

Rags to chic business: enhancing the financial stability of filipinos research pa...

[Business](#), [Company](#)



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Located to the north-east of Philippines Capital City, Manila's Pataya dump site is not any more normal dump site with multiple stories of waste and refuse from around the country. The dump site has been the reason behind establishment of one of the world's innovative and appreciated chic brand, Rags2Riches. The brand has reached international boundaries and is just not like an ordinary brand as the handbags and other products are made from the garbage rags by Filipino women. However, the trend of transforming recycled scrap fabric into rugs was started in the nation a decade ago but soon with the intervention of the middlemen and courtesy extreme exploitation, the women were forced to work on as little as 20 cents a day. Later in 2007, the situation changed when a group of young professional led by an aspiring entrepreneur, Reese Fernandez Ruiz, set up the brand "Rags2Riches". The brand itself was a unique representation as all the products were made to be made from Rags by Filipino Women who not only

helped the Philippines getting its first international chic bag brand but most importantly it helped the women artisans to earn fair prices and have access to the formal markets. Overall the brand has alone helped the nation to come out of poverty, especially the women artisans by paying them sufficiently and not exploiting their situation as the middlemen. Below are some of the ways through which, Philippines Financial condition has improved and is forecasted to become better over the years just through the transformation business of Rags to chic:

Fair Wages to Woman artisans:

The foundation concept of the business of transforming the rags into chic was not only to make products from organic etho-ethical products, but also to ensure that the artisans gets fair amount of wages for their work. As already discussed, that a decade before, the middlemen exploited the situation and the women artisans were forced to work on as just 20 cents a day. However, companies like Rags2Riches are now paying \$9-\$16 a day to the women artisans and with such handsome pay, they can not only meet their ends but could also take care of their family. Thus, the rags to chic business have enhanced the financial status of the women artisans. Today, Rags2Riches alone employs around 900 citizens most of which are women citizens and has been successful in providing them with a sustainable livelihood through support and distribution for makers of purses, bags and accessories.

Creating chances for better future:

The optimistic future business of the fashionable chic and other products made from rags is yet another factor that may continue to improve the financial condition of not only the women artisans, but also the other group of people associated with it. For Instance, in just six years, Rags2 Riches(the company is now known for its high quality and designer chic made from rags) has transformed itself into an international brand with a growing reputation. The company at present is operating in 21 different communities around metro manila and is in conversation with the leading retailer of UK, ' Anthropologie' to enhance their sales. Furthermore, the company has recently started their online stores so as to facilitate e-commerce sales. As cited by the CEO of the company " The internet is extremely important to us, and our products need to be often updated to stay relevant and we're one click away from information as to what's new, what's trendy. As an island nation, we're quite isolated from Asia and the world and the internet lets us reach customers even if they are very far away."

Thus, with optimistic business and sales projections, it is most likely that more and more artisans will be employed and trained to cope up with increased demand which will further enhance the financial stability around the nation.

Equal distribution of wealth and socio-economic development:

As cited before, that a decade ago the weaving industry was dominated by the middlemen where a bunch of profits were kept by them, and the artisans were paid as little as 20 cents. However, now with an organized approach of

transforming rags to chic, all the artisans are now provided with an access to the market at fair prices. Interestingly, many individuals and group of individuals who were earlier middlemen in this business has now turned artisans or are distributors of chic around the nation as now they are aware of opportunities in this business and exposing their knowledge to the company as Rags2Riches provided them with appropriate avenues to flourish. Hence, with no concentration of wealth to a group of middlemen in the rags to chic business, the country is citing equal distribution of wealth ensuring enhanced financial standing of each section of the society that will further lead to overall socio-economic development.

Investing in employee's training:

The companies as Rags2 Riches are now entering the international destinations to sell their products. Considering the taste of western market, the company with the help of Philippines' top designers, including sought-after names such as Rajo Laurel, Amina Aranaz-Alunan, Olivia d'Aboville and Oliver Tolentino is now producing high end accessories for the western world, which are ultimately made by the women artisans after being trained and educated by the above mentioned eminent designers. Thus, the rags to chic business is not only helping the artisans to improve their current financial status, but with the companies as Rags2Riches investing in skills and education of its employees, such measures will turn out to be a permanent financial, educational and quality training for them that will help them to continue the increase in their livelihood over the years.

Benefitting Scavengers and textile manufacturers also:

The rags to chic business have not only helped the artisans, but also the scavengers and textile manufacturers by providing them with fair market price for the fabric waste. Earlier, in the presence of middlemen, scavengers were not paid the fair market price as it were only the middlemen who had complete control over the fabric supply in the market and being in a monopolistic position over fabric supply also they paid sheer low amount to the scavengers. However, with companies as Rags2Riches sourcing direct supply, just as artisans, even scavengers are paid good enhancing their financial condition also.

However, now companies as Rags2Riches are going direct to the textile manufacturers for the direct supply of waste fabric considering the year 2000 tragic landslip where more than 200 people were killed. Thus, it is not only the artisans, scavengers but now even the textile manufacturers will be having increased cash flow resulting in additional financial stability for them.

Conclusion:

Referring to the above discussion we can conclude that the rags to chic business has indeed helped the Philippines economy by enhancing the financial standings of the people associated with this business ranging from artisans, scavengers and now the textile manufacturers. Most importantly, companies as Rags2Riches have been the most important contributor in this success as at present it employs around 900 artisans most of which are women employees and has been paying them attractive pay of \$9-\$16 per day and has completely eliminated the middlemen from this business. Apart

from increasing the current financial status of the artisans transforming rags to chic, the company is investing their profits in enhancing skills of artisans which will act as permanent dividend for the remaining future. Furthermore, with the clientage of the companies now coming from the offshore countries and with increasing product list as per the taste of western market which apart from bags and purses now include wine covers also, the future seems optimistic for the company and more and more artisans are likely to be employed. Thus, there is no doubt that the rags to chic business have surely enhanced the financial standing of Filipinos. Hence, ending the paper with the phrase from the young CEO of Rags2Riches will be most appropriate: " I don't want to just create livelihoods and income. " I want to create sustainable, eco-ethical products. It can be a win-win for everybody."

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