

# FINCA ESPERANZA VERDE<sup>1</sup>

## TEACHING NOTE

### Synopsis

Finca Esperanza Verde (FEV) is an eco-lodge located in the mountains of rural Nicaragua, one of the poorest countries in the Western Hemisphere. The lodge, owned by Durham–San Ramón Sister Communities (D-SRSC), a US-based NGO, has received much international acclaim the past 12 months and is now recognized as being one of the world's premier establishments of its kind. Yelba Valenzuela, FEV's local administrator, is trying to figure out how to capitalize on the lodge's recent success to increase tourist visits and ultimately contribute to the growth of the San Ramón community in a socially responsible manner.

### Objectives

This case is designed to serve a variety of purposes within a marketing, international business, social entrepreneurship or non-profit management class. The case:

- Provides students with the opportunity to apply a traditional “3 C” (company, customer and competition) and “4 P” (product, price, place and promotion) analysis to a non-traditional institution.
- Allows students to craft an international marketing strategy.
- Exposes students to a best-in-class organization in a field, eco-tourism, which is growing rapidly in popularity.
- Explores some of the challenges relating to doing business in emerging markets.

### Assignment Questions

1. Perform a “3 C” and “4 P” analysis of FEV.
2. How many day trippers would FEV need per month to break even? How many boarders? Package tourists?
3. Formulate a strategy for FEV to pursue to attract and work with tour operators.
4. What is FEV currently doing to promote itself? How can it “get out the word” to more tourists?
5. How does FEV's translate its mission into actual business practice?
6. What role should FEV's mission play in formulating a marketing strategy?
7. Is there some number of tourists when FEV begins compromising its mission? If so, how do you know when that is?

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## Analysis

### Overview of “3 C” and “4 P” Analysis<sup>2</sup>

Class discussion of this case should begin with a thorough “3 C” and “4 P” analysis which will bring to light some of the case’s subtleties. Some key points include:

<p><b><u>Company</u></b>          Critically acclaimed organization          Strong social mission          International support from U.S. NGO          Poor infrastructure          Based in a country with a reputation for political turmoil          16 local employees</p>	<p><b><u>Product</u></b>          Eco-lodge in poor, mountainous area of second least developed country in Western Hemisphere          Private and bunk bed accommodations          Private and shared baths          Solar power          No TVs, telephones or internet service          Breakfast, lunch, dinner          Profound experience          Cultural immersion          Birding, hiking, horseback riding</p>
<p><b><u>Customer</u></b>          Nicaraguans come for the day, foreigners more likely to spend one or several nights          Birders, hikers, students, religious organizations, volunteers          Tour groups identify with FEV’s mission          Tour groups have come from North Carolina</p>	<p><b><u>Price</u></b>          Various individual rates          \$750 for week long tour          Opportunity cost of not being able to visit other areas</p>
<p><b><u>Competition</u></b>          Other destinations in Nicaragua          Other destinations in Central America          Other destinations in the U.S.          Other volunteer projects          Other eco-lodges network          Study abroad</p>	<p><b><u>Promotion</u></b>          Internet website          Media coverage (newspapers, magazines, tourist guides)          North Carolina connections of U.S.-based parent organization          Local connections in Nicaragua          Buzz – word of mouth          Ecological and conversation organizations          The Nicaraguan Tourism Institute (INTUR)</p>
	<p><b><u>Place</u></b>          Direct distribution to customer          Tour agencies</p>

### Company analysis

In the company analysis, it is critical to recognize that FEV is a mission-driven organization that is ultimately concerned with promoting environmental conservation and sustainable economic development. This mission is antithetical to any mass marketing plan: any plan designed to attract busloads of tourists into tiny San Ramón could place the area’s fragile eco-system under strain and overwhelm the local infrastructure.

