

1 Comprehensive Business Plan

1.1 Project Name: CYREKA SISAL FACTORY BUSINESS PLAN

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3 Executive Summary

The sisal industry vision for Tanzania aims at a quantum leap in production of sisal fibre by 2025. Existing large scale sisal plantations are projected to produce around five times what they currently produce. The African market is expanding and becoming more sophisticated as population and income grow. The utilization of sisal fibre in both traditional and new products is continuing to grow as prices have reached over USD 1 000 per tonne, the highest ever recorded, with demand ever increasing. The residue from processing sisal leaves would generate waste capable of generating more than 450 metric watts of electricity and process heat. The activity will create around 500 000 new jobs in rural areas, not to mention the creation of those in processing and service industries. With the projected output of fibre and new products, a need to develop new markets and customers domestically, in the region and in other parts of the world is paramount.

Sisal fibre production has great potential in Tanzania because of the availability of the raw material and the growing market for sisal fibre in the country and beyond. However, with the continuous changes and challenges to improve the citizens' economy requires stakeholders to take a leading role in supporting the country's strategies towards the revival of sisal growing by investors and out growers in order to save the up-coming of self-employment initiatives. It is from that background that **Cyreka East Africa Development Company Limited** located at **Plot No. 357, Block Z at Sahare Street in Tanga City** was incorporated on 29th March, 2018 with registration number **136228374**

and Tax Payer Identification Number **136-228-374** attained on 3rd April, 2018 and managed by **Mr. Cyril Joseph Ekanem & Mr. Raphael Ngalondwa Mhako**, who are actively managing the operations, think it quite timely that something be done to enhance and revive sisal planting, growing, buying, processing, packing and exporting sisal fibre and have assurances of life improvements through selling sisal fibre and sisal wastes on long term basis. The proposed initiative has been devised for this objective; as to enable the company achieve its targets while improving peoples' life and achieving total economic empowerment and job creation.

The estimated funding requirement is **US \$ 904,541.52** [i.e. **US \$ 665,541.52** as *start-up expenses* and **US \$ 239,000** as *start-up assets*] while the company will breakeven during year 4. The income projected will ensure financial sustainability. The profit is estimated to raise to **US \$ 161, 230** in **year four** to make the **monthly profit average** of **13,435.8 US \$**. This amount will be raised annually to match with time. The proposed business plan is technically foreseeable, financially viable, economically found, socially acceptable and environmentally friendly.

4 Introduction and Industry Analysis

4.1 Introduction

Sisal, scientific name (*Agave sisalana*) is a plant that yields a stiff fibre traditionally used in making rope and it grows in areas with very little rainfall. The term sisal refers either to the plant or the fibre, depending on context. Fibre is extracted by a process

known as decortication, where leaves are crushed and beaten by a rotating wheel set with blunt knives, so that only fibres remain, thereafter water is used to wash away the waste parts of the leaf. The fibre is then dried, brushed and baled ready for export. Three years after planting a farmer can start harvesting the mature introduction leaves. Harvesting, if done well, can be done for over fifteen years. Harvesting the leaves can be done whenever there is demand for the product and a need for money. Besides leaves, the plant also produces a pole (with flowers which develop into bulbils) that is used in construction of roofs. In short sisal is a low input, climate (change) ready risk reducing and flexible crop that can generate income whenever the farmer needs it most. In Tanzania, sisal is usually grown along the coast in large plantations.



Sisal Plantations



Sisal is the oldest commercial cash crop still in survival in Tanzania. Sisal production in Tanzania began in the late 19th century by the German East Africa Company. In 1893 visionary German Agronomist Dr. Richard Hindorf introduced the crop into the colony. The plant *Agave sisalana* was smuggled into Tanganyika from Yucatán, Mexico in the

belly of a stuffed crocodile. Only 66 plants had survived the journey but it was commercially viable to start the industry. The country's warm and semi-arid climate was perfect for the plant and production in the colony grew exponentially. Sisal was continually produced during the German administration and the British administration and was the colony's largest export highly prized for use in cordage and carpets worldwide. Post World War I the British secured control of Tanganyika and continued to develop the industry. The colonial government continued to allocate more land for Sisal production which attracted Ex-British officers living in Kenya and many German settlers to continue farming along the country's northern border along the Arusha-Tanga road. This success story began to grab the attention of the other European powers expanding their navies and the industry expanded to the neighboring colonies of modern-day Kenya, Mozambique and Angola.

At the time of independence in 1961, Tanzania was the largest exporter of Sisal in the world and the industry employed over 1 million farmers and factory workers. Sisal production in the country peaked in 1964 with around 250,000 tonnes in production from regions from all over the country such as Tanga, Morogoro, Arusha, Mwanza and Shinyanga. In 1967 following the Arusha Declaration most of the sisal estates were nationalized by the government. This began the downfall of the sisal industry as bureaucracy, over-centralization and lack of experience caused the production to fall rapidly. Furthermore, with the increasing popularity of synthetic nylon fibres drove the world price for sisal down resulting in the foreclosure of many sisal factories. By the end

of Ujamaa and President Nyerere's rule, sisal production had fallen from 235,000 tonnes in 1964 to 32,000 in 1985, less than 15% of the country's peak. However, in recent years the government has injected funds to help revive the industry's glory. With the changing economic landscape in Tanzania, the government of Tanzania passed the Sisal Industry Act, 1997; which allowed privatization of the government owned factories and established the Tanzania Sisal Board. Sisal production since then has been stable; however there are no recent breakthroughs in production (Tanzania Sisal Board, 2017).

4.2 Industry Description

The sisal sub-sector is the oldest commercially organized agricultural undertaking and one of the longest surviving agricultural industries in Tanzania. Today, the sisal industry in Tanzania employs over 100,000 people, with a total production of about 40,000 tons. Farmers participating in the sisal value chain include those engaged in planting sisal for hedges, smallholders in estates and smallholders growing sisal as a cash crop in non-estate areas. In 2012, approximately 25% of sisal was produced by smallholders. The main product derived from sisal is fibre. However, the extracted fibre constitutes only 2% of the sisal plant, while the other 98% is regarded as waste. The fibres are then used to produce twine, cordage for hay, packaging, baling, building and many other uses including carpets, wall covering, doormats, car mats, buffing cloth used for polishing of metal and furniture, fine yarn, bag cloth, padding, mattresses and handicrafts. New products developed from the sisal plant include pulp and paper mainly for making boxes for packaging.

According to the Food and Agriculture Organization (FAO) of the United Nations (UN), recent studies have shown that sisal waste is more valuable than the fibre. Products obtained from sisal waste include biogas used in engine-generator sets to produce electricity. The by-product from the biogas plant is organic fertilizer. Sisal waste can also be used directly as animal feed. Traditionally, sisal fibre and products have mostly been exported to the European Union (EU), the Russian Federation, the former Yugoslavia, Japan, India, China and Pakistan and recently to Saudi Arabia, Iraq and Iran. According to the latest data by the Bank of Tanzania (BOT), Tanzania exported 793 tons of sisal in Quarter 3 of 2016 (Tanzania Sisal Market Outlook, April 2016). Tanzania Sisal Board (TSB) announced that the country is increasing its sisal production with the objective to reach 100,000 metric tons by 2021.

