LifeAid UK

A developing social enterprise

BUSINESS PLAN

www.lifeaid.solutions

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LifeAid UK
A developing social enterprise

Welcome

Read this page - Welcome to our “Business Plan”, then, look at the next page -

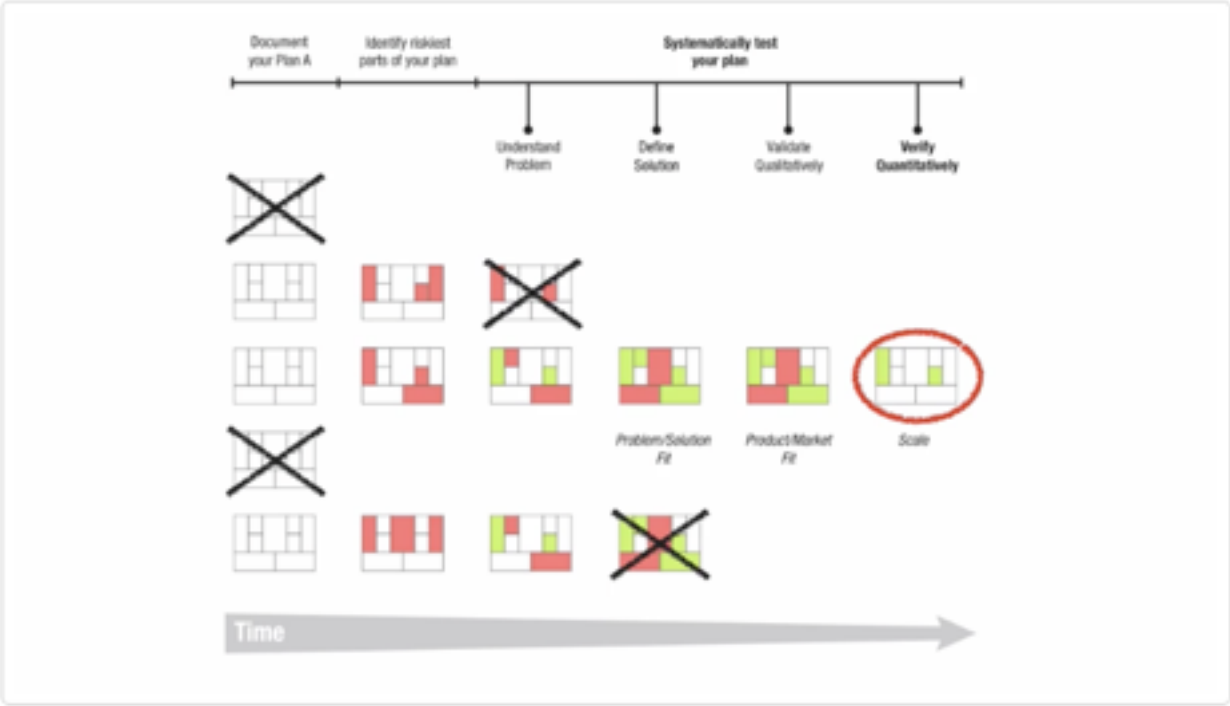
Lean Start-up Business Canvas

That’s it - forget the rest!

A business plan is what everyone seems to want but only the first page, the Executive Summary and possibly the financial pages are ever looked at.

We prefer to use what is called a Business Canvas. This is of far more use during the start-up phase of a company than a business plan which rarely survives the first encounter with a customer.

The business canvas here is not the same as the business canvas we are currently using which will also not be the same a the one we’ll be using next week.

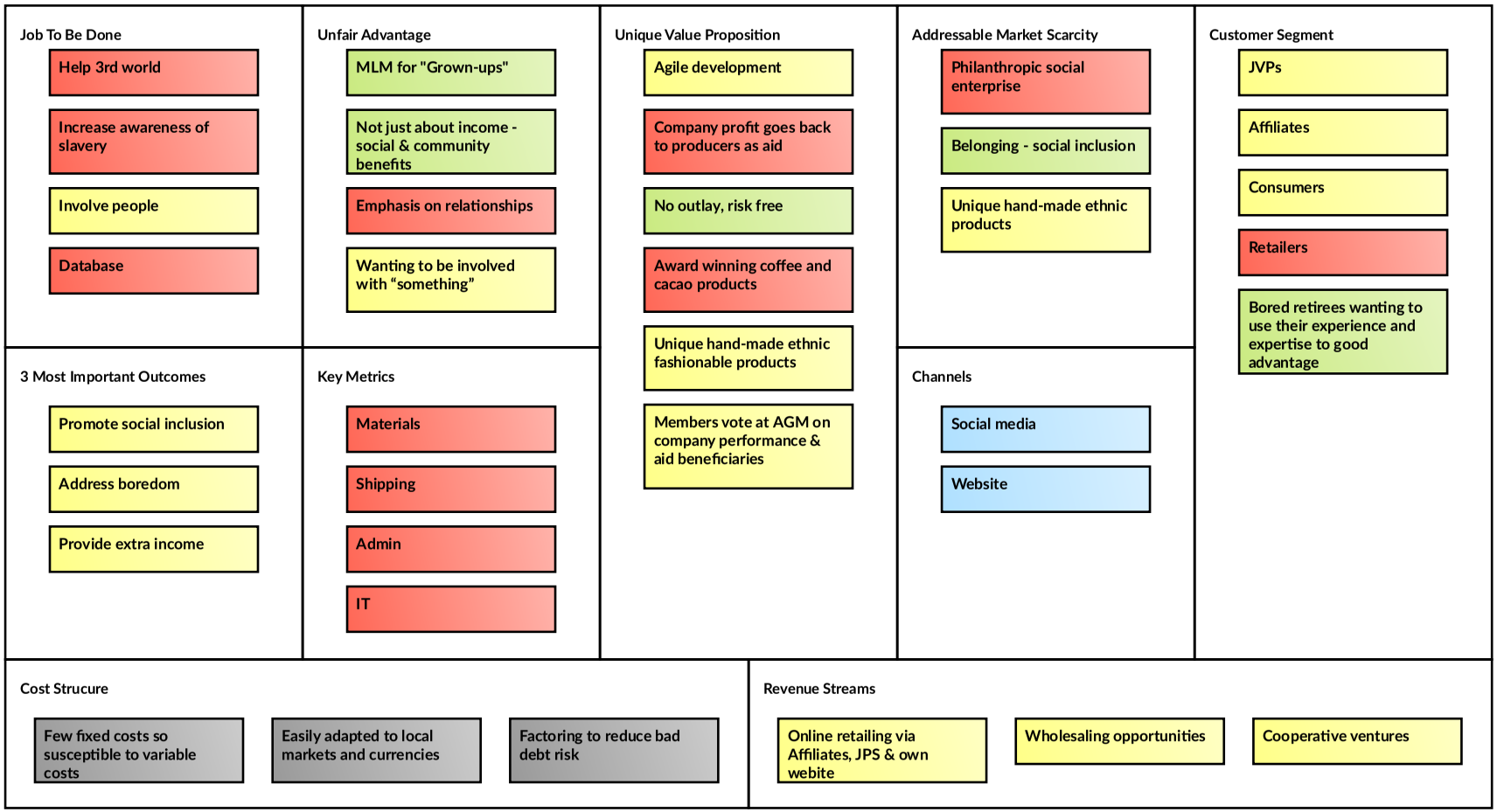


“A start-up company is a temporary structure to search for a scalable and repeatable business model.”[1]

We may start with 5-10 different canvas models, whittling them down until one becomes the blueprint for the business plan. This allows different hypotheses to be tested and so reduces the risk of failure.

[1] Steve Blank, Professor of entrepreneurship Stanford & Columbia Universities

LifeAid lean stack



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LifeAid UK
A developing social enterprise

Case for Support

Executive Summary

I. Help indigenous people keep their way of life by providing them with an income for producing
   A. clothing
   B. decorative goods
   C. coffee & cocoa products
   D. coconut oil products
II. Provide bored disillusioned westerners with a source of
   A. income
      1. joint venture partnership
      2. affiliate linking
      3. multi-level marketing
   B. community
      1. online (virtual)
      2. Travel & meeting opportunities to strengthen community
   C. social inclusion & valued contribution
III. Highlight problem of modern day slavery

Motivating factors

IV. Earning potential
V. Community belonging
VI. Improving lives of others
VII. Increasing awareness of modern day slavery

USP

VIII. Unique hand made products
IX. Cost efficient supply chain
X. Joint Venture Partners & affiliate links providing incentivised distribution
XI. Community involvement and inclusion
XII. Evidence based entrepreneurship
XIII. Agile development

We grade and score our coffees utilizing standards developed by the Specialty Coffee Association of America (SCAA).

Our coffee beans are regularly presented to coffee enthusiasts from many parts of the world for evaluation and continuous improvement.

Financial

XIV. 2017/18 In £2995 out £15173 = (£12178)
XV. 2018/19 In £54545 out £55914 = (£1369)
XVI. Financing £100,000 over 10 yrs @6%
XVII. Positive cashflow from August 2018

Company Overview

Ownership/Legal Entity

LifeAid UK is registered in England as a non-profit making Community Interest Company[2]. This type of type of company was introduced by the United Kingdom government in 2005 under the Companies (Audit, Investigations and Community Enterprise) Act 2004, designed for social enterprises that want to use profits and assets for the public good.

As a UK registered company, we are bound by UK law, a yearly report being submitted to the CIC regulator on form CIC34 confirming consultation with stakeholders and transparency of operations in addition to the normal company reporting requirements.

Cooperative & Community benefit Societies the successors to the Industrial & Provident Societies were also considered but discounted as dividends cannot be paid back to members and therefore problems of attracting investment were foreseen.

We are currently recruiting up to 6 Trustees[3] for the company to ensure that we as the board of directors deliver as we promise. Reasonable expenses will be paid and remuneration will be voted on at the Annual General Meeting.

Governance: This is how we intend to run the company and what our corporate and management structure looks like. It will the responsibility of the Trustees to ensure that we adhere to this blueprint and UK law in any case dictates that we adhere to these principles.

Timescale: As on 11:00 on 06.02.2018 company registration process was completed. We are currently awaiting a UTR from HMRC

Owners Names

Anniecel Garcia Dacles, Maedhen Dacles Larida, Ralph Larida.

History

The company was first registered 6th February 2018

The Company Number is 11190776

The registered address is: Kemp House, 152-160 City Road, London EC1V 2NX

Accountants & bankers are to be appointed

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[2] Definition of CIC - https://en.m.wikipedia.org/wiki/Community_interest_company

[3] Obligations of a Trustee - https://knowhownonprofit.org/governance/getting-started-in-governance/trustees

Correspondence Address

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Web site: www.lifeaid.solutions

Location

The company is based in Hinckley in the East Midlands U.K. Hinckley is important as it has good public transport links with both Leicester and Coventry and therefore direct links to various national and international airports. Many nationwide distribution hubs are around Leicester being almost the geographical centre of England.

