



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL  
JÖNKÖPING UNIVERSITY

# **BUSINESS PLAN**

BEFCO TRADING LTD  
**BEFCO TRADING LTD**

(Import, Export and Car Trading Company)

MASTER THESIS IN ENTREPRENEURIAL MANAGEMENT

Author: Fred Tanyi Besong

Tutor: Johan Wiklund

Jönköping June 2007



# Table of Contents

<b>ACKNOWLEDGEMENTS.....</b>	<b>iv</b>
<b>DEDICATION .....</b>	<b>v</b>
<b>1 Executive Summary.....</b>	<b>1</b>
1.1 Statement of purpose .....	1
1.2 The problem and solution .....	1
1.3 The Business Model.....	2
1.3.1 Product.....	2
1.3.2 Target Market and Customers.....	2
1.3.3 Core competence .....	2
1.3.4 Management Team .....	3
1.3.5 Key Success Factors.....	3
1.3.6 The Business process .....	3
1.3.7 Strategy .....	4
1.3.8 Financial Forecasts .....	4
<b>2 BUSINESS DESCRIPTION .....</b>	<b>5</b>
2.1 General Description of the Business .....	5
2.2 The Employment History of Cameroon and possibilities for Entrepreneurship.....	6
2.3 The Opportunity.....	7
2.4 Background of Cameroon’s Import and Exports situation.....	9
2.5 The situation of Sweden’s second hand-car market.....	9
2.6 Product Scope.....	10
2.7 The Business process .....	11
2.8 Differentiation Strategy .....	11
<b>3 INDUSTRY ANALYSIS.....</b>	<b>12</b>
3.1 Industry Description.....	13
3.1.1 Buyers (Customers).....	13
3.1.2 Potential Entrants .....	14
3.1.3 Suppliers .....	14
3.1.4 Substitutes.....	15
3.1.5 Industry Competitors (Rivalry among existing firms) .....	15
<b>4 MARKETING PLAN .....</b>	<b>16</b>
4.1 Target Market and Customers .....	16
4.2 Pricing strategy .....	17
4.3 Channels of Distribution and Supply-Chain strategy .....	19
4.4 Promotion and Advertising strategy.....	19
4.4.1 Promotion .....	19
4.4.2 Advertisement .....	20
4.5 Sales strategy and Forecast.....	22
4.5.1 Sales strategy.....	22
4.5.2 Sales forecast.....	22
<b>5 OPERATIONS PLAN .....</b>	<b>23</b>
5.1 Business Licence.....	23

5.2	Business Location and staff.....	23
5.3	Business Operations .....	24
5.4	Customer support service.....	24
<b>6</b>	<b>MANAGEMENT.....</b>	<b>25</b>
6.1	Board of Directors (Governance).....	25
6.2	Management Team .....	26
6.3	Governance and Organizational Structure .....	27
6.3.1	Geography.....	28
6.3.2	Reporting Relationships .....	28
<b>7</b>	<b>FINANCIALS .....</b>	<b>29</b>
7.1	Capital requirements .....	29
7.2	Income Expenditure and Cash Flow statement .....	30
<b>8</b>	<b>Critical Risks and Problems.....</b>	<b>31</b>
8.1	Excessive Direct and Indirect Competition .....	31
8.2	Financial Risk .....	31
8.3	Operational and Management Risk .....	31
<b>9</b>	<b>GROWTH PROSPECTS AND EXIT OPTIONS .....</b>	<b>32</b>
9.1	Growth prospects .....	32
9.2	Exit options.....	33
<b>10</b>	<b>Conclusion .....</b>	<b>34</b>
<b>11</b>	<b>References .....</b>	<b>35</b>
<b>12</b>	<b>Appendices .....</b>	<b>38</b>
	<b>Appendix I: Swedish Second-hand market</b>	
	<b>(<a href="http://WWW.BLOCKET.SE">WWW.BLOCKET.SE</a>).....</b>	<b>38</b>
	<b>Paying Taxes in Cameroon .....</b>	<b>45</b>

## **ACKNOWLEDGEMENTS**

Many individuals played a significant role towards the realisation of this thesis, some gave moral support and provided the facilities for me to study in an international environment, others gave financial support while some others transferred knowledge both implicit and tacit knowledge and they all deserve my special recognition. Firstly, I express my deepest love and gratitude to my parents for their constant support and encouragement through out my educational career. Special thanks also go to my uncle Mr. Abange William, General Manager of McMillan Ltd. Cameroon, for serving as a role model and for his encouragement towards my acceptance of the offer based on how significant it would be to have some one with entrepreneurial knowledge in the family.

I am equally thanking the programme coordinators of the Master of Entrepreneurship in the persons of Olof Brunninge and Leona Achtenhagen for their role in shaping the programme, providing moral support through their open minded nature.

I also wish to thank the Presbyterian Church in Cameroon (PCC) in general and the PCC Internal Audit Department in particular for allowing me to pursue my studies on the basis of a study leave and guaranteeing a job security up till 2010.

I also wish to express my profound gratitude to all who taught, trained and provided me with a wider cognitive mindset in the Department of Entrepreneurship, Marketing and Management (EMM) of JIBS. I am thinking of Professor Leif Melin, Professor Tim Habbershon and my supervisor Professor Johan Wiklund for their inspirational articles and lectures in entrepreneurship. A special thanks to my supervisor for his technical support, guidance and encouragement in the realisation of this thesis.

I am also thanking Jonkoping University and Jonkoping International Business School in particular for given me the opportunity to be among the few selected for this master programme.

Finally, I am equally grateful to the Swedish Government for this wonderful opportunity to study within a peaceful and loving community.

## **DEDICATION**

This thesis is dedicated to the Besong-Tiku and Baiyendang Family of Upper Banyang community of Manyu Division, South West province, in Cameroon.

# **1 Executive Summary**

## **1.1 Statement of purpose**

This business plan has been developed to obtain a start up capital for the operations of BEFCO Trading Limited- an import export and car trading company. It also serves as an operational outline and plan for the first five years. The founding entrepreneurs intend to raise a start up capital of CFA100, 000,000francs. The founding entrepreneurs are able and willing to contribute CFA50, 000,000francs, CFA30, 000,000francs shall be allotted to 30 preference share holders and CFA20, and 000,000francs shall be raised through an investment loan from the bank. Each of the entrepreneurs shall invest CFA10, 000,000francs but the CEO shall invest an additional CFA10, 000,000francs to make up for the amount to be raised by the entrepreneurial team. The business plan uses the following exchange: CFA 675francs =1Euro = 10SEK for clarity and simplicity of conversion.

## **1.2 The problem and solution**

In Cameroon, the existing car dealing companies are apparently doing great but are located mainly in the French speaking provinces of Douala, Yaoundé and Garoua. Evident from the fact that there are presently about 17 companies selling used and new cars in Cameroon with no one located in the two English speaking provinces of Cameroon indicates there is a problem. This problem is that all these companies are located in the originally French speaking provinces of Cameroon leaving those in the English speaking provinces underserved.

BEFCO Trading Ltd is a result of the observation of trends, intuition and chance thanks to the favourable circumstances surrounding the entrepreneurs. This favourable circumstance has resulted to the availability of a network and exposure to a market aimed at solving this problem through the creation of BEFCO Trading Ltd in line with the reasoning of Barringer and Ireland (2006). BEFCO Trading Ltd is built on the founders' recognition of this opportunity gap - A gap between what is currently on the market and the possibility for a new or significantly improved product, service, or business that results from emerging trends (Timmons and Spinelli, 2003). BEFCO Trading ltd will be the only used car Company located in the South-West and North-West provinces of Cameroon thereby serving the niche market at their door steps.

## **1.3 The Business Model**

### **1.3.1 Product**

BEFCO Trading Ltd will sell second hands cars to the people of English speaking South-West and North-West province of Cameroon. The cars shall be of 5 brands among those available in the second hand car market of Sweden. Cars sold shall not be those made from 1990 and above and should be in good condition at the time of sales. The purchase price of the cars shall range from *CFA337, 500francs – CFA 1,687,500francs from* start –that is an average purchase cost of *1,012,500francs*. This range could increase later depending on the demand. BEFCO Trading Ltd shall not supply all the cars available in the Swedish market to its customers rather it shall sell only cars of the five following brands: Nissan, Renault, Ford, Mazda and Volkswagen.

### **1.3.2 Target Market and Customers.**

The BEFCO Trading Ltd shall operate two branches in the first five years. One shall be in Buea covering Southwest province and the other one shall be in Bamenda, to cover the North West province of Cameroon. The target market is the south west and North West province of Cameroon. These targeted customers are: Newly employed workers who have been granted car loans; Owners of cocoa farms and palm plantations; Business owners who want a car for status and recognition; Taxi business owners who want to increase their number of cars; Officers who want to buy cars for their wives; Companies, Common Initiative Groups (C.I.Gs) and Non Governmental Organizations (N.G.Os) who need a car(s) to help in carrying out their activities in a better manner, especially for inspection and control.

### **1.3.3 Core competence**

The founding entrepreneurs are all business oriented and shall all possess master degrees from Europe therefore funding of the business plan will not be a problem. Furthermore the founding entrepreneurs have a broad network including potential suppliers and agents in Sweden which shall serve as a competitive advantage over its Cameroonian competitors. More so BEFCO Trading Ltd will overcome the problem of most businesses in Cameroon, which is usually late declaration and under-declaration of taxes that leads to tax penalties, which at times goes up to 100% and more.

### **1.3.4 Management Team**

The management team shall be made up of four master's degree holders and a powerful Board of Directors (BOD) of five (5) members from start. Its shall be made of a Chief Executive Officer ( Mr. Besong Fred – Candidate Master of Entrepreneurial Management, JIBS, June 2007), Chief Accountant ( Mr. Ebi-Ndie Kenneth –Master of Science in Accounting , Goteborg University) , Ms. Fotoh Declan ( Master of Logistic and Supply chain management, JIBS, May 2007) as working owners and Mr Tanyi Titans hold a Bachelor Science degree in Accountancy and Master's in Information Technology and Financial Analysis (Finland, 2004) who shall serve in the board only. BEFCO Trading Ltd shall also have two marketing /sales staff and a driver mechanic. Such a team will be very useful when the company starts to witness growing pains, because it shall be easily handled leading to future growth of the business venture.

### **1.3.5 Key Success Factors**

Shipping cars bought from the Swedish Market has been experienced by some of the founding members. More so, the ownership/management team is made up of those who have a good educational and professional background. Furthermore 80% of the founding team have worked as a team before either in the job side or in school. As an added advantage tax issues that usually cause the collapse of businesses in Cameroon either because of delays in declaration attracting penalties that at times go up to 100% will be unheard of or greatly minimized because the management team has a firm grip on tax accounting.

The main strength of BEFCO Trading Ltd lies in its differentiated approach of providing cars from a yet to be exploited supply base-the Swedish Market by focusing on five brands that can easily and cheaply be repaired by the mechanics. These are: the Nissan, Renault, Ford, Mazda and Volkswagen car brands which shall be sold to the customers of South-West and North-West Provinces who are presently underserved.

### **1.3.6 The Business process**

BEFCO Trading Ltd shall be a Small and Medium size enterprise. It shall be in the indirect channel for the companies producing the five brands of cars. It shall be a car dealing company in the indirect channel of distribution of the five brands of vehicles. The distribution strategy of BEFCO Trading Ltd will be quite simple, based on customer's request the products are bought, transported to the sea port of Goteborg and through Grimaldi shipping company the goods will get to the Douala Sea port of Cameroon. From here they shall be driven to the packing space in

Buea. Here the car(s) will be checked, washed and made clean for exposure at Head/branch office in Buea and branch office in Bamenda respectively.