FAO indicates that demand for new products made from sisal has been growing at a very fast rate in the world market over the past decade. Thus, Tanzania has a unique position as it has comparative and competitive advantages in sisal, such as the weather, soil and human capital which is a catalyst to the growth of the industry. It is further estimated by FAO that by 2025 at least 100 000 tons of fibre will be needed in Tanzania alone. In the Near East the increased utilization of sisal in construction has made the region the second largest user of sisal fibre in the world. In the Far East, particularly China, imports of sisal fibre have grown significantly in recent years. The majority of this fibre is utilized more in the new products, such as industrial polishing cloth and composites. It is from this background that Cyreka East Africa Development Company Limited needs to

utilize this unique position to cater for the planting, growing, buying, processing, packing and exporting sisal fibre and sell sisal wastes for its profitability.

4.2.1 Sisal Plant

The sisal plant produces approximately 200-250 leaves throughout its productive period. The life span of sisal plant is 7-10 years. The shape of sisal leaves is like sword and is about 1.5 to 2 meters tall. Young leaves may have a few minute teeth along their margins, but lose them as they mature. A good sisal plant yields about 200 commercial used leaves with each leaf having a mass composition of 4% fibre, 0.75% cuticle, 8% other dry matter and 87.25% moisture. Thus a normal sisal leaf weighing about 600g yields about 3% by weight of fibre with each leaf containing about 1000 fibres. The fibre is extracted from the leaf either by retting, by scraping or by retting followed by scraping or by mechanical means using decorticators. Diameter of the fibre varies from 100mm to 300mm. The production of fibre quantity differs from one species to another. In the sisal cycle of 8 years one hectare of *Agave sisalana* can produce 12.5 tonnes of dry fibre while 1 hectare of hybrid 11648 produces 17.6 tonnes of dry fibre.

4.2.2 Processing of Fibre

Sisal fibre is made from the process of decortication where leaves are crushed and beaten by a rotating wheel set with blunt knives, so that only fibres remain. The other parts of the leaf are washed away by water. Decorticated fibres are washed before drying by the sun or by hot air. The fibre quality depends upon moisture content so

proper drying is important. To get better grades of fibre artificial drying has been found in place of sun drying. Dry fibres are machine combed and sorted into various grades, largely on the basis of the previous in-field separation of leaves into size groups.

4.2.3 Features and Property of Sisal Fibre

A sisal fibre in cross-section is built up of about 100 fibre cells. The cell walls consist of several layers of fibrillar. In the primary wall, the fibrillae have a reticulated structure. In the outer secondary wall (S1), which is located inside the primary wall, the fibrillae are arranged in spirals with a spiral angle of 40° (for sisal fibre) in relation to the longitudinal axis of the cell. The fibrillae in the inner secondary wall (S2) of sisal fibres have a sharper slope, 18° to 25° . The thin, innermost, tertiary wall has a parallel fibrillar structure and encloses the lumen. The fibrillae are, in turn, built up of micro-fibrillae with a thickness of about $20\mu\text{m}$. The microfibrillae are composed of cellulose molecular chains with a thickness of $0.7\mu\text{m}$ and a length of a few μm .

Moreover, Sisal fibers are smooth, straight and yellow in colour. Sisal is fairly coarse and inflexible so the sisal fibre can be long or short. Sisal is valued for cordage use because of its strength, durability, ability to stretch, affinity for certain dyestuffs, and resistance to deterioration in saltwater. In natural fibres, the flaws or weak links are irregularly spaced in the fibre; the strength will depend on the length of the fibre used for the tensile test. In the case of sisal fibre, tensile strength and percentage elongation decrease with increase in test length and Young's Modulus and Average Modulus

increase with test length while when the speed of testing increases the Young's Modulus and tensile strength increases.

4.2.4 Products from Sisal

i) Sisal fibre

Sisal fibre is extracted from the leaves by retting, scraping, or mechanical decortication. The sisal plant produces sword-like leaves with teeth and loses these teeth in maturity. Decortication is the most common method for extracting sisal fibre. In this process, the leaves are crushed between blunt knives and moisture and the fleshy pulp are removed from the fibre. Water is used to clean debris that is present in the leaves. The sisal fibre that is obtained is dried in the hot sun. Historically sisal fibre has been used to produce threads and ropes for ships. Domestically the fibres are used to make various handicraft products such as carpets, bags, sacks and low density cords.

In recent years, there has been increasing interest in the substitution of synthetic fibres in reinforced plastic composites by natural plant fibres such as jute, coir, flax, hemp and sisal. Sisal is one of the natural fibres widely available in most parts of the world; it requires minimum financial input and maintenance and is often grown in wastelands, which helps in soil conservation. The advantages of sisal fibre are: it has low density and high specific strength, it is a biodegradable renewable resource, and it provides thermal and acoustic insulation.

Sisal fibre is better than other natural fibres such as jute in many ways, including its higher strength, bright shiny color, large staple length, poor crimp property, variation in properties and quality due to the growing conditions, limited maximum processing temperatures, and so on. In recent years, there has been an increasing interest in finding innovative applications for sisal fibre-reinforced composites other than their traditional use in making ropes, mats, carpets, handicrafts and other fancy articles. Composites made of sisal fibres are green materials and do not consume much energy for their production. The characteristics of composites depend on different parameters such as extraction of fibre, surface modification and the synthesis of composites. During synthesis, fibre length, orientation, concentration, dispersion, aspect ratios, selection of matrix, and chemistry of matrix have to be considered to achieve the required strength.

Inorganic fibres have several disadvantages, including their non-biodegradability, the abrasion in processing equipments, high cost and density, and the health problems caused to workers during processing and handling. Even though the commonly used composites these days are glass, aramid, carbon, and asbestos fibers filled in thermoplastic, thermoset, or cement, yet natural fibre composites with similar characteristics are not available. Most of the plant fibres are hydrophilic in nature and water absorption may be very high. This may be controlled by different methods of interfacial surface modification. Because of the low density and high specific strength and modulus, sisal fibre is a potential resource material for various engineering

applications in the electrical industry, automobiles, railways, building materials, geotextiles, defense applications and in the packaging industry.

ii) Energy Production

With the production of sisal only 2-5% of the plant is utilized. The remaining bio material is used as fertilizer or thrown away. In Tanzania, the Katani Limited constructed the country's first Sisal waste bio gas power plant at Hale. The project helps provide energy for rural establishments and the government plans to encourage the practice to help increase the country's energy output and reduce foreign exchange losses from the purchase of fossil fuels. Currently, the plant produces 1 MW of electricity and organic fertilizers which help reduce the company's costs. The Katani limited plans to build 5 more of the plants in a joint venture with a Chinese company at their various estates.

iii) Pulp, Paper, Animal Feeds and other

New products developed from the sisal plant include pulp and paper mainly for making boxes for packaging. Recent studies have shown that sisal waste is more valuable than the fibre. Sisal waste can also be used directly as animal feed. Flume tows, short fibres reclaimed from the flume channels and dumps, are the main raw materials in sisal bag manufacture, padding for furniture and car seats. Similarly, sisal is a species of Agave native from southern Mexico and widely cultivated and naturalized in many other countries. It yields a stiff fibre that is used in making various products.

