



Upcycling Furniture / Fixtures and Equipment

High-Level Feasibility Study

Submitted to:

The Ministry of Digital Economy and Entrepreneurship

Disclaimer:

The Ministry of Digital Economy and Entrepreneurship (MoDEE) and Istdama Consulting have prepared this report using information supplied by its advisors as well as information available in the public domain.

The report's contents have not been verified and its analysis does not purport to be all-inclusive. MoDEE and Istdama Consulting expressly disclaim any and all liability for any representation, warranty, or undertaking, or omission expressed or implied, which is or will be given in relation to the truth, accuracy, or completeness of this report, and no representation or liability is or will be accepted by MoDEE or Istdama Consulting as to the achievement or reasonableness of future projections or the assumptions underlying them, management targets, valuations, opinions, prospects or returns if any.

Founders and investors considering this project are advised to conduct further analysis on projected adoption rates, development costs, and ongoing operational expenses. This additional scrutiny will help mitigate potential risks related to technology challenges, changes in regulations, market penetration, and competitive pressures.

The report does not constitute any form of commitment or recommendation on the part of MoDEE or Istdama Consulting.

A National Entrepreneurship Policy Project



Ministry of Digital Economy
and Entrepreneurship



Funded by
the European Union

Prepared by:



Table of Contents

Table of Contents.....	1
Table of Figures.....	2
Executive Summary	3
1. Introduction.....	3
2. Market Analysis.....	4
3. Business Model.....	5
4. Technical Analysis.....	7
5. Financial Analysis.....	10
5.1 Financial Study Assumptions.....	10
5.2 Financial Study:.....	11
5.2.1 Projected Working Capital.....	11
5.2.2 Project Initial Cost.....	11
5.2.3 Projected Income Statement.....	11
5.2.4 Projected Free Cash Flow Statement.....	13
5.3 Sensitivity Analysis	14
6. Integration with Other Sectors.....	15
7. Entrepreneur Persona	15
8. Stakeholders	16
9. Risk Assessment and Mitigation	17
10. Conclusion	18

Table of Tables

Table 1: Revenue projection	6
Table 2: Cost of Goods Sold – Five Year Projection	8
Table 3: Manpower recruitment plan – five-year projection:.....	8
Table 4: Table 4 Manpower total cost – five-year projection	8
Table 5: Operational Expenditures – five-year projection	9
Table 6: Capital Expenditures Cost – five-year projection	9
Table 7: Working capital projection (JOD)	11
Table 8: Initial Cost Summary (JOD)	11
Table 9: Projected Income Statement (JOD)	12
Table 10: Free Cash Flow (FCF) Projection (JOD).....	13
Table 11: Sensitivity analysis outcomes	14

Table of Figures

Figure 1: Product Mix by Quantity	6
Figure 2: Product Mix by Revenue.....	7
Figure 3: Gross vs Net Profit Margin	12
Figure 4: Return on Investment.....	13

Executive Summary

This venture aims to transform furnishing in the hospitality industry by upcycling high-quality furniture and fixtures, aligning with global trends towards sustainability and cost-efficiency. Our market analysis indicates a demand for affordable and eco-friendly furniture solutions, particularly in budget and boutique hotel segments. Supported by refurbishing processes and partnerships with luxury hotels undergoing renovations, this business model promises growth potential and alignment with environmental sustainability goals.

"Upcycling Furniture/Fixtures and Equipment" is a start-up promoting sustainability in Jordan's hospitality industry. It refurbishes and customizes high-end furniture discarded by luxury hotels, providing affordable furnishing solutions to budget and boutique hotels. This reduces waste and helps smaller hotels enhance their offerings at a lower cost.

Jordan's tourism sector shows impressive resilience and growth potential, exceeding global pandemic recovery averages in 2023. It plays a significant role in the national economy and is a key contributor to job creation. More specifically, Jordan's hotel industry has grown significantly, with the number of hotels increasing from 573 to 638 between 2016 and 2023. By 2023, there were 30,637 rooms and 57,556 beds available, supporting the rising number of tourists and reflecting the positive trend in the tourism sector.

The financial analysis outlined within this feasibility study shows that this startup is anticipated to achieve a 54.0% gross profit margin and a 12.2% net profit margin in its first year, with the net profit margin growing to 15.0% by the fifth year. Additionally, the return on investment is expected to rise from 39.9% in the first year to 66.5% in the fifth year.

I Introduction

"Upcycling Furniture / Fixtures and Equipment" is a start-up designed to support sustainability in Jordan's hospitality industry by providing high-quality, cost-effective furnishing solutions. The business will engage in collecting, refurbishing, and customizing high-end furniture discarded by luxury hotels, offering these products to budget and boutique hotels. This process not only reduces waste but also helps smaller accommodations enhance their offerings at a fraction of the cost of new furniture.

The demand for sustainable and affordable furnishings in Jordan and the region is rising as hotels seek to reduce costs and environmental impact. The tourism sector, a major GDP contributor in Jordan, is increasingly adopting green practices, creating a significant market opportunity for upcycled furnishings. The business offers upcycled furniture sales and customization services to budget and boutique hotels, aiming to provide cost-effective, sustainable solutions that support environmental goals by reducing waste and promoting resource reuse in the hospitality industry.

