

國立政治大學商學院國際經營管理
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碩士論文

Master's Thesis

在尼加拉瓜成立泡沫紅茶店

Business Plan: "Bubble Tea in Nicaragua".

Student: Valeria de los Angeles Guzmán Romero

Advisor: Professor Jack Wu, PHD.

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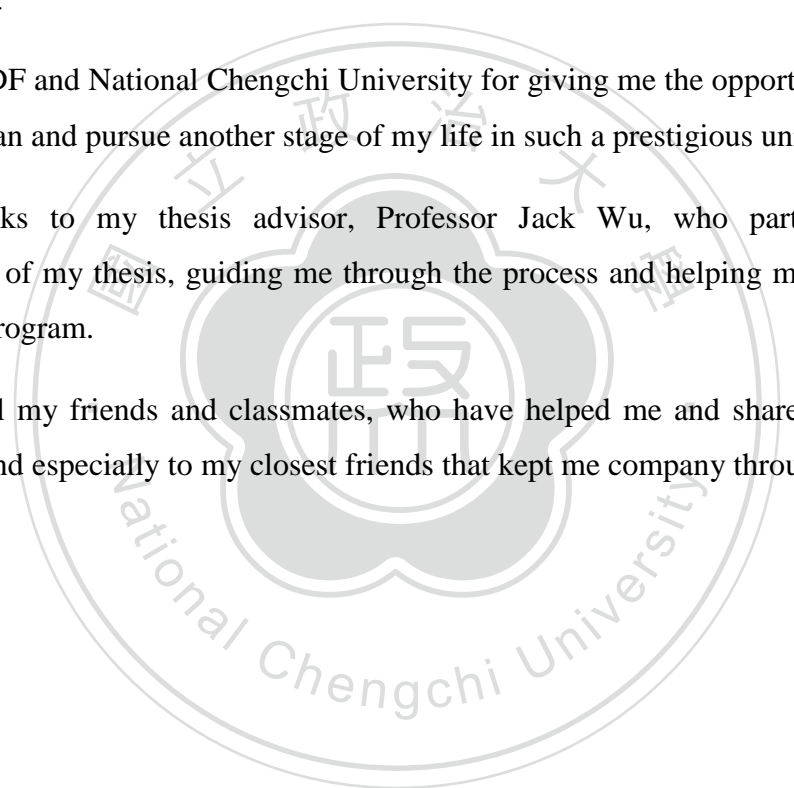
I will like to take this opportunity to thank God for giving me this opportunity and for allowing me to conclude this program which was a missing spot in my professional career.

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ABSTRACT

Bubble Tea in Nicaragua

By

Valeria de los Angeles Guzman Romero

The Goodies Booth will be a local, innovative and new concept inside one of the most prestigious universities in Managua, Nicaragua that will provide high quality beverage like the famous Bubble Milk Tea Juice which is based on tea and milk in an Asian style. We will use the recipes and syrups from Taiwan/ China for the preparation of our drinks.

Our booth will be located inside the university campus, which will help to attract different segments from the variety of programs offered at the University and targeting people with a medium to high level of income. The target market is estimated at 6,400 people at this University.

Our pricing strategy will be implemented by setting standard prices so that people get to know our product, our high quality beverages, and service and most important our penetration strategy the “ready to go or take away drinks”.

The initial investment and working capital to start the business will be US\$15,000; which will be funded from the owner’s capital and a bank loan.

The Goodies Booth has a positive NPV of US \$77,393.66 which indicates that the project is possible and can be a very profitable project in Nicaragua with a great chance of expansion.

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1. Executive Summary

1.1 The company

Goodies will be a company dedicated to the preparation of the traditional and famous Bubble Milk Tea Juice with different flavors, providing a good quality product served by trained personnel and aimed at all kinds of audiences.

Also, authentic Chinese tea has many positive health benefits, it helps to refresh the mind, boost concentration, quench thirst, promotes digestion and urination.

1.2 Objectives

- To be a local booth that offers the best Bubble Milk Tea drinks.
- Provide the best service in Managua with rigorous drinking standards in order to please our consumers.
- Create a new and creative concept of cold beverages based on tea.
- To implement the ready to go drink or take away concept.
- To recover the initial investment in the shortest time possible and obtain good revenues.
- To strengthen the existing Chinese culture in Managua, Nicaragua.

1.3 Mission Statement

“To bring into Managua, Nicaragua a unique and different approach of drinks based on Chinese tea. It will provide a high quality of teas, healthy and with wide market appeal, making it a new experience to the consumer”.

1.4 Business Model

The Goodies Booth will provide high quality drinks with different flavors based on Taiwanese/Chinese tea; in order to acquire the famous Bubble Milk Tea Juice Takeaway's. Also, the one on one training from a Chinese/ Taiwanese expert who has a considerable experience making this type of juices will helps us to give our customers an authentic taste of Asia, giving us a comparative advantage in the beverage market.

1. It will focus on 2 sources of revenue:
 - Healthy Tea: Goodies will provide the best products with dietary properties and high quality tea.
 - Juice Fruits with the country's seasonal fruits.
2. It will focus on the following penetration strategies:
 - The booth store will be of low cost in infrastructure making it easy to adapt and replicate into different spaces. The concept is new and innovative for the campus university, making it possible for us to give a fast and efficient service to the people. This is also a feasible idea because there aren't places like this in the country, easy to make drinks, ready to go, and that gives the possibility to the people to buy their drinks and take them to class or home.
 - A juice ready to go or take away: Goodies will serve the drink to go so the customers can continue their journey without wasting anytime. This will helps us to acquire the preference of our customers when selecting their drinks.
3. It will focus on the following customers:
 - Students with Middle to High Class Income
 - Young and Open minded people
 - Staff members of the university

Goodies have some competitive advantages that will support the company:

- Access to local training in Taiwan or USA.
- Differentiated product.
- Early/First mover advantage.
- Offering a new type of beverage based on tea and milk with different flavors.
- It's a product of easy access, a ready to go or take away drink.
- In the first year, I calculated to have 10% of the total population of the university as customers, on the 2nd year 13% and in the 3rd year a 15%.

1.5 The Proposal

The innovative decoration, simplicity and originality of the booth will transport you to the local booths of the Bubble Tea in Asia through its theme, colors and symbols inspired by famous locations. The preparation place will be visible to the public, adding an attraction to our booth, making you feel a complete new and fresh experience.

Our business will satisfy customers through our delicious beverages and efficient service to the customers in our target market. Also, because of the reputation that we will earn owed to our high quality and creativeness, the booth will be expected to attract different customers from outside our target market.

The business plan will describe the opening of a local booth in Managua, Nicaragua which will offer high quality beverages with excellent service to a challenging segment of the surrounding population with medium and high incomes.

The booth will be called Goodies, to start up we'll be located in one of the most prestigious Universities of Managua. As part of our expansion strategy, we'll have other booth in the second most prestigious University, UNICA, and finally a third booth in a high class mall "Galerias" located in Km. Masaya. These locations will allow us to target different markets like: students, professors, the people who visit the university and tourists.

To run the business, Goodies will need US\$15,000. That amount will cover the cost of assets, operating costs, working capital and other miscellaneous costs. This amount will be paid by two kinds of funding: 35% by the owners and the rest through a loan with a commercial bank in Nicaragua.

2. Company Overview

2.1 History and Background

When I arrived to Taiwan, I noticed the different types of drinks all the Taiwanese had on their hands or when they were buying at a booth closed by the Chengchi University. This showed me a new and simple way to have a fresh and delicious beverage, based on tea which you don't taste so much, and I thought why not to have the same thing back home, fast, cheap and ready to go drinks.

So the idea to open a booth at an university and in Managua, Nicaragua was due to the fact that we have a lot of local fruits in the market (mango, banana, watermelon, melon, etc), we just need a different approach, which is to make the tea, the base of these juices. There aren't these types of booths in Managua, because people are not used to having a place specialize on beverages to go.

With the opening of the booth, we plan to create a new and lucrative way of having a drink, changing the perception the Nicaraguan people might have toward the concept, giving more value to the Chinese beverages, which is characterized by its innovation and accessible ideas.

