

# Mary & Martha Mongolia XXK

Registered and Operating since 2007



## Annual Report 2010



## **Owners: Irene & Bill Manley**



## **Board Members**

Irene Manley , Bill Manley

Bill Rigden

Colin Wilcock

David Skews

Garry Sedun

### **From the Owners:**

Almost 4 years in business and this is our first Annual Report, which also marks the official appointment of a board of directors. We welcome Bill, Colin, David, and Garry to our board. Our business has focused almost exclusively on Hand Crafted Gifts to date; however, we expect to diversify if in doing so more employment is generated in a sustainable manner.

### **Vision**

To be a sustainable company managed by Mongolians, through which artisans from all ethnic groups in Mongolia are able to receive a living wage and dignity, by trading the products they produce on a long term basis.

### **Mission**

To be a profitable, ethical, transparent "bridge" company operating for the benefit of its partner artisans and its staff whilst bringing quality products to the market at affordable prices to its customers that support the ethos and vision of the company. Those who see our company from all angles will recognise it as Christian led and following Christian values and principles.

### **Business Snapshot:**

From a strictly business point of view Mary & Martha has had a very successful year; turnover up, profits up, and some economies of scale realised through more sales turnover with the same number of staff. During 2010 tourist numbers were down on 2009, however more people came to the shop based on recommendations from other visitors and from a number of foreign tour guides. M+M surveys suggested that most people were not sure where they had heard of Mary & Martha but it could have been the

advertising in the brochure produced by the Mongolian Tourist Board each month, from leaflets in hotels, guest houses and public buildings or simply by word of mouth. Our customer base was above 90% foreigners of which we think 50% were tourists, 25% visiting Christian teams and members of the Christian community and 25% expatriate business and NGO community / international schools / diplomatic community. Many of the teams are brought to our shop by Mongolian pastors or NGO staff. We must remain customer focused for good business reasons and because we have so much good will from the foreign community. We see a number of Mongolians starting to buy products for themselves and gifts for others. 2010 saw a drop in exports both in value and in number. This was clearly from a lack of repeat orders from some countries due to costs from Mongolia and import duties in the receiving countries plus new orders / customers were not forthcoming due to our lack of WTO Membership and lack of networks in other

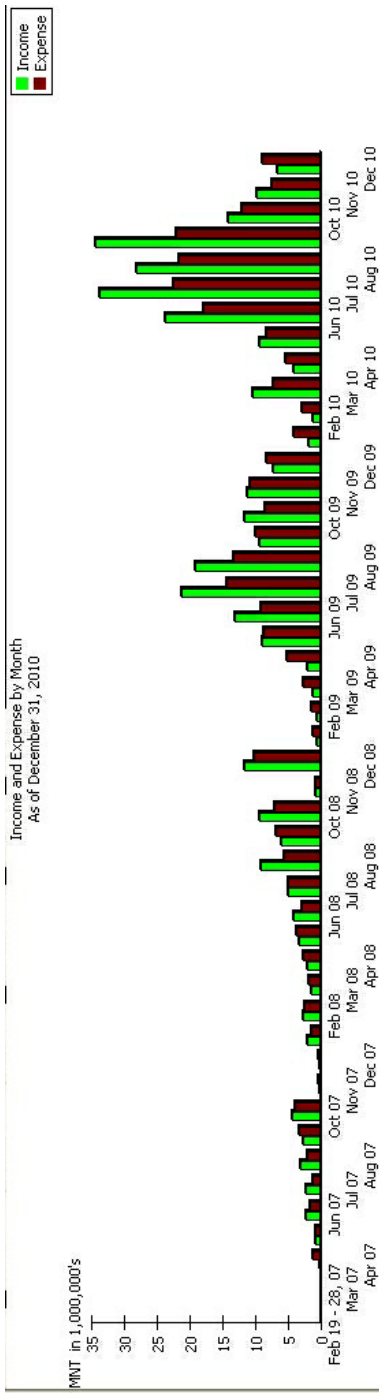


## Financial Snapshot for 2007 - 2010 (USD)

Financial Info	2007	2008	2009	2010
Turnover	14,000	46,000	74,000	145,000
Profit after Tax	600	5,300	8,400	28,000
Profit % to Sales	4	11.5	11.4	19
Inc. On Prev.year.		230%	61%	96%
% Exports	10	25	30	19

