

**Central European University**

**MS in Finance 2023**

**Capstone Project Summary**

**Optimizing Efficiency and Analyzing Financial Performance**

A Comprehensive Study of Operations, Pricing, and Financial Analysis of Hussar & Co.

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**Introduction**

This is a 3-page summary of the capstone project. I would like to take this chance to express my gratitude to Hussar&Co for providing me with the opportunity to undertake this capstone project. Hussar & Co., Inc. operates as a US holding company, with HUSSAR AG as its wholly-owned operating company in Baar, Switzerland. Hussar Energy Trading, LLC, based in Ukraine, is owned by HUSSAR AG. The client is interested in enhancing the analytical capabilities of Hussar Energy Trading, LLC through streamlining operational procedures, analyzing pricing strategies, and conducting financial analysis, the project aimed to deliver tangible benefits to the client. This summary provides an overview of the project's scope, the benefits realized by Hussar Energy Trading, LLC, and the key outcomes. During the early stages of the company, they encountered several challenges and faced significant risks in the uncertain business environment. The outbreak of a political conflict resulted in the destruction of refineries and the discontinuation of fuel imports from Russia and Belarus. Consequently, there was a six-week period with no fuel available at the beginning of the war in Ukraine, making operations difficult for businesses like theirs. However, the company remained resilient and committed to its goals, prioritizing client needs and striving to deliver exceptional service. The company faced a geographical disadvantage as its primary supplier was located in a distant location, making it challenging to compete with suppliers closer to the border. To overcome this obstacle, the company decided to establish connections in the

same region as the major players, which in this case is Riga. This strategic decision allowed them to tap into new opportunities and enhance their competitiveness in the market.

#### Optimizing efficiency. Daily tasks

The project kicked off with a series of in-depth interviews in the Russian language conducted with the Ukrainian team members of the client, Hussar Energy Trading, LLC to gain some knowledge about the Ukrainian team's daily tasks. The insights gathered from these interviews served as a foundation for streamlining operational procedures and improving coordination within the team. The project involved analyzing daily activities at Hussar Energy Trading LLC, addressing challenges faced by the team. Documentation of team members' work provided insights, enhancing collaboration and decision-making. Summaries highlighted roles, responsibilities, tasks, client acquisition strategies, and goals. Notable insights from individual interviews were obtained. Sales associates focused on client acquisition, pricing, communication, and smooth onboarding. Logistic managers ensured effective communication with vendors, tracked documentation and facilitated timely deliveries. The company transformed its fuel transportation logistics due to political and economic challenges, opting for overland transportation. Documentation challenges were addressed to ensure smooth operations.

#### Optimizing efficiency. Pricing strategy

In the fuel trading industry, the company employs pricing strategies to address various challenges and maximize profitability. Thus, a detailed analysis of the client's pricing strategy was undertaken. Collaborative meetings with the Chief Commercial Officer (CCO) in Ukraine provided valuable insights into the pricing methods employed by the client. I had the opportunity to delve into pricing calculations and had access to various data sources, including vendor pricing, sales details, and information on broker fees, VAT, and excise duty. This analysis allowed for a thorough assessment of the client's pricing approach, facilitating informed decision-making and potential enhancements. Factors such as fuel acquisition costs, market dynamics, transportation expenses, customized services, and desired profit margins services were meticulously examined to determine the final price of fuel products. Furthermore, the company conducts an evaluation of competitor pricing, maintains adherence to regulatory standards, and incorporates customer value propositions into its pricing strategies. Through these efforts, the company aims to optimize profitability, maintain competitiveness, and meet customer needs in a dynamic market environment.

### Financial data analysis

Finally, a comprehensive financial analysis was conducted to gain insights into the client's financial performance. Invoices, bank transactions, and other financial records were thoroughly examined to generate detailed Cash Flow and Profit & Loss statements. This analysis provided an overview of the client's cash inflows and outflows, as well as its overall profitability. Sales reached its peak in December but experienced a sharp decline in January and February. This decline can be attributed to the ban on Russian imports, which led customers to stock up on fuel in December, resulting in reduced sales in the following months. Another drop in sales occurred in May due to new Ukrainian government regulations requiring additional proof of origin for inbound fuel. These fluctuations highlight the impact of external factors, such as import bans and regulatory changes, on the company's sales performance. Adapting to evolving regulatory environments is crucial for companies in the fuel trading industry to ensure uninterrupted operations and mitigate revenue losses. Through effective data analysis and visual representation, key decision-makers, including the CFO and CEO, gained valuable insights into cash management, profitability, and resource allocation. The combination of in-depth interviews to comprehend the daily assignment, pricing analysis, and financial analysis formed the core of the project.

### Conclusion

Hussar Energy Trading LLC faced numerous challenges in establishing itself and operating in an uncertain business environment. Despite the destruction of refineries and the cessation of fuel imports due to a political conflict, the company persevered and continues to prioritize client needs. They utilize various communication tools, establish connections in Riga and not only, for market competitiveness, and adopt alternative fuel transportation methods. Accurate price calculation and financial analysis highlight the need for adaptability in the face of regulatory changes and geopolitical influences. Overall, Hussar Energy Trading LLC demonstrates resilience and adaptability in the fuel trading industry in Ukraine.





















