Simple+
UNIQUE CLOTHES GARMENT BAGS

MENTOR
Iveta Vabule

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Year of operation 2014. / 2015.

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LATVIA
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COMPANY NAME: Simple+

MISSION STATEMENT:
To give a helpful hand for great people who want to keep their clothes in great condition.

MAIN GOALS:
• to make transfer of clothes practical and comfortable
• to create a value
• to be different and special.

PRODUCT:
In the evolution of our product, we reinvented - UNIQUE CLOTHES GARMENT BAGS - which offer solutions to the most common problems when transporting clothes:
• unpractical garment bags
• bags that don’t protect from weather
• low quality
• ugly bags.

Every five years thousands of people in Latvia unite to celebrate the national song and dance festival. Our product is made for those singers, dancers, conductors, business people for who comfortable clothes garment bag is a daily need.

We deeply researched customer needs and today we are already producing garment bags in 12 different colours and various designs, with many extras (100% waterproof material, removable pocket, variable heights, etc.). Apart from that customers can create their personalised garment bags.
SUMMARY STATEMENT OF THE COMPANY PERFORMANCE

It took almost seven months from the first product prototype to the current version and it is a non-stop development because our key priority is to decrease costs and increase quality of the product and customer satisfaction. Up today our company has taken part in 10 various trade fairs and all of them were a success.

Simple+ has also obtained an international experience:
- International potential award (International Student company festival in Tallinn, Estonia)
- The best company of International Student Company Festival 2015 (International Student Company festival 2015 in Riga, Latvia).

FINANCIAL RESULTS (FOR 4 QUARTERS PERIOD):

![Graph showing financial results]

In first 4 months our business idea already showed unexpected positive results.

BUSINESS PURPOSE:
- create good feedback (satisfy customer needs)
- non-stop product development
- make clothes transport more practical
- show that students in class 11 can run their own company
- become market leader, first in the Baltic states, secondly, in Europe and thirdly, in the global market.

We are actively searching for ways to:
- satisfy more customers
- reduce costs
- improve our manufacturing
- increase sales (volume tools)
- develop new products
- protect our intellectual property.
COMPANY OVERVIEW

HISTORY:

Our team founded Simple+ in December, 2014 as a student company producing mobile clothes hangers. Quickly, a few weeks, we realized that it can’t be our product because of impossible manufacturing. So we designed unique clothes garment bags.

After 4 months, understood that our student company is successful company with a highly rated product. We decided a real company to be founded. To obtain an additional funding we took part in the municipal grant contest “Mādona can better!” where Simple+ won 1500 EUR. We used these 1500 EUR to make our 100 units using outsourced manufacturing. Subsequently, we did a calculation to select the most suitable business form. On 10 April 2015, the student company Simple+ was registered with the Business Register of Latvia. We found a way to upgrade our product, make it more convenient, higher quality and less expensive, a way to reduce costs and become more profitable.

Now we are doing mass production which noticeably decreases the cost.

IN THE FIRST 7 MONTHS, WE HAVE DONE THE FOLLOWING:

• sold over 150 garment bags (including international customers)
• reduced costs with outsourcing
• competed successfully in various trade fairs
• won the contest in the International Student Company Festival 2015 in Latvia (Riga)
• became the best student company in Latvia of 2015.

GENESIS OF CONCEPT:

The idea of producing unique clothes garment bags come from Simple+ team together with our teacher and adviser Iveta Vabule. We all enjoy folk dancing and, together with our dance group, we often need to transport our national costumes; sometimes we also need to transport clothes when going to various events. When transporting them, they often get dirty and wrinkled.

Apart from that, for practical reasons, we want all our stuff (shoes, jewellery, bowties, documents etc.) together with our clothes.

Therefore, our key motivators were the following:

• style and design
• first experience in business process
• show that students can run their own company
• inspire other students to create their student companies
• non-stop development.

CURRENT STATUS:

Now, we are selling more than we expected to sell - our production is indifferent shops, folk and dance events, trade fairs and also on the Internet. Therefore any customer can buy them, regardless where they live. We ship garment bags worldwide. The company is planning to mass-produce clothes garment bags in Latvia.
Garment bags are in different sizes, designs and colours (12 colours). We have tested 7 materials in Riga Technical University laboratory which were produced in China, Belgium, Sweden, Bangladesh and Latvia. Apart from that we also have tested 10 various tailors and 2 sewing companies. Although we are doing mass production, there are some special designs in limited editions.

