**Ford Engine Plant**



**INTERNATIONAL BUSINESS PLAN EVENT**

Automotive Manufacturing Plant

Ardrey Kell DECA

Ardrey Kell High School

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5. **EXECUTIVE SUMMARY**

For our international business, we plan on opening and operating an automotive engine plant in Hungary. We will be working exclusively with Ford motors and we will help produce car engines for the Ford Focus, Fusion, and Fiesta. We believe that Ford is an ideal business partner due to its international success in foreign markets and due to its growing popularity especially in Europe. We decided to locate our plant in Hungary because of its industrial sector, ideal location, and growing automotive industry. Hungary’s strong industrial sector and rapidly growing car industry provide the perfect location for our manufacturing plant. Also, Hungary is a gateway between Central and Eastern Europe which will allow for Ford to grow even more in these areas. We plan on opening our plant specifically in Gyor, Hungary. Gyor has an established automotive industry with multiple European car plants already located there. Fortunately, there are currently no American car plants located there which will allow Ford to operate in Hungary without worrying about their American competitors. Also, Gyor is conveniently located near several major roadways and railways which will allow for easy transportation of our engines. There are many benefits of operating our engine plant in Hungary. First of all, Hungary has a free market economy which will allow for us to freely operate there without extreme government regulations. Also, Hungary’s government is a huge supporter of international business and they help provide international companies cash subsidies, tax cuts, and other economic benefits in order to increase their levels of foreign direct investment. Hungary is a member nation of the European Union which means that we do not have to pay tariffs to other member nations which will be very cost efficient when shipping our products. Also, Hungary has a very skilled labor force with a 99 percent literacy rate and a very high graduation rate. We will need these skilled workers to help run/operate our plant. We have decided to produce engines for the Focus, Fusion, and Fiesta for multiple reasons. Firstly, all these cars have been growing in popularity internationally, especially the Ford Focus. The Focus is very popular in Europe due to its multiple car options and its high fuel efficiency. Also, all three of these cars use the same engine, which is the Ford Eco-Boost engine. Since all three cars require the same engine it will make production more efficient because we can mass produce our engines instead of specializing on different engines. Our business will be a limited liability corporation. We will have an exclusive contract with Ford which will only allow us to produce their engines; however we will be responsible for running and operating our own factory. Limited liability corporations are very beneficial because we will be able to work along with Ford which will decrease both our financial risks plus since Ford does not own our company we still maintain our business freedoms. We plan on hiring approximately 1000 workers ranging from executive positions to assembly. By the end of our first year of operations we hope to earn 14 million dollars in sales and over 700,000 dollars in profits.

**II. INTRODUCTION**

We are planning on opening a new manufacturing company in Hungary. Our company will focus on manufacturing automobile parts. We hope to partner with the American car company Ford and make an automotive plant in Hungary. We believe Ford would be a great partner due to its worldwide success in the car industry. At our plant we are planning to specifically produce engines for the Ford Fiesta, Focus, and Fusion. Hungary currently has a rising automotive industry. Many European car companies like Audi and Volkswagen have begun producing and manufacturing their cars in Hungary. Also, car sales in Hungary have rose tremendously in the past year. In July, car sales were up 22% compared to July, 2013. Many Hungarian consumers are purchasing American cars despite being a European country. Fords are becoming increasingly popular with Hungarian consumers especially the Ford Focus. With the rise of Hungary’s automotive industry and American car sales, we only find it logical that Ford builds a manufacturing plant in Hungary. Currently, Ford does not have any manufacturing plants in Hungary. In fact, Ford only has three production plants in Eastern Europe. However, one of the plants is located in Russia and it is currently facing major cuts in production and in jobs due to political unrest. So, if Ford would like to maintain and expand its central/eastern European market share they must build a new plant in this region. We believe that the Hungarian city of Gyor would be most suitable to open up a new plant. Gyor is located in the northwestern part of the country between Hungary’s capital Budapest and Vienna, Austria. Gyor has a huge road network and is located right off one of the largest roads in Central Europe. Their large transportation network is convenient for a manufacturing plant and it will make delivering/shipping auto parts very easy and simple. Also, Gyor is an ideal city for Ford’s new plant because Gyor already has a thriving auto industry. Currently Audi and Volkswagen have their plants located in Gyor. This indicates that Gyor has the resources necessary to run automotive plants like land, labor, and capital. However, neither of the existing car manufacturers there are American, so it would be the perfect place to expand Ford’s market share without other American competitors. Gyor is the most thriving city in Hungary, behind Budapest and it is only continuing to grow.

