

## **EXECUTIVE SUMMARY**

### **COMPANY CONTACT**

Company Name: Kanik Newspaper Company Ltd

Address: P.O.BOX KS, 909-Kumasi

Ghana, West Africa.

Telephone Numbers: 0245,45270/ 020,9993226

Email Address: kaniknewspaper@gmail.com

### **KEY PEOPLE**

#### **BOARD OF DIRECTORS**

Mr. Victor Asumin, Ashanti Regional Manager, Ovation Magazine, Kumasi

Barrister Yaw Nsiah, Lawyer, Kumasi

Mrs. Hagar Nuamah, Regional Manager, Zenith Bank, Kumasi

#### **Ralph Tamakloe**

**Position:** General Manager

P.O.Boxks 454, Adum

Kumasi, 054226678

ralpht@rocketmail.com

**Nana kwasi Sarpong**

**Position:** Editor and Proof Reader

P.O.Box Se 564, Suame

Kumasi,

Tel: 020,888567

nanaksarpong@yahoo.com

**Mr, Kwame Addai Kyere**

**Position:** Marketing Manager

P.O.Box Ks 3427

Kumasi,

Tel: 0243 786980

## **DESCRIPTION OF BUSINESS**

KANIK Newspapers company ltd is a publishing company which publishes general interesting newspaper with articles, analysis, sports, entertainment, events, columns and pertinent issues of interest to Ghanaians and it seeks to make the advertisers' products and services available to their clientele and prospective clients in the best medium in a single platform to their target.

## **COMPANY PRODUCT AND SERVICES**

KANIK newspaper is monthly newspaper with a minimum of 20 pages and a maximum of 30 pages with both coloured and black and white pages. Our publication dates is 1<sup>st</sup> week of every month; 12 times a year.

We shall contract a printing press that will publish the newspapers for us until we acquire a printing facility of our own.

## **TARGET MARKET**

Kanik Newspaper is a key source of information for Ghanaians such as diplomats, business people, teachers, researchers, blue collar workers, students, tourist etc. Including non-Africans who are interested in well thought out ethnic oriented issues and relevant advertisers for quality service and products.

## **BUSINESS AND MARKET STRATEGIES**

We shall publish authentic news and make the newspaper available for free for two months before we sell it at the cost of GH¢ 1 which is a moderate price as compared with other newspapers so that every reader can have access to our publication without the inconvenience of financial consideration and also wet their appetite as well.

We also intend to bring information about the products of our advertisers to every potential but hitherto un-reached clients. By this, it will greatly increase the performance of their products in the highly competitive market.

## **MANAGEMENT**

We shall employ qualified and experienced management team with at least HND qualification and one year working experience in the industry. Committed and hardworking to help us achieve our goals and objectives.

## **FINANCES**

There is a startup capital of \$100,000(GH¢ 150,000. 50,000 of this amount shall be used to cater for the initial costs of setting up the business. The remaining part of the amount shall be invested in treasury bills to cater for business risks and for future expansion.

## **VISION AND MISSION STATEMENT**

### **VISION STATEMENT**

KANIK has set its sight on delivering fresh and compelling information relevant to our target readers and people around Ghana and abroad as well.

### **MISSION STATEMENT**

To become a market leader in the media industry by employing the right technology and ultimately revolutionize the current trends in media in Ghana by delivering interesting information and events in a matured and objective manner in order to ensure that media becomes a positive agent of change, this will do through a well-motivated workforce.

### **CORE VALUES**

- 1 Hard work and discipline
2. Integrity
3. Creativity and innovation
4. Compliance to ethical and legal rules in journalism
5. Stewardship

CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

KANIK NEWSPAPER COMPANY LTD

BUSINESS PLAN

BY

**STEPHEN ASUMIN**

**NANA ABOAGYE AYENSU**

**AMAKYE CATHERINE HELENA**

**OSEI BONSU ISAAC**

**KWAME POKU FRANCIS**

DECEMBER, 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

KANIK NEWSPAPER COMPANY LTD

BUSINESS PLAN

A BUSINESS PLAN SUBMITTED OTHER DEPARTMENT OF BUSINESS STUDIES OF  
CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE COURSES CSAD 466 TEAM BUSINESS PROPOSAL

BY

STEPHEN ASUMIN

NANA ABOAGYE AYENSU

AMAKYE CATHERINE HELENA

OSEI BONSU ISAAC

KWAME POKU FRANCIS

DECEMBER, 2011

**STATEMENT OF AUTHENTICITY**

I have read the Christian service university college’s regulations relating to plagiarism and certify that this business plan is all my work and does not contain any unacknowledged work from any other sources. I also declare that I have been under supervision for this Business Plan herein submitted.

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Name of students Index Numbers	Signature	Date
Nana Aboagye Ayensu (10135327)	.....	.....

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## 1.0 ORGANISATION

### 1.1 Company Background and History

The idea to come up with this newspaper generated from the realization that many people in the country want something unique because all the newspapers in the market is always talking about politics although there are other entertainment and sports papers in the market but for Kanik is all in one newspaper which you can get unique and quality information about news, sports, entertainment , articles, interviews with renowned people and moreover our quality graphics makes it stand tall among all the papers in the market.

