

# Exporting and Importing Used Cars and Spare Parts from Europe to Africa a Business plan for a New Company

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Exporting and importing used cars and spare parts from Europe  
to Africa, a Business Plan for a new Company.Kasben Finland

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The purpose of this thesis was to compose a business plan for a newly formed company called Kasben whose main line of business is to export used cars and spare parts from Europe to some African countries. The main objective of this study is to determine the viability and profitability of this business Idea, and serve as an operation manual for the newly -formed company. This study will be related to the business planning process and international trade procedures. The basic principles of business planning are outlined in the theoretical framework. The theoretical section will explain the business planning process and also outline the theoretical background of the business plan.

This is an empirical study, the objective of which is to create a business plan for the author`s newly formed company by evaluating the literature, internet, various research works, internet source and authors and knowledge acquired during studies .The study will outline the main objectives and strategies of the business plan, the possible competitors and potential customers will be defined in the study. Industrial and market analysis, a financial plan, and marketing plan will be included in the business plan. A qualitative and action research method was used in this study; various sources such as literature and internet were used in the research process. The result of the study will be implemented by the author in making a business decision and to create business strategies.

Key Words: business plan, International trade procedures, export and import, marketing analysis, operation plan, Industry

## Table of Contents

1	Introduction .....	6
1.1	Purpose and Objectives of the Study .....	6
1.2	Background of the Study .....	6
1.3	Methodology and Delimitation .....	7
1.4	Structure of the Study .....	7
2	The Theoretical Framework .....	8
2.1	The Business Plan .....	8
2.2	The Business Planning Process .....	8
2.3	Types of Business Plan .....	9
2.3	The Structure of the Business Plan .....	9
2.4	Executive Summary .....	9
2.5	Industry Analysis .....	9
2.6	Customers .....	10
2.7	Competitors .....	10
2.8	Company and Product Description .....	11
2.9	The Mission Statement .....	11
2.10	Corporate Vision .....	11
2.11	Company Goals and Objectives .....	11
2.12	Product and Services .....	12
2.13	Marketing Plan: Reaching the Customer .....	12
2.14	The Target Market Strategy .....	12
2.15	Pricing Strategy .....	14
2.16	Distribution Strategy .....	16
2.17	Export Procedures and Documentation .....	17
2.18	Shipping Documents .....	17
2.19	The Bill of Lading .....	17
2.20	Commercial Invoice .....	17
2.21	Inspection Certificate & Insurance Certificate .....	18
2.22	Packing list .....	18
2.23	Intercoms .....	18
3	Research Methods .....	19
3.1	Action Research Method .....	19
3.2	Qualitative and Quantitative Research Methods .....	19
3.3	Data Collection .....	20
3.4	Evaluation of the Study .....	20

3.5	Results of the Study.....	20
3.4	Reliability and Validity .....	21
4	Empirical Study.....	22
4.1	Company Description .....	22
4.2	Business Goal and Mission.....	22
4.3	Geographical Market.....	22
4.4	Executive Summary .....	23
4.5	Objectives .....	23
5	Company Summery.....	23
5.1	Vision .....	24
5.2	Company Values .....	24
5.3	Company History .....	24
6	The Business Organization.....	24
6.1	Product and Services.....	25
7	The External Environment .....	25
7.1	The Economic Analysis .....	25
8	Industry Analysis.....	26
8.1	Potential Entrants.....	26
8.2	Suppliers .....	27
8.3	Substitutes.....	27
8.4	Market Analysis .....	27
8.5	Target Market Segment Strategy .....	27
8.6	Competition and Buying Patterns.....	29
8.7	Pricing Strategy.....	29
8.8	Channels of Distribution .....	29
8.9	Radio Advertisement.....	30
8.10	News paper Advertisement .....	30
8.11	Website Advertisement .....	30
9	Strategy and Plan .....	31
9.1	Sales Strategy .....	31
9.2	Sales Projection .....	31
9.3	Company Registration .....	32
9.4	Business Location.....	32
9.5	Business Operations.....	32
9.6	Customer Support Service .....	33
10	Management .....	33
10.1	The General Manager.....	33
10.2	Marketing Officer.....	33

10.3	The Accounts Officer .....	34
10.4	Organisational Structure .....	34
11	Financial Analysis .....	35
11.1	Capital Spending.....	35
11.2	Capital Requirement.....	35
11.3	Breakeven Analysis .....	35
11.4	Breakeven in Units and Sales.....	36
11.5	Margin of Safety .....	36
11.6	Contribution Sale Ratio.....	36
11.7	Budgeted Profit and Loss account .....	36
12	Risk Analysis.....	37
13	Staffing Level .....	37
13.1	Sales Volume .....	37
13.2	SWOT Analysis.....	37
14	Conclusions and Discussion .....	38
	List of References.....	40
	List of Figures.....	41
	List of Appendices .....	43
	Appendix 1: Map of Angola .....	43
	Appendix 2: Map Of Finland .....	44
	Appendix 3: Feasibility Questionnaire.....	45

## 1 Introduction

Business planning is important in every business. The plan is the starting point. It defines the direction of the business. It identifies the major risks that should be anticipated in the long term, and help to formulate strategies for solving future setbacks. ( Stutely 2002, 9).

The business plan is an important aspect of any business strategy; many companies fail due to lack of proper planning. The success is unpredictable and uncertain. However, the business needs to clearly draft its business plan. This will enable the company to prepare for the uncertainties of running a business. The business plan enables the company to communicate to others who will join the company, the objectives of the company. The business plan is a tool with which the company convinces lenders that the business idea is feasible and marketable. The business plan will save the company from entering into an unprofitable venture. The business plan will be designed to analyze the business idea, the target country and source of finance.

### 1.1 Purpose and Objectives of the Study

The main purpose of the study is to analyze and develop a business plan for the author's own company. The business of the case company is exporting used cars and spare parts to some African countries .The plan will be valid for a duration of four years from 2011 to 2014.The plan concerns all parts of the business.

The most important objectives will be analyzed in the business plan, namely the viability and profitability of the business idea. The study will enable the author to obtain credit facility from venture capitalists and also analyze the future Market situation of the business Idea. The study will analyze the international trade procedures, the general market situation of the car industry, competitors, and risk analysis. The author plans to obtain a clear vision of the business planning process. With the help of a theoretical framework it will be defined what actions are needed to initiate and operate a small-sized international trade company in Finland.

### 1.2 Background of the Study

This topic was chosen from the author's own experience in selling used cars in a number of African countries. The author's target markets are Angola, Ghana and Nigeria, The author already has a degree of experience exporting used cars and parts to Angola Ghana and Nigeria. Hence there was a need for a formal business plan.

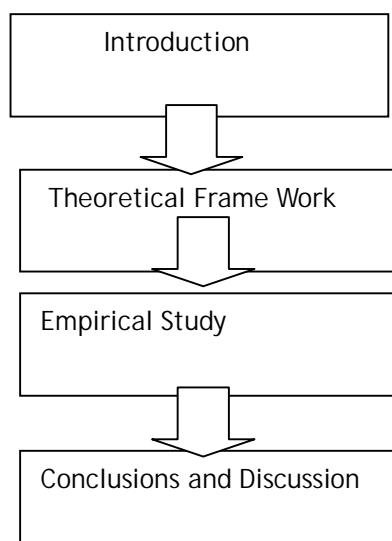
Angola has a growing economy, and since most infrastructures were destroyed during the Angolan civil war which lasted for 10 years, there is a great need for cars and spare parts. The author entered into partnership with an Angolan citizen to jointly import cars and spare parts. Ghana, Angola, and Nigeria have natural resources such as oil, gold, diamond and other mineral resources; hence there are several international and local companies in these countries. Since the purchasing power of the average Angolan is relatively high, the author decided to make exporting and importing used cars and spare parts his business idea after graduating from the degree program in international business, with specialization in international business to business marketing.

### 1.3 Methodology and Delimitation

A qualitative research method was used in the research; the research made use of different source materials such as business plan structures, literature from various libraries, articles from the internet, questionnaires and interview with companies that sell spare parts. The industry knowledge of the author was also used in the research. The business plan structure is for the author international trade company. Therefore, the research does not give a universal model for business plan for other companies, but it provides a basic understanding of the main components related to an international trade company business planning. The main objective of the research is to create a startup business plan. The Business plan will be implemented by the author for a company formed by the author in 2008, with the author intending to change the business idea of the company to an international import and export Company.

### 1.4 Structure of the Study

The study has four main sections: The introduction, the theoretical framework, research methods and also the empirical framework, and conclusion



### Figure 1: The Structure of the Study

The empirical section is the largest section of the research. The introduction section gives an overall perspective of the business idea, objective and background of the study. The introduction also defines the essential concepts used in the study, describes the limitations and the structure of the work. In the second section of the thesis the fundamentals of business planning are outlined. The theoretical objective of this study is to define the concepts of business planning, to create a general understanding of the relevant theories of planning.

