StoolMate Pty Ltd

‘Seating Furniture Business’

Nat Hunt - 7352791

Chris Coller - 7537190

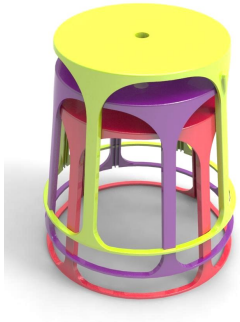
Dan Cabral - 7537891

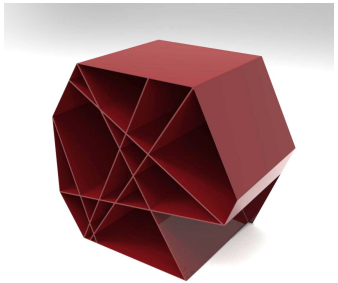
Cam Hookens - 7281920

StoolMate Pty Ltd

- Furniture Business
- Local Design, Manufacture, Distribution
- Plastic injection moulded stools
- Australian Opportunity

- Market & Analysis
- Product Definition
- Process & Business
- Sustainability





Creativity and Opportunity

- Low number of competitors in the Australian plastics furniture sector.

- Desks and chairs businesses exist for corporate and educational fit outs
- Few options for plastic stools and seatings for casual spaces
- Market saturated with imports

- Furniture that has been designed in Australia is of greater value
- Australian investment helps businesses vying for government grants
- For the socially conscious
- Government buildings, such as libraries

Customer analysis and Market segmentation

- Target Market Segments
  - Large corporations, Universities and Public Libraries

- Different customers have different needs and wants to be addressed
- End-Users of the furniture product
  - Library patron, student or employee will require good ergonomic design of the chairs as the furniture's primary use will be that of a chair for sitting in while reading, talking or relaxing.
  - Strong, durable, intuitive
- Purchasers and those maintaining the product
  - Durable, easy to clean, strong
  - Easy to pack away and to be competitively priced
  - Easy Maintenance and good customer service

Market definition & potential demand

- Large retail stores and educational and corporate facilities for successful commercialisation.
- Purchased in sets or bulk quantities.

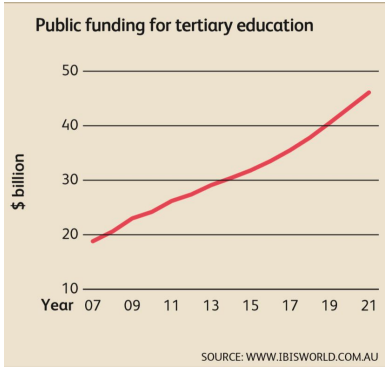
- Supply to Retail
  - Large retail stores purchase items in bulk quantities become the supplier to other companies or consumers
  - Manufactured to order
- Direct to Consumer
  - User can purchase directly from online store or warehouse
  - Pre-packaged set of stools to be sold held in stock

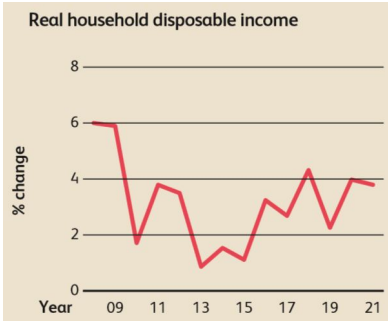
Market definition & potential demand

- Plastic Injection Moulding in decline
- Could provide new growth opportunity
- Cheap imports threaten market
- Furniture changing from metal to plastic and other non-metal materials

Metal Furniture Manufacture Revenue Change

Market definition & potential demand





- Household demand growing
- Unpredictable industry revenue
- Growing Tertiary Education funding leading to greater demand for furniture products

PEST Analysis

Political

- The outline and procedures conducted would be safe and legal with total obligation and compliance with Australian Standards in regards to Ergonomics and OHS.

- The full product range would be entirely manufactured locally in Victorian regions, which will ensure that the business follows all rules and regulation for a legal and political perspective.

Economical

- The products are purely designed and manufactured in Australia will balance out the high on-shore costing when analysing the value proposition.

- The Australian made branding will allow us to price our products in a medium-high range in regards to costing, which will reflect the quality and reliability in our products and customer service.

Social

- The products to be viewed as high-end consumer products that have a psychological impact on viewers that evoke interest and appeal.

- Social trends will impact large companies and organisations by asserting that professional and educational facilities require our high end products that are socially renowned and appreciated for the simplicity, quality and aesthetics.

Technological

- Designs are simplistic and functional.

-The most intense tech required would be the machinery used for manufacturing and mass-producing the high end products within tolerances and ideal quality control.

- As we expand the product range progressively we will adapt to advancements in technology.

