



**Fachhochschule Köln**  
**University of Applied Sciences Cologne**



**Institute for Technology in the Tropics**

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# **Business Plan**

**Joseph Kedogo Masilwa, 11058444**

**Jacqueline Njagah, 11064346**

**Towards the assessment of the course**

**Business Administration and Management**

**Lecture Summer Semester 2008**

**By Prof. Dr. Ulrich Daldrup**

SAFARI TRAVEL



SAFARI TRAVEL

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## **Executive Summary**

This business plan lays out the start-up of Safari Travel a **Limited Liability Company** registered in Germany as a *Gesellschaft mit beschränkter Haftung (GmbH)* and owned by Joseph Kedogo, Jacqueline Njagah as primary shareholders, and Ulrike Kraft as a quasi-shareholder, this will be stated in agreement between the shareholders drawn up by a notary. The initial share capital will be € 60,000.

The owners Joseph Kedogo and Jacqueline Njagah will serve as management executives, Joseph as the Chief Executive part time and Jacqueline Njagah as the Chief of Operations, fulltime for first six months to set the important things in place and advertise aggressively, thereafter an Accounts manager and more student Account Assistants will take up the bulk of the customer relations and account servicing.

### **1.1 Objectives**

The objectives of this document is to clearly lay out the paradigm behind the conceptualisation of Safari Travel GmbH, the structure and organisation of the company as well as the financial projections for start-up and the first 5 years of running.

### **1.2 Mission**

The mission of Safari Travel GmbH is 'to be the premier Travel Agency for leisure and academic travel to tropical locations'.

### **1.3 Keys to Success**

Our aim at Safari Travel GmbH will be to target clients interested in tropical travel. A key to success will be our ability to translate our knowledge of tropical destinations into viable and attractive packages for our customers, ranging from low-cost student vacation packages to sponsored academic research visits or leisure travel for the average young professional. Our physical office location within the university will also enable us to reach not only the student population and academic community but also the university alumni within the business community or employed and that will have utilised our services as students, or received a recommendation from one of the colleagues that did. This is in light of the global trends in our world where young adults do a lot of travel before they are 30 years.

## 2 Company Summary

Safari Travel will provide adventure travel consultancy services to students travelling both for recreation and for academic purposes, often to tropical and exotic locations. A typical market segment is the students of the Masters in Technology and Management in the Tropics and Sub-tropics, both as they return home for vacation visits, and as they travel to the tropics to carry out academic research.

### 2.1 Company Ownership

Safari Travel will be registered as a Private Limited Company (GmbH) operating primarily within Germany, having an initial capital investment of 60,000 EUR. The Management Board will consist of the two main shareholders, Joseph Kedogo and Jacqueline Njagah, with a quasi shareholder Ulrike Kraft not involved in the company's management. After 5 years the board will explore sale of shares in order to diversify the capital base as well increase the capital investment.

### 2.2 Start-up Summary

An initial loan will be obtained from the Sparkasse KoelnBonn to the tune of € 45,000 EUR, 75% of the total forecasted investment sum of 60,000 EUR. This loan will be repaid at an interest rate of 7.0%. for 10 years.

**Expenses:** Initial expenses will mainly be for office venue rent, set-up and decoration and electronic equipment including computers, printers, scanner and fax

**Assets:** These will be largely the electronic equipment acquired as well as the furniture.

**Investments:** The majority of investment share will be raised through the loan from Sparkasse KoelnBonn. The rest will come from contributions by the shareholders, at a contribution amount of € 5,000 each.

**Loans:** As described above, an initial loan of € 45,000 EUR will be secured from the Sparkasse KoelnBonn.

### 2.3 Company Locations and facilities

In line with the target market, the company identified the ideal office location at the Student Office ASTA within IWZ Campus of the FH-Köln. The proposed premise is about 45 Quadra

metres and should be more than adequate to house, at the outset, 4 full-time staff and 1 part-time management staff as well as several student assistants that will work on a mini-job schedule. Within the greater Köln area are approximately 100 agencies offering travel consultancy services, however within the IWZ of Fachhochschule Köln specifically there is none and more so, in all these agencies Safari Travel is the only one offering this nature of specialised service.



Figure 1 Map of IWZ Campus of the Fachhochschule Köln

## 3 Services and Positioning in the market

### 3.1 Services

Safari Travel will provide adventure travel consultancy services to Individuals and groups travelling for leisure, study or business. Initially the main target group will be the University student community of Koln-Bonn area; however the long term strategy is to expand to cover all the Universities in Germany. The services provide will include travel consultation, full Safari packages, stand-alone reservations and purchasing of flights, pre-arranged tours including hotel reservations, links with tour operators and guides in the target countries among additional services to be developed as the customer base develops.

Safari Travel seeks to be the premier student travel agency in Germany.

#### 3.1.1 Services Description

In addition to standard travel agency service such as air tickets, and travel packages, Safari Travel will also seek to provide its clients the most value for the money, this will be achieved by negotiating special rates from providers such as airlines and use of tour agents on the ground in the areas to be visited who have local knowledge of high quality but affordable facilities. Safari tours will provide packages that integrate study work and pleasure and seek ways to fit into the individual needs of the clients and offer custom made travel packages. Safari travel will give advice on the best times to travel. Thus both standard pre-packaged safari tours and standard made trips will be provided.

Other services will include assistance with passports and visas, vital information and travel tips, in addition to providing links with local research bodies, NGOs, International bodies and government and educational institutions.

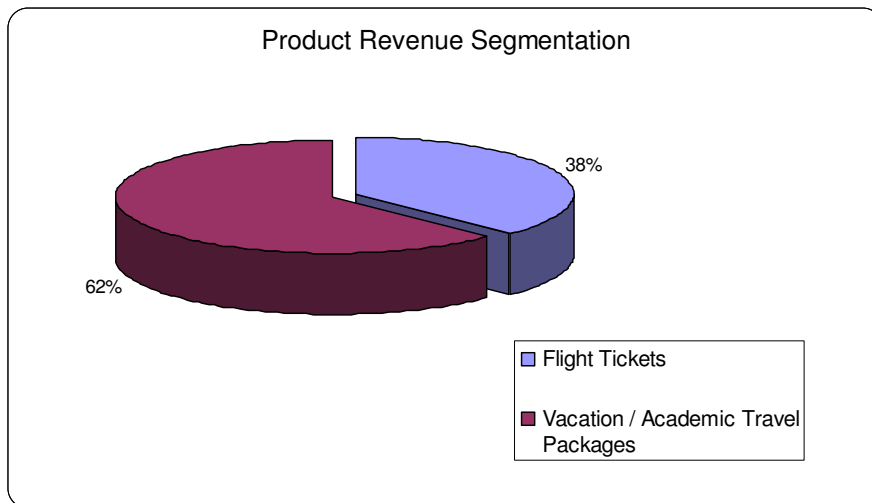
The main categories of the product are:

- **Flight Tickets only**
- **Adventure:** Travel packages for adventure and pleasure only
- **Work and Play:** Travel for adventure and pleasure but with an academic focus, tailored for those travelling for practicum and research, field trips, volunteering or humanitarian action.

