

A Pepperfire Initiative Project

Haitian Agro-foods Development

Exploiting Brooks Pepperfire Foods' resources to develop and nurture an autonomous agro-foods industry by helping Haitian farmers to improve both local and export market participation.

Brooks Pepperfire Foods Inc.

26 St. Jean Baptiste, East

Rigaud, Quebec

J0P 1P0

(514) 393-3430

(866) 451-6770

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The Pepperfire Initiative:

Since 2004, Brooks Pepperfire Foods committed to providing products made with quality food ingredients that have a conscience. We use our purchasing power to share our bounty with those who need it most. With our ability to source fresh peppers in far-reaching nations, comes the responsibility of ensuring that the farm uses as few pesticides and herbicides as possible, does not use enforced labour, and provides a living wage to their employees and themselves. In this way we not only provide better quality to our customers, but we protect the environment and we nurture the growers as well.

Fair Trade International is able, with certainty, to verify at the farm level, the quality of the produce and the quality of life of the farmer and employees. With Fair Trade we are able to provide a guaranteed minimum price for the farmer's produce, and in addition, they are paid a 'social premium' that allows them to improve living conditions by building schools or digging wells, according to their needs and thus developing a sustainable economy. We believe that the Pepperfire Initiative is a win-win situation for all concerned. We hope that you will join us in helping to share our experience and capabilities where they will be of the most benefit.

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Introduction

We, at Brooks Pepperfire Foods Inc., a small-batch co-packer in Rigaud, Quebec have been working on a sustainable food security project, named the Pepperfire Initiative. Since 2007 we have been partnering Haitian businessmen with schools and farms in order to improve the economy for all and provide food security to the most vulnerable of Haiti's population. This through the purchase and transformation of Haitian chilli peppers sold through our Canadian market channels.

The earthquake of January 12, 2010, devastated Haiti with over 200,000 lives lost, many jobs eliminated and millions left homeless. This disaster compounded their lack of infrastructure and weakened their already tenuous economy and created even more difficulties for the farmers we work with.

We've been asked if we could use our resources and existing sales and distribution networks to help advance the reconstruction efforts which will help farmers to feed Haiti, create jobs and autonomy for their agro-foods industry, and so this project was born.

The Haitian Agro-foods Development Project is designed to work in phases of development, each phase helping the Haitians involved to become increasingly more self-sufficient over time.

One way suggested for this project to work is on a monthly pledge-to-purchase process. Brooks Pepperfire Foods will create a catalogue of products, each with a dedication to Haitian ingredients, which will feed the Haitian economy. This plan generates real economic growth which is necessary for the construction of food processing and production facilities on Haitian soil.

Phase I (summary)

This Haitian food distribution network will build and implement fundamental gathering, sorting, packing, shipping, warehousing and export systems, and then re-distribute within Haiti to markets, schools, vendors and eventually processors. This will aid and support Haitian farmers and farm co-ops by coordinating and improving their processes and output, while nurturing sustainable farming systems.

Importing and Processing of Raw Produce from Haiti.

The first goal of this project is to generate export opportunities for farmers in Haiti. Through Brooks Pepperfire Foods Inc (BPF) existing import relationships with Haitian farmers and producers, Haitian exports can be processed and transformed into products that are already in the Canadian market. This first phase can be implemented now. The second phase requires more planning in order to move both the primary processing and secondary transforming of Haitian produce to Haiti, creating an industry exporting value added products with global appeal.

Phase I is comprised of four main activities:

1. **Harvesting:** Picking, Washing, Sorting, Packing and Delivery to airport in Haiti.
2. **Processing:** Receiving, Inspecting, Preparing (cutting, dicing, juicing, etc), Packing and Storing.
3. **Transforming:** Formulation assembly, Cooking, Pasteurizing, Labelling, Boxing, Storing
4. **Marketing and Selling:** Strategies, Products, Distribution channels.