Kanik Newspaper Company is a new business at the start-up stage. The owners have agreed to register it as a Limited Liability Company and hope to begin operation on April, 2012

Company's Authorized Shares = 150,000 Ordinary Shares

Issued Shares = 50, 000 Ordinary Shares

### Owners Equity

Name	No. of Shares	Share %	Share Value(¢)
Stephen Asumin	10,000	20%	30,000
Nana Aboagye Ayensu	10,000	20%	30,000
Amakye Catherine Helena	10,000	20%	30,000
Osei Bonsu Isaac	10,000	20%	30,000
Kwame Poku Francis	10,000	20%	30,000
	<b>50,000</b>	<b>100%</b>	<b>150,000</b>

The following are other details of the company:

Company Name: Kanik Newspaper Company Ltd

Contact: P.O.BOX Ks 909

Asafo-Kumasi

Ghana.

Location: Asafo

Telephone Numbers: 0245452702/ 0209993226

Fax: 0332 42577

E. mail address: kaniknewspaper@gmail.com

Bankers: Zenith Bank, Fidelity Bank, Unibank

## **1.2 Industry Profile and Overview**

The newspaper industry of Ghana was merged in the nineteenth century with the publication of the Gold Coast Gazette and commercial intelligence in 1822. The function of the paper was to provide information for civil servants and European merchants; and to help to promote literacy rates and rural development amongst the local population- whilst encouraging unity with the colonial British government. Today, there are more than 140 newspapers in Ghana including 20 independent newspapers. Some of these newspapers are the daily graphic, showbiz, 90 minutes, graphic sports, daily guide etc

Graphic communication Group, a government owned newspaper company however is the largest in the industry currently, publishing six different newspapers for various target markets and obtaining 70% of advertisements in the industry but there are a lot of private companies in the

industry than government ones. Companies in the industry today present newspapers that provide information ranging from business, entertainment, sports, religion, fashion, health to general news for various market segments in the country.

### **1.2.1 Major Customer Groups**

1. Working class with reading ability and
2. students

### **1.2.2 Regulatory Restrictions**

Chapter 12 of the 1992 constitution of Ghana guarantees freedom and independence of the media. According to the constitution, ‘Editors and publishers of newspaper and other institution of the mass media shall not be subject to control or interference by government, not shall they be penalized or harassed for their editorial opinion and views or the content of their publications’ Journalists are also required to obey all ethical and legal rules pertaining to the job.

### **1.2.3 Significant Trend**

With a guaranteed freedom and independence of the press, the newspaper industry has grown tremendously over the years allowing free entry into the industry and media men having the freedom to investigate and report news to the general public. In recent years there has been competition from internet, radio and television. This however has not created much impact in the industry because many readers hold to newspapers as being more authentic and saveable source of news than other media.

The industry has been facing financial challenges resulting from the global recession which occurred in 2007 and has resulted in rising costs of production and changing trends in advertising.

#### **1.2.4 Growth Rate**

The newspaper industry is still growing .With guaranteed press freedom and little limitation on entry into the industry has given more publishers the opportunity to be part of the business. Companies in the industry with good marketing strategies report profits from year to year.

#### **1.2.5 Barriers to Entry and Exit**

There are no direct legal barriers to the entry and exit of the newspaper industry in Ghana as the 1992 constitution, chapter 12 S3 states, "There shall be no impediments to the establishment of private press or media; and in particular, there shall be no law requiring any person to obtain a license as a prerequisite to the establishment or operation of a newspaper, journal or other media for mass communication or information"

However, both local and foreign publishers who want to enter into the industry are supposed to register with the National Media Commission with an amount of \$50

Companies in the industry also do not have strong barriers to exit.

#### **1.2.6 Outlook for the Future**

The newspaper industry has come a long way and has experienced growth over the years. With recent financial challenges being faced in the industry, the Media Foundation for West Africa



(MFWA) and Free Voice based in the Netherlands organized an international seminar to set up Media Development Fund to help companies in the industry deal with financial challenges being faced. It is envisaged that the fund could be up and running by the year 2012.

Though there is competition from the internet globally, the impact of this is not much felt in Ghana because a lot of readers are not knowledgeable and acquainted with the use of the internet. Many readers also have the traditional believe that news from newspapers is more authentic than other form of media.

### **1.3 Competitive Forces**

#### **Bargaining Power of Suppliers**

Our reporters, consultants and some of the readers are our suppliers of information. We can also consult many equally qualified professionals who can give us the kind and quality of information we need.

#### **1.3.1 Bargaining Power of Buyers**

Many of the publications offered to the market are dominated by politics and entertainment news. Each entertainment publication is different in its own way service some specific need of buyers. Our publication is also different and serves a unique purpose as far as our target market is concerned.

#### **1.3.2 Threat of Potential Entrants**

There is the likelihood of entry by new competitors because there are no strict legal barriers to entry and exit of the industry. There are e low capital requirements, flexible government policies

for the industry since it wants to encourage media freedom and more private business. The industry is profitable because aside sales, high revenue is generated from advertisement placed in the newspaper which is an attraction into the industry. We shall embark on constant research and development to be able to come up with better products all the time.

### **1.3.3 Threat of Substitutes**

It may be very difficult for readers to find a direct substitute for our publication because of its unique features.

### **1.3.4 Threat of Competitive Rivalry**

Competitive rivalry may exist but at low rate based on the kind of entertainment or information provided. The Graphic Communications Group is currently the market leader able to offer publications at low prices.

### **1.3.5 Future Products Offering**

Add a new product line (magazine) to our operations

Include more sections in the newspaper

Publish on more frequent basis

Events coverage

## **1.4. Business Strategy**

Kanik Newspaper seeks to be the number one in the newspaper industry in Ghana gathering majority share of its target market by informing them on news, events, sports entertainment in the country.

Our company shall contract with a printing press to print our newspapers for the first five years of operation and hire the service of columnist and page designer until on more frequent basis.

