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BUSINESS PLAN FOR A PHARMACY IN BRAZIL

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Abstract

Planning is becoming increasingly necessary for organizations, regardless the area in which they operate. What is not measured cannot be controlled. That said, setting goals and defining steps to reach objectives are essential to prevent unpredictable results. A business plan is a tool widely used by entrepreneurs to make decisions and minimize risks, either for starting ventures or planning strategic actions.

Consequently, this work's objective is the elaboration of a business plan to analyze the viability of opening a pharmacy store in the city of Ilhéus, Brazil. It comprises a theoretical framework and pragmatic knowledge based on author's expertise gained from past experiences and during the pre-startup of this project. Developed using both primary and secondary data, the planning was done through the determination of the objectives, the definition of the business, marketing and plan development: operational, marketing, human and financial resources.

In view of the above, a survey was conducted amongst potential clients to discover consumption behaviors concerning pharmaceutical products and their expectations about the services of a pharmacy. The core findings of the research indicated that establishing a pharmacy in Teotônio Vilela, Ilhéus, Brazil can be a viable and, perhaps, lucrative idea. However, challenges are to be expected, especially due to Brazil's economic instability. In this regard, contingency strategies, as well as frequent evaluation the employed tactics, are extremely important.

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International Business, Business Plan, Startup, Pharmacy, Brazil.

CONTENTS

1 INTRODUCTION

1.1 Background

Brazil is the fifth largest country in the world, both in population and land area, with 208.5 million inhabitants and around 8.51 million square kilometers. In 2017, Brazil recorded a Gross Domestic Product (GDP) of close to € 2 trillion, the world's eighth largest. (Country Economy 2018). Other positive factors about Brazil can also be highlighted: it is the world's second largest agricultural producer and biggest mineral supplier; it has diversified industries and a strategic geographical location for trade.

Although the Brazilian economy is strongly affected by global economic variations and important internal challenges are to be addressed, the business environment in Brazil is promising. This is true especially regarding the health care and pharmaceutical sector. According to recent data, Brazil is one of the largest consumer drug markets in the world, with industry expecting to reach, in the coming years, the rank of the top three places, ahead of countries such as Germany, England and France. (GlobalData 2017).

Alongside the monetary aspects, the social culture is an important part in the analysis of economic environment. In the last few years is visible a development of better life-quality behavior in Brazilian population. Health care is implicit, giving expectation to the pharmaceutical segment. The growth of pharmacies is exponential in the country: its clientele is diverse, there is no specific age or sex, and, according to recent studies, the demand is increasing (GlobalData, 2017).

Considering the above, the author of this thesis saw a business opportunity to open a pharmacy establishment in Ilhéus, Brazil. After a previous demographic examination of the possible setting areas, the neighborhood of Teotônio Vilela was chosen. The demographic variable becomes relevant when one intends to determine the socioeconomic profile of the region to be served. According to official sources, it is the most densely inhabited neighborhood of the city, and its population number is rapidly growing (Jesus 2018).

1.2 Aim of the study

The main objective of this study is to investigate the possibilities of opening a new retail pharmacy in Ilhéus and, consequently, to create a business plan. The research can help disclose challenges and opportunities for such an enterprise, as an aim is to make the business more efficient and profitable. The business plan will comprise core components that are crucial to the operation, for instance, market research, marketing strategies, legal requirements and financial projections.

The drug retail store is to be named Drogaria Econômica and will sell pharmaceutical and beauty products. The main objective of this project is to clearly identify key customers and demands and verify the viability of opening the establishment in the target area. Written during the investigation process, this study reflects on the knowledge and experience gained on the terrain. It discusses the pharmacy sector in Brazil, the opportunities, the regulatory issues and the challenges that such a venture may face.

The main queries of the research are:

- What are the current market trends of the pharmacy industry in Brazil?
- What is the profile of the target customers?
- What do customers expect from the services and how can a business make the offers more interesting to attract clients and face competitors?

1.3 Theoretical framework and methodology

As a methodology, the study uses quantitative and qualitative contributions. The data collection is through means of secondary and primary sources. Primary variables include face-to-face discussions and a questionnaire. Secondary data was gathered from reliable online sources, books and official documents, including the ANVISA's regulations on pharmaceutical marketing. As for the information analysis, statistical methods were applied.

A SWOT analysis can evaluate the external and internal forces in the industry. In this study, opportunities and threats regarding customers, competitors, market, government and society are analyzed. An assessment of the strengths and weaknesses of internal factors will release fundamental information, supporting strategy design.

1.4 Outline

The final outcome of this document is a business plan for a new pharmacy in Brazil. To successfully strive, entrepreneurs must design a systematic, but yet flexible business plan that can be adjusted according to economic shifts and modifications in market trends. This document is structured accordingly, synchronizing all business components in an effective and dynamic manner. During a pharmacy’s lifespan, the strategies here outlined may undergo modifications and revisions in accordance with the existing scenario.

The first chapter clarifies the importance of business planning, the objectives and methodology of the study, and the structure of the paper. The second chapter introduces to the reader a brief overview of the Brazilian pharmaceutical sector, its market trends and business opportunities. The third and fourth chapters present a comparison of Finnish and Brazilian authorities and their requirements regarding pharmacy ownership.

Subsequently, Chapter 5 demonstrates a preliminary investigation about the chosen target, including a survey among potential clients and respective results. The sixth chapter displays details of the business concept, including objectives, missions, visions, the structure of the company and the product to be offered. The seventh chapter contains the business evaluation with a SWOT analysis, disclosing important facts about the internal and external environmental forces. The marketing and the sales tactics, along with the financial plan for the business, are given in the eighth and ninth chapters, respectively. This document is concluded in Chapter 10, which summarizes the study.

2 THE PHARMACY BUSINESS

2.1 Industry overview

The importance of the pharmaceutical industry as a global sector is evident. Total pharmaceutical revenue worldwide exceeded € 800 billion in 2016 (Profitable Venture 2018). For many years, pharmacy enterprises have been considered as an option for investors seeking steady growth and preservation of capital. However, with opportunities also comes fierce competition. Recently, new entrants coming from non-traditional channels, such as gas stations, supermarket chains (e.g. Walmart) and e-commerce companies (e.g. Amazon), are shifting the industry landscape by dispensing drugs where no prescription is required (over-the-counter drugs or OTCs).

Regardless of these alterations to the pharmaceutical scenario, the market still inspires investors the desire to open pharmacies. Due to high costs and the challenging access to physicians, consumerism is growing worldwide, with consumers adopting self-care behaviors. Medicine stores have been the main source of drugs for the flu, allergies and other mild illness that can be treated without visiting the doctor. Specialists state that, generally, eight in ten consumers prefer self-treatments with OTCs before visiting a healthcare professional. (Wolterskluwercdi 2018). Besides, forces such aging of the population and increasing prevalence of chronic diseases will keep creating opportunities for the sector around the world.

2.2 Market trends in Brazil

Despite the effects of the economic crisis in Brazil, the retail pharmacy business is undoubtedly profitable. In 2017, Global Data, a consulting and research firm, positioned the national pharmaceutical market as one of the biggest and most valuable in the world, with presence of the major global companies in the country. The agency revealed that the value of the Brazilian industry approached € 23 billion in 2016 and may reach close to € 26 billion by 2021 with a 3.4% compounded annual growth rate. This is welcome news amid Brazil’s worst economic recession in the last 50 years. (GlobalData 2017).

