



INTERNATIONAL OPERATIONS PLAN DEVELOPMENT

14 / 08 /2024

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Executive Summary:

In this section, the report will provide a summary for the whole report. First and foremost, the report provides the basic background for Egypt, including geography, market analysis, and transport system. Egypt's geography can be separated into two parts north and south parts among the Cairo city is located in the triangular Nile River Delta. This fertile land is completely covered with farms as well as the main customer location. The ice cream market in Egypt has been forecasted to keep growing. However, there still have several visible challenges for Cream Andes such as the rising price of fuel resulting in higher transport costs and challenges in importing the raw materials for the production of ice cream. It is evident that the public transport system has a positive growth in the following years. It helps Cream Andes better to develop the distribution in Egypt.

Meanwhile, the report also offers recommendations and possible outcomes for Cream Andes to develop the ice cream business based on the recommendations in Egypt.

For customer service, the report suggests in the distribution stage the product needs to be placed in the freezer to protect the product quality for the customer to receive a favourable reputation. In the order stage, it is suggested that order the products in a week or the stock below 50%. With the rapid supply, the product in the warehouse is able to increase efficiency as well as profits.

In the location decision stage, the decision is based on the customer location and the product distribution in order to offer lower transport costs and higher efficiency distribution. For the warehouse/ DC's types, the report suggests using the cold storage warehouse/DC's due to the cold storage warehouse/DC's can ensure the product is stored at a lower temperature to protect the product quality.

For the package, the report suggests that Cream Andes should use a paper-based container and set up or collaborate with the design department to design the product outfit. In order to receive a strong identity and a favourable reputation from customers. For transportation attribution, it is suggested that the main transport items are truck, train, and airline. Considering the speed of airline, the motility of the truck, and the carrying capacity of the train. The above transport items is able to maximise the efficiency of the distribution plan.

Suggestion:

In this section, the report will indicate the key variables for Egypt's background which involve the geography, market conditions, customer preference and transport system.

First and foremost, Egypt's geography can be separated into two parts north Egypt and south Egypt. According to National Geographic Kids. (n.d.) “Southern Egypt's landscape contains low mountains and desert. Northern Egypt has wide valleys near the Nile and desert to the east and west. North of Cairo, the capital, is the sprawling, triangular Nile River Delta. This fertile land is completely covered with farms.” The Nile River not merely offer the major water service for agriculture but also plays an essential role in the transport system.



(Source from National Geographic Kids)

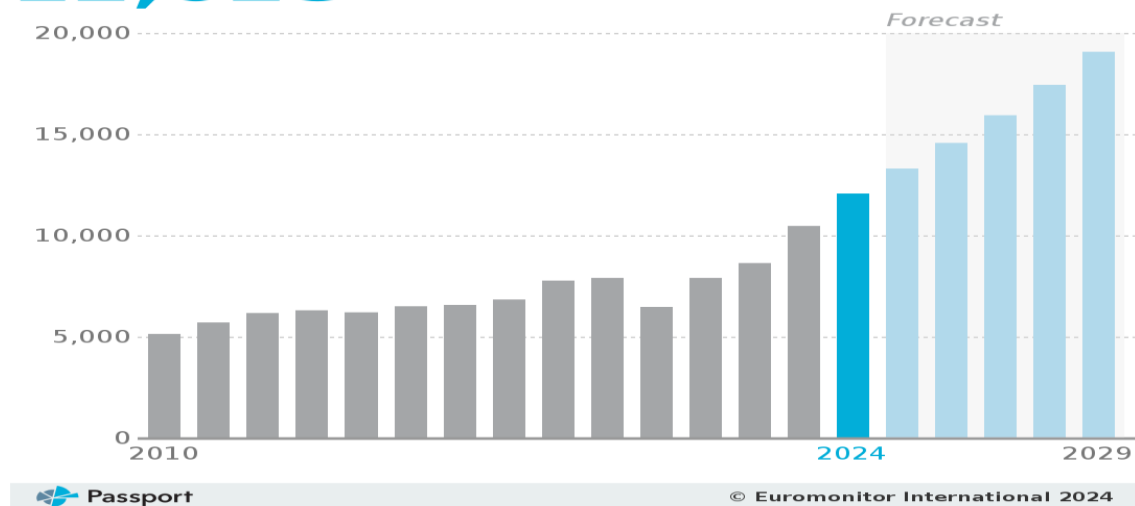
Secondly, the sorbet market demand in Egypt shows stable demand and sales numbers in 2024 and is expected to increase the sales numbers in the following year 2029. However, due to the unstable local currency affecting sorbet production as well as sorbet distribution according to Passport (2024, n.p) “the category has been subject to significant price increases, in the context of multiple currency devaluations of the local currency, the Egyptian pound. As a result of these devaluations, both large and small players experienced difficulties in importing raw materials essential for ice cream production, such as milk, flavourings, and stabilisers. At the same time, local ingredients, notably sugar, have experienced supply constraints, which together with a rise in fuel prices which have affected freight costs, have

resulted in higher prices for consumers.”

Sales of Ice Cream in Egypt

Retail Value RSP - EGP million - Current - 2010-2029

12,028

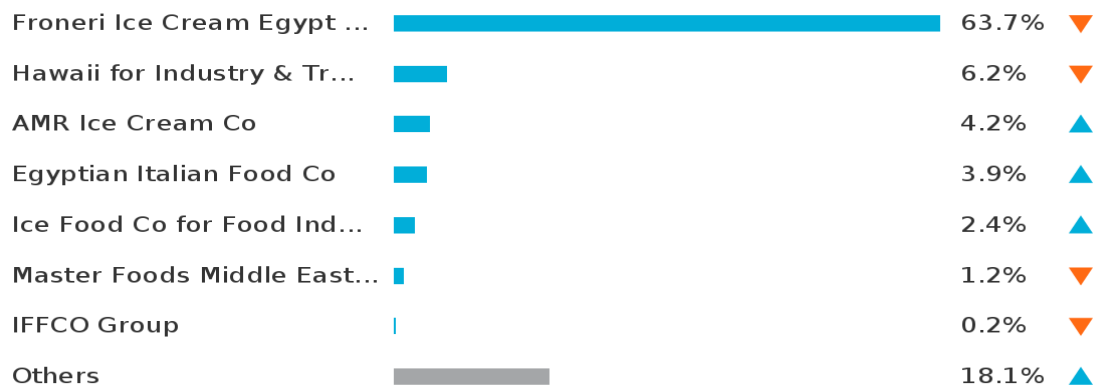


(Source from Passport)

Furthermore, the ice cream industry in Egypt has a huge competitive market. It is believed that developing ice cream with combines traditional Egyptian and Middle Eastern cuisine components can attract massive customers. According to Passport (2024, n.p) “Froneri Ice Cream Egypt SAE, a subsidiary of multinational Nestlé SA, will continue to lead the market of ice cream over the forecast period. The company benefits from a huge product portfolio, which is regularly supplemented with new launches. During the latter part of the review period, the player introduced new offerings inspired by traditional Egyptian and Middle Eastern cuisine, in order to attract new consumers. These included Paradise Basbousa with Keshta Favoured Ice Cream and Mega om Ali Creme Brulee & Mega Brownies layered with Basbousa.”

Company Shares of Ice Cream in Egypt

% Share (NBO) - Retail Value RSP - 2024



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(Source from Passport)

The hot climate, moreover, offers the ice cream industry establish a favourable business environment. With the growing advances in health technology people are pursuing a more healthy lifestyle the health products might play an essential role in the future sorbet market. According to Passport (2024, n.p) “The forecast period is also likely to see the emergence of products with a healthier positioning, such as low-fat, reduced-sugar, or lower calorie offerings, while the use of more natural ingredients, such as fresh fruit, will also become more widespread, Dairy-based products are perceived by local consumers as having a superior nutritional profile than water-based ice cream, and this will support strong growth in demand for single portion dairy ice cream, moving forward.”