- **Bubble tea in Taipei:**

One of my favorite bubble tea places that I visited and a source of inspiration for this Business Plan is the COMEBUY model. Also, I would consider contacting COMEBUY to get a franchise and bring this chain back home. I think this can be another way to make a profitable business in Nicaragua, and it will be easier for me having their experience and

help, entering the market in a more competitive and stronger way and position ourselves as leaders in the beverage market in a short time than starting from scratch.

About Come Buy:

The two establishers of Come Buy started to have creative ideas, which attempt to modernize the traditional tea culture. To achieve this, they have combined 30 years of tea manufacturing experience with a team of professional testers and invested great funds to import the three top class teas of the world. Use only ingredients that has no added preservative and from the professional brands. They also gather ideas from the spirits of Japanese tea producers and their designing concepts.

Some of their exquisite flavors include:

- Tapioca Milk Tea
- Passion Fruit Green Tea
- Lychee Juice
- Grapefruit Series
- Honey
- Grape Juice
- Latte Grass jelly
- Honey

As part of their strategy they want to become a large chained store that reaches a hygiene standard to provide our consumers with the healthiest and most delicious beverages. One important thing to mention about this chain is that they have teas from all over the world, including the Japanese and Taiwan teas. *They have daily sales between 300-500 juices per day.*

We can't forget the decoration of their booth, with vivid colors that get your attention and a huge menu with a variety of options.



2.2 Booth Name

The name of the booth is going to be GOODIES [gudis], which will be characterized by:

- It's a short name and it's phonetic with a bit of luck will be easy for our customers to remember.
- GOODIES [gudis], this word derives from the word goods in English, so it can be considered a slang word, but easy to pronounce in Nicaragua, due to the great population that is familiar with English words.
- Using this word will define our business; show our creativeness, expecting to catch the attention and curiosity of the people.

2.3 Product Offerings

All beverages at the Goodies' Booth will be prepared by a professional or trained employee, probably trained in Taiwan or USA with sufficient knowledge and experience with these types of drinks. The basic ingredient, tea, will be imported from Asia, and for the different flavors, we will use fresh and local fruits, depending on the season, complying with all health regulations and providing confidence and high quality in the preparation of our

drinks. We will have different fruits such as: Banana, Papaya, Watermelon, Grapefruit, Apples, Mango, Lychee, Melon, Guava, etc.

All of these products will be carefully selected resulting in healthy drinks that are nutritious and delicious, but depending on seasonality.

Also, we'll provide special types of milk such as soy milk, lactose free milk and dietary sugar, honey or brown sugar, depending on the customer's taste. We have to emphasize that the form of preparation of the majority of the drinks on the menu will be prepared on an industrial blender and served on a plastic glass and then sealed by plastic with a special machine, to get a ready to go drink!

Tapioca balls will be served as standard for all milk drinks, customers will be able to add them for an additional cost.

The decoration of the booth will be simple but allusive to Chinese culture in order to make our customers feel as if they were actually buying from a Chinese booth. The colors will create a pleasant and harmonious environment. The glasses will have a special design with Chinese characters and symbols.

We hope to create a loyal customer and to become their first choice when wanting a refreshing and delicious drink. For the hottest months of the year, we'll offer the drinks with shaved iced.

An added feature is the preparation space, which will be visible to the public to give a feeling of cleanness and freshness when preparing the drinks.

2.4 Staff

2.4.1 Positions

The management team in the first booth will be a General Manager, and Local Trainees or Staff.

General Manager: In this case, the booth will start with small personnel. The General Manager will be responsible for overall operations of the booths. He/she has to put together the financial and accounting statements of the booth, meet with representatives from local places for the supplies and place orders to replenish stocks of milk, sugar, tea, tapioca balls and fruits. The General Manager will be in charge of all administrative and human-resource functions of the business, including recruiting new trainees and monitoring employee performance, ensuring that the people under his/ her charge are working efficiently to benefit the booth. In addition, he/she will interview, hire, train, and when necessary, fire employees.

He/she will be also responsible for keeping employee work records, preparing the payroll and completing paperwork to comply with licensing, tax, wage and hour, unemployment compensation, staff morale and overall productivity; and for advertising placement.

He/ she will be in charge of supervising all drink preparation activities and maintaining a high quality service. Also, he/she will assign prices to the drinks in the menu which have to be developed in advance, estimate the fruits needed, place orders to distributors so that supplies can be received in time.

The GM may help with the preparation of the drinks, clean the booths or other tasks when the booths become extremely busy. But, most important, he/she will be in charge of collecting the payment from the customer and bringing it to the cashier.

The staff will be responsible for ensuring the booths are clean and set with clean utensils, attending the customer immediately and providing the menu. The staff has to be able to prepare the drinks in a short amount of time, be ready to prepare the orders from the customers and to guarantee that the customers have their drinks on time and ready to go.

Note:

As part of my growth strategy, if the first booth goes well and the sales boost themselves, we might have to open new positions to help run the business or the different booths we established. For example, we might open a position for an assistant, supervisor and more staff will be needed (depending on the demand).

2.4.2 Positions Available to the date

Table 1 Goodies Booth: Positions Available for the 1st Booth

Number of employees needed in the booth and the position availability to start operations.

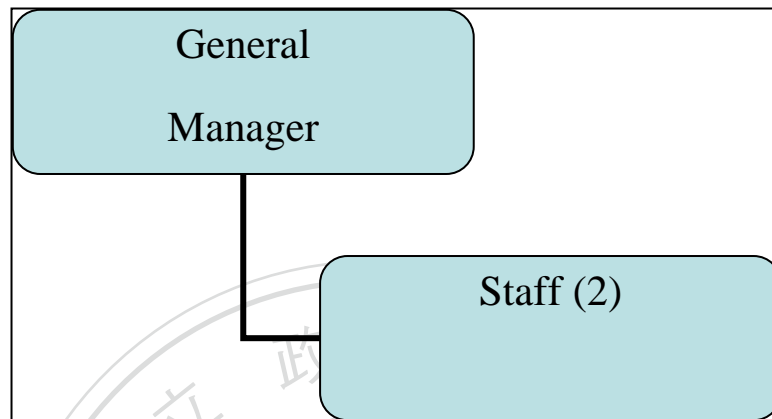
Position	Number of Employees	Highest Education & Experience	Availability
General Manager	1	<ul style="list-style-type: none"> - International Master in Business Administration with emphasis in Marketing. - Administrative experience 	Ms. Valeria Guzman Romero. (Owner of the booth)
Staff	2	<ul style="list-style-type: none"> - University students - Waiters 	Open (Part time)

Other: These positions will be open in case of expansion of the booths.

Assistant	1	<ul style="list-style-type: none"> - Bachelor on Business. Administration. - Accounting experience 	Open in future expansion
Supervisor		<ul style="list-style-type: none"> - Bachelor - University Student 	Open in future expansion
More STAFF		<ul style="list-style-type: none"> - University students 	Open in future expansion

2.4.3 Organizational Chart

Figure 1 Structure for the 1st Goodies Booth



This chart is very simple because this will be the starting personnel on the first booth. The General Manager will be the one in charge of the maximum responsibility, and the Staff will be under his charge.

The Staff will address directly to the General Manager, and in cases that the GM is not at the booth one of the staff can be in charge. This person will be trained by the GM in terms of attending the customers, preparing the drinks and all administrative issues.

2.4.4 Salary structure

Nicaragua is a developing country that has a very low monthly salary. In February 2011, the MITRAB (Ministry of Labor) approved a new law toward the minimum salary in the commerce industry/category will be of¹ US\$169.10.

The salaries for the booth are set according to the minimum salary of the commerce industry. The Annual salaries of the staff are shown in the table below per person hired.