In 2015, the expenditure on health accounted for 5.1% of the country's GDP. On average, the household expense with health-related goods and services was over BRL$ 1,500.00 (Brazilian real) per capita, which is equivalent to € 352 per capita. Medication alone represents 48.6% of health costs. (IBGE 2018). These positive growth tendencies can be attributed to the increase in population and government’s initiatives to improve public healthcare accessibility.

A recent census estimated the Brazilian population to be 208.5 million inhabitants (IBGE 2018). Considering that the country’s population grows on average 0.8% per year, the life-expectancy extension and incidence of chronic/lifestyle diseases, overall health expenditures may rise. These current events are likely to have an impact on drug sales, as they play a fundamental role in protecting and recovering health, as well as helping to maintain and improve the quality of life. Consequently, a significant opportunity for the industry possibly will present itself.

3 PHARMACY REGULATIONS IN FINLAND

3.1 Finnish pharmaceutical authorities

All around the world, the pharmaceutical industry is strictly regulated. Like many other countries with well-developed health systems, Finland possesses an even more complex pharmaceutical system when compared with other European countries. There are several policy-makers boards that directly influence Finnish pharmaceutical policies. Besides complying to the World Health Organization (WHO) rules, pharmacy owners in Finland must also follow European Union guidelines and national regulations. (Mossialos et al. 2008.)

Moreover, the Ministry of Social Affairs and Health (MSAH), with its subordinate agencies, has major responsibility to ensure safety and secure access to medicines. It approves operation licenses and controls the number and location of pharmacies in the country. The board is also charged with monitoring the quality of pharmacists' counselling, prices and reimbursement of medication. Like MSAH, Kela, the Social Insurance Institution in Finland, plays a role, regulating and financing pharmaceutical reimbursement and keeping an exhaustive database on medicine consumption patterns. Kela is also in charge of upholding the official price list for reference. (Mossialos et al. 2008).

The Finnish Competition Authority (FCA) regulates the market, oversees unlawful activities, encourages market competition and helps reduce entry barriers. The Finnish Medicines Agency (FMA) and the Pharma Industry Finland (PIF) ensure and enforce compliance with the Code for Marketing of Medicinal Products to consumers and professionals. FMA and PIF legal provisions prohibit and sanction direct advertising of prescription drugs to the public, keeping publicly available a list of complaints. (Mossialos et al. 2008).

3.2 Pharmacy operations in Finland

The Finnish pharmaceutical market is bureaucratic. The provision of drugs to consumers takes place in a meticulous and professional way. There are over 800 pharmacies in Finland (Mossialos et al. 2008). They provide dispensing and counselling services, as well as drug information to customers and health-care professionals. A typical pharmacy normally has one or two employees with a master's degree (MSc) and approximately four of five with a bachelor's degree (BSc). A pharmacy aids an average population of around six thousand inhabitants. (Mossialos et al. 2008).

In Finland, pharmacies have the exclusive right to sell OTCs, prescription medicines and vaccines. Non-prescription drugs cannot be sold in grocery stores. Cosmetics, baby products, herbal medicines, nicotine replacements and medical devices are exceptions. Those goods can be sold in grocery stores and supermarkets. Veterinary medicines and other related products can only be purchased from a pharmacy or veterinary professionals. (Apteekkariliitto 2018).

Pharmacies are required to have available a sufficient stock of drugs, including products at or under reference price. They also must, on customers' request, order products from a wholesaler and provide information on medicine prices. (Apteekkariliitto 2018). Health centers can provide medication to outside customers when pharmacies are closed, but only enough dosage to cover the period until the pharmacy reopens.

Anyone who wants to open a retail pharmacy business in Finland must follow several rules. In order to have the license to run a medicine store in the country, entrepreneurs are required to hold a MSc in pharmacy. The Finnish Medicines Agency (Fimea) is responsible for granting such permission. The license terminates when the owner reaches 68 years of age. Foreigners can also apply for a pharmacy license, but they must have Finnish authorization to act as a pharmacist in Finland. Besides, only with the permission of Fimea can a pharmacy owner can setup an online pharmacy store to sell medication with certain restrictions. (Apteekkariliitto 2018).

New applications can only go through when another license becomes vacant. The new license is granted after Fimea makes a careful assessment of the applicant, according to Medicines Act criteria and the needs of the region. Therefore, the initiative to open a new pharmacy or a subsidiary often comes from a municipal authority. In cities and large municipalities, there may be several pharmacies, but a proprietary pharmacist can have no more than one license and a maximum of three subsidiaries at one time. If the turnover of a subsidiary surpasses 50% of the average pharmacy turnover, it becomes a pharmacy. Price competition among pharmacies or medicine brands are not permitted. The interests of pharmacy owners are represented by the Association of Finnish Pharmacies. (Mossialos et al. 2008).

Furthermore, inspections complying with Finnish and international legislations are required on premises where pharmaceutical activities are performed. These regulatory inspections are a pre-requisite for the licensing and are carried out if needed, after the pharmacy is up and running. Also, professional development is sanctioned in the law, asserting that customers are served only by highly trained staff pharmacists and pharmaceutical assistants, with a minimum of a BSc. (Apteekkariliitto 2018). In many other countries, for example in Brazil, technical employees can also perform some of the pharmaceutical duties.

3.3 Finnish supply of medications

Regarding the supply of medication, from the factory to the customer's, the medicine passes through various stages. There are only two wholesalers in the Finnish pharmaceutical industry: Tamro Finland and Oriola Oy. These two companies cover orders and distribution. In Finland, the wholesale prices are fixed; thus, both companies will compete with manufacturers' margins. The medicines wholesale distribution has a one-channel principle whereby the pharmacy must choose only one wholesaler to purchase from. (Mossialos et al. 2008).

The regulatory system in Finland can be a barrier to new entrants. A strongly controlled market brings benefit to already established companies, with the large having an advantage over the small ones. However, since 2017, Finland has been drawing policy reforms in the pharmacy sector. The Sote reform proposes increasing the number of pharmacies by raising the number of branches and making the pharmacy license system more flexible. (Apteekkariliitto 2018).

The Finnish Government has also employed efforts to expand the services provided by pharmacies. After the latest Sote reform of 2018, pharmaceutical services were allowed to go beyond dispensing drugs and patient information. Now, pharmacies can offer consultation services, either electronically, as and remote health care, or in a treatment room or quiet place inside the pharmacy. Blood pressure, medical care assessment, inhalation treatment check-up and weight measurements can also be carried out face-to-face or remotely monitored, and the information can be sent to health care professionals. Finally, there are discussions where sales of OTCs and self-care medicines such as medicinal creams could moderately be expanded to stores in other industry segments. (Apteekkariliitto 2018).

4 LEGAL CRITERIA FOR PHARMACIES IN BRAZIL

4.1 Brazilian regulatory agents

On regulatory matters, the Brazilian pharmaceutical industry is under the authority of international and domestic boards. The WHO establishes the international norms of which national regulatory regimes are inspired. However, whereas the WHO may influence key guidelines in Brazil, it is the national institutions who implement medicine policy. (Silva et al. 2015.) Consequently, Brazilian pharmacy rules are more flexible than in Finland.