### Customer analysis

An interesting way to approach the customer analysis is to ask students to perform a break even analysis based on day, night and tour group visitors. The analysis helps to determine at whom FEV should target its marketing efforts. The case intentionally does

<sup>2</sup> “Place” here is defined as how FEV distributes its product brochures to customers rather than the physical location of the lodge.

not provide many numbers. Many numbers normally available to a business manager in the developed world are simply not available to business people in Nicaragua. Students will be required therefore to make and justify a number of assumptions as Yelba must do at FEV.

One way to calculate the monthly breakeven is as follows:

Breakeven assuming all *day trippers*:

[monthly payroll + operating expenses + local contribution] / (revenues per day tripper) =

$$[(112.50+9.38)*15 + (350+29.17)*2/3 + 3,600 + (1.50+6.00)*0.1] / (1.50+6.00) =$$

**758 visits per month**, where

- 112.50 = Average salary of FEV employee (average of \$75 and \$150)
- 9.38 = Amortized monthly portion of Christmas bonus (112.50/12)
- 15 = Number of employees earning average salary
- 350 = Yelba's salary
- 29.17 = Amortized monthly portion of Yelba's Christmas bonus (350/12).
- 2/3 = Portion of Yelba's salary dedicated to FEV (1/3 of Yelba's time is dedicated to D-SRSC)
- 3,600 = Average other monthly expenses (provided in footnote 7)
- 1.50 = Park entrance fee paid by Nicaraguan residents. We have no precise break-down regarding the origin of day and night visitors. However, in the 2003 and 2004 data, the number of night visitors often perfectly matches the number of foreign visitors. One can assume therefore that the vast majority of day trippers are Nicaraguan and therefore pay the reduced fee.
- 6.00 = Fee for lunch. Since these people are going to spend the day and FEV is a solid two hours at least from most major Nicaraguan cities, we assume these people probably arrive mid-morning, have lunch and then leave before dinner because driving out at night would be virtually impossible given the roads.
- (1.50+6.00)\*0.1 = 10% of revenues dedicated by FEV to local projects

Breakeven assuming all *overnight visitors*:

[monthly payroll + operating expenses + local contribution] / (revenues per overnight visitor) =

$$[(112.5+9.38)*15 + (350+29.17)*2/3 + 3,600 + (19.38+16)*0.1] / (19.38+16) =$$

**161 visits per month**, where

- 112.50 = Average salary of FEV employee (average of \$75 and \$150)
- 9.38 = Amortized monthly portion of Christmas bonus (112.50/12)
- 15 = Number of employees earning average salary
- 350 = Yelba's salary
- 29.17 = Amortized monthly portion of Yelba's Christmas bonus (350/12)
- 2/3 = Portion of Yelba's salary dedicated to FEV (1/3 of Yelba's time is dedicated to D-SRSC)
- 3,600 = Average other monthly expenses (provided in footnote 7)

- 19.38 = Average price for a room for one person at FEV. Obtained by taking the average of each price per room for one person. Colibri cabin for example has two prices: \$30 for one person and \$45 for two. For this analysis, Colibri's average price for one person would be equal to the average of \$30 and \$22.50, the \$45 price divided by two, the number of people the price applies to.
- 16 = Price for three meals (breakfast, lunch and dinner). We assume that the average guests arrives around mid-day, has lunch and dinner and then grabs breakfast the next day before checking out prior to lunch.
- $(19.38+16)*0.1 = 10\%$  of revenues dedicated by FEV to local projects

Breakeven assuming all *package tour visitors*:

$[\text{monthly payroll} + \text{operating expenses} + \text{local contribution}] / (\text{revenues per day tripper}) =$

$[(112.5+9.38)*15 + (350+29.17)*2/3 + 3,600 + 615*0.1] / (615) = \mathbf{9 \text{ visitors per month}}$ ,  
where

- 112.50 = Average salary of FEV employee (average of \$75 and \$150)
- 9.38 = Amortized monthly portion of Christmas bonus (112.50/12)
- 15 = Number of employees earning average salary
- 350 = Yelba's salary
- 29.17 = Amortized monthly portion of Yelba's Christmas bonus (350/12)
- 2/3 = Portion of Yelba's salary dedicated to FEV (1/3 of Yelba's time is dedicated to D-SRSC)
- 3,600 = Average other monthly expenses (provided in footnote 7)
- 615 = Average spent by one package tourist assuming a group of ten and one of those people receiving a \$600 plane voucher from FEV (-\$600 cash flow) and then staying for free. The group pays \$6,150, one person pays \$615.
- $615*0.1 = 10\%$  of revenues dedicated by FEV to local projects

Conclusion: The analysis clearly shows that FEV will break even much more quickly by targeting people who are willing to spend the night, particularly the package tourists regardless of the additional costs. These people are foreigners.

