

Business Plan

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I. Instructions: Executive Summary

The Idea is to collect cardboards, sort them out, sell and ship them to companies that want to make use of the recycled cardboards. By collecting the cardboards and controlling the quality of it before selling it, we are providing the customers with recycled materials they can reuse for their own purposes cheaper than if they made use of new cardboards. By doing so we are providing the customers with a cheaper and environmentally friendly solution for their business, increasing their revenue stream. In one to five years we want our business to be the face of the promotion of an environmentally and economically sustainable community, growing even more providing a cleaner and healthier island and at the same time providing more employment. Our proposed target market will be companies that buy recycled-content products and materials.

What makes our service different and better than our competition is the way we do the process, the quality control. We separate what can be used and sell it and what can't be used we sell those to companies that want to buy trash. We will create a work environment that values diversity and teamwork, we will end Disability discrimination, with their adaptive techniques they will add value to the enterprise and boost staff morale.

II: Introduction

Aruba Cardboard Collectors is a local company dedicated to collecting and cleaning corrugated cardboard and boxboard from hotels, supermarkets, and restaurants. Waste has an immense negative impact on the natural environment and it is known that there is a big amount of cardboard waste on the island, which takes a lot of space at the dump. However, the cardboard waste is not being segregated. This company has more benefits than only collecting and cleaning cardboard. We are going to be selling and shipping the high-quality cardboard collected to companies that want them. This is not only more environmentally friendly than dumping the cardboard, but it also has the power to better the brand name of companies using our recycled product, all while providing economic and social benefits to the island of Aruba. The damaged cardboard will be sold to other waste recycling facilities where it does not matter whether the cardboard is damaged or not. Aruba Cardboard Collectors is going to be located in the Barcadera district. At the warehouse in Barcadera is where all the collected cardboard will be cleaned, sorted, and made ready to sell. Our company aims to promote the recycling of corrugated cardboard and to educate the local community on the benefits of recycling.

III. Customer Segments

The segments are meant to help us identify who our customers are and which markets we should enter. We have determined that our two market segments are niche markets due to the fact that our product and service are very specific. Our product and service are wanted by a small portion of the total market and they are very specific in what they are looking for. Our two markets are (1) international paper and cardboard industry that are set up for recycling of cardboard, and (2) local companies that want to benefit from our service of collecting their cardboard waste.

IV. Value Proposition

Company mission statement

Our mission is to be a sustainable business striving toward more effective recycling solutions while protecting the environment and preserving resources, promoting a sustainable recycling system which will increase the island's recycling rate, reduce waste and pollution, and raise awareness through education.

Company philosophy and vision

- Provide high levels of customer service to both local and international customers: Great service will make the customers feel that you care about developing a long-term relationship that means more than just making a sale. By focusing on delivering customer service you're making the customers feel appreciated, which creates strong, profitable customer relationships and repeat business.
- Create a work environment that values diversity, teamwork and idea sharing: Equal opportunities in the working world. End Disability discrimination. We will employ people with disabilities, people that are willing and able to work. This way we boost staff

morale and enhance teamwork. Because of their adaptive techniques and devices to work with, they can add value to the enterprise.

- Promote positive change (sustainable community): Reduce deforestation (recycling just 1 ton of cardboard could save over 17 trees), Reduce Greenhouse Gas Emissions (every ton of cardboard recycled reduces 1 ton of CO2 emission). Save Landfill space (every ton of cardboard recycled saves over 9 cubic yards of landfill space)
- Educate the community: Continually educating ourselves and our community regarding sustainability, environmental responsibility, recycling, and proper waste management.

We want to encourage companies to explore with us the many opportunities that recycling can play in their continued growth and success.

Company goals

The problem many companies/ businesses and households are facing right now is space being used to store the many cardboard boxes they have no use for. They will find themselves with overflowing of cardboard boxes. The storing of these boxes is a safety hazard (fire risk), and wasting storage space. Throwing them away adds to the mounting problem of space shortages in the landfill and at the same time it is bad for the environment. Instead, by recycling, the cardboard boxes can be processed and turned into new products. This is how we as a cardboard collecting business can turn building demand for recycled products, in this case cardboards, into a competitive advantage. What sets us apart from our competitors is that we separate all types of cardboards and export them. It is our goal to provide solutions for our customers and at the same time make profit. Recycling cardboard will free up space that bulky boxes take up, especially when they are un-flattened and by offering a simple and reliable collection service we help

resolve landfill space issues. We will the sell these cardboard boxes to companies that uses recycled-content products and materials.

