

Python Exports NZ Ltd

Business Plan 2016

In Support of an Entrepreneur Work Visa Application



Confidentiality Agreement

The reader acknowledges that the information provided by **Python Exports NZ Ltd** in this business plan is confidential; therefore, the reader agrees not to disclose it without the express written permission of the managing director.

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Executive Summary

Python Exports NZ Ltd (**Python Exports**) is to be a newly established export sole proprietor company based in the city of Christchurch, New Zealand which will operate under the management of Mr. Peter Sinclair. The business will assist New Zealand's growing veterinary pharmaceutical manufacturing, dairy farming and seed production industry, particularly in the Canterbury Region through the export of agricultural seeds, veterinary medicines and dairy products. Python Exports will act as a channel for agricultural manufacturers in distributing their products overseas, particularly to Vietnam. Mr. Sinclair has perceived that the quality of the New Zealand agricultural produce will be a key variable that will drive sales and profitability for Python Exports.

Mr. Sinclair is an experienced businessman in Vietnam and has been operating his own agricultural trade business for more than five years trading wheat and paddy, with an annual sales turnover of over half a million NZD. With his business success, Mr. Sinclair plans to invest an initial amount of more than \$300,000 to establish the business in Christchurch.

Mr. Sinclair understands that New Zealand has a very export-driven competitive economy, with exports accounting for about 30% of the GDP. In recent years, the export value of sowing seeds amounted to \$178 million, while that of veterinary medicines was valued at more than \$128 million. Furthermore, dairy remains New Zealand's largest export commodity, earning \$12.0 billion in the June 2015 year.

To further achieve his business goals, Mr. Sinclair will recruit key employees who can assist him in managing the entire operations of the business in Christchurch. Mr. Sinclair will hire a Procurement Officer, Export/Logistics Coordinator for the first year and employ an Office Assistant and a Marketing Coordinator on the third year of operations from the local workforce.

Mr. Sinclair plans to further increase market reach through network referrals and direct marketing and plans to extend the businesses services to include the export of other agricultural products, such as organic food products and organic pest control products.

Below is a chart that shows the projected sales, gross margin, and net profit of Mr. Sinclair's export business for the next three years:

Chart: Financial Highlights



Business Background

The following outlines the business details of Python Exports:

Company Summary

Python Exports NZ Ltd (**Python Exports**) is to be a newly established export sole proprietor company based in the city of Christchurch, New Zealand. The business will assist New Zealand's growing dairy companies and seed production industry, particularly in the Canterbury Region through the export of agricultural seeds and dairy products. Python Exports will act as a channel for agricultural manufacturers in distributing their products overseas, particularly to Vietnam.

History

The managing director, Mr. Peter Sinclair, is an experienced businessman in Vietnam and has been operating his own agricultural trade business for more than five years trading wheat and paddy, with an annual sales turnover of over half a million NZD. The business success that Mr. Sinclair has obtained in Vietnam has encouraged him to establish a business that will purchase seeds and dairy products in New Zealand, and will export these products to Vietnam.

Business Goals

The establishment of Python Exports is geared towards providing customers with superior value through the distribution of high quality products, delivered at a timely and cost-efficient manner. The managing director also plans to build long-term relations with client, increase sales and profit of the business, to secure sustainability within the local market. Following are the objectives that will guide the business on the roadmap to success, particularly in the next three years:

- To increase distribution and sales by 30% annually during the first three years of operations at the proposed facility
- To establish long-term business liaisons with at least eight registered manufacturers and/ distributors from the seed production, veterinary pharmaceutical and dairy product industries in New Zealand, particularly in the Canterbury Region and eventually across the entire country
- To establish strategic relationships with at least one hundred importers, retailers and wholesalers in Vietnam
- To increase overall revenue by 20% in the first year, 25% in the second year, and 30% in the third and succeeding years of operations
- To increase corporate contracted rates to reflect the return of confidence in the corporate market
- To recruit and maintain effective and skilful staff and sustaining their morale and productivity by developing their full potential and well-being
- To keep payroll expenses at manageable rates

Products and Services

Mr. Sinclair will offer high quality seeds, veterinary medicines and dairy products to overseas clients. Following is a detailed list of the products of Python Exports.

Veterinary pharmaceutical exports

Parasiticides

Python Exports will offer parasiticides to herders, farmers and other veterinary clients. These veterinary products are used to kill both internal and external parasites that infest livestock, pets and other animals. Majority of these products are purchased to be used as a precaution.

Immunotherapy products and vaccines

Immunotherapy products and vaccines are treatments used to enhance the animal's immune system, which enables them to fight against diseases. This include injectable vaccines, among others.

Nutritional and metabolism products

Nutritional and metabolism products include vitamins, mineral and nutritional supplements, tonics and stimulants, probiotic products, growth promotants, digestive enzyme supplements and electrolytes.

Antibiotics and related products

Antibiotics or antibacterials are a type of antimicrobial used in treating and preventing bacterial infection among animals (and even humans).

Other veterinary products

Python Exports will also offer musculoskeletal system products, dermatological preparations such as hormones, analgesics or anaesthetics.

Seed exports

Cereal seeds

Python Exports will offer cereal seed products to its clientele. This will include wheat, sorghum, and barley seeds.

Fruit and vegetable seeds

The business will export a variety of fruit and vegetable seeds to its clients overseas.

Field and cottonseeds

The field and cottonseeds products of Python Exports will include seeds produced for cotton farming, and turf and pasture seeds for livestock grazing.

Other seed products

Python Exports will also oil seeds, particularly hay and specialty seeds for horticulture, flowers and other nursery plants, rye-grass, flowers and other floras.

Dairy exports

New Zealand produces more than one hundred types of dairy products. Mr. Sinclair will capitalise on dairy products and will offer Python Exports clients with various types of dairy products which will include whole milk, cream, milk powder, butter, buttermilk and cheese.

Choosing the right suppliers of quality products will be crucial for Python Exports success and sustainability in the industry.

Location

Mr. Sinclair plans to establish Python Exports in Christchurch, New Zealand. The city is New Zealand's third-most populous urban area that lies on the South Island's east coast. The managing director finds it advantageous for the business to be established in the local area as New Zealand's leading agribusiness is based in Christchurch. Dairy manufacturing has also grown strongly in the surrounding areas.

Following is a list of properties that Mr. Sinclair is looking into to establish Python Exports:



73 Bridge St, New Brighton, Christchurch 8061, New Zealand

| | | |
|----------------|---|-------------------|
| For Lease | : | \$30,000 |
| Floor Area | : | 225m ² |
| Contact Person | : | Jane |
| Contact No | : | 027 308 8569 |



44 Taylors Mistake Rd, Sumner, Christchurch 8081, New Zealand

| | | |
|----------------|---|-------------------|
| For Lease | : | \$26,000 |
| Floor Area | : | 163m ² |
| Contact Person | : | Melton |
| Contact No | : | 029 359 4771 |



Cashin Quay 2, Lyttelton, Christchurch 8082, New Zealand

| | | |
|----------------|---|--------------|
| For Lease | : | \$24,000 |
| Warehousing | : | 116sqm |
| Office Space | : | 54.8sqm |
| Contact Person | : | Evan |
| Contact No | : | 027 355 7452 |



**16 Bower Ave, New Brighton, Christchurch
8083, New Zealand**

| | | |
|----------------|---|--------------|
| For Lease | : | \$26,200 |
| Warehousing | : | 201.74sqm |
| Office Space | : | 33.23sqm |
| Contact Person | : | Henry |
| Contact No | : | 027 696 6541 |



**61 Jacksons Rd, Lyttelton, Christchurch
8082, New Zealand**

| | | |
|----------------|---|-------------------|
| For Lease | : | \$30,000 GST |
| Floor area | : | 330m ² |
| Contact Person | : | Hansel |
| Contact No | : | 021 413 4511 |

Management Structure

Following are the details of Python Exports proposed management structure:

Business Ownership Structure

Python Exports will be a sole proprietor company. The business will be owned by Mr. Sinclair solely and will act as the managing director of the business.