Who are these foreigners? The truth is that we do not know because FEV does not keep adequate customer records. It can be assumed, however, that the people who spend more than just a night identify with FEV's mission. Historically, they are church groups on community service trips, outdoor and environmental enthusiasts, specialty coffee connoisseurs, international development workers and high school students spending part of their vacations immersing themselves in a totally foreign culture. Many are North Carolinians who are part of the same social network as D-SRSC volunteers.

### Competition

To break the ice on competition, an easy question might be, "How many of you have visited or considered visiting Nicaragua?" A good follow up would be, "How many of you have visited or considered visiting Costa Rica? Belize? Honduras? Guatemala?" While it is unlikely that many students will have even contemplated a trip to Nicaragua, some may have had experience in one of Nicaragua's neighbors, particularly Costa Rica.

The logical question would then be, “Why Costa Rica, Belize, Honduras, etc. and not Nicaragua?” Nicaragua, rightly or wrongly, does have an international image problem, a problem the recent plunge in tourism numbers indicates is not going away quickly. FEV’s competition, therefore, is truly international. FEV is not just competing with Granada, León and San Juan del Sur; it is fighting with the rest of Central America to attract U.S. and European tourists. It is important to recognize, however, that FEV’s competition is not just tourism focused. Because of the nature of the experience it offers, FEV also competes with community service organizations for people interested in helping to improve lives in impoverished third world communities (Habitat for Humanity for example), environmental groups that sponsor birding, reforestation and academic study trips and cultural exchange programs that place students in foreign environments over vacation periods.

### Product

The product discussion in class will be most interesting. A good way to kick it off is to ask, “So what is FEV selling?” Students may divide into two camps: one that believes FEV offers a variety of eco-tourism activities (hiking, birding, coffee picking, horseback riding, etc.); the other views FEV as a much more transformational experience, allowing the visitor to observe the wonders and difficulties of living in a remote part of the developing world while contributing to the common good. For this camp, a trip to FEV goes well beyond hiking, birding, etc., the same way that trips to Disney World and Starbucks offer much more than just amusement park rides and coffee, respectively.

For the day tripper, FEV is activity based. Visitors are already in Nicaragua, they are familiar with the local culture and level of poverty and are looking to escape from the demands of everyday life by taking a hike through the woods or watching a waterfall. For FEV’s higher paying customers, however, the FEV experience is more transformational. Guests consider FEV to be a “real eye-opener,” they are “powerfully affected and changed for the better” by the trip and are most satisfied “witnessing the pride of the San Ramón community.” Even employee comments in the case demonstrate that FEV opens a “new world” to local residents. To understand why FEV is more than just a hiking and birding trip, it is useful to re-consider FEV’s mission: *to stimulate sustainable economic development and promote environmental conservation*. FEV achieves its mission by allocating 10% of its revenues to local projects and by bringing together travelers and local residents which spurs the growth of microenterprises and raises mutual awareness. All guides and staff members are local. Guests visit local homes, baseball games and schools, make tortillas, pick coffee alongside campesinos and listen to traditional Nicaraguan music. In the process, guests and local residents expand their worldviews and attitudes are changed in a way not possible with a traditional hiking and camping trip.