## 2 The Theoretical Framework

### 2.1 The Business Plan

The business plan is a resume for the proposed business. The essential purpose of the business plan is to serve as a strategy for the case company. The plan is mostly used during meeting with investors and venture capitalist .The business plan explains and illustrates the vision and mission of the company and also enables the company to persuade others to assist the company to achieve its aim and objectives. The plan will enable the author to anticipate risk and make provision for it. The plan will also serve as a management tool for the case company, management can monitor and evaluate the progress of the company, and the company can compare projected performance with actual performance.

### 2.2 The Business Planning Process

The company would not be able to make a plan of every idea the company think is viable, it is therefore very important to screen ideas quickly to determined which ones are viable(Timmons 2004,26) The entrepreneur can eliminate are unviable business idea by screening through the different ideas .A business idea consist of the following main roots, the idea creates or adds significant value for the customer; furthermore the idea helps in solving a problem or meeting significant want or need for which someone is willing to pay a premium. It also has a robust market, margin, and money making characteristic (Timmons 2004,28).

In business planning, a carefully competitive analysis of data about competitor should be included in the research. It is important that the company list competitors and also how the competitors operate their businesses within the target market and also identify their strengths and weaknesses. The company needs to adopt appropriate strategy to achieve a competitive advantage. (Timmons 2004,41)

The following points should be considered before writing the business plan. The adequacy of information about the competitor's strengths and weaknesses, the competitive advantage of the case company. The purpose of competitive analysis is to differentiate the company from competition with strength, or several strengths, that attract customers. The company may unfortunately face competition from well-established rivals. (allbusiness.com, 2010)

### 2.3 Types of Business Plan

The most common form of business plan is a start-up plan; the start-up plan defines the procedures necessary for the establishment of a new company (Timmons 2004, 42). The plan covers areas such as, the product or service, market, forecasts, strategy, implementation milestones, management team, and financial analysis. Internal plans are plans which are intended for internal use by the company. This type of business plan consists of short notes, rather than detailed texts. Another business plan is an operations plan, which is sometimes called an internal plan or an annual plan. It contains detailed information on specific implementation, dates, deadlines, and responsibilities of teams and managers. (Timmons 2004, 43) A growth plan is a business plan which focuses on a specific area of business. The plan can be used internally, provided the plan is linked with new investment.

### 2.3 The Structure of the Business Plan

#### 2.4 Executive Summary

The executive summary is one of the most important parts of a business plan. It creates the first impression, and common subsections within the executive summary include a description of opportunity, the business concept, industry overview, target market, competitive advantage (Timmons 2004, 51) The Executive Summary gives the reader a quick overview of the important facts contained in the business plan. The long version of the executive summary can act as a document to be used to succinctly explain the business and generate interest in the business opportunity, or products and services. Completeness and inclusiveness, is very important when writing an executive summary. It should be concise yet have adequate detail about the business Plan. Due to the importance of the executive summary, it should be written after the in depth knowledge of the business plan, the summary should be one to three pages, it is recommended the executive summary be not more than two pages. (Timmons 2004, 53).

#### 2.5 Industry Analysis

An industry analysis research should assess the potential of the industry (Barringer 2006, 97). In this research the author collected data from various sources of data. The secondary source of

data was gathered from articles, text books and web pages. The primary source of data was gathered through interviews and observation .according to Bringer and Ireland, the industry consist of homogenous goods and services, In Angola there are several companies selling car spare parts.

The auto industry in Angola is still young enough to attract new competitors. The auto parts shops in Angola are not expanding to meet the demand for parts for older cars. They are instead focusing on the newer cars that are being imported into Angola by wealthy individuals. Utilizing the taxi services as a distribution network as well as primary customers is an excellent strategy to win market share of a segment that is currently being ignored by competitors.



Figure 2: A graphical representation of Porter's Five Forces ([www.quickmba.com,2007](http://www.quickmba.com/2007))

The attractiveness of the auto industry should be considered well by the entrepreneur to decide whether to pursue a particular business idea or not. New companies entering into a new market or industry can use the five forces model in determining the overall profitability of the business idea, the car parts industry in Angola is a new industry.

## 2.6 Customers

Customers have the power to influence the profitability of the car industry through demanding price concession and increase in quality .The buyer has the ability to bargain with the supplier. This affects the profitability of the industry in which the customer exercises their purchasing power. The buyer group concentration, the degree of standardization of supplier's product and threat of backward integration are the factors that affect the total industry profit (Briringer 1999, 20)

## 2.7 Competition.

When formulating business strategy, managers must consider the strategies of the company's

competitors. When companies are in highly fragmented commodity industries, the moves of any single competitor may be less important. In concentrated industries competitor analysis becomes a vital part of strategic planning. Competitor analysis has two primary activities, obtaining information about important competitors, and using that information to predict competitor behaviour. The objective of competitor analysis is to understand the competitors (Porter 1980, 49).

## 2.8 Company and Product Description

This part of the business plan explain the company and its product (Timmons 2004, 44).A very useful approach to analyse the used car industry in Angola is by using the Michael E .Porter five forces as a framework for the industry analysis and business strategy. Porter used concepts to derive five forces that determine the competitive intensity and therefore attractiveness of a market. Attractiveness in the industry refers to the profitably of used car parts industries. According to Porter the industry is unattractive if the combination of forces acts to increase overall profitability (Porter 1980, 40).

## 2.9 The Mission Statement

The mission statement is where the plan starts to show how the objective of the company achieved. It identifies major objectives that must be accomplished. It also identifies how you are going to operate as you go about meeting the major goals. You identify significant factors that will be necessary for the business to reach those goals: the products or services the business will provide, the kind of workers the company might will needs (fastpitchnetworking.com ,2010).

## 2.10 Corporate Vision

Corporate vision is a short, succinct, and inspiring statement of what the organization intends to become and to achieve in the near future, the corporate vision is stated in competitive terms. The corporate vision is an intention which includes many objective and forward thinking vision The vision describes the company's future aspirations, though vision alone doesn't specifying the means that will be used to achieve those goals (Kotelnikov,1999,56).To set the target, the company should develop a mental image of the possible and desirable future state of the organization. This target is called vision, may be as vague as a dream or as precise as a goal or a mission statement. (Bennis 2003, 260).

## 2.11 Company Goals and Objectives

Goals are the destinations the company wants to reach in the near future, while the company Objectives are progress made by the company along the way to goal achievement. For

example, a goal might be to have a healthy, successful company that is a leader in customer service and has a loyal customer following.

## 2.12 Product and Services

The product and service part describe technical specifications, drawings, photos, sales brochures, and other bulky items belong in the Appendix. It also analyses the factors that will give the company competitive advantages or disadvantages? It takes into consideration the level of quality, pricing, fee or leasing structures of the products and services.

## 2.13 Marketing Plan: Reaching the Customer

Effective marketing strategy is the backbone of every successful product. Products and services cannot succeed without effective marketing strategy. The marketing strategy begins careful, systematic research. The risk in the target market increases if the company simply assumes that the company already has adequate knowledge of the market. The company needs to study the market to ensure the company can achieve its objectives in the target market. Pricing is also an important strategic issue because it is related to product positioning. Furthermore, pricing affects other marketing mix elements such as product features, channel decisions, and promotion. (Netmba.com, 2009)

The competition in the market greatly influences the pricing strategy of the company, sometimes charging low initial pricing will not win the attention of the consumer, the success of the companies pricing strategy will depend on how the customer views the value of the product. This perception determines the maximum price customers will pay for the product.

## 2.14 The Target Market Strategy

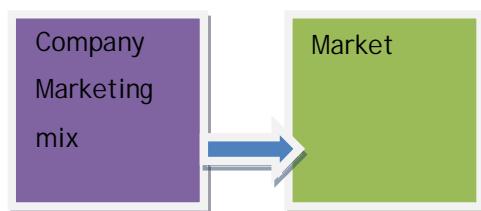
The companies market consists of buyers with different characteristics or behaviour. The customers might require a separate product or marketing mix. Market segmentation is dividing market into distinct group of buyers on the basis of need, characteristics, or behaviour who might require separate products or marketing mixes (Kotler &Amstrong, 2001, 244).



