



**The Economic Viability of the Export of
Organic Honey from Guatemala into the
United States of America**

**GRUPO FONTANALI, LLC.
BUSINESS PLAN**

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Executive Summary

Grupo Fontanali is a start-up wholesale export-import company. This business is run by co-founder and co-owner N. Melisa Portillo. The company has been established and legally registered as a Limited Liability Corporation in Guatemala City. Grupo Fontanali's main activity is the trade of organic honey from Guatemala into the United States, with a long-term goal to diversify the export of other organic commodities, such as coffee, cocoa, spices and tea. Grupo Fontanali has offices in Guatemala City and in the Northside of the city of Chicago, State of Illinois. Grupo Fontanali seeks a loan totaling \$50,000.00, to complement the reserves of the company. This funds will be used to cover the startup costs, which are about \$80,000.00. Sales are estimated in the first year at \$150,000.00, netting profits of approximately \$90,000. Considering the average retail price per pound of natural honey is \$6.65, the wholesale price per pound of natural honey is \$5.00, and the bulk price is \$1.97. The capacity of a 20" container, is about 67,200 pounds of honey, which will be our goal for the first shipment. Selling this amount of honey will total from \$310,851.75 at wholesale value to \$132,384.00 at bulk price. We are targeting companies who import honey from other countries such as India, Vietnam and Germany, offering a superb product, with less costs involved, such as a shorter travel distance, less shipping costs, and zero duty fees for our product, considering that Guatemala is part of the DR-CAFTA Trade Agreement.

Objectives

Grupo Fontanali's main objective is to promote responsible and sustainable fair trade processes that will enhance the lives of men and women that are part of Fontanali Group, LLC., taking into account human rights, labor rights, environmental sustainability and anti-corruption principles.

The company would create a new avenue to small producers of organic honey in Guatemala to market, expose and sell their products in the United States under the best possible conditions for them, in order to empower our producers and improve their livelihood.

Mission Statement

Our mission statement is to utilize our knowledge, experience and creativity in collaboration with our partners and suppliers to obtain maximum results, and to build relationships that create the perfect work environment to promote growth, empowerment and profit for our partners, suppliers and Grupo Fontanali.

Grupo Fontanali offers superb customer service, based on principles and values such as trust, integrity, personal development, productivity, effectiveness, accessibility, creativity, accountability, achievement, courtesy, fairness, proactivity, professionalism, respect, team work and vision.

Description of Business

Grupo Fontanali's main goal is to promote responsible and sustainable fair trade processes, taking into account human rights, labor rights, environmental sustainability and anti-corruption principles. Moreover, Grupo Fontanali is helping agricultural families and small beekeepers in Guatemala to find a self-sufficient and profitable way of selling their products internationally. The company principal product of export would be natural, organic and raw honey.

Company Ownership/Legal Entity

Grupo Fontanali LLC., is legally register as an export company in Guatemala City, assigned with the **exporter code E24225** by AGEXPORT (Guatemalan Association of Exporters).

Our main goal is to promote export services in Guatemala, and eventually become an import company, legally registered in the United States as well. One of the co-founders, Melisa Portillo, has taken several courses about export and international trade both in Guatemala and in the United States.

In order to import into the United States Grupo Fontanali would need a Tax ID number, which has not been requested, since it is not legally registered as an importer in the U.S. However, by offering our products to importers, companies and wholesale buyers, we would not need an import license or Tax Id number at this time.

Location

Our headquarters are located in Guatemala City at, 5th Avenue 12-21 Zona 9, Guatemala City, Guatemala 01009. This is a prime location 5 minutes away from AGEXPORT (Guatemalan Association of Exporters) and the International Airport. We also have an office in the Northside of City of Chicago, where we can control the execution of our business plan and operations.

In Guatemala, our suppliers and producers are located in the highlands of Guatemala City, the Coast and Jutiapa. These locations are located about 3 hours away driving from the City. However, these visits will be sporadically, since most of the time the product will be delivered to the shipping destination. It is important to mention that we have to commit to visit personally our suppliers and producers in order to build a trustworthy and rewarding long-term relationship. Moreover, we have the advantage to have our own beehives, which at this time are producing a small amount of honey. With an estimate of 3 tons of honey per year. The hives are located in Department Jutiapa, close to the border with El Salvador. These hives are tended by family members, who are selling the honey locally at this time. However, in order to provide quality service to our customers, we need to consider that this amount is not sufficient and we need to buy more product from other beekeepers.

