

“Wine with a Passion” Executive Summary

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Wine with a Passion is a social venture offering high quality, natural wine made from tropical fruits harvested by small scale rural farmers in South East Asian countries. For the first phase, we will operate in rural Thailand producing wine made from indigenous fruits such as mangos, passion fruits, and lychees. Our end product will be sold in the Bangkok market targeting two segments: the socially- and environmentally-conscious young professionals and tourists who seek a sophisticated product for consumption and gifting. Secondary phases include expansion of our business model to other South East Asian countries such as Vietnam and Philippines, and expansion of distribution and sales via export to neighboring countries such as Singapore and China.

Wine with a Passion’s mission is to improve the lives of small scale rural farmers by providing a sustainable income while providing innovative products in an increasingly sophisticated urban market. We will act as a bridge between rural agribusiness and production, and urban consumer market. As a social enterprise, a main beneficiary of our business will be the small scale rural farmers who live under the poverty line. Through direct bulk purchase from farmers at fair market price, small scale rural farmers will have access to increased income. Additionally, our wine facility will generate additional employment opportunity in the rural community to help alleviate high unemployment rate.

While alcohol consumption is primarily beer and spirits, wine consumption has been on the rise in Bangkok over the last few years. Wine is becoming popular as a pairing with meals, at casual and formal social gatherings, for gifting, and for personal consumption. We will use several routes to access this growing market. First, **Wine with a Passion** will be available online for direct purchase. Second, our wine will be distributed via the local spirits distributors to existing mid- to high-end retail channels. Lastly, the wine will be sold via social enterprise outlets using the One Village One Product model.

Our marketing efforts begin with a 100% natural, high quality wine branded as a social enterprise product. Our tropical fruit-based wine has a distinct flavor compared with traditional wines made from grapes. We use an existing wine-making technology that is being utilized by wine makers in Thailand and in the U.S., and tailor it to different indigenous fruits. The wine label and marketing materials will focus on the fruit growers. Each bottle will have an

attached small booklet to educate consumers on the origins of the ingredients and social enterprise mission.

The **Wine with a Passion** management team consists of Annie Moon, Makiko Yamashita and Iris Yen, Kellogg MBA candidates 2008. Ms. Annie Moon is a former engineer with consumer marketing experience with Johnson and Johnson. She is also a co-founder for a social venture nonprofit in greater China. Ms. Makiko Yamashita has in-depth experience in both banking and nonprofit management. She was instrumental in an agribusiness start-up social venture in Africa. Ms. Iris Yen is a former consultant and market researcher. She is also a JD-MBA with published work on international human trafficking. The team is mentored by Professor Timothy Feddersen, Department Chair for the Social Enterprise at the Kellogg School of Management, under the auspices of the Larry and Carol Levy Institute for Entrepreneurial Practice. And to strengthen our regional business expertise, we are currently working with international organizations such as IFC and Ashoka.

Based on our estimated potential market, we will produce 10,000 bottles of **Wine with a Passion** in the first full year in operation. The production scale will increase over time to 100,000 bottles by year three for efficient economies of scale. Our revenue projection for year one is \$100,000 and will reach \$1.1 million in year three. Major costs consist of raw materials including fruits and bottling materials, labor, distribution, management, and marketing & sales costs totaling \$206,000 in year one. Our conservative estimate is to break even at the end of year two. Using our cash flow projection and estimated rate of return of 20%, the net present value of Wine with a Passion is \$359,103.

We are seeking \$279,400 to finance the initial start-up capital investment and business growth for the first three years. Capital investment consists of limited machinery acquisition and building leasing for the production facility totaling \$200,000 over three years. Financial return to debt investors can be expected at the end of year three with remaining profits to be reinvested into the business. Investors will also receive quarterly to annual evaluations of the business' social and environmental impact by year two. With the fast growing middle class population in the region and the size and growth of the tourism industry, **Wine with a Passion** has a huge potential market for significant growth opportunity.

Wine with a Passion Pro forma

Year	0	1	2	3	4	5
Sales Unit		10,000	50,000	100,000	100,000	100,000
Unit Price		10	10.3	10.6	10.9	11.3
Total sales		100,000	515,000	1,060,900	1,092,727	1,125,509
Raw materials (fruits)		6,000	30,900	63,654	65,564	67,531
Other raw materials		10,000	51,500	106,090	109,273	112,551
Other production cost		40,000	206,000	424,360	437,091	450,204
SG&A		150,000	200,000	300,000	309,000	318,270
Total Expenses		206,000	488,400	894,104	920,927	948,555
NPBT		(106,000)	26,600	166,796	171,800	176,954
Tax (30%)		-	7,980	50,039	51,540	53,086
Net Profit		(106,000)	18,620	116,757	120,260	123,868
Capex requirement	100,000	50,000	50,000			
		(Expansion1)	(Expansion1)			
Operating expenses						
Raw materials (fruits)		6000	30,900	63,654	65,564	67,531
Other raw materials		10000	51,500	106,090	109,273	112,551
Other production cost		40000	206,000	424,360	437,091	450,204
Management Administrative Expenses						
SG&A		150,000	200,000	300,000	309,000	318,270
Revenue Stream		100,000	515,000	1,060,900	1,092,727	1,125,509
Cash Flow	(100,000)	(156,000)	(23,400)	166,796	171,800	176,954
					Terminal Value (0% growth pepetuity)	884,769
Valuation						
NPV of cash flow	\$ 3,534					
NPV Terminal Value	\$ 355,569					
Enterprise value	\$ 359,103					
Funding Need	100,000	156,000	23,400	(166,796)	(171,800)	(176,954)
Total Funding Need	279,400					
Inflation Rate	3.0%					
Tax Rate	30.0%					
Cost of Capital	20.0%					
Volume	g	7,500,000	37,500,000	75,000,000	75,000,000	75,000,000
fruit volume (x2 of juice)	g	15,000,000	75,000,000	150,000,000	150,000,000	150,000,000
wholesale price	\$/kg	0.40	0.41	0.42	0.44	0.45
Total price	\$	6,000	30,900	63,654	65,564	67,531