Cyreka East Africa Development Company Limited will enter into business of planting, growing, buying, processing, packing and exporting sisal fibre and its wastes with other specialized companies that have established their spinning mills such as Amboni Plantations Limited, Katani Limited, Mohamed Enterprises Limited (MeTL), Sfi Tanzania and LM Investments Limited. Moreover, with the closing of Usambara Spinning Mill, there are now four of the original five spinning mills still operating in Tanzania with only 35 percent installed capacity being utilized, and these are Tancord (1998) Ltd, Amboni Spinning Mill, 21st Century and Ubena Spinning Mill. Most spinning/weaving mills were established in the 1960s and 1970s. However, some were complemented with newer machineries in the recent years. The spinning mills produce many products according to market demand. Sisal bags are produced at TPM (1998) Ltd located in Morogoro with installed capacity of 10 million bags per year and Ubena Spinning Mill.

The demand for sisal fibre and its waste is expected to increase as processors seek to overcome challenges that emanate from technology, economic downturn and manpower. It is expected that the main competitors in the market are local and international exporters of sisal fibre. The strengths of Cyreka East Africa Development Company Limited business are the readily available supply of good sisal fibre quality products and the new machinery that would make the firm have a competitive edge. The weaknesses are the ever increasing price of buying or leasing land, prices of electricity and skilled personnel that makes competition more difficult. As more sisal fibre processors in

Tanzania currently have realized the need to have quality products before they commence their business and more are realizing the importance of quality assurance of their products in order to carry out their business in a professional oriented manner; for this reason, our industry analysis predicts rapid use of quality sisal fibre and its waste that is in-line with the growth of the company's business undertakings.

Cyreka East Africa Development Company Limited will focus on core business functions such as processing, administration, finance and distribution in putting the firm together it shall attempt to offer adequate quality products and services to esteemed customers to allow the firm to always be in demand by clients. Furthermore, other demand will require the development of:

- **Market Feasibility Studies**

Cyreka East Africa Development Company Limited will develop market feasibility studies for businesses that would assist in marketing new products in line with sisal fibre. Cyreka East Africa Development Company Limited market feasibility studies will include a full assessment of potential markets, competitive analysis, and the financial viability of commercializing the product.

- **Adjust Business Plans**

Cyreka East Africa Development Company Limited will adjust and develop full business plans for start-up and existing businesses requiring financing, introducing new products, entering new markets and restructuring.

Note: Cyreka East Africa Development Company Limited will continually expand its markets based on industry trends and changing client needs. Cyreka East Africa Development Company Limited will also get feedback from clients on what is needed for future consumption. Notwithstanding research and development (R&D) will be done in order to enrich the products.

5 Competition and Location Analysis

5.1 Competition Analysis

It is estimated that by 2025 at least 100 000 tonnes of fibre will be needed in Tanzania alone. In the Near East the increased utilization of sisal in construction has made the region the second largest user of sisal fibre in the world. In the Far East, particularly China, imports of sisal fibre have grown significantly in recent years. The majority of this fibre is utilized more in the new products, such as industrial polishing cloth and composites. Market opportunities for sisal are widespread and are at different stages, each of which requires different approaches as follows:

- In the domestic market, the increased agricultural and construction activities are putting a larger demand on long fibre based products which shows the potential for increased production of sisal. This will bring stability and sustainability to the industry nationally and globally;
- In the region, there is potential demand growth in the EAC, SADC and COMESA markets, which together cover the countries from Cairo to Cape Town with over a billion of potential consumers demanding more environmentally friendly and newer products such as sisal based composites; and
- Globally, the markets in Asia and the Near East have the largest potential and distinctive attractiveness as the African sisal industry has a geographical advantage in reaching these markets which are more sophisticated and have the capacity to absorb the new products.

It is from this background that Cyreka East Africa Development Company Limited estimates to produce 360 tonnes per year from 30 tonnes per month. This is due to domestic, regional and foreign demand for sisal fibre that has increased in recent years as processors have built spinning mills and large buyers have committed to future purchases. The company intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market [domestic, regional and foreign]. The company will ensure the availability of extensive marketing campaign that will focus on fulfilling the demands of all customers.

Moreover, competitive scope defines the breadth of a company's target market. Cyreka East Africa Development Company Limited will have a broad (mass market) competitive scope or a narrow (niche market) competitive scope. The combination of broad scope and narrow scope with a low-cost strategy and differentiation will result in the following generic competitive strategies: cost leadership, cost focus, differentiation and focused differentiation. Competitive strategies will concern with doing things better than rivals. To be competitive Cyreka East Africa Development Company Limited will not just copy the ideas of rivals. It will seek to out-compete rivals. These are two main ways of being competitive.

- By selling sisal fibre and its waste at lower prices than rivals. The company hopes to be a market leader and benefit from economies of scale.
- By differentiating sisal fibre and its waste from those of rivals – that will enable the company to charge a higher price if desired.

Cyreka East Africa Development Company Limited has the competitive edge of experience and market expertise in various fields. This is truly an advantage as the founder Mr. Raphael Ngalondwa Mhako [BA in Accountancy from the University of Dar es Salaam] and Cyril Joseph Ekanem [BA in Business Administration from the University of Abuja, Nigeria] who have been working in various institutions for more than five years now and have spent the last three years in honing their business skills in sisal industry. Cyreka East Africa Development Company Limited will employ 35

workers from which 5 at managerial position and 30 at functional level where deployment will continue as need arises.

5.2 Location Analysis

Cyreka East Africa Development Company Limited is located at Sahara Street in Tanga city. Tanga region has been a very strategic and business hub on sisal farming and processing. Due to that strategic location, the company plans to buy 200 hectares of land and plant its sisal and empower out-growers to have sisal plantations, build a processing factory in Tanga, build a go-down to accommodate 100 tonnes of sisal products, build its administrative office, buy two pickups for officers, buy trucks for transporting and collecting sisal, coroner for processing, belling machines, brushing machines and other processing requirements. The location of business for the company lies on the fact that it is easy to transport the sisal products via Tanga or Dar es Salaam harbours.

6 Marketing plan

Demand for new products made from sisal has been growing at a very fast rate in the world market over the past decade. Tanzania has a unique position as it has comparative and competitive advantages in sisal, such as the weather, soil and human capital which is a catalyst to the growth of the industry. The future in sisal is the commercial use of the total plant instead of the current 2 percent and research results indicate the viability of transforming sisal waste into energy and industrial products. In the last decade over USD 10 million has been spent on extensive product R&D activities together with

market studies undertaken in Tanzania and other parts of the world on sisal and sisal products. As consumers become more knowledgeable and technological developments occur, the shift from traditional spun and woven products, such as ropes and carpets, into more specialized products, such as geo textiles and pulp based products, is growing mostly due to environmental and technological comparative advantages of sisal.

In Tanzania there are indications of rising consumer demand for sisal fibre and its products due to the growing business consciousness of consumers of sisal products. The market for sisal fibre is attractive in developed towns and cities such as Morogoro, Arusha, Mbeya, Mwanza and Dar es Salaam. Buyers of the products are both retailers and wholesalers. Control over raw material supplies is one of the most important factors that affect the ability to continue processing and the profitability of sisal fibre processing enterprise. In order to sell the products, bales will be used as they are becoming increasingly common. The package for baling will include sizes of 10 kgs to 50 kgs. Great care will be needed to ensure that sisal fibres are thoroughly dried. During long term storage routine store inspections will be carried out, checking for unwanted materials will be observed.

