

# TIMOR-LESTE COFFEE

*“Creating Value from Cherry to Cup”*

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A development proposal presentation to H.E. President José Ramos-Horta  
Friday 24th February 2012, Singapore



# MISSION

1

Income  
improvement  
for Timor-Leste  
Coffee Farmers

2

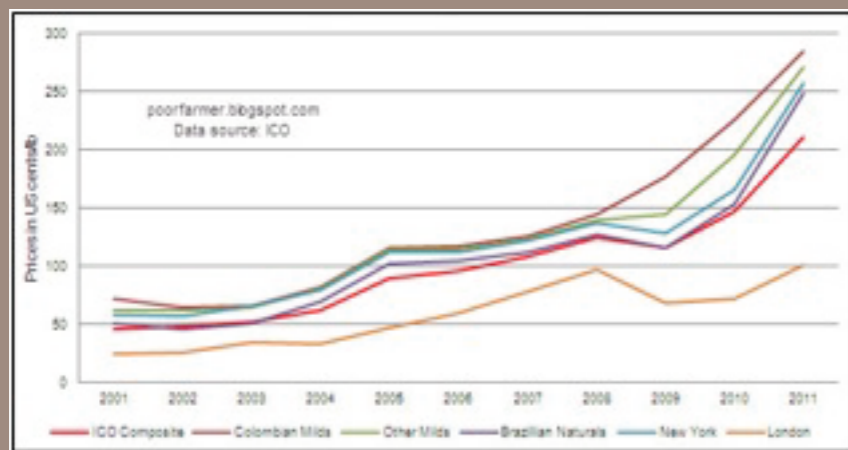
Global Country  
branding to  
improve trade and  
tourism

3

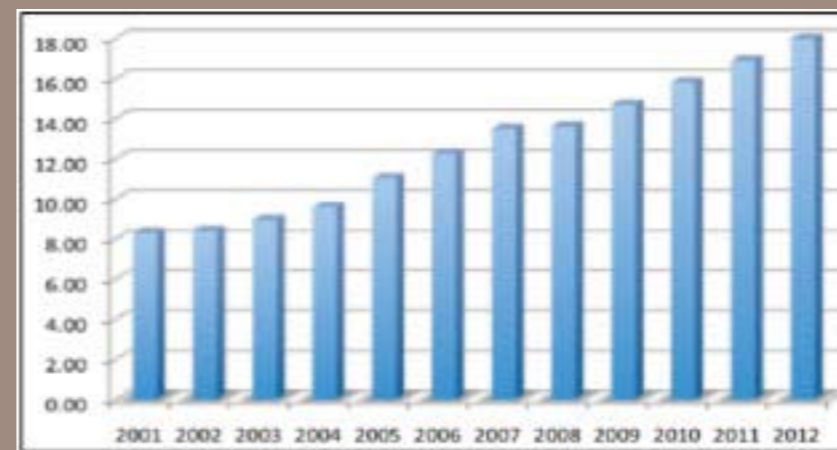
A higher return  
of investment  
compared to  
current investment  
focus



# Timor-Leste has a competitive advantage in the fast growing organic coffee segment



Commodity Coffee Trading Prices



US Specialty Coffee\* Consumption Sales in b\$

\* Include premium quality, organic, shade-grown and special taste coffees.



- Coffee prices are at a 10-year high as demand rises faster than supply
- Organic coffee is amongst the fastest growing segments (+15% CAGR)
- High quality organic coffee commands price premiums of 10 to 20%
- Timor-Leste coffee is organic, hand-picked, shade-grown and distinctively flavored