Last but not least, the transport system is able to impact the sorbet business development in Egypt. The transport system in Egypt has presented the positive growth according to MarketLine (2023, p8) “The Egyptian transportation services industry group had healthy growth during the historic period between 2017 and 2022. The industry group also achieved a healthy growth rate of 4.2% in 2022, owing to an increase in trade agreements coupled with technological advancements. The industry group is anticipated to grow at a healthy rate over the forecast period.” The transport system in Egypt can be divided into four parts: marine, road, air, and rail. Marine and road transportation are the two primary components that bring

business value to Egypt, largely due to the country's unique geography.

Table 2: Egypt transportation services industry category segmentation: % share, by value, 2017–2022						
Category	2017	2018	2019	2020	2021	2022
Marine	50.7%	50.3%	52.2%	51.3%	51.5%	50.6%
Road	47.9%	48.1%	46.2%	47.3%	46.8%	47.6%
Air	1.2%	1.3%	1.4%	1.2%	1.4%	1.5%
Rail	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
Total	100%	100%	100%	100%	100%	100%
Source: MARKETLINE					MARKETLINE	

Table 3: Egypt transportation services industry category segmentation: \$ million, 2017-2022							
Category	2017	2018	2019	2020	2021	2022	2017-22 CAGR(%)
Marine	5,630.3	5,886.0	6,678.5	6,758.9	7,243.8	7,414.4	5.7%
Road	5,322.0	5,626.8	5,917.2	6,233.4	6,573.5	6,968.3	5.5%
Air	132.5	155.7	173.1	161.7	199.7	218.5	10.5%
Rail	25.2	30.5	34.7	33.5	38.3	41.1	10.3%
Total	11,110	11,699	12,803.5	13,187.5	14,055.3	14,642.3	5.7%
Source: MARKETLINE						MARKETLINE	

(Source from MarketLine)

Recommendation:

Customer service:

In this part, the report will discuss how to meet the logical customer service, In the beginning, based on the case study it is evident that our main customer is luxury hotel in Egypt. In order to provide the higher product quality as well as the better time management. The distribution part plays an essential role in customer service. It is suggested that the Cream Andes need to place the ice cream into the freezer to maintain the product quality during the distribution stages. As a result of that in the following section, the report will provide the justification for the suggested recommendation of why customer service is significant.

Ordering:

In this part, the report will discuss the order timing as well as the order number for ice cream. It is suggested that Cream Andes ought to order 225,000 boxes during the transport stage in order to maximise the profits as well as can better reduce the cost. Secondly, the suggested order timing will be the ice cream stock only have 50%. It is the suggested time for Cream Andes to order the ice cream product from South America, which is able to maximise the profits as well as reduce the cost of the distribution. As a result of that in the following section, the report will provide the justification for the suggested recommendation of order timing and order number.

Finding the Optimal Location:

In this part, the report will discuss where should Cream Andes locate the HQ and main warehouse/DC. It is suggested that the HQ ought to be located in Cairo city which is the capital of Egypt, which is able to reduce the cost and enhance the efficiency for the company to make the decision for any policy. Following by the next the main warehouse and distribution center, considering the main customers are located in Cairo as well as Hurghada. It is suggested that Cream Andes ought to locate the main warehouse near the Cairo as well as Hurghada in order to reach higher supply efficiency. Meanwhile, the distribution center is suggested to be located in near the public transport infrastructure such as a train station or airport. As a result of that in the following section, the report will provide the justification for

the suggested recommendation of suggesting location for locate the HQ and main warehouse/DC.

Types of Warehouses & DC's:

In this part, the report will discuss what types of warehouses as well as distribution centers are best to meet Cream Andes's business requirements. It is suggested that Cream Andes' use the cold storage warehouse/DC's to store the ice cream products. The cold storage warehouse is able to maintain the product quality for the customer. As a result of that in the following section, the report will provide the justification for the suggested recommendation for the different types of warehouses/DC's.

Packaging (Fundamentals)

In this part, the report will discuss where should Cream Andes to develop the packaging for the ice cream product. It is suggested that the Cream Andes use a paper-based container for packaging the ice cream. Meanwhile, it is suggested that Cream Andes ought to collaborate with a design company or set up the design apartment for the design of the outfit of the package. As a result of that in the following section, the report will provide the justification for the suggested recommendation for the packaging process.

Transportation Attributes and Mode Selection:

In this part, the report will discuss the transportation plan, involving the what types of transportation items as well as how many number of them. In the first place, the main transport items are trains, trucks, and airline. The transportation items are based on the product number. For each distribution center needs at least three 40' size of trucks among the Cairo City needs at least five 40' sizes. Following by the next, the airline will be assumed to have one Boeing 747-400 in Egypt to distribute. Last but not least, the train will need to be three m high for distribution. As a result of that in the following section, the report will provide the justification for the suggested recommendation for the transportation plan for Cream Andes.

Justification:

Customer service:

In this section, the report will justify why customer service is significant for Cream Andes. In the above section, it is suggested that Cream Andes ought to place the ice cream into the freezer in order to maintain the product quality when customers receive it. Providing better product quality to the customer is able to establish the long-term business relationship between Cream Andes as well as the customers, which can be explained by the customer behaviour theory “Expectancy theory” According to Vroom (2005) “the theory argues that people have preferences among outcomes or states of nature. Outcomes, which are strongly preferred, are positively valent while those to be avoided have negative valence.”

It is evident that when the customer receives the favourable product quality will expect to receive the favourable product quality next time as well. Therefore, Cream Andes is able to create a long-term business relationship with the luxury hotel in Egypt.

Ordering:

In this section, the report will justify why Cream Andes ought to order that number of ice cream. First and foremost, Cream Andes imports ice cream products from South America to Egypt. The potential customers are 127 and it is suggested that each hotel can receive approximately 8k per year. As a result of that ordering the correct product number for the supply is extremely significant. It is suggested that each hotel needs 17 boxes per week; thus, in order to reduce the cost Cream Andes should import two weeks number of boxes from South America (225,000 boxes) when the stock number is below 50%.

Finding the Optimal Location:

In this section, the report will justify why Cream Andes ought to locate its HQ in Cairo city. In the first place, Cairo city is the capital city in Egypt as well as the most urbanisation city in Egypt. According to Urbanet (n.d.) “The graphic shows the population size of Egypt’s six largest cities in 2015 and 2030, respectively. With over 25 million people in 2030, Cairo is projected to stay the largest city by far.” Furthermore, setting up the warehouse near Cairo city is due to intending to base on Cairo city as the center to develop the distribution system. Since one of the main customers is also located in Cairo city.

Following by the next, the distribution center set up near the public transport infrastructure is able to maximise efficiency as well as reduce the cost. As a result of that it is suggested that locate the HQ and warehouse in Cairo city and locate the distribution center near the public transport infrastructures.

Types of Warehouses & DC's:

In this section, the report will justify why Cream Andes ought to choose the cold storage types of warehouses/DC's. In the beginning, there are a number of different types warehouses/DC's. For instance, smart warehouse, public warehouse, and government warehouse. As a result of that the company can based on their own product or requirements to make the decision about which warehouse/DC's is able to meet the company's requirements. However, according to Cream Andes product, ice cream, in order to keep the product quality the cold storage warehouse/DC's can best meet Cream Andes. Cold Storage warehouse/DC's is able to provide the product with a lower temperature environment to protect product quality. According to ShipCalm. (2022) "A cold storage warehouse is a warehouse used for the storage of temperature-sensitive products. Cold storage warehousing might include an entire building or even a specific portion of a warehouse that can accommodate these goods. Cold storage warehouses have regulated environmental conditions to ensure inventory is safe and no losses are suffered before goods are delivered." As a result of that it is suggested the Cold Storage type of warehouse/DC's is able to meet the Cream Andes situation.