On the other hand all the shipments will be departing Guatemala from Puerto Quetzal, one of the biggest ports in the country located 3 hours south of Guatemala City, near the Coast.

Our destinations of delivery are Port Newark in New York City and Port of Los Angeles, where shipping costs are about 60% less. That is why it is important that we have an office in the United States, located at 2411 N. Clybourn Ave. 2nd floor, Chicago, IL 60614. In this office we will monitor virtually all the shipments and deliveries, traveling from time to time to the different ports and visiting our customers and buyers.

Products and Services

Grupo Fontanali would specialize in the trade of Organic Honey from Guatemala into the United States. Although, our goal at a long term is to maximize the shipping and processes costs and diversify our products. We are

considering export in the future commodities such as organic cocoa, coffee, raw sugar among other commodities with high demand.

We will serve as a brokerage firm, in which suppliers and producers can find a professional consulting and advice to help them in their outreach efforts.

Service

Grupo Fontanali would provide a thorough and complete export service from Guatemala into the United States, including contracts, export documents and permits, shipping logistics and offering a secure and reliable delivery at any of the ports of our customer's preference in the United States. We also provide a superb follow-up and constant contact with our partners in Guatemala and customers in the United States to guarantee complete satisfaction.

Management

The three managers are composed by Fontanali Group owners, Natanael Portillo (father), legal representative and financial manager; Elda Najera, co-founder and majority stakeholder (mother) and Melisa Portillo (daughter), operations and business manager. It is important to mention that Natanael and Elda are both attorneys with expansive background in commercial and civil law in Guatemala. Melisa has a background in the foreign service, business administration, marketing, sales and is fully bilingual Spanish-English. This combination will benefit as follows:

- Extensive knowledge of local laws and customs by the managers
- Accounting and financial operations will be closely oversight by an attorney with a CPA designation.
- Respect and recognition by local organizations and experienced exporters, suppliers and producers.
- The experience the three managers have is extensive and well combined, and will produce positive results and growth.

Additionally, is important to mention that one of the company's strategies would be to hire a CBP (Customs and Border Protection) broker, who will handle the import process in the United States. In addition, the company

would hire a sales and marketing representative by region or port, paid based on commission. By doing this the three managers can focus on managing the principal duties of finances, operations and execution.

Financial Management

In order to make Grupo Fontanali a successful and profitable enterprise, we must consider all the strengths and weakness that Guatemala has as a country, based on extensive research and experience. Additionally, we need to consider our competition, which is also extensive. All the expenses involved to start our operations have been calculated. We have absorbed so far the majority of expenses to register the company, such as legal fees, permits/licenses, accounting services, website creation fee, travel expenses and marketing materials. These expenses have been added to our start-up costs, and will serve as a guide to determine some of the operation costs that the company will have in the next three - six months. This will help us create a realistic operational budget and establish a fund to cover these expenses for the next six months. The details of the start-up and operational expenses will be included in the Appendix of this business plan.

We will control our operational budget and expenses with the help of our Financial Director, Mr. Natanael Portillo. A checking business bank account has been opened in Guatemala with Banrural Bank, a renowned bank in Guatemala City. The account is under the name of 'Grupo Fontanali', and our Financial Director is the only person who has his signature registered to issues checks. However, all the Board of Directors has online access to keep accountability and control. This will help us centralize the payment of fees and expenses. As we mentioned before, as a lawyer and CPA he has the ability to keep track of the operational budget and advise on the viability of purchases and expenses. In order to make this efficient he has hired an assistant who will be in charged to record all the expenses into Quickbooks.

Start-Up Summary

The start-up of the company has been a slow but a steady process. We have taken into account many aspects before deciding to establish Grupo Fontanali. The first step is to consider the amount of commodities, in this case natural, organic and raw honey that we are able to provide to our customers in the

United States. We are aiming at 62,700 pounds per year. We have to consider the start-up costs involved, the number of people we need to hire, and the expected profit and revenue we will be able to make. We have prepared for this endeavor by taking classes and courses on Export/Import at AGEXPORT (Guatemalan Association of Exporters), business management, project management, learning about beekeeping and learning from experienced exporters. We have participated in seminars taught by the Global Training Center in the United States in order to understand the import process. We have also consider our competition, and what will make our services and commodities better and different from what is already in the market.

