

case study

Of the People, For the People, By the People: A case study of Friends of Orchha

By Nimit Chowdhary and Sonal Sisodia

November 2011, Orchha: Asha D'Souza, General Secretary, Orchha Mitra Vikas Samiti, appeared gloomy. As she stood in front of Friends of Orchha, her maiden livelihoods Village Home Stay programme initiated for families below poverty line of the Orchha village, her heart felt heavy. Dozens of villagers surrounded Asha and her husband, Louk Vreeswijk to bid them a farewell. An air of apprehension and uncertainty surrounded all. What would happen to Orchha home stay, once Asha and Louk move out of the village? Although in its nascent stages, the livelihoods programme seemed to have demonstrated tremendous potential of tourism in contributing to local economic development, cultural exchange between visitors and locals, education and environment protection besides a qualitatively superior work opportunity that would positively impact the personal life along with work life of residents of Orchha. But could these villagers sustain the aforesaid growth? Else the promising venture could succumb owing to the absence of proper guidance and professional management! Should the programme be handed over to some professional institute? The questions were many? Villagers seemed clueless, Asha, in a dilemma.

Company background



Friends of Orchha: clean, green home stay

Friends of Orchha is a village home stay in Madhya Pradesh, India with an aim of creating livelihoods (and qualitatively superior work opportunity that positively impacts their personal life along with work life) linked to tourism, preserving the environment of heritage sites like Orchha and promoting cultural exchange between visitors and locals. The organisation was founded by *Asha D'Souza* and *Louk*

Vreeswijk, an Indo/Swiss - Dutch couple, who moved from Geneva to Madhya Pradesh in India in 2006. Asha was a sociologist with several years of international experience in the management of development projects. *Louk* was an anthropologist and documentary film-maker with a keen interest in Indian arts, crafts and culture. The couple chose to live in Orchha – a small town on the banks of the Betwa river in Madhya Pradesh that was slowly developing as a tourist attraction. There had been four years of drought in the region when they arrived – the fields were barren and many had lost their cattle. People were desperate for work. Tourism had already taken off then but only a few local families benefitted from it. Interaction with a group of women from a poor neighbourhood of Orchha revealed that they were keen to start an income generating activity but had to work from home. This was the spark that led to the creation of Orchha Home-stay. With the help of a few friends from Europe Friends of Orchha was founded in 2007 to promote socially responsible tourism – one that would be an opportunity for true cultural exchange as well as a supplementary source of income for families in need.



Orchha: serene and beautiful historical palaces

Friends of Orchha offered to help the poor families renovate or build a room in their courtyards which would be rented to visitors and construct a toilet and bathroom that the family would share with the guests. The poorest of the poor were chosen. An agreement was reached where these families voluntarily agreed to participate. Heads of the family and other working members of the family had lost their livelihood, which was mainly farming, in the drought during 2003-07. Since all of them lacked the capital to invest in these, the organization set up a revolving fund with which the first three home-stays were built.

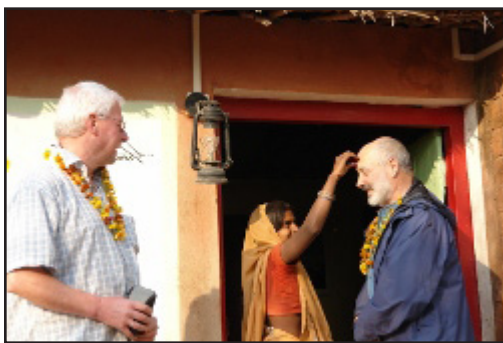
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Green construction

Ecological construction techniques were used to keep the rooms cool in summer and warm in winter. The toilets were either dry, composting toilets that required very little water or toilets linked to a bio-gas digester that produces both fuel and fertilizer. Grey water was filtered and recycled for watering plants. Windows were placed for cross ventilation and good lighting as well as to provide good views of the monuments wherever possible. Aiming it to be seen as a socially and environmentally conscious business organization, it was decided that all dwellings be constructed using local materials, labor and traditional workmanship. Participating families contributed their labour in building the room and sanitary block.

