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Analysis of Small Businesses in Puerto Rico

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Abstract: Due to the economic crisis Puerto Rico is facing, many people have created small businesses. An example that has been thriving is the frappe business. These new business owners tend to have problems generating profits. Some interesting questions when dealing with developing businesses: what are the costs to maintain a profitable business? How to establish selling prices? How to improve profit margin? To answer these questions, a detailed cost analysis is presented; the main focus is to generate recommendations to improve profits. A case study is presented comparing two frappe businesses with different geographic locations in Puerto Rico. Results show how profitable is one of these locations by focusing on selling frappes only, while the other has many opportunities to improve. The results observed may be used to generate a standard platform for small businesses and for entrepreneurs to understand the impact their daily decisions have on their profit margin.

Keywords: Small Business, Frappe, Cost Analysis, Profit, Sales Price, Ergonomic Evaluation