HIVES FOR HUMANITY

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# EXECUTIVE SUMMARY

When you look into a beehive, over 50,000 bees are interacting together. Each bee has a distinctive place, role and purpose as they work in harmony with the rest of their insect community. Although these beehive characteristics would be ideal within human communities, this is not the case. Groups such as the homeless and long-term unemployed are increasingly being marginalized within urban environments due to their lack of skills, financial ability and motivation. This social exclusion is especially prominent within the city of Johannesburg, South Africa where over 4,500 individuals are currently homeless and 30% of the population are long-term unemployed (Joburg, 2015).

Our business, Hives for Humanity, proposes an urban beekeeping scheme that integrates homeless back into the hive of society. To do this, we will provide homeless citizens with interactive beekeeping training, as we employ them as caretakers of urban beehives positioned on business rooftops. The ventures primary objective is to reduce the number of Johannesburg citizens forced into homelessness as a result of long-term unemployment and social isolation. In the long term we envision that homeless individuals will regain motivation to participate fully within society.
This report outlines how Hives for Humanity acts as the middleman between homeless citizens and urban beehives, as well as the honey produced and the end purchaser. Our business model is essentially a B2C concept, as the end product is a jar of honey. However, we must establish partnerships with inner-city businesses so that our beehives to be placed on their building rooftops. To establish B2B partnerships, Hives For Humanity will pitch the ‘corporate social responsibility’ benefits that can be attained. This venture requires $17,500 worth of capital and is forecast to generate profit of $43,151 in the fifth year of production.

**BUSINESS OVERVIEW**

Growing unemployment for Johannesburg’s citizens is a vast concern, as job opportunities favour those who are skilled/ educated. Research suggests that offering interaction and employment to these individuals within early stages of engagement can help foster hope (Shaheen, Rio, 2007). To combat this rising exclusion, our company proposes an urban beekeeping initiative centered upon employment and social interaction. This business model consists of a threefold process:

1. Inner city businesses position our beehives on the empty rooftops of their buildings.

2. We train/employ homeless citizens as urban beekeepers and assign them 10 beehives positioned on business rooftops.

3. We pay the homeless a salary for their employment, based on the total expected honey harvested. The honey will be bottled and sold on the market.

**Is our urban honey ‘clean?’** Bees are very sensitive to smell, so they avoid flowers that are dirty or polluted. Secondly, guard bees immediately reject bees that do become polluted whilst gathering nectar when they attempt to enter the hive. Hence, even bees living in heavily polluted areas produce honey that is safe to eat (Gronenberg et. al, 2014). As a precautionary measure, the South African ministry of food control will test all honey regularly.

**BUSINESS OBJECTIVES**

The unique selling proposition for Hives for Humanity Honey is the fact it has been created from urban beehives by Johannesburg's homeless/ long-term unemployed. Hence customers are not only buying a 100% natural product, but they helping to enrich the inclusiveness of their society through their purchase. We aim that this venture will not only reduce Johannesburg's long-term unemployment/homelessness rate, but that of other cities as we branch out in coming years.
The primary task of our business is to train the homeless and long/term unemployed on the key concepts:

- How to establish a healthy hive of bees
- Beekeeping equipment
- Planting bee friendly side gardens
- Feeding and wintering
- Specifics on urban beekeeping
- How to harvest the honey

The advantage of this scheme is that the skills of beekeeping are transferrable. As the venture progresses, previously homeless individuals share their insights and beekeeping knowledge. This system increases employment opportunity for homeless in future years and drives interaction.

