

LAKE CYLINDER LIMITED

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LIST OF ABBREVIATION

LPG Liquefied Petroleum Gas

PLC Public Limited Company

LTD Limited

EXECUTIVE SUMMARY

Lake Cylinders is a limited liability type of business which aims at manufacturing, importing and exporting of LPG Gas cylinders, fabrication of iron and metal, steel rolling etc. The ideas of making and manufacturing of LPG Cylinders came about through observing that in the society there is high demanded for the LPG cylinders, and it is not very often to find industries that are associated with manufacturing of these LPG cylinders in Tanzania.

Lake Cylinders Limited is going to be positioned at Mikocheni industrial Area which is in Kinondoni district. Whereas this location is suitable as transportation costs of raw materials and final product is minimum. The prices offered for the produced cylinders are very affordable so as to be able to accommodate all its customers.

This Lake Cylinders Limited will require a sum of TSH. 1,000,000,000/=. The money will be used to acquire machine, equipment, and to meet initial operations for the manufacturing of the cylinders.

CHAPTER ONE

1.1 BUSINESS DESCRIPTION

LAKE CYLINDERS LIMITED is Limited company whose owners are legally responsible for its debts only to the extent of the amount of capital they invested. Having limited liability status means the company is an entity in its own right. This has several advantages for instance this means that one will not be personally liable for any financial losses made by the business this gives additional protection in case things go wrong. It is easier for the company to secure loans and investments. The company will exist beyond the life of its shareholders even if they retire or resign the company will continue to exist and operate.

Lake Cylinders limited will be dealing with manufacturing of LPG Cylinders. We decided to deal with manufacturing of these LPG cylinders as it will make it easy to package our own gas and also for other companies to buy from us instead of having to import these cylinders from abroad.

Incredible services. We will ensure that our business provides incredible service to our customers by hiring employees with good customer services also professionals in the field.

This venture which requires one billion as a capital. The capital will be obtained from different sources including bank loan and subsidiary companies and the owner himself.

SOURCE OF CAPITAL

SOURCE OF CAPITAL	AMOUNT IN USD
FOREIGN EQUITY	2,000,000/=
LOCAL EQUITY	2,000,000/=
FOREIGN LOAN	2,000,000/=
LOCAL LOAN	4,000,000/=
TOTAL CAPITAL	10,000,000/=

1.2 Uniqueness of the product/ service.

- a) Deliverance of the Product to the customer: service and product delivery will be of good and great standards as customers will get exactly what they ordered with little to no waiting time.
- b) Packaging: The LPG Cylinders will be packaged and labeled in accordance to customer's preferences in terms of company names for instance Oryx, Mihan, lake gas, etc.
- c) Special order options: There will be special orders for our customers those who need will need more customization of their LPG cylinders in terms of structure and how it operates, it will be delivered accordingly.
- d) Incredible services. We will ensure that our business provides incredible service to our customers by hiring employees with good customer services and competent in the manufacturing of these LPG Cylinders.

1.3 Principal Activities.

- I. Manufacturing, import and export of LPG gas cylinders,
- II. Fabrication of iron and metal.

1.4 Business objectives

- i. To achieve high customer satisfaction and loyalty.
- ii. To generate LPG Cylinders traffic by growing our client base and having busier working hours due to manufacturing of high quality and quantity of our cylinders.
- iii. To achieve specific financial goals so as to become more profitable over time.

1.5 Vision statement.

We are aspiring to become one of the Top LPG Cylinders manufacturers in Tanzania, with the best quality produces and unbeatable prices.

1.6 Mission statement.

To provide prominent, excellent and good quality LPG Cylinders, manufactured on time and to our customer's preferences and at reasonable prices.

CHAPTER TWO

2.0 ENVIRONMENTAL AND INDUSTRIAL ANALYSIS

ENVIRONMENTAL ANALYSIS.

PESTL analysis is the external factors which used by the marketers to analyses and monitor the macro-environmental (external marketing environment) factors that have an impact on an organization. Lake Cylinders Limited is the first ever LPG Cylinders manufacturing company in TANZANIA, hence this is a breakthrough for our industrial sector as we could not have to depend on importing these cylinders anymore is they are been produced locally using the greatest technology.