Whilst three of the partners are Philippine nationals, the comparative cost of setting up a business in the Philippines compared to the UK makes the UK the natural choice of domicile for the company. There is no bar on foreign nationals opening and running a UK based limited liability company. Chris Shipp as company secretary is in any case a UK national.

According to Healy Consultants Group plc[4] based in Singapore, the concept of a limited liability company does not exist in the Philippines, therefore the most advantageous way to do this is to set up a Joint Stock Corporation (JSC) of a foreign held limited company, traditionally based in Singapore. The cost of this is US$18,050 and US$200,000 of minimum paid-up share

[4] www.healyconsultants.com/

capital is also necessary. The typical cost in the UK is less than £100 / US$135 with a minimum paid up share capital of £1.

Two Philippine nationals Mae Dhen & Ralph are based on the island of Mindanao as are the producers. Coffee and cocoa plantations are very location dependent requiring high elevation in equatorial rainforest regions.

Business & Objectives

Background

The original concept came from a visit to the Philippines in May 2017. A number of foreign retirees were noticed having moved to a “tropical paradise” for both economic and health reasons. It quickly became apparent after many conversations that the common factor amongst these retirees was boredom, lack of direction and a feeling of not longer being a valid contributing and valued part of the community.

Research has shown this to be an all too common affliction, with a recent New York Times article claiming that over 46% or retirees were disillusioned with retirement after just 10 months together with the realisation that pensions didn’t stretch as far as once anticipated.

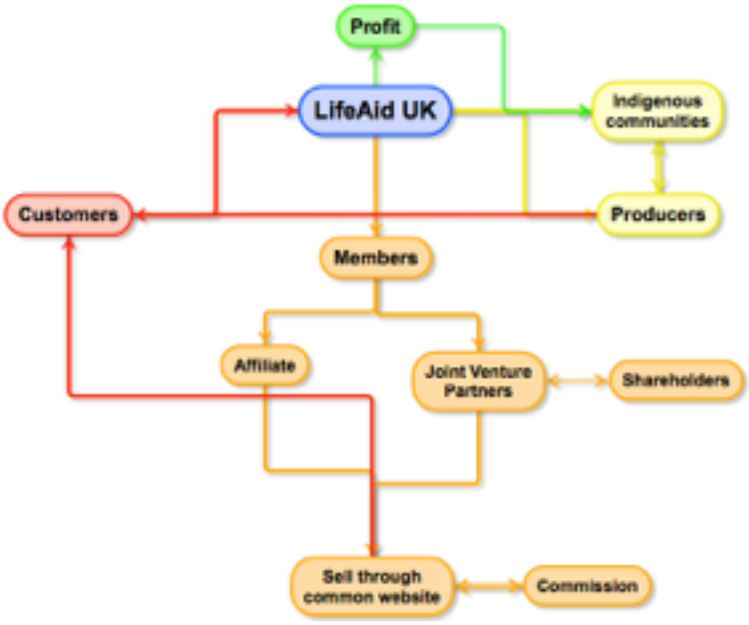
Further research led us to believe that not only retirees would be interested in some form of extra income and a challenge but also many others. A Gallup poll in the UK claims 65% of workers do not feel appreciated at work. There is growing concern about the stability of the labour market especially with the advent of Artificial Intelligence and “Brexit".

On top of this is the concern that third world indigenous people are losing their way of life due to economic and political instability and being forced off the lands from which they have lived and tended for centuries into urban ghettos or even worse to various forms of menial employment abroad, some not only bordering on but actually being forms of slavery. This has been shown to be ideal breeding grounds
for ideological dissension.

Concept

With this background we are looking at a three pronged approach

1. Mobilise and inspire those retirees and others looking to…
    - 1.1. earn an extra income
    - 1.2. help others in a spirit of philanthropy
    - 1.3. become part of a wider community - social inclusion
    - 1.4. broaden and share their sphere of experience



2. Help third world indigenous people

    2.1. purchasing products and produce at realistic market rates hence giving them a income

    2.2. promoting skills development

3. Give customers unique fashionable made-to-order items at realistic market rates due to efficient distribution methods and by purchasing, know that they will be helping alleviate poverty and suffering.

Additionally profits made by this venture will at the end of the financial year, having paid all reasonable wages and expenses, be returned to the producing communities in the form of aid.

Reasonable wages and expenses will be verified by annual audit and a team of a minimum of five Trustees who will oversee correct and ethical day-to-day running of the company according to UK law.

We anticipate two levels of involvement

1. Affiliate Partners - these will sell goods on commission only.
2. Joint Venture Partners - these will be shareholders and having voting rights at the AGM in addition to benefits enjoyed by Affiliate Partners

Commission will be earned on a sliding scale to incentivise involvement.

In this example, an affiliate is assumed to earn £1250 in commissionable sales in that trading month. The cut-off limits and the commission paid on those sales are in the first two columns, the calculated income and the total is in the third column.

These are example payment types, the eventual payment percentages being calculated once we have more accurate cash-flow forecast figures.

	Affiliate member	Joint Venture Partner
Cost of website	£ 75.00	£ 75.00
Shareholding		£ 100.00
Total outlay	£ 75.00	£ 175.00
Online community	✓	✓
Travel opportunities	✓	✓
Commission earned	✓	✓
Dividends received		✓
Increase in share value		✓
Voting rights		✓

Joint Venture Payments

Amount	£1250.00	Payable	
£1000.00	15%	£150.00	
£1999.00	20%	£50.00	
£2999.00	25%	£0.00	
£3999.00	30%	£0.00	
>£4000.00	35%	£0.00	
	Monthly commission	£200.00	

Market Analysis

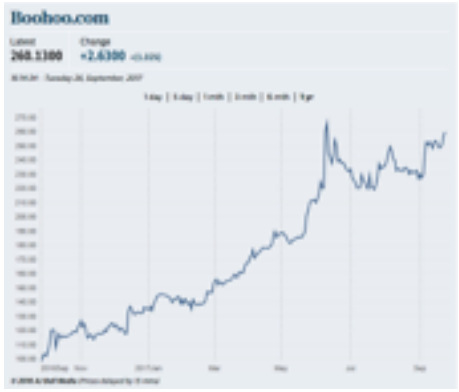
Market Size

The target market consists of anyone who drinks coffee, eats chocolate or wants unique hand made ethnic products. We will not be confining ourselves to the UK but looking at a worldwide market, wherever sales affiliates or Joint Venture Partners are based.

One of the order fulfilment services we are considering is FBA - Fulfilled by Amazon, who alone in 2015 shipped over 1 billion items. Amazon can cater for sellers from over 100 countries selling to customers in 185 countries[5]

However, there are other fulfilment services springing up to compete with Amazon e.g. Shopify and a close eye will be kept on these developments.

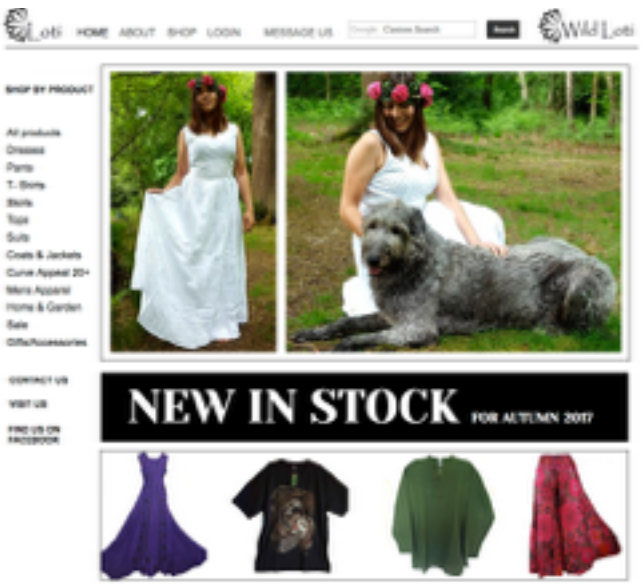
Market Trends



There is a visible increase in online shopping compared with visiting traditional retailers. Online UK fashion retailer BooHoo has shown massive growth over the past 12 months.

Online sales and shopping are therefore well established and are favoured when considering items for a smaller niche market such as gourmet coffee, chocolate, unusual household ornaments, fashionable unique ethnic clothing.

A colleague from a neighbouring town has had considerable success selling BoHo, hippy style clothing manufactured in India using the same concept of returning profit to the producing community to alleviate poverty. This company has been running for over three years with considerable success.



There is also growing awareness in the UK of the problems around “Far East sweatshops” producing particularly clothing in unsafe premises under appalling conditions, bordering on slavery.

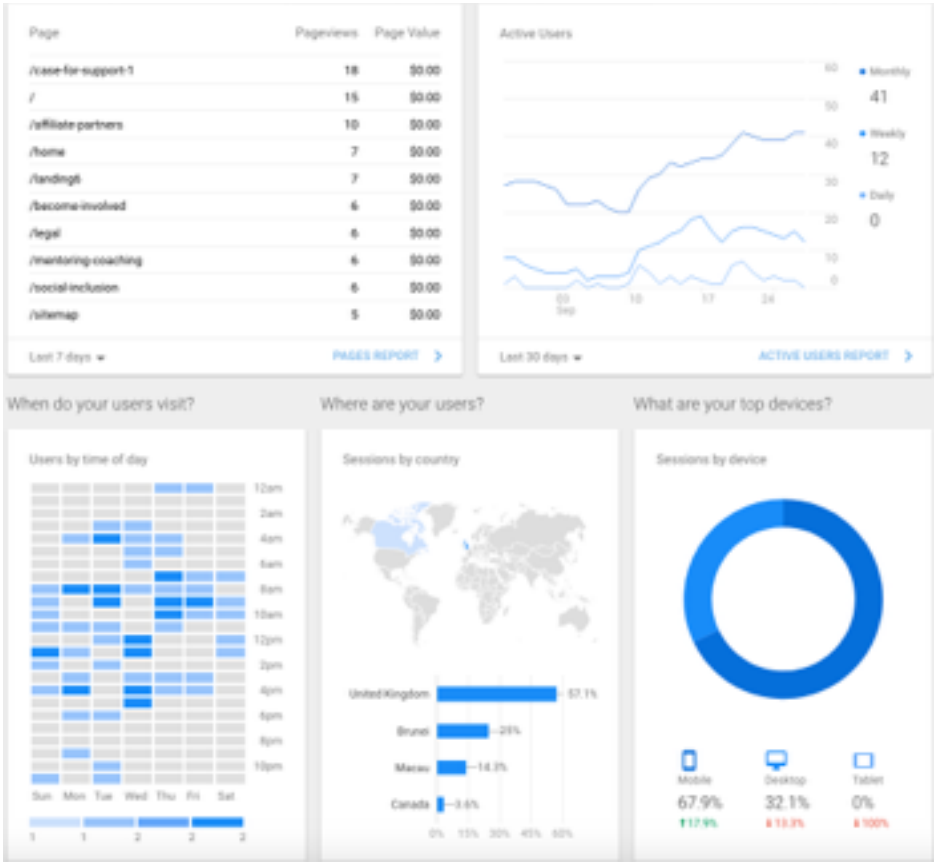
In addition we also wish to highlight the ecological aspect of intensive production

and farming methods and seek to support those ventures which support and maintain the environment which for centuries has supported those who live off it.

