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Inclusive business from the Small and Medium Sized Enterprise perspective: the case of the fair trade orange cooperative Coacipar[1] [2]

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1. Introduction

It was a rainy and warm morning in January 2016 in the South of Brazil. Coacipar´s commercial director, Vanusa Toledo, and its president, Hercules Cestaro, were going through the final presentations for the cooperative year-end general assembly. Coacipar is a Fair Trade certified small-hold producers cooperative in Paranavaí, in the area of orange production.

They knew that the producers were pleased with the achieved revenues partially due to the high dollar exchange rate, which has augmented substantially throughout the year, as well as due to the fact that the cooperative has exported its entire production and sold a majority thereof to a large and reputable retail chain in Europe.

Nevertheless, Vanusa alerted Hercules that some of the senior cooperative members raised some concerns, which according to her understanding were:

- That the Fair Trade certification was a good tool for them to enter the international market and to get the minimum price guarantee; nevertheless, they should consider complementary means to reach out new geographic regions and sustained distribution chains as for example companies with an inclusive business strategy;
- The fact that the cooperative sales were concentrated in one trader and although there is a long-term contract in negotiation, this dependency might impact the cooperative's growth in the future;
- The cooperative has acquired a small participation of the industry, which processes oranges into frozen concentrate. However, the atomized owner structure renders the planned augmentation of the cooperative's influence difficult.
- The product portfolio is limited to frozen concentrate orange juice. Besides other processing techniques, there would be alternative product possibilities available.

Of course, the cooperative's administration was not unconscious of these issues, as the following representative's statements show:

> "*With the new long-term contract, we would secure sales for the current production capacity for various years. However, I see a potential to double our production in the near future."(Cooperative Commercial Director)*

> *"I am glad to be able to sell my fruits under the Fair Trade label and achieve higher prices, but it is dangerous to be dependent on one single client."(Cooperative Vice President and Producer)*

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[1] This case study counts on the institutional support of CLAC - Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo, ICE – Instituto Cidadania Empresarial, and UNCTAD Business Schools for Impact.
[2] The authors would like to thank the cooperative Coacipar for the trust along the last three years of joint work together in research and through the opening of several traineeship positions for students from the University of St.Gallen
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These opinions show a farsighted contemplation on the management side that has not yet been implemented. However, in light of the growing concerns the time for clear decisions has arrived.

The last years have been successful ones for the cooperative. Due to a series of facts such as the Fair Trade certification, the strong entrepreneurial mind-set of the cooperative management or the collaboration with an international trader, Coacipar experienced a veritable phase of rapid business development.

Having established the right basis with a 100% traceable Fair Trade production, the cooperative was at the right time on the right spot: when Coacipar started exporting via new channels (international trader), a large premium retailer in central Europe was implementing a business model for full traceability of their private label products sold under a strong sustainability approach. For their fair trade orange juice, they found the perfect provider in Coacipar.

The business relation developed without strategically difficult decisions or setbacks to overcome. The construction of long-term supply collaboration seemed to be the logical path as long as production potential and demand limits are in equilibrium. A long term contract of three years is foreseen to take place.

However successful the past years turned out, the business case seems to be a lucky match for both sides. Being on the verge of securing the sales for the next years, Vanusa and Hercules need to concentrate on a strategy for the cooperative's further sustained growth. Insertion in other inclusive business value chains is a priority in order to reduce the current dependency in one same channel and consumer market.

With an entrepreneurial spirit and being well connected to Fair Trade International and other fair trade organizations, such as CLAC[4], Vanusa sees the potential and the need for further growth and diversification. However, will she be able to convince the administrative council to take action and resolve the concerns from the senior cooperative members during the general assembly?