Packaging (Fundamentals)

In this section, the report will justify why Cream Andes ought to choose the paper-based container for packaging the ice cream as well as collaborate with a design company or set up the design apartment for the design of the outfit of the package. In the first place, compared with the plastic-based container, the paper-based container is more sustainable. For instance, the paper-based container can have multi-usage functionality. According to Atlantic Packaging. (2022) "Paper packaging may be reused as wrapping paper, fiberboard, and paper bags, among other things. However, plastic bags are non-biodegradable and extremely harmful to the environment. Enhanced paper bags enable the storage of dry items on shelves, preserving the food and shelving." With using the paper-based container is able to help Cream Andes to acquire a favourable reputation. Furthermore, collaborating with a design

company or set up the design apartment for the design of the outfit of the package can assist the customer in having a favourable impression of the product. Thus, create a favourable business relationship with the customer and increasing the profits. According to Tailor Brands. (n.d.) “A logo is a company’s first introduction to consumers. If designed well, it can pique the interest of the public and invite them to learn more about the company; if not, you’ve just alienated a potential customer base and basically tanked your business.”. As a result, it is suggested that Cream Andes ought to choose a paper-based container for packaging the ice cream as well as collaborate with a design company or set up the design apartment for the design of the outfit of the package.

Transportation Attributes and Mode Selection:

In this section, the report will justify why Cream Andes ought to choose train, airline and trucks as the main transport items. The suggestion is based on the efficiency and transport item capability. The 40' size truck is able to carry 22-23 pallets. Therefore, the truck will be the core transport item in this distribution plan. Due to the truck has higher motility and lower cost of transport. According to Union Pacific. (2023) “Truck can offer cost-effective for shipping freight short distances and extensive market reach, even to remote areas”

Secondly, the road train is able to carry approximately 44 pallets, which is the most. According to World Bank. (2023) “Together, these initiatives will help improve the rail system and move freight on a larger, more reliable network, cutting transit delays. Egyptian rail has already more than quadrupled the amount of freight it moves to approximately 25 million tons annually, up from 4.6 million tons just five years ago.” Therefore, the road train is the main to distribute the product to the one of the majority of customers, namely the Hurghada.

Last but not least, the Boeing 747-400 airline is able to carry approximately 30 pallets, Because the airline can offer a faster time to distribute; thus, the airline’s main distribution is to the far region, namely the Gulf of Aqaba. According to Logistics International. (2023) “Speed and Efficiency: This is particularly useful for long-distance travel, where air transport can significantly reduce travel time compared to other modes of transportation. Cost-Effective: It is also cost-effective for businesses that require quick and efficient transportation of goods.” It is evident that the number of transport items is based on the transport item's main task. For instance, the truck as the core transport item in this distribution plan will need at least three 40' size of trucks among the Cairo City needs at least

five 40' sizes. It is believed that this number of trucks can maximise efficiency as well as help Cream Andes assess higher profits.

Performance Outcomes:

After considering all the recommendations and justification from the previous section. This part of the report will present the outcome based on the suggested recommendations. In the first place, providing the customer with a favourable product quality is able to create a long-term business relationship. For instance, using the freezer to maintain the product quality during the distribution or choosing the cold storage as the main type of warehouse/DC's. According to MCG Quantity Surveyors. (n.d.) "\$900 - \$1,500 per sqm for Larger warehouses or warehouses with an office and amenities."; meanwhile, according to Iseekplant. (n.d.) "the rent of the refrigerated truck normally only needs 500~600 AU per day and some additional cost" It is believed that the cost for cold storage types of warehouse/DC's as well as the refrigerated truck can assist Cream Andes in acquiring the favourable product quality and receive a long-term business relationship with the customers, luxury hotel, in Egypt.

Following by the next, have the perfect timing to order the product and the favourable location for HQ, warehouse, and DC's are able to maximise the efficiency as well as the revenue. It is believed that If Cream Andes follows the suggested order of 225,000 boxes per week by used train, truck, and flight as well as when the stock is below 50%, which can ensure the order life cycle working and efficiency. Moreover, with locating the HQ, warehouse, and DC's in Cairo city is able to embrace the most urbanizing and developing city in Egypt.

Last but not least, with the well design outfit as well as the paper-based package are able to assist Cream Andes in acquiring the favourable reputation. Due to the fact that the well design outfit allow the customer to have the favourable impression on the product and enhance the product identity for Cream Andes. In addition, using the paper-based package is more sustainable than plastic-based container, which is able to help Cream Andes to have the favourable reputation and be list into the global friendly company.

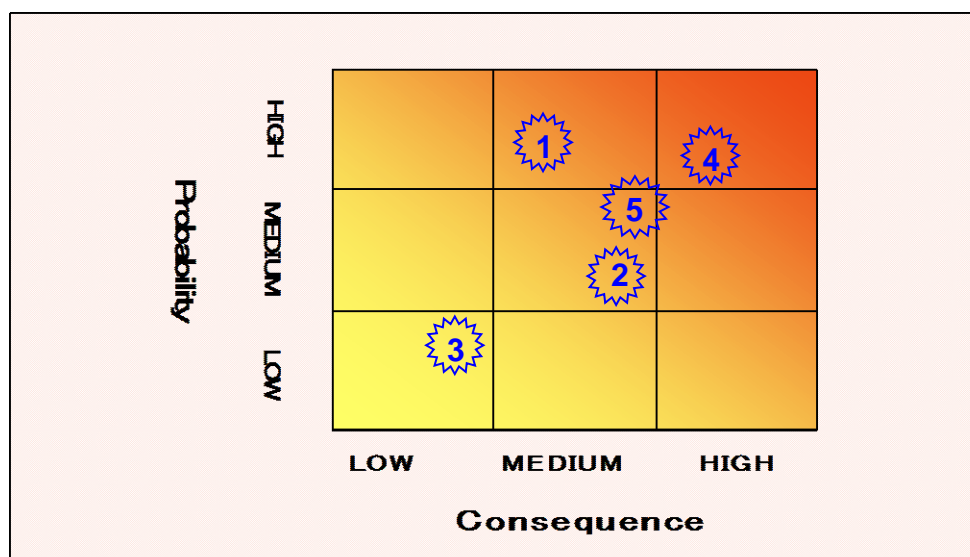
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Appendix A 'Risk Assessment' (RA)

How to complete: research, assess, and describe the Top-5 potential risks for this venture. Then place [drag-and-drop] the numbered stars (labelled 1-5) to the applicable grid-position. That is, locate each star regarding the probability of an event to occur and the level of severity (consequence) for the company should it occur. Finally, describe and recommend how to mitigate each of these risks.