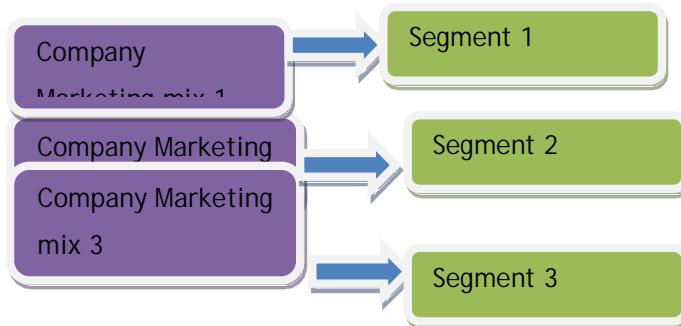
Figure 3: Steps in market segmentation, targeting and positioning (Kotler &Amstrong 2001,

244).Figure 3 shows the three major steps in target marketing, the first is market segmentation, targeting and positioning

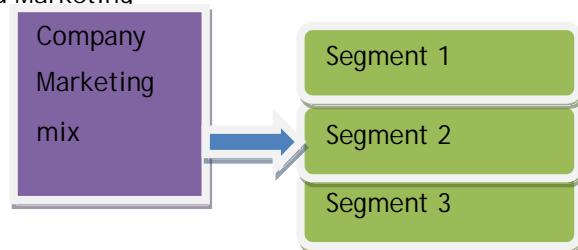
The company market segmentation strategy reveals firm opportunities; the company evaluates the various segments and decides which or how many segments to be targeted. The target market is a set of buyers sharing common needs or characteristics that the company decides to serve (Kotler&Amstrong 2001, 264).After the completion of evaluation of different segments, the company should decide how to serve the segments. To enable the company target the right segment, the company can adopt one of the three market strategies.



An Undifferentiated Marketing



B.Differentiated Marketing



C Concentrated Marketing

Figure 4: alternative market coverage strategies (Kotler&Amstrong, 2001.265)

Figure 4 shows the three market entries strategy that the case company can adopt, undifferentiated marketing or mass marketing strategy, the company decides to ignore segment differences and go after the whole market with one offer.A Differentiated marketing strategy

the firm decides to target several market segment or niches and design separate offers for each. Concentrated marketing is suitable when the firm is faced with limited resources, instead of the company going after a small share of a large market; the firm goes after a large share of one or few segments or niches. ( Kotler&Amstrong 2001,265)

## 2.15 Pricing Strategy

Price is the marketing mix element that produces revenue, the others produce cost. Price is also one of the most flexible elements( kotler,2000,456). Price is also one of the most flexible elements, it can be changed. The pricing model of a company can be easily monitored ,can be altered and adopt depending on internal and external marketing forces and depending on the profit objectives of the company. The company can pursue different pricing strategies and marketing objectives. (Kishel&Kishel 1998, 34-37) .The company must decide where to position its product on quality and price. In the auto market eight price points can be found.

Segment	Example
Ultimate	Rolls Royce
Gold standard	Mercedes Benz
Luxury	Audi
Special needs	Volvo
Middle	Buick
Convenience	Ford Escort
Me too, But cheaper	Hyundai
Price Alone	Kia

Figure 5: Market Segment and Car

The table above shows the market segment and the brand of cars that can be sold in those segments§

In selecting the pricing objective, the company must first decide where it wants to position itself. The company can pursue any of five major objectives through pricing, survival, maximum profit, market share, and market skimming and product quality leadership.

1.selecting the pricing objective

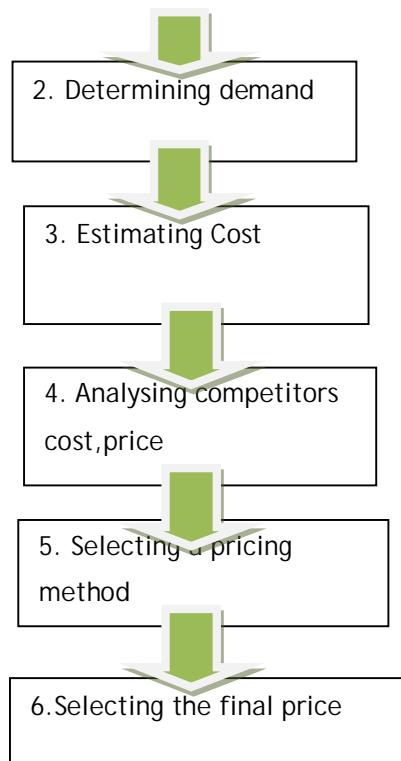


Figure 4 Setting pricing policy ( Kotler 2000, 458).

Figure 4 shows the factors the company should consider in setting pricing policy. Many companies want to maximise their market share with the aim that higher volume of sales will lead to lower unit cost and higher long-term profit. For new products, the pricing objective often is either to maximize profit margin or to maximize quantity. To meet these objectives, skimming pricing and penetration pricing strategies often are employed. Skimming pricing gain large market share by setting a high price and selling to those customers who are less price sensitive. Skimming pricing is a strategy used to pursue the objective of profit margin maximization. ( Kotler 2000, 458).

Skimming pricing is most appropriate in a situation where the quantity demanded is expected to be relatively inelastic. It is difficult for the company to predict the cost of savings that would be achieved at the high volume of sales. Most companies do not have the financial resources to support the large capital expenditures necessary for high volume production with initially low profit margins. Penetration pricing pursues the objective of quantity maximization by means of a low price. Skimming pricing strategy is most appropriate when the quantity demanded by customers is elastic. Customers are price sensitive and the quantity demanded will increase significantly as price declines (Kotler 2000, 459).

## 2.16 Distribution Strategy

Distribution channels are a set of interdependent organizations, involved in the process of making a product or service available for use or consumption by the consumer or business user. (Kotler 2001,432).The distribution intermediaries reduce the amount of work done by the producer and the consumer. There are three distribution strategies; the producers can chose an Intensive distribution, which provides coverage of the target market by using all available outlets. For many products, total sales are directly linked to the number of outlets used in the distribution strategy. The advantage of using this approach is that the producer can choose the most appropriate or convenient distribution channels. (Kotler 2001,433)

In the vertical distribution channel, the wholesalers and retailers are interdependent; one channel member assists the other in the distribution process (Kotler 2001, 432). Usually both the producer and distributor have a contract. Or has so much power that they all cooperate. The conventional distribution involves channel consisting of one or more independent producers .Wholesalers and retailers each a separate business, are seeking to maximize its own profit even at the expense of profit for the system as a whole. The diagram below shows the difference between the conventional and vertical channel of distribution. (Kotler&Amstrong, 2001.432.)

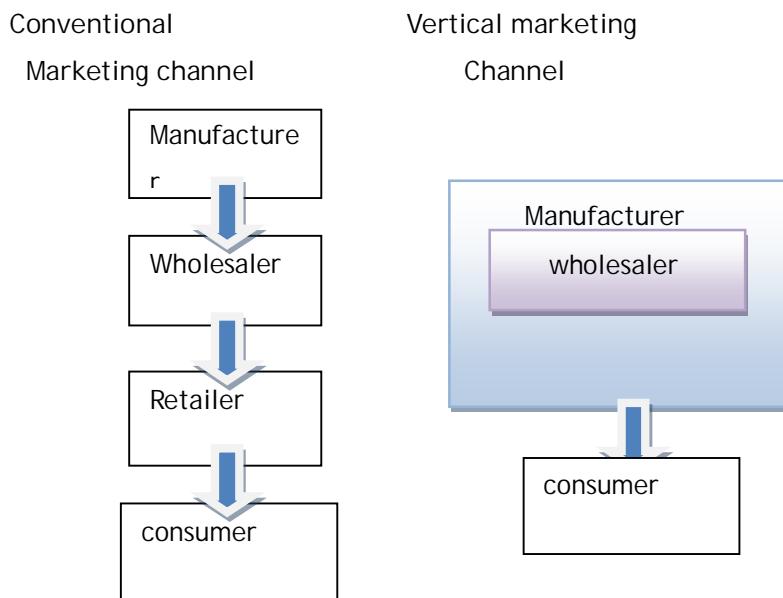


Figure 6: Conventional vs. Vertical Channel of Distribution (Kotler&Amstrong 2001,433)  
Figure six shows the two types of distribution channels available to the distributor.

## 2.17 Export Procedures and Documentation

The success or failure of the export business of a company depends entirely upon securing orders from buyers, delivering products in good condition at the correct time and receiving payment. This is dependent on the successful management of export procedures. (Albaum et al.1998, 477.)

The first procedure in export trade is establishing contact between the company and the buyer. At this stage of the sales contract the seller sends proforma invoice to the buyer. The proforma invoice indicate the terms and conditions of the sales contract, the buyer then either accepts or rejects the terms and conditions in the proforma invoice. When the customer accepts the terms and conditions in the sales proposal, the buyer then arranges with his or her bankers in the form of a letter of credit, the letter of credit is then sent by the buyer bank to the sellers bank, the seller bank inform the seller. The seller arranges for shipment of the good according to the terms of the sales contract (Albaum et al. 1998, 478-481.)

## 2.18 Shipping Documents

Shipping documents are the documents necessary to transport a permitted cargo from one destination to the target country. The cargo undergoes customs inspection and procedures before being transported to destination country. The following are some important international trade procedures and documentation. (Albaum et al. 1998, 4802)

## 2.19 The Bill of Lading

The bill of lading is one of the most important single documents in international trade. The bill of lading serves as the payment contracts and the contract of carriage. The ocean bill of lading provides the documentary evidence of shipment shipments; the bill of lading is issued by the shipping company or the carrier. The bill of lading serves three purposes in the sales contract. The bill of lading indicates who owns the good and the bill of lading can also used as a negotiable instrument. Furthermore the bill of lading serves as evidence of contract of carriage, the bill must contain the terms of the carriage. (Astrup et al. 2003, 245-246.)

