



COLLECTIVE 43.

(A homeware brand helping the 43 million refugees worldwide be heard and understood. One story, one product at a time.)

2015 GEE TEAM 99

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EXECUTIVE SUMMARY

There are 43 million refugees, people who are displaced, around the world. In the countries they resettle in, they are often misunderstood, feel lost and find it difficult to adjust. With our company we hope to restore the dignity of those who have been displaced, create awareness of the issues and hardships they face, support them through giving money to organisations that can directly help, and foster understanding between locals and refugees. We will achieve these through starting our homeware company which will create products that reflect the stories of individual refugees. Each product will be designed alongside the refugees to make sure it is a personal reflection of who they are. Then these will be sold in local stores and 10% of each sale will go towards an organisation that supports refugee resettlement.

There is a rising market trend of consumers becoming more socially aware and interested in where the products they buy come from. Our products will be able to succeed and gain attention because of this since our products tell unique stories and address an interesting social issue. Starting in NZ where the population is quite affluent and socially aware, we plan to target young professionals aged between 21-30 with high income, who are brand conscious and enjoy being early adopters of trends. We have decided we will have the best luck reaching this audience in Wellington where there is culture of embracing alternative, cultural, 'neat finds'. Our aim is to sell our products through Precinct 35, Iko Iko and Nood which target similar audiences to ours. Eventually we'd like to expand globally to reach the most vulnerable refugees.

To begin with, each member of GEE team 99 will invest \$1000 dollars each to make up starting capital of \$8000. This should cover the estimated \$7000 it costs for producing 50 units each of three products. In year 1, a small loss of \$65 is made, while a profit of \$6010 is estimated to be made in the second year.

THE PROBLEM

People flee their countries due to conflict, natural disaster or persecution. In the world there are over 43 million refugees according to the UNHCR. They seek asylum in new countries for their own safety. Yet new issues arise once they enter after they do so. Adjusting to a new culture, learning a new language, starting from nothing after leaving everything behind, being misunderstood or discriminated against – these are all some difficulties refugees face in their new homes. Such issues can have damaging results on the refugees such as depression, unemployment, low self-confidence and prevent functioning or integration of individuals in communities.

OUR PURPOSE

Our purpose is to restore the dignity of people who had been displaced, by transforming their stories into high-end homeware products. We will give a percentage of each sale to refugee organisations which can help their settling in too. Our long-term goals are to get rid of the stigma attached to the name 'refugees', and to help them find a sense of belonging in the community by creating awareness from their stories. They are more valuable than the products they help us create, and deserve to call their new country home just as much as our products find a place in others' homes too.

HOW IT WORKS

First, we will work with non-governmental organizations involved with helping refugees to introduce us to individual refugees in the community who have particularly heart touching and inspiring stories. These NGOs will receive 10% of each of our sales in return. After receiving consent from the refugee, our hired in-house industrial designer will create concepts of a contemporary homeware item representing their story. The designer and refugee will work together to find what item best represents them so it becomes a personal experience and adds to the human touch of our products. In this way, the community will be made aware of their past experiences through our products. Hopefully, this will create a more tolerant and understanding culture in the target community. We will start off with only a couple of products then expand with more stories and products as the success and awareness of our brand increases.

We have used Daniel Gamboa's true refugee story along with help from Janice Lum, an industrial design student from Victoria University, to design a product concept for us to demonstrate how this process works.

Product Concept Design



Janice has designed something for the kitchen to capture the passion Daniel's mother has for cooking and how teaching others about their country through food helped them settle. The choice of materials also merge Colombian and Kiwi aspects.

Clay Bowl

- Made using traditional techniques and used for cooking and serving soups and beans.

- Traditional rounded bottom

Wooden Base

- Made with Native NZ wood and sloped curved interior to hold the unique shape of the soup bowl.

- Cradles the bowl to signify the transplanting and grounding of Colombian culture in NZ.

Daniel's Story

"My name is Daniel Gamboa; I am from Colombia in South America. Our country has major problem with drugs, gangs and violence.