Political: These factors include a government may impose a new tax or duty due to which entire revenue generating structures of organizations might change. Political factors include tax policies, Fiscal policy, trade tariffs etc. that a government may levy around the fiscal year and it may affect the business environment (economic environment) to a great extent.

Economic: These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. [For example] a rise in the inflation rate of any economy would affect the way companies' price their products and services. Adding to that, it would affect the purchasing power of a consumer and change demand/supply models for that

economy. Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns etc. It also accounts for the FDI (foreign direct investment) depending on certain specific industries who're undergoing this analysis.

Due to the economic factor the Lake Cylinders Limited is affected because the Tanzania currency in the market does not have stability compared to Dollar. Hence we will come with a solution to expand to various branches inside and outside the country and we will regard the uses of dollar in our business after it has had growth.

Social Factors

Also known as socio-cultural factors are the areas that involve the shared belief and attitudes of the population. These factors include – population growth, age distribution, health consciousness, and career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them.

Technological Factors

We all know how fast the technological landscape changes with consideration that the company is highly technologically related field and how this impacts the way we manufacture and market our products. The Lake Cylinders limited will observe properly three technology factors:

- New ways of producing goods and services
- New ways of distributing goods and services
- New ways of communicating with target market

2.1.2 SWOT Analysis

SWOT analysis is the abbreviation that stands for Strengths, Weaknesses, Opportunities, and threats related to business competition or project planning. It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favourable and unfavourable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage.

STRENGTHS

- experience and skills of sector and running a similar industrial businesses successfully
- Experienced and expertise from employees of the company
- Availability of finance for investment and to support cash flow

OPPORTUNITIES

- Availability of initial finance to start up business.
- Being the first of the LPG Cylinders manufacturer kind in the country
- Availability of an area to run business.
- Economic growth

WEAKNESSESS

- Being a new business in the area with no similar businesses to learn from
- Capital to Start-up business.

THREATS

- Lack of support from related companies and the government
- Political and economic stability
- Tax increase

2.2 INDUSTRY ANALYSIS

Future Trend

The future trend of Lake Cylinders Limited is to keep growing as the years go on due to high demand of LPG Cylinders and related goods and products hence increase in revenue and profit.

Competitors

In the industries there are large numbers of competitors but we will produce the quality product and services to the customers to enable us to flourish in the market or industry.

Industries forecast

Our plan is to be the leading manufacturer in LPG Cylinders and related products, producing prominent, excellent and great quality LPG Cylinders; this will eventually lead to growth of market base and business at large.

CHAPTER THREE

3.1 MARKET ANALYSIS

Market Target

Target market can be referred to as a subset of total market. It represents a part of population that the business aims to focus on, target market can include consumers of a product on age basis, location basis and income basis. The target market for Lake Cylinders Limited is companies that sell gas like Oryx Energy, MIHAN and Lake Gas

Market trend

We expect to keep on growing through production and manufacturing of quality LPG Cylinders and its related products also from iron and metal fabrication processes that will enable creation of machine parts and other related products, hence this will bring greater profit and growth to our business in time.

Market Strategies

Market Strategies, we plan to provide promotion through media channels like televisions, radios, billboards advertisements, social media, through conducting seminars also to educate customers on the importance of supporting local businesses instead of importing and how it will aid in growth of our economy to a significant scale. In order to make effective market planning we shall have effective use of the 4P's.

Product strategies

The Lake Cylinders Limited mainly produces and manufactures LPG cylinders products; we strategize in producing the best quality Cylinders for different companies and clients and customize them as desired so as to cater to the preferences of our customers.

Pricing strategies

Pricing strategy refers to all of the various methods that small businesses use to price their goods or services. Pricing strategies are useful for numerous reasons like maximizing profit margins, also to maintain market share and many others. Pricing options give opportunity to customers to choose on the type of products and services to spend their money on. Lake Cylinders intends to have pricing structures that will be inclusive to all consumers hence increase market and facilitate major sales.

The following are the pricing strategies opted for by Lake Cylinders Limited;

The cost-plus strategy; basically the company accounts for all the costs that go into manufacturing , including fixed costs such as the wages that are paid to the employees, the staff, the rent and the utility bills. All these should be distributed among the various offerings that the company makes to its customers.

Triple pricing strategy; this pricing strategy used by Lake Cylinders, it is commonly known as the Good, Better, Best pricing strategy. The good item is basically the cheapest. The mid-prices item which is the better item and the most expensive item is

the best item. This is a good pricing strategy as it is inclusive and all consumers are able to fit in the price ranges.