## 2.20 Commercial Invoice

The commercial invoice indicates the amount the buyer owes to the seller. The commercial invoice contains important Information such as the description of goods, address and identity of the exporter and importer, delivery and payment details. It may also be used as the basis for calculating import duties by customs authorities. (Astrup et al. 2003, 246-247.)

## 2.21 Inspection Certificate & Insurance Certificate

The Inspection certificate certifies that the quality, quantity or specifications of the shipped goods are in conformity with the sales contract. The inspection is conducted by an agency. (Astrup et al. 2003, 247.) .The insurance certificate is issued by an authorised insurance company or broker. The document enables the parties to verify the existence of insurance coverage under specific conditions granted to listed individuals. Is a proof of type and amount of insurance coverage and identifies the merchandise in terms of packages and markings. (Nelson, 2000, 115).

## 2.22 Packing list

The packing list is an export document that gives description of the consignment in details. The description includes weights, volumes, contents, serial numbers and any other data related to the shipment. (Nelson, 2000, 118).

## 2.23 Incoterms

The purpose of incoterms is to serve as a international guidelines for Interpretation of terms used in international trade. Incoterms are internationally standardised trade terms, which enable exporters to quote prices that clearly allocate the costs and risks of international transport between seller and buyer. The incoterms conforms to customs formalities and insurance responsibilities. (Ratty 1999, 6; Selling 2004, 151).

There are several factors that companies considers when selecting Incoterm. The major factor is the profitability. Another factor that influences the choice of the Incoterm is the parties to the sales contract business strategy. Companies usually arrange the transportation. Furthermore cost effectiveness remains the primary focus of the companies. In general practices the target country influence the choice of the Inc term. (Selin 2004, 152-153).

There are four main categories of Incoterms; the term in the Incoterm stipulates the transfer of risk and the party responsible for the clearance of the shipment, customs procedures, and payment of duties, taxes and charges. The following the different type of Inc term used in international trade: (Selin 2004, 154-155).

The E-terms stipulates that the goods are placed at the buyer's disposal on the seller's premises. The F-terms stipulate that the buyer assumes responsibility for the cost and risk of the main international Carriage. C-terms: The seller pays for the main international carriage,

but does not bear the risk during the carriage. The D-terms means that the seller bears all costs and risks related to transport up to the delivery point of delivery name in the contract. (Selin 2004, 155-156).

### 3 Research Methods

Research is a diligent search, inquiry, investigation or experimentation which discovers new facts and findings. Research relates to any subject of enquiry with regard to collection of information, interpretation of facts, and revision of existing theories. (Adams 2007, 19) Research may be conducted for many reasons, depending on the research question. In business research is conducted to enable the company to achieve the following objectives, gain competitive advantage, test new services and products, to solve management problems, forecast sales, enhance profitability, to reduce operational cost. In research there are numerous problems, researchers' use a single study or combination of two methods to solve the research problem. There are two main types of research methods, qualitative and quantitative research methods. There are other methods such us action research. The author made use of action and qualitative research method during the study (Adams 2007, 20)

#### 3.1 Action Research Method

Action research is a reflective process of progressive problems solving led by individuals working with others in teams or as part of a "community of practice" to improve the way they address issues and solve problems. Action research is done simply by action, (Lewin 1946, 34-46.) Action research can also be undertaken by larger organizations or institutions, assisted or guided by professional researchers, with the aim of improving their strategies, practices, and knowledge of the environments within which they practice. (Lewin 1946, 34-46.)

#### 3.2 Qualitative and Quantitative Research Methods

Qualitative research seeks to answer the question why through the analysis of unstructured information. Qualitative research gathers data through interview, open ended survey, emails, notes, feedback forms (Adams, 2007, 26).qualitative research method can be used in almost all aspect of human life. Qualitative research uses a number of methodological approaches based on diverse theoretical principles, (Adams, 2007, 26.).The qualitative research method uses data collection and analysis that are non-quantitative; it explores social relation and describe reality as experience. The author has many years of experience in the auto parts industry and has contacts to many customers and companies in the auto industry, the author made use of qualitative research.

### 3.3 Data Collection

When conducting research the preliminary issues of gathering secondary data which will be complemented by the primary data. Secondary data is the data that is readily available from other sources. Secondary data are easier and obtainable than the primary data; furthermore secondary data is always available when primary data cannot be obtained.

(managementstudyguide.com, 2009)

Primary data are collected through interviews with managers or experts of a particular field. In this research the author made use of data collected through qualitative interviews were used in the data collection process. The author interviewed people from different target markets. A total of 500 customers, business, and experts were interviewed. The purpose of the interview was to enable the author to know the brand of cars for which customers need parts, whether customers are prepared to buy the parts on credit or cash, which particular group of customers buy parts.

### 3.4 Evaluation of the Study

The author's knowledge of the industry played a major role in the analysis of the data. Furthermore the author's judgement partly determined the structure and how the outcomes of the study are recorded and analyzed (Riley et al 2000, 65). There are three types of data analysis processes. The first process is data reduction; this is the classification and summarizing of the empirical material from the study. The second process is organization of the data which in a more logical manner to facilitate comparisons. The third and last phase of the data analyzing process is to draw the conclusion (Riley et al 2000, 42. McBurney. 2007, 25).The third process is the conclusion of the research.

### 3.5 Results of the Study

The interviews suggest that the individual customers use brands such as BMW and Audi , therefore the demand for parts for these cars is very low, Japanese and Korean cars are used mostly by taxi drivers, therefore the demand for the parts of these cars are very high in Africa. The Author will therefore export parts with high demand.

	SHOPS	TAXI COMPANIES
Instalments	270	230
Prompt cash	180	320

Figure 6, Payment method preferred by customers

According to the interviewed conducted taxi companies mostly buy parts in cash while shops sometimes preferred trade credit.

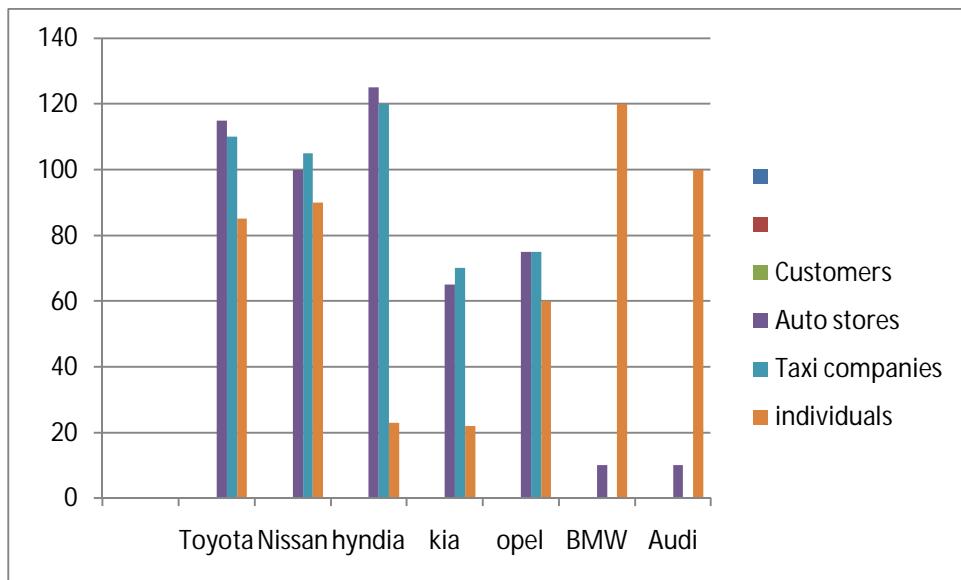


Figure 7: Summary of results of the study: Figure 7 shows the results of the study.

### 3.4 Reliability and Validity

Reliability estimates the consistency of the measurement or more simply, the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. (Adams, 2007, 235). The principle of reliability is achieved when the measuring process is reproducible. Validity is the strength of conclusions, inferences or proposition, it involves the degree to which you measure what you are suppose to, more simply, the accuracy of the measurement. (Adams, 2007, 237).

There are four different types of validity used in research methods; internal validity examines whether there a relationship between a program and the outcome. External validity is the ability to use the result of the study for other general purpose.

