

Teaching Note

Color Silk Enterprise (Cambodia)

1.0) Case Overview

Within the context of the silk weaving sector in Cambodia, this case focuses on Color Silk Enterprise which was started by a young woman entrepreneur and recent university graduate, Ms. Ngorn Vanntha, in 2009, with startup capital of US\$ 8,000 for the initial pilot launch of the business, followed by a further investment of US\$ 80,000.

Color Silk Enterprise works with women silk weavers from village communities in Takeo Province. Color Silk provides them with training and skills development and then contracts them for the production of silk products and accessories which are then sold primarily to silk boutiques both nationally and internationally.

2.0) Topical Areas

This case is intended for teaching purposes in both undergraduate and graduate level courses related to entrepreneurship, social entrepreneurship, and international development.

3.0) Teaching Objectives

It is expected that students will learn how to use the business model canvas to create innovative business models for Color Silk Enterprise.

Other basic strategic tools such as SWOT analysis and Michael Porter's Diamond and 5 Forces Model can also be utilized for this case.

4.0) Audience Profile

The audience profile or target group is both undergraduate and graduate students studying entrepreneurship, social entrepreneurship, and international development.

5.0) Readings & Supplementary Material

It is essential that students read "Business Model Generation: A Handbook for visionaries, Game Changers, and Challengers" by Alexander Osterwalder & Yves Pigneur (Wiley, 2010).

Additional materials are also available on the website: www.businessmodelgeneration.com


It is also recommended that students refer to (or take) the free online course which is offered by Stanford Professor Steve Blank, called “How to Build a Startup: The Lean Launchpad.” The course is offered for free by Udacity which is one of the emerging MOOCs or Massive Open Online Courses. In the course, Professor Steve Blank explains in detail how to understand and apply the Business Model Canvas to create innovative business models. The course can be accessed at any time via the following website: www.udacity.com/course/ep245

6.0) Questions for the Class Discussion:

- i) Should Color Silk develop a more “Lean” business model by lowering overall operating costs by moving away from its existing fixed training center and instead providing training workshops either at other village community centers or directly in the village homes of members of the Color Silk Community?
- ii) Branding: Should Color Silk develop its own branding strategy? At present, it sells most of its products to domestic and international silk boutiques who then rebrand the products as their own.
- iii) Retail Store: Should Color Silk open its own retail boutique store in either Phnom Penh or Siem Reap? This would improve Color Silk’s overall visibility and help develop its brand, however, this would also increase costs and run counter to a lean business model strategy.
- iv) Online Model: Should Color Silk focus more on online sales to individual customers? By selling its silk products directly to the final customer, this would increase Color Silk’s profit margins. The current barrier is the lack of an online payment system in Cambodia. Paypal currently offers only limited service to the Cambodian market, in that customers in Cambodia can use Paypal to make international payments, but individuals and small businesses are currently not able to receive funds from outside the country via Paypal. This of course could change in 2013 and beyond, which would create more opportunities for successful online businesses to emerge in Cambodia.
- v) What are Color Silk’s other strategic options? Let the class have discussion to explore other possible options not specified in the aforementioned discussions.


7.0) Board Plans

A) Existing Business Model

Key Partners Artisans Association of Cambodia Starbucks Foundation GlobalGiving Full and partial members of Color Silk Community National Center of Disabled Persons (NCDP) Trade Promotion Department (MOC)	Key Activities training design marketing Key resources Training Center People (experts in design & color technique) Color Silk Weavers Community	Value Proposition  Houl (silk fabric), Phamong (sarongs), and scarves with innovative designs using natural colors	Customer Relationships Personal relationship with most customer segments Use of social networks to provide info. And receive feedback from customers (e.g. Facebook) www.facebook.com/colorsilk.community Channels both Direct & Indirect Channels Website: www.colorsilk.biz/	Customer Segments Boutiques (Phnom Penh & Siem Reap) Middle to Upper Income Families (Phnom Penh) International Boutiques (U.S. & France) Individual Customers (International)
Cost Structure - Office (Phnom Penh) – US\$50. per month - Weaving Center (80\$ per month) - Website: US\$ 80. Per year - Operating costs: US\$ 1,200. Per month - Membership fees: US\$ 250. Per year (AAC & CWEA)			Revenue Streams - International sales - Domestic Sales - Donations (e.g. Starbucks, GlobalGiving)	

Note: Students should use the business model canvas as part of a team brainstorming activity to create new business models. Post-it notes can also be used to write in new ideas and move or delete components from the 9 parts of the canvas.

B) Possible New Business Model(s)

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
<p>Artisans Association of Cambodia</p> <p>Starbucks Foundation</p> <p>GlobalGiving</p> <p>Full and partial members of Color Silk Community</p> <p>National Center of Disabled Persons (NCDP)</p> <p>Trade Promotion Department (MOC)</p> <p>Partnering with national universities (knowledge, student internships, etc.)</p>	<p>training</p> <p>design</p> <p>marketing</p> <p>Cultural Tourism</p>	 <p>Houl (silk fabric), Phamong (sarongs), and scarves with innovative designs using natural colors</p> <p>Promote story and life of village community / weavers via village based tourism</p>	<p>Personal relationship with most customer segments</p> <p>Use of social networks to provide info. And receive feedback from customers (e.g. Facebook)</p> <p>www.facebook.com/colorsilk.community</p>	<p>Boutiques (Phnom Penh & Siem Reap)</p> <p>Middle to Upper Income Families (Phnom Penh)</p> <p>International Boutiques (U.S. & France)</p> <p>Individual Customers (International)</p> <p>International Tourists (direct to village)</p>
Cost Structure			Revenue Streams	
<p>- Office (Phnom Penh) – US\$50. per month</p> <p>- Website: US\$ 80. Per year</p> <p>- Operating costs: US\$ 1,200. Per month</p> <p>- Membership fees: US\$ 250. Per year (AAC & CWEA)</p> <p>- Weaving Center (80\$ per month), - eliminate weaving center and conduct training at existing NGO centers or directly in the homes of weavers.</p>			<p>- International sales</p> <p>- Domestic Sales</p> <p>- Donations (e.g. Starbucks, GlobalGiving)</p> <p>- Village-based tourism (bring tourists to the village community to purchase directly from the weavers, learn about the weaving process, while receiving a fee for the experience)</p>	