We shall begin once a month publication for the first two years and then move to twice a month publication in the third year.

#### **1.4.1 Goals and Objectives**

##### ***1.4.2 Operational Goals***

Efficient, credible and quality work in operations

##### ***1.4.3 Operational Objectives***

We will turn knowledge into value for the benefit of our clients and community. This has given us a defined role and responsibility within the media industry. We will help institutions to grow with confidence, we will create fulfilling career opportunities because we want to be recognise for what we do and be regarded as outstanding professionals who have undertaking to work together to deliver value, and we dare not disappoint Ghana and our people abroad.

##### ***1.4.4 Financial Goals***

1. Increase profits by more than 70% each year
2. To break-even by the end of second year of publication

#### **1.4.5 Financial Objectives**

- i. Give incentives to vendors to motivate them to make good sales and accounts
- ii. Periodic promotions to gain more readers and subscribers
- iii. To float shares in the near future to aid expansion of the business
- iv. Effective collection and retrieval of revenue from vendors

#### **1.4.6 Other Goals and Objectives**

- i. To build a printing facility of our own within four years of operation
- ii. For 95% of our target market to be aware of our publication by the end of one year.
- iii. Expand our distribution base to include other neighboring countries from the fourth year of our business.
- iv. To add one product line (magazine) to our business operations.

#### **1.4.7 Our values**

- i. We will lead by example; we will seek facts and provide insight.
- ii. We will always act with a very high standard of integrity, we will work together, be open and honest to our clients and readers.
- iii. We will all times respect the individuals. Above all Kanik Newspaper Company will be committed to our clients and readers.

#### **1.4.8 Technology**

We will employ cutting edge technology through state of the art. The company will adopt the use of the internet as well applicable and acceptable software. The company will design and host its web address on the internet portraying corporate interest that has a relationship with **Kanik Newspaper Company**. This will enable people within and beyond Asanteman appreciate events in Kumasi and by extension Ghana on daily basis.

## **2.0 PRODUCT IDEA AND RELISATION OF SCHEDULE**

The idea to come up with this newspaper generated from the realization that many people in the country want something unique because all the newspapers in the market is always talking about politics although there are other entertainment and sports papers in the market but for Kanik is all in one newspaper which you can get unique and quality information about news, sports, entertainment , articles, interviews with renowned people and moreover our quality graphics makes it stand tall among all the papers in the market.

### **2.1 Company Products and Services**

Kanik Newspaper is monthly newspaper with a minimum of 20 pages and a maximum of 30pages. Our publication dates is before the 1<sup>st</sup> of every month; 12 times a year.

It will cover all the ten regions in Ghana

It will assist businesses to increase their profit margins. kanik newspaper will promote business, products and services to people who can well afford to purchase.

#### **2.1.1 Benefits to our readers**

- i. informed
- ii. Entertained
- iii. Given the chance to express their view

#### **2.1.2 Benefits to our clients**

- i. To build a good image and help business to grow with confidence.
- ii. Prospective customers get the opportunity to see and believe in the work they are doing.
- iii. We make sure it reaches our customers target group of people by giving free copies to them.

### **2.1.3 Uniqueness**

What makes us unique is the content of our newspaper which will make you feel is a magazine and the high quality of the bond paper we use for printing while our competitors uses ordinary news print. Also we have quality print and design which makes the paper more attractive.

## **2.2. Description of Production Process**

### **Step 1**

The publishing of the newspaper begins with our reporters gathering facts, conducting interviews with personalities involved and taking pictures. We contact our fashion, health, relationship consultants for information for their respective segments. We also strongly encourage contributions from our readers willing to submit articles, including letters and comments on pertinent issues.

All these information and news are expected to be made available by the end of the third week of the month. This is however subject to change, with the assumption that some important news may come up within the last week which may need to be included in the paper.

### **Step 2**

All information/news gathered are received at our office compiled on a computer, sorted, and proof read by the editor. He decides which news should be published and what should be where.

The graphic designer and columnist then design the setting of the newspaper- font, columns, arrangement of pictures and so on which must be approved by the chief editor.

### **Step 3**

At this point a softcopy of the newspaper is given to the private printing press where dummy copy is printed for corrections and further proof work to be done if necessary.

Then actual production quantity is printed using pure white papers(bond), collated, parcelled and transported to our office a day before the month ends.

#### **2.2.1 Raw Materials**

Information, news, photos from reporters, consultants and recorded voice on tape

#### **2.2.2 Costs**

Fuel costs

Communication cost

Salaries of reporters

Respondent's commission

Wages of columnist and page designers

Consultancy fees

Printing cost

#### **2.3 Distribution Strategy**

We are going to use popular oriented stores and businesses like super markets(Ababio, Poku trading , Silver crest, A. Life) filling stations as part of our distribution strategy and it shall be distributed to the various vendors in the city early in the morning of the first day of the month.

The easiest is through subscription.

## **2.4 SALES TECHNIQUES AND INCENTIVES FOR INTERMEDIARIES**

### **2.4.1 Sales Techniques**

Each copy of the newspaper shall be sold for GH 1.00. At the end of every three weeks, the sales force shall go to the vendors for necessary accounts and collection of revenue. From their sales, their commission will be calculated (20% of selling price) and given to them. The life span of each publication shall be one month. This means after one month, any unsold stock of newspapers shall continue to be on the market because most of the stories in the newspaper would not be dead after a month.

### **2.4.2 Incentives for intermediaries**

Vendors shall be given a 10% margin on the selling price for each copy of newspaper sold. As time goes on we shall give incentives or awards to vendors based on how much they have been able to sell based on the size of their sales.