2 Market Analysis

Jordan's tourism sector demonstrates strong resilience and growth potential, surpassing global recovery averages with a 16% increase in tourist arrivals over 2019 figures. The sector significantly contributes to the GDP, accounting for about 15% in 2023, indicating its vital role in the national economy. Jordan's tourism growth is driven by strategic government initiatives, including the Economic Modernization Vision (EMV) ¹, which aims to double tourism revenue and create 100,000 new jobs by 2033, supported by a 12% budget allocation for tourism initiatives over three years. Despite regional instabilities, Jordan maintains a reputation as a safe and welcoming destination, essential for competing in the regional and global tourism market. Recent regulatory amendments have streamlined business operations, enhancing the investment climate for tourism start-ups.

Key Economic Indicators²:

1. **Contribution of tourism to GDP:** Tourism receipts accounted for 15% of Jordan's GDP in 2023, with tourism receipts amounting to JOD 5.25 billion.
2. **Employment rates:** The tourism industry supported 54,856 direct jobs in 2023, crucial in a country with a high unemployment rate.
3. **Visitor numbers:** Jordan attracted a record 6.35 million visitors in 2023, a 16% increase from 2019, demonstrating the destinations appeal and strong demand for tourism experiences.

The hotel industry in Jordan has also shown substantial growth, reflecting the overall positive trend in the tourism sector. Over the period from 2016 to 2023, the number of hotels increased from 573 to 638, offering 30,637 rooms and 57,556 beds by 2023. This increase in accommodation capacity is crucial for supporting the growing number of tourists.

Within this growth, the distribution of hotel classifications provides a significant market opportunity for the business. In 2023, Jordan hosted approximately 80 three-star hotels, 74 two-star hotels, and 80 one-star hotels, which collectively form the primary market demand for upcycled furniture. These budget and boutique hotels seek cost-effective yet high-quality furnishing solutions to enhance their guest experiences while adhering to budget constraints.

Simultaneously, the country has around 41 five-star hotels, serving as the primary source of high-quality furniture for upcycling. These luxury establishments frequently update their interiors, providing a steady supply of furniture that can be refurbished and sold to budget and boutique hotels.

The demand for sustainable and affordable furnishing solutions in Jordan and the broader region is growing as hotels look to reduce costs and environmental impact. The tourism sector, a significant contributor to the national GDP, is increasingly adopting green practices, aligning with global environmental standards and customer expectations. This trend presents a substantial market opportunity for introducing upcycled furnishings that combine quality, sustainability, and affordability.

¹ Ministry of Planning and International Development, Economic Modernisation Vision Executive Program (2023-2025)

² Ministry of Tourism and Antiquities, Statistical Dashboard

The business offers two key services designed to meet the furnishing needs of budget and boutique hotels by upcycling high-quality furniture from luxury hotels. The services provided include:

1. **Sales of Upcycled Furniture Units:** This service involves sourcing, refurbishing, and selling various furniture pieces such as beds, tables, chairs, sofas, and decor items that have been acquired from 5-star hotels and high-end establishments. These items are then repaired and restored to a high standard to suit the budget and aesthetic requirements of 1–3-star hotels and boutique accommodations.
2. **Customization Services:** To cater to the specific needs of different hoteliers, the business offers customization services that allow clients to modify furniture pieces according to their design preferences and spatial requirements. This tailored approach helps ensure that each hotelier receives unique and functional furnishings that align with their brand and enhance the guest experience.

These services collectively aim to provide sustainable, cost-effective, and customized furnishing solutions that contribute to the environmental goals of reducing waste and promoting the reuse of resources in the hospitality industry.

3 Business Model

The business operates on a B2B model, targeting budget and boutique hotels (1–3-star hotels) in Jordan and the broader region. These hotels seek cost-effective, high-quality furnishings to enhance their guest experiences while adhering to budget constraints. The primary source of furniture for upcycling comes from five-star hotels and other high-end establishments, which frequently update their interiors and provide a steady supply of high-quality furniture. Revenue will be generated through direct sales of refurbished items, customization services, and potentially through subscription-based models for ongoing maintenance and future refurbishments.

The revenue projections for the first five years of the Upcycling Furniture & Fixtures and Equipment business indicate a promising increase across the two main services: Sales of Refurbished Furniture and Customization Services. Each service demonstrates a growing demand and increasing revenue over the period:

- **Sales of Refurbished Furniture:** Experiences a steady rise in demand from 142 units in Year 1 to 207 units in Year 5, with consistent pricing leading to revenue growth from JOD 169,968 in Year 1 to JOD 248,850 by Year 5. This growth reflects the market's increasing recognition of the value provided by high-quality, sustainably sourced, and affordably priced upcycled furniture.
- **Customization Services:** Shows a solid increase in demand, with the quantity of customization services requested growing from 28 units in the first year to 41 units in the fifth year. This results in revenue increases from JOD 42,492 in Year 1 to JOD 62,213 in Year 5, highlighting the added value of personalized furnishing solutions to hoteliers.

These services together form a strong business model that not only fulfills the demand for economical furnishing options but also caters to the increasing emphasis on sustainability within the hospitality sector.