¹ Nicaragua Central Bank: Exchange rate of C\$22.1592 per US\$1.00. <http://www.bcn.gob.ni/>
Ministerio de Trabajo MITRAB: Act. No.7 Mnimum Salary. <http://www.mitrab.gob.ni/>

Table 2 Goodies Booth: Salary Structure

WAGES AND WELFARE BENEFITS CALCULATION OF ANNUAL COST OF THE STAFF								
No. Employee	Position	Monthly Salary US\$	Annual Salary US\$	Christmas box US\$	Vacation US\$	Inatec US\$	National Insurance by the company	Annual Total US\$
1	General Manager	500.00	6,000.00	500.00	500.00	130.00	975.00	8,105.00
2	Staff	170.00	4,080.00	340.00	340.00	88.40	663.00	5,511.40
	TOTAL							13,616.40

Despite the fact that these salaries are set and according to the law, if everything goes well and the sales raised up, we can consider a raise for the Staff and promoting one of them to supervisor.

2.5 Entry and Growth Strategy

1-6 Months:

- In this stage, we will prepare the establishment of the first booth, the pioneer, located at the American University UAM. This booth will offer a wide variety and high quality beverages and service to allow the customer to get used to this new style of drinks and taste, and also to the management to establish consumer habits and preferences. This university possesses students with a medium – high level of income, which will raise brand awareness and raise the overall consumption at the booth. The target market in this university is very high because it has a great population of Bachelor students, students for Masters and Seminars and people working administratively in the university. This booth will launch our company name and brand.

7 – 12 Months:

- If the sales and growth are according to our projections, we will open a second booth at the Catholic University (UNICA). This booth will have the same structure as the previous one and will be located in the same area. This university possesses students with a medium level of income, but the advantage is that most of the students have a job, which is why the night time is the most crowded during the day.

After 1.5 year:

- In this stage, we will create the third booth, but in a different location than the two previous ones, which is the Galerias Mall. This booth will have a different decoration and style than the others, due to the flow of people that goes to this mall. This mall will also target a medium – high level class, allowing us to establish the company's name and brand loyalty.

2.6 Location

1. The first booth will be located inside the American University UAM. We will have a space either close to the cafeteria or inside it.
2. The second booth will be located inside the Catholic University UNICA, along Managua Km 12 Road to Masaya.
3. The third booth will be located inside the Galerias Mall, along the Masaya Road.

These places were chosen for the following reasons:

1. UAM University, it's the most important university in Managua. It has more than 6,000 students, which attend bachelor, courses, seminars, and masters' degrees. They also have different activities as fairs and special events which are prone to gather crowds of new people; and sports activities on the weekends.
2. UNICA University, it's the second most important university in Managua. It has more than 4,000 students, which attend bachelor, courses, seminars, and masters' degrees.
3. Galerias Mall is a high level mall, targeting people with medium to high level of income. The place receives more than 7000 people per day due to its stores and its food court.

4. Favorable demographics for opening high end booths.
5. Nearby these three spots, there are prosperous and growing zones that can also be a target market.
6. Very visible and noticeable location.

2.7 Sourcing

The majority of the Booth's inventory will have local suppliers, who will deliver the products to the booth. Also, the tea and some special products such as the tapioca balls and concentrates will be imported from Taiwan or China. In the extreme case, that costs are too high from these countries, we'll import from the nearest country that has these products. Ex. USA.

2.8 Pricing Strategy

The Goodies Booth will open with a Launching strategy, as follows:

All beverages will be offer at an initial price during the first months, because it's a new product on the market we want to encourage people to try it, nourish a loyal customer and create brand awareness.

Table 3 Goodies Booth: Launching prices during the first month

INITIAL PRICES			
1st Month of Sales			
Product Offerings	Small	Medium	Large
Milk drink with tea	\$ 1.25	\$ 2.00	\$ 2.50
Normal drinks with fruits	\$ 0.75	\$ 1.25	\$ 1.50

We have to take in consideration that even though this won't be a cheap product for beverages standard, this will show the customer the high quality product that we will offer.

Table 4 Goodies Booth: Final prices

FINAL PRICES			
Product Offerings	Small	Medium	Large
Milk drink with tea	\$ 1.50	\$ 2.25	\$ 3.00
Normal drinks with fruits	\$ 1.00	\$ 1.60	\$ 2.00

These prices intend to position a new style of beverages and an alternative for other drinking options. The variety on the menu will allow to grow rapidly into the market and to develop an average amount of loyal customers and sales.

Also, we will provide products that will make us one of a kind. For example, the tapioca balls included in the drinks and special types of milks (lactose free, fat free) and sugar types (diet, brown sugar, honey).

Table 5 Goodies Booth: Extra charges

EXTRA CHARGES			
Product Offerings	Small	Medium	Large
Tapioca balls	\$ 0.25	\$ 0.25	\$ 0.25
Special Sugar	\$ 0.25	\$ 0.25	\$ 0.25
Special Milk	\$ 0.50	\$ 0.50	\$ 0.50

The previous table shows an estimate of how much can be charge to each of the drinks depending on the preferences of our customers. This is to satisfy the different needs that each person has toward healthy customs and tastes.

The profit margin of every beverage will be projected at 55% of the price, which will cover the fix costs like salaries, basic services, advertising costs, financial expense, administration and the rent while still receiving a profit.

The average expenditure estimated per customer per drinks is US\$1.89 which is an average estimated between the different prices and their sizes.

This price is according to the value that the Goodies Booth is giving the customers in terms of satisfaction, which includes high quality of service, products and a new innovate drink.

2.9 Sales Strategy

We will try to implement several sales strategies like:

- Posting specials at the University bulletin boards.
- Offering a higher quality product.
- Price according to the quality provided to our customers.
- Free drink after certain amounts of drinks purchased.
- Competitive price to encourage customers to buy the large size.

2.10 Promotion and Advertising Strategy

Promotion and advertising strategies will define the image of our booth into the market. To achieve the stated mission and objectives of the booth, we have to use simple but strong advertising making use of some of the media, promotions, viral marketing and other methods (word of mouth).

There are a few promotion strategies that we can apply to the booth:

- Any customer that feels dubious will have the opportunity to have a *free tasting of our promotional drink of the month*, this should help the customer decide on which drink to buy and to have knowledge of new flavors.

- Loyalty program: give a *gift card* so customers can collect stamps to receive a free drink (maybe 5 to 10 stamps needed).
- The booth will offer *special flavors* such as Taro Root bubble tea with tapioca balls.
- All *new drinks* will be offer at \$1.00 during the first month. This will helps us to recognize the flavors and preferences of our customers.
- We will use *paper advertising* to offer our drinks and prices.
- *Bring a friend promotion*: if you bring a friend you will get a discount of 10% on your drink.
- As a large portion of people are students, we hope they will read the *bulletin board* located throughout the university campus.
- We will have some days during the month, as to *get 2 pay 1 promotion*.
- *Happy hours* from 4 to 5pm.
- *Special design on the package*: including Chinese characters and flamboyant colors.

Advertising of the booth will be broadcasted through the following media:

1. Flyers will be printed and distributed at hotels, malls and others places.
2. The University's newspaper.
3. The Goodies Booth Facebook profile and Twitter.
4. The flyers will be designed with colorful and attractive images to call the attention of customers.

3. Industry

3.1 Overall Industry

3.1.1 Nicaragua's Economic Overview

According to the statistics provided by the Central Bank of Nicaragua the result for the GDP had grown annually in a 4.5 percent in 2010. This result was associated mainly to the global economic recovery which led to an increase in exports and the generation of impulses in the domestic demand in an environment of macroeconomic stability.

Productive activities responded in general to the impulses generated by demand, mostly those activities related to external markets. The largest groups of activities that recorded a highest dynamism toward these impulses were the primary activities (7.7%) and the manufacturing industry (7%) in despite of the drop in production of beverages, and non-metallic timber. For its part, the activities like trade and services showed growth except financial services.

The domestic inflation was 9.23 percent in 2010 as a result of climatic factors affecting food supply, and international price increase in the main grains and in crude oil and its derivatives.

However, in term of businesses Nicaragua provides a strategic location, favorable business climate, and a productive workforce. As a result of nonstop efforts in improving the business climate, Nicaragua has been ranked favorably in a variety of independent evaluations, in particular for being one of the safest countries in Central America.

