



JUGGLY JA 2010

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School: ISM International Academy

JA Office: Junior Achievement Ecuador

Quito, Pichincha, Ecuador

EXECUTIVE SUMMARY

JUGGLY JA is an ethical, efficient and effective company that produces and commercializes leather footbags filled with bird-seed, focuses on satisfying kids and teenagers expectations between the ages of 3 and 16 in the northern sector of the city of Quito, and attempts to create a NEW culture of healthy entertainment through the use of carefully elaborated and designed footbags. JUGGLY JA takes pride in its business practices because it promotes social responsibility and a fair corporate government.

A market analysis was performed at the beginning of the process at ISM, where 300 people were surveyed; 42% preferred Footbags versus 32% Fruit Kebab and 26% Purses. Additionally JUGGLY JA conducted research that showed¹ that a major problem that kids and teenagers are facing today includes the lack of physical activity that results in high levels of obesity, poor academic performance, and low self esteem. Consequently, JUGGLY JA decided to produce and commercialize footbags to present a healthy alternative. These footbags are made of leather; each “Juggly” is presented in a multi-use package, made of 100% recycled fabric. Both footbags and the package have original designs that promote: Health, environment protection, and entertainment. Quality assurance is placed every step of the way! Selling price is \$3.50 USD and the total unit cost \$1.88 USD.

In the period of 10 weeks it was possible to produce a total of 700 units divided in two lots (300 and 400). JUGGLY JA capitalized 100 shares, where 30% of them were sold at the BVQ (stock market of Quito) reaching a price per share of \$6.00 USD. The rest of the shares (70%) were sold internally to JUGGLY JA employees at a value of \$5.00 USD each. JUGGLY JA started with \$650; \$500 came from shares and \$150 USD from donations. The breakeven point of the company was at 312 units. JUGGLY JA had a profitability of 251. 91% which means that each stock holder received \$17.60 USD (this includes their initial investment of \$5 USD).

Overall, JUGGLY JA is a social responsible company with a trustworthy corporate government reflected on its internal policies: to our customers, suppliers, helpers, our planet and especially our stock holders. We have become executives, conscious of the impact that companies have in the community, have taken initiatives that include strategic alliances with NPO’s and much more. The learning that each member experienced during this process was very valuable. It has given us a sense of direction as far what career path to take, it has helped us realize with hands on experience the importance of planning, measuring the progress regularly, decision making with limited financial resources, and how to manage difficulties that arise in the daily operations of business especially when dealing with personnel. JUGGLY JA strongly believes that the recognitions received at the end of the Junior Achievement Program - Ecuador: “Best financial management”, “Best corporative image” and “Company of the Year - Second Place” were awarded thanks to JUGGLY JA’s internal policies, employee will power, implementation of Kaizen philosophy, team work, and the love for what we were doing.

Now we invite you to get a small glimpse of who we are and what we have done.... **WELCOME TO A NEW CULTURE OF HEALTHY ENTERTAINMENT, JUGGLY JA, CONTROL ME IF YOU CAN!**

¹ TECH MAGAZINE 2009

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SERVING many Needs and many Markets!!!

The cruel but true reality that most toddlers and youngsters are facing nowadays is directly related to lack of physical activity. According to many studies performed in the last decade “Being inactive is more life-threatening than being overweight or obese”² When you add the fact that many companies focus their efforts in offering kids and young people sedentary choices, such as video games, TV shows, and movies to name a few, the outcome very often reflects signs of depression, lack of social skills, hypertension, high cholesterol, and more.



JUGGLY JA comes to life to be part of a solution; research indicates that “Footbag kicking is a democratic sport for all people of all ages. It has grace and symmetry, inspires cooperation and teaches positive socialization, it is inexpensive, and it is fun!”³ Juggly takes the challenge to produce and commercialize footbags to satisfy a need present in today’s society. JUGGLY JA focuses on creating

strategies to penetrate its market, increasing the volume of sales and executing new ideas with additional benefits that favor the community, environment and the planet. The strategy chosen is “Market Oriented- Pull Strategy”. The first step is to analyze the market through polls. A market analysis was performed at the beginning of the process at ISM, where 300 people were surveyed; 42% preferred Footbags versus 32% Fruit Kebab and 26% purses. Consequently, “jugglies” (jugglies = footbags) were chosen for this project.

