



CREATING A BUSINESS PLAN FOR A START-UP BUSINESS CONSULTANCY IN NAMIBIA

Julia von Wietersheim

Bachelor's thesis
March 2011
Degree Programme in International Business
Options of Financial Management and Management Consulting
Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences

TAMPEREEN AMMATTIKORKEAKOULU
Tampere University of Applied Sciences

ABSTRACT

Bachelor's thesis
Degree Programme in International Business
Options of Financial Management and Management Consulting
Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences

Creating a Business Plan for a Start-up Business Consultancy in Namibia

Author: Julia von Wietersheim
Supervisor: Pasi Kuusijärvi
Pages: 52 (plus APPENDIXES)
Completed: March 2011

The objective of this Thesis is to investigate the process of creating an extensive Business Plan and thereby to practically apply the theory studied during the Degree Programme of International Business. To achieve this objective, a practical business plan for a start-up Business Consultancy in Namibia (called VW-Business Consulting) is created, which at the same time provides a deeper understanding of the current demand for, and awareness of, business consulting companies in Namibia.

An online survey as well as numerous secondary researches were conducted in order to answer some key questions concerning consulting needs and survival chances of a business consulting firm, such as VW-Business Consulting, in the Namibian market. By means of observation, tabular and cross-tabular analyses as well as studying secondary forecasts, the following results were found: the greatest demand, and therefore VW-Business Consulting's choice of key service, is for Strategic and Organizational Development Consulting. The focus target market are small to medium sized enterprises (SMEs) as they reveal to represent the highest demand.

In general, the Namibian market presents an open niche for a number of different business consulting services besides strategic and operational development consulting, such as marketing, financial and human resource management consulting. Many companies, and especially SMEs, however, do not make use of consulting services for reasons which could not be established through this research.

The business plan developed in this Thesis will be used as a guideline to establish a business in Namibia and it will serve as a document to apply for initial financial aid. The confidence that VW-Business Consulting will have a high chance of survival in the Namibian market, with the potential to grow and expand rapidly has grown through-out the writing process of this Thesis.

Key words: Business Plan, Business Consulting, Namibia

TABLES AND FIGURES

TABLE 1. Some key differences between businesses in Namibia and businesses in Finland	6
TABLE 2. Conversion Rates on 7 March 2011	13
TABLE 3. Start-up costs	14
TABLE 4. Sample Gap Analysis	20
TABLE 5. GDP in Namibia	24
TABLE 6. Summary of Important Findings	31
TABLE 7. Sales Forecast	41
TABLE 8. Profit and Loss summary JAN-JUN 2012	42
TABLE 9. Profit and Loss summary JUL-DEC 2012.....	42
TABLE 10. Profit and Loss summary 2012 - 2014.....	42
TABLE 11. Financial Ratios	47
FIGURE 1. Research Process.....	8
FIGURE 2. Business Plan Structure.....	9
FIGURE 3. Consulting fields which are considered most important to respondent's own companies	17
FIGURE 4. Consulting fields which are considered most important for Namibian companies in general	17
FIGURE 5. Phase One of Service Fulfilment	20
FIGURE 6. Phase Two of Service Fulfilment.....	21
FIGURE 7. Company location	25
FIGURE 8. Company offers Services/Products/Both	26
FIGURE 9. No of Employees	27
FIGURE 10. Segmentation by knowledge of Consulting Services	28
FIGURE 11. Segmentation by uses of a Business Consultant	29
FIGURE 12. Segmentation by Company size (employees)	30
FIGURE 13. Key Target Market.....	31
FIGURE 14. PEST Analysis	33
FIGURE 15. SWOT	36
FIGURE 16. Sales Revenue JAN-DEC 2012.....	40
FIGURE 17. Sales Revenue 2012 - 2014.....	40
FIGURE 18. Accumulated Net Income JAN – DEC 2012	43
FIGURE 19. Accumulated Net Income 2012-2014	44
FIGURE 20. Cash Flow Highlight JAN-DEC 2012.....	45
FIGURE 21. Cash Flow Highlights 2012-2014	45
FIGURE 22. BS Highlights JAN-DEC 2012	46
FIGURE 23. BS Highlights 2012-2014	47

CONTENTS

1	INTRODUCTION	6
1.1	Background	6
1.2	Purpose and Objective	7
1.3	Methodology	7
1.4	Structure – A Business Plan as a Final Thesis	8
2	A BUSINESS PLAN IN THEORY	10
2.1	The Purpose of a Business Plan	10
2.2	Types of Business Plans	11
3	THE BUSINESS PLAN IN PRACTICE	12
3.1	Executive Summary	12
3.1.1	Objectives.....	12
3.1.2	Mission.....	12
3.1.3	Keys to Success.....	13
3.2	Company Summary	13
3.2.1	Company Ownership.....	14
3.2.2	Start-up Summary	14
3.2.3	Premises and Location	16
3.3	Services	16
3.3.1	Service Description	18
3.3.2	Fulfilment.....	19
3.3.3	Sales Literature.....	22
3.3.4	Future Services.....	23
3.4	Market Analysis	24
3.4.1	Market Trends and Growth	24
3.4.2	Segmentation.....	25
3.4.3	Market Needs	28
3.4.4	Target Market.....	31
3.4.5	Main Competitors	32
3.5	Strategy and Implementation.....	33
3.5.1	PEST Analysis	33
3.5.2	SWOT	35
3.5.3	Competitive Edge.....	37

3.5.4	Marketing Strategy	37
3.5.5	Sales Strategy	39
3.6	Financial Plan	41
3.6.1	Important Assumptions	41
3.6.2	Profit and Loss	42
3.6.3	Cash Flow	44
3.6.4	Balance Sheet	46
3.6.5	Financial Ratios.....	47
4	CONCLUSION	50
REFERENCES.....		52
APPENDIXES		53

1 INTRODUCTION

1.1 Background

The idea for this Thesis originated at the beginning of 2010, after gaining a deeper understanding of the Business World and realizing the importance of long-term planning, innovation and constant improvement in order to succeed in this field. As a student of the Management Consulting and Financial Management modules, planning and improvement became the central focus of my studies and made me look at all businesses with a critical eye.

Nearly every company has some room for improvement; sometimes companies realize this themselves and sometimes not. An outsider's look can often lead to longer lasting positive results through implementing change. These outsiders are most often Business Consultants.

For this thesis specifically, businesses in Finland were compared with businesses in Namibia by observing some key aspects. Following differences were noticed as summarized in Table 1.¹

TABLE 1. Some key differences between businesses in Namibia and businesses in Finland

Businesses in Namibia	Businesses in Finland
<ul style="list-style-type: none"> - Few or no consultants used - Short-term planning - Financial dependence - Use of “outdated” technology and systems 	<ul style="list-style-type: none"> - Many consultants used (also in form of students) - Long-term planning - Financial independence - Use of newest technology and systems

As a Namibian, having studied in Finland, I began to wonder whether some of the Finnish techniques, models and principals could be implemented in Namibian companies through means of a Business Consultancy.

¹ Note: The items listed are based solely on personal observation and hold no guarantee to be statistically true.

1.2 Purpose and Objective

The purpose of this Thesis is to investigate and understand the process of creating an extensive Business Plan and to practically apply the theory studied during the Degree Programme of International Business. The aim is to gain a deeper understanding of the current and future demand for, and awareness of, business consulting companies in Namibia.

The main objective of this Thesis is to create a practical business plan, for a start up Business Consultancy based in Namibia and to understand all the processes, obstacles and limitations involved in doing such. Furthermore, the finalized business plan will serve as a loan application for banks and/or investors for initial and/or further funding if and when necessary. This prospected consultancy will from here on be referred to as VW-Business Consulting².

This business plan will follow international standards and can therefore also be used as a blue-print by others interested in creating a start-up business plan.

The main questions this Thesis would like to answer are:

- What types of companies in Namibia have the largest need for business consulting?
- Which areas of consulting are considered most important in Namibia?
- What survival chances does a consulting firm, such as VW-Business Consulting, have in the Namibian market?

1.3 Methodology

A combination of primary and secondary research was conducted with both, qualitative and quantitative outcomes. Figure 1 portrays the process and methods used for research and the general theoretical frame of reference.

² Note: VW does NOT refer to the car brand, but are the surname initials of the owner- initials already known and broadly accepted as a brand in Namibia

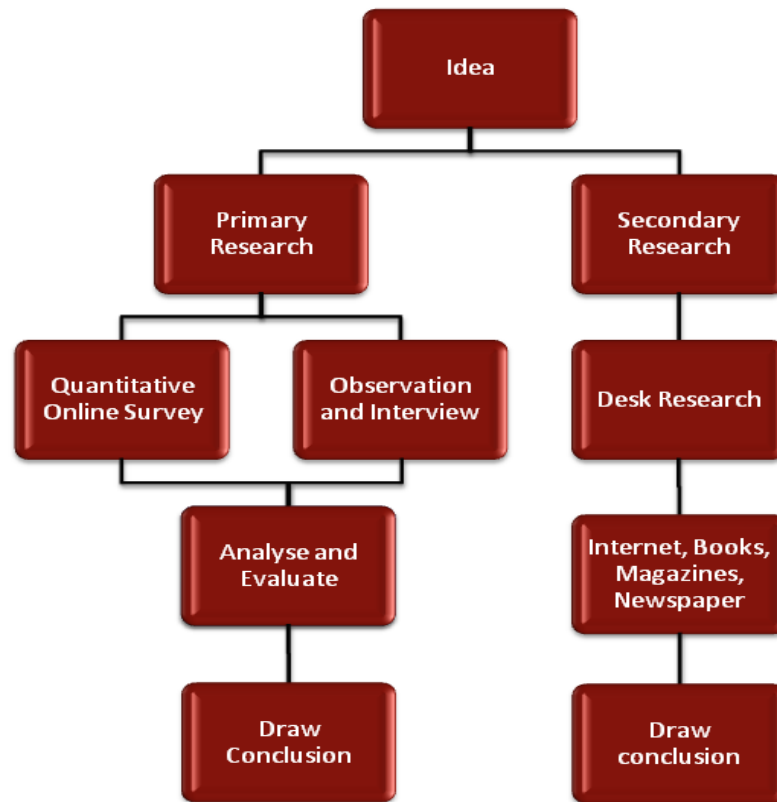


FIGURE 1. Research Process

The online survey was carried out using the “Lomake version 3.0” platform, a tool which eases the process of creating a survey and aids in the collection of results. The snow-ball strategy was implemented for collecting results. Initially the survey link was sent to ten prospected respondents and a final count of 41 replies was achieved. The results were analyzed and evaluated with the aid of TIXEL - an add-on to MS Excel.

1.4 Structure – A Business Plan as a Final Thesis

The business plan presented in this Thesis is, besides its focus on business consulting in Namibia, a blue-print for any start-up service providing company.

Firstly, in Chapter 2: *A Business Plan in Theory*, the purpose of a business plan in general is discussed and thereafter different types of business plans are compared and the appropriate one for this purpose is chosen.

Then, in Chapter 3: *The Business Plan in Practice*, the actual Business Plan for a start-up consulting company in Namibia is presented with the following structure, portrayed in Figure 2.

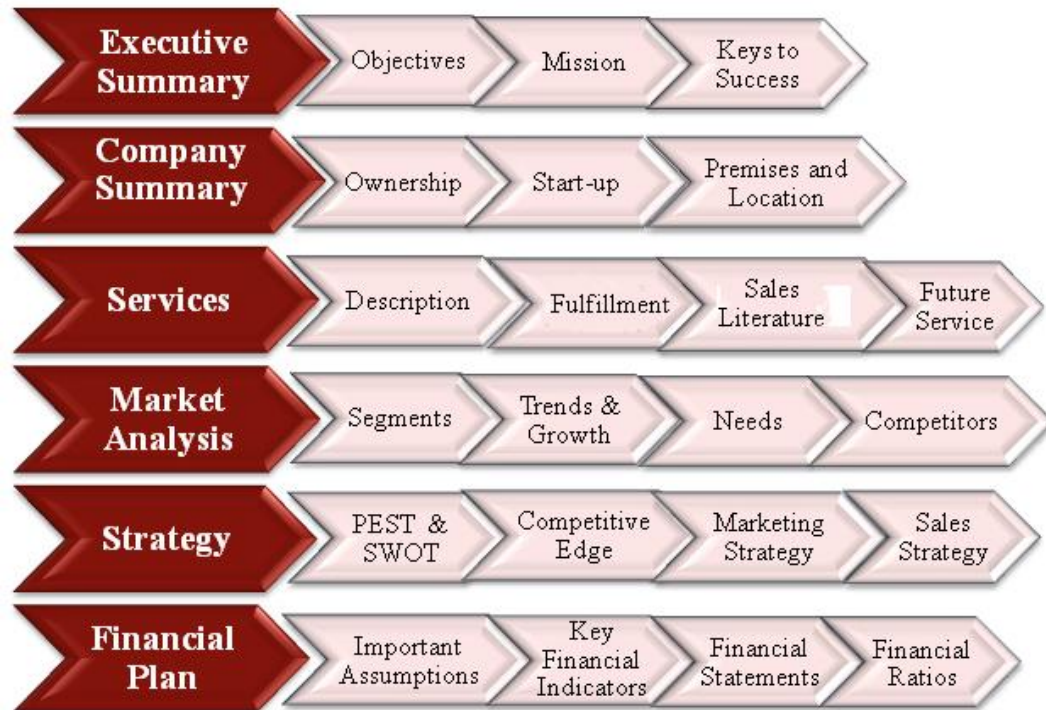


FIGURE 2. Business Plan Structure

Chapter 4: *Conclusion* makes up the final part of this Thesis. The conclusion summarizes the findings and compares the results to the initial objectives set and questions raised.

2 A BUSINESS PLAN IN THEORY

2.1 The Purpose of a Business Plan

A Business Plan of any type acts as a pathway for business success and monetary profit. It also acts as a document for financial institutions and/or investors when seeking outside funding. (Pinson, 2008, 1)

A well written Business Plan is a guide for a business, which should be followed through, reviewed and updated through-out the lifetime of the business. Updates need to be made, both reactively and pro-actively, in accordance to an ever-changing market and the constant need for innovation.

A business plan acts as a roadmap and provides the business with the strategies needed to analyze performance and implement changes in order to become ever more successful and profitable. All business plans must include past (if available), current and projected future performance. The most common plan forecasts for three consecutive years. If funding or loans are required for the business, a business plan informs investors how much cash is required and what it will be used for. The overall cash flow is important to all investors in order to understand how loans and their interests will be paid back in a timely manner and how investors will achieve their return on investments. (Pinson, 2008, 2-4)

When going international with a company, a business plan aids in the penetration of a foreign market. With respect to this area, the plan needs to portray how a company can compete in the global market therefore the competitive edge needs to be clearly demonstrated. Additionally the use of modern communication, technology and transportation needs to be analyzed and portrayed. (Pinson, 2008, 2-4)

It is vital to take the time to create a concise and accurate Business Plan as it is the roadmap to success.