Help poured in

Asha's efforts yielded results in form of contributions from outside agencies too. The German Consulate in Mumbai gave Friends of Orchha a small grant in 2007 for improving water supply and sanitation. The Swiss Commune of Vandoeuvres and the Josephina Stichting in the Netherlands helped the organisation by contributing in the construction and furnishing of the home-stay. The 1% for Development Fund in Geneva now supports the 'total sanitation' project in Ganj. It supported the organisation's efforts to improve public health in the Ganj neighbourhood through the construction of toilets and bathrooms for the twenty poorest families.



Guest being welcomed at Friends of Orchha

And the beginning...

The first room was rented out in February 2009. Since then more than 500 visitors from 36 different countries have stayed at the home-stay. Most of them contact Friends of Orchha directly through e-mail or phone after having read reviews on sites such as Trip Advisor and visiting the web-site www.orchha.org. Since 2011, the Orchha home-stay figures in the Lonely Planet Guide and the Rough Guide and is rated as the best place to stay in Orchha by Trip Advisor. A few travel agents also send their clients to the home-stay and pay for the services in advance through bank transfer. A Google calendar is used to manage reservations, transport and special requests on-line. Guests are asked to write in the Guest Book before leaving and some of their

comments are posted on the web-site.

Besides board and lodging, the team that manages the home-stay also arranges for transport to and from important nearby places such as Jhansi or Khajuraho, rents bicycles, sells photo cards and clay paintings done by the women of Ganj, organizes a visit to nearby Futera village followed by a swim and picnic on the banks of the river Betwa, evenings with live Bundeli (traditional) music and guided tours of the monuments with French or English speaking guides. Laundry services are provided by a local washerwoman. Housekeeping is done daily by the staff of Friends of Orchha.

Initially, the room rates were fixed on the basis of market research conducted by two French students from the Ecole de Management, Lyon, France. In 2011, a double room was typically rented for INR 500 per night and a single for INR 400. Breakfast and vegetarian meals were provided by the host family at INR 40 and INR 70 per head. The general rule is that guests who contact Friends of Orchha directly are not required to pay an advance. One of the team members makes the bill on the eve of their departure. Guests are asked not to give any money directly to the family. Small gifts are however permitted.

Business model

Business model of Friends of Orchha is rather simple. For customers it is an exposure to a nation's rich cultural heritage. Along with the pleasure of visiting heritage sites to discover glorious past, they also get an opportunity to experience the way many Indians especially the rural deprived live at present. It allows visitors to "experience destinations that have such a wealth to offer differently" by living with a local family, sharing their food, playing with their kids and finding answers to the myriad questions that pop up while travelling through 'incredible India'. On the other hand, it has evolved as a sustainable source of livelihood for families below poverty line who are desperately in need of work. Interestingly it allows for multiple streams of revenues- most of them converging to the company, the employees and their neighbourhood.



Friends of Orchha guest room: doubling family incomes

Every week the families receive money for the guests they have

had as follows (please bring in here exhibit 1):

Of the money received for room rent, the family gets INR 100 per day of double occupancy and INR 80 of single occupancy in cash. The organization keeps INR 100 per day for housekeeping expenses and the balance is credited to the account of the family as reimbursement of the amount invested in their homes. In order to reduce the burden on the families, no interest is charged on this and reimbursements are made only from the rent received from guests. The amount reimbursed is put into a revolving fund that can be used to start home-stays in other families. If the rooms remain unoccupied, loan payments simply are stopped until more guests show up. The economic benefits of the home-stay enterprise have been spectacular—thanks to it, all the host families more than doubled their incomes. The extra cash has served to repair leaking roofs, keep their kids in school, set up other small businesses.