### Price

The average traveler in Nicaragua spends about \$75 per day and stays for three days. If the average individual traveler to FEV spends \$19.38 on lodging and \$16 on food (see breakeven analysis), this means that FEV should be a relatively inexpensive place to spend the weekend. A quick review of the competition reveals that FEV’s prices are

similar to those offered by Sabalos Lodge and Selva Negra on a per person basis and are probably too steep for the frugal backpacker who is looking to get by on \$10 a day. FEV does not appear to be positioning itself as the low-cost option in the market.

FEV's package tourists, on the other hand, spend over \$100 a day. This appears to be consistent with the competition. The Gray Line "A Glimpse of Nicaragua" tourist spends about \$115 per day for eight days of activities, lodging and some meals. The Frontier Expedition tour costs \$105 per day, but guests still need to pay for three nights of lodging. An interesting question to ask at this point would be, given the fact that the package tours cost about the same price per day, how many people would choose to visit FEV? Many students would opt for Gray Line or Frontier in part because those tours offer the opportunity to explore more of Nicaragua. This exposes another "price" associated with visiting FEV on a package tour: the opportunity cost of not being able to visit other parts of Nicaragua or other areas in Central America as part of the tour.

It is interesting to note that FEV, unlike Morgan's Rock, offers no seasonal pricing. A guest pays just as much to visit during the rainy season of the "winter" months May through November as he/she does during the dry season the remainder of the year. There is also no peak pricing around the holidays.

#### Promotion

An interesting way to address place and promotion is to ask students how they pick a hotel when they travel overseas. Most consult a guidebook, visit hotel websites directly or use one of the major travel sites (expedia.com, hotels.com, orbitz.com, etc.). Then ask the students what FEV does to promote itself. FEV does have an internet site (as does D-SRSC), but one has to send an email directly to Yelba or D-SRSC to make a reservation, hope that she understands it (Yelba does not speak English) and then make a bank deposit to secure the reservation because FEV does not accept credit cards. FEV receives regular coverage in local Nicaraguan newspapers and is covered in *Moon Handbooks*, but is not in the guidebooks most popular with Central American travelers (*Let's Go*, *Lonely Planet*, *Rough Guides*, *Fodor's*). You also can't find FEV via any of the major travel sites. FEV has benefited greatly from the positive publicity relating to its myriad awards. INTUR's website covers news of FEV's success along with a link to FEV's website. The problem with relying on this type of promotion is that it is obviously fleeting if FEV cannot win year after year. The strong contingent of North Carolinians at FEV suggests that FEV also benefits greatly from buzz generated within the Durham community by D-SRSC volunteers. This may not be sustainable if North Carolinians do not make more than one trip to the farm.

#### Place

Place describes how FEV sells its product to customers rather than the physical location of the lodge which should be addressed in either the company or product discussion. FEV currently communicates directly with customers. The customer books through FEV and then visits the lodge. Yelba is considering, however, adopting a second strategy: booking through tour agencies. The class discussion of tour agencies should be based around how a tour agency quotes its price. Lodges, in this case FEV, quote the tour

agency a reduced price and the tour agency then marks up that price to the consumer, building in some margin to cover its costs. Tour agents would naturally like to know more information about the lodge's pricing structure to build in as much margin as possible assuming that the consumer is only willing to spend a fixed amount of money. Students should be asked to identify the advantages and disadvantages of booking through tour agencies. A good tour agency with a solid international reputation can obviously bring in new customers. However, FEV loses some control over the guest experience. Customer expectations will be built in part by the tour agent rather than FEV. Depending on the type of tour, guests that book through a tour agent may be more interested in just "seeing" Nicaragua rather than participating in the type of transformational activity offered by FEV.

## **Proposal**

With the "3 C" and "4 P" analysis complete, the obvious question becomes: What should Yelba do? There are a number of steps that FEV can take to increase tourist visits in a responsible manner.

### Information Management

FEV must get better information about its visitors. It should have guests fill out a brief questionnaire when they register asking their name, date of birth, national origin, how they found out about FEV and check-in and check-out dates. Much of this information is standard when checking in at a hotel and therefore should not place much burden on guests. The key will be to make the form easy enough for the staff to implement which means questions in both Spanish and English. Information from itemized bills should also be saved to show what activities are most popular with guests. This information will help FEV target tourists and craft a better experience for them.

