

Group 10

Group10 Business Model



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**From:** Group # 10; ATHGO International Global Forum titled “Miracles of Development: Good Governance and Capacity Building

**Subject:** Tapping into an overlooked workforce

**i. Action– Forcing Event:**

Businesses have long viewed HIV/AIDS infection rates in Kenya as an impediment to potential investments in the country, thus rendering a large portion (8 percent) of the Kenyan workforce as unusable. This portion of the population possesses great potential if a business model that takes into account the issues associated with HIV/ AIDS is implemented. We are seeking to utilize this untapped portion of the population by providing HIV infected individuals with an education and employment in the profitable and sustainable telecommunications industry.

**ii. Background/Analysis:**

Corporations like Daimler have generally been unwilling to invest in countries like Kenyan due to the high rate of HIV/AIDS and the potential costs associated with training and employing individuals infected with HIV/AIDS.<sup>1</sup> However, our data indicates that the assumption being made by businesses like Daimler, which project that employing individuals with HIV is a high-risk business venture, is incorrect.

**iii. Business Model:**

Our business will serve as a facilitator between NGOs located in Kenya that help individuals with HIV/AIDS cope with their illness and multinational companies (see attachment for further details pertaining to the nature of our relationship with these NGOs). We will provide individuals who are infected with HIV with an education (focusing on English and basic computer skills) that will allow them to work as employees in our call center. Once these individuals are trained, we will contract out their services to multinational corporations who can then provide them with training specific to the firm’s needs.

Our business is highly marketable and competitive because: we help reduce the cost and time that is generally incurred by a company when searching for well trained and qualified call-center workers, we are assuming the risk associated with hiring HIV/AIDS infected individuals, and our prices are set below our closest competitors. Further, companies seeking the use of a call center achieve tremendous PR/media benefits by employing HIV/ AIDS infected workers while assuming little or no liability for their health expenses (see attachment for further details on the contract established between our business and those businesses that purchase our services). We will also have a permanent spot at our company to administer and monitor the HIV medication distribution to ensure the right use of the medication.

Establishing a business in Kenya is not a difficult process. According to the World Bank, the time needed to start a business in Kenya is only 54 days, meaning the entry barriers are relatively low.<sup>2</sup> Further, there currently exists a well-established telecommunications system in Kenya making entry into the market a relatively easy venture. In addition, we will partner with the CUNY Leadership Academy and other organization to encourage students to train our labor force in basic computer skills and English.

**iv. Projection:**

Having collected data on current trends within the telecommunications market, we have established a

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<sup>1</sup> Werner, Jeff. General Manager, International. Daimler. 7/11/08

<sup>2</sup> Key Development Data and Statistics, The World Bank, July 11, 2008. <http://web.worldbank.org/data>

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financial plan, which projects total net income of \$822,419.38 within five years of operations. Further details and figures are provided in the following attachment.

v. Group Niche:

By using the context on the ground in Limuru, Kenya, our group will serve as the link between the hiring process, potential company clients, and daily operations at 24/7 KenC@l Inc.

**Supplemental Information**

**Cost Analysis**

All figures per year in Dollars  
 Figure converted to dollars at  
 (66.70shillings/\$)

<b>Cost Breakdown</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>
Labor	475000	519175	567458	620232	677913
Rent (Office Space 4000 sq ft)	3598	3933	4298	4698	5135
Miscellaneous costs	10000	10930	11946	13058	14272
Total costs Year 1	488598	534038	583703	637988	697320
<b>Total costs Year 1 (grown at inflation rate in Kenya = 9.3%)</b>	<b>488598</b>	<b>534038</b>	<b>583703</b>	<b>637988</b>	<b>697320</b>

Labor

	Number	Salary/person	Total
Manager	1	18000	18000
Supervisor	1	12000	12000
IT	3	7000	21000
Staff	10	4000	40000
Workers	200	1920	384000
<b>Total (Labor)</b>			<b>475000</b>

Rent

4000 Square feet @ 60 shillings/sq ft    240000 (shillings)

**Expected Revenue Flow**

All figures per year in Dollars  
 Figure converted to dollars at  
 (66.70shillings/\$)

<b>Revenue Flow expected at 12% Growth</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>
	600000	672000	752640	842956.8	944111.6

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Note - Revenue expected to grow at 12%/Yr. However, because we expect future revenue to come from foreign sources we do not grow it the same way as we do our costs. Our costs are "local" and therefore grown at the inflation rate.

### Profit Projection

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Revenue Flow expected at 12% Growth	600000	672000	752640	842956.8	944111.6
Total costs Year 1 (grown at inflation rate in Kenya = 9.3%)	488598	534038	583703	637988	697320
Net Cash Flow	111402	137962	168937	204969	246791
<b>Net Present Value of future cash flows (T-Bill Rate = 2.409%)</b>	<b>111402</b>	<b>134717.1</b>	<b>161082.5</b>	<b>190842.2</b>	<b>224376.5</b>

**Net Present Value of 5 Year Project**                      **\$822,419.38**

### Relationship Between KenC@l Inc. and NGOs

*KenC@l Inc.* will be partnering with an established NGO currently based in Limuru, Kenya. This organization is currently working with HIV infected individuals by dealing with 3 crucial socioeconomic factors. The first is that this group caters to their self-esteem and reinforces their self value and pertinent role in the future of their community. The second factor deals with the health of these individuals. Because the Kenyan government heavily subsidizes ARV treatments, even the poor of Limuru have access to it. With the help of a nurse, who also makes house calls, individuals learn the importance of appropriately taking the AVR's and condom use. The third factor pertains to economics. Currently, this group is providing food and helping to locate employment opportunities. Our group will serve as an employment facilitator for individuals who are empowered as they move through this NGO's program. After these individuals have been trained, they are subject to a contract which will be used to ensure employment for them for a minimum of five years. This contract will ensure that our investment in educating these individuals will provide 24/7 *KenC@l Inc.* with a high quality labor force for an extended period of time. Since we are the facilitator and believe in the viability of HIV/AIDS workforce, we will assume all liability for clients.

### Business Model Strengths

High potential of expansion as we can get contracts from several companies, we will train people in managerial positions so we can have the opportunity to expand in the future. Since Kenya was an English colony, the learning process of English in an intensive program will be short.

We will not discriminate against hiring HIV+ people, and due to the fact that we will provide, and administer

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the distribution of medication the life span of these people will be increased and health related issues will be minimized.

Our company will start a public bidding process in which the winning company will sign a contract with us and will receive a cheap but well trained labor force, which can be further trained to the company's standards to operate the calling centers.

*Kenc@l Inc.* will provide a labor force that does not have many opportunities with a sustainable and vibrant opportunity.

### **Trainers:**

We will partner with the CUNY Leadership Academy and other organization to get students to train our labor force in basic computer skills and English. The academy provides funding for the travel and living expenses of the students. We will also look into other academic organizations to promote this initiative and have students work/intern with us as volunteers. It will be a great opportunity for the students to gain a valuable experience during their 2-6 months internships.

### **Potential Disadvantages:**

Implementation, a lot of partnerships will have to be making to maintain operational cost low and to keep the company running.