**1.3.7 Strategy**

BEFCO Trading Ltd. shall create a customer based management system (CRM) for the existing customers in one computer by using a Microsoft access program. It shall also have an alliance with Mbako Garage Ltd where customers will repair their cars for the first three months at 10% discounts. Furthermore the founding entrepreneurs of BEFCO Trading Ltd are convinced that this company will also go a long way to boost the economy of this section of the country as the company tax will be used to develop the community and its presence will serve as a catalyst for other business opportunities to be transformed into full fleshed businesses.

More so the founding entrepreneurs are very ready to start up this business and have already done some research on how much it is going cost to legally obtain a business licence and get the cars to the Cameroonian market. Hence all that is needed is the money to start up the business and purchase of the cars needed.

**1.3.8 Financial Forecasts**

The financial projection shows that BEFCO Trading Ltd show the high potential for success and growth with the car industry of Cameroon. It shall be profitable by the end of the first year but shall have a negative cash flow of CFA 950,000francs (1407.4 Euros) as seen in *table 1* below. From the second through the fifth year BEFCO Trading Ltd shall make both profit and positive cash flows in an increasing manner. BEFCO Trading Ltd. shall also pay off the loan completely together with interest by the end of the forth year and also pay dividends to its share holders.

*Table 1: Financial forecast extract for the first 5 years*

Year	Year 1 FCFA	Year 2 FCFA	Year 3 FCFA	Year 4 FCFA	Year 5 FCFA
<b>Sales/Turnover</b>	<b>100 000 000</b>	<b>110 000 000</b>	<b>121 000 000</b>	<b>133 100 000</b>	<b>146 410 000</b>
COGS	70 000 000	77 000 000	84 700 000	93 170 000	102 487 000
<b>GROSS PROFIT</b>	<b>30 000 000</b>	<b>33 000 000</b>	<b>36 300 000</b>	<b>39 930 000</b>	<b>43 923 000</b>
<b>Earnings Before Tax</b>	<b>7 500 000</b>	<b>9 665 000</b>	<b>12 088 250</b>	<b>14 797 663</b>	<b>18 824 046</b>
Taxes	3 450 000	4 445 900	5 560 595	6 806 925	8 659 061
<b>Earnings After Tax</b>	<b>4 050 000</b>	<b>5 219 100</b>	<b>6 527 655</b>	<b>7 990 738</b>	<b>10 164 985</b>
Loan Refund	5 000 000	5 000 000	5 000 000	5 000 000	0
<b>Supplus( )/ Deficit(-)</b>	<b>-950 000</b>	<b>219 100</b>	<b>1 527 655</b>	<b>2 990 738</b>	<b>10 164 985</b>

## 2 BUSINESS DESCRIPTION

According to Calvin (2002) there exist three strategic alternatives for the people to become entrepreneurs or to start a new business. These alternatives are as follow: developing and introducing a new product or service; buying an existing business, managing it, and cloning an existing business model, possibly franchising someone else's idea. In the same light Barringer and Ireland (2006) cited three reasons why people become entrepreneurs namely: be their own boss; pursue their own ideas and realise financial rewards. With the burning desire to be our own boss, pursue our own ideas and realise financial rewards, I act as the driving force of the team in transforming this idea that has been tested through a feasibility study and seen as an opportunity into action, in line with the reasoning of Barringer and Ireland (2006).

The founding members commence the establishment of BEFCO Trading Ltd through this business plan that meets academic and professional requirement. According to Barringer and Ireland (2006) a business plan is intended to be a living document that can change if the situation warrants. Based on this postulate, three types of business plans were proposed namely: summary business plan (10-15pages), full business plan (25-35pages) and operational business plan (between 40 and 100pages). This business plan falls within this framework and is a full business plan. The main purpose of this business plan is to provide a guide on what is needed and how to go about establishing a company that brings relief to the needy customers and satisfy the opportunity driving quest of the entrepreneurs (Timmons, 2003).

### 2.1 General Description of the Business

BEFCO Trading Ltd shall be an import, export and car trading limited liability Company taking advantage of an opportunity by novel combination of resources, in ways which have impact on the use car market of Cameroon. Through this business plan the founding entrepreneurs intend to transform this opportunity into an operational company thanks to the enabling environment for this new venture and the willingness of the founding entrepreneurs. **BEFCO is an acronym for BEsong Fred and Co.**

With knowledge of accessing the website of second-hand products known already by the founding members by virtue of studying in Sweden, transforming the opportunity into action has giving birth to BEFCO Trading Ltd as a solution to the problem of both the customers and the founding entrepreneurs. BEFCO Trading Ltd shall be a Small and Medium size Enterprise (SME). The Cameroon Ministry of Women and Social Affairs (MINASCOF, 1997) defined

SMEs as enterprises having between 1-10 workers, while Mead and Liedholm (1998) describe SMEs as firms having between 1-50 workers.

BEFCO Trading Ltd as an SME will import used cars from Europe to Cameroon, with a focus on the Swedish Market for a start. The business shall have two sales points at the beginning (one in Buea and the other in Bamenda) and shall focus mainly on customers in the South West and North West provinces of Cameroon with a staff of less than 10 members. The founding entrepreneurs have experience in selling cars, knowledge on international business and adequate accounting know-how which happens to be among the most important elements in this business sector especially in Cameroon. This is because the tax officers of Cameroon can give up to a fine/penalty of 100% on tax due but not declared on time or under declared, therefore this risk area is reduced or minimized from start because it falls within the core competence of the founding entrepreneurs .

The founding members of BEFCO Trading Ltd already has a powerful network in Sweden and Cameroon that will be difficult to copy or establish by her competitors. The board of director shall include a general manager of a company to serve as strong person, when in comes to the active role of the board. More so the Second-hand car market of Sweden is a very good supply because of the high living standard of the citizens and their taste for the best causing them to easily replace their used cars with little technical faults with new cars. The section that follows highlights the potential for entrepreneurship in Cameroon. Entrepreneurship is defined according to Barringer and Ireland (2006) as the process by which individuals pursue opportunities without regards to resources they currently control, driven by an individual or a team and typically requires creativity, drive and willingness to take risks.

## **2.2 The Employment History of Cameroon and possibilities for Entrepreneurship**

Up till early 1990s, students at the university level in Cameroon were offered direct employment as civil servants or were sent out for further studies through scholarships to Europe and other parts of the world. Those who got the General Certificate Examination (G.C.E) advanced and ordinary level also had employment with the government in lower positions. During that time those that did not have this opportunity and/or those who squandered their opportunities became entrepreneurs as a means for survival. They embarked in start ups such as “petit traders” or “Buyam Sellam”, shop owners, garage owners and taxi drivers.

Today the situation is different. With an unemployment rate of about thirty percent (30%) in the past ten (10) years, the government is trying to encourage Cameroonians to be owners of companies rather than directing and motivating them towards becoming civil servants. This change in focus has caused a significant effort by public authorities in Cameroon to encourage and provide an enabling environment for enterprise development. According to IMF Poverty Reduction Strategic Paper (PRSP, 2003) for Cameroon, the growth of Small and Medium-sized enterprises (SMEs) can be attributed to the revitalization of the private sector in Cameroon by government. The recent structural reforms that have revitalized the private sector in Cameroon have been partly orchestrated by the World Bank and IMF led structural adjustment programme and internal pressure. These reforms focus on economic liberalization and the acceleration of state retrenchment from productive activities so as to encourage private sector development. Some of the measures implemented include: liberalization; price liberalisation; the elimination of credit access problems; the simplification of customs procedures and tariffs; restructuring the banking sector, and transport sector privatization and reforms.

In addition to these reforms, the liberty laws of the 1990s have also been very fundamental in creating a favourable atmosphere for SMEs to thrive. The atmosphere of peace, stability and international cooperation is also provided an enabling environment for entrepreneurship development in Cameroon with an annual growth rate of 4.5% for new opportunities for entrepreneurs.

### **2.3 The Opportunity**

Wiklund (1998) defines Entrepreneurship as taking advantage of opportunity by novel combination of resources, in ways which have impact on a market. Timmons and Spinelli (2003) added value to this definition as they went ahead to define an opportunity as a favourable set of circumstances that creates a need for a new product, service or business. Drawing from the definition of Entrepreneurship by Wiklund (1998) and opportunity by Timmons and Spinelli (2003) it becomes very visible that the situation in the car industry of Cameroon leaves a window of opportunity open. For an entrepreneur or entrepreneurs to capitalize on an opportunity its window of opportunity must be open (Timmons and Spinelli, 2003).

In Cameroon, the existing car dealing companies are apparently doing great but are located mainly in the French speaking provinces of Douala, Yaoundé and Garoua. The situation leaves a window of opportunity open as those who need second-hand and /or new cars but live in the South-west and North-west province of Cameroon have to travel to Douala, Yaoundé, or Garoua

to buy the cars, coupled with the fact that most of them do not fully understand French language yet, which is one of the two official languages in Cameroon. Because of this limitation these individuals are presently underserved and exposed to high risk of losing their hard earned money; for example the cocoa farmers who make a lot of money during their sales period are usually frustrated when they get into the French speaking provinces because most of them are not yet bilingual and at times are victims of this because their money is being extorted in some instances.

Evident from the fact that there are presently about 17 companies selling used and new cars in Cameroon with no one located in the two English speaking provinces of Cameroon indicates there is a problem. This problem is that all these companies are located in the originally French speaking provinces of Cameroon. According to Barringer and Ireland (2006), sometimes identifying business opportunities simply involves noticing a problem and finding a way to solve it. To them a problem can be pinpointed through observing trends and through more simple means such as intuition, serendipity, or chance.

BEFCO Trading Ltd is a result of the observation of trends, intuition and chance thanks to the favourable circumstances surrounding the entrepreneurs. This favourable circumstance has resulted to the availability of a network and exposure to a market aimed at solving this problem through the creation of BEFCO Trading Ltd. in line with the reasoning of Barringer and Ireland (2006). BEFCO Trading Ltd. is built on the founders' recognition of this opportunity gap - A gap between what is currently on the market and the possibility for a new or significantly improved product, service, or business that results from emerging trends (Timmons and Spinelli, 2003). BEFCO Trading Ltd. shall get her products from an almost unexploited market by her competitors and supply them to a niche market (the two main English spoken provinces of Cameroon).

More so the Swedish Second hand car market is still to be exploited by the second hand car dealers from Cameroon. The second-hand cars imported from Sweden into Cameroon are generally in good condition and repairs are relatively cheap due to cheaper labour availability in Cameroon.

Furthermore BEFCO Trading Ltd. will be the only registered second hand car dealing Company located in the South-West and North-West provinces of Cameroon. This means that the tax office, the council and government will support the initiative as it will serve as a development catalyst, the rate of unemployment and increase the satisfaction of the people in this targeted area. This is supported by point No 325 of IMF-PRSP (2006) of Cameroon which states that "as part of activities to boost the private sector, the government plans to promote the development of

SMEs with an increase by 270 per cent of the budget allocated to the ministry responsible for this sector”. Meaning that with an educated and experienced management team in place, the cars shall be bought and sold to customers at their request making it possible for their needs and desires to be met in line with the Governments objective of strengthening the private sector.

Therefore, having a second hand car providing company around them will be a unique opportunity and providing such a company at their door steps will be a great relief to them. The paragraphs that follow present the situation of import and export in Cameroon and give a guide on why this opportunity is selected among others.