Domestically, the supervision of medication distribution is carried out on three levels: the federal administration, state departments and municipal authorities. At the federal level, health and pharmaceutical sectors are regulated and supervised by the Ministry of Health, via its subsidiary agency - the National Health Surveillance Agency (ANVISA). The agency is responsible for protecting the population's health through the sanitary control of the production and consumption of products and services subject to healthy surveillance. While the federal regulatory authority enacts general laws and regulations, it is the state government and the municipalities that complement and execute the actions. (Silva et al. 2015).

In addition to the standard documents of operating a company, pharmacies are required to hold an additional and distinct authorization issued by ANVISA. The board is empowered to grant or cancel the licenses of drug manufacturers, distributors, transporters, importers and retailers. Besides the authorization, a pharmacy must have a Certificate of Technical Regularity (CTR), issued by Regional Pharmacy Councils (RPC) and a Sanitary Permit, issued by municipal, regional or state health surveillance agencies. (SEBRAE 2018.)

Furthermore, all professional activities performed by pharmacists in the country are governed by law. The Federal Council of Pharmacy (FCP) is the representative, regulatory and supervisory body of pharmaceutics. The FCP have sectionals in all states. Together, the FCP and its Regional Pharmacy Councils have the mission to ensure professional ethics and to protect customers, guaranteeing access to drugs and pharmaceutical care with quality. While the federal council have a more general regulatory and punitive role, the regional councils operate basically at administrative level, handling documentation and inspecting premises. (ANVISA 2008.)

Regarding marketing, the sale and advertising of medicinal products is subject of specific restrictions. The main legal basis for the provisions comes from the laws and decrees found in the Brazilian Constitution. ANVISA also imposes legal instruments governing the marketing and promotion of medication. The agency cooperates with the Chamber of Drug Market Regulation (CMED), to promote and monitor fairness of competition, eliminate misleading marketing and abusive sales and to provide product price regulation. (Silva et al. 2015).

4.2 Pharmacy ownership in Brazil

Brazil has the largest number of pharmacies in the world, with a proportion of 32 pharmacies for every 100,000 inhabitants (Silva et al. 2015). Bahia is the fourth largest state, with a registered population of 15 million residents. In 2017, there were around 3.3 pharmacies per 100 thousand inhabitants. Although there are no official recommendations regarding geographical location or number of establishments per capita, specialists suggest that the country exceeds the amount recommended, and the optimal would be one establishment per eight thousand people. (ANVISA 2008).

The lack of official criteria regulating the startup of pharmacies in Brazil may continue to influence the rise of these type of enterprises. Unlike in Finland, Brazilian laws do not require pharmacy owners to be an MSc in pharmacy. The authorization can be obtained by any candidate that passes the qualification tests, regardless of pharmacology degree. Besides, there are no restrictions regarding geographic location and number of licenses per person at one time. However, the law mandates that in each pharmacy at least one pharmacist responsible must be always present to supervise the staff and operations. He or she will respond together with the pharmacy proprietor for any unethical procedure in the business. (ANVISA 2008.)

Moreover, pharmacist technicians can perform some of the pharmacist's activities, including dispensing or selling prescription medicines, administration of injected and inhalant drugs, home pharmaceutical attention, measurements of blood pressure, glucose, body temperature, and ear piercing. According to the law, in cases where the pharmacist cannot be present to oversee these procedures, another one must be appointed as a replacement. Violations of the rules can lead to extremely rigorous penalties, including termination of the license. In association with the management, pharmacists can also assist companies to comply with all requirements of Brazilian Government and other related institutions to avoid disciplinary sanctions. (SEBRAE 2018.)

On one hand, the Brazilian directive for a pharmacy owner seems to be lighter than Finland, on the other hand, the overload bureaucracy in Brazil makes life for new entrants difficult. To setup the first independent pharmacy venture, individuals will face several obstacles. In addition to all commercial registrations, it is necessary to comply with the requirements of specific laws and decrees for business that provide medicines. The whole procedure requires high initial investment. It may take several weeks and a great load of paper-work. The applicant is required to go through different departments and can see his or her application denied, without recovering the investment. (Silva et al. 2015).

With the increase in the number of pharmacies came the aggressive selling approach. Large companies usually find ways to bend the law and employ broad advertising strategies to reach the masses, including television ads. Business owners are gradually engaging in the diversification of product offerings, disregarding the law. As the pharmaceutical activities started to have a mercantilist profile, regulatory bodies have started to reinforce their rules more often. (Silva et al. 2015).

Recently, the pharmacy business has become more controlled. Pharmacies are subject to constant regulatory inspection. The field went thought several changes during its development process. Drugs wholesalers and retailers are under legal pressure to ensure best practices and provide better pharmaceutical services to clients. On this course, the regulatory authorities are implementing Pharmacy Practice Regulations to standardize the pharmacy industry throughout the country. (ANVISA 2008.) Despite the positive efforts, Brazilian regulations are still very distant from the rigid monitoring systems of countries like Finland.

4.3 Drug distribution to consumers in Brazil

In Brazil, the retail pharmacy sector is the prime source of OTCs and prescription-only medication to consumers. Prescription drugs are sold only in licenced pharmacies and under medical prescription. However, unlike Finland, self-care products and non-prescription drugs can be sold in supermarkets, grocery stores and gas stations. Basically, pharmacies may only sell medications, cosmetics, toiletries, medicinal plants and products related to human health, and are forbidden from selling beverages, snacks and veterinary goods.

Concerning the chain of drug supply, manufacturers can directly sell to retailers or move the products through intermediaries. Cosmetics and other health related products can be purchased through wholesalers' representatives or from the manufacturer. Typically, sales representatives from the pharmaceutical industry visit the pharmacies to sell products and brief on promotions (Peixoto 2018).

The distribution of medication from manufactures to pharmacies and consumers is regulated by ANVISA. To operate legally, all pharmaceutical distributors must comply with the observances of Good Distribution Practice and Storage decree. To obtain the license to distribute or to retail medicinal products, an application must be sent and comply with ANVISA's regulatory data of potential candidates. At the beginning of the application process, a fee must be paid, and a certificate of the responsible pharmacist presented. If all information meets the requirements, an authorization is eventually granted. (Peixoto 2018.)

Wholesalers have an obligation to purchase drugs only from official manufacturer or importer. Pharmacies have the obligation to purchase medicines only from ANVISAS' authorized distributors. (ANVISA 2008.) Several manufacturers and wholesalers are allowed to deal in Brazil. There is fierce competition between them, making the offerings diversified. They can compete for price discounts, vacation trips, lotteries or product bonifications. Brazil has a reference price list for medication. Pharmacies are allowed to sell drugs below the fixed price but never above it. (Peixoto 2018).

Brazilian-based pharmacies can dispense online orders with some restrictions. According to the law, only authorized stores can retail prescription drugs online, on the condition of obtaining the prescription. Online pharmacies are required to have a physical store open to the public and a direct communication link to a pharmacist or physician. Limited in amount and order frequency, prescribed medicine can be imported by the patient. (Espaço Farmacêutico 2018).

Entities can sell medicine online but cannot advertise or promote prescription drugs. Online promotion of prescription-only products is forbidden to audiences that are not professionals qualified to prescribe or distribute drugs. (Espaço Farmacêutico 2018). Nonetheless, informative texts can be freely published on their websites. Non-compliance with the sanitary federal statutes and regulations can lead to different penalties, including suspension of the operation license and criminal sanctions.