Marketing

Our main goal is to reach out to our niche of clients, and according to the Natural Marketing Institute U.S. organic consumers are active, community-involved, highly influential, and information seeking people. The NMI breaks down this group into segments according to their level of usage of organic products and commitment to the environment. We have developed marketing strategies to appeal to this segment of people described as well informed, environmentally conscious, committed to sustainability and aiming for healthier lifestyles.

To target our well informed and tech savvy consumers, we have created a website: www.GrupoFontanali.com, and a Facebook Business page: <https://www.facebook.com/GrupoFontanali>, to help us in our outreach efforts, providing them with information and background to support our credibility. Moreover, we have a list of contacts and potential customers, including companies and small importers. We have also a customer relation management (CRM) system, in which we have input all our databases to start an email marketing campaign, in addition to personal notes, personal visitations and presentations.

We have also consider participating in Trade Fairs, where we can target industry professionals interested in organic and natural products. As an example, we can mention the Natural Products Expo East, taking place in Maryland in September 2015.

Our customers can realize the difference of our product, by providing free samples, accompanied by an aggressive marketing campaign including videos,

social media, email marketing, calls, personal notes and personal visitations. Our services and the commodities we provide in today's market are of superior quality. We are aware of our target market, we must know our customers in order to provide what they are looking for. Who they are, what they want and how they want it; are the most important questions we ask ourselves before establishing a market campaign. In this order, our customers are U.S. companies and importers that want to buy organic honey wholesale, and who appreciate organic products, respect fair trade regulations and are committed to building strong and lasting relationships.

Market Analysis

Our customers are looking for quality organic honey, and they want to reduce their costs by opening their doors to Grupo Fontanali. One advantage of the Guatemalan honey market, is the short distance the product has to travel, as a consequence there is a reduction in shipping costs and waiting time. Besides our customers want quality of service and excellent follow up. The service they are looking for should be expedite and under the best possible circumstances for all the parties involved.

Based on research, we know that the honey market in the United States is in need of more product, strong providers such as Brazil and Argentina are going through challenges such as droughts and political crisis. We have consider our competition, locally and internationally. However, we believe in our product and the ability to overcome our weakness and reinforce our strengths.

Market Segmentation

Based on research we have a good size number of potential customers, derived from the current honey market conditions. We have identified three types of customers: Local honey producers and importers, who also produce honey locally; Wholesale buyers, such as companies in the food industry; and Retailers, who will label and sell in small containers the honey. Therefore our efforts will be directed to target these kind of customers. As a start-up business we do not have the capacity to label and sell our organic honey individually. Even tough this might be a venture we will consider in the future.

Additionally, our target market is located near the three ports we will be using

to discharge our organic honey. That is New York, Miami and Los Angeles. However, we will also target potential customers in the Chicago land and surrounding areas, due to the convenience to travel short distances in order to prospect them and meet with them personally.

Competition

We have local and international competitors. First, we need to take into consideration the areas in which we want to export. In the United States there are three ports we want to use: Los Angeles, Miami and New York. In order to reduce costs and make shipments efficient, we would target importers in the surrounding areas. The majority of importers we have screened import products from Europe or buy local honey, which is more expensive and less likely organic. We will differentiate our product by the quality and origin. We have in our advantage the natural environment in which our bees collect nectar and the advantage to sell wholesale or in bulk and not in small containers, which will allow our buyers to bottle and label the honey as they wish.

We also have competitors in our regions, such as El Salvador, Nicaragua, Costa Rica and Mexico. However, they are exporting the majority of their product to Europe and we have the advantage to know the U.S. consumer market by experience and extensive research. We have the technology to outreach to our potential buyers, via social media, email, phone and personal visitation. We will exhaust all of our resources to get the qualified buyers who will appreciate natural, organic and raw honey, resting assure our product will not only benefit their business but also our producers and beekeepers.