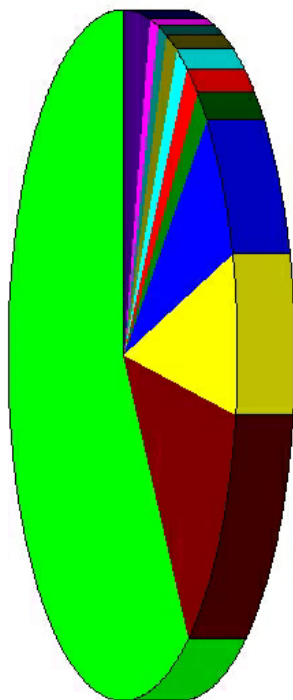
# 2007 - 2010 Sales & Expense Graph and Data

## Numbers in Mongolian tugrugs



Expense Summary  
As of December 31, 2010

1.2 Cost of Goods Sold	%59.84
1.4.1 Salaries	12.69
1.4.5 Rent	7.51
1.4.8 Supplies and Materials	7.23
Company Profit Tax	2.04
1.4.3 Repairs and Maintenance	1.84
1.4.16 Other Expenses	1.77
1.4.10 Advertising Promotions	1.74
1.4.9 Depreciation Expense	1.37
1.4.11 Communication	1.12
Other	2.85
Total	MMT 306,153,042.24



USD	Jan 2010	Dec 2010	
Cash	17.500	32.500	countries. M+M exported to Australia, Denmark, USA, Canada, Holland, UK, Norway and Hong Kong in 2010.  <b>Credit Card Sales:</b> This was the first full year of offering to take payment by credit card. Above 60% of all
Loans	0	11.500	
Inventory	14.500	34.500	
Debts	385	0	
Advances	1.200	6.500	
Net Worth	31.500	61.500	

sales were by credit card - some 800 transactions. There were no bad payments and funds were paid into the M+M account within 18 hours on week days and within 24 hours of the end of the weekend. Clearly accepting credit cards is an advantage despite the average 3% fee.

### Fair Trade

During early 2010 M+M concluded that operating to fair trade principles but not having access to the fair trade market was excluding us from a massive export market. We spent much time across about 8 months of the year completing various World Fair Trade Organisation (WFTO) application documents, working with a number of individuals / organisations to back our application and carrying out an in depth self assessment based on feedback from our key artisans and a number of in country and export customers. M+M was granted provisional membership, fees were paid and we now await notification of full membership\*. Full membership will allow us to start communicating with potential customers and to use the WFTO marketing services.

### Staff and Staff Development

In 2010 M+M had one unpaid Director, Chief Operating Officer and one full time staff (purchasing, accounting, administration), one staff on maternity leave and six part time staff. This transitioned to 6 full time staff (two foreign and 4 Mongolian) and 4 part time staff for 2011.

The Director and COO attended Leadership Matters (<http://www.leadershipmatters.ws>), a biblically based Leadership course using many of the commonly used business tools that rarely find their way into the mission field. Both attendees have used the learning to develop "job descriptions," plans of action and public relations thinking with several

\* Full Membership of WFTO and use of the WFTO Logo was granted in January 2011



staff in a very hands on way; a non-traditional learning method for our Mongolian staff but we are seeing fruit already.

All staff (including part time staff and potential summer workers) are part of an on-going

## **M+M Staff**



programme to improve their English, to improve their product /artisan / fair trade knowledge and to improve their customer focus / service. All staff are gradually being introduced to the different areas of operation in

the company to give them a broad knowledge of the company and for us to see if they could manage certain parts of the company in the future. In 2010 staff were also asked to focus on areas such as accounting, purchasing, exporting, product development and marketing to gain more in-depth knowledge and skills - this will expand in 2011.