## **2.4 Background of Cameroon’s Import and Exports situation**

The population of Cameroon is 18,060,382 living on the total land area of 475,440 sq. km. Cameroon is the only country located in the west and central region of Africa and has a population growth rate of 2.24%. Its gross domestic product (GDP) is 7.59 billion Euros with a yearly growth rate of about 4.5% and GDP per capita of 472.03 Euros. The natural resources of Cameroon are petroleum, bauxite, iron ore, hydropower and timber among others.

Cameroon’s major exports are: crude oil, coffee, cocoa, cotton, rubber, bananas, oilseed, grains, root starches, livestock, timber giving about 2.16 billion Euros in exports of goods and services. Its major export trading partners are Spain 21.9%, Italy 13.5%, France 10.9%, Netherlands 10.6% and US 7.5%. Machinery, electrical equipment, transport equipment and fuel are major imports. Total import of goods and services of Cameroon is up to about 2.23 billion Euros. The major import trading partners are France 21.9%, Nigeria 9.5%, US 5.7% and Germany 4.3%. Cameroon had a foreign direct investment (net) of 148.9 million Euros in the year 2004. China and Japan are also getting close to being Cameroon’s major import partners. (<http://www.indexmundi.com/cameroon/>).

## **2.5 The situation of Sweden’s second hand-car market**

The Swedish used car market is made of about 100,870 cars for sale from 21 cities of the 23 cities of Sweden. Out of this the largest number of used cars is 20,852 followed 10,593 from Stockholm (Capital city) and Goteborg (economic capital) respectively. These cars are being are put on a daily basis depending on the need of those selling the cars. Swedish used cars are available and can be sourced through the Swedish second hand website ([www.blocket.se](http://www.blocket.se)).

The Swedish used car market provides a vast opportunity as it has a variety of cars that are accepted in Cameroon. Some of the popularly used brands in Cameroon are Nissan, Toyota, Volkswagen, Peugeot, Audi, Suzuki, Volvo, Ford, Renault and Mercedes while brands like Saab, Opel, Skoda Auto, Chevrolet, Ssangyong, Porsche, Subaru, Corvette, 8 New Holland, and Seat are yet to be known and appreciated in Cameroon. The prices are close to being fixed therefore bargaining is limited though possible. This is because of the cultural aspect the Swedish people; they are sincere and truthful and sell their cars at good prices.

**2.6 Product Scope**

BEFCO Trading Ltd is an import, export and car trading company meaning there is a wide possibility of services and products that it can offer. Being aware that a company’s product/market scope defines the products and markets on which it will concentrate (Barringer and Ireland, 2006). The Choice of product has an important impact on the business model and the market on which the company focuses is also an important element of its core strategy. Therefore new ventures should be particularly careful not to expand their product/market offerings beyond their capabilities.

BEFCO Trading Ltd will start by importing and selling second hand cars from the Swedish Market. These cars could be automatic drive and the manual drive which could also be either diesel engine or gasoline engine. Both categories are used in Cameroon but BEFCO Trading Ltd shall deal mostly with the manually driven cars. BEFCO Trading Ltd shall not supply all the cars available in the Swedish market to its customers rather it shall sell only cars of the five following brands: Nissan, Renault, Ford, Mazda and Volkswagen.

*Table 1: Logo Type of the car brands to be shipped and sold by BEFCO Trading Ltd.*

				
Nissan	Volkswagen	Renault	Ford	Mazda

## 2.7 The Business process

Through the networks established in Sweden by the Founding entrepreneurs, the cars will be bought after being selected for purchase by the Logistic and Purchase Director in collaboration with the CEO and the Chief accountant as assessed in the Swedish webpage. After this the agent (who is a Swedish resident) will go for the purchase of the car. If the car is checked and assessed by him to be in good condition payment is made in exchange of an agreement in which the Swedish person numbers are written indicating sales of the car and transfer of ownership. After this has been done the car is either driving by Skandiatransport directly to Gothenburg or driven by the agent to his resident in Gothenburg. Experience has shown that it cost about CFA135, 000francs (200Euros) for transporting a vehicle within Sweden to the Gothenburg Sea port in most cases.

Ownership documents are sent after about a week or more from date of purchase by the Swedish transport office. When this document is received the car is ready for shipment. Through a phone at the customer service, a date is arranged to come with the cash and valid documents indicating ownership of the car by the exporter. After proper verification within the same day by the **GRIMALDI Shipping Company** a document issued for the clearance of the car when it gets to its destination-Douala sea port. After this Grimaldi Shipping Company shall transport (ship) the car(s) to Cameroon by charging an average fee of CFA607, 500francs (900Euros) per car. Then it will take a period of approximately thirty (30) days for the cars to get the Douala Sea Port of Cameroon. From Douala Sea port it takes a day or two for the cars to be cleared at about CFA 800,000francs (1,185 Euros)in most cases thanks to the implementation of World banks recommendation of having a single payment point to clear goods. When the cars are finally removed from the Douala sea port driver-mechanic will then drive it or lead the team driving them to the Buea office where it shall be checked properly before advertised for sales.

## 2.8 Differentiation Strategy

Successful entrepreneurs look for differentiation and a competitive advantage in operational excellence, new product, service innovation or customer intimacy. This can be created by excellence in sales or marketing, customer relationship, cost and pricing, niche markets, operational efficiencies or wrapping services around the product (Carvin, 2002). As a strategy for differentiation BEFCO Trading Ltd shall buy her goods from the Swedish market that is almost unexploited by the Cameroonian business people, therefore selling used cars that come from this country is a strat-

egy of being different from its competitors. Most of the cars is being sold in Cameroon are mainly from Germany, Japan and Belgium. This concept differs in that it shall focus in an unexploited region which the Swedish Second Hand car and tires market is therefore providing the customers with something a bit new from the others and secondly targeting the two main English speaking provinces in Cameroon.

Apart from that the target market is a niche market because it is presently underserved. More so, BEFCO Trading Ltd shall work closely with its customers through the after sales services arrangement with the Mbako Garage Ltd (Car repairs Company) which is also located in the South-West and North-West provinces. Also BEFCO Trading Ltd shall have a strong managerial and marketing team that knows the importance of having a good customer relationship and cost efficiency objectives. As an extra-ordinary service within this business model a customized service facility shall be available for those who want to purchase car brands like VOLVO, SAAB, SKODA and other unpopular ones found in the Swedish used car market. BEFCO Trading Ltd shall offer it to them as a customise service option though on a prepayment basis as a strategy to cut down financial and operational risk involved in such dealings since the cars are still to have brand loyalist in Cameroon.

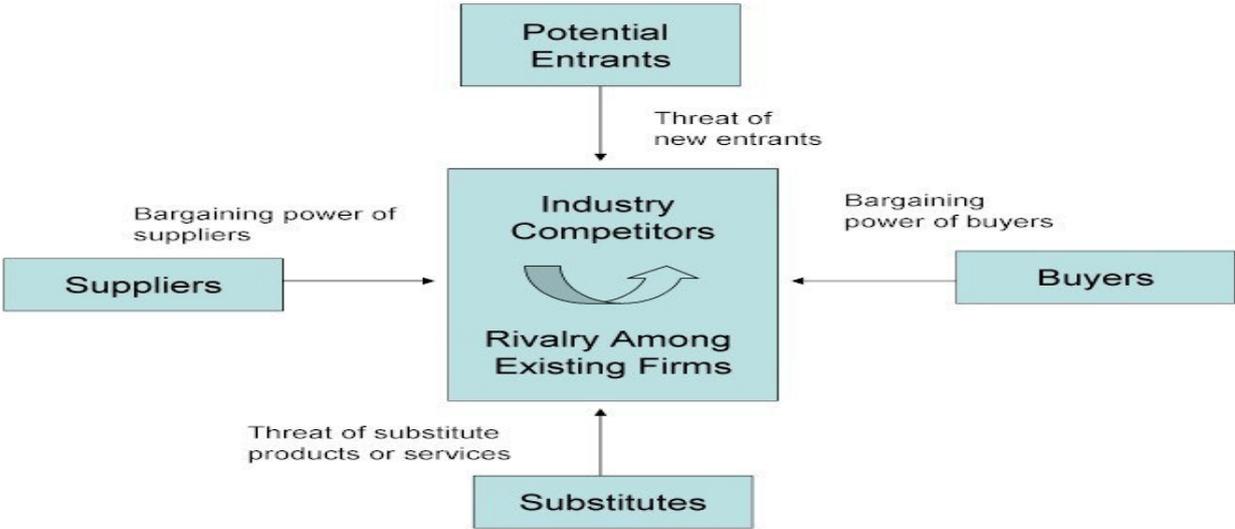
### **3 INDUSTRY ANALYSIS**

According to Barringer and Ireland (2006) industry analysis is business research that focuses on the potential of an industry. Data was collected through both primary and secondary sources. The Primary data for the industry analysis was collected through telephone interviews, observations and focus group interviews on five (5) groups while secondary information was gotten from articles, text books, and internet WebPages having information that could assist towards the realization of the business entity.

Barringer and Ireland (2006) describe an industry as a group of firms producing a similar product or service. In the case of BEFCO Trading Ltd that intends to be a second hand car dealing company in Cameroon, it will be necessary analyse the car industry in Cameroon. This shall be done through an industry description and competitor analysis section.

### 3.1 Industry Description

One way to analyze the second hand car industry of Cameroon is using the Porter’s ‘five forces model’. This five competitive forces model is a framework for understanding the structure of an industry as it determines the average rate of return for the firms in an industry. This model includes the main actors of the market-the threat of substitutes, the entry of new competitors, rivalry among existing firms, the bargaining power of suppliers, and the bargaining power of buyers- and was developed by Harvard professor Michael Porter.



Porter, E. Michael. (2004)

Figure 1: “The Five Forces Model”

To Barringer and Ireland (2006), the overall attractiveness of an industry should be part of the equation when an entrepreneur decides whether to pursue a particular business opportunity. Barringer and Ireland (2006) hold the opinion that a new venture can use the “five forces model” in assessing the overall attractiveness of the industry and to determine if a favourable position exists for the new venture within that industry. This approach is being used in assessing the overall attractiveness and in showing that there exists a favourable position in the second-hand car industry in Cameroon for BEFCO Trading Ltd.

#### 3.1.1 Buyers (Customers)

Buyers can suppress the profitability of the car industries from which they purchase by demanding price concessions or increases in quality depending on the following factors that affects the buyer’s ability to exert pressure on the suppliers and suppress the profitability of the industry in

which they buy. These factors are the buyer group concentration, buyer's costs, degree of standardization of supplier's product and threats of backward integration (Barringer and Ireland, 2006).

The Cameroon Second-hand car market is a fast growing one as cars are changing from being luxurious goods to a necessity. The distances between peoples homes and their work places is making it a necessity for most people to need cars. The availability of second hand cars meets the requirement of this group of persons and individuals that need second hand cars because they are not able to buy brand new ones. This change has increased the customer base of those purchasing the second hand cars to three (3) major product users: Private customers (individual persons-B2C), Small and Medium Enterprises (B2C) and Large Enterprises (B2B).

In a broad term it can be divided into the B2B and B2C clients. These clients are spread all over the national territory and do not form an association through which they buy. More so the S.W and N.W province has a population of approximately four (4) million of which about 20% falls in the category of those that can afford second hand cars making a group of about 800,000 persons (individuals). About 40% of this category forms the B2B customers while 60% forms the B2C customer base. BEFCO Trading Ltd shall focus on both customer groups with a focus only in the S.W and N.W provinces in Cameroon for the first five years.

### **3.1.2 Potential Entrants**

The second hand is not very different from the brand new car market and has been growing in recent years. It means that it is a good opportunity to offer existing and new customers not only cheaper cars but with satisfactory services. The risk of other new entrants exists, but they are most likely to be located in the French provinces because up till now there are about seventeen (17) companies in the Car industry of Cameroon and all in the French speaking provinces. More so there is no legal barrier to enter this industry.