### **2.4.3 Test Market Results**

We shall sample the target market, test it and analyse results before actual production using:

1. Focus groups- We are using focus groups because we would want to have detailed responds, assessment, criticism, ideas and recommendations about the publications.
2. Interviews- we shall also conduct a personal interview to ask people questions relating to the paper.



### **3.0 DESCRIPTION OF MANAGEMENT TEAM**

It is the aim of the company to employ management and staff members who are qualified and experienced to help attain business goals and objectives.

#### **3.1 Key Managers and Employees**

##### **Key Managers:**

##### **Ralph Tamakloe**

**Position:** General Manager

Qualification: Degree holder in Business Administration, Marketing Option and Diploma holder in Human Resource and Financial Administration.

He has two years working experience as Marketing Manager of Boss FM

##### **Job Description**

- i. Recruiting and training employees
- ii. Oversee the work of the editor, accountant, marketing manager to ensure that they are in line with set objectives.
- iii. Be the bridge between board of directors and other employees of the company.

##### **Nana kwasi Sarpong**

**Position:** Editor and Proof Reader

Qualification: A degree holder in Bs Communication Studies with one year working experience as Sub Editor of Daily Guide newspaper.

## **Job Description**

- i. Sort all news reports and determine which ones should be included in the edition for a particular month.
- ii. Proof- read selected news and articles to ensure that they are credible and free of grammatical errors.
- iii. He shall approve the work of graphic designer and columnist before publication
- iv. He shall check dummy copies printed by the printing press to ensure that it is expected and changes made if necessary.

**Mr, Kwame Addai Kyere**

**Position: Marketing Manager**

**Qualification:** Higher National Diploma holder with 3 years working experiences assistant marketing manager of business world magazine.

## **Job Description**

- i. Introduction of our publication
- ii. Test the market and undertake surveys to find out responses from readers to or publication.
- iii. Formulate active strategies for winning majority share of the market
- iv. Recommending changes in business strategies that will result in improved content of the publication based on responses from the market.

### **Other Personnel**

- i. Circulation Officers/Sales force
- ii. Accountant
- iii. Reporters

### **Future Additions to Management Team**

- i. Proof reader
- ii. Production manager
- iii. Adverts manager
- iv. Internal auditor
- v. Human resources manager

### **Other Additions**

- i. Graphic designer
- ii. Page designer/ columnist
- iii. Secretaries to managers

