



BUSINESS DRAFT - KIDKIT
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Synthetic description – KidKit in a Nutshell

KidKit is a children's clothing rental service for the holiday period. KidKit allows families to travel without luggage for their children. Parents who use KidKit will enjoy "luggage-less" travel, thus saving time packing and checking bags at the airport. Once your trip is over, there are no dirty clothes to launder. KidKit takes care of that for you too. KidKit relieves unnecessary stress because it eliminates the risk of losing luggage at the airport because your clothes are waiting at your destination. Figure 6 shows a schematic of how it potentially works.

H&M is one of the global partners of Ellen MacArthur foundation committed to accelerate the transition to circular economy. By co-founding KidKit there could be several advantages within the Circular Economy network put in place by other partners such as Intesa San Paolo who is also part of the Ellen MacArthur Foundation Global Partners.

Intesa San Paolo has launched in Italy an ambitious project for the emerging needs of the circular economy at trace.cariplofactory.it for which a comprehensive proposal along with H&M could really make an impact towards a truly circular economy initiative. This is an opportunity towards circular economy to co-author a proposal to Intesa San Paolo as a co-founder or spin-off company.

Potential customer and their needs to be satisfied

Parents travelling with young children have to spend precious time before, during and after leisure trips with their children. This includes luggage packing, along with the risk of completely losing their luggage. Although mishandled luggage rates reach record low thanks to technology, 5.73 bags per thousand passengers went astray in 2016.

Reference Market

Target market is the family tourism market. Families represent a large and growing market for the tourism industry. Family tourism is driven by the increasing importance placed on promoting family togetherness, keeping family bonds alive and creating family memories. Predictions for the future of family travel are shaped by changes in demography and social structures. With global mobility families are increasingly geographically dispersed and new family markets are emerging. In particular what emerges is that the future of family tourism lies in capturing the increasing heterogeneity, fluidity and mobility of the family market.

By focusing on the family as a target market as the means of a collaborative solution for children's needs, we advance gender justice. KidKit order is thought to be implemented by either a mother, a father or their children with regards to luggage preparation. This is also rising children's awareness in order to build coherent independence when it comes to their responsibilities as part of their overall education.

Competitive advantage

The obvious benefit to the customer -which are young mothers-, is that it saves time and relieves stress because you don't have to pack, check bags at the airport, and then collect luggage at your destination. Although mishandled luggage rates continue to drop, 5.73 bags per thousand passengers went astray in 2016 (Magnusson, 2017), which means a risk remains a risk. Almost all airlines require additional fees for luggage, which is often not built into the price of the ticket. These hidden fees add up quickly.

We will offer a kit with all the necessary items for children, aged three to twelve years old, at vacation destinations. In this way families will save money and won't have to worry if they forgot to pack something at the last minute. Instead, they can choose the kit in the convenience of their own home prior to starting their vacation. We take care of the rest including making sure your kit arrives at your destination and then laundering it after it is returned to us in a prepaid box.