“The business that fails to plan, plans to fail.”³

³ (Pinson, 2008, 2)

2.2 Types of Business Plans

There are several different types of business plan structures available and the fitting structure must be chosen depending on the purpose the plan is supposed to serve.

Once the type of plan is chosen, again a variety of possible structures can be chosen and it is important to realize that there is no strict right or wrong. The vital point to remember is that all the information must be logically divided into sections. The common Complete Business Plan starts with an Executive Summary and ends with its Financial Statements. The contents in between includes the company descriptions, product/service descriptions, market analysis, strategies, risk plans and management structure. Other aspects may be added or omitted depending on the size and type of the target business. (Munro, 2009, 14-18)

The main different types of business plans are:

- Complete Business Plan → includes all aspects mentioned above and is usually used for start-up companies or running companies which have not prepared a plan before
- Internal Plan → This is a complete plan but omits information which is mostly of interest only to investors such as location and premises, legal form etc
- Loan Document → focuses mainly on the financials and accurately explains all financial aspects in writing
- New Product/Service description → this usually entails the idea development of a new service/product and it is usually too early to state any financials
- Financial Plan → This plan involves pure numbers and financial tables – no text is needed and it is mostly used for internal purposes or reporting
- Sales and Marketing Plan → All aspects of the plan focus only on sales and marketing, no other financials or background information is provided

(McKeever, 1999, 6-13, 18-20)

As VW-Business Consulting is a start-up company and may be interested in applying for loans or other investments, it will create a Complete Business Plan. The structure it follows was portrayed in Figure 2. In the next chapter – *The Business Plan in Practice*, VW-Business Consulting presents its own start-up Complete Business Plan.

3 THE BUSINESS PLAN IN PRACTICE

3.1 Executive Summary

3.1.1 Objectives

VW-Business Consulting sets its objectives 2012:

- Penetrate and set foot in the market and get known as a high quality consultancy
- Revenues of N\$⁴ 417 000 by the end of 2012
- Gain a satisfaction rate of at least 9.5 on a scale of 1 (worst) to 10 (best) - by means of an customer satisfaction survey

The objectives for the following two years are to keep up the high-standard reputation and reach revenues of:

- N\$ 915 000 at the end of 2013
- N\$ 998 000 at the end of 2014

These objectives will be achieved by constant vigilance to weak signals and focusing on the satisfaction of the customer.

3.1.2 Mission

The mission of VW-Business Consulting is to provide an answer to any question, to find a solution to any problem!

VW-Business Consulting offers high quality business consulting services and aims to aid clients in their pursuit to business success. As an outsider, VW- Business Consulting will, hand in hand with the client, analyze processes of different situations and offer reliable and implementable solutions. VW-Business Consulting will act as a compass for companies which need to find their way back on the road to success. Through

⁴ N\$ is the short-term notation for Namibia Dollars, also notated as NAD. Table of conversion rates on pg 13

strategic alliances and future partnerships VW-Business Consulting will always have solutions for clients, either by providing these itself or by means of forwarding clients to other professionals.

3.1.3 Keys to Success

VW-Business Consulting and its owner carry high values and possess distinct attributes which will ensure success in this field:

- ✓ Excellent and consistent customer service
- ✓ Education and experience
- ✓ Innovative individuals with critical thinking and people skills
- ✓ Many local contacts to businesses and individuals

The keys to success listed above ensure that the customers will be satisfied and return for further services, and ensure that a large network of clients is built up and maintained – a vital concept for any consultancy. (Grönroos, 2011)

3.2 Company Summary

VW-Business Consulting will be situated in Windhoek, Namibia and registered towards the end of 2011 in order to start sales in January 2012. It is a Business Consultancy which will mainly serve other businesses but individuals will not be turned down. All of the company's financials are in the Namibian currency – the Namibian Dollar (N\$/NAD). This currency fluctuates slightly in relation to the Euro and the US Dollar. The exchange rates of the Euros to the US Dollar and the Namibia Dollar are shown in Table 2 as they were recorded on 7 March 2011.

TABLE 2. Conversion Rates on 7 March 2011

EURO (€)	US Dollar (US\$)	Namibia Dollar (N\$)
1,000	1,402	9,620
0,713	1,000	6,860
0,104	0,146	1,000

(Site, 1995-2011)

3.2.1 Company Ownership

VW-Business Consulting will be a privately owned Limited Liability Company (LLC) registered by its owner. After the first year of operations, VW-Business Consulting may expand and enter a partnership or obtain some additional shareholders. However, it will remain in the private sector.

3.2.2 Start-up Summary

Table 3 summarizes the costs for starting up this business and some further explanations follow the Table.

TABLE 3. Start-up costs

Start-up Expenses	Amount (N\$)
Location and Admin	8 200
Capital Equipment	19 000
Advertising and Promotion	9 000
Buffer	2 000
TOTAL	38 200
Start-up Funds needed	50 000
Cash for starting Operations	11 800

Location and Admin – N\$ 8200

The costs for registering an LLC in Namibia is estimated to be N\$ 1 500. (Namibia G. o., 2010, 6). This initial cost may vary depending on the number of shareholders and the amount of shares put out. As there will be only one owner and no initial shares put out, VW- Business Consulting goes with the minimum average of N\$ 1 500.

A lawyer and initial insurance fee amounts to N\$ 5 700. This figure is a bit above the average as VW- Business Consulting wants to ensure a prime insurance package and its legal structure to be well represented and lawfully implemented. This fee includes the

registration of the company by an attorney to the Registrar of Companies and issues a certificate which allows the commencement of Business. (Namibia G. o., 2010, 6)

The Rent and Utilities fees are allocated for:

- a one-room office (N\$ 500/month)
- water (N\$ 200/month)
- electricity (N\$100/month)
- Broadband internet (N\$ 300/month).

Capital and Equipment – N\$ 19 000

A desk computer with a large screen and sufficient memory will cost about N\$ 10 000. As most work will be done on a computer, it is essential to have a viewer friendly screen and enough memory to store all the information and back up files. For Software, the main package needed is MS Office Professional, in order to write, calculate, keep track of projects and prepare presentations. Another software needed will be Pastel or a similar accounting software, as VW-Consulting will take care its own book-keeping and accounting. These will add up to about N\$ 2000. (Namibia G. o., 2010, 6)

Allocated furniture costs include a desk, four to five shelves, an office chair as well as a coffee table and four coffee table chairs. These props are important in order to have enough space for the filing of information but also to give future clients a professional yet comfortable image of the possible meeting and working space. APPENDIX I provides a more detailed table of start-up expenses.

Advertising and Promotion – N\$ 9 000

This allocated advertising expense of N\$ 9 000 entails the expenses for:

- building and hosting a web-site with the help of a professional designer
- acquisition of stationary
- printing of business cards and brochures
- expenses for hosting a “pre-opening of business” function which will introduce the company to possible clients and the public in general

Buffer and cash for starting operations – N\$ 13 800

The allocated buffer and cash required for starting operations is a contingency reserve for surprise expenses and serves as working capital. Working capital will be needed to pay bills and cover costs such as travelling fees, printing expenses or similar.

3.2.3 Premises and Location

For the first year (2012), VW-Business Consulting will have a one-room office, large enough to welcome clients. The location is not a vital consideration in a city like Windhoek as nearly every area of the city can be reached by car within 20 minutes. Most target clients will travel by car as Windhoek does not have a well established public transport infrastructure. Therefore, it is also important to ensure and allocate enough parking spaces. As the office will only be open during normal office hours (8am to 5pm), no need for special lighting of the outside is needed.

After the first year, from 2013 on, the aim is to acquire a larger office with a possible conference room and reception front desk. This should be located in the city centre which can be even easier accessed by clients.

3.3 Services

VW-Business Consulting will specialize in certain fields of business consulting. These fields of specialization are chosen according to the needs of Namibian companies, found via the market research carried out in February 2011.

Figure 3 shows the fields of consulting which respondents to the survey believed most important for their own companies. It is clear that Strategic consulting is considered the most important, followed by Information Technology and Financial consulting, followed by Human Resources and Marketing consulting.

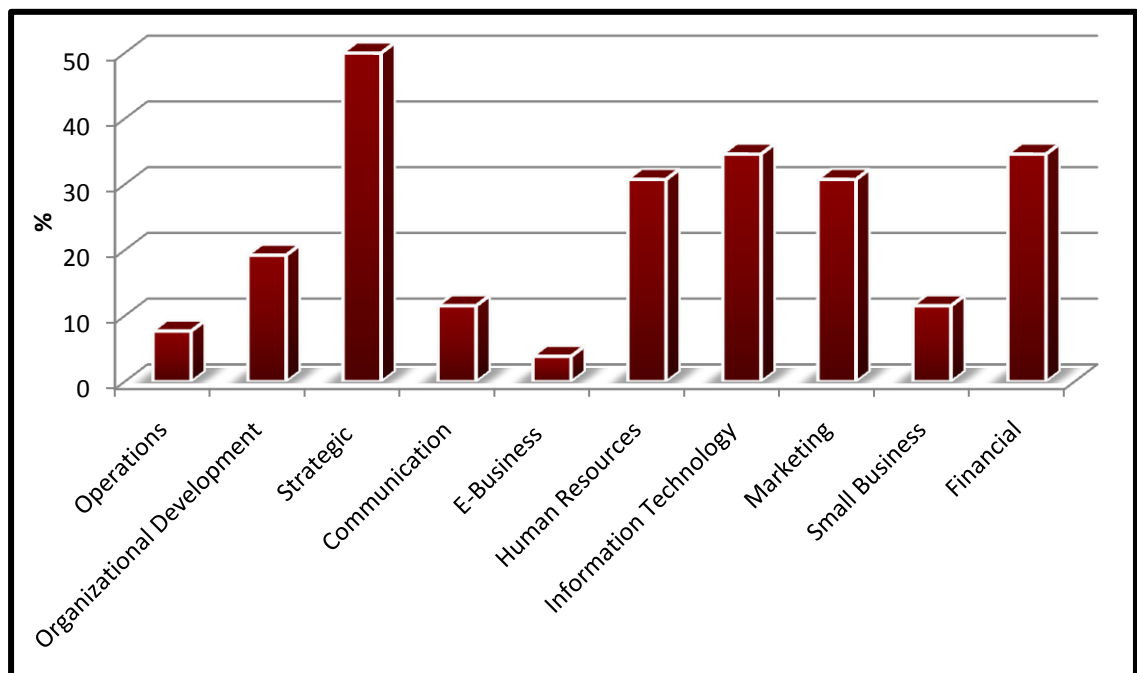


FIGURE 3. Consulting fields which are considered most important to respondent's own companies

Figure 4 shows the fields of consulting which respondents believed most important for Namibian companies in general. Again, Strategic consulting stands out first, followed by General Small Business and Organizational Development consulting and then by Financial and Operations consulting.

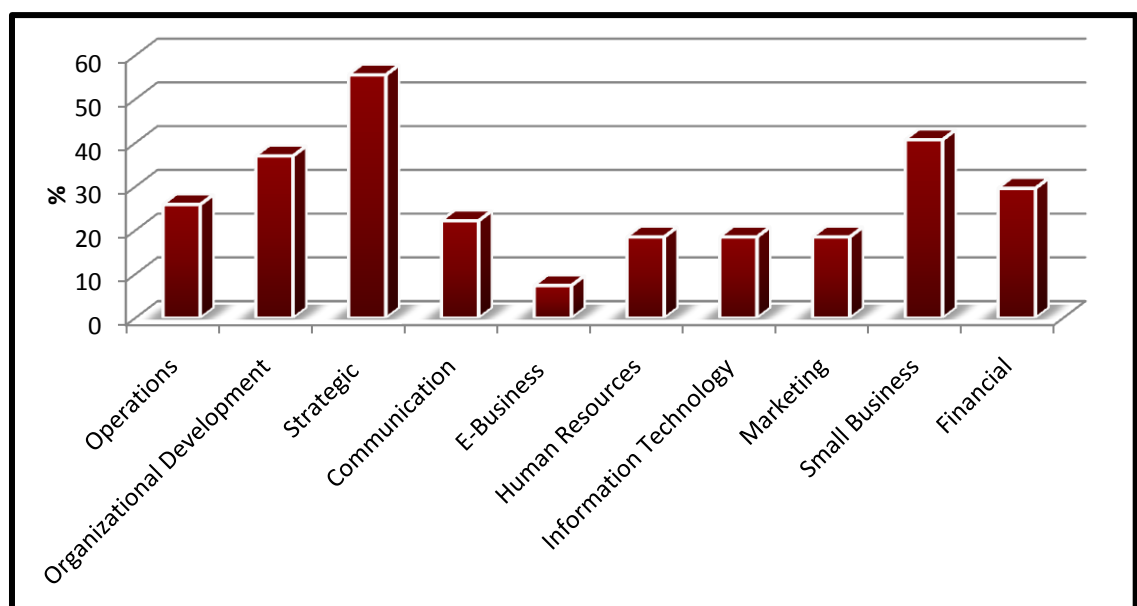


FIGURE 4. Consulting fields which are considered most important for Namibian companies in general

When considering the opinions of the prospected clients and personal knowledge and experience; VW-Business Consulting will initially offer the following consulting services:

- The key service offered will be **Strategic and Organizational Development Consulting**
- Besides this main service the following of consulting services will also be offered:
 1. General Small Business Consulting
 2. Marketing Consulting
 3. Financial Consulting

It is better to focus on a few and excel at those than go too broad and offer less than excellent services. (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 45)

3.3.1 Service Description

Strategic and Organizational Development Consulting concerns itself with strategic planning, communication and some general Human Resource Management. As organizations grow and add divisions, they may become inefficient and departments may cross-function. The strategic consultant will reduce bureaucracy and increase communication and flexibility. It is therefore important to work closely with the Human Resources Department of the companies. (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 14-16)

The Strategic Consultant will review the company's mission and goals and compare them to current policies and practices. Adjustments will be made where needed in order to reduce overlaps and ensure that no activities are left undone.

The main aim is to guide management to a leaner and more efficient organization by bringing people, policies and reporting structures into line. The importance lies in working with people's strengths and weaknesses and advise on how to focus on core priorities. Tools such as SWOT and organizational structure analysis may help in these processes. (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 14-16)

General Small Business Consulting will offer simple tools and training structures for managers and/or employees of mainly small businesses. Such tools and trainings include:

- Business Planning
- Financial statements / accounting
- Forecasting – based on different models and methods
- Registration procedures and start-up capital search

Marketing Consulting aids clients to sell their products/services in the right place for the right price at the right time to the right person. The goal to set is to sell as many products to as many people with the largest profit margin. This requires thorough analysis and close examination of relationships, purchasers, sellers, target markets, distribution channels, costs, raw materials, competitions and products. With the help of a consultant, clients will be aided in the reading of weak signals and emerging trends. Market researches, campaigns and analysis will be done by the aid of the Marketing Consultant. (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 21-23)

Financial Consulting assists clients in making investment decisions, cash-flow reporting and its management, financial statements and most importantly financial controlling with the aid of management control systems. All businesses want to and often need to cut costs and allocate these correctly. Clients will be advised on whether to focus on short-term or long-term goals and how to adjust strategy in order to reach their financial goals. (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 22-24)

3.3.2 Fulfilment

The fulfilment of the above mentioned consulting services is broken down into two phases. Figure 5 portrays the procedures of Phase One.