## **3.2 Board of Directors**

### **Mr. Victor Asumin**

Ashanti Regional Manager

Daily Guide, Kumasi

### **Barrister Yaw Nsiah**

Lawyer, Kumasi

**Mrs. Hagar Nuamah**

Regional Manager, Zenith Bank

Kumasi

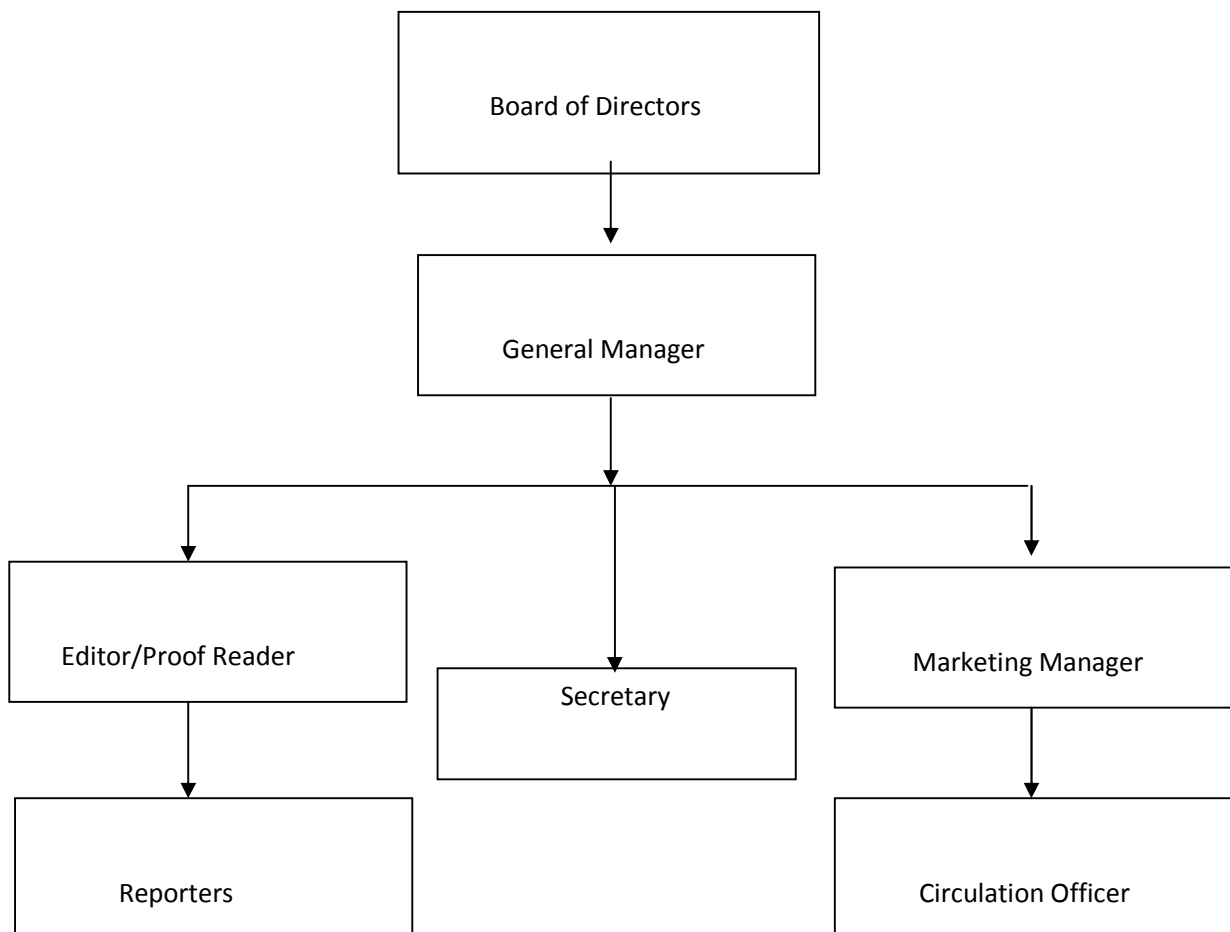
### 3.3 Plan of Operations

**Form of Ownership:** A Private Limited Liability Company

**Reasoning:** This form of ownership is to make it simple and easier to allow other people to buy shares to increase the capital base of the company for expansion purposes.

It is also to help us retain sufficient profit before giving some out to owners as dividend

### 3.4 ORGANISATIONAL CHART



### **3.5 Decision Making Authority**

The highest decision making authority shall be the Board of Directors. They shall decide on all critical challenges faced by the company and approve important decision made by the General Manager and other management personnel.

The General Manager shall be the next in the chain of command, taking decisions in the management level and ensuring that important and delicate decisions and situation are brought before the Board of Directors for final decisions and approval.

Other management members shall take decisions in relation to their various functions and shall report to the General Manager.

### **3.6 Compensations and Benefit Packages**

There shall be fixed pay for employees and a variable pay for respondents based on how much news they report, how true it is and how much they personally work There shall also be end of year bonuses for employees at the end of the year.

There shall also be transportation and communication allowances, training and seminars to upgrade the skills of employees.

## **4.0 PESTEL ANALYSIS**

### **4.1.1 Political Environment**

Political factors that can affect our business include political stability, international trade regulations, tax policies and competitive regulations among others.

Two government bodies have been tasked to regulate the activities of the media; National Media Commission, responsible for regulating content of news and handling complaints from the public in relation to news and the National Communications Authority in charge of licensing. Currently, the political environment is favourable for our business because there is government support for the media and it has also liberalized the environment to encourage the set-up of more private businesses. Adding to political stability being enjoyed, free trade has made it possible to import cheap newsprint from china.

### **4.1.2 Economic Environment**

Currently economic factors that influence market operations are:

Prime Rate                      12.5%

Base rate                         20.50%

Average bank rate             23%

Inflation rate                  12.5%

#### **Exchange rate**

\$ 1.00                :            GH¢ 1.647

€ 1.00                :            GH¢ 2.212

£ 1.00                :            GH¢ 2.567

Minimum wage                 GH¢ 3.11

The Ghanaian economy in general is growing and there are expectations of higher economic growth resulting from the discovery of oil in the country. We intend to monitor these factors from time to time since they have effects on the purchasing powers of readers and on our operations.

#### **4.1.3 Socio Cultural Environment**

These factors include income distribution, demographics, population growth rates, age distribution, lifestyle, health consciousness. Ghanaians have become more quality and health conscious and interested in fashionable products and these indicates that people will demand products that satisfy them in this wise.

#### **4.1.4 Environmental Factors**

Environmental factors that can affect our business are fire outbreak and flood; due to this we will employ comprehensive insurance against such disasters.

#### **4.1.5 Legal Environment**

Reporters by law are expected to comply with ethical principles and legal requirement in journalism. These include issues relating to libel, plagiarism, invasion of privacy, indecency, copyright and defamation. Noncompliance to these can have dire effects on the success of the business. We shall therefore ensure that reporters and the editor understand and apply these rules where and when necessary.

## 4.2 Competitors Analysis

Our main competitor identified for our publication is:

**Canoe magazine-** it is a magazine published by **Rock Publications**, based in Accra. They gather news information that is of concern to students and few of the working class. it has 70 pages and sold for GH¢5.00

Other competing publications are The Mirror, Graphic showbiz, Agoo magazine which are more geared towards the general public and general entertainment news.

**Content-** content of news in publication of competitor is geared towards general news of concern or interest to students and few working class and ours is more geared towardsGhanaians such as diplomats, business people, teachers, researchers, blue collar workers, students, tourist etc. Including non-Africans who are interested in well thought out ethnic oriented issues and relevant advertisers for quality service and products.

**Company Reputation-**The Canoe magazine has been in publication for four years and because it has been in publication for long it has gained some reputation in the minds of its readers. Kanik is a new business, also at the start-up stage and yet to come out with our publication. This means that until we start actual publication we cannot be very certain about our public reputation.

**Price-** The price for Canoe magazine is GH¢5.00 a copy. These high price can be attributed to the fact that the publication is a magazine and as such more costly to print than ours which is a newspaper.



**Location-**The Company is located in Accra, the capital city of Ghana which is more densely populated, has more literates than Kumasi. This gives them advantage over us.

**Appearance-** The publication is print as a magazine and this makes it appear more attractive.

#### **4.2.1 Their Strength:**

They have been in operation for more than a year and so have created some level of market awareness and have acquired some share of the market.