Construct validity examines the relationship between how the researcher operational concepts in the study to the actual caused relationship trying to be studied. Conclusion validity also examines the relationship between the program and the observed outcome ((Adams, 2007, 237) . To achieve the principle of reliability and validity of the research the author made use of

structure questionnaires, this ensured that the respondent's gives facts needed to draw valid conclusions, instead of their own personal opinions. A face to face interviews was conducted with taxi owners, and spare parts stores and close questions was used the interviewing

#### 4 Empirical Study

##### 4.1 Company Description

Kasben Exports is a business that exports automobile parts and auto lubricants. Many of the company's shipments combine Korean and Japanese parts with some re-packaging and labelling. The company will be organized as a limited liability partnership. The company office will be located in Vantaa, Finland. Kasben will export used and new car spare parts to most African countries, Angola, Ghana, and Nigeria. The company will buy used and slightly damaged cars and dismantle them into parts; the parts will be packaged into containers and shipped to the customer. The company will sell the parts to taxi companies and shops in the target market. Kasben will import new parts from Japan, Korea, The United States, China, and Dubai, and export them the target countries

##### 4.2 Business Goal and Mission

The case company mission offers quality spare parts at a reasonable price to customers. In most developing countries car owners cannot afford new car and spare parts. Therefore the case company mission is to make cheap used European car accessible on the African car market. The company is aims to have a big market share of the auto industry in Africa.

##### 4.3 Geographical Market

Three geographical markets have been targeted, Angola, Ghana, and Nigeria. The author has contacts in all three countries. The three countries have abundant natural resources Ghana has twice the per capita output of the poorest countries Africa. Even so, gold and cocoa production, and individual remittances, are the major sources of foreign exchange. Oil production is expected to expand in late 2010 or early 2011. The country has a population of 23, 887, 812 (cia.gov, 2009).

Nigeria has oil, but the country has problem of political instability, corruption, inadequate infrastructure, and poor macroeconomic management. Nigeria has 149,229,090 inhabitants; the country is the 8<sup>th</sup> most populated country in the world (cia.gov, 2009).

Angola has experienced a high economic growth rate in recent years, due to the increase in the oil sector and high international oil prices. Angola has an estimated population of 12,799,293 est. 2009 (cia.gov, 2009).

#### 4.4 Executive Summary

The business idea of Kasben is to export automobile parts and auto accessories to Angola and other countries including Nigeria, and Ghana. The company's products will include spare parts from Korea, Japan, German, and China. The demand for auto parts in Africa is currently high and in Africa a majority of the automobiles are more than 10 years old, therefore finding a replacement part for these cars has become a difficult process because the auto maker's focus is on the production of parts for new cars. The author has 5 years of experience in auto parts sales; therefore the author has contacts of potential customers in the target countries.

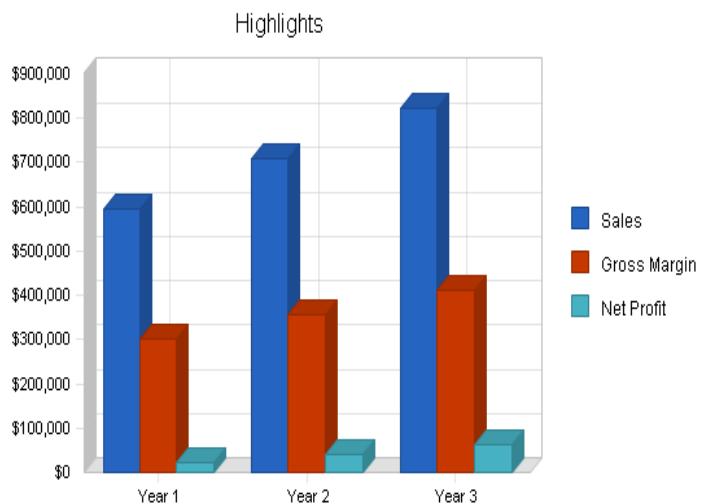


Figure 8: Sales, gross profit margin in Euros: Figure 8 shows the company` s projected sales, gross profit and net profit for three years.

#### 4.5 Objectives

The objectives of Kasben export are as follows: achieve high sales during the first year of operation. achieve a market share of 100 taxi companies and auto parts selling companies in the region. The main objectives of Kasben are to have a big market share of the auto market industry in Afriaca.

### 5 Company Summary

Kasben is the author` s personal company, The Company is a Finnish registered company, whom main line of business is export and import of used cars and spare parts. The company has three

employees, one in Ethiopia, one in Ghana and the other in Angola. The municipality of residence of the company is Vantaa. The author is the manager of the company, responsible for purchasing, shipment, two employees are marketing assistant, and their primary responsibility is to advertise the company products locally, sell the company products, and conduct market research and report their findings to the author in Finland.

### 5.1 Vision

The vision of the case company is to grow to become a medium size spare parts company which will sell good affordable used cars and spare parts to customers in most African countries, Ghana, Nigeria, Angola, and Ethiopia. The company will in the future sell used cars in Finland and these cars will be imported from Japan and the United States

### 5.2 Company Values

The case company values are determination, loyalty and judgment this guide the everyday actions and ensure a common understanding of what the company can expect. Kasben values are building a lasting connections and loyalty with customers by working internationally and across all employees in the company. Kasben will strive to satisfy customer needs with good judgment, and respecting customers' needs.

### 5.3 Company History

Kasben was formed in July 2008, and was initially a cleaning company, with specialization in cleaning. In December 2009 the author met with an Angolan who wished to partner with some company to start exporting cars and spare parts to Africa. The case company then changed its business from the service industry to the auto industry. The first contact person became a partner of the company, and then later made contact with other partners.

## 6 The Business Organization

The organizational structure arranges the organization lines of authority and communications, and allocates rights and duties. Organizational structure determines the manner and extent to which roles, power, and responsibilities are delegated, controlled, and coordinated, and how information flows between levels of management. The type of organizational structure depends on the organization's objectives and the strategy chosen to achieve them. In a centralized organization structure, the decision making power is in the top layer of the management and good control is exercised over departments and divisions. In a decentralized organization structure, functional departmental heads and divisions make decisions. The divisions have

varying degrees of autonomy. An organization chart illustrates the organizational structure (businessdictionary.com.2009)

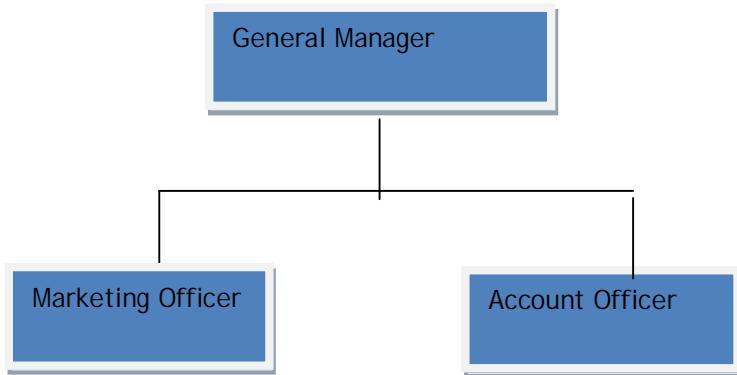


Figure 9: The simple Organizational Structure of the case company Kasben

As shown in figure 9, the manager is responsible for the management of the business. He is the highest decision making authority in the organization hierarchy. The manager is responsible for making all buying decisions, shipment, and other activities, the manager resides in the company municipality of residence in Finland .Two partners hold the position of the marketing managers. They report to the general manager on the general market situation in their respective countries, sell cars and spare parts and advertise the company, keeping consignments safe. The administrative assistant reports to the marking managers, he is responsible for assisting in the clearance of shipment from the port, delivering of orders to customers.

## 6.1 Product and Services

Kasben Finland will sell both new and used car spare parts to medium income customers in Angola. The company will be specialised in the ofselling spare parts, Customers can order any spare parts needed for their cars, the parts will be car from 1 to two years old and the parts should be in good condition. The parts will include transmission parts, engine parts, an electrical parts and engine lubricants

## 7 The External Environment

### 7.1 The Economic Analysis

The Angolan, Ghanaian, and the Nigerian economies are the fastest-growing economies in Africa, largely because of the major oil boom. Nevertheless, Nigeria also ranks 10 of socioeconomic conditions in the world. Despite the oil sector and diamonds, the country's economy is bad because of 26 years of nearly continuous warfare. Despite abundant natural resources, output per capita remains among the world lowest. Subsistence agriculture and dependence on humanitarian food assistance sustain the majority of the population (cia.gov, 2009)

The Angolan high growth rate is stimulated by its oil sector, with record oil prices and rising petroleum production. Oil production and its supporting activities contribute about 85% of GDP. Increased oil production supported growth averaging more than 15% per year from 2004 to 2007. A postwar reconstruction boom and resettlement of displaced persons has led to high rates of growth in construction and agriculture as well. Much of the country's infrastructure is still damaged or undeveloped from the 27-year-long civil war (cia.gov 2009)

Due to the civil war the Angolan economy is under reconstruction. Hence there is demand for all kinds of goods including cars, even though Angola is rich with oil, the majority of the population still live in poverty, and many people cannot afford new cars. The Auto industry in Angola is still new.

