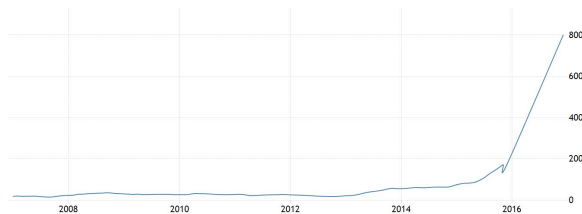


Food Startups in a Country in Crisis with Scarcity of Basic Goods

Forbes calls **Venezuela** [the "hardest" place to be an entrepreneur](#). Once one of Latin America's richest nations and the country with the [largest oil reserves in the world](#), Venezuela is currently undergoing the most difficult financial and economic crisis in its history. The nation finished 186 of 189 in this year's [World Bank Group Doing Business rankings](#), making it harder to operate a business than in Syria, Haiti and South Sudan. From 1999 to 2013, government supporters proudly announced the improvement in the quality of life of the poor that Hugo Chávez achieved, with socialist measures such as using oil to subsidize food. But Maduro, Chavez's successor, has faced a [decline in the price of oil](#) which, accompanied by government inefficacy, has left Venezuelans to face uncertain and adverse market conditions, such as [record-breaking recession](#), [corruption](#), [price control](#) and the greatest inflation rate in the world- [which is expected to hit 1640% in 2017](#) (about 27% every month!).



Venezuelan inflation rate, data from the Venezuelan Central Bank (BCV)

One of the biggest issues is the **scarcity of basic goods such as food and medical supplies**, making most citizens [line up for hours a day](#) in order to get staples like corn flour, bread, laundry soap, toothpaste, toilet paper, and many other necessities that are taken for granted in the rest of Latin America.



Empty refrigerator shelves at a Makro supermarket in Caracas, on Aug. 4, 2016. The word on the shelf is "Cheeses." Source: [Business Insider](#): REUTERS/Carlos Garcia Rawlins.



Lines, misery and scarcity, the images of Venezuela that are going around the world.

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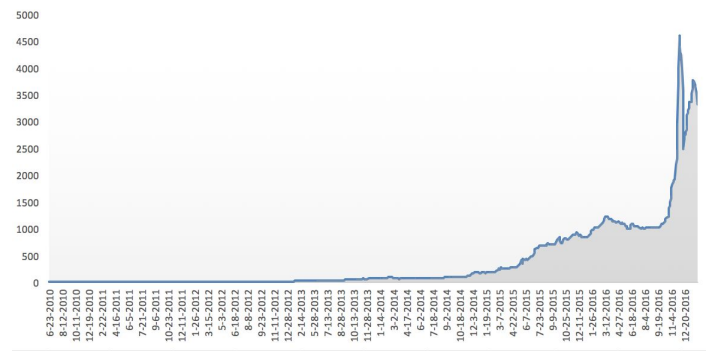
Source: [Notihoy](#)

Nonetheless, the country is known for its ability to [innovate in the face of great hardship](#); Venezuela maintains [one of the highest rates of entrepreneurship in the world](#).

Entrepreneurs are known for their capacity to take risks, to persevere and to envision opportunities where no one else does. Every entrepreneur is faced with challenges when starting their business, and that is when they learn the most.

What more of a challenge than investing in *food* in a country where basic needs are extremely difficult to find? Given that everyone has to eat somehow, in the middle of this great adversity, Venezuelan entrepreneurs have found ways to be creative in the food industry. Moreover, Venezuelans know that someday the crisis will come to an end, and that it will be the ones who stay and believe in the country's future who will see the most benefits once the crisis is over.

Something that is important to understand about the Venezuelan economy is that there is [exchange control](#)– the government controls how much money one can exchange from bolivars (Venezuelan currency) to dollars, and who can exchange them. Although the exchange rate is set by the government at a low rate, there is a [black market rate](#), which changes daily at an unbelievable pace and is about 5 to 10 times higher than the government regulated rate.



Venezuelan black market exchange rate
(June 2010- Dec 2016)

One of the characteristics of the upper class in Venezuela is that they have accounts in dollars outside of Venezuela. Therefore, when exchanging from dollars to bolivars, their income is always growing, and they can continue to live a similar quality of life, despite the high rates of inflation.

Coming back to food, frequently, high school and college students are looking for jobs that provide them additional income. There are many initiatives in the food industry, specifically for house parties, which are very frequent among upper and upper-middle class venezuelans. The scarcity issue has forced them to keep innovating, trying new recipes and products to be able to continue offering great options.