Legal structure

We will structure our company as a VBA. A VBA is more commonly known as a Limited Liability Company. We choose this structure as we will have more flexibility regarding rules, regulations, and capital requirements. At moment of incorporation there will be one owner who will operate as director. The owner/director has 50% of the shares. At moment of incorporation there will be, besides the director, five shareholders at 10% each.

V. Channels

Our company is not designed to have a store front, nor do we need wholesalers to resell our product. Our company, via our sales representative, will sell our products directly to our customers. We make use of international shipping companies to ship and transport our products to the United States of America, or other final destinations. Our sales representatives will be in constant contact with our foreign customers, making sure that all sales are transitioning smoothly and that we are satisfying our customers' needs.

VI. Customer Relationship

Since most of our local marketing is creating networks with cardboard suppliers we have a sales representative that keeps in contact with our local venders. For our international clientele we will have a website to provide them with relevant information about our company, but our sales representative will also be in constant contact with them. Our Customer Segments expects us to a have a source of information about our company. We will integrate a website in our

Customer Relationship plan. On this website we will have relevant information available about our company. We can create a free website at wix.com. As a public marketing tool, we will launch a Facebook page. A current trend in the market is the use of social media. Our company will have a Facebook page with relevant information about our company; such as, our website, ways to contact us, and other relevant information. With a Facebook page we are more accessible to our clients.

Product/service features and benefits

Our local and foreign clients expect that we maintain in constant contact with them to make sure that we are fulfilling their needs, our sales representative will make sure of that. Our foreign clients expect us to provide them with clean cardboards or dirty cardboards. We established a sales representative to do just that, they will work with the customer to create solutions and ensure a smooth sales process. Furthermore, our sales representative will research each of our potential local customers to see who generates the most cardboard waste. After identifying these local customers, we will approach them and pitch them our service. If they accept our service, we will then place a 40ft trash collector to collect their cardboard waste. Based on the volume of their cardboard waste, we will determine the frequency of our collection. After determining the frequency of the collection, we will make sure that we will collect regularly and on time.

Our sales representatives will visit potential customers and pitch them our service/product. What sets us apart from other companies is that we do not charge for the placement of our trash containers and that we do not charge for the service of collecting cardboards.

VII. Revenue Streams

Our company has integrate an Asset Sale Revenue Stream. An Asset Sale is when the company sells the right of ownership over the good to the customer. We will be selling our high quality (clean) cardboard at a price of \$225 per Metric Ton (MT). And we will be selling our low quality (dirty) cardboard at cost price so that it can cover all its own costs. It is common in the cardboard world that that payments will be made upon receiving the goods. We will have a local bank account set up to receive international wire transfers.

VIII. Key Resources

Quality Control

Our quality control starts already at the suppliers of the cardboard. Our suppliers will be instructed how and what we find acceptable as a product for us. Our staff will be trained (on a recurring basis) on how to sort, select and bale our product. A final quality control will be executed by our client at moment of receiving our product.

Location

We will rent a warehouse in the Barcadera district. This is a low rent industrial area close to the container terminal. With the new two-lane road from Pos Chiquito to the airport(and the finishing of the ring road) we have easy access to town and the hotel area. We plan to start with a 500M2 commercial warehouse for AWG 4,000 per month, in where we will build a small operation office. On the grounds will be space for parking of employee/company vehicles as well as space to store up to three 40ft shipping container for us to load.

Personnel

We expect to have five employees. We would need two people on the floor to clean and sort the cardboard. One sales representative to stay in contact with our local and foreign customers, one driver for the truck, and one manager to oversee all operation. Salaries for the floor staff would be minimum wage of AWG 1,800 (gross). Sales Representative would get gross AWG 2,000. Truck driver will be paid AWG 2,000 gross and the manager will be paid AWG 2,500.