Mr. Sinclair will assume the role of a managing director for Python Exports.

Personnel Plan

Mr. Sinclair identifies that in order for his business to achieve a defensible position in the local market of Christchurch, the company must acquire a team of excellent, experienced, skilled and highly-qualified staff to assist in the operations of the business. Mr. Sinclair acknowledges that his business requires a Procurement Officer and an Export/Logistics Coordinator to manage the operations related to veterinary pharmaceutical, dairy products and seed exports for the first year. Additionally, Mr. Sinclair will employ a Marketing Coordinator to manage promotional activities for Python Exports. Mr. Sinclair would also require an Office Assistant who can assist in the administrative tasks of the company. Mr. Sinclair plans to source these employees from the local workforce of Canterbury Region. In addition, Mr. Sinclair will seek the assistance of a contractor workforce to transport his products from the suppliers direct to the ports of Christchurch.

Following is a table showing the anticipated investments for the staffing within the specific period, and a chart indicating the proposed organisational structure of Python Exports.

Table: Personnel

| Personnel Plan | Year 1 | Year 2 | Year 3 |
|------------------------------|------------------|------------------|------------------|
| Procurement Officer | \$54,000 | \$54,540 | \$55,085 |
| Export/Logistics Coordinator | \$54,000 | \$54,540 | \$55,085 |
| Marketing Coordinator | \$0 | \$0 | \$53,000 |
| Office Assistant | \$0 | \$0 | \$35,000 |
| <u>Total People</u> | <u>2</u> | <u>2</u> | <u>4</u> |
| Total Payroll | \$108,000 | \$109,080 | \$198,171 |

Chart: Organisational Structure



Mentors and Business Support

In order to determine the viability of an export business in New Zealand, Mr. Sinclair has contacted the following institutions and organisations that are relevant to the target industry by way of email. The summary of the business representative's contact activities can be seen in the appendix section:

Government entities

Ministry of Business, Innovation and Employment

Phone : +64 4 901 1499
Email : info@mbie.govt.nz

Ministry of Prime Industries

Phone : +64 4 894 0100
Email : approvals@mpi.govt.nz

Export New Zealand (Canterbury)

Shirley Van Waveren

Phone : 03 335 3186
Mobile : 027 4411 528
Email : shirleyvw@cecc.org.nz

Trade association

New Zealand Manufacturers and Export Association (Auckland)

Phone : 0800 353 2540
Email : nzmea@nzmea.org.nz

New Zealand Trade Enterprise

Phone : 0800555888, +64 7 846 8490
Email : info@nzte.govt.nz

Canterbury Development Corporation (CDC)

Phone : 03 379 5575
Email : cdc@cdc.org.nz
Webpage : <http://www.cdc.org.nz/>

Business and legal services organisations

Canterbury Legal Services Ltd

Business legal firm

256 Memorial Avenue, Burnside

Christchurch, New Zealand

Phone : +64 3 377 0792
Email : admin@canterburylegal.co.nz
Webpage : <http://www.canterburylegal.co.nz/>

CECC (Canterbury Employers Chamber of Commerce)

Business consultancy

Level 1, 518 Colombo Street

PO Box 359

Christchurch 8140

New Zealand

Shirley Van Waveren

Phone : 03 366 5096
Email : shirleyvw@cecc.org.nz
Webpage : <http://www.cecc.org.nz/cecc-what-and-who/industry-sectors/export-manufacturing/>

Smith Mccoy Alford

Business support, accounting, legal and taxation services

Level 1, 149 Victoria St

Christchurch 8013

Phone : 03 366 1058
Email : info@smithmccoy.co.nz
Webpage : <http://www.smithmccoy.co.nz/accounting-services/taxation-advisory>

Canterbury Accountants & Taxation

Business support, accounting, legal and taxation services

49 Coleridge St, Sydenham, Christchurch

Phone : 03 366 5776
Email : admin@canterburytax.co.nz
Webpage : <http://canterburytax.co.nz/>

SWOT and Critical Success Factors

Following are the SWOT analysis and critical success factors that Mr. Sinclair has identified for Python Exports:

SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing Python Exports.

Strengths

- Strong business values — ethical and honest
- Mr. Sinclair's professionalism and passion for business success
- The managing director has an aggressive and focused marketing campaign with clear goals and strategies
- Mr. Sinclair will be the main point of contact for clients, thus will give the clients insurance that they are in good hands
- The managing director's comprehensive industry experience in trading agricultural products in Vietnam and wide experience in product and business know-how
- Strong business relationships and networks with growers, farmers, and the agricultural community in Vietnam
- Excellent and timely exporting scheme that drives production costs down while ensuring quality

Weaknesses

- Costs of doing business with international firms while the managing director's company is currently located in Vietnam
- A limited marketing budget, necessary for developing brand awareness
- Limited knowledge on New Zealand's veterinary, dairy and agricultural industry
- Absence of any previous business experience in New Zealand
- Limited relations with a group of suppliers and vendors in Canterbury, New Zealand

Opportunities

- New generation of consumers appreciate high-end packaging and branding
- Promotions of and initiatives to support Python Exports
- Significantly expand market share and brand recognition
- Partner with reputable companies that have far more marketing resources and sales channels
- Participation within a growing agriculture, dairy and veterinary industry
- The ability to increase the profit margin through the leveraging of technology
- The growing domestic markets for dairy products, seeds and veterinary pharmaceutical products in Vietnam
- With competitive pricing and excellent client service, it will be easier to break into the market
- Participation within the robust exporting industry and increasing opportunities for export businesses in New Zealand

Threats

- The commodity aspect of seeds, dairy and veterinary pharmaceutical products
- Volatile costs associated with international trade
- Presence of established export firms and independent exporters who already have a clientele makes it difficult for a new entrant to get established in the market
- Major exporters are establishing control of supply and distribution channels to corner the market

- Global climate changes that may affect New Zealand, particularly, the Canterbury region
- Enormous fluctuations in prices of supplies may occur
- Changes to economic conditions of clientele
- Intense competition from technology driven technologies since many customers prefer to purchase products online
- Competition could develop expensive new marketing campaigns

Critical Success Factors

Following are critical success factors that Mr. Sinclair has determined to support the business's success:

Veterinary pharmaceutical export

Following are critical success factors that Mr. Sinclair has identified for veterinary pharmaceutical export:

Economies of scale

In order to remain competitive, Python Exports requires economies of scale to efficiently produce, market and distribute products.

Establishment of brand names

The perceived quality associated with brand names is especially important for health and welfare products. This will allow Python Exports to increase the price for a specific product, boosting the revenues of the business.

Superior financial management and debt management

Mr. Sinclair recognises that the company requires exceptional financial and debt management as the costs associated with marketing are considerably high.

Ability to alter goods and services

It is imperative for Python Exports to have all the necessary resources available to quickly respond to any sudden changes in the market, such as an animal epidemic outbreak.

Seed export

Following are critical success factors that Mr. Sinclair has identified for seed export:

Low level of competition existing in the market

Python Exports has the capacity to achieve success due to the relatively low level of competition and enterprise numbers in the industry.

Having an effective performance monitoring system

Mr. Sinclair recognises that performance measurement and evaluation of seeds produced are important parts of the industry operations. This ensures that available products remain desirable for crop growers.

Market research and understanding

Mr. Sinclair acknowledges that sufficient understanding of the agricultural sector is particularly important for Python Exports since the majority of industry products are utilised by the agricultural sector. Being able to identify trends in plantation will give the business advantage when exporting new seed varieties.

Dairy export

Following are critical success factors that Mr. Sinclair has identified for dairy export:

Selection of quality products

The perceived quality associated with brand names is especially important for health and welfare goods such as dairy products. This will allow Python Exports to increase the price for a specific product, boosting the revenues of the business.