Market Segmentation

The traditional market segmentation method assumes that different market segments require different marketing programs – that is, different offers, prices, promotion, distribution or some combination of marketing variables. Market segmentation is not only designed to identify the most profitable segments, but also to develop profiles of key segments in order to better understand their needs and purchase motivations. Insights from segmentation analysis are subsequently used to support marketing strategy development and planning.

We intend to market our products via sales affiliates and joint venture partners. These individuals will know their own market far better than we ever will. Our main objective therefore is to facilitate this organic marketing strategy using incentivised individuals.



Our engagement metrics will also measure segmentation and indicate which items are selling and which need further attention.

Customer Analysis

Target Customers

Our customers are in effect our affiliate and joint venture partners who will in turn sell to their own customers. Our customers therefore include anyone who

1. wants an extra full or part time income
2. wants to become involved in helping those less fortunate
3. is prepared to find their own target customers with our help
4. is proud to be distributing unique items lovingly crafted, grown or harvested

Customer needs

It is realised that many of our sales affiliates may have little or no experience of retailing in any environment. Chris Richards built a sales force of over 2,600 distributors in the 1990's in over 26 countries and therefore has experience of this. Further he has also been trained as a mentor and coach by the University of Oxford Postgraduate Medical Faculty to help struggling doctors and dentists and so is also experienced in helping others identify their own strengths, weaknesses, how to maximise opportunities and minimise threats.

The basic concept is straightforward but it is realised that it will have to be modified for individual markets and expert advice will be sought as and when identified as necessary.

Using Google Analytics, Tag Assistant and Wix's own Engage & Analytics programs (our engagement metrics) will allow us to keep an eye on who is visiting the website, where from and on what device so we can better optimise our interaction with these future customers.

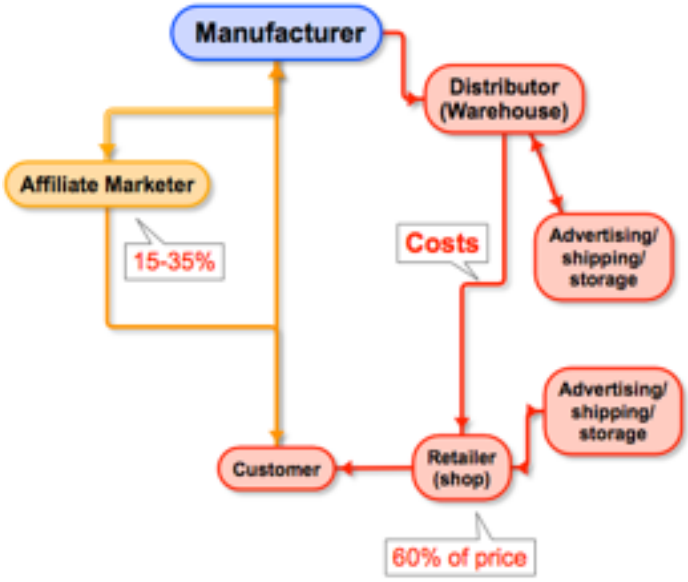
Competitive Analysis

Main Competitors

There is a lot of competition from the giant multi-nationals such as Amazon to single drop-shipping outfits run from someone's back room. However, it is interesting to note that Amazon now offer a program "Hand-made by Amazon" to cater for artisan producers. We will be investigating this and possibly taking advantage of this in the future.

Our main competitor is Traidcraft[6] based in Gateshead. They work in partnership with UK churches – working together to offer people a sustainable route out of poverty. According to their annual accounts, a significant proportion of their income is from legacies and donations but the still manage a gross turnover of in excess of £11 million PA.

Competitive Advantage



Where we differ is that compared to High Street or mall retailers we have fewer overheads. Ideally we do not intend to keep stock, products being shipped upon order direct from the producer to the customer. This keeps our overheads down and so allows us to give the customer a better price.

The additional and almost unique competitive edge is that any profits made by the company go back in aid to the producers and so benefit these third world producers.

Not only is the customer therefore getting a "good deal" but they are also helping third world countries. There will be regular reports on the website of work that we are planning or have already completed and reports will also be published on our web blog, Facebook, LinkedIn, Twitter, Instagram pages as well as a monthly newsletter hence emphasising the concept of belonging. and making the customers feel as if they have "made a difference".

[6] www.traidcraft.co.uk

Marketing Plan

Business Model

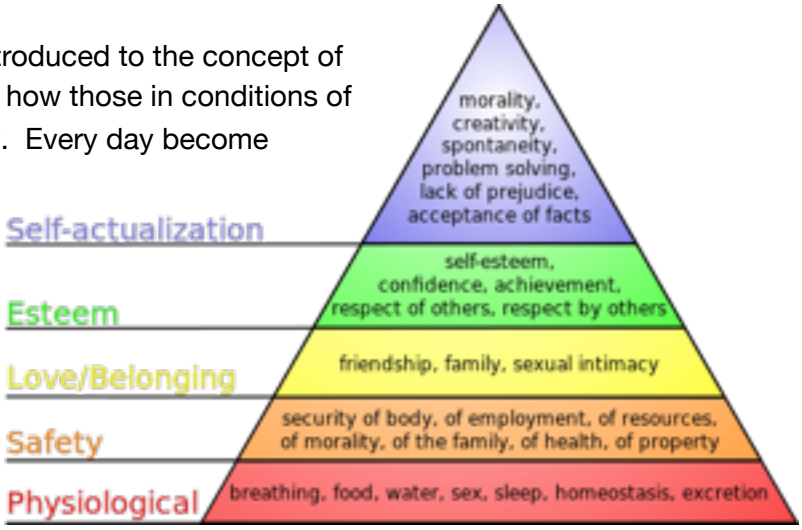
The business model is quite straightforward. We buy from a producer and ship to a customer. Normally we would have to employ sales staff to achieve the sales but in our case we are using a network of self-employed affiliates and joint venture partners. The advantages of this approach are that we only pay sales staff on commission. We will offer training to help these colleagues achieve their own sales targets.

Brand Positioning and Pricing

Actual brand positioning and pricing of products will be left up to the individual affiliate or joint venture partner to tailor to their own particular local market needs. Advice will be given and no marketing strategy will be allowed to be implemented without having written permission from ourselves to minimise abuse.

As far as recruiting affiliate and joint venture partners, our initial view is that they are more than welcome to join us as long as they cover the administration costs of joining us. The chief administration cost will be personalising their webpage using the company webpage as a template.

Affiliates and Joint Venture Partners will be introduced to the concept of Maslow's Pyramid. It is our intention to show how those in conditions of poverty spend their time simply trying to exist. Every day become "Groundhog Day". By providing these people with the basics of life then they can start to look at self-improvement.



In the case of indigenous peoples this will include skills development to allow then to become self-sufficient and promote a sense of self-achievement.

The same theory applies to bored, disillusioned, discontented westerners.

Friendship and relationships are extremely important in creating long term happiness. A 75 year Harvard study of 724[7] men showed that long term fulfilling supporting relationships contributed more towards peoples' well being and longevity than wealth or success.

We are further looking at the implementation of New York professor of psychiatry, Dr Clare Graves, Spiral Dynamics Principle[8] which show that people "oscillate" between states of individualism and community and that community cooperation triggers growth.

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[7] Harvard Study into Happiness - https://www.youtube.com/watch?v=8KkKuTCFvzI&t=20s

[8] Clare Graves - Spiral Dynamics Principles - http://www.clarewgraves.com/home.html

Using these principles, we aim to engage retirees with their wealth of experience and hopefully allow them to help “hand-hold” younger disillusioned unappreciated family workers who may need an extra or are concerned about the stability of their income or simply want to “go it alone” using a tried and tested formula in an ethical philanthropic company whilst helping third world countries and the environment.

“My employer used to lock me up in the house and shut all the doors and windows. I was ordered to wake up at four in the morning and sleep at one in the morning. I used to keep awake by ironing my master’s clothes.” Kamala, former domestic worker in Lebanon.

Promotion

Recruitment of sales affiliates and joint venture partners will be through advertising on the relevant websites for instance Clickbank, Clickfunnels, Wealthy Affiliates etc. We also intend to promote heavily on Facebook where we have reached the maximum of 5000 “friends”, Instagram and Twitter.

Further we wish to promote awareness of modern-day slavery. Annie herself has first hand experience of this, being forced due to economic problems to leave her young child and family and go abroad to find better paying work. Whilst her motives are praiseworthy the price she

had to pay is extremely doubtful. Being made to sleep in linen cupboards, having to steal food from her employer and eat in the toilet as she was not allowed to eat, not being paid promised wages, having to pawn her passport to pay for medicine for her son are simply not acceptable. Others however have been treated even worse, a recent court case sentencing one Hong Kong employer to five years imprisonment for beating her Philippino maid.

With economic and political uncertainty particularly in Mindanao and largely coming from frustrations due to lack of opportunity we would like to help address this issue if we can in some small way. By buying from local farmers[9], supporting and drawing attention to local initiates we would like to show others that they can make a difference and help those at the bottom start to climb Maslow's Pyramid.

Coffee FOR Peace

Not just another coffee.
It's JUST coffee!

Tag: Mindanao Tribal Coffee Farmers

WE INITIATED INTER-TRIBAL EXCHANGE OF ARABICA GROWING TECHNOLOGY IN 2010

COFFEE & PEACE STORIES

- 'CFP HELPS ACHIEVE U.N. SUSTAINABLE DEVELOPMENT GOALS,' SAYS PBSP
  7 August 2017
- FINAL BUILDING PLANS AND RELEASE OF FUNDS HAVE BEEN APPROVED FOR 'KAPEYAPAAN' IN VALENCIA CITY
  6 July 2017
- BACOFA EXPORTS FIRST BATCH OF GREEN COFFEE TO THE U.S.A.
  5 June 2017

Sales Forecast (see also Financial Plan)

Sales forecasts are notoriously inaccurate but the assumption we are making for our sales forecasts are that we rely chiefly on our sales affiliate and joint venture partners making sales. Very little emphasis has been placed on our own efforts to secure retailers.

In the first financial year 2017/18 to 5th April 2018 the estimated income will be £2,995.00. The second financial year from 6th April 2018 to 5th April 2019, we estimate an income of £54,545.

[9] Mindanao Tribal Coffee Farmers - http://www.coffeeforpeace.com/tag/mindanao-tribal-coffee-farmers/

It must be emphasised that these are “worst-case” scenarios designed to show that we can meet our obligations even with these low level of sales.

As an example, we have forecasted that our sales from wholesaling to retailers in September of 2018 will rise to £200. In September of 2017, we have already received advanced orders for coffee amounting to in excess of £1,250 after just 1 week contacting 5 outlets.