**Wealth can be increased  
by moving into coffee  
processing, exporting &  
retailing**





**CHERRY**

4 - 5 kg  
\$0.55 - 0.65/kg



**PARCHMENT**

1 kg  
\$2.5 - 3.5/kg



**GREEN BEAN**

0.65 - 0.7 kg  
\$5 - 6/kg



**ROASTED**

0.55 - 0.6 kg  
\$40 - 60/kg

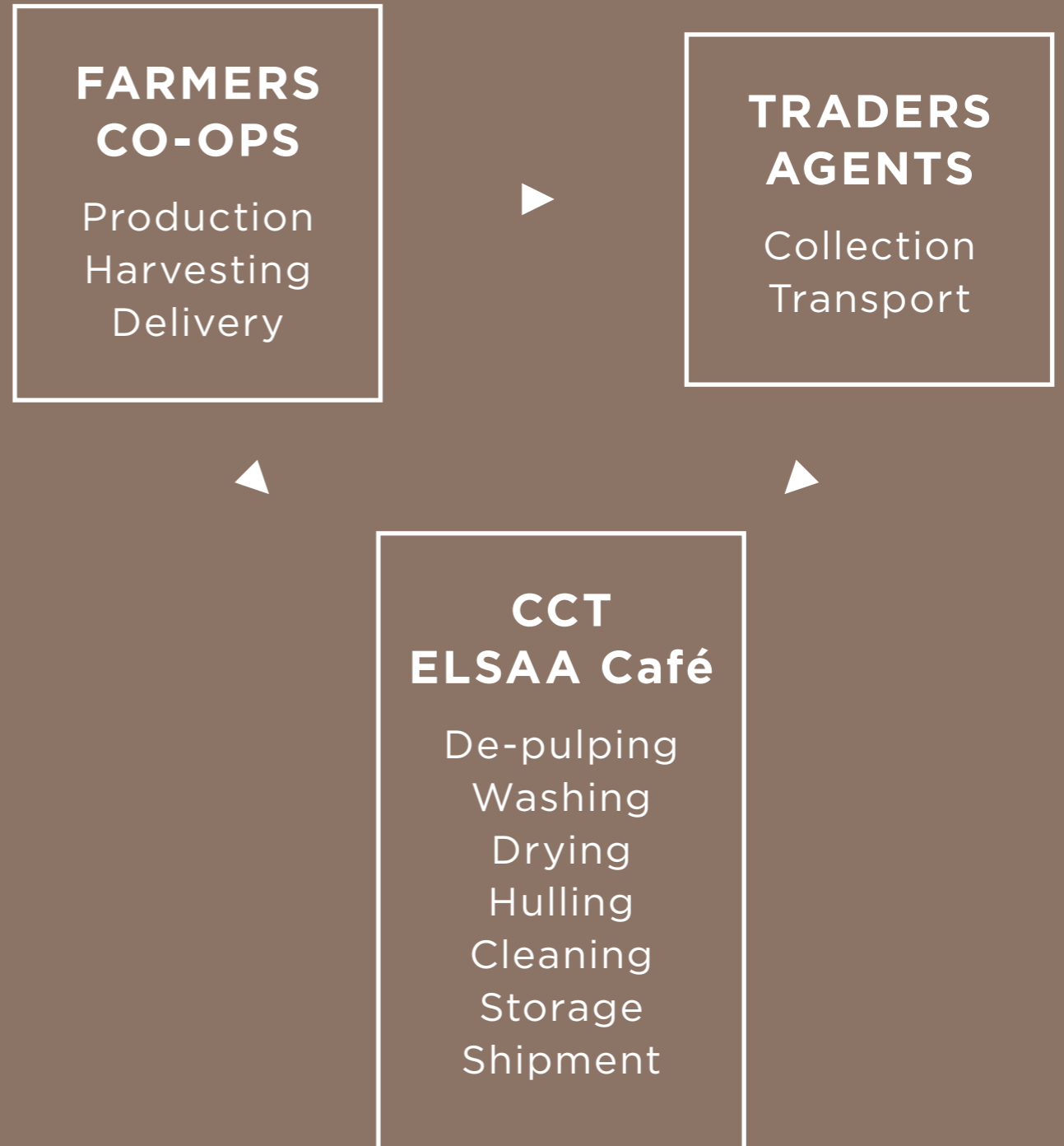


**COFFEE CUP**

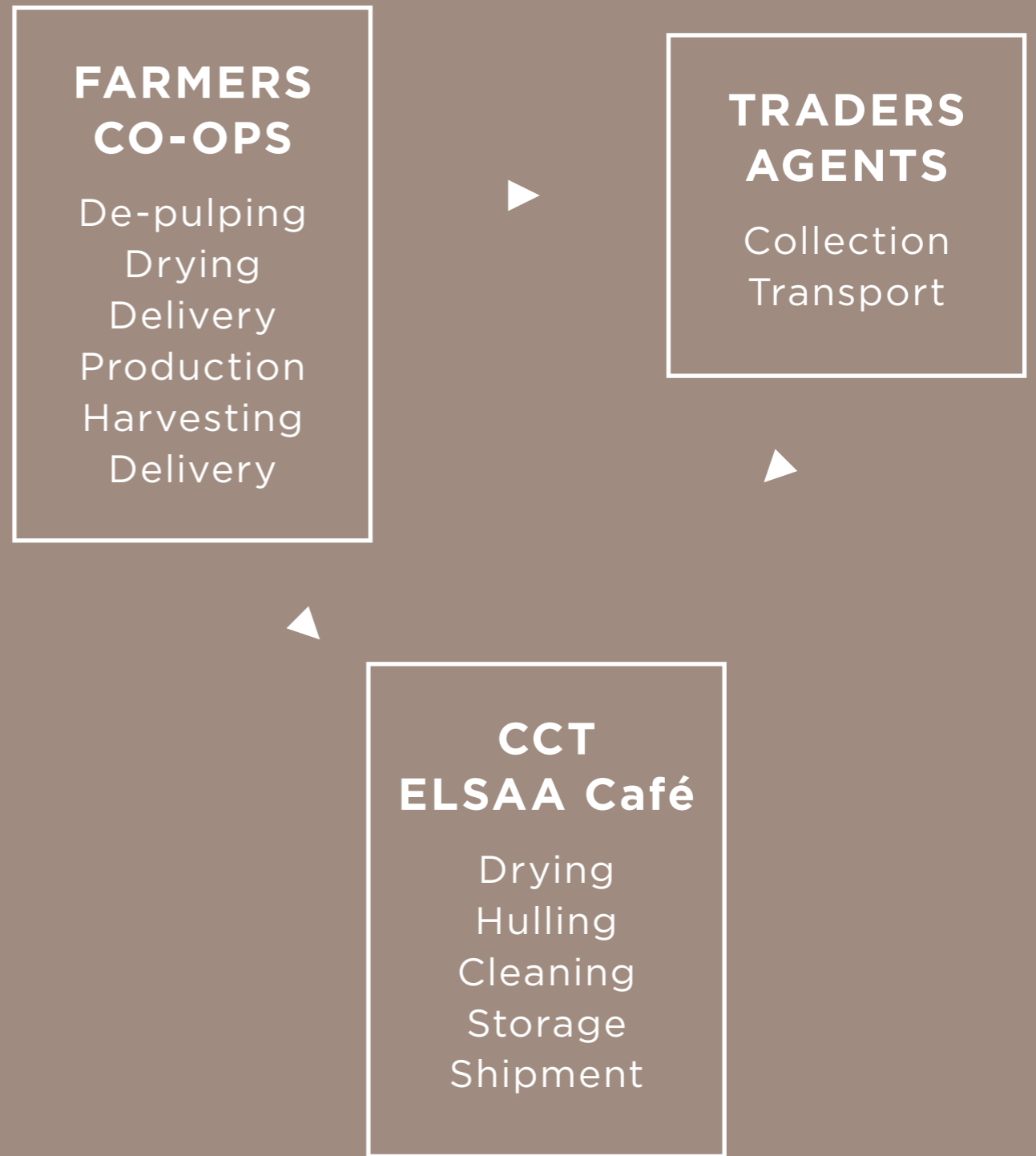
35 - 45 cups  
\$250 - 350/kg



**Farmers  
selling Cherry  
(50% of  
production)**



**Farmers  
selling  
Parchment  
(50% of  
production)**





# Proposal to develop a global network of coffee shops, starting in Singapore



# 1

The concept will be tested in Singapore before being extended to Australia, China, United States, Europe and Northern Asia

- Maximize Timor-Leste visibility by targeting urban centers of main cities
- Prioritize allied countries and initial regional proximity to leverage goodwill



# 2

## Singapore is a high potential market for coffee retail

- Coffee consumption per capita is still low as compared to US and Europe but growing fast; +5% in 2010
- Singapore scores high for ease of doing business and is a logistic hub



# 3

Once concept is validated we can ramp-up to other countries

- Proposal is to open 10 retail shops over 5 years at a pace of 2 per year
- Concept will need to be adapted to local market conditions and tastes



**Financial needs estimated  
at US\$650k with an annual  
return of 8 to 10% and  
4 to 5 year payback**



# INVESTMENT

**1**

Initial research & concept creation would require a funding of US\$200k

Market research, concept design, branding, product development

**2**

Set-up initial investment for US\$300k

Premise transformation, furniture and equipment, project management, personnel recruitment and training, etc...