## 8 Industry Analysis

The used car parts market in Angola is new. Angola is under reconstruction after the 24 year civil war. Many average income earning groups can now afford used cars because they are not able to buy a brand new car, people with old cars constantly need parts to repair their cars. Currently, the markets are too small to attract many competitors. The auto parts shops in the region are not expanding to meet the demand for parts for older cars. The shops are focusing on newer cars that are imported into the countries by wealthy individuals.

Utilizing the taxi services as a distribution network as well as primary customers is a good strategy to gain market share of a segment. There B2C customers, individual customers and small and medium companies who will buy parts for their cars and B2B Large enterprise (cia.gov.2009)

### 8.1 Potential Entrants

Most people in Angola can now afford used and new cars, The car market in Angola is very competitive, and many Angolans living around the world buy cars for their families to sell in Angola. There are also companies exporting cars and parts to Angola, but there are few individuals exporting spare parts to Angola. The risk that the car market will saturate and most people formerly exporting cars will start exporting car parts instead of cars

## 8.2 Suppliers

The suppliers of the cars are individuals who own a car and intend to resell in Europe, Japan, and America, Kasben Finland will buy cheap but in good condition cars and dismantle them into spare parts Kasben will also buy spare parts from scrap yards and dealers in Japan, America, Europe and Dubai. Kasben will export spare parts from around the world.

The suppliers have their products and service on national car selling website, in [www.auto24.es](http://www.auto24.es) [www.mobile.de](http://www.mobile.de) [www.autotrade.com](http://www.autotrade.com) [www.autogida.it](http://www.autogida.it) [www.nettiauto.com](http://www.nettiauto.com).

## 8.3 Substitutes

Availability of substitute products affects the price which the consumer is prepared to pay for the commodity Substitutes for the original car spare parts are cheap imitation car spare parts imported from China to Angola. The Imports from Europe and America have a good image, the consumer considers the parts superior to substitutes from China and Dubai. The customers in Angola are prepared to pay a high price for spare parts from Europe. This will be the author's competitive advantage over other substitutes from China and Dubai. There are 20 more companies in Angola dealing in spare parts in Angola, in the auto industry the profitability of the industry is the competition among the existing companies, the industry leaders such as Facar srl, Toyota Angola, Karimexport, and also there are individual people who sell spare parts on small scale in Angola.

## 8.4 Market Analysis

The demand for auto parts is very high in Africa. Also African road networks are in a bad condition and as results cars break down regularly. Furthermore, most cars in the regions are cars that are more than 10 years old .It is therefore difficult to find replacement parts for these cars. . Mostly people rely on used parts imported from Europe and Asia, the major problem is that few individuals import spare parts into Africa, therefore accessing spare parts on the African market is difficult. The few auto shops in the region sell mainly for large scale customers and usually the shops in the region sell parts for new model cars. Kasben Exports will sell parts to auto shops and individual customers. The largest buyers of auto parts in the region are taxi companies. Kasben Exports will established an extensive network of contacts within the target market.

## 8.5 Target Market Segment Strategy

The number of cars in Africa is growing every year and the taxi companies are also increasing every year. The shops and taxi companies are the target customers of Kasben. The taxi companies are the major potential customers. The customers could buy directly from Kasben Export. The cost of the parts will reduce and the customer can buy exactly what they need quickly. Kasben will advertise its products within the taxi drivers, the drivers. Usually communicate with friends and colleagues about their cars and their work. Kasben will make good use of this through word-of-mouth. It is expected that individuals will also purchase from Kasben. But the repeat business, lower price sensitivity and larger volume per order mean that auto part shops and taxi services will be more attractive customers for Kasben.

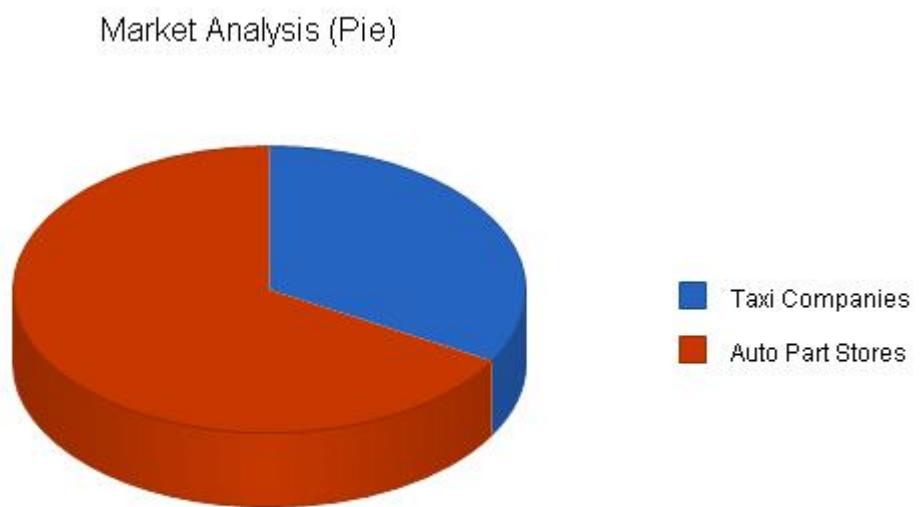


Figure 10: Market Analysis Pie chart.

Figure 10 is a market analysis pie which indicates the target customers, the red part represent auto parts stores, the blue part represents taxi companies.

Potential customer	Growth	Year 1	Year 2	Year 3	Year 4
Taxi companies	10%	2000	2200	2420	2662
Auto part stores	8%	4000	4320	4666	5039

Total	8.68%	6000	6520	7086	7701
-------	-------	------	------	------	------

Table 1: Market Analysis table.

The table shows Kasben target customers, the growth rate, taxi companies' increase 10% annually, whiles auto parts stores increase. On average the number of customers increases 18% annually.

#### 8.6 Competition and Buying Patterns

The competition in the target market is very weak. Therefore to maintain customers Kasben has to sell the right parts, at a competitive price and efficient delivery system .Kasben exports should conforms customer demand for parts. This will enable the company to be able to strengthen the business relationships that will help the company to compete effectively when new companies enters into the market.

#### 8.7 Pricing Strategy

Kasben can only create this perceived value by establishing a good reputation, marketing messages, packaging, and sales environments. The important component of perceived value is the comparison customers, Kasben and competitors. There are different pricing strategies. The charts below illustrate the different pricing methods.

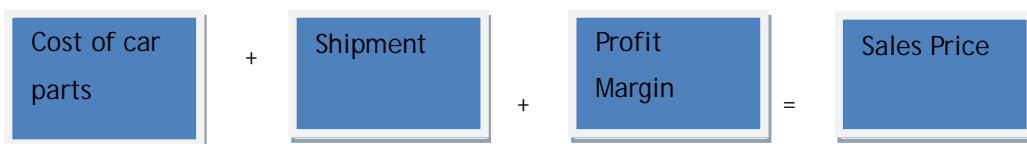


Figure 11: Pricing Management Model for Kasben.

Figure 11 shows the pricing model of Kasbah the pricing management model use in making pricing decision. The selling price per container is calculated by adding a profit margin to the cost of the container.

#### 8.8 Channels of Distribution

Kasben Finland will be using a direct distribution strategy; the customers will fill a spare parts request form, which will clearly specify the model of car, type of parts. Kasben will then search for the parts, package in a container, and ship directly to the customers. The customer will be responsible for clearing the shipment and paying any charges.

#### 8.9 Radio Advertisement

The radio is listened by many people in Africa. Many Africans listen to the radio several hours a day. Radio advertisement in Africa has become increasingly more powerful as a medium of advertisement. In Africa radio advertising can be purchased locally, regionally or nationally and can be produced to suit the company's advertising budget or reach any target audience the company chooses. Kasben will advertise with one good radio station. The Advertisement will be on air during the music session in the Afternoon, twice in the week for the cost of 25.5 euros, the radio station can be listening at any part of the country.

#### 8.10 News paper Advertisement

The Semanario Angolense is one of the national news papers in Angola. The newspaper is written in Portuguese. It also has an online version at [www.semanarioangolense.net](http://www.semanarioangolense.net). The news paper can be read in all parts of Angola, and also worldwide on the World Wide Web. This will help Kasben target potential customers in Angola and around the world. The cost of placing an advert in the news paper in Angola is estimated to be €60.

#### 8.11 Website Advertisement

Website advertising uses the World Wide Web for the purpose of delivering marketing messages to influence customers to make a purchases decision. Kasben has a website with domain name [www.kasben.fi](http://www.kasben.fi); the website promotes the company products, and contact of the company. This website can be accessed around the world through browsing; the site will be in both English Portuguese and Finnish. The domain name cost €36 for three years. The webhosting is €33 for 1 year. The website cost 300 Euros to develop. Kasben will also take advantage of the social net working sites, such as facebook and twitter. The company will create a user account on both Twitter and facebook, and this will enable the company to contact potential customers and vice versa .

year	1	2	3	4	5	Notes
	€	€	€	€	€	
Advertising	1500	1800	2500	3000	5000	

Table 2: Advertising Expenditure forecast for 5 years.