5 SURVEY AMONG POTENTIAL CUSTOMERS

For a business to succeed, it is necessary to have in place an effective marketing and sales strategy. To achieve that, one must invest a considerable amount of time collecting and analyzing information in order to know who the target customers are and learn their consumer habits. Nonetheless, this hard work can be vital for the company. It will aid managers in developing strategies for the business to connect effectively with potential customers. With that in mind, a survey, by means of interviewing potential customers, was made in Teotônio Vilela.

5.1 Criteria for potential target market

The target area was chosen after full assessment and careful considerations. A preliminary investigation online and with the municipality authorities was made before carrying the actual research. According to Adson Alves (2011), in the 2010’s demographic census, the Teotônio Vilela had 40,000 inhabitants, more than double that of the 1990’s.

As for the first quarter of 2018 the population increased from 40,000 inhabitants to approximately over 50,000 inhabitants (Jesus 2018). Based on these facts and what was observed on site, the population number is expected to grow due to the construction of new houses and two more apartment buildings. To gather more specific evidence regarding the target market, a deeper research was carried out.

5.2 Methodology

Regardless of the entrepreneur's experience, design a business plan requires reliable information. It is the foundation to evaluate the current environment condition and to predict shifts in market situations. Hence, the development of a business that offers valuable, efficient and personalized service to customers, involves disclosing their behavior, wishes and expectations. Consequently, in order to have customers' driven offers for the pharmacy, a research amongst potential customers in the target market was made.

Due to time and resources constraints, a questionnaire, based on interviews, was used as survey tool. Essentially, this method of collecting primary data was fit with the objective of the study as it is the most cost-effective and practical process at hand. Other web-based methods were discarded considering that not all the interviewees have access to or are familiar with the internet.

The interviews consisted of a structured questionnaire containing 15 questions. This took place in January 2018, using people passing by Teotônio Vilela during commerce hours (08:00 – 17:00). The sample consisted of 50 subjects from an estimate population of 50,000 inhabitants. The population of interest were individuals over 16 years old who frequently visit or reside in the area.

The sample size was considered as the minimum number of individuals needed to perform a research of limited scope (Proctor 2000). The interviews were carried out in Portuguese (the questionnaire presented Appendix 1 is the English version, translated from the original).

Before the interview took place, the objectives of the survey were explained to the respondents. It was also mentioned that all the answers were anonymous. When the interviewee did not answer one or more questions, his/her answers were disregarded.

5.3 Results

Sample

The majority of the respondents were female (69%). Regarding the age range, 2% belongs to 17 years of age or below, 6% between 18 and 25 years, 20% between 26 and 35 years, 55% with 36 to 59 years. Only 16% belonged to over 60 years old category (Table 1). As source of income, 84% earn a salary and 14% have some sort of benefit. Table 1 shows sample age and gender in detail.

Table 1. Research sample.

Age	Female	Male	Total
17 years old or less	2%	0%	2%
18-25	2%	5%	7%
26-35	18%	2%	20%
36-59	37%	18%	55%
60 years old or over	10%	6%	16%
	69%	**31%**	**100.00%**

When asked about their place of residence, 96% of respondents said they live in Teotônio Vilela, followed by 4% coming from other neighborhoods of the town. Regarding the number of inhabitants per household, almost 80% of the respondents had a total of five people or more living in the same household.

The average income per household observed through the sampling results indicates that 63% of families earn between BRL$ 2,300.00 (€ 520) to BRL$ 3,800.00 (€ 860). There were no respondents earning less than BRL$ 954 (€ 216) either over BRL$ 4,200.00 per month. The minimum monthly wage in Brazil: is BRL$ 954 (€ 216).

Frequency of purchases and expenditure

Regarding the frequency of purchases in a pharmacy, it was observed that close to 88% of people buy products two or three times a month, with the majority of expenses between BRL$ 51 (€ 12) to BRL$ 250 (€ 57) per month.

Type of products purchased and drugs preference

With the possibility of marking up to three options, the participants indicated the types of products, besides drugs, they usually buy at pharmacy (Figure 1). Moreover, based on the gathered data, it was concluded that 55% of the respondents buy generic drugs, while another 8% stated that they purchased branded medicines. The remaining respondents said they buy other types of drugs. (Figure 2).

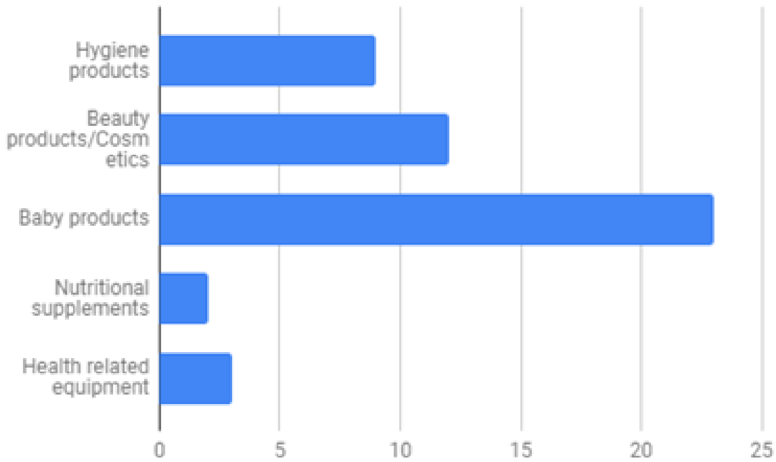

Figure 1. Products purchased in a pharmacy

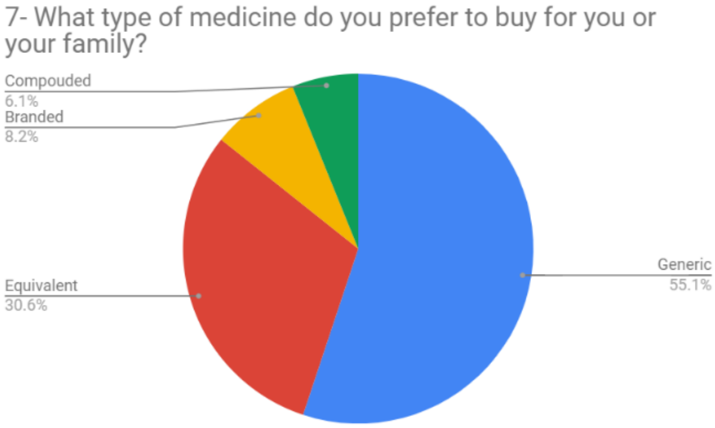

Figure 2. Preferred type of medicines.

Channels and main decision factors for purchase

Most people in the sample (96%) buy their medication at the storefront or via phone calls (4%). Among the four main factors that were considered important while choosing a pharmacy, lower prices and promotional offers scored 43% followed by 26% for location, and 18% for personalized services. The other two options, sympathy of the personnel (8%) and product variety (4%), were the ones that counted less.

Proceedings in case of illness

When asked about their actions while having health problems, it was noted that almost half of the respondents (47%) first seek help from pharmacists and/or technicians, and 16% buy medication without professional input. Thirty-seven percent said they go in for a doctor consultation.

Preferred advertising campaign method

According to the sample population's opinion, sound trucks with audio ads or other type of vehicles with public address system and loudspeakers, would be the preferable choice for advertising in the area.