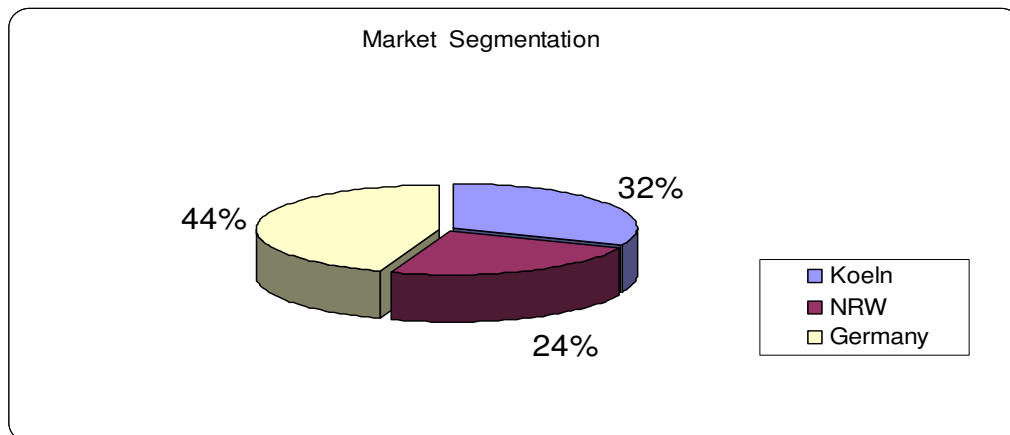


The products will also vary depending on the tastes and budget of the client with varying levels of comfort and luxury. Special packages and rate will be offered to the professors and their spouses accompanying the students as an incentive.

The value added by Safari Travel offering its knowledge and expertise, competitive rates and the focus on this segment, target regions and clients will translate to increased customer satisfaction. The main product focus will be on Travel Packages as a key activity that students undertake.



**Figure 2 Product Revenue Segment**



**Figure 3 Market Segmentation**

Our market survey revealed that there exists a great untapped potential and demand for the above products that is yet to be provided for. Safari Travel will come in to meet the gap in supply and position itself as a *niche service provider* within the travel industry and offer high



## **Services and Positioning in the market**

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quality travel packages at an affordable price. Safari Travels will serve as a top quality service provider and only deal with top-notch professional services providers with excellent track record and reputation. The service provider will be expected to meet our rigid standards of quality to ensure customer satisfaction and repeat clients.

### **3.2 Products**

The target countries are Kenya, Uganda, Tanzania, Malawi, Botswana Mozambique, Namibia, South Africa, Zambia, and Zimbabwe. Typical safari will consist of a 7 day itinerary through the country or countries of choice.

An example of a 7 day package is:

### **SEVEN DAY ADVENTURE TRAVEL**

#### **Day 1: Nairobi – Samburu**

From FH Koln or student's residence to Düsseldorf airport, Fly from Düsseldorf Airport and land in Nairobi Airport. Depart for Samburu National Reserve and arrive in time for lunch. Embark on an afternoon game viewing. Dinner and overnight at camp site.

#### **Day 2: Samburu**

Full day game viewing in Samburu you will have a chance to view reticulated giraffe, Grevy zebra, Gerenuk, Somali Ostrich, Beisa Oryx, elephant, lion and other rare species of animals. All meals and overnight at the camp site.

#### **Day 3: Samburu – Lake Nakuru**

Early morning breakfast, drive southwards to Lake Nakuru National Park

Arrival in time for lunch at camp site

Afternoon game drive to view pink flamingos in Lake Nakuru. Also to be viewed are Rhinos, in a special animal sanctuary. Other animals to be seen are: King of the jungle, the lion, buffaloes, waterbuck, warthog, hippos and many more.

Dinner and overnight at the camp site.

#### **Day 4: Lake Nakuru – Maasai Mara**

After breakfast leave for Maasai Mara Game Reserve.

Arrive in time for lunch.

After lunch proceed for an afternoon game drive. Time to share the beauty and magic of Maasai Mara, where plain game is in abundance. Game walks, bush meals and balloon safaris that are offered on additional fee. Migratory animals offers a spectacle that has no equal on planet earth. The months of July, August and September is the prime time for the "Great Migration" of Wildebeests and Zebras.

A close contact with the Maasai People, who are loyal to their culture is also possible.

Their dances and songs will have an impact on you.

#### **Day 5: Maasai Mara**

Full day camping activities which include; game walk, game drives, bush breakfast, lunch and dinner.

For the bird lovers, there are over 300 species of birds and some species are only found here. A visit to Maasai tribesmen village will give you boundless joy.

A true experience of animals roaming in their natural habitat will open a new dimension to the visitors.

A real unique experience

#### **Day 6: Maasai Mara**

Morning and afternoon game viewing, bird-watching and game walking

all meals and overnight at campsite.

#### **Day 7: Maasai Mara – Nairobi**

Early morning breakfast, depart for Nairobi through scenic landscape of the beautiful country Kenya, many years African leading tourists destination.

Transfer to Nairobi airport, Land in Dusseldorf and back to the FH Koln and students' residence.

### **3.2.1 Future Services and Reach**

Safari travel will conduct periodic market surveys to establish more needs for the target group, the students. Based on those surveys and after the attainment of the break even point, profits will be ploughed back to the company for more market oriented products, in addition to the long-term goal of spreading the reach to all the universities and institutions of research and higher learning in Germany.

## **3.3 Positioning in the Market**

### **3.3.1 Competitive Comparison**

The travel industry is becoming more and more competitive and the rapid development and changes in the information technology is changing the way travel agencies operate. Presently more and more travel agents are relying more on the Computerised Reservation and Ticketing systems. In addition individuals have more access to market information and can perform travel related research. Discount air ticket brokers have also taken advantage of this. These factors among others have resulted in the increase of price competition. Therefore a travel agency wishing to succeed must have a strong internet presence and campaign in addition to efficiency and speed of transactions. The increase in competition and increased number of travel options make it necessary for new travel agencies entering the market to establish themselves as specialists in a type of travel. Safari Travel has done this by positioning it self as a specialist.

Our market research has not established a direct competitor in the entire Germany region. Those wishing to secure that type of service have been served by the other general travel agencies, thus Safari travel has a potential to establish relationships with those clients whose needs have not be well catered for by those agencies. In addition Safari travel can cooperate with the general travel agencies rather than competing with them, by sending to them clients to other regions not covered by safari travels and in turn receiving clients from those companies which can be best served by Safari Travels at a percentage commission. The closest competitor in terms of target market is STA travel, an international student travel agency which specialises in low-cost student travel. However STA focuses mainly within western areas such as Europe and America and hence has little of no reach to the tropical areas of Africa, Latin America and the Far East.

### **3.3.2 Advertisement: Sales Literature and Internet**

Aggressive marketing campaigns and advertisement will be conducted all the time. This will include use of posters and distribution of brochures to students, at supermarkets, halls of residence, mailing to potential customers, newspapers and student journals, University and other student web sites. There will also be periodic talks and market drives aimed at the student community and their professors, in addition to cooperation with ASTA and other student bodies. A strong link will also be formed with Humanitarian agencies, research and international bodies that frequently require student to travel to the target countries. There will also be active participation in trade shows and fairs and travel publications.

### **3.3.3 Strategic Alliances**

Safari Travels will establish beneficial relationships with providers of travel services and goods. Qatar Airways, Emirates, Ethiopian airways, Kenya Airways among others all have been selected as our main ticket providers, they offer us 25.% as commission., which is more than the 0-10% margin that has been the industry standard.

Tour agents in the target Countries will be selected, who in addition to offering quality services, having a good reputation and offering affordable prices, can negotiate a commission of at a good rate.

We will seek to identify tour agents in Germany that can cooperate with us.

Market research has enabled us to identify opportunities that capture up to 25%. This will be continuously evaluated and to take advantage of any new opportunities on the market.

### **3.3.4 Internet Advertisement and Sales**

Safari Travels Safari will carry out a great portion of its activities through the Internet. These include Internet sales, online bookings, campaigns, advertising and Computerised Reservation systems. This will ensure speed and efficiency of the transactions and communications, lower costs in addition to building databases of clients and for further market research.