Operations Plan

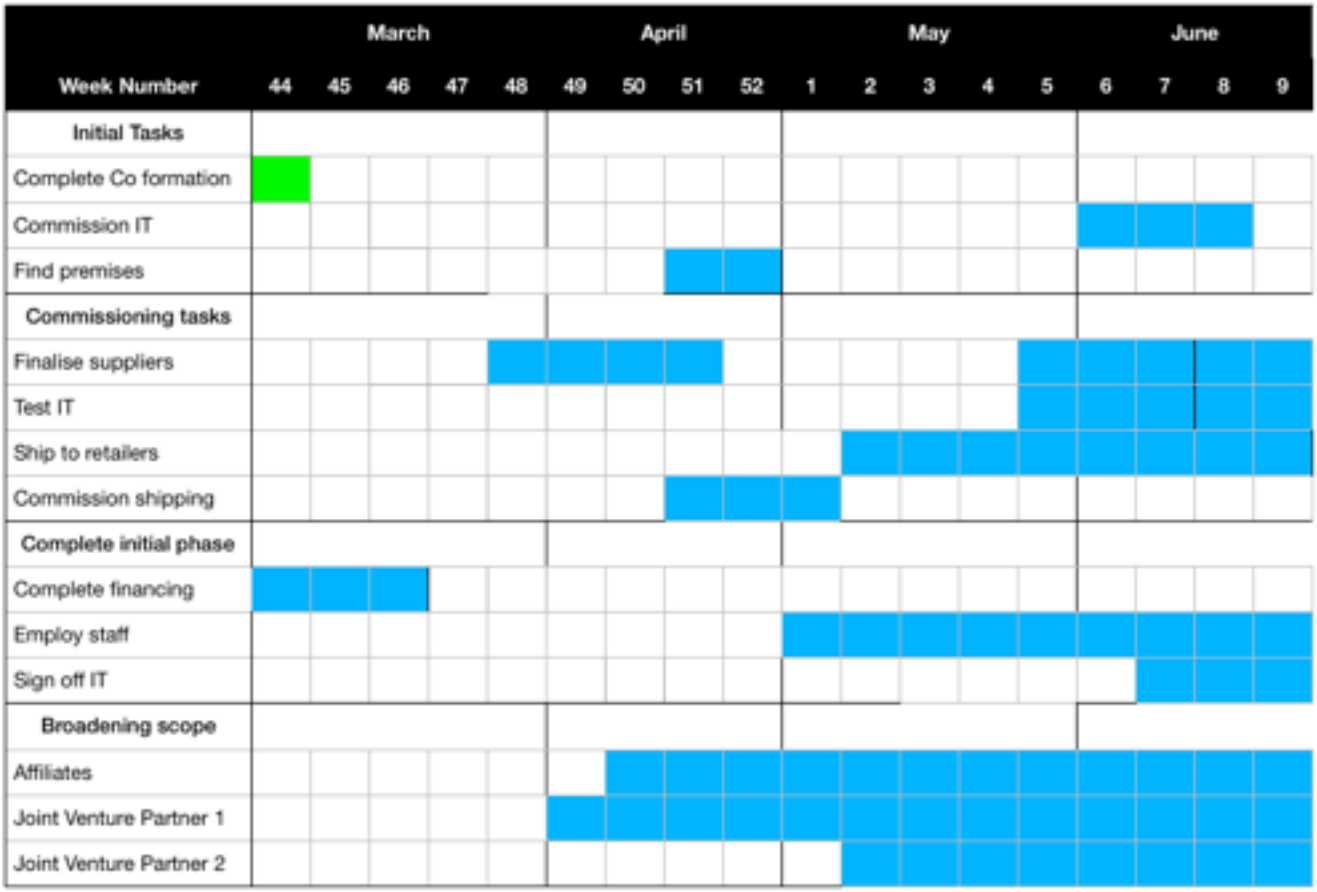
Every story has to have a beginning, a middle and an end. The beginning of our story is the procurement of products from indigenous producers. To date we are contacting the T’Boli tribe in Mindanao, the Philippines to secure a source of products. However, we are also aware of the danger of putting all our eggs in one basket and to this end, Ralph Larida, as a lending officer with a Philippine financial company is aware of other producers who would also be more than willing to cooperate. We will also eventually be looking to Indonesia and other Far East countries (ASEAN community countries) for other producers to further secure the supply chain.

We are also actively looking for shipping companies to provide the logistics which is no easy task when considering the widely varying quotes we have already received ranging from £8/kilo to £98/kilo.

Once we have these two pieces of the jigsaw in place then we will start to actively recruit affiliates and joint venture partners.

PROJECT TIMELINE

Dates: March 2018 - June 2018



A number of willing retailers have already been found, so we are sure that there is an end-market for our products.

Our chief concern currently is IT implementation. As we are to be a solely web-based company, the IT systems have to be robust and flexible. The actual logistics involved in the IT implementation are not too onerous until one considers that one is dealing with IT consultants who frequently appear to inhabit a different planet to the rest of humanity.

Our current web provider is Wix as an economical initial provider but experience has shown they don't tend to play nicely with other providers such as Wordpress and other blogging sites.

Evidence Based Entrepreneurship

Traditionally a start-up would be based around a business model based on a business plan such as this with 5 year estimates based on a series of unknowns.

We do not see how this works. There are simply too many variables.

Rather we are using this start-up as a temporary organisation to produce and design a scalable and repeatable business model. This concept is further discussed on page 20 together with financial controls which form part of our governance document.

Using a business model canvas we can collaboratively find which hypotheses work and which need to be altered or abandoned and so alter the course of the company much quicker to

avoid the “icebergs” and so promote survival rather than the collapse which affects according to statistics between 20%-99.8% of all start-ups.

We have the producers, we have the customers, we need to find shippers, the legalities and logistics are already known therefore it can be shown that we are operating from an evidence based premise rather than a series of best guesses or misleading press statistics used to prove a point.

This approach is summed up by Harvard University Business School as “Agile Development” where experience with start-up companies has shown that the business paled and financial forecasts rarely survive the first encounter with customers. Companies that adhere doggedly to a business plan which becomes increasingly irrelevant stand a far greater chance of failure that those companies who react to market forces in a positive way.

Harvard Business Schools definition of a start-up company is…

“A temporary structure which searches for a sustainable scalable business model”.

This template allows us to alter the processes which drive the business but while still maintaining our aims and objectives.

Management Team

Key Company Personnel

Directors

1. Mae Dhen Dacles Larida BSc Mathematics, teaching higher mathematics at San Vincente National High School, Banga, South Corabato - Director

2. Ralph Larida, loans officer for Macondray Finance Corporation (https://www.macondrayfinance.com.ph/) - Financial director

3. Annie Dacles BSc commerce from Notre Dame of Marbel University - Managing Director

4. Chris Richards BDS, Liverpool, retired, Project Manager (CV in appendix)

Trustees

Robert Ashton, author, entrepreneur, advisor (The Barefoot Entrepreneur)

Father Herbert, chaplain to the Filipino community Leicester & seafarers mission Felixstowe

Organisational Structure

Annie Dacles is responsible for affiliate and joint venture partners recruitment, training and investor relationships.

Ralph Larida is responsible for the Philippine side of the operation from procurement to shipping & financial control.

Mae Dhen Dacles Larida is responsible for IT relationship management.

Chris Richards will provide the strategic planning consulting with experts, other projects and professionals as well as the day-to-day running of the company and compliance issues.

A compliant employee handbook is already available should we need to employ staff at short notice.

The company is so structured that no one person can control the direction. The directors are responsible to the trustees and together they as the Executive Committee are responsible to the shareholders.

Team Weaknesses

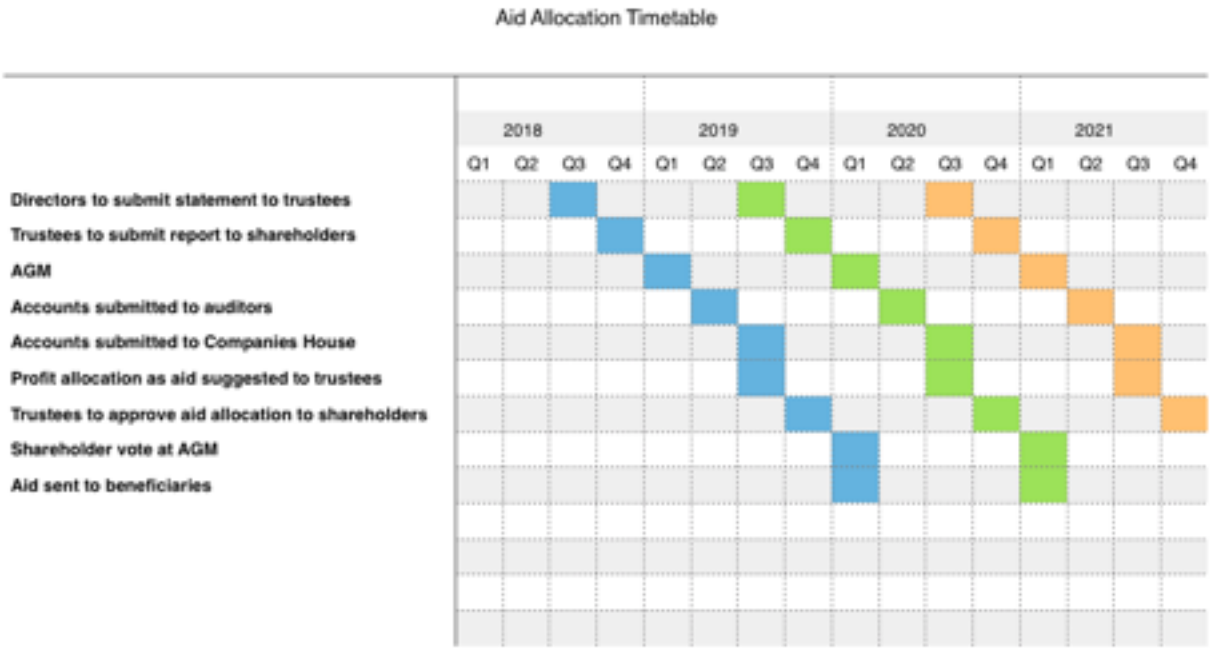
Whilst all are new to this particular role, previous experience in other positions means that we all have the experience and flexibility to be able to react to circumstances.

Half the team are based in the Philippines and the other half in the UK, but regular visits are planned as well as regular Skype/FaceTime meetings.

We do not at this stage identify any serious weaknesses that have to be addressed. The only problem comes if we should have to maintain stock in which case staff and suitable premises will have to be procured, but we are hoping not to have to do this by using the various available fulfilment services.

Chris has enrolled with an online learning course from Harvard Business School on "Lean Start-ups" based around McKinsey's concept of the Three Horizons of Growth[10], discussed below.

Management Timeline



The chart demonstrates the yearly submission of reports to comply with regulations and the articles of association.

Accounts will be submitted at the AGM and their adoption to be voted on by the shareholders.