#### **4.2.2 Their Weakness**

The price of the magazine is on the higher side as compared to ours

#### **4.2.3 SWOT Analysis**

##### **Strengths**

- i. Qualified employees with good human relations
- ii. Sufficient time interval to do quality work
- iii. Content and target market unique from competitors

##### **Opportunities**

- i. Guaranteed press freedom
- ii. Media development fund
- iii. Economic improvement resulting from oil discovery
- iv. Cheap cost of bond paper imported from china
- v. Ready markets
- vi. A large portion of target market is yet to be served

## **Weaknesses**

- i. We don't have a printing facility of our own
- ii. Some workers are not permanent members of the company

## **Threats**

- i. Competition from the internet, radio and television
- ii. Threats of new entrants

### **4.2.4 Competitive Strategy**

Apart from the news vendors we will use popular oriented stores, filling stations businesses as part of our distribution strategy.

**Focus strategy-** we shall also focus consumers with disposable income who have the purchasing power and are willing to try new and existing products that are made available to them at their slightest convenience.

### **4.2.5 Potential Competitors**

The Graphic Group Communication Ltd- it is the largest newspaper company in Ghana at the moment, government owned and has been able to gain economies of scale in production.

Already, they are indirect competitors to our product but there is the probability that they may compete against our publication more directly. Other newspaper companies, both private and public are also potential competitors. Printing Companies are also potential competitors as they have access to the technology used in printing. They can mobilize other resources to come out with a publication like ours. Individual entrepreneurs who notice the business to be lucrative are also potential competitors.

## **4.2.6 Impact on Business**

Entry of these potential companies will mean:

- i. More competition for market share and
- ii. More competition for profits.

Kanik Company Ltd shall continually monitor and study these potential competitors as well as existing ones, compare their strategies and performance with ours, continually improve our publication and embark on programs and promotions that keep our readers loyal to us.

## **4.3 Market Segmentation**

### **4.3.1 Complete Demographic Profile**

#### **Age group:**

5% (below 18 years)

50% (18-35 years)

30% (36-45 years)

10% (46-55 years)

5% (over 55 years)

**Sex:** Both Males and Females

**Occupations:** Diplomats, Business people, Teachers, Researchers, Blue collar workers, Students, Tourist, etc.

**Marital Status:** Singles/married

**Ethnic group:** various ethnic groups

**Education:** 100% are educated

### 4.3.2 Target Market

Ghanaians such as diplomats, business people, teachers, researchers, blue collar workers, students, tourist etc. Including non-Africans who are interested in well thought out ethnic oriented issues and relevant advertisers for quality service and products.

It is also going to target all consumers with disposable income who have the purchasing power and are willing to try new and existing products that are made available to them at their slightest convenience.

### 4.3.3 Customers Motivation to Buy

- i. The price of the product
- ii. Benefit/utility to be derived from the product
- iii. Appeal of adverts
- iv. Promotions

## 4.4 Marketing Mix

### 4.4.1 Product features

Banner Headlines

- i. Editorial,
- ii. **Inspirational** messages from pastors, poets corner
- iii. **Speaking of people**-which gives you profile about celebrities and people making it in the country and outside the country.
- iv. **G. News**- This gives you authentic general news about what is going on in the world.

- v. **Women/Men in Focus-** This page gives you thorough information about powerful women and men in the world.
- vi. **Business-** This is where readers will get more business tips
- vii. **Peoples parliament** – is a page where readers will be able to share their views to the public in the form of articles or comments.
- viii. **Weird news:** this page gives you strange news around the world and you cannot get it in any newspaper apart from ours.
- ix. **Fashion-** this page will give our readers tips about fashion and some news about the fashion industry in Ghana and beyond.
- x. **Car preview-** A page where your favourite cars will be previewed
- xi. **Relationship-** Interesting articles and tips about relationship will be enjoyed by our readers. **Entertainment news** (Events, programs and news about the entertainment industry in the country and beyond.
- xii. **Sports-** Our sports page will give information about any sport you could think of being it football, tennis, volley, swimming etc.

#### **4.4.2 Pricing**

We shall use the market penetration pricing method. Most of our competitors are indirect competitors who have expanded over the years and are able to offer to the market at low prices. Product price shall be set considering the prices offered by these competitors and our cost of publication. Based on these factors and our cost projections, the price of the publication shall range between GH¢ 1.00 to GH¢ 1.50

#### **4.4.3 Advertising and Promotion**

Advertising and promotion shall be done via radio adverts, personal selling, stickers, billboards internet (Facebook and a website created solely to inform about the publication and publicise it), and fliers.

#### **4.4.4 Media used**

Selected radio stations are:

- i. Angel FM
- ii. Luv FM
- iii. KFM

#### **4.4.5 Frequency of usage**

For a start, we shall advertise the publication for two months before and after actual publishing and the adverts shall be during major news times, entertainment and sports programs.

#### **4.4.6 Plans for generating publicity**

Our plans for generating extensive publicity is for marketing manager, circulation officers and other personnel of the company to meet the papers target group of people at gatherings and market our publication to them, inciting their interest to buy.

We shall continue using the above mentioned media to advertise. after the first two months of publicity and promotion, we shall conduct a survey to analyse the impact of the promotional strategies (personal introduction and selling, internet and radio adverts and fliers) on people and

evaluate which one has made greater impact, which one of the media we should put more money and effort in to help us achieve our objective of winning more publicity and share of the market.

#### **4.4.7 Location**

#### **4.4.8 Demographic Analysis of Location versus TARGET Customer Profile**

Kanik Company Ltd shall be situated at Adum,

We saw the need to site our office at Adum which is the main business centre in Kumasi and more over it is close to our printers at Asafo. It is an advantage for us because it takes a greater percentage of our market share and a lot of cooperate institution can be reach easily to convince them to advertise in our paper and patronize as well.