## 4 Market Analysis Summary

The Market Analysis was done mainly through researching online literature on the nature of international travel in Germany among the greater student population and especially that in Köln/Bonn region. We discovered that German tourists are ‘world-beaters’ when it comes to travel, and made 86.6 million foreign trips in 2005, the last year for which statistics are available. From those, some 24 million were made to countries outside the European Union. Turkey topped the list of most popular destinations - almost four million Germans travelled there that year - followed by Egypt and Tunisia ([www.dw-world.de](http://www.dw-world.de)). Indeed of this number, a larger percentage is increasingly students seeking international exposure and experience, as seen from global trends in international travel.

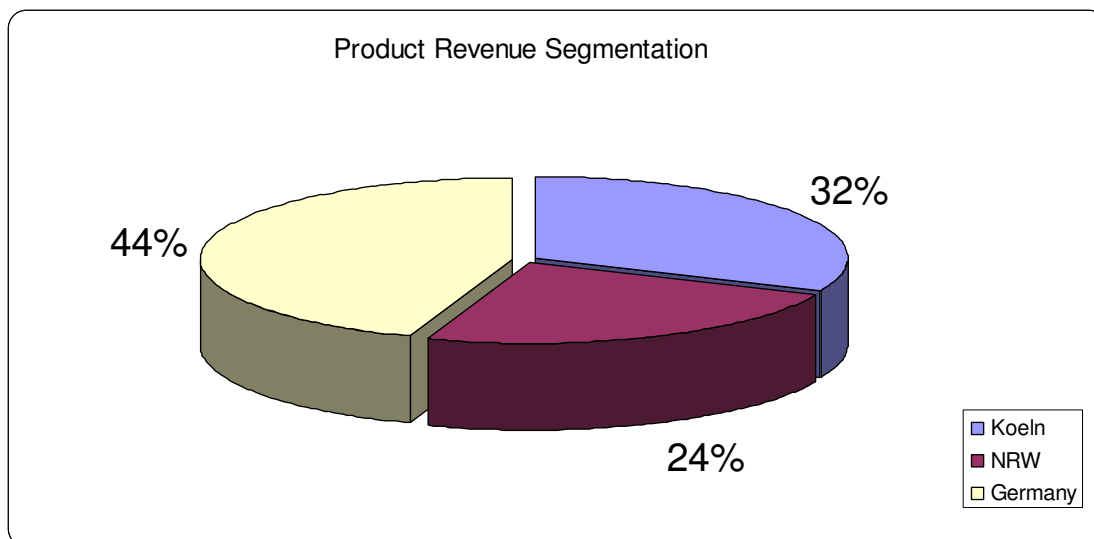
### 4.1 Market segmentation

The Target customers for Safari Travel will be students in the age-range 14-25 years, with a main focus on those students in institutions of higher learning whether for pre-university courses, vocational courses, or degree courses. Furthermore we will focus on students pursuing international oriented courses such as our foregoing Masters in Technology and Resource Management in the Tropics and Sub-Tropics.

The main geographical reach of Safari Travel will be in the region of Nord-Rhein-Westfallen (NRW) and mainly the university towns of Köln, Bonn, Aachen, Koblenz, Dusseldorf, Dortmund, Essen, Duisburg, Bochum, Münster and Wuppertal. Geographical statistics for NRW are as follows ([http://www.statistik-portal.de/Statistik-Portal/en/en\\_zs01\\_nrw.asp](http://www.statistik-portal.de/Statistik-Portal/en/en_zs01_nrw.asp)):

Area	34,084 km <sup>2</sup> (13,160 sq mi)
Population	18,007,000 (10/2007) approx. 21.8% of the total population of Germany of 82.5 million (2004)
Population Density	528 /km <sup>2</sup> (1,368 /sq mi)
GDP/ Nominal	€ 489 billion (2005)

The presence of the UN in Bonn as well a large number of international development organisations, as the former capital of Germany, makes this an ideal target location. The presence of the international development organisations with a focus development partnerships with developing countries, as are mostly in the tropics and sub-tropics, provides a natural vehicle for students desiring to travel abroad for practical or research trips.

**Table 1 Product Revenue Segmentation**


## 4.2 Target Market segment strategy

In order to reach our target segment market, we will both provide services that are relevant as well as carry out marketing activities that will communicate the exact nature of our product to the customers.

### 4.2.1 Market Needs

Most students plan their trips during the spring or summer and often as a group of 6 or more. The nature of trips may range to academic, purely leisure or a mix of leisure and academic. Students would primarily need assistance with air-ticketing, health and travel insurance, visas, accommodation and activities to carry out once at their destination. As a rule, students would want to get the most affordable options; however, most who have decided to travel abroad are aware that it can cost anything from 2,000 Euro for a 5 day trip to 6,000 Euro for a 2 month excursion in the wild. A 32-day trip to Europe offered by Westcoast Connection/360 Student Travel -<http://www.westcoastconnection.com> - is € 6,200. A six-week program in Senegal sponsored by an outfit called Where There Be Dragons - <http://www.wheretherebedragons.com/> - runs €4,800.

Students also desire to become more marketable to prospective employees hence and hence an element of academic development in their travel is favourable. Research of the Student and Youth Travel Association, an international student travel organisation has also found a

connection between trips and academic achievement and that 'it makes (students) better global citizens.'

#### **4.2.2 Market Trends**

The student and youth travel market is a huge 20 percent segment of all the travellers in the world, extrapolated to the 86.6 million foreign trips, we estimate a total of 17.3 million student foreign trips in the whole of Germany, approximately 21% of which we estimate to originate from the NRW area of Germany.. Among the fastest-growing segments, it includes not only college students age 25 and under, but increasing numbers of middle- and high-scholars and even elementary children on group day or overnight school trips for band, choir, church, sports or science, civics and language classes.

Youth that travel report that the travelling usually impacts them significantly. This is symbolic of a trend among students. Further research suggests that students who start travelling when they are young become lifelong travellers. They're more likely to study abroad in college. And they're more likely to carry their love of travel into adulthood, this is something that is characteristic of our target market, both German students studying here in NRW as well as international students who are already studying in a country other than their home country and are more likely to plan exotic trips to other destinations. A recent survey of 75 tour operators that belong to the Student Youth Travel Association in March 2008- <http://www.syta.org> - found that the top 10 international destinations for youth travel includes China, Peru, Brazil and Australia. Destinations worldwide are catering to young travellers "because they know if they get a teen to visit, they will come back," Palmer says. "Before, group travel focused on senior citizens. Now, it's student travel."

According to the German Embassy, Germany has seen a marked increase in international students at German universities and technical schools over the last several years, with a rise of 21% from the 1997-1998 school years to 2000-2001. The 126,000 international students accounted for 11% of all students enrolled at German universities and technical schools in 2000-2001. Nearly 190,000 foreign students studied in Germany in 2006, according to the Education and Research Ministry. According to the Atlas of Student mobility (<http://www.atlas.iienetwork.org>) in 2006, the total count of all higher education students, both domestic and international was 1,985,765 and the most recent total for international student enrolment is 12.5 % of that, or 248,357, this means the ratio of international students to the entire student body is up 1.5% from 2001, and the number of students has actually almost doubled in this time. These counts of international students reflect both public private

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institutions. Germany is the most popular destination for academic study after the United States and Great Britain.