[10] https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-three-horizons-of-growth

Beneficiary suggestions from the Board of Trustees in line with company policy and procedures will also be voted on at the AGM by shareholders.

Director performance, potential bonus payments, wages, remuneration will all be subject to shareholder approval at the AGM to ensure a true democracy.

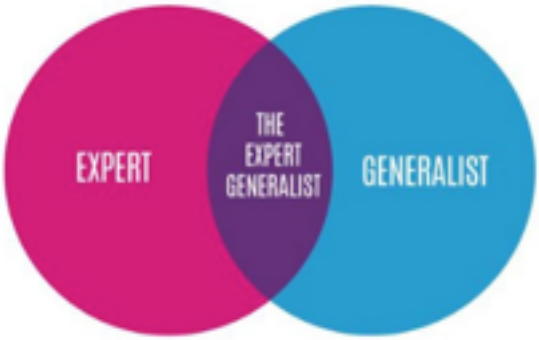
When addressing the perceived problem of lack of experience, we would like to quote from an article about Charlie Munger, Berkshire Hathaway's vice Chairman, who was described as an expert-generalist, defined as:

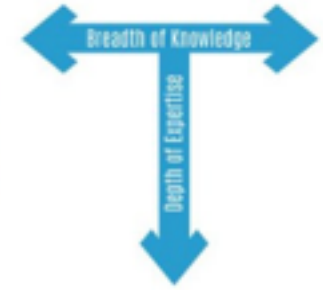
Someone who has the ability and curiosity to master and collect expertise in many different disciplines, industries, skills, capabilities, countries, and topics., etc.

He or she can then, without necessarily even realising it, but often by design:

- Draw on that palette of diverse knowledge to recognise patterns and connect the dots across multiple areas.
- Drill deep to focus and perfect the thinking.

The concept is commonly represented by this model of the "T-shaped individual":





Source: IBM model of the T-shaped professional

While the 10,000 hour rule works well in areas with defined rules that don't change such as sports, music, and games, the rules of business constantly and fundamentally change. A 2014 review of 88 previous studies found that "deliberate practice explained 26% of the variance in performance for games, 21% for music, 18% for sports, 4% for education, and less than 1% for professions. We conclude that deliberate practice is important, but not as important as has been argued." This chart summarizing the results should cause any ardent believer in the 10,000-hour rule to pause:

Fig. 3. Percentage of variance in performance explained (light gray) and not explained (dark gray) by deliberate practice within each domain studied. Percentage of variance explained is equal to $r^2 \times 100$.

Being an expert-generalist allows individuals to quickly adapt to change. Research shows that they:

- See the world more accurately and make better predictions of the future because they are not as susceptible to the biases and assumptions prevailing in any given field or community.
- Have more breakthrough ideas, because they pull insights that already work in one area into ones where they haven't been tried yet.
- Build deeper connections with people who are different than them because of understanding of their perspectives.

Build more open networks, which allows them to serve as a connector between people in different groups. According to network science research, having an open network is the #1 predictor of career success.

McKinsey's Three Horizons of Growth

We realise that a business plan is at best a series of "best guesses". We intend to use the concept of the Lean Innovation Pipeline as described by Harvard Professor Steve Blank. The basic premise is that 75% of business start-ups will fail. By using a self- regulating evidence based innovation pathway we aim to fail quicker and more often so that lessons can be learned and the whole process adapted and improved until we have a solution that reliably works.

The whole company will be driven according to customer feedback so that we provide what the customer actually wants rather than what we think they want.

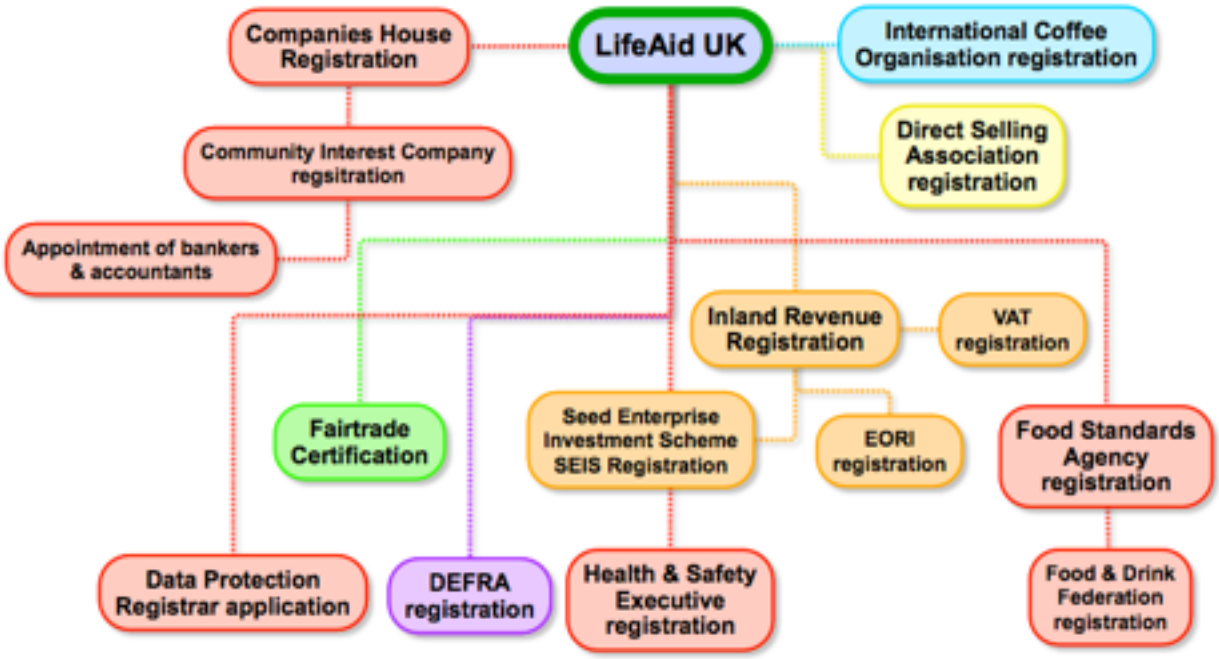
Having identified the start-up systems, we then turn to McKinsey's three horizons of growth, namely…

1. continuous innovation and improvement of the companies core systems in line with the Japanese concept of Kaizen
2. extend the company's products and services to new customers & markets
3. creation of new products and services in line with the initial start-up innovation pipeline.

Legal Formalities

UK

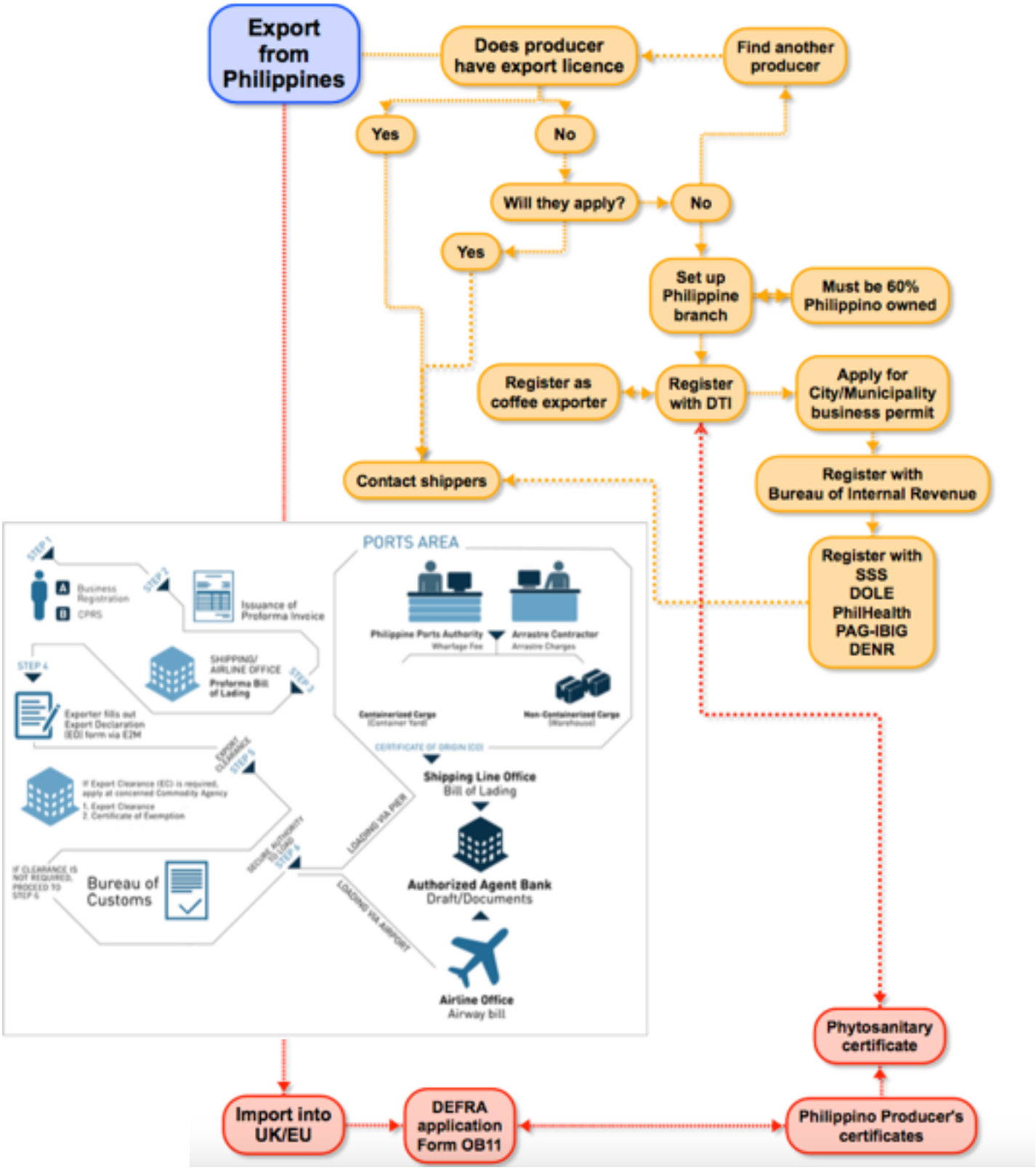
Initial registration requirements will be to complete but not limited to the following formalities in the UK.



