

Bamboozle

- Bamboo Home Construction -



Global Entrepreneur Experience 2009
Business Concept Proposal

Team 59:

Diana Marcela Oleya Mesa (Columbia), María Alejandra (Columbia), Md. Wasequzzaman (Bangladesh), Ibtihaj Samad Nabil (Bangladesh), Elysse Egerman (USA), Jack Cullen (USA), Timothy Newton-Howes (New Zealand)

Table of Contents

Executive Summary	3
Business Overview	3
The Housing Problem in Latin America	3
About Bamboozle	3
Goal Summary	4
Market Analysis	4
Location	4
Target Market.....	5
Competitive Advantage	5
Business Strategies	5
The Resource - Bamboo	5
Market Strategy.....	6
Distribution and Transport.....	7
Financial Overview	7
Profitability Spreadsheet.....	8



1. Executive Summary

Bamboozle is a solution for the shelter needs of the poor in developing countries. Our company will construct homes for these people at prices that are only a fraction of the current price to build a home. They need not be elaborate homes, but something that is strong, durable, and most-importantly will provide shelter for those who have none. Bamboo is much cheaper than other materials on the market, allowing us to build our homes for people who normally would be unable to afford them. We are committed to giving back to the community as well, and we will offer to donate the building of one small home for every five that we build in a community.

2. Business Overview

2a. The Housing Problem in Latin America

Housing in most of Latin America has been a severe problem for decades upon decades. Many of the homes lack proper infrastructure, are extremely overcrowded, and are too expensive for the people of these countries to afford. Because of the poor conditions of these countries, many homes are built with improper materials that decay at quick rate and are completely unsustainable.¹ The housing and financial crisis that hit the United States and rippled through the rest of the world in 2008 has only exacerbated this situation. Countries in Latin and Central America have been hit harder than most because they had housing problems in urban and especially rural areas prior to the crisis. The crisis has only deteriorated the situation more because funding has dissipated and unemployment has skyrocketed.

2b. About Bamboozle

These countries within Latin America have many people with housing needs that are not satisfied efficiently by their governments. The construction sector is focused on houses for people that can afford them and they forget about the people that do not have the money to purchase a home. For example, the Colombian government give subsidies for people with low incomes in the urban areas of the country, but the rural areas are not. The rural areas are where there is more of a necessity for homes. Our company is here to help this crisis because we can provide homes at a much lower cost with the use of bamboo as our main material.



Guadua Bamboo poles

¹ <http://www.unu.edu/unupress/unupbooks/uu23me/uu23me0c.htm>

We also plan to provide our services to developed countries such as France, Italy and Spain to provide lower cost homes, but we will focus our efforts in Latin America.

Our company will serve as a construction company in Latin America that uses bamboo to build our homes. At Bamboozle, we believe that we can make a difference one house at a time through the construction of environmentally friendly homes that are quick to produce, easy to erect, and long lasting. We will accomplish this by building pre-designed eco-houses from Guadua bamboo, which grows very quickly, and one of the strongest varieties of bamboo², which retain all the modern comforts you would expect from using other building materials. Our houses will be strong in the face of adverse wind conditions and are environmentally sustainable, as we only require the use of bamboo 3 to 6 years old for best results in construction³.

Additionally, here at Bamboozle, we believe in giving back as well. Due to the wide spread and cheap nature of bamboo and, unfortunately, the large amount of homelessness in Latin America, we will donate one home to a homeless family within Latin America for every five that we build.

2c: Goal Summary

We will provide a fast and efficient home construction service. We will differ from others because of our choice of work median, Guadua Bamboo, which allows us to stake our place in the market and separate ourselves from other construction contractors, therefore protecting our profits and place in the market, since we are not directly competing against them. Our homes will be sought after and comfortable to live in, while providing the peace of mind to our customers that they have helped prevent unnecessary deforestation and have made a sustainable contribution to reducing the world's carbon footprint.

3. Market Analysis

3a. Location



Our company will be offering a few different types of products, one being beautiful chalets of bamboo for countries such as France, Italy and Spain, and the other product being comfortable houses built at low costs made of bamboo. This second product is for poor people in developing countries Central America, such as Costa Rica, Panama, the Dominican Republic and Puerto Rico, as well as in Columbia.

² <http://en.wikipedia.org/wiki/Guadua>

³ <http://www.bamboolive.com/faq.htmlConstruction>

The main focus of our company will be not be in developed countries, but in the poorer countries of Latin and Central America because our goal is to help these countries with their epidemic housing problems.