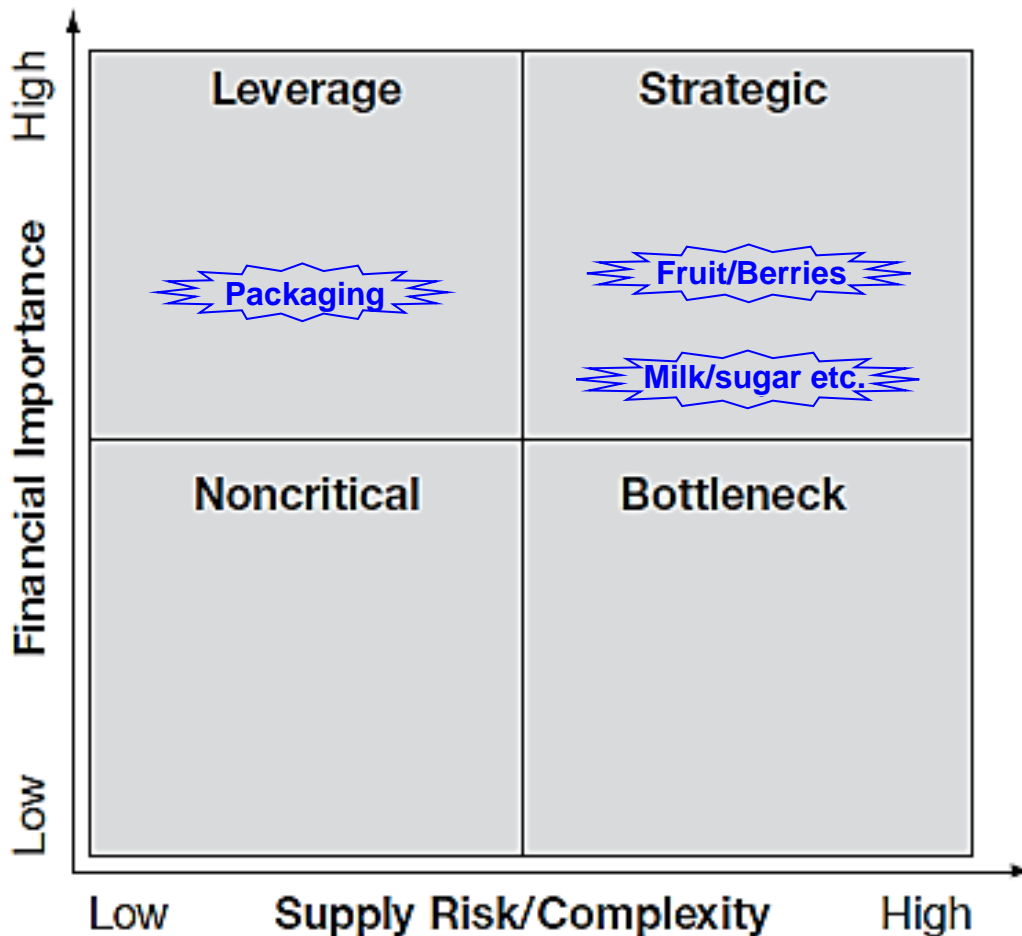
Short-term (ST) = <6 months Medium-term (MT) = 12-24 months Long-term (LT) = >24 months

R. #	Time frame	Risk description:	Recommended Mitigation:
1	(ST)	Weather risk for distribution, unstable weather is possible to result in the company distribution process delay as well as loss of the products during the distribution. According to UNICEF Egypt. (2024) 'Egypt is highly vulnerable to climate change, with projected increases in heat waves, dust storms, storms along the Mediterranean coast and extreme weather events.' The weather risk is a significant risk that the Cream Andes need to consider.	For weather risk, it is suggested that Cream Andes can set up a department focused on forecast and analysis of the weather and present the weather report each week. Meanwhile, Cream Andes is able to increase the distribution options to reduce the weather influence distribution process. With the above suggestions, it is believed that it can maximise reduce the weather risk.
2	(MT)	Crime risk, consideration for the wholly-owned subsidiary in a foreign country, and the safety environment can offer the company a better business environment to develop the product. According to EIU viewpoint (n.d.) "It is evident the crime rate maintain three out of five from 2023 to 2025". The higher crime risk is able to result in Cream Andes considering more variables that will impact the business process. The crime risk is a significant risk that the Cream Andes need to consider.	For crime risk, it is suggested that Cream Andes can enhance employee safety training as well as activity collaboration with the government as well as the local safety infrastructure to protect the business and create a backup plan such as signing the insurance contract. With the above suggestions, it is believed that it can maximise and reduce the crime risk.
3	(LT)	Relationship risk with the collaboration partner, it is possible the collaboration partner might damage the Cream Andes business value such as stealing the product receipt or breaking the contract to influence the revenue. As a result of that the relationship risk is	For relationship risk with the collaboration partner, it is suggested that Cream Andes avoid collaborating with a poor reputation business partner. Meanwhile, Cream Andes can also set up the broken contract complementary measures, avoiding losing massive

		a significant risk that the Cream Andes need to consider.	profits, which is able to maximise reduce the relationship risk.
4	(LT)	Political risk, it is possible the unstable political system is able to cause a huge impact on Cream Andes's business process. For instance, changes in government policy, civil unrest or protest, and the possible percentage of civil war. According to EIU viewpoint (n.d.) "It is evident that the political stability gradually decreases to 4.7 out of 10 from 2023 to 2025". The above factors could cause a huge impact on the Cream Andes business. Thus, the political risk is a significant risk that the Cream Andes need to consider.	For the political risk, it is suggested that the Cream Andes should conduct comprehensive research on the current political system as well as investigate the resident attitude toward the government, which is able to maximise reduce the political risk.
5	(MT)	Economic risk, it is possible that the unstable economic environment is able to result in a significant impact on the Cream Andes business. For instance, inflation, currency devaluation, or changes in interest rates. According to EIU viewpoint (n.d.) "It is evident that the price stability only received a score of 3.37 out of 5 in 2024." The above factors might result in Cream Andes's profits as well as an increase the cost. Thus, the economic risk is a significant risk that the Cream Andes need to consider.	For the economic risk suggestion, it is suggested that the Cream Andes set up an economic department as well as hire an economic specialist to investigate the current economic environment and forecast the economic situation, which is able to maximise reduce the economic risk.

Appendix B 'Tactical Procurement Plan' (TPP)

How to use TPP (i.e., the Kraljic) Model: Once you selected your market entry mode into the host-nation marketplace, decide what properties each of your three core input categories (the fruit/berries; milk/cream/sugar; packaging material) display. For instance, whether packaging have a high/low importance in combination of high/low complexity. Map these input categories into correct quadrant [drag-and-drop] and assess the impact in your logistic plan (report). Place [drag-and-drop] the three input categories below into the model.



In this section, the report will provide a summary for the above figure as well as the decision-making. First and foremost, the fruit/berries have been placed in the strategic part. Due to the Cream Andes main to develop the Tamarillo, Curuba, and Lucuma flavour ice cream. Thus, the fruit/berries become the highest supply risk as well as profit contribution and it is able to result in a huge impact on the business development.

