

Cleanse 'N' Use

Integrated Report 2019

Organisational Overview:

Cleanse 'N' Use is a sustainable start-up based in Melbourne that aims to reduce the impact of facial tissues on the environment without compromising the daily needs. The origin of this start-up began at Monash University when the four founders (Bhagya, Dhananga, Laura and Pooja) were presented with a challenge to develop a sustainable product that battles with a current sustainable issue without compromising profitability.

“Our vision is to be the most sustainable cosmetic producer while serving high quality and cost-effective products to everyone.”

During the ideation process, the members came up with several ideas, but none interested them until they came across a news article that highlighted the shocking truth behind facial tissues. Approximately 500 tonnes of facial tissues are removed from Sydney sewage system each year! This idea was inspired to target and battle the use of wastage facial tissues create on our planet.



Cleanse 'N' Use

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Loan Application Amount		\$150,000
Budget	Activities	
\$100,000	Purchasing manufacturing plant. Advantages: starting up a new business means we have a fresh platform to build customer reputation Challenges: it is said that 70% of start-up businesses fail in the first year. Therefore, we need to be very careful in developing our strategies and marketing directions of our business	
\$30,000	Purchase of manufacturing equipment, input materials and insurance	
\$14,000	Renovation of manufacturing plant	
\$6,000	Patented Cleanse 'N' Use	
\$20,000 (contributed from partners of the Cleanse 'N' Use)	Amount paid for expenses during commencement of business operation	

External Environment

Since there are other facial tissue brands already widely available in the supermarket, additional efforts towards marketing our product is required for gaining recognition within the mainstream market. Whilst initial recognition is hard to achieve, the novelty of the product will ensure it gains traction in the cosmetics industry. Instead of approaching advertisement agencies, we are planning to send free samples to social media influencers so that they can review the product on social media platforms thus exposing the business and product to the wider community. As our initial funding is sourced from crowd funding, the recognition of our brand will generate more funds and thus decrease the amount of loan required to establish the business. The loan amount would be directed at the establishment of the manufacturing plant as it is unpredictable how much funds can be secured through crowd funding. The additional funds will be directed at further marketing campaigns. 40% of the initial revenue generated will be directed towards closing the loan whilst the remaining 60% will be divided between the 4 founders.

Business Model

	Inputs	Business Activities	Outputs	Outcomes
<i>Natural Capital</i>	· Raw materials including cotton cloth and materials for solution (organic chemicals and essential oils)	· Utilising the ethically sourced inputs and low-emission machinery to produce our sustainable product	· Sustainable make-up removal wipes · Reduction in waste · Reduction in greenhouse gas emissions	· Higher levels of sustainability with reduction in waste and greenhouse gas emissions · Provision of a more environmentally friendly alternative for consumers
<i>Human Capital</i>	· Time · Energy · Knowledge and skills of employees and manager	· Using the manager's and employees' knowledge, skills and experience in all facets of the business (i.e. manufacturing, marketing and selling processes)	· Sustainable make-up removal wipes · Worker productivity	· Development of knowledge and skills in producing a more environmentally friendly product · Potentially greater work satisfaction from knowledge that workers are contributing to a more sustainable society
<i>Financial Capital</i>	· Financial capital (from donations and bank loan)	· Use of financial capital to invest in manufactured capital (e.g. machinery) · To pay for expenses of daily operations (e.g. water, electricity, labour)	· Increased revenue and profits · Increasing the potential to earn profits in the future (i.e. if the business expands) by increasing awareness and market share	· Potential long-term financial gains if business grows · Satisfaction for donation groups that their money has contributed to a good cause for the environment
<i>Social and Relationship Capital</i>	· Time · Energy · Communicating with stakeholders such as donation groups, suppliers and consumers	· Building long-term relationships with consumers and all stakeholders	· Development of communication and people skills for workers (i.e. soft skills) · Creating a network of stakeholders who could help the business grow in the future	· Improved communication and other soft skills · Development of reputation and brand name among stakeholders and within the market
<i>Manufactured Capital</i>	· Equipment and machinery used in production of sterilisation liquid · Furniture · Stationery and other tools used in production (e.g. labels, glass bottles)	· Utilisation of equipment, machinery, stationery and other tools in manufacturing process · Use of furniture and other equipment (e.g. laptop) in everyday operations of business	· Sustainable make-up removal wipes	· Development of worker skills using certain machinery and equipment
<i>Intellectual Capital</i>	· The intellectual property of our idea and production processes for sustainable make-up removal wipes, which is a key strategic resource for the organisation	· Use of organisation's intellectual property and ideas in manufacturing processes and everyday operations of business	· Sustainable make-up removal wipes	· Potential success and expansion of business operations and ideas