### **3.1.3 Suppliers**

The suppliers of the second hand cars are those who have bought cars and intend to resell it in Europe, America and Japan in most cases. BEFCO Trading Ltd shall focus on sourcing second hand cars from the Swedish second market ([www.blocket.se](http://www.blocket.se)) from start and can later on choose other European countries such as Germany and Belgium. The Swedish used car market has about 100,870 cars of various brands including the five brands selected by BEFCO Trading Ltd.

The suppliers usually leave their contacts on the second hand website and they are some few car dealers who also buy cars from these suppliers and resell at a slightly higher price. BEFCO Trading Ltd shall deal directly with the suppliers or their agents and get the products at a relatively cheaper price thanks to the network of the founding entrepreneurs in Sweden.

#### **3.1.4 Substitutes**

The price that consumers are willing to pay for a product depends in part on the availability of substitute products (Barringer and Ireland, 2006). This is definitely true since there will be substitutes from different countries such as Belgium, Germany and Japan apart from the Swedish second hand cars. BEFCO Trading Ltd shall sell only five brand of second hand cars from the beginning namely Nissan, Renault, Ford, Mazda and Volkswagen second-hand cars as its ordinary activities. Having this strategy means other car brands like Peugeot, Audi, Suzuki, Volvo, Toyota and Mercedes will be substitutes. The Competitive advantage of BEFCO Trading Ltd is that it shall sell Swedish used cars which are generally in good condition and shall be located in two provinces which are presently underserved. Furthermore repairs on the brand selected to be sold is not expensive since the spare parts are available in Cameroon thereby facilitating after sales service possibility coupled with the fact that the clients shall served in the language they prefer and best understand (English).

#### **3.1.5 Industry Competitors (Rivalry among existing firms)**

There is demand for Second hand cars in Cameroon which is evident from the fact that there are presently about 17 or more companies in dealing with second hand cars. The following companies are presently the leaders or competitors in the Cameroonian car industry: SUMOCA (Summit Motto Cars), CAMI TOYOTA SARL, SOFRECA SARL, MITCAM, AGRIC Motors SA, DAN & DAVY SARL and POLLA AUTO.

In most industries, the major determinant of industry profitability is the level of competition among existing firms in that industry (Barringer and Ireland, 2006). To them there are four major factors that determine the nature and intensity of the rivalry (competition) among existing firms in an industry. These factors are: the number and balance of competitors; the degree of difference between products; the growth rate of an industry and the level of fixed cost. Based on this the competition in the car industry of Cameroon is not fierce because it is a fast growing industry making it possible for the present dealers to target mostly the big customers and those individuals

who buy cars from CFA10.000.000frs and above therefore leaving a margin of customers that actually beg to be served.

## **4 MARKETING PLAN**

### **4.1 Target Market and Customers**

According to Carvin (2002), early-stage entrepreneurial enterprises have limited human and financial resources, and cannot survive being all things to all people in today's global markets. Therefore entrepreneurs must target customers and markets where their firm has an easily definable, quantifiable competitive advantage. BEFCO Trading Ltd is about entering an industry which requires huge amount of capital to start, if decided to get into brand new cars directly competition will be fierce and financial requirement will not be met. The key issue here is that the founding entrepreneurs are aware of these problems to be encountered and have decided to deal in used cars instead of the new cars. Also the strategy here is to focus on a niche market- the provinces of south west and North West provinces of Cameroon.

This is to avoid direct competition with the big companies in Yaoundé, Garoua and Douala and focus on the English speaking South-West and North-West provinces of Cameroon. Therefore the market for used cars is huge since there are presently about 17 companies but BEFCO Trading Ltd will target and satisfy those in the two English speaking provinces as a niche Market. These targeted customers are:

- Newly employed workers who have been granted car loans,
- Owners of cocoa farms and palm plantations,
- Business owners who want a car for status and recognition,
- Taxi business owners who want to increase their number of cars,
- Officers who want to buy cars for their wives,
- Companies, Common Initiative Groups (C.I.Gs) and Non Governmental Organizations (N.G.Os) who need a car(s) to help in carrying out their activities in a better manner, especially for inspection and control.

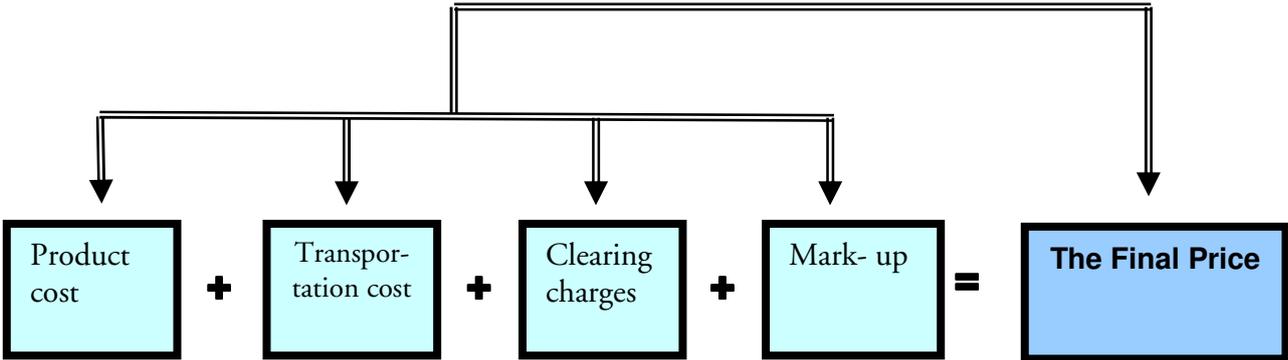
Findings through observation of trends and focus groups interviews revealed that the estimated target market is as follows: 50% of the targeted customers in the South-west and North-west province would most likely buy cars costing from CFA 2,000,000frs to CFA 6,000,000frs, 40%

of them would buy cars costing from CFA6,000,000francs to CFA10,000,000francs and 10 % or less will buy cars costing more than CFA10,000,000francs, which is in line with feed backs from the clients of some friends who have been selling used cars.

With this estimates as a base and with the natural advantage of being located in a region that is presently being underserved BEFCO Trading Ltd shall target customers that are able and willing to buy cars between CFA2,000, 000francs to CFA10.000.000frs from start. This range could increase or decrease with time depending on market changes in Cameroon. BEFCO Trading Ltd shall have a niche market and the first mover advantages in a niche market since it shall be the only registered car dealing company in both the South West and North West province of Cameroon at the moment.

**4.2 Pricing strategy**

Price is one of the four components that make up the marketing mix. The others - product, place and promotion- must all be in harmony with the prices a company sets (Kishel & Kishel, 1998). The products and services sold, the business distribution system, and the messages communicated about ones business directly influence its pricing strategy and profitability among others. With the above concept as a base, the pricing strategy of BEFCO Trading Ltd shall be managed based on the four separate items that follows: product cost, transportation (transport and shipping) cost, clearing (custom duties) charges, and a mark-up percentage. *Figure 2* shows a physical representation of the pricing management model of BEFCO Trading Ltd.



*Figure 1: Pricing Management Model.*

This model has the advantages of that it is easier to monitor, change and adopt the prices for each component depending on the changes of internal and external market forces and depending on the profit objectives of BEFCO Trading Ltd. According to Kishel & Kishel (1998) based on

the companies marketing mix objective they can employ one or more of the following pricing strategies: Skimming; penetration, price lining, promotional pricing, price bundling, time-period pricing, value-added pricing and captive pricing. With this model in place it there is need to align the profit objective and the marketing mix objective. BEFCO Trading Ltd shall use the price lining strategy with the following four categories:

- a) CFA2, 000,000francs – less than CFA4, 000,000francs
- b) CFA4, 000, 000francs – less than CFA6, 000,000francs
- c) CFA6, 000,000francs – less than CFA8, 000,000francs and
- d) CFA8, 000,000francs – less than CFA10, 000,000francs

With such a pricing strategy in place and depending on what the customers are willing to spend, a choice would be made easily from the preferred price range by the customers. This will make it easier for BEFCO Trading Ltd to price and display its products and for the customers to select and buy products (Kishel & Kishel, 1989). The cars that shall be sold using a mark-up of 25% - 45% while average shipping cost of CFA 607.500francs (*table 3*), cost of car, transportation cost, will form cost of good sold (COGS). It should be noted that the lower range for cost of shipment is CFA 337,000francs to CFA 405.000francs implying that it is possible for the cost of good sold to reduce by close to CFA250, 000francs. Therefore BEFCO shall sell cars using this pricing model targeting customers who are willing and able to buy European used cars from CFA2, 000,000francs to CFA 10,000,000francs.

*Table 3: Estimated Shipping Cost (Sweden to Cameroon)*

Description	Amount(FCFA)	Amount( EURO)
a) Cars up to 5 m (max. height 1, 90 m)	337.000-405.000	500- 600
b)Cars up to 8,50 m length, 3,40 m height, 2,40 m width	675.000-810.000	1.000- 1.200
Estimated Average	$(405.000+810.000)/2$	$(600+1200)/2$
Estimated Shipping Cost	607.500	900

NB: Vehicles exceeding one of above measures have to be shipped as cargo. ([www.grimaldi-freightercruises.com](http://www.grimaldi-freightercruises.com))

### **4.3 Channels of Distribution and Supply-Chain strategy**

A channel of distribution is the route taken by a commodity or service from the point of manufacture through to the final consumption (Craig Voortman, 2004). This channel of distribution can either be direct or indirect. A direct channel would be one which takes goods or services directly to the customer whereas an indirect channel is one which conveys goods to the customers via middlemen (intermediaries).

BEFCO Trading Ltd falls under this category; it shall be in the indirect channel for the companies producing the five brands of cars. It shall be a company in the indirect channel of distribution of the five brands of vehicles but shall a direct channel from time of purchase to delivery its business model. The distribution strategy of BEFCO Trading Ltd will be quite simple, based on customer's request the used cars are bought, transported to the sea port of Goteborg and through the sea to Cameroon at the Douala sea port. When the good finally get to the Buea branch/head office shall be distributed to the two provinces for sales after being checked by the Mechanics of Mbako Garage. BEFCO Trading Ltd shall have no intermediaries in its distribution chain.

### **4.4 Promotion and Advertising strategy**

#### **4.4.1 Promotion**

The goal of the promotional strategy should be to reach the greatest number of potential customers through the most economical use of ones resources-money, personnel, and facilities-(Kishel and Kishel, 1998). This entails using advertising and publicity to tune in to those channels of communication most widely used by your target customers. BEFCO Trading Ltd shall use a variety of promotional avenues as a means of gaining community interest and also ensure that the target customers buy from it.

**Sign Post and official cars:** BEFCO Trading ltd shall have four sign post with its name written and painted on them. Two shall be at each main road entering the South West and North West provinces of Cameroon and the other two shall be at the entrances of the office locations. It shall also have two official cars (all used cars from the Swedish Market) with the name BEFCO Trading Ltd (Import, Export and Car Trading Company) inscribed on them. Those seeing the cars and those entering into and going out of the two provinces will always see and know that there such a company within these provinces will immediately keep some information in mind. The sign post is estimated to cost CFA6, 500francs (9.5Euros) each per annum paid to the local council, while painting and making of the boards will cost about CFA50000francs (74Euros) each.

The monthly council cost will be as monthly expenses while the cost making the sign post will be as part of the pre-opening cost.