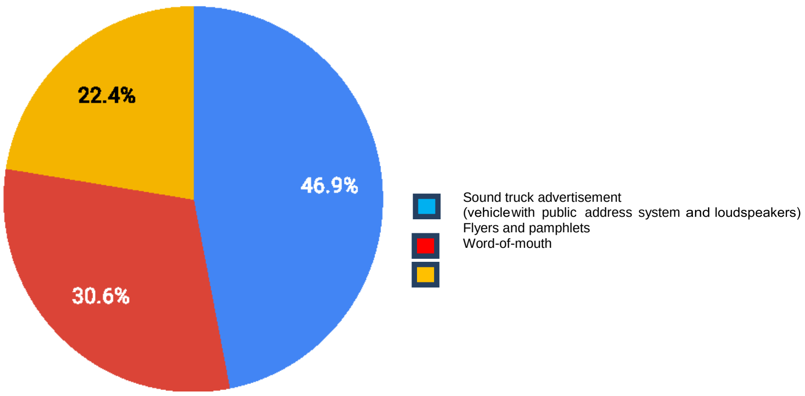

Figure 3. Preferred advertisement.

5.4 Key findings

The diagnosis about the market and the viability of opening a pharmacy in Ilhéus were the focus of the research. To meet the objectives, potential customers were approached with a questionnaire to disclose needs and demands, profile their characteristics and verify product preferences.

In the investigation, the prospects were described as individuals who prefer to purchase pharmaceutical goods at storefront of a pharmacy located in Teotônio Vilela. Most of these customers seek a pharmacist’s suggestions and are highly price sensitive, preferring to purchase generic and equivalent drugs. The preference for brand medicine is low, perhaps due to high prices.

The results reveal that most of the customer sample is composed of households of five or more people. For the startup it is of vital importance that an efficient administration hires friendly and well-trained personnel that can offer personalized services. It is also imperative to keep costs low in order to meet customers’ needs/demands for affordable prices.

6 DROGARIA ECONÔMICA

6.1 Overview

The Drogaria Econômica retail pharmacy store is a small sized business that will be owned and managed by the author of this business plan. Its core activity will be the retailing of generic, equivalent and branded drugs, including prescription, herbal, homeopathic and OTC medications, nutritional supplements, baby products, cosmetics and other related equipment. In addition to selling pharmaceutical and beauty products, Drogaria Econômica will offer two innovative specialized services: Home Assistance and Clinic Room, both provided against a fee according to the type of service.

The Home Assistance is a service that will be created for clients that are physically unable to visit the pharmacy. The Clinic Room will be exclusively shaped for the provision of pharmaceutical services, such as follow-up of the treatment prescribed by the physician, medication review, clarification of doubts, care for clients with diabetes, hypertension, cardiovascular risk, asthma and obesity, among others. Such services will help the pharmacy to add-value to its usual services once it is very common for Brazilian customers to seek advice from pharmacists.

The store will be installed in an area of 85 m², divided into three environments: the shop, where there will be contact with the customer and the products will be exposed, one bathroom, and one room for the Clinic Room, which can be used for administrative purposes when necessary. On the front of the store will be installed a sign with the name of the company, logo and contacts. The pharmacy will operate every day, 07:00 to 21:00hs, including holidays.

The chosen city for the store is Ilhéus. The population of the town is around 165,000 people. The exact location will be in Teotônio Vilela - a prosperous and fast-growing neighborhood (Alves 2011).

6.2 Objectives, mission and vision

The Drogaria Econônica’s objectives include:

- Serve customers with quality and differentiation.
- Offer innovative ways of providing pharmaceutical care.
- Exceed customers’ expectations with affordable pricing, professional and friendly personnel.
- Increase the number of customers every year by 10%.
- Continuously grow a profitable business that can survive in a dynamic environment.

The mission is to establish a retail pharmacy store with unique personalized services, that will make available a wide range of prescription drugs and pharmaceutical products at affordable prices, while building long-term relationships with customers by offering tailored services and serving them with sympathy.

The company’s vision is to open other retail pharmacies stores in other neighborhoods and towns.

6.3 Business Structure

A functional structure of a company entails the correct allocation of staff, the degree of responsibilities and authority for each one, as well as the definition of hierarchical relations within the company (Biagio et al. 2005). Therefore, people are the core element of an organization, playing a significant role in the business. It is through them that a company adjusts, grows and improves, while reducing costs and satisfying shareholder and customers. (Sebrae 2008.) Thus, employing professional, friendly and committed personnel is crucial.

The management of people in an organization must be based on good planning, supported by four processes: recruitment and selection, training and development, compensation and, finally, performance evaluation. All employees are to be prepared to follow the rules of the pharmaceutical industry and meet the needs of the customers. The training will be at the responsibility of the store manager. Other courses and workshops will be provided free of charge, by SEBRAE (Brazilian Support Service to SMEs).

The company’s business structure directly influences its operations. Depending on the goals and the industry in which a company operates, its business structure can differ significantly. However, the central point of a well-structured company must always be to concentrate on building effective collaboration. From the beginning it is essential to define and communicate employees’ and management’s roles (Appendix 2).

The organization chart is the graphical and abbreviated representation of the structure of an organization. It is one of the most common ways to demonstrate the organization's chain of command and should clearly show the functional structure, the board, the management, and the staff. For an efficient decision-making process, the Drogaria Econômica will adopt a functional structure with personnel grouped according to similarity of skills and accountabilities (Figure 4).

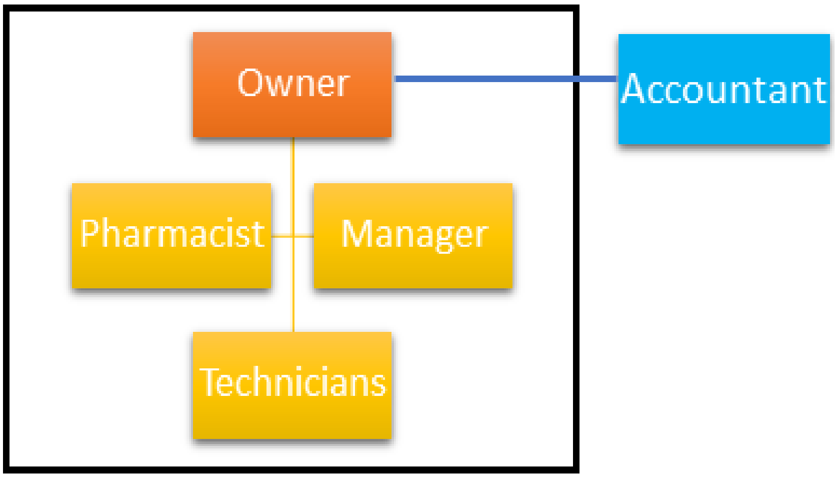

Figure 4. Organizational structure.

6.4 Product

Drogaria Econômica will sale prescription and OTC drugs from different manufacturers. The store will also sell nutritional supplements, herbal and homeopathic medications, beauty and baby products, cosmetics, and other related products (small scale equipment and/or instruments etc.).

The company will be able to cover different predilections and economic target groups. For instance, generic and equivalent products can be sold at reduced prices. In other cases, brand drugs will be also available for purchase at market prices. Additionally, to be ahead of the competitors, the unique service of the innovative Clinic Room and the Home Assistance can both be tailored to meet clients' specific needs.