Phase I

Harvesting

This includes educating and implementing the best methods and timing for picking, washing, sorting and packing fresh produce.

Appropriate corrugated boxes should be developed here and shipped to Haiti to improve export ability.

A distribution network needs to be developed to collect packaged produce and move it to storage, ship or airport.

Processing

Pallets of produce need to be received, inspected and moved into appropriate storage zones (temperature/humidity). Two different temperature fridges will be required to store a total of 12 pallets each (24' x 16') each. A smaller freezer (12' x 16') is required to store processed and packaged raw ingredients. A forklift moves the product around.

Produce needs to be inspected, sorted, and either packaged for re-sale raw, or prepared for further processing which involves washing, stemming, peeling, dicing, pureeing, juicing, straining, and then packaged for later use in Formulations. These processed ingredients can be chilled or frozen or transformed immediately.

While these capabilities are being developed, other fruit and vegetable importers can provide mass storage at reasonable rates.

Transforming

Some products have already been fully developed and Haitian produce can replace other sources. The ingredients for various Formulas are assembled and cooked to exact specifications and are pasteurized according to HAACP guidelines. Production logs and UPC barcodes are allotted and tracked through the distribution chain. Labels are applied for products and case lots or pallet lots, and are then moved into dry storage awaiting distribution. The design of the current processing facility will be used as a template to develop a green processing kitchen for future deployment to Haiti, and to other regions where infrastructure is weak. BPFi has the ability now to produce over 4 million dollars worth of product at retail value.

Marketing and Selling

Many products can be sold into Brooks Pepperfire Food Inc's existing client base, but some will have specific niches. Farmer's markets, wholesalers, and other processors can be used to absorb more raw produce and or processed raw ingredients. Social marketing media, websites, and our supporters' networks will all be used in concert. Appropriate Trade shows will be attended to develop a presence in the global market while awareness is still focused on Haiti.

Benefits:

Local and Export

Each co-operative finds their members both existing and potential with the ability to learn how to sustainably provide a living for their family while providing foodstuffs for local sale while building a sustainable commercial crop for export sale. It is through the implementation of self-sustaining projects such as this that Haitians will find a way away from the pre-quake welfare model and on their way to being the backbone of an economically viable country.

Distribution

They are co-opted working together, sharing farming equipment to ensure a consistent ability to produce economically.

Market Access

Working with Brooks Peppercorn Foods, as a Canadian control, brings instant experience in the market, production capability and development capacity. It also allows the project to benefit from Canadian standards and controls that allow financial supporters and stakeholders the transparency they desire from the project and the assurance that their dollars are being well spent on the projects as proposed. As well, it guarantees the marketplace that the product is up to required food quality standards. At the same time, it allows the Haitian cooperative members immediate access to the Canadian market through the established distribution chains of Brooks Peppercorn Foods as well as access to the marketing and sales teams of the company.

Key Players and existing Stakeholders:

Tina and Greg Brooks, Brooks Peppercorn Foods, Operation Ayiti
Roland Hyppolite, Hyppo & Sons
JC Stefanovitch, Coop Solidarite Noula
Patrick Lucien, Bel Soley
Rea Dol, SOPUDEP
Ryan Sawatzky, Sawatzky Family Foundation
Rob Clarke, TransFair Canada
Melinda Miles, Konpay.org and Haiti Response Coalition

Next Steps

1. Pro-forma invoice for product, suggested starting amount \$15,000
2. Beginning import of produce as soon as possible
3. Develop support materials
4. Initiate business plan study

Phase II

Identify Farms, Regions and Select Crops

Working with existing relationships, the project can be implemented immediately beginning with an evaluation phase to determine which farms require what advances or expenditures in order to work within the scope of the project. Determination of which crops will grow best and most cost effectively in which regions, as we are dealing with three different regions: Ile-a-Vache, Central Plateau (Las Cahobas) and Cap Haitian.

