

Executive Summary

Woody is a circular economy business that not only aimed to help young people but also our home, the Earth.

The project offers an online renting service of handmade furniture made of recycled wooden pallets by local artisans. With those, Woody creates a circular cycle to reduce the amount of furniture waste, while providing the customer benefits and a more comfortable life.

Furniture with a past, planet with a future.

Website:

woody-circularfurniture.webnode.es/

The team

Woody's team represents the perfect mix of young international professionals, coming from Spain, Portugal, Italy and Argentina. We started to study our Master's degrees, that gave us the mentality of making a change in the world, with a high level of technical background, interdisciplinarity, internationality, sustainability knowledge and motivation, including renewable energy engineers and experts in sustainable development and circular economy. This combination has resulted in a project thought with heart and sense, not only focusing on the actual dispose problem but also thinking about real people, like us.

Our mission is to create a sustainable and innovative project in Madrid, with the goal of designing a replicable model that can help reduce waste all over the world. The success of our project stands in our pillars: **environmental** - recycled products, **social** - service that helps young people, and **economical** - competitive relation between quality and prices.

The problem

Nowadays, the modern society is facing a severe situation of parallel realities: resource waste and economic waste, that are directly correlated to each other. In fact, as consumption and overconsumption are increasing, the rate of disposal and the amount of wasted materials are increasing as well. From an economic and strategic perspective, we can see this situation as a profit or a loss. We decided to take action against this unsustainable situation and try to make a difference, creating a recycled furniture service. In this way, a young student or professional can find a solution not only for his/her wallet but also for the environment.

Woody aims to create a positive impact on the young people that dream to live in Madrid and, at the same time, reduce a worldwide problem such as resource and materials waste.

The solution

Woody's products offer a solution for international and national young students and professionals that are moving temporarily to Madrid, providing an online rental platform of recycled furniture made of wooden pallets.

Our solution aims to give a second life to wooden pallets, but also offers an optimum quality-price relation for our products. Our plan includes a positive impact on the proper use of materials, such as wood, to increase their lifetime, on young workers and on students to help them in their dynamic life. Nowadays, concerns related to the environment are increasing, not only in young generations, but also in the business world. More and more enterprises are taking care of their sustainable development, which proves a better future for their results in economic and social terms.

Finally, here is where we found a potential niche - already existing - in which we can participate, creating a sustainable and replicable system.

It is important to point out that Woody's service goes towards a closed circular system due to the disposal of the products once their useful lifetime ends. In fact, we sell these materials to a biomass company for its use as a renewable energy source.

The business model

Woody's service is addressed to international students and international young professionals, that moved from their hometowns to Madrid for academic and professional reasons. They are looking for a shared apartment to rent as they will stay in Madrid for a limited amount of time. Because of this reason, they don't want to buy brand new furniture that they will have to sell or throw away after their stay.

When Woody's potential clients are looking for a solution to the furniture issue, they find a comfortable and easy renting service, with competitive and affordable prices that include the transportation and maintenance service.

This flexibility generates a positive experience with this service, and thanks to social media, our clients will be able to share how Woody helped them in their moving experience and so other students and young workers will be interested to enjoy Woody's products.

The market

Analyzing the current market in the center of Madrid, Woody detected an opportunity. First of all, the percentage of foreigners compared to Spaniards in Madrid is 13,4%. Within this number, the percentage of people between 20 and 34 years-old amounts to 30,5% approximately. Therefore, this is our potential customer segment that we aim to reach.

Secondly, in relation with the number of rented apartments in Madrid, the percentage of flats that are not furnished is around 50%. As students and young professionals represent the 10% of the total customers that rent those flats, so Woody is going to engage with this percentage.

Finally, we analyzed the pallets market. After visiting the town hall and the industrial complex of Alcobendas, a North district of Madrid, we realized that there was a large amount of broken pallets. Just in this town hall, the wood's volume that ends up in the landfill was 426.268 kg, and approximately 40% is wood coming from pallets (if a pallet weights 25 kg, the number of pallets is 6.820) (Ministry of Environment, 2018).

The furniture business is a broad market. It's important to remember that not all product-as-a-service innovations offer a circular outcome, which is the next step that explain, our added value. The furniture business has a large amount of competitors but Woody's solution connects the problem with society's needs and wants.

Business validation

In order to validate the main hypothesis of the business idea, three different online surveys were shared during the validation period. In the last and definitive survey, answered by 65 people, we collected the final data, that we are going to present.