3.1.2 Tea consumption in Nicaragua

Nicaragua is a country of coffee, most of the population is used to having or preparing a cup of coffee during the day. The local press and the CONACAFE (National Council of Coffee) had diagnosed that domestic coffee consumption has increased from 300.000

yearly quintals to 400.000 quintals. Coffee is as well one of the most important organic products exported by our country. It is produced mainly in Latin America. Countries already producing organic coffee are:

- Latin America: Bolivia, Brazil, Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, **Nicaragua**, Peru, Trinidad and Tobago, Venezuela.

In contrast, the number of organic tea producers and the volume of tea traded on the world market including Nicaragua have increased substantially over the last few years. This is one of the reasons why we should try on changing the consumer behavior by giving them a new and innovative option, such as the bubble tea.

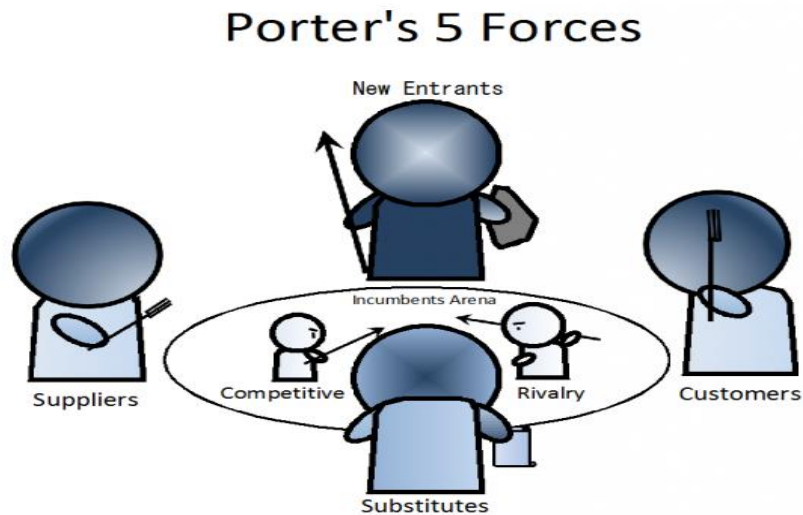
We can also take in account that a further reason for the rise of tea consumption and its demand is primarily due to an increased of consumer awareness of pesticide residues and heavy metals in conventional drinks. The most important detail in this change of habit, is that the Nicaraguan population is getting more aware of the healthy benefits of the tea, for example in addition to caffeine, tea contains various valuable ingredients like tannic acids, polyphenol, essential oils, fluorine and B vitamins.

One of our main concerns is the permanently changing consumer trends and tea variety preferences. Whereas in the late 1990s, green tea was the trendsetter for a healthy lifestyle, today teas such as black teas, or Oolong tea, have become a substitute for green tea, providing the consumer with different choices in the market.

3.2 Industry Structure

The five forces of Porter are used to analyze the Booth, which are described below:

Figure 2 Porter's 5 Forces



3.2.1 New entrants

The Goodies Booth will be one of the newest innovative companies in the beverage business and at this time there's no other business making the same type of beverages. The healthy drink market is still a baby boomer in Nicaragua, expected to increase in the following years.

Most of the local booths are of coffee shops and normal beverages made of fruits. However, introducing a new product, new characteristics and with different types of flavors can be risky in a country used to traditional customs.

Actually in the Beverage Industry there aren't any entry barriers implemented by the government, but there are some licenses and requirements that the new entrants have to get from different institutions² such as:

²Ministerio de Fomento, Industria y Comercio. <http://www.mific.gob.ni/>

- ✓ Ministry of Development, Industry and Trade Statistical Register of Foreign Investment.
- ✓ Department Of Revenue, Unique Taxpayer Registers.
- ✓ Managua Municipal government.
- ✓ Nicaraguan Institute of tourism.

In the beverage market there aren't many dominant players due to the large quantity of coffee shops and convenience stores, making the industry quite fragmented.

The success of the new entrants will depend of the quality and goods provided by the business.

The fixed cost doesn't represent a barrier but this will differ depending on the kind of investment or asset.

3.2.2 Bargaining Power of Suppliers and Buyers

There are many suppliers for this industry but we will focus on the small and medium companies, but highly efficient, that can provide us with the best prices in the market, more quality and are more loyal to their clients. The bargaining power for suppliers is medium because the switching costs are low but their advantage is that they will have few customers allowing them to provide a very good service. We will also have them deliver the supplies to the booth.

The number of buyers in this sector is growing, but it can be affected by external factors like income, economic situation, and inflation among others. The highest demand is located in the capital, Managua, where the majority of the industries, companies, commercial areas are located. Also Managua represents the most crowded city in Nicaragua with more than 2.5 million inhabitants.

3.2.3 Competitive Rivalry

In the food and drinks industry in Nicaragua there are large numbers of coffee shops, restaurants, bars, and cafes around the country that can satisfy the different tastes of the customer. The customer can find any type of drink offer in different styles and flavors, all made with locally and fresh products.

Also, we can't forget about many U.S. fast food chains such as Burger King, Pizza Hut, McDonalds, Domino's Pizza, Papa John's, and Subway.

However, inside the University, its cafeteria would be our direct competitor, even though this place doesn't offer our type of drinks, but the customer can get local drinks and coffee.

3.2.4 Substitutes

There are some aspects that will make the Goodies Booth win among its substitutes:

- A high quality product ready to go. The customer will be able to enjoy a delicious beverage in a short amount of time.
- A unique and pioneering concept in the market.
- Our booth concept is innovative giving us an advantage among other beverage places.
- We will offer Bubble tea as a ready to go drink.

1. *Locally owned coffee shops and cafés:* The menus on these types of places are very different to what we are trying to launch. Most of these places offer beverages based on coffee, cold or hot drinks. Also, these places are organized so the customer has to sit and wait for their orders. Our primary advantage is that we are going to offer the bubble tea in a healthy style and ready to go.

2. Not having any international chains such as Starbucks give us a competitive advantage, because we are new product, people don't know about us, and these types of chains are very famous worldwide.
3. *Fast Food Chains*: These places are for our same type of target market, simple people, with short time on hand; need to go back to class or work, and need convenient refreshment at a fair price.
4. *Convenience stores*: These are self-service places where everything is done and taken by you; they don't provide a high quality service or the same type of drinks as the Goodies booth.
5. *Drink vendors*: These are people on the street that go around every place in Managua, with some ready to go mixtures of fruits.

Since, our direct competitor is the cafeteria at the university; we had considered relative offerings and indicators such as:

Figure 3 Competitors behavior in terms of price and quality. Quality: from 1 to 5, 1 being the lowest.

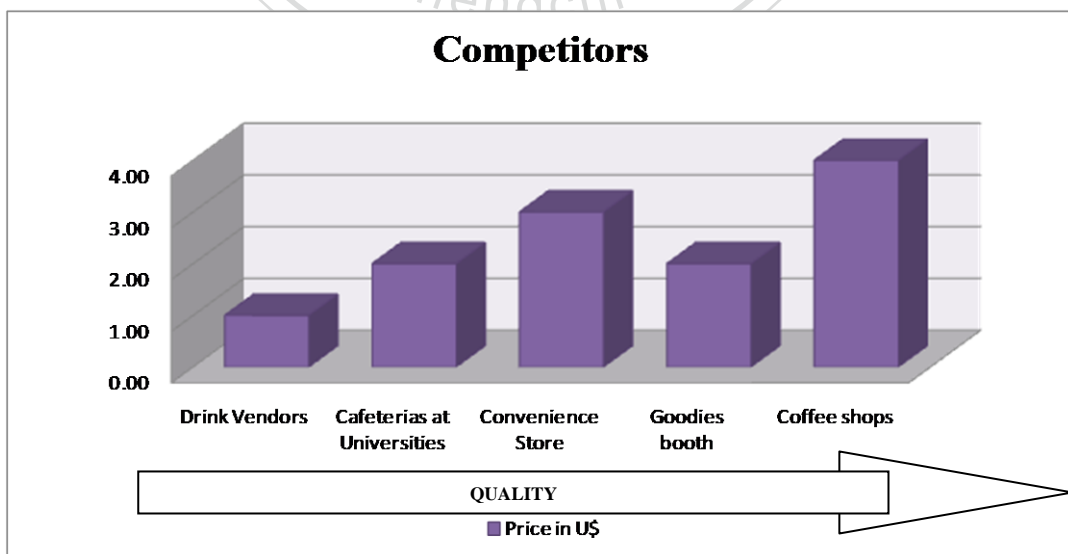


Figure 3. Information acquire from polls. Goodies booth is place strategically.