**Awards:** BEFCO Trading limited shall have a best student award during the graduation ceremony of University of Buea for CFA50, 000francs (74Euros) yearly. This award shall be given to the best Marketing student in the Department of Economics and Management. This is an event attended by more than 2,000,000 people every year in the capital city (Buea) of South West province yearly. Among this influx of people are government ministers, high ranking military officials, consulate officers and representatives of business entities within Cameroon.

**T-shirts:** BEFCO Trading Ltd shall also make 17 T-shirts with its name on them so that when put it will be clearly read by the viewer. This strategy is used for making at about 17 T-shirts in year one. It shall cost CFA2000francs (3Euros) per T-shirt. Shall be giving the first 10 purchases of cars and the rest shall go to the operational team and the one independent member for the first year.

**Public Relations efforts:** Knowing that Entrepreneurship is a very young field and following the situation of Cameroon, the focus of the day is on new venture creation and development. The CEO will be a holder of a Master's degree in Entrepreneurial Management and will definitely become a public figure. This is because the CEO will be invited to give a talk in many workshops and seminars that will be organised in these two provinces on entrepreneurship. The advantage here is that most often the information will be published and the name of the CEO and BEFCO Trading limited will be published as well free of charge. Also, the other founding members will have a similar opportunity.

#### **4.4.2 Advertisement**

Advertising involves the purchase of time or space in various communications media for the purpose of promoting the business (Kishel and Kishel, 1998). This involves two categories namely: institutional and product advertisement. Institutional advertisement promotes the business in general, emphasizing its good name and any contribution that it has made to the well-being of the community. Product advertising promotes specific products or services you sell, emphasizing the benefits associated with buying them from business (Kishel and Kishel, 1998). BEFCO Trading Ltd will carefully develop an advertisement campaign to gain goodwill and public recognition. The following advertisement methods will be the primary means used to spread the news and increase public awareness of the existence of BEFCO Trading Ltd and its offerings.

**Radio advertisement:** “Business story” and “Radio Tit Bits” is the most listened programme on the Cameroon Radio Television (CRTV) programme. This is because apart from other news during this programmes they also read death announcements. “Radio Tit Bits” is at 6am and “Business story” is at 4pm daily. It cost CFA5,000francs( 7.4Euros) for a business advertisement to go on the air twice a week on either “Radio Tit Bits” or “Business Story” in each of the two stations covering the South West and North West provinces. This shall be done once a month in BEFCO Trading Ltd within the two provinces only.

**Newspaper:** “*The Entrepreneur*” is the name of a news paper company in Cameroon. This company offers news both on the Web and through daily sales of hard copies. Those willing to read without buying, can do read on the internet whereas those who wish to buy the hard copies can do so through the sales agents of “*The Entrepreneur*”.

Enquiries made through a friend in Cameroon shows that a business advertisement would cost about 35,000francs (51.8Euros) per advert and this advert will stay there for at least one year on the internet and covers viewers all over the world. BEFCO Trading Ltd shall advertise two times a year through this medium. The following table 3 and 3.1 below depicts the first years and the analyses for the first year’s cost for advertisement and promotion respectively. This expense head is expected to increase yearly on a 5% basis.

**Table 4: Advertisement and promotion expenditure forecast for the first five years on**

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Notes
	FCFA	FCFA	FCFA	FCFA	FCFA	
Advertising/promotion	300 000	315 000	330 750	347 288	364 652	5 % Increase

**Table 4.1 Advertisement and promotion analysis for year 1**

Description	Monthly rate	Yearly rate
	FCFA	FCFA
Radio announcements	10 000	120,000
Sign post Council publicity fee	-	26,000
News paper advertisement	-	70,000
T-shirts	-	34,000
Price award	-	50,000
<b>Total expenditure advertisement/promotion</b>	-	<b>300,000</b>

## 4.5 Sales strategy and Forecast

### 4.5.1 Sales strategy

In year one BEFCO Trading Ltd shall employ two sales or marketing officers to add to the already existing sales force of the founding team. In addition to the other tasks carried out the CEO and Logistic Director and the Chief accountant shall all be in-charge of marketing and sales of the cars. At the beginning of the second year, the sales/Marketing officers will be the major people in-charge of the sales of the used cars. One Sales/Marketing officer shall be in-charge of sales within the South West province and the other in-charge of sales within the North West province of Cameroon. The Marketing/sales officers will each work within the South West and North West province and shall be assisted by the Chief Executive Officer (CEO) who is by virtue of function, a marketer of the Business entity towards the public. The strategy is to be best in services offered through the sales of mainly these brands (Nissan, Renault, Ford, Mazda and Volkswagen) giving BEFCO the advantage of after sales services and better customer service.

### 4.5.2 Sales forecast

According to Timmons, Zacharakis and Spennelli (2004) in order to build a compelling story, entrepreneurs need to show projections of revenues well into the future. This could either be done through the comparable method or the build-up method. Based on this I have decided to use the build up method. Table 3 shows the sales forecast of BEFCO Trading Ltd for the first five years. The sales are expected to increase on a 10% basis for the first five years.

*Table 4: Sales Forecast for BEFCO Trading Ltd.*

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Description	FCFA	FCFA	FCFA	FCFA	FCFA
Sales/Turnover	100 000 000	110 000 000	121 000 000	133 100 000	146 410 000
<b>Provincial Forecast.</b>					
South West	55 000 000	60 500 000	66 550 000	73 205 000	80 525 500
North West	45 000 000	49 500 000	54 450 000	59 895 000	65 884 500

## 5 OPERATIONS PLAN

### 5.1 Business Licence

BEFCO Trading Ltd needs to be registered as a company in Cameroon before it can go functional. In Cameroon it takes about 37 days to get the company registered at a cost of CFA852,875francs though a minimum of about CFA 3,000,000francs is required because a deposit of at least CFA2,000,000francs in a commercial bank is required prior to obtaining the business licence.

The other associated cost such as telephone, transportation and other expenses for obtaining the business licence shall be included as part of pre-opening expenditures.

### 5.2 Business Location and staff

BEFCO Trading Ltd shall be located two provinces offices in two provinces for the first five years. Operating within just two provinces makes it possible for the workers to meet their customers easily, even on personal bases. Also being the earliest in the industry within these two provinces gives BEFCO Trading Ltd the first mover advantage thereby making it possible for the customers to be reached easily because of its nearness. The structures shall be leased for a period of five years renewable on an amount of CFA 200, 000francs (296Euros) per month for each office which equals CFA 400, 000francs (592Euros) for each month for the two branches.

BEFCO Trading Ltd shall operate with the following human resource: Chief Executive Officer (CEO), Chief Accountant, Director in-charge of Logistics and Purchases, two Marketing/sales officers, and a Driver-mechanic. Furthermore having the university of Buea in the English speaking zone of Cameroon that produces vibrant young Cameroonians willing to put in their best and gain experience makes it possible to have all the personnel required in a situation of a square pegs in a square holes at an affordable cost. Salaries are estimated to increase at a yearly rate of 5%. Table 5 and 5.1 shows the salary for BEFCO Trading Ltd during its first five years and analysis for year 1 respectively.

*Table 5 Personnel (labour) expenditure for the first five years*

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Notes	Detail
	FCFA	FCFA	FCFA	FCFA	FCFA		
Labour	12 000 000	12 600 000	13 230 000	13 891 500	14 586 075	5%	increase

**Table 5.1 Monthly analysis of Y 1 salary**

Description	FCFA
CEO	250 000
Chief Accountant	200 000
Director of Logistics and Purchases	200 000
Two Marketing/sales officer	250 000
Driver-mechanic	100 000
<b>Total</b>	<b>1 000 000</b>

### 5.3 Business Operations

BEFCO Trading Ltd shall be a small and medium sized enterprise having six (six) workers respecting the limits of MINASCOF (1997) defining SMEs as firms having between 1-10 workers. This business will operational year –round, with the closing dates respecting the laws of Cameroon. The operating hours will be from 8 AM to 6 PM for Monday to Friday and 12 AM to 6 PM on Saturdays. The strategy of having just two offices reduces the expenses to be incurred on office fixtures and fittings which is part of the pre-opening expenses for the company. This shall further reduce the expenditures incurred on tax declaration and payment.

The utilities shall include water and electricity which is estimated to cost CFA166, 670francs (246Euros) per month for both offices. Administrative expenses are estimated to cost about CFA 83,335francs (123.5Euros) per month for both offices. Miscellaneous expense shall cover transport, car repairs and fuel. It is estimated to cost CFA116, 670francs per month for both offices. The listed expenditures heads are expected to increase at a yearly rate of 10%, 5% and 4% respectively.

**Table 6: Utilities, administration and Miscellaneous expenses for the first five years**

Year	Year 1 FCFA	Year 2 FCFA	Year 3 FCFA	Year 4 FCFA	Year 5 FCFA	Notes	Detail
Utilities	2 000 000	2 100 000	2 205 000	2 315 250	2 431 013	10%	increase
Administration	1 000 000	1 050 000	1 102 500	1 157 625	1 215 506	5%	increase
Misc.	1 400 000	1 470 000	1 543 500	1 620 675	1 701 709	4%	increase

### 5.4 Customer support service

Arrangement shall be made with the owner of Mbako Garage Ltd for repairs and after sales services of cars sold by BEFCO Trading Ltd. The founding entrepreneurs of this business venture personally know Mr. Mbako and have been dealing with him during the last three years. Being in

such an alliance with him will be a win to win situation as he will get more customers while BEFCO Trading Ltd shall offer better services.

The owners of these cars shall pay for their services with the advantage that they shall have specialist handling their cars. The workers of Mbako garage are very good at their job making them to mostly have companies for their customers. BEFCO Trading limited shall therefore bridge this gap because its customers will be able to have the professional hands of Mbako Garage on their Cars. Further more they shall also receive a price discount during their repairs for the first three month of 10%. This 10% discount shall be paid by BEFCO Trading Ltd as part of its miscellaneous expense.

## **6 MANAGEMENT**

### **6.1 Board of Directors (Governance)**

Board size, board composition and the leadership structure of the board are important characteristics that affect the effectiveness of the board management (corporate governance). Zahra (1996) links corporate governance and corporate entrepreneurship through the Agency theory and found out that corporate ownership and governance systems can affect the manager's willingness to take risk. According to Zahra (1996) ownership determines a company's relationship with shareholders and its investment horizons. When major shareholders exist, they can monitor executives' decisions and ensure attention to corporate entrepreneurship. The corporate governance system—the mechanism that regulates the relationship between executives and shareholders—can similarly and profoundly shape manager's commitment.

The General board structure usually consists of a chairman, the chief executive officer, External/Independent board Members (the Auditor and /or legal consultant) and a board's secretary. This number could move up depending on the need of the firm and the laws of the country in which it operates. According to Hilb (2005), ideally boards of small firms should comprise three members, boards of medium size firms five (5) and large firms seven (7). His findings revealed that in most cases committees with more than eight members are hard to manage. Based on his findings BEFCO Trading Ltd shall have a board made up of five (5) members: the four owners and one independent member. It should be noted that what matters is the know-how (Tacit Knowledge), active role and social characteristics on the board. BEFCO Trading Ltd shall have a

strong vigilant board that will encourage, support and facilitate the founding members in pursuing their entrepreneurial objective.

## **6.2 Management Team**

BEFCO Trading Ltd shall be led by its founders Fred Tanyi Besong, Kenneth Ebi-Ndie, Declan Fotoh and Titans Tanyi. The founding entrepreneurs all have a business background and are willing to make this company one of the most significant in this sector in Cameroon. The founding members know what is entrepreneurial orientation (autonomy, innovativeness, pro-activeness, competitive aggressiveness, risk taking), and will use the appropriate combination at the required periods in the life of the business venture. The founding entrepreneurs are very positive about this opportunity as they would have instead worked for a company with the same goal but have seen that the risks involved is limited , success is ultimate and gains will be significant.