2. The Business of Fair Trade Orange Juice

2.1. The Orange juice Market

The two main citrus producing countries are the United States, in the state of Florida, and Brazil, in the states of Sao Paulo, Parana, Rio Grande do Sul and Bahia. While nine tenths of Florida's production is dedicated to the domestic market, 99% of the Brazilian orange juice production is being exported.[5] Brazil is responsible for 50% of global orange production and 80% of globally exported oranges. The USA and European Union are the undisputed leading destinations, accounting for over 85% of the exports.[6]

The consumption is mostly concentrated in North America and Europe. Worldwide, 40 countries consume 99% of orange based beverages. In the period from 2003 to 2012, the global consumption of orange flavored beverages fell by -12.3%. Especially the Northern American and

[4] Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo.

[5] UNCTAD report accessed on January 20, 2016: http://unctad.org/en/docs/ditccom20041ch3_en.pdf.

[6] http://conference.ifas.ufl.edu/citrus/presentations/1_Wed%20AM%20PDF/1040AM%20POP%20ABRAHAO.pdf

European markets reduced their consumption strikingly – e.g. the United States as by far the biggest market shrank roughly 29% from 1MM tons FCOJ to 729'000 tons.[7]

Reasons for the decline in the consumption can be found in the rising concurrence on the juice and beverage market. Furthermore, orange juice has lost some of its healthy reputation due to high sugar content and specialists recommend consuming the whole fruit rather than the juice alone.[8]

On the other hand, there has been an increase in consumption in emerging economies, especially in the BRICS countries with China having become a top ten market with a 130% growth of consumption between 2003 and 2012. The consumption in Brazil has increased by 57% or 21'000 tons FCOJ between 2004 and 2014.[9] In these countries, orange juice is perceived as a healthy part of daily nutrition. However, due to lower per capita income, these markets are predominantly focused on nectar that doesn't need to be 100% fruit juice. Finally, these markets are still relatively small compared to the "traditional" markets and hence far away from being able to compensate their decline.[10]

Within the orange juice market, there are niches such as Fair Trade (FT) products. The current consumer market for fair trade fruit juices is of 42.5 million liters in 2013 with a growth of 15% in comparison to 2012.[11] The main markets for Fair Trade products are Western European and Northern American countries. UK is the uncontested leading market, consuming a volume three times as big as the first pursuer Germany.[12] The main suppliers come from Brazil, where five small-hold cooperatives are able to provide 70% of the annual amount of Fair Trade Orange Juice concentrate. The European market for Fair Trade Orange juice is approximately 6000MT FCOJ or around 36 million liter of orange juice.[13]

Orange juice is the most processed citrus fruit and is available in two forms: freshly squeezed and pasteurized juice (NFC - not from concentrate) and frozen concentrate orange juice (FCOJ). The FCOJ has a major advantage in the volume that is reduced five to six times compared to NFC juice. Therefore FCOJ is the predominant form in the market.[14] NFC juice however, is gaining market shares in the premium segment. Due to its proximity to freshly squeezed juice, consumers perceive the NFC juice as healthier, less processed and thus from higher quality.[15] Finally, various complementary products are being produced out of left components and are in general owned by the processing industry.[16]

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[7] 7 Neves, M.F., Trombin, V.G., Kalaki, R.B. (2013). Competitiveness of the Orange Juice Chain in Brazil. *International Food and Agribusiness Management Review 16 (4).* 141-158.

[8] Pinto & Maresca. (2012) in: Neves, M.F., Trombin, V.G., Kalaki, R.B. (2013). Competitiveness of the Orange Juice Chain in Brazil. *International Food and Agribusiness Management Review 16 (4).* 141-158.

[9] http://conference.ifas.ufl.edu/citrus/presentations/1_Wed%20AM%20PDF/1040AM%20POP%20ABRAHAO.pdf

[10] Neves, M.F., Trombin, V.G., Kalaki, R.B. (2013). Competitiveness of the Orange Juice Chain in Brazil. *International Food and Agribusiness Management Review 16 (4).* 141-158.

[11] Fair Trade International. (2014). *Strong Producers, Strong Future - Annual Report 2013-14*. Retrieved on January 27, 2016 from http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2013-14_AnnualReport_FairtradeIntl_web.pdf

[12] Fair Trade International. (2014). *Strong Producers, Strong Future - Annual Report 2013-14.*

[13] Interview with trader on the 7th October 2015.