Itemized revenues and total annual revenues are summarized in the table below:

Table 1: Revenue projection

Description / Year	1	2	3	4	5
Refurbished Furniture (unit)	142	156	171	189	207
Refurbished Furniture (JOD per unit)	1,200	1,200	1,200	1,200	1,200
Subtotal Refurbished Furniture (JOD)	169,968	186,965	205,661	226,227	248,850
Customization Services (unit)	28	31	34	38	41
Customization Services (JOD per unit)	1,500	1,500	1,500	1,500	1,500
Subtotal Customization Services (JOD)	42,492	46,741	51,415	56,557	62,213
Total Revenues (JOD)	212,460	233,706	257,077	282,784	311,063

The following charts illustrate the product mix for the Upcycling Furniture business venture, which showcases the revenue and quantity distribution across the service offerings. The refurbished furniture pieces stand out as the primary offering, experiencing robust demand and revenue growth annually, highlighting their broad market appeal and scalability. On the other hand, customization services, though priced higher, contribute consistently to revenues, targeting a specific market segment that values tailored design solutions. Additionally, the potential subscription models for ongoing updates and maintenance represent a smaller yet vital part of the revenue, catering to clients interested in long-term service solutions, thereby enriching the diversity and appeal of the overall product portfolio.

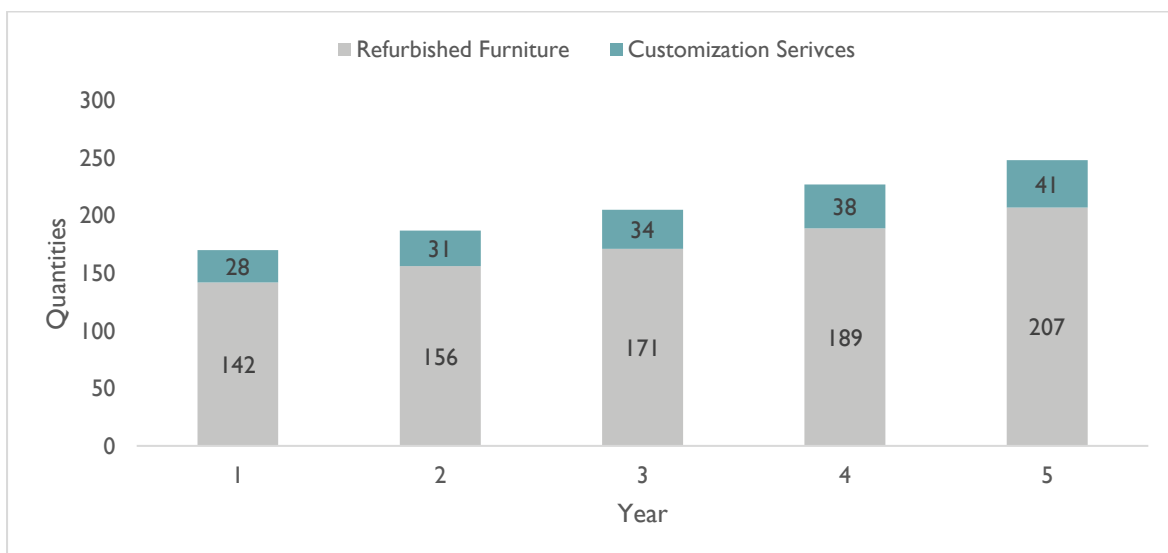


Figure 1: Product Mix by Quantity

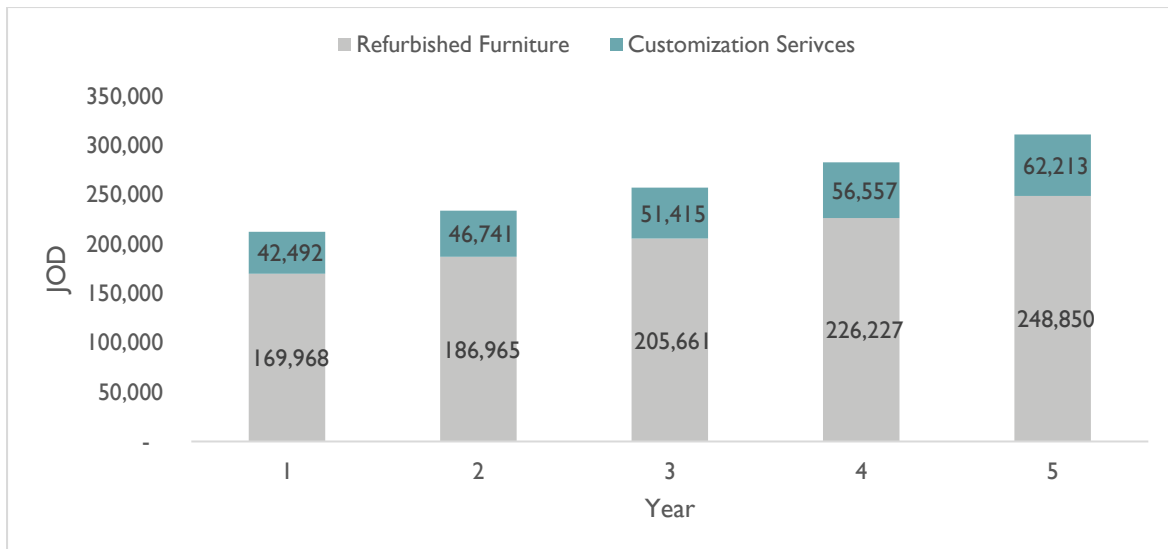


Figure 2: Product Mix by Revenue

4 Technical Analysis

The cost of goods sold (COGS) for the Upcycling Furniture Experience services demonstrates careful cost management aligned with the growth in demand for each product line:

