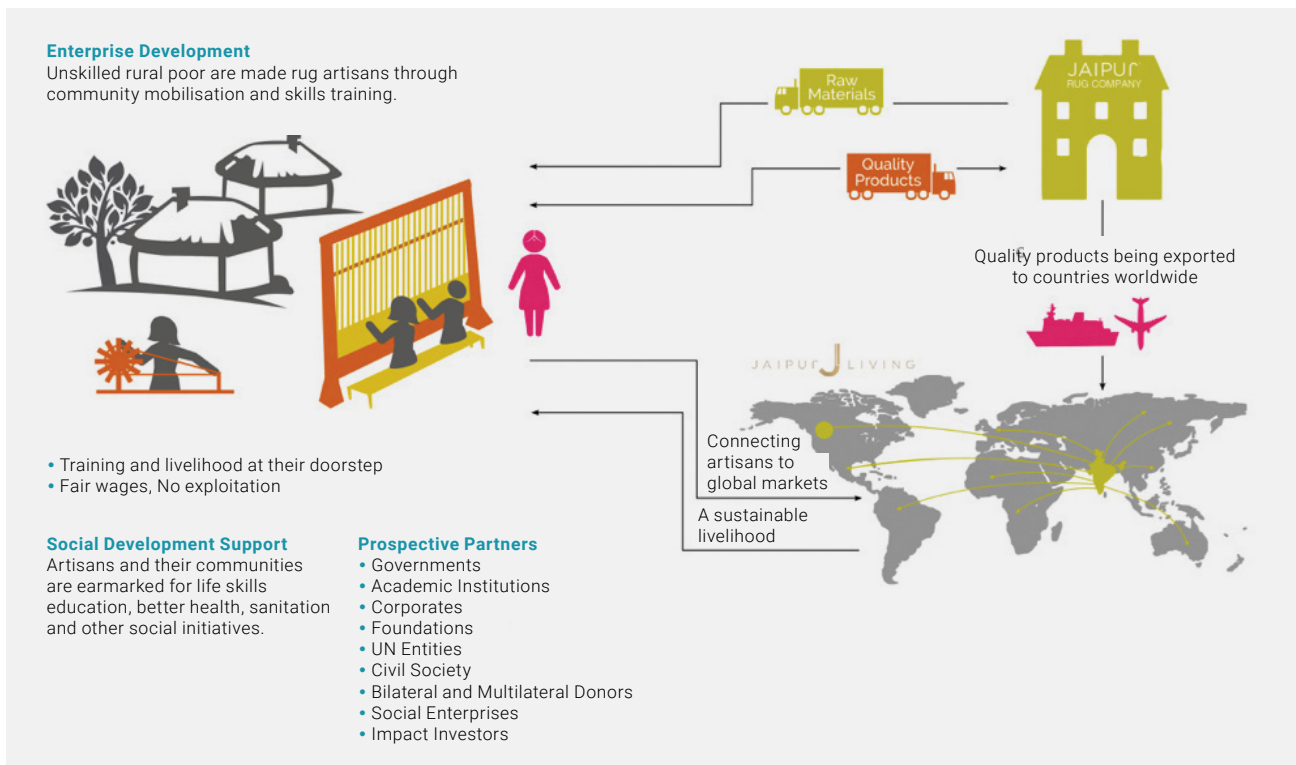
Today the company's operations impact over 50,000 artisans from across 610 Indian villages in the most remote parts of India. These talented weavers produce rugs that range from simple doormats to intricate works of art in silk. Knot quality determines price and prestige: The finer and tighter the knots, the higher the value. It can take anywhere from three to six months to complete a rug; in that time, a weaver builds a bond with her product, and it becomes a labour of love. More recently, weavers are being encouraged to sign off on their work – a practice that promotes pride of accomplishment and high-quality standards. The Manchaha ('made from the heart') collection are one-of-a-kind rugs that also double as captivating storytellers, as when buyers display them in their living spaces, they share tales of artistry, empowerment and resilience.

Jaipur Rugs has also gained international recognition for outstanding design by winning 48 industry awards (www.jaipurrugs.com/media/awards) as well as six certifications of quality (www.jaipurrugs.com/certifications) – an external validation of internal standards.

While market recognition sells the product, something more profound has burnished the brand. Jaipur Rugs has not just salvaged vulnerable lives by offering a livelihood, it has reshaped communities by challenging India's centuries-old caste system. The patriarch Chaudhary believes that this is one of Jaipur Rugs' biggest impacts to date: Working with Jaipur Rugs as contract weavers, lower-caste women have developed confidence as they have earned income and acquired financial literacy. Their quality of life has improved as they have gained financial independence from male family members, and in addition, earned acceptance from upper caste women. A journalist memorably summed up the positive change: "For Jaipur Rugs, there is no upper caste or lower caste. They are creating a third caste – the Creative caste."

The company has grown as a result of their labours: It generated sales of 1 crore in 1999; by the end of 2018, business had grown to 155 crores.

Socio-Economic Development Model



Identifying Next Steps

Who would have thought that one man's dream could have such a transformational impact on thousands of people's reality? By recognising carpet weavers as artisans and enabling their self-determination, Jaipur Rugs is weaving threads of dignity, hope and self-esteem into the fabric of once-marginalised communities across rural India. Moreover, through its marketing and distribution channels, the company is connecting this new creative community to the living rooms of discerning customers in over 60 countries.

Accordingly, the company is consciously being transparent about its supply chain. Buyers and fans of Jaipur rugs can journey to India and visit an artisan weaver to discover firsthand the product being woven with purposeful pride.

"We want to become a household name for rugs; we want to tell our story in a more compelling way, and inspire others to consciously work with sustainability in mind. We want to grow the business; but at the same time, we do not want to distance ourselves from our core base of weavers. That connection will be our source of competitive advantage in the decades to come."

Affirming the dignity of weavers continues to be Jaipur Rugs' utmost priority. To this end the family business is partnering with HCL Foundation, Aroh Foundation and HDFC Bank to expand the programme and provide even more benefits to their artisan community with an emphasis

on self-management, skills development, and increased opportunities for income generation. There are also plans to scale up the Manchaha collection of Rugs and connect it with more weavers.

NK Chaudhary himself sums up his life's work through this personal lens:

"Working with these talented village artisans changed my life forever. It has given me an appreciation of life and talent that no other career path would have done. So many years ago, when I was faced with the most important decision of my life, I followed my heart, not my head... and as Robert Frost said, that has made all the difference."