Placing strategies

We can also ensure accessibility of our products by having safety stocks to make it available at the time customer needs it and at any amount. And by also allocate business at an area which is easily accessible by most and where transportation cost of raw materials and final product is minimum.

Promotion strategies

We plan to provide promotion through media outlets like television stations, radio stations, newspapers, banners and billboards also through social media through platforms like instagram, face book, whatsapp and others. Also through conducting seminars also to educate customers on the importance of supporting local businesses instead of importing from outside countries as it is significant for the economic growth of a company.

Also through Better pricing, Service that we will provide will be of good price and affordable to our customers. Through this we are hoping to attract many customers. And that is one of the reasons why we decided to open our business.

CHAPTER FOUR

4.1 OPERATIONS SEGMENT OR MANUFACTURING SEGMENT

Management and Organization of Lake Cylinders Limited.

The company will be under its Owners as the CHIEF EXECUTIVE OFFICER, whereas they have employed Directors, company secretary, managers, operating staff, sales persons, marketing manager, machine operators and other employees.

Technology utilization

The business will apply the modern technology in the operation activities for example the use of time management software which require only a person to have a specific passwords to utilize our systems, the use of modern machinery that aid in manufacturing of the LPG Cylinders.

Since the business is operating in the competitive industry so this application of modern technology will be advantageous daily operations especially in handling competition from companies abroad as Lake Cylinders is the first LPG cylinder manufacturing company hence it has cutthroat competition from abroad companies where most of the cylinders are been imported from.

Purchasing and Stock

Our venture will purchase our raw materials both locally and through importing them from abroad, for instance machinery will be imported that will be used to manufacture the LPG cylinders and related products.

Health and safety

Health and safety is a set of laws that have been made to protect the health and the safety of people when they are working. Health and safety rules vary a lot from one country to another. Some countries have very strict rules. Rules about Health and Safety have been made since 1950 when the International Labour Organization (ILO) and the World Health Organization (WHO) agreed about standards of health in the workplace.

Health and safety laws will deal with such things as: the temperature in the workplace (it must not be too hot or too cold), smoking in the workplace and other things that might

cause pollution or which might cause fire hazards, how many toilets per person there should be, whether they need safety equipment (e.g. hard hats in case anything falls on their heads), whether it is safe for a person to be left alone in the workplace, the rights of disabled people, how many hours in the day people can work for etc.

Lake Cylinders limited aims to use part of the profit it makes to provide various services to the communities also the ventures ensure that the health and safety of the employees are taken into high consideration as employees are assets to the business and should be treated with respect and fairness.

CHAPTER FIVE

5.0 ORGANIZATION PLAN

This part is mainly composed of description on polices of the organization and human resource management that will facilitate achievement of efficient production and distribution of goods.

Owners will manage the venture with assistance of the director and managers. Their duties include overall management of the business, finance management and Administration. The operation manager will manage production activities including ordering of materials and manufacturing activities.

5.3 Authority of Principal

The authority will comes from the top and will flow direct to the low stage of the organization which is subordinate level.

5.4 Management Team Background

The directors and management will be responsible to recruit all the employers of the venture also to review the organization various annual report.

5.5 Training and Evaluation

The organization ensures that they will get the employees who are graduate from institution or colleges or university that are known and registered and experts in the industrial field, also

training will be advocated for the employees so as to facilitate smooth operations of the company and operations.

Employees	Evaluation base
Director	Organization Performance
Managers	Organization Performance
Operators	Volume of production
Sales People	Sales turnover
Attendant	Attractiveness of environment

CHAPTER SIX

6.0 FINANCIAL PLAN

INCOME STATEMENT PROJECTIONS

STARTING CAPITAL FOR LAKE CYLINDERS LIMITED

EQUIPMENT	Amount(USD)
Land/Building	2,000,000
Plant	2,000,000
Vehicles	400,000
Furniture & Fittings	350,000
Pre - Expenses	100,000
Others	1,000,000
Working Capital	4,000,000
Sub Total	9,850,000

Administrative and Building Costs

Staffs payment	50,000
Insurance and Utilities	50,000
Marketing	15,000
Advertisement cost	20,000
Other Miscellaneous expenses	15,000