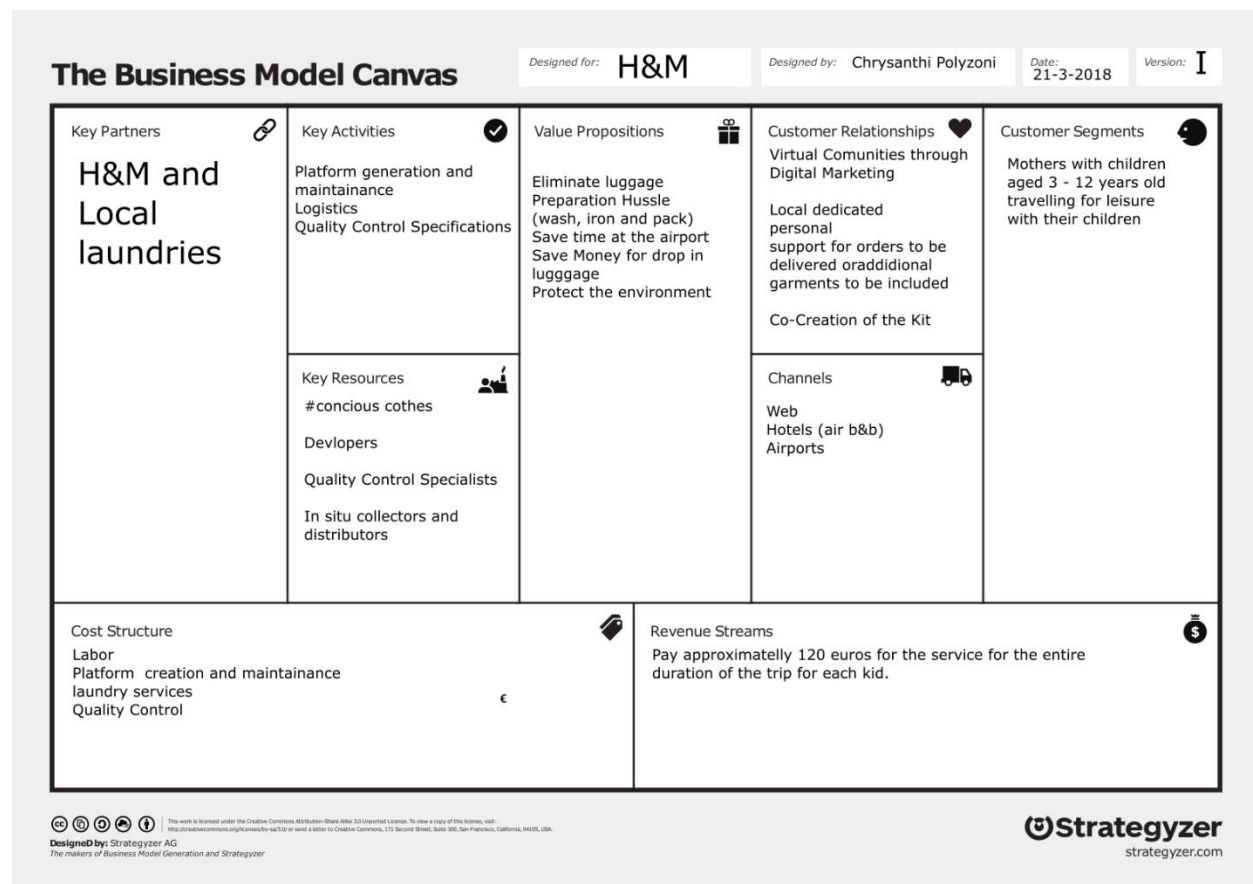


Table 1

Potential competitors

There are no direct competitors to the overall KidKit project the way we want to develop it; however, there is a market trend towards renting apparel. Successful business initiatives include Rent the Runway www.renttherunway.com in the US, Drexcode www.drexcode.com in Italy, Girl meets dress www.girlmeetsdress.com in the UK, Flyrobe www.flyrobe.com in India, MudJeans www.mudjeans.eu in Europe, Vigga www.vigga.us in Denmark and LeTote www.letote.com in San Francisco. Figure 1 and Table 2 illustrate additional information.