### **The Chief Executive Officer (CEO)**

Fred holds a Bachelor of Science degree in Accountancy since June 2001 and is presently reading Master's in Entrepreneurial Management in Jonkoping International Business Schools( JIBS) of Jonkoping University in Sweden and has a five years working experience in the business field-accounting, internal auditing and banking. His banking experience moulded him to be a reliable custodian of money and a trust worthy cash manager as he was one of the keepers of the keys to the safe of the financial institution and prior experience in buying and selling of cars.

### **The Chief Accountant**

Kenneth holds a Bachelor of Science degree in Accountancy since June 2002 and a Master's Degree in International Accounting and has a four years working experience in the Banking Sector as an Accountant and Manager. He also has experience in buying and selling cars in Cameroon from international markets such as Germany, Belgium and Sweden.

### **Director of Logistics and Purchases**

Declan hold a Bachelor Science degree in Accountancy(June, 2001) and is presently reading Masters of Logistic and Chain management in Jonkoping International Business Schools( JIBS) of Jonkoping University in Sweden. She also has two (2) years working experience in the banking sectors where she served as Operations Officer.

Titans hold a Bachelor Science degree in Accountancy and Master's in Information Technology and Financial Analysis (Finland, 2004) and are also an affiliate member of the Association Certified Chartered Accountants (ACCA) and have three years working experience in the banking sector as well.

ALL the four members have studied in the same university (in bachelors and master's level), two have worked in the same company and two are candidates for Master's degree at Jonkoping International Business School (JIBS) in Jonkoping University for June 2007.

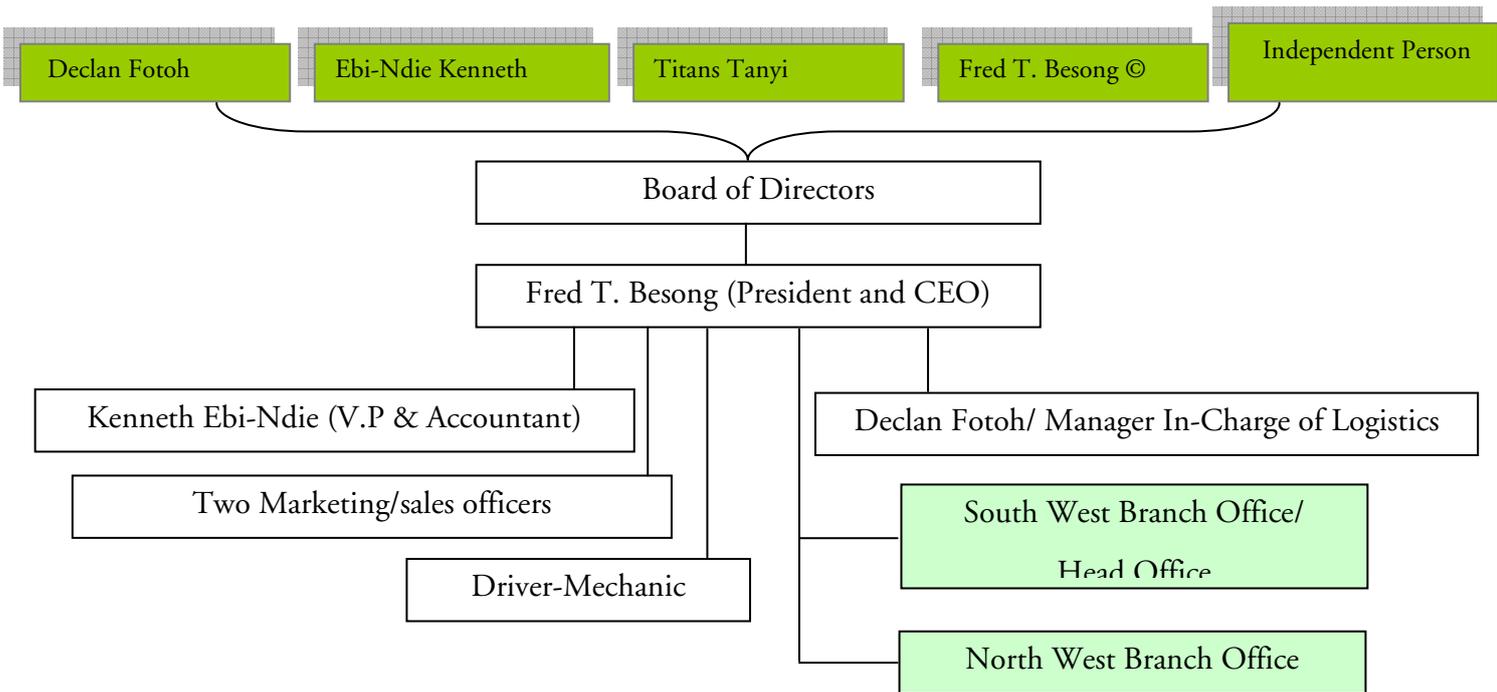
Being familiar with the process of exporting second hand cars from Sweden to Cameroon already for non business use, having some founding members who have moved to all the nooks and cranny of Cameroon gives the founding members the required skill to effectively run this trading company in a successful and profitable manner. Further more as founding members, Fred is good at analyzing financial problems and Declan is good at procedural of import and exports or we can find an agent to do international trade for us if necessary.

In a nutshell, Fred will be Chief Executive Officer (CEO), Declan will be Director in-charge of logistics and purchase of the cars, Kenneth shall be the Accountant and Titans will serve in the board. The Marketing staff will be holders of Bachelors Degrees in Marketing from the University of Buea and the Driver-mechanic will be a graduate from Mbako Garage Ltd.

### **6.3 Governance and Organizational Structure**

Entrepreneurial structures are flat, which results in better communication, greater delegation of authority and faster decision making. Generally, to encourage entrepreneurship levels or layers of management need to be kept to a minimum to ensure flexibility and responsiveness (Burns, 2005). Such organizations typically act in a rapidly changing environment. To overcome these constantly changing challenges they often use organic organization structures (Covin, & Slevin, 1990). An organic structure has a limited hierarchy, is highly flexible and is decentralized. It is also horizontal rather than vertical.

Power shall be decentralized so that individuals are empowered to make decisions and authority is linked to expertise and not to role. The structure is more informal than formal with loose control and broader spans of control and team work is likely to be the norm. Few bureaucratic rules or standard procedures exist as well as sensitive information-gathering systems are in place for anticipating and monitoring the external environment (Miller, 1986). BEFCO Trading Ltd. shall operate under such a structure and *figure 3* below is representative.



*Figure 2: Governance and Organizational Structure of BEFCO Trading Ltd.*

**6.3.1 Geography**

BEFCO Trading Ltd shall be having two main offices in Cameroon: one in South West province and the other in North West province. The South Branch shall also serve as the head office branch because of its closeness to the sea port compared to the North-West province.

**6.3.2 Reporting Relationships**

Because of the high level of education of the Management team the structure shall be relatively flat from the beginning since BEFCO shall have just two branches and shall therefore enjoy the benefits of a very flat structure, fluid organization which has tremendous flexibility to quickly deploy technical, sales and managerial resources to the places where they are most needed (Timmons and Spennelli, 2003)

The owners of BEFCO Trading Ltd shall give a direction and set laws that are binding the functioning of the company and also give advices on the technical issues like which staff to train, how to improve productivity and how to approach and face competitors. The board shall be made up of five (5) members who shall meet quarterly. Discussions will be guided by four different issues: workers training improve productivity, competitor’s issue, and salaries of the CEO, major expansion decisions and ownership issues. The board can meet exceptionally in case of an emergency.

The CEO shall report directly to the owners on a quarterly basis and at the end of the financial year, he shall report about the performance of the company with focus on the most important issues of the company.

## **7 FINANCIALS**

From first sight the business venture is very rewarding and the shipping company to be used is very reliable. BEFCO Trading Company apart from being a new business venture will also be serving as a source of employment for the owners and therefore they shall have job security and self satisfaction from its success. The financial forecast (projection) of BEFCO Trading Ltd show that it will make profit by the end of the first years is able to pay back its loan within four (4) years and there after yield dividends to its owners.

### **7.1 Capital requirements**

The concept of buying second hand cars from Sweden to Cameroon has been tested over the years by students who study in Sweden (see *Table 3* for details). Normally we buy the cars then pay the necessary transportation cost, shipping cost and custom duties without any major difficulties. This is a business therefore it shall need an international account in Europe for international transfer dealings with the suppliers directly in case of electronic payment.

The cost of exportation is not expected to increase drastically within a short period of time but rather it might reduce in a long run due to the effect of competition in the sector. More so, the political situation of Cameroon is a relatively peaceful, making it possible for the economy to be stable as well therefore embarking on such a business venture under this conditions is a guarantee of success. BEFCO Trading Limited shall operate a budget of CFA100, 000,000francs, goods worth CFA 70,000,000francs are expected to be sold at CFA 100,000,000francs. It shall therefore have a turnover of CFA 100,000,000francs while the other CFA 30,000,000francs shall be used partly for the pre-opening expenditures and some portion kept in the bank for emergencies.

The pre-opening expense is made of fixtures & fittings, office vehicles, computer equipments and other office needs.

The founding entrepreneurs are able and willing to contribute CFA50, 000,000francs, CFA30, 000,000francs shall be allotted to preference share holders and CFA20, and 000,000francs shall be raised through an investment loan from the bank. Each of the entrepreneurs shall give

CFA10, 000,000francs and as an extra investment the driving entrepreneur -CEO- shall give an additional CFA10, 000,000francs to make up the amount to be raised from the entrepreneurs.

## 7.2 Income Expenditure and Cash Flow statement

The forecast in *table 7* below shows that the business will be profitable by the end of the first year but considering the fact that CFA20, 000,000francs of the money for the business will be from loan, which shall be paid at the end of each financial year, BEFCO shall have a negative cash flow at end first year of CFA950, 000francs. Break even within the second year and by the end of it have a positive cash flow of CFA 219,000francs. The trend continue to improve and at the end of year four the business venture is expected to leverage the firm through complete payment of the bank loan and at the end of the fifth year make a positive cash flow of CFA 10,164,985francs.