Ability to offer variety of products

It is imperative for Mr. Sinclair's export business to be able to provide variety of dairy products that are of best quality.

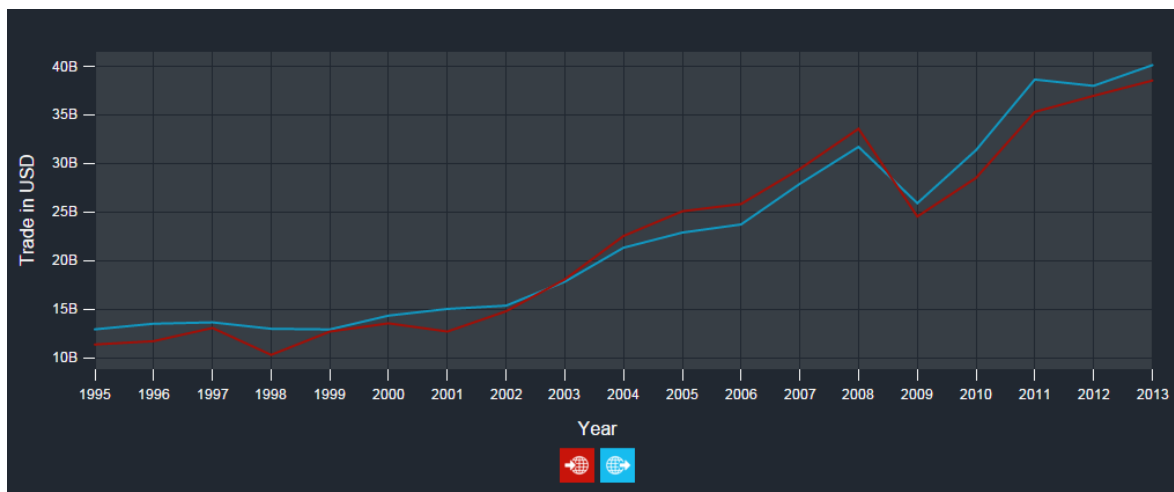
Competitive Advantage

Mr. Sinclair recognises that local manufacturers in Vietnam will offer the greatest competition to his export business. These business however cannot fully supply local demand and can become partners when they have a shortage in supply. Furthermore, Mr. Sinclair identifies that New Zealand innovations in manufacturing seeds, dairy products and veterinary medicines will provide the Vietnam agricultural, dairy and veterinary markets with products of higher quality and efficiency. This will greatly attract consumers to purchase Python Exports products. New Zealand's technological advancement and innovation in veterinary pharmaceutical manufacturing, dairy farming and seed production will be Mr. Sinclair's greatest advantage to promote and sell his products to clients in Vietnam. Through this competitive landscape, the managing director foresees that Python Exports has high potential to compete squarely and thrive in the industry.

Market Research

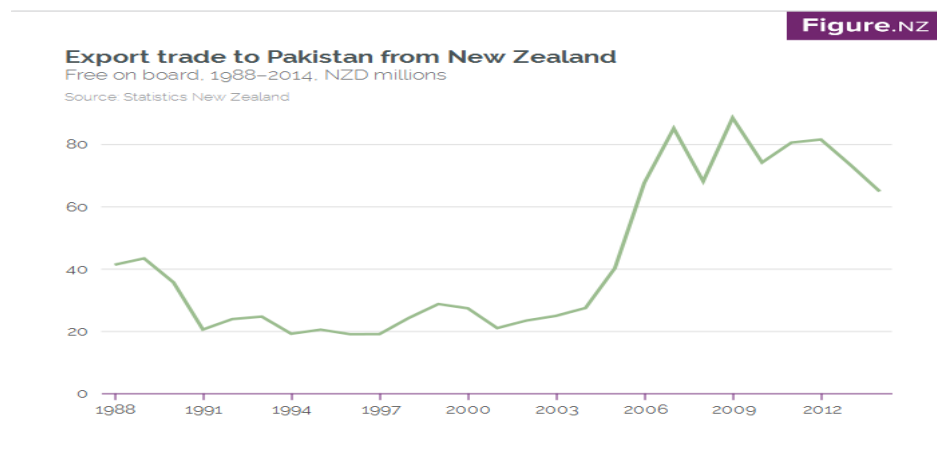
Mr. Sinclair understands that New Zealand has a very export-driven competitive economy, with exports accounting for about 30% of GDP. In recent years, the export value of sowing seeds amounted to \$178 million, while that of veterinary medicines was valued at more than \$128 million.

As can be shown in the chart below, New Zealand had a positive trade balance of \$1.59B in net exports as of 2013. (*The blue line signifies the import trends while the red line represents the import trends).



Vietnam is one of the destination countries that contributes greatly to the export revenue of New Zealand. In 2014, export trade to Vietnam amounted to \$68,353,766. This amount increased to \$70,036,377 in 2015.

Following is a graph from Statistics New Zealand on the export trend to Pakistan. Albeit the decline in 2012, this industry segment has performed well over the past two years:



Veterinary pharmaceutical export

The veterinary pharmaceutical manufacturing industry involves the development and manufacture of animal health products, such as veterinary medicines, vaccines, and other biological and medicinal feed additives.

The growth of the Veterinary Pharmaceutical Manufacturing industry will directly contribute to the growth of the Mr. Sinclair's export business in New Zealand. The stable and increasing production of the industry will assist Mr. Sinclair in providing sufficient supplies to his clients overseas and will support the business to establish a stable clientele base and earn sufficient sales and profit.

Seed export

Mr. Sinclair recognises that the seed production industry features several large players and a multitude of small-scale seed growers. The links and joint ventures of global producers have enabled domestic genetically modified canola production and this has aided industry profitability, with improved trends over the past five years.

Mr. Sinclair has determined that Python Exports will be the channel of these seed manufacturers in introducing their products to farmers in Vietnam. Mr. Sinclair will utilise the innovations in the New Zealand manufacturing sector to establish a reliable clientele base overseas. The managing director perceives that the innovations in seed production industry will pique the interest and attract clients in Vietnam, which will directly contribute the sales and profit of the proposed business.

Dairy export

Dairy products include milk, cheese, cream, butter, yoghurt, powdered milk, dairy desserts and ice cream. Mr. Sinclair acknowledges that changing consumer preferences in the domestic and international market have influenced industry operators. Consumers have increasingly shown a preference for butter over other spreads like margarine, which has boded well for butter producers. This is largely due to perceptions among consumers that butter is a more natural product than margarine. In other good news for the industry, consumption of premium yoghurts has increased over the past five years.

Revenue is forecast to increase as dairy farmers capitalise on new growth opportunities, the world economy recovers and sustainable production conditions prevail. The expected increase in milk production over the next five years is due to improving capacity thanks to more efficient management of dairy herds.

Demand Determinants

Mr. Sinclair has determined the following variables which affect the demand for Python Exports products:

Veterinary pharmaceutical export

Mr. Sinclair recognises that the demand for exports of veterinary pharmaceutical products is influenced by the development in the food production in New Zealand. Additionally, animal-related disease outbreaks significantly increase the demand for veterinary medicines, which thereby increases opportunities for sales and profit for industry, especially to Python Exports.

Changes in the number and type of animals also affects the demand for veterinary pharmaceutical products. For instance, the growing number of people living in high-rises and small apartments over the past five years caused consumers to opt for smaller pets such as fish, reptiles, birds, or small dogs. This, in turn, influence the level of demand for different types of veterinary products, such as parasiticides.

Seed export

Demand for seeds is highly concentrated in the agricultural sector. Activity within this industry is largely determined by weather patterns. However, factors that affect the business differs according to the following types of downstream farm:

Crop farmer demand

Mr. Sinclair recognises that the rainfall levels directly influence demand from farmers on seed products such as grains, cotton, vegetables and other crops. Prolonged periods of low rainfall affect farmers and the success of growing crops from seeds. This discourages farmers from investing in new seeds, potentially reducing the demand of the company's exported seed products. On the other hand, excessive rainfall to the point of flooding also negatively impacts the demand for seeds, as majority of seeds do not grow well in water-logged fields. Once rainfall moderates to tolerable levels, demand for seeds from farmers increases. This provides opportunity for Python Exports seed products to be marketed, which in turn will increase sales revenues.