Competitor analysis

The companies below are all major competitors that specialise in the Seating and Furniture industry for the global market.

DIM Furniture Pty Ltd
Estimated market share: 2.0%

DIM Furniture is a family owned business with its own board-manufacturing and melamine plant.

The company has manufacturing and sales offices in Brisbane, Sydney, Melbourne, Perth and Devonport (TAS). DIM generates revenue of $40 million to $50 million annually.

King Furniture
Estimated market share: > 1.0%

King Furniture is a leading designer, manufacturer and retailer of up-market fabric and leather furniture based in Sydney.

King Furniture maintains showrooms in high-profile inner city retail complexes in Sydney, Melbourne and Brisbane and exports to South-East Asia.

Clearlake Capital Group
Estimated market share: 6.0%

Clearlake Capital Group began operations in 1990 and listed on the ASX in 1999.

Operating as a vertically integrated furniture manufacturer, importer and retailer, Fantastic manufactures about 60% of the furniture it retails, importing the remainder.

SWOT Analysis

Strengths

- Simplistic designs that are easy to manufacture
- Made from readily sourceable materials that are environmentally sustainable
- Branded with Australian designed and manufactured for high quality recognition.
- Long life span of products due to quality, with a good LCA considered for products end of life phase
- Can be sold in sets that are appropriate for direct purchase by end user (via web stores, phone call or face-to-face transactions.)

Weaknesses

- Made in Australia where material, manufacture and labour are expensive.
- Designs are limited due to the 'Single Piece Plastic' constraint (as time goes on and company grows we may have to override this business ethic)
- No official store to display only the items from our product range and not anything from external competitor companies.
- In many of the environments targeted, there are existing seats that will be more appealing due to the ergonomics and comfortability.

Opportunities

- Increase the complexity in some designs to move away from stools and approach ergonomic seating (eg office chairs) which will allow us to accommodate for a broader audience to increase our demand.
- Increase the product range
- Outsource manufacture to other companies or countries that can maintain our standard of quality which can reduce costs dramatically
- Utilise and implement new technology and equipment or strategies to increase efficiency as well as revenue flow and profits

Threats

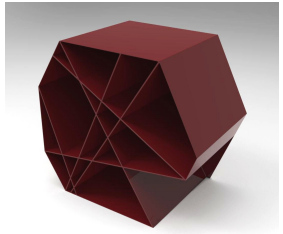
- Cheaper stools and seats are available from competitor companies due to offshore manufacture
- Our quality and standards equate to those of other companies that aim to target low-end markets.
- The ergonomics and comfort in our chairs and stools are not as good as competitor products.

Product definition

- To begin with, the business will have three products on the market, the ‘Stack-A-Stool’, ‘Tri-Stool’, and ‘Metric’.

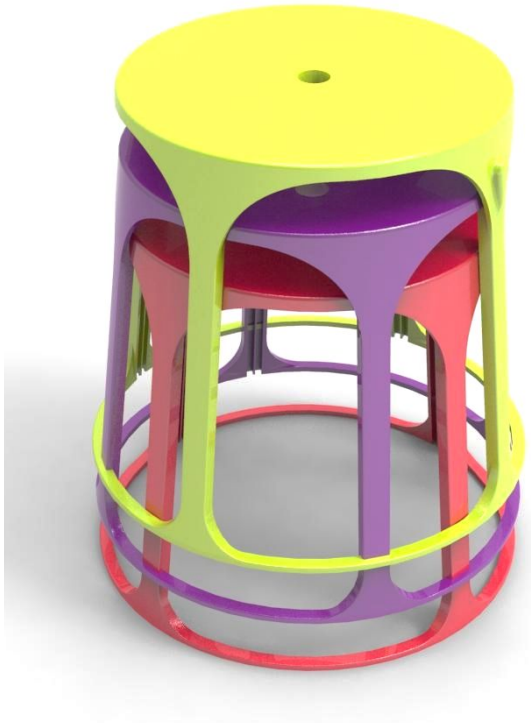
- Each has a different price point and each is tailored to a different market

- All three stools are injection moulded which will lower the cost of each product when manufactured with mass production while still maintaining high quality.



Stack-a-Stool

Low-mid costing



The Stack-A-Stool is 400mm in diameter and is 450mm high. As with all of the stools in the current range, it is made from Injection Moulded High-Density Polyethylene (HDPE), which is a common, cheap, and strong plastic.

It weighs only **879 grams**, and is easily stacked to ensure that shipping and storage costs are kept at a minimum, as well as adding functionality to the user.

As it will be the cheapest to manufacture, and is fairly simplistic in design, it is aimed at **schools**, **libraries**, and the **domestic market**. As it will be sold at a lower price and has a generally ‘lightweight’ feel, it will have a lower perceived quality than the other two products.