My mother used to run a restaurant which she worked hard to earn after my father left us with little to our name. Her passion was cooking and it was a great achievement to her. But one day, a terrorist group put pressure on my mother to pay "protection" money threatening to take me away or kill me if she didn't pay up every week. We did so until one day they asked her to store some weapons in the restaurant. She was really afraid but she refused to keep the weapons. That night, she decided it was time for us to leave our country - so we left our family, friends, possessions behind and escaped to Ecuador in search of a better life. We were given refugee status but sadly we were discriminated against and our lives turned out to be almost as hard as they were in Colombia. My mother found it hard to get a job and I was constantly teased at school because I came from Colombia.

After six unhappy years, the U.N.H.C.R. asked if we would like to go to another country - they chose New Zealand for us which we knew nothing about but accepted anyway. The first weeks were extremely hard. We had to understand a new culture and learn a new language. My mother wanted to go back home but I encouraged her to stay and start a new life.

I have been working hard to immerse myself in New Zealand culture. I now work as a bilingual tutor in Naenae College after having learnt English there myself. I like being able to help and support new refugees and give back to the community that has helped me start a new life. My mother also volunteers and is studying English to work as a nanny, and has found solace in sharing her passion of cooking by inviting kiwis home to try her homemade Colombian food. It has been a long journey but now we can call NZ our home."

MARKETING

Target Country

We have chosen NZ as our first pilot country to sell our products in. There isn't a large problem with refugees here compared to other places but it has a good consumer culture our products will target. As a highly multicultural country, they will be more open towards buying our products. NZ is also a country largely based on SME's which make up over 80% of the economy. So a small enterprise like ours will more likely be welcomed here rather than elsewhere. We will start in Wellington where one of our team members is from so they can oversee production and manage relations with retailers in the city. Once success and good exposure has come our way, we will expand online and overseas.

Target Market

We will target young professionals between 21 and 30 years old who are career driven with a reasonably high amount of income, and have no kids yet. They seek to enjoy their home and communicate a "successful" image and message to others. They buy big when they have received a promotion, a bonus, or an inheritance. They are brand conscious and socially aware of world issues. In their spare time, they follow current events in the news and media and read magazines such as Frankie, and Kinfolk to find 'the next big thing'. This displays how they like to be early adopters of products and trend setters. They appreciate high quality products with functionality worthy of the price they are willing to pay for them.

Four P's – Product, Price, Place and Promotion

| | |
|--|--|
| <p>PROMOTION</p> <p>All of our marketing efforts will culminate in the official launch of our first product, tentatively set on the World Refugee Day, June 20th. We wish to leverage and capitalize on the hype that day to raise awareness of our company name, products and more importantly, our purpose, mission and cause.</p> <p>Social media is going to be our strength while conducting promotional activities. We would have a social media page (like on Facebook and other platforms) to showcase our products, brand image, and refugee awareness. Hopefully our retailers and organisations we support will also use their pages to promote us also.</p> <p>For our pages, we will include short videos documenting each journey of the designer working with the refugees to capture the design process and authenticity of the projects. This will make our products more personal to the customer while bringing awareness to our cause also.</p> <p>We will also ask Wellington based social media pages and magazines such as Capital Magazine, to look into featuring our products.</p> | <p>PRODUCT</p> <p>We will create contemporary homeware products merging cultural aspects with modern design. Each product will tell the story of a refugee, giving the product a social appeal and personal touch.</p> <p>PRICE</p> <p>We will charge higher prices for high quality. The higher price will also represent our brand value and translates into showing the refugees their stories, and they as individuals, are valuable rather than being people to disregard.</p> <p>PLACE (/DISTRIBUTION)</p> <p>We will focus on getting our products into three specific stores in Wellington – Precinct 35, Iko Iko and Nood. All have a focus on high quality, differentiated products, and are stores where our target market can be found. We will keep our products exclusive to few stores to establish a high quality brand. Also to manage the scale of our production line.</p> <p>Eventually we will start an online store as well once we gain enough exposure and popularity to sell in other regions and countries.</p> |
|--|--|

COMPETITORS

NEST

- Upmarket homeware retailer
- Contemporary, high quality products
- Auckland based

TESSUTI

- High end luxury gift and homeware market.
- Focus on locally made products and local image.

LOYAL

- Online store that sells goods made by artists in less developed countries, to support their living and communities through sales.
- Target a wide, varied market.

