

# *Alpallivia*



- Prof. Dr. Ulrich Daldrup
- **Business Administration and Economics – CMG**
- Cologne University of Applied Sciences, ITT

Presented by:

Nushrat Harun Antara,

Lorena Valeria Guzmán  
Wolfhard,

Julia Katharina Wäger



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# Business Description

- ◆ Our product: Alpaca based accessories from Bolivia
- ◆ Reasons:
  - ◆ Alpaca fiber, one of the most luxurious fiber in the world because of its warming capacity, lightness, softness, fineness and scarcity
  - ◆ High demand for Alpaca products
  - ◆ Local selling advantage: Germany – Cold weather and interest in fairly and social produced products





## Business Description

- ◆ Our producers: Bolivian single mothers with low incomes already capacitated in the production of alpaca accessories
- ◆ Reasons:
  - ◆ Bolivian perspective - Generate additional income possibilities for target group
  - ◆ German perspective – offer fair and social produced articles from a developing country
- ◆ Meaning of ALPALIVIA
  - ◆ ALPAca from BoLIVIA
  - ◆ „Aliviar“ in Spanish language means to relieve, to lighten. We want to support Bolivian women by increasing their income through selling their products and generate market access



# Business Description

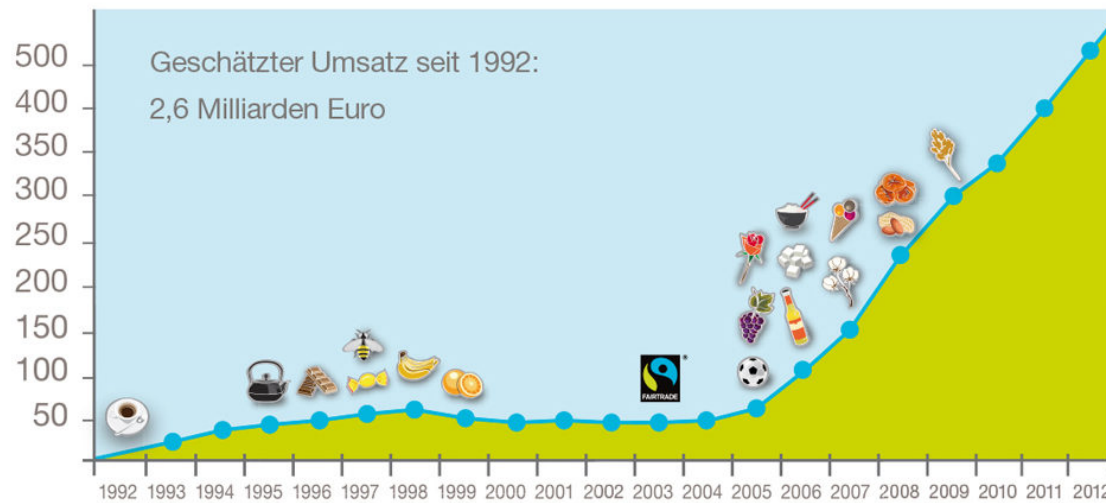
- ◇ By the legal form of an NGO we generate:
  - ◇ Transparency
  - ◇ Social impact through salaries and community projects
  - ◇ Trust
  - ◇ Articles produced under fair conditions





# Market Analysis

Umsatz von Fairtrade-zertifizierten Produkten in Deutschland (in Mio. EUR)\*



\* auf Basis von durchschnittlichen Endverbraucherpreisen

Source: <http://www.fairtrade-deutschland.de/produkte/absatz-fairtrade-produkte/>

- Revenue of fair produced products in Germany from 1992 – 2012
- A still small market but increasing
- Each time more interest and importance given to fair and socially responsible produced products



# Market Analysis - Competition

Distribution through online platform DaWanda and design-markets

## ◆ Competition on DaWanda:

- ◆ Maumo, Berlin, Germany
- ◆ Denise's Knits, Bowie, USA
- ◆ Envie-Alpaca, Zurich, Switzerland

## ◆ Competiton of Online-Shops:

- ◆ Adventure Alpakas, Eigeltingen, Germany
- ◆ Peruvian Collection, Niederaula, Germany