IX. Key Activities

The first step of recycling cardboard is by collecting it. The majority of the collection points include trash bins, stores, scrap yards, and commercial outlets that generate cardboard waste. Unfortunately, there is no such thing in Aruba where the trash is divided or sorted in order to be able to recycle. By placing 40 yard trash collector free of charge at big supermarkets and stores that produce a lot of cardboard waste, they can put all their cardboard waste in that trash collector. When the trash collectors reach their capacity we will send our truck to collect it and deliver it to our warehouse. We need to be provided with workable materials, because waxed, wet, and soiled cardboard cannot be recycled; we are only going to be working with cardboards that have not been damaged. The following step after collecting is the sorting of the cardboard. The different cardboards will be classified into corrugated cardboard, boxboard and dirty cardboards. Corrugated cardboards consists of a layer of paper, a layer of wavy paper, and a layer of paper once again. Boxboards consists of only one layer of paper such as cereal boxes. Dirty cardboards are waxed, wet, and soiled cardboard that cannot be recycled. After the cardboards have been collected and sorted, the cardboard will be flattened in the baler. When the cardboards are sold to other countries they are have to be flattened, but dense. Because

transportation costs play a role in the business of cardboard recycling, the cardboard material has to be as dense as possible, and then it can be shipped to its final destination; utilizing air transportation is not an option due to it being more expensive. The dirty cardboards will also be shipped to countries like Sweden that wants to buy trash, these will also be compressed. After the compression of the dirty cardboards the baler will be thoroughly cleaned.

X. Key Partnerships

When examining potential key partners for our business, we must keep two things in mind.

Firstly, how are we going to get the cardboard? And secondly, who are we going to sell it to?

We will start by explaining the key partners we have determined as suppliers of cardboard.

Cardboard makes up to an average of 40%-50% of all waste in hotels, making hotels important suppliers of corrugated cardboard that can later be processed. This will also contribute tremendously to the Recycling Program of any hotel on the island. Aruba is an island that depends wholly on imported products since there is not much being produced on the island.

The imported products are often packaged into boxes, which most are made of cardboard. Such items include boxes of milk, liquor and other items. There are also many products that are individually packaged in cardboard boxes, e.g. Betty Crocker Cake Mix and Macaroni and Cheese. This makes supermarkets another important supplier of cardboard in all sizes. The third supplier we have identified as key partner for our business are restaurants. Just like supermarkets who import their products or buy them at wholesalers, restaurants might do the same. Restaurant also buy in big amounts which means that often they have different cardboard boxes to get rid of e.g. beer boxes, wine boxes or boxes where their ingredients are delivered in. In the future, when the production is successful enough and the demand for cardboard is

high enough, we can import bigger amounts of corrugated cardboard from China. China is the world's largest recyclable waste importer; however, it has implemented a ban for importing 24 types of recyclable waste material including plastic, textiles and mixed papers. They used the imported waste materials to make reusable materials such as cardboard and yarn. However, since the ban, China is no longer an option for exporting our product to. We can see this ban as an opportunity to attract part of the customers that China had, as well import their corrugated cardboard for our own benefit when bigger quantities are needed.

And now who are we going to sell all the processed cardboard to? There are many recycling companies worldwide that process corrugated cardboard making sure that it does not end up in a landfill or that it is used as waste for energy. An example of such a company is the company called DS Smith, which is located in Europe. They recycle different kinds of material like plastic and cardboard, and have operations in 12 countries in Europe. Their goal is to turn 100% of received resources into material that can be used once again. Another key partner would be those that use lots of cardboard to package their products; both locally and internationally. As mentioned before, many products sold at big quantities are packaged in cardboard boxes. Companies that use recycled cardboard may benefit from the positive image they might obtain from using this material to package their products. Our clean cardboard can be sold to national and international factories e.g. international beer producing companies and Balashi Factory that can process our clean cardboard and use it in their packaging.

XI. Cost Structure

Start-Up Expenses

For start-up expenses we would need to establish the company. Establishing a company is estimated at AWG 4,000. We would purchase a new truck at AWG 40,000 (loan cost of AWG 836 per month). We would need five 40 yard trash collectors, for that we need a budget of AWG 75,000, this includes the total shipping cost of all five collectors. For a starter package we budgeted AWG 150,000 (loan cost of AWG 3600 per month for 6 years). The starter package consists of a baler and a forklift. Also included in the starter package is the shipping, handling, and import duties of the baler and forklift. Inside the warehouse we would build a small office for the onsite manager. Estimated cost of the office is AWG 8,000 (converted 40ft shipping container).