[14] UNCTAD report. Accessed on January 20, 2016: http://unctad.org/en/docs/ditccom20041ch3_en.pdf.

[15] http://www.fao.org/docrep/003/x6732e/x6732e08.htm

[16] E.g. essence for food and beverage industry or orange peel oil for cosmetic or chemical industry, http://www.citrusbr.com/laranjaesuco/?ins=19.

Frozen Concentrate Orange Juice (FCOJ) is a complex business. It involves an industry to process fresh oranges into juice concentrate, cool chain technologies for transportation and storage. Furthermore, the product availability of Brazilian frozen concentrate orange juice in the international market is mostly in the hands of three large multinational companies.[17] The three "juice giants" control over 50% of the frozen concentrate orange juice sales worldwide, which allows them to play out their market power and put pressure on producers to lower their margin close to loss.[18] On top of it, in the fresh fruits business, buyers may exert pressure to reduce prices when producers start coming close to losing the product due to its short lifetime.[19]

The orange juice industry is in constant competition with the market for fresh fruit consumption due to highly volatile market prices for both goods. The farmer produces his fruits and can instantly decide where to sell his production – juice industry or fresh fruit market. The option of spot market decisions renders the planning processes extremely difficult for cooperatives and made contractual agreements necessary.

As part of the mainstreaming process promoted by Fair Trade International and to guarantee a constant offer level (even at the expenses of creating over-supply) in the last three years there has been an attempt to certify a large cooperative in Brazil based on the criteria that more than 50% of their producers as small-hold farmers.

2.2. Introduction to the cooperative Coacipar

Coacipar is a leading cooperative in the area of FT FCOJ production in the South of Brazil. It is formed by 57 members and is located in the State of Paraná. It was founded in 1995, first as an association under the name of ACIPAR (Associação dos Citricultores do Paraná). As a conventional not-for-profit agricultural producer association under Brazilian jurisdiction, ACIPAR aimed at uniting forces for production, distribution and technical assistance to its members (Bylaw ACIPAR, art. 2).

In 1999, ACIPAR became Fair Trade orange juice certified. At that time, ACIPAR delivered their associated members' fruit production to a local large cooperative, which paid the association for the fruits and sold the frozen concentrate orange juice (FCOJ) to the international market.

Searching for a more reliable partner, ACIPAR changed the processing partner from the large cooperative to a boutique industry which was processing the juice for its owner's own production in 2011. This change in business partners had wider implications for ACIPAR; various legal reasons and the Fair Trade regulation made a conversion into the legally more suitable organization form of a cooperative necessary. Consequently, Coacipar was founded in July 2011. The new cooperative took over the Fair Trade certification and the majority of the ACIPAR members.

The commercial director Vanusa Toledo is not an orange producer and joined the association (Acipar) in 2008 for coordinating its social projects. It was in 2012, when the association changed its legal setting into a cooperative, that Vanusa was promoted to commercial director. The president, Hercules Cestaro is a producer and associated member of Coacipar. He was elected in 2012 and due

[17] See www.citrus.br or U.S. International Trade Commission. (2012). *Certain orange Juice from Brazil.* Publication 4311. Retrieved on January 4, 2016, from https://www.usitc.gov/publications/701_731/pub4311.pdf

[18] Globe 2000 report "squeeze out". Accessed on January 27, 2016: http://www.eeb.org/index.cfm/library/squeeze-out-orange-juice-report/

[19] Rotondaro, A. (2012). *Cultural Relativism in Fair Trade . An Exploratory Study on Trade Relationships Between Small Producers in Brazil and Their Market Interfaces in Switzerland.* Diss., St. Gallen.

to organizational changes he will extend his mandate for over the conventional 4 years and stay in the position until 2017.