All the money paid for meals is handed over to them

By 2012 five new rooms and eight toilets and bathrooms were built and one room renovated. As one of the families dropped out of the programme, there were five home-stays with a total capacity of 13 beds. Two of these have Anglo-Indian flush toilets and running water.

Guests greatly appreciate the spontaneous hospitality of the families and the fresh home-cooked food that they provide. For many, their stay in Orchha is the most memorable part of their trip to India (exhibit 4).

Several foreign volunteers have contributed to the home-stay by helping to receive guests, posting information on various websites and teaching English to the families. They usually stay in one of the home-stay rooms, paying half the normal room rent and the full amount for meals. This has to some extent increased the occupancy rate of the rooms.

Sanitation

Like many places in India that are in transition from village to town, the infrastructure for water, sanitation and waste management is woefully inadequate in Orchha. Open defecation is still the norm, plastic waste is scattered along the roadsides and new houses are constructed without proper drainage or waste water treatment. Friends of Orchha is demonstrating eco-friendly techniques of construction and sanitation in its home-stay project. We also involve the local youth in campaigning for a 'clean, green Orchha.

Community service

Friends of Orchha supports a number of other community services, too: a youth centre which merges education, sports, theatre and activities to combat caste discrimination; local entrepreneurial development (including the training of local women to make paper bags from handmade paper to replace the scourge of plastic, which currently despoils the countryside); and plans for a municipal waste facility to compost, recycle and vastly reduce solid-waste landfill.



Home-stay welcome: preparing a fresh veggie dinner



Friends of Orchha home stay: a daily sweep



Tourists at *Friends of Orchha*

Handicrafts promotion

Some of the women of Ganj do paintings such as these with clay and vegetable matter on hand made paper. Each painting is a unique expression of their imagination. We purchase their products at a fair price, package and market them. The profits from sales are entirely invested in improving their homes and neighbourhood.



Handicraft promotion: Paintings for sale at **Friends of Orchha** made local women.

Economics of the home-stay

The average income of the host families before the programme began was INR. 2000 per month. The cash payments made to the host families have more than doubled their income during the season from July to March. As the home-stay gets more publicity, this trend is on the increase – the family that began in December 2010 has a monthly



Authentic rural environment at **Friends of Orchha**

cash income that is twice that of those that began in February and March 2009 and has repaid in one year what the first family repaid in three. It must be noted that this is not only due to the increase in occupancy rate. A bigger room with a capacity of 4 persons was constructed in the latter.

Two of the families for whom toilets and bathrooms were constructed in 2008 could not join the programme in the end due to family problems. The plan was to construct two more rooms in 2011. Toilets and bathrooms were constructed in two other homes. Since Family 4 dropped out suddenly at the height of the season, a room in one of these two homes was renovated in haste to accommodate the many guests who had reserved. Since December 2011, a home-stay is functioning very well in the sixth homestay (exhibit 2).

The income from the home-stay does not yet cover the expenditure incurred by the organization for maintenance of the existing home-stays, construction of new ones, salaries and operations. As the following figures show an amount of INR 2.4 lakhs from outside sources was still required. It corresponds to the amount invested in new construction. It must be noted that the expenditure on salaries is relatively low because Asha and Louk work as volunteers for the home-stay and only two persons are employed to receive guests and do the house-keeping (exhibit 3).

It is estimated that the home-stay programme can become self-sufficient with about ten rooms that have a 50% occupancy rate during eight months of the year.

The road ahead

Although things looked promising, the future of Friends of Orchha is at stake. Asha D'Souza and Louk Vreeswijk who have been managing the programme moved from Orchha to Almora for personal reasons. When they were in the process of moving in early November 2011, some former collaborators have tried to incite the homestay families to work with them rather than with Friends of Orchha saying that they would not need to pay back the investment made in their homes.