**3**

Working capital need estimated at US\$150k to start operations



# RETURNS

1

Annual sales revenues are conservatively estimated around US\$650k

2

Operational profit margin ratio of coffee shop is 6%

3

Annual ROI based on estimated US\$50k profits is around 9%\*

*\* ROI does not include one off investment of 200k If included ROI is approx. 6%*



# RETURNS

4

Outlet's Net Present Value is between US\$500 and US\$600k

5

Investment payback period is between 4 and 5 years





We recommend a two  
phase approach to secure a  
high quality coffee supply



- We estimate that approximately 10 ha of land are needed under current conditions to supply a coffee shop outlet with 1.7 ton of green beans per year
- Phase 1 / Pilot phase: we recommend to develop a partnership with a local firm or non profit organization
- Phase 2: in the long run, land and processing facility ownership are key to improve productivity, maintain quality and maximize farmer's benefits



SOURCING OPTION	BENEFITS	PITFALLS
Collaboration with established NGO	<ul style="list-style-type: none"> <li>• Quick start of project, low cost of failure</li> <li>• Control fair revenue flow to farmers</li> <li>• Learning curve and network creation</li> </ul>	<ul style="list-style-type: none"> <li>• Potential quality issues</li> <li>• Potential higher prices charged</li> <li>• Lack of expertise and field presence</li> </ul>
Collaboration with private firm	<ul style="list-style-type: none"> <li>• Quick start of project, low cost of failure</li> <li>• Sourcing and quality risks are lowered</li> <li>• Industrial processing thus high quality</li> </ul>	<ul style="list-style-type: none"> <li>• No control over farmer revenue claims</li> <li>• Limited knowledge sharing</li> <li>• Higher prices charged after processing</li> </ul>
Purchase and operate a plantation and processing steps*	<ul style="list-style-type: none"> <li>• Sourcing and quality risks controlled</li> <li>• Development platform: training, tourism...</li> <li>• Learning by doing, building expertise</li> </ul> <p>Economies of scale and improved yields</p>	<ul style="list-style-type: none"> <li>• Capital intensive; land and equipment</li> <li>• Recruit, hire and train workforce</li> <li>• Critical volume needed to break even</li> <li>• High financial and human cost of failure</li> </ul>