1. **Refurbished Items:** The COGS per unit for refurbished furniture remains stable at JOD 540 throughout the five years, despite the increasing demand from 142 to 207 units. This stability in cost per unit indicates effective cost control measures and the potential for high gross margins as sales volumes increase.
2. **Customization Services:** The customization service maintains a consistent COGS at JOD 750 per unit, reflecting its premium nature and the complex process involved in tailoring items to specific customer needs. As demand grows from 28 to 41 units, this consistency ensures that the service can maintain profitability while catering to a niche market that values personalized products.

Overall, the total COGS rises from JOD 97,732 in Year 1 to JOD 143,089 in Year 5, marking a manageable increase relative to the anticipated growth in revenue. This gradual rise underscores the project's ability to scale efficiently, benefiting from economies of scale and operational enhancements as the business develops.

The table below outlines the projected COGS over five years:

Table 2: Cost of Goods Sold – Five Year Projection

Description / Year	1	2	3	4	5
Refurbished Furniture (unit)	142	156	171	189	207
Refurbished Furniture (JOD per unit)	540	540	540	540	540
Subtotal Refurbished Furniture (JOD)	76,486	84,134	92,548	101,802	111,983
Customization Services (unit)	28	31	34	38	41
Customization Services (JOD per unit)	750	750	750	750	750
Subtotal Customization Services (JOD)	21,246	23,371	25,708	28,278	31,106
Total COGS (JOD)	97,732	107,505	118,255	130,081	143,089

The team structure for the Upcycling Furniture Experience is designed to be lean yet highly effective, focusing on expertise and efficiency to support the venture's growth. The team starts with key roles including Designers/Customization Experts, a Sourcing and Partnerships Manager, craft workers, and an Administrative and Operations Manager. This core team remains stable across the five years, with a targeted increase in the number of craft workers to meet growing operational demands.

Table 3: Manpower recruitment plan – five-year projection:

Title / Year	1	2	3	4	5
Designers\Customization Experts	1	1	1	1	1
Sourcing and Partnerships Manager	1	1	1	1	1
Craft Workers	3	4	5	5	5
Administrative and Operations Manager	1	1	1	1	1
Cumulative Number of HR	5	6	7	7	7

The table below provides an overview of human resource costs, accounting for social security and health insurance expenses. Social security contributions were computed at 14.25% of the gross salary, following the guidelines set by the Social Security Corporation.

Table 4: Table 4 Manpower total cost – five-year projection

Title / Year	1	2	3	4	5
Designers\Customization Experts	10,800	11,340	11,907	12,502	13,127
Sourcing and Partnerships Manager	12,000	12,000	12,000	12,000	12,000
Craft Workers	10,800	15,120	19,845	20,837	21,879
Administrative and Operations Manager	10,800	11,340	11,907	12,502	13,127
Total HR Salaries	33,600	38,460	43,752	45,340	47,007
Social Security Cost	4,788	5,481	6,235	6,461	6,698
Health Insurance Cost	2,500	3,000	3,500	3,500	3,500
Total HR Cost	40,888	46,941	53,487	55,300	57,205

The operational expenditures for the upcycling furniture business include costs for utilities, rent, storage, administrative tasks, transportation, refurbishing materials, and marketing. These expenditures grow from JOD 75,227 in Year 1 to JOD 101,603 in Year 5, reflecting the scaling of operations and increased investments to support business growth. This planned increase in costs aligns with revenue projections, ensuring sustainability and competitiveness in the market.

Table 5: Operational Expenditures – five-year projection

Description / Year	1	2	3	4	5
Utilities	3,600	3,600	3,600	3,600	1,800
Rent	4,500	4,500	4,725	4,725	4,961
Storage Facility	3,000	3,000	3,000	3,000	3,000
Administrative (Finance and accounting)	6,000	6,000	6,000	6,000	6,000
Transportation and logistics	8,400	8,400	8,400	8,400	8,400
Refurbishing Material	-	5,000	5,000	5,000	10,000
Marketing and Advertising	2,000	1,000	1,000	1,000	1,000
Sub-total OpEx	68,388	78,441	85,212	87,025	92,366
Other Costs	6,839	7,844	8,521	8,703	9,237
Total OpEX	75,227	86,285	93,733	95,728	101,603

The capital expenditures for the Upcycling Furniture Experience are structured to ensure a robust start and sustainable growth, with an initial investment of JOD 35,000 in Year 0 to set up offices and purchase essential equipment. This is followed by a focused additional investment of JOD 5,000 in Year 4 for equipment updates, totaling JOD 40,000 over five years, ensuring the business remains operationally efficient and capable of adapting to evolving market demands. This strategic planning in capital expenditure guarantees that the venture is well-equipped from the onset, fostering ongoing production efficiency and high-quality outputs.

