

Fast and Financing



A new delivery vehicle

Salvation Army

The Salvation Army needs a delivery vehicle for its Family Store.

What does The Salvation Army do?

The Salvation Army runs a lot of volunteer programs/businesses such as early childhood education, youth services, welfare, and many more, one of which is known as a 'Family Store'. There are currently 125 branches of the store stores across the south and north islands with it being the most well-known business the Army runs.

The stores sell second-hand donated goods. The process helps families who have lower financial opportunities so that they are able to buy necessities.

Many of the items the stores sell are heavy, such as furniture, resulting in families struggling to take home the furniture bought. This is why the Salvation Army needs a new vehicle so that they can deliver items to families.



The Salvation Army's Pūtake consists of four parts which are considered when making business decisions.

- Raising funds in order to operate other programs
- Providing second chances for people
- Keeping in mind climate change
- Maintaining the financial viability of the store itself

Throughout the decision process we kept in mind these values in order to come up with the best outcome.

Trucks/Van

We have identified three potential vehicles that would allow the Salvation Army to deliver heavy and large items to customers.



Toyota Toyoace 20m3
\$47,139(incl.GST)
Year: 2015
Fuel: Diesel
Engine: 4000cc
GVM Weight: 5385kg
Payload: 2165KG
Model: XZU710 Wide cab
Transmission:Automatic
Leaf suspension Reverse camera
Cloth interior seats 3 Drivers Airbag and ABS



Foton View CS2 Transon
\$18,080(incl.GST)
Year: 2015
Fuel: Diesel
Engine: 2776cc
Transmission Manual
WOF expiry: 14/01/24
REGexpiry: 29/12/23
ABS Brake Bluetooth AC-Air conditioning
Alloy wheels Remotelocking Turbo



Isuzu Forward Fsr90
\$89,990(excl GST)
Year: 2018
Model: Isuzu FSR90
Fuel: Diesel
Engine: 5190cc
5.7T Payload
Transmission:6 speed Manual
GVM Weight: 10940kg
Electric Windows Fog Lights Power steering
Wide cab Central Locking Monsoonsields
Lane departure Warning system Drivers Airbag

Two Financing Options

Given that The Salvation Army's average income is said to be \$3,000 weekly with an average expense to be \$2,400 - they would need to borrow money to pay for expenses

ASB - Bank Loan

First Option
[https:// www.asb.co.nz/personal-loans/calculator.html](https://www.asb.co.nz/personal-loans/calculator.html)

- Fixed interest
- Interest rate 13.90% p.a
- Monthly or Fortnightly
- \$99.00 loan processing fee
- Contract term of 1- 7 years

Depending on which vehicle we decide to choose, the amount loaned can be adjusted and the payment are able to be adjusted to preference. The interest rate is fixed which is convenient and you are able to adjust to how much you are able to pay.

UDC -Dealership Loan

Second Option
[https:// www.udc.co.nz/used-vehicle-finance/commercial-vehicle-finance](https://www.udc.co.nz/used-vehicle-finance/commercial-vehicle-finance)

- Fixed or Floating interest
- Interest rate - Indicative of 10% p.a
- Monthly
- Contract term of 1- 5 years
- Balloon payment available
- Establishment fee of \$510

According to the website, they have many other key benefits specifically for cars. They also offer to adjust any payment preference; however, the time is limited as they only accept a 1- 5-year contract meaning there's a set amount of money you would have to pay.

Finance - UDC

UDC was the recommended financing option underneath the vehicle we chose.

COST

The Salvation Army would have to pay \$610 for an establishment fee since the contract we chose was 60 months/ five years (the maximum term allowed), with a loan of 47,138 and a weekly payment of \$233.85 (without a deposit). This was only an estimated amount from the UDC Express finance calculator.

BENEFIT

UDC authorises either a fixed or floating interest which can be adjusted to the borrower's preferences/contract. They offer flexible repayments if the borrower is struggling to meet the expectation. The Salvation Army can benefit from these features by adjusting the contract to how much they are able to pay as their funds are very limited by having to run other branches of the organisation. During their contract with UDC they would also only have to make repayments monthly.

Stakeholders' interests in a new delivery van

First, the Family Store

Due to the size of the vehicle each delivery can be more efficient because there will be more space available. This can result in attracting more customers, encouraging them to buy more which allows the business to increase their profit.

People who need a second chance

Part of the Salvation Army's purpose is giving second chances to people. This involves volunteers and people doing community services. Having a bigger vehicle opens more opportunities as there will be more seats available for workers or volunteers.

Customers of the Family Stores

Having a delivery vehicle can provide the consumers a sense of ease. They wouldn't have to worry about fitting large items in their vehicle to take home and instead, they are able to focus on buying things they need.

A fourth stakeholder would be UDC

As the Salvation Army would be borrowing a large sum of money, they would be expected to pay this back within the term of their contract. The amount the Salvation Army would be able to pay back would depend on how well their store is doing and the number of sales they make. As mentioned before, the vehicle could encourage customers to buy more and increase chances of them buying items because they wouldn't have to worry about how to get the furniture home.