### Physical Product Improvements

FEV should look to improve its physical product. One way to do this would be to offer more one and two bedroom private rooms. While the \$10 a day backpacker may not mind spending a night in a dorm, the guest who spends \$650 to fly down and then more than \$100 a day once in Nicaragua may expect something a little more comfortable and private. FEV has ample space available around the main lodge to expand without cutting down trees and placing stress on the natural habitat. FEV could also try to convert some of the current bunk lodges into separate private rooms with a shared bath and charge a slightly lower rate than a private room with private bath.

Having a translator around for weekends and peak periods would also be helpful. Local guides are knowledgeable but speak no English. Guests interested in touring FEV's woods or learning more about FEV's conservation and/or community activities are therefore at a disadvantage if they do not speak much Spanish. FEV could bring on a permanent employee or contract students from one of Matagalpa's universities.

FEV should also allow guests to pay with credit card. Guests are currently required to either go to their local banks to make a series of cash deposits prior to visiting FEV to

secure their reservations or carry around large sums of cash in a completely foreign environment. In either scenario, not taking credit cards is a tremendous hassle for the customer and may limit FEV's revenue. The amount of money that a guest can spend when he/she carries cash is limited to the cash in his or her wallet. Credit card limits tend to be much higher. With an office in San Ramón and working phones a short ride away, FEV should be able to find a creative way to make payment less burdensome on its guests.

Each of these recommendations entails additional expenditures. FEV should therefore target some of the money it earned from the Smithsonian and To DO! awards to finance these projects.

### Price

FEV should experiment with seasonal pricing. In Central America, most operators do charge more during peak travel periods and during the dry months. Lower prices during the rainy season may also entice more customers to visit during traditionally low demand months. This is not specifically a pricing case so recommended price ranges are not provided, but it is important to recognize that FEV could influence the varying seasonal interest in its business by adjusting prices.

### Promotion

The breakeven analysis performed earlier demonstrates that it makes little sense to target Nicaraguans who appear to be day-trippers and not very profitable guests. In addition, FEV's eco-tourism experience is more likely to be appreciated by foreigners willing to spend a couple nights and not accustomed to San Ramón's extreme poverty. When wealthy Managuans travel, they are often looking to escape poverty, not immerse themselves in it. Yelba should consequently concentrate her efforts on attracting more foreigners by improving efforts to communicate directly with potential customers and by carefully selecting tour agencies. She needs to be careful, however. One of FEV's strengths has been its ability to attract guests who identify with its mission. A mass media campaign may yield tourists with unrealistic expectations about what they will experience at the world's top eco-lodge. Busloads of people arriving everyday could overwhelm the farm and the tiny community around it as well.

To attract guests directly, there are a number of steps Yelba can take:

- Work actively to get FEV listed in the major guide books. FEV does not appear in the chief budget guides (*Lonely Planet*, *Let's Go* and *Rough Guides*) or more upscale guides (*Fodor's*) that cover Central America. The major guide books are successful because travelers trust they are receiving fair recommendations. An honest review in *Lonely Planet* would promote FEV, but also not mislead tourists about the type of experience offered. FEV should encourage all guests to write-in to the major tour guides recommending the farm.
- Continue to work with INTUR to promote Nicaragua as a safe destination and to increase the number of days the average tourist spends in country (currently three). FEV should be mentioned prominently on INTUR's website. There is no

reason, for instance, for INTUR's write-up on Matagalpa and its attractions to prominently mention Selva Negra but completely ignore FEV. Nicaragua benefits from FEV's success. FEV could also work with other eco-tourism institutions in Nicaragua to design pamphlets to be distributed by INTUR at international tourist conferences touting Nicaraguan eco-tourism.

- Work with D-SRSC to contact US-based non-profits that sponsor community service trips to areas like Nicaragua. Habitat for Humanity, for instance, might be interested in coming to FEV and San Ramón to work on local projects. FEV should also target conservation groups and people within the academic and scientific communities who might be interested in exploring FEV's flora and fauna.