### 4.2.3 Market Growth

The projected market growth is therefore for laid out in the following table for the first year and subsequent years

**Table 2 Market Growth**

<b>ASSUMPTIONS</b>
Monthly growth in sales for 1st year= 10%
Regional Sales grow at a rate of 15%
Nationwide sales mainly over the internet grow at a rate of 25%
Average yearly growth in sales in subsequent years = 20%
Average unit cost for Flight tickets EUR 450
Average unit cost for Travel Packages EUR 750

## 4.3 Service Business Analysis

### 4.3.1 Competition and Buying Patterns

The Internet and online services are very popular with travellers. Travellers tend to be quite computer savvy, with two thirds (65%) of the 98.3 million travellers who are online—63.8 million—using the Internet to make travel plans in 2004. Among online frequent travellers, 70 percent use the Internet for travel planning. Use of the Internet to actually book travel continues to increase, with 45 percent of all travellers now online having made travel reservations on the Internet during the past year. That translates to 44.6 million online travel bookers, up six percent over 2003. The majority (83%) of online bookers are using the Internet to do at least half of all their travel booking. The number of online bookers doing all of their travel booking online continues to grow, with 40 percent now doing so, versus 29 percent in 2003. Interestingly, 82 percent of online travel bookers say they bought airline tickets for a trip taken in the past year, 67 percent booked overnight lodging accommodations, and 40 percent made rental car reservations. (Source: Travellers Use of the Internet, 2004 Edition)

### 4.3.2 Main Competitors

1. **STA Travel:** A Worldwide consortium travel agency specialised in offering affordable travel to students. It has the advantage of wide networks while being local to the students and there are several located with the Köln/Bonn area including at the University of Bonn and Koln. However, they do not offer the chance for highly personalised service through knowledge of their customers and tend to operate through attractive deals rather than personal contact.
2. **STEP IN** ([www.stepin.de](http://www.stepin.de)): Located in Bonn-Bad Godesberg, the STEP IN (Student Travel & Education Programmes International) exchange program has set itself an ambitious goal: Bring people from different countries together and foster a dialogue with an eye to enriching all involved, making culture, language, religion, customs and traditions understandable, overcoming barriers and helping people accept differences. Over the years, STEP IN has systematically pursued this goal and continuously put it into practice – building on a vision of the greatest possible mutual acceptance and on the enthusiasm and passion of STEP IN staff members who have all lived abroad and would like others to have an opportunity to gather similarly wonderful impressions and experiences too. However STEP IN does not currently only offers travels to South Africa as the only tropical destination apart from the Americas, this give Safari Travel a distinct advantage in having a greater specialisation in this area as well as a wider knowledge of the area with its Management Board members coming from Africa.

## **5 Strategy and Implementation**

So as to achieve its goals of becoming the Premier Travel agent in this segment in Germany, Safari Travel will adopt the following strategy:

- Aggressive marketing through all available channels to establish Safari travel reputation and place in the market.
- Provide superior and quality services at all times at an affordable price and carry out continuous self evaluation and set up a feed back mechanism to ensure customer satisfaction and repeat customers. This will also give safari travels high rating and the will be increased business as a result of word of mouth from satisfied customers.
- Promote this type of travel, the trips to the target as a beneficial and essential part of study and acquisition of knowledge to the students and the professors
- Fast, flexible and adaptable to react quickly and take advantage of opportunities and changes in the market, to ensure relevance at all times. This includes adapting to the programs and student needs and creating custom made solutions.

### ***5.1 Customer Value proposition***

Safari Travel's value proposition of the services offered to the customers will come from

- providing superior customer service
- product differentiation
- operational efficiency

Value propositions will be continuously updated to meet the changing needs of customers, and services continuously improved based on customers' feedback.

The greatest value will be placed on intangibles such as the relationships the customer, the ease of buying a product or service, the reputation of the sales person or company, the responsiveness of the organization, the flexibility of the company, the ease of doing business, the integrity or trustworthiness of the sales people and the company, the performance of the company in meeting commitments, the services offered in addition to the main products. Safari Travel will endeavour to think "outside the box" when developing the value proposition for each customer or group of customers.

## **5.2 Competitive edge**

Safari Travel's competitive edge is its focus, experience and passion. Safari Travel will be a pioneer in this segment of the market and as such it will have a head start. In addition the directors have vast experience and knowledge of the target areas. Strategic alliances will also increase the competitive edge.

## **5.3 Marketing strategy**

Safari Travel strategy will be to create and keep its customers, establish its reputation to the university communities in Germany. Great effort will be put in promoting travel to the target region as an important element of ones life as a student to the target regions and the outline to the institutions the benefits they will get from these activities, such as increased awareness of their programs internationally among potential student worldwide.

### **5.3.1 Positioning Statement**

For students, groups or institutions wishing to travel to Africa, Safari Travel is the premier travel agency in Germany. Safari Travels offers exceptional and quality service, value and advice to its clients at a budget price.

### **5.3.2 Pricing Strategy**

Safari Travel will make every effort to maintain a competitive pricing policy, providing high quality service at an affordable price to the students. The prices will be fixed so as to maintain a margin of 25% for air tickets and 15% for the other services.

### **5.3.3 Promotional Strategy and Marketing Programmes**

Safari Travel will hold a grand opening in FH Koln in the second month of operation, students from several universities in Germany will be invited. There will be periodic raffles and prizes will include travel packages. Contacts will be made with student bodies such as ASTA and the Fachschafts to promote awareness to the members, special rates will be offered to the members. Advertisements will be placed on student magazines. Safari Travel will eventually start a Travel magazine as a separate business; this will not only bring revenue but also serve as a promotional channel. Safari Travel will several times a month send sales personnel to the

universities, the sales or promotional personnel will be recruited from the target universities. In addition Safari Travel will be actively involved in humanitarian activities that include travel to the target areas.

Students spent a lot of time on the internet for research, study or pleasure; there internet advertisement and sales will be widely used and advertisements placed on sites frequented by students.

### **5.4 Sales strategy**

#### **5.4.1 Distribution and Sales Strategy**

Safari Travel distribution strategy will focus in the beginning in the Koln and Bonn area but in a few months the target market will be all the universities and institutions on higher learning in Germany. Most sales will be done through the internet. There will sales done at the office and also by sales personnel comprising of students from the target universities. There will also be direct sales, where the sales personnel will go to the target institutions and groups who are potential customers.

Safari Travel will target to market its services at away fairs such as those conducted by the educational international network, EIN. As their target group of 14- 29 years old corresponds perfectly to that of Safari Travel this will provide premier opportunity to showcase the goods of the Company and interest potential clients in our offerings. WE will also market at Educational fairs around Germany where possible.

Safari Travel will sale repacked packages and also custom made packages. Safari Travel will sell the benefits of travel to these areas to the students and the university communities as a whole.

Safari Travel sales strategy will be to maintain customers. It is less expensive to maintain a relationship than to develop a new one, so the concern will be to not only to maximize profits on individual sale but to ensure customer satisfaction. This will reduce costs and increase profits in the long run.

### **5.4.2 Sales Projection and Forecast**

After two months of operations, based on the market survey and consultations from experts, the sales are projected to grow by an average of 20 % monthly at least for the first two years and then 10% monthly until the whole country is covered.

## 6 Management Summary

Joseph Kedogo is the Chief Executive of the Management Board and will work on a part-time basis. Jacqueline Njagah will be the Chief of Operations and will work on a full-time basis for the first 6 months and thereafter on a part-time basis. There will be 2 other full-time staff located within the office, the Accounts Manager and the Administrative Assistant. The Accounts Manager will handle the bulk of the advertising and travel accounts and provide leadership to the student account assistants in this regard. The administrative assistant will assist in financial accounting as well as general day-to-day administration.

### 6.1 Organisational Structure

There will also be a driver/messenger employed on a part-time basis as well as a cleaner who will be part-time. Student Account Assistants will be employed on a mini-job basis in order to handle individual clients. This will be especially helpful to get the student networks aware of the packages on offer. Those with travel agency experience will have the opportunity to become full-time staff members as the organisation grows and according to their rate of growing new business.