**IT IS A LONG LASTING PRODUCT WITH A BIG TARGET AUDIENCE:**
- dance groups, choirs
- theaters
- shops
- bishops, priests
- companies
- model agencies

**OVERALL STRATEGY:**

The focus of our company has always been on people - whether it's our customers, partners or team.

Our market strategy - we want to move our operations to more and more countries; get more new target audiences, for example priests, bishops, modelling agencies, theatres, businessmen, officials, etc.

**OBJECTIVES:**

- satisfied customers
- develop product and increase quality
- social responsibility.

**3. OUR PRODUCT**

We offer a product which is perfectly created and upgraded according to customer recommendations:
- Minimalist practical design
- Continuous iteration through customer feedback.

**OUR CUSTOMER TELLS AS THESE ARE THE MOST IMPORTANT FEATURES OF A PRODUCT:**
- waterproof material
- different sizes
- removable pocket (for documents, jewellery, bowties, etc.) which can be used as a sitting pad
- reflectors
- place for personalized items
- variable heights
- personalized product - possibility to print a logo, initials on the cover
- opportunity to fold the cover in half
- handle for easier carrying

**Ints Teterovskis (Latvian chief conductor)**

“It is a stylish and practical product. Simple+ has really thought about singer and dancer problems. It is nice to know that we have 18 year old students who already run their own business. Dancing groups and choirs - you must have to purchase this garment bag!”
5. What matters is not just what clothes you wear, but also how you keep and move them.
4. OPERATIONS

We sell through:
- face to face presentations
- on the Internet
- send offers to dance groups, choirs, companies, different shops, etc. (launched negotiations with shops - Kleopatra, Fashion excellence, etc).

The majority of our international sales are on our website - www.simpleplus.lv, where you can choose from 3 languages (Latvian, English and Russian);
- social networks - facebook.com/SimplePlus1, twitter.com/Simple_Plus1, draugiem.lv/simpleplus.

In July, 2015 we are having a stand in the Youth Folk and Dance festival in Latvia, where there will be about 50,000 potential customers.

All our products are delivered via mail to non-Baltic countries. Shipping to Lithuania, Estonia and Latvia via DPD post service. Estimated delivery time is 2-7 days.

Cost comparison

<table>
<thead>
<tr>
<th>Costs</th>
<th>„VAIDE“ EUR</th>
<th>„Krontex D“ EUR</th>
<th>Individual tailor EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work</td>
<td>*</td>
<td>5,00</td>
<td>10,00</td>
</tr>
<tr>
<td>Fabric (2 m)</td>
<td>*</td>
<td>5,00</td>
<td>6,50</td>
</tr>
<tr>
<td>Reflectors (0,5 m)</td>
<td>*</td>
<td>2,60</td>
<td>2,60</td>
</tr>
<tr>
<td>Zippers (1,4 m)</td>
<td>*</td>
<td>0,90</td>
<td>1,15</td>
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<tr>
<td>Velcro (0,75 m)</td>
<td>*</td>
<td>0,34</td>
<td>0,34</td>
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<tr>
<td>Per unit costs</td>
<td>12,71</td>
<td>13,84</td>
<td>20,59</td>
</tr>
<tr>
<td>Sales price</td>
<td>20,00</td>
<td>21,00</td>
<td>28,00</td>
</tr>
</tbody>
</table>

Going from jobbers to manufacturing, we decreased the costs by 40%

What matters is not just what clothes you wear, but also how you keep and move them.
EVERY GARMENT BAG IS MADE BY PROFESSIONAL TAILORS USING DIFFERENT MACHINES.

It is a great opportunity to run the company now because we have different kinds of cooperation, for example with the Business Incubator of the University of Latvia, Riga Technical University design technologist, also with the clothing line VAIDE and others.

Our maximum capacity per day is 100 garment bags if we produce in a factory. But if we produce by individual tailors, maximum capacity is 3 garment bags per day. After calculating all costs, we decided that the most profitable way for our company is to do outsourcing because neither materials, nor tailors or sewing machines wouldn’t be in idleness.

When we reach international markets, we believe that our turnover will be enough to buy our own machines, hire additional employees and extend the range of products.