Opportunities and costs

Opportunities:

The cosmetic and toiletry industry is a fast-growing industry. This is an industry which improves with technology advancements and with society beliefs and trends. According to the IBISWorld (2019), cosmetic and skincare segment has been one of the fastest growing product segments over the past five years. The industry total revenue is expected to grow up to \$4.4 billion (2.5% growth) over the next 5 years (IBISWorld, 2019). This market does not have many regulators, it eliminates the barriers and market entry easier.

Millennial consumers' demand for independent brands and green products will give the opportunity for new products like "Cleanse 'N' Use" to participate and compete in the industry. As a result of having many businesses in the industry, there are many opportunities for people to be employed (18,440 employment) and for brands to expand. Despite the many competitors in this industry, the unique and sustainable practices of "Cleanse N Use" may appeal to consumers and set the business apart.

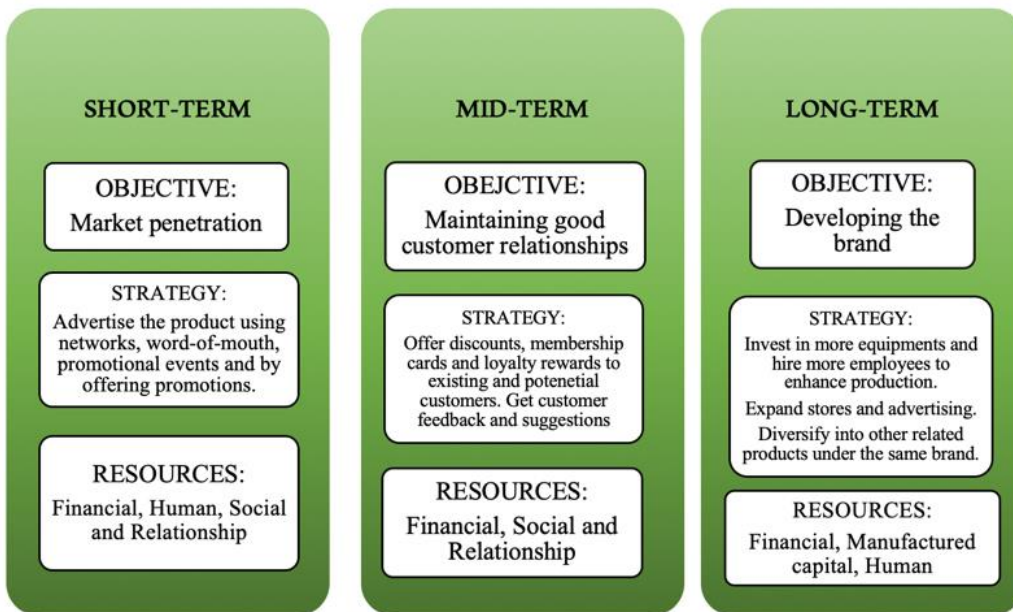
Risks:

Short term risk	<i>Competitors</i>	Since this is a newly started small business, it has to compete with the existing cosmetic brands (, Mecca cosmetica). Therefore, in order to operate in the long run our business should be unique since the existing brands already have a strong relationship with the consumers.
Medium risk	<i>Suppliers</i>	There is a possibility of losing customers due to mismanagement in supply. The production as well as the supply chain should be managed accordingly to not to disappoint the consumers. Maintaining product quality is at our utmost priority to build strong customer relationship.
Long term risk	<i>Loss of clientele</i>	Since the cosmetic industry is a fast-moving industry our products should keep up with up to date standards and should meet the trends and we should produce ethically. Therefore, if we fail to develop our product furthermore to keep up with the trends, we might lose the loyalty towards the brand as well as the clientele as consumers will start using new products.

