



Economics and Business
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**Mariameli: Where We Stand and Where We Are Heading
To**

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Abstract

I chose to produce a practical dissertation because I find it extremely stimulating to be able to connect my passion for fashion and product manufacturing with my area of study. I felt I needed to conclude my bachelor degree with a research project which would become a useful tool for myself in my future prospects. I envisioned this dissertation as something that would allow me to match the practical skills I have acquired through my direct participation in the Mariameli project with the theoretical skills provided by my academic path.

In 2013 my mother and I set up a small start-up which produced and sold innovative jeans. Our idea was strong and even though we were new to the field of entrepreneurship, the business has been unexpectedly successful. During these years we have managed to set up a part-time working team and achieve some important goals. Nevertheless, we have realized that we have reached a point in which an investor, who strongly encourages and believes in our venture, is necessary in order for the business to grow and survive.

The purpose of this dissertation is to solve this problem and put together all the information we have gathered during these four years along with new data. By analysing this information, I intend to use it to create a proposal to turn this artisan-family business into a proper functioning and successful company.

The readers of this paper will be considered as possible investors, so I will commit to provide them with a precise three-year proposal plan on how to make the business grow and succeed under all aspects of the market and the industry, in order to convince them of the validity and potential of this business.

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I. Introduction

Mariameli is an innovative venture in the realm of Italian fashion. Started in the summer of 2013, it stemmed from our longing for a new kind of denim jeans, presently unavailable in shops. With the intention of satisfying this need, we created Mariameli's first sample: my mother pulled out of her closet an old forgotten pair of jeans, we tried to cut them at ankle height, and inserted a piece of an Indian table cloth to decorate the bottom. The result turned out to be intriguing: flare jeans, inspired from the seventies, but looking into the future. Something special, unique, recognizable, yet simple and practical, for everyday use.

The business was born as a summer leisure in San Felice Circeo, the seaside location where we were on holiday. It was conceived by two creative minds who knew nothing about neither the market nor the industry, given my mother's acting career and my unexperienced outlook as a junior in high school. Nonetheless, it turned out to be a creative idea with potential, in the context of a saturated economic market. We immediately realized that the product we had created could be well-received and appreciated by any kind of woman. The appreciation from both my friends and my mother's friends, regardless of the age, encouraged us to turn it into a small production.

Spurred by the desire to create something new, we went looking for the perfect prototype. We found what we were looking for from a Chinese wholesaler based in Milan: stretch flare jeans with great suitability. We had to buy 50 pairs, since - being a wholesaler - it was its minimum order quantity. After what we thought was a huge purchase, we headed to look for the cloths to insert in the jeans: we found those in a shop which imported fabrics produced in India by specialized artisans. What we needed was a name for our brand, we handwrote a combination of my name (Marianna) and my mother's name (Amelia) and used a pink moon - a symbol which unites us and that we both have tattooed - instead of the accent: Mariameli was the result.

After creating the labels, the 50 pairs were sewed by a tailor based in Abbiategrosso, a small town situated near Milan. The flares were an immediate

success: not only were we selling them to my friends and my mother's friends, rapidly the voice spread and two shops in San Felice Circeo asked if they could expose them. When we came back from our holidays, the voice spread in Rome, where we managed to sell some individually as well as through retail shops. We felt the need to produce a promotional photo campaign presenting our products, in order to make our brand known. Having set up a home-made photoshoot, with volunteer models and photographers, we produced our first DIY (do it yourself) advertising campaign. The business was actually working and by the end of the summer our small stock was exhausted.

At the end of the summer we went back to the Chinese wholesaler and ordered more garments, this time purchasing 500. During a trip to Naples with my family, we found and bought some faux leather cloth, which my mother and I thought would be suitable for the Winter production. The first Mariameli Winter Collection was assembled by the current and former detainees of the San Vittore Prison in Milan, who used this as an opportunity to reintegrate into society. To make the garments even more unique we bought some polish to garnish the buttons in different colours: not only our jeans were "made in jail", they were also "one-of-a-kind". My mother contacted a professional photographer and together with two of my friends, we carried out Mariameli's first professional photoshoot. This gave me the possibility to gather enough photographic material to create a website and promote Mariameli on Facebook and Instagram.

During the winter, my mother departed for her yearly acting tour. As she visited different Italian provinces, from time to time, she managed to present and sell our jeans in shops all over Italy. For the coming summer, we decided to use lace as the perfect fabric for our summer collection. We went to the via Sannio market in Rome and bought large lace table cloths and decided to dye the cloth different colours, in order to enlarge our collection. In just a short time, we realized we were running out of pairs: it was time for another order.

We decided to make our order more substantial, so this third time we committed to buy 1,000 pairs: the jeans were made uniquely for us and we had

the possibility to personalize the buttons and the rivets with our logo. Our production was growing and we needed to give the business a legal structure: the legal but provisional solution we had used till that moment was not enough anymore. My father and I set up a meeting with his business consultant, and together with him, we opted for a commercial sole proprietorship in my name, which – becoming I a young entrepreneur - would give us some taxation advantages. In the meanwhile, my mother was still on tour and the shops exposing our jeans increased.

By September 2015, the workload was increasing significantly, as my mother and I, together with my cousin in Milan - who was following the production process with the San Vittore tailoring – began to lack energy. The main issue was that we all worked for Mariameli in our free time and the business was starting to require a full time commitment. We were not well structured, neither operationally nor financially. Even though the jeans were selling successfully, we were overspending in the production process and my mother did not recover the money she had initially invested. As a result, we were not in the position to hire personnel. Ultimately, we were able to find a solution: we met two strong and enthusiastic women who got to know the project and were willing to believe in it. Lorella Morlotti and Simona Romagnoli made themselves available in their free time to support the business in terms of workload and energy.

During that Winter, my mother conceived another product for our line, a “top” for the jeans: the poncho. A tailor factory in Prato supplied us with four different colours of cashmere and produced 200 garments. The owner of an important shop in Rome came to know us, and decided to join a fashion market with the name of her shop, bringing solely the Mariameli jeans and the poncho. The sale of the 200 ponchos was Mariameli’s first small profit.

In the first meeting with our new team, the primary issue which was brought up, was that the price of our jeans was too low and the production expenses were too high: we needed to find a solution. To generate any profit, the price of our jeans needed to be higher, but in order to sell them at a higher price, we needed to raise the quality of our production. We researched the

industry and found ITV (Industria Tessile del Vomano), the leading company in terms of quality of products and sustainability in production, the one that provides denim to major brands in the world. Unexpectedly they answered our emails and ITV's vice president, Paolo Gnutti welcomed us for a tour of the factory: to this day he still defines the meeting with the Mariameli team a professional thunderbolt: same DNA, same ideas, same dreams and same commitment to total quality of products. Paolo Gnutti was enthusiastic of our project and the team, and chaperoned us through the creation of a totally made in Italy garment. He introduced us to Italian factories in Veneto and we started working on the creation of the new made in Italy Mariameli jeans.

The process was long because even though our team was very energetic and homogeneous, we all still worked part time and were rather inexperienced. For our first made in Italy collection we chose the theme of the dragon: we got inspired by one of my grandmother's old patterned headscarf which recalled the 70s. We chose the fabrics, the graphics, the dye for our jeans and even though we were under Paolo Gnutti's wing, we were all new to the sector so it took us a long time to figure everything out. After several months and several mistakes, our prototypes were ready and we were set for our second professional shooting. Once our prototypes were ready we started recruiting different shops, the problem that they ordered a maximum of 20 garments each and that wasn't enough to start a real production: we were stuck.