Below is the summarised organisation structure of Safari travel:

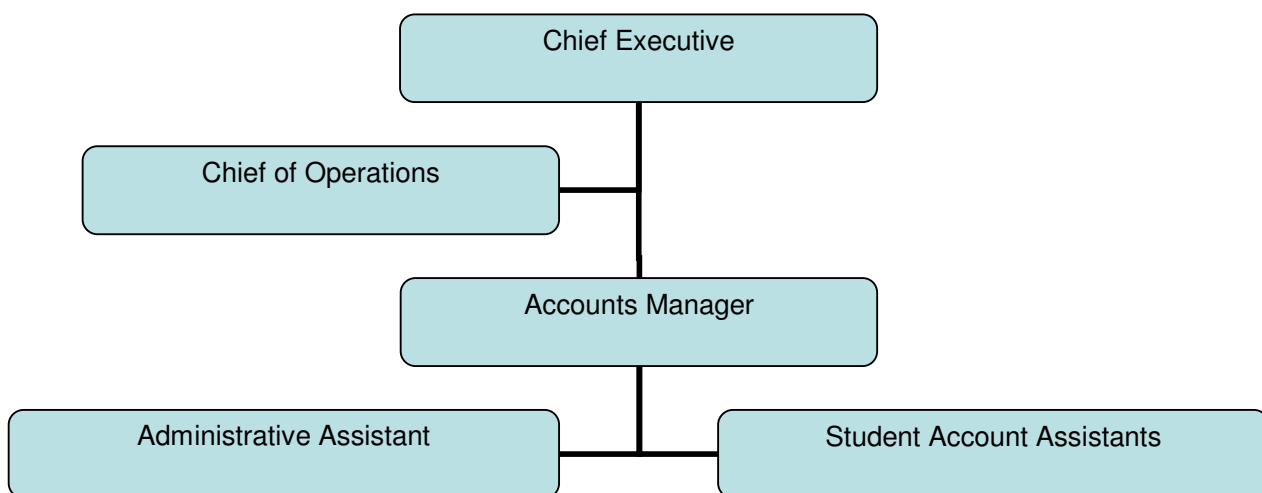


Figure 4 The Organigram: The Organisation Structure of safari Travel

## 6.2 Personnel Plan

We will recruit highly qualified staff to perform the necessary and critical activities to capture a market at this initial stage.

Our quality assurance will include having BVGD certified employees on staff. To guarantee a high standard in tourist guiding throughout Germany the German Tourist Guide Association BVGD has training guidelines leading to the certificate of the association, the BVGD Certificate.

The BVGD-Certificate requires

- . A training course following the BVGD-guidelines
- . A minimum of three years experience in tourist guiding
- . Proof of continuing professional development
- . Two additional in-depth seminars with final examinations

The Accounts manager hired shall be BVGD registered, with the aim to have the management executives attain this registration within the first 3 years of operation

**Table 3 Number of Employees**

	Pre-startup Jan - Feb '09	Mar- 09	Apr- 09	May- 09	Jun- 09	Jul- 09	Aug- 09	Sep- 09	Oct- 09	Nov- 09	Dec- 09	Jan- 10	Feb- 10	Total Year 1
Chief Exec (part-time)		1	1	1	1	1	1	1	1	1	1	1	1	1
Chief of Operations		1	1	1	1	1	1	1	1	1	1	1	1	1
Accounts Manager		1	1	1	1	1	1	1	1	1	1	1	1	1
Administrative Assistant		1	1	1	1	1	1	1	1	1	1	1	1	1
Customer Accounts Assistant		-	-	-	-	-	1	1	1	1	1	1	1	1
Student Account Assistants (part-time mini-jobs)		2	2	2	2	2	4	4	4	4	4	4	4	3
<b>TOTAL</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>8</b>

Salaries will offer statutory Social Security Contributions to fixed employees, of which the employer pays 50% per month, are as follows:

- Pension Scheme (19.5% of gross income)
- Health Insurance (approx. 14.7% of gross income)
- Unemployment Insurance (6.5% of gross income)



- Nursing Insurance (approx. 1.7% of gross income)

**Table 4: Employee & Wages Chart**

	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5
<i>Salary Costs</i>					
Chief Exec (part-time) NB: This is amount per month	13,000	13,000	13,000	13,000	13,000
Chief of Operations	10,780	7,280	7,280	7,280	7,280
Accounts Manager	15,120	14,560	14,560	14,560	14,560
Administrative Assistant	13,520	13,520	13,520	13,520	13,520
Customer Accounts Assistant	9,100	9,764	10,578	11,460	12,415
Student Accountants (part-time mini-jobs)	15,312	18,304	16,524	17,139	17,804
<i>Wage Cost paid to employees</i>	<i>76,832</i>	<i>76,428</i>	<i>75,463</i>	<i>76,958</i>	<i>78,579</i>
<i>Less Student minijobs +CEO (no Employers insurance)</i>	<i>48,520</i>	<i>45,124</i>	<i>45,938</i>	<i>46,820</i>	<i>47,775</i>
Employers Insurance + Pension Contribution (21.2%)	10,286	9,566	9,739	9,926	10,128
<b>Gross Wages Cost</b>	<b>87,118</b>	<b>85,995</b>	<b>85,201</b>	<b>86,884</b>	<b>88,707</b>

## 7 Financial Plan

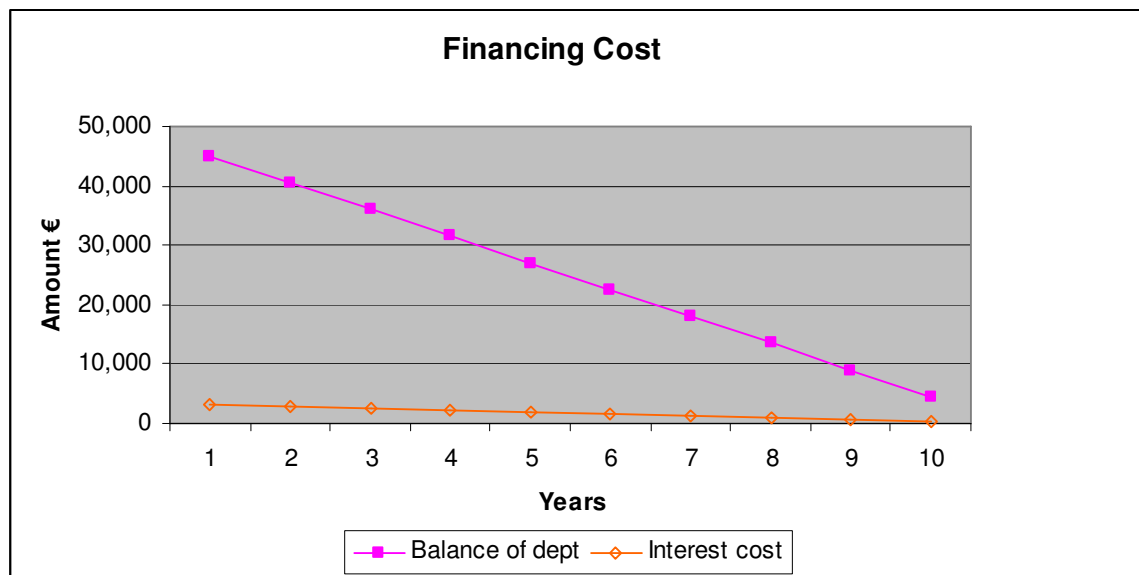
The financial projections are laid out in the following tables:

**Table 5 Source of Investment Funds**

Total Investment	60,000 €
25% Own capital funds (Shareholders equity)	15,000 €
75% Outside financing (Bank Loan)	45,000€