2.3. Coacipar Business Model

The 57 members plant oranges on a total area of 1077.67ha with an average area of 19 ha or around 8500 orange trees per member.[20] The potential annual capacity of orange (fruit) production by Coacipar is of 1 million boxes à 40.8kg. The product delivery is based on contractually agreed amounts with the associated members. This allows the members to sell outside of Coacipar as long as the contractual amount is delivered. In lack of further distribution partners, the cooperative is not able to commercialize the entire production of its members. Finally, the members also produce other agricultural goods such as diary, meat, coffee or crops outside of the cooperative.[21]

In terms of customers, 100% of Coacipar's current FT FCOJ production is exported to the international market, which is mainly in central Europe and the commercial relationship is centralized in one trader. In 2015-16, Coacipar has sold around 460'507 boxes à 40.8kg, rendering 1511,78 tons of FCOJ. For the next years, Coacipar is negotiating a long-term delivery contract with slightly higher amounts. Interestingly, Coacipar has no distribution channels in Brazil so far.

Depending on the fruit quality, more or less oranges are needed to generate one ton of FCOJ. This is measured with the average amount of boxes à 40.8kg needed for a ton of FCOJ. Generally, for Coacipar this value varies between 260-310 boxes per ton. Coacipar's production and sales in the last four years are described in table 1 below.

Sales and Producion 2012-2016 Coacipar				
Season	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Fair Trade minimum Price USD/ ton FCOJ	2'300.00	2'300.00	2'300.00	2'300.00
Fair Trade Premium USD/ ton FCOJ	200.00	200.00	200.00	200.00
Tons FCOJ sold	**1'199.61**	**1'608.39**	**1'823.75**	**1'511.79**
average amount of boxes à 40.8kg per ton FCOJ	271.35	306.01	277.39	304.61
total boxes	301'813.29	495'775.74	505'890.61	460'506.93
Total Sales USD	**2'999'025.00**	**4'020'975.00**	**4'559'375.00**	**3'779'475.00**

Table 1 Coacipar's Sales from 2012 to 2016 in tons FCOJ (Source: Coacipar)

In the producers' side of the distribution chain, the main bottleneck for adding value from selling fresh fruits into producing frozen juice concentrate is the processing industry. Small producer organizations must partner with an industry to process the juice concentrate.

The local industry, in general, will first give preference to its own production, followed by buying more fresh oranges at the farm gate. Only after this option is no longer attractive, due to product demand, will the industry purchase fruit from other organizations to fill its remaining production capacity. In general, the industrial plants either belong to mid-sized entrepreneurs, who choose the areas where there is a large customer base of small producers and cooperatives[22], or they belong to large companies and are located close to their fruit production sites. Depending on the region, a processing plant may achieve market power due to its position as sole provider of this service. The processing costs will tend to be higher for the producers

[20] These are average values for the year 2015: planted area, number of trees and trees per hectare vary tremendously between producers.

[21] Various Interviews with cooperative management and members between Sept 15 and Jan16.

[22] This is also one of the main reasons why so many tropical juices from the Amazon are not feasible from a business perspective.

Although one of the big three processors is present in the area of Paranavaí, this coercion is lower for Coacipar since there are more than one processing factories. Furthermore, Coacipar has purchased 8% of the shares from its processing partner. Vanusa Toledo argues *"that the participation at a processing industry is a key factor for orange producing cooperatives since no producer is able to sell the entire production on the fruit market."*[23] For this purpose, Coacipar is striving to further augment their influence on the local processing industry.

In order to guarantee a less unequal financial value distribution in this chain, Fair Trade International has changed the payment mode for the industries in June 2013. FT International defines the relative participation of processing industry and producer organization in the minimum price. In the case of Coacipar, the cooperative receives 69% of the minimum FOB (Freight on Board) shipping price per ton plus premium.[24] Hence, the industry does not get paid by the cooperative but rather, they "sell" the final Fair Trade Frozen Orange Juice Concentrate for the current minimum price of USD 2,300 per MT/FCOJ + USD 200 Fair Trade premium, deduct the amount to be paid to the producers which is of USD 1,590, transfers the Premium and stays with the difference of USD 710 per 1MT of FT FCOJ.