3b. Target Market

Our target market is families with low resources in developing countries such as Colombia, Costa Rica, Panama, Dominican Republic and Puerto Rico, who live in rural areas not in urban areas and need a place to live on a lower cost. We chose to target these markets first because of the high poverty rate in the rural population of these countries.

Poverty Rate (% of Rural Population, 2006) ⁴	
Costa Rica	20.4
Panama	30.8
Puerto Rico	45.4
Colombia	46.8
Dominican Republic	49.5



A current rural home in Panama

3c. Competitive Advantage

Identifying a competitive advantage of a company that does not exist is very difficult because we cannot analyze its performance in the market. However, taking into account our strategies, we can said that our competitive advantage is that bamboo is a very low cost product for construction, which allows us to compete in the market with a lower cost product.

Another key competitive advantage comes through the diversity in markets that we are selling to; and the ability to spread costs over the combined markets. We can use the profits from sale of luxury eco-homes and chalets in Italy France and Spain, to undercut the costs we face in Colombia and Central America. In this way we can remain competitive in both markets and will increase the ability to make profits in both markets.

4. Business Strategies

4a. The Resource - Bamboo

There are more than 70 different genera of Bamboo in the world that are divided into 1,000 species. They are found in very diverse climates, ranging from the cold mountains of Asia to the hot tropical regions of Latin America. It is the fastest-growing plant on the planet, reaching a maximum growth rate of more than a meter per hour at times. Bamboo has a myriad of uses, mostly dependant on its age.

⁴ Economic Commission for Latin America and the Caribbean.

The ideal age for Guadua bamboo to be harvested for construction is 3-6 years, a far cry from all other timber plantations, which have a cycle of 10-60 years.⁵ When treated, bamboo forms a very hard wood, which is lightweight, stable, and exceptionally durable.⁶ It is used in elements of house construction, scaffolding, as a substitute for steel reinforcing rods in concrete construction, and so on.

4b. Marketing Strategy

Over 1 billion people around the world are affected by inadequate living conditions. We chose to focus most of our efforts in Latin America because many of the countries' populations are in desperate need of decent housing: Peru 53% of their population, Brazil 45% of their population, and Colombia 43% of their population. Constructing houses out of bamboo will work in these countries because it is cheap, strong, and one of the most renewable resources on the planet. With that, the aesthetics of bamboo creation will present an ideal solution that will replace traditional lumber. Our main marketing strategy is to effectively communicate these advantages to our potential clients. We will have to market differently in the different regions that we are targeting.



Bamboo Flooring

We plan to build luxury homes in Europe (France, Italy, Spain, etc.) and therefore we will be marketing the environmental impact and low cost of bamboo housing. We will reach our target market by communicating through traditional western marketing means such as newspaper advertisements, magazine advertisements, flyers, and word of mouth through partnering with real estate companies or environmental groups in Europe. We will construct model homes in order for conducting tours effectively demonstrate the strength and potential beauty of bamboo construction from Bamboozle. Homes built in this region will gain a higher profit than homes built in the Latin American region and therefore we will also communicate that by purchasing a home built by Bamboozle, a percentage of the profits from their home go to help finance a portion of a home in Latin America for families and individuals in need.



Floor Plan of a Bamboo Home

In the Latin American region, we have more of a direct marketing strategy. In order to accurately communicate the benefits that our company is offering, we will be sending a marketing team to towns and villages to speak one-on-one with the communities about our housing structures. In an effort to enter the market, in some villages we will build structures that will be donated to the community such as community centers, places of worship, or basic shelters. We are also planning on partnering with local governments in order to create a larger marketing impact with

⁵ <http://en.wikipedia.org/wiki/Plantation>

⁶ <http://www.bambooflooring.co.nz/index.php?page=hardness>

our message. We feel that the families and individuals in Latin America that are in need of housing will have a greater understanding of the quality and beauty of bamboo housing if they are able to experience one for themselves. This notion, coupled with the idea of affordability will allow us to gain a large percentage of the market in the region.

4c. Distribution and Transport

In the Latin American region, the lack of infrastructure (roads, warehouses, and communication systems) will not affect Bamboozle negatively because these many different species of bamboo are native to this region. The resources will not need to be transported very far. Because environmental sustainability is important to Bamboozle we are dedicated to researching and developing the most effective ways to transport and distribute resources for our building projects via ships and trucks. We are also planning on acquiring land in which to plant bamboo in areas that are not as accessible.

