

Case Problem

KiwiFibre: A substitute for carbon fibre

Carbon fibres (also known as carbon fibre composites) are one of the wonder materials of choice for producing strong yet lightweight composite materials that are regularly used to make aircraft and spacecraft parts, car bodies, boats, fishing poles, skis, and so on. However, carbon fibre has a high environmental footprint. For example, its production is highly energy-intensive, and it is quite difficult to recycle.

Several organizations are working to find a more environmentally friendly alternative to carbon fibres. One such organization is KiwiFibre – a New Zealand-based startup company established in 2020 by Ben Scales and William Murrell. Frustrated with carbon fibreglass and inspired by the strength of nature from their childhoods building treehouses, they set out to blend nature and engineering to solve global problems. KiwiFibre uses “harakeke” plants (also known as “flax” or “harakeke flax” – a native plant to New Zealand) to develop natural composite materials for use in various industries, including aerospace, automotive, sports, and so on. The company has raised about \$1.5 million in 2023.

KiwiFibre envisions a more sustainable world where gigatons of CO₂ (currently emitted from carbon fibre production and use) will be saved. Being a startup, the company is currently considering how to grow its operations in the future, especially in the next five years. The future of KiwiFibre will largely depend on how well the company can address the following issues:

- Who will be the main target customer groups, and why? How will they be approached?
- What will the revenue, expenses, and profit/loss forecast (year-by-year) be for the next 5 years?
- How can the smooth supply of “harakeke” be ensured to meet the company’s growth potential?
- Imagine the company must raise another \$10 million to support business growth for the next 5 years. How should the company raise this additional capital (e.g., traditional vs nontraditional investors, debt vs equity, private vs. public, etc.)? What is the justification for adopting such a capital-raising approach?

Requirement:

Prepare a report for KiwiFibre addressed to potential investors focusing on the above issues. Clearly articulate the assumptions that underlie your report.

General Instructions on Report Writing

- To write a report on the case problem, students can use their imagination and creativity informed by secondary data (e.g., publicly available data) and/or primary data (e.g., interviews). If students use primary data, they are responsible for securing appropriate ethical approval.
- Case solutions should be submitted as a written report with a **maximum limit of 1,200 words** (excluding references, tables, and appendices). For ease of reading, 1.5 line spacing and Times New Roman in a 12-point font are recommended. References should be listed using APA 7th style.
- Report is due by **5pm on 30 August 2024** (New Zealand date and time). The report should be submitted in MS Word format.
- Clearly mention the names of your team members in the report. Submit your report to accounting.socialimpact@aut.ac.nz

Note: The case problem has been prepared by Associate Professor Syrus Islam, Professor Asheq Rahman, Dr. Zahir Ahmed, and Dr. Lisa Nguyen from the Department of Accounting at Auckland University of Technology, New Zealand.