In order to open a new plant in Gyor, Hungary we are going to need lots of information and resources. We have already utilized many internet resources to find out about Hungary’s background and its manufacturing/automotive industries, and we will continue to use these sources to gain a deeper understanding of these topics. Also, we are planning to be using various government resources. We will be working with the Hungarian Investment and Trade Industry in order to successfully buy Hungarian assets and set up our new plant. Also, we will be working with many other government agencies to receive proper licenses, permits, etc. in order to run and operate a business in Hungary.

However, in order to open our Ford plant we will face some challenges. The biggest obstacle that we will face is the language barrier. Although English is becoming more popular, Hungarian is still the predominant language. So, we must have interpreters in order to successfully make business transactions and run our plant. Another obstacle is obtaining construction permits. It can sometimes be difficult to receive a construction permit in Hungary due to it long process. It takes at least 102 days for permits to be approved and businesses must follow a 26 step procedure to receive one. The last obstacle we will face are Hungary’s environmental laws. Hungary is a member of the European Union which means they must follow strict emission guidelines. In order to operate in Hungary we need to invest in technology that will reduce the amount of carbon emissions.

**III. ANALYSIS OF THE INTERNATIONAL BUSINESS SITUATION**

1. **Economic, political and legal analysis of the trading country** 
   1. Describe the trading country’s economic system, economic information important to your proposed business/product/service, the level of foreign investment in that country

Hungary has a free market economy. After the fall of the Soviet Union in 1990, Hungary’s economic system changed from a socialist economy to a capitalistic one. Since 1990 Hungary has focused on privatizing their economy which has attracted international businesses to their country. Hungary’s economic system places high value on the private sector and promotes competition which is ideal for a business. Hungary has a population of 9,919,128 and has 4,387,408 people in their work force. Over 29 percent of Hungary’s labor force works in the industrial sector. Although, Hungary has a relatively high unemployment rate at ten percent, over the past three years Hungary’s labor force has been strengthening and the unemployment rate falling. Hungary’s population is highly educated with 99 percent of their population knowing how to read and 82 percent of adults having at least the equivalent of a high school education. This indicates that Hungry has a highly skilled labor force. The gross domestic product of Hungary is 130.6 billion dollars and the gross domestic product per capita is 19,800 dollars. Hungary has a very low inflation rate at 1.8 percent and only 14 percent of their population lives below the poverty line.

When you combine Hungary’s low inflation rate with its growing industrial sector; our Ford manufacturing plant is in a favorable position to succeed. The current level of unemployment allows us to be somewhat selective in whom we hire; ensuring that a strong employee base will be in place when we open. Also, their high gross domestic product and their relatively low poverty rate illustrates Hungary’s economic success.

Hungary has many natural resources that will benefit our company. In Hungary there is vast supply of bauxite, a mineral used to produce iron. We will be using bauxite because the main material used to create car engines is iron. So, we will mine bauxite in order to create the iron for our engines. Hungary’s environmental laws will affect both our natural and capital resources. As a member of the European Union, Hungary must follow strict emissions guidelines. The Clean Air Protection Regulations limit the amount of harmful greenhouse gases that can be released into the air. Therefore, our plant must have sufficient technology and use relatively clean fuel in order to meet these guidelines.

Working conditions are very good in Hungary. Almost all of their workers are paid a fair wage of about 230,664 forints a month. Workers in the manufacturing/factory sector have a monthly salary of 325,000 forints which is above the national average. The average work week is 40 hours and workers are paid compensation for working overtime. Additionally, employers are not allowed to make an employee work more than 250 hours per month. Hungary’s working conditions are beneficial to Ford because they prevent the exploitation of the workers. The level of foreign direct investment is 112 billion dollars. This indicates that foreign countries have found success starting or expanding their businesses into Hungary. Since we want to expand our Central/Eastern European market it is important for Hungary to have a high level of foreign investment. Hungary has one of the highest levels of foreign direct investment in Eastern Europe. Other Eastern European countries like Ukraine and Romania have very low levels of foreign direct investments, both being under 100 billion dollars. This illustrates how companies prefer to expand in Hungary compared to other Eastern European countries. Hungary’s major industries are mining, motor vehicles, and chemicals. It would be beneficial to locate our Ford plant here due to the already successful automotive industry. Major car companies like Audi and Volkswagen have factories in Hungary.