In summary, the amount distribution from the domestic export port to the producers is as follows:

USD 2'300 Fair Trade (FT) Frozen Concentrate Orange Juice (FCOJ) minimum price per metric ton (MT) set by the FLO (Fair Trade International Labelling Organization) at the export port (FOB= Freight on Board). Price gets paid to the industry + **USD 200** per metric ton FCOJ as Fair Trade Premium.
USD 1'590 per metric ton FCOJ is what the industry transfers to the cooperative which organizes the payment to the producers (which equals the minimum price of USD 5.30 per box à 40,8kg with approx. 300 boxes needed for 1 metric ton FCOJ).
USD 710 per metric ton FCOJ is the amount that the industry charges according to FT rules.
USD 200 per metric ton FCOJ is transferred by the industry to the cooperative. In accordance with its members, the cooperative invests the amount in social or educational projects as FLO requires.

Table 2 Financial Value Distribution from FOB to producers. Approx. amounts. (source: Coacipar)

The cooperative covers 8% of the USD 1590 per ton for its services, which include commercialization of the products, assist the producers to obey the Fair Trade standards and paying for the annual FT fees.

[23] Interview with Vanusa Toledo, 27 January 2016.

[24] FT International Minimum Price and Premium information. The percentage depends on the type of cooperation between industry and producers as well as organic or conventional production: http://www.fairtrade.net/standards/price-and-premium-info.html

2.4. Fair Trade Frozen Concentrate Orange Juice Distribution Chain

The distribution chain for FCOJ is quite long. A possible explanation is the complexity of the food market for refrigerated products and the need for cold store, blending and quality control at the consumer markets. Table 3 depicts the value chain for the case of Fair Trade frozen concentrate orange juice.

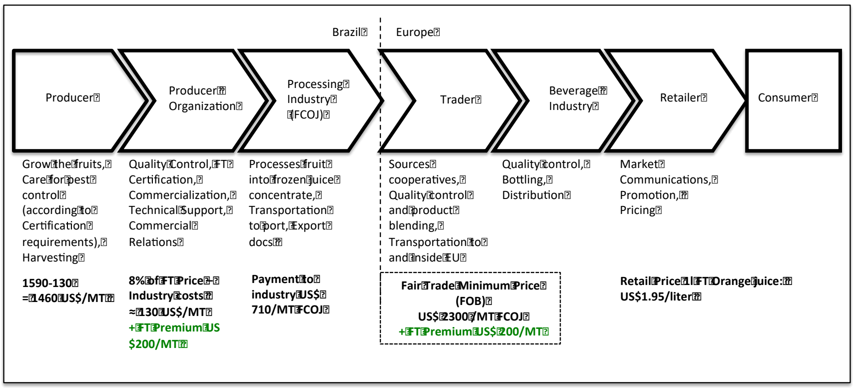

Table 3 Fair Trade Orange Juice Distribution Chain and Financial value distribution from producer groups in Brazil to consumers in central Europe (Source: University of St.Gallen Latin America Hub)

Since 2015 Coacipar is the main supplier of a fair trade orange juice that is sold in the central European market under the private label of a large retail chain. This retail is well known for its corporate responsibility profile because of its cooperative foundation and strong connection to the social principles of the founding member. Besides the core business, they have a strong investment and commitment in education with a series of professionalizing courses; a private label for organic and inclusive business products. The reason for the development of an orange juice product and private label which is 100% coming from a group of small-hold farmers is part of their sustainable supplier relationship management (SSRM).

Although the commercial relationship between producer and retailer is done through the trader and the bottling industry in Europe, representatives of the retail chain often visit the cooperative to assume responsibility on the entire value chain by checking the cooperative's compliance to the business and Fair trade requirements and to maintain personal relations.