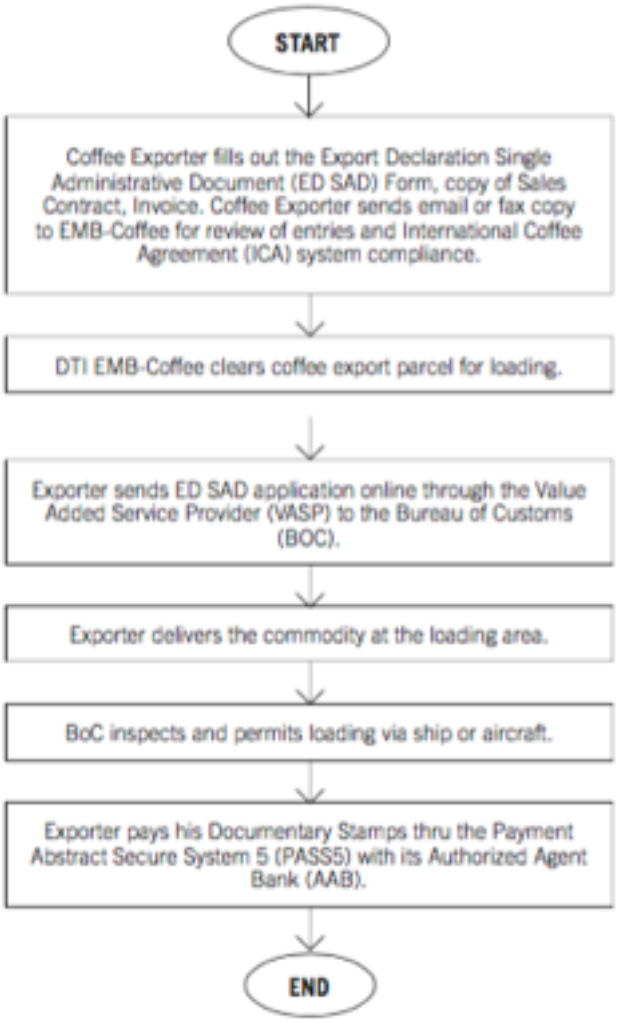
Much of the registration process will depend on obtaining the current, relevant and contemporaneous documentation from the producers.

The following flowchart is from the Philippines Department of Trade & Industry's guideline for foreign companies seeking to import products including foodstuffs from the Philippines.

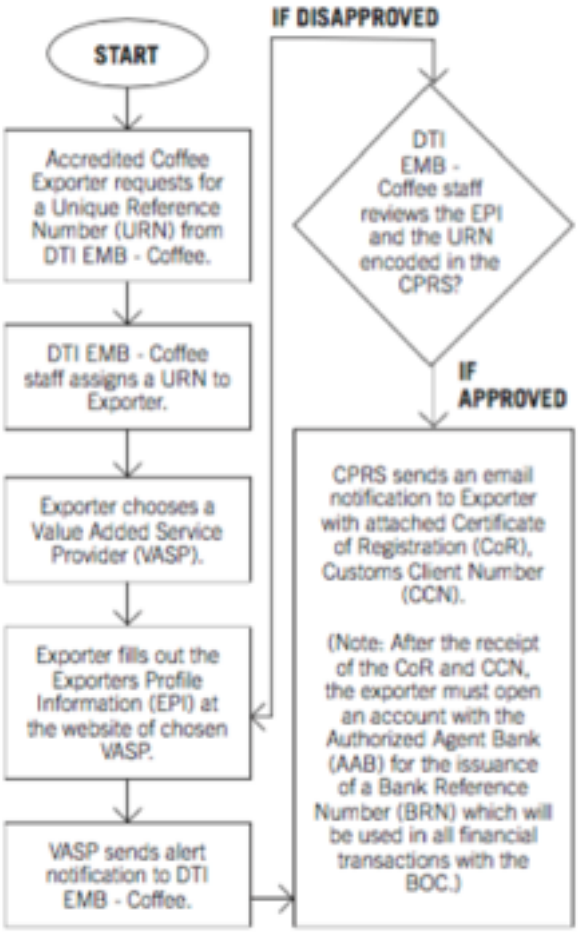
Philippines



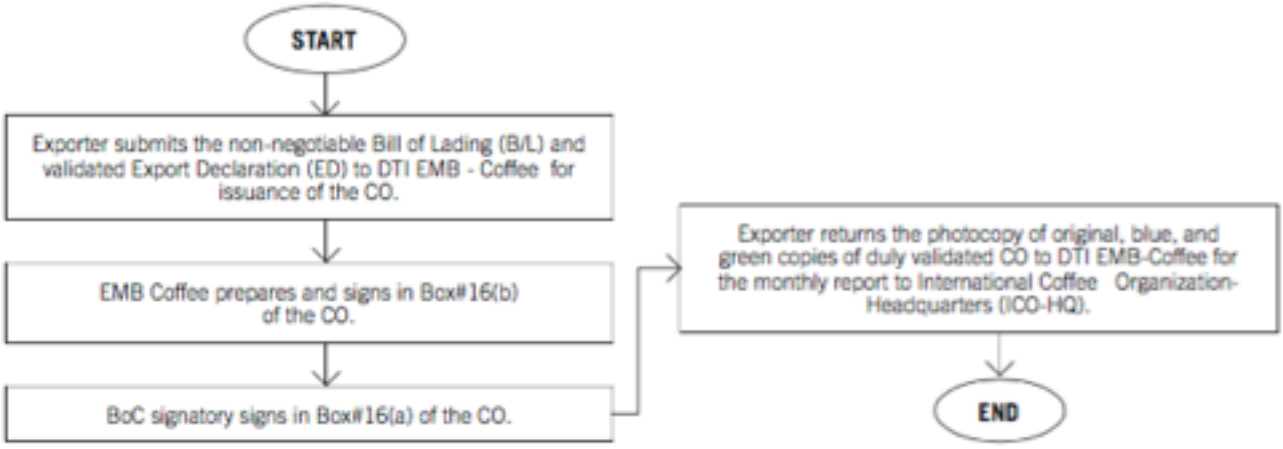
AUTOMATED EXPORT DOCUMENTATION SYSTEM (AEDS) PRE-SHIPMENT



CLIENT PROFILE REGISTRATION SYSTEM (CPRS) FOR COFFEE



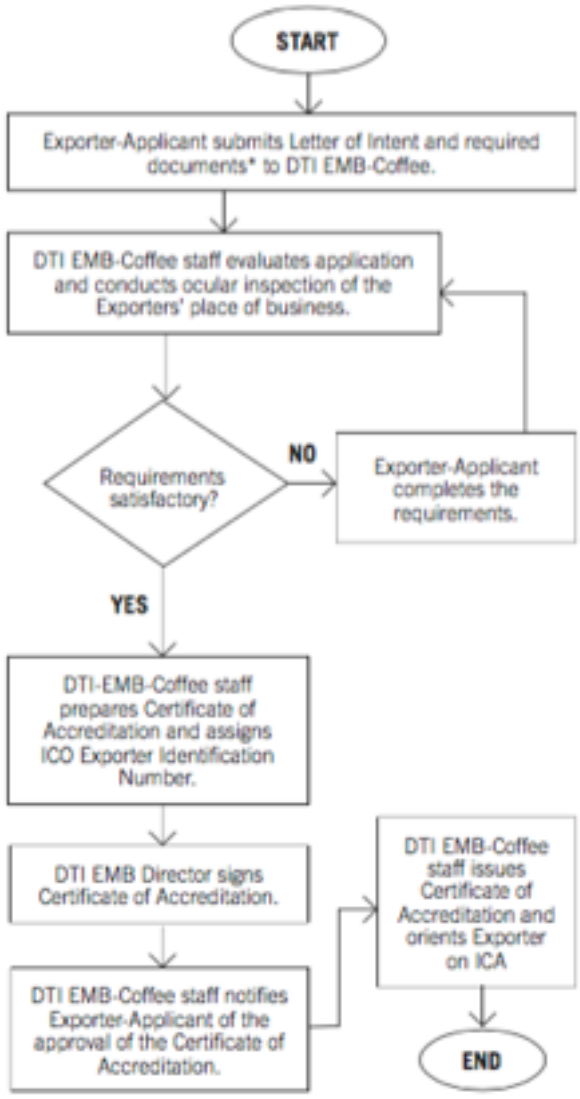
CERTIFICATE OF ORIGIN (CO) POST-SHIPMENT



DTI-EXPORT MARKETING BUREAU (DTI-EMB)-COFFEE

ACCREDITATION OF COFFEE EXPORTERS

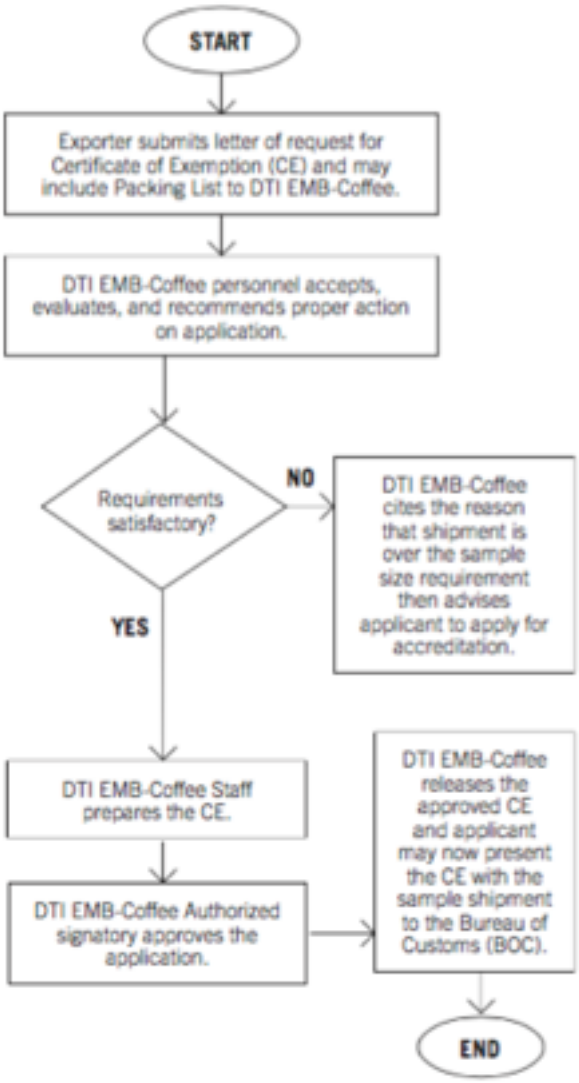
In accordance with DAO No. 1, 1989 and DTI Circular No. 1, 1993



Required Documents*

1. Letter of Intent for Coffee Exporter Accreditation
2. DTI Business Name Registration (for Sole Proprietorship) or SEC Registration (for Partnership or Corporation) or CDA Registration (for Cooperative)
3. BIR Registration (VAT/Non-VAT)
4. Mayor's Permit
5. Audited Financial Statements (Immediately preceding taxable calendar year).
6. Authorization to transact with DTI EMB-Coffee (for Partnership or Corporation/ Cooperative)

CERTIFICATE OF EXEMPTION**



Only exporters of **sample size or small quantities of coffee export parcels for promotion, gift, personal use, etc. with the following weight equivalent of 60 kg. of Green Beans; 50.40 kg of Roasted Beans; and 23 kg. of Soluble/Liquid Coffee can apply. Otherwise, apply for Coffee Exporters Accreditation.