**Table 6 Financing Costs**

Year	Balance of dept €	Interest rate %	Interest cost paid p.a €	Loan Repayment p.a €
1	45,000	7%	3150	4,500
2	40,500	7%	2835	4,500
3	36,000	7%	2520	4,500
4	31,500	7%	2205	4,500
5	27,000	7%	1890	4,500
6	22,500	7%	1575	4,500
7	18,000	7%	1260	4,500
8	13,500	7%	945	4,500
9	9,000	7%	630	4,500
10	4,500	7%	315	4,500
Total principle repayment (no interest)				<u>45,000</u>
Total Interest paid			<u>17325</u>	
<b>Total Repayment (principle+interest)</b>				<b>62,325</b>

**Table 7 Balance of dept and Interest cost**

**Table 7 Setup Costs**

Period - 1st Month (Weekly)	Pre-setup Month	Depreciation Time	Depreciation Cost					
			Y1	Y2	Y3	Y4	Y5	
<i>Office Decoration</i>								
office lights	250	10	25	25	25	25	25	25
wall lights	100	10	10	10	10	10	10	10
plants	70	-						
2 basketware ornaments	50	-						
glass vases	65	-						
clock	30	-						
storage box	70	5	14	14	14	14	14	14
ceiling light	40	10	4	4	4	4	4	4
signboard								
(fluorescent)+installation costs	1,000	10	100	100	100	100	100	100
labour cost	3,700	-						
Carpeting	500	10	50	50	50	50	50	50
<b>SUB TOTAL</b>	<b>5,875</b>		<b>203</b>	<b>203</b>	<b>203</b>	<b>203</b>	<b>203</b>	<b>203</b>
<i>Office Equipment</i>								
cash/credit machine	1,400	4	350	350	350	350		
desk top computers (3)	1,800	4			450			



## Financial Plan

Period - 1st Month (Weekly)	Pre-setup Month	Depreciation Time	Depreciation Cost				
			Y1	Y2	Y3	Y4	Y5
			450	450		450	
lap top computers (2)	2,000	4	500	500	500	500	
wireless router	415	4	104	104	104	104	
printer	100	4	25	25	25	25	
prelimary expenses	150	10	15	15	15	15	15
photocopy machine	600	10	60	60	60	60	60
office chairs (4)	280	10	28	28	28	28	28
office tables (4)	360	10	36	36	36	36	36
visitors chairs (5)	80	10	8	8	8	8	8
filing cabinets (2)	140	10	14	14	14	14	14
telephone sets (3)	150	4	38	38	38	38	
visitors coffee table	150	10	15	15	15	15	15
	-						
<b>SUB TOTAL</b>	<b>7,625</b>		<b>1,642</b>	<b>1,642</b>	<b>1,642</b>	<b>1,642</b>	<b>176</b>
<u>Other Equipment</u>							
water dispenser	100	5	20	20	20	20	20
coffee machine	120	5	24	24	24	24	24
coffee mugs along with logo(15)	23	5	5	5	5	5	5
espresso cups & saucers (18)	162	5	32	32	32	32	32
refrigerator	300	10	30	30	30	30	30
spoons & knives	60	5	12	12	12	12	12
others	500	-					
<b>SUB TOTAL</b>	<b>1,265</b>		<b>123</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>123</b>
<u>Other</u>							
music system	135	10	14	14	14	14	14
vacuum cleaner	90	10	9	9	9	9	9
	-						
<b>SUB TOTAL</b>	<b>225</b>		<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
<b>Total Setup Costs</b>	<b>14,990</b>		<b>1,991</b>	<b>1,991</b>			<b>524</b>



## Financial Plan

Period - 1st Month (Weekly)	Pre-setup Month	Depreciation Time	Depreciation Cost					
			Y1	Y2	Y3	Y4	Y5	
			<b>1,991</b>					<b>1,991</b>

Financing of the start-up will be done under the following assumptions.

<u>Assumptions</u>
Current Yearly Interest Rate 10%
Long term interest rate 7.0%
Tax Rate 50%
Sales on Credit 0%

Projected Sales figures are given below

**Table 8 Sales and Cost of Sale for Year 1**

<u>Sales</u>	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
Flight Tickets	13,500	17,550	23,108	26,771	31,108	36,260	42,399	49,734	58,525	69,089	81,818	97,197
Vacation / Academic												
Travel Packages	22,500	29,250	38,513	44,618	51,847	60,434	70,665	82,890	97,541	115,148	136,364	161,995
<b>Sales Value</b>	<b>36,000</b>	<b>46,800</b>	<b>61,620</b>	<b>71,388</b>	<b>82,955</b>	<b>96,694</b>	<b>113,064</b>	<b>132,624</b>	<b>156,066</b>	<b>184,237</b>	<b>218,182</b>	<b>259,192</b>
<u>Cost of Sales</u>												
Flight Tickets	23	13,163	17,331	20,078	23,331	27,195	31,799	37,301	43,894	51,817	61,364	72,898
Vacation / Academic												
Travel Packages	19,125	24,863	32,736	37,925	44,070	51,369	60,065	70,457	82,910	97,876	115,909	137,696
<b>Cost of sales value</b>	<b>19,148</b>	<b>38,025</b>	<b>50,066</b>	<b>58,003</b>	<b>67,401</b>	<b>78,564</b>	<b>91,864</b>	<b>107,757</b>	<b>126,804</b>	<b>149,692</b>	<b>177,273</b>	<b>210,593</b>