Towards the end of 2016, an Italian actress and presenter on QVC - a home shopping broadcast television - came to know us. She was enthusiastic about our products to the point that she proposed them to QVC and was so persuasive they asked us for an order. QVC ordered 500 pairs of Mariameli jeans and asked us to design a t-shirt, in order to create a total look to sell on television. The workload for this order turned out to be burdensome: our team had to handle logistics, production, marketing, public relations and other, all, still working part time, realizing the energies were beginning to lack again. Despite the difficulty, we have managed to design the t-shirts and deliver the merchandise, though realizing that the effort was too much.

The time has come where we either restructure the project as a real business or the market will overwhelm us. These years of experience have lead us to understand that there is a place for us both in the industry and in the market and that our project has high potential. In a short amount of time, our products have been promoted by a network of women who wear them and sponsor them. Mariameli is a unique idea: filling a garment which has never gone out of fashion (the denim) with a flick of creativity. The optimal solution would be to reorganize the company by hiring a team, maximizing the production cycle and coming up with a financial plan. This is why, it is essential to provide a Business Plan: to find an investor willing to believe in our project and fund us with enough capital to make Mariameli boom in the market.

II. Literature Review

i. A Socioeconomic Vision of Mariameli

The statement “Mariameli was the right idea at the right moment”, is not only something that we have observed through our initial market response, it is something that has actually been later backed up by empirical evidence. A project which has been conceived by women with no experience at all, has indeed turned out to match upcoming trends and orientations of rising markets. In fact, numerous studies, reports, caseworks and surveys from all over the world have shown that the way consumers perceive products is progressively changing. New orientations are arising; more and more consumers are beginning to realize that “cheaply produced goods fall apart after only little use” (Schrader, 2017: 1). The demand for mass production is diminishing and it has been shifting to new trends such as interest towards quality, sustainability and craftsmanship.

A study from the *Harvard Business Review*, suggests that with the introduction of new technologies and the internet the world is becoming more competitive, eliminating information costs and giving freelancers the possibility to challenge large industries. For this reason, production goals to achieve competitive advantage have been shifting from gaining from economies of scale, to earning from differentiation. The article puts forward the theory that under some aspects we are recreating “some economic and social dynamics of Athens between 500 and 300 BC” (Acton, 2014: 1). The Information Revolution, is destroying the impacts of the Industrial one, increasingly pushing the market to reverse under some aspects. Mariameli’s aim has unconsciously been to pander this trend and focus on differentiation rather than economies of scale and to promote the product through technology in order gather as many costumers as possible.

According to the *Business Insider*, the colossal clothing retailers such as H&M and Forever21 are being threatened by costumers who are shifting to prefer quality over quantity. Consumers are realizing that it is more valuable to buy a product which lasts over time rather than various disposable low-quality

products. Moreover, Elizabeth Holmes at *The Wall Street Journal* reports, “The new generation of consumers are increasingly adopting the ‘buy less but better’ philosophy”. The fact that costumers are becoming more conscious on quality of the products is a great advantage for Mariameli: this will give our business the opportunity to penetrate the market in a smoother way.

A survey carried out in 2015 by the global information, data, and measurement company Nielsen Holdings PLC, reveals that Millennials and Generation Z consider sustainability shopping a priority. The report describes them as the “green generations” because they are more conscious with environmental issues with respect to their parents, the Baby Boomers. “Brands that establish a reputation for environmental stewardship among today’s youngest consumers have an opportunity to not only grow market share but build loyalty among the power-spending Millennials of tomorrow, too” stated Grace Farraj, Nielsen’s SVP, Public Development & Sustainability, after the survey was completed. Here again with Mariameli we unintentionally perceived that this was an upcoming need. The fact that our team is made up by women of all ages has enabled us to recognize that the sustainability issue is an essential need to satisfy. Mariameli’s garments are in fact totally produced in Italy with a production cycle which commits to respecting the environment.

One of Mariameli’s main characteristics is the wearability and comfort of its products, the fact that they can be worn by women of all shapes and sizes. We aim at making very different women to wear our jeans and feel good about themselves. A casework completed by the Corporate Social Responsibility department of the UOC University of Barcelona in 2016, acknowledged that “More than price, the factors most highly valued by consumers when buying conventional clothes, according to the study, comfort, that they look good and their wearability” (Torres, 2016: 2). From the beginning of our production our major priorities have always been for the most part aligned with the market and the costumer’s needs.

An article from the Women’s Wear Daily trade journal points out that an important factor of fashion production is to conceive products which transmit a sort of experience to the costumers who wear them. The author observes that

“When people reconnect with the feel of good materials and the way something fits and is sewn really well, it adds to the experience of wearing the garment” she also adds, “It makes you want to wear it over and over again, and that’s different than your relationship with a fast fashion garment that doesn’t feel good and loses shape” (Incorporated, 2012: 3). With Mariameli we have always tried to convey a positive customer experience, for example through the network of women it creates and the commitment to extreme quality. A message we like to communicate is the one that our garments are made in such a high quality, that they can be transmitted through generations: from grandmother to granddaughter.

The fact that Mariameli is aligned with uprising trends is not only a coincidence, but actually something that we as a team of different women of various ages have perceived and put in place. We are in an era in which the world and the industry are in rapid mutation. With the fast development of new technologies, increasingly new markets are arising so we need to manage to keep up with upcoming trends and orientations. The only way to keep pace with the developing market is to have within the working team various prototypes of different consumers: only in this way a fashion business will be able to deeply capture a vast selection of customers from all over the world. The fact that our project coincides with upcoming trends means that there is an opportunity for a rising market and industry, it means that it is a valid idea that would certainly work. The fact that the world is moving towards sustainability, craftsmanship and consciousness, and against fast fashion and low-cost products, are elements that are on our side and that will enable us to follow a track, to break through the industry and strongly fight against competition.

ii. Introducing the Models

In the development of Mariameli’s Business Plan, I have applied some standardized business models. I have done this to deepen and formalize the analysis but at the same time to simplify the explanations. In this section I

will put forward the various models I have used for the different areas, and explain them in a practical manner.

For the first area of the Business Plan, the *Strategy*, I have utilized the SWOT (Strengths Weaknesses Opportunities Threats) Business Model. The SWOT analysis – or SWOT matrix - is a strategic planning tool used to evaluate strengths, weaknesses, opportunities and threats of a project or an enterprise where an organization or individual has to make a decision to reach a goal. The steps that are typically followed during a SWOT analysis in order to achieve a desired state or goal are:

1. Strengths: Organizational attributes that are useful in achieving the goal;
2. Weaknesses: Organizational attributes that are harmful to achieving the goal;
3. Opportunities: External conditions that are useful in achieving the goal;
4. Threats: External conditions that could lead to performance damage.

The four points of the SWOT analysis come from a single chain of intrinsic values to society and can be grouped into two categories. The first category is Internal factors: internal strengths and weaknesses of the organization. The second category is instead is External factors: opportunities and threats outside the organization. Internal factors can be seen as strengths or weaknesses depending on their impact on the organization of their goals. What might be considered a strength to a goal may be weak for another one.

In the *Human Resource* section of the Business Plan, I have only used an organizational chart to expose the business hierarchy. The organizational chart is the graphic representation of a current organizational structure or at a certain historical moment. This model is composed by rectangles, representing bodies and lines, which show hierarchical or sometimes functional relations between the entities. Within the rectangles there

has to be the name of the body, the possible acronym and any other information deemed useful.