To deal with tour operators, Yelba can:

- Network with other eco-tourism institutions to attract more tour groups. FEV could design tour packages with other Nicaraguan eco-tourism organizations like Sabalos Lodge or the Biological Station atop Mombacho mentioned in the case. Tourists would therefore have the opportunity to experience eco-tourism at a number of socially and environmentally responsible places rather than be limited to only one. The eco-tourism operators would gain increased numbers of guests who share their mission. Many of these areas are currently ignored by major tour companies. By working as a group, FEV and other operators could increase their leverage over tour companies as well.
- Build individual relationships with a few select tour agents. This will allow FEV to carefully screen the companies that bring tourists to FEV and hopefully retain some control over the customer experience. If a particular tour agent is unwilling to work with FEV, FEV can simply seek another who is. By building a relationship as well, FEV may be able to limit the gaming that goes on between tour companies and operators. One way to do this would be to grant to just a couple agencies the semi-exclusive right to book guests at the farm.

Students may suggest entering into relationships with the major on-line travel sites. While this may make sense from a long term perspective, FEV would have problems complying with the just-in-time accommodations information that such sites require. Yelba currently spends 50% of her time on the ranch away from the community's electrical grid and internet. With no budget to hire someone permanently to stay in the San Ramón office to constantly update availability and no current capacity to accept credit cards, working with expedia or orbitz would seem to be several years away. Students might also recommend making improvements to FEV's internet site. This is a good recommendation although it was not a focus of the case.

### Management

Yelba currently divides her time between FEV and D-SRSC. As FEV continues to grow and the business becomes more complex, the demands on her time will only increase. Lonna and Richard should seriously consider hiring someone full-time to manage FEV on a daily basis.

## Mission

Mission clearly plays a key role in FEV's strategy. As noted earlier, FEV accomplishes its mission through a number of different activities:

- 10% of revenues are donated every year to community-based projects.
- Coffee sales are used to support community development.
- FEV coordinates with local micro entrepreneurs to bring tourists and local residents together. Home stays, cooking classes, concerts, tours, etc. all generate revenue for the people of San Ramón and contribute to better mutual understanding.
- FEV pays its employees above market wages.
- Guests stay in accommodations powered by solar energy. Water for baths is heated in bags left out in the sun.
- FEV invests in reforestation projects.

There are a couple ways to integrate mission into the class discussion. One can ask what role mission should play in crafting a marketing strategy or perhaps to what extent FEV should be concerned about bringing tour buses into a place like San Ramón. Students should recognize as well that FEV's interest in promoting sustainable development and conservation requires pursuing a strategy that does not overwhelm the local community. The nature of the FEV experience (it is clearly not for everyone) combined with poor infrastructure will help to limit some of the visitors to the area. FEV can also take a number of other steps:

- Continue to maintain good relations with local residents. Funding for community projects allows FEV to meet with the people of San Ramón and listen to their concerns.
- Carefully screen tour group companies before entering into contracts.
- Consider limiting the number of day visitors the farm. These guests do little to contribute to the development of the area and only place the area's eco-system under further strain.

## **Conclusion**

This case provides students with the opportunity to perform a traditional "3 C" and "4 P" analysis on a non-traditional company. It should also demonstrate some of the challenges of trying to do business in the developing world even for an organization that is considered to be best-in-class. Simple things that managers take for granted in the developed world like political stability, infrastructure, telephone lines and electricity are often missing in emerging markets. This case also demonstrates how a mission-driven organization can create value for customers and local communities.

An easy way to conclude this case is to update the class on developments at FEV.

UPDATE:

FEV ultimately decided to almost exclusively target package tourists. It was clear to FEV that day trippers were unprofitable and management believed that mochileros would be deterred by FEV's prices. No concerted effort was therefore made to get better tour guide coverage. Going after package tourists meant dealing directly with tour companies. FEV therefore completely revised its website to make its pricing structure package focused. FEV now offers the following options on its web page:

Mountaintop Retreat - 3 days and 2 nights

2 guided walks; all about organic coffee tour and presentation; butterfly farm visit and presentation; campfire with folk music group.