Table 6: Capital Expenditures Cost – five-year projection

Description / Year	0	1	2	3	4	5
Offices (workspace and Show room)	20,000	-	-	-	-	-
Equipment and tools	15,000	-	-	-	5,000	-
Total CapEx	35,000	-	-	-	5,000	-

Working Capital Assumptions:

Operational liquidity requirements are guided by the following assumptions:

- **Cash Reserves:** The project will maintain cash equivalent to 60 days of projected annual operational expenses, ensuring robust liquidity management.
- **Accounts Receivable (A/R) Collection Period:** The average collection period for receivables is 30 days, reflecting expected credit sales conversion into cash.
- **Accounts Payable (A/P) Payment Period:** The average payment period for payables is 90 days, indicating the time frame for settling supplier obligations.

- **Inventory Management:** Inventory levels will be maintained to cover an average of 90 days.

5 Financial Analysis

5.1 Financial Study Assumptions

The feasibility study is based on the following key assumptions:

Discount Rate: The study employs a conservative discount rate of 14%, reflecting a cautious approach to valuation.

Financing Structure: The project is entirely financed by equity. This conservative approach avoids the financial leverage and thus underestimates project value, given the lower cost of debt compared to equity.

Terminal Value: The project assumes a zero-terminal value at the end of year five, aligning with the study's conservative outlook.

Cash Flow Projection: Cash flows beyond year five are excluded from the analysis, focusing on the initial project phase.

Tax Rate: The assumed tax rate of 20% complies with Jordan income tax law.

Depreciation Rate: Capital expenditure (CapEx) is depreciated at an annual rate of 20%. Any deviation from this rate may impact projected profitability but not project feasibility, as depreciation is a non-cash expense.

Working Capital Assumptions

Operational liquidity requirements are guided by the following assumptions:

- **Cash Reserves:** The project will maintain cash equivalent to 60 days of projected annual operational expenses, ensuring robust liquidity management.
- **Accounts Receivable (A/R) Collection Period:** The average collection period for receivables is 30 days, reflecting expected credit sales conversion into cash.
- **Accounts Payable (A/P) Payment Period:** The average payment period for payables is 90 days, indicating the timeframe for settling supplier obligations.
- **Inventory Management:** Inventory levels will be maintained to cover an average of three months of sales quantity, ensuring optimal stock levels to meet demand efficiently.

Capital expenditure expected to be incurred in the first year were included as part of the initial costs of the project.

Provisions were made within the initial cost to cover any potential negative net free cash flow that may arise during the first five years of operation, if needed.

5.2 Financial Study:

5.2.1 Projected Working Capital

This table shows that the net working capital needed for the project for the first year of operation is JOD 30,243, which has to increase steadily year over year to reach JOD 42,856 in the fifth year of operation. The steady increase in the working capital comes to cover the rapid increase in the project operations and mainly the increase in the projected revenues.

Table 7: Working capital projection (JOD)

Description/Year	1	2	3	4	5
Cash	12,538	14,381	15,622	15,955	16,934
Accounts Receivable (A/R)	17,705	19,476	21,423	23,565	25,922
Inventory	24,433	26,876	29,564	32,520	35,772
Accounts Payable (A/P)	24,433	26,876	29,564	32,520	35,772
Net Working Capital	30,243	33,856	37,045	39,520	42,856
Change in Working Capital		3,613	3,189	2,475	3,336

5.2.2 Project Initial Cost

The project's initial cost is projected to be JOD 65,243, consisting of JOD 35,000 as CapEx and JOD 30,243 as working capital.

Table 8: Initial Cost Summary (JOD)

Description/Year	JOD
CapEx	35,000
Net Working Capital	30,243
Total Initial Cost	65,243

5.2.3 Projected Income Statement

The projected income statement indicates that the project will generate a profit of JOD 26,001 in the first year of operation. However, net profits are expected to increase gradually over the study period, reaching JOD 46,697 in the fifth year of operation.

Table 9: Projected Income Statement (JOD)

Description/Year	1	2	3	4	5
Total Revenues	212,460	233,706	257,077	282,784	311,063
COGS	97,732	107,505	118,255	130,081	143,089
Gross Profit	114,728	126,201	138,821	152,704	167,974
OpEx	75,227	86,285	93,733	95,728	101,603
Net Profit Before Tax and Depreciation	39,502	39,917	45,089	56,975	66,371
Depreciation	7,000	7,000	7,000	8,000	8,000
Net Profit Before Tax	32,502	32,917	38,089	48,975	58,371
Tax Expense	6,500	6,583	7,618	9,795	11,674
Net Profit (JOD)	26,001	26,333	30,471	39,180	46,697

The project is expected to generate a gross profit margin of 54.0% and a 12.2% net profit margin in the first year of operation. In the fifth year of operations, the gross profit margin is expected to remain constant, and the net profit margin is expected to grow to 15.0%.