Start-Up Cost Calculation

Cardboard Aruba	
Start-Up Cost Calculation	
	Costs
Basic fee's to start up company	AWG 4,000.00
New truck	AWG 40,000.00
Trash Collector Budget	AWG 75,000.00
Starter Package Budget	AWG 150,000.00
Office	AWG 8,000.00
Total Cost	AWG 277,000.00

Financial Plan: 12-month profit & loss projection

Cardboard Aruba		
Operational Cost Calculation		
	Month	Year
Warehouse rent	AWG 5,000.00	AWG 60,000.00
Utilities	AWG 1,700.00	AWG 20,400.00
Truck loan	AWG 836.00	AWG 10,032.00
Truck operational cost	AWG 670.00	AWG 8,040.00
Starter package	AWG 3,600.00	AWG 43,200.00
Office cost	AWG 1,000.00	AWG 12,000.00
Communications Cost	AWG 500.00	AWG 6,000.00
Bank cost	AWG 300.00	AWG 3,600.00
Total Fixed Cost	AWG 13,606.00	AWG 163,272.00
Floor staff	AWG 3,600.00	AWG 43,200.00
Driver	AWG 2,000.00	AWG 24,000.00
Sales Representative	AWG 2,000.00	AWG 24,000.00
Manager	AWG 2,500.00	AWG 30,000.00
Total Salary Cost	AWG 10,100.00	AWG 121,200.00
Total Miscellaneous Cost	AWG 2,500.00	AWG 30,000.00
Total Fixed Cost	AWG 13,606.00	AWG 163,272.00
Total Salary Cost	AWG 10,100.00	AWG 121,200.00
Total Miscellaneous Cost	AWG 2,500.00	AWG 30,000.00
Total Operational Cost*	AWG 26,206.00	AWG 314,472.00

*without shipping expenditures

Above are the expected cost for the first 12 months of our company. Based on worldwide studies the average waste produced per person is 2KG per day. We have about 125.000 legal people living in Aruba so the total daily waste we estimate being 250MT.

According to EU research about 40% of the total waste is cardboard. We estimate that we would be able collect about 10% of the total cardboard waste, so about 10MT per day or about 300 MT per month. Based on the average price of \$225 per MT we foresee a revenue of \$67,500 or AWG 118,125. We expect to reach this level within 12 months after opening our company. Shipping a container from Aruba to the US mainland is about AWG 7,000 and a container can hold maximum 27MT. 300MT per month is about 11

containers per month. 11 containers times AWG 7,000 is a total cost of AWG 77,000 per month plus the operation cost of AWG 26,206 is a total expenditure of AWG 103,206 versus an income of AWG 118.125. Our monthly net profit will be AWG 14,919. At this rate we will breakeven in 19 months (AWG 277,000.00/AWG 14,919).

We did not calculate the net profit of the dirty cardboard due to it being sold at cost price the net profit will always be zero, and due to lack of information we do not know how much of our collected cardboard will be unusable for our higher quality cardboard.

XII: Conclusion

We are starting Cardboard Collectors Aruba as a For-profit Social Enterprise. Besides making profit we want to make the world (and Aruba in general) a better place. One of our social goals is to offer employment opportunities for, under normal circumstances, unemployable people like mental and/or physically handicapped people. A second social responsible goal we have is to reduce the waste stream created in Aruba. Aruba Cardboard Collectors sees waste as a resource for profits and change. As a company we want to focus on the recycling and repurposing of cardboard. The production of new cardboard uses lots of energy and resources. When recycling and repurposing cardboard the energy and resources used to re-create cardboard is much less than making new cardboard thus beneficially for the producers of new cardboard and the environment. By collecting and re-using cardboard we are recovering a lot of resources and energy used in the original production.

Our goal is to collect and save as much cardboard as possible from ending up in the landfill of Aruba and making money doing so. We are trying to be part of a circular economy instead of a linear economy where everything is discarded after a one-time use. Aruba Cardboard Collectors

wants to be able to extract the maximum value of cardboard by being a part of the cardboard life cycle. We also concluded that the market we are entering is a high barrier market. We would need a lot of capital for the equipment needed to even start to compete with the competitors on Aruba. We also concluded that without government intervention it would be difficult to stay in business. We will work with the Aruban government to create programs dedicated to creating a circular economy. In return we need the government to (re)write laws, and enforce them, to achieve the Sustainable Development Goals as set in 2015 by the United Nations. Also, Aruba Cardboard Collectors would like that the government of Aruba subsidize eco friendly companies and liberalize the rules and regulations for starting a business to get more flexibility in starting up and being successful. The Aruban government could also restructure the financial markets to make it easier to obtain loans for non-traditional companies.

XIII. Reference

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Ecotech phone call