## Market Analysis – Results and Consequences

- ◇ Cologne - no shop for Alpaca products but a wide Latin-American network  
-> through our distribution hub in Cologne we will reach potential customers faster than competitors
- ◇ Plus: innovative and fashionable focus to attract also young people -> Alpaca fashion can be for everyone
- ◇ Plus: legal form of NGO -> socially responsible basis for the whole business
- ◇ Plus: fair prices to our producers as also to our customers
- ◇ Plus: no mix of origin, only alpaca wool from Bolivia will be used





# Target Group

Main target group:

- ◆ Woman, but also products for kids and men
- ◆ Focus on younger people through individual and creative fashion products
- ◆ People looking for socially responsible and fair produced products
- ◆ Customers from all over Germany with a focus on Cologne, North Rhine-Westphalia



# Products

Focus on:

- ◆ Firstly just a few main products
- ◆ Heats and gloves, pullovers, cell-phone covers, scarves and toys
- ◆ Products at different price levels
- ◆ Products with a mixed target group
- ◆ Products of use



## Products



Cellphone covers in different colors



Pullovers in different colors and sizes – also for men



Toys: Funny puppets and others



## Products



Beautiful soft warm socks  
in different designs



Different accessories-  
also for children



Flexible-use gloves in  
different colors



## Products



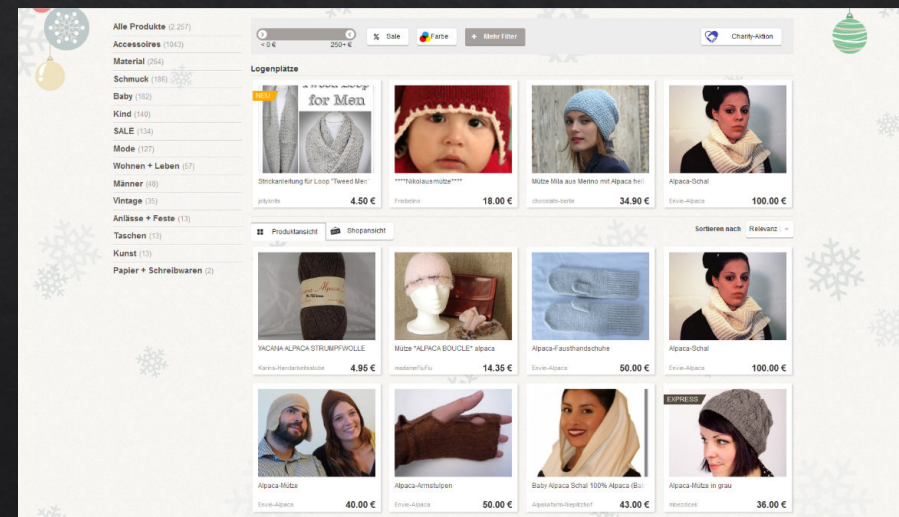
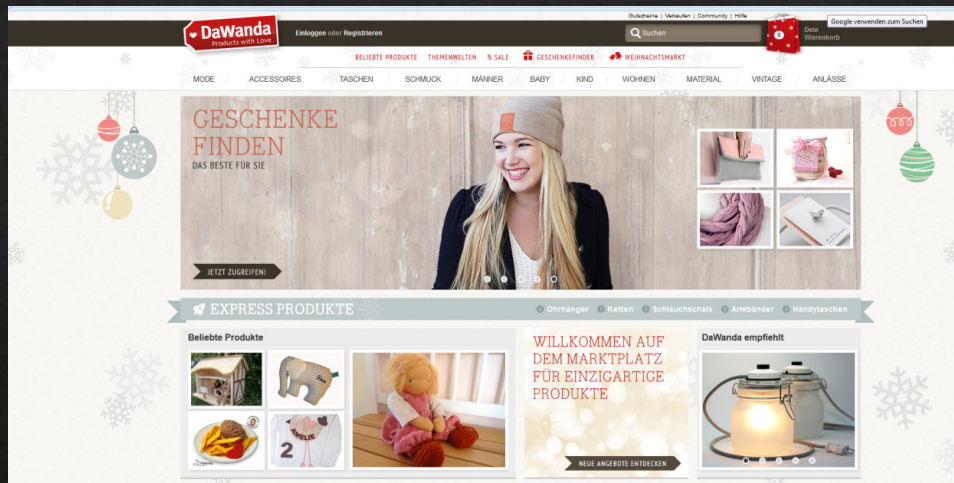
Scarfs and hats in different colors and designs, individually eligible as all products