To better illustrate what it looks like to be a college entrepreneur in the Venezuelan food industry, here's an interview with Manuel Arcay, the founder of **La Crêpière** (@[lacrepriere](#)), a sweet and salty crepe catering business in Caracas, Venezuela.



Founder: Manuel Arcay, foodie and entrepreneur, graduated from the [Metropolitan University](#) in Caracas with a degree in Civil Engineering in July 2016.



How did you come up with this idea? I've always been interested in entrepreneurship. As a teen, I enjoyed having "side-jobs." First, I was a camp counselor. Then, I worked at a stand in a flea market. My first year of college, someone called me to see if I wanted to sell crêpes at an event in my high school. I agreed. That day I earned about \$1000, and I saw the potential this idea had.

What's the best piece of advice you've heard? "Always see small opportunities as a business opportunity."

You recently graduated with a degree in Civil Engineering. Given the [high salaries](#) that engineers earn around the world, why would you dedicate so much time to your catering business? As a recently graduated engineer here in Venezuela, I earn 350,000 bolivars (the equivalent to about \$100) a month. *In one day selling crêpes, I earn more than my monthly salary as an engineer.* Nonetheless, I still enjoy working as an engineer Monday through Friday to learn more about my field.

What helped you the most to launch your business? I must say that my *network* was crucial to be able to launch my business. I was able to get my name out there through word of mouth. Starting an Instagram account also helped me very much to establish the brand name, and find more clients. Last but not least, between 2010 and 2012, the price of oil was very high, our currency still hadn't been devalued, and people were spending a lot of money on parties.

What is your target audience? Venezuelan upper and upper-middle social class.



Every entrepreneur also encounters some problems along the way. What were your main setbacks?

Juggling academics and my business was definitely very difficult. At a certain point, I even had to stop posting on my Instagram account, because I was receiving more requests than I was able to manage. Moreover, the effort I invest in this business is not directly proportional with my profit. I work weekends and some weekdays, and with the insane exchange rate, which is always changing, from one day to another my profit in dollars can be cut in half.

How does food scarcity affect you?

It affects me greatly when trying to find the ingredients for my crêpes. Usually, I have to spend many hours of valuable time, calling different black market resellers (commonly known as [bachaqueros](#)), or driving around Caracas to find chocolate, flour and other basic ingredients.

How does price control and the [Law of Fair Prices](#) affect you? As I said before, to find the ingredients in time, I usually buy them from black market resellers. Even though this requires a lot of time, waiting in line to buy products at the regulated price would take me practically the whole day, and I wouldn't have any time left for my day-job.

How does inflation affect you? It affects me in many ways. First of all, I never know how much the ingredients will cost me, which makes it very

difficult for me to be able to write a business plan for the year. Moreover, my clients can be affected because the crisis in the country worsens and people stop spending money. Nevertheless, given that my target is the upper class, who have their savings in dollars, they always have the possibility to host events.

So, how do you make a budget for your clients?

I have a spreadsheet that calculates the cost per crêpe, based on the cost of the ingredients. Therefore, the cost of my crêpes usually varies every two weeks, or maybe even every event. I've had to change the prices for my clients so many times it's hard to count.

Have you ever thought of going to any pro-bono events or helping other social classes out? Given the extreme crisis that our country is undergoing, I don't think that crêpes are something that the lower class would want to buy. Nonetheless, my employees who help me out with cooking come from a very low social class, who would normally earn minimum wage (Bs. 105.000 or about \$30). By giving them some extra food and a higher salary than average, I've



realized you can really make a difference in people's lives.

How many years have you had this business? 5 and counting! I'm currently thinking of turning it into a full catering business, by adding Venezuelans' favorite food, [arepas](#), and milkshakes. I would definitely have to change the name though.



Finally, what piece of advice would you give to other Venezuelans struggling in the crisis or to other entrepreneurs around the world?

Well, as you can see, I consider that in Venezuela *opportunities aren't for academics, they are for entrepreneurs*. Even though we are going through a period of crisis, if you have a good idea, *now* is always the best time to invest in it. Another piece of advice is *don't ever let excuses hold you back*.



Manuel Arcay hosting a lecture about entrepreneurship at the Metropolitan University

Even though it was tough, I could have easily let my idea fade away because of my academics, or by blaming the country's crisis. But I decided to stay in the market, and I currently have an additional income that truly helps me in the middle of the situation we're living.

Best of luck to Manuel Arcay and his catering business!

Everyone loves food. Yet, there's a big difference between investing in food in California where there are practically unlimited options and people are looking for the healthiest one and Venezuela, a country where basic necessities are hard to come by. Nonetheless, examples such as La Crêpière, illustrate that with the right mindset it is possible to innovate even if the conditions aren't exactly in your favor.