Product: “Jugglies” are original footbags made of recycled leather and filled with bird seeds. Jugglies offer benefits such as:

- Biodegradable materials
- 100% Ecuadorian
- Multi-Use packaging elaborated with recycled fabric
- Variety of designs (collectibles).
- New concept in the Ecuadorian market



² <http://seniorjournal.com/NEWS/Fitness/2-12-09PhysicalActivity.htm> DEC 9 2009

³ Steve Blough – www.footbag.com FEB 2010

Price: Final price per Juggly is \$3.50 USD per unit, taking into account total costs and prices of similar products in today's market.

Target Market: People between the age of 3 and 16 years old that live in the North of Quito.

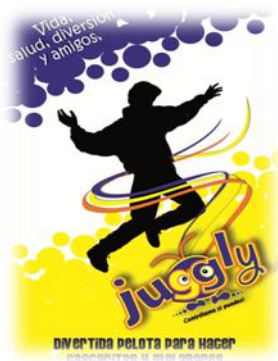


Place: I.S.M International Academy, I.S.M Academy Quito, I.S.M Kids, Plaza de las Américas, Universidad Los Hemisferios, Colegio Menor SFQ and Vulcano Park.

Promotion: Based on two strategies: ATL (above the line) and BTL (below the line). Jugglies were promoted using: flyers, banners, media (radio, TV, newspaper), web-page (www.jugglyja.com), and social networks (Hi5, Facebook, Twitter).

Marketing Strategies Included:

- Organized an awareness campaign and a "Juggly Cup" (contest).
- Made of an institutional video and commercial.
- Social Marketing: Provided work to members of a Non-for-profit organization.
- Prepared stands for different events.
- Motivated employees to sell more Jugglys.
- Auction Jugglies signed by professional soccer players (LDU).
- E-mailing Strategies.
- Obtained approval from ISM authorities to allow customers to pay through the Bursar's office, for the products purchased.



Corporate Image

Name: JUGGLY JA (comes from the word juggle)

Logo:



Slogan: "Controlame si Puedes" (Control me if you can) Expresses creativity and challenge.

Colors: Yellow, Blue and Orange

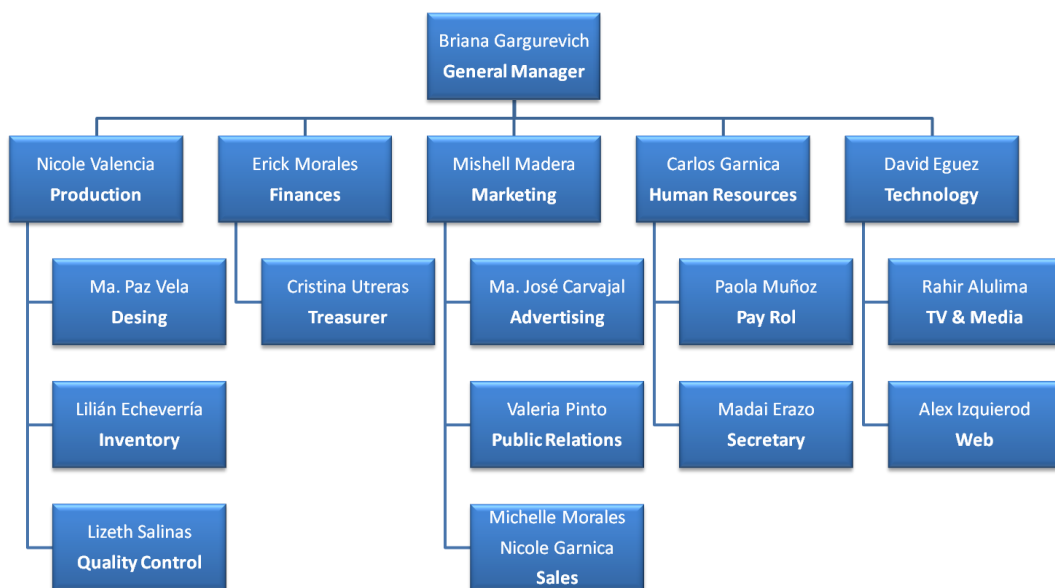
Sales:

Selling predictions vs. Real Selling in a period of 10 weeks	
700 units	819 units
Total sales revenue: \$2450.00	Total sales revenue: \$2921,86

Looking back at the last few months of hard work in the marketing department, many great memories come to life! Preparing for, the grand opening day, outside of the school events such as: “Plaza de las Americas”, Hemisfest and so many more... What I keep from those moments deals with team work, preparation, organization, responsibility, and creativity!