Financial Plan

Costings & breakeven

Coffee	Unit	Pesos	£		73.78
Negotiated price /kg		87	£1.18		
Sterling					
Price for 1 ?kg sack	50	4,350	£58.96		
price for no of sacks	74	321,900	£4362.97		
price for container	19.2	1,670,400	£22640.28		
Shipping			£1000.00		
UK monthly costs		292,833	£3969.00		
Finance repayments		85,664	£1161.07	7% for 10 years	
Total		378,497	£5130.07		
Cost/kg/100 sacks		102	£1.39		
Total cost/100 sacks		209	£2.84		
Cost/container		111	£1.50	Quote via Alibaba	£3.67
Total cost/100 sacks		774,177	£10493.04		
Total cost/container		2,122,677	£28770.35		
Wholesale value	£5.00	435			
Retail value	£11.00	957		Sheltons @ £32/kg	
Wholesale value 100 sacks		1,364,930	£18500.00		
Wholesale value container		7,082,880	£96000.00		
Retail value container		15,582,336	£211200.00		
Monthly profit 100 sacks		590,753	£8006.96		
Monthly profit container		4,960,203	£67229.65		
Wages/100sacks		590,240	£8000.00		
Wages/container		1,180,480	£16000.00		
Returnable profit sacks		513	£6.96	0.2%	
Returnable profit containers		3,779,723	£51,229.65	226.3%	

	April	May	June	July	August	September	October	November	December	January	February	March	Total 2018/19
Income													
Retail	£50.00	£75.00	£100.00	£125.00	£150.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£1900.00
Affiliate	£50.00	£75.00	£120.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£200.00	£2045.00
JV Partners	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£9600.00
JV Partner 2	£600.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£9400.00
JV Partner 3	£50.00	£200.00	£400.00	£650.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£7700.00
JV Partner 4	£50.00	£200.00	£400.00	£650.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£7700.00
JV Partner 5	£400.00	£600.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£800.00	£9000.00
Trading	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£7200.00
Total Income	£2600.00	£3350.00	£4020.00	£4625.00	£4950.00	£5000.00	£5000.00	£5000.00	£5000.00	£5000.00	£5000.00	£5000.00	£54545.00
Expenses													
JV commission %	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
JV commission	£285.00	£390.00	£480.00	£555.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£6510.00
Cost of goods	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£600.00	£7200.00
Shipping	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£125.00	£1500.00
Taxes	£145.00	£145.00	£145.00	£145.00	£145.00	£145.00	£145.00	£145.00	£145.00	£145.00	£145.00	£145.00	£1740.00
Wages	£600.00	£600.00	£600.00	£1200.00	£1200.00	£1200.00	£1200.00	£1200.00	£1200.00	£1200.00	£1200.00	£1200.00	£12600.00
IT costs	£200.00	£200.00	£200.00	£200.00	£200.00	£250.00	£250.00	£250.00	£250.00	£250.00	£250.00	£250.00	£2750.00
Rent	£400.00	£400.00	£400.00	£400.00	£400.00	£420.00	£420.00	£420.00	£420.00	£420.00	£420.00	£420.00	£4940.00
Travel	£400.00	£400.00	£400.00	£400.00	£400.00	£400.00	£400.00	£400.00	£400.00	£400.00	£400.00	£400.00	£4800.00
Insurance	£40.00	£40.00	£40.00	£40.00	£40.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£550.00
Reapyments	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£1110.21	£13322.52
Total expenses	£3905.36	£4010.36	£4100.36	£4775.36	£4820.36	£4900.36	£4900.36	£4900.36	£4900.36	£4900.36	£4900.36	£4900.36	£55914.32
Total	-£1305.36	-£660.36	-£80.36	-£150.36	£129.64	£99.64	£99.64	£99.64	£99.64	£99.64	£99.64	£99.64	-£1369.32
Cashflow	-£10872.74	-£11533.10	-£11613.46	-£11763.82	-£11634.18	-£11534.54	-£11434.90	-£11335.26	-£11235.62	-£11135.98	-£11036.34	-£10936.70	

Funding

We will be looking to raise a total of £100,000 to enable to to deliver our vision in a realistic time frame. The £100,000 will be raised by a mixture of equity funding - selling shares to Joint Venture Partners as well as Crowdfunding sources and possibly traditional bank or financial institution lending. Due to the nature of the business we are reluctant at this stage to use the traditional methods but would rather seek community and partner funding.

We are anticipating repaying the £100,00 over a 10 year period at a suggested rate of 6%. The cashflow forecast reflect a total borrowing of £100,000 granted immediately upon launch and so is a worst-case scenario. The £100,000 is to be placed in a capital account.

As the company will not be starting until November 2017, there are only just over 4 months left of the 2017/18 financial year. The cashflow forecast is therefore split to reflect this.

By the end of the 2018/19 financial year after 16 months of trading, the financial position is estimated to be…

1. Income of £54,545
2. Expenses of £55,914
3. Profit/loss (£1,369)

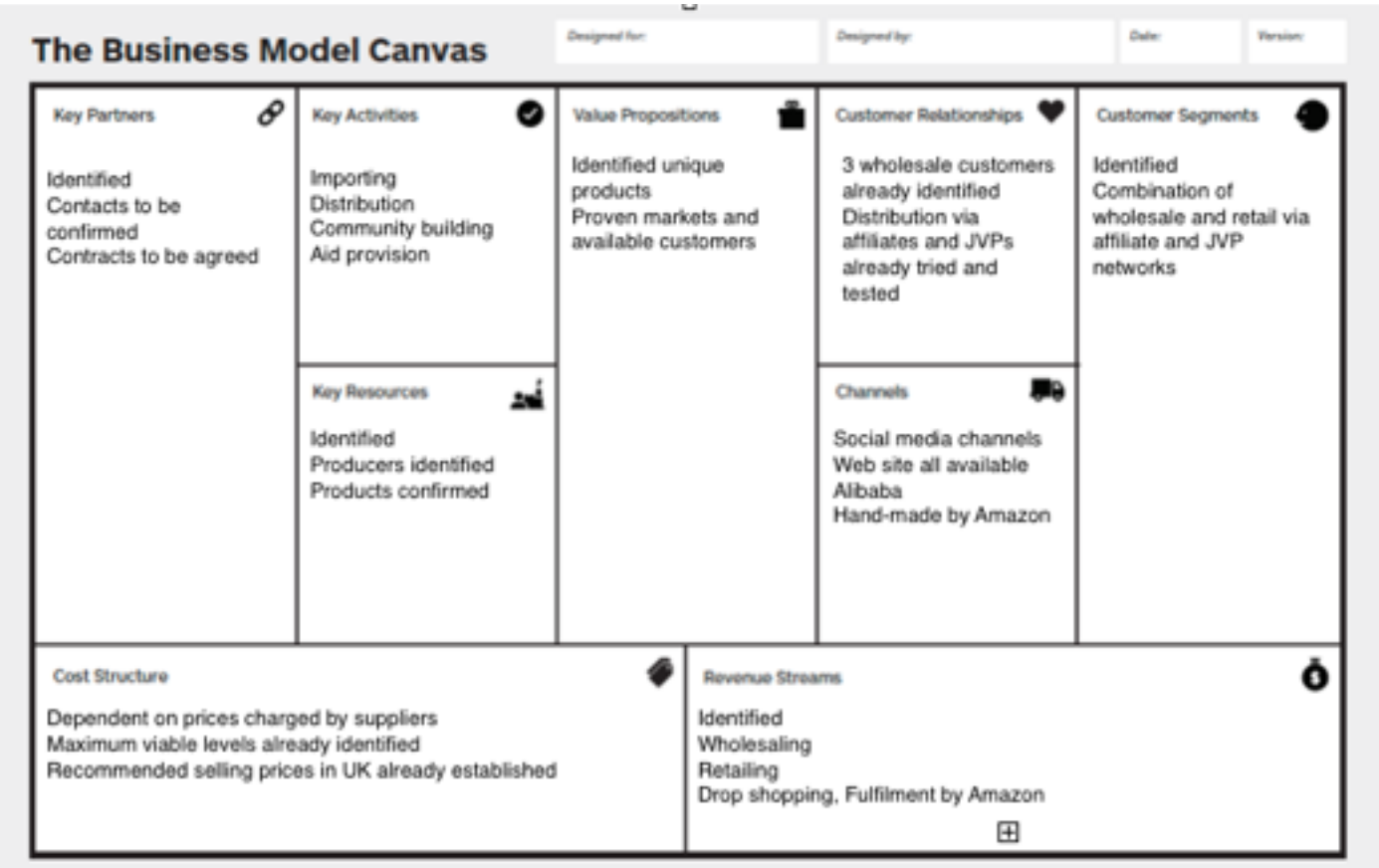
4. Positive cashflow as from August 2018
5. All wages, commissions, overheads paid
6. Maximum bank overdraft of (£11,763)
7. The cashflow is not affected by the £100,000 raised in a capital account. This can be used to offset the bank overdraft.
8. If by the end of the 2018/19 financial year significant amounts of the capital raised remain in the capital account and the company is in a positive cashflow situation then early repayment of the capital will be sought.Using these figures would mean that a 1kg bag of coffee which would retail in the UK anywhere from £15-£20/kilo would be costing us £6.86 leaving sufficient room for a retailer to make a suitable profit.

Using the Harvard Business School models we believe ourselves to be “Investment Ready” as shown in the diagrams below. We simply need to complete the metrics analysis and sign contract but this cannot be done prior to funding sources being identified.

ESTIMATED START-UP COSTS

Yes/No	Description	Amount
☑	Advertising	£2,500.00
☑	IT Equipment	£8,614.00
☑	IT support (initialising)	£5,000.00
☑	Vehicle	£6,500.00
☐	To cover overdraft	£11,800.00
☐	3750Kgs coffee @ 350 Pesos / £5/kilo (50 x 75kg bags)	£18,750.00
☐	Prepayment of goods	£1,000.00
☐	Shipping	£2,000.00
☐	Packing	£1,250.00
☐	Import duties	£3,750.00
☐	Contingency fund	£13,100.00
☐	Premises	£2,400.00
☐	Office furniture	£1,000.00
☐	Legal & Accountancy fees	£15,000.00
☐	Storage fees	£1,250.00
☐		
☐		
☐		
☐		
☐		
	Total	£93,914.00

Investment Readiness



The Business Model Canvas

Designed for: | Designed by: | Date: | Version:

Key Partners

Identified
Contacts to be confirmed
Contracts to be agreed

Key Activities

Importing
Distribution
Community building
Aid provision

Key Resources

Identified
Producers identified
Products confirmed

Value Propositions

Identified unique products
Proven markets and available customers

Customer Relationships

3 wholesale customers already identified
Distribution via affiliates and JVPs already tried and tested

Channels

Social media channels
Web site all available
Alibaba
Hand-made by Amazon

Customer Segments

Identified
Combination of wholesale and retail via affiliate and JVP networks

Cost Structure

Dependent on prices charged by suppliers
Maximum viable levels already identified
Recommended selling prices in UK already established

Revenue Streams

Identified
Wholesaling
Retailing
Drop shopping, Fulfilment by Amazon

Investment Readiness Level

Level	Task	Completed
9	Metrics available	
8	left side canvas validated	✓
7	right side canvas validated	✓
6	product market fit	✓
5	viable product	✓
4	low fidelity minimum viable product	✓
3	problem/solution fit	✓
2	canvas hypotheses	✓
1	value proposition	✓

Risk Analysis

Risks

The risks in order of importance are

- IT
- Shipping
- Currency fluctuations
- Producer problems
- Affiliate/Joint Venture Partner Issues
- Stock management

Risk Management

As part of our risk management strategy, we will be referring to our Corporate Governance Manual, section 6 of our Corporate and Management Governance This is a document which will be published on our website for all to see and to understand exactly how we intend to deal with issues as they arise. This ensures fairness and transparency.