Beginning immediately will allow produce to be shipped to Montreal by June 2010, with biannual crop availability thereafter.

Refrigerated Transport Facility

Sauce production can begin immediately at our current location in Rigaud, Quebec, using current stocks of Haitian peppers. The next crop will be available (assuming no hurricanes or other natural disasters), beginning in June 2010. Selection of a refrigerated central processing facility is required, but arrangements with existing fruit and vegetable distributors in Montreal can be explored until an appropriate leased facility can be contracted.

Funding will be required to establish packaging for both raw and manufactured products. To get production started; jars and or cardboard box packaging, shipping packaging, etc. can be quickly designed, priced and implemented. The most pressing need is the manufacture of the raw produce boxes that the farmers will require to ship produce to Canada.

Pre-purchasing manufactured products will assure that product is moving to consumers. Other marketing venues and BPFi existing clients will assure extended distribution web.

Web, Markets, Wholesale

The Haitian Fire product line will be marketed via the <http://www.operationayiti.com> website, local outdoor markets, through Brooks Peppercorn Foods Inc's existing wholesale customers and various consumer and trade shows.

Graphics

Ideally, all manpower opportunities associated with the project should be offered to Haitians first, with regard to professional and technical ability and other skills. If the work can be done in Haiti, it should be sourced there first, as Haitians are desperate for jobs at this time and in future when this is not so urgent, it should be implemented as such as part of the mandate of the project.

Purchase Raw Ingredients, Jars, Labels, Boxes, Markets, etc.

Purchasing ability is required to allow the import of the produce to be mashed and stockpiled for use and protection of the farming co-operatives during years when the crops are wiped out due to inclement weather conditions. It is the eventual desire of Brooks Pepperfire Foods that the project include the implementation of HACCP certified processing facilities to be owned co-operatively by the farming members.

In order to provide a salary to the Haitian women and farmers involved in the project. Determination of a living wage for the area is required and funding should be established that will provide for said wage for a period of no less than two years and no more than five, in order to ensure a smooth transition from charity-based project to self-sustainability.

Business Plan Activities, Studies and Interventions:

1. Determine who the existing producers are and what support is required to allow said producers to be more effective in their crop output, as well as to determine whether or not there are others who can effectively participate in the project.

Known Stakeholders and geographical location:

Hyppo and Sons, Las Cahobas, Central Haiti (Roland Hyppolite, key stakeholder)

Bel Soley, Ile-a-Vache, Southwest Haiti, (Patrick Lucien, key stakeholder)

Dorcin Gesner, North Haiti, Cap Haitian

Anne-Laure, Port-au-Prince (Growing in greenhouses)

2. Determination of crop-growing ability, choice of best crops per co-operative, seed acquisition and implantation.
3. Take advantage of established studies on pepper and crop growing; Caricom has the most extensive source database. See also USAID for their activities in this, as well as what the existing stakeholders have already established.

Examine and determine field preparations, and seeding of pre-sprouted plants.

Workshops may be required to train co-op members in the most cost-effective methods and processes.

4. We can tap into results from other Government sources, Cuba, Bahamas, Jamaica, Dominican Republic to find recommendations and established methods that will work best in this climate. Greg has important political connections in the Bahamas who are positively geared to helping Haitian reconstruction efforts succeed.

Several agricultural colleges have been working on these aspects and should be brought on board for their input. It is possible that through University grant projects, these students can find their niche thesis projects and this is to be encouraged, especially if there are Haitian students studying in this field.

Such projects include but are not limited to:

Farming, implementation: McGill University has grad students working on projects that will be beneficial to our project; farming using salt water, maximizing crop outputs naturally and sustainably, water purification systems, green building projects, etc.