## **5.0 FINANCIAL ANALYSIS AND FORECASTS**

### **5.1 Internal Risk Assessment**

#### **1. Damage to asset**

There is the uncertainty of our printers machinery getting physically damaged, or other vital assets getting stolen. When this happens it will mean that our business processes may be slowed down and this in turn will affect our net profit.

#### **2. Legal Liability**

There is also that uncertainty of our journalist not conforming to the rules of journalism. There could also be cases of defamation of character, which will make us legally liable.

#### **3. Worker injury**

Our reporters who travel a lot to gather information and all other workers stands the risk of being engaged in an accident, of which under workers compensation law we will be required to compensate them or it may lead to legal liabilities for injuries caused them.

Also reporters are likely to go through certain ridicules, injuries and molested in their attempt to gather information and such when that happens they will need to be compensated.

#### **4. Employee benefit.**

There may be risk or death of an employee's relative which will be required to make some donations for them.



## **Other types of risk**

Some other types of risk may include the likelihood of our sales vendors not rendering accounts which will have a negative effect on our net profit.

## **Risk Management Methods**

### **1. Loss control**

#### **Increasing precautions**

Concerning the risk of legal liability additional training will be given to our journalist and reporters, this will help them always be conscious of the rules of engagement.

### **2. Loss financing**

#### **Insurance**

The loss financing strategy of insurance will be applied where; we will insure workers against any form of accidents that may occur such as legal liability, workers injury, as well as employee benefit. Below are the details of the insurance company that will handle this measure;

Donewell Insurance Company

P. O. Box 1313 Adum

Kumasi

Location: Aseda House

Telephone: 0322 45644, 032288965

Fax: 0322 678889

[www.donewellinsurancegh.com](http://www.donewellinsurancegh.com)

### **3 Internal risk reductions**

#### **Diversification**

The internal risk reduction method of diversification will be employed where we will invest part of our profits in treasury bills, which will yield interest that can be used to combat any uncertainty.

#### **Other methods**

Also since our business does not have our own printing machinery, in case of damage of our printers' machinery we will arrange with other printers who can help remedy the situation so we can meet the supply date.

## 5.1.1 FINANCIAL FORECAST

### ASSUMPTION UNDERLYING THE PROJECTIONS FOR THE YEAR

#### ENDING MARCH 2015

##### A. Appraisal

Net present value and break-even analysis has been used to appraise the business. Risk factor for net present value calculations is 15%.

##### B. Depreciation

Depreciation shall be charged and apportioned as follows

Assets	Rate	Cost of sale	Admin. Exp.	Selling & dist.
Delivery van	15%	-	-	100%
Air conditioner	15%	15%	85%	-
Furniture and fitting	20%	10%	90%	-
Laptops	15%	65%	35%	-
Cameras	10%	100%	-	-
Desktop comps.& printers	30%	60%	40%	-

##### C. Taxation

By the end of the year, the company would have paid 62% of the projected net profit for the year 2013 and 2014 and 40% for the year 2015 while waiting for actual net profit to be earned.(projected net profit being GH¢ 4,000, GH¢4,000, GH¢5,000 for the years.) Tax rate is 25% of profits.

#### **D. Receivables**

5% of sales shall be unpaid for by the end of the accounting year and as a result 10% of debtors figure shall be vendors' commission unpaid by the end of the period. Out of the debtors figure, 10% shall be provision for doubtful debts.

#### **E. Production, Sales & Returns**

Publication for the first year shall be GH 90,000 copies GH0.30 per copy for printing cost also Publications shall be increase by 20% and 45% and sales by 40% and 65% in the 2014 and 2015 respectively. 2.5% of newspapers published shall be returned by vendors unsold and each copy of returns shall be disposed for GH¢0.05

Based on market prices, each copy of the newspaper shall be sold for GH¢1.00 and vendors' commission on sale shall be 10% margin on selling price.

#### **f. Apportionment of Expenses**

The following cost shall be apportioned as follows:

<b>Production</b>	<b>Cost</b>	<b>Admin. Exp.</b>	<b>Selling &amp; Dist. Exp.</b>
Electricity	60%	40%	-
Telephone bills	50%	50%	-
Repairs & maintenance	50%	20%	30%
Fuel	10%	-	90%
Insurance	63%	26%	11%
Stationery	50%	50%	-

### **g. Salaries**

The company shall employ four reporters to start with and each shall be given a monthly pay of GH¢280. General Manager shall earn GH¢500 a month, GH¢300 for the accountant, GH¢350 for marketing manager and editor and GH¢90 for each of the two circulation officers.

	<b>Salaries</b>	<b>S.S.F Contribution(12.5%)</b>
	<b>GH¢</b>	<b>GH¢</b>
Reporters	13,440	1,680
Editor	4,200	525
Accountant	3,600	450
General Manager	6,000	750
Marketing manager	4,200	525
Circulation officers	2,160	270
	<hr/>	<hr/>
	33,600	4,220
	<hr/>	<hr/>

We assume that salaries shall increase by 10% and 25% respectively in 2014 and 2015

Board of directors shall be given an allowance of GH 2,400 per year

### **H. Wages**

	<b>GH¢</b>
Consultancy fees	1,170
Page designers pay	750
Columnists pay	700
Respondents pay	620

Except respondents commission, wages shall double in the year 2015 and remain constant in the year 2014

## **I. Increase in Expenses for Subsequent Years**

Repairs and maintenance, fuel cost, and bank charges shall remain unchanged in 2014 but shall increase by 100% in 2015.