Pricing

20" Container maximum capacity is 28.2 tons = 67,170.35 pounds / 895.48 gallons

Cost 1 Gallon (12 pounds) of organic honey = Q.157.00= \$20.57 per gallon =

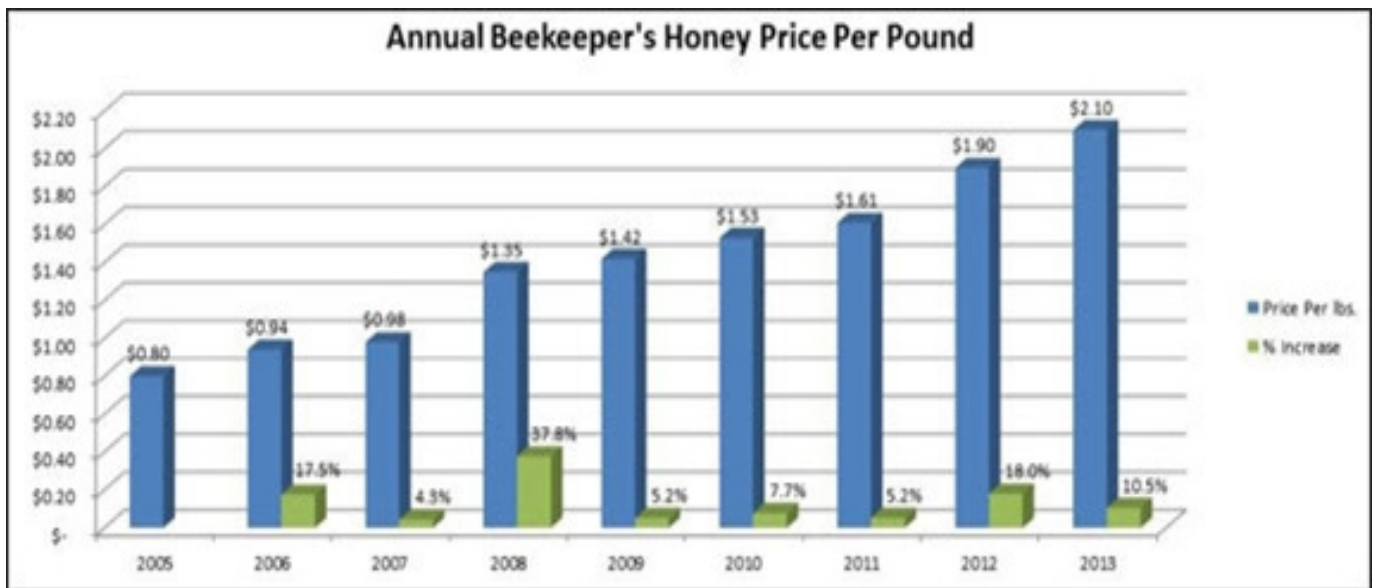
\$1.71 per pound

Cost of 895.42 gallons (10,745.76 pounds) of honey in Guatemala = \$18,373.95

Price per pound in the U.S. bulk = \$1.94/pound * 10,745 pounds = \$20,845.37

Price per pound in the U.S. wholesale = \$5.00 * 10,745 = \$53,725.00

Source: National Honey Board



Appendix

Start-Up Expenses

Business Licenses	\$500.00
Incorporation Expenses	\$500.00
Deposits	\$1,000.00
Bank Account	\$5.00
Rent	\$600.00
Interior Modifications	0.00
Equipment/Machinery Required:	
Printer/ Fax Machine	\$600.00
<i>Total Equipment/Machinery</i>	<i>\$20,600.00</i>
Insurance (Quote with All State)	\$400.00
Stationery/Business Cards	\$200.00
Brochures	\$250.00
Pre-Opening Advertising	\$500.00
Opening Inventory	\$19,000.00
Other (list):	
Licenses and Permits	\$500.00
TOTAL STARTUP EXPENSES	\$34,055.00

Operational Budget (Annually)

Cost of Honey in Guatemala. Based in a 20" container with capacity for 895.48 gallons * \$20.57(price per gallon)	\$19,000.00
Transportation of 20" container from GT to the United States (Source www.datos.bancomundial.org)	\$ 1,500.00
Documents and Permits in Guatemala (source AGEXPORT)	\$ 500.00
Payroll and professional fees	\$10,000.00

Import Duties	\$ 200.00
Insurance Costs	\$ 1,800.00
Custom Broker Fees	\$ 500.00
Merchandise Processing Fees	\$ 90.00
SUB-TOTAL LANDED COST	\$ 33,590.00
A) Wholesale price in US per pound of organic honey sold \$5.00 (source honey board association). Estimated Value of 20" container at full capacity is 62,170.35 * 5.00 =	\$310,851.75
B) Bulk price \$1.94 average per pound * 62,170.35 =	\$120,610.47
Less Costs/Expenses with a 15% increase margin	\$33,590.00
ESTIMATED PROFIT (A)	\$267,617.76
ESTIMATED PROFIT (B)	\$87,020.47



Images from
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