

Case Study

The Last Coffee Industry: Implementing Vertical Integration for a Social Cause at Bolivian Farms

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Suggestion
The suggestion is to implement a vertical integration strategy that focuses on supporting and strengthening the coffee supply chain in Bolivia, particularly for small-scale farmers. This involves providing technical assistance, financial support, and access to markets, while also ensuring fair trade practices and social responsibility.

Linking Supply Chain
The supply chain is linked through a series of steps: from coffee beans to coffee, then to coffee products, and finally to coffee shops. The company aims to ensure that each step is fair and sustainable, particularly for the farmers who produce the beans.

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Company Background
The company is a social enterprise that focuses on supporting and strengthening the coffee supply chain in Bolivia, particularly for small-scale farmers. It aims to ensure that each step is fair and sustainable, particularly for the farmers who produce the beans.

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Business Plan
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SWOT ANALYSIS
Strength: The company's focus on social responsibility and fair trade practices is a key strength. Weakness: The company's limited resources and small-scale operations are a weakness. Opportunity: The growing market for fair trade coffee is a major opportunity. Threat: The increasing competition in the coffee market is a threat.



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The Lao Coffee
Industry:
Implementing Vertical
Integration for a Social
Cause at Bolaven
Farms

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BUSINESS CASE

Implementing vertical
integration for a
social cause at
BOLAVEN FARM



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BUSINESS CASE
Implementing vertical
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BOLAVEN FARMS



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Company Background

Research The Lao Coffee Industry, identify growth and opportunity in the Lao Coffee Industry. Find Bolaven Farms, who is the best partner to grow and implement a social cause in the environment of the Lao Coffee Production sector.

Established in 1977, Bolaven is a leading brand of coffee, coffee with a rich, aromatic taste. Bolaven has a reputation for its high quality coffee, which is a primary high quality coffee in the market today, while being a leading producer in the region.

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Company Background

Product & Services

- Offer a social cause to Bolaven to meet the needs of social and environmental issues.
- Market Growth to the Lao coffee and products, allowing them to benefit from the growth of the Lao coffee.

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Agricultural coffee

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Lao Agriculture

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Bolaven Farm

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Company Background

Bolaven Farms is the leading organic grower and supplier of the finest Bolaven coffees. Fine Bolaven coffees are rare and distinctive, grown and processed in the pristine environment of the Bolaven Plateau in southern Laos.

Established in April 2007 as a Hongkong based limited company with a 100% subsidiary in Laos. Bolaven firm is a business with a social purpose which is to provide high quality coffee to the worldwide public while helping alleviate poverty among coffee farmers.

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Company Background

Founded by Sam Say

- Vision : To invest and empower the farming poor to break the cycle of poverty and build a stronger nation.
- Mission: Growing the finest coffee is our passion. Restoring land ownership to the joy of farming poor is our desire.



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A glance about coffee

Green Coffee is accounted for more than 80% of the worldwide coffee trade in terms of value and volume.

- What is green coffee?

"Green coffee" beans are coffee seeds (beans) of Coffea fruits that have not yet been roasted.

- Coffee consumption had been growing since 2000.

In 2007:

- Europe has 31% worldwide consumption
- U.S has 16% worldwide consumption
- Brazil has 13% worldwide consumption

TRADITIONAL SUPPLY CHAIN





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Laos Agribusiness

People in laos

According to United Nations **76.8%** of lao population lived underpoverty line of US\$2/day in 2007.

Low Productivity in Agriculture

GDP per capita in Laos in 2008 was US\$858. Lack of knowledge causes farmers not able to understand the advanced farming technologies and contributed to a reliance on local seed varieties. Lack of advisory services on farming, management and hygiene affect in the farmer's harvest.

Coffee industry in Laos

In 2008, Laos produced 31.125 tonnes of green coffee, accounting for less than 0.5% of worldwide production.





Bolaven Farm

Bolaven farm had 2 main lines:
(1) Coffee Farming and distribution
(2) farmer education and management training for young laotians.

Bolaven farm has

67 ha land



40 ha for allocating coffee plantation

27 ha for housing, animal stock and other plantations

Main reason for founding a farm is use to demonstration and training centre for lao farmers and future agri-managers.



Bolaven Farm

Invite 130 farmers for 2 years to live at a farm



Include

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- 3 meals a day
- on-site housing
- a wage for adults
- basic schooling for children
- 30% reimbursement for medical bills

1st group : Farmers

May 2009 → 5 families has graduated
envisaged in 6 months training
for farmers and training capacity
30 families/year

Train single farmer cost US\$ 1000/years

2nd group: Management trainees

May 2009 → 14 trainees
3 years training

WHAT TO TAKE CARE?

- coffee- farming management
- wet-mill management
- livestock management
- fertilizer production
- building maintenance

Train single trainee cost US\$2400/years