* 1. Describe the trading country’s governmental structure and stability, how the government controls trade and private business

Hungary has a parliamentary democracy. In their government, Hungarian citizens 18 years or older can vote for members of parliament/the national assembly. Then, the national assembly is responsible for appointing and voting for the Prime Minister and President. Currently, the Prime Minister of Hungary is Viktor Orban and the President is Janos Ader. The dominant party in Hungary is Fidesz which is a conservative group. Both Hungary’s Prime Minister and President belong to this party. Hungary’s government is quite stable. Since the regime change, Hungary’s government has met all their mandates and have not held any interim elections. In addition to the central government, Hungary has nineteen administrative counties that have their own smaller local governments. Hungary’s government has implemented some trade restrictions in order to protect their domestic market. For example, Hungary has a big automotive industry, so their government does not allow the import of spare car parts, unless the parts are a gift, in which there is a sixty percent customs duty on it. Hungary also restricts the import of chemicals and medicines to protect their pharmaceutical industry. Hungary is a member of the European Union which means they do not have to pay tariffs among member nations. This is beneficial because when we export our engines, we do not have to worry about paying expensive import duties in many European countries. Currently Hungary does not have any trade embargos on any country, however they do depend on a select few countries for their imports/exports. Their top three export partners are Germany, Romania, and Slovakia and their top three import partners are Germany, Russia, and China. Both their main import and export is machinery and manufactured goods. Over fifty percent of Hungary’s exports are machinery/manufactured goods which illustrates the strength of Hungary’s manufacturing industry.

Hungary’s government is very supportive of businesses, especially international business. In order to encourage foreign investment, Hungary offers incentives such as cash subsidies, low interest loans, and inexpensive land to international companies. Their main incentive is cash subsidies and they offer subsidies to businesses that can create at least 50-100 new jobs. Many manufacturing companies have already taken advantage of these subsidies. Also, Hungary supports international business by creating agencies designed to help foreign countries move to Hungary. For example, the Hungarian Investment and Trade Agency supports international businesses by giving investment advice, suggesting locations, and organizing site visits for international businesses. Also, they help mediate international businesses with local Hungarian firms. Hungary is an ideal location for Ford due to its pro-business attitude and its cash subsidies

* 1. Describe laws and/or governmental agencies that affect your business/product/service

In Hungary there are many labor laws that will affect our manufacturing plant. One labor law is the minimum wage law that states an employee must be paid at least 71,500 forint a month. Another labor law that affects our business is the contract of work. In Hungary, every employer must supply their employees with a written contract that includes salary, job descriptions, and pertinent employee information. The contract has no set expiration date and it does not affect the firing of employees, only the hiring of them. The Hungarian Labor Code requires that employers provide social security, health insurance, and other pensions to each employee. Finally, Hungary’s vacation time laws will affect our company. In Hungary vacation time is determined by age. Beginner workers are guaranteed 20 working holidays and as an employee gets older they receive more time off. By age 45, employers are required to give at least 30 working holidays to their employees.

**B. Trade area and cultural analysis**

* 1. Geographic and demographic information, important customs and traditions, other pertinent cultural information, competitive advantages and disadvantages of the proposed product and/or service

Hungary’s demographic statistics prove that Ford will benefit from opening a factory there. The median age of Hungary’s population is 41.1 years old which indicates Hungary is a developed nation because developed nations tend to have older populations. For example, extremely developed nations like Japan and the United Kingdom have older populations and less developed nations like Afghanistan and some African countries have extremely young populations with their median age being in the teens. This illustrates that Hungary is a developed nation due to their older population and we should open our new factory in a developed nation. Also the life expectancy in Hungary is very high with the average person living to 75 years old. This will benefit Ford because when we hire employees, we want them to work for us for a very long time and we do not want a high employee turnover rate due to death. Also, Hungary’s population is very educated. Compulsory education is required between ages 6-18 and 82 percent of adults between the ages of 25-64 have earned some type of high school degree.