From the previous graph, we can see that our price is competitive in comparison to the Convenience Stores and the Coffee shops.

Also, the Quality measure is going from left to right, and we can see that our quality standard will be of 4, above the quality offer by the existing Cafeterias inside the university, the convenience stores and the drink vendors.

Note: None of these places offer this type of product.

We will use Differentiation because we want to have our product perceived as unique in order to obtain a premium price. Brand loyal customers are often a sign that this strategy is working. We will also focus on quality, innovation, and/or customer responsiveness to achieve a greater margin of profit.

The risks of Using a Differentiation Strategy:

- Uniqueness
- Imitation
- Loss of Value

Table 6 Porter's Five Forces Model results:

	Offers products to only one group of customers	Offers products to many kinds group of customers
Offers low-priced products to customers	FOCUSED COST LEADERSHIP STRATEGY	COST LEADERSHIP STRATEGY
Offers unique or distinctive products to customers	<i>FOCUSED DIFFERENTIATION STRATEGY</i>	DIFFERENTIATION STRATEGY

4. Market

4.1 Market Overview

Managua is the capital city of Nicaragua as well as the county and municipality by the same name. It is also the largest city in Nicaragua with a population of about 2.5 million people.

Managua is located on the southern shores of Lake Managua (also known as Lake Xolotlán). Lake Managua contains the same fish species as Lake Cocibolca, except for the freshwater sharks found later.

Managua extends about 544 km along Lake Managua at an altitude of 55 meters (180 ft) above sea level, gaining altitude toward the Sierras de Managua where it is over 970 meters (3,182 ft) above sea level.

Managua, like much of Western Nicaragua except for the Sierras, has a tropical climate with constant temperatures averaging between 28 and 32 degrees Celsius (82 and 90 degrees Fahrenheit). The months of December and January are warm; whereas March and April are humid and arid.

The city's economy is based mainly on trade. Managua is Nicaragua's chief trading center for coffee, cotton, and other crops. It serves as an important industrial, commercial, political and cultural center. Its chief products include beer, coffee, matches, textiles and shoes. Managua is the economic center and a generator of services for the majority for the nation.

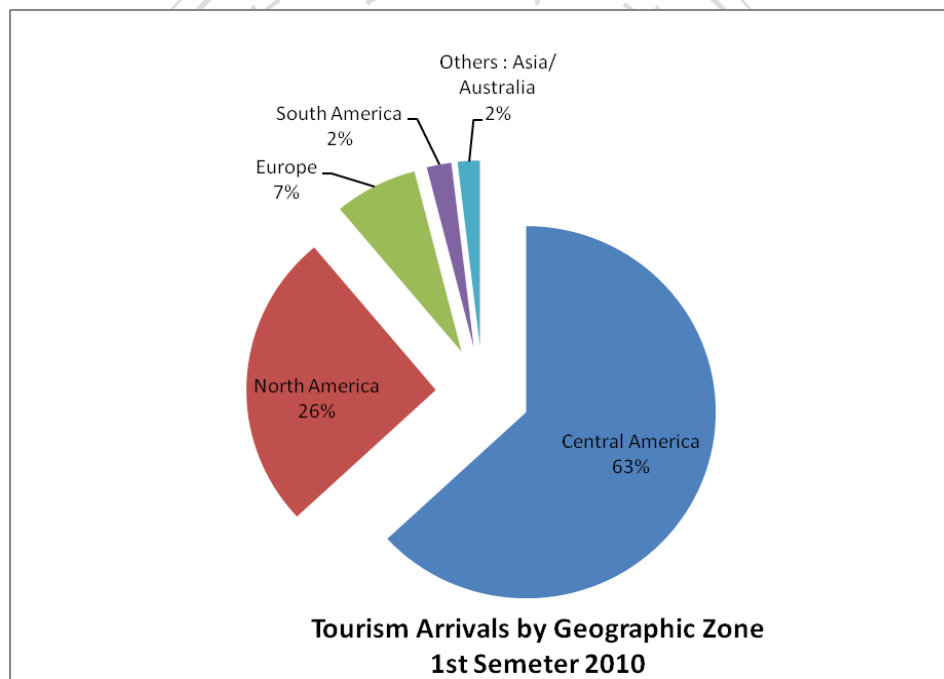
- **Tourism**

Tourism in Nicaragua has grown considerably recently, and it is now the second largest industry in the nation. The growth in tourism has positively affected the agricultural, commercial, and finance industries, as well as the construction industry. The results for

Nicaragua's tourism-driven economy have been significant, with the nation welcoming one million tourists in a calendar year for the first time in its history in 2010.

Nicaragua has the advantage of being considered a low-cost tourist destination by most visitors, making it an attractive country where tourists can enjoy of an inexpensive visit with safety and security, since Nicaragua is considered the safest country in Central America.³

Figure 4 Tourist Arrivals by Geographic Zone



Source: Annual Nicaragua Tourism statistics 2010.

In the future, if we get to open the third booth at the Galerias Mall, we can target at least 1% of the tourism from all the geographic areas. The Asian tourism is composed predominantly by the Taiwanese, Chinese and Koreans, but since is a low amount of Asians that visit the country the percentage is included with “others”. Nicaragua has a

³ Nicaragua Institute of Tourism INTUR: Preliminary report 1st semester 2010. www.intur.gob.ni

diplomatic relationship with Taiwan since 1990, since then this country has been very generous by providing us with many donations for the development of the country. ⁴

4.2 Target Market

The Goodies booth will have a differentiation strategy, focusing on a segment of the market and offering a brand new product, providing high quality and good service.

1. SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Benefits of a First Mover Advantage • University Location • Broad Potential Demand of the Product • Quality Product • Tea Benefits • Fast Service • Take away Product 	<p>WEAKNESS</p> <ul style="list-style-type: none"> • Unknown Product • Nicaragua doesn't have the tea culture • Country of Origin Effect • The simplicity of the presentation might be consider as a cheap product • Tapioca balls are considered as a fattening product
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • New Product • People is always looking for new refreshing beverages • Competitive Prices • Price conscious customers • Hot or warm weather year round 	<p>THREATS</p> <ul style="list-style-type: none"> • Beverages Substitutes • People might not like the product • New entrants with an improve product • Taiwanese/Chinese communities in Nicaragua wish to enter the market with a same product • Political and Economic situation of Nicaragua could affect the increase of the university population

⁴ Embassy of Taiwan in Nicaragua. <http://www.taiwanembassy.org/mp.asp?mp=337>

4.2.1 Segment

1. The first booth located at the UAM University will be focused on people of medium and high level income, due to the wealthy families that send their kids to study or the people that attends masters, curses and seminars programs, at this prestigious university.
2. The income for this segment is between US\$400 to US\$1000 a month. We identify this income due to the college fees.
3. The Goodies Booth will be located in a strategic area, closed to the cafeteria or inside it, which will allows us to be seen by the students and attract a regular customer that is always looking for a refreshing beverage.
4. In our third stage, another targeting segment will be Tourism, an industry that is growing every day.

4.2.2 Size

The Target market of the Goodies Booth will be the population of the university. To be more accurate on the size of our Target market, we have divided the segment attending the university in the following structure.

Table 7 Goodies Booth: Size of the Population at UAM University

Segment	Students / People/ Tourists	Disposable Income in U\$ dollars
Bachelors	3000	400
Courses & Seminars	1000	600 to 1000
Masters	1000	600 to 1000
Special Events	500	300 to 600
Sports	500	300 to 1000
Administrative Officers/ Teachers	300	500 to 1000
Others	100	300 to 1000
Total	6400	

This chart shows that the population of the university is very diversify, which can tell us right away that the different segments have or might have different tastes and low or high purchasing power.