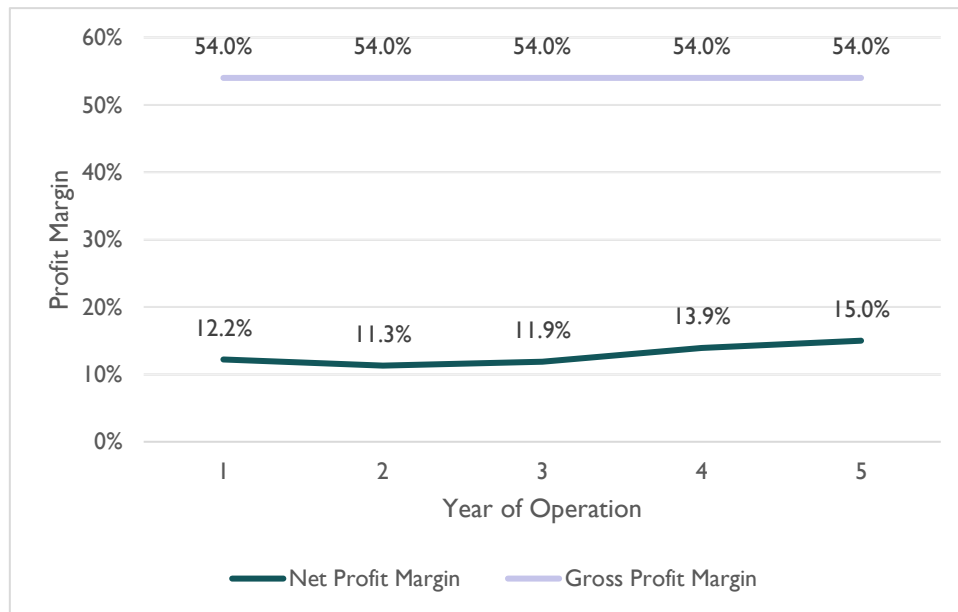


Figure 3: Gross vs Net Profit Margin

On the asset management side, the project shows that the return on investment will increase steadily from 39.9% in the first year of operation to 66.5% in the fifth year.

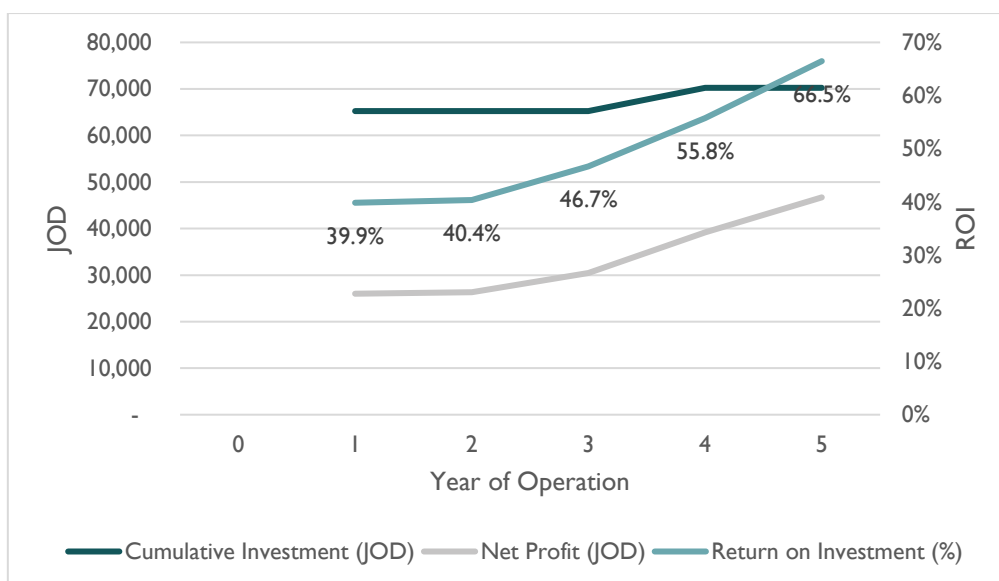


Figure 4: Return on Investment

5.2.4 Projected Free Cash Flow Statement

The table below demonstrates that the project can generate a positive free cash flow from the first year of operation, JOD 33,001. However, due to the projected expansion in the business operations in the second year, the project will need to inject additional working capital of JOD 3,613, contributing to the second-year exhibit of a drop in the projected free cash flow to JOD 29,720. However, From the third year onwards, the project is expected to generate growing net free cash flows.

Table 10: Free Cash Flow (FCF) Projection (JOD)

Description/Year	0	1	2	3	4	5
Cash Inflow						
Net Profit		26,001	26,333	30,471	39,180	46,697
Depreciation		7,000	7,000	7,000	8,000	8,000
Injected Capital	65,243					
Total Cash Inflow (JOD)	65,243	33,001	33,333	37,471	47,180	54,697
Cash-out Flow						
Initial Cost	65,243		-	-	5,000	-
Changes in Working Capital			3,613	3,189	2,475	3,336
Total Cash Outflow (JOD)	65,243	-	3,613	3,189	7,475	3,336
Free Cash Outflow (JOD)	-	33,001	29,720	34,282	39,706	51,361

Based on these results, the project's feasibility indicators demonstrate its viability, with a net present value of JOD 59,898 and a profitability index 1.92. Moreover, the project's internal rate of return (IRR) is expected to be 44.90%, indicating that the project is feasible and not sensitive to market discount rate changes.

In conclusion, the project demonstrates promising feasibility indicators under very restrictive assumptions.