In Gyor, Hungary the summers are generally warm and humid and the winter cloudy and cold. Although Gyor does receive occasional snow, the average snowfall is less than two inches a year. This is beneficial to our company because we do not have to worry about extreme weather conditions that would shut off production and interrupt the transportation of our engines. Also, the topography of Hungary will benefit Ford because Hungary is primarily flat with some rolling plains. This means that transporting our engines will be easy because there are no mountains or other barriers that will block transportation. Additionally the Gyor-Per Airport will help with transportation as well.

Hungary’s population has many unique traits that will help our company. Hungarians place lots of value on working hard and take pride in their work. Hungarians are very efficient and on average work more than the average European. This is beneficial to our company because we want to produce as many engines as possible and we can do that with the pro-work attitude of Hungarians. Currently, the work force is made up primarily of men which is what we need for our factory. Also, Hungarians stress the importance of punctuality especially in business situations. This is important because we want our workers to be on time and ready to work. Hungary has lots of important cultural traditions and rituals. One unique tradition is name day. In Hungary, parents must name their children off a list of official names. Each official name is associated with a specific day. Name days are a big deal in Hungary and are often celebrated more than birthdays. On someone’s name day people receive gifts and celebrate all day. Other important customs are the celebration of Christmas and Easter because the majority of Hungarians are Christian.

There are many advantages of opening a Ford plant in Gyor, Hungary. One major advantage is that Gyor is located next to several railways and highways. This allows for the shipping of our engines easy and simple. Also, Hungary is part of the European Union which means any nation in the Eurozone will have no trade barriers or tariffs. However, a disadvantage of Gyor is that the automobile company Audi is already located there and has taken some of the eligible workforce away from us. Although Audi is located in Gyor, we shouldn’t have a problem hiring because we require less skilled workers. Audi needs specialized workers to work on their sports car engines, while we only need ordinary workers.

* 1. Market segment analysis target market (age, income level, population estimate, other specific demographic and economic information) customer buying behavior related to the proposed product and or service

Ford assembly factories are spread all over the globe. We will provide a factory in Central Europe that can ship to East/West Europe and has the possibilities to Mediterranean and Middle Eastern countries. This will come at a relatively low cost compared to shipping engines from overseas in America all the way to the Far East. With the cheaper costs of engines the Ford assembly factories will be able to turn a higher profit. We do not have a specific target market because we are targeting Ford itself. Ford is a very large company even in Europe. In 2013, Ford sold over a million cars in Europe alone. With over 60 percent of those Ford cars having a four cylinder engine that our factory will specialize in producing. Ford is very popular in Europe especially the Ford Focus. The Focus is a popular choice because it comes in several versions including a sedan, coup, and a hatchback. Also, the focus has an eco-boost engine, which is a type of four cylinder engine, which makes the car very fuel efficient. Europeans like this because gas is extremely expensive in Europe and they want to save as much money as possible. Europeans helped make the Ford Focus the number one car in the world in 2012.

* 1. Analysis of the potential location—importance and requirements of each trade document required by the U.S.A. and/or Canada and the country of choice

Gyor is a city in Hungary that is known to have strong engineering schools and engineers as well. Back in World War Two many of the Nazi rocket and tank engineers came from Gyor or regions very close to Gyor. It is very close to international railways and highways. This we will use to our advantage. We can produce these engines and in a matter of minutes (depending on the exact location of our factory) we can have the products shipped out and on their way to their destination. Railways are a very cheap way to ship goods, which will lower the cost of the engines for the Ford assembly factories to purchase because the price won’t have to include a huge shipping cost.

**IV. PLANNED OPERATION OF THE PROPOSED BUSINESS/PRODUCT/SERVICE**

1. **Proposed organization**

For our Ford Manufacturing plant we will be using a matrix structure which is a mix between the functional and divisional structures. We will use a functional structure by grouping employees into similar roles and tasks which is exactly what we need for our company. At our plant we will be producing car engines for the Ford Focus, Fiesta, and Fusion. Since our factory is specializing in only producing these parts all our employees will be grouped into similar roles and tasks. Also, we will also be using divisional because our factory will be in charge of producing Ford engines in the specific geographic area of Central Europe.

