PD-ABG-771
84396

Aid to Artisans

Officers

James S. Plaut
Chairman/Founder
Clare Brett Smith
President/Chief Executive Officer
Robert D. Graff
Executive Vice President
Robert H. Norris, Esq.
Secretary
Burges Smith
Treasurer

Directors

Austin Dunham Barney II
Samuel E. Bunker
M. Joan Chalmers
Patricia H. Ferguson
Richard B. Ford
Mary Garland
Docey Lewis
Ross W. Losch
Richard W. Lyman
James F. McClelland, III
Walter F. Morris, Jr.
Mary F. Plaut
Jean Stephenson
Jack B. Straus, Jr.
Nancy B. Tieken
Barbara Wallace

Aid to Artisans, Inc.
Executive Offices:
80 Mountain Spring Road
Farmington, CT
06032 USA
(203) 677-1649
FAX (203) 676-2170

Office of the Chairman:
64 Fairgreen Place
Chestnut Hill, MA
02167 USA
(617) 277-7220

Aid to Artisans is a non-profit organization established to facilitate the production and marketing of crafts made throughout the world by disadvantaged artisans

A tax-exempt organization under 501(C)(3) of the Internal Revenue Code

PROGRAM PERFORMANCE REPORT: AID TO ARTISANS IN HUNGARY

QUARTER ENDING 10/9/91

COOPERATING AGREEMENT EUR-0032-A-00-1022-00

PIO/T No.	:	180-0032-3-1183692
Appropriation No.	:	72-11X1010
Budget Plan Code	:	QAIX-91-33180-IG-12
Allotment No.	:	184-63-180-01-69-11
Total Estimated Amount	:	$400,000
Total Obligated Amount	:	$400,000
Technical Office	:	ENE/EUR, D. Frago
Funding Source	:	AID/FM/CMP
DUNS No.	:	19-679-9894
TIN	:	04-2577837

PRODUCT DEVELOPMENT

Product development during this second design trip was much broader than during the first, with four design consultants, one marketing consultant, two importers, and two independent buyers all taking active roles in the design process.

Chief design consultant Docey Lewis led the team's efforts in textiles, visiting fifteen craft villages and working intensively at four. In many cases, she made two visits, the first to introduce the design process, the second to view samples, correct errors, and begin production. She based all of her work on a combination of current product design and historical patterns, drawing design inspiration from Hungarian culture.

Ceramics consultant Chris Costello visited three ceramics cooperatives and one glass produce, investigating majolica, slip-trailed brown pottery and crackled glass. Designers Rosalyn Voget and Philip Neumann had planned to develop a line of baby linens, but extensive preliminary research revealed a decreasing demand for heirloom products in this category. Instead, they worked in other areas of their expertise, including iron work and artificial flowers. Carole and Leve Karvazy, owners of the Sandor Collection, also joined the design effort, offering basic information on pricing and shipping as well.

Together or individually, members of our design team visited the following craft villages:

Debrecen

Products: felt placemats
felt Christmas stockings
felt Christmas tree skirts
linen placemats
linen napkins

Workshops in: weaving
felt applique
dying
pricing

Customers: Silvestri, Inc.
Samii Clothes
The Sandor Collection

Heves

Products: felt Christmas ornaments

Workshops in: weft-faced weaving
dying
ornament sewing

Customers: Silvestri, Inc.
The Sandor Collection

Karcag
Products: embroidered Christmas ornaments
embroidered Christmas stockings
Workshops in: Christmas stocking design
Customers: Silvestri, Inc.
The Sandor Collection

Mezokovesd
Products: embroidered table linens
embroidered pillows
embroidered bed linens
Workshops in: design
pricing
Customers: Crate and Barrel
Mission Imports
The Sandor Collection

Kaposvar
Products: "Haban" majolica pottery
Workshops in: traditional design
ceramic shapes
Customers: CERAMICA

Decs
Products: black-glazed terra cotta
painted wooden furniture
wooden nesting boxes
Customers: Mission Imports

Hodmezovasarhely
Products: glazed and slip-trailed terra cotta
Workshops: non-lead glazes
surface finishing

Mesotur
Products: high-quality majolica pottery
Customers: CERAMICA

Szabadsag
Products: wrought iron andirons
fireplace tools
trivets
candelabras
Workshops in: wrought iron design
pricing

Tiszafured
Products: woven willow furniture and boxes
Workshops in: dying

Berekfurdo (Pannonglass)
Products: blown glass
Workshops in: stemware design
Customers: CERAMICA

In addition, our team met with the following individual artisans and entrepreneurs, offering product modification assistance where appropriate, and placing sample orders:

Laszlo Hollo of Holloko-- artisan-- painted wood furniture and accessories

Lajos Kovacs of Budapest-- artisan-- lack pottery

Balogh Istvan of Lanc es Kovacsoltaru-- entrepreneur-- wrought iron manufacturer

MARKETING

Marketing efforts for this quarter include
- a marketing focus trip, led by ATA staff member Maurie Harrington
- consideration of Hungarian crafts and the Hungarian project at three Design and Marketing meetings,
- the placing and fulfillment of orders from the August Gift Show,
- a significant increase in sales for the Sandor Collection, ATA's principal importer,
- follow-up on sales and publicity leads generated during and after the show,
- and a working and buying visit to Hungary by independent buyers Gay Ellis (of Samii Clothes and Kids Lids) and Susan Cronin (of Suzo costumes).