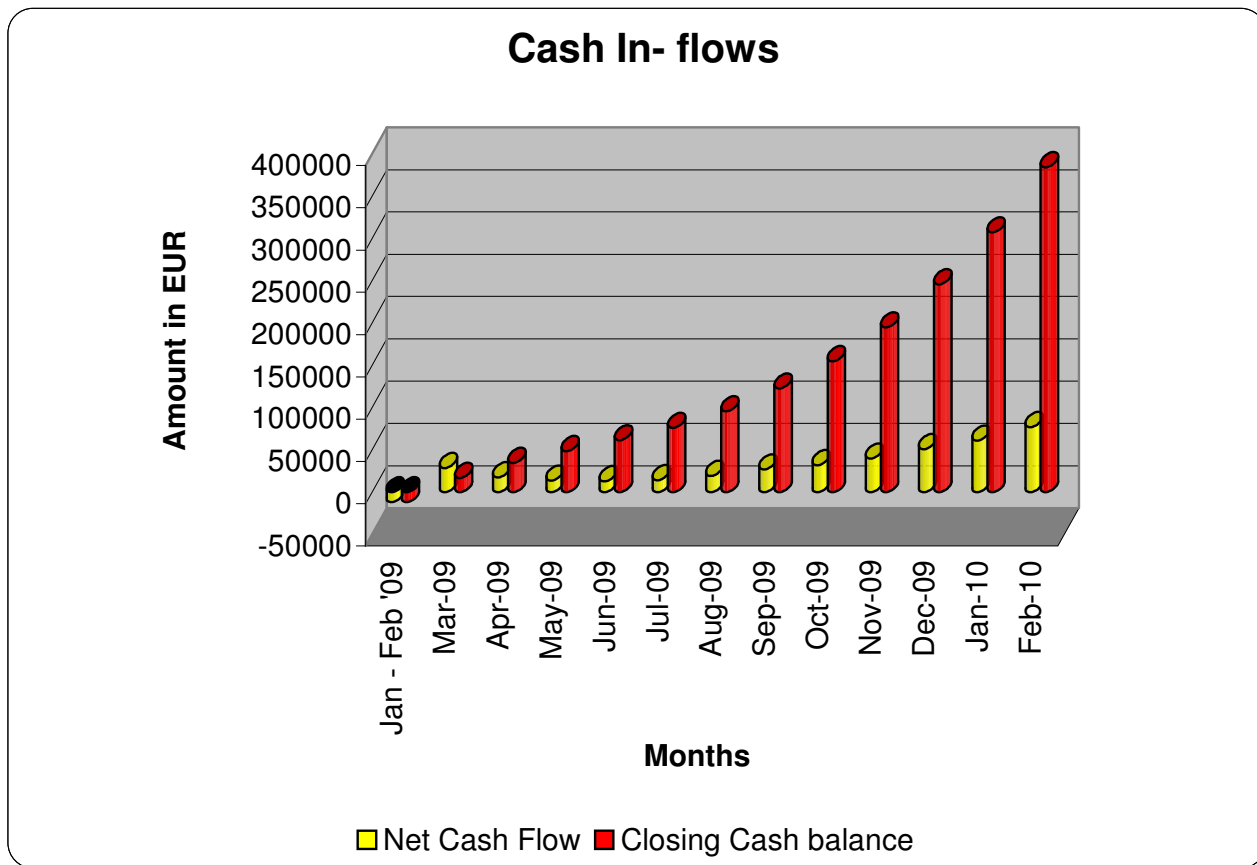
**Table 9 5 year sales projections**

<u>Sales</u>	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5
Flight Tickets	547,058	656,470	787,764	945,317	1,134,380
Vacation / Academic					
Travel Packages	911,764	1,094,117	1,323,881	1,601,896	1,938,295
<b>Sales Value</b>	<b>1,458,822</b>	<b>1,750,587</b>	<b>2,111,645</b>	<b>2,547,213</b>	<b>3,072,675</b>
<u>Cost of Sales</u>					
Flight Tickets	400,191	492,353	590,823	708,988	850,785

Vacation / Academic					
Travel Packages	774,999	929,999	1,125,299	1,361,612	1,647,550
<b>Cost of sales value</b>	<b>1,175,191</b>	<b>1,422,352</b>	<b>1,716,122</b>	<b>2,070,600</b>	<b>2,498,336</b>

**Table 10 Average Sales over 5-years**

	<b>Total Sales</b>
Year 1	1,458,822
Year 2	1,750,587
Year 3	2,111,645
Year 4	2,547,213
Year 5	3,072,675
Average	2,188,189


**Figure 5 Cash in Flows**

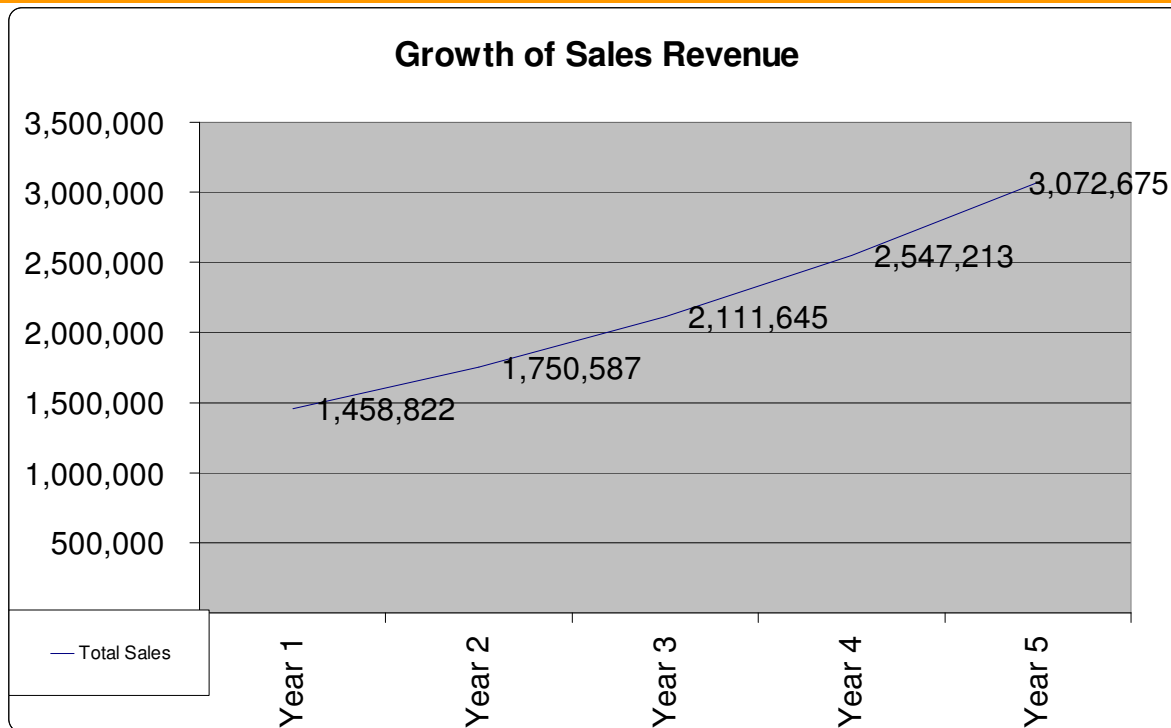


Figure 6 Growth of Sales Revenue

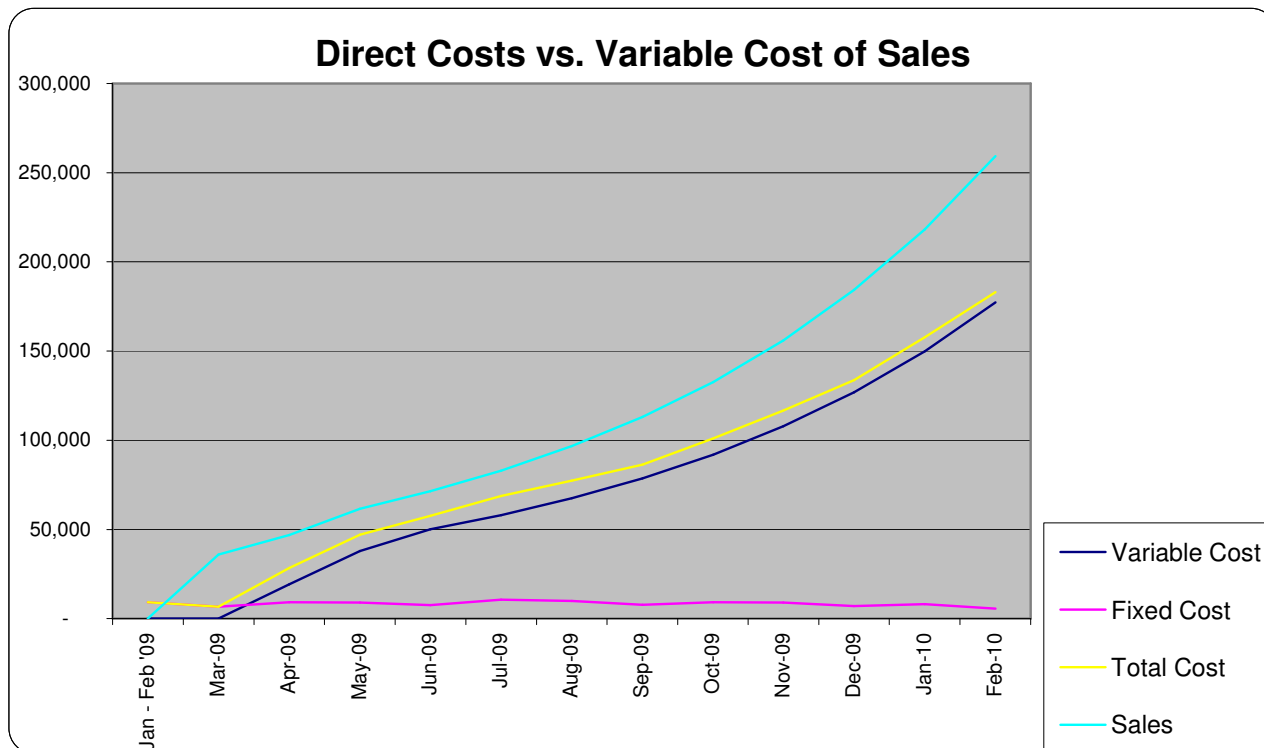


Figure 7 Total Cost versus Sales

The break even point shall be obtained at the point at which sales exceed total costs, which is indicated at the figure below.