PRODUCTION

STAFF

<table>
<thead>
<tr>
<th>Homeless</th>
<th>BeeKeeper Trainer</th>
<th>Admin/Support Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employ 10 homeless, 160 hours per month. They will be remunerated a monthly sum of $150USD.</td>
<td>Employ one initial full-time beekeeper and mentor, 160 hours per month. They will teach, assist and interact with the homeless participants. The average monthly sum for an individual of this profession is $180 (MyWage, 2016).</td>
<td>Employ one administrator/supporter part-time (40 hours per month) to coordinate the warehouse dubbed ‘The BeeLive’ and enrol Johannesburg’s homeless into the venture. Average monthly sum for part time admin work in Johannesburg is $130USD (PayScale, 2016). In year two this employee will be working full time (160 hours a month/$180USD) as our business grows and more homeless employees are enrolled.</td>
</tr>
<tr>
<td>Annually this wage is a 62% of the estimated market value of the hives (10 hives, two honey harvests a year). Daily tasks will include training and interactive sessions with other beekeepers, bottling honey and planting bee-friendly side gardens on rooftops.</td>
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</tbody>
</table>

The number of beekeeper trainers will increase by one individual each year as more and more homeless individuals are employed. In order to re integrate knowledge and further employment opportunities, these additional trainers will be homeless individuals who have previously been employed as urban beekeepers in the program.
LOCATION

1. Land
   We require a building rooftop that is larger than 30 square meters. This is to ensure that the 10 beehives have adequate positioning and flying space, lessening the chance of endangering the keepers.

2. Building Hub - ‘The Beehive’
   Dubbed, ‘The Beehive’, this warehouse is our interaction hub for the homeless employees. The space has the characteristics of a ‘beehive’, as all who enter have a purpose, role and opportunity to interact. The building will also serve as a storage space for the equipment, as well as the training center and honey bottling plant. Its location must be in close proximity to the inner city businesses/beehives. Local residential lease rates for inner-city warehouses are low, for example a small factory of 200.00 m² is approximately $4941 USD (annually).

RESOURCES

1. Bees
   Each of the 10 beehives requires a swarm of working bees and one queen. These bees can be captured from the wild, or bought from bee wholesalers.

2. Beekeeping Equipment
   • Beehives - brought as kit-set basis to utilise the employment of employees
   • Screens, queen-excluders, fumigators, protective clothing, feeders, protective clothing etc

3. Bottling equipment
   • 18,000 jars (250g) for consumer market
   • 1,500 jars (1kg) for wholesale market

The above listed equipment is the bare minimum required for this honey scheme. In order to ensure quality control is carried maintained, additional equipment can be purchased on a casual basis.

MARKET OVERVIEW

TARGET MARKETS

| Primary Target Market | Women, aged 25-50 with annual income of $6,000ZEN or more. Motivated by health and wellness trends. |
| Secondary Target Market | Honey wholesalers. Currently South Africa produces around 1,000 tons of honey annually, but consumes three times this production volume. |

We will use a 75-25% ratio when targeting primary and secondary target markets. This dual strategy capitalizes off the growing consumer honey trend and growth potential in the S.A wholesale market.

PRIMARY DIRECT TARGET MARKET

Hives for Humanity will predominantly target a relatively affluent middle class of women, aged 25-50 who have higher disposable income by earning 6,000ZEN (4,980 USD) annually. This segment commands 66.2% of the South African population (Visagie, 2013). This age bracket incorporates both Millennials and Generation X’s (ages 35-49), who have noted that sustainability is very important in their purchase decision (Nielsen, 2015). These individuals are adopting the rising South African trend...
of supporting benevolent brands that benefit society (TrendWatching, 2015). In order to position our honey in front of this target market, we will distribute via retail markets such as urban supermarkets.

**PARTNERSHIPS - INDIRECT TARGET MARKET**

Partnerships will be made with inner-city businesses that own/operate buildings within the city. The support of these companies is crucial so that we can place our beehives on their empty rooftops for free. These businesses have a strong propensity to be involved in social enterprises and will respond positively to the ‘Corporate Social Responsibility’ package our business venture proposes.