# Distribution

Two platforms of distribution: Internet and (design) markets

- ◆ Internet: online platform Dawanda





## Distribution

- ◆ DaWanda is an “online platform with heart” for mainly self-made design products but also for resellers
- ◆ Product variation: unique, creative, self-made
- ◆ Different product categories providing products for a wide target group
- ◆ DaWanda matches with our target group (creative, individual, fair produced)
- ◆ Shipping of demands from office in Cologne



# Distribution

- ◆ (Design-) Markets
- ◆ Charaterized by: young target group, creative and individual products
- ◆ Examples:
  - ◆ Handmade supermarket, Berlin
  - ◆ Holy Shit Shopping, Cologne, Munich, Stuttgart, Hamburg
  - ◆ Jack- in- the-box, Cologne

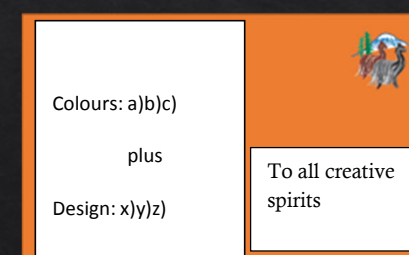
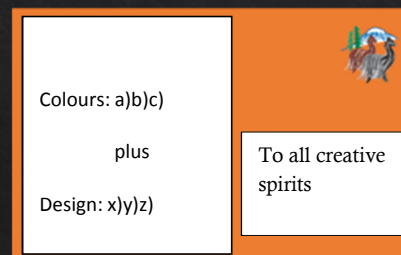
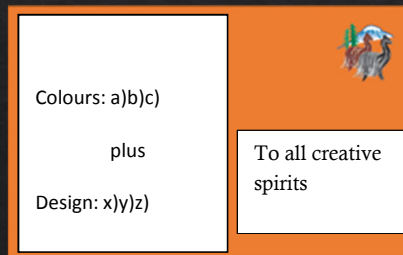




# Distribution

## Marketing tools

- ◇ Communicate to the customers that:
  - ◇ They support a social project through their buy
  - ◇ They get connected to the country of origin through transparency of Alpalivia as a whole as also a personal picture and brief info card of the mothers producing at any product
  - ◇ They design their selves as well through choice of colors and design of the product – postcards





# Organization of the Company



## Two offices

### ◆ Office Bolivia:

- ◆ Location: El Alto, La Paz, Bolivia, private house from one of staff
- ◆ Staff: initially 3 women
- ◆ Tasks: wool purchase, production of alpaca products, communication to Germany
- ◆ Advantages: local resources, local staff capacity

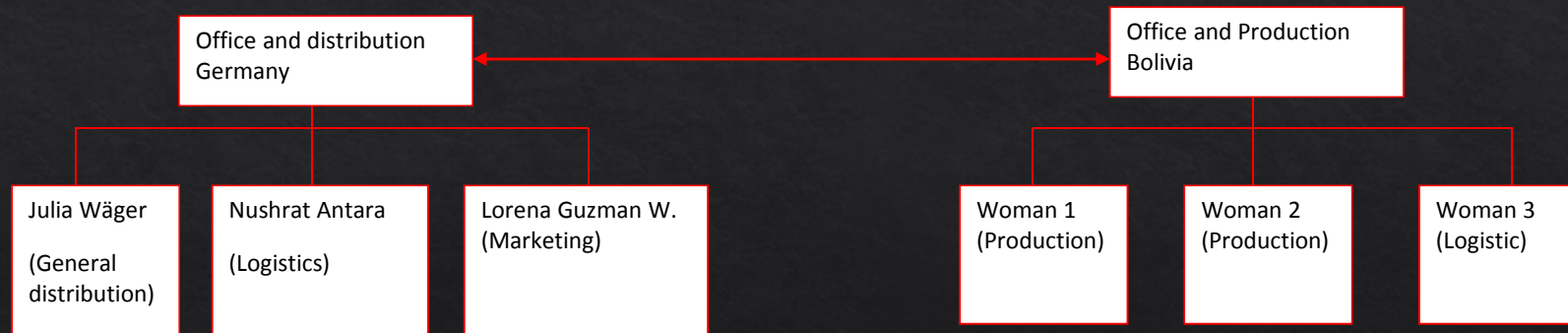
### ◆ Office Germany:

- ◆ Location: Cologne, Germany, private apartment with basement for product storage
- ◆ Staff: 3 women
- ◆ Tasks: distribution, marketing, communication to Bolivia
- ◆ Advantages: wide Latin-American network in Cologne



# Organization of the Company

- ◇ Low hierarchies, equal partner approach
- ◇ Communication to Bolivian partners through emails, Skype and telephone
- ◇ Products shipping (incl. duties) from Bolivia to Germany three times/ year
- ◇ Three main representatives in Germany as well as in Bolivia
- ◇ Organigram





# Organization of the Company

- ◆ Legal form: NGO – non governmental organization (Verein – e.V.)
- ◆ Definition:
  - ◆ A non-governmental organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. Some are organized around specific issues, such as human rights, environment or health. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements. Their relationship with offices and agencies of the United Nations system differs depending on their goals, their venue and the mandate of a particular institution.

Source: <http://www.ngo.org/ngoinfo/define.html>



# Calculation Analysis - Investment

Investment and Depreciation Costs in Bolivia					
Item Description	Unit Cost	Quantity	Amount	Depreciation Period (Years)	Depreciation Cost (€)
Office Bolivia					
Weaving Machine	1.000 €	1	1.000 €	5	200 €
Weaving tools (needles, etc)	5 €	10	50 €	10	5 €
Shelves	20 €	5	100 €	8	13 €
Storage material	3 €	20	60 €	3	20 €
Chairs	4 €	5	20 €	10	2 €
Table	10 €	2	20 €	10	2 €
Computer	1.000 €	1	1.000 €	5	200 €
Printer (3 in 1)	150 €	1	150 €	5	30 €
Telephone	30 €	1	30 €	10	3 €
Subtotal			2430€		475 €

Investment and Depreciation Costs in Germany					
Item Description	Unit Cost	Quantity	Amount	Depreciation Period (Years)	Depreciation Cost (€)
Office Germany					
Computer	600 €	1	600 €	5	120 €
Printer (3 in 1)	70 €	1	70 €	5	14 €
Shelves	30 €	3	90 €	8	11 €
Storage material	4 €	8	32 €	5	6 €
Chairs	15 €	3	45 €	10	5 €
Table	30 €	1	30 €	10	3 €
Telephone	50 €	1	50 €	10	5 €
Subtotal			917€		164 €

Total investment and Depreciation Costs		
	Investment Cost	Depreciation cost
Total	3.347 €	218 €



# Calculation Analysis - Costs

Total investment and Depreciation Costs		
	Amount	Depreciation Cost
Office Bolivia	2.430 €	475 €
Office Germany	917 €	164 €
Unseen Costs (20%)	669 €	0 €
<b>Total</b>	<b>4.016 €</b>	<b>639 €</b>

Financial Costs			Interest rate = 4% per annum at Targo Bank Pay off period 5 Years
Total Investment		4.016 €	
Foundation	40%	1.606 €	
Bank Capital	60%	2.410 €	

Costs of Interest				
Financial Year	Balance of Debt	Interest	Cost of Interest	Installments
1. Year	2.410 €	4,0%	96,38	482 €
2. Year	1.928 €	4,0%	77,11	482 €
3. Year	1.446 €	4,0%	57,83	482 €
4. Year	964 €	4,0%	38,55	482 €
5. Year	482 €	4,0%	19,28	482 €
<b>Total</b>			<b>289 €</b>	<b>2.410 €</b>

Facility Cost			
Item Description	Cost	Unit	Total Cost
Registration costs	200	1	200 €
<b>Total</b>			<b>200 €</b>