Lastly, the Salvation Army's overall business

They use the Family Store to gain extra funds to run other programs such as the church, youth services, and drug support. The more revenue and profit they make, the better it is for the overall organisation.

Decision

Toyota Toyoace (Chosen)

COST

The size of its engine means it would require more gas compared to the 2nd option (Foton View CS2). Its relatively larger size can prevent easy access parking especially if the place they are delivering to is narrow.

BENEFIT

The Toyota Toyoace 20m3 has many things to offer. It has a 3-seater up front and lots of space in the trailer. This vehicle can carry a load worth 2165kgs which means the Salvation Army will be able to take less trips whilst carrying a hefty amount of furniture.

The trailer also has two doors on it, one sliding door on the side and a big double door at the back. This allows easy access to when taking out the furniture and you can also have multiple people working on both sides of the door to get the job done quicker.

The vehicle has automatic transmission, making it easier to drive. Also, not many people have experience driving a manual vehicle so it might be hard to get drivers/volunteers.

Why we didn't choose the other options

Foton View CS2 Transon

COST

Due to its size some heavy/large furniture wouldn't be guaranteed to fit. This would result in more travelling and lack of reassurance to customers.

Manual transmission.

BENEFIT

This was the least expensive of the three with a price of \$18,030 (incl). It has lower gas consumption and would be easy to find parking space anywhere.

Isuzu Forward Fsr90

COST

The most expensive vehicle with a price of \$103,489 (incl). Because of its size it would require a lot of gas compared to the other two options. This vehicle would also cost a lot of money if it ever required any repairs.

Manual transmission.

BENEFIT

You are able to travel with many items of furniture and other items due to its payload roughly being 5700kgs. Like the Toyota Toyoace, it also has three seats at the front.

Based on this analysis, the Toyota Toyoace would better fit the Salvation Army's purpose and is more balanced with costs and benefits.



Toyota Toyoace 20m3

\$47,139 (with GST)

Salvation Army's Pūtake

As mentioned before, the Salvation Army has four parts to its pūtake.

- Raising funds to operate other programs
- Providing second chances for people
- Keeping in mind climate change
- Maintaining the financial viability of the store itself

Due to the vehicle's size, it can carry up to 2165KG meaning it would require less trips back and forth which can slightly reduce the amount of pollution that is emitted each trip. The vehicle also allows up to 3 people in the front at a time, giving more opportunities for people who are doing community service and volunteers to complete their hours.

Though it has a much higher price compared to the second option (Foton View CS2 Transon) with a difference of \$29,059, we believe that it would be a good investment to buy a vehicle which provides more space as it can prevent problems such as when a family is wanting to buy something big e.g. couch.

They can use this opportunity to reassure their consumers who don't have access to a vehicle and encourage them to buy all the items that they are wanting without having to worry about how it will reach their house. (Increase sales)

How does the chosen option (Toyoace) compare to the other options?

First, comparing it to the second vehicle - Foton View CS2 Transon. Though it costs less, the second vehicle allows less space for the furniture and employees. This defeats the purpose of helping customers as some furniture is large and heavy which would be an obstacle if the Foton View vehicle was purchased. Not many people are comfortable driving a manual vehicle.

Second, comparing it to the third option - Isuzu Forward Fsr90. This vehicle has the largest capacity out of the three. However, \$103,489. Repayments would exceed how much the Salvation Army earns weekly, making it difficult for them to keep up with funding demands from other programs. Not many people are comfortable driving a manual vehicle.

What are the perks of buying the Toyota Toyace? First off, as the vehicle isn't secondhand it will be less likely to need any repairs nor have any safety issues. This could potentially save money as in most cases repairs on used vehicles can cost a lot more than buying a new vehicle. Another good consequence would be that it is able to help multiple people at a time.

As mentioned before, the vehicle is a decent size allowing for 3 employees to work delivery and due to its large trailer, it can carry any item a consumer purchases, so the Family Store and its customers both benefit.

Consequences Pt 1

What are some of the bad consequences? Diesel vehicles emit gas emissions that harm the environment. To reduce the harm, the Salvation Army can make sure that the truck is regularly serviced by a good mechanic. They could also limit deliveries to once or twice a week, so they wait until the truck is full of furniture that needs to be delivered to customers.

Consequences Pt 2

Toyota Toyace 20m3 VS Isuzu Forward Fsr90

The Isuzu Forward may have a bigger trailer to fit more furniture into but it is also much more expensive. Comparing that to the Toyota which is less than \$50k including GST, the Salvation Army can save over \$40k. The consequence of buying the bigger truck would be that it would cost a lot more to repay weekly unlike the Toyota it will cost \$233.85 a week.

Toyota Toyace 20m3 VS Foton View CS2 Transon

The Foton View is secondhand meaning it could require more repairs and maintenance. And although the Foton view costs \$18k which is \$30k less than the Toyota, it also doesn't have much storage to fit big furniture in the back. This could cause problems such as having to make multiple trips, not enough space, too small for big furniture and so on. The Toyota has a good amount of space in the back, it is a good price and it's brand new!!!