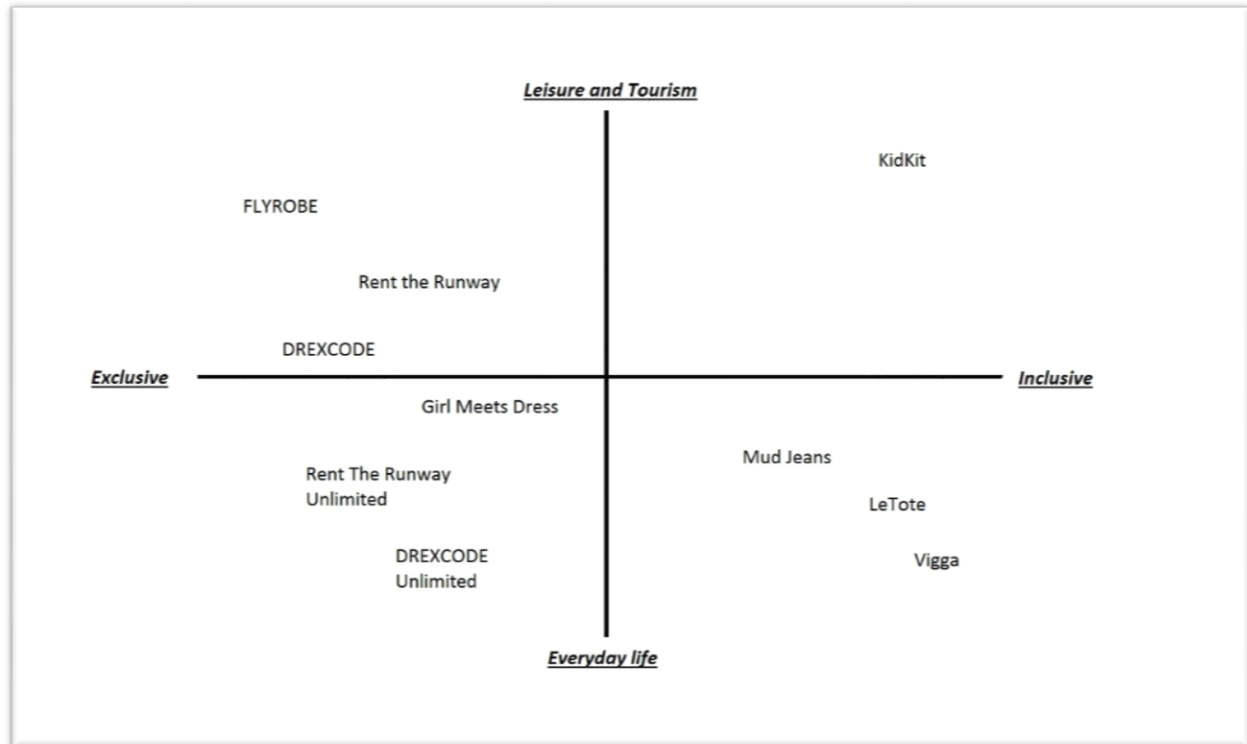


Figure 1

Brand	Website	Children	Adult	Tech Mountain	Designer - Casual	Community	Where
Rainey Closet	www.raineyscloset.com	x			Designer		US
Vigga.us	www.vigga.us	x			Casual		Denmark
Raeubersachen	www.raeubersachen.de	x			Casual		Germany
Tale Me	www.taleme-shop.com	x			Casual		France
Them Collection	www.themscollection.com		x		Casual		US
Stylelend	www.stylelend.com		x		Both	x	US
Le Tote	www.letote.com		x		Casual		US
Oh Rent Me	www.ohrentme.co.nz				Casual		New Zeland
Parcel 22	www.parcel22.com		x		Both		US
Whistlerwinterwear	www.whistlerwinterwear.com	x	x	x	Casual		Canada
Ski-stuff	www.ski-stuff.co.uk	x	x	x	Casual		UK
Rent the Runway	www.renttherunway.com				Designer		Us
Drexcode	www.drexcode.com				Designer		Italy
Oprent	www.oprent.com		x		Designer		UK
Chich By Choice	www.chic-by-choice.com		x		Both		UK

Table 2

Team

Team is to be composed by three members: a marketing profile, an operations profile and a finance profile creating a resilient mélange of competences. Other to Chrysanthi who is submitting this document and will be operatively present to develop strong relationships with brands present within the KidKit platform in terms of product quality and certifications, our Finance expert is to maintain good relationships with

investors and develop optimized cash flows, while our Marketing expert will be developing an optimized strategy for an engaged customer relationship as well as digital and physical experience. Finance and Marketing profiles have been requested from the Bocconi entrepreneurship – club one of the first associations at the Bocconi University to be involved in this sector. A member of this association called Giovanni Concini has taken the task to help find those two promising profiles to become part of KidKit with energy and passion.

Operations Profile

Chrysanthi has identified potential operational partners as described in the table below Table 3. She has also developed a process map Figure 7 to be elaborated by the financial expert who will be optimizing operations to perform major profit for our business and the community we serve, the reason we will exist for.

Partner	Role
H&M	Clothes and shoes Provider
Patagonia	Technical clothes provider
Fashion Positive	Garment Certification
EasyJet	Raise Awareness
Ryan air	Raise Awareness

Table 3

Other to keeping and developing partnerships strategy, Chrysanthi along with the marketing and financial expert, will be identifying the best physical locations to operate, in terms of consumer culture and operating costs. Other to that she has the responsibility to keep relationships with resort and tourist touchpoints.

She has drafted the landing page for the overall project www.kidkit.it and the crowdfunding promotional page www.kidkit.org. She is able to develop the crowdfunding campaign product, the initial connection with our main customers who are young mothers. She will be responsible for the overall crowdfunding campaign product applying industry 4.0 processes for the final product.

Being a mother herself, she might be biased over some decisions for the company, so before each and every decision related to consumer behaviors, both marketing and finance experts are asked to provide consensus based on data evidence to avoid lethal mistakes. A comprehensive data driven decision making methodology is yet to be developed in order to be conscious with informed decisions based on business analytics.

Chrysanthi, other to identifying consumer product certifications (such as Better Cotton initiative or Global Organic Textile Standard certifications) will be investigating physical product supply chain to identify child labor or other environmental violations. In this way it will be possible to work with suppliers and construct a sense of trust which will lead to a higher level of competitive advantage in favor our brand. For this purpose, a comprehensive communication content strategy is yet to be developed within an adequate social media channel – probably twitter.

Finance Profile

Our Finance expert will be responsible to propose strategies to keep a clean and healthy financial status of the company. Other of keeping track of all financials, will have to maintain an adorable relationship

with investors by thrilling them for being aware of the overall inventory management and in particular inventory turns as a way to understand and propose ways to minimize waste and maximize efficiency thus profit.

In order to translate financial efficiency to productivity is indeed invited to perfectly understand the overall process shown in the operations map Figure 7. Discovering the areas in an operations flow that lead us to the highest financial rewards is a key skill we wish to develop within our financial team ideally lead by the person who will now engage with us. Important aspects that may impact our financial reputation, given the particular industry we are trying to get involved, include eliminate sources of waste such as overproduction, unnecessary transportation, rework, over processing, unnecessary motions, inventory, and waiting (remaining idle). Operations and finance will indeed have to work smoothly together and find innovative ways to thrive, making this part, a competitive advantage of the company against competitors.