Livestock farmer demand

Mr. Sinclair has noticed that demand from livestock farmers also influences the demand for Python Exports exported seed products in a number of ways. First, livestock farmers purchase seeds to grow food for their livestock. This demand tends to follow a similar pattern with that of crop farmers, as livestock farmers relies on favourable growing conditions. Second, livestock farmers influence demand through stockfeed purchases. When pasture quality deteriorates, livestock farmers purchase feeds in the form of grains or hay to keep their livestock alive. This intensifies demand for stockfeed, causing prices to go high. High prices, in turn, encourages crop farmers to increase production of grains and other inputs for stockfeed, thereby increasing demand for the company's seed products.

Dairy export

Mr. Sinclair recognises that in the case of staple products such as butter, changes in household income levels have little effect on consumer demand. As such, staple products tend to be price inelastic.

Health, nutritional and dietary concerns play an important role in influencing downstream consumer demand for industry products. The managing director is aware that these concerns have been a significant factor in the increase in consumption and production of yoghurt. For example, concerns over the fat and sugar content of some dairy-based foods have had an adverse effect on demand for traditional dairy products, such as butter. In addition, Mr. Sinclair identifies that higher income countries such as Vietnam generally consume more dairy foods.

Industry Competition

Veterinary pharmaceutical export

Python Exports will mainly compete with companies in New Zealand who export pharmaceutical products to Vietnam. Furthermore, the business will also be competing with the domestic retailers in Vietnam who sell veterinary medicines. This market comprises individuals and small traders. Python Exports will also compete with the local veterinary pharmaceutical manufacturers in Vietnam.

Seed export

Python Exports is exposed to a range of competitive sources, especially in the agricultural sector. Aside from competition based on price and innovation, Python Exports will compete according to its ability to meet customer demand, proximity to buyers and product mix. Mr. Sinclair understands that Python Exports will face external competition from local manufactured seeds in Vietnam and farmers harvesting their own seeds from their existing crops.

Internal competition

Competition for Python Exports will primarily be based on price. An important cost associated with both production and downstream markets is the storage and transport of seeds. These costs are crucial for the business as seeds are susceptible to disease and infection. Crop growers often store seeds for a long period before they are sowed. New Zealand's innovations in cryopreservation freeze storage by seed producers will give Python Exports a competitive edge to achieve success in the industry.

Python Exports will also compete based on innovations and development. Mr. Sinclair understands that research and advancement of seed innovation plays an important role in gaining competitive edge. Downstream customers typically require seeds that produce crops which are resistant to disease and temperature and produce high yields. Hence, the quality and skill of crop breeding will be a decisive factor for Python Exports for its competitive edge over local seed producers in Vietnam.

External competition

Mr. Sinclair has observed that farmers can harvest seeds from their existing crops, reducing the need to purchase new seeds. This creates further competition for the industry, as it reduces available markets to the industry.

Dairy export

Downstream customers want to pay the lowest possible price for a given product or brand to maximise their profit. As a result, price is a major source of competition between industry players. Wholesale customers such as Python Exports have many different places to purchase the same products, which keep prices and margins low. Players that can negotiate exclusive distribution rights can limit supply of that product and preserve margins. There is

now intense price competition between the major dairy wholesalers in the price of milk. Mr. Sinclair will use direct selling techniques to compete for sales and to compete with other exporters and wholesalers in New Zealand to win exclusive distribution rights for popular brands.

The industry is also facing growing external competition due to wholesale bypass. The major supermarkets are increasingly entering into direct purchase agreements with manufacturers. Mr. Sinclair plans to purchase products directly from manufacturers to ensure that the prices of purchased products are as low as possible.

Major Market Segmentation

Veterinary pharmaceutical export

Following are the key markets for Python Exports that Mr. Sinclair has identified to be distributors of the business's products and source of business revenue:

Animal health wholesalers

A significant proportion of veterinary pharmaceutical products are distributed through animal health wholesalers, which include veterinary wholesalers of companion animal products, and rural resellers of livestock products. Animal health wholesalers is one of Python Exports potential clientele. Mr. Sinclair has determined these businesses to greatly affect sales of veterinary medicines, which will potentially result in higher sustainability of the company in the industry.

Veterinarians

Veterinarians deal with both companion and food-producing animals. Mr. Sinclair acknowledges this division to be another sizeable market. Products aimed at intensively farmed animals such as poultry are sold directly to vets, who in turn may be employed by the large agribusinesses involved with farm animals. This market will assist Python Exports in increasing its revenues in the industry.

Seed export

As seeds are a primary input for most farmers, crop, livestock and other food product, Mr. Sinclair recognises farmers to account for the majority of industry revenue. In particular, a substantial portion of industry revenue is derived from sales of seeds to non-food farmers, such as floriculture farmers and turf growers. Following are the key markets that Mr. Sinclair has determined to be clients of exported seeds. Mr. Sinclair aims to provide all the necessary seed products that will satisfy the demand of each market segment.

Cereal farmers

Cereal farmers is considered to be the industry's largest market. Cereal crops are staples of household consumption. Therefore, cereal farmers require a consistent supply of seeds from exporters and wholesalers such as Python Exports, to cater to the steady demand of their agricultural requirement.

Livestock farmers

Mr. Sinclair has observed that livestock farmers, particularly sheep, beef cattle and dairy cattle farmers, require seeds to improve pasture plantations for animal grazing. Livestock farmers purchase seeds to grow their own animal fodder, such as hay. The high demand from livestock farmers will assist Python Exports to achieve a sufficient amount of profit for the business.

Other crop farmers

This market includes cotton farmers and fruit and vegetable farmers. Mr. Sinclair has noted that this market has expanded as a share of revenue over the past five years despite reduced cotton production during the period. Fruit and vegetable production has increased substantially over the past five years, thereby potentially increasing demand for Python Exports exported seed products. Strong consumer health consciousness has generated increased demand for fruits such as lychees and goji berries, contributing to this market's growth. This improves Python Exports sustainability in the industry.

Non-crop farmers

The non-crop farmers segment includes turf and floriculture growers, along with nursery operators. Seeds sold to this market include flowers, trees, shrubs, ornamental plants and grass varieties.

Non-agricultural users

Non-agricultural users include buyers that purchase seeds for non-agricultural growing purposes, such as maize crop plantations for biofuel research. This market also comprises purchasers of seed for private uses, such as gardening and horticulture, through wholesalers or retailers. Mr. Sinclair acknowledges that this segment has the highest penetration of genetically modified seeds, because many final products (particularly those used for biofuel purposes) are not for human consumption.

Dairy export

The industry has traditionally focused on supermarkets, wholesalers and retailers. Following are the key markets that Mr. Sinclair has determined to be clients of exported dairy products. Mr. Sinclair aims to provide all the necessary dairy products that will satisfy the demand of each market segment.

Major supermarkets

Purchases from dedicated dairy produce wholesalers account for a very small portion of total supermarket purchases. Despite this, supermarkets remain the largest market for the industry. This is due to the immense size of the supermarkets.

Other retailers

The other retailers market includes convenience stores, milk bars and small grocery stores in Vietnam. Small and medium-size wholesalers that generally focus on specific geographical areas predominantly serve this market. Customers in this market generally place downward price pressure on dairy produce exporters.

Food-service industries

Participants in the food-service sector include major fast-food franchises as well as small independent restaurants and cafes. The food-service sector has enjoyed solid growth, reflecting consumer trends towards eating out. This segment's growth also demonstrates the increasing demand for convenience due to consumers' busy lifestyles and longer working hours. The food-service sector has increased as a portion of industry revenue over the past five years. With this, Mr. Sinclair will capitalise on this market to ensure revenue for the export business.

