

CCECC EAST AFRICA LIMITED

SUMMARY –BUSINESS INVESTMENT AT MAGOLE AREA AUTO REPAIR GARAGE

1.0 Executive Summary:

The Central Corridor is one of the busiest transport and trading route located in East and Central Africa. Its end point is the Tanzanian port city of Dar es Salaam, where it connects to the rest of the world via shipping. From Dar es Salaam, the corridor runs inland, serving the Tanzanian interior including its capital Dodoma and Mwanza, as well as landlocked Rwanda and Burundi, and the eastern part of the Democratic Republic of the Congo. This route consists uses Tanzania's Central Line as well as connecting road networks.

Out of the busy traffic on the highway from Dar es Salaam to inland, traffic accidents happened frequently in Morogoro Region. It takes long time to crane and transport the vehicles especially trucks to auto repair garages in Dar es Salaam which is 200km away.

Magole is a town 250km away from Dar es Salaam. It locates on the junction of Morogoro-Dodoma road and Tuiani-Kilosa road. Vehicles from Dar es Salaam going to inland regions such as Dodoma, Tabora, and Mwanza will pass through Magole.

CCECC East Africa Ltd., is a company registered in Tanzania with expertise of civil engineering and construction. In order to ease the long distance transport for the broken vehicles, we decided to start-up an auto repair garage in Magole town. Having considered providing better and comprehensive services (one-stop service) to the customers, the business will include auto repair garage and warehouse for spare parts. In addition, we are planning to mobilize concrete block manufacturing machine, concrete and asphalt batching plant of our company to the place in the future.

1.1 Objectives:

The objectives over the next three years for CCECC East Africa Industrial Zone are the following:

- Sales revenues increase steadily.
- Hire 10 skilled mechanics and 40 unskilled labors for auto repair garage.
- Transfer/impact mechanics knowledge and skills to local employees.

1.2 Keys to Success:

In the auto repair industry, a company builds its client base one customer at a time and mostly through word of mouth marketing. With this in mind, the keys to success for Auto Repair are:

- High-quality work.
- Constant contact with clients so as to keep them informed about the state of their automobile and the repair job progress.
- Knowledgeable mechanics that are friendly, customer oriented, and will take the time to explain to customer the intricate nature of our business and our work.

1.3 Mission:

The mission of CCECC Auto Repair is to provide high quality, convenient and comprehensive auto repair at low cost. The most important aspect of our business is trust. It is the goal of our firm to have one hundred per cent (100%) customer satisfaction in regards to quality, friendliness, time to completion and to discover new ways to exceed the expectations of our clients.

2.0 Company Summary:

The company will be solely owner and monitoring the investment. As already informed above, the company is a limited liability company registered in Tanzania. The offices of the company are located in Dar es Salaam. The registration documents will be availed to Kilosa District once the business commence.

2.1 Start-up Summary:

The data obtained for the start-up comes from research done around the coastal area with other small mechanic shops that have started their own business.

We have attached a map showing how the business will be established.



3.0 Services:

The auto mechanics garage shall offer a wide range of services as outlined in the detailed sections below. It is ultimately the goal of the company to offer a one-stop facility for all autos servicing needs, including brakes, transmission, wheel alignment, etc. In this way the company can offer greater perceived value for the customer than many other shops which specialize in certain areas.

The industry is highly competitive with suppliers having a great deal of power in setting and negotiating the prices of their products and services to repair shops. In addition, because the customers see the service as undifferentiated and a "commodity" with little value separation between competitors, buyer power is also very high. Finally, the barriers to entry are moderately low, and the large numbers of competitors in this field, including substitutes (such as do-it-yourself work) mean that the pricing for such services are very competitive. The only way to have an advantage in this industry is a low cost leadership principal applied aggressively or to create higher switching costs through the building of strong business to customer ties.

Furthermore, the Company will hire skilled, unskilled, trained and certified mechanics that are able to prove they have superior customer awareness and interaction. It is

the company's team who will fulfill the firm's contracts and goals. The largest part of the company's expenses will be in labor costs.

3.1 Service Description:

CCECC Auto provides a wide range of auto repair services. These include:

- Scheduled maintenance.
- Wheel alignments, tires and rims.
- Brake repair.
- Comprehensive engine repair.
- Transmission.

Each job or project will be on a reservation basis, although we will accept a small percentage of drive in repair work.

3.2 Competitive Comparison:

The auto repair industry is highly competitive. Each company within this field has high capital costs, low margins, and a high intensity of competition.

The barriers to entry and exit are moderately low in this industry. Switching costs are virtually non-existent and the costs to entry and exist the market are low. The large number of competitors in this field including substitutes means that the pricing for such services are very competitive. The only way to have an advantage in this industry is a low cost leadership principal applied aggressively to all aspects of the business or to build up customer relations to a point where the switching costs are raised.

3.3 Technology:

The technological revolution in computers will enhance our abilities to diagnose and repair the vehicles. Our garage will remain on the cutting edge by instituting the use of computer diagnostic equipment in its shop. The company will continue to seek new ways to provide a better service through technology.

3.4 Future Services:

The company is still reviewing and shall have other plans to create further services which will share with the respective authorities, but at this time the company does not have.

4.0 Market Analysis Summary:

Our garage workshop will be able to service any vehicle on the road, including motorcycles and campers, it does not make any sense to segment our market. Our potential customer includes every household in around the that owns one or more vehicles. The industry does not have any seasonality that affects it.

4.1 Market Segmentation:

The following table and chart show the market analysis for CCECC East Africa Auto Repair.

Table: Market Analysis

<i>Market Analysis</i>		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Number of cars to be repaired	5%	235	247	259	272	286	5.00%
Total	5%	235	247	259	272	286	5.00%

5.1.1 Positioning Statement

It is the express purpose of CCECC East Africa to become the local leader in quality and service experience of the entire small (non-dealerships) automotive repair firms within the region area while maintaining a low cost plan. Once a reputation for quality and service experience is created, and an ongoing network of referrals is bringing in new business, the company plans to re-evaluate its strategy and positioning within the market to see if a differentiation strategy is viable.

5.2 Marketing Strategy

The company has a modest program of marketing its services that include the following:

1. Flyers.
2. Direct mailers.
3. Discounts.
4. Newspaper ads.
5. Yellow pages.
6. Referrals through other local businesses.

Each of these marketing approaches has the advantage of being low cost and creating service awareness. The company's long-term marketing goals are to use local radio and TV ads.

The company is also investigating the possibility of having a grand opening program that would feature discounts, food, a local radio disc jockey, and other promotional ideas.