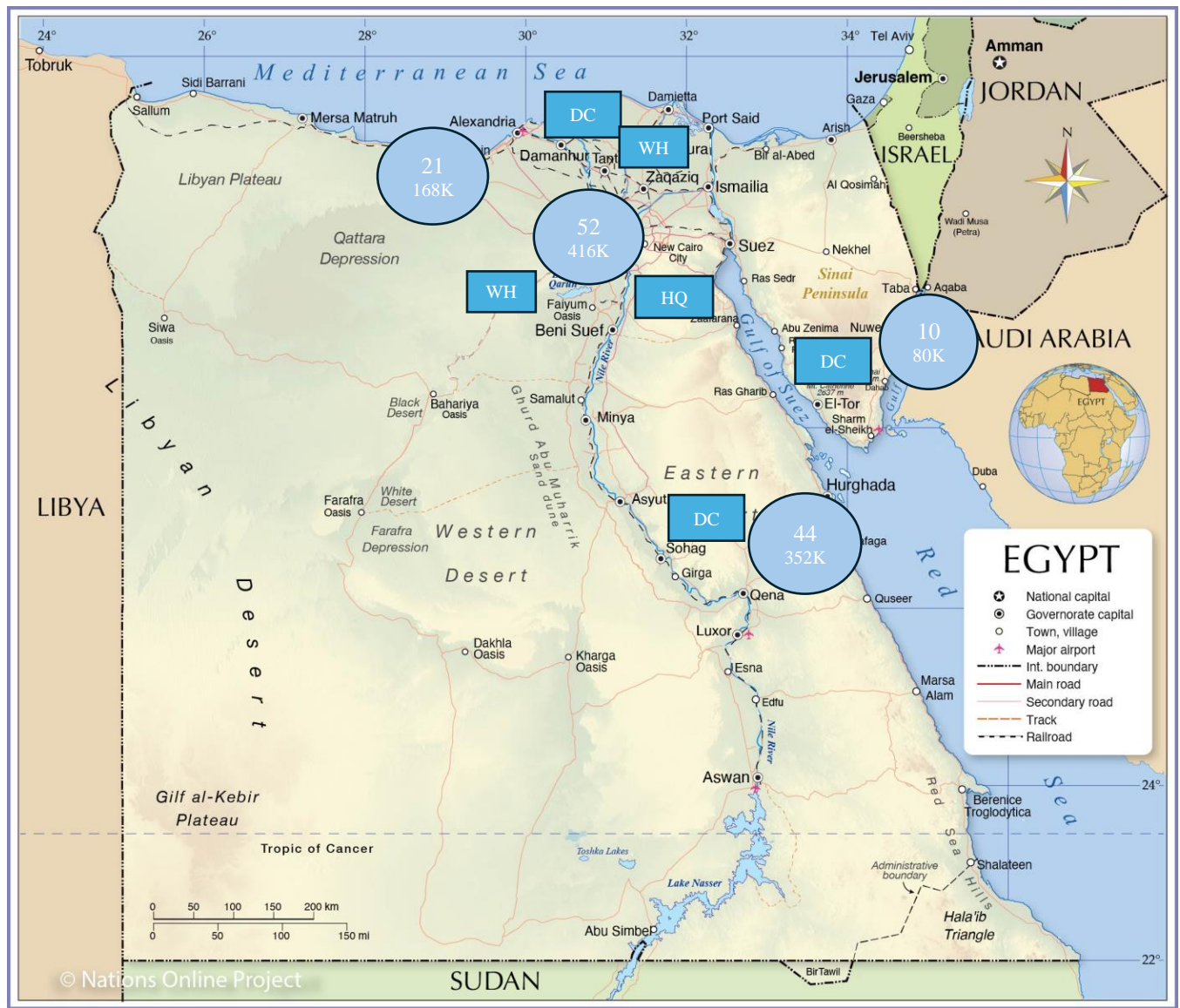
Secondly, the milk/sugar has also been placed in the strategic part. Due to Cream Andes main to develop the product in Egypt. The milk /sugar is the key component to produce the ice cream. According to Passport (2024, n.p) "As a result of these devaluations, both large and small players experienced difficulties in importing raw materials essential for ice cream production, such as milk, flavourings, and stabilisers. At the same time, local ingredients, notably sugar, have experienced supply constraints" Therefore, it is believed that

the milk /sugar is a high supply risk and has a high profit contribution to the business development.

Last but not least, the packaging has been placed in the leverage part. Because the packaging can have a huge impact on a company's reputation as well as product identity. According to Brands. (n.d.) “A logo is a company’s first introduction to consumers. If designed well, it can pique the interest of the public and invite them to learn more about the company; if not, you’ve just alienated a potential customer base and basically tanked your business.” Therefore, the package will have a high profit contribution as well as low supply risk for the business development

Appendix C 'Customer Description and Cluster Locations'

How to complete: Research the number of target customers that exists in the Host (target) market (country). Checkpoint: who are your customers? How many customers do you need to reach your revenue targets? Remember to be specific regarding customer categories. You should only research the specified category. Then, plot them on a map to 'see' where your clusters are. I.e., in which cities/areas/regions do most of your customers (not the end-users) reside? Then measure the distance from your main HQ/Warehouse/Distribution center to each of these customer clusters (i.e., by road (km and time); train, sea, air cargo).



Customer num: Alexandria: 21 ; Hurghada 44; Gulf of Aqaba :10; Cairo : 52 ;sum = 127

Revenue: 8,864,100; customer num 127

Revenue per year:69,796; approx. = 7k per each year

According to Google. (n.d.)

"From Cario:

Alexandria: 218km truck 2hr 30min ;

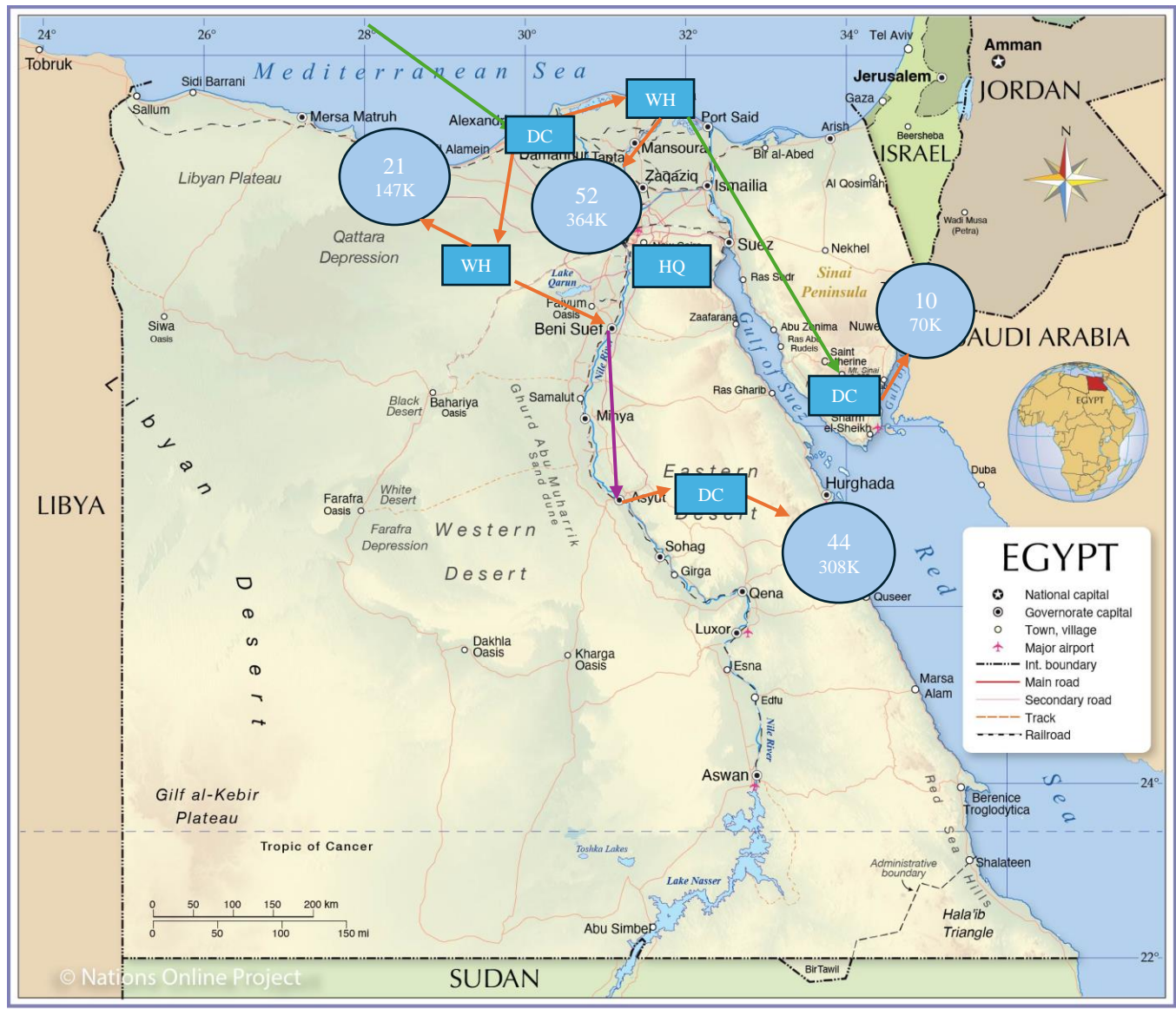
Gulf of Aqaba: 494km flight 1hr 26min then truck;