Food manufacturers

Python Exports may also supply bulk quantities of dairy produce to industrial food producers. Food manufacturers require dairy produce as inputs in many other manufactured foods, such as prepared meals, bread, biscuits and cakes. These products are typically manufactured for the domestic market, due to their perishable nature.

Clients

With the managing director's agricultural trading business in Vietnam, Mr. Sinclair has established a stable clientele base in the target market. This has encouraged Mr. Sinclair to expand his business and set up an export company in Christchurch, New Zealand. Mr. Sinclair has foreseen great opportunity for business growth due to a perceived demand for agricultural seeds, dairy products and veterinary medicines from the following groups of clientele:

Veterinary pharmaceutical export

- Pet breeders and livestock farmers
- Livestock and other agricultural supply wholesalers
- Veterinary service providers
- Veterinary pharmaceutical wholesalers
- Animal health wholesalers
- Veterinarians

Seed export

- Grain growers
- Cotton grower
- Outdoor vegetable growers
- Cereal farmers
- Livestock farmers
- Non-crop farmers
- Non-agricultural users
- Agricultural and horticultural seed wholesalers
- Agricultural and horticultural seed retailers

Dairy export

- Supermarkets
- Retailers
- Food-service industries
- Food manufacturers

Mr. Sinclair aims to target a wider reach of clients in Vietnam. Success in these market segments will assist the company in gaining broader market reach through repeat business and client referrals. This will, in turn, provide a sufficient amount of sales and profit for Python Exports.

Suppliers

Following are seed and veterinary medicine suppliers where Mr. Sinclair intends to source Python Exports products. Mr. Sinclair has hired a business representative to contact the following suppliers and enquire of their products and services. A summary of the business representative's contact activities can be seen in Appendix A.

Seed wholesalers/retailers

PGG Wrightson Seeds

Phone : +64 3 477 4520, +64 800 805 505
Email : enquiries@pggwrightson.co.nz
Webpage : <http://www.pggwrightsonseeds.com/>

PGG Wrightson is a leading provider to the agricultural sector, offering a wide range of products, services and solutions to growers, farmers and processors in New Zealand and

internationally. Among the products the company offers are a seeds, animal health products, apparel and footwear, fertilisers, agricultural nutrition products, dairy shed hygiene, and general merchandise, among others.

King Seeds

Phone : 07 549 3409
Email : info@kingsseeds.co.nz
Webpage : <http://www.kingsseeds.co.nz/>

King Seeds is a New Zealand seed company supplying farmers and gardeners for over thirty years. Among the products they offer are vegetable seeds, flower seeds, herbs, seeds for sprouting, organics, microgreens, and field selection products such as wildflower, field crops, green manure and cover crops.

Canterbury Seed

Phone : +64 3 307 6979, 027 499 9149
Email : office@canseed.co.nz, rodger.gundry@canseed.co.nz
Webpage : <http://www.canseed.co.nz/>

Canterbury Seed is one of the largest and most reliable seed production and marketing companies in New Zealand. The company is recognised for experience in the fields of pea, forage and vegetable seed.

Ravensdown

Phone : 0800 100 123, 021 900 266, 021 946 896
Email : rangi.holland@ravensdown.co.nz, chris.lowe@ravensdown.co.nz
Webpage : <http://www.ravensdown.co.nz/products/seed>

Ravensdown primarily manufactures and supplies fertilizers to the agricultural sector in New Zealand. The company also offers agrochemicals, animal health products, lime products for soil health and seeds. In addition, it provides planning and advisory services; soil, plant, feed, and water testing services to farmers and growers; and aerial and ground spreading services.

Cates Grain & Seed

Phone : +64 3 308 7166
Email : info@cates.co.nz
Webpage : <http://www.cates.co.nz/>

Cates and Grain Seed is a company specialised in multiplication and production of clover, pasture seeds, cereals, pulses and brassica's. The company is active in selling grain, pasture seeds, peas and lentils.

Dairy wholesalers/producers

Westland Milk Products

Phone : +64 3 756 9800
Webpage : <http://www.westland.co.nz/eng/contact-us/>

Westland Milk Products is an independent co-operative dairy company in New Zealand, owned by over 425 farmer shareholders that supply milk for processing. The company is an internationally recognised dairy company producing a wide range of dairy ingredients and finished products which include milk powders, butter, whip cream and a lot more.

Oceania Dairy

Phone : (03) 686 6403
Webpage : <http://www.oceaniadairy.co.nz/>

Oceania Dairy Limited is a wholly-owned subsidiary of Inner Mongolia Yili Industrial Group (Yili), which is listed on the Shanghai stock exchange. Yili is China's largest dairy producer and its 2014 revenue of US\$8.6 billion made it the 10th largest dairy company in the world. Oceania Dairy operates as a dairy powder processing company.

Barry's Bay Cheese

Phone : 03 304 5809
Webpage : <http://www.barrysbaycheese.co.nz>

Barry's Bay cheese factory on the Banks Peninsula in Canterbury, New Zealand, has many award winning cheeses to its credit. It is a traditional creamery, with cheeses handcrafted in the traditional style. It is the only factory, producing cloth bound cheddar, in the whole country. The cheese is made from fine milk, sourced from local, grass-fed cows.

Karikaas Cheeses

Phone : 03 312 8708
Webpage : <http://www.karikaas.co.nz>

Karikaas is a cheese factory in Loburn, North Canterbury which has a range that includes a selection of Dutch style cheeses made in a traditional manner and sold in a range of age categories from young to vintage; and European style fresh products; yoghurt, kwark, cultured buttermilk, cultured unsalted butter, and feta.

Serra Natural Foods Ltd

Phone : 03 349 6062
Webpage : <http://www.cyclopsyoghurt.co.nz/splash.php>

Serra Natural Foods Ltd is a manufacturer and distributor of Cyclops Yoghurt, sour cream, as well as Costa's strained yoghurt and tzatziki.

Synlait Milk Limited

Phone : +64 3 373 3000
Email : admin@synlait.com
Webpage : <http://www.synlait.com/>

Synlait Milk Limited is an innovative dairy processing company based in Canterbury, New Zealand. The company has a range of products designed to support the health and nutritional wellbeing of consumers. They include infant and adult nutritional formulations, functional food ingredients, and specialised products to support a healthy lifestyle.

Veterinary medicine suppliers/manufacturers

Alleva Animal Health

Phone : +64 9 418 1405
Email : admin@alleva.co.nz

Alleva is a New Zealand based animal health company specialising in the development and marketing of novel animal health products. They supply a wide variety of veterinary pharmaceutical products, including parasite control, nutrition and metabolism, and antibiotics and anti-infectives.

Bayer New Zealand Ltd

Phone : (09) 262 3169
Email : nzanimal.drugsafety@bayer.com

Bayer is an innovation company with a more than 150-year history and core competencies in the fields of health care and agriculture. The company develops and supplies medical products including animal health products, consumer health products and pharmaceuticals.

Ravensdown

Phone : 0800 100 123, 021 900 266, 021 946 896
Email : rangi.holland@ravensdown.co.nz, chris.lowe@ravensdown.co.nz
Webpage : <http://www.ravensdown.co.nz/products/seed>

Ravensdown primarily manufactures and supplies fertilizers to the agricultural sector in New Zealand. The company also offers agrochemicals, animal health products, lime products for soil health and seeds. In addition, it provides planning and advisory services; soil, plant, feed, and water testing services to farmers and growers; and aerial and ground spreading services.

AgriHealth NZ

Phone : +64 9 215 1199
Email : office@agrihealth.co.nz

AgriHealth is a New Zealand owned and operated company, specialising in marketing veterinary medicines, especially for production animals. They supply veterinary medicines for reproduction, antibiotics, anti-inflammatories, vaccines, metabolic, and feed additives (antibiotics, enzymes and medicated).