For the *Marketing*, I have decided to use two business models. The first one is a classical Marketing Positioning Map – also called Perceptual Map - in order to understand where Mariameli stands in the market. The Positioning Map is a multidimensional analysis technique used to graphically represent the perception of respondents in a study, taking into account two or more perceived dimensions of a product. Products are perceived in many ways; That is, more than one stimulus characteristic is taken into account. Consumers fill measuring scales to express their perceptions of the many characteristics and similarities that different brands present. The results analysed and can be plotted in "Positioning Map" with a coordinate system that indicates how the public perceives the marks and their differences.

The second model used in the *Marketing* section of the Business plan is Porter's Five Forces. This model is a tool that companies can use to evaluate their competitiveness. It aims at identifying forces (and to study intensity and importance) that work in the economic environment and which, by their action, eliminates the long-term viability of businesses. These forces act in continuity, and, if not properly monitored and faced, lead to loss of competitiveness. The actors of such forces are:

1. Industry Competitors: subjects that offer the same type of product on the market.
2. Bargaining Power of Suppliers: those from whom the company purchases raw materials and semi-finished products needed to carry out the production process and who may decide to integrate downstream.
3. Bargaining power of Customers: the recipients of the output produced by the company that could possibly decide to integrate upstream.
4. Threats of New Entrants: Entities who could enter the market where the company operates.

5. Threat of Substitutes: subjects who market products other than those of the reference company, but which satisfy differently the same needs of the customer / consumer.

Analysing these forces allows the company to get a complete picture of its competitive position, to make strategic decisions and to determine the attitudes to be adopted for these forces. In Porter's view, the ability of a company to achieve more than average results in the industry is dependent on its ability to be within the industry and the effect of these 5 forces.

I have used standardized models only in some area of the areas of the Business Plan because in others – such as *Operations* - I have preferred to prepare personalized diagrams and schemes to expose my ideas.

III. Methods

To result as accurate as possible in the collection of information to support the Business Plan, I tried to gather evidence from as many different sources as I could in order to investigate both the market and the industry in depth. I used old data from when we started the business until now, as well as collected new one through interviews and surveys.

While defining the strategies for the Mariameli business, I felt the need of precise answers to certain questions. A strategy is an action plan to reach a goal, and the main objective for a business is to make money. In fact, the first question that arose was: how can Mariameli maximize its revenue stream? One answer would be by eliminating intermediaries, through adopting the Business to Consumer relationship and using an e-commerce platform, would it be plausible? To solve this question, I contacted and interviewed various emerging fashion brands who sold solely through e-commerce platforms, such as *Ele Collection*, *Calamity Clothing* and *Phebe*: they all answered that e-commerce matched with a strong marketing strategy, is the best way to maximize the revenue, this is when I decided to support the sales strategy with a substantial marketing one. The second question that rose when thinking about the Mariameli's possible strategy was: is it a good idea to sell our jeans through different channels? To answer this question, I interviewed shops which also have e-commerce platforms, television broadcasters and large retail managers. The summary of the answer that I received was that if the product was sold in one channel, then it could not be sold in another one. For example, important shops in fashion cities, answered that they would never purchase an item which is sold on television: this is when the idea of creating different products for different targets was perceived. Furthermore, it also came out that shops are selling more on their online platform with respect to their physical venue.

The data collection of Human Resource section of the Business Plan was mainly collected through previous experience of the company. The main question that might arise while going through it would be: will interns be good

enough to perform certain roles, the answer is yes. Since 2013, we have had three interns working for us, some of them didn't even attend university, but the fact that they were smart and willing to work made their role important for our business.

The *Operations* section of the business plan was the longest most difficult as far as methods are concerned. The questions arising were many, and the answers were difficult to find: fortunately, my previous experience in the Mariameli business allowed me to gather enough contacts in order to aggregate the right information. One of the methods to maximize Mariameli's revenue stream, is to find the accessories suppliers which have the highest quality products at the best price. The research was exhausting: first of all, I asked our current Denim suppliers to name some accessories suppliers in Rome or near it, second I researched on the internet other suppliers, and after that I went to see if the quality was good enough and asked each and every one of them for a quote. Furthermore, in order to simplify the operation cycle and minimize our expenses, I thought it would be fundamental to have the warehouse and the office in the same venue. In this way, since the rent of a warehouse would be less expensive with regards to the one of an office, I had to research the cost of warehouses in Rome which could also serve as offices of about 150m². Regarding the shipments, I went to talk to the shipping company with which we currently have a contract (BRT Corriere Espresso), and asked them, for a new contract if our shipments would increase drastically. I decided to keep our current shipping company because during these years we have verified that they are efficient and responsible. During the operation cycle, our garments will have to be moved through the different processes of the productions, so I have thought it would be useful to invest in a small van instead and to use a courier only for long distances. I do realize that a Van would be a big investment, but I am sure that in the long run it will benefit to us and maximize our profits. I conducted a research on the best used vans to purchase in terms of price, quality and consumption.

For the *Marketing* area of my Business Plan, I had to prepare an online survey which included questions about price, targets, style and limited collection edition numbers: it was answered by 250 women living all over the world. In regards to Mariameli's Positioning Map, I studied the competitors and calculated a mean price of all of their denim jeans: it was complicated, especially when I had to understand which are our tightest competitors. I interviewed several firms also for the social media and internet promotion issue: this in order to understand what budget must be paid to reach a significant level of popularity of the brand. I had to interview our current business consultant to figure which would be the best legal option to expand, and what were the costs and taxation of an Italian limited liability company. Moreover, I gathered some data on how much do shops recharge on products in order to understand how to set up the financial plan.

Most of the information on the market and the industry were tightly financial because the most important thing for a business is that it is able to generate a revenue stream. Furthermore, the financial section was one of the most underdeveloped sections of our current business so it needed to be ameliorated and researched in a depth.

IV. Business Plan

This section will be entirely dedicated to putting into practice everything that has been disclosed until now. It will consist in the creation of a detailed three-year business plan proposal under all aspects of a growing business. Moreover, it will analyse and put forward ideas in the different sectors of an organized and efficient company.

i. Strategy

In order to reorganize the structure of Mariameli, with the aim of attaining an efficient business model and maximizing the responsiveness of the market, we must start from the core: the strategy. The aim of our strategy will be to define a set of five clear long and short term goals which will lead to achieving sustainable competitive advantage in the marketplace. What is essential to understand - in order to level up and expand - is where we stand at the moment: this will be done through the analysis of our strengths, weaknesses, opportunities and threats.



This SWOT analysis will serve to establish the goals and guide us through the fulfilment of the set plans and the implementation of our differentiation strategy. The development of the five goals will serve as a roadmap for strategic implementation. Clearly the main objective of a business is to settle the initial investment and to generate profit. In order to achieve this objective, not only must the goals be plausible, but they also need to be accepted and deeply understood by the working team. The five goals to penetrate the market and achieve sustainable competitive advantage are the following:

1. Create and utilize our own worldwide e-commerce platform as a primary source to generate profit.
2. Design different models of the product which can target various audiences and be sold through different channels.
3. Sale of products through 3 different channels by the end of the third year.
4. Invest most of the funds in a powerful marketing strategy.
5. Sell 3650 pairs at the end of the first year, 9125 at the end of the second year and 18225 at the end of the third year. Lowering production costs of €1,00 every year.