*Table 7: Income Expenditure and Cash Flow Statement*

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Notes	Detail
	FCFA	FCFA	FCFA	FCFA	FCFA		
<b>Sales/Turnover</b>	<b>100 000 000</b>	<b>110 000 000</b>	<b>121 000 000</b>	<b>133 100 000</b>	<b>146 410 000</b>	10%	Increase of sales/turnover
COGS	70 000 000	77 000 000	84 700 000	93 170 000	102 487 000	70%	
<b>GROSS PROFIT</b>	<b>30 000 000</b>	<b>33 000 000</b>	<b>36 300 000</b>	<b>39 930 000</b>	<b>43 923 000</b>		
<b>OPERATING EXPENSE( O. Exp)</b>							Sales-COGS
Rent	4 800 000	4 800 000	4 800 000	4 800 000	4 800 000	Fixed	For First 5 years
Labour	12 000 000	12 600 000	13 230 000	13 891 500	14 586 075	5%	increase
Utilities	2 000 000	2 100 000	2 205 000	2 315 250	2 431 013	10%	increase
Advertising/promotion	300 000	315 000	330 750	347 288	364 652	5%	increase
Administration	1 000 000	1 050 000	1 102 500	1 157 625	1 215 506	5%	increase
Misc.	1 400 000	1 470 000	1 543 500	1 620 675	1 701 709	4%	increase
<b>Total O. Exp.</b>	<b>21 500 000</b>	<b>22 335 000</b>	<b>23 211 750</b>	<b>24 132 338</b>	<b>25 098 954</b>		
Interest on Loan	1 000 000	1 000 000	1 000 000	1 000 000	0	20%	
<b>Total Exp .before Tax</b>	<b>22 500 000</b>	<b>23 335 000</b>	<b>24 211 750</b>	<b>25 132 338</b>	<b>25 098 954</b>		
<b>Earnings Before Tax</b>	<b>7 500 000</b>	<b>9 665 000</b>	<b>12 088 250</b>	<b>14 797 663</b>	<b>18 824 046</b>		
Taxes	3 450 000	4 445 900	5 560 595	6 806 925	8 659 061	46%	
<b>Earnings After Tax</b>	<b>4 050 000</b>	<b>5 219 100</b>	<b>6 527 655</b>	<b>7 990 738</b>	<b>10 164 985</b>		
Loan Refund	5 000 000	5 000 000	5 000 000	5 000 000	0		
<b>Surplus( )/ Deficit(-)</b>	<b>-950 000</b>	<b>219 100</b>	<b>1 527 655</b>	<b>2 990 738</b>	<b>10 164 985</b>		

## **8 Critical Risks and Problems**

### **8.1 Excessive Direct and Indirect Competition**

BEFCO shall not have any protection if the huge second hand car dealers decide to operate in the English provinces and buy their cars from the Swedish second hand car market. The major advantage is that the business team shall be English speaking Cameroonians who believes in keeping and promoting their fellow brothers and sisters as long as the products and services are good and more so the founding entrepreneurs have connections in Sweden that are long lasting and will be used in keeping the business better than its competitors.

It shall also face indirect competition from students in Sweden who receive money from their relatives for the purchase of used cars from the Swedish market. If this happens it will reduce the number of customers and potential customers in the targeted region. In an excessive situation BEFCO Trading Ltd can extend to buy from other Markets like Germany, Belgium and Japan or even strengthen its sales force and strategy to have credit purchases on the basis of the buyer paying 80% up front and the rest later. The 80% strategy will be good and strategic as it will already include a percentage of the profit margin of the used car.

### **8.2 Financial Risk**

The financial forecast shows that the business is profitable from start but if some unforeseen circumstance comes up, the founding members shall be able to let go their salary for the success of the business. Also, the founding members will have just the loan amount of CFA20,000,000francs to border about.

More so this business is one that has mainly one problem the cars may not be sold on time but they will be sold. In such situation the car can be sold at a reduced profit margin to receive the cash for further transactions. In worst case the cars will serve as collateral if not sold and the owners and investors will not be disturbed that much and in case it is the bank. The bank can sell the cars themselves since they will act as collateral security if not sold.

### **8.3 Operational and Management Risk**

Furthermore possibilities for exporting into Sweden was looked into but the information on the *INTERNATIONAL CUSTOMS JOURNAL ORGAN OF THE INTERNATIONAL UNION FOR THE PUBLICATION OF CUSTOMS TARIFFS BULLETIN INTERNATIONAL DES*

*DOUANES (ISSN: 1378-4048) of EUROPEAN UNION JOURNAL No. 14 (26th EDITION) JANUARY 2004* puts a lot of strings on imports quality control from Africa to the EU zone, hence this aspect has been left also. Instead there are plans for BEFCO Trading Ltd to expand within the South West province first and later into the CEMAC Free Trade Zone if assessed to be profitable. Also the idea of employing a lawyer and a public relations officer was considered but eliminated as it would be cheaper and cost effective to retain the services of a law firm at a monthly retainer fee of CFA 50,000francs and the CEO will handle to functions of the public relations. *(N.B Curriculum Vitae are not included for privacy control)*

## **9 GROWTH PROSPECTS AND EXIT OPTIONS**

### **9.1 Growth prospects**

The Second hand car industry is becoming very popular in Cameroon. Based on observation of trends and information gotten from those in Cameroon cars are becoming a necessity in Cameroon. Therefore the number of persons owning cars is gradually increasing. Also the existence of the only Anglo-Saxon university in Cameroon located in the Buea brings in many people from other parts of Cameroon and Central African Free Trade (CEMAC) Zone of Africa who later on graduate, pick up jobs and are able to manage a car from their salaries. These people and businesses owners are increasing as years pass and form the potential target market for the BEFCO Trading Ltd.

The business venture is expected to have a negative cash flow in the first year but shall break even by the end of the within the second year and have a positive cash flow by the end of the second. There after it continues to have positive cash flows. This means money invested or borrowed will be paid within four years and a possibility of re-investing profit for financial growth guaranteed or better still profit divided for its shareholders.

An extension of BEFCO Trading Ltd in some years to come for the company to have two more offices within the South West a and North West provinces of Cameroon. It shall continue to serve only customers within this region. It shall also look for possibilities of having an alliance with either Volkswagen Company or any of the main companies making the major five brands that shall be sold by BEFCO Trading Ltd. With the qualifications of the founding entrepreneurs this alliance can easily be come to reality.

As another growth option BEFCO Trading Ltd can also decide to export cars into other countries in the Central African Free Trade Zone (CEMAC Zone) or decide to have a department for exporting of Cocoa and other cash crops, if accessed to be profitable by the owners since it will be acceptable because the licence covers this aspect. However, note should be taken that the market is sensitive to interest rates, political aspects, regulatory (tax and custom duties) changes and the general economy of Cameroon (External Environment).

## **9.2 Exit options**

There are three basic exit strategies available, all of which have a profound effect on the company and the founders, (Harris, 2006). The preferred exit strategy is for the company to be sold in the form of a trade sale to a larger company because the other options of a buy-out or to put the shares on the stock market which is influenced by competition and consequently in most cases this drives the price down.

BEFCO Trading Ltd strategic option is most likely to exit the business in from the fifth year through sales to either one of the car producing company, sell the company to a foreign company that is interested in the Cameroonian Market or enter into a merger with one of the big competitors such as CAMI Toyota or some other company. If the option of selling is taken, the business license alone will be very valuable to a foreign business company that wishes to have a fast start-up in the Cameroonian market since it takes about 37 days to go through the whole process of starting a business -everything being equal( *See appendix VII* ).

More so, the business name will have added value in the aspect of goodwill that could be bought over by another company if the founding members are no longer interested or feel satisfied with the business venture and want to move to something else.

## 10 Conclusion

The Management team is willing and very enthusiastic to start this business venture in less than 36 months from December 2007 by transforming this opportunity into action and make it successful venture and a force to reckon at. The Cameroonian Tax law also allows individuals to own a business only at the age of 21years while the Swedish law allows it at 18 years, therefore business deals from the legal point of view by us is very ethical in both countries. In the same line of reasoning, importing and selling used cars into the Cameroonian market is allowed because they are already 17 companies already offering a similar service, of which SUMOCA (Summit Motto Cars), SOFRECA SARL, MITCAM, AGRIC Motors SA, DAN & DAVY SARL and POLLA AUTO are the major competitors industry but are located in Douala, Yaoundé and Garoua of Cameroon.

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 experience, the market is a niche, and the financial analysis show that the business will be profitable by the end of the first year, if just 25 cars are sold at CFA 4,000,000francs each. More so , the second-hand cars shall continue to be available in the Swedish Market in the long run and the economic growth rate of Cameroon is expected to remain on about grow from 4.5% to something higher there the window of opportunity shall continue to remain open and therefore the business is expected to be a going concern.

Furthermore, it is obvious that no gainful venture can survive let alone prosper in a state of war and insecurity. The internal peaceful atmosphere that has been made possible by the understanding of various political leaders in Cameroon provides a positive environment for the business ventures to spring up. This would not have been possible in an atmosphere of war, unrest and uncertainty. Furthermore, good neighbourliness and the tactful diplomacy of the government (e.g. the resolution of the Bakassi crisis) brings peace and stability which intend increases the scope of the market for entrepreneurs within Cameroon facilitating potential to start ups , growth and expansion of business ventures.

## 11 References

- Bob Adams (1996), *Small Business Start-up: Your Comprehensive Guide to Starting and Managing a Business*, Adams Media Corporation, Holbrook, Massachusetts.
- Bruce R. Barringer and Duane R. Ireland (2006), *Entrepreneurship: Successfully Launching New Ventures*, Pearson Prentice Hall, Pearson Education Inc.
- Carlo Salvato, Per Davidsson and Anders Persson (1999), *Entrepreneurial Knowledge and Learning: Conceptual advances and directions for further research*, JIBS Research Reports No.1999-6, Ark Tryckaren, Huskvarna.
- Charles W.L. Hill and Gareth R. Jones (1992), *Strategic Management: An Intergrated Approach*, 2<sup>nd</sup> Ed., Houghton Mifflin Company, Boston.
- Craig Voortman (2004), *Global Logistics Management*, Juta and Co Ltd. Cape Town.
- Covin J.G. and D.P Slevin (1991), "A conceptual Model of Entrepreneurship as Firm Behavior," *Entrepreneurship Theory and Practice*, Vol.16 p7-25.
- Covin J.G. and D.P Slevin (1990). *Judging Entrepreneurial Style and Organizational Structure: How to Get Your Act Together*. *Sloan Management Review*, 31.
- Donald F. Kuratko and Richard M. Hodgetts (2007) *Entrepreneurship: Theory, Process, Practice*, 7<sup>th</sup> ed., Thomson South-Western, Thompson Corporation, Mason.
- Gregory F. Kishel and Patricia Gunter Kishel( 1998), *How to Start, Run, and Stay in Business : The Nuts-and-Bolts Guide to Turning Your Business Dream into a Reality*, John Wiley & Sons, Inc., New York
- International Monetary Fund (2006), *Cameroon: Poverty Reduction Strategy Paper Third Annual Progress Report*, IMF Country Report No. 06/260  
(<http://www.imf.org/external/pubs/ft/scr/2006/cr06260.pdf>)
- International Monetary Fund (2003) *Cameroon: Poverty Reduction Strategy Paper Third Annual Progress Report*, IMF Country Report No. 03/249  
(<http://www.imf.org/external/pubs/ft/scr/2003/cr03249.pdf>)

- Jeffrey A. Timmons, Andrew Zacharakis and Stephen Spinally (2004), *Business Plans That Work: A Guide for Small Business*, McGraw-Hill, Two Penn Plaza, New York.
- Johan Wiklund (1998), *Small Firm Growth and Performance: Entrepreneurship and Beyond*. Jonkoping International Business School, Jonkoping.
- Kotler, P. (2005) *Principles of Marketing*, Prentice Hall Harlow
- Martin Hilb (2005), *New Corporate Governance: Successful Board Management Tools*, Springer Berlin –Heidelberg, Germany.
- Mead, D.C and Liedholm, C. (1998). "The Dynamics of Micro and Small Enterprises in Developing Countries" *World Development*. Vol. 25, No1. Pp.61-74
- Miller, D. (1986). *Configurations of Strategy and Structure: Towards a Synthesis*. *Strategic Management Journal*, 7.
- Paul Burns (2005), *Corporate Entrepreneurship: Building an Entrepreneurial Organization*, Palgrave MacMillan, New York.
- Porter, E. M. (2004) *Competitive strategy: techniques for analyzing industries and competitors* Free Press, New York.
- Robert J. Carvin (2002) *Entrepreneurial Management*, McGraw-Hill Executive MBA series books, McGraw Hill Company Inc. New York.
- Stevenson H.H and J.C Jarillo, "A paradigm for Entrepreneurship: Entrepreneurial Management," *Strategic Management Journal*, Vol.11 p17-27.
- Sharka A. Zahra (1996), *Governance, Ownership and Corporate Entrepreneurship: The Moderating Impact of Industry Technological Opportunities*, *Academy of Management Journal*, Vol.39 -6 p1713-1735.
- Timmons J. and S. Spinelli (2003), *New Venture Creation; Entrepreneurship for the 21<sup>st</sup> Century*, 6<sup>th</sup> ed., McGraw-Hill/ Irwin, McGraw Hill Company Inc. New York.
- Tom Harris (2006), *Start-up: A Practical Guide to Starting and Running a New Business*, Springer is a part of Springer-Verlag, Berlin.