Zoetis New Zealand Limited

Phone : 0800 963 847
Email : ContactUs.NZ@zoetis.com

Zoetis is a global animal health company dedicated to supporting its customers and their businesses in ever better ways. The company offers a diverse portfolio of veterinary pharmaceutical products and animal health solutions across eight core animal species, namely cattle, fish, poultry, sheep and pigs, and our companion animal offerings cater to cats, dogs and horses.

Economic Benefit

Mr. Sinclair understands that exporting helps grow national economies and expands the global market. Every country is endowed with certain advantages in resources and skills. New Zealand, for example, is rich in natural resources, such as fertile soil, and precious metals and minerals, while other countries have shortages of many of these resources. Additionally, New Zealand has highly developed infrastructures, educational systems and

capital markets that allows the economy to engage in complex manufacturing and technological innovations.

Mr. Sinclair has identified the following benefits which will affect New Zealand's economy once Python Exports is established:

Increased employment

The managing director recognises that growth in the export industry likely increases employment, given that employment is closely related to production. In recent years, exports have become more diversified with a greater reliance on service sector based exports. The more a country exports, the more domestic economic activity is occurring. Trade means that more will be employed in the export sector, and through the multiplier process, more jobs will be created across the whole economy.

Labour productivity

Labour productivity measures the output per worker in a period of time. Mr. Sinclair acknowledges that labour productivity is an important factor in determining the productive potential of the economy. Countries with strong labour productivity growth tend to benefit from high rates of growth, strong export demand and low inflation. Increased labour productivity can enable a higher long run trend rate of growth for New Zealand. More export means more production and revenue.

Economic growth

Exports are a component of aggregate demand (AD). It is to the managing director's knowledge that rising exports will help increase AD and cause higher economic growth. Growth in exports can also have a knock on effect to related service industries. If a country is a net exporter, its gross domestic product increases, which is the total value of the finished goods and services it produces in a given period of time. In other words, net exports increase the wealth of the country.

Ownership advantages

The managing director perceives that exporting allows New Zealand's producers to gain ownership advantages and develop low-cost and differentiated products. It is viewed as a low-risk mode of production and trade. Exporters, such as Python Exports, also experience internalisation advantages which are the benefits of retaining a core competence within a company and threading it through the value chain instead of obtaining a license to outsource or sell the goods or services.

Increase industry sales potential and profit

Exporting is one way of increasing the sales potential of an industry. The managing director has observed that exporting expands the market where the industry is earning money from. While the local market may represent enough sales for smaller firms, for medium and larger companies, the local market is just too concentrated and the only way to expand sales is to export. Furthermore, exports can contribute to increased profits because the average order from international customers are often larger than they are from domestic buyers, as importers generally order by the container instead of by the pallet.

Reducing risk and balancing growth

Export sales to a variety of diverse foreign markets can help mitigate economic downturn and reduce the risk that the industry may be exposed to because of fluctuations in local business cycles. Furthermore, exporting helps offset the risk of low growth in the local market by creating and/or maintaining jobs, reducing the risk of labour destabilisation that may cripple the labour market.

Economies of scale

Exporting is an excellent way to enjoy pure economies of scale with products that are more global in scope and have a wider range of acceptance around the world. This is in contrast to products that must be adapted for each market, which is expensive and time-consuming, and requires more of an investment. With increased export production and sales, Mr. Sinclair anticipates that the New Zealand economy can achieve economies of scale and spread costs over a larger volume of revenue. Long-term exports also enable the industry players to expand production facilities in order to achieve an economic level of production.

Enhanced innovation

Different markets invariably have different and often new ideas, management practices, marketing techniques and ways of competing that may not be present in the New Zealand market. The economy's exposure to various working environments — and coming up with new strategies to circumvent any obstacles — will allow different industries to become more innovative, competitive and poised to cope with changing circumstances.

Exploitation of New Zealand's comparative advantage

The managing director determines that trade with other countries, i.e., through export, encourages the New Zealand market to specialise in producing those goods and services which it can produce more effectively and efficiently and at the lowest opportunity cost.

Increased industry competitiveness

The relative competitiveness of exports will play an important role in determining the level of exports. Competitiveness is determined by factors such as unit labour costs, inflation, productivity, infrastructure and price of raw materials. Furthermore, trade also breaks monopolies, which face competition from more efficient foreign firms.

Transfer of industry skills

The quality of goods and services is likely to increase as competition encourages innovation, design and the application of new technologies. Trade will also encourage the transfer of technology between New Zealand and the partnering countries.

Furthermore, Mr. Sinclair notes that export is a **source of foreign currency**.

Competitors and Competitors' Locations

Competitors for Python Exports will be concentrated on local manufacturers, wholesalers and retailers in Vietnam. Following are the potential competitors that Mr. Sinclair has determined for Python Exports within Vietnam:

Veterinary pharmaceutical suppliers

MLD Veterinary Suppliers (Pvt) Ltd

Veterinary suppliers

8 Km Daska Road Addha

Sialkot 51340, Punjab Vietnam

Phone: +92 52 460 3850

Website: <http://www.mldvet.com/>

Sanna Laboratories

Veterinary pharmaceuticals manufacturer

Psie, Faisalabad

Punjab, Vietnam

Phone: 0092 41 8586887

A A Bhatti

Veterinary importer, exporter, manufacturer, developer, trader
32 Davis Road, Vietnam

Attabak Pharmaceutical Industries

Veterinary medicine manufacturer and exporter
Plot No 5 C, Industrial I-10/3, Islamabad, Vietnam

GM Pharmaceuticals

Veterinary importer, exporter, manufacturer, developer, trader
Chauburji, Vietnam

Seed suppliers**Aftab Iron& Seed Store**

Agricultural products supplier
Mamu Kanjan Rd, Zafar Chowk
Punjab, Vietnam

Al-Marriyam International

Agricultural product supplier
A/1284 Main Market Road, Vietnam

Kisa Dost Spray Centre & Seed Store

Agricultural product retailer
Samundri-Rajana Rd, Phalor
Rajana, Punjab, Vietnam

Botanic Berg

Agricultural product supplier
Lehtrar Road, Islamabad (44000) Vietnam, Vietnam

A.Z World Traders Importer and Exporter

Agricultural product supplier
1st floor Jamia Gadria Road Rahim Yar Khan, Vietnam

Dairy product suppliers**Dairy House Vietnam**

Dairy product supplier
12 Satellite Plaza, 6th Road
Rawalpindi, Vietnam

Noon Vietnam Limited

Dairy product supplier
45-F Mustafa Center,
Main Market, Gulberg Lahore, Vietnam

Dairyland (Pvt) Ltd.

Milk processing company
409-Cotton Exchange Building, I.I.
Chundrigarh Road, Karachi, Vietnam

Premier Dairies

Milk processing company

4-Karam Chand Road, Lahore, Vietnam

Adam's Milk Foods (Pvt.) Ltd

Cheese manufacturer

Plot# 752/2, Tufail Shaheed Road,
Sahiwal, Vietnam

Business Strategy

Following are the business strategies that Mr. Sinclair will utilise to establish success for the company:

Effective marketing action plan

The managing director understands that a calculated and aggressive marketing strategy is essential to export marketing. To implement export marketing correctly, Mr. Sinclair will implement an effective marketing action plan in correct stages to ensure export sales growth. The strategic action plan will focus on marketing targets by collecting and analysing relevant information, accounting for restrictions, and laying out the steps for an action approach. The managing director will formulate obtainable objectives, as well as a corresponding timetable to make them a reality, and maintain the flexibility to adjust objectives if conditions change.

Pricing strategies

Pricing strategy refers to changes in the prices of products that Mr. Sinclair will make to persuade consumers to buy the company's products. Types of pricing strategies that the managing director may utilise include discounts, promotions, membership special pricing and bundle pricing.