The realization of the first objective is of vital importance for the business: because it is the resource that will generate more profit than any other channel. In fact, after a meticulous market analysis on both national and international grounds, it has been found that the market is changing and shops are not making so much profit anymore. This is why various shops are opening their own e-commerce platform. Through the interviews conducted, I was able to conclude that these shops sell more through their e-platform than through their physical shops.

The creation of an e-commerce platform has various advantages and if supported by a powerful marketing strategy it will be the one determining the success of the project. The sale of the products through Mariameli's own

website, will allow to cut intermediary cost and create a prosperous business to consumer relationship. Furthermore, this strategy will allow us to have a continuous cash flow, since the business to consumer relation does so that the money of the sales goes to our bank account almost in real time.

The idea of producing different models of jeans, is also very relevant because it points at expanding the target as much as possible. The aim is to embrace as many women as possible by creating products appreciated by females of all ages, sizes and cultures. The only manner to accomplish this goal is to create various versions of the garment. The concept is to create a basic (or young), an intermediate and a limited edition collection: only in this way will the Mariameli's products can be sold through different mediums. Three types of channels where to sell our products will be: our e-commerce platform, luxury shops and large retailers. Each and every one of these channels have very different kinds of consumers and Mariameli – with its three collections - will be able to adapt well to each of them. The limited edition collection will be the most expensive one, and will be partly sold on our website and partly given to luxury shops, this is because these two mediums have consumers who are willing to spend the most. The aim is of selling in 10 luxury shops in the first year, 20 in the second year and 30 in the third year. As far as the intermediate collection, it will be given to large retailers, since they have an intermediate target. The basic (or young) collection instead will consist of jeans without fabric inserts – at least on the boot cut – and will only be sold on our website, because once a consumer recognizes and appreciates the brand, it is ready to buy the basic line as well.

The business to business channels will not be as profitable as the business to consumer ones but they are also considered a way to increase the recognisability of the brand, therefore a marketing action. It is important to determine strong marketing strategies, and utilize a large amount of the initial funds to finance these strategies. This is because the basics of marketing is to plan decisions and actions which will increase the company's sales and turnover. In fact, marketing is the most important aspect of a growing company because it not only helps the sales to increase, it also transmits to consumers

the principles and ideas behind a product. Through the marketing strategy conceived, the goal of selling 3650 pairs at the end of the first year, 9125 at the end of the second year and 18225 at the end of the third year, will certainly be plausible.

The achievements of these five strategic goals, will help to fight against the weaknesses and the threats in the SWOT analysis and manage to improve the strengths and grasp the opportunities. The SWOT analysis has in fact been a useful start to develop the goals and will be an accomplishing model to look back at. The entrance of an investor will certainly solve the problems of inefficient production cycle, deficiency of staff and the weakness of organization. In addition, the entrance of an investor would mean the development of a significant e-commerce platform, which will be the basis of our profit. Moreover, the channelling of the products through different mediums, the differentiation and the high quality of our products will combat the competitors and defend itself against fast fashion and the possible counterfeiting of products. Our powerful marketing strategy and merchandizing of the products through different channels will allow us to penetrate the market in various ways.

ii. Human Resources

Human resource management is a crucial component in the development of a growing business. For a company to succeed, it is essential to assemble an energetic and competent aggregation of human capital. In order for this to happen, a crucial element is to initially clarify exactly what is needed. The advantage of already having had an experience with this business, is that the roles required are considerably clear. Mariameli's part-time current staff is not organized in a precise way. Since everyone does more or less everything, – even though the tasks are clear - many times duties are overlapped, leading to an inefficient result and a waste of time. It is in fact essential to create a hierarchy and coherently define positions.

For the first three years of business - since start-up costs will be substantially elevated - the policy that is going to be adopted is to hire only

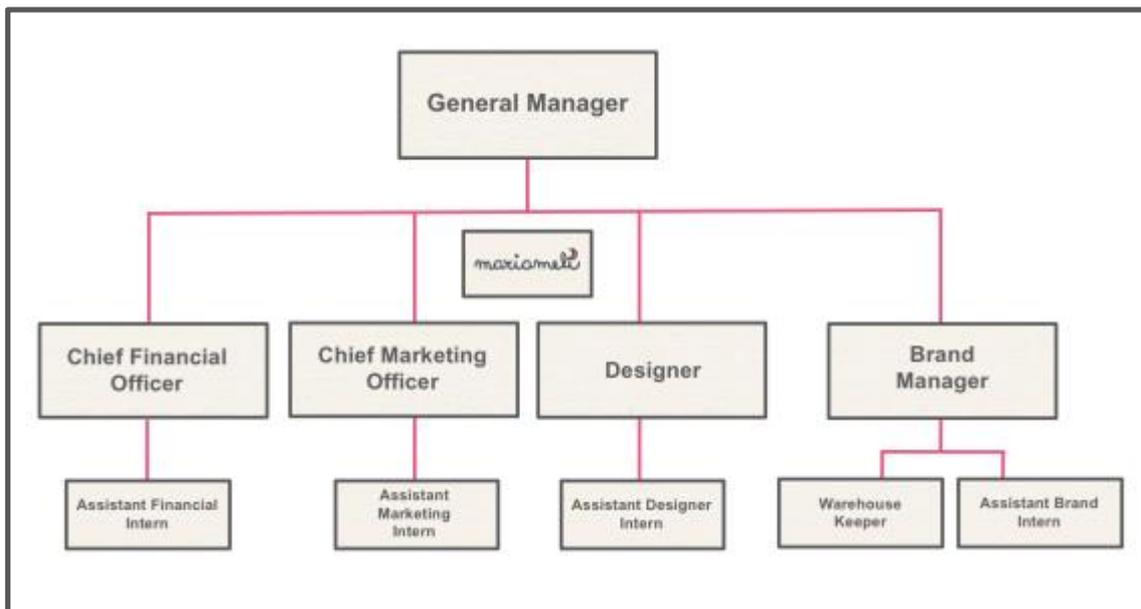
essential staff members: some of them will carry out multiple tasks. As far as recruiting is concerned, we will not hire a human resource manager, but rely on social networks such as LinkedIn. Moreover, we will rely on external agencies as far as legal support and the IT (Information and Technology) department. The strategy is to hire women of all ages who are in love with the product and could ideally be possible Mariamelì costumers: this, in order to have a clearer vision of the needs of our consumers. It is essential for us to create a stimulating and productive climate within our working environment: the ideal objective would be to put together a small and tight team. In our hiring interviews we are looking for three main characteristics: teamwork, creativity and motivation.

To maintain this motivation among team members, each semester of the first three years of business will be set as an actual challenge. At the beginning of every semester each staff member will be asked to achieve an individual goal, which will contribute to reach a substantial, collective one. The idea is to use small monthly accomplishments to reach the sales objectives. If for two consecutive semesters one does not reach its goal, he/she will be asked to leave, if instead the goal is reached, compensation bonuses will be promised if the three-year plan is successfully implemented. An example of a singular objective could be to ask the marketing team to collect one hundred thousand followers on social networks by the end of the semester, this to achieve the general objective, which would be to sell 1825 jeans by semester one.