The table above shows the advertising expenses of Kasben for 5 years, the advertising expense increase every year.

## 9 Strategy and Plan

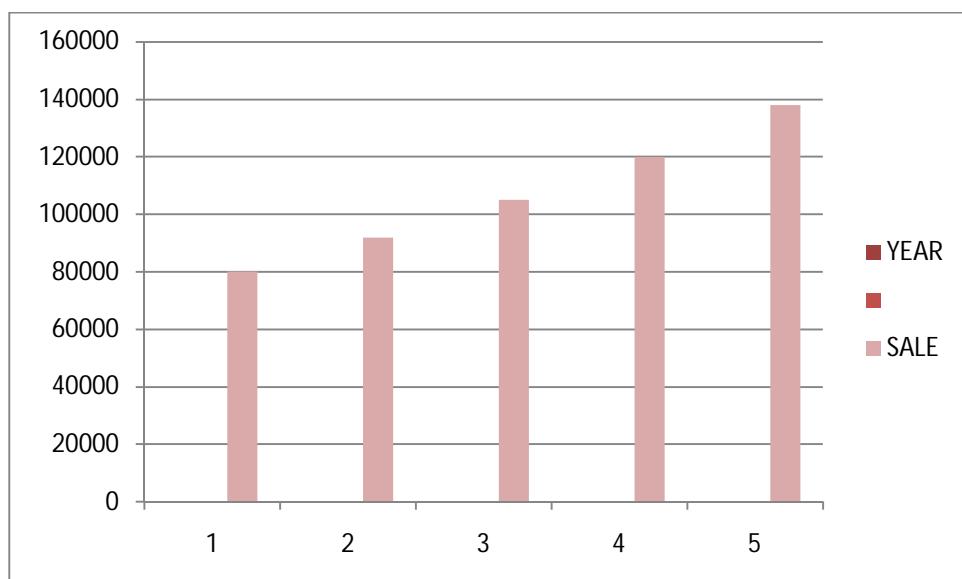
Kasben Exports offers a 15% discount on all purchases of 800 euros or more.. The company focuses to establish its future on a strong relationship with the region's taxi services. The author has established export contacts in all the target markets. these will make the process of developing an export channel for car parts much easier. In these countries, much business is done by a handshake and word of mouth, rather than formal contracts. The experience and contacts will be valuable in this environment.

### 9.1 Sales Strategy

In the first year the company will have a marketing officer in Angola; the marketing officer will be in charge of locating potential customers in Angola, and negotiating sales with the customers. The customer will write sales contract on the company's website, the contract will be subjected to certain terms and condition and the final approval from the manager in Finland. The marketing officer will have an office in Angola where customers can seek assistance during the sales process.

### 9.2 Sales Projection

In order for Kasben to be successful, the company must show a sales projection. This can be achieved through the comparable method, comparing Kasbah sales with sales of similar company or the buildup method, projection based on past sale records .Kasbah will uses the buildup method of sales projection. The tables below show the sales projection of kasben.Sales are expected to increase by 15% over the first five operating years.



### Figure 12: Sales projection for Kasben Finland.

The figures 12 show the sale trend of Kasbah for a five year period. The sale trend indicates that the sale of Kasben will increase every year.

#### 9.3 Company Registration

In Finland as a rule, new businesses must be registered at the Trade Register.

With business information available in the Trade Register, the company enjoys trust from the public. Registration also safeguards one's company name so that no other company, for example a competitor, is able to monopolize it. In Finland the duration is 15 days to register a new company name. An application is filled with the national board of patent and registration with an application fee €75. Kasben is already a registered company.

#### 9.4 Business Location

The head office of Kasben will be located in Vantaa Finland, only the manager will be working at the head office, the marketing manager will operate an office in Angola, the office in Angora will assist customers in Angola, since the manager in Finland doesn't speak Portuguese. The manager will handle all administrative matters for the first year. The head office and the branch office will communicate through Microsoft exchange. For the first year no salary is to be paid to the manager in Finland, the marketing officer will be paid 5% of each container of spare parts sold for the first year.

#### 9.5 Business Operations

Kasben will be operated as a registered company with offices in all countries that the spare parts are sold. The offices will have contact person in the respective countries, the marketing officer will operate from the place of residence, and the head office will be operated from the manager's place of residence in Finland. This strategy will reduce operating expenses, since the company will not rent extra office space for the business activities, the office phone line will be opened for 24 hours a day, to answer customer enquiries all business contact with the head office will be through electronic means

Year	1	2	3	4	5
Phone Bill €	500	650	700	700	1000
Internet bill €	108	120	125	127	200

Admit Exp €	1000	1200	1250	1300	2000
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Figure 13: Phone Bill, Administration, and internet expense for the five years.

The table shows the expenses of Kasben for 5 years.

#### 9.6 Customer Support Service

Kasben customer's service I will be open 24 hours a day to support customers during the ordering process and after the sales service. Customers will be able to browse the company website and contact any of the marketing managers through an email address. The company assists customers during the clearance of shipments.

### 10 Management

Kasben will be managed by the proprietor, with assistants from the Marketing officer, the accountant; the proprietor of Kasbah has a strong management and marketing background, the other member has a strong accounting and law background.

#### 10.1 The General Manager

The company general manager has a broad, overall responsibility for the business or organization. The General Manager manages through subordinate managers. The General Manager has the power to hire, fire, or promote employees. The general Manager is responsible for higher level planning and. is responsible for the overall strategic planning and direction of the company or organization .The day-to-day management of the various functions will be handled by the respective managers. The general manager holds a Bachelors degree in International business, Business Management, student member of the Institute of Internal Auditors Finland (IIA Finland). The manger is also a student member of the Association of Certified Chartered Accountants (ACCA UK). The general manager has experience as a marketing assistant from both Scandicsoft oy, and AI-ly enterprise. These work experience will enable the general manager to successfully direct and control Kasben .

#### 10.2 Marketing Officer

The marketing officers will promote the company's spare parts in their respective countries. This involves marketing existing products, developing new product ideas, and developing markets for new products or services the marketing officer will identify and analyze the organization's strengths and weaknesses, and respond to opportunities and threats in the target

country. To develop and implement appropriate strategies by selecting, segmenting and targeting markets, and promoting products and services to those markets, The marketing manager should speak the local language fluently; have good interpersonal skills, and should have a minimum of high school education, and work experience in the car trade.

#### 10.3 The Accounts Officer

The accounts officer will have a Bachelor of Science in Banking and Finance, with work experience in banking. The accounts officer will be responsible for keeping accounting records for the company, payment of bills, taking care of tax responsibilities. The accounts will be audited by the general manager.

#### 10.4 Organisational Structure

The company organizational structure is a flat organization structure, the structure will enhance communication within the company, greater delegation of authority and quicker decision making ability, the organizational structure of Kasbah is simple, this ensured greater flexibility and responsiveness within the company. Figure 8, shows the organizational structure of Kasben .

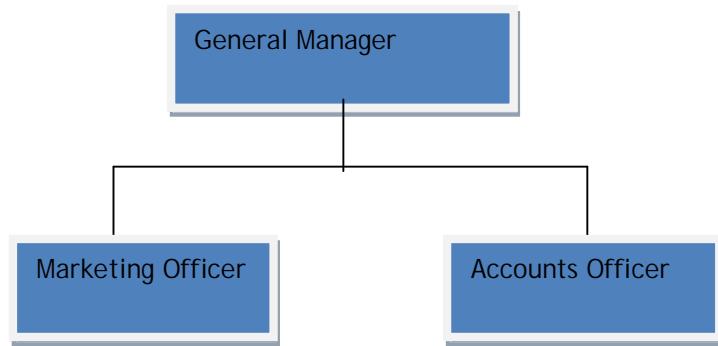


Figure 14: Simple Organizational structure of Kasben

From the organizational structure the general manager is the highest decisions making body in the company. The manager can hire and fire employees, both the marketing officer and the accounts officer will report to the General manager

## 11 Financial Analysis

### 11.1 Capital Spending

Kasben will need the following items in the table 5, there will be the need for one laptop to be used at the head office, office desk for writing, rubber stamp and a printer for printing documents, telephone and fax machine.

#### CAPITAL EXPENDITURE OF KASBEN

	€
Computer	600,00
printer	75,00
Stam	29,00
Office furniture	200,00
Telephone	150,00
Fax Machine	200,00
Total	1254

Table 3: capital expenditure of Kasben , table 5 s

### 11.2 Capital Requirement

The business idea is capital intensive. Kasben will require 30,000 euros as operating capital, the founder will contribute 5000 euros, the marketing manager will contribute 7000 euro, and the remaining 18,000 euro will be financed through Finnvera loan.