7 BUSINESS ASSESSMENT

7.1 Competition

The competition in the pharmaceutical industry takes different forms. It was observed the presence of two small pharmacies in the area. Likewise, two supermarkets can be strong competitors for beauty and hygiene products. Table 2 illustrates the competitors' strength levels. Due to customers' preferences to purchase locally (Chapter 5), only key competitors inside the neighborhood are considered. Although acting in different fields (pharmacies and supermarkets), the contributing factors have a close relationship to each other. The data for analysis was obtained via observation and mystery shopping methods. For the evaluation, key characteristics were classified according to the following: Poor (0), Fair (1), Good (2), Very Good (3), Excellent (4).

Table 2: Competitors of Drogaria Econômica in the target area

	Falcao Pharmacy	**Popular Pharmacy**	**Baratao market**	**Meira Supermarket**	**Drogaria Econômica**
Drugs Assortment	Good	Excellent	Poor	Poor	Good
Beauty/ Hygiene Assortment	Excellent	Very Good	Very Good	Good	Good
Price Level	Poor	Very Good	Excellent	Good	Excellent
Location	Fair	Good	Good	Very Good	Very Good
Opening Hours	Fair	Fair	Good	Very Good	Excellent
Personalized Services	Good	Fair	Poor	Poor	Excellent
Overall Rate	**10**	**14**	**11**	**11**	**19**

Besides those already mentioned, Drogaria Econômica will face other direct competitors from the city center: supermarkets, hairdressers and cosmetics stores, where OTCs, herbal medicines, as well as hygiene, baby and beauty products, are sold. Cosmetic industries that sell directly to the consumer must also be considered. It is important to mention that the pharmacy will also have indirect competitors, such as the basic needs for food, clothing, transportation, household bills, etc. It is imperative to employ efficient measures to confront competition and prosper.

7.2 Competitive Advantage

Drogaria Econômica will be built on an added value and technological basis, to refrain from competing on pricing power. The IT, graphic design and business skills of the owner are advantages that may place the pharmacy ahead of its competitors. They may help the company to keep costs low through operating efficiencies and without the need for outsourcing. To advertise its brand, the store will employ marketing strategies and management software (e.g. CRM, social media, etc.), methods not used by competitors in the area. As a matter of fact, the only method of advertisement used by them is word-of-mouth.

A well-trained workforce and innovative strategies can help a business to become prosperous. The company’s competitive edge against chain and local pharmacies will be the offer of customized services. The CRM software will also assist the personnel as it keeps customers’ medical histories on hand for a more personalized attendance.

Moreover, in addition to the benefits guaranteed by Brazilian Labor Laws, reward programs and other incentives will be given based on staff performance. For instance, these include cost support for continuing professional development courses, employee’s discount on products, financial rewards on sales goals, etc.

7.3 Segmentation

Drogaria Econômica will attend to customers in Teotônio Vilela who seek competitive prices and high level of customer service. They consist particularly of local customers and passersby who feel the lack of quality and the impersonal service of the competitors. Seniors living in Teotônio Vilela will also be a target group, as typically, these customers use a significant number of drugs and require more attention due to regular treatments. Therefore, additional efforts to attract them with the Home Care and Clinic Room solutions will be employed.

7.4 SWOT analysis

Drogaria Econômica will strive to have an innovative retail pharmacy store. It will offer tailored services that will add more value to the regular pharmacy services and attract customers. Looking forward to the success of the operations, a SWOT analysis was made (Appendix 3, summarized in Table 3). This provides essential information to support achieving the goals that were established for the start-up.

Table 3. SWOT analysis of Drogaria Econômica

Strengths:	**Weaknesses:**
- Competitive prices - Good location - Personalized services - Marketing campaigns - Extended opening hours	- New in the market - Small working capital - Lower demand
Opportunities:	**Threats:**
- Drug market increasing demand - General consumption products - Home medicines tradition failing - Customized services increased demand	- Economic downturn - Fierce competition - Governmental incentive cuts - Rising interest rates - Campaigns against industrialized drugs

8 MARKETING AND SALES STRATEGY

8.1 Advertising and promotion

The marketing and sales strategy of Drogaria Econômica will be based on generating long-term personalized relationships with customers. To achieve that, the management will ensure added-value service and affordable medication and other goods in stock.

The marketing strategy will be based on targeted advertisements appealing to customers' sense of added-value, in accordance to drug advertising laws. The goal is to increase awareness by promoting the store, emphasizing the professionalism and personalized services offered. Most of the promotional activities that the pharmacy will undertake are not used by the main competitors.

The advertising and promotion strategies will include:

- Personalized packaging with a logotype, contact and address.
- Fliers with discount coupons and highlighting the services and promotions.
- An advertising banner on the door listing promotions.
- A large lighted sign on top of the store with logo and contacts.
- Presence on social media platforms (already thinking about future generations).
- Engaging and sponsoring relevant community programs.
- Contact local businesses offering them special discounts.
- Continuously provide free of charge service of blood pressure check-ups.
- Word-of-mouth and sound truck with audio ads.

8.2 Price strategy and payment options

As for price strategy, it was decided to use initially penetration and later on competitive policies. In penetration pricing, a low price will be fixed (i.e. smaller profit margin, but never below purchase cost) for many popular products (i.e. diapers, OTC drugs, shampoos) to immediately reach the clientele and initiate word-of-mouth. As for competitive pricing, an investigation into competitors' prices will be constantly performed as basis for strategies to keep up with the competition.

Moreover, at Drogaria Econômica, a wide variety of payment methods to suit all types of customers' preferences will be available: cash, POS (Point of Sale) machine for debit and credit card, payment via loyalty card (Brasil Card).

9 FINANCIAL PLAN

9.1 Startup expenditure and budget

It was anticipated an initial investment of BRL$ 130,000.00 (€ 30,000.00) to build a store and start with a working capital of BRL$ 1,000.00 (€ 200). The capital to start the business will come proportionally from the owner’s resources.

For the first three months, the main objective is to prepare the business to be able to operate on lower profit margin and survive with its own cash flow without the need for injecting capital from outside sources. The management will strive to keep costs low and have only minimum stock, preventing capital stagnation, since placed orders arrive in the next working day.

The financial resources were planned based on gathered intel of a similar type of pharmacy in another city. It will be applied as shown in the tables presented in Appendix 4. It is important to remember the fact that such values are projections; the economy and market behavior in Brazil are not easy to predict. Table 4 summarizes the expected initial investment for the first month of operation: licensing costs, furniture, equipment, initial purchases, salaries and marketing expenses.

Table 4. Pharmacy's first month expenses

Pre-startup expenses	Total BRL$:	Total €:
	R$61,650.00	**€13,937.24**
Fixed costs estimate	**Total BRL$/Month**	**Total €/Month**
Accountant	R$450	€101.73
Bank + POS fees	R$70	€15.82
Rent	R$1,150.00	€259.98
Payroll	R$4,700.00	€1,062.53
Labor benefits	R$1,750.00	€395.62
Equipment depreciation	R$10.00	€2.26
Software fee	R$200,00	€45.21
Advertisement	R$200,00	€45.21
Total:	**R$8,530.00**	**€1,928.38**
Variable costs estimate	**Total BRL$/Month**	**Total €/Month**
Water and Electricity	R$200	€45.21
Telephone + Internet	R$100	€22.61
Purchases	R$10,000.00	€2,260.70
Total before tax:	**R$10,300.00**	**€2,328.53**
Taxation (6% of revenue)	-	
Total fixed + variable costs	**R$18,830.00**	**€4,256.91**
Total with startup expenses	**R$89,010.00**	**€20,122.53**

9.2 Sales Forecast

The sales forecast for the first year of operations is predicted in Table 5. The projections were mostly based on information collected during the feasibility studies.