# Calculation Analysis - Costs

Consumption Cost -Office Bolivia per year			Consumption Cost -Office Germany per year		
Item	Unit Cost/month	Amount	Item	Unit Cost/month	Amount
Wool (2€/unit)	395 €	4.740 €	Energy	10 €	120 €
Export costs (Packaging, shipping costs and customs)	125 €	1.500 €	Water	5 €	60 €
Energy	10 €	120 €	Other operating costs	60 €	720 €
Water	5 €	60 €	Marketing costs	8 €	100 €
Internet/Telephone	40 €	480 €	Distribution costs	18 €	220 €
Office material	8 €	96 €	Shipping costs	66 €	795 €
Subtotal	583 €	6.996 €	Packaging materials	5 €	62 €
			Subtotal	173 €	2.077 €
<b>Total Consumption Cost</b>		<b>756 € (Unit cost/month)</b>	<b>9.073 € (Amount)</b>		

Personnel Cost	
Description	Salary per Year
Woman 1	360 €
Woman 2	360 €
Woman 3	360 €
<b>Total</b>	<b>1.080 €</b>



# Calculation Analysis – Price Structure

Products	Wool needed per unit	Expected sale/ year	Wool per year	Factor	Total cost of product category related to total costs	Price per Unit of product categorie		Selling price	Variation from calculated prices	
						Price plus 20%	Price per Unit			
Pullover	8	50	400		0,34	4.954,83 €	99,10 €	118,92 €	130,00 €	11,08 €
Hats	2	200	400		0,09	1.238,71 €	6,19 €	7,43 €	10,00 €	2,57 €
Gloves	3	150	450	0,129310345		1.858,06 €	12,39 €	14,86 €	17,00 €	2,14 €
Cellphone cover	1	80	80	0,043103448		619,35 €	7,74 €	9,29 €	7,00 €	-2,29 €
Socks	6	150	900	0,129310345		1.858,06 €	12,39 €	14,86 €	18,00 €	3,14 €
Toys	0,2	150	30	0,00862069		123,87 €	0,83 €	0,99 €	4,00 €	3,01 €
Scarves	3	200	600	0,129310345		1.858,06 €	9,29 €	11,15 €	25,00 €	13,85 €





## Calculation Analysis - Expected Revenue

Expected Revenue			
Description	Amount	Price per Unit	Revenue per Year (1-5)
Pullover	50	130 €	6.500,00 €
Hats	200	10 €	2.000,00 €
Pair of Gloves	150	17 €	2.550,00 €
Cellphone covers	80	7 €	560,00 €
Pair of Socks	150	18 €	2.700,00 €
Toys	150	4 €	600,00 €
Scarves	200	25 €	5.000,00 €
<b>Total</b>	<b>980</b>	<b>130€</b>	<b>19,910€</b>



# Calculation Analysis - Cash Flow

Cash Flow Calculation					
Description	1. Year	2. Year	3. Year	4. Year	5. Year
Turnover	19.910,00 €	19.910,00 €	19.910,00 €	19.910,00 €	19.910,00 €
Depreciation	638,65 €	638,65 €	638,65 €	638,65 €	638,65 €
Personnel Cost	1.080,00 €	1.080,00 €	1.080,00 €	1.080,00 €	1.080,00 €
Facility Cost	200,00 €	200,00 €	200,00 €	200,00 €	200,00 €
Consumption Cost	9.073,00 €	9.073,00 €	9.073,00 €	9.073,00 €	9.073,00 €
Financial Cost	96 €	77,11 €	57,83 €	38,55 €	19,28 €
Profit	8.822 €	8.841 €	8.861 €	8.880 €	8.899 €
Cash Flow	9.461 €	9.480 €	9.499 €	9.518 €	9.538 €
Installment	482 €	482 €	482 €	482 €	482 €
Dividend	8.979 €	8.998 €	9.017 €	9.037 €	9.056 €

Cash Flow				
Foundation capital	Profit	Dividend	Return on investment	
1.606	8.822	8.979	5,59	1. Year
1.606	8.899	9.056 €	5,637327689	5. Year



# Future Outlook

## Office Bolivia:

- ◆ Hire more women due to a higher production
- ◆ Increase staff salaries
- ◆ Increase variety of products

## Office Germany:

- ◆ Increase sales due to higher demand
- ◆ Wider distribution
- ◆ Distribution through an own shop

## General Outlook

- ◆ Sensibilize people in Germany for individual realities in Bolivia by selling individually produced articles



Thank you!