Knowing that we had to come up with strategies that would contribute to meet the company’s goal was scary at first, but turned out to be very rewarding later on. Exceeding selling expectations was excellent not only for the profits of the company but for the way we felt about ourselves. The Junior Achievement Award Ceremony night was unforgettable, especially when our department was honored with a price “the best business image”, that night we felt that we owned the world!

Ethical Objectives goes a LONG way!...



Wanting this experience to be as real as possible, putting innovation as a priority, and maintaining the staff motivation, were three of the main challenges this department had to face. In order to accomplish that, Juggly JA had to come up with strategies that would make the company’s objectives a reality; these included but were not limited to: Corporate Government; Social Responsibility projects; and Fairness with every member of the company as stated below:

- JUGGLY JA decided to motivate their staff by having an “Employee of a Month” and other motivational activities. These methods encouraged our workers to increase their performance up to 95%.
- Implementing Kaizen- Gemba philosophy proved that the working environment is one of the most important factors that managers must take into account in their decision making process.
- JUGGLY JA complied with the Ecuadorian National laws as well as with J. A. requirements.
- Practiced a corporate government showing: fairness, transparency, respectfulness
- Implemented over 6 social responsibility projects that showed the effort that the company had made to reach the highest level of concern for the world around us. As stated below:
 - I. **Helping Haiti:** JUGGLY JA made a campaign to collect and then send food and hygiene articles to the people of Haiti.
 - II. **Caring about the environment:** Jugglies are biodegradable footbags
 - III. **Protecting Ecuador’s identity:** The main supplier comes from a small town in Ecuador called Quisapincha.
 - IV. **Creating smiles:** JUGGLY JA donated 31 Jugglys to under privileged kids attending “Letra para todos” foundation.
 - V. **“Madres Emprendedoras”:** JUGGLY JA generated work for underprivileged mothers by giving them the opportunity to work (making useful packages).
 - VI. **Maintaining quality assurance:** This project satisfied customers’ expectation, met a social need, and had a great degree of success by selling 819 footbags.