Strategy Map and Resource Allocation

Strategy Map

Each organisation thrives to achieve the optimum, having good strategy is key to running a successful business. The strategy map highlights the short term, mid-term and long-term strategies of the business.



Resource Allocation

Manufactured capital:

Equipment and machinery	Furniture	Stationery and other	Expected future
Laptop: \$1600 Sterilizer: \$200 Liquid making machine: \$850	Storage cupboard: \$160 Office furniture: \$350	Glass bottles: \$150 Labels: \$30	An increase in sterilizers, glass bottles, liquid making machines and storage cupboards are expected as the business grows.

Financial capital:

The business requires a financial capital minimum \$163,000 to purchase the manufactured capital. Financial capital is important as it is the determinant of the life of the business. Financial capital is used to pay for everyday operations (electricity, water, labour). The four partners of the business will be contributing \$5,000 each and the remaining \$150,000 is expected to be covered from the bank loan.

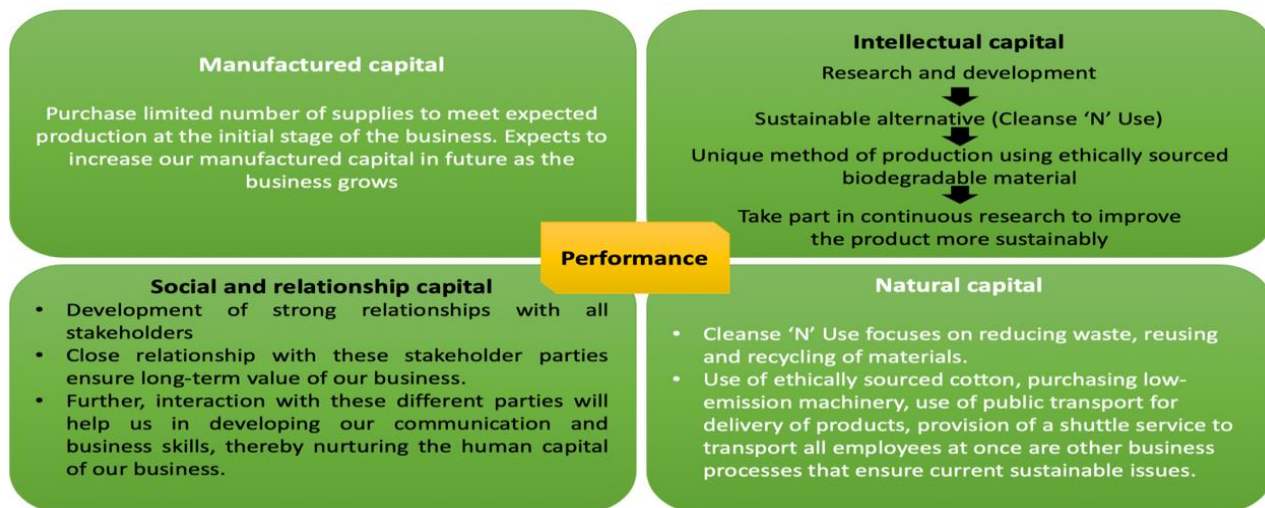
Natural Capital:

- *Cotton cloth:* We purchase cut cloth from a supplier who sells ethically sourced cotton cloth. The edges of the cut cloth are then sewn after which it gets sterilized and finally, packaged in recyclable packaging.
- *Organic chemicals and essential oils:* These are purchased in bulk from suppliers and fed into the liquid making machine. The final sterilizing liquid is poured into glass bottles and labelled.
- *Recyclable packaging:* The cotton cloth is wrapped in recyclable packaging and the final product (cloth and glass bottle) are packaged into one small toiletry box made out of recyclable material.

Human capital:



Performance



Outlook

Our business aim is not merely to maximise profits. Rather, we hope to raise awareness about how our everyday actions can adversely affect the environment and to encourage consumers to engage in more sustainable practices by providing a more environmentally friendly alternative for make-up removal wipes. We hope to expand our operations in the future and produce more sustainable cosmetic products.