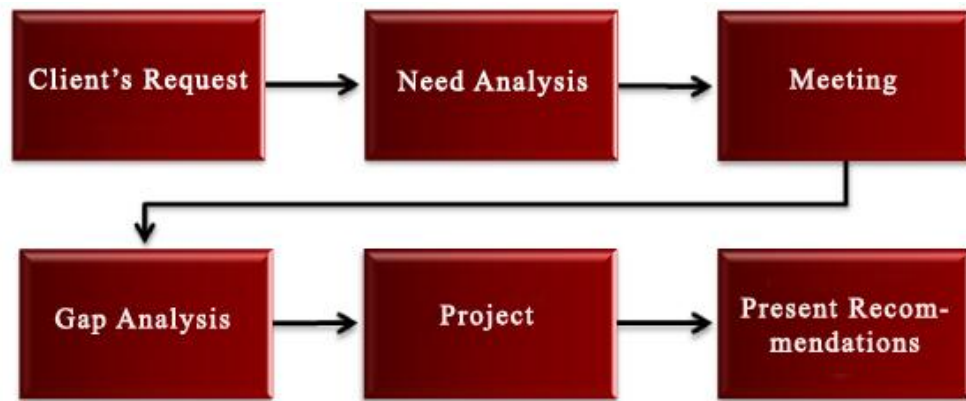


FIGURE 5. Phase One of Service Fulfilment

The whole process starts when a client makes a request and presents their company problem. Together, the client and VW-Business Consulting will conduct a need analysis in a personal meeting. Here, information is gathered and important questions need to be answered. After all the necessary information is exchanged, VW-Business Consulting will do a gap analysis in order to identify possible solutions.

A Gap analysis is a simple tool used in order to find out how to get to a desired solution. A gap analysis identifies the gap between a company's current position and its desired future position. (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 30) Table 4 shows a simplified example of a Gap Analysis.

TABLE 4. Sample Gap Analysis

Issue	Desired Outcome	Why is this happening?	Possible Solution
Not producing enough widget to meet demand (800/day)	1000 units/day	Process is manual	Implement Machinery
Material costs are high	Reduce by 5%	Supplier has monopoly on local market	Import material
Attrition rate has been rising and is 15%	Keep under 10%	Competitor has introduced 4-day, 12-hour-a-day work week – losing staff	Implement different work hours

(Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 31)

This is a very simplified matrix of what a gap analysis could look like. However, it serves its purpose in raising the question of: “What if we try this?”

Lastly, these solutions and recommendations plus a project proposal are presented to the client. If the client accepts, VW-Business Consulting moves onto Phase Two.

Phase Two is the implementation phase of the proposed project. Figure 6 summarizes this process and some more detailed explanations are given below it.

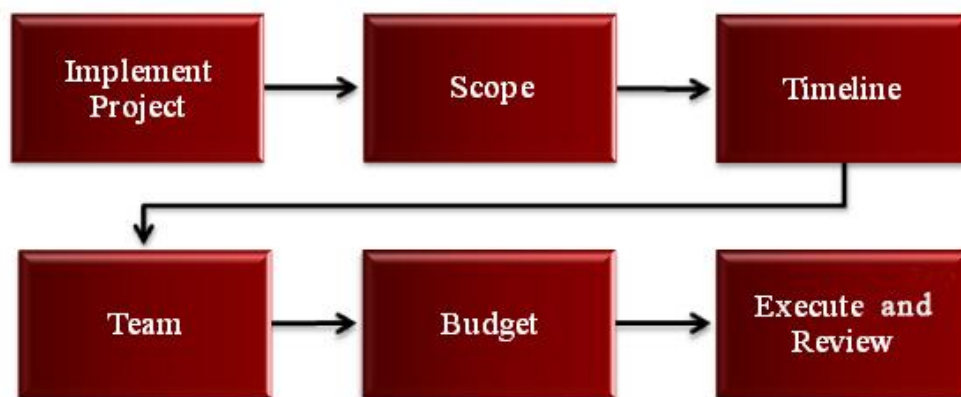


FIGURE 6. Phase Two of Service Fulfilment

Firstly, the project scope needs to be clearly defined:

- Which exact services will be offered by the consultant?
- When is the project complete?
- What are the exact tasks and deliverables?
- Who will be responsible for key tasks and reporting?

Next, a timeline with measurable milestones needs to be set, together with the client. As VW-Business Consulting works in close contact to its client, deadlines need to met and milestones reached from both sides equally.

Depending on the content, duration and complexity of the project at hand, a special team including the client company’s employees or other specialists may have to be put

together. All tasks and sub-timelines need to be listed and assigned accordingly. VW-Business Consulting will manage this team and the collection process.

The last and yet vital step before executing the project is to agree on a budget. The client will have to cover all costs incurred and pay the salary to the consultants as well as to outside specialists where appropriate. Hourly rates and an estimation of a final price in terms of a contract will be made before executing the project; this will need to be signed by both parties. Depending on the duration of the project, payment terms will vary. Pricing and payment is further explained at a later stage.

After this planning phase is completed and all agreements drawn up the whole project can be set to practice. Deadlines should be met and the client will be kept updated on a regular base. Costs are noted consistently and a record of cash flow is kept. After execution, all the results are presented and reviewed.

It is very important to VW-Business Consulting to stay in close contact with its clients after the completion of a project. Regular reviews will be carried out in order to monitor the changes, implement some more changes if necessary and avoid pitfalls. A client satisfaction survey will be carried out and some testimonials will be asked for. The most important aspect to STAY IN TOUCH! (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 264-267)

3.3.3 Sales Literature

Before commencing sales, VW-Business Consulting will print some posters and brochures which are for advertising and information purposes to introduce VW-Business Consulting and its high class services. These posters and brochures are aimed at the public at large. Additionally VW- Business Consulting will host a function to which various business representatives will be invited. For this function, invitations and programs will be printed and sent out. All material will show the company logo, contact details and some general information. These designs will be composed with the aid of a professional graphic designer.

In the beginning, business cards will be printed for the chief consultant only and letterhead papers as well as envelopes, stamps and information packages will be made ready.

This does entail some costs but it will be well worth the investment, as it portrays professionalism and ensures visibility. APPENDIX II has some examples of the possible logo and business card design.

3.3.4 Future Services

The long-term vision of VW-Business Consulting is to grow into a full-scale Business Centre offering more services in the field of Business Consulting but also in other related sectors such as:

- Editorial Services
- Conference Organization Services
- Coaching
- Business Oriented Bookstore
- Local Business Etiquette Consulting
- Gym and Physiotherapy

This expansion will be realized by hiring employees for specialized fields and by partnering with other professionals in the needed fields.

3.4 Market Analysis

As it is very difficult to acquire updated and accurate economic information and current market structures in Namibia via secondary research, an online survey was carried out. The survey was sent to ten companies in Namibia and a total of 41 replies were recorded. These 41 replies originated from different companies in Namibia and therefore should represent statistically viable results. APPENDIX III contains the original questionnaire.

3.4.1 Market Trends and Growth

Before looking more specifically into the survey and its results, Table 5 below summarizes the GDP (Gross Domestic Product) of Namibia from 2009 to prospected 2012.

TABLE 5. GDP in Namibia

GDP 2009	Growth 2010	Growth 2011	Growth 2012
2.164 billion USD	3.2 % (projected)	4.8 % (projected)	6.4 % (projected)
	4.4 % (real)		

(Namibia F. N., 2010)

Additionally to the GDP information in the table above the GDP by sector in 2008 was:

- Agriculture: 9,2 %
- Industry: 32,3 %
- Services: 58,5 %

The Table above clearly shows an increase in GDP and prospected an even higher growth. The service sector in Namibia is already the largest contributor to GDP in 2008 and is expected to be an even larger contributor today.

Where business consulting firms are concerned, the most important aspects is clients – businesses. A growth in GDP certainly shows a growth in overall business activity and can therefore be used as an indicator for a consulting firm to have an increase in clients.

Namibia is, since its independence in 1990, striving to become a knowledge economy. A knowledge economy focuses on human capital and knowledge management and it

needs consultants more than ever in order to pass on tacit knowledge which enables individuals and/or enterprises to compete in the fastly developing world. (Grönroos, 2011)

Through-out the next sections, the survey will serve as the guide for further market analysis.

3.4.2 Segmentation

The next few figures segment the market by company location, services/products offering and size (by employees).

Figure 7 shows the respondents' company locations by percentage.

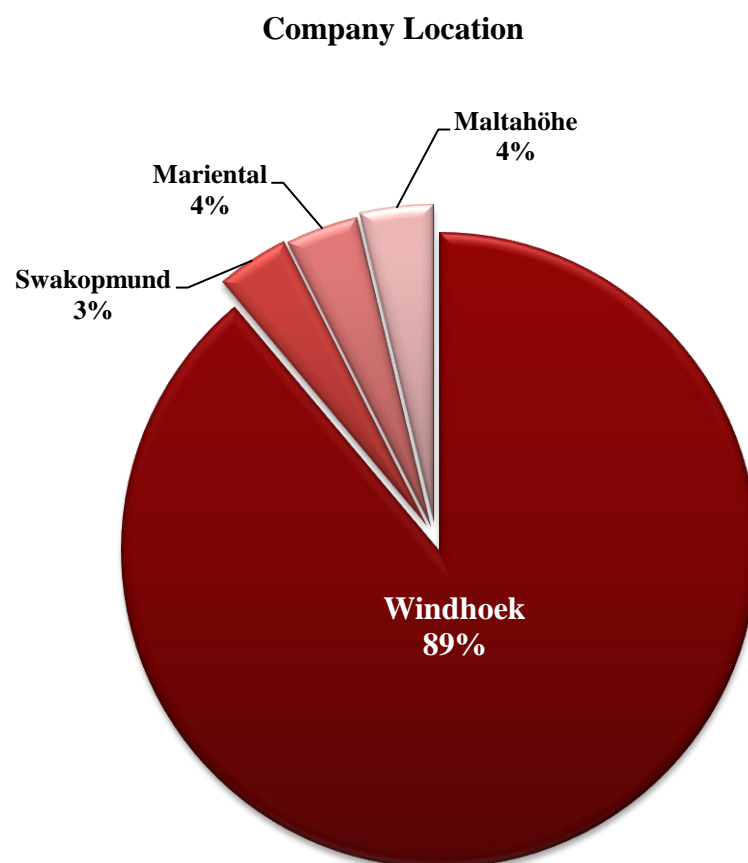


FIGURE 7. Company location

It is clearly demonstrated in Figure 7 that the highest concentration of companies is located in Windhoek. It has to be considered that most respondents were located in Windhoek but the survey was targeted at other cities as well, like Swakopmund, Mariental, Okahandja and Otjiwarongo. The lack of any responses from these areas does not indicate no business activity but as there are fewer businesses present, the response rate is lower; this strengthens the point that the most businesses are located in Windhoek.

Figure 8 segments the companies by whether they offer services, products or both.

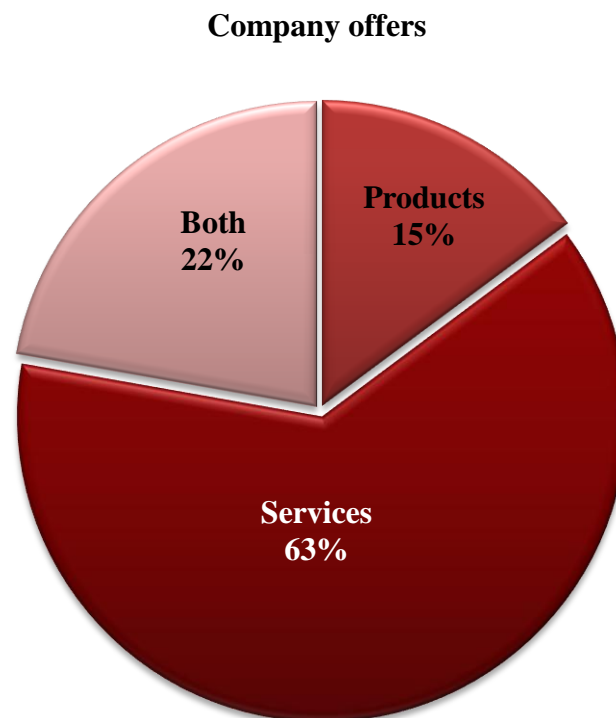


FIGURE 8. Company offers Services/Products/Both

63% of the companies offer services and only a mere 15% offer only products. This speaks for the fact that Namibia is developing into a knowledge economy but cannot yet be classified as one. In the typical knowledge economy, 88% of the population works on knowledge/services. In the development towards a knowledge economy human capital and therefore consulting becomes ever more important. (Grönroos, 2011)

Figure 9 shows the company size by number of employees.

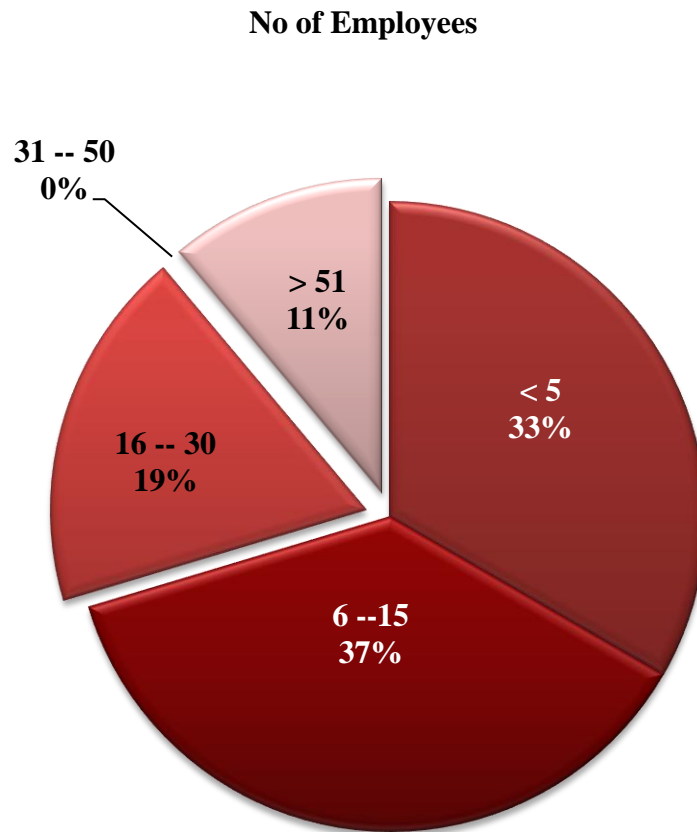


FIGURE 9. No of Employees

Figure 9 clearly shows that the most abundant types of companies are small and medium sized enterprises (SMEs) with employees of 1 – 15. These SMEs account for 70% of the respondent companies.