2.5. Price Development of Fair Trade and Conventional Trade

Prices for a ton FCOJ vary according to the world market commodity price. With it, the price a producer receives for a box à 40.8kg orange fluctuates. The measurement in boxes is rooted in the quality variation of the fruit. The higher the fruit quality, the fewer boxes are needed to process 1 MT of FCOJ – the variation usually stays within 260-310 boxes of orange per MT FCOJ. Products sold within the Fair Trade certification system profit from a fixed floor price and the additional Fair Trade premium. The floor price impedes price downturns, but participates in high market prices.

Table 4 shows the price development per box for the last years – conventional and Fair Trade. Besides achieving a higher price on the market, the Fair Trade price shows a higher resilience to volatility on the markets thanks to the minimum price mechanism.

Year of crop	Price per box à 40.8kg Fair Trade	Price per box à 40.8kg conventional
2012/2013	USD 4.42	USD 4.80
2013/2014	USD 5.25	USD 4.60
2014/2015	USD 5.40	USD 4.60
2015/2016	USD 5.20	USD 3.30*

Table 4 Price per box oranges à 40.8kg in conventional and fair trade market 2012-2016 [25]

3. Theoretical framework

3.1. Fair Trade

Fair Trade has been established as a consequence of the "market failure" to provide sustainable livelihoods and development opportunities in the poorest countries of the world.[26] To improve the position of small-hold producers, the Fair Trade system guarantees institutional protection, composed by the establishment of a niche product that achieves a determined minimum price and the payment of a premium to the producer. These mechanisms "safeguard" the producers from the commodity price variation and from the buyer's dominant position. To achieve certification, the members along the value chain, especially producing organizations and traders, need to comply with certain standards.[27]

Historically, one of FLO's (Fair Trade International) main motivations for including FCOJ (Frozen Concentrate Orange Juice) as a product to be granted the Fair Trade label was to provide small producer organizations an option to escape the market concentration, which leaves them at the mercy of one the big players.

"The main idea behind fair trade is that the producer groups improve their conditions out of their own efforts." (Gerald Hosp, NZZ, 4.4.2015)

From the perspective of the producing groups, the main added value of the fair trade system include: the establishment of a minimum price for the fair trade certified product, which is extremely important in the case of commodities exposed to high price volatility like coffee and orange; a premium which is paid to the producers' cooperative to be invested in socio-educational programs for the cooperative members or for the community; and the requirement that the buyers will do part of the payment in advance to support the small producers with the production costs if requested by the producer.[28] This support mitigates the exposure of small agricultural producers' organizations to the international market and a set of players along the chain, which are supposed to be more patient in terms of expectations for the operationalization of the commercial relationship.

The Fair Trade system, in general, has supported reducing trade inequalities and watched for better value distribution along the chain. However, fair trade focuses on better distribution rather

[25] * Estimated value based on the interview information that conventional processors pay 11BRL per box à 40.8kg. Average exchange rate 2015 USD 1 = 3.315 BRL
[26] Fair Trade International. Charter of Fair Trade principles. Visited on February 15, 2016 on: http://fairtrade-advocacy.org/images/Charter_of_Fair_Trade_principles_EN_v1.2.pdf
[27] There are various sets of standards,e.g. for small-producer organizations, hired labour, contract production or traders, for a complete list, please refer to http://www.fairtrade.net/standards/our-standards.html
[28] Fair Trade International. Explanatory Document for the Fair Trade Standard, October 2011. Visited on February 15, 2016 on http://www.fairtrade.net/fileadmin/user_upload/content/2011-12-29_Explan_Doc_GTS_EN.pdf.

than additional value creation.[29] A next step for sustainable development (the power of direct and inclusive trade) is needed.

3.2. Inclusive Business

Inclusive business models seek to integrate the low-income population in a value chain, either as producer or as consumer (International Finance Corporation (IFC) factsheet on inclusive business[30], see also Georg & Bock, 2010). Prahalad and Hart (2002) promoted this integrative business approach in their seminal paper "The Fortune at the base of the pyramid" where they coined the expression base of the pyramid (BoP).[31] The IFC of the World Bank and World Resource Institute (WRI) claimed in 2007, that 4 billion people worldwide constitute the Bottom of the Pyramid.[32] This offers tremendous opportunities for inclusive business models. In the context of the Coacipar case, we focus on the inclusion on the supply side.