5. Consider and regularly improve access to technological advances that will allow increase in quality of product; Determine what is lacking that keeps them from being eligible to enter certain markets and help them to implement said processes and controls
6. Implementation of support and workshops to improve farming capabilities, knowledge and understanding of the methods required for maximum output of product.
7. Support the recruitment of new project participants. Finding Haitians with a desire to use their terrain, skills or services for the purposes of the growth of Haiti should be an integral part of the project.
8. Assurance that chemical farming practices are not implemented wide-scale. Protecting the sustainability and affordability of the projects combined with the implementation of workshops and training sessions that ensure the farmers are aware of which farming

methods are acceptable and which are not; i.e. use of potentially harmful chemicals. (Recommend Flo-Cert methodology to ensure protection of both farmers and consumers). Determine and evaluate existing farming associations to find possible stakeholders.

9. Implementation of Apiculture management practices to ensure protection of the honeybee population. (**Farms**)
10. Working in tandem with other groups focused on enhancing the environmental impact of Haiti reverting to a self-sustaining farming country. (**Farms**)
11. Partnering each farming co-op with local schools, orphanages, refuges so that they are producing a variety of fruits and vegetables for local consumption; the larger the variety of plant life, the more sustainable the agricultural project. (**Distribution Sustainability**)
12. Implementation of micro-loan projects to help new participants get involved and help existing participants improve their current installations.
13. Examination and costing phase for implementation of greenhouses in each co-operative to ensure ability to produce year-round. (**Farmers Needs**)
14. Marketing and distribution training and support; helping farmers get their product to their intended customers.
15. Workshops designed to train the members in economies of scale, business management, and human resources management. (**Knowledge to farms**)
16. Implementation of a Farmers Fund to ensure financial stability in times of draught, crop failure or weather induced damage. (TransFair & Flo-Cert use the establishment of a producer's fund, for such purposes).
17. Gradual transfer of processing systems to Haiti, including eventual construction of HACCP facilities to transform the produce into finished goods designed for sale to the local market as well as for export.
18. Implementation of regular review processes to ensure that participants are able to help each other strengthen and improve.
19. Manufacturing chain

Generate batch cost estimation calculations prior to Manufacturing Commencement based on determined recipes: (Initial recipes used will be all products per Annexe 1, Eligible Brooks Peppercorn Foods products.)

Determination of products to be manufactured, ingredients required and sourced.

Calculate projected costs per batch, and continually compare to the actual costs during Manufacturing to ensure strong cost control.

Determine inventory managers for each batch process so that it is ultimately transferable to Haitian operations.

Define and instruct staff on the manufacturing process for each step in the process including detailed descriptions of each process:

- Temperature
- Mixing/handling instructions
- Timing and time constraints
- General instructions and notes
- Sequence
- Pre-requisite Processes
- Repetition eligibility

Record waste on batch, to determine systems for utilizing or disposing of byproducts and or waste materials

Ensure all materials used during manufacturing can be traced to Purchase Order, Supplier, and Lot/Batch Number for traceability from farm through to consumer.

Determine inventory and storage needs of both raw and finished products to ensure smooth process.

20. Market Analysis

Determine the attractiveness and needs of both the Haitian and Global markets and understand the opportunities and threats as they relate to the strengths and weaknesses of the products (both natural and processed) being streamed (or to be streamed) from the Haitian producers.

Dimensions to consider and evaluate:

- a. Market size (current and future)
- b. Market growth rate
- c. Market profitability and scale
- d. Industry cost structure
- e. Distribution channels
- f. Market trends
- g. Key success factors
- h. Market Size

The size of the market for each product needs to be evaluated based on present sales and on potential sales as the use of the products are identified and expanded and as new products are introduced. Anticipated sources for determining market size:

- government data
- trade associations
- financial data from major players
- customer surveys
- market growth rate

Extrapolate historical data into the future. This method will provide a first-order estimate, but cannot predict important turning points. So a study of growth drivers such as demographic information and sales growth in complementary products will be necessary. Such drivers are the leading indicators and so are more accurate than simply extrapolating historical data.

