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ENTERPRISE **0454/13**

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INSERT **1 hour 30 minutes**

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INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

This document has **4** pages. Any blank pages are indicated.

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Kathy's Wool Dyeing Kit Enterprise

The background

Kathy is a member of a local weaving group. Members of the group have often experienced difficulties in obtaining supplies of some colours of wool that they wanted. Kathy has taught herself how to dye wool and has become so skilled at this that she is now teaching the other members of the group how to do it.

The idea

Leyland, a member of the weaving group, asked Kathy if she could write down the instructions for dyeing wool. Leyland's friend could not attend the weaving group meetings but wanted to learn this process. Kathy agreed to write an instruction booklet explaining the steps that should be followed.

As Kathy was producing the booklet, she started to wonder if other people might be interested in instructions for dyeing wool. She decided to do some research.

The research

Kathy was able to complete her research very quickly because she could do the work on her own. She used the internet to research the number of weaving groups in the country. This helped her to identify potential demand for the instruction booklet.

Kathy gave the completed instruction booklet to a member of her weaving group to see if any improvements needed to be made. He said that people who had not dyed wool before would need more help in understanding which chemicals to use. Kathy thought that she could solve this problem by including some samples of the chemicals with the booklet. She asked Leyland if he thought that this would be a good idea, and he agreed.

The product

Kathy decided that the instruction booklet would be more useful if it was sold as part of a kit. She thought that she would call the enterprise Kathy's Wool Dyeing Kits.

There is competition in this market as Kathy has seen similar kits for sale on the internet. She knows, therefore, that to be successful she must ensure her kits are of good quality, competitively priced and delivered on time.

Having decided on the product, Kathy researched the cost of producing and delivering each kit. She telephoned some of the suppliers of the items she would need. She planned to negotiate with her suppliers to pay for the contents of the kits using trade credit. She hoped to agree with her suppliers to pay them within 30 days.

Kathy calculated that the costs for each kit would be:

- US$20 to produce the kit
- US$5 for delivery to customers.

Kathy thought that she could charge customers a price of US$40 for each kit including delivery.

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The marketing

Kathy decided to focus her marketing directly on the weaving groups she had identified in her internet research. As she could not personally visit every group in the country, Kathy decided to email a leaflet to each group. Fig. 1 shows the leaflet she produced.

Kathy's Wool Dyeing Kits

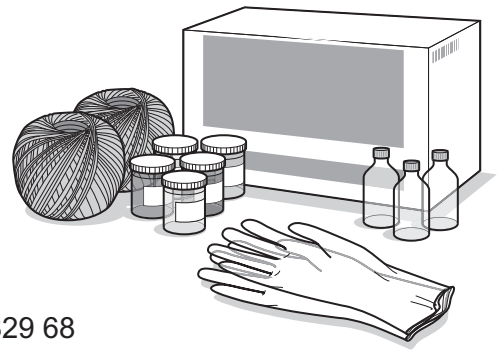
A complete kit to help you produce wool in a variety of colours to make your personal weaving projects

US$40 including delivery (within 5 days)

Next day delivery at an additional cost

The kit includes:

- instruction booklet
- 2 samples of wool
- chemicals
- a selection of 5 coloured dyes
- 3 reusable mixing bottles
- disposable gloves



To order please contact by phone 0828 348480829 68

Order online at our website

Fig. 1

Kathy decided to set up a website. This would allow customers to place orders for the kits and pay online. Kathy enjoyed working alone but she also realised that there were some problems with this. Her lack of technology skills meant that she was unable to set up the website. Kathy therefore had to ask a friend to help her with this task.

Starting out

Kathy was almost ready to start her enterprise. She believed that she had a high quality product and many potential customers. All that Kathy had to do now was to negotiate with the suppliers. She planned to persuade the suppliers to offer trade credit by showing them how they could benefit from this arrangement. Kathy was starting to plan the negotiation when she realised that she had not completed any of the usual planning documents for her new enterprise. She had more work to do.

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