Focus Group In August, ATA staff member Maurie Harrington traveled with a focus group of American craftspeople to Hungary, to visit craft villages and evaluate the appeal of different crafts to U.S. consumers. Harrington compiled their reactions to crafts in several different media, analyzing the results into a focus group report.

Design and Marketing Meetings To date, Hungary has been the concentration of three design and marketing meetings, sessions which ATA holds monthly to evaluate product design, marketing strategy, and project progress. As a result of these meetings, Hungarian products have been introduced to buyers of all levels, including retailers, designers, manufacturers, and importers.

Show Orders The Sandor Collection the project's principal importer, reports that all orders placed at the August show have been successfully placed, shipped, and filled.

Sales Increases Sandor reports a sales increase of 300% over last year's sales, attributing the increase primarily to new products designed by the ATA design team and to ATA-suggested changes in product packaging and presentation. At the August Gift Show, Sandor showed only two ATA-designed products, the felt Christmas stocking and Kalosca pillow covers, and Sandor director Carole Karvazy an even more significant sales increase after the February, 1992 Gift Show, when many more ATA-influenced products will debut.

Major Sales and Publicity Buyer and publicity interest in Hungarian products is high. Crate and Barrel, a large housewares retailer and catalog house, has ordered samples made of the blue and white table linens of Mezokovesd, in anticipation of a large order. Mission Imports, a

Dallas-based importer, has requested research on boxes embellished with Hungarian embroidery and applique. And Silvestri, a huge wholesaler of Christmas accessories, has worked closely with ATA design and marketing staff and consultants, placing orders for Christmas stockings, ornaments, and tree skirts.

In addition, Bloomingdale's has asked to view the whole collection, and we are currently working on a date when the Bloomingdales buying team can visit ATA headquarters to view the products. Modern Bride magazine has scheduled an appointment to come photograph a line of Hungarian bed linens.

Buyers' Visit The most innovative marketing component, however, has been the inclusion of Gay Ellis and Susan Cronin in our design team. The two worked closely with Docey Lewis and with coop staff in felt and embroidery villages, to adapt current and historical patterns for new lines for Samii and Kids' Lids. As a result of their visit, Samii has ordered samples of felt applique, begun drafting a five-year plan for the expansion of its ethnic-clothing line to include Hungarian motifs, identified a Hungarian source of felt that is significantly less expensive than her current sources, and found a Hungarian company able to dye felt to her specifications. Samii hopes to introduce the first Hungarian products in 1992, with a hat that draws its motifs from placemats designed by Docey Lewis and the Heves design team.

BUSINESS ANALYSIS AND TRAINING

During this second quarter:
- the business analysis team from the Yale School of Organization and Management completed its work,
- ATA consultants worked on pricing and exporting issues with cooperatives and individual entrepreneurs,
- and ATA worked toward identifying a foreign trading organization (FTO) willing and able to handle folk art exports.

Yale Team In August, the three-member team of Yale's School of Organization and Management (YSOM) finished its survey of crafts groups in Hungary. The team met with national craft leaders as well as representatives of crafts cooperatives and unions, collecting data on production and management, and making recommendations for ATA's further work with the craft groups. They reported extensively on the history and current state of crafts production in Hungary, providing ATA with an invaluable collection of information. The team presented their report in slide for to the ATA project management team, an abbreviated copy of which is attached here. They have also written up their experience in case form, for use in YSOM marketing classes. An abbreviated copy of that case is attached, too. Finally, the team and their work will appear in a feature article in the YSOM alumni magazine, and we hope to send you a copy of that article with our next report.

Pricing and Exports As the economy in Hungary moves from socialist to free-market, exporting is becoming an attractive option to cooperatives and individuals who had once relied on state-owned foreign trading companies. Those interested are now seeking training, both formal and informal, in the technicalities of export, and ATA has begun to offer some of that information. ATA is currently working with Balasz Karvazy, a Hungarian entrepreneur, to cover the needs of ATA and The Sandor Collection in monitoring production, packing, and shipping.

Until very recently, all cooperatives were exporting through large FTOs, who offered the coops little information on pricing. As a result, the coops are not familiar with wholesale pricing, with the costs of packing and shipping, or with appropriate retail pricing. ATA has begun to work individually with the cooperatives to evaluate their costs, exploring the actual costs of production as well as costs once the goods leave the coop.

Foreign Trading Organizations When this project began, ATA had hoped to rely on Hungarocoop, a formerly state-owned trading company undergoing privatization, to move the goods between the producers and ATA's warehouse. Unfortunately, the Hungarian economy has forced Hungarocoop to concentrate its efforts on products with greater economic potential, a decision which leaves ATA without a centralized trading organization. Other established trading organizations exist, but their shadowed past has made cooperatives uncomfortable trading with them. New trading companies are developing, but their track record is unproven.

While we have decided that the future of this project does not lie with Hungarocoop, and while we have placed new orders with an individual we know and trust, we have not chosen a permanent successor for Hungarocoop. We prefer to wait and see, continuing to evaluate the strength of new trading companies, to meet with individual entrepreneurs interested in export, and to discuss direct exports with the cooperatives themselves.