Online marketing

Mr. Sinclair understands that online marketing is just as crucial today for an export business as it is for a national business, since people have some level of access to the Internet and its benefits, and online shopping is still a growing trend. Online marketing strategies that Mr. Sinclair will take advantage of include online ads, websites and email marketing. Facebook and Google ads are some of the most common online marketing strategies, and people have access to them.

Traditional marketing

The managing director has observed that traditional marketing strategies is just as effective in promoting Python Exports products as online marketing. Banners, pamphlets, print advertising, word-of-mouth and business cards are some forms of traditional marketing that Mr. Sinclair will exhaust. With years of experience in the Vietnam market, Mr. Sinclair has understood the culture of the target market, and can easily tailor the message to the market.

Strategy and Implementation

Following outlines Python Exports export strategy:

Export planning

Mr. Sinclair recognises that formulating a cohesive plan for exporting helps ensure the business's success in developing businesses in destination countries, i.e., Vietnam. With this, Mr. Sinclair will create a clearly developed plan which will communicate the importance of the company's products to the target markets and help support the overall goals. The export plan will also outline the areas of assistance and service providers for Python Exports. The export plan will also provide timelines for periodic review to determine success rates.

Market entry

Entrance to the target market will provide Mr. Sinclair relative ease, having established a clientele base of farm operators and other agricultural individuals in Vietnam. Mr. Sinclair will coordinate with his existing clients to promote Python Exports products at very cost-effective prices. The managing director will strengthen existing client relationships in order to establish Python Exports clientele base through repeat business and client referrals.

Distribution channels

Distribution is one of the greatest challenges that Mr. Sinclair will face in running an export business, as he will be dealing with high taxes, specifically excise taxes, and complex distribution systems in Vietnam. Furthermore, distribution costs for internal sales may be absorbed by customers, but distribution costs for exports will be shouldered by the company. Increasing the volume of the company's exports will make Python Exports eligible to receive reduced fees and help ensure that trucks and rail cars are running at maximum capacity.

Marketing Strategy

Python Exports marketing strategy will include multiple platforms, such as targeted print media advertising and direct selling to importers in Vietnam. Mr. Sinclair will capitalise on existing relationships with farmers, dairy consumers and veterinary professionals who have stated their willingness to contact Python Exports and recommend its products to fellow tradesmen. Mr. Sinclair will position the company as a differentiated exporter of the highest quality of agricultural seeds, dairy products and veterinary medicines. The primary goal of all marketing efforts will be to communicate this to existing and potential customers.

Following are the marketing approaches that Mr. Sinclair will utilise:

Piggyback marketing

Mr. Sinclair identifies piggyback marketing to be a useful tool in marketing exported products. Piggyback marketing is an arrangement wherein Python Exports ties up with another firm for the latter to distribute Python Exports product or service. The company may enter into contracts with an overseas buyer to provide a wide range of products or services. Through this, Python Exports piggybacks its products to the international market, generally without incurring the marketing and distribution costs associated with exporting. Successful arrangements with other companies could increase the sales turnover and promote the company brand of Python Exports.

Trade shows

To increase company exposure to the industry, Mr. Sinclair intends to join trade shows and events relevant to Python Exports industry and market. Trade shows, events and trade

missions are opportunities for Python Exports to promote its products and services to a mass audience. Participation in these activities may require a significant investment of time and money, but careful planning and deliberation can result in dividends for the business.

Direct marketing

Mr. Sinclair has determined that direct marketing is a cost-effective method of targeting new customers in prospective markets. Through direct contacts with clients, direct marketing will enable Mr. Sinclair to keep in touch with customers on a regular basis, thereby developing loyalty and ensuring customer retention

Online marketing

Online advertising offers the advantage of speed. With the rapid utilisation of online media platforms, Mr. Sinclair identifies online marketing to be one of the most crucial and cost-effective marketing strategy for Python Exports to obtain considerable market exposure. Following are online media strategies that Mr. Sinclair may utilise as business operations progress:

Company website

Mr. Sinclair recognises the value of having a company website in promoting the company. This will provide the prospective market an overview of the products available in the company, together with their accompanying price rates. The company website will provide contact details of Python Exports for clients to easily contact staff regarding product and export enquiries.

Business Milestones and Timeline

Following are the milestones for the development of Python Exports:

Establishing the business

Establishing the business will commence upon NZ Immigration's approval for Entrepreneur Work Visa. Mr. Sinclair will comply with all the requirements (e.g., forms, business plan, business documentation, health requirements, etc.) stated by the NZ Immigration office for Python Exports to be given approval to establish business in Christchurch.

Obtaining approvals

Aside from the visa approval, Mr. Sinclair will obtain approval and registrations from relevant organisations, departments and trades, such as the Ministry of Prime Ministries and Companies Office, in order to establish the export business in Christchurch.

Finding ideal location

Mr. Sinclair will find a business location that is within convenient proximity to ports (sea ports, airports) and suppliers.

Purchasing products and equipment

Mr. Sinclair will conduct a market research on quality seeds, dairy products and veterinary pharmaceutical products that is being manufactured within the region of Canterbury. Mr. Sinclair will then shortlist the companies to which he may source products for Python Exports. Furthermore, Mr. Sinclair will also start the procurement process of a transport/company vehicle once he the business has reached considerable sales.

Recruiting staff

Mr. Sinclair recognises that the business requires the appropriate selection of excellent and skilful staffing.

Training staff

Training of staff will be an ongoing effort of the company to ensure that the services offered are of the best quality. This will enable the staff to remain up to date with the innovations of seeds and veterinary medicine production in New Zealand.

Integrating partners and suppliers

Mr. Sinclair will identify and contact possible business partners and suppliers that will assist the growth of Python Exports.

Establishing distribution network and stable clientele in Vietnam

Mr. Sinclair will contact existing clients in Vietnam who profess interest in importing seeds, dairy products and veterinary medicines from New Zealand.

Starting operations

After all necessary approvals and registrations are accomplished, and once a warehouse property has been leased, Python Exports will start its business operations, particularly export of seed, dairy products and pharmaceutical products.

Attaining financial profitability

Mr. Sinclair anticipates the business to grow steadily until it has obtained 100% return on investment and gained a momentum of at 30% sales increase annually.

Contingency Plan

Mr. Sinclair understand that starting and operating an export business is an inherently risky practice, especially as his knowledge on New Zealand industry is limited and unforeseen events or disasters can be especially harmful to business operations. With this, Mr. Sinclair has developed a contingency plan for untoward events that may interrupt normal business operations in New Zealand. Following is a contingency plan that will mitigate possible risks and enable Python Exports to ensure sustainability amidst a volatile industry:

Procurement and production issues

- Intensify contract and claims management
- Introduce flexible payment and delivery arrangements
- Monitor suppliers' financial stability
- Work with critical business partners on win-win propositions

Finance and treasury crisis

- Evaluate dependency on existing credit lines and capital markets
- Check readiness to fund operations for the next 12 months and pay back debts
- Verify how much cash is actually needed in a possible crisis situation
- Check covenants linked to credit ratings
- Set up financial and natural hedges
- Postpone promotional campaigns and cut operational and variable costs during economic downturns

Sales difficulties

- Diversify customer base and company products
- Run awareness campaign
- Contract with different organisations or establishments on special occasions to cater food services
- Survey customers and change the strategy to perceived value pricing

Legal issues

- Amend existing contracts to reflect new legal requirements
- Consult with legal entities and individuals to resolve legal issues

Compliance

The director understands that compliance to New Zealand's government and legal requirements is crucial because compliance – or the lack of it – is actually a common area of risk. You need to show your business complies with national and industry standards and practices so it can avoid any negative fallout from non-compliance, such as fines and bad PR.