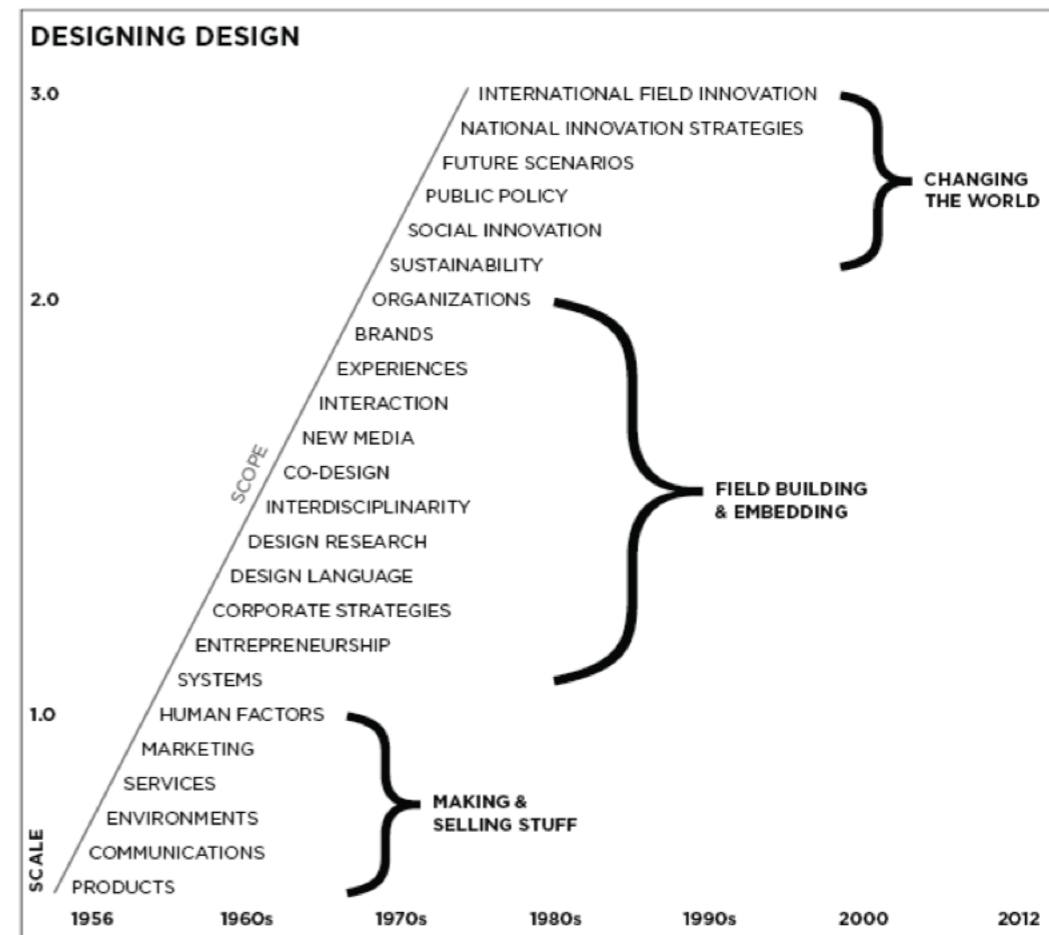


# Trends: Design and Business 3.0

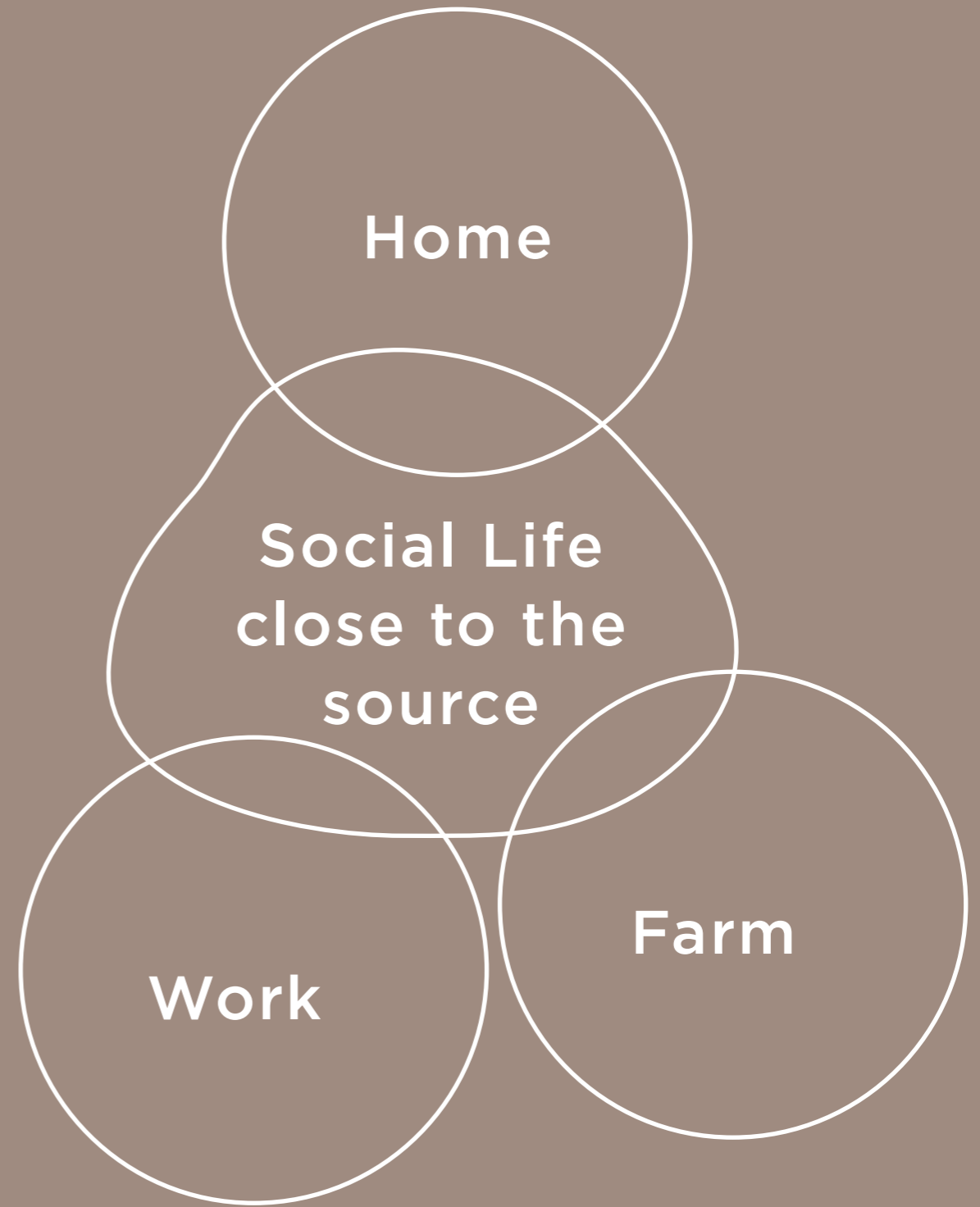
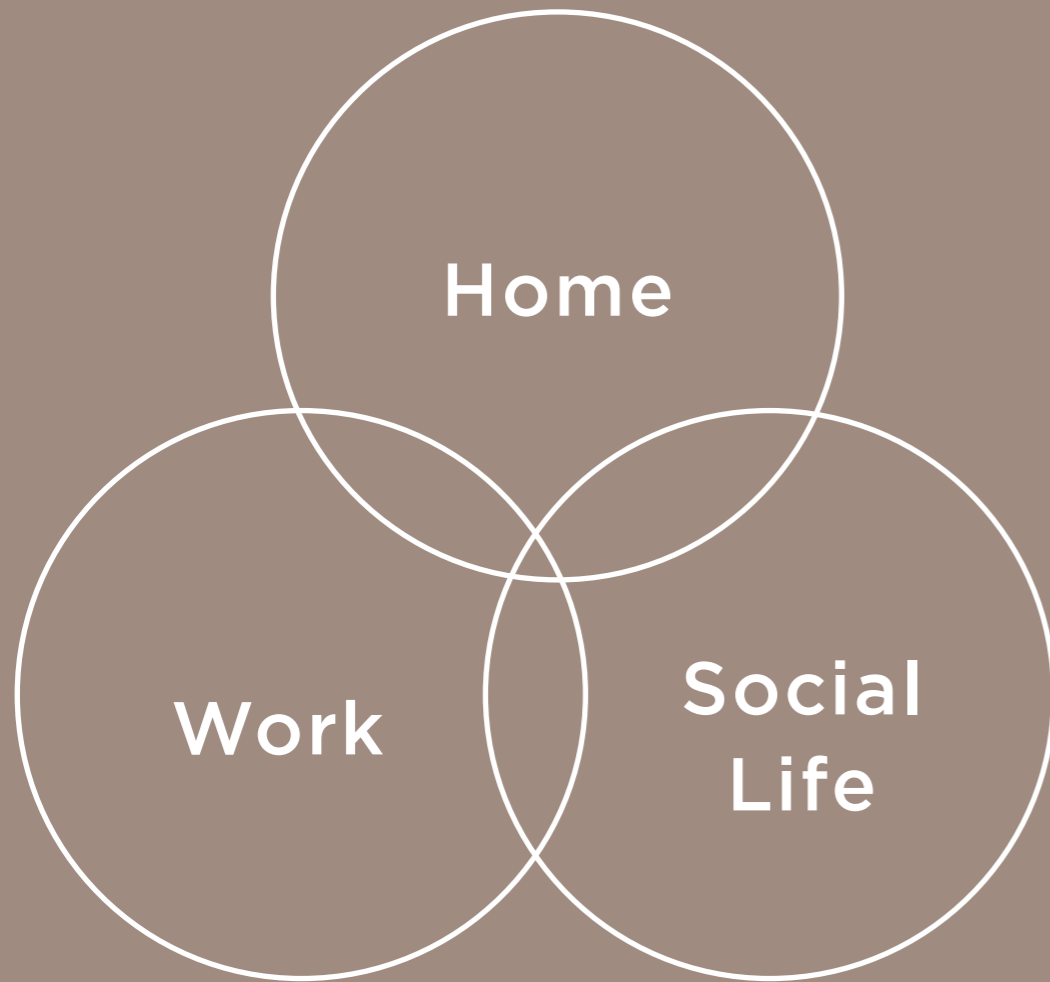
## DESIGN 3.0: Changing the World: Sociotechnical Systems

Since the mid-1990s, designers have become increasingly engaged in social, political and economic transformation. The new practice goes by names like Social Design, Philanthropic Design, Humanitarian Design, Design for Impact, Design Activism and Design to Improve Life. It constitutes a fundamental reimagining of how design - at its best - can serve to enrich the experience of life for people as individuals, in organizations and in the human community at large.

Design has grown up.