COLLECTIVE 43'S COMPETITIVE ADVANTAGE

Our products will succeed over these competitors because our products are not only contemporary and modern, but merges these designs with cultural and personal aspects of the refugees' story. This adds a backstory to each of our products which will appeal to our target market, who will pay more for socially and culturally aware products. Also we will be based in Wellington which is one of the most culturally diverse places in NZ, with a subculture that embraces alternative and cultural products. So our products have a great chance of flourishing in this supportive marketplace.

PARTNERSHIPS- VALUE PROPOSITION

RED CROSS ORGANIZATION

They are involved with helping refugees settle into new homes and helping get belongings together for the since refugees often come with few or no possessions. We will give them 10% of our sales to go towards helping more refugees around New Zealand. In return they will link us to refugees who would like to share their stories and work with us to design our products. Red Cross is also a global name, so this could be a great network to help us when we want to expand elsewhere.

In the future we will partner with more refugee specific global organisations when we expand our company internationally, rather than the Red Cross which is involved in many other humanitarian initiatives other than just helping refugees. This is so we can have a more direct impact in refugee communities.

REFUGEES

Individual refugees will want to share their stories with us and help design our products to see they can make things of value and to help bring more people's attention to the situations refugees face. It is a way for them to make an impact for themselves and the refugee community. In return, we will be able to create unique and personal products that people will be touched by.

RETAILERS

Since we are targeting World Refugee day as our product launch date, stores which stock our products will be able to promote and ride the hype of the day more. This could help them gain more sales, exposure and customers. Backing our social venture also adds to their corporate social responsibility and brand image. In return, our brand will be stocked in stores and made profitable. We will also gain exposure to the stores' already existing market and customers which will help boost our brand.

CUSTOMERS

By buying our products, customers will know they are helping make a difference by supporting and bringing awareness to refugees. In return, our brand and our mission gain more awareness with every purchase of our products.

FINANCE



Vase reference

Costs are dependent on the products that end up being chosen by the refugee and designer. So for simplicity, in the initial stage of our business we will assume we start with three products which will be a vase, a small candle holder, and our Columbian soup bowl. The pictures displayed are what we have used as references for estimations.

Funding

Our first year production costs are just under \$7000. So we assume that each of the 8 GEE team 99 members will be able to invest \$1000 each to make up \$8000 as start up capital.

Estimated Costs

Clay is estimated to cost \$40 per 20kg for the vase and bowl, while it costs \$30 for the candle holder. Labour for hiring one worker who can do both pottery and simple woodwork is estimated at \$16 per hour. Using youtube videos of pottery processes, we have assumed that the vase, bowl and candle holder can be finished in 30 minutes, 1 hour, and 15 minutes respectively, not including drying times. Paint costs \$25 per 250ml and we have assumed 50ml is enough per unit. 'Charity' outlines the 10% of each sale we will give towards the Red Cross Organisation. These make up our variable costs.

| Variable Costs (in NZ\$) | | | |
|--------------------------|-------------|-------------|---------------|
| | Vase | Bowl | Candle Holder |
| Clay | 5 | 3 | 1 |
| Labour | 8 | 16 | 4 |
| Wood | 0 | 15 | 0 |
| Paint | 4 | 4 | 0 |
| Charity | 4.5 | 7.5 | 1.5 |
| Total | 21.5 | 45.5 | 6.5 |



Columian Bowl Reference

As for fixed costs, we will use the Wellington Pottery Club as our workspace by buying an annual fee of \$140 per year for membership and access to all their tools and equipment. This is why we have assumed we don't need to invest in any machinery or tools. We will also pay an industrial designer (most likely a student), \$1000 per product designed. We assume for storage, we can keep the products in our Wellington team member's garage which is free. And also

assume social media marketing is free too. Our total fixed costs are \$3140 to start off.

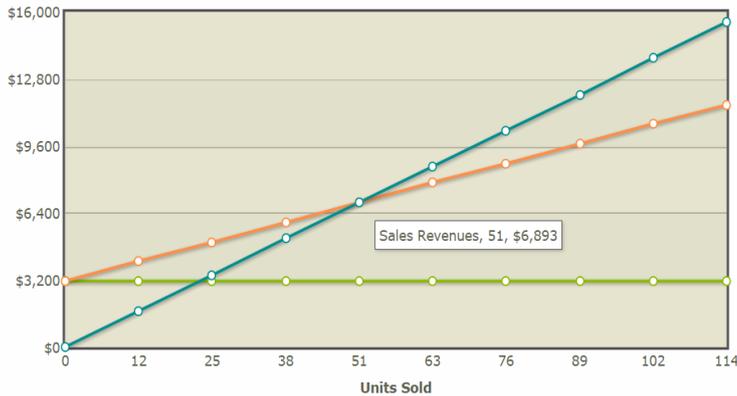


Candle Holder Reference

Using these variable and fixed cost estimates we find the following for our breakeven analysis. Each product has been given a different weight that makes up 'one' unit that goes towards breaking even. We have estimated that we will start with producing 50 units per product to divide across 3 stores in one year.