Table 5. Projected sales for the first year

	Apr/May/Jun	Jul/Aug/Sep	Oct/Nov/Dec	Jan/Feb/Mar	**Total /year**
1st year/BRL$	R$66,000.00	R$64,000.00	R$71,000.00	R$62,000.00	**R$263,000.00**
1st year/€	€14,920.65	€14,468.51	€16,051.00	€14,016.37	**€59,456.53**

According to the figures of the financial statement (Appendix 4), the business will be profitable already on the first year of implementation. It is expected that in approximately six years, the enterprise will generate around two times return on the amount invested. These findings indicate that the company will generate profit during its operation years. Despite the positive results found in the projections, there will be a higher level of risk, especially during the first year of operation.

The sustainability of the company will depend on several factors, and threats might come from uncontrollable sources: competitors employing similar strategies as Drogaria Econômica's, financial crises affecting profitability, etc. However, considering positive market scenarios like the ones mentioned in this study, the profitability will increase in the subsequent years, making the project long-lasting. It is the author's intention to open the company's doors in April of 2018.

10 SUMMARY

The objective of this thesis was to elaborate a business plan for a pharmacy in Brazil. Consequently, it was necessary to evaluate the possibility of opening such an enterprise in the targeted region. A systematic research was made focusing on evaluating the market and verifying the feasibility of opening the pharmacy in Teotônio Vilela.

Primary and secondary variables were collected, revealing market opportunities, consumption behaviors and expectations for the new business. Main competitors were also quantified, verifying the market saturation in the area. The results demonstrate there is a scope of action in the neighborhood. Also, based on the core findings, the business aspects were outlined, marketing and sales strategies defined, and financial statements forecasted. An initial investment of BRL$ 130,000.00 (€ 30,000.00); profit was already reached in the first year, and the total return of the investment in up to three years.

Although challenges are to be expected, the business seems to be viable from the financial point-of-view. As the pharmacy business sector in Brazil is growing, followed by the rise in drug consumption, expectations increase. It is believed that, through adoption of appropriated management and constant review of the business plan, the Drogaria Econômica can be sustainable and profitable.

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Appendix 1: Questionnaire for the survey (in English)

Face-to-Face Questionnaire: Pharmacy retail store, Teotônio Vilela

This survey is part of a business plan for a start-up company acting on the pharmacy retail sector.
All the information is anonymous and will only be used for this research.
Thank you for your help!
* Required

1- Do you live in this neighborhood? *

If you don't live in Teotônio Vilella, please answer question number 2.
Mark only one.

Yes
No

2- How often do you visit Teotônio Vilela?

If you live in Teotônio Vilella please skip this question.
Mark only one.

Everyday or almost everyday
Once or twice a week
Once or twice a month
Once or twice in a year
Other:

3- What is your occupation? *
Mark only one.

Student
Employed
Unemployed/Homemaker with benefits
Retired
Unemployed/Homemaker without benefits
Other:

4- How many people live in total at your house? *
Mark only one.

1-2
3-4
5 people or more

5- What is your monthly household income? *
(The salaries in Brazil are based on a minimum wage of R$ 954 per month)
Mark only one.

1-2 minimum wages
2,5-4 minimum wages
4,5 or more minimum wages
Less than a minimum wage

6- How often you or someone of your family purchase medicines or other products from a pharmacy? *
Mark only one.

Once per week
Two to three times per week
Two or three times in a month
Less than one time per month
Never

7- What type of medicine do you prefer to buy for you or your family? *
Check all that apply.

Branded
Generic
Equivalent
Compounded
Natural/herbal or Homeopathic

8- What other products do you purchase more would like to purchase in a pharmacy?
(Max. 3 answers) *

Beauty products/Cosmetics
Hygiene products
Baby products
Health related equipment
Nutritional supplements
Other (what?)

9- How do you purchase the medications for you or your family?
Mark only one.

At the store front
Online shop
Via phone call or other communication tool

10- How much does your household spend on a pharmacy per month? *
Mark only one.

Maximum of BRL$ 50
BRL$ 51 to BRL$ 250
Over BRL$ 251

11- When choosing a pharmacy, what is the most important decision factor to you? (Max. 4 answers) *

Location: in Teotônio Vilela
Personalized services
Sympathy, professionalism and caring of the personnel
Variety of products and brands
Lower prices and promotional offers
Other:

12- When having a health issue, what is the first thing you do? *
Mark only one.

Go to hospital/clinic to see a doctor
Go to seek help from a pharmacist/technician
Buy medication that I already know, or someone said is good for me or for my family
Search online for solutions in medical pages, blogs, Youtube, etc.

13- What type of marketing/advertising would you suggest for a small sized pharmacy here in the neighborhood? *
Mark only one.

Flyers and pamphlets
Radio ads
Advertisement with sound truck (or other vehicle with public address system and loudspeakers)
Word-of-mouth
Other:

14- What is your age? *
Mark only one.

17 years old or less
18-25
26-35
36-59
60 years old or over

15- Gender? *
Mark only one.

Female
Male

Appendix 2: Roles and responsibilities

The Drogaria Econômica intends to employ the following people:

a) Owner (co-Manager, Information Technologist):

- Leads the creation and implementation of strategies that provides direction for the business (vision, mission, organization’s strategies, marketing and evaluations).
- Manages budgets, places orders, fixes prices, signs business deals and recruitments.
- Handles the technical part of the organization software and any other IT related duties.
- Control and keep all kinds of essential records (e.g. statistical, financial, sales, etc.).

b) One Pharmacist (Counter/Sales Agent, Cashier):

- In charge of prescriptions and dispensing controlled medication.
- Gives advice about health matters, symptoms and drugs.
- Responsible to approve the Pharmacy Technician's decisions.
- Join the owner in meetings with medical representatives.
- Ensures quality of medicines and products of the pharmacy.
- Responsible for promoting the pharmacy’s image.

c) One Pharmaceutical Technician/Manager (Manager, Counter/Sales Agent, Cashier):

- In charge of the daily activities in the pharmacy, floor manager.
- Coaches, manages staff and prepares continuing education.
- Sells medicines/pharmaceutical products, takes orders and controls quality (e.g. expiring dates) and stock (floor inventory).
- Receives payments and issues receipt to customers.

- Controls software data input and updates.
- Plans sales and pricing with the owner and handles small administrative and bookkeeping tasks.
- Responsible for creating marketing and sales strategies (with owner).
- Represents the company in some strategic business matters.
- Any other duty given by the owner.

d) Two Pharmaceutical Technicians (Counter/Sales Agent, Cashiers):

- Guarantees that the store is prepared to receive customers (equipment turned on, goods and products arranged, counter tops and other medical devices are sterilized, ensures the store is clean and there is money for changes, etc.).
- Responsible for processing prescriptions and taking orders.
- Handles stocking shelves, file paperwork and data entry.
- Makes advertising materials, decorates and displays (approved by the owner).
- Receives payments and issues receipt to customers.
- Other duty given by the owner and Manager.

e) Accountant (Contract):

- Responsible for all account information, payments and financial reports preparation and financial advices.
- Complies with all financial, legal requirements and industry regulations by advising and ensuring needed actions.