As sisal fibre based composites have a huge market potential in automotive, aircraft, marine and construction industries where sisal competes with fibreglass and plastic reinforcement. This is a major market in the future where sisal can enjoy competitive advantages. Likewise, pulp and paper from sisal is particularly desirable for use in

products like cigarette paper, bank notes and speciality paper due to its strength, and at competitive prices, it is preferred to wood pulp. Sisal fibre has been found to have very desirable qualities in paper recycling, where it adds strength to recycled paper. Yet, sisal grows faster than wood and is friendly to the environment. Similarly, sisal fibre based products which are only 2 percent of the sisal plant, there is the 98 percent remaining made up of leaf residues, boles, roots and the pole. These parts of the sisal plant offer a significant commercial opportunity that can increase the returns to the value chain exponentially as well as open up the value chain to more diverse and innovative growth, but would require investment and appropriate technologies.

Additionally, sisal energy from biomass to electricity after the decortication process utilizes 96 percent of the sisal leaf, which has until recently been thrown away as waste. The residue from biogas generation is organic fertilizer which can be used effectively to improve crop yields. Investment in this area can be attractive considering that there are advantages in the market place for utilizing organic fertilizer in organic agriculture. The company will use sisal residues as feed for animals. Since sisal is produced throughout the year and can be grown in very arid land, the scope to commercially produce animal feed is very large. It is planned that chemicals like acids, sapolins, inulin and sugars can be made out of the sisal juice from the sisal bole and sisal leaves. These have a number of uses such as the production of biofuels, preservatives and foodstuffs. Juice extracts from sisal can produce numerous pharmaceuticals such as cortisones, waxes and others.

However, sisal leaf juice is known for treating some diseases in chicken although scientific work on this has to be completed.



Sisal leaves

Cyreka East Africa Development Company Limited has conservatively forecasted sales for year three with sales more than doubling in year four. Profitability will be reached by year four. Cyreka East Africa Development Company Limited profit margin will steadily increase from year four to year five. The company will provide products to clients as though they are friends. The firm will attempt to work with business models that attract customers and sign contracts. As the business will expand, the firm will need to upgrade its technology, but also to improve the equipment, layout and plant sanitation. Improved extraction technologies can increase sisal products yields, reduce consumption and enable higher production rates. The sale of byproducts can be very

important and in many businesses these sales make the difference between profitability and losses.

Moreover, self-examination of the company will be oftenly considered as the best way to work towards improvement. This will be helpful to seek outside opinions and insight. This would hold truth in the business world as well as businesses needed to be able to adjust and adapt in order to survive in the long term while struggling to determine what problems and opportunities it faces in order to go forward. In lieu of that Cyreka East Africa Development Company Limited will embark on advertisements or promotions, but also rely on the quality of its product for its promotion. The company will have a large distribution network and selling on a wholesale basis to the customers.

Quality assurance measures will be taken to control over raw material quality (buying sisal quality leaves, processing and storing them). Control over processing (on 'first-in-first-out' basis and use of correct processing conditions) and Control over packaging and storage will be maintained. Cyreka East Africa Development Company Limited will not compromise on quality because that is its trademark. The safety of Cyreka East Africa Development Company Limited will be assured by using a management method known as the Hazard Analysis Critical Control Point (HACCP) system as it is known that poor quality raw materials reduce the yield and quality of fibre. This marketing plan will be constantly reviewed to make the company competitive.

6.1 Price Determination

Cyreka East Africa Development Company Limited will try to work with other more established marketing and sisal processing companies, giving up some of the margin in order to get access to more clients more quickly. Moreover, the company needs to make a decision on pricing, whether to keep rates at an attractive sign-up rate or focus on the more successful firms and raise rates. Therefore, the product will be priced competitively with other companies. Cyreka East Africa Development Company Limited price will be based on several factors including the time and resources needed to complete processing, overhead costs, and the taxes charged by Tanzania Revenue Authority and other organisations that oversee the production quality. However, the cost per tonne will vary from **US \$ 1,200 to US \$ 1,450** depending on grade and the time for production as well as the direct expenses incurred as part of the production.

Moreover, quality of fibre will command a fair price. Price will be important and operate on a complex tiered system that is dependent upon the effectiveness of a particular advertisement already in the mind of the potential clients, and the ability of the clients to reform the way they think about the product.

7 Marketing Approach

Products from sisal are assuming increasing importance to the economy and well-being of any producing country. Utilization of sisal resources for generating employment in rural and urban areas is natural, cost effective and ecologically sustainable. Since long

time the mankind is associated with natural fibres and they have been used by them for various purposes and have been incorporated in their livelihood. Be it basketry, mats or small useful products, appropriate use of the locally available material is always the solution.

The cornerstone of Cyreka East Africa Development Company Limited business approach is a compelling, effective and cost efficient marketing strategy. Cyreka East Africa Development Company Limited marketing approach is to enhance, promote and support the fact that the price of sisal fibre and its waste will enhance productivity and profit margins. Cyreka East Africa Development Company Limited has the necessary "hands-on" expertise required to perform in-depth, logical, practical and critical analysis of a client's needs, business strategies, goals, and short and long-term objectives at each stage of development and implementation. To prove the value of the product, the company will involve the experts in the entire process from the conceptual stage to the finished product. Getting the experts involved in every functional area of the business is necessary so that these stages must be given equal attention in formulating short and long-term goals and objectives. The measurable benefit of this approach is a definite competitive edge and improvement of the customers' chances of a prospective lender or investor funding the venture. It will also ensure continued success, viability, profitability and growth.

Cyreka East Africa Development Company Limited will employ several programs within its marketing approach strategy. All of the programs will have the goal of getting the largest bang for the buck as the marketing budget is fairly limited, but a necessary expenditure. The company will employ advertisements in local and international newspapers, the radio and the television, as well as provide free customer reach as a method of networking. The last element of the marketing approach will be the use of a robust website that will catalog the entire different products offered by the firm. Cyreka East Africa Development Company Limited believes that most business owners and entrepreneurs suffer two major problems. They lack training or development resources and the depth of knowledge needed to focus on the management of their businesses from a true "ownership" perspective. Both lead to lowered expectations, lack of business and personal growth and frequent owner burnout. Cyreka East Africa Development Company Limited will cooperate with other stakeholders in order to enter into the market and have access to them for the promotion of its products.

The company believes that sisal has a wide variety of purposes including; high-grade sisal fibres made into yarns (either on their own or in blends with wool or acrylic) and used in carpets. Medium-grade fibres are made into cordage, ropes and baler twine for agricultural and industrial use and they are particular useful in a marine environment as they are resistant to deterioration by salt water. Likewise, sisal biomass contains a high proportion of cellulose; its pulp is a substitute for wood fibres and adds bulk to paper and cardboard as well as being absorbent and has a high fold endurance characteristic,

making it a high quality input for paper products. It can be used in cigarette paper filters and also tea bags. Additionally, a major use of the fibre in textile is in buffing cloth, because sisal is strong enough to polish steel and soft enough not to scratch it. Sisal is a reinforcing composite. Sisal can be used to substitute or enhance fibre glass and used to reinforce plastic in automobiles, boats, furniture, water tanks and pipes. Sisal can also be used to add strength in cement mixtures for the development of low-cost housing and to replace asbestos in roofing and brake-pads. In addition, it is an insulation material and can be made into fibre-board as a wood substitute. Moreover, sisal has good potential as reinforcement in polymer (thermoplastics, thermosets and rubbers) composites due to its low density and good welding specific properties. The sisal composites can be used in automotive components and other furniture. Sisal also continues to make the best material for dart boards.