The participating families are mostly illiterate with little exposure to outside world. In the absence of Asha, they seem to be less equipped with technology and might not be able to handle the marketing and promotion of Friends of Orchha as desired. Asha was well aware of this fact and therefore, in order to avoid further damage to the programme, she felt the need to place the home-stay in the hands of a reliable institution that had the capacity to develop it further. In this regard, she approached a leading travel and tourism undertaking run by central government with the proposal to hand over the home-stay and all its assets to the Institute in order to give students an exposure to community-based tourism and make use of the expertise of faculty members to improve the infrastructure, quality of services and management of the home-stay. Besides, she felt that the Institute was well placed to play this role while benefitting from a field project that would enrich the practical experience of its students. The host families would be benefitted too, she thought.

Proposed procedure for handing over to the Institute

Friends of Orchha proposed the following steps to make this transition by the end of December, 2012:

1. Step 1 - The Institute conducts interviews with the host families and guests to assess the sustainability of the programme and identify improvements that can be made to it.
2. Step 2 - A meeting is held with the host families to share the findings.
3. Step 3 – The current proposal is finalized for presentation to the Board of the Institute.
4. Step 4 – If the Board decides in favour of a takeover, one faculty member and two students are nominated to work with the existing home-stay team to manage it.
5. Step 5 – A Board meeting of Orchha Mitra Vikas Samiti (the registered name of Friends of Orchha) is held and a Memorandum of Understanding is signed between the organization and the Institute specifying the conditions of the handover including its financial aspects. The two existing employees of the programme should be integrated into the new team.

6. Step 6 – Steps are taken for registration of the home-stay with sales tax authorities and the food and drug administration.
7. Step 7 – An agreement is signed between the Institute and the home-stay families specifying the amount to be repaid, the manner in which home-stay income will be distributed and the duties of the families and the team delegated by the Institute.
8. Step 8 – An audit of the accounts is undertaken by Friends of Orchha and decisions taken concerning future funding of the home-stay.

Asha hoped that this proposal would receive the approval of the Board of Directors of the Institute so that in addition to its socio-economic and ecological functions, the home-stay could also play an educational role for future professionals of the hospitality sector. The reactions of host families regarding take over however were not so optimistic. Asha had apprehensions too. After all, Friends of Orchha was her baby. She could not let its glory fade so soon.

She was at cross roads...!

Questions for discussion

1. What is the uniqueness and benefits of Friends of Orchha that pitches it differently than its contemporary counterparts, thereby becoming the competitive advantage for the firm?
2. What are the perceived challenges of institutionalizing the whole concept so as to be able to replicate it in similar settings elsewhere?
3. Should the organisation analyse the different dimensions of tourist perceived value in the context of rural homestay tourism. What can be done to improve the same?
4. Do you agree that the unique nature of homestay tourism demands for a greater participation of people? What role could 'people' play in selling and cross selling such a product?
5. In your opinion, could the homestay owners continue the setup on their own, or do you think that the proposed handling of Friends of Orchha to a professional institute would benefit the organisation? If the proposal is accepted by the institute, what in your opinion could be the efforts taken by institute to enhance the appeal and sustainability of Friends of Orchha?

Annexure

Exhibit 1

Investment and Income earned from the home-stay until November 30, 2011

	Family 1	Family 2	Family 3	Family 4*	Family 5	Total
Start date	01.02.2009	01.03.2009	01.03.2009	20.12.2009	05.12.2010	
Investment:						
Room	49,326	70,454	70,248	79,624	83,087	
Toilet and bathroom	41,261	41,140	43,703	41,629	59,795	
Total Investment	90,587	1,11,594	1,13,951	1,21,253	1,42,882	5,80,267
Repaid until 30-11-11	44,220	61,705	64,900	56,485	45,555	2,72,865
Balance	46,367	49,889	49,051	64,768	97,327	3,07,402
% Repaid until 30-11-11	49%	55%	57%	47%	32%	47%
Cash paid to host families:						
Income Meals	32,500	37,680	31,605	34,715	27,115	1,63,615
Income Room	24,340	25,340	22,760	19,450	12,560	1,04,450
Total Cash paid to host families	56,840	63,020	54,365	54,165	39,675	2,68,065
Monthly cash income in season	2,368	2,740	2,364	3,126	4,408	

*Dropped out of the programme at the end of November 2011 as they hoped to earn more money by renting the room on their own.