Besides this, it was very interesting to find that none of the companies which responded had an employee count of 31-50. This could be a coincidence, however, another theory is that Namibian companies are smaller scale (up-to 30 employees) and the companies larger than that are international subsidiaries or departments with employees of more than 50.

3.4.3 Market Needs

The market needs will be found by cross-tabulations of different responses obtained by companies and comparing the different variables. After analysis of the market needs, an appropriate target market can be defined.

Figure 10 shows the segments of companies in reference to whether they know business consultants in Namibia and whether they think they should make use of business consultants' services.

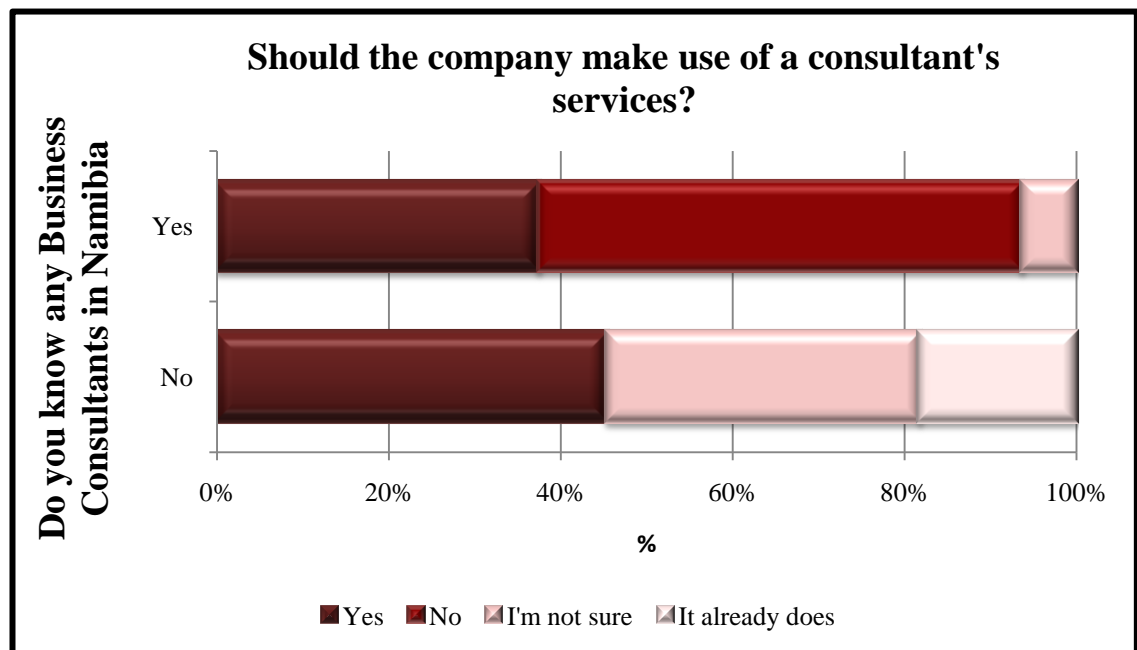


FIGURE 10. Segmentation by knowledge of Consulting Services

The focus of interest in Figure 10 lies in the fact that 45% (nearly half) of the respondents who believed that their company should make use of Business Consultants did not know any Business Consultancies in Namibia. In practice this means that 45% of willing clients are not being served for one reason or another, but most likely due to lack of availability.

It is also noteworthy that only those companies which do know consultancies in Namibia gave a negative response on whether their company should use a consultant or not. This could be for a number of reasons but a theory is that they have been disappointed by previous experience with consultants and therefore do not see the need

for a consultant's service anymore. Those companies which do not know any consultancies could not have had a disappointing experience (yet).

After establishing that an unserved market exists, Figure 11 looks at those companies which think they *should* make use of a consultant's services and whether they *are* making use of a consultant's services.

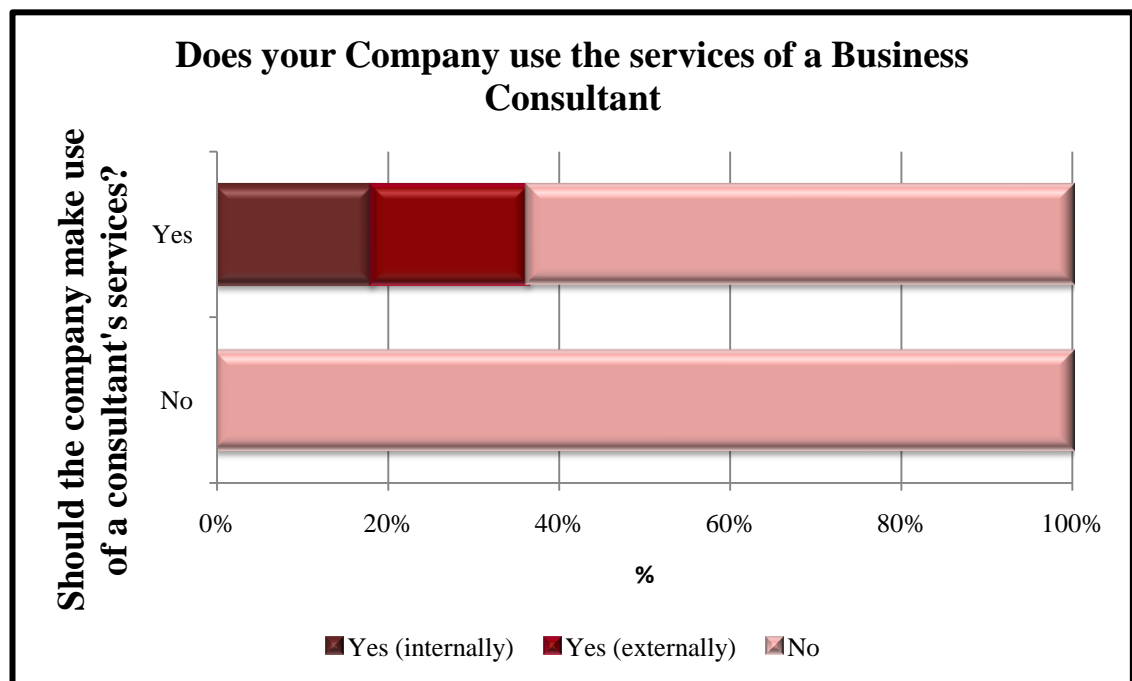


FIGURE 11. Segmentation by uses of a Business Consultant

At first glance the above figure shows that all the companies who do not believe that they should make use of a consultant's service also do not make any use of these. However, much more importantly, the figure also shows that over 60% of the companies who believe they should make use of a business consultant are NOT currently making use of one. This raises the question: Why not? More research will need to be conducted in order to find an answer to that question. For now however, this is another proof that a market for VW-Business Consulting exists.

After portraying that a market exists, the target market needs to be established. It was already noted that most companies are located in Windhoek, that the main offerings lie in the service sector and that SMEs are the most abundant type. Another look is now taken at company size.

Figure 12 shows the companies segmented by their size and their current use of Business Consultants.

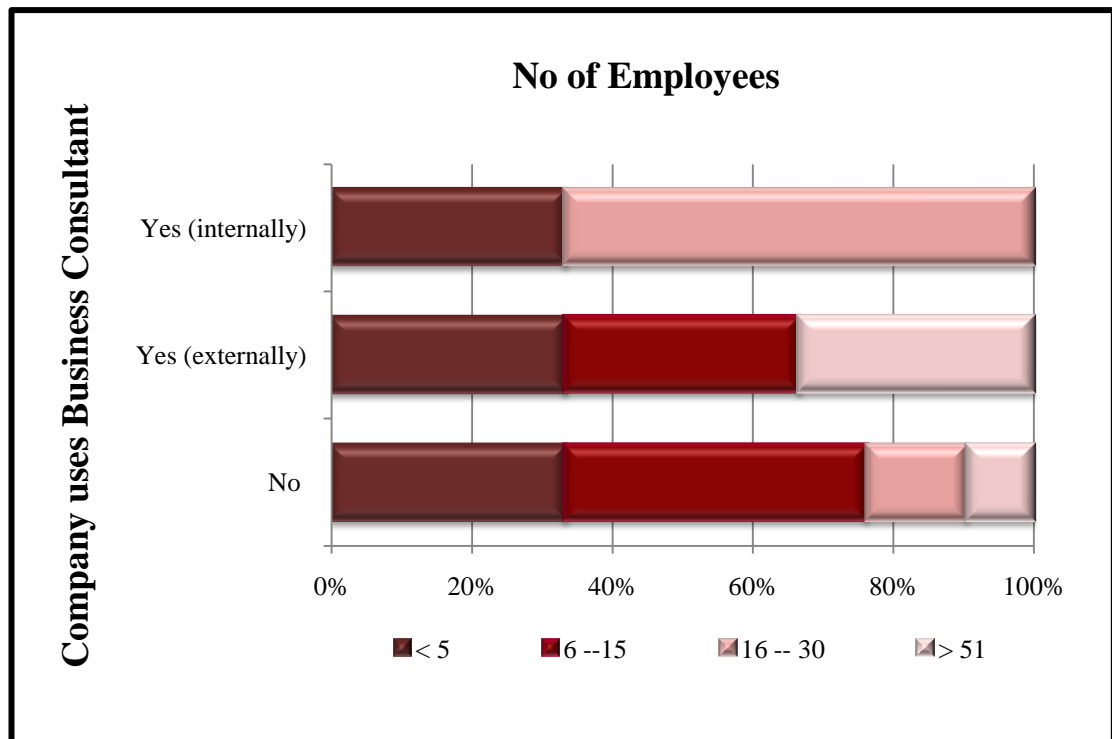


FIGURE 12. Segmentation by Company size (employees)

Figure 12 shows that over 70% of the companies which do not use Business Consultants of any kind are small and medium sized companies (1 – 15 employees).

It also becomes clear that the companies with employees of 16– 30 make use of internal consultants or do not use any consultant's services and that the large companies (50+ employees) use external consultants. This further suggests that the large companies are subsidiaries of foreign companies.

It is also important to realize that even though the largest proportion of companies which do not use business consultants are SMEs, a large proportion of SMEs do make use of internal and external consultants. It is not a completely new concept.

3.4.4 Target Market

The Table below summarizes the important findings of companies in order to define the target market for VW-Business Consulting.

TABLE 6. Summary of Important Findings

	Location	Service / Products	Size (by employees)	Should use consultant's services	Uses Business consultants
	Windhoek	Services	1 - 15	Yes/Not sure	No
Percentage	89%	63%	70%	58%	75%
Comments				60% of these do not use consultant's services and 45% don't know any	75% of these are SMEs (1-15 employees)

From the summary above the following target market can be defined for VW-Business Consulting: Small to Medium sized Enterprises (employees 1- 15) within the service sector located in and around Windhoek.

Figure 13 portrays the narrowing process of the key target market.

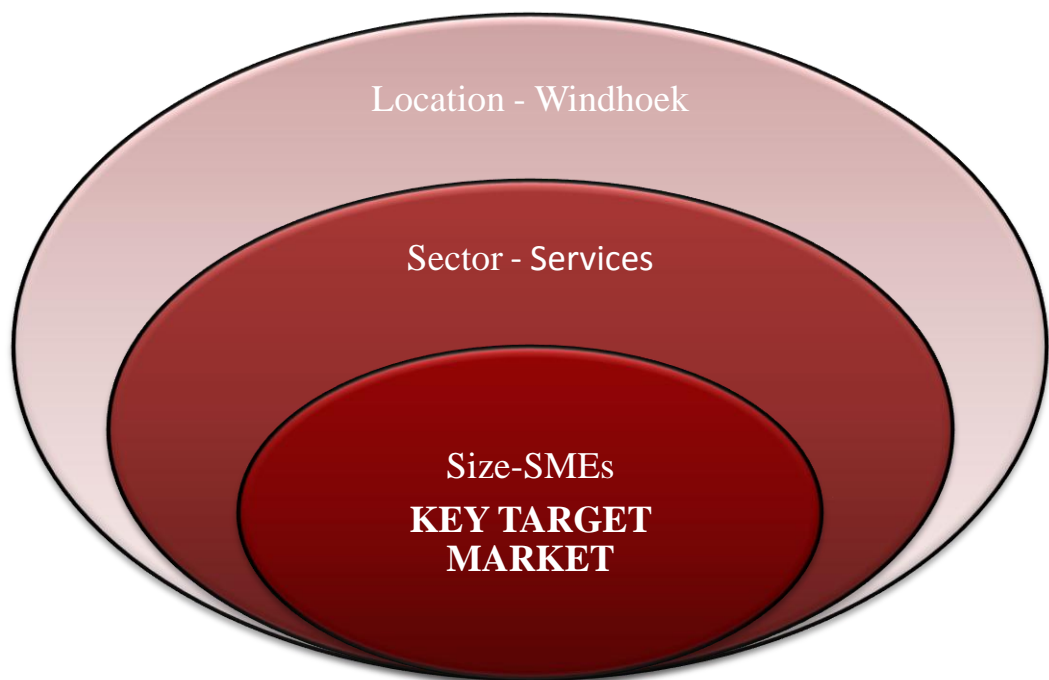


FIGURE 13. Key Target Market

If there are 75% of SME's which do not yet use any business consulting services and 58% of these would find it important to use these services, it means there is a definite demand. Additionally, 60% of these do not use any consulting services and 45% do not know any, then VW-Business Consulting could with ease enter the market and own up-to at least 45% of its target market share.

3.4.5 Main Competitors

VW-Business Consulting will have no direct competitor in the market as other business consulting firms in the area offer, at the most, similar services. Some of these competitors may also compete with some of the minor services offered by VW-Business Consulting. However, as VW-Business Consulting is planning to expand, some of the following companies may become competitors on some scale or another in the future.

Visions Consulting may be the largest competitor to consider as it is based in Namibia and run by Namibians. However, Visions Consulting focuses its services on training courses and workshops for companies and their employees rather than project work in conjunction with companies. (Namibia V. C., 2001) Out of the 41 respondents from the survey, one respondent knew of this company.

Deloitte is a South African based international run company offering auditing services, financial advisory, legal advice, forensics, risk and business consulting. Their websites mention business consulting in brief but it is clearly focusing on financial consulting in this broader field. Additionally, it is not a Namibian set company but South African and merely runs a part of its operations in Namibia. (Services, 2011) Out of the 41 respondents from the survey, two respondents knew of this company.