The Entrepreneur Newspaper (2007), <http://www.entrepreneurnewsonline.com/>(accessed on the 2007-05-27)

MINASCOF. (1997). NAPWID Sector Based Analysis, Republic of Cameroon.

European Union Journal (2004) International Customs Journal Organ of the International Union for the Publication of Customs Tariffs Bulletin International Des Douanes, 26th Edition, (ISSN: 1378-4048) of No. 14.

<http://www.cameroonphonebook.com/en/shopping/cars-agencies-dealers-branches-sale-new-second-hand/> (accessed: 2007-05-20)

<http://www.cameroonphonebook.com/en/banking/banks-financial-institutions/> (accessed: 2007-05-20)

<http://www.heritage.org/research/features/index/index.cfm>(accessed: 2007-05-20)

<http://www.heritage.org/research/features/index/country.cfm?id=Sweden> (accessed: 2007-05-20)

<http://www.heritage.org/research/features/index/country.cfm?id=Cameroon>(accessed on 2007-05-20)

<http://www.cameroonphonebook.com/en/banking/banks-financial-institutions/?2>(accessed: 2007-05-21)

<http://www.doingbusiness.org/ExploreTopics/PayingTaxes/Details.aspx?economyid=34>(Paying Taxes in Cameroon.) (Accessed: 2007-05-21)

<http://www.nationsencyclopedia.com/Africa/Cameroon-CUSTOMS-AND-DUTIES.html> (accessed: 2007-05-27)

[http://www.ita.doc.gov/td/tic/tariff/country\\_tariff\\_info.htm#Cameroon](http://www.ita.doc.gov/td/tic/tariff/country_tariff_info.htm#Cameroon) (accessed: 2007-05-27)

<http://www.deloitte.com/dtt/article/0,1639,sid%253D2959%2526cid%253D5035,00.html>(Deloitte's tax page) (accessed: 2007-05-27)

<http://www.xe.com/ucc/convert.cgi> (accessed: 2007-05-27)

<p://www.indexmundi.com/cameroon/population.html> (accessed: 2007-05-27)

## 12 Appendices

### Appendix I: Swedish Second-hand market ([WWW.BLOCKET.SE](http://WWW.BLOCKET.SE))

SECOND HAND Cars from suppliers in the following towns.



1. [Norrbottnen](#)
2. [Västerbotten](#)
3. [Jämtland](#)
4. [Västernorrland](#)
5. [Gävleborg](#)
6. [Dalarna](#)
7. [Värmland](#)
8. [Örebro](#)
9. [Västmanland](#)
10. [Uppsala](#)
11. [Stockholm](#)
12. [Södermanland](#)
13. [Skaraborg](#)
14. [Östergötland](#)
15. [Göteborg](#)
16. [Älvsborg](#)
17. [Jönköping](#)
18. [Kalmar](#)
19. [Gotland](#)
20. [Halland](#)
21. [Kronoberg](#)
22. [Blekinge](#)
23. [Skåne](#)

**Appendix II: Total number of used Cars on the Swedish Market (Retrieved on 25-05-07)**

<b>Name of City</b>	<b>Number of Used Cars Available for sales</b>
1. Norrbotten	0
2. Västerbotten	3,071
3. Jämtland	1,556
4. Västernorrland	3,559
5. Gävleborg	4,060
6. Dalarna	4,038
7. Värmland	3,957
8. Örebro	5,102
9. Västmanland	3,607
10. Uppsala	4,267
11. Stockholm	20,852
12. Södermanland	3,614
13. Skaraborg	3,735
14. Östergötland	5,357
15. Göteborg	10,593
16. Älvsborg	5,234
17. Jönköping	5,487
18. Kalmar	3,512
19. Gotland	488
20. Halland	3,309
21. Kronoberg	3,670
22. Blekinge	1,802
23. Skåne	0
<b>Total</b>	<b>100,870</b>

Appendix III: Map of Cameroon.



<http://www.travisa.com/cameroon/cameroonvisa.htm>

Appendix IV: Transportation Company within Sweden: Skandiatransport



<http://www.skandiatransport.se/Default.aspx>

Appendix V: Car brands that can be exported to Cameroon from Sweden through Skandia Transport (within Sweden and Europe).



<http://www.skandiatransport.se/Info/Retailer.aspx?MenuID=19>

Appendix VI: Shipping Company- GRIMALDI GROUP (Customer service:  
Fix phone number: 0316072809).



## The Vessels of GRIMALDI



<http://www.grimaldi-freightercruises.com/>



[www.grimaldi-freightercruises.com](http://www.grimaldi-freightercruises.com)

<http://www.grimaldi-freightercruises.com/freighter/england/africaEnglish.pdf>

## Appendix VII: Starting a Business in Cameroon.

Nature of Procedure (2006)	Proc #	Duration (days)	US\$ Cost
Deposit the initial capital in a bank and obtain a receipt	1	1	0.00
Present the physical location plan to the tax department and obtain an attestation of business premises	2	1	23.64
The notary verifies and reserves the proposed company name by filing a motion with the African Intellectual Property Organization's office in Yaoundé	3	6	72.83
An attorney/notary drafts the Memorandum and Article of Association; Sign company by-laws before the Notary	4	2	945.78
Have the signed by-laws duly registered with the Registration and Stamp Duty Office of the Department of Taxation	5	2	220.92
Files an application to the Registrar of Companies in the Court of the First Instance.	6	3	0.00
Publish the incorporation of the company in the official journal for legal publications	7	3	143.76
Pay the business tax (Patente) based on an estimated amount of turnover	8	2	127.11
Obtain a taxpayer number with the Inspectorate of Taxes in the area where the enterprise is located	9	14	2.84
Declare the existence of the company before the authorities in charge of the industry	10	1	0.00
Declare the existence of the company to the local office of Department of Labour	11	1	0.00
Declare the existence of the company and the personnel employed if any before the National Social Insurance Fund (Caisse Nationale de Prévoyance Sociale-NSIF-CNPS)	12	1	0.00
<b>Totals:</b>	<b>12</b>	<b>37</b>	<b>\$1,536.88</b>

*Note:* Procedures sometimes take place simultaneously. Instances of this are marked with an asterisk (\*).

<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/Details.aspx?economyid=34>  
(World Bank's Data Base for Doing Business)

## Appendix VIII: Payment of Taxes in Cameroon.

### Paying Taxes in Cameroon

The table below addresses the taxes that a medium-size company must pay or withhold in a given year in Cameroon, as well as measures of administrative burden in paying taxes

Tax	Payments (number)	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)		
Value added tax (VAT)	12	200	19.25%	value added	58.3	b)	
Corporate income tax	13	500	38.5% on profits or 1.1% on turnover whichever is higher	taxable income	22.1		
Social security contributions	12	600	13.7%	gross salaries	15.9		
Business license	1	-	a)	various rates	turnover	4.8	
National housing contribution	0	g)	-	a)	1.5%	gross salaries	1.7
National employment fund	0	g)	-	a)	1%	gross salaries	1.2
Stamp duty	1	-	a)	XAF100,000			c)
<b>Totals:</b>	<b>39</b>	<b>1300</b>			<b>46.2</b>		

a) data not collected

b) VAT is not included in the total tax rate because it is a tax levied on consumers

c) very small amount

d) included in other taxes

e) Withheld tax

f) electronic filling available

g) paid jointly with another tax

General note: Tax payable is proportional to TaxpayerCo gross profits (sales minus cost of materials and labour) as defined in TaxpayerCo balance sheet and financial statements. Tax payable is defined as the tax amount to be paid after deductions and exemptions applicable to TaxpayerCo. Therefore, the statutory tax rates can be different from tax payable as percentage of gross profits.

Name of taxes have been standardized. For instance income tax, profit taxes, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable

The hours for Social Security include all the hours for labour taxes in general.

[http://www.doingbusiness.org/ExploreTopics/PayingTaxes/Details.aspx?economyid=34\(Paying Taxes in Cameroon.\)](http://www.doingbusiness.org/ExploreTopics/PayingTaxes/Details.aspx?economyid=34(Paying Taxes in Cameroon.))

**Appendix IX: Question guide for Feasibility.**

**1: Looking at your financial situation do you think you can afford to buy a used car or not?**

---

---

---

**2: If yes, at what price would you be willing and able to buy a second hand car, if you were prospected? ( Please tick the range(s) that best matches your potential)**

- a) CFA2, 000,000francs – less than CFA4000, 000francs (2,960Euros – less than 5,930Euros)
- b) CFA4000, 000francs – less than CFA6, 000,000francs (5,930Euros – less than 8,890Euros)
- c) CFA6, 000,000francs – less than CFA8, 000,000francs (8,890Euros – less than 11,850Euros)
- d) CFA8, 000,000francs – less than CFA10, 000,000francs (11,850Euros –less than 14,815Euros) and
- e) above CFA 10,000,000francs( 14,815Euros)

**3: Why would you want to buy a used car instead of new one ?**

---

---

---

---

---

**4: What brand of cars is commonly used in Cameroon? ( Please tick the ones you know)**

- a) *AUDI*
- b) *BMW*
- c) *FORD*
- d) *LAND -ROVER*
- e) *NISSAN*

- f) OPEL*
- g) SAAB*
- h) SERT*
- i) SKODA AUTO*
- j) SUZUKI*
- k) VOLKSWAGON*
- l) VOLVO*
- m) PEUGEOT*
- n) TOYOTA*
- o) RENAULT*
- p) CHEVROLET*
- q) MAZDA*
- r) PORSCHE*
- s) NEW HOLLAND*
- t) CADILLAC*
- u) SSANGYONG*
- v) CORVETTE*

**Appendix X: About the Author.**



**FRED TANYI BESONG**

Candidate for Master of Entrepreneurial Management, JIBS, Jonkoping University, Sweden June 2007.

B Sc. (Honours) Accountancy, University of Buea, Cameroon, June 2001.

E-mail Contact:

[BESONGFRED@HOTMAIL.COM](mailto:BESONGFRED@HOTMAIL.COM) OR

[BESONGFRED@YAHOO.COM](mailto:BESONGFRED@YAHOO.COM)

Filename: MASTER THESIS- BUSINESS PLAN -  
BEFCO\_TRADING\_LTD.doc  
Directory: G:\MEM06 programme  
Template: I:\HJ\Mallar\IHH\pm english\_XP06.dot  
Title: BUSINESS PLAN- BEFCO TRADING LTD  
Subject: MASTER THESIS IN ENTREPRENEURIAL  
MANAGEMENT  
Author: FRED TANYI BESONG  
Keywords: ENTREPRENEURSHIP, OPPORTUNITY  
RECOGNITION, OPPORTUNITY GAP AND NEW VENTURE  
CREATION  
Comments: TRANSFORMING THE OPPORUNITY INTO  
ACTION IS THE WISH OF THE FOUNDING TEAM.  
Creation Date: 6/8/2007 3:54:00 PM  
Change Number: 6  
Last Saved On: 6/11/2007 2:11:00 PM  
Last Saved By: User  
Total Editing Time: 5 Minutes  
Last Printed On: 6/11/2007 2:11:00 PM  
As of Last Complete Printing  
Number of Pages: 54  
Number of Words:16 011 (approx.)  
Number of Characters: 91 265 (approx.)