Exhibit 2

Home-stay related Income and Expenditure statement (April 1, 2010 to March 31, 2011)

	Income	Expenditure
Homestay Income		
Meals	72,400	
Room rent	2,11,374	
Donations from guests	4,690	
Profit from sale of handicrafts and tours	6,518	
Total Home-stay income	2,94,982	
Payment to host families		121,960
Construction of new rooms and sanitary blocks		233,750
Maintenance of existing home-stays		30,130
Operational Expenses		
Meetings		4,350
Communications		26,550
Motor Cycle running costs		25,391
Transport		14,560
Office rent		7,500
Office supplies		11,394
Publicity		1,250
Salaries		62,000
Operational Expenses		152,995
Total Income and Expenditure	2,94,982	5,38,835
Investment from other sources	2,43,853	

Exhibit 3**Tasks involved in running the home-stay**

TASK	Frequency	Time per week	Handled by (as on February, 2012)
Replies to requests for reservations and update of Google calendar. Instructions to Ashok.	Daily	14 hours	Asha D'Souza
Arrangements for transport of guests	Daily	3.5 hours	Caretaker
Reception, transmission of orders for meals to the host family	Daily	7 hours	Caretaker
Sale of cards and paintings	Daily	3 hours	Caretaker
Billing, records of cash received	Daily	7 hours	Caretaker
Payment to families	Weekly	2 hours	Caretaker
Maintenance of visitor's register and transmission of C Forms to the Orchha Police Thana	Bi-weekly	1 hour	Caretaker
Housekeeping	Daily	21 hours	Staff
Delivery of linen to the laundry	Daily	3.5 hours	Staff
Design and decoration of rooms	When required		Louk Vreeswijk
Purchase of cleaning materials and repair of breakages	Weekly	3 hours	Caretaker
Invoices for travel agents, bank account check, receipts	Weekly	1 hour	Asha D'Souza
Payments to suppliers, Accounts in Tally	Weekly	4 hours	Asha D'Souza
Update of web-site, replies to reviews, posting on other sites	Monthly	1 hour	Asha D'Souza
Visits/meetings with families	When required	1 hour	Asha D'Souza / Caretaker
Fund raising	When required	1 hour	Asha D'Souza
Supervision of construction, maintenance of rooms, selecting and ordering materials		14 hours	Caretaker / Asha D'Souza

Exhibit 4**Recent Reviews on Trip Advisor**

<p>"Best experience of our trip" (*****Reviewed 27 February 2012) - Bill and Angela Wales UK</p> <p>My husband and I visited recently for three nights and wished we had stayed for many more nights. I had the best night's sleep of my entire trip at the home stay. Everyone was very accommodating, the area was clean and the food delicious. Nitu our homestay's daughter was a treasure! All of the family were welcoming, even the dog!</p> <p>The area is truly rural and full of exciting monuments and moments of uplifting pleasure. Ashok the project caretaker was very attentive, ready to deal with any issue and truly an example of living social conscience, he is dedicated to this role to improve the life of the villagers and is to be congratulated on his enthusiasm and spirit. We shall be back and this time stay for at least a week!!</p>
<p>"Mind-blowing experience" (*****Reviewed 19 February 2012) Guest from Brussels, Belgium</p> <p>If you want to have a taste of real-life India, then go for it. Both the staff and the host family were wonderful. We felt at home very quickly and were sad to leave after 3 nights. The room was very clean and convenient and the food amazing. Probably our best stay in all Northern India. Definitely the most enriching and touching one.</p>

(http://www.tripadvisor.in/ShowUserReviews-g319728-d1556574-r125293211-Orchha_Home_Stay-Orchha_Madhya_Pradesh.html#CHECK_RATES_CONT)