To make sure that a strong hierarchy is defined within the business, we will use a vertically integrated organizational structure. The strategy is to have a General Manager on top with four branches underneath it. Every person in charge of the branch, will in turn have a personal assistant: these roles will be covered by young graduates in the required fields who are willing to tackle a challenging work experience. The decision to hire young graduates whose internships will last six months, is taken in order to maintain an animated environment, always be inspired by fresh ideas and to continuously be confronted to different possible costumers. For the first three years, our staff team will be composed by ten crucial roles: General Manager, Chief Financial

Officer, Chief Marketing Officer, Designer, Brand Manager, Warehouse Keeper, Assistant Marketing Intern, Assistant Designer Intern, Assistance Financial and Assistant Brand Intern. There will meetings scheduled once a week where everyone must participate and expose what has been achieved during the week, the objectives of these meetings is not only to get confronted, but also increase the team spirit and to set up bonds among colleagues.

The estimated personnel gross expenses will be of about € 112,200 per year: with the General Manager having a € 1,500/month salary, the Officers, Designer and Brand Managers earning € 1,200/month, the Warehouse Keeper having a € 850/month salary and € 550 monthly for the interns. Underneath is Mariameli's organizational chart.



At the top of the hierarchy is the General Manager. Its main role will be to supervise, motivate and direct the various sectors. It covers a crucial position within the company because it needs to have the ability to monitor and keep up with uprising problems. The General Manager will be the one to set long and short term goals and make sure everything possible is done to achieve them, she will be the one to guide the weekly meetings, to conduct the hiring interviews and to decide whether or not to fire personnel based on the semester

achievements. The skills required for an efficient General Manager are organization, charisma and problem solving.

The Chief Financial Officer and the Assistant Financial Intern, will take care with everything regarding the company's finance. The main role of the CFO is – together with the General Manager – to forecast the economics strategy of the company, and continuously update it as goals are achieved. The CFO together with its Intern, should take care of the accounting of the business, including paying salaries, producing financial statements, emitting invoices, checking upon liquidity etc. The skills required for this sector of the company should be precision, transparency and competence.

The marketing sector is essential for Mariameli since it will serve as a growth accelerator for the company. A substantial amount of initial venture funds will in fact be invested in this realm in order to achieve the sales objectives. The Chief Marketing Officers and its assistant's roles are to design innovative sale strategies and implement them. The duties of the Chief Marketing Officer and its Intern will be to advertise and promote the product, to deeply understand the market as well as taking care of the customer service. The key skills required for this sector are creativity, intuition and strategic thinking.

The product the company is selling is the core of the business, this is why Mariameli's Designer will have a pivotal function. It will need to have the capacity to observe, understand and create new trends. Together with its assistant it needs to visit places to explore cultures and be inspired, they need to constantly generate ideas and create prototypes. The skills required for this type of position are imagination, innovation and talent.

As far as the Brand Manager is concerned, Mariameli needs a person with a great experience in the distribution and production channel realm. The Brand Manager and its assistant intern need to take care of the production cycle including quality checks, and of the distribution cycle. This sector of the company needs to be ready to face a large amount of workload, they need to be capable of establishing a trusted relationship with the producers, carry out good deals with suppliers and negotiate with clients. The Brand Manager and

its assistant need to be professional, multitasking and determined. Furthermore, The Brand Manager also has the duty to supervise the warehouse keeper. Within the structure of Mariameli, the Warehouse Keeper has the duty of managing and monitoring everything that happens in the warehouse and that regards the e-commerce platform and its shipments. The Warehouse Keeper will also be asked to be the firm's secretary. Precision, carefulness and discipline is required for this role.

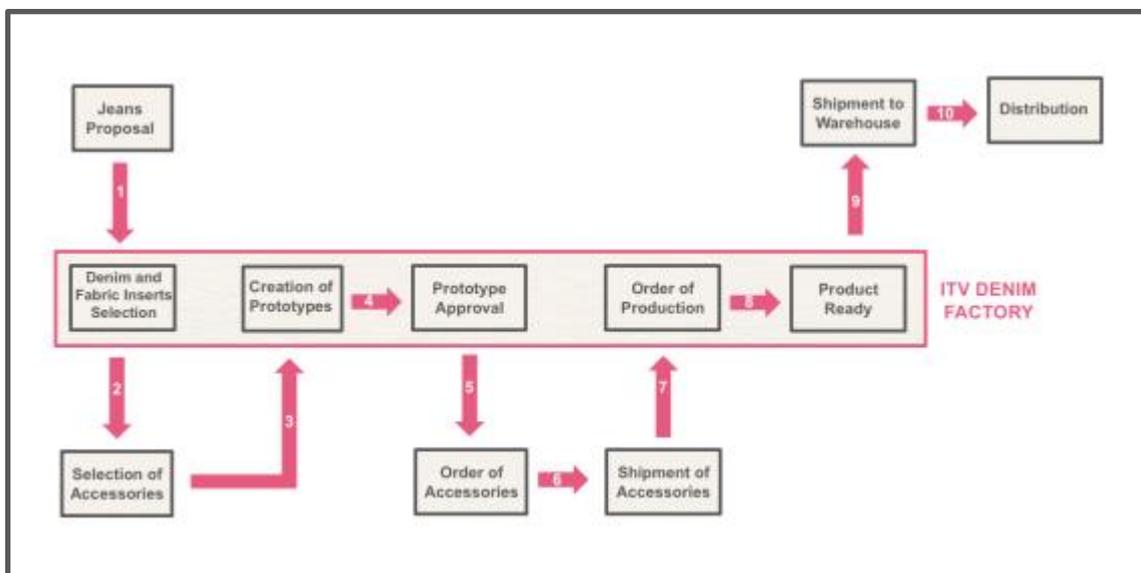
The members of the current Mariameli team will be able to cover half of the jobs needed for the company. Moreover, the new salaries will allow them to work full time for the business. The initial Mariameli staff members will be essential for the new company to grow and develop because they will be able to transmit the initial values, the dedication, the motivation and the principles of the company. This will make the transformation from the artisan-family business into the new Mariameli company, smoother and more efficient.

iii. Operations

One of Mariameli's current pitfalls is its logistics and operations: a part-time working team and a relatively small production results in high manufacturing costs, excessive transportation expenses and an entangled operating cycle. It is essential to reorganize the operations in an efficient way in order to maximize the profits: this can only be done by achieving a larger labour force and assembling the new cycle nearer to Mariameli's headquarter, in Rome. The production process of a pair of jeans, is more complicated than what it seems, especially if it requires personalized accessories and the insertion of a themed piece of cloth. This is because the conversion of raw material into our product comes from different sources: there needs to be a tailoring and different suppliers for accessories, denim and cloth.

Mariameli's current value added which contributes to the achievement of competitive advantage, is our denim supplier: the ITV factory. ITV is renowned for its quality of denim, its sustainability in production and its supply for major denim brands in the world. Mariameli's ideal efficient operating

cycle would make the production and logistics turn around ITV Denim. The factory is a two-hour drive from Rome, compared to the current tailoring which is a four-hour expensive train ride. The only reason why we haven't shifted the production directly to the ITV Denim factory from the beginning, was because we did not produce enough articles. Nevertheless, if the three-year sales plan was to be implemented successfully, it would be possible to exploit the chance to moving our production to the ITV Denim factory. By taking advantage of the opportunity that the ITV Denim factory offers both tailoring and denim supply, Mariameli's operating cycle will immediately become more optimal.



The boxes inside the pink rectangle, represent all of the operations which will be undertaken within the ITV Denim factory. Using this new production chain, the jeans will only be moved twice: once ready from the factory to the warehouse and subsequently from the warehouse to the different distribution channels. Moreover, the only movement of raw material incurred would be the one of the accessories and packaging material - provided by the same suppliers - to the Denim Factory. To reduce the shipment and travel expenses even more, it would be optimal to buy a Van so we would be able to move and ship the articles ourselves. In this way we will be able to only utilize the courier for long distance shipping and only from our warehouse.