Similarly, the company believes that the by-products from sisal extraction can be used for making biogas, pharmaceutical ingredients and building material. The waste produced by decortication such as sisal juice, particles of crushed parenchymatous tissue, and fragments of leaves and fibres can be used as a fertiliser or animal feed. The juice of the plant is used to make pharmaceuticals like hecogenin, inulin and others. Yet, other uses include bird breeders that use the hollow trunks of the plant for nesting. Sisal can be used as a geotextile in land reclamation, stabilisation of slopes and road construction. Also, sisal can be used to manufacture good cat scratching posts, spa products, lumbar support belts, rugs, slippers, cloths, and disc buffers. Sisal is valuable

forage for honey bees because of its long flowering period. The attractive sisal poles are widely used in game parks for bomas and hides. Cyreka East Africa Development Company Limited believes that it can improve upon and exploit opportunities to gain local and international market share. Thus, the importance and use of sisal will be well accommodated in order to enhance performance and profitability of the company.

Moreover, Cyreka East Africa Development Company Limited marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service; a) Pricing; the pricing schedule will be generally based on cost leader strategy. It's pricing needs to match its positioning. It cannot be cheap or economical; it will be at the lower end of the pricing scale. However, the company will be flexible in order to meet all of the customer's possible needs for any problems that arise; b) Distribution; generally the services will be offered at the customer's order or place of business; c) Advertising and Promotion; a multi-pronged strategy will be used for the advertising/promotion campaign. Cyreka East Africa Development Company Limited promotion strategy will focus heavily on d) customer relations; and product to customer service- the firm is keenly aware of the need to have exemplary customer support in order to increase their market penetration and achieve sustainable profitability. The service itself is a key component to the company's marketing mix. Its products will be its best advertisement. Its selling tactics will include advertising, direct calling, mail and networking through professional and business associations.

In addition, Cyreka East Africa Development Company Limited will market its product by placing posters in the business directory found in Tanga region, listing with all local and international business and industry associations, developing a brochure to be distributed to customers and networking with the local and international business community. In lieu of this the company will carry out the following;

- Corporate brochure

Cyreka East Africa Development Company Limited will develop a corporate brochure outlining the product and cost structure. The brochure will also highlight its past experience and level of expertise. The brochures will be distributed during workshops and institutions, associations, key business leaders and to potential customers.

- Advertising

Cyreka East Africa Development Company Limited will do much advertising including placing posters in the local and international business directories. Within the next two years, the company may develop its own Internet site highlighting its products and services.

- Networking

Cyreka East Africa Development Company Limited will join local and international business associations in order to maintain contacts in the sisal business community as well as stay well informed about the issues that are important to local and international businesses. Cyreka East Africa Development Company Limited philosophy is to bring a tool kit of quality product to customers.

8 Management Plan

Sisal occupies 6th place among fibre plants, representing 2% of the world's production of plant fibres. The total annual production of sisal fibre varies, depending on demand, climatic conditions and cultivation. In lieu of that competent personnel need to take a lead for the betterment of sisal fibre and its waste production. Mr. Cyril Ekanem will be a manager, responsible for decisions on all matters pertaining Cyreka East Africa Development Company Limited. Mr. Raphael Mhako will assist the manager as the operational manager to do the work and enable future targets enhancement and search for employees to scale the business as clients are added. Mr. Samuel Kilonzo will be the marketing manager responsible in marketing the company and its products for the purpose of enabling the smooth running of the firm's affairs. However, contracted employees [skilled and semiskilled personnel] will be accommodated for their expertise as labourers for the business prosperity. The management team will produce the annual profit and loss account and balance sheet as well as file tax returns. The day to day bookkeeping will be done by an accountant. All works will be overseen by the Board of Directors. Cyreka East Africa Development Company Limited will have systems in place to provide the appropriate information needed by staff and board to make sound financial decisions.

8.1 Management Team

Cyreka East Africa Development Company Limited was incorporated in 2018 and is owned by two directors namely; Mr. Raphael Ngalondwa Mhako [BA in Accountancy

from the University of Dar es Salaam] and Cyril Joseph Ekanem [BA in Business Administration from the University of Abuja, Nigeria] who have been working in various institutions for more than 10 years now and have spent the last three years in honing their business skills in sisal industry. Mr. Samuel Kilonzo [Master of Business Administration (MBA) from Mzumbe University] who has been facilitating entrepreneurs on business management knowledge and skills for four years now.

As permanent employees; the founders will seek, identify and finance lucrative project opportunities on business undertaking in collaboration with other stakeholders all over Tanga region and beyond for the betterment of Cyreka East Africa Development Company Limited.

The Projected Personnel costs for 5 years are as follows.

Personnel Plan (USD)

	Year 1	Year 2	Year 3	Year 4	Year 5
General Manager	38,117	39,013	39,910	40,807	41,704
Assistant G/Manager	35,875	36,771	38,117	39,013	39,910
Marketing Manager	33,632	34,529	34,426	36,322	37,219
Agronomist	26,906	27,803	29,148	30,044	30,941
Accountant	20,179	21,076	21,973	22,869	23,766
Skilled personnel (15)	26,906	27,803	29,148	30,044	30,941
S/skilled personnel (15)	20,179	21,076	21,973	22,869	23,766
Total People	35	35	35	35	35
Total Payroll	201,791	208,071	214,695	221,968	228,247

8.2 Employees Relations

An employment relation for Cyreka East Africa Development Company Limited is about the mutually beneficial relationship between the employer and their employees required to build a productive employment relationship which by nature is characterised by the normal conflict between profit and reward. It's not simply about employment laws, it's also about relationships, good faith, trust and confidence, fairness, economics, competition, feelings, emotions and egos.

Cyreka East Africa Development Company Limited core competency is as skilled negotiators. The company will focus on areas where it may be struggling, such as high

turnover, increased harassment complaints, poor employee morale or problems compromising on pay, benefits and other issues between employees and management.

Cyreka East Africa Development Company Limited will employ the best sales teams in the industry, that is, people who know not only how to communicate the technical needs analysis in a non-technical way, but in addition, are able to follow through and execute on promises and provide accurate, industry specific information that is useful to the client even before the deal is made. However, the most important factor in this market will be the quality of the service.

8.3 Operational Controls

Although, Cyreka East Africa Development Company Limited is still in the initial stages as a sisal fibre processor as a result of its young age; it is critical that it continues to take a modest fiscal approach to serving the needs of the clients, expanding only when the demand of the clients warrants expansion. With good growing conditions of sisal plantations that form an inflorescence after 3-9 years after having produced 250-300 leaves and then dies; leaves are around 120 cm in length and are arranged spirally around the thick stem. The root system is shallow but extends up to 3.5 m from the stem. The leaves have a thorn at the tip and grow up to a height of 3-4 ft and yield valuable fibre. More usually plants are harvested after 24-36 months. About 50 leaves, each weighing up to 1 kg may be cut per plant per year. The ripest lower leaves are cut first and this continues periodically over the next four years. On an average, over the first

four years, two cuttings are made annually. In following years only one cut is made per year, until the flower stalks begin to develop. A total of about 300 leaves may be harvested during the economic life of each plant.

The purpose of Cyreka East Africa Development Company Limited management plan is to serve as a guide for the customers. The following areas will be monitored to gauge performance: i) Revenue- monthly and annually; ii) Sales- monthly and annually; iii) New customer acquisition costs; and iv) Customer satisfaction.