The document lists the various policies and procedures. The policies ticked in green are already completed.

Having such policies and procedures in place will ensure continuity of supply in the event that any of the management are not available and day-to-day running is delegated to staff.

There will be a staff induction process as detailed in section 6.3.4 in the Management document and 1.3.4 in the Policies and Procedures document to ensure that staff are aware of actions to take. The employee handbook is already available.

IT

A clear sequence of intended events will be given to the commissioned IT service.

If this cannot be implemented then a commercially available service such as Dropship Beast will be used.

It is anticipated the IT will be Philippine based due to labour costs. Exhaustive testing is detailed in the project timeline. We will be looking to move from Wix in the long term.

Governance

LifeAid UK
Management &
Governance Structure
1 Overall view
2 Action Plan
3 Funding
4 Legal Structure
5 WII FM
6 Governance V1.01
Explanation of Governance, Policies & Procedures
6.1 The Board's role
6.1.1 Understanding organistion
6.1.2 Understand role
6.1.3 Understanding responsibilty
6.2 Achieving aims
6.2.1 Relevant & valid purpose
6.2.2 Future plans & budget
6.2.3 Monitoring progress
6.2.4 Reviewing and amending plans
6.2.5 Evaluating results
6.3 Working Effectively
6.3.1 Necessary skills
6.3.2 Finding suitable board members
6.3.3 Skills Diversity & Experience
6.3.4 Induction for new members
6.3.5 Regular meetings
6.3.6 Monitoring board relationships
6.3.7 Monitoring board performance
6.4 Controls
6.4.1 Compliance with legal requirements
6.4.2 Reviewing financial controls
6.4.3 Policies & Procedures
6.4.4 Risk Assessment
6.4.5 Supervising delegation
6.5 Integrity
6.5.1 Protect & promote reputation
6.5.2 Ethical standards
6.5.3 Identifying & managing conflict of interests
6.5.4 Decisions taken independently
6.6 Openness & Accountability
6.6.1 Open communication
6.6.2 Listening & responding to views
6.6.3 Handling complaints
6.6.3.1 Written complaints policy & procedure
6.6.4 Responsibilities & environmental impact
6.7 Document Tracking

Governance
Policies
Procedures
1 Policies
1.1 The Board's role
1.2 Achieving aims
1.2.1 Aims & Objectives
1.2.2 Monitoring Progress
1.2.2.1 Monitoring Progress
1.2.3 Reviewing & Amending Plans
1.2.4 Evaluating results
1.2.4.1 Evaluating results
1.3 Working Effectively
1.3.1 Necessary Skills
1.3.2 Finding Suitable Board Members
1.3.2.1 Job description & Requirements
1.3.3 Skills Diversity & Experience
1.3.3.1 Equality & Diversity questionnaire
1.3.4 Induction for new members
1.3.4.1 Induction & Welcome guide
1.3.5 Regular meetings
1.3.5.1 Meeting Agenda
1.3.5.2 Minutes
1.3.6 Monitoring board relationships
1.3.6.1 Appraisal scheme
1.3.7 Monitoring Board Performance
1.4 Controls
Monitoring spreadsheet to be kept with governance documents
1.4.1 Compliance with legal requirements
1.4.1.1 HMRC Registration
1.4.2 Reviewing Financial Controls
1.4.3 Policies & Procedures
1.4.3.1 This mind map
1.4.4 Risk Assessment
1.4.4.1 Risk Assessment forms
1.4.5 Supervising delegation
1.5 Integrity
1.5.1 Protect & Promote reputation
1.5.2 Ethical Standards
1.5.3 Identifying and managing conflict of interests
1.5.3.1 Conflict of interests register
1.5.4 Decisions taken independently
1.6 Openness & Accountability
1.6.1 Open Communication
1.6.2 Listening & Responding to views
1.6.3 Complaints Policy
1.6.3.1 Complaints procedure
1.6.4 Responsibilities & Environmental impact
1.6.4.1 Environmental impact audit
2 Reviewing Policies & Procedures
2.1 Timetable, checklist & signed off by board member

Alternative Sources

It is not wise to rely solely on one source or even one country for products. The political, economic and weather climate can all wreak havoc on a supply chain so once the initial supply is running, alternative sources will be actively sought to secure the beginning of the supply chain.

Shipping methods will be constantly monitored to ensure best value and will be changed accordingly. Attention must therefore be paid to signing long term contracts which may bind us to inefficiency.

We are reliant at the other end of the chain on various self-employed affiliates and joint venture partners and while we wish and will actively encourage engagement and participation in the company, people frequently have their own agendas and will jump ship for no apparent reason. A constant source of new affiliates must therefore be sought, recruited and trained. Retention of affiliates though is preferable to recruitment.

Monitor & develop recovery procedures

Risk management is by definition the management of “perceived” risk. If a risk can be perceived, then it can be managed and this is what the corporate governance structure and documents set out to do, namely describe how a future risk is to be managed if it should occur.

The risks difficult to manage are those which are not foreseen however with our combined experience and modern communications these risks should be able to be contained and managed appropriately.

Using the business canvas model above on a weekly basis we can identify which areas are performing well and which areas are failing. This will aid analysis of whether a failing area should be modified and supported or abandoned.

McKinsey’s three horizon concept allows us to optimise the performing areas so that these are sustainable and repeatable.

Financial Risk Management

This is discussed in the Governance document and includes financial metrics, analyses and the use of factoring companies to reduce bad debt risk.

General Data Protection Requirements

Our policy and procedures for dealing with this important topic are dealt with in our Governance document under section 1.4.1.2 and deals with risk analysis, ICO registration, EU GDPR requirements and Cyber Essential Certification

Appendix 1

A Sample of useful web sites and references

Definition of CIC - https://en.m.wikipedia.org/wiki/Community_interest_company

Obligations of a Trustee - https://knowhownonprofit.org/governance/getting-started-in-governance/trustees

Mindanao Tribal Coffee Farmers - http://www.coffeeforpeace.com/tag/mindanao-tribal-coffee-farmers/

Philipines Cacao Producers - http://www.cidami.org/

Davao Chocolate producers - http://malagoschocolate.com/

T'Boli Tribe - http://thingsasian.com/story/tboli-tribe-south-cotabato

T'Boli textiles - http://tboli.globalmatters.com/

UK Coffee roasters - https://thecoffeeroasters.co.uk/pages/a-big-list-of-coffee-roasters-in-uk

Financial metrics - http://bit.ly/2wgMBIL

Harvard Business School - https://www.udacity.com/

Distribution channels - https://www.equalexchange.co.uk/

Packaging company - http://www.ips-llp.co.uk/

Affiliate recruitment - https://www.clickfunnels.com/

Finding a Joint Venture Partner - http://startups.co.uk/finding-a-joint-venture-partner/

Clare Graves - Spiral Dynamics Principles - http://www.clarewgraves.com/home.html

Harvard Study into Happiness - https://www.youtube.com/watch?v=8KkKuTCFvzI&t=20s

The Art of Happiness in a Troubled World - Dalai Lama - ISBN 978 0 34079 440 1

Personal Development software - https://stryv.io/

Daily Mail article on retirement - http://dailym.ai/2hw1JvB

Modern-Day Slavery awareness - https://www.antislavery.org/slavery-today/modern-slavery/

Guardian Article on insecure work in the UK - http://bit.ly/2xx3rVc

Chris Richards Curriculum Vitae

Personal Details:

Name: Christopher John Richards
DoB 26.6.1953 Age: 64
Nationality: British
Marital Status: Separated
E-mail: chris@lifeaid.solutions

Education:
School: Liverpool College 1964 – 1971 9 GCSE O levels 3 GCSE A levels
University: Liverpool 1971 – 1975 BDS
Harvard Business School: Oct 2017 Nanodegree in Lean Start-ups

Registrations: General Dental Council
AHPRA – to Nov 2013 – number DEN0001814280
Victoria State Radiation Licence - 12/05/2016 - number 100066008
Indemnity Insurance – MDA National – Policy No – 318301/01072013/V.4 to 30th June 2014

Experience: Associate dental surgeon Liverpool 1976 – 1978
Associate dental surgeon Blaby, Leics 1978 - 1981
Associate dental surgeon Kettering, Northants 1981 - 1983
Associate dental surgeon Leicester 1983 - 1987
Assistant dental surgeon Rheine, Germany 1987 – 1988
Sole owner dental practice in Rheine, Germany 1988 – October 1998
Independent nutritional advisor & distributor for Life Plus, Arkansas Aug 1996 – Sept 2000
Assistant dental surgeon Market Harborough, Leics 4th May 1999 – 31st Jan 2001
Locum dental surgeon, Earl Shilton, Leics 1st November 2000 – 2nd February 2001
Associate dental surgeon Dibden Purlieu, Hants – Feb 2001 – April 2003
Associate dental surgeon Fordingbridge – May 2003 – January 2004
Locum dental surgeon Shirley, Southampton May 2003 – January 2004
Sole owner Waterside Dental Practice, Hythe February 2004 – Feb 2011
Associate dental surgeon Waterside Dental Practice Feb 2011 – Feb 2013
Sole practitioner, employed, Geelong Family Dental Care, Grovedale , Victoria 3216
Associate dental surgeon, Cairns Family Dental Care, Cairns, QLD - June 2014
Project Manager Hope & Faith Helping the Homeless CIC Sept 2016 - June 2017
Proprietor LifeAidUK - charity organisation raising funds for developing world countries

Memberships: Member Australian Dental Association Victoria Branch
Member British Dental Association
Secretary Southampton & SW Hants Local Dental Committee 2001 – 2007
Executive Member of Hampshire Local Dental Committee
Secretary British Dental Association Wessex Branch 2006 – date
Treasurer British Dental Association Southampton Section 2010 - date
Member of Professional Executive Committee of New Forest Primary Care Trust responsible for dental, optical and pharmacy 2003 – 2006
Oxford-Wessex Deanery Vocational Training by Assessment trainer
Hampshire Primary Care Trust Dental Practitioner Appraiser
Treasurer Hampshire & IOW Local Dental Committee 2012 – Feb 2013
Mentor for Oxford Postgraduate Deanery, Hampshire PCT & Hants & Isle of Wight LDC

Further education:
Member SAAD (Society for Advancement of Anaesthesia in Dentistry)
Orthodontics: Andrews fixed straight wire courses
Bimler functional orthodontic courses
Ricketts fixed appliance courses

Languages spoken: English , German