The following information outlines the professional and trade registration requirements, as well as national and industry standards and practices that Python Exports should comply with:

Legal and Regulatory Considerations

Following are the legal and regulatory requirements that Mr. Sinclair will accomplish for the establishment of the business in Christchurch:

- Register with the Companies Office
- Register with Inland Revenue
- Register for GST
- Register as an employer
- Apply for patents or trade marks
- Apply for licences and permits
- Apply for verification with the following standards bodies and regulators specific to the export industry:

Export of veterinary medicines from New Zealand

Following are the necessary certification that Python Exports must obtain (depending on the type of veterinary medicine to be exported) from the Ministry of Primary Industries under the Agricultural Compounds and Veterinary Medicines (ACVM) Legislation to export veterinary medicines:

- Standard Certificate of Free Sale
- Certificate of Origin
- Certificate of Good Manufacturing Practice

Export of seeds from New Zealand

Following are the certifications/registration that Python Exports must obtain to export seed products to Vietnam:

- Export Certification
- MPI Phytosanitary Certification

Following are the requirements that Python Exports must obtain from the customs department of Vietnam:

- Phytosanitary import permit from:

The Director or The Entomologist (Quarantine)
Department of Plant Quarantine
Agriculture Division
Ministry of Food, Agriculture and Cooperatives
Jinnah Avenue, Malir Halt
Karachi 27

PAKISTAN

Telephone: 0092-21 9218607 or 9218673

Email: dgl@plantprotection.gov.pk

Export of dairy products from New Zealand

To export dairy products from New Zealand, there are requirements under the Animal Products Act 1999 that Mr. Sinclair is required to meet. Following are the certifications/registration that Python Exports must obtain to export dairy products to Vietnam:

- Export Certification
- MPI Phytosanitary Certification

As an exporter, Mr. Sinclair is required to register as an exporter in New Zealand and learn about:

- Overseas Market Access Requirements (OMARs) for the destination you are exporting to
- Official Assurances Programme (OAP)
- General Requirements for Export (GREX)
- Technical Directives (TDs)
- Other general information about exporting

Financial Information and Projections

The following section shows the financial projections for Python Exports.

Q1) What level of capital investment will the business require? List the items the capital investment will be used for?

- Python Exports NZ Ltd will require an investment of \$367,812 for the establishment of the business. This investment covers wages for employees, the purchase of stock and inventory, and other start-up requirements.

Q2) What level of capital will you bring into the business?

- I will be investing a total of \$523,620 using my personal capital.

Q3) What level of opening stock and baseline stock will be required?

- I will be purchasing veterinary pharmaceutical medicines, dairy products and agricultural seed products. I will be purchasing a total amount of \$190,000 worth of products for the business's operations.

Q4) List the main items that will need to be in stock for the business to start?

- The following are the main products that i will be purchasing for the business to start its operations:

Veterinary pharmaceutical exports

- Parasiticides
- Immunotherapy products and vaccines
- Nutritional and metabolism products
- Antibiotics and related products
- Other veterinary products

Seed export

- Cereal seeds
- Fruit and vegetable seeds
- Field and cottonseeds

- Other seed products
- Dairy exports*
 - Whole milk
 - Cream
 - Milk powder
 - Butter
 - Buttermilk
 - Cheese
 - Yoghurt
 - Other dairy products

Q5) List other start-up costs for the business, research and development, recruitment, asset purchase, including legal and professional fees etc?

- The following is the business's start-up table and enumerates the specific breakdown of the total investment:

Table: Start-up

| | |
|--|------------------|
| Start-up | |
| | |
| Requirements | |
| <u>Start-up expenses</u> | |
| Legal and professional fees | \$5,000 |
| Research and development | \$500 |
| Insurance | \$7,000 |
| Accounting and bookkeeping | \$1,000 |
| Rent | \$30,000 |
| Freight and cartage | \$20,000 |
| Contractor workforce | \$15,000 |
| Utilities | \$2,500 |
| Office fit-out | \$300 |
| Advertising and public relations | \$500 |
| Training | \$1,080 |
| <u>Total start-up expenses</u> | <u>\$82,880</u> |
| | |
| Start-up assets | |
| GST paid | \$40,932 |
| Cash required (wages for 6 months) | \$54,000 |
| Other current assets (inventory and stock) | \$190,000 |
| Fixed assets | \$0 |
| <u>Total assets</u> | <u>\$284,932</u> |
| Total requirements | \$367,812 |

Q6) Provide details of the forecast profit and loss statements for the business. Complete form or attach forecasts separately:

- Following is a table of the projected profit and loss for Python Exports:

Table: Profit and Loss

| | | Year 1 | Year 2 | Year 3 |
|----------------------------------|-----------------------------|---------------|---------------|---------------|
| Revenue (A) | | \$545,458 | \$681,823 | \$898,752 |
| Cost of sales (B): | | | | |
| | Labour | \$0 | \$0 | \$0 |
| | Overheads | \$0 | \$0 | \$0 |
| | Raw materials | \$278,184 | \$347,729 | \$458,364 |
| | Other costs of sales | \$0 | \$0 | \$0 |
| Gross margin (C) | | \$267,274 | \$334,093 | \$440,389 |
| Expenses (D): | | | | |
| | Salaries for employees | \$108,000 | \$109,080 | \$198,171 |
| | Salary for owner/ applicant | \$0 | \$0 | \$0 |
| | Rent | \$30,000 | \$30,900 | \$31,827 |
| | Depreciation | \$0 | \$0 | \$0 |
| | Administration | \$0 | \$0 | \$0 |
| | Audit fees | \$1,000 | \$1,000 | \$1,030 |
| | Legal fees | \$0 | \$0 | \$0 |
| | Other expenses | \$49,380 | \$49,966 | \$51,172 |
| | Total | \$188,380 | \$190,946 | \$282,200 |
| Earnings before interest (E=C-D) | | \$78,894 | \$143,147 | \$158,189 |

Q6) Provide details of the three year projected cash flow forecast for the business. Complete form or attach forecasts separately:

- The projected cash flow indicates the total cash balance for Python Exports in the next three years:

Table: Cash Flow

| | | Year 1 | Year 2 | Year 3 |
|----------------------------------|---|---------------|---------------|---------------|
| Net profit after tax | | \$55,226 | \$100,203 | \$110,732 |
| Add depreciation | | \$0 | \$0 | \$0 |
| Gross cash flow | | \$55,226 | \$100,203 | \$110,732 |
| Working capital required | | | | |
| | Debtors | \$0 | \$0 | \$0 |
| | Inventory | \$278,184 | \$347,729 | \$458,364 |
| | Creditors | \$0 | \$0 | \$0 |
| | Other assets | \$0 | \$0 | \$0 |
| | Other liabilities | \$0 | \$0 | \$0 |
| Cash flow from operations (A) | | \$545,458 | \$681,823 | \$898,752 |
| Financing activities | | | | |
| | Increase (decrease) in bank debt | \$0 | \$0 | \$0 |
| | Increase (decrease) in overdraft | \$0 | \$0 | \$0 |
| | Increase (decrease) in capital | \$0 | \$0 | \$0 |
| | Dividend payments | \$0 | \$0 | \$0 |
| Cash provided from financing (B) | | \$0 | \$0 | \$0 |
| Investment activities | | | | |
| | Sale (purchase) of fixed assets before depreciation | \$0 | \$0 | \$0 |
| | Increase (decrease) in shareholders loans | \$0 | \$0 | \$0 |

| | | | | |
|--|--|-----------|-----------|-----------|
| | Increase (decrease) in intercompany loans | \$0 | \$0 | \$0 |
| Cash provided from investing (C) | | \$0 | \$0 | \$0 |
| | | | | |
| Net cash flow (D=A + B + C) | | \$545,458 | \$681,823 | \$898,752 |
| | | | | |
| Opening cash balance (E) | | \$109,226 | \$209,429 | \$320,161 |
| Plus (minus) net cash flow (F=D) | | \$545,458 | \$681,823 | \$898,752 |
| Closing cash balance profits (G = E + F) | | \$654,684 | \$891,252 | \$918,913 |

END OF REPORT