Operation control of activities in managing the resources which are devoted to the processing, production and delivery of products and services will involve the design, management and improvement of products, services, processes and supply chains. However, constrained optimisation problems will involve making a set of choices which maximise or minimise some quantity, subject to a set of constraints which must be adhered to. Applications that include (but are not limited to):

- Cost minimisation e.g. choosing a combination of inputs, which minimises total cost subject to satisfying all product orders.
- Marketing campaign optimisation e.g. maximising the net returns from an advertising campaign, subject to an advertising budget.
- Resource management e.g. choosing a combination of outputs, which minimises the total amount of wastage of a valuable input resource.

- Labour scheduling e.g. assigning hours to part time workers, such that each worker has a shift which is neither too short nor too long, and is a shift that the worker would be available for.

Moreover, the employees must be able to carry out the philosophy and the strategy of the company. This will be emphasized until the strategies are carried out as planned and the results are obvious. All new strategies will be forwarded and discussed with the employees on a regular basis during the weekly meetings. Responsibility for the correct flow of information will be done by the department heads.

9 Financial Plan

Cyreka East Africa Development Company Limited will incur capital investment funds for planting, growing, buying, processing, packing and exporting sisal fibre and its waste. Moreover, the company will invest on plant/factory, machinery and other equipments while working capital will be used to buy raw materials, utility bills, staffing and marketing expenses. The owners will finance the business mainly through their own funds. However, the owners will also obtain credit from commercial banks to support the firm's business operations when need arises. Overall, the cost of raw materials will be 15-30% of production costs depending on their availability.

Profits will be used to develop the business by, for example, funding advertising or promotion, developing new products or improving the skills of workers. While it is

reasonable for owners to increase their salaries if the business is doing well, this should be a carefully considered with regard to decision that does not affect the performance of the business. The cost of US \$ 900 TO US \$ 950 will be charged for each bale of processed sisal fibre. However, by the end of the four-year projections, the company expects to be serving the entire regional area.

9.1 Funding requirements

Cyreka East Africa Development Company Limited will incur costs of planting & growing [including propagation, soil preparations, field layout and design, planting, fertilization, weed, pest & disease control, harvesting and transporting], buying sisal, processing & packing [including decortication, retting, drying, brushing, grading and packing] and exporting sisal fibre and its waste. It will buy land (200 hectors), build go-down [to accommodate 100 tonnes of sisal] & office, buy 2 pick-ups double cabin for officers, 2 trucks for collecting sisal, 1 coroner for processing sisal, 4 baling machines, 4 brushing machines and 2 tractors (@80 hop). The office equipment will include chairs, file cabinets and desks; front counter, storage bins cash register. It will need three computer terminals; main computer server with a laser printer, and back-up system. The software will include; Microsoft Office, QuickBooks Pro etc., telecom system, start-up inventory, utilities and insurance. Moreover, the implementation of this business plan requires large amounts of resources in terms of capital requirements and expenses. As with all undertakings of similar size, the budget has been categorized as detailed there under;

Estimated Funding Requirements	
Funding Expenses	US \$
Legal	897
Rent[office for 1 year]	2,691
Utilities [water, electricity & phones]	1,884
Telecom System	300
Insurance	200
Buying land 200ha	22,422
Planting & Growing sisal	25,560
Processing & Packing Fibre	156,950
Go-down building	33,632
Office building	201,794
2 pickups double cabin	35,874
2 trucks [collecting sisal]	26,905
1 coroner for processing	35,874
4 Balling machines	21,525
4 Brushing machines	21,525
2 tractors @80hp	58,812
Office equipment & web	12,107
10% Contingency	6,589.52
Total Funding Expenses (US\$)	665,541.52

Investment Assets	US \$
Cash Required	217, 000
Inventory	9,000
Other Current Assets	0
Long-term Assets	13,000
Total Assets	239,000

Total Investment Funding	
Investment Expenses to Fund	665,541.52
Investment Assets to Fund	239,000
Total Funding Required	904,541.52

Assets	
Non-cash Assets from Start-up	0
Cash Requirements from Start-up	665, 541.52
Additional Cash Raised	0
Cash Balance on Starting Date	239,000
Total Assets	904,541.52

Liabilities and Capital

Liabilities

Current Borrowing	0
Long-term Liabilities	0
Accounts Payable (Outstanding Bills)	0
Other Current Liabilities (interest-free)	0
Total Liabilities	0

Capital	
Planned Investment	US \$
Seed Funding	392,541.52
Cyril Ekanem	249,000
Raphael Mhako	250,000
Additional Investment Requirement	13,000
Total Planned Investment	904,541.52

9.2 Sales Forecast

During the third year Cyreka East Africa Development Company Limited will focus on setting up the sales of fibre and generating both local and international visibility. Sales during third year will mainly consist of local and international sisal fibre and its waste selling. Cyreka East Africa Development Company Limited will improve its sales steadily from year four onwards.

Sales Forecast

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales (US \$)					
Domestic customers [fibre & waste]	188,400	193,400	218,400	256,985	263,589
Foreign customers [fibre & waste]	417,850	451,520	505,200	451,520	505,200
Total Sales	606,250	674,920	763,600	791,203	815,265

Assumption [360T year 3; 380T year 4; 400T year 5 for domestic & foreign export; 1 T= US \$ 1,434 (average)],

9.3 Break-even Analysis

The Break-even Analysis calculates what will be needed in monthly revenue to reach the break-even point.

Break-even Analysis

Monthly Revenue Break-even	US \$ 13,384.5
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Assumptions:

Average Percent Variable Cost	20%
Estimated Monthly Fixed Cost	2,676.9

9.4 EXPENSES AND INCOME

Income is summed up to arrive at total operating income. All expenses associated with Property Plant and Equipment has been calculated using the base stated in International Accounting Standard 16(IAS16). Operational costs and interest cost on investment are then deducted from gross profit margin to arrive at net profit margin. This is the amount available to cover to cover financial costs and all statutory deductions associated with profit.

**9.4.1 FORCASTED STATEMENT OF FINANCIAL POSITION FOR THE
PERIOD FIVE (5) FINANCIAL PERIODS (USD)**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Sales	606,250.00	674,920.00	763,600.00	791,203.0	815,265.00
Direct Cost of Sales	372,565.00	399,563.00	445,256.00	452,956.00	459,626.00
Other Costs of Sales	57,894.00	68,956.00	79,412.00	89,123.00	91,456.00
Gross Margin	175,791.00	206,401.00	238,932.00	249,124.00	264,183.00
Expenses					
Payroll	10,791.00	12,596.00	14,695.00	17,968.00	19,247.00
Marketing/Promotion	18526	8,690.00	10,234.00	11,678.00	13,987.00
Depreciation	41,441.60	41,441.60	41,441.60	41,441.60	41,441.60
Asset Maintenance/Repair	9,567.00	10,453.00	12,235.00	12,900.00	13,500.00
Rent	6,691.00	6,691.00	6,691.00	6,691.00	6,691.00
Utilities	13,600.00	18,780.00	25,969.00	30,780.00	36,769.00
Insurance	12,000.00	16,000.00	21,000.00	23,000.00	25,000.00
Licenses and Permitting	8,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Office Admiration	10,000.00	15,300.00	15,600.00	15,300.00	15,600.00
Web Hosting and Development	4,125.00	7,200.00	7,560.00	7,200.00	7,560.00
Total Operating Expenses	134,741.60	147,151.60	165,425.60	176,958.60	189,795.60
Profit Before Interest and Taxes	41,049.40	59,249.40	73,506.40	72,165.40	74,387.40

9.4. FINANCIAL POSITION

The balance sheet illustrates the launch of the business on equity financing augmented by safe debt over its first three years of operation to purchase additional trucks. This will allow cash and assets, as well as net worth, to continue to grow.