SALT Consulting focuses on Information Technology consulting and is therefore not a competitor but could be even considered a possible future alliance. (IT, 2011) Out of the 41 respondents from the survey, one respondent knew of this company.

Pricewaterhouse Cooper offers insurance, tax and other financial consulting as well as advisories. ((PwC), 2010-2011) This creates some competition but not on the main fields of focus for VW-Business Consulting. Out of the 41 respondents from the survey, three respondents knew of this company.

3.5 Strategy and Implementation

This section explains how the plan will be strategically implemented.

3.5.1 PEST Analysis

The acronym PEST stands for Political, Economical, Socio-cultural and Technological influences. The PEST analysis is used to outline the possible macro-environmental influences on a company and how to use these or work around these as appropriate. (David Williamson, Wyn Jenkins, Peter Cooke, Keith Michael Moreton, 2003, 88,123)

Figure 14 represents a PEST analysis for VW-Business Consulting in Namibia.

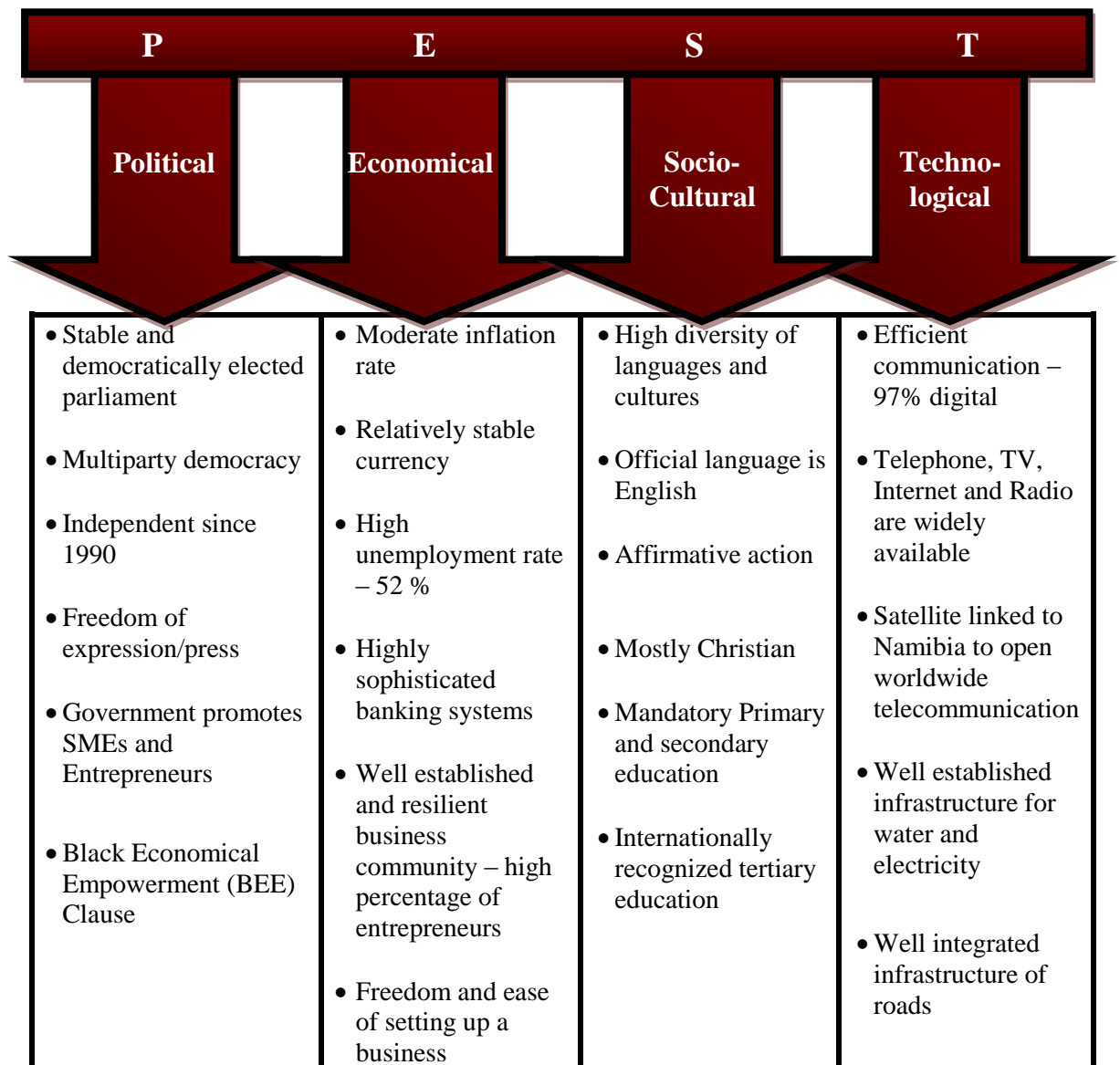


FIGURE 14. PEST Analysis

When considering the macro-environmental influences as listed above, VW-Business Consulting does not experience any direct barriers. Some important points which should be considered and remembered for future decision making are listed and explained further below.

Political:

- BEE Clause → this clause states that any private enterprises in Namibia must be partly owned by deprived individuals. More specifically, 25.1% of a Business' equity must be owned by such an individual. As the business grows and within the time frame of 10 years, this equity percentage should rise up to 51%. Additionally, over the course of 10 years the company should build up a structure in which 50% of executive management is made up of deprived individuals. As Namibian women are considered deprived individuals and VW-Business Consulting will be owned and managed by a Namibian woman, this is presently no raise for concern but must be kept in mind for future growth. ((PwC), 2010-2011, 71-81)

Economical:

- Overall, the economy is enabling all businesses and the current structure supports entrepreneurship especially due to such a high unemployment rate.

Socio-Cultural:

- Affirmative action → this is a further step of the BEE Clause where race and ethnicity are represented equally. This emphasizes further the integration of deprived and previously disadvantaged individuals when opening and expanding businesses, when hiring and training employees. ((PwC), 2010-2011, 76-81) VW-Business Consulting is well informed about these clauses and will take these into careful consideration when planning to expand business.
- Education → the mandatory primary and secondary education as well as an internationally recognized tertiary education supports the BEE and affirmative action clauses. When hiring new employees or looking for

partners it will be possible to find highly educated Namibian individuals. There is no need to hire foreign professionals and therefore clash with the above mentioned clauses.

- Mostly Christian society → this is only an important consideration when thinking of working times or rituals. As most of the population is Christian, hardly any activities or working times, public holiday overlapping or similar should interfere with business operations. ((PwC), 2010-2011, 4)

Technological:

- Overall, the technological aspects of Namibia do not differ much of those found in Europe. The main difference is that many people do not know how to make use of newest technology or software. ((PwC), 2010-2011, 6-9) This is partly an advantage to VW-Business Consulting as it will add a competitive edge for the company when using and implementing as well as passing on this knowledge of using newest technology.

3.5.2 SWOT

After a look was taken at the macro-environmental influences on VW-Business Consulting, now it is time to take a look at the internal environment. This is done by means of a SWOT analysis. The acronym SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Figure 15 is a visual representation of the SWOT analysis for VW-Business Consulting.

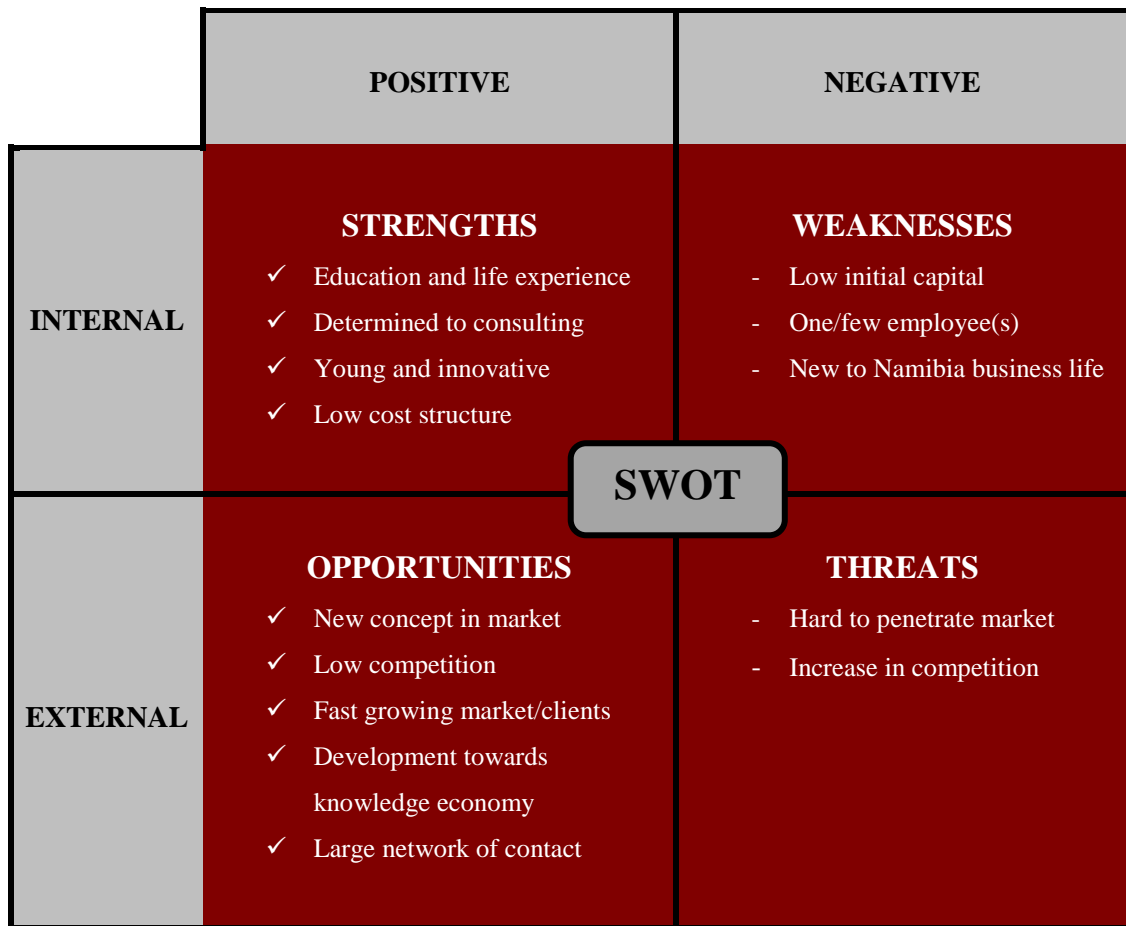


FIGURE 15. SWOT

The strengths are internal and positive and VW-Business Consulting will make use of these strengths in order to achieve to its highest potential. The opportunities are external positive factors and VW-Business Consulting will seize its opportunities in order to enter the market, grow, expand, build an excellent reputation and eventually own and keep its own market share.

The weaknesses are the internal negative aspects and VW-Business Consulting is well aware of these. Awareness is the first step for improvement and by keeping good track of its weaknesses and reviewing these carefully VW-Business Consulting will work its way around these and consider these in the decision making processes.

Threats are the external negative impacts on the company. The above listed threats are only scenarios which may occur but do not have. It is good to be prepared though and build up a strategy to be ready in case of difficulties when entering the market or when/if competition arises. In order to gain a more precise picture of the threats, a risk analysis must be carried out. However, it is beyond the scope of this Thesis.

3.5.3 Competitive Edge

VW-Business Consulting has two outstanding competitive edges:

- New concept of business service
- Knowledge of modern IT systems and software

By entering the market with these two key competitive edges, VW-Business Consulting has good chances to attract clients and the ability to offer a service new and unique. The comparative advantage lies in the focus of innovation and the reading of weak signals - offering a service to clients, which at this point is not yet realized.

VW-Business Consulting aims to keep this competitive advantage in the future as well by constantly learning and developing, innovating and expanding. By adjusting to client's needs and wishes and being observant of the changing environment, VW-Business Consulting strives to always "be on top". Tools such as Balanced Scorecard and Performance Management will be implemented from the beginning on in order to achieve excellence.

3.5.4 Marketing Strategy

When creating a marketing strategy the 4Ps of the marketing mix will aid in the process. (Blick, 2008, 11)

The 4 Ps are:

- Product → what is being offered?
- Place → where is it offered?
- Pricing → at what cost is it offered?
- Promotion → how should it be seen by the customer?

(Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 21,264)

Product → high quality business consulting services with the focus on strategic and business development consulting. Clients' needs are served and problems are solved via thorough analysis, direct contact and project type work.

Place → as mentioned before, VW-Business Consulting will target companies in and around Windhoek. As a service rather than a product is offered, the place will vary according to the client's needs and wishes.

Pricing → this is the most flexible item of the marketing mix and needs to constantly be adjusted. (Blick, 2008, 15) For the beginning, VW-Business Consulting uses the costs plus profit margin pricing. This pricing will be set for every chargeable hour. These chargeable hours will make up only about 60% (at the beginning) to 70% (after more experience) of the total hours worked.

When considering the annual operating expenses and adding the desired profit margin and dividing this number by the chargeable annual hours then an hourly rate is calculated. VW-Business Consulting uses this hourly rate of N\$ 400 (for the first year) only as an average guideline on what to charge clients. The consulting prices will vary according size of project and client company, amongst other factors. For example, a six month long project will have an hourly rate of much less than a two week project. Also, a non-profit organization will be granted with discounts or payment releases. However, VW-Business Consulting will pay strict attention to it that the average hourly rate will always lie around N\$ 400 in the first year. After the first year, a price increase is expected as expenses rise but also due to experience in the field and further knowledge, perhaps more professional employees and better equipment.

Payment terms for each consultancy will also vary according to the duration of the project. As a guideline, VW-Business Consulting will apply the payment term of 30 days net on projects lasting shorter than one month and instalment payments on projects taking longer than one month. However, depending on the relationship with the client and the payment history this may change over time.

To sum up, each individual consultancy will have its own price and payment terms. These will be calculated and allocated according to well thought through formulas and with the aim in mind of making profit for the company and expanding over time.

Promotion → this is the main means of communication between a business and its prospected clients as well as its current clients. (Craig Coolahan, Tag Goulet, Marg Archibald, 2010, 274)

VW-Business Consulting will invest into advertising, especially in the start-up phase but thereafter most emphasis will be on Public Relations (PR) and Personal Selling (PS).

PR and PS are vital when selling any service but especially when consulting clients, as a lot of communication needs to happen and a lot of information needs to be exchanged. PR especially is needed in order to gain trust and have a positive public image. With excellent PR, existing clients will be proud to have made a good choice and prospected clients will feel happy to try a new service provider.

VW-Business Consulting aims to combine its PR and PS by hosting regular functions and/or seminars. These are supposed to be aimed at business owners and/or employees and the newest trends or developments in the business world will be presented and can be discussed thereafter. Occasionally employees will present ideas or development, i.e. Personal Selling but other times, VW-Business Consulting will ask other professionals and public figures to hold speeches or give presentation. This is possible due to the large network of contacts already at hand.