5. Financial Overview

The main costs that we will be incurring in Bamboozle at start up are:

- Purchasing or obtaining a long-term lease of land to start development in our own renewable plantations
- The costs in acquiring a team of builders in both Europe and Latin America
- Contracting a small team of architects and engineers to develop a portfolio of kit-set houses for sale in Latin America and adjustable kit-set homes and chalets for sale in Europe.
- Securing a supply of acceptable Guadua for use in the first 3 years of operation
- Purchase of machinery to mill and treat the bamboo

Ongoing Costs will be:

- Wages to builders
- Bamboo for the first 3-6 years
- Maintenance on the bamboo
- Legal Expenses and Market Advice. This is important as we will be dealing with two completely separate markets and legal systems, we will require advice and collaboration of specific strategies with local legal and advertising agencies.
- Treatment of bamboo
- Premise rental in both Latin America and Europe
- Transportation of bamboo and employee costs
- Cost of donated houses in Latin America

Our Revenues will be the sale of houses in Latin America and Europe to begin with, however, once plantations are established in these locations, we will be able to diversify into further countries and areas of the countries we are already established in. While transportation costs will rise, we will be able to gain extra sales with a greater service area to cover this.

As you can see, this venture will present challenges, however, will quickly become profitable, and as our profitability rises, we will be able to increase our philanthropic donations in Colombia, and also other countries in central America. Here is an study of our profitability:

Bamboozle Profitability Study						
Chalets			Minimum	Maximum		
Bamboo			60000	135000		
Other Materials			40000	90000		
Admin and Other Costs			30000	50000		
Total Cost			130000	275000		
House Size (Meters Squared)			150	350		
Price Per Meter Squared			http://www.globalpropertyguide.com/Europe/France/square-meter-prices			
			France	3,498.38 €	4,664.50 €	Maximum figures have been adjusted to .5 of those figures in reference above, as these are for appartments not chalets Minimum Figures here are .75 of Maximum figures
			Italy	2,645.25 €	3,527.00 €	
			Spain	1,636.88 €	2,182.50 €	
Price for House						
France			524,756.25 €	1,632,575.00 €		
Italy			396,787.50 €	1,234,450.00 €		
Spain			245,531.25 €	763,875.00 €		
Profit Per house per Country						
France			394,756.25 €	1,357,575.00 €		
Italy			266,787.50 €	959,450.00 €		
Spain			115,531.25 €	488,875.00 €		
Average profit (on a 220 sq m house)						
France		752	604,202.50 €	860,750.00 €		
Italy		165440	416,515.00 €	610,500.00 €		
Spain			194,672.50 €	314,710.00 €		
Costs			0-6 Months	6 -12 months	12 - 24 Months	24 - 72 months
Set up costs						
Builder Search Costs			15000	10000		
Contractors			20000	5000	5000	
Machinery			25000	5000	10000	
Total Set up Costs			60000	20000	15000	0
Ongoing Costs						
Labour Costs France	Ave Wage	30				
	Hrs per week	35				
	Workers	10	273000	273000	546000	2184000
Labour Costs Colombia	Ave Wage	4				
	Hrs per week	35				
	Workers	30	109200	109200	218400	873600
Legal Expenses			35000			
market Advice			20000	20000	10000	10000
Treatment of Bamboo	Per House	3500	136500	136500	273000	1092000
Plantation Rental in Colombia	Per Month	1000	6000	6000	12000	48000
Plantation Rental in France	Per Month	15000	90000	90000	180000	720000
Premise Rental In Colombia		50	300	300	600	2400
Premise Rental In France	Per Month	5,000.00 €	30,000.00 €	30,000.00 €	60,000.00 €	240,000.00 €
Transportation of Bamboo Costs	Per House	1000	39000	39000	78000	312000
Cost of Donated house in Colombia	per House	15000	117000	117000	234000	936000
Total Ongoing Expenses			856000	821000	1612000	6418000
Total Expenses			916000	841000	1627000	6418000
Revenues (minus construction material costs)						
Colombian Houses						
Assuming 5 workers take 1 month						
to build 1 house in colombia			36 Houses	36 Houses	72 Houses	288 Houses
French Houses						
Assuming 10 workers take 2 months			1,812,607.50 €	1,812,607.50 €	3,625,215.00 €	14,500,860.00 €
to build 1 house in France			3 Houses	3 Houses	6 Houses	24 Houses
Total Revenue			1812607.5	1812607.5	3625215	14500860
Total Profit			€896,607.50	€971,607.50	€1,998,215.00	€8,082,860.00