### **Artisan Development**

M+M has been working with 29 companies, cooperatives, NGO's and individuals, contributing to a living wage to some 150 people full or part time. Our training has tended to be informal during visits by us to artisans or artisans to us. Two main areas were focused on in 2010; firstly product quality development (including designing, making samples, budgeting, advances, pricing of products and delivery) and secondly starting to develop an understanding of fair trade - and the 10 principles involved. There is now a need to work with the more advanced groups on business expansion and how to increase production efficiencies, train new workers and become more sensitive to exporting when Mongolia is a relatively high cost country in relation to other craft producing countries.

### **Promotional Activities in 2010**

We had a number of opportunities to experiment with promotion in 2010

## **Mongolian Tourist Expo**

A stand was manned at a spring expo, aimed at networking with hotels, travel groups and tourist agencies. Whilst this was a helpful exercise it is one we probably do not need to repeat. A more fruitful venture is by direct contact with these groups / organisations on their own turf.

## **Mongolian Tourist Department - Brochure**

A 30-40 page brochure published once a quarter in the winter / spring and monthly the rest of the year. M+M advertised all year and we feel it brought in a lot more than the MNT 1,000,000 sales required to cover the costs and raised our profile in general. This should be repeated in 2011 especially to advertise our WFTO membership - first and only in Mongolia.

## **Covenant Churches Triennial in Washington**

We were grateful for the invitation from this major conference on the basis that we knew Covenant workers in Mongolia and we were supplying commemoration coasters for the conference. Due to the focus on mission and its associated activities no serious sales contacts were made by the M+M director. However, M+M products were well received and sales of over USD 8,000 covered all cost of goods, travel and conference costs. Break even was a good result!

## **Kempinski Hotel**

This is the number one hotel in Mongolia owned by Mongolians and managed by the Kempinski Hotel Chain. M+M was permitted to place a classy display glass cabinet in the foyer and the hotel had visible M+M brochures at the reception desk. The Kempinski is clearly supportive of Fair Trade / M+M and we hope this arrangement can continue through 2011. The venture covered its start up costs and is now profitable. The display has brought many extra customers to our main shop.

## **Tourist Camps - Gobi Mirage and Duut Resort**

These resorts are among the best in Mongolia. M+M supplied products for their shops over the summer season. Sales were reasonable and benefited from the advertising at the camps, as many tourists from the resorts actively looked for and came to our shop on their return. M+M would work with these camps again and potentially expand into other prestigious resorts.

## **Volunteers**

M+M hosted a team from World Horizons, who helped us significantly to relocate our warehouse and office from our apartment into a rental apartment. The team also promoted M+M at Naadam.

A number of other individuals helped with promotional work in a number of hotels and with survey work across our competitor shops. Support was also given to our staff in our shop.

## **Donations**

The Owners have been able to make donations to two local organisations; one involved in Orphanage work and the other in Rehabilitation of Alcoholics. Further donations are planned for a Micro Enterprise NGO / Credit Union and a second Micro Enterprise Training and Loan NGO. It has also been possible to give some clothing and food supplies to those in desperate need. Total value of donations will be approximately USD 4,000.

## **2011 and beyond ...**

We have a sense that M+M should still be expanding; firstly a second location specifically to display and sell Kazakh hand embroidered wall hangings; secondly expansion of our small export market through Fair Trade shops and boutiques; thirdly by considering the "home party" model popular in a number of countries.

Expansion is also being contemplated by diversifying into different product ranges and being open to other opportunities.

We continue to seek God's direction for the business.

Web site	<a href="http://www.mmmongolia.com">www.mmmongolia.com</a>
Blogspot	<a href="http://maryandmarthamongolia.blogspot.com/">http://maryandmarthamongolia.blogspot.com/</a>
Email	<a href="mailto:info.mmmongolia@gmail.com">info.mmmongolia@gmail.com</a>
WFTO link via	<a href="http://www.WFTO.com">www.WFTO.com</a>