# Positioning: Forth Place



# Positioning: Forth Place

## Third Place



## Forth Place

There's Home.  
There's Work.  
There's Adventure.  
There's Fairtrade.  
There's Holiday.  
There's Great Coffee.  
There's Fun.  
There's Community.  
There's Social Change.  
**Now, there's  
Timor-Leste Cafe.**



# Community Charter: The Bridge

The café will be a bridge between the coffee farmers/community and the consumer.



# Community Charter: The Bridge

## Coffee Farmers/Community

Educate, train and empower local coffee farmers on, not only, the production process but also how they can directly impact policies and the consumers

Understand the production process of high quality coffee

Understand the consumption market with real-time information exchange to make better decisions in improving their lives

Have a direct voice on production, policies and consumer market  
- equal partnership

A source of national pride





# Community Charter: The Bridge

Develop community-based income generating projects to improve education, living conditions and strengthen local culture and identity through:

Coffee & Food

Eco-tourism

Handicrafts, Books, Music

Cultural exchange



# Community Charter: The Bridge

## Consumers:

Awareness of Timor-Leste and its peoples

Create a lively atmosphere of social interaction and networking

Promote skill and knowledge-based volunteerism





# TIMOR-LESTE CAFE

## MOOD BOARD

To appeal to the mass, the cafe interior will be of international style and will be easily replicated. A clean and simple interior constructed of natural materials with the combination of modern furnitures, the cafe presents itself as a casual space allowing its customer to feel at ease.

The space will also have a unique sense of identity to brand the cafe and that will come from injections of traditional elements based on Timor-Leste.

## FUNCTIONS

- CAFE
- x
- SHOP / SHOWROOM
- x
- GALLERY
- x
- WORKSHOP
- x
- FOREIGN RELATIONS
- x
- TOUR AGENT



SPACE WITHIN SPACE



## CLEAN , SIMPLE AND NATURAL X TRADITIONAL DECORATIVE ELEMENTS

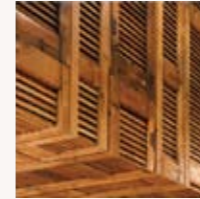


product display



slightly raw and industrial exposed brick walls

CARVED WOOD PANELS / BAMBOO / WINDOW OR DOOR PANELS possible wall cladding



## TIMOR LESTE CULTURAL / TRADITIONAL INSPIRATIONS



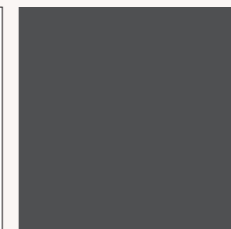
UMA LULIK thatched roof as possible wall surfaces



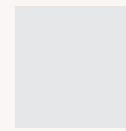
TAIS for upholstery



## COLOUR SCHEME

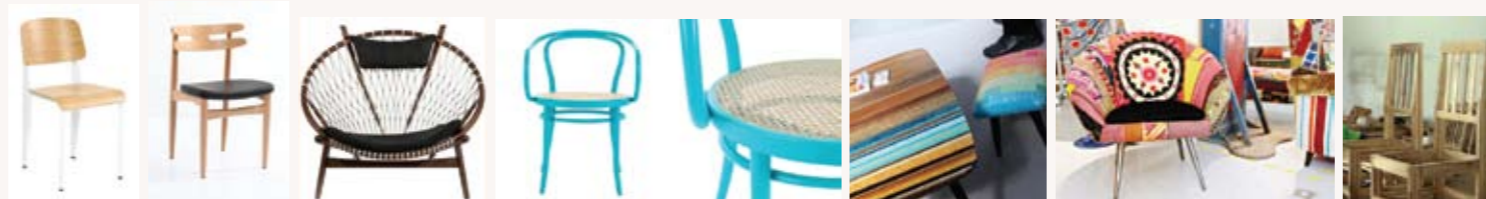


accent colours



secondary colours

primary colours



## FURNITURE SELECTION

Mix and Match Designer furniture with modern & mid-century feel.

# Team Structure

**H.E. Jose Ramos-Horta**  
FOUNDER

**Mette Kristine Oustrup**  
CHAIRWOMAN

**Nils Van Wassenhove**  
PROJECT MANAGER

**Heena Patel**  
COMMUNITY

**Allan Agustn**  
STRATEGY

**Hjgher**  
DESIGN

**Christophe Delacroix**  
FINANACE

**Henrik Meltesen**  
BUILDING/SET UP