MANAGEMENT

Kristiāns Lancmanis (CEO)

He is an efficient leader, with high standards, who can motivate others and get best results out of everything. He always believes that the key of the business is the quality.

Klinta Bičevska (accountant)

She always looks at the future with hope. Her positive attitude can inspire others, and help feel good about getting things done. Whatever the task, she does it accurately and on time.

Henrijs Klaidīs Skujīņš (marketing manager)

Every client is important and they know it. One of his most important communication skills is listening. In advertising he is like a fish in the water and he always knows the right words to say.

TEAM GOALS:

• complement each other and Simple+
• prove garment bag quality and practicability
• satisfy every customer
• create the best feedback
• listen carefully to criticisms
• never back down.
7. MARKETING STRATEGY

While researching the market, we found that there are a lot of companies (Rayen, WENKO, Hangerworld, etc.) producing casual garment bags. After analyzing these competitor companies, we found out that their garment bags wear out quickly, have low practicability, casual style and design.

8. FUTURE POTENTIAL

For us the future has already started – the company has already registered in Latvian Register of Enterprises as Limited Liability Company “SIMPLE+”. After researching our business niche and market possibilities, we see our company as a leading player in our niche market. To achieve this we need to:

- promote awareness – exhibitions in Latvia and Europe, positive feedbacks, to continue social networking, website (for international customers)
- improve distribution channels – stores, store chains, theaters, choirs, dance groups, companies, etc.
- look for new business partners to decrease the costs
- submit design patent
- invent new products (for example, we have already made shoe bag prototype).

Product life cycle

Simple+ product is in the introduction stage – customer discovery and validation phase. We have already branded our product, established quality level, certain target audience, raised interest and educated potential consumers about the product with our marketing strategy:

- promotion (advertisements in social networks, our website, e-mails; interviews on TV and magazines; feedbacks from celebrities and mentors, etc.)
- distribution channels (trade fairs, direct sales (individual and groups), www.simpleplus.lv, stores, etc.)
- research and development
- branding.

Sell more goods for a higher price to more customers more frequently.

Look towards the future with the knowledge of our past.

/Porsche/
## 9. SUMMARY FINANCIALS

### Profit and loss account for 3 quarters (EUR)

<table>
<thead>
<tr>
<th></th>
<th>4Q'14</th>
<th>1Q'15</th>
<th>2Q'15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>105</td>
<td>451.4</td>
<td>2488</td>
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<tr>
<td>Cost of Sales</td>
<td>70</td>
<td>218.4</td>
<td>1622</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>35</td>
<td>233</td>
<td>866</td>
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<tr>
<td>Salaries, commissions and Bonuses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Stationery</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rent &amp; Hire</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous Expenditure</td>
<td>16</td>
<td>24</td>
<td>14</td>
</tr>
<tr>
<td>Registration Fee</td>
<td>0</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>16</td>
<td>24</td>
<td>59</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>19</td>
<td>209</td>
<td>807</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>19</td>
<td>209</td>
<td>807</td>
</tr>
<tr>
<td>Corporation Tax Payable</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>19</td>
<td>209</td>
<td>807</td>
</tr>
<tr>
<td>Appropriations of Profit:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dividends:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance</strong></td>
<td>19</td>
<td>209</td>
<td>807</td>
</tr>
</tbody>
</table>

### Balance Sheet as of June 26, 2015 (EUR)

- **Current assets**
  - Stock: 0
  - Debtors: 0
  - Cash at bank: 957
  - **Total current assets**: 957

- **Less:**
  - Bank overdraft: 0
  - Loans: 0
  - Creditors: 0
  - Corporation Tax Payable: 0
  - VAT Due: 0
  - **Total current liabilities**: 0
  - **Balance**: 957

- **Represented by:**
  - Issued share capital:
    - 3 shares at 50 EUR: 150
  - Profit after Tax: 807
  - Shareholders’ Funds: 957

- Mentor: Iveta Vabule,
  Madona State gymnasium teacher

- The table represents company’s financials from 1 December 2014, till 26 June, 2015
- Earned profit was invested in the further development of the product Simple+
- In accordance with local legislation of the Republic of Latvia Junior Achievement – Yong Enterprise Latvia a student company is allowed not to pay taxed (VAT, CIT, SSC, PIT, etc.)
- Regular update how to decrease costs and increase sales.