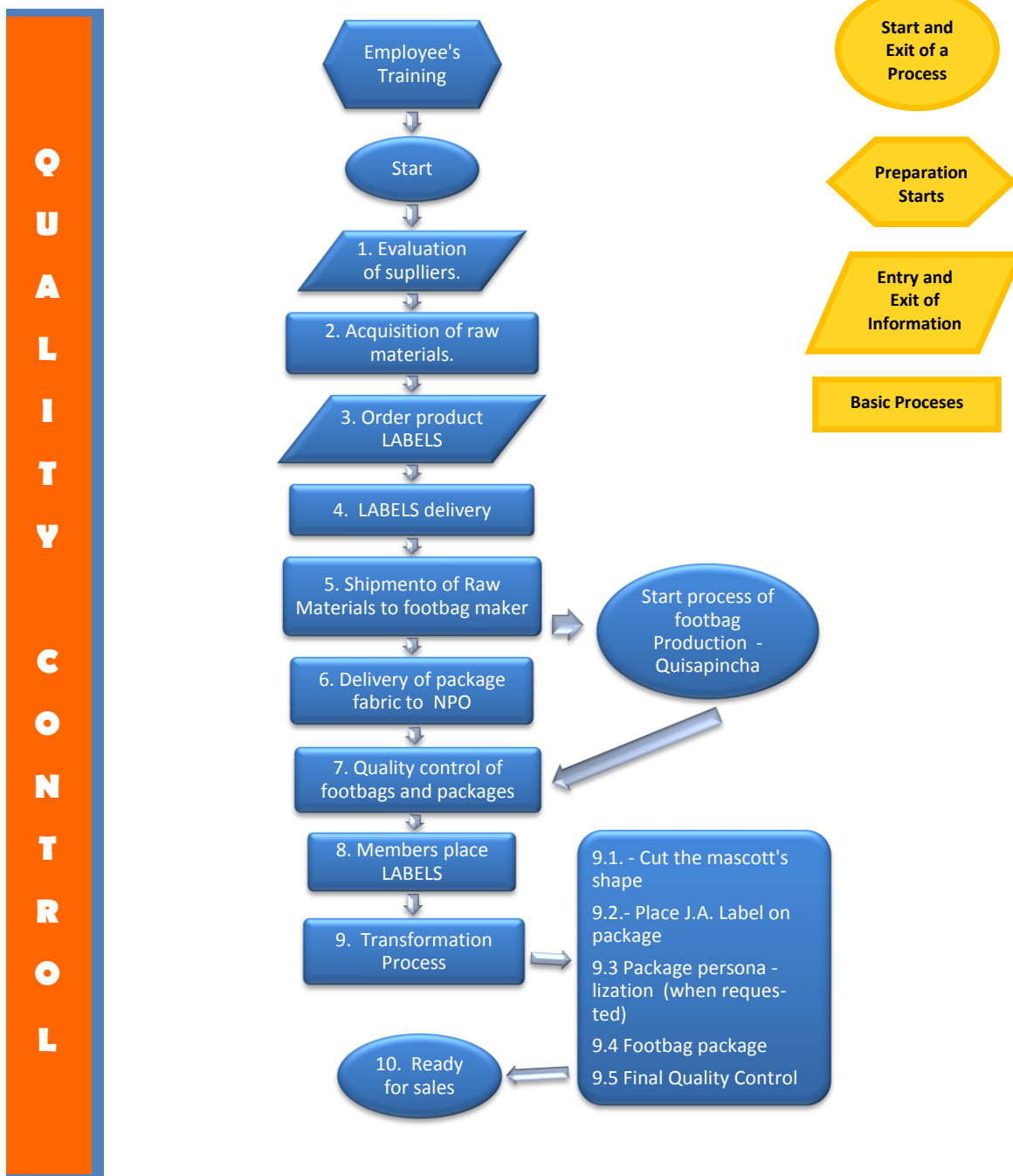
Overall, the process was tough because it involved learning how to manage employees, understand their feelings and desires, and maintain fairness; but most important, it helped us reach a new level of commitment to ourselves, with the ones we work with, with society and our planet.

ENVIRONMENTAL FRIENDLY PRODUCTION

The Production Department designed a process that mirrored Juggly’s business Kaizen philosophy. It began with the search of quality suppliers. Finding adequate raw materials became quite a challenge; several materials were evaluated and tested, until it became obvious that the best approach involved using recycled fabrics for the packages and leather for the footbags.

The production department started to shape several ideas that included: the product must be environmentally friendly, and the package must be multi-use with great designs! Everyone must be involved in the process of transformation and it must be safe; for the consumer as well as for the employees producing it!

Despite the obstacles that were encountered, the goal was not only met but exceeded (from 700 to 850 units produced). The Production Department took environmental processes very seriously. We felt that it was time to send a clear message to everyone, especially to this new generation, that we can make a difference in today's world! Mother Nature is our most valuable treasure; therefore making responsible decisions is a MUST. Juggly put emphasis on CSR (Corporate Social Responsibility), essentially, management must deliberate inclusion of public interest into corporate decision – making and the honoring of a triple bottom line: People, Planet, and Profit in every business decision. We made it this possible... why not everyone else?



Employee's Training



Evaluation of suppliers.



Acquisition of raw materials.