The production cycle starts with the Creative Team, researching and coming up with an idea for the theme and models for the collection: the strategy is to create one collection per year, since jeans can be worn in all seasons. The drawings of the models will be then presented at the weekly meeting and approved by the General Manager. Once the drawings are approved, the Designer together with the Brand Manager and their Interns will have to go the ITV factory to choose the denim and the cloth, to the suppliers to choose the accessories and the packaging, and to then back to the factory to give the tailor the directions for the creation of the prototypes. The accessories suppliers, will have to be situated either in Rome or near the ITV factory. The production of the prototypes will take about two months, taking into consideration possible mistakes and disapprovals brought up in the meetings.

In the moment in which the prototypes are produced and approved, the accessories and packaging chosen previously will be ordered from the suppliers, shipped to the factory and this is when the production will begin. An important process of this step, is to decide how many sizes and models to produce: it needs to be done only after a meticulous market investigation conducted by the Marketing and Brand Managing Teams. With the experience we have had, the safest method is to order more of medium size jeans with respect to other sizes. Production steps regarding the prices of the accessories and denim, the order of the creation of prototypes, the accessories and the packaging, the order of production, the payments and the invoices will have to be carried out by the Financial together with the Brand Managing team.

The production of the garments usually takes about three months, during this time the Brand Manager and its intern need to visit the tailoring every week, to make sure that everything is proceeding in the right way and to bring back information and keep the staff meeting updated. In the first year, the three months of production will be essential to implement the marketing strategy and create expectations to prepare Mariameli's future costumers to the launch of the product on the market. Once the jeans are ready, they will be shipped to the warehouse, where the Warehouse Keeper will divide them and order them on the shelves. The jeans will then be dispatched from the warehouse heading to

the different distribution channels: directly to clients, creating a B2C (business to consumer) relationship or through intermediaries creating a B2B (business to business) accord.

For the first year, the costs of production including models, car fuel, accessories, denim cloth and manufacturing will be € 40,00 for the limited edition collection, € 37,00 for the intermediate collection and € 30,00 for the basic collection. The more the production increases, the more we can take advantage of economies of scale, in fact, the objective for the third year of production is to pay € 38,00 for the limited edition collection € 35,00 for the intermediate one and € 28,00 for the basic collection. Even though the different channels we are going to sell our products will yields different amounts of profits, the advantage of economies of scale will allow us to complete successfully our strategic economics plan. In this way, we will be able to cover all of our direct and indirect expenses incurred during the three-year plan, spurring a possible investor to fund us permitting him to profit from the project within a set time.

iv. Marketing

Having reached this point of the analysis, we can affirm that there exists a market for our business and that tenacious marketing actions juxtaposed to our established sales strategy can result in the pounding success of Mariameli. Nevertheless, before exposing the marketing strategy it is necessary to answer three main questions:

1. Who our customers are?
2. Where exactly do we stand in the market?
3. Is there space in the industry?

These questions will be answered in different ways, in order to render the answers as deep and exhaustive as possible. To prove that our

strategy will be the appropriate one, previous experiences, new data collection and business models will be used.

To understand who we are aiming our product to, the first important element is to set a price for our articles. Since our objective is to grasp as many different customer segments as possible -to do this we will create three different collections-, our prices will range from € 130,00 for the Young Collection to € 350,00 for the Limited Edition Collection. These prices have been established after having observed the market in the first four years of business: our customers were willing to buy our jeans at the price of € 250,00 in shops, when they were not produced in Italy yet, this was because of the excellent suitability and comfort of our products. Furthermore, when we started our made in Italy production, and sold our jeans through the QVC website - what will be our Young Collection - they were sold at € 130,00. The Limited Edition Collection, will end up in high-end shops such as Colette in Paris and 10CorsoComo in Milan, this is why the price will be € 350,00: in these shop categories a medium-high price must be maintained in order to compete with other products. Our customer segmentation will first of all start by eliminating the male gender from our market: the Mariameli jeans are exclusively for females. The three lines of our products, are purposefully created to divide the market into three segments: demographic, psychographic and behavioural.

The Young Collection of Mariameli, will aim at women of all ages, from 16 to 80 from all over the world. The idea of the Young Collection is to create basic high quality jeans, which always contains a special detail, for example an embroidery in the inner pocket, which might not be seen from the outside but will certainly be recognizable by women who buy it. The segmentation of the Young Collection will aim at women with a middle or high income, who buy online, care about sustainable products, and recognize themselves in a feminine lifestyle. The objective of Mariameli's Young Collection is to grasp as many customers as possible, because as the product's price goes up, the market segmentation tends to shrink increasingly.

Mariameli's Intermediary Collection is still aimed at women of all ages from all over the world, but the difference is that it will be bought by

original women who like to be different and stand out. The jeans will be cut and inserted with a fabric cloth so it is not a product which satisfies everyone's fashion tastes. This collection will be sold in large retailers and will aim a different type of clientele with respect to the basic collection: women who follow fashion in some way and high quality conscious products.

The Limited Edition Collection, is the collection which will have the narrowest customer ring. It is a niche and luxurious product which is aimed at women, yes of all ages, but who believe in uniqueness and beauty. The jeans of our limited edition collection will be different from one another, this will be done by creating the fabric inserts with a luxurious fabric cut from a big handmade cloth and with the addition of elaborate accessories. Moreover, only a few numbered garments per collection will be produced and sold, in high-end shops all over the world and in special sales on our website. The customer segmentation for this collection will be high and middle class with a particular attention to luxury goods and trends. Mariameli's value added, which increases the range of customer segmentation, is its wearability and comfort, this suits all of the three collections.

After having answered who are customers are, we can go on to understand where we are positioned in the market. Mariameli is something unexpected in the fashion industry, this is because there are no companies which encompass three types of collections sold at three very different prices, only a few models, Italian manufacturing, sustainability, and a fascinating story behind it altogether in a brand. The difficulty in finding adjacent competitors leads to create a positioning map which only takes into consideration quality and price.



All of our products, including the Young Collection, are positioned in the upper-right side of the map: being classified as high quality and with a high medium range price, this is where we stand in the market. The aim of this map is not only to understand where exactly we are positioned, but it is also to understand who are our nearest competitors: our threats.

The brands on the lower-left side of the map have prices which range from € 8,00 (Primark) to € 85,00 (Gap), for this reason they will not be considered as our adjacent competitors. These companies will be momentarily excluded from our competition, since they fall-back in the “fast fashion” category. The message and products these brands are conveying to our customers are very far from ours.

Mariameli’s nearest competitors are: The Seafarer for the style and production process, Comptoir Des Cottonniers for its background story and Gucci for its care for details. Nevertheless, even if these three brands are Mariameli’s nearest competitors, they largely differ from it under other aspects.

