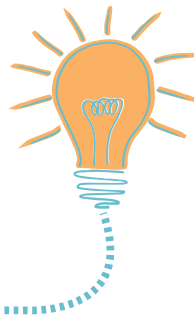


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Case study

Introduction

Basia, Piotr and Iga have known each other since high school. For three years they ran a company that designed and sold colorful socks. Their joint business was initially created for the needs of the Company Program (school educational project), and later transformed into a dynamic and profitable company, the running of which became a true passion of Basia and her partners. The company received the “Lubuski Business Leader” award in the Debut category. In 2019, the company also received a distinction in the Influencer’s Top plebiscite in the Fashion and Style category.

But what to do with a business that requires time and decision-making, when each partner is a student and lives in a different city or even country? Currently, the company is suspended and a decision will soon have to be made on what to do next.



THE SOCKS’ WORLD

GETTING TO SALES

The history of this company began in high school. The basic entrepreneurship teacher played the biggest role in it. It was her idea for young people to take part in the JA Company Competition that led to the founding of the company. The competition gave them the impetus to look for an idea, brainstorm and start their own business. Initially, everyone cared mainly about participating in the competition and running their business on a local scale. To raise capital for the production of the first socks order, Basia and her partners (the entire group consisted of 11 people at that time) ran a school cafe, selling their own baked goods and hot drinks during breaks at school. At that time, they designed sock patterns on their own, looked for a sewing company, and advertised their activities at school. They showed other students their designs and thus researched the tastes of their customers, and then collected pre-orders. The first batch of socks was 40% sold, the next - 80% sold. The socks created by the student company were sold directly to students at school and at city fairs to visitors and passers-by. All the money earned from sales was used to produce subsequent batches of socks.

As Basia and her colleagues gained experience, they started earning their first money. They won the JA Company Competition in Poland, and their approach to their company also changed. They decided to give this project a legal framework and continue running the company on a larger scale. In 2019, Basia became the president of So!Socks. As a leader, she dealt with organizational issues. Formal and legal issues related to registering the company were a huge challenge for her. Her parents and volunteers supported her at this stage of her activities. Over time, they gained knowledge and experience in graphics and production. Iga was a graphic designer in the company. They increasingly understood the capabilities of the machine that applied patterns to socks. They learned what they can sew, how to use color, how to make large patterns so that it looks aesthetic and nice on the socks. They expanded their knowledge, and each new design was a refinement of the design and production method.

At some point, selling at school and at fairs was no longer enough. Ambitions were growing, so Basia and her partners began to wonder how to enter the market with the same product and fill a niche. They came up with the idea to offer their products to

large companies and corporations as advertising gadgets for employees and customers. So they turned to several business clubs. The Golf Business Club in Zielona Góra and the Poznań Business Club responded. And that was the moment when they started targeting corporate clients.

Typically, orders were from 50 to 100 pairs of socks. The Dutch company Valuepack ordered from 200 to 500 pairs to hand out socks at fairs and send them as gifts for their clients. Unfortunately, the problem that Basia's company encountered were limitations related to production and sizes - one order had to contain a minimum of 25 pairs of socks of one size, with the minimum quantity of 50 pairs. Therefore, they decided to produce only the most popular sizes that have a chance of selling.

There was already considerable competition on the market then. Large Polish companies were developing, for which producing a unique design in small or large quantities was no problem and they could reach every store and every customer. Additionally, producers from China and Vietnam appeared, whose goods were cheap, individualized and available in any quantity.

Basia and her company's dream was to produce personalized socks in small quantities, e.g. with an inscription chosen by the customer or the image of his pet. At this stage, two options had to be considered - producing the goods in China or purchasing our own machines to become independent from external, small sewing factories. Both options require finding a source of financing.

Nowadays, young entrepreneurs go all over the world to study. They analyze what they have done so far based on the knowledge acquired during their studies. Basia studies communication and technology, Piotr studies business and management. They wonder what their company will look like in 3-5 years.

Call to action: In order to re-establish their business activity - help Basia and her friends to look for a proper business model for their firm (core strategy, resources, financials, operations). Evaluate the challenges, potential strategies of growth, help them to rebuild a team and re-assign roles within a company.

BUSINESS CASE DILEMMA

How to return to the market after a break to make the most of your experience in running a business and the knowledge acquired during your studies?

There are several issues to consider in this study:

1. Is the current company profile appropriate and likely to be successful?
2. How to obtain financing for further development of the company?
3. How to reduce production costs and increase profits?
4. Who should take the leadership in the company?
5. How to stand out from the competition?
6. How to acquire new customers?

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Reviewer: Snezhana Hristova

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