Order product LABELS



Labels delivery



Shipment of Raw Materials to footbag maker



Delivery of package fabric to NPO



Quality control of footbags and packages



Members place LABELS



Ready to sales



OUR PERFORMANCE AT A GLANCE

“Cash is the lifeblood of a business” Anonymous

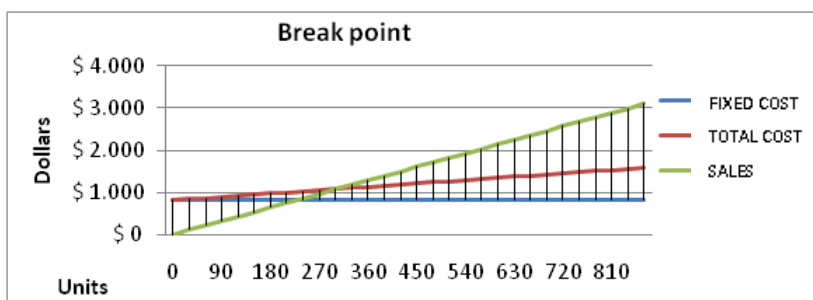
It was clear that managing real money would take great responsibility; what we didn't fully understand, at first, is what we were getting ourselves into! You will hear from other students who have participated in the program. Their stories tell of how much work it entails, and how much you learn from this experience. The reality is that no one really comprehends the amount of effort needed to succeed until one goes through it! It is obvious that if you want to do things right, if you want to stand out from the crowd, then you must go that extra mile. In the finance department going that extra mile meant learning so much in so little time. It became a habit to work long hours preparing financial reports, creating strategies to protect the money that belonged to shareholders, monitoring expenses, making sure that everyone was turning in proper documentation and so much more. In addition to that, something that would ring in our minds constantly was to know that we were not only representing JUGGLY JA but also our high school.

Then it became clear to us, that we were competing just like any real company does in the open market. There were competitors (other companies), internal and external factors that we needed to address, limited resources to manage, but also there was a legacy that other companies at our school had left us! We had to keep ISM's reputation and pride! We also had to be social responsible?, profitable, and be among the best of the best! Wow... so much pressure!

This pressure made us better; thanks to it a great company was born. Receiving the recognition a given by CITI GROUP at the end of the Junior Achievement Program – Ecuador as being the company with the “best financial management” was a dream comes true. Juggly JA commercialized footbags with a selling price of \$3.50. The company had the initial goal to produce and sell 700 units with a net sale of \$1036. 16. At the end of the competition Juggly JA had produced 850 units and a net sale of \$ 1481, 82. It was there when the aims, especially the ones that focused on profitability, were surpassed.

It's important to point out that Juggly JA had produced 850 units but only 819 of them were sold; that is why all the costs were divided among the 819 units. The 31 units of footbags not sold were donated to a NPO (Fundación “Letra Para Todos”).

Juggly JA TOTAL PRODUCT COST PER UNIT APRIL 2010			
Detail	Value (\$) USD	Quantity Units	Unit value (\$) USD
Variable cost	\$ 552,00	819	\$ 0,67
Sell's commission	\$ 57,75	819	\$ 0,07
Labor cost	\$ 178,50	819	\$ 0,22
Fixed cost	\$ 811,79	819	\$ 0,99
Total cost	<u>\$ 1.542,29</u>	819	<u>\$ 1,88</u>



Juggly's JA break - even point was completed with the sale of 312 units during the period of the second lot. It is true that a company must create a profit in order to remain solvent and to survive, this P&L statement also known as an Income Statement shows how well Juggly has sold its products. The Net Profit of \$1481 is distributed among all shareholders.

Juggly JA			
PROFIT AND LOSS STATEMENT			
Since January 18 until April 19, 2010			
SALES REVENUE			\$ 2.921,86
COST SALES			\$ 1.158,80
	RAW MATERIAL	\$ 225,50	
	LABOR	\$ 334,50	
	INDIRECT EXPENSES OF PRODUCTION	\$ 598,80	
GROSS PROFIT			\$ 1.763,06
LESS EXPENSES			\$ 441,24
	HUMAN RESOURCES DPT. EXPENSES	\$ 95,51	
	TECHNOLOGY DPT. EXPENSES	\$ 59,05	
	MARKETING DPT. AND SALES EXPENSES	\$ 284,68	
	FINANCIAL DPT. EXPENSES	\$ 2,00	
OPERATION PROFIT			\$ 1.321,82
PLUS OTHER INCOMES			\$ 160,00
NET PROFIT			\$ 1.481,82