Other to this our financial expert will have to be engaged and involved to innovative materials and processes of high potential value for the future given the VUCA (Volatile, Uncertain, Complex, Ambiguous) environment in which we are called to operate. Industry 4.0 is bringing new materials and processes, shout to replace old ones and we wish to take advantage of this change to maximize future profit taking important decisions today given the product-as-service business model we have put in place. Last but not least, we should somewhat be able to have a comprehensive understanding of what block chain is, how it works, as well as insights of how it affects the future of industry and our organization. Which is the ecosystem, the innovations in value transfer, existing and possible apps and smart contracts, how it will be transforming enterprise business model and which will be the next blockchain frontier.

Marketing Profile

Our Marketing expert is going to tackle and optimize marketing strategies. Digital marketing will indeed become the main tool for us to collect insightful information about our customer yet other strategies are not to be underestimated such as PR events at our touchpoints (Resorts and airports) or joint marketing strategies along with our potential partners for rising awareness (aka EasyJet, Ryanair, Southwest airline companies).

Email and offers marketing strategies are also to be considered especially during the launching period of the startup project. All information collected have to be carefully stored for future decision making to design effective marketing campaigns.

Our marketing expert will indeed carefully work along with our consultants for campaign development, web and graphic design. Other external competences may have to be involved such as UI and UX designees. Those are all digital competences to be led by our marketing expert who will also become a data analysis expert apart from being resilient enough to drive a multidisciplinary task-execution-team made up of different people who will develop post studies applications at the TAG Innovation school for the purpose of our marketing plan. The overall customer journey from awareness to the final order will indeed be on the hands of this person.

Last but not least, our marketing expert will have to incorporate the crowdfunding jewelry marketing campaign within the existing social media channels and create a clear message to our potential customer and the values we stand for.

Production and selling strategies

We will not be producing a collection of our own and thus KidKit is not supposed to be a children's clothing brand for now. However as explained before we will be keeping a close eye on material innovation within the industry and perhaps promote our own innovations either in material or processing terms within the overall open innovation framework.

We hope to be able to include H&M as a strategic partner, given their difficulty in engaging with e-commerce accused by investors for being less fast to their digital competitors such as Amazon ASOS and Zalando. An important feature of H&M is also, their open mind strategy in terms of materials innovation with the Global Change Award. We will be inviting other clothing brands to join forces in an attempt to educate the next generation of consumers to close the loop within the apparel industry. This is indeed a cultural challenge which the market is actually unable to respond, mainly due to the fact that we have been adapted to the linear take – make – dispose production model.

After interviewing a sample of fifty young families we have discovered that consumers are indeed very much aware of the global environmental challenges. However, the sense of ownership is of first priority when it comes to decision making for purchasing personal belongings such as clothing and apparel. In order to rise awareness and be able to develop a communication channel with young mothers, we have developed a sustainable jewelry collection, targeting the very same market of consumers KidKit service is interested. This is sought to be a crowdfunding campaign for the KidKit service in terms of marketing and rise awareness over the solutions we provide along with KidKit. Figure 2 and Figure 3 demonstrate the product already launched to the market and made 300 euros in revenues within our test market – young women aged 30 to 40 years old.

Here we would like to underline the joint importance of the potential incorporation of Industry 4.0 and Open Innovation in terms of reducing operational costs. For the crowdfunding jewelry product, we reduced drastically packaging R&D creation and generation costs by developing fancy personalized packaging using existing technologies other makers have put in place <https://www.festi.info/boxes.py/>. After performing some tests, we developed low cost lean personalized product packaging at www.wemake.cc using the laser cutter. Packaging that excited our customers. They are almost more interested in the packaging to the object itself Figure 2, Figure 3.



Figure 2



Figure 3

KidKit service instead is conceived as a platform similar to YOOX www.yoox.com (or Net-A-Porter) where clothes are rented instead of bought and delivered to customer's vacation destination. Parents – or their

children - will be able to virtually create their luggage in our platform and find their kit at destination being charged only for the time they use it. Although, at the time being, we do not have confirmed partners, our proposal is open to H&M initially but also to all Global Fashion Agenda's "2020 circular fashion system commitment" brands (www.globalsfashionagenda.com/commitment) operating worldwide. A mockup of how the platform will be is shown in Figure 6.

The market has already been tested after following the market response methodology proposed by "TheStartUpTraining" www.thestartuptraining.com. This is an initiative of the "Invenizzi" Centre for Research and Development on Innovation, organization, Strategy and Entrepreneurship <http://www.icrios.unibocconi.eu> at Bocconi University. We tested the winter kit over ten mothers who used the service.