At our company we will use decentralized decision making. In decentralized decision making many people are in charge of decision making, not just one person. Our factory will have many managers who will be in charge of various different tasks from production, transportation, etc. In production we will have a Plant Operation Manager who will be responsible for the assembly of the engines, a Stamping Business Unit Manager who will be responsible for engineering and stamping the Ford engines with their logos, a Logistics Manager who will be responsible for coming up with production quotas and optimizing production, and finally a Transportation Manager who will be responsible for coordinating the transportation and shipment of our engines. Our managers will be responsible for making decisions in their designated departments. Our Ford plant will be run by an overall general manager who will be in charge of executive decisions and to make sure the factory is running smoothly and under him/her there will be several smaller managers who will be in charge of their specific part of the factory. Our factory will be a contributor to the already successful Ford Company and we will help continue Ford’s growth into Central/Eastern Europe. Like our other factories, our factory in Hungary will be a bureaucratic system where there is a hierarchy of employment. We are planning on expanding into Hungary by using licensing. Our company will receive an exclusive license from Ford to produce their engines. Although Ford doesn’t own our company the only engines we will produce Ford engines. Our ownership model will be a Limited Liability Corporation because we are agreeing on a special written contract that allows us to only produce Ford engines. One advantage of having a Limited Liability Corporation is that business risks decreases with both parties. If our company fails we will share our losses with Ford and we will not be responsible for all the loss. However, we must share profits with Ford as well which means we will receive less profits as a company. For the ownership model, Lucius and I are the principle owners. We own the plant and are responsible for it. In order to finance the plant we must work with the local Hungarian banks to obtain loans. Under Lucius and I is the general manager of the plant. We will be responsible for selecting the general manager and will have the right to fire him/her. After that, the general manager will be responsible for hiring the additional managers and other employees.

Start Up Steps

1. First we will have to search for possible places in Europe that will allow for Ford to expand their Central/European market

2. Once we pick our location (Gyor, Hungary) we will have to find a place in Gyor that is suitable for opening/running a factory.

3. We must obtain permission from the Hungarian bar to operate our business

4. After receiving permission we must obtain the proper business license which can take up to several months.

5. After getting our license, we will start building our plant.

6. During the construction process we will start looking for managers to run the plant and basic employees to manufacture the engines.

Our plant will have approximately 1000 employees ranging from upper management to hourly employees. Our general manager will be in charge of making executive decisions and working directly with Ford. Under the general manager will be our regular managers that will be in charge of a specific part of the production/transportation of the engines. Under the managers there will be team leaders who will be in charge of 20-50 workers and make sure they are on task and working. Finally under the team leaders there will be the regular hourly employees responsible for producing the engines, running the machines, and transporting the engines. Additionally we will have a human resource department of about 20 employees that will be primarily responsible for employee salaries. We are expecting to pay our manufacturing workers a base salary of 146,000 Hungarian forints monthly. We believe this is a fair wage and it is the average wage that a manufacture worker makes in Hungary. From there, the wages will increase depending on your seniority. Most of our employees will work Monday-Friday on 8 hour shifts with a total of 40 hours a week. Employees will be given 2 fifteen minute breaks a day plus a 45 minute lunch break.

1. **Proposed product/service**
   1. Details of the product(s)/service(s) to be offered; include potential suppliers, manufacturing plans, inventory policies, if applicable. If the business is a service business, appropriate information about plans to provide the service, including necessary supplies

Our business will be a manufacturing plant that works exclusively with Ford in order to produce their engines. We hope that our company will achieve our mission statement which is “Expanding Ford’s products into Central and Eastern Europe by manufacturing Ford’s high quality engines in an efficient manner”. Our product mix includes the four cylinder engines for the Ford Focus, Fusion, and Fiesta. We chose to manufacture these engines because Ford is starting to become very popular in Europe, especially the Ford Focus. Once our engines are produced they will be transported to assembly plants where the finished car will be made. In order to adapt to the European market, we will be making our engines more fuel efficient because gasoline prices are extremely expensive in Europe, so Europeans want fuel efficient cars in order to save money.