Up and down analysis was based in the profitable and loss statement, giving the following results:

Juggly JA				
CASH FLOW				
Jan 19 – May 17, 2010				
	January	February	March	April
OPENING BALANCE	\$ 0,00	\$ 500,00	\$ 144,11	\$ 1.913,60
TOTAL INFLOWS	\$ 500,00	\$ 160,00	\$ 2.554,36	\$ 367,50
Sale of shares	\$ 350,00			
Sale of shares BVQ		\$ 150,00		
Profit in sale of shares		\$ 10,00		
Donations	\$ 150,00			
Sales (revenue)			\$ 2.554,36	\$ 367,50
TOTAL OUTFLOWS	\$ 0,00	\$ 515,89	\$ 784,87	\$ 2.281,10
Wages				\$ 27,03
Stock		\$ 368,00	\$ 380,80	\$ 121,20
Donations		\$ 50,10		
Commissions (sales and production)			\$ 151,20	\$ 85,05
Others		\$ 97,79	\$ 252,87	\$ 66,00
Profit participation workers 15%				\$ 222,28
Shares Disbursement				\$ 500,00
Shareholders' dividends				\$ 1.259,54
NET CASH FLOW	\$ 500,00	-\$ 355,89	\$ 1.769,49	-\$ 1.913,60
CLOSING BALANCE	\$ 500,00	\$ 144,11	\$ 1.913,60	\$ 0,00

This cash flow shows the movement of cash in and out of Juggly JA for this period of time. It is important to note that the net cash flow for the month of February was negative due to the increase in production costs, and the month of April the company was liquidated so it also shows a negative net cash flow. Overall, the company had a sustainable and very profitable operation.

The balance sheet presented before the liquidation indicates that the assets are equal to the sum between the equity and liabilities. After the liquidation assets, equity and liabilities get in zero. Juggly Balance Sheet shows a “snapshot” of the financial position at a specific date, all monies within the organization are accounted for.

Juggly JA BALANCE SHEET April 19, 2010			
ASSETS		LIABILITIES	
Current Assets		Current Liabilities	
Cash	\$ 2.143,10	Accounts Payable	\$161,28
		Total Current Liabilities	\$161,28
Total Current Assets	\$ 2.143,10	Total Liabilities	\$161,28
		STOCKHOLDERS EQUITY	
		Capital	\$500,00
		Sale of shares	\$10,00
		Donations	\$150,00
		Operational	\$1.321,82
		Total Stockholders equity	\$1.981,82
TOTAL ASSETS	\$ 2.143,10	TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$ 2.143,10

The Dividend’s Report Statement reflects the company’s profitability. Also in this document, there is evidence of how Juggly JA complied with Ecuadorian laws and distributed part of the money to its workers. Taxes are not reflected on the financial reports due to the fact that Juggly JA was created to educational purposes only.

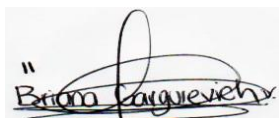
It is important to indicate that Juggly JA is a company that has a promising future. In a short period of time this company was able to obtain a profit of 251.91%, considering that the product was opened to a small market (1300 people).

DIVIDENS SHEET			
Until April 20			
Total Net Income			\$ 1.481,82
Less workers participation			\$ 222,28
Income to distribute			\$ 1.259,54
	Number of shares	100	
	Profitability per share	\$12,60	
	Nominal value per share	\$5,00	
	Dividen per share (final value per share)	\$ 17,60	
Profitability per share			251,91%

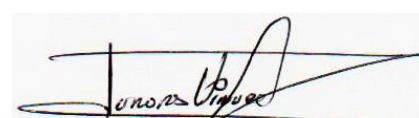
Overall, being part of the Junior Achievement Program has been an enriching, unique, and life changing experience. It is true, that we high school students get to learn through hands on experience what many people only read about in textbooks.

It is important to extend our thanks to everyone who makes this program possible, especially to our parents, and mentors!

To validate the transparency of the financial reports presented:


GENERAL MANAGER


FINANCE MANAGER


ADVISER / AUDITOR

JUGGLY JA Contrólame si puedes!