In contrast to corporate social responsibility or philanthropy approaches on one side and conventional business on the other side, inclusive business models are hybrid in the sense that in addition to social inclusion, financial return remains a core objective. This renders the approach attractive for investors, especially impact investors.[33]

Inclusive business in the sense of smallholder farmers' engagement is getting increasingly important regarding food security and regional development. It proves the role that trade can play in development, in particular in mobilizing resources to address the trade-related constraints identified by developing and least-developed countries. Various reports and studies related to inclusive business focus on the retailer's side and how they can promote inclusion and create income opportunities for low-income producers by buying products from smallholder farmers, financing working capital needs or business extension and supply inputs such as seeds, fertilizers etc. for production.[34]

Even though the value chain "captain", the strongest player in the chain, which is often the retailer or the industry, usually launches the initiative for inclusive value chains it is possible that a capacitated SME seeks inclusion. This approach demands a highly strategic foresight and the necessary connections to detect potential partners and conduct negotiations.

[29] Porter, M. E., & M. R. Kramer. (2011). *Creating Shared Value. Harvard Business Review 89,*(1-2), (January-February).
[30] IFC factsheet „Inclusive Business at IFC"; available at http://www.ifc.org/wps/wcm/connect/AS_EXT_Content/What+We+Do/Inclusive+Business
[31] Prahalad, C.K. & Hart, S.L. (2002). *The Fortune at the Bottom of the Pyramid. strategy+business, 26* (1), 1-14
[32] International Finance Cooperation (IFC). (2007). *The Next 4 Billion. Market Size And Business Strategy At The Base of the Pyramid.* Washington: International Bank for Reconstruction and Development/ World Bank Group.
[33] United Nation Development Program (UNDP). & Fundação Dom Cabral (FDC). (2015). *Inclusive Markets in Brazil – Challenges and Opportunities for the Business Ecosystem*. Retrieved on January 4, 2016, from http://www.iicpsd.undp.org/content/dam/istanbul/docs/Incluir%20Report.pdf
[34] United Nation Development Program (UNDP). & Fundação Dom Cabral (FDC). (2015). *Inclusive Markets in Brazil – Challenges and Opportunities for the Business Ecosystem.*

Formatado: Inglês (Estados Unidos)

4. Next Steps

Vanusa and Hercules reviewed the documents prepared by the administration and saw the members' concerns confirmed. The main issues to be considered are:

- Scalability – what are the current main issues faced by Coacipar and how could they overcome them towards increasing their production; reducing the dependency of the current industry; and make sure they will keep the current contract agreement in terms of volume and quality?
- Risk management – how and what type of customers could Coacipar be looking for to diversify their sales channels? Are there complementary/alternative products? How to develop them?
- What would it be options for vertical and horizontal integration to be applied by Coacipar?

Taking into account the uncertainty in their environment that could be confronted with various strategic approaches, Vanusa and Hercules decide to employ a different approach for the general assembly. Their plan is to form different teams and each group should prepare a solution for the cooperative's strategic development. To make the task clear, they ask them following questions:

1. What are the advantages of an inclusive business approach compared to a fair trade sales strategy?
2. How to conquer new markets with an inclusive business approach? How to identify suitable markets and potential clients?
3. How to pitch to a potential client?
4. Which benefits would this inclusive business approach bring to Coacipar, on financial as well as on the social inclusion side? Which key measures would you suggest to track progress?

The members are encouraged to be creative with their solutions, but stay within the productive or financial possibilities.

Abbreviations

FCOJ – Frozen Concentrate Orange Juice
FT – Fair Trade
FLO – Fair Trade International
MT – metric ton
SSRM – Sustainable Suppliers Relationship Management
BRICS – A term for a group of emerging countries: Brazil, Russia, India, China and South Africa