We see that our highest segment are the Bachelors, this university offers different career options, and we know that not all the first students get to finish the 5 years, some have to stay behind for different reasons, this can be another segment.

The other higher segments are the Masters and Courses & Seminars segments which are very important for us because they have high acquisitive power and they are very selective. These segments are quite small because classes are during Friday nights and Saturdays.

The Special events (fairs, cultural activities, etc) and Sports segments, are the third biggest segment, this is because this university is always promoting different activities to attract new incomers and to promote its high level of education standards. These activities always have outsiders, which rotate according to the activities. In sports the university has baseball and basketball teams and it promotes contests among other colleges and schools.

The Administrative staff/ teachers can be a very good segment if we get to catch their attention, because is people that works at the university for long hours, and has a very good purchasing power. Most of this people bring their meals to the office and are always looking for a beverage to accompany their meal.

The last segment, Others, refers to the people that go to the university, like parents to pay the college tuitions, or drivers, or people waiting for their acquaintances. Even though this segment is still very small, they can be a very loyal customer.

The following chart shows the percentage that each of the target market will represent for us.

Table 8 Goodies Booth: Total Target Market in Percentage

Potencial Target Market	Size	%
	6400	100%
Bachelors	3000	46.9%
Masters/ Courses & Seminars	2000	31.3%
Special Events	500	7.8%
Sports	500	7.8%
Administrative Staff/ Teachers	300	4.7%
Others	100	1.6%
Total	6400	100.0%

This chart as well proves that our biggest segment are the bachelors with 46.9%, follow by Masters/ Courses & Seminars with 31.3%, the Special events and sports with 7.8% each, Administrative Staff/ Teachers with 4.7% and Others with 1.6%.

4.3 Demand Forecast

The first location of Goodies booth has a total estimated flow of potential customers of 603,648 people during the first year. This is based on the following assumptions:

- a) The estimated flow of people at the booth first location is 603,648 persons in the first year, 845,107 in the second year and 887,363 in the third year, given the infrastructure of booth and the open hours. These were estimated by multiplying the population by 4 weeks by 9 months (duration of classes during the year), just assuming the amount of people that passes by the booth.
- b) Based on the total flow of potential consumers, the booth daily penetration is estimated at 10% for the first year, increasing to 13% and 15% on the second and third. This represents the actual consumer base.
- c) We are assuming an increase on our total market of (6,400 people) 1.5% per year. The marketing strategies will attract customers gradually to our booth.
- d) It's expected to have a mayor demand during weekdays, especially on Fridays. Also, during the meal times from 12pm to 1pm.
- e) The Booth operation starts at 8 am to 8 pm every day, except Sundays.
- f) Creation of loyalty from the customer.
- g) We expect to have a loyal customer that comes every month to the booth and new customers attracted by our product and advertising, accomplishing the boost of our beverages and sales. Ex. Bring a friend promotion.

- h) During the first months of the year, customers will be few, but they will grow due to our intensive promotions and advertising, high quality product and fast service.

Table 9 Goodies Booth: Demand Forecast 2012 to 2014

DEMAND FORECAST 2012 to 2014			
Year	2012	2013	2014
Maximum clients per year	603,648	845,107	887,363
% Expected Demand	10%	13%	15%
Total Demand	60,365	109,864	133,104
Demand Per week	1,677	3,052	3,697
Demand Per Hour	24	44	54

4.3.1 Forecast Assumptions

- The population flow is the same, 43% from Monday through Thursday; 60% on Fridays and 30% on Saturdays, this is taking in consideration each of the programs offer by the university and their activities.
- Demand per hour: my busiest hours will be at 8am, 12pm, 1pm, and 6pm.
- From Monday to Thursdays the booth will sell 275 drinks per day.
- Friday will be the highest day with 384 drinks per day and Saturday will be lowest day with 192, on this day the closing time will be at 5pm.
- Daily penetration: from the transit of people from each day, we will have an average of 10% during the first year.
- This 10% will be acquired through the 4 P's of Marketing.

- The flow of people that will buy during the first year will be small and will grow the following years.
- Assuming that some months will be better we will have at least 24 drinks sold per hour, for the 2nd and 3rd year more staff and an expansion of the booth will be needed.

4 P's of the Business Plan:

- **Product:** New, innovate, refreshing product, unique in its kind in this market and in Managua.
- **Promotion:** intensive marketing through flyers and different promotions of the drinks.
- **Place:** the booth will be located inside the university with colorful decoration and practical and simple appearance. Nicaragua is a most advantageous country in terms of demographics, 60% of the population are women who can be target through the healthy concept of tea.
- **Pricing:** affordable prices addressed to attract people.

4.4 Product Trends

- **Oolong Tea:** Health benefits of Oolong tea include reducing chronic bodily conditions such as heart diseases, inflammatory disorders, providing vital antioxidants, reducing high cholesterol levels, promoting superior bone structure, robust skin and good dental health. The Oolong tea is fragrant with a fruity flavor and tasty aroma. It is considerably low in caffeine and extremely relaxing to drink.

- Bubble Tea or foam tea is a sweetly flavored tea beverage invented in Taiwan. Drink recipes may vary, but most bubble teas contain a tea base mixed with fruit (or fruit syrup) and/or milk. Ice blended versions of the drink are also available, usually in fruit flavors.

Bubble teas usually contain small tapioca balls or pearls called "boba". This will be a complete new concept of beverages in Nicaragua, because there are only milkshakes or smoothies. Bubble teas are generally of two distinct types: fruit-flavored teas, and milk teas. The oldest known bubble tea consisted of a mixture of hot Taiwanese black tea, small tapioca pearls (粉圓), condensed milk, and syrup (糖漿) or honey.

- Milk Drinks: These drinks are mainly of fresh fruits or juice with milk. Some more healthy varieties are 100% crushed fruit smoothies with pearls and lactose-free milk. We can add the tapioca balls or jelly to these types of drinks, making it a even more delicious drink than the regular ones. Although, these flavored milk drinks can target youngsters and children, we hope to have some attraction to the rest of the demographic.
- Fruits Drinks: we will offer a variety of juices made of fresh fruits depending on the season. This variety can be review as we start noticing the preferences of our customers. This beverage style gives us the advantage of variety; the customer that comes to the booth might not like tea or milk drinks, but maybe just a normal fruity drink.

5. Potential Risks

5.1 Increased Competition

The increased of competition will always be a risk difficult to manage, but we can reduce this by:

1. Creating a customer and employee loyalty.
2. Keeping the High Quality Products and variety.
3. Maintaining the advertising expenditures.
4. Providing a high quality service.
5. Keeping an updated web page for customers to find out more about the product and the company.

5.2 Loss of a Key Employee

The Booth will require a specialized employee that will be the General Manager, but in the case of an expansion we will need a supervisor well trained with the opportunity to be train at a place like Taiwan or U.S.A. In the case of his departure, the GM will have to train another person and so on; this could be a liability to the business in terms of time and money. In this case, we'll try to make a contract to try to keep our key employees.

5.3 Consumers fail to adapt or rejection toward the product

The booth will offer a new style of beverage, which will use tea as a base for their mixtures, new flavors of syrups, and include tapioca balls on the drinks. Much of the advertising will help us to minimize these risks.

5.4 Stereotype

The booth will deliver a final product to the customer in brightly colored plastic glasses, small chewy balls and thick straws to complement them. This could categorize the product as a cheap and unhealthy beverage in a variety of ways. However this drink has been accepted in the U.S.A, which is a country that has highly influence of trends and food in

Nicaragua. We are confident that we will be appreciated as a new style of drink and refreshing for the market.

5.5 Substitutes

These can be chains such as McDonalds, Burger King, or Convenience Stores and Cafes. Even though, we are not direct competitor for these places, we can acquire some customers.

5.6 Currency Risk

Nicaragua is a country that everything is labeled in dollars, but locals earn in their currency Córdoba, the actual currency exchange is C\$22.00 per US\$ 1 dollar. This can be an issue for customers, if they have to convert from dollar to Córdoba. This currency problem can extend to the importation of basic product from other countries.