### 11.3 Breakeven Analysis

The breakeven point is the point where the Kasben makes neither a profit nor loss, or is the point where total revenue is equal to total expenditure ( $TR=TC$ ) or the amount by which sales can fall below anticipated sales, without a loss being incurred.

Year	1	2	3	4	5
Esti Sales	€80,000	€92,000	€105000	€120000	€138000
Units Sold	4@€20,000	5@€18400	6@€17500	8@€17100	9@15000
Variable cost€	20000	25000	30000	35000	40000
Fixed Cost€	1500	1500	1500	1500	1500
Target Profit	38000	40000	45000	50000	60000

Table 4: Budgeted Data of Kasben for 5 years, table 6 show the estimated sales, variable cost, fixed cost, and the target profit of Kasben for five years.

#### 11.4 Breakeven in Units and Sales

The breakeven in units is the number of containers of spare parts that need to be sold in order to break even, from table 6, the total fixed cost for the year is €15000, the variable cost is €5000, Kasben breakeven point 3 Containers of spare parts Therefore in order for Kasben to break even the company need to dismantle and sell three containers of spare parts, breakeven in sales value is €60, 000.

#### 11.5 Margin of Safety

The margin of safety is the excess of budgeted or actual sales over the breakeven volume of sales. The margin of safety indicates the level by which sales can be reducing before losses begin to be incurred. The higher the margin of safety, the lower the risk of not breaking even. The company has a margin of safety of 25% of sales. This indicates that business has a positive margin of safety; therefore the business is viable.

#### 11.6 Contribution Sale Ratio

The contribution margin as a percentage of total sales is referred to as a contribution margin ratio ([accountingformanagement.com/2009](http://accountingformanagement.com/2009)). The contribution margin of Kasben will be 8.3%, this suggested that the business idea is viable. The contribution to sales ratio is extremely useful since it shows how the contribution margin of Kasben will be affected by a change in total sales.

#### 11.7 Budgeted Profit and Loss account

Year	1	2	3	4	5
Turnover	80000	92000	105000	120000	138000
Cost of sales	<u>27000</u>	<u>30000</u>	<u>42000</u>	<u>54000</u>	<u>60000</u>
Gross Profit	53000	62000	63000	66000	78000
Operating Expenses					
Shipping Expense	15000	18000	18000	20000	21000
Traveling Exp	4000	4000	4000	4500	4700

Int On loan	2400	2400	2400	2400	2400
Misc Expense	<u>1608</u>	<u>1970</u>	<u>2075</u>	<u>2127</u>	<u>3200</u>
	23008	26370	26475	29027	31300
Profit Before tax	29992	35630	36525	36973	46700
profit after tax	23393	28686	28489	28838	36426

Table 5: Budgeted Income statement. From the budgeted income statement of Kasben, The company will be a profitable venture from the first year, the company will be able to cover all operating expenses, and any financial obligations, more importantly the loan

## 12 Risk Analysis

There is a possibility of big a spare part company penetrating the market, The competition is very keen and Kasben may lose potential market. There is also indirect competition from Angolan living abroad .The business will make profit from the first year of operation. Should the company experience financial difficulties due to unforeseen occurrences, the company will defer some administrative expenses.

## 13 Staffing Level

The company's staffing level is very important. The staffing level plays a major role in the success of Kasben . Overstaffing is costly for a newly form company, the payroll costs and benefits that will be paid to worker will be much higher. Furthermore lack of performance by under-used employees not fully occupied or engaged by continuous operation is also very expensive for a new company such as Kasben. Conversely, understaffing creates excessive overtime, increases in safety risks from fatigue, absenteeism, and even burnout of workers which will be very expensive for Kasben.

### 13.1 Sales Volume

The product sales analysis enables the company to monitor the point-of-sale data to discover sales trends, investigate product demand and optimize merchandising strategies. Good Sale are crucial to every successful company. Poor sales will reduce the profit of the company, and high volumes of sales will put pressure on the capacity of Kasben.

### 13.2 SWOT Analysis

The SWOT analysis is a useful tool for understanding and decision-making situations in Kasben . SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats. Below is the SWOT analysis of Kasbah.

<b>STRENGTHs</b> <ul style="list-style-type: none"> <li>Closeness of company to the European market</li> <li>The company owner has strong bargaining skills</li> <li>Experience, knowledge, data of the auto parts industry in Africa.</li> <li>The company offers affordable prices, with value, and quality to customers.</li> <li>Highly qualified personnel</li> <li>Marketing manager have good knowledge of the cultural, attitudinal, behavioral characts of customers</li> </ul>	<b>WEAKNESSES</b> <ul style="list-style-type: none"> <li>Poor reputation and presence within the target countries</li> <li>Weak financial situation of the company`s proprietor.</li> <li>Reliability of data, plan predictability</li> <li>Morale and commitment, commitment is very low in the company.</li> <li>Management cover, succession, in case of death of key member the business might collapse</li> </ul>
<b>OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>The company has a large target market.</li> <li>Competitors have a high per unit cost</li> <li>The company has a strong business link</li> <li>The company has adequate Information about the target country.</li> </ul>	<b>THREATS</b> <ul style="list-style-type: none"> <li>Poor political atmosphere in most African countries.</li> <li>The company does not know competitor intentions</li> <li>Difficulties in finding partner Africa</li> <li>Fraud in most African countries -</li> <li>Difficulty obtaining initial capital.</li> <li>Poor economy world economic situation</li> </ul>

#### 14 Conclusions and Discussion

The used car industry is very fast growing in Angola. The demand for cars parts in Angola and the rest of Africa, based on the data collected during the country visit of the author, the demand for auto parts is very high due to poor roads, The purchasing power of customers is increasing, due to the high economic growth in Angola many companies are establishing subsidiaries in Angola, more expatriates are moving to Angola, and these expatriates will need parts for their cars.

The business operation will generate negative cash flow with the first year of operations; the Company will break even in the second year of operation and will make a profit at the end of the second year. The company will start repaying loans after the second year. Kasben will start export to five African countries. Businesses have three basic exit strategies; these strategies have an adverse on the owners of the company (Harris, 2006. 117) the first option is for the company to be sold to a large firm, The Company can also be sold on the stock market in the form of shares.Kasbens exit option after the 5 years will be selling the company to individual or company, The author will retain 50% of shares in the company. The business idea is feasible; the company has strong personnel with management capabilities, the financial analysis showed that the company will make a profit after the first year, in order for the company to breakeven it needs to sell 12 cars in the year. The spare parts industry is expected to grow by 5% each year according to the study.

Angola is a peaceful after the 10 years civil war. The study shows that the country is very conducive for business; the country is one of the fastest growing economies in Africa. The study also revealed that in Africa granting credit facility to new companies is not possible to, due to a high record of bad debt. Furthermore there is no central database which contains the credit information of companies. Furthermore the business idea has been tested through the prime analysis and findings have shown that the business has a strong potential for success because the management team is strong and experienced, the market is a niche, and the financial analysis showed that the business will be profitable by the end of the third year. The used cars parts shall continue to be available in the European, Asian and the American market in the long run and the economic growth rate of African is expected to grow from 4.5% to 5%. Furthermore, no profitable venture can grow in a state of war and insecurity. The internal peaceful atmosphere that has been made possible by the understanding of various political leaders in Angola and Ghana will provide provides a positive environment for Kasben .

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## List of Figures

Figure 1: The Structure of the Study.....	8
Figure 2: 1 A graphical representation of Porter's Five Forces.....	10
Figure 3: Steps in market segmentation, targeting and positioning.....	12
Figure 4: alternative market coverage strategies (kotler&Amstrong, 2001.265) .....	13
Figure 5: conventional vs. Vertical Channel of Distribution .....	16
Figure 6: Summery of results of the study.....	21
Figure 7: Sales, gross profit Margin in Euros.....	23
Figure 8: The simple Organizational Structure of the case company Kasben.....	25
Figure 9: 6The simple Organizational Structure of the case company Kasben .....	28
Figure 10: Sales projection for Kasben Finland .....	32
Figure 11: Phone Bill, Administration, and internet expense for the five years .....	33
Figure 12: Simple Organizational structure of Kasben.....	34

## List of Tables

Table 1: Market Analysis table .....	29
Table 2: Pricing Management Model for kasben.....	29
Table 3: Container Description.....	Error! Bookmark not defined.
Table 4: Advertising Expenditure forecast for 5 years .....	30
Table 5: capital expenditure of Kasben .....	35
Table 6: Budgeted Data of Kasben for 5 years .....	36
Table 7: Budgeted Income statement.....	37

List of Appendices



Appendix 1: Map of Angola



Appendix 2: Map Of Finland

Appendix 3: Feasibility Questionnaire

1 which car is used for taxi in your locality?

.....  
.....

3. What car brand does customers Normally Needs parts for?

.....  
.....

1. Which part of the car do customers request? .....
2. How will you like to pay for the Part? Please circle the appropriate method
  - A) Prompt cash
  - B) In installment