3.5.5 Sales Strategy

As explained before, all sales will be done by personal selling and executed in two phases as described before.

Figure 16 shows sales revenues for the first year of operations. An increase occurs in the first months, as business picks up and clients are served. The drop in sales in JULY is due to an allocated two week holiday and the drop to zero in DECEMBER is due to an allocated whole month Christmas holiday. In Windhoek, a complete stop to business is common in the December month and therefore VW-Business Consulting will also take its annual break at that time. However, sales will pick up during the next year, 2013 as shown in Figure 17.

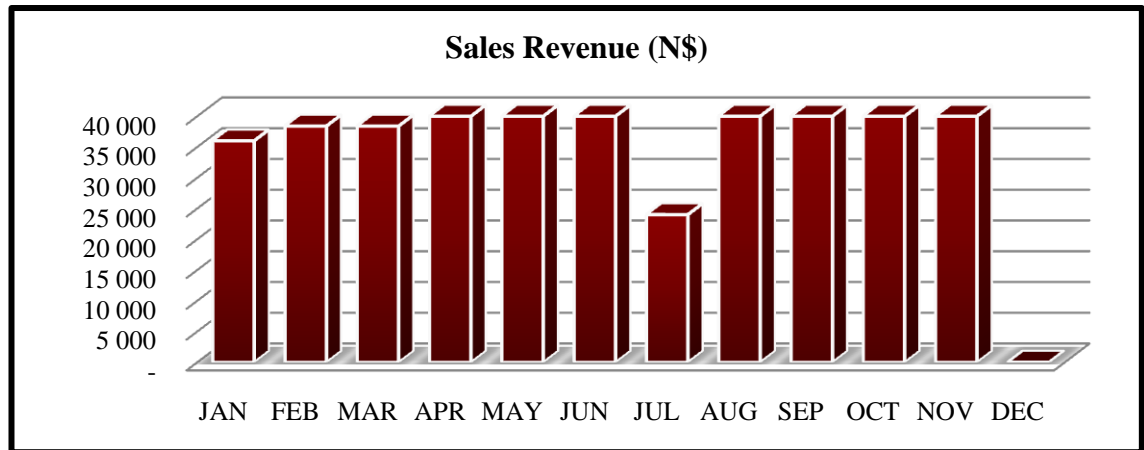


FIGURE 16. Sales Revenue JAN-DEC 2012

Figure 17 shows projected sales revenue for the end of each period, 2012, 2013 and 2014. Sales Revenue “jumps” in 2013 due to the addition of another employee and then rises more steadily in 2014.

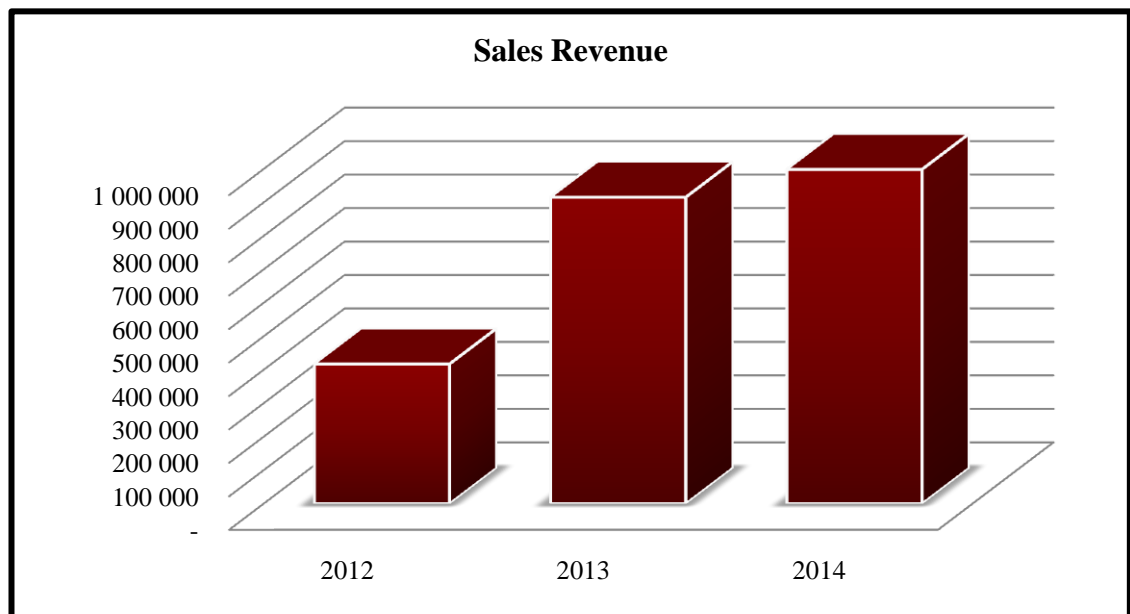


FIGURE 17. Sales Revenue 2012 - 2014

Table 7 shows the complete Sales Forecast with the allocated chargeable hourly rate, number of chargeable hours a month and total revenues. Enlarged Sales Forecast Table in APPENDIX V.

TABLE 7. Sales Forecast

N\$	2012													2013	2014
Sales price / hr	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	TOTAL	TOTAL
Consultation	400	400	400	400	400	400	400	400	400	400	400	400	400	440	480
Similar														440	480
COGS / unit (N\$)	2012													2013	2014
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	TOTAL	TOTAL
NONE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales volume (hrs)	2012													2013	2014
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	TOTAL	TOTAL
Consultation	90	96	96	100	100	100	60	100	100	100	100	-	1 042	1 040	1 040
Editorial	-	-	-	-	-	-	-	-	-	-	-	-	-	1 040	1 040
Sales N\$	2012													2013	2014
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	TOTAL	TOTAL
Consultations	36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000	-	416 800	457 600	499 200
														457 600	499 200
Total Revenues	36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000	-	416 800	915 200	998 400

Important note: even though no Costs of Goods Sold are allocated here, it does not mean that VW-Business Consulting has no costs. There are operating costs which are accounted for in the Profit and Loss Statement.

3.6 Financial Plan

The following section shows and explains the financial aspects of VW-Business Consulting. This financial plan highlights the important aspects in order to show increase in cash flow, overall profitability and ability to pay back any loans and clear debts.

3.6.1 Important Assumptions

For the following financial projections it is assumed that all payments are received on time (average of 30 days net) and that no returns of cash are necessary.

It is also assumed that no competitor operating in the exact field as VW-Business Consulting will enter the market during the first year of operations and that no economic crisis will occur.

It is assumed that the Namibian economy and its businesses within will grow, as portrayed in the Market Analysis and that VW-Business Consulting itself will also grow and expand.

3.6.2 Profit and Loss

The following tables and figures summarize the Profit and Loss statement. Negative numbers (subtractions) are noted in red. The complete profit and loss projections can be found in APPENDIX V.

TABLE 8. Profit and Loss summary JAN-JUN 2012

	JAN	FEB	MAR	APR	MAY	JUN
Revenues	36 000	38 400	40 000	40 000	40 000	40 000
Expenses	31 544	31 544	31 444	31 444	31 444	31 344
Gross Profit	4 456	6 856	6 956	8 556	8 556	8 656
Less Income taxes	1 559	2 399	2 434	2994	2994	3 029
Net Profit	2 896	4 456	4 521	5 561	5 561	5 626
Accumulated Net Profit	2 896	7 352	11 873	17 434	22 996	28 622

As Table 8 portrays, sales and profits rise during the first half of the year 2012. By mid-year an accumulated Net Profit of N\$ 28 622 is achieved which is highly satisfying.

TABLE 9. Profit and Loss summary JUL-DEC 2012

	JUL	AUG	SEP	OCT	NOV	DEC
Revenues	24 000	40 000	40 000	40 000	40 000	0
Expenses	31 344	31 444	31 444	31 444	31 444	31 694
Gross Profit	7 344	8 556	8 556	8 556	8 556	31 694
Less Income taxes	0	2 994	2 994	2 994	2 994	0
Net Profit	7 344	5 561	5 561	5 561	5 561	31 694
Accumulated Net Profit	21 277	26 838	32 399	37 961	43 522	11 827

In July 2012, a negative net profit is recorded as a holiday is allocated in this month as explained in the sales strategy. However, the accumulated net profit remains positive and until the end of the year the accumulated net profits picks up again.

In December 2012, another drop in profits is recorded. Here again, a holiday is allocated as explained in the sales strategy. The next table shows however, how sales and profits will pick up and increase during the following two years.

TABLE 10. Profit and Loss summary 2012 - 2014

	2 012	2 013	2 014
Revenues	416 800	915 200	998 400
Expenses	377 583	775 356	885 196
Gross Profit	39 217	139 844	113 204
Less Income taxes	27 389	48 945	39 621
Net Profit	11 827	90 899	73 583
Accumulated Net Profit	11 827	102 726	176 308

Revenues and profits peak in the second year of operations (2013) as the plan is to employ another consultant. Therefore revenues will close to double and expenses will increase less in relation. Additionally the average hourly rate is increased in 2013 and again in 2014. This allows for higher revenues but also through experience, time efficiency will be practiced and more hours can be charged.

Figure 18 gives a visual impression of the income pattern expected for the first year of operations and for the years there after. Due to seasons and holidays the pattern is stacked.

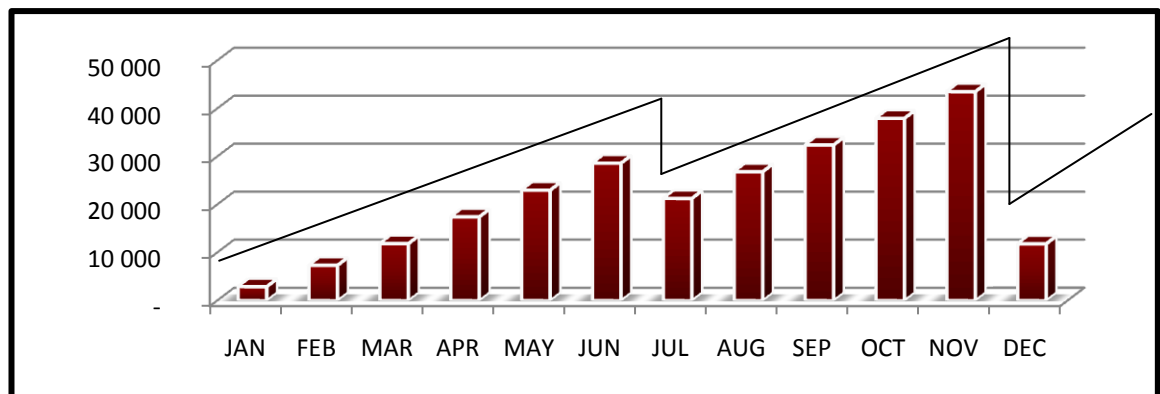


FIGURE 18. Accumulated Net Income JAN – DEC 2012

It becomes clear that net income increases until mid-year where it takes a fall, after which it picks up and increases again until the end of the year where it takes another fall. The slight fall of net income in July is due to an allocated two week holiday where daily expenses continue to run. The larger fall in December is due to a 30 day holiday in which revenues are zero but expenses continue to run. This pattern will continue for the next years to come but every year, the peak and trough points are higher than the year before.

Figure 19 shows how the total annual net income increases over the first three years of operation. At the end of 2012, net income is N\$ 11 000, but in 2013 it raises to nearly N\$100 000 and in 2014 it will exceed N\$ 150 000. The large increase after the first year of operations is due to an extra employee; therefore more consulting hours sold and due to the fact that the initial loan is paid off and less expenses are accumulated.

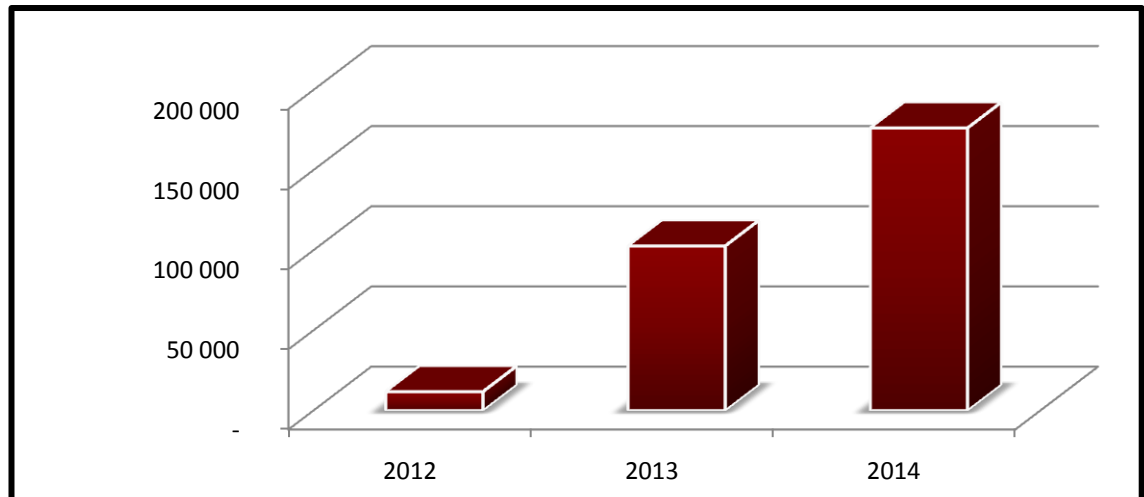


FIGURE 19. Accumulated Net Income 2012-2014

3.6.3 Cash Flow

Cash flow and its management are one of the most important financial aspects in a business. If a company does not have cash, it cannot continue its operations. Cash is needed for running the daily business; paying of bills, paying off loans, buying equipment etc while awaiting inflows of payments based on account receivables. Figure 20 shows the projected cash flow of VW-Business Consulting for the first year of operations.

The monthly net cash flow is generally positive even though it is negative in July and December. The negative net cash flow in July is a result of a two week paid holiday, and the negative net cash flow in December is due to a 30 day paid holiday. During the holidays, VW-Business Consulting does not generate any revenues.

Overall, the total cash in the company at the end of each period is always above N\$ 20 000 after the first two months of operations. This means that VW-Business Consulting always has enough cash in order to run its operations as planned.