The survey helped us to see that there is a huge potential and opportunity for Woody in the growing society we have nowadays. As in the circular economy system, the product servitization is being more accepted and requested in the society. To confirm this, 43,1% of the answers strongly supported Woody's idea of servitization of furniture.

It is highly important to highlight the fact that 41,5% of the answers showed that people are willing to spend more for an eco-friendly product, our final idea of using wooden recycled pallets was validated.

Moreover, the 67,7% of the respondents chose the idea of having sets of furniture rather than individual items, which made Woody decided to introduce sets of furniture but also the option of renting individual items to include potential customer's needs.

The business validation was a very efficient tool to measure the potential size of the market and from the results obtained, we can see that people are enthusiastic about Woody and are firmly inclined towards using the service. The responses were positive, which proves that we are on good track to launch the business within few weeks.

Marketing strategy

Woody's marketing strategy is based on a very intuitive user experience on the website, that is our main channel, and on transparent communication. In fact, our website is designed to be easy-to-use and very visually clear. Together with our social media pages like Instagram and Facebook, these will be our main channels to communicate and engage potential clients. The products offered, together with the list of materials used, is organized and well explained: we want our customers to be immediately aware of the prices of the materials used and, in line with our mission, show information on the problems regarding wood waste - a section on the web page will explain the waste issues related to the environment. We believe that including a sustainable vision, not only in the logistic term, but also in the raw material origins will make our products more mediatic and attractive, together with a simple and minimal design.

Finally, we analyzed the 4Ps that are overall the key elements (product, price, place and promotion) of our marketing strategy. About the promotion strategy, that is our channel for communication and engagement with the clients, it is going to be developed through Facebook and Instagram. As said before, we created a Facebook page to communicate directly with young people on students groups and an Instagram account to visually promote our products.

Operational plan

The activities of Woody are those of a company in the private sector. We build the items thanks to the work of two artisans and we manufacture a finished product which is then transported according to the client's requirements with Emov electric vehicles.

The key aspects of our operational plan are the following:

- Product and services: Online sales, renting and maintenance services.
- Human Resources: The company is founded by 3 partners. We are going to employ two artisans that will be part of the project and we plan to increase this number if the demand increases in the long term.

- Plant and equipment: We have rented a warehouse to build the furniture, all equipped with the necessary accessories to build them.
- Logistics: We work with Emov electric vehicles and public transport.
- Guarantee: There will be an assurance that will cover any damage. Besides, every 2 years a checking and maintenance will be made in order to increase the useful lifetime of the products.

Financial plan

We calculated the price the customer is willing to pay per month and made sure it was higher than the costs of each product, and the results were the following:

- **Kitchen set** (3 & 6 months): includes 1 table and 4 chairs for respectively €12,2 and €11 per month;
- **Room set basic** (3 & 6 months): includes shelves, bedside table, dirty clothes box for €7,3 and €6,6 respectively per month;
- **Room set full** (3 & 6 months): includes shelves, bedside table, puff or shoe closet, dirty clothes box for €9,5 and €8,5 respectively per month;
- **Individual item small** (1 month): it could be chair, puff, bedside table, dirty clothes box for €2,1 per month;
- **Individual item big** (1 month): it could be table, shelves, shoe closet for €4,8

The initial funding the project needs was calculated in base of several items, such as costs of production of the first two months, man hours, tools, workshop rent, salaries and transportation.

The funding needed for the project will be 103.635€ and we will use them on the first 18 months of the project, after that the company will generate profits.

First year needs (€)	Second year needs (€)
95.157,6	8.478

The first year will finish with financial losses of 95.157,6€ and the second year will finish with 7.727€ of net profits which will increase over the following years with more products of Woody on the customers flats.

The 7.727€ represents the gains for the second year, but still, we will need an amount of 8.478€ for the first 6 months of year 2 in order to operate.

The initial investments will be recovered at the end of the third year of production. In the future, we plan on having a bigger space to work, higher volume of clients and employ two more artisans.

In terms of revenues and sales, we plan an increase from 5% to 20% in the initial year, according to the volume and periodicity of our potential clients. The total sales for all the products in the initial year is 76.125,2 €. It is also analyzed that Woody's Room set full for 6 months will be the most sold product together with the kitchen set for 6 months too. For the second year, sales will still increase up to a total sales of 205.174,9€.

The investor is given the chance to get on board of an exciting project that will improve year after year and with a clear target market that will continuously come to Madrid, to either study or work!