In order to start our business, we must have some suppliers that will help give us the tools and the materials necessary in order to run a successful manufacturing plant. First, we will need the appropriate machinery to produce the engines. We are planning to get this machinery from the Swiss company ABB. ABB is a renowned for their industrial machinery and they are known for their work in automotive machinery. In order to get these machines/machine parts they must be shipped from Switzerland. Although Switzerland is not a member of the European Union, they do have a free trade agreement with the union allowing for barrier free trade among member nations. This should make the importing the machines much easier and simpler. In addition to machines we must obtain some local resources like bauxite in order to produce steel for the engines and electricity in order to power the plant. We will obtain these supplies from the local Hungarian providers.

* 1. How the product/supplies will be transported to/from the home country; costs, benefits, risks of the transportation method; documents needed to transport the product/supplies

Our manufacturing plant will be located in Gyor, Hungary and will build Ford specific engines in Hungary. Once manufactured, we will then send them to plants in neighboring countries for assembly. Once we produce the engine we plan on transporting them mainly through railways and roads. In Europe, transportation by rail is very popular and there are lots of tracks available in Central/Eastern Europe where we want to send our engines. Also, Gyor is located next to several major highway systems which will make transportation by road convenient. When transporting by road we plan on using eighteen wheelers in order to deliver our product. We will be sending our engines to a Ford assembly plant in Cologne, Germany and an assembly plant in St. Petersburg, Russia. We are sending our engines to these plants because Germany offers the perfect gateway into central Europe and Russia to eastern. We hope that our manufacturing plant will help Ford expand more into these markets.

**C. Proposed strategies**

* 1. Proposed pricing policies, what currency will be used, costs, markups, markdowns, relation to competition, factors that could affect the price of the product

Our pricing objective is simply to find the perfect price to make a good percent of profit but also have a very competitive price so we can gain lots of market share. The manufacturing plant will be using high profit pricing strategy. The plant is only manufacturing 4 cylinder engines so we can have a lower cost of production and have a specialization of labor leading for more room for profit. The currency we will be using is the Euro since our plant will be in the European Union. We will only be selling to assembly plants in the Euro Zone so we will not need to exchange currencies. Our price compared to our competition will be much lower then what they can offer. Most manufacturing plants produce multiple types of engines and have to pay for production costs and cannot mass manufacture engines year around because they have to change the assembly process to produce the different types of engines. The demand for the engines is at a very high number. With the market in Europe for American cars with 4 cylinder engine growing at 2-5% a year for past 4 years there is huge opportunity to capitalize on the new demand for these American cars. We will have to factor in the cost of transportation and insurance on these products. Luckily engines that are made of metal don’t have to be handled with lots of care so the cost of shipping them on a train would be relatively low. We plan on taking full advantage of the vast network of trains in Europe. It is more cost efficient to ship our engines through the railways because we can fit more engines on a train than on a standard truck. Also, trains are more fuel efficient than trucks which will also save money. Although we plan on shipping the majority of our engines by trains, some will still be transported through the roadways. We will set our price around 90-100% higher than the cost and expenses of the engine. Also, due to Hungary’s 19% tax rate on corporations we must mark up the product in order to make a decent profit. The gas powered 2.0L Turbo Ecoboost will be sold for around $5,500 to $6,000 and the diesel equivalent (diesel is big in Europe) will be sold for around $6,800 to $7,000.

* 1. Proposed promotional program, promotional activity(ies), media availability, costs, one-year promotional plan outline

The objective for our promotional plan will be to show why and how the Ford engine is a far better investment of money for a car engine then the European ones. The main weapon we will use to conquer the enemy in trade shows. Trade shows in foreign countries allow for a head on head comparison of the physical product. You are able to see the benefits of the car compared to others that are only a few feet away civilians. We will just have to sell to the assembly plants which will be easy if we can simply produce the same product for less cost. A very sneaky and strategic promotional activity that car companies use is driving around and using high end models of the cars. As a kid you always remember seeing these really nice cars driving around of just parked somewhere. This grabs the kids or adults imagination and keeps the car company in their head. They want to learn more about it and start doing research and then they are hooked. Also it’s popular on social media to post photos next to very nice cars. This we will use to our advantage by keep the brand not too far away from the everyday life of the people and pretty much brain washing them through social media. For our sales promotion we will make a customer loyalty program. After a certain amount of engines contracted out to the assembly plant the price per unit will decrease. This will promote a high volume of purchases leading to benefiting both companies. A news release will be the publicity we will have to use. We will release the information to the very eco-friendly population of Europe of the great KPL (kilometer per liter) of the Ford Ecoboost engines. This will be very big selling point to the people of Europe since they care a lot about the environment. Ford is already a big sponsor of many soccer teams and other sports teams around Europe. So the sponsorships will and already have been taken care of. Finally we will hire a Ford representative to go around Hungary and other local places in Central/Eastern Europe where he/she will provide information about the Ford brand and encourage people to buy Ford.