| | Variable Cost (\$) | Selling Price (\$) | Sales Forecast (units) | Sales (\$) | Weight | V/P | 1-V/P | W*(1-V/P) | Breakeven Sale/ W (\$) | Contribution (\$) | |
|------------------------|--------------------|--------------------|------------------------|------------|----------|----------|----------|-----------|------------------------|-------------------|-------------------|
| Vase | 21.5 | 45 | 50 | 2250 | 0.333333 | 0.477778 | 0.522222 | 0.174074 | 2297.561 | \$ 1,175.00 | |
| Soup Bowl | 45.5 | 75 | 50 | 3750 | 0.555556 | 0.606667 | 0.393333 | 0.218519 | 3829.2683 | \$ 1,475.00 | |
| Candle Stand | 6.5 | 15 | 50 | 750 | 0.111111 | 0.433333 | 0.566667 | 0.062963 | 765.85366 | \$ 425.00 | |
| | 73.5 | 135 | | 6750 | | | | 0.455556 | | \$ 3,075.00 | |
| | | | | | | | | | | Less FC | \$ 3,140.00 |
| Break even Sale | \$ 6,892.68 | | | | | | | | | Profit | \$ (65.00) |

Unit Sales Breakeven Analysis



With the weighting used, It is found that we need to sell 51 units (= 51 units per product) to breakeven.

Financial Forecasting

Assuming that in year 1 we will have gained enough success and exposure, we will double production by year 2. In year one we make a loss of \$65 dollars, while in year 2 we make a profit of \$6,010 which we would reinvest into the company. These figures are under the

| | Year 1 (\$) | Year 2 (\$) |
|----------------------|-------------|-------------|
| Sales | 6750 | 13500 |
| Labour | 1400 | 2800 |
| Materials | 1200 | 2400 |
| Paint | 400 | 800 |
| Charity Contribution | 675 | 1350 |
| Variable Cost | 3675 | 7350 |
| Contribution | 3075 | 6150 |
| | | |
| Designer Cost | 3000 | |
| Pottery club Fee | 140 | 140 |
| Fixed Cost | 3140 | 140 |
| | | |
| Profit | -65 | 6010 |

assumption that we sell all of our units and stick to making the same three products with the same cost structures in both years. In reality, costs depend on what type of products we end up adding to our collection which can vary costs a lot. For example the costs of producing a clock versus a bedside table would be very different. This is why we have not forecasted past year 2 since we would have made quite a few different products by then. We would have also expanded into other regions or countries by then which would require adding costs of shipping of running an online store. These are hard to forecast without knowing what products we make in the future. However in two years of running, it is clear our business is a profitable and sustainable one anyway.

FUTURE ROADMAP

- 1) First Step:** Create three products using three refugees' stories through connections with Red Cross NZ.
- 2) Pilot Launch:** Approach Wellington stores to begin selling our products by World Refugees Day.
- 3) Evaluation:** After year 1, evaluate the first run of production and adjust production appropriately.
- 4) Expansion:** Create more products using stories our GEE team members gather from their countries through partnering with other local organisations, such as in Nepal and Nigeria. This is so our brand begins to have a wider impact where refugees have a greater need for awareness and help.
- 5) Momentum:** Invest in an office/workshop space and hire more workers as production continues to increase. Start an online store and website to create more awareness of our brand and our mission outside of NZ. So it is possible for anyone around the world to support us and our mission.
- 6) High Exposure:** With enough hype created for our brand and mission, we can begin a movement to help refugees be heard and accepted in society at a global scale.
- 7) Stay Fresh:** Continually increase or change our product line with more products and stories every so often to stay relevant, personal and impactful.

REFERENCES

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