Electricity, stationery, telephone bill, transport and communication allowances, end of year bonuses shall remain unchanged in 2014 but shall increase by 50% in 2015.

Cost of advertisement shall decrease by GH¢ 1,000 in 2014 but increase by GH¢ 2,000 in 2015.

All other cost shall remain unchanged.

## **J. Rent**

Rent of GH 4,500 has been paid for 3 year ending 30 March 2015.

## **K. income**

We shall invest GH100, 000 in treasure bills which will be 12.5% annually and assume to get GH 30,000 on adverts which will increase by 50% in 2015 but remains the same in 2014.

## 5.2 KANIK NEWSPAPER COMPANY LTD.

### PROJECTED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 YEARS

#### ENDING 30<sup>TH</sup> MARCH

	<u>2013</u>	<u>2014</u>	<u>2015</u>
	GH¢	GH¢	GH¢
Sales	87,750	122,850	202,703
Less cost of sales	(48,089)	(54,803)	(76,136)
Gross profit	39,661	68,047	126,567
Other income	<u>42,700</u>	<u>42,700</u>	<u>57,700</u>
<b>Total income</b>	<b>82,361</b>	<b>110,747</b>	<b>184,267</b>
Less:			
Administrative exp. (18,909)		(19,844)	(24,629)
Selling & dist. cost	<u>(29,387)</u>	<u>(34,716)</u>	<u>(52,424)</u>
Operating profit	34,065	56,187	107,214
Less financial charges	(4,300)	(4,720)	(5,975)
Net profit before tax	29,765	51,467	101,239
Tax (25% of net profit)	<u>(7,441)</u>	<u>(12,867)</u>	<u>(25,310)</u>
Net profit after tax	<b><u>22,324</u></b>	<b><u>38,600</u></b>	<b><u>75,929</u></b>

## 5.3 INVESTMENT APPRAISAL

### NET PRESENT VALUE

	Cash Flow	Discount Factor	NPV (GH)
Year 0	(150,000)	1.00	(150,000)
Year 1	53,788	0.833	44,805
Year 2	101,435	0.694	70,396
Year 3	195,284	0.579	<u>113,06</u>
<b>Net Present Value</b>			<b><u>78,270</u></b>

### BREAK-EVEN ANALYSIS

Total fixed cost	83,340
Total variable cost	42,300
Variable cost/ unit	<u>42,300</u> = GH¢ 0.48
	87,750
Selling price/unit	GH¢ 1.00
Contribution	1.00 – 0.48 =GH¢ 0.52
Break-even (units)	= $\frac{\text{fixed cost}}{\text{Contribution}}$
	= $\frac{83,340}{0.52}$
	= 160,269 Copies



$$\begin{aligned}
\text{Break-even (sales)} &= \text{break-even units} \times \text{selling price} \\
&= 160,269 \text{ copies} \times \text{GH¢ 1} \\
&= \text{GH¢ 160,269}
\end{aligned}$$

$$\begin{aligned}
\text{Break-even period} &= \frac{\text{break-even sales}}{\text{Projected sales for the period}} \times \text{number of month} \\
&= \frac{160,269 \times 24 \text{ Month}}{(87,750 + 122,850)} \\
&= \frac{160,269 \times 24}{210,600} \\
&= 18.26 \\
&= 18 \text{ Months}
\end{aligned}$$

The company shall break even within 18 months (1 year 6 months) of operation.

## 5.4 KANIK NEWSPAPER COMPANY LTD

### PROJECTED CASH FLOW STATEMENT FOR THE 3 YEARS ENDING 30TH MARCH

	<u>2013</u>		<u>2014</u>		<u>2015</u>	
CASH INFLOW	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Start-up capital	150,000					
Sales	83,360		116,705		192,563	
Advert revenue	30,000		30,000		45,000	
Investment income	12,700		12,700		12,700	
Debts paid	-		3,950		5,529	
Disposal of returns	<u>113</u>	276,173	<u>135</u>	163,490	<u>196</u>	255,988
 <b>CASH OUTFLOWS</b>						
Investment		100,000				
Fixed assets		20,390				
Administration expenses		18,909		19,844		24,629
Selling & distribution exp.		29,387		34,716		52,424
Financial charges		4,300		4,720		5,975
Publishing cost		49,399	<u>(222,385)</u>	56,563	<u>(115,843)</u>	79,111 <u>(162,139)</u>
Net cash flow			53,788		47,647	93,849
Net cash flow b/d		<u>-</u>		<u>53,788</u>		<u>101,435</u>
		<u>53,788</u>		<u>101,435</u>		<u>195,284</u>

## 5.5 KANIK NEWSPAPER COMPANY LTD

### PROJECTED BALANCED SHEET AS AT 30TH MARCH

	<u>2013</u>		<u>2014</u>		<u>2015</u>	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Noncurrent assets		116,984		116,984		116,984
<u>Current Assets:</u>						
Debtors	3,950		5,529		9,121	
Cash & bank	53,788		101,435		195,284	
Rent prepaid	<u>3,000</u>	<u>60,738</u>	1,500	<u>108,464</u>		<u>204,405</u>
<b>Total assets</b>		<b><u>177,722</u></b>		<b><u>225,448</u></b>		<b><u>321,389</u></b>
 <u>Equity and Liabilities:</u>						
Equity and surplus						
Shareholders' equity	150,000		150,000		150,000	
Income surplus	22,324		60,924		136,853	
Current liabilities	5,398		14,524		34,536	
<b>Total Equity &amp; Liabilities</b>		<b><u>177,722</u></b>		<b><u>225,448</u></b>		<b><u>321,389</u></b>