Knowing the maturity and decline stages of the product life cycle will be useful. Monitoring leading indicators to watch for decline phase; price pressure caused by competition, a decrease in brand loyalty, and emergence of substitute products, market

saturation, and the lack of growth drivers will also be required.

Market Profitability

While different marketing projects will have different levels of profitability, the average profit potential for any given market can be used as a guideline for knowing how difficult it is to make money in the market. We will be using Porter's five forces, which identify five factors that influence the market profitability, to calculate the market profitability:

- Buyer power
- Supplier power
- Barriers to entry
- Threat of substitute products
- Rivalry among firms in the industry
- Industry Cost Structure

The cost structure is important for identifying key factors for success. To this end, Porter's value chain model is useful for determining where value is added and for isolating the costs.

The cost structure also is helpful for formulating strategies to develop a competitive advantage. For example, in some environments the experience curve effect can be used to develop a cost advantage over competitors.

Distribution Channels

The following aspects of the distribution system will be analyzed:

Existing distribution channels – these will be noted by their directness to the customer: direct retail, wholesale, private label projects, institutional sales, etc.

Trends and emerging channels – monitoring for new channels will offer the opportunity to develop a competitive advantage over all competition

Channel power structure - for example, in the case of a product having little brand equity, retailers have negotiating power over manufacturers and can capture more margins.

Utilizing the strength of the network and focusing on that will allow us to maximize margins for all stakeholders.

Market Trends

Monitoring changes in the marketplace will allow us to source new opportunities and prepare for new threats. The relevant trends will be industry-dependent, but some will include changes in price sensitivity, demand for variety, and level of emphasis on service and support. Regional trends will also come into consideration.

Key Success Factors

Monitoring of key success factors will allow for the project to achieve its marketing objectives. A few examples of such factors would include, but not necessarily be limited to:

- Access to essential unique resources
- Ability to achieve economies of scale

- Access to distribution channels
- Technological progress

It is important to consider that key success factors will change over time, especially as the product progresses through its life cycle and having valid monitoring in place beforehand will allow us to adapt to these changes potentially well in advance of their occurrence.

21. Sales and Distribution

Evaluate existing markets.

Focus on why existing customers buy from us and determine how best to integrate Haitian products. How can we attract more non-customers? Increase sales to more of the profitable customers? Consider the sales stream: Are there bulk, institutional, industrial, or corporate markets beyond normal retail that we will need to include in the sales and distribution process?

Evaluate the Competition.

Determine who they are and why they are competing with our product line. Determine the overall market trends and how we are holding up in terms of market share and profit position and how the new products can change and/or alter that market share (negative or positive impact). Determine rank against competitors. Define substitutes to our products and how much of a threat the competition is to those product lines.

Distribution

Determine new outlets profitably and define delivery methods. Define and determine unbranded opportunities. Define partnership, co-marketing opportunities, etc.

Supply Chain

Ensure source of wholesalers for non-Haitian raw materials or product components, until Haitian supply lines can be established. Manage suppliers and increase buying power. Simplify existing products to streamline and possibly reduce supply needs.

Positioning

Determine how and where our products/services should fall in relation to the total market. Examine and monitor how well the products are moving (accounting processes, ROI, etc.

Customers

Determine existing customer base and evaluate new customer streams: Institutional customers, raw produce distribution, etc.

Manpower

Determine manpower requirements for sales positions; preference to Haitian ex-patriots?).

Conclusion

Speed is of the essence.

The implementation of this project will improve the food security of Haiti and provide an immediate cash influx to productive Haitian farmers.

It is designed to revive Haiti's ability to grow food for itself by developing export markets and encouraging Haitian Farmers to embrace their role as national food providers.

Phase III (Implementation of the completed business plan) should be well on its way to fruition within five years. By the end of the decade the only role for Brooks Pepperefire Foods inc. will continue to be that of supporter and advisor.

Tina & Greg Brooks
Brooks Pepperefire Foods Inc.

"Changing the world, one pepper at a time."