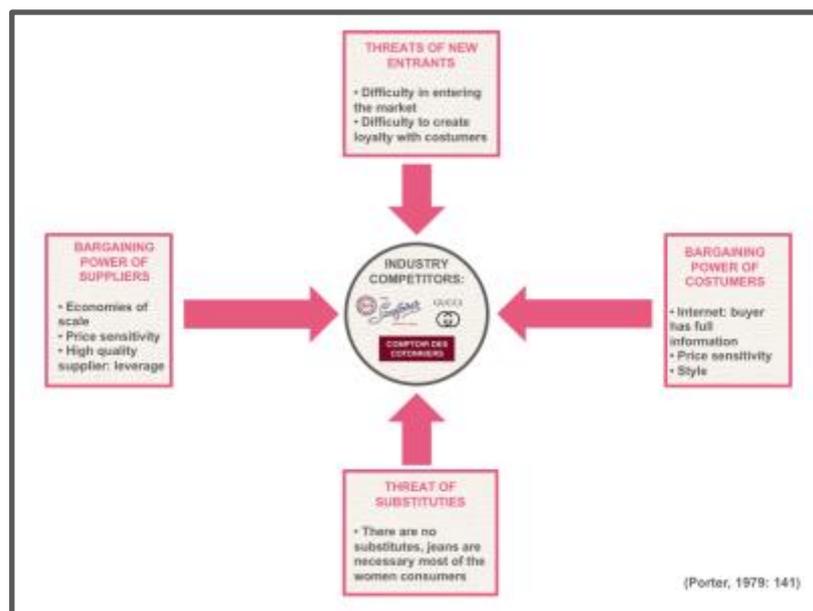
Of these three companies, Mariameli’s nearest competitor is certainly The Seafarer. Even though its price range is slightly higher (€ 150,00-€ 490,00) and its history is sharply different (their products go back to navy and sailors), The Seafarer shares similarities with Mariameli. Their brand identity stands in

high-quality made in Italy flare jeans, which have been worn by icons such as Brigitte Bardot and Jane Birkin so their products are inspired to the seventies.

Mariameli and Comptoir Des Cotonniers, share similarities in their background story: they communicate to their customers through emotion, in fact they state “the close bond between the mother & daughter duos who embody the brand and are its most beautiful source of inspiration” (Comptoir, 1: 2017). Mariameli also aims at conveying messages through emotion and conveying bond between mother and daughter and the lasting of the product among generations. Still Mariameli differs sharply from Comptoir Des Cotonniers under other aspects such as price range (€ 95,00-€ 145,00), production (they are not produced in Italy) and uniqueness (they only have a basic collection).

Even though Gucci is very far from Mariameli as to price range (€ 580,00-€ 1890,00), it is similar to Mariameli as to devotion to full quality, uniqueness and originality of products.

After having understood our targeting and positioning, and having established who are our adjacent competitors, it is essential to broaden the competition analysis by actually taking into consideration the environment and the industry. The Porter’s Five Forces diagram underneath, will help us understand what is our strongest competitive advantage and how to use the competitive marketing strategy to implement it.



Mariameli's marketing strategy will be aligned with the sale strategy, meaning that the opening of new sale channels will be backed up by the marketing strategy and vice versa. Having three different collections for three different types of costumers, the goal of our strategy is to penetrate the market as deeply as possible by adopting different tools, but mostly the internet. The main marketing strategy objective in order to increase the sales is to make our clients become influencers. The three-year sale strategy across channels will be implemented in a gradual way.

During the first three months of initiation of the business, while the Creative and the Brand Managing Team will be working on the product, the Marketing team will be working on the planning of the shooting. Once the prototypes are ready and the shooting is too, the Marketing team will start working exclusively on our social networks (mainly Facebook and Instagram) for the next three months, creating high expectations to our followers for the established launch of our online boutique. The idea is to lead a campaign based on natural women beauty and diversity, promoting energetic and feminine lifestyle in order to create a community around the brand. The social network campaign will be a "women's project" consisting of informal pictures of different women wearing our jeans and telling their story. In order to maximize our social visibility, around €1500,00 per month venture capital is needed. Once the online shop is activated to increase our social media promotion, our jeans will be given to some major influencers and fashion bloggers, this will be one of the most expensive parts of our marketing strategy. The marketing team will also take care of buying keywords on Google, advertising our brand on other websites and getting as many articles on fashion magazines as possible in order to increase visibility.

After six months of production, our brand will be more or less renowned: this is the moment in which the Brand Managing Team together with the Marketing Team needs to start and recruit important shops all over the world. The aim is to make build a strong relationship with our customers, so the idea is to make Mariameli's costumers share a picture on their social media

telling their story and how they feel when wearing the product, this in order to create a community around our brand. What is also important in the marketing strategy is to recruit as many email addresses as possible and create a mailing list to communicate through a weekly or monthly newsletters. The total investment on our three-year marketing strategy should sum up to about € 100,000. This is order to implement the sales strategy and create a network of women who are loyal to the brand and become influencers.

v. Finance

Now that we have established that Mariameli has a high potential in terms of gaining a position in the market and in the industry, it is time to discern whether the project could be financially advantageous or not. It is also essential to understand how the business will actually be carried out in terms of actual cash flow. I have developed a three-year plan including a profit and loss forecast, committing to be as precise and truthful as possible in order to render my proposal valid and enticing for the investor.

Nevertheless, before exposing Mariameli's ideal financial proposal, it is essential to focus on the legal aspect of the business. There has to be an upgrade from sole proprietorship to the Italian limited liability company: the SRL (Società a Responsabilità Limitata). In this way, not only are we entering the small/medium business rank but it will also protect ourselves: under the SRL regime the business is a different entity with respect to its owners. The SRL is more expensive compared to our current Sole Proprietorship, in fact, notary expenses will be around € 1,300 and certified email and initiation taxes which will sum up to about € 790. The Italian SRL also has € 640 of fixed annual costs which include the rights to deposit the balance sheet and government taxes. The taxation on the gross profit (revenue - expenses) under this regime is of 27,5%.

In the start-up phase of the business, a few initiation expenses and investments will be required: 10 computers and the office equipment which will add up to € 7,000, the business van which can be found at € 5,000 on the

market and the implementation of the website, which will cost us about € 5,000. Initiation expenses and investments will not be excessive since many has been overcome in the previous years of business such as trademark filling, web domain purchase and registration to the chamber of commerce. The table below summarizes the annual fixed expenses that the company will have to cater for the coming three years.

Type of Expense	Fixed Yearly Expenses (€)
Office/Warehouse Rent	24,000
Salaries	112,200
Legal Expenses	2,000
Website Maintenance	200
Office Internet, Telephone and Stationary	1,000
Travelling	8,000
Advertising	30,000
Photo Shoot	2,000
SRL Expenses	640
Insurance	4000
TOTAL	€ 184,040

As mentioned before, the objective for the first year of production is to sell 10 pair of jeans per day, that is 3650 pairs in one year. In the first year, since we will only be utilizing two channels, the Intermediate Collection will not be produced. For the first six months, the objective is to sell 3150 jeans through our e-commerce platform and 400 through shops. Now even though the production costs will be the same, the money earned through these channels will be different.

It is important to understand how the price of the jeans has been set. The productions prices mentioned in the *Operations* section, has been set based on reliable information. As discussed in the *Strategies*, the aim is to take advantage of economies of scale and manage to reduce by € 1,00 the production price of our garments each year. In the first year, the Limited Edition Collection will cost **€ 40** and the Basic Collection will cost **€ 30**. These prices include all direct expenses of the garments, including fuel, packaging, accessories, transaction costs and transportation. The total production

expenses for our first year will be **€ 116,000**. The final price for the Limited Edition Collection is **€ 350**, the one for the intermediate one is **€ 250**, and the price for the Basic Collection is **€ 130**. Obviously the highest revenues stream comes from the online sales - since shops recharge products of 280% - so in order for the final price to be for example **€ 350**, one has to sell each pair at **€125**. The table underneath summarizes the production costs and the sales projected revenue for the first year of business.