5.7 Regulatory Changes

Political and Economic changes in the country will be always a constant menace; we have to be aware of new regulations, new permits or new fee adjustments in terms of importation.

6. Financial Projection

6.1 Variable Costs

Total Variable costs will depend on the volume of customers that the booth will receive in a fixed period. These costs are calculated based to the common market prices, taking in consideration the average cost of all the beverages in the menu, which are detailed below:

- Drinks average cost is calculated based on our drink prices, which is going to be of US\$ 1.04.

6.2 Fixed Costs

Fixed costs have been determined by staff salaries, costs of basic services, maintenance, rent, advertising and other costs.

Table 10 Goodies Booth: Fixed Costs

THREE YEAR PROFORMA FIXED COST BY YEAR			
Description	2012	2013	2014
Salary	13,616	13,616	13,616
Conventional and cellular telephone	240	240	240
Internet Service	480	480	480
Rent	18,000	18,000	18,000
Repairs and Maintenance	1,200	1,200	1,200
Advertising and promotion	2,400	1,800	1,800
Financial Expenses	2,638	2,638	2,638
Insurance	1,800	1,800	1,800
Training Expenses	2,000	1,200	1,200
Other Expenses	300	300	300
Total	42,674	41,274	41,274

- The salaries are already established for 3 years in a row, but if the sales grow we'll need more staff and we will adapt the salary basis and take out the GM and use that salary for hiring more staff.
- The booth won't have a high expense of cellular phone because it's going to be a normal cell phone used by the general manager.
- The Internet service is estimated based on local tariffs.
- The Rent of the booth, which will be of US\$1,500 per month, includes the water, electricity and security services. This will be our first concern because the rent is very high and it will be hard to pay during the first months.

- The Advertising expense will be high during the first year, because we are a new product and the advertisement has to be very intensive in order for the people to get to know us.
- The Training expenses are also high because the GM will be train outside the country.

6.3 Initial Investment

The Initial Investment is the money a business owner needs to start up a company. It may include the business owner's own money, money borrowed from a variety of sources including family and friends or banks, or money raised from investors. This is not part of the final consumption, and will be used to generate profits. The Goodies booth will require the following assets:

The equipments needed to start the booth area are:

- Wood or similar material to create the booth
- Sink
- 2 -3 industrial blenders
- Freezer
- Refrigerator
- Trash can
- Plastic machine
- Knives, spoons, etc.
- Ipod Dock
- 1 computer
- Chair
- A cash register
- A set of furniture for inside the booth
- Oriental decorations
- Plastic glasses with colorful design and straws

Table 11 Goodies Booth: Initial Investment

INITIAL INVESTMENT	
Concept	Acquisition Cost (US\$)
Furniture	1,000
Equipment	5,000
Other Equipment	1,000
License and Permit fees	3,000
TOTAL	10,000

6.4 Funding

Each booth will need US\$15,000 for initial investment and working capital, which will be funded from these two sources:

1. Owner’s capital: US\$5,000 to cover working capital and a percentage of the Initial Investment.
2. Bank Loan: US\$10,000 with an Interest rate of 10% and for a term of 5 years

Table 12 Goodies Booth: Loan

LOAN PRO FORMA.						
Principal	\$10,000					
Term in years	5					
Nominal Interest	10%					
Number of payments	5					
Initial Quote year 0	-					
					CLIENT:	Goodies Booth
					BANK:	Local
					LOAN	Business
					INTEREST RATE	10%
No. PAYMENTS PER MONTH	AMORTIZATION	INTEREST	ANNUITIES (AMORTIZATION +INTEREST)	PRINCIPAL BALANCE	EXTRA PAYMENT	VALUE OF THE EXTRA PAYMENT.
0	0.00	0.00	\$ -	\$10,000.00		0.00
1	\$1,637.97	\$1,000.00	\$2,637.97	\$8,362.03		0.00
2	\$1,801.77	\$836.20	\$2,637.97	\$6,560.25		0.00
3	\$1,981.95	\$656.03	\$2,637.97	\$4,578.30		0.00
4	\$2,180.14	\$457.83	\$2,637.97	\$2,398.16		0.00
5	\$2,398.16	\$239.82	\$2,637.97	\$0.00		0.00

6.5 Break Even Analysis

In order to know the optimum volume of sells, where our booth can match the income with the costs and have no gain or loss, we have to calculate the equilibrium point, where fixed costs (FC) in the first year of operation are US\$42,674 and US\$41,274 for the following years, the average price (P) is \$ 1.89 and variable cost (VC) is \$ 1.04.

6.5.1 Unit Contribution Margin (CM)

Formula:

$$CM = P - VC$$

$$CM = 1.89 - 1.04$$

$$CM = US\$0.85$$

$$CM \text{ ratio} = CM / P$$

$$CM \text{ ratio} = 0.85 / 1.89$$

$$CM \text{ ratio} = 45\%$$

For every drink the booth sells, it will have US\$0.85 in Contribution Margin, which will cover all the fixed cost incurred.

6.5.2 Break Even

I calculated two break even points because during the first year, The Goodies Booth will have higher advertising costs and higher training expenses than the other years of projections where the fixed cost is constant.

First Year of Operation:

$$\text{Break even (in Sales)} = \frac{FC}{CM \text{ ratio}} = \frac{42,674}{45\%} = US\$94,887$$

$$\text{Break even (in Units)} = \frac{FC}{P - VC} = \frac{42,674}{0.85} = 50,205 \text{ Units}$$

Second and Third year:

$$\begin{aligned} \text{Break even (in Sales)} &= \frac{\text{FC}}{\text{CM ratio}} = \frac{41,274}{0.45} = \text{US\$ } 91,774 \\ \text{Break even (in Units)} &= \frac{\text{FC}}{\text{P} - \text{VC}} = \frac{41,274}{0.85} = 48,558 \text{ Units} \end{aligned}$$

During the first year of operation, The Goodies Booth will need to sell 50,205 units and 48,558 units during the following years to reach a breakeven point, in term of sales corresponding to US\$94, 887 and US\$ 91,774.

Table 13 Goodies Booth: Breakeven Analysis

BREAK EVEN ANALYSIS				
	Drinks	Total	Sales	Units
Average price	\$1.89	\$1.89		
Average cost	\$1.04	\$1.04		
Profit Margin	\$0.85	\$0.85		
% Profit Margin	45%	45%		
Fixed cost 1 year		\$42,674	\$94,887.73	50,205
Fixed cost 2 - 3 years		41,274	\$91,774.79	48,558

6.6 Income Statement

**GOODIES BOOTH
INCOME STATEMENT PROJECTION
ENDED OF DECEMBER 31 OF EACH YEAR**

	2012	2013	2014
SALES			
Beverage	114,190	207,826	251,789
TOTAL SALES	114,190	207,826	251,789
COST OF GOOD SOLD			
Beverage	62,805	114,304	138,484
TOTAL OF COST OF GOOD SOLD	62,805	114,304	138,484
GROSS PROFIT	51,386	93,522	113,305
OPERATING EXPENSES			
Salary	13,616	13,616	13,616
Conventional and cellular telephone	240	240	240
Internet Service	480	480	480
Rent	18,000	18,000	18,000
Repairs and Maintenance	1,200	1,200	1,200
Advertising and promotion	2,400	1,800	1,800
Finacial Expenses	2,638	2,638	2,638
Insurance	1,800	1,800	1,800
Training Expenses	2,000	1,200	1,200
Others Expenses	300	300	300
Depretiation	2,667	2,667	2,667
TOTAL OPERATING EXPENSES	45,341	43,941	43,941
INCOME BEFORE INTERETS AND TAXES	6,044	49,581	69,364
INTEREST EXPENSES	1,000	836	656
INCOME BEFORE TAXES	5,044	48,744	68,708
INCOME TAXES (30%)	1,513	14,623	20,612
NET INCOME	3,531	34,121	48,096