Feasibility Indicators	
Net Present Value (NPV)	59,898
Profitability Index (PI)	1.92
Internal Rate of Return (IRR)	44.9%

5.3 Sensitivity Analysis

To assess the project's sensitivity to market conditions, a sensitivity analysis was conducted involving six unfavourable scenarios:

- Decrease projected revenues by 5% while keeping other variables constant.
- Decrease projected revenues by 10% while keeping other variables constant.
- Increase operational expenditure by 5% while keeping other variables constant.
- Increase operational expenditure by 10% while keeping other variables constant.
- Increase initial costs by 5% while keeping other variables constant.
- Increase initial costs by 10% while keeping other variables constant.

Table 11: Sensitivity analysis outcomes

Sensitivity Scenario	Net Present Value (NPV)	Profitability Index (PI)	Internal Rate of Return (IRR)
Original case	59,898	1.92	44.90%
Drop in revenues by 5%	25,149	1.39	27.77%
Drop in revenues by 10%	-9,599	0.85	8.26%
Increase in OpEx by 5%	46,919	1.71	38.43%
Increase in OpEx by 10%	33,940	1.51	31.88%
Increase in initial cost by 5%	56,636	1.83	42.09%
Increase in initial cost by 10%	53,373	1.74	39.50%

The sensitivity analysis shows that the project is generally feasible and not sensitive to unfavourable market conditions. Apart from the 10% drop in the projected revenues scenario, the project is economically feasible and not sensitive to the changes in market conditions. The drop in revenues has a more dramatic impact on the project viability than the increase in the OpEx or initial cost by the same magnitude. Therefore, we recommend the investor check and further study the market and the proposed location for the project to ensure that the projected revenues are achievable within the thresholds of the proposed initial cost and operational expenditures.

6 Integration with Other Sectors

The Upcycling Furniture Experience can benefit significantly from integrating with various industry sectors, enhancing its reach and impact:

- 1) Education and Training:** Establishing connections with educational institutions could foster a new curriculum or workshop opportunities around sustainable design and furniture manufacturing, enhancing skills in the local workforce and promoting the concept of a circular economy.
- 2) Hospitality Management:** By partnering with hotels, motels, and other lodging establishments, this service can become an integral part of the hospitality industry's supply chain, offering tailored, cost-effective furnishing solutions. This collaboration can help small to mid-size hotels enhance their guest experiences with unique, sustainable furnishings.
- 3) Interior Design and Architecture:** Collaboration with interior designers and architects can refine product offerings to better meet aesthetic and functional standards. This can unleash new markets and design possibilities, driving both innovation and customer satisfaction.
- 4) Retail Industry:** Establishing relationships with retail chains or independent stores that focus on eco-friendly products could help reach consumers directly interested in sustainability. This can include pop-up shops or consignment arrangements that feature upcycled furniture.
- 5) Corporate Social Responsibility (CSR) Initiatives:** Working with corporations looking to enhance their CSR activities by incorporating sustainable practices into their operations, including office furnishings.

7 Entrepreneur Persona

The ideal entrepreneur to lead the Upcycling Furniture \ Fixtures and Equipment venture would need a diverse set of skills and attributes critical to navigating the competitive and innovative landscape of sustainable furniture design. Here's an outline of such an entrepreneur:

Industry Expertise: Possesses deep knowledge of the hospitality and design industries, crucial for aligning refurbished furniture with market trends and customer expectations.

Creativity and Innovation: Shows a strong capability in creativity and innovation, particularly in refurbishing and customization, to transform used furniture into appealing and marketable products.

Business Acumen: Exhibits robust business acumen and strategic thinking, essential for steering the business towards growth and sustainability.

Networking Skills: Has excellent networking and relationship-building skills, important for establishing partnerships with hotels, designers, and the broader hospitality industry.

Project Management: Demonstrates strong project management skills to oversee production, customization, and delivery of furniture pieces efficiently.

Communication and Salesmanship: Effective in communication and salesmanship, ensuring clear value proposition communication and engaging potential clients and stakeholders.

Adaptability and Resilience: Capable of adapting to market changes and resilient in overcoming challenges that may arise in sourcing and production processes.

Sustainability Commitment: Deeply committed to sustainable practices and the principles of a circular economy, ensuring the business contributes positively to environmental conservation.

Quality and Customer Satisfaction: Focused on high-quality outputs and exceptional customer satisfaction, essential for building brand loyalty and repeat business.

8 Stakeholders

The stakeholders in the Upcycling Furniture \ Fixtures and Equipment venture play a pivotal role in its ecosystem and contribute to its success across various fronts:

Hospitality Industry Businesses: This includes 1–3-star hotels and boutique accommodations that are the primary customers of the upcycled furniture. Their feedback and continued patronage are crucial for refining product offerings and ensuring the business meets market needs.

Suppliers: Entities supplying the raw materials—mainly old furniture and fixtures from 5-star hotels. Their reliable supply of quality used items is vital for the continuous operation of the business.

Local Government and Regulatory Bodies: Responsible for enforcing regulations concerning business operations, waste management, and sustainability practices. Compliance with these regulations is essential for operating legally and sustainably.

Environmental Organizations: Groups focused on promoting sustainability and reducing waste. They can be advocates for the business, enhancing its image and outreach through endorsements of its environmental impact.