Retained earnings will be positive the period of one to two years since the business is expanding and it will start to make profit from second year in operation.

**FORCASTED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD
FIVE (5) FINANCIAL PERIODS (USD)**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Current Assets					
Cash	25,000.00	30,000.00	45,000.00	65,000.00	70,000.00
Accounts Receivable	113,114.21	149,509.16	175,739.64	200,064.42	249,849.60
Other Current Assets	13,000.00	14,000.00	14,500.00	16,100.00	16,500.00
TOTAL CURRENT ASSETS	151,114.21	193,509.16	235,239.64	281,164.42	336,349.60
Long-term Assets					
Long-term Assets	436,838.00	417,863.00	398,888.00	379,913.00	360,938.00
Accumulated Depreciation	18,975.00	18,975.00	18,975.00	18,975.00	18,975.00
TOTAL LONG-TERM ASSETS	455,813.00	436,838.00	417,863.00	398,888.00	379,913.00
TOTAL ASSETS	606,927.21	630,347.16	653,102.64	680,052.42	716,262.60
Liabilities and Capital					
Borrowing	186,813.00	160,138.00	131,439.00	107,873.00	92,012.00
TOTAL LIABILITIES	186,813.00	160,138.00	131,439.00	107,873.00	92,012.00
Paid-in Capital	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
Retained Earnings	20,114.21	70,209.16	121,663.64	172,179.42	224,250.60
TOTAL CAPITAL	420,114.21	470,209.16	521,663.64	572,179.42	624,250.60
TOTAL LIABILITIES AND CAPITAL	606,927.21	630,347.16	653,102.64	680,052.42	716,262.60

**9.4.3 FORECASTED STATEMENT OF CASH FLOWS FOR THE PERIOD
FIVE (5) FINANCIAL PERIODS (USD)**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	USD	USD	USD	USD	USD
Cash flows from operating activities					
Profit for the year	41,049.40	59,249.40	73,506.40	72,165.40	74,387.40
Depreciation	41,441.60	41,441.60	41,441.60	41,441.60	41,441.60
	82,491.00	100,691.00	114,948.00	113,607.00	115,829.00
Change in Working capital					
Increase/Decrease in trade & other Payables		-26,675.00	-28,699.00	-28,699.00	-15,861.00
Increase/Decrease in trade & other Receivables	-	36,394.95	26,230.48	24,324.78	49,785.18
Tax Paid	-1,250.00	-1,750.00	-7,361.00	-6,978.00	-10,562.00
Cash flows from operating activities	81,241.00	108,660.95	105,118.48	102,254.78	139,191.18
Cash flow from investing activities					
Proceeds from sale of assets /equipments (+)	-	-	-	-	-
Purchases of assets /equipments (-)	-46,838.00	-17,953.00	-42,899.00	-14,566.00	-3,456.00
Net cash used in financing activities	-46,838.00	-17,953.00	-42,899.00	-14,566.00	-3,456.00
Cash flows from financing activities					
Repayment of borrowings	-	-28,699.00	-28,699.00	-23,566.00	-15,861.00
Dividends paid	-	-	-	-	-
Borrowings of loans	186,813.00	160,138.00	131,439.00	107,873.00	92,012.00
Interest on loan	6,800.00	6,000.00	5,200.00	4,400.00	3,600.00
Net cash used in financing activities	193,613.00	137,439.00	107,940.00	88,707.00	79,751.00
Cash and cash equivalent at the beginning	25,000.00	30,000.00	45,000.00	65,000.00	70,000.00
Net change in cash and cash equivalents	5,000.00	15,000.00	20,000.00	5,000.00	10,000.00
Cash and cash equivalent at the end	30,000.00	45,000.00	65,000.00	70,000.00	80,000.00

9.5 Long range Financial Strategies

Due to the limited barriers to entry and the downsizing of many large firms, there are an increasing number of firms offering sisal fibre and their products. Increased competition for sisal processors and the potential entry of large firms into sisal fibre processing in Tanzania and the neighbourhood necessitate some degree of market risk. To develop and maintain a reasonable market share Cyreka East Africa Development Company Limited will give clients expert and timely services at competitive prices. Cyreka East Africa Development Company Limited long term goal is to expand its operations so that it becomes the leading sisal fibre processor company in the region.

There are several other risks that could affect Cyreka East Africa Development Company Limited operations including cyclical cash flow problems and liability issues. Cyreka East Africa Development Company Limited can experience cash flow problems because the industry is cash driven. To avoid this situation, Cyreka East Africa Development Company Limited will ask for 40% of the price at the beginning for those who request backs of products while 60% being paid within 14 days. The majority of firms of the same request on backs for an average of two weeks or less, reducing the risk of cyclical cash flow problems.

When the business plan is being implemented, its performance must be evaluated and ganged based on customer's needs. Cyreka East Africa Development Company Limited

will adopt both kinds of parameters to be modified as the need arises. The method of monitoring and evaluation will be as follows;

- a) **Monitoring** will be a continuous basis and will be carried out by the company. It will focus on budget and work plan as the self assessment activity.
- b) **Evaluation** will be done quarterly by the independent business consultant in order to here mark the drawbacks during implementation.

Apart from these, evaluation will also focus on impact relevance, sustainability, efficiency use of resources and effectiveness of the implementation approaches. Corrective actions for any deviations shall be effected promptly.

9.6 Milestones

Cyreka East Africa Development Company Limited will have several milestones early on:

- i) Office/business set up.
- ii) Establishment of the first strategic relationship.
- iii) Profitability.

Milestones

Milestone	Start Date	End Date	Budget
Office/business set up	1/1/2020	5/3/2020	0
Establishment of the first strategic relationship	1/1/2020	7/2/2020	0
Profitability	1/1/2020	10/12/2023	0
Totals			0

10.0 Sustainability Arrangements

The long term functionality of the developed business plan can be assured by the following highlights;

i) Technical sustainability

The project is technically feasible i.e. it has the ability to take advantage of the current state of technology. To sustain it, the technical capacity as well as the capacity of the available technology has been taken into account and adopted from China.

ii) Managerial Sustainability

The company's leadership will discourage interference and overlapping responsibilities by ensuring that duplication of activities doesn't crop up.

iii) Financial sustainability

The income projected will ensure financial sustainability. The profit is estimated to raise to **US \$ 161, 230** in **year four** to make the monthly profit average of **13,435.8 US \$**.

This amount will be raised annually to match with time.

11.0 Strategic Plan

Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment. It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a focus on the future. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful. Cyreka East Africa Development Company Limited strategy will involve focusing on a specific area of expertise in which it is as strong as a group as in any company anywhere in the world. Cyreka East Africa Development Company Limited value proposition is high-powered extremely valuable expertise to boost major-league market entrance to new markets across the regional borders, at a price premium commensurate with the high value. We are not going to compete on price; we compete on quality that makes the price more than worth it.

Cyreka East Africa Development Company Limited a partnership firm focuses on a range of strategic planning services most valuable for customers. Through this, the firm is able to offer our clients access to products that are grounded in a simple philosophy – today's competition demands integration of a robust strategy, a business purpose and the core capabilities of the enterprise.