Figure 4

The KidKit Jewelry project has also been tested in a flea market (Figure 5) where we were able to collect fifty questionnaires from young families regarding their luggage preparation habits. Answers confirmed previous market research over a smaller sample of twenty people. Other to questionnaires we were also able to collect powerful insights for the launch of such service while talking on the aesthetics of our jewelry. The appendix is dedicated to this research.



Figure 5



ACCEDI

*Nome utente:

*Password:

☐ Tienimi collegato

[Hai dimenticato la password?](#)

ACCEDI


CREA UN ACCOUNT



Choose your Destination


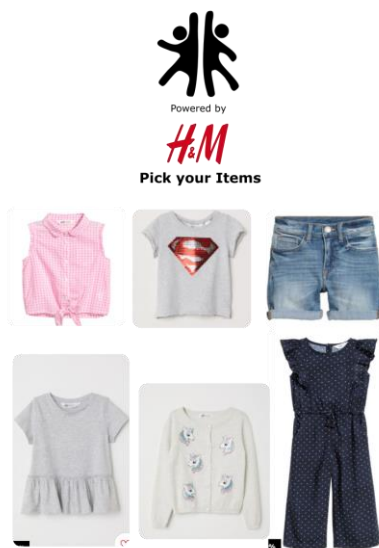

Departure

Destination

The Essentials
120 €

Unlimited
150 €

Confirm your Kit

Email:

Language:

Billing: ☒ Use recurrent payment

Every: Months

Number of recurring payment cycles:

☐ Payment represents a donation

Customize

**Thank you for your order
Your KidKit
will be delivered to you
in 5 July 2018
at Thessaloniki airport.**

Figure 6

The proposed service costs 120 euros per child, per trip, regardless of the length of the trip. This is approximately the same cost as checking luggage and maintaining your clothes. The channel used for this initiative will be www.kidkit.it or www.kidkit.org website where an online product/service e-commerce like www.yoox.com can be developed.

The market is ready for an innovative service, capable to facilitate their lives when travelling with children. The proposed service can be applied over a test market focusing on Swedish families travelling to Italy or Greece or even a smaller Danish market focusing on families traveling from Copenhagen to Tuscany for summer holidays.

H&M's supply chain can be of enormous support in terms of customer service and logistics. Additionally, local laundries will be used to offer a complete service to the consumer. A business model canvas draft is shown in Table 1.

Activities to be completed for vacation luggage preparation	Units (No)	Average Unit Cost	Total
Washing machine loads (unit: number of loads)	3	0.5	1.5
Detergent (unit: 30 ml)	3	0.15	0.45
Drying machine loads (unit: number of loads)	3	0.6	1.8
Ironing in hours - machine cost in kW/h	2	0.3	0.6
Labor time in hours	4	6	24
Luggage transport cost	2	25	50
Luggage physical cost amortization (per round trip)	1	10	10
Annual cost for luggage storage (per year)	1	4	4
			92.35

Table 4

Revenues and operational costs

In Figure 7 we illustrate operational flows describing major operational costs. Our operational capacity will not exceed 1000 customers for the first year (500 children for summer season and 500 children for winter season calculating an eight-week season). However, the expected volumes are shown in Table 5. The cost for the service is 120 euros per child, comparable to the overall cost for the activities taken for luggage preparation Table 4. This makes an optimistic revenue of 120.00 euros for the first year.

	Year 1	Year 2	Year 3	Year 4
Volumes	480.00	1,440.00	4,320.00	12,960.00
Price	120.00	120.00	120.00	120.00
Fixed Costs	11,400.00	34,200.00	102,600.00	307,800.00
Variable Costs	19,200.00	49,680.00	125,280.00	304,560.00
Indirect Employees	1	1	2	3
Annual cost of an indirect employee	20,000.00	20,000.00	20,000.00	20,000.00
Severance Pay Incidence ("TFR" in Italian)	0.056	0.056	0.056	0.056
Structural Fixed Costs	13,000.00	13,900.00	15,070.00	16,591.00
Development Costs	5,000.00	6,700.00	8,760.00	11,788.00
Fixed assets (Winter Kit annual investment)	9,000.00	18,000.00	54,000.00	162,000.00
Revenues	57,600.00	172,800.00	518,400.00	1,555,200.00