**COMPETITORS ANALYSIS**

Our primary competitor within the Johannesburg market is the African Honey Bee (AHB). This company has a notable reputation for great quality control. However, they primarily focus on supplying the wholesale market (AHB, 2016). As we have minimal costs, we can look to undercut these price levels on the wholesale market. Furthermore, Hives For Humanity has a 75% focus on supplying the growing consumer market, this seeks to differentiate our product.

**MARKETING OBJECTIVES**

1. Highlight to consumers how purchasing Hives of Humanity Honey helps to integrate Johannesburg’s homeless through means of interaction, education and employment.
2. Highlight the benefit for inner-city businesses in allowing beehives on their empty rooftops.
3. Highlight the employment and social interactive benefit to Johannesburg's homeless/long-term unemployed in participating in this venture.

**MARKETING COMMUNICATIONS**

<table>
<thead>
<tr>
<th>Communication Objective</th>
<th>Consumers/Primary Target Market</th>
<th>Inner-City Businesses</th>
<th>Homeless</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement</td>
<td>Achieve 5% of target market within the first 12 months.</td>
<td>Educate inner-city businesses about the benefits of our scheme. Acquire 15 businesses within three months.</td>
<td>Educate homeless in the value of participating within our beekeeping initiative.</td>
</tr>
<tr>
<td>Promotional Activity</td>
<td>Social media campaign, as it is low cost and our target market uses social platforms often. Within this, promote video posts that document the process of our scheme. This should tug on the heartstrings of those contemplating buying the honey.</td>
<td>Establish a company website, clearly outlining the positive repercussions of joining as part of our scheme. Publish an article on business websites and magazines about how our business is run.</td>
<td>Use direct marketing at homeless shelters. Promote in ‘homeless talk’ which is a free newspaper written by the homeless citizens of Johannesburg.</td>
</tr>
</tbody>
</table>

**FINANCIAL ANALYSIS**

The following section includes a financial analysis of Hives For Humanity’s business venture. All calculated costs have been transferred from the South African Rand to the U.S dollar (USD).

**INITIAL INVESTMENT COSTS**

Initial costs include the company registration expense, company name registration, training of employees (salary of beekeeper trainer) and the equipment required to set up the business venture. The cost of equipment is calculated according to the current market price of equipment in Johannesburg.
The rent paid for our ‘The Beehive’ warehouse is $4941.72 annually. As the estimated honey produced in the first year is 6000 kg, we require 19,500 jars (1 kg/250 g combined) for bottling. Although the production of honey may differ according to the season, the calculation of jars is expressed in a monthly basis. The ‘others’ section includes unexpected miscellaneous expenses that may be incurred throughout the venture.

**CAPITAL REQUIRED AND SOURCE OF CAPITAL**

The capital raised will cover the costs associated with the first four months. Since we are registering as a private limited company, our group members will act as the shareholders, each contributing an equal share (7 members). We will raise USD $2500 per member in order to generate USD 17,500. Each shareholder will have 2500 shares to the value of USD $1. Out of the $17,500 raised $13,848 will be allocated to initial expenses for the first four months, with the remainder serving as a cushion for unexpected costs.

**SALES**

We have decided to start our business with an achievable 200 hives. On average, each hive will generate minimum of 30 kg’s of honey per year. In alignment with the market cost of honey, Hives For Humanity honey will be sold at USD 4.80 per kg.