Design and Craftsmen Communities: Include the designers and skilled workers who refurbish and customize the furniture. Their expertise ensures the high quality and uniqueness of the finished products.

Investors and Financial Partners: Provide the capital necessary for start-up and scale-up phases. Their investment decisions are influenced by the business's potential for profitability and growth.

Technology and Innovation Partners: Companies that could provide advanced tools and technologies for refurbishing processes, helping to innovate and improve efficiency.

Marketing and Sales Channels: Include online platforms, trade shows, and retail partners that help in marketing and selling the upcycled furniture to a broader audience.

End Consumers: Though indirectly, individual consumers in the market for unique, sustainable furniture also stake a claim as stakeholders, influencing product design and sustainability practices.

Educational Institutions: Could collaborate for research on sustainable practices or as a channel for student involvement in projects related to sustainability, providing a learning platform while contributing to the venture.

Engaging these stakeholders effectively involves strategic communication, alignment of goals, and fostering relationships that enhance both the business's profitability and its contributions to economic and environmental sustainability.

9 Risk Assessment and Mitigation

Risk	Impact	Likelihood	Risk Mitigation Technique
Supply Chain Disruptions	Disruptions could impact the ability to fulfill orders and meet customer demands.	Medium	Diversify supply sources, establish backup suppliers, and maintain strong communication with primary hotel suppliers to anticipate and manage changes in renovation schedules.
Quality and Durability Concerns	Subpar quality or durability of upcycled furniture could reduce customer satisfaction and harm reputation.	Medium	Implement rigorous quality control processes, continuously train craftsmen, and use high-quality materials to ensure durability.
Competition from New and Established Players	Increased competition may lead to price wars and reduced market share.	High	Differentiate offerings through unique design and customization options, superior customer service, and strong branding.
Market Demand Fluctuations	Demand for upcycled furniture may fluctuate due to economic conditions, seasonal trends, and consumer preferences.	High	Conduct regular market analysis, adjust inventory and marketing strategies accordingly, and explore new markets to balance demand fluctuations.
Non-compliance with Environmental Regulations	Failure to adhere to environmental laws could result in fines, legal actions, or damage to the brand.	Low	Stay updated with relevant environmental regulations, ensure all processes comply with sustainability standards, and obtain necessary certifications.
Economic Downturns	Recessions may decrease spending on furniture and renovations in the hospitality industry.	Medium	Build a flexible pricing strategy, enhance relationships with existing clients, and expand into less economic

To enhance the viability and success of the Upcycling Furniture venture, it is crucial to implement several risk mitigation techniques to address potential challenges effectively. Firstly, to mitigate supply chain disruptions, the business should diversify its supply sources, establishing relationships with multiple suppliers to ensure a consistent flow of materials. Maintaining strong communication with primary hotel suppliers will also help anticipate changes in renovation schedules, allowing for better planning and inventory management. Rigorous quality control processes and continuous training for craftsmen are essential to ensure the durability and high quality of upcycled products, thereby maintaining customer satisfaction and trust. Differentiating offerings through unique design and customization options, coupled with superior customer service and strong branding, will help mitigate the risks posed by competition from new and established players.

Additionally, conducting regular market analysis and adjusting inventory and marketing strategies will enable the business to adapt to demand fluctuations due to economic conditions and consumer preferences. Exploring new markets can also help balance these fluctuations. Ensuring compliance with environmental regulations by staying updated with relevant laws and obtaining necessary certifications will avoid potential legal issues and enhance the business's sustainability image. Implementing a flexible pricing strategy and strengthening relationships with existing clients can help the business navigate economic downturns. These strategies, along with continuous market research and adaptation, will provide a robust framework for mitigating risks and ensuring the long-term success and growth of the Upcycling Furniture venture.

Given that the project is sensitive to a drop in revenues and is anticipated to generate negative Net Present Value in response to a 10% drop in revenue, it is important to implement strategies that mitigate this risk and ensure financial stability by diversifying the customer base, expanding the target market, and enhancing value propositions.

10 Conclusion

In conclusion, the project demonstrates promising feasibility indicators based on the assumptions formed during the development of this study. Nonetheless, entrepreneurs are advised to conduct additional analysis on projected demand, initial costs, and operational expenses to mitigate potential risks associated with adverse market conditions that could jeopardize its validity.

Disclaimer

The Ministry of Digital Economy and Entrepreneurship (MoDEE) and Istadama Consulting have prepared this report using information supplied by its advisors as well as information available in the public domain.

The report's contents have not been verified and its analysis does not purport to be all-inclusive. MoDEE and Istadama Consulting expressly disclaim any and all liability for any representation, warranty, or undertaking, or omission expressed or implied, which is or will be given in relation to the truth, accuracy, or completeness of this report, and no representation or liability is or will be accepted by MoDEE or Istadama Consulting as to the achievement or reasonableness of future projections or the assumptions underlying them, management targets, valuations, opinions, prospects or returns if any.

Founders and investors considering this project are advised to conduct further analysis on projected adoption rates, development costs, and ongoing operational expenses. This additional scrutiny will help mitigate potential risks related to technology challenges, changes in regulations, market penetration, and competitive pressures.

The report does not constitute any form of commitment or recommendation on the part of MoDEE or Istadama Consulting.