Tri-Stool

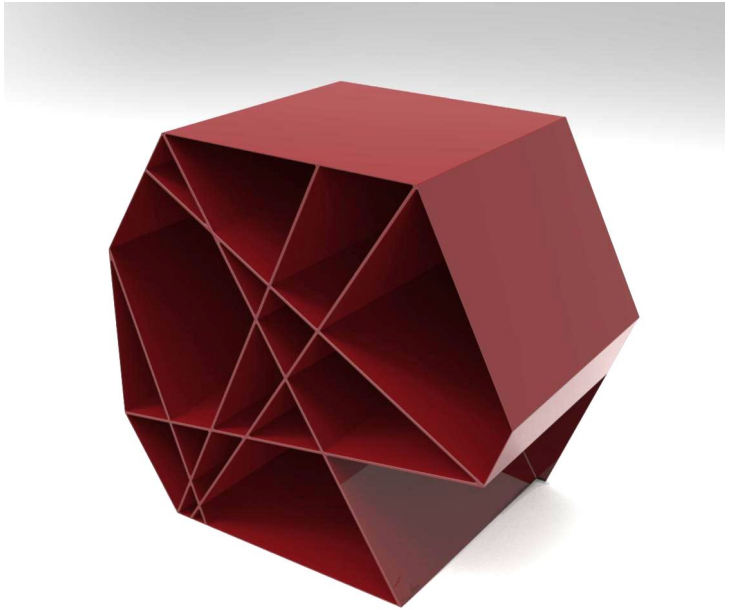
Mid costing

The Tri-Stool is the midrange product of the range, and measures 483mm by 483mm at the base, and is 420mm high. It is also made from HDPE, and weighs **1.68kg**. This design is also stackable, but will not nest quite as well as the Stack-A-Stool.

The triangular design on the side is fun and will appeal most to **schools** and **libraries**, but the greater material usage will situate the product at a higher price point than the Stack-A-Stool. The sturdier and more stable construction will add to the perceived quality of the product.

Metric-Stool

High costing

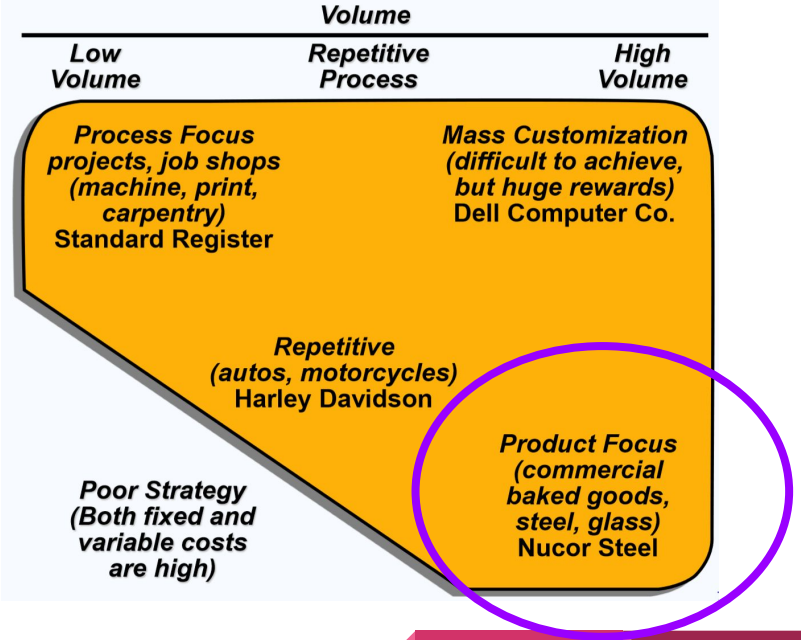


Metric is the most expensive stool in the range as it is the most difficult to manufacture, but may also have the highest perceived quality depending on the customer. It measures 500mm in length and is 300mm deep, and sits 450mm high. It is made from HDPE, and is the heaviest of the three stools as well, weighing 5.54kg.

Being larger, heavier, more expensive, and having a very unique design, this product will be targeted towards businesses who will see buying an expensive product such as this as an asset rather than an expense. As well as appearing visually striking, the feel of the product will be very sturdy as it is heavy, and these factors will add to the product's perceived quality.

Process Selection

- Product focussed
- High Production Volume, Low variation
- High Setup Costs
  - Tooling, Equipment
- Low Production costs
  - Minimised labour
  - High Volume
  - Low material costs



Required Resources

- Resources Required
  - raw materials, new and recycled plastics for injection moulding
  - outsourcing of specialised tasks to external companies.
- Material sourced from local plastics wholesalers initially
- Move to a direct sourcing of material from international suppliers once production reaches an equitable mark
- Equipment
  - Design, Research & development tools. Computers, prototyping, administration
  - Manufacture. Injection moulding machines, tooling for each product and the associated tools required for treatment, finishing and packaging of the final products.