Appendix 3: SWOT analysis - full version

Strengths:

- The location is a strong point. Most potential customers prefer to buy in Teotônio Vilela rather the city center.
- The price of medicines will be relatively lower than the price charged by the competition, as the pharmacy will concentrate its assortment on generic and similar medicines.
- Technical and professional qualification of the members of the company.
- Program to encourage productivity and income of workers.
- Customization: personalized pharmaceutical care according to the individual needs of the clients.
- Trained personnel focused on professionalism, sympathy and attention to customers.
- Concentration on marketing campaigns.

Weaknesses:

- New in the market: low bargaining power with suppliers and yet to gain confidence of clients.
- Small working capital and working with minimum stock, due to the high costs of the new venture.
- There will be a period of operational adaptation that can negatively influence profit.
- Price: large pharmacy chains in city center will have better prices.
- Difficulties in obtaining financing from banks for being new business.
- Relatively low initial demand compared to companies already stabilized in the market.

Opportunities:

- Government laws prevent suppliers/competitors to act on the black market.
- Expiring or dropping patent allows access lower purchase price drugs (e.g.: generics and equivalents), increasing product variety and profit.
- The drug market is in increasing demand in Brazil, as well as perspectives for increase on consumption potential, due to government incentives on health sector.
- Numerous free events aimed at the health sector, allowing constant personnel update.
- Company's products are intended for general consumption, since everyone has the need for medicines and basic hygiene.
- Tradition of using home medicines falling in the country.
- Increase of customers demand for customized services.

Threats:

- Economic downturn affecting purchasing power.
- Unfavorable government policies, public health care reform with free medication.
- Fierce competition: increase on number of new pharmacies; chains investing on new stores; sale of health-related products by supermarkets; direct sale to consumer by pharmaceutical industries.
- Governmental SMEs' encouragement cuts, reducing credit access for small traders.
- Tight regulations and rigid supervision by public entities.
- Raising interest rates that undermine the financing for the business.
- Advertising against the use of industrialized drugs.
- Distance of the city from large pharmaceutical suppliers, increasing delivery costs.

Appendix 4: Detailed financial statements

Pre-startup expenses	Total BRL$:	Total €
Accountant startup fee	R$400	€90.43
Registration & permit	R$2,600.00	€587.78
Building renovation	R$5,000.00	€1,130.35
Pest control	R$150	€33.91
Furniture (all)	R$12,500.00	€2,825.88
Fans	R$250	€56.52
Fire extinguisher	R$60	€13.56
Thermometer	R$50	€11.30
Computers	R$3,900.00	€881.67
CCTV + installation	R$700	€158.25
Software	R$1,000.00	€226.07
Fiscal printer	R$1,200.00	€271.28
Telephone	R$30	€6.78
Utensils + office supplies	R$300	€67.82
Uniforms	R$60	€13.56
Initial purchase	R$30.000,00	€6,782.11
Outdoor	R$1,500,00	€339.11
Bags	R$250	€56.52
Fliers	R$150	€33.91
Sound truck + media	R$450	€101.73
Other	R$100	€22.61
Working capital	R$1,000.00	€226.07
Total:	**R$61,650.00**	**€13,937.24**

Fixed costs estimate	Total BRL$/Month	Total BRL$/Year	Total €/Month	Total €/Year
Accountant	R$450	R$5,400.00	€101.73	€1,220.78
Bank + POS fees	R$70	R$840	€15.82	€189.90
Rent	R$1,150.00	R$13,800.00	€259.98	€3,119.77
Payroll	R$4,700.00	R$56,400.00	€1,062.53	€12,750.37
Labor benefits	R$1,750.00	R$21,000.00	€395.62	€4,747.48
Equipment depreciation	R$10	R$120	€2.26	€27.13
Software fee	R$200	R$2,400.00	€45.21	€542.57
Advertisement	R$200	R$2,400.00	€45.21	€542.57
Total:	**R$8,530.00**	**R$102,360.00**	**€1,928.38**	**€23,140.57**
Variable costs estimate	**Total BRL$/Month**	**Total BRL$/Year**	**Total €/Month**	**Total €/Year**
Water and Electricity	R$200	R$2,400.00	€45.21	€542.57
Telephone + Internet	R$100	R$1,200.00	€22.61	€271.28
Purchases	R$10,000.00	R$120,000.00	€2 260.70	€27,128.45
Total before tax:	**R$10,300.00**	**R$123,600.00**	**€2,328.53**	**€27,942.31**
Taxation (6% of revenue)	-	-	-	-
Total fixed + variable costs	**R$18,830.00**	**R$225,960.00**	**€4,256.91**	**€51,082.88**
Total with startup expenses	**R$89,010.00**	**-**	**€20,122.53**	**-**

Startup budget	R$130,000.00	€29,389.16
Startup expenses	R$61,650.00	€13,937.24
Contingency cash	**R$68,350.00**	**€15,451.91**
Working capital	**R$1,000.00**	**€226.07**

Profit and Loss Projection (12 Month)

	April	May	June	July	August	September	October	November	December	January	February	March	Total
CASH RECEIPTS													
Cash sales BRL$	R$19,000.00	R$21,000.00	R$26,000.00	R$25,000.00	R$18,000.00	R$21,000.00	R$24,000.00	R$23,000.00	R$24,000.00	R$19,000.00	R$21,000.00	R$22,000.00	R$263,000.00
Cash sales €	€4,295.34	€4,747.48	€5,877.83	€5,651.76	€4,069.27	€4,747.48	€5,425.69	€5,199.62	€5,425.69	€4,295.34	€4,747.48	€4,973.55	€59,456.53
CASH PAID OUT													
Fixed costs BRL$	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$8,530.00	R$102,360.00
Fixed costs €	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€1,928.38	€23,140.57
Variable costs (before tax) BRL$	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$10,300.00	R$123,600.00
Variable costs (before tax) €	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€2,328.53	€27,942.31
Subtotal cash out BRL$	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$18,830.00	R$225,960.00
Subtotal cash out €	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€4,256.91	€51,082.88
Taxes (6% revenue) BRL$	R$1,140.00	R$1,260.00	R$1,560.00	R$1,500.00	R$1,080.00	R$1,260.00	R$1,440.00	R$1,380.00	R$1,440.00	R$1,140.00	R$1,260.00	R$1,320.00	R$15,780.00
Taxes (6% revenue) €	€257.72	€284.85	€352.67	€339.11	€244.16	€284.85	€325.54	€311.98	€325.54	€257.72	€284.85	€298.41	€3,567.39
Total cash paid out BRL$	R$20,090.00	R$20,390.00	R$20,330.00	R$19,910.00	R$20,090.00	R$20,270.00	R$20,210.00	R$20,270.00	R$19,970.00	R$20,090.00	R$20,150.00	R$20,090.00	R$241,740.00
Total cash paid out €	€4,541.76	€4,609.58	€4,596.01	€4,501.06	€4,541.76	€4,582.45	€4,568.88	€4,582.45	€4,514.63	€4,541.76	€4,555.32	€4,541.76	€54,677.40
Profit BRL$	−R$970.00	R$910.00	R$5,610.00	R$4,670.00	−R$1,910.00	R$910.00	R$3,730.00	R$2,790.00	R$3,730.00	−R$970.00	R$910.00	R$1,850.00	R$21,260.00
Profit €	−€219.29	€205.72	€1,268.26	€1,055.75	−€431.79	€205.72	€843.24	€630.74	€843.24	−€219.29	€205.72	€418.23	€4,806.26