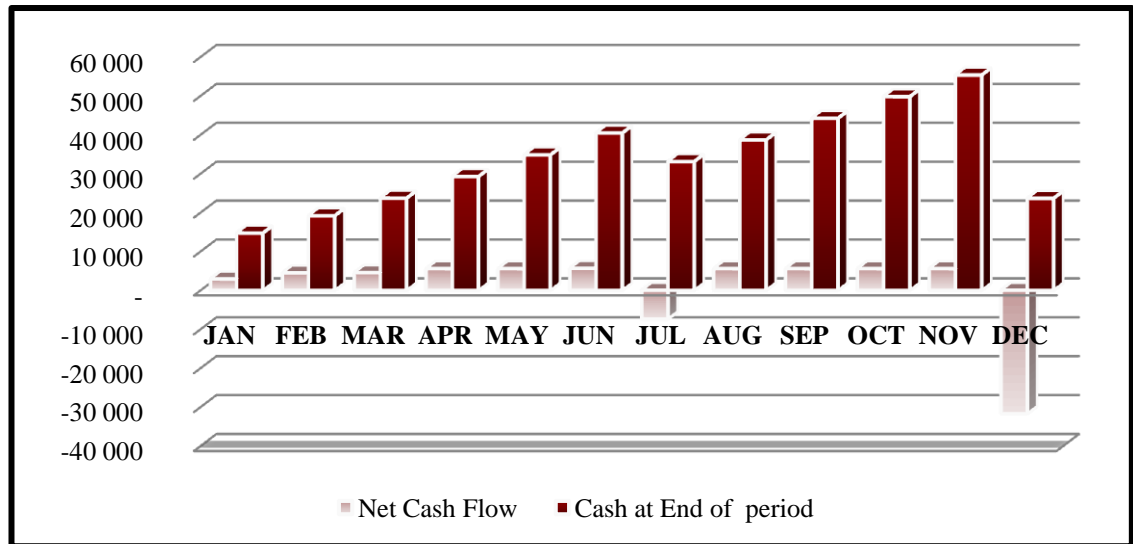


FIGURE 20. Cash Flow Highlight JAN-DEC 2012

Figure 21 shows projected cash flow of the next three years. The annual net cash flow is positive and therefore the total cash available increases. Even though an increase in cash is good, a company should not have too much liquid cash – cash “lying around” is not making profits. (Vilen, 2010)

It can be clearly seen that at the end of 2013, VW-Consulting has enough cash to invest, either into a car, some premises or into shares of another company. A decision on which investment to undertake will be made closer to the actual date.

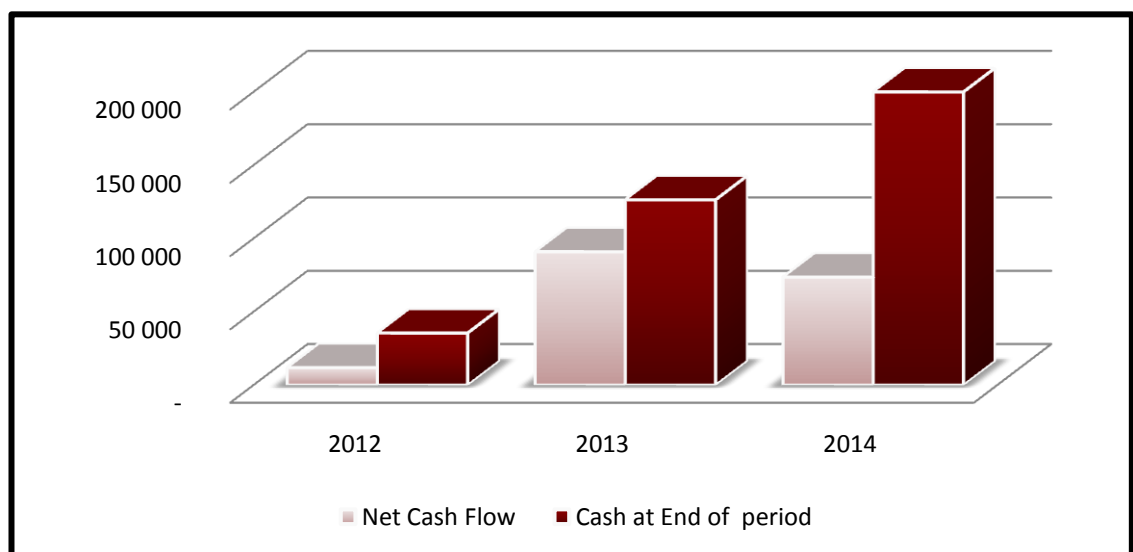


FIGURE 21. Cash Flow Highlights 2012-2014

The complete cash flow projections can be seen in APPENDIX VI.

3.6.4 Balance Sheet

The Balance sheet records the company's assets, liabilities and owner's equity at a certain point in time. Figure 22 portrays the projected balance sheets highlights for the first year of operations. The complete Balance Sheet can be found in APPENDIX VII.

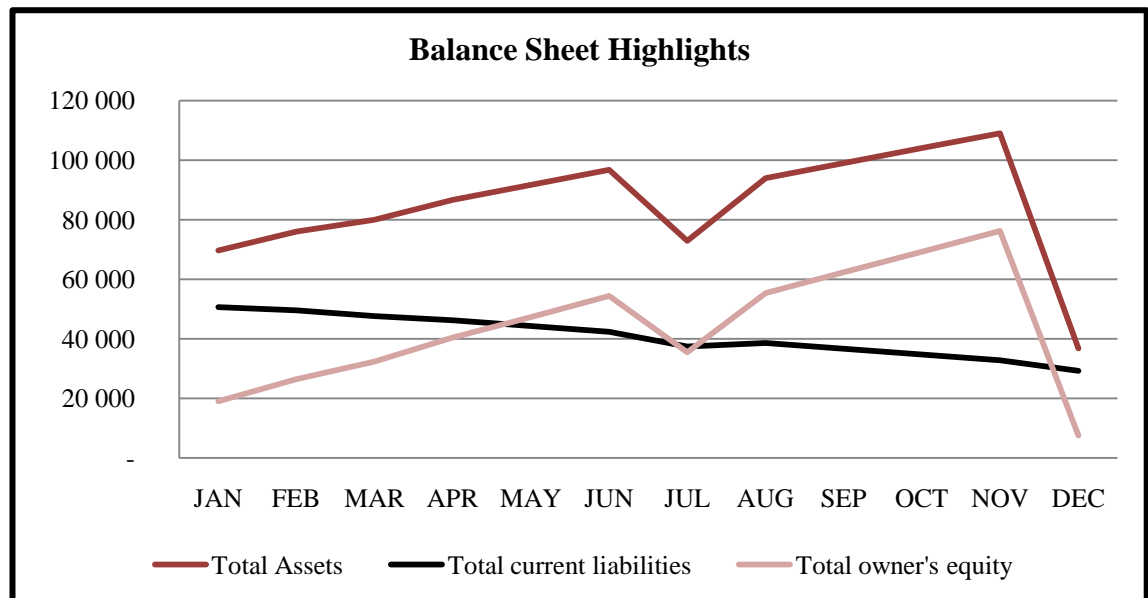


FIGURE 22. BS Highlights JAN-DEC 2012

For the first year of operations, the main asset will be cash; therefore change in assets is directly related to sales revenue and directly related to owner's equity. As VW-Business Consulting will have no long-term liabilities in the first years of operations, only the current liabilities are projected here. These are steadily decreasing as loans are paid off.

Owner's equity overtakes the total current liabilities in May, but towards the end of the year it drops below again. This is due to the drop in sales. This pattern will change again in the next years of operations however, as shown in Figure 23.

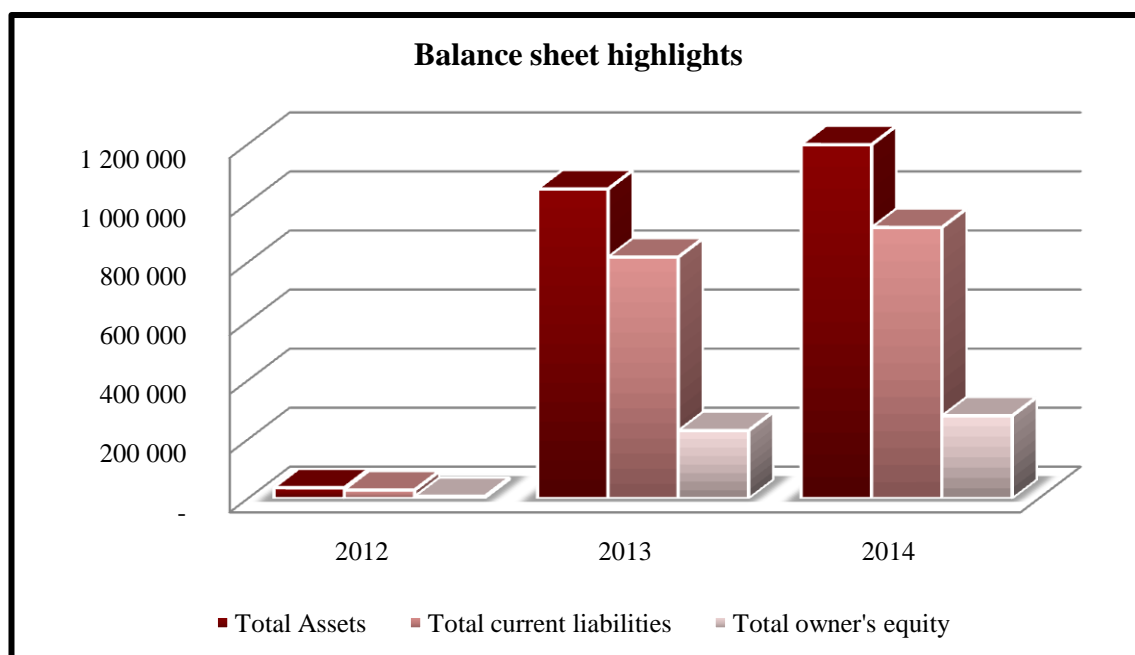


FIGURE 23. BS Highlights 2012-2014

Figure 23 shows a favourable pattern where total assets, total current liabilities but also total owner's equity increases over time. This speaks for growth and company wealth. However, the company's projected financial health will be further analyzed in the next section when looking at some common Financial Ratios.

3.6.5 Financial Ratios

Financial ratio analysis is used in order to determine the health of a business and to compare how a business compares to others in its industry. The business ratios always portray the relationship between two variables (Vilen, 2010). Table 11 summarizes some of the key ratios looked at for VW-Business Consulting. Further explanations follow the table.

TABLE 11. Financial Ratios

	Formula	2012	2013	2014
Liquidity Ratios				
Current Ratio	$\frac{\text{current assets}}{\text{current liabilities}}$	1,73	1,27	1,3
Working Capital	$\text{current assets} - \text{current liabilities}$	27 766	223 588	279 854

Leverage Ratios				
Debt Ratio	$\frac{\text{Total debt}}{\text{Total assets}}$	0,51	0,78	0,77
Assets-to-Equity	$\frac{\text{Total assets}}{\text{Total owner's equity}}$	2,33	4,55	4,28
Debt-to-Equity	$\frac{\text{Total liabilities}}{\text{Total owner's equity}}$	1,33	3,55	3,28
Profitability Ratios				
Gross Profit Margin Ratio	$\frac{\text{Gross Profit}}{\text{Net Sales}}$	16,45 %	15,97 %	11,97 %
Operating Profit Margin Ratio	$\frac{\text{Operating Income}}{\text{Net Sales}}$	9,41 %	15,28 %	11,34 %
Net Profit Margin Ratio	$\frac{\text{Profit}}{\text{Net Sales}}$	2,84 %	9,93 %	7,37 %

The current ratio and the working capital are liquidity ratios and show whether the company has enough liquidity to finance its operations and pay for its current liabilities. (Vilen, 2010)

A current ratio of over one means that the company can cover all its current obligations and therefore VW-Business Consulting fares well for the first three years of its operations.

A positive working capital indicates that the company has enough capital to finance its operations and keep running the business.

The leverage ratios indicate whether the company has leverage and highlights potential risks the company may face. The debt ratio indicates the amount of debt the company carries in relation to its assets. A debt ratio of less than one indicates that the company has more assets than debts and therefore carries a lower risk. (Vilen, 2010) In this case VW-Business Consulting fares well in 2012, 2013 and 2014.

The assets-to-equity ratio portrays the total owner's percentage return of the asset in case of liquidation. The higher the number the better for the owners. As this number is above one for VW-Business Consulting, it shows that owners will receive return on their investment in case of liquidation. The debts-to-equity ratio is lower than the assets-to-equity ratio which shows that owner's will have higher profits than debts in case of liquidation. (Vilen, 2010)

The profitability ratios indicate whether the company is increasing its monetary value or not. Overall, the profit margins are increasing and the most interesting here is the net profit as this is the final amount the company gets “to keep”. The aim of VW-Business Consulting is to raise its Net Profit Margin to 10%. This figure is nearly achieved in 2013, but net profit margin drops again in 2014. This is an indicator that VW-Business Consulting will need to expand some more or receive higher sales in 2014 than originally planned.

Overall however, when looking at the projected ratios, the company is in good health if everything goes as planned. The company can pay off its current obligations, provides equity for owners and raises profits.

4 CONCLUSION

The composition of this Thesis created valuable insights into the Namibian business environment as well as into the importance of certain business procedures. At the same time, personal as well as professional skills were developed such as scientific writing and reporting, clear presentations of data and research results, and analytical skills concerning financial statements and market forecasts. The whole process of research, analysis and writing was a valuable learning process and vastly increased previous knowledge of business procedures.

As skills developed and knowledge increased, the final form of the business plan was reviewed, adjusted and rewritten several times. Once the business plan developed during this Thesis will be applied in practice, it will most likely be further changed and updated.

It has become clear that the service of business consulting is not yet very common in Namibia while the knowledge of such a service exists and the demand for it is high. The demand for business consulting will most likely increase in the future, as the Namibian economy will grow and new businesses will be created.

It was also established that small companies (1-15 employees) create the highest demand for business consulting and that the consulting field viewed as most important by the Namibian companies is Strategic and Business Development Consulting. VW-Business Consulting will make use of this knowledge by focusing its key service on this field.

The research also uncovered the surprising fact that a large amount of companies do not use business consultants, even when they expressed the view that this would be necessary. Also, a notable amount of companies do not know any business consultants even though they believe they should make use of such services. The reasons, for this situation, could unfortunately not be explained with the data available, and an explanation of this phenomenon must be found by means of another research.

After careful completion of the VW-Business Consulting plan and after finalizing the financial projections and analysis, confidence was established in the future success of VW-Business Consulting that will use this plan, with some additions and alterations

beyond the scope of this thesis, in order to apply for initial financial aid. According to the financial reports and forecasts, this business portrays a low risk for investors, however, without a complete risk analysis this cannot yet be confidently stated. A risk analysis will be added at a later stage which will also require some further research and analysis.

Also, in the interest of potential investors, the financial forecasts will be analysed and explained in further detail (not relevant for the purpose of this Thesis), for example by providing exact explanations for the monthly expenses, the logic behind depreciations and loan pay-back periods.

Overall however, through the thorough and revealing insights established through this Thesis, it has become clear that Namibia provides a favourable market to enter with a business consultancy and that VW-Business Consulting has a high chance of survival with the potential for quick growth and expansion.