**Table 11 Break Even Analysis**

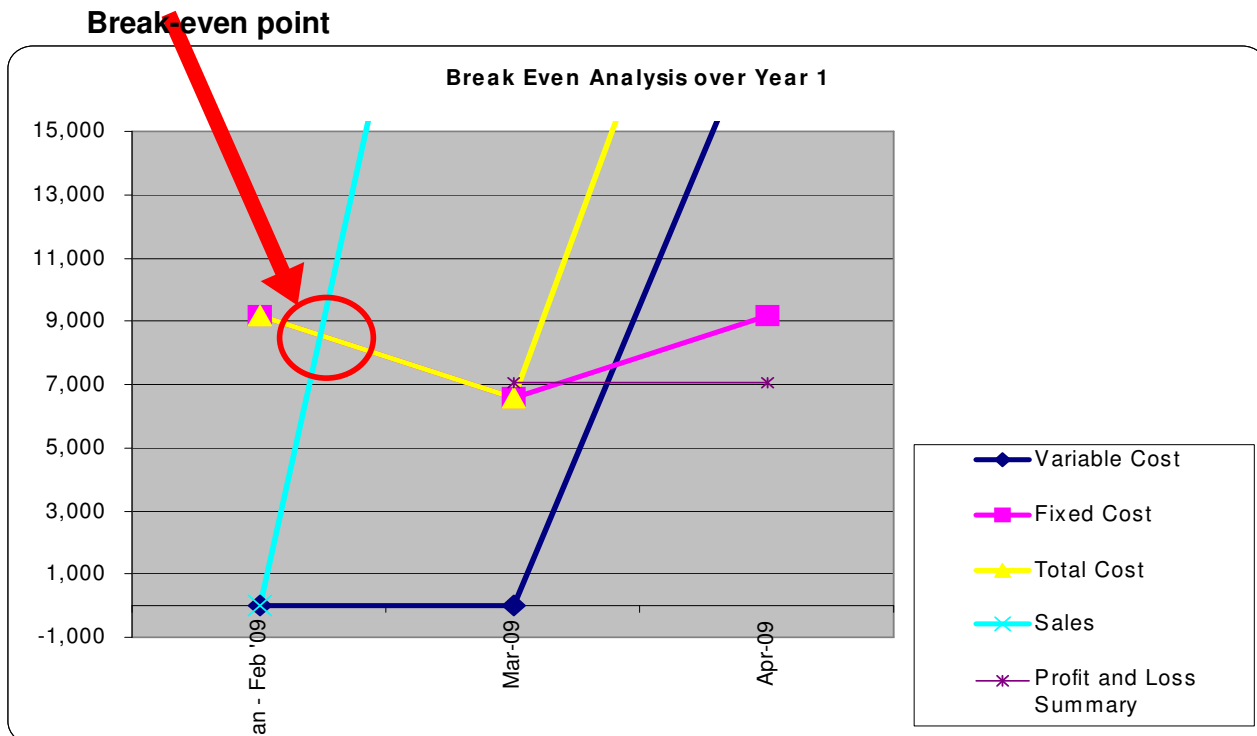
<b>Break Even Analysis</b>	<b>Amount</b>
Total Average Units monthly	227
Average Unit Revenue	600
Average Per-Unit Variable cost at approx 20% margin	480
Estimated Average Monthly fixed cost	658

Break even point calculation (units) =

$$\frac{\text{Estimated Average Monthly fixed cost}}{\text{Average Unit Revenue} - \text{Average Per-Unit Variable cost at approx 20\% margin}} = \frac{658}{600 - 480}$$

$$= \frac{658}{120} \approx 5.48 \text{ units}$$

A total of 5 units a month on average will enable us to maintain profitable operations, however after the first month cash flows will be in the positive already



**Figure 8 Break Even analysis**



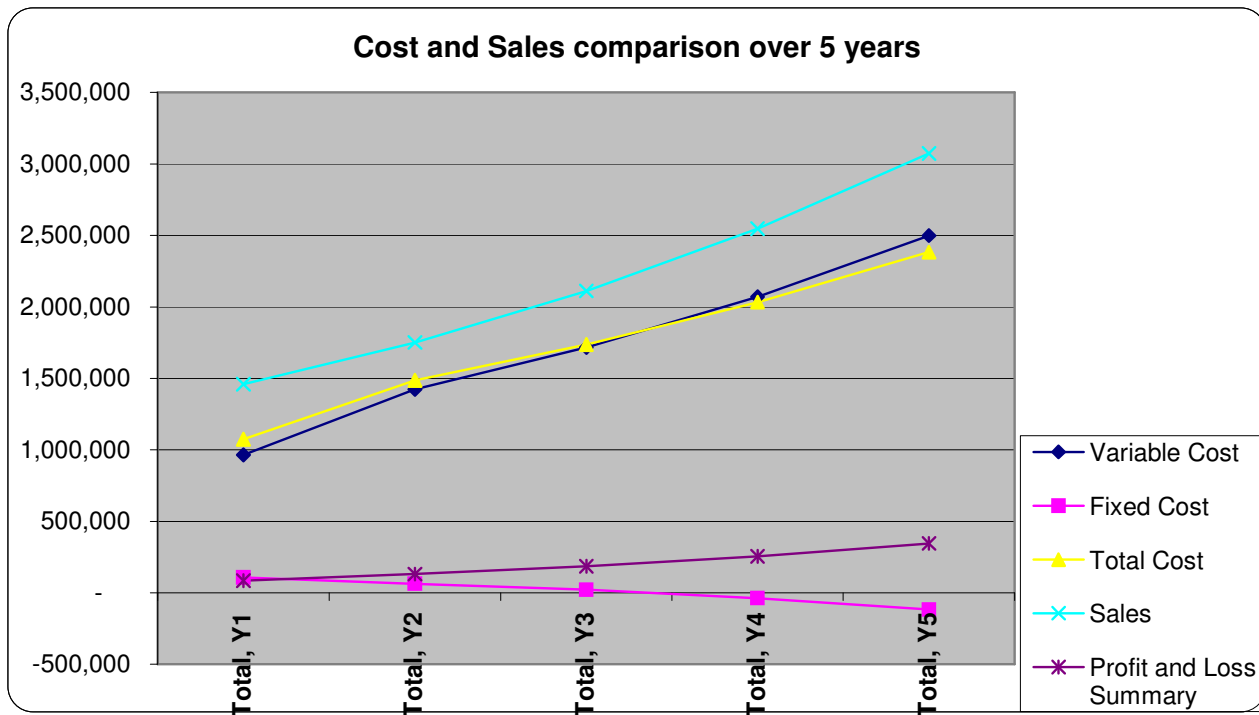


Figure 9 Cost and Sales comparison over the 5 years

**Table 8 Profit and Loss Summary**

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Amount	84,525	131,723	186,184	256,092	345,190

### 7.1 Milestones

Safari Travel milestones reflect the philosophy that guide the setting of goals. The goals determine the strategy and tactics to maintain corporate focus. The milestone will be progress points and be used to measure Safari Travels success in reaching those goals.

Milestones
Start Operations
Grand Opening
Breakeven
Bonn office
Uni Koln
FH Bonn
magazine
Totals

**Table 9: Safari Travels Milestones**

## 8 Appendices

- Minutes of the owners' (shareholders') decision to set up a company in Koln, detailing name of future managing director

Articles of Incorporation