**TAX RATE**


**FORECAST**

This table provides a forecast for a five-year period. As the market for honey is expanding exponentially, we have assumed that all honey produced will be consumed annually. In accordance with our business objective, an additional 10 homeless citizens will be employed each year and an additional beekeeper trainer. Consequently, the equipment costs increase at a proportionate rate to the hives. The selling price and costs are adjusted in accordance with the local inflation rate (average inflation rate of first 3 months of 2016 i.e. 6.13%).
While these projections demonstrate our business will run on a loss in the first year, as we scale up in the second and third year a profit will be generated.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>No. Workers</td>
<td>12</td>
<td>23</td>
<td>34</td>
<td>45</td>
<td>56</td>
</tr>
<tr>
<td>No. Hives</td>
<td>200</td>
<td>400</td>
<td>600</td>
<td>800</td>
<td>1000</td>
</tr>
<tr>
<td>Production (Kgs)</td>
<td>6000</td>
<td>12000</td>
<td>18000</td>
<td>24000</td>
<td>30000</td>
</tr>
<tr>
<td>Selling Price/kg</td>
<td>4.80</td>
<td>5.10</td>
<td>5.41</td>
<td>5.74</td>
<td>6.10</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>28826.36</strong></td>
<td><strong>61186.82</strong></td>
<td><strong>97406.36</strong></td>
<td><strong>137836.50</strong></td>
<td><strong>182857.34</strong></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Cost</td>
<td>3773.9</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Equipment</td>
<td>0.0</td>
<td>3992.4</td>
<td>4237.2</td>
<td>4496.9</td>
<td>4772.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3773.9</strong></td>
<td><strong>3992.4</strong></td>
<td><strong>4237.2</strong></td>
<td><strong>4496.9</strong></td>
<td><strong>4772.6</strong></td>
</tr>
<tr>
<td><strong>Operating cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>4941.72</td>
<td>5244.65</td>
<td>5566.14</td>
<td>5907.35</td>
<td>6269.47</td>
</tr>
<tr>
<td>Salary</td>
<td>21720.00</td>
<td>45084.02</td>
<td>66479.83</td>
<td>87875.64</td>
<td>109271.45</td>
</tr>
<tr>
<td>Jar</td>
<td>1764.00</td>
<td>3744.27</td>
<td>5616.40</td>
<td>7488.53</td>
<td>9360.67</td>
</tr>
<tr>
<td>Others</td>
<td>1800</td>
<td>1910.3</td>
<td>2027.4</td>
<td>2151.7</td>
<td>2283.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30225.72</strong></td>
<td><strong>55983.28</strong></td>
<td><strong>79689.82</strong></td>
<td><strong>103423.25</strong></td>
<td><strong>127185.21</strong></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>33999.6</strong></td>
<td><strong>59975.7</strong></td>
<td><strong>83927.0</strong></td>
<td><strong>107920.2</strong></td>
<td><strong>131957.8</strong></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>-5173.21</strong></td>
<td><strong>1211.10</strong></td>
<td><strong>13479.37</strong></td>
<td><strong>29916.33</strong></td>
<td><strong>50899.55</strong></td>
</tr>
<tr>
<td>Tax</td>
<td>0.00</td>
<td>0.00</td>
<td>589.71</td>
<td>2421.72</td>
<td>7748.16</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td><strong>-5173.21</strong></td>
<td><strong>1211.10</strong></td>
<td><strong>12889.66</strong></td>
<td><strong>27494.61</strong></td>
<td><strong>43151.40</strong></td>
</tr>
</tbody>
</table>

**Future outlook**

Hives for Humanity will use Johannesburg as a testing ground for this urban honey scheme. In doing so, we expect to significantly impact the lives of at least 52 Johannesburg homeless/long-term unemployed. However, realistically this number will be far greater. After a year or two of participating within the program, these individuals will attain the necessary skills and motivation to seek more advanced beekeeping employment elsewhere. The reciprocal effect of this venture is vast. Not only do these individuals attain employment, but also social interaction with beekeepers and members of local businesses when undertaking their duties. Therefore, they are given the opportunity to become a fully integrated member in society once again.

In the future, as profits amalgamate, there is the possibility to take on greater members of staff and homeless employees. There is also the potential to expand this business model to other cities, either within South Africa or globally. We have identified Lisbon, Portugal as an area of interest due to its favorable beekeeping conditions and similarly high homeless rate per capita.

We remain confident that Hives of Humanity will succeed in empowering and motivating homeless/long-term unemployment individuals to reintegrate within the hive of society on a grand scale.

**Figure 3:** A Homeless woman monitors her beehive on building rooftop
REFERENCES