Location considerations

- Close to furniture retail companies
- Delivery will be required, as these companies will purchase items in bulk orders.
- Distance of travel will affect the cost of transportation and the time taken to deliver these items.
- Nearby companies will be more satisfied and will therefore build a better partnership between two businesses.
- Located near customers will also give customers the option of purchasing items direct from our local factory.

- Close to suppliers, material and specialists
- Our products will be designed out of materials that are easy to obtain in Australia
- Australian location reduces the cost of transportation compared to imports
- Close proximity reduces lead times for customers

Layout considerations

- Display area
  - Customers not be exposed to the equipment used to manufacture them
- Loading bay & Storage
  - Customers will also be able to pick up items from storage if they choose not to have it delivered.
- Material handling
  - Stored close to production to speed up the rate of production
  - In an area where trucks are able to gather them with ease
  - Proper storage will minimise any damage that can occur around the warehouse
- OH & S
  - Layout of the workplace is important when it comes to occupational health and safety
  - Workers who are qualified and supervisors should only access the area where the stools are manufactured
  - The equipment must be properly maintained and should be located in safe areas

Relevant supply chain

Upstream Suppliers

- Suppliers of raw materials (such as PP and HDPE pellets)
- Promote good business relationships, frequent transactions will occur throughout the year
- Machinery and manufacturing equipment suppliers
    - Maintenance
- Packaging and transport materials and equipment
- Supply levels will be based on the customer demands.
- Initial stages
    - Adequate for start of the cycle
    - Profit determined by amount invested in raw material and Manufacturing equipment and number of goods sold
- Secondary stages
    - Increase production volume
    - Increase material, maintenance costs

Downstream Customers

- Packaging, distribution, shipping and storing processes
- The downstream customers
    - Wholesalers and Retailers
    - Organisations and shops purchasing in large volumes
    - Direct low volume buyers online, via the phone or direct from factory

- Information on website & communications
- Regular liaising will take place with Upstream Suppliers to match consumer demand
- Marketing platforms; Website, magazines, flyers and adverts, email

Reflection and Conclusion

- Novelty and Attractiveness of Products
- Sustainability
- Final Outcome and Key findings

Product Novelty and Attractiveness

Each of the stools has been designed in Australia, and each has a striking and unique visual style. As our target market is investing in something well designed, that will last, each of the products therefore needs to have the 'perceived quality' that it will fulfill everything the customer is paying for.

Stack-A-Stool:
The Stack-A-Stool has a very refined, clean, and simple aesthetic. Whilst it can come in a multitude of different colours, its sensibility will appeal to schools and libraries as it is marketed.

Tri-Stool:
The Tri-Stool's less conservative design makes it a bit more of a statement piece. It is aimed at schools and libraries with higher funding, who will use this stool to give a contemporary and artistic feel to the rooms it is used in.

Metric:
The metric stool has a very stark and geometric aesthetic. Its sharp edges and striking visual appearance suit it to the corporate world, and businesses that want to make a statement using modern and inventive furniture.

Sustainability

Earth’s resources are being depleted, and expenditure of fossil fuels propagates the effects of climate change, it is important for businesses to operate as sustainably as possible. Each of the three stools, therefore, will be moulded from HDPE, which is 100% recyclable. Whilst energy is expended in the process of moulding the product, embodied energy that has been invested into the production of the plastic does not need to be spent again. Whilst some necessary additives in the plastic will decrease its recyclability, such as flame retardants and UV blockers, the chairs can easily be shredded and the plastic reused at the end of their lives.

Life Cycle Analysis (LCA)

In the factory, recycled HDPE will be mixed with pure HDPE in order to reach a stable balance, and then important additives such as flame retardants will be added to create the master batch. At this point coloured dyes can be added in order to create batches of different colours.

The plastic pellets will then be fed into an injection moulding machine where it will be compressed and injected into a cavity to create the stool shape. Having been shipped to a warehouse, and then direct to the customer the stool will have no further energy impact on the environment.

At the end of its life, stools can be sent to a recycling centre where they will be shredded, melted down, and then extruded and chopped into recycled HDPE pellets, as used at the start of the products life.

Final Outcome and Key Findings

- Market opportunity for Australian produced casual stools and seating
- 3 market segments
  - Universities, Large Corporate, Public Government buildings
- 3 initial products
  - Low, medium, high pricings
- Product Processed business
- Resources
  - Equipment, Material, Labour, Design, Expertise
- Close proximity to customers
- Full supply chain analysed
- Cradle to Cradle sustainable design

Thank you for Listening

Any Questions???