

Global Enterprise Connect



Team 63:

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GLOBAL ENTERPRISE CONNECT PROVIDES THOSE AT THE BOTTOM OF THE PYRAMID A WAY TO KEEP THEIR DIGNITY AND THEIR VALUES, BY DOING WHAT THEY WANT, BY NOT ASKING FOR ANYTHING FROM ANYONE, BY MAKING MONEY THROUGH THEIR WORK, AND GAINING THE RESPECT OF ALL THOSE WHO BUY THEIR PRODUCTS AND THAT OF THEIR COMMUNITY, AS THEIR LIVES ARE RADICALLY IMPROVED.



EXECUTIVE SUMMARY

Four billion people currently live below the international poverty line of USD \$2 a day. These people are not living in poverty by choice but rather by lack of opportunity. This identifies a need to help local entrepreneurs who have the entrepreneurial spirit but lack the infrastructure and resources necessary to make their dream real.

Global Enterprise Connect will provide a sales platform, by means of a website, through which we will help potential entrepreneurs in different countries to market and sell their products in global markets; increasing the reach of their products from local markets to international ones, through strong marketing and publicity strategies, export services and the aid of socially responsible corporations.

Similarly by identifying local diversity, needs, and capability gaps in different communities around the globe, Global Enterprise Connect will help build the capabilities and competencies of women in particular skills, which will later be used to produce the goods that will be sold by us. The workers will receive the profits of the products sold, of which, we will take a commission.

PRODUCT/SERVICE

Global Enterprise Connects (GEC) operations will take place in two phases.

Phase one will involve locating women living below the poverty line who have a certain skill which they can use to make a particular product or craft. GEC will equip the women with the resources needed to make this craft. GEC will then market and sell the product on the internet taking a commission of the profits in return for services provided.

Phase two will involve locating women below the poverty line who lack the education or skills to produce a product or craft, but who have a strong entrepreneurial spirit. With the profits generated from phase one, we will train these women in a basic skill allowing them to create a product which we will then market and sell internationally.

It is GEC's aim to create value by combining western skills with local traditions to enable bottom of the pyramid entrepreneurs to produce quality handcrafted products which consumers will appreciate and producers can be proud of.

Products made in each country will be made using local resources which are in abundance. GEC intends to create relationships with local companies to acquire these resources.

Primary research has uncovered a number of potential resources with the opportunity for further development:

Bolivia: Llama's wool

Mexico: Cochineal dye from the cochineal insect

Lesotho: Mohair wool from Angora goats

Examples of products that can be made from local resources include:



*"YOU CAN'T GET RID OF POVERTY BY
GIVING PEOPLE MONEY"*

- P. J. O'Rourke



Global Enterprise is different from existing services, as it will sell products made by a specific group of people -namely women- who are a vulnerable group in many countries around the world and who will participate actively in our business as co-operatives.

Source of Differentiation

GEC is unique as they are empowering the less fortunate with required skills and resources to produce a unique handcrafted product within their own co-operative. This means they will essentially be their own boss, GEC will just be there to guide them through the learning process and take care of distribution and marketing.

“GIVE A MAN A FISH AND YOU FEED HIM FOR A DAY. TEACH HIM HOW TO FISH AND YOU FEED HIM FOR A LIFETIME”

- Lao Tzu

Competitive Advantage

Producers within each country work as part of a co-operative where women work in groups to produce products.

DESCRIPTION OF THE MARKET

Market Trends

With the increase of mass production, local craftsmanship skills are declining. GEC will utilise this market opportunity by helping to revive age old traditions of hand-craftsmanship.

The recent Myanmar and China devastations are great examples of countries that will benefit from GEC's service. After losing everything, they will require help to get back on their feet.

The massive growth of the internet increasing trend of online purchasing also gives GEC the perfect platform to launch the concept with minimal overheads.