6.7 Cash Flow and Net Present Value Analysis

6.7.1 Cash Flows

**GOODIES BOOTH
CASH FLOWS STATEMENT PROJECTION
ENDED OF DECEMBER 31 OF EACH YEAR**

	2011	2012	2013	2014
Beverage Revenues	0	114,190	207,826	251,789
Total cash Receipts		114,190	207,826	251,789
Cash Available from Financing				
Owner Investment	5,000			
Short Term Loan	10,000			
Total From Financing	15,000			
Total Cash Available	15,000	114,190	207,826	251,789
Cash disbursements				
Cost of good sold				
Beverage	0	62,805	114,304	138,484
Cost of sell and administrative				
Salary	0	13,616	13,616	13,616
Conventional and cellular telephone	0	240	240	240
Internet Service	0	480	480	480
Rent	0	18,000	18,000	18,000
Repairs and Maintenance	0	1,200	1,200	1,200
Advertising and promotion	0	2,400	1,800	1,800
Financial Expenses	0	2,638	2,638	2,638
Insurance	0	1,800	1,800	1,800
Training Expenses	0	2,000	1,200	1,200
Others Expenses	0	300	300	300
Total Cash Disbursements				
Operating Expenses	0	105,479	155,579	179,758
Other Application on Cash				
Furniture	1,000			
Equipment	5,000			
Others Equipment	1,000			
License and Permit fees	3,000			
Total Other Applications	10,000	0	0	0
Principal and Interest Payments				
Principal	0	1,638	1,802	1,982
Interest	0	1,000	836	656
Total Principal and Interest expenses	0	2,638	2,638	2,638
Total Cash Disbursements	10,000	108,117	158,217	182,396
Ending Cash Position	5,000	6,073	49,609	69,393
Starting Cash Position	0	5,000	11,073	60,683
Accumulated Cash Flows	5,000	11,073	60,683	130,075

6.7.2 Net Present Value Analysis

The Net Present Value is a measure to determine whether a prospective investment or project will be profitable or not.

NPV formula:

$$NPV = \sum_{t=1}^T \frac{CF_t}{(1+r)^t} - CF_0$$

CF₀ = Initial Investment.

CF_t = Cash Flows.

r = Discount Rate.

t = time

Table 14 Goodies Booth: Net Present Value and Discount Rate

YEAR	0	1	2	3
CASH FLOWS	- 15,000	6,073	49,609	69,393
NPV	\$77,393.66			
DISCOUNT RATE	16.69%			

Based on the cash flow projections and calculating the NPV, it can be determined that this project will be profitable. The Goodies booth has a NPV of US\$77,393.66 which indicates that the project is feasible and a Discount Rate of 16.67% which is already established by the Central Bank in Nicaragua.

6.8 Recovery Period of Investment (Payback)

The payback period refers to the period of time required for the return on an investment to "repay" the sum of the original investment. The payback period that will take for the Goodies Booth to repay the Initial investment of US\$15,000 is 1 year. According to this calculation is a good investment because I will get my initial investment at the 1st year, and I could start reinvesting or doing the other booths in the following years.

Table 15 Goodies Booth: Payback Balance

Period	Initial Investment	Payback Balance	Cash Flow
0	15,000.00	15,000.00	0
1		8,926.81	6,073

7. Conclusions

After going around all the different stages of this project and analyzing its finance, I can conclude that:

There's no direct competition in this market for the Goodies Booth. We actually, have a chance to position ourselves as a lucrative and efficient business, with low costs and as a ready to go product. As part of my Entry and Growth Strategy, I will have another booth in other university and a third one in Galerias Mall

Using our differentiation strategy will give us an advantage in the market to attract new and loyal customers with middle to high incomes.

The NPV is greater than 0, so the project is economically feasible to be implemented.

Given that this business model is feasible, this project can be taken as a pilot project for future franchises. In this case, I would be in charge of training the new staff and supervising the new places, as to keep the same level of satisfaction from the customers and our high quality product and service.

I can always consider bringing a franchise from the different Bubble Tea chains in Asia because they have the same procedures and concept that I want to develop, but they will have to understand that this franchise have to be adapted to the Nicaraguan market in order to make it appealing.

Even though, the political and economic environment in Nicaragua might cause instability in the businesses, we are sure to have a profitable business plan that will allow us to overcome these issues. Also, we have to be careful to maintain a good price and not overcharge our customers, to keep their loyalty and our sales balanced.

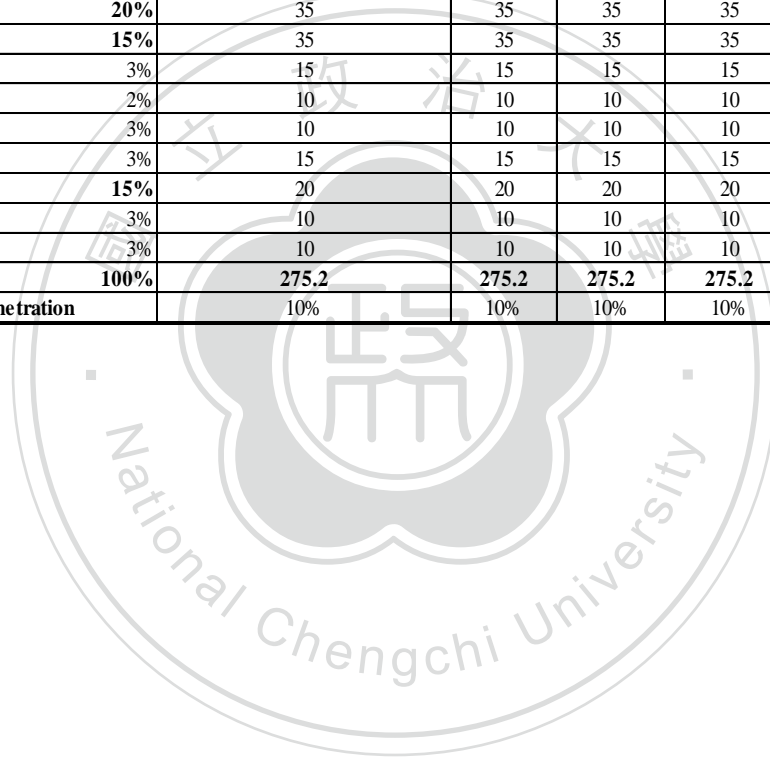
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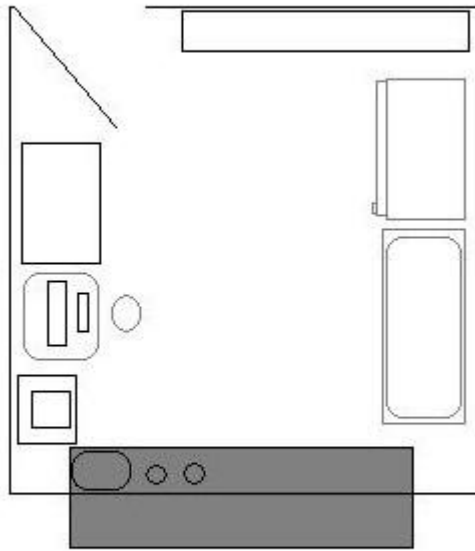
9. Appendixes

Appendix #1 Goodies Booth: Maximum Demand Forecast

Maximum Demand: The booth							
Days		Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
% population		43%	43%	43%	43%	60%	30%
Quantity	Demand per hour	2752	2752	2752	2752	3840	1920
8:00 AM	20%	30	30	30	30	30	40
9:00 AM	5%	10	10	10	10	10	10
10:00 AM	5%	10	10	10	10	10	10
11:00 AM	3%	15	15	15	15	15	15
12:00 PM	20%	35	35	35	35	35	45
1:00 PM	15%	35	35	35	35	35	45
2:00 PM	3%	15	15	15	15	15	15
3:00 PM	2%	10	10	10	10	10	10
4:00 PM	3%	10	10	10	10	10	10
5:00 PM	3%	15	15	15	15	15	15
6:00 PM	15%	20	20	20	20	30	0
7:00 PM	3%	10	10	10	10	15	0
8:00 PM	3%	10	10	10	10	15	0
Total per day	100%	275.2	275.2	275.2	275.2	384	192
Daily Penetration		10%	10%	10%	10%	10%	10%



Appendix #2 Preview of the Booth Infrastructure



Appendix #3 Other booth styles



Appendix #4 The drink style