Table 5

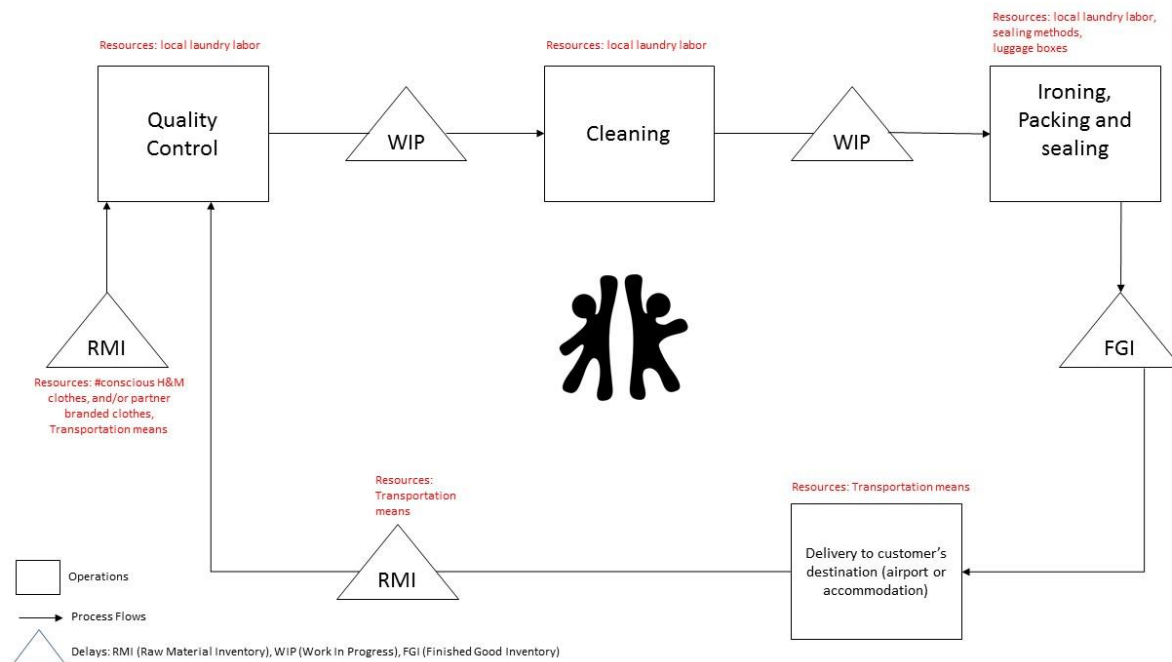


Figure 7

Income statement forecast

Here below we summarize the costs for running the business at one service point. The scale up project is inspired by the Depot Location in Degradable networks research Chrysanthi has made at the Imperial College of London

https://www.researchgate.net/publication/259511564_Depot_location_in_degradable_transport_networks and Ithaka laundry in Athens <http://ithacalaundry.gr/> a mobile laundry social service business for homeless people.

Each service center, consisted in the first three years by one employee and a leasing car. Operationally he/she will be assisting the service in terms of logistics, emergencies and in situ marketing with the client. He/she will be able to solve problems immediately in case of damaged, defected or wrong size clothes. Persuasive and kind he/she will be our direct line with our customer. After the fourth year we will be substituting leasing cars with laundry vehicles just as the ones operating over Ithaka Laundry network. The physical basis of each service point will be defined after applying on the local network the two-stage algorithm (linear model) proposed by the above-mentioned paper to optimize customer satisfaction by calibrating demand, and capacity of the service point (in the paper rescue center) and the population centers (resorts, hotels and other tourist accommodation structures).

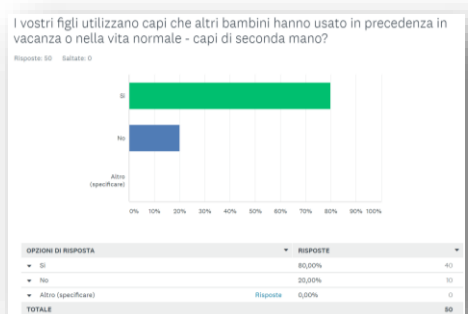
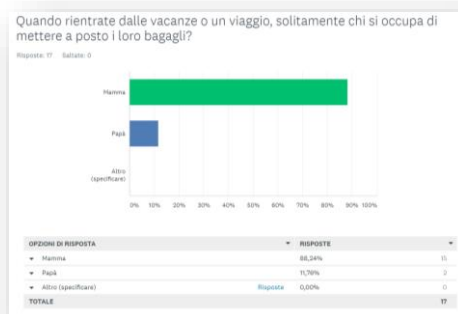
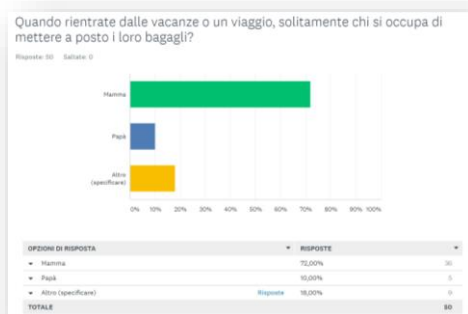
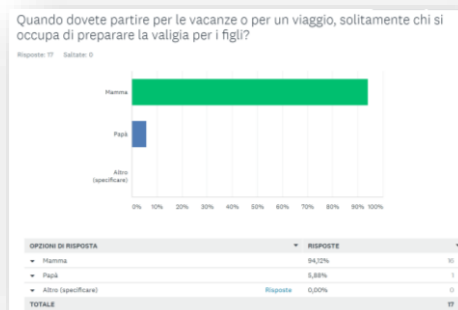
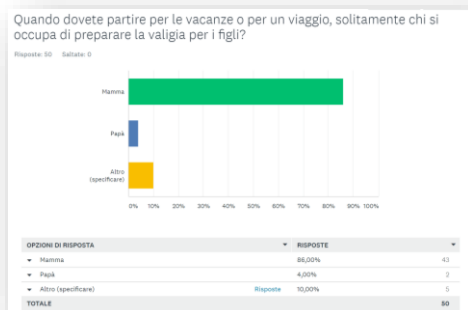
Our logistics will be mainly based on an external delivery service to fulfill our demand. Fixed costs include summer kit clothes and platform e-commerce development and maintenance, while variable costs include laundry services and transportation. Immobilization instead is the winter kit clothing investment which will be amortized in three years. Development costs are considered investments on digital marketing and advertising in general. Both e-commerce development and advertising are set to increase 30% each year.