Developing countries are beginning to liberalise trade regimes with average tariffs now being at one third of their levels in 1983. This illustrates changing attitudes of governments towards international trade. However many Aid organisations have indicated that while local entrepreneurs may have the ability to make products, they lack the infrastructure necessary to connect the products with consumers. This is where GEC's strengths lie.

Competitors

GEC have not established a solid position in the market place. The majority of GEC's competitors are small not for profit trade-aid organisations with little or no marketing budget. They pose a threat to GEC due to customer perceptions that they are doing it for better reasons however due to their lack of marketing budget their brand awareness is minimal. On the other side of the spectrum GEC have competitors such as web-based auction sites where the sellers have all the control.



OBJECTIVES AND GOALS

Short term objectives:

GEC's short term objectives are growth and brand awareness.

Internal short term objectives:

Phase 1 – Start up - Pre website launch.

- Locate the producers to sell their products globally via the website.
- Marketing outreach campaign to big companies to support GEC.
- Sign up big corporations to buy prime advertising space that will support operational costs.

“WE NEED TO STOP THINKING OF THE POOR AS VICTIMS OR AS A BURDEN AND START RECOGNISING THEM AS RESILIENT AND CREATIVE ENTREPRENEURS.”

– C.K. Prahalad

Phase 2 – Website Launch

Phase 3 – Website Sustainability

Long Term Objectives:

Long term objectives are to increase the number of countries that GEC sources products from. This will include internal goals of training the unskilled and finding resources for each new co-operative, as well as expanding the customer base.

MARKETING

Positioning

GEC's positioning strategy entails establishing our service as a high end supplier in this market. Our products will be of higher quality with a higher price to match. We will control the perceptions of our brand as a high end producer by reinforcing this in consumers' minds through our public relations and other promotional efforts.

Target Market

GEC's target market is the socially responsible consumer who would take the extra time to make smart purchases. These are higher income consumers between the ages of twenty five and fifty. With the flattening of the world, we will not be limited to any one country. Essentially, we will be focusing on the socially responsible consumer worldwide.



Promotion

As part of GEC's promotional efforts, an integrated marketing campaign will be implemented. The predominant focus of our marketing efforts will be a public relations campaign. Newspapers and magazines, such as Time, will be used to give GEC favourable press reports. This will aid in creating positive perceptions of GEC, and create a great deal of brand recognition.

The crucial aspect of GEC's public relations campaign is to ensure that there are no misconceptions regarding our service, particularly relating to the distribution of profits to producers. GEC will make financial statements accessible to the public to ensure that the company remains transparent, thus alleviating consumer doubts.

Online marketing will be GEC's secondary promotional focus. As the internet will be GEC's distribution channel, online marketing is crucial. Online marketing will take place through both website links and advertising. Advertisements will be placed on websites relating to GEC's target market, namely those with a socially responsible focus.