Hurghada: 463km flight 1hr 30min"

In this part, the report will present the main customer (5* hotels) location map in Egypt. The main customers can be separated into four parts namely, Cario, Alexandria, Gulf of Aqaba, and Hurghada. The Cario as well as the Hurghada account for the major number of customers, 52 and 44. Based on the Excel information, the total revenue is 8,864,100 AU and the total number of customers is 127. It is evident that the revenue per year is approximately 7k. Furthermore, it is suggested that HQ be established in New Cario City due to is the main customer region and it is the center of the customer region. Followed by the next, it is suggested that the Warehouse can be established near in Minya and Cario regions. Because Minya and Cario regions are close to all the main customer regions can easier to keep the products and deliver them. In addition, the distribution plan is based on the Cario to develop.

Cario Distribution Plan		
Alexandria	Gulf of Aqaba	Hurghada
Distribution plan: Receive the products from Alexandria airport and deliver them to (Warehouse) then deliver to Cario .	Distribution plan: Receive the products from Cario (Warehouse) and deliver them to Sharm el-Sharm airport . Then distributed by truck to different hotels.	Distribution plan: Receive the products from Cario (Warehouse) and deliver them to Beni Suef to Asuty train station . Then distributed by truck to different hotels.
Km: 218km Time: 2hr 30min Transport item: truck	Km: 494 km Time: flight (1hr 26min) Transport item: flight/truck	Km: 391 km Time: Train (5 hr 30min) Transport item: Train/truck

Distribution Development Plan



Flight:



Truck:



Train:



Appendix D **'Description of your Value-Chain'**

How to complete: Describe (two-three paragraphs) how you will design/operate each of the primary and secondary value-chain steps/components. That is, how they apply in *this case* (i.e., your operations plan). Cover how you intend to design, operate, and manage each of them. Remember to cover both *capacity* (input and production) and *capability* (output to serve your market). Be specific as they are NOT the same thing.

For example, given your overall business needs (number of customers to service, inventory etc.), what type of warehouses do you need (inventory aspects)? How many warehouses do you need (locations)? What category of warehousing do you need (technical needs)? What type of technologies do you need in each facility?

Use information from the various performance indexes (e.g., the LPI) and describe what type of transportation mix you need to ensure your logistic objectives. Remember that you will always need more than one transportation mode or type.

In summary, your VC needs to meet the business objectives (see Case-Study) and therefore support all your business decisions.

The Cream Andes plans to have an ice cream business in Egypt. As a result, in the following section, the report will provide the supply chain for Cream Andes for the ice cream business.

Operation:
<p>It is evident that Cream Andes decided to establish a wholly-owned subsidiary (WoS) in Egypt. There are a number of benefits to establish a wholly-owned subsidiary in Egypt. According to Multiplier. (n.d.) “All subsidiary businesses in Egypt are treated at par with the other local companies operating in the country. The country connects Africa with the Middle East. Hence, its strategic location makes it ideal for business expansion if you want to serve additional countries. Egyptian LLCs can work according to the country’s laws and reap the benefits of the parent company. Different subsidiaries have either no or minimal share capital requirements to function in Egypt.” It is evident that there are several favourable policies that benefit the foreign company establishing the wholly-owned subsidiary in Egypt, which helps Cream Andes better to develop the operation plan.</p>

Distribution:
<p>Cream Andes needs to decide the transport items for product distribution.</p> <p>It is suggested that Cream Andes ought to use truck, railway, and flight as the main distribution items. Considering the truck, according to Union Pacific. (2023) “Truck can offer cost-effective for shipping freight short distances and extensive market reach, even to remote areas” Considering the railway, with the improving of railway development in Egypt the distribution has become more and more advanced. According to World Bank. (2023) “Together, these initiatives will help improve the rail system and move freight on a larger, more reliable network, cutting transit delays. Egyptian rail has already more than quadrupled the amount of freight it moves to approximately 25 million tons annually, up from 4.6 million tons just five years ago.” Considering the air transport, according to Transportation and Logistics International. (2023) “Speed and Efficiency : This is particularly useful for long-distance travel, where air transport can significantly reduce travel time compared to other modes of transportation. Cost-Effective : It is also cost-effective for businesses that require quick and efficient transportation of goods. Safety: Air travel is one of the safest modes of transportation available today. With stringent safety regulations and advanced technology, the likelihood of accidents or incidents is minimal.”</p>

Sales and marketing:
<p>Packaging plays an essential role in Cream Andes to run the business in Egypt. The favourable package outfits allow customer to receive the more strong identity for the product. According to Tailor Brands. (n.d.) “A logo is a company’s first introduction to consumers. If designed well, it can pique the interest of the public and invite them to learn more about the company; if not, you’ve just alienated a potential customer base and basically tanked your business.” As a result of that the favourable packaging can assist Cream Andes in achieving an outstanding reputation.</p>

Service:

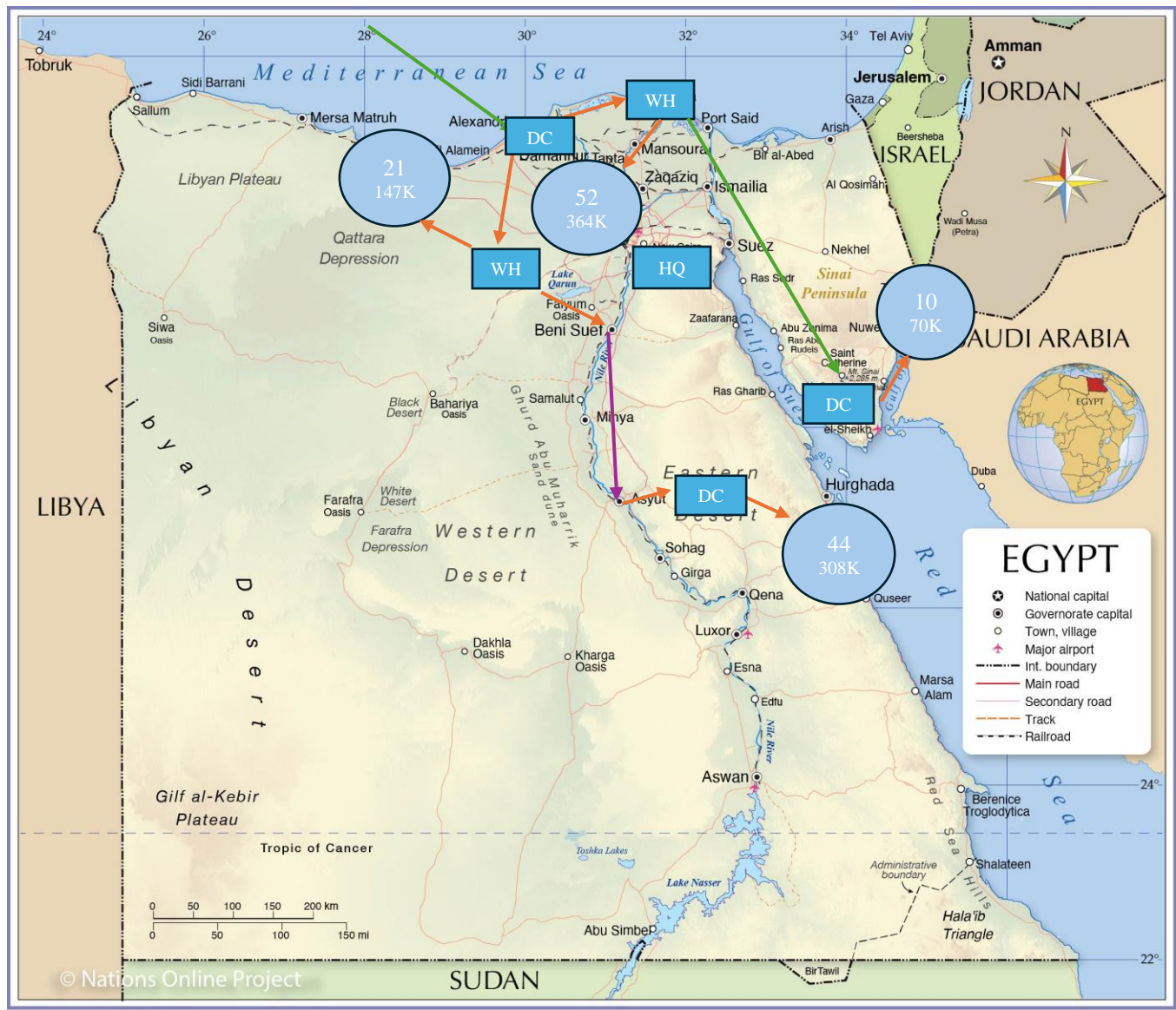
Customer service plays an important role in business in order to provide a favourable product quality to the customer. The warehouse/DC's play an essential role in offering favourable customer service. It is suggested that Cream Andes should use cold storage types to protect the product quality. ShipCalm. (2022) "A cold storage warehouse is a warehouse used for the storage of temperature-sensitive products. Cold storage warehousing might include an entire building or even a specific portion of a warehouse that can accommodate these goods. Cold storage warehouses have regulated environmental conditions to ensure inventory is safe and no losses are suffered before goods are delivered."

Profit Margin:

Cream Andes' target customers are luxury hotels total of 127. According to the Excel sheet, the total revenue is \$8,864,100 it is evident that Cream Andes can receive the \$69,796 approximately 7k in profits from each customer.

In the previous section, the report has created the distribution plan for Cream Andes, such as warehouse/DC's number and types of warehouse/DC's. In the following section, the report will provide the justification for the suggested recommendations.

Distribution Development Plan



Flight:

—

Truck:

—

Railway:

—

Types of warehouse/DC's:

In order to provide the favourable product quality. It is suggested that Cream Andes select the cold storage type as main warehouse/DC's. ShipCalm. (2022) "A cold storage warehouse is a warehouse used for the storage of temperature-sensitive products. Cold storage warehousing might include an entire building or even a specific portion of a warehouse that can accommodate these goods. Cold storage warehouses have regulated environmental conditions to ensure inventory is safe and no losses are suffered before goods are delivered." It is evident that the cold storage warehouse/DC's can protect the product quality and help Cream Andes receive an outstanding reputation.

The number of warehouses:

It is suggested that set up two warehouses near Cario city. Due to the fact that the whole distribution plan is based on Cario city to development. Since one of the major customers is located in Cario city. Cario city has the most comprehensive transportation system including, railway and air transport. Meanwhile, it is believed that Cream Andes uses trucks as the main transport item and can easily distribute the product from the warehouse to customers due to the high flexibility and efficiency. Therefore, it is only suggested to establish two warehouses in Cario city.

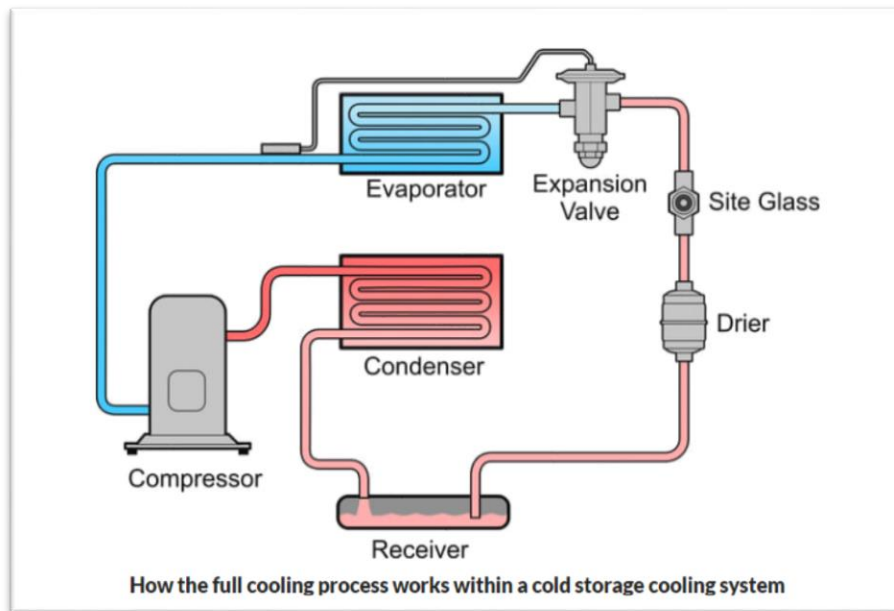
Technical needs:

It is evident that the main technical needs a number of technical items. In the following section, the report will list the key components of the cold storage warehouse.

The Compressor and Coolant: According to Conger. (2024) "The compressor is the main component of a cold room cooling system is like the heart of cold room cooling system and the coolant is like the blood in the cooling system. It does so by raising the coolant pressure and temperature through compression and then pumps the heated refrigerant into the condenser."

The Condenser and Receiver: According to Conger. (2024) "The condenser removes heat from the refrigerant and disperses it into the atmosphere using tubes, fans, and/or water spray. and the receiver stores the high-pressure liquid coolant condensate it gets from the condenser."

The Separator and Evaporator: According to Conger. (2024) “The separator receives and accumulates refrigerant from the receiver. Pumps outside the separator pull the refrigerant into another expansion valve, where the flow rate is adjusted before it enters the evaporator. Then the evaporator is what brings cold air into the space being cooled and causes the temperature to drop.”