Ipotesi	Anno 1	Anno 2	Anno 3	Anno 4
Volumi	480	1440	4320	12960
Prezzo	120	120	120	120
Costi Fissi	11400	34200	102600	307800
Costi Variabili	19200	49680	125280	304560
Fatturato realizzabile con un adetto diretto	300000	300000	300000	300000
Costo annuo un adetto diretto 30 000	30000	30000	30000	30000
Addetti indiretti	1	1	2	3
Costo annuo un adetto indiretto	13000	20000	20000	20000
Incidenza TFR sul costo del lavoro	0.056	0.056	0.056	0.056
Costi fissi di struttura	13000	13900	15070	16591
Costi di sviluppo	5000	6700	8760	11788
Immobilizzazioni (investimento nell'anno)	9000	18000	54000	162000
Periodi di Ammortamento (anni)	3	3	3	3
Tempi di pagamento clienti (mesi)	3	3	3	3
Tempi di pagamento fornitori (mesi)	2	2	2	2
Tempi rotazione scorte materie prime (mesi)	1	1	1	1
% debiti finanziari su debiti onerosi	10%	10%	10%	10%
% imposte su reddito a.i. (acconto 100%)	40%	40%	40%	40%
% di IVA su Vendite, Acquisti e Immobilizzazioni	24%	24%	24%	24%

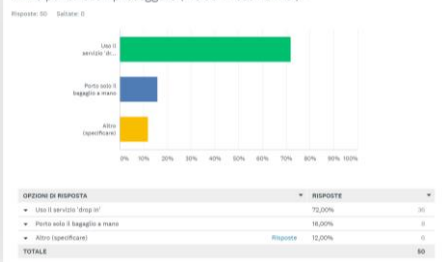
Conto Economico (Income Statement)				
+ Ricavi di Vendita	57,600	172,800	518,400	1,555,200
- Costi Fissi	11400	34200	102600	307800
- Costi Variabili	19200	49680	125280	304560
= Margine di Contribuzione	27,000	88,920	290,520	942,840
- Mano d'opera diretta	2,496	11,520	34,560	103,680
- Accantonamento TFR MDO diretta	140	645	1,935	5,806
= MDC - Costo MDO diretta	24,364	76,755	254,025	833,354
- Costi fissi di struttura	13,000	13,900	15,070	16,591
- Mano d'opera indiretta	13,000	20,000	40,000	60,000
- Accantonamento TFR MDO indiretta	728	1,120	2,240	3,360
- Costi di sviluppo	5,000	6,700	8,760	11,788
= EBITDA	(7,364)	35,035	187,955	741,615
- Ammortamenti	3,000	6,000	18,000	54,000
= EBIT (Reddito Operativo)	(10,364)	29,035	169,955	687,615
- Oneri gestine finanziaria				
= Reddito ante imposte	(10,364)	29,035	169,955	687,615
- Imposte	(4,146)	11,614	67,982	275,046
= Reddito netto	(6,218)	17,421	101,973	412,569
Stato Patrimoniale (Balance Sheet)				
IMPIEGHI				
+ Attivo Circolante	18,806	56,418	169,254	507,762
(+) Crediti Verso Clienti	17,856	53,568	160,704	482,112
(+) Erario conto IVA attivo	-	-	-	-
(+) scorte	950	2,850	8,550	25,650
+ (+) Immobilizzazioni operative nette	6,000	18,000	54,000	162,000
(+) Immobilizzazioni lorde	9,000	27,000	81,000	243,000
(-) Fondo ammortamento	3,000	9,000	27,000	81,000
= Totale Impieghi	24,806	74,418	223,254	669,762
FONTI				
+ Passivo Circolante	6,766	35,978	128,431	431,681
(+) Debiti Verso fornitori	10,044	21,593	52,020	132,419
(+) Fondo Imposte	(4,146)	11,614	67,982	275,046
(+) Fondo TFR	868	1,765	4,175	9,166
(+) Erario conto IVA passivo	-	1,006	4,254	15,049
+ Debiti finanziari	24,258	21,019	(7,150)	(174,488)
(+) Scoperto di cc castelletto	24,258	21,019	(7,150)	(174,488)
(+) Finanziamenti a medio/lungo termine				
+ Mezzi Propri	(6,218)	17,421	101,973	412,569
(+) Capitale Sociale				
(+) Riserve				
(+) Reddito netto	(6,218)	17,421	101,973	412,569
= Totale Fonti	24,806	74,418	223,254	669,762
+ Attivo Circolante	18,806	56,418	169,254	507,762
- Passivo Circolante	(6,766)	(35,978)	(128,431)	(431,681)
+ CCN Operativo	12,040	20,440	40,823	76,081
+ Immobilizzazioni Operative Nette	6,000	18,000	54,000	162,000
= Capitale Investito Netto Operativo	18,040	38,440	94,823	238,081
- Autofinanziamento	(6,218)	17,421	101,973	412,569
= Fabisogno Finanziario	30,258	39,019	46,850	(12,488)