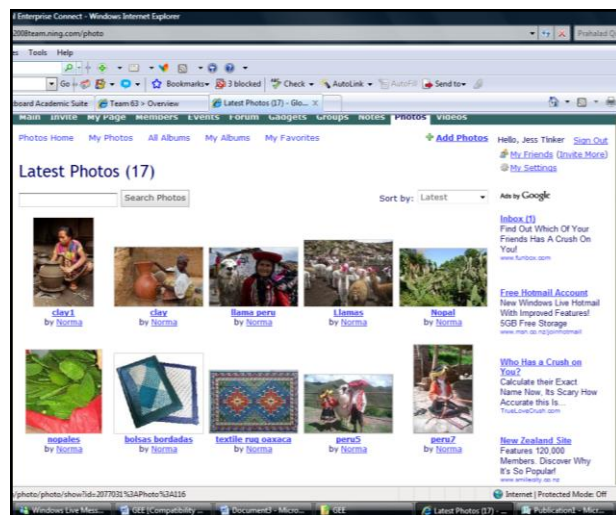
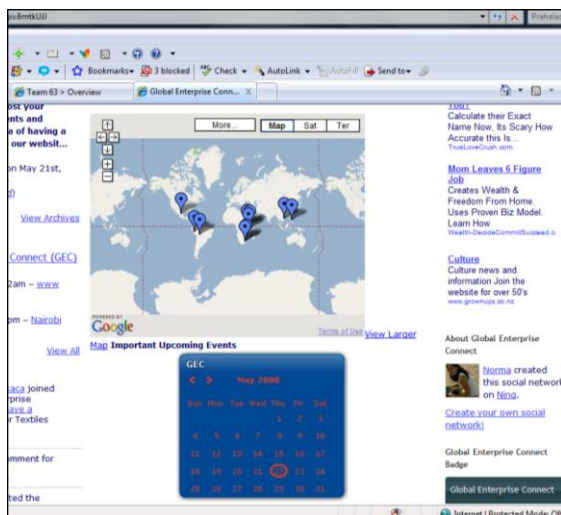
While GEC's main focus will be on public relations and online marketing, other promotional options include television, radio, and magazine advertising, which would be conducted on a smaller scale.

WEBSITE

The website will contain profiles of the producers with videos and images of them creating the product. There will also be access to a map of the local producers. It gives the consumer the chance to learn about the producers personal stories and how this purchase is changing the fortunes for some of the poorest people in the world, and positive things these people have done since they started using our product.

Producers will be able to have access to the site; however any changes made will have to be approved by the administrators prior to it going live. This will ensure authenticity.

GEC has created a mock website of what we believe it will entail. You can view this website at <http://GEE2008team.ning.com/profile/textilesOaxaca>





FINANCE

Sources of Start up Financing

It is estimated that Global Enterprise Connect will require an initial USD 600,000 in the first year to begin its operations.

Financing will be sourced from both debt and equity. Applications will also be made for government grants, available to companies helping to improve the low income earning population.

USD 250,000 will be raised through bank loans. The remaining USD 350,000 will be generated through the selling of company equity to angel investors and venture capitalists. It is not anticipated that GEC will have to sacrifice more than a 35% share in the venture for this purpose.

Ongoing Sources of Revenue

Revenues will be generated primarily as a percentage of goods sold on the website. GEC will also lease website advertising space on a 'per click basis' providing a secondary source of revenue. These revenue streams are correlated, as increases in product sales will subsequently increase the number of 'hits' on the website, thus increasing revenues generated by the advertising.

Expenses

Much of the start up expenses will be structured around the locating of producers and equipping them with the necessary resources, as well as attracting companies to advertise on the website.

It is anticipated that the expenses over the first year will amount to USD470,000 with \$160,000 being directed to advertising. As marketing is vital to GEC's success, 10% of annual gross revenue will be allocated to advertising expenses on an ongoing basis.

Long term financial Strategy

It is anticipated that break-even point will be attained after approximately one year of operations. At this point the company will become sustainable and able to pay down the principal on the loans quickly minimising interest paid.

After this point it is anticipated that no further financing will be necessary except for expansionary purposes which should be analysed at a further date.



Please see Table 1 Income Statement below for a financial summary.

This information is intended to be available on GEC's website for everyone to view.

Table 1 – Income Statement

Income Statement				
	0-6 months	7-12 months	13-18 months	19-24 months
Revenues	92,500	181,000	340,000	425,000
Expenses				
Advertising	93,000	66,000	85,000	106,250
Wage expense	55,000	55,000	55,000	55,000
Website development and maintenance	91,000	5,000	5,000	5,000
Other expenses	58,000	48,000	48,000	48,000
Total Expenses	297,000	174,000	193,000	214,250
Gross Revenue	(204,500)	7,000	147,000	210,750
Interest Expense (8%)	10,000	10,000	9,840	9,840
Tax (25%)	-	-	-	40,062
Net Income	(214,500)	(3,000)	137,160	200,910