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| **Promotion** | **Timeline** |
| Customer Loyalty Program | January-March 2016 |
| Press Release | April 2016 |
| Ford Representative | May-December 2016 |

1. **PLANNED FINANCING**
2. Projected income statements for first year’s operation (sales, expenses, profit/loss)

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| http://ts1.mm.bing.net/th?&id=HN.608021791631017627&w=300&h=300&c=0&pid=1.9&rs=0&p=0 | Ford Engine Plant:  For the Year Ending December 31, 2016 | | | | |
|  | Year | Quarter 1  25.5% | Quarter 2  24.7% | Quarter 3  25.8% | Quarter 4  24% |
| Sales | $14,524,300 | $3,703,600 | $3,587,600 | $3,741,100 | $3,492,000 |
| Costs/Goods Sold | $6,358,100 | $1,676,775 | $1,580,375 | $1,603,475 | $1,497,475 |
| Gross Profit | $8,166,200 | $2,026,825 | $2,007,225 | $2,137,625 | $1,994,525 |
| Expenses |  |  |  |  |  |
| Utilities | $195,000 | $47,000 | $48,100 | $47,050 | $52,850 |
| Rent: | $350,000 |  |  |  |  |
| Salaries | $6,428,000 | $1,607,000 | $1,607,000 | $1,607,000 | 1,607,000 |
| Promotion | $150,000 |  |  |  |  |
| Legal | $100,000 |  |  |  |  |
| Credit Card Fees | $80,000 |  |  |  |  |
| Loans | $125,000 |  |  |  |  |
| Total Expenses | $7,428,000 |  |  |  |  |
|  |  |  |  |  |  |
| Net Profit | $738,200 |  |  |  |  |

1. Projected balance sheet for the end of the first year

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| --- | --- |
| http://ts1.mm.bing.net/th?&id=HN.608021791631017627&w=300&h=300&c=0&pid=1.9&rs=0&p=0 | Ford Engine Plant: Balance Sheet December, 2016 |
| Yearly: |  |
| Assets |  |
| Long Term Investments | $2,577,900 |
| Cash and Equivalents | $1,446,800 |
| Accounts Recievable | $2,981,200 |
| Invetory | $770,800 |
| Other Long Term Assets | $1,346,800 |
| Misc. Assets | $11,094,400 |
| Total Assets | $20,217,900 |
|  |  |
| Liabilities |  |
| Accounts Payable | $1,860,700 |
| Accured Expenses | $268,200 |
| Notes Payable | $1,555,600 |
| Capital Leases | $2,250,700 |
| Other Current Liabilities | $281,700 |
| Total Debt | $11,468,800 |
| Misc. Liabilties | $21,000 |
| Total Liabilities | $17,706,700 |
|  |  |
| Total Equity | $2,511,200 |

1. A brief narrative description of the planned growth of the proposed business, including financial resources, needs and a brief three-year plan projection

In our first year of operation our projected sales is $14,524,300 and a projected profit of $738,200. The average price of our engines is $6,250 which means we will sell approximately 2,330 engines in our first year of operations. It is predicted that it will cost about $6,358,100 to produce the engines yearly. Also, we will have an additional $7,428,000 in expenses that will cover employee salaries, rent payment, utility bills, and more. After three years our total expenses will be $22,525,000 and we will have accumulated $2,791,700.

|  |  |  |  |
| --- | --- | --- | --- |
| Ford Engine Plant: Three Year Plan | | | |
|  | Year 1 | Year 2 | Year 3 |
| Sales | $14,524,300 | $14,920,600 | $15,130,400 |
| Costs of Goods Sold | $6,358,100 | $6,401,300 | $6,499,000 |
| Gross Profit | $8,166,200 | $8,519,300 | $8,631,400 |
| Expenses | $7,428,000 | $7,495,000 | $7,602,000 |
| Net Profit | $738,000 | $1,024,300 | $1,029,400 |