Cyreka East Africa Development Company Limited believes it is its obligation to create value that is both dynamic and self-sustaining. Its objectives are to be a sisal fibre and waste processor in Tanzania and beyond. However, it aims to provide quality sisal fibre to all beneficiaries with quality and prompt services. This is a major role for the firm, which hopefully will materialize faster especially when each player contributes effectively to the pipelined efforts. It is our expectation that these initiatives will have wider support of our local customers and that interested stakeholders from within and outside the country are going to join hands with us for the Strategic Business Plan to materialize.

On the other hand, Cyreka East Africa Development Company Limited clients are encouraged to maintain communications with it throughout the year as issues and opportunities arise. This allows the company to work together to identify issues and opportunities early and avoid last minute surprises. Furthermore, working with Cyreka East Africa Development Company Limited means direct access to the decision makers. Our experienced, senior-level professionals will provide timely responses to customers' questions. In addition, it is proactive in its communications, maintaining a flexible, non-intrusive contact program consisting of informal discussions, telephone calls and mailings to keep its customers apprised of developing issues that may affect the customers and the company throughout the year.

11.1 Cyreka East Africa Development Co. Ltd Vision, Mission and Core value

11.1.1 Vision

Cyreka East Africa Development Company Limited vision is to be the first sisal planting, growing, buying, processing, packing and exporting firm in providing quality sisal fibre and its waste in the region and beyond.

11.1.2 Mission

Cyreka East Africa Development Company Limited mission is to serve and fulfil the needs of sisal fibre customers in order to attract the market and attain profitability.

11.1.3 Core values

Cyreka East Africa Development Company Limited core values are to enhance the business of sisal farming and processing industry in order to achieve significant financial self-sufficiency in business undertakings.

11.1.4 Objectives

- i) Carrying on the business of planters, growers, buyers & sellers of sisal natural fibres such as raw sisal fibre, chopped sisal fibre, sisal rolls, sisal products, sisal baler twines, sisal binder twines (for agriculture), sisal yarns, sisal carpet yarns, sisal yarns for polishing clothes, sisal yarns for steel wire rope centres and sisal packing twines.
- ii) Carrying on business of farming industry sisal, tea, cotton, cashew nuts, palm oil, exporters and general dealers in sisal and any agricultural produce and whatsoever.

- iii) To do the business of growing and manufacturing sisal natural fibres and related agricultural products.
- iv) Educating the community on the need to grow sisal as out growers for their economic growth and sustainability.
- v) Carry on any trade or business whatsoever.

11.1.5 SWOT Analysis

One of the most widely used strategic planning tools is a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. Most firms use, in one form or another, SWOT analysis as a basic guide for strategic planning. The worth of a SWOT analysis is often dependent on the objective insight of those management individuals who conduct the SWOT analysis. With the management that is able to provide objective, relevant information for the analysis, the results are extremely useful for the firm.

A SWOT analysis involves a firm's assessment of its internal position by identifying the firm's strengths and weaknesses. In addition, the firm must determine its external position by defining its opportunities and threats. Strengths represent those skills in which a firm exceeds and/or the key assets of the firm. Examples of strengths are a group of highly skilled employees, cutting-edge technology, and high-quality products. Weaknesses include areas in which a firm does not perform well; examples include continued conflict between functional areas, high production costs, and a poor financial position. Opportunities include current or future circumstances in the environment that

might provide favourable conditions for the firm. Examples of opportunities include an increase in the market population, a decrease in competition and a legislation that is favourable to the industry. Threats include current or future circumstances in the environment, which might provide unfavourable conditions for the firm. Examples of threats include increased supplier costs, a competitor's new product-development process, and a legislation that is unfavourable to the industry.

Therefore, the following SWOT analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing Cyreka East Africa Development Company Limited. The development forces of the company are to examine their roles and abilities to give effect to the proposed Strategic Business Plan, by looking at the Strengths (S), Weaknesses (W), Opportunities (O) and Threats (T) or SWOT prevailing in them and to take action to root out faults. To put it clearly, Strengths and Weaknesses are internal factors of production which players themselves are concerned with.

These are,

a) In case of Strengths.

- i) Availability of customers in need of sisal fibre and its waste and if they can be expanded.
- ii) An efficient workforce i.e. operational staff and these at top levels with their commitment to achieve aspired output.

- iii) Availability of inputs i.e. equipments, materials and financial base.
- iv) The ability to meet the customer's needs with a customized and flexible solution i.e. flexibility.

b) In case of Weaknesses.

- i) Misappropriation of the company's funds.
- ii) Misutilization of resources and lack of proper care.
- iii) Absence of commitment by the workforce and missing professional expertise.
- iv) Weakness in records keeping, follow-ups, evaluations and way forward planning due to unforeseen circumstances.

Opportunities and Threats are external factors some of which can appear helpful to the Company while others may be destructive to its aspirations.

Other critical factors for the development of the sisal value chain which are both opportunities and challenges are:

a) In case of Opportunities

- i) Quality of fibre is yet to be optimized based on the standards already in place and internationally recognized. Both farmers and traders need to be trained on improving quality, grading, inspection and traceability.
- ii) Quantity and Consistency. In achieving economies of scale is critical in improving profitability. In addition, mills and exporters require consistent supplies abiding to formal contractual agreements. The degree of vertical integration,

economies of scale, capacity utilization and inter-relations between various players including Public-Private Partnerships are important aspects to be properly analysed. Outbound logistics of transportation can be critical and have to be properly analysed and costs established.

iii) Collaborative efforts with stakeholders especially Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) in Tanga and other Business consultancy firms in the region.

iv) Participation within a growing market.

b) In case of Threats

i) Energy. The availability of energy continues to present challenges to processing industries in Tanzania in both at the estate and village levels. Utilizing sisal waste to produce energy and fertilizer appears to be an immediate solution to this challenge and provides an opportunity to also increase income at the farm level.

ii) Change of Mind-set. Perhaps a more serious challenge is the change of mind-set. Farmers should not wait for hand-outs or subsidies, they should be market driven to ensure sustainability. Temporary assistance should only act as a building block for commercialization.

iii) Keeping abreast of external destructive environments (such as inflation rates, economic recession etc) and taking immediate protective steps against them.

- iv) Positive-ness in taking steps for better changes to avoid lagging behind and improved situations existing in other alike firms processing sisal fibre.
- v) Keeping alerted to bad social and operational norms of conduct by observing existing professional and national standards on dealing with sisal fibre processing.

12 Exit Strategy and Closing Details

Most business owners do not plan ahead for the time when they will decide to sell their business. Often when they make up their mind to sell, the business isn't worth what they had hoped. The final portion of the business plan outlines the exit strategy. Therefore, if the business is not very successful, Cyreka East Africa Development Company Limited may seek to sell the business to a third party for a significant earnings multiple. Most likely, the company will hire a qualified business broker to sell the business on behalf of the company. Based on historical numbers, the business could fetch a sales premium of up to 2 times earnings.

13 Conclusion

Efficiencies in fibre extraction and sisal growing have improved through interventions which have led to the development of high density planting, development of new processing methods using the hammer mills and mobile decorticators which have lower losses in fibre and utilize less water and less energy. Fibre production is not profitable in the short term and incentives are needed to attract investments, as well as to organize growers and grower/processor/trader contractual arrangements to ensure that they are

not marginalized in the chain. It is from this background that the Business plan once implemented will be in line with Tanzania vision 2025 which emphasizes enhanced business undertakings to entrepreneurs. Cyreka East Africa Development Company Limited mission and objectives are in fact a response to that move. As it stands, it has been long awaited for its merits to be realized immediately.