Year 1					
Collection	Channel	Quantity	Production Price (€)	Sales Price (€)	Gross Revenue (€)
Basic	Website	3,000	30	130	390,000
Limited Edition	Website	250	40	350	87,500
	Shops	400		€ 350/2.8 = 125	50,000
TOTAL		3,650	€ 116,000		€ 572,500

As mentioned before, in the second year of business the production costs will decrease of € 1,00 for each garment, taking advantage of economies of scale and there will be the introduction of the Intermediate Collection in the production, which will have a production price of **€ 36**. The Intermediate Collection will be sold exclusively through large retailers, who –as shops- recharge 280% on the products. The sales strategy for the second year of business is to sell **9125** garments, 25 pairs each day. 5200 will be sold online, 800 will be sold in shops and the remaining 3125 will be sold in large retailers. The table underneath summarizes the production costs and the sales projected revenue.

Year 2					
Collection	Channel	Quantity	Production Price (€)	Sales Price (€)	Gross Revenue (€)
Basic	Website	5,000	29	130	650,000
Intermediate	Retailers	3,125	36	$250/2.8 = 89.30$	279,062
Limited Edition	Website	350	39	350	122,500
	Shops	650		$€ 350/2.8 = 125$	81,250
TOTAL		9,125	€ 296,500		€ 1,132,812

The third year of business is the one with the toughest sales strategy, in fact the sales must go up to 50 jeans a day: we will be producing **18,250** pairs. These jeans will be distributed in the following manner: 1,000 through shops, 6,250 through retailers and 11,000 through our online platform. The table underneath summarizes the production costs and the sales projected revenue for the third year.

Year 3					
Collection	Channel	Quantity	Production Price (€)	Sales Price (€)	Gross Revenue (€)
Basic	Website	9,000	28	130	1,170,000
Intermediate	Retailers	6,250	35	$250/2.8 = 89.30$	558,125
Limited Edition	Website	2,000	38	350	700,000
	Shops	1,000		$€ 350/2.8 = 125$	125,000
TOTAL		18,250	€ 622,750		€ 2,553,125

The Profit and Loss forecast underneath, is a projection of how much money you will be brought in in by selling our products and how much profit you will make from these sales: basically putting into a model everything that has been said till now.

	Year 1	Year 2	Year 3
Income			
Sales	572500	1132812	2553125
Expenses			
Production Expenses	116000	296500	622750
Payroll, IT and Legal Expenses	114400	116400	116400
Marketing and Photoshoot	32000	32200	32200
Travelling	8000	8000	8000
Rent	24000	24000	24000
Srl Taxes	640	640	640
Office Supplies, Internet and Telephone	1000	1000	1000
Insurance Expenses	4000	4000	4000
Initiation Expenses	19090	-	-
Total Expenses	€ 319.130,00	€ 482.740,00	€ 808.990,00
Profit	€ 253.370,00	€ 650.072,00	€ 2.553.125,00
Taxes	€ 69.676,75	€ 178.769,80	€ 702.109,38
Net Profit	€ 183.693,25	€ 471.302,20	€ 1.851.015,63

This Profit and Loss Forecast shows that if enough money is invested, the net profits will increase greatly and steadily. Even though every year the net profits need to be reinvested, the growth is substantial: 156.6% from the first to the second year and 292.8% from the second to the third year.

For the first time, at the end of year three, the investor does not have to inject any more liquidity into the business because it has taken off. Not only is there enough cash flow to support a production without needing to invest any more money, there is also the possibility to raise the business expenses to maximize the efficiency and give the promised bonuses the staff. If in the fourth year it is decided to keep the production stable (sale of 18,250 products), producing the same number of jeans pas in the second year, the cash at the end of the fourth year would be **€ 1,013,469**. This type of revenue would give

the possibility to reorganize the firm, add some useful expenses or add something in advertising, furthermore, we are gaining a margin for errors. Underneath is a simplified diagram to understand how much actual cash is needed to finance the three years of business.

	Year 1	Year 2	Year 3
Expenses	€ 319.130,00	€ 482.740,00	€ 808.990,00
Net Profit (Previous Year)	-	€ 183.693,25	€ 471.302,20
Borrowings	€ 319.130,00	€ 299.046,75	€ 337.687,80
Total Borrowings			€ 955.864,55

In order to make the business start and be successful, the total investment needed would be of **€ 955,864.55** spread over three rounds. To make it inciting to find a venture capital for our firm, we are supposing that on the projections of the sales, Mariameli will be worth € 2,000,000, even though – since only in the third year the net revenue will be close to two millions - it will be worth much more. Our proposal for the investor is that funding € 955,864.55, would yield him 47.79% of the equity plus a bonus of € 319,130 spread among the next three years.

This investment would not be so risky, firstly because the sales projections are plausible since Mariameli does not start from zero. Moreover, because our future investor will give the funds needed at the end of each year, so if the sales strategy is not implemented successfully at the end of year one, he has the possibility to withdrawal, risking to lose € 319,130, but on the other hand bearing the possibility to gain 47.79% of the equity of a fructuous business and a €319,130 bonus.

Another possibility to finance the business, which would allow us – at least temporarily – to keep the stake to ourselves, would be to ask for a loan. To say that 47.79% of the firm is worth **€ 955,864.55**, is clearly only a forecast, asking for a loan and working with the loaned money for the first three years,

would allow us to understand with more precision how much the company is really worth. A good solution to finance the first rounds of the business could be the convertible loan: meaning asking for money which can be repaid in different ways, from equity stakes to cash with interests. The advantage of a convertible loan is that the interests are not to be repaid immediately: this would give us the time to set up the firm and understand how much it is worth. Even though it is more difficult to receive, a convertible loan would allow us extra time in case of late repayment.

The convertible loan would work in the same exact way as the VC offer and would be still divided into three rounds, the only differences would clearly be the maturity date and the fact that interests would not be paid immediately. Furthermore, the level of risk would not change from one solution (equity funding) and the other (loan), since the as the investor supplies the money, he can see the progress of the business, and if it is not working he can stop the flow and ask for the liquidation of the assets.

V. Conclusion

Having to conclude this all-around journey around the various aspects of the Mariameli business, makes me feel I have earned something. After having researched the market, the industry, disentangled the core of our problems, overcome major issues and having to look for new solutions currently gives me a feeling of strength, other than depth of knowledge and a broader view. This work gave me the possibility to put into practice what I always thought should be done from the beginning: to take what we have and project it into the future. All of this resulting in a feasible project with high profit perspectives.

The start-up phase of Mariameli will be fairly fast, since we are not starting from zero. We will need to start with the interviews for hiring, and we will also start looking for an office. All of this while our business consultant will be handling our legal transition. We will need to equip the office and the warehouse and purchase the computers and the van. I am sure that our currently part-time working team will be done with the start-up phase within one months, being ready to schedule our first Mariameli Project meeting with our new staff members in our new office.

As mentioned before the creation of the prototypes will take about two months, and the production timing is about three. Simultaneously with creation of prototypes there needs to be creation of website and photoshoots, and simultaneously with the production timing there needs to be the marketing strategy implemented. The sale of the first new Mariameli Project pair of jeans, will occur on our worldwide online platform after six months from the first meeting, marking the first step for international success.

I am sure we will be able to find someone willing to believe in our business because for me Mariameli is innovation but it is also a challenge: the challenge of fighting competitors who decide to produce in cheaper countries and to produce in a country where taxes are extremely elevated. Mariameli will become an example to look up to, which will give young Italian entrepreneurs

the inspiration and the strength to believe that building something in Italy is actually possible.

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