Sources from Conger (2024)

Excel Pages

Page 2. Production & Market Entry Calculations

Page 2. Production & Market Entry Calculations					
Task/Category	Calculations	Units	Task/Category	Calculations	Units
Capital requirement:	\$ 5,950,000	\$	Sorbet Sales volume:	450,000	SKU
Cost of capital:	13.75%	%	Weight/ SKU	125	grams
Interest costs:	\$ 818,125	\$ per FY	SKU's / box	4	pcs/box
			Weight / box	0.50	kg
Tax rate:	25%	on EBIT	Total Production (boxes)	112,500	# boxes
			Total Production (weight)	56.25	metric tons
Current Production:	62	metric tons	Load / pallet	125	boxes/pallet
Production Utilization:	55.00%	percentage	Weight / pallet (total)	450.00	kg
Production Capacity:	113	metric tons	Needed # pallets	1,500	# pallets/year
Available Production capacity (surplus):	51	metric tons			
Capacity expanded plant (APAC): x3	338	metric tons/year			
			Average customer freq. Product 1	30%	Tamanillo
Capacity needed in Host market x1	56	Total tons/year	Average customer freq. Product 2	25%	Curuba
Capacity needed in Host markets x2	112	Total tons/year	Average customer freq. Product 3	45%	Lucuma
Capacity needed in Host markets x3	168	Total tons/year	Production volume Product 1	33,750	boxes per annum
Capacity needed in Host markets x4	224	Total tons/year	Production volume Product 2	28,125	boxes per annum
Capacity needed in Host markets x5	280	Total tons/year	Production volume Product 3	50,625	boxes per annum
Capacity needed in Host markets x6	336	Total tons/year	Total Production all products	112,500	boxes per annum
Capacity needed in Host markets x7	392	Total tons/year			
Capacity needed in Host markets x8	448	Total tons/year	Customer demand Product 1	7	boxes per week
Capacity needed in Host markets x9	504	Total tons/year	Customer demand Product 2	4	boxes per week
Capacity needed in Host markets x10	560	Total tons/year	Customer demand Product 3	6	boxes per week
			Total customer demand all Products	17	boxes per week
Tot. cap. needed Home + Host market x1	118	Total tons/year	Delivery needs per Customer	884.0	boxes per annum
Tot. cap. needed Home + Host markets x2	236	Total tons/year	Customers needed for total sales	127.0	# Retailers
Tot. cap. needed Home + Host markets x3	354	Total tons/year	Distribution needs 'The last Km':	2,159.0	boxes per week
Tot. cap. needed Home + Host markets x4	472	Total tons/year			
Tot. cap. needed Home + Host markets x5	590	Total tons/year	Inventory needs / week	2,159	boxes
Tot. cap. needed Home + Host markets x6	708	Total tons/year	Minimum (safety) Inventory	8,636	4 weeks supply
Tot. cap. needed Home + Host markets x7	826	Total tons/year	Inventory Replenishment Point (IRP)	4,318	2 weeks supply
Tot. cap. needed Home + Host markets x8	944	Total tons/year	Total Inventory @ IRP	12,954	boxes
Tot. cap. needed Home + Host markets x9	1,062	Total tons/year	Needed # pallets: Total INV. @ IRP	104	# pallets
Tot. cap. needed Home + Host markets x10	1,180	Total tons/year			
			Other operating costs (admin)	\$ 0.75	cost per SKU

Page 3. Operational Costs & Product Cost Components

Page 3. Operational Costs & Product Cost Components

	TABLE 1	TABLE 2
Mode of Market Entry: WoS	Cost of goods sold (Home Market)	Cost of goods sold (Host Market)
Raw material costs / SKU (fruit)	\$ 0.84	\$ -
Raw material costs / SKU (all other)	\$ -	\$ 1.27
Other direct costs / SKU (Home Market)	\$ 0.29	\$ 0.27
Air Cargo (to Host Market)	\$ -	\$ 1.24
Total COGS / SKU / Location	\$ 1.13	\$ 2.78
Total COGS / SKU:		\$ 391
	TABLE 3	TABLE 4
	Operating Expenses per SKU (Home Market)	Operating Expenses per SKU (Host Market)
Production cost / SKU (labour)	\$ 0.23	\$ 0.92
Overhead costs / SKU	\$ 0.29	\$ 0.35
Marketing costs / SKU	\$ 0.33	\$ 0.76
Storage & Logistic costs / SKU	\$ 0.25	\$ 1.04
a Transport 1 costs / SKU (Raw Material)	\$ 0.17	\$ 0.07
b Transport 2 costs / SKU (FGD by road)	\$ 0.28	\$ 0.71
c Transport 3 costs / SKU (FGD by sea)	\$ 0.54	\$ -
d Transport 4 costs / SKU (Raw Material) by air	\$ 1.87	\$ N/A
e Allocated Operating Expenses (per Location):	\$ 2.29	\$ 3.85
g Total Base Cost/SKU when sold in Host Market		\$ 10.05

NOTES TO ABOVE 'a, b, c, d, e, f and g':

- a Cost from point of sourcing to point of storage/production.
- b Cost for all road transportation in applicable country/boundaries (regardless of distance).
- c Total cost from point of production to 'location of HQ storage' in Host Market (sea).
- d Total cost from point of production to 'location of HQ storage' in Host Market (air).
- e Decide which costs to include here for this entry mode.
- f Decide which costs to include here for this entry mode.
- g This is the total cost per SKU to include/use where applicable (e.g. other spread sheets/boxes).

Page 3b. Human Resources Costs

Page 3b. Human Resources Costs		
		Mode of entry: W&S
HR Needs	Human Resources	
# of needed FTE's		21
Monthly Salary / FTE Bs:	Bs	16,374
Monthly Salary / FTE \$:	\$	3,575
Social Costs %:		25%
Total Monthly Labour Costs (AUD)	\$	98,844
Total Annual Labour Costs (AUD)	\$	1,126,125
Total Monthly Labour Costs (\$BOL)	Bs	429,804
Total Annual Labour Costs (\$BOL)	Bs	5,157,653
FOREX: AUD-BOL		4.58
FOREX: BOL-AUD	\$0.218	

AUD \$1-BOL Bs 4.58 ;BOL Bs1-AUD \$0.218 (fixed rates).

Page 4. Operational Income

Page 4. Operational Income		
		Mode of entry: W&S
Host subsidiary SALES	Host Market Operational outcome	
Total Costs /SKU (from p. 3)	\$	10.05
MU (the applicable) % /SKU		96%
MU (the applicable) \$ /SKU	\$	9.65
Sales price \$ /SKU	\$	19.70
Sales price Bs /SKU	Bs	90.217
Sales Volume # SKU:		450,000
Sales Revenue \$ total		8,864,100
Sales Revenue Bs total	Bs	40,597,578
Profit Contribution	Alt. D: W&S	
Gross Profit / SKU (AUD)	\$	9.65
Total Gross Profit (AUD)	\$	4,341,600
Total Profit contribution (BOL)	Bs	19,884,528
Retailers Sales	Alt. D: W&S	
MU 'C' in % /SKU		90%
MU 'C' in \$ /SKU	\$	17.73
RRP (retail) \$ /SKU	\$	37.43
RRP (retail) Bs /SKU	Bs	171.41
Retailers Profit Contribution	Alt. D: W&S	
Gross Profit / SKU (AUD)	\$	17.73
Total Gross Profit (AUD)	\$	7,977,690
Total Gross Profit (AUD) / Retailer	\$	62,816
FOREX: AUD-BOL	Bs	4.58
FOREX: BOL-AUD	\$	0.218

Page 5: Investment Outcomes

Page 5: Investment Outcomes

Income Statement	
	Host subsidiary (AUD)
Revenue	\$ 8,864,100
COGS	\$ 1,759,500
Gross Profit	\$ 7,104,600
Transportation cost	\$ 1,269,000.00
Warehousing cost	\$ 580,500
Inventory Carrying cost	\$ 204,134
Other Op. Expenses	\$ 2,377,125
Total Operating Costs	\$ 4,430,759
EBIT (Earnings Before Interests & Tax)	\$ 2,673,841
Interest	\$ 818,125
Taxes	\$ 463,929
Net Profit	\$ 1,391,787

Host subsidiary Margins	
GP margin	80.2%
EBIT margin	30.2%
Net Profit margin	15.7%

FOREX conversion	
	Host subsidiary (BOL)
Revenue	Bs 40,597,578
Gross Profit	Bs 32,539,068
EBIT	Bs 12,246,190
Net Profit	Bs 6,374,383

FOREX Rates	
FOREX: AUD-BOL	Bs 438
FOREX: BOL-AUD	\$ 0.218

Page 6: Investment Outcomes Strategic Profit Model