Rainforest Sampler - 4 days and 3 nights

3 guided walks; all about organic coffee tour and presentation; butterfly farm visit and presentation; campfire with folk music group; cooking class and demonstration in the traditional Nicaraguan kitchen including roasting coffee and making tortillas.

Coffee and Campesino culture exploration - 5 days and 4 nights

4 guided walks; all about organic coffee tour and presentation; butterfly farm visit and presentation; campfire with folk music group; cooking class and demonstration in the traditional Nicaraguan kitchen includes roasting coffee and making tortillas; half day trip and picnic to campesino baseball game, swimming and bird watching at the Wabule River.

Tropical & Migratory Bird Exploration - 5 days and 4 nights

4 guided birding walks with our naturalist guides to look for 150 species in different areas of FEV's wet tropical forest. FEV has hosted several bird banding operations and is the location of 2 official first sightings for Nicaragua. Learn about how our shade grown, organic coffee cultivation enhances bird habitat, includes a presentation on coffee cultivation; butterfly farm visit and presentation, campfire with folk music group; half day trip and picnic to a dry tropical forest and river habitat near FEV including swimming and observing numerous species of humming birds and water fowl (seasonal) at and near the Wabule River.

All packages above include lodging, breakfast, lunch, and dinner and beverages.

Guesthouse Hospitality in San Ramón - 3 days and 2 nights

- Lodging: Private room.
- Meals: 2 breakfasts, 2 lunches, 2 dinners shared with the family.
- Beverages: Coffee, tea, fresh fruit juices and purified water included.

Individual rates, while available at FEV, are no longer posted on-line. FEV's new rates are the following:

<b>(1) Mountaintop Retreat</b>		3 days and 2 nights	
<b>Tourists per room</b>	<b>Cabin</b>	<b>Cost</b>	<b>Cost per person</b>

1	Colibri	\$191	\$191
2	Colibri	\$300	\$151.50
3	Loro/Tucan	\$415	\$138.33
4	Loro/Tucan	\$516	\$129
5	Loro/Tucan	\$617	\$123.40
6	Loro/Tucan	\$718	\$119.67
<b>(2) Rainforest Sampler</b>		4 days and 3 nights	
1	Colibri	\$269	\$269
2	Colibri	\$437	\$218.50
3	Loro/Tucan	\$605	\$201.67
4	Loro/Tucan	\$756.50	\$189.13
5	Loro/Tucan	\$908	\$181.60
6	Loro/Tucan	\$1059.50	\$176.58
<b>(3) Coffee and Campesino culture exploration</b>		5 days and 4 nights	
<b>(4) Tropical &amp; Migratory Bird Exploration</b>		“ “	
1	Colibri	\$442	\$442
2	Colibri	\$661	\$330.50
3	Loro/Tucan	\$880	\$293.33
4	Loro/Tucan	\$1077	\$269.25
5	Loro/Tucan	\$1274	\$254.80
6	Loro/Tucan	\$1471	\$245.17
<b>(5) Guesthouse Hospitality in San Ramón</b>		3 days and 2 nights	
1		\$130	\$130
2-4		\$160-280	\$80-65
5-15		\$60pp + \$150	\$90-70

It is too early to tell if FEV's strategy to target package tourists will be successful. Numbers have been up, however, through 2005 and into 2006.

Politically, Nicaragua remains in a quagmire. The violence that prompted the U.S. State Department warning mentioned in the case subsided and the country eagerly anticipated the 2006 elections. Yelba is still affiliated with FEV and recently traveled to Brazil to speak about the farm. Lonna and Richard continue to be intimately involved with FEV and D-SRSC and travel to San Ramón at least once a year. They do not receive any financial return for their time and effort but remain dedicated to achieving D-SRSC's and FEV's social missions.