REFERENCES

- (PwC), P. (2010-2011). *Our Services*. Retrieved March 2, 2011, from PwC: <http://www.pwc.com/na/en/services/index.jhtml>
- (R), I. (n.d.). *Investopedia - Your Source for Investing Education*. Retrieved February 24, 2011, from Investopedia: www.investopedia.com
- Blick, D. (2008). *Powerful Marketing on a Shoestring Budget - For small Businesses*. Illinois: Authorhouse.
- Branson, R. (2009). *Business Stripped Bare*. London: Virgin Books .
- Craig Coolahan, Tag Goulet, Marg Archibald. (2010). *Become a Business Consultant*. Seattle, Washington: FabJob Inc.
- David Williamson, Wyn Jenkins, Peter Cooke, Keith Michael Moreton. (2003). *Strategic Management and Business Analysis*. England: Butterworth-Heinemann Title.
- Grönroos, M. (2011, January). Lecture Notes. *Entrepreneurship in Knowledge Economy* . Tampere, Finland.
- IT, S. E. (2011). *Salt Service Synopsis*. Retrieved March 2, 2011, from Salt Essential IT: <http://www.salt.na/Services/tabid/209/Default.aspx>
- Marope, M. T. (2005, February). Namibia Human Capital and Knowledge Development for Economic Growth with Equity. Windhoek, Namibia.
- McKeever, M. (1999). *How to write a Business Plan*. USA: Consolidated Printers Inc.
- Munro, A. H. (2009). *Structures for Strategy: The Business Plan*. London : Morgan James Publishing.
- Namibia, F. N. (2010). *Economics Monthly (02/2010)*. Windhoek: FNB Namibia Research.
- Namibia, G. o. (2010). *Costs of Doing Business*.
- Namibia, V. C. (2001). *Our Learning Services*. Retrieved March 2, 2011, from Visions Consulting Namibia: <http://www.visions.com.na/TrainingService.htm>
- Pinson, L. (2008). *Anatomy of a Business Plan: A Step-By-Step Guide to Starting Smart, Building the Business, and Securing Your Company's Future*. Tustin, California: Out of your mind... and into the Marketplace.
- Services, D. G. (2011). *About us*. Retrieved March 2, 2011, from Deloitte: http://www.deloitte.com/view/en_NA/na/about/index.htm
- Site, X. C. (1995-2011). *Universal Currency Converter*. Retrieved March 7, 2011, from XE - The world's favourite currency site: <http://www.xe.com/ucc/>
- The World Bank, International Finance Corporation. (2011). *Ease of Doing Business in Namibia*. Retrieved February 25, 2011, from Doing Business - Measuring Business Regulations: <http://www.doingbusiness.org/data/exploreeconomies/namibia/>
- Vilen, P. (2010). Lecture Notes - Ratios. *Accounting for SME's* . Tampere, Finland.

APPENDIXES

APPENDIX I – Start-up Table of Expenses

Start-up Table	
<i>Sources of Capital</i>	N\$
Own Investment	30 000,00
Loan	20 000,00
Total	50 000,00
<i>Start-up Expenses</i>	N\$
<u>Capital Equipment</u>	
Furniture	7 000,00
Computer	10 000,00
Software	2 000,00
Total Capital Equipment	19 000,00
<u>Location and Admin Expenses</u>	
Registering	1 500,00
Legal and insurance	5 700,00
Utilities (Water, Electricity, Wlan)	500,00
Rent	500,00
Total Location and Admin Expenses	8 200,00
<u>Advertising and Promotional Expenses</u>	
Advertising	1 000,00
Seminar	5 000,00
Printing	2 000,00
Stationary	1 000,00
Total Advertising/Promotional Expenses	9 000,00
<u>Other Expenses</u>	
Reserve for Contingencies	2 000,00
Total Other Expenses	2 000,00
TOTAL START-UP EXPENSES	38 200,00
GAP	11 800,00

APPENDIX II – Logo and Business Card Ideas



APPENDIX III – Questionnaire

1(2)

A Survey on Consulting Trends and Opinions in Namibia

Please answer the questions below as accurately as possible and press submit at the end. This will only take about three minutes and may result in some interesting findings!!

COMPANY OVERVIEW:

1. In which city is the company/company department you work in situated? _____
2. Your company offers/sells:
 - Services
 - Products
 - A mix of products and services
3. How many people does your company currently employ?
 - < 5
 - 6 – 15
 - 16 – 30
 - 31 – 50
 - > 50
4. Does your company currently make use of the services offered by a business consultant?
 - Yes, internal
 - Yes, external
 - No
 - I don't know

YOUR POSITION:

5. What is your position in the company?
 - Board Member
 - Senior Management
 - Middle Management
 - Other employee: _____
 - Free Lancer
6. Do you think your company could or should make use of a consultant's services?
 - Yes
 - No
 - Already using consulting services
 - I'm not sure
7. Which consulting services do you consider most important for your company? Tick up to three options.
 - Operations consulting
 - Organizational development consulting
 - Strategic consulting

- Communications consulting 2(2)
- E-business consulting
- Human Resources consulting
- Information Technology consulting
- Marketing Consulting
- Small Business consulting
- Financial consulting
- Other: _____

8. Which consulting services do you consider most important for companies in Namibia in general?

- Operations consulting
- Organizational development consulting
- Strategic consulting
- Communications consulting
- E-business consulting
- Human Resources consulting
- Information Technology consulting
- Marketing Consulting
- Small Business consulting
- Financial consulting
- Other: _____

9. Do you know any business consulting companies/ business consultants in Namibia?

- Yes – for example: _____
- No

PERSONAL INFORMATION:

This part of the survey is not mandatory but can be filled if you are interested in the further development of this survey and its outcome.

NOTE: No personal information will be passed onto any third parties and the answers to this survey are completely anonymous - i.e. the e-mail address you provide is not linked to any answers you provide!

E-mail: _____

Company Name: _____

Comments/Questions: _____

THANK YOU for taking the time to answer these questions! If you click next and then submit, the results will be added to our system!

APPENDIX IV - Sales Forecast

N\$	2012												2013	2014	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC			TOTAL
Sales price / hr	400	400	400	400	400	400	400	400	400	400	400	400	400	440	480
Consultation														440	480
Similar															
COGS / unit (N\$)	2012												2013	2014	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC			TOTAL
NONE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales volume (hr)	2012												2013	2014	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC			TOTAL
Consultation	90	96	96	100	100	100	60	100	100	100	100	-	1 042	1 040	1 040
Editorial	-	-	-	-	-	-	-	-	-	-	-	-	-	1 040	1 040
Sales N\$	2012												2013	2014	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC			TOTAL
Consultations	36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000	-	416 800	457 600	499 200
														457 600	499 200
Total Revenues	36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000	-	416 800	915 200	998 400

APPENDIX V – Profit and Loss statement

Revenue	2012												2013		2014	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	TOTAL	TOTAL	TOTAL
Sales revenue	36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000	-	416 800	915 200	998 400	998 400
(Less Sales Returns)													-	-		
Other revenue																
Total Revenues	36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000	-	416 800	915 200	998 400	998 400
Expenses																
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	300 000	660 000	780 000	780 000
Social costs 2,2 %	550	550	550	550	550	550	550	550	550	550	550	550	6 600	14 520	17 160	17 160
Internet	400	400	400	400	400	400	400	400	400	400	400	400	4 800	5 500	5 500	5 500
Marketing	300	300	300	300	300	300	300	300	300	300	300	300	3 600	4 000	5 000	5 000
Advertising	250	250	250	250	250	250	250	250	250	250	250	250	3 250	4 000	5 000	5 000
Rents	500	500	500	500	500	500	500	500	500	500	500	500	6 000	36 000	36 000	36 000
Travelling	200	200	200	200	200	200	200	200	200	200	200	-	2 200	3 000	4 000	4 000
Electricity and Water	300	300	300	300	300	300	300	300	300	300	300	300	3 600	4 000	4 200	4 200
Telephone	800	800	800	800	800	800	800	800	800	800	800	800	9 600	12 000	12 000	12 000
Office Supply	300	300	200	200	200	100	100	200	200	200	200	400	2 600	20 000	4 000	4 000
Insurance	500	500	500	500	500	500	500	500	500	500	500	500	6 000	6 000	6 000	6 000
Consulting and Legal													-	-		
Depreciations	528	528	528	528	528	528	528	528	528	528	528	528	6 333	6 336	6 336	6 336
Loan	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	-	-	-
Interest Expenses	250	250	250	250	250	250	250	250	250	250	250	250	3 000	-	-	-
Total Expenses	31 544	31 544	31 444	31 444	31 444	31 344	31 344	31 444	31 444	31 444	31 444	31 694	377 583	775 356	885 196	885 196
Net Income Before Taxes	4 456	6 856	6 956	8 556	8 556	8 656	(7 344)	8 556	8 556	8 556	8 556	(31 694)	39 217	139 844	113 204	113 204
Income tax expense 15%	1 559	2 399	2 434	2 994	2 994	3 029		2 994	2 994	2 994	2 994		27 389	48 945	39 621	39 621
Income from Continuing Operations	2 896	4 456	4 521	5 561	5 561	5 626	(7 344)	5 561	5 561	5 561	5 561	(31 694)	11 827	90 899	73 583	73 583
Net Income	2 896	4 456	4 521	5 561	5 561	5 626	(7 344)	5 561	5 561	5 561	5 561	(31 694)	11 827	90 899	73 583	73 583
Accumulated Net Income	2 896	7 352	11 873	17 434	22 996	28 622	21 277	26 838	32 399	37 961	43 522	11 827	11 827	102 726	176 308	176 308

APPENDIX VI – Cash Flow

		Year 1 YTD																
	Cash at Beginning of Year	11 800	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	2012	2013	2014	
Operations																		
Cash receipts from customers			36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000		-	416 800	915 200	998 400
Cash paid for																		
General operating and administrative expenses			(3 550)	(3 550)	(3 450)	(3 450)	(3 450)	(3 350)	(3 350)	(3 450)	(3 450)	(3 450)	(3 450)					
Wage expenses (social costs)			(25 550)	(25 550)	(25 550)	(25 550)	(25 550)	(25 550)	(25 550)	(25 550)	(25 550)	(25 550)	(25 550)		(3 700)	(41 650)	(94 500)	(81 700)
COGS			-	-	-	-	-	-	-	-	-	-	-		-			
Income taxes			(1 559)	(2 399)	(2 434)	(2 994)	(2 994)	(3 029)	-	(2 994)	(2 994)	(2 994)	(2 994)		-	(27 389)	(48 945)	(39 621)
Net Cash Flow from Operations			5 341	6 901	6 966	8 006	8 006	8 071	(4 900)	8 006	8 006	8 006	8 006		(29 250)	41 161	97 235	79 919
Investing Activities																		
Cash receipts from																		
Sale of property and equipment																		
Collection of principal on loans																		
Sale of investment securities																		
Cash paid for																		
Depreciation of property and equipment			(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)		(528)	(6 333)	(6 336)	(6 336)
Making loans to other entities																		
Purchase of investment securities																		
Net Cash Flow from Investing Activities			(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)	(528)		(528)	(6 333)	(6 336)	(6 336)
Financing Activities																		
Cash receipts from																		
Issuance of stock																		
Borrowing																		
Cash paid for																		
Loan Interest			(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)		(250)	(3 000)	-	-
Loan payoffs			(1 667)	(1 667)	(1 667)	(1 667)	(1 667)	(1 667)	(1 667)	(1 667)	(1 667)	(1 667)	(1 667)		(1 667)	(20 000)	-	-
Dividends																		
Net Cash Flow from Financing Activities			(1 917)	(1 917)	(1 917)	(1 917)	(1 917)	(1 917)	(1 917)	(1 917)	(1 917)	(1 917)	(1 917)		(1 917)	(23 000)	-	-
Net Increase in Cash			2 896	4 456	4 521	5 561	5 561	5 626	(7 344)	5 561	5 561	5 561	5 561		(31 694)	11 827	90 899	73 583
Cash at End of period			14 696	19 152	23 673	29 234	34 796	40 422	33 077	38 638	44 199	49 761	55 322		23 627	35 454	126 353	199 936

APPENDIX VII – Balance Sheet

	BB	2012												2012	2013	2014
Assets		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC			
Current Assets																
Cash	11 800	14 696	19 152	23 673	29 234	34 796	40 422	33 077	38 638	44 199	49 761	55 322	23 627	23 627	126 353	199 936
Accounts receivable		36 000	38 400	38 400	40 000	40 000	40 000	24 000	40 000	40 000	40 000	40 000	-	-	915 200	998 400
Prepaid expenses																
Short-term investments																
Total current assets		50 696	57 552	62 073	69 234	74 796	80 422	57 077	78 638	84 199	89 761	95 322	23 627	23 627	1 041 553	1 198 336
Fixed Assets																
Long-term investments																
Property and plant		19 000	18 472	17 944	17 417	16 889	16 361	15 833	15 306	14 778	14 250	13 722	13 194	13 194	6 858	522
Intangible assets																
Total fixed assets	-	19 000	18 472	17 944	17 417	16 889	16 361	15 833	15 306	14 778	14 250	13 722	13 194	13 194	6 858	522
Other Assets																
Deferred income tax																
Other																
Total Other Assets	-															
Total Assets	-	69 696	76 024	80 018	86 651	91 684	96 783	72 911	93 944	98 977	104 011	109 044	36 822	36 822	1 048 411	1 198 858
Liabilities and OE																
Current Liabilities																
Accounts payable		29 100	29 100	29 000	29 000	29 000	28 900	28 900	29 000	29 000	29 000	29 000	29 250	29 250	769 020	878 860
Short-term loans		20 000	18 083	16 166	14 249	12 332	10 415	8 498	6 581	4 664	2 747	830	-	-	-	-
Income taxes payable		1 559	2 399	2 434	2 994	2 994	3 029	-	2 994	2 994	2 994	2 994	-	-	48 945	39 621
Total current liabilities	-	50 659	49 582	47 600	46 243	44 326	42 344	37 398	38 575	36 658	34 741	32 824	29 250	29 250	817 965	918 481
Long-Term Liabilities																
Long-term debt																
Deferred income tax	-															
Other																
Total long-term liabilities	-															
Owner's Equity																
Owner's investment																
Net profit	-	2 896	7 352	11 873	17 434	22 996	28 622	21 277	26 838	32 399	37 961	43 522	11 827	11 827	102 726	176 308
Retained earnings															11 827	114 553
Total owner's equity	-	19 037	26 442	32 417	40 408	47 358	54 438	35 513	55 368	62 319	69 269	76 219	7 572	7 572	230 446	280 377
Total Liabilities and Owner's Equity	-	69 696	76 024	80 018	86 651	91 684	96 783	72 911	93 944	98 977	104 011	109 044	36 822	36 822	1 048 411	1 198 858