	Calcolo Erario Conto IVA				
+	IVA sugli acquisti	11,664	25,075	60,410	153,777
+	IVA su immobilizzazioni	2,160	4,320	12,960	38,880
-	IVA su vendite	(13,824)	(41,472)	(124,416)	(373,248)
	Somma algebrica IVA dell'anno	-	(12,077)	(51,046)	(180,591)
	Recupero Crediti IVA				
	Erario conto IVA	-	(1,006)	(4,254)	(15,049)

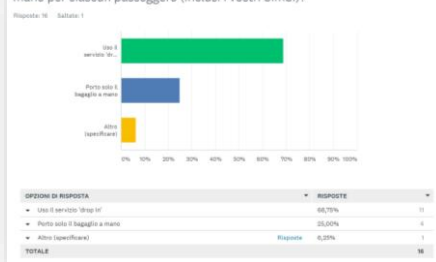
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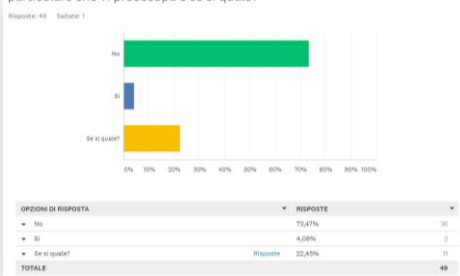
Solitamente viaggiando con i vostri figli in aereo, usate il servizio 'drop in' portandovi dietro un bagaglio a stiva o preferite usare soltanto il bagaglio a mano per ciascun passeggero (inclusi i vostri bimbi)?



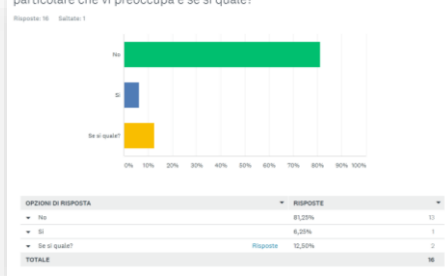
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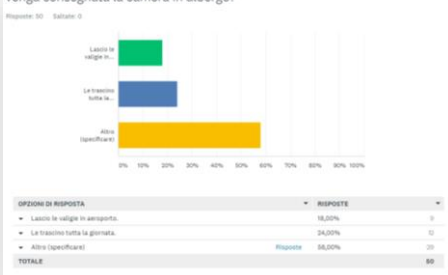
Quando usate il servizio 'drop in' in aeroporto, c'è qualche rischio in particolare che vi preoccupa e se sì quale?



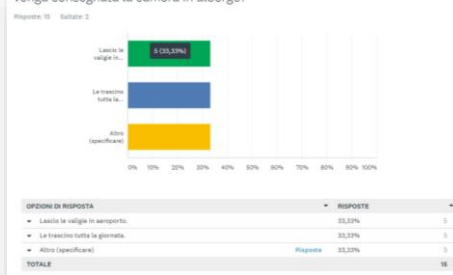
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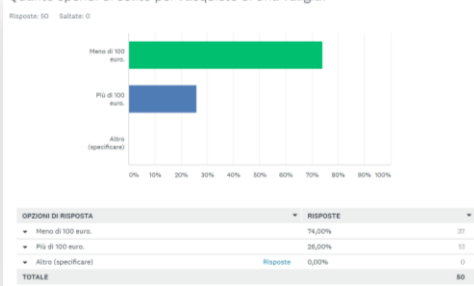
Dove lasciate le vostre valigie, se dovete aspettare qualche ora prima che vi venga consegnata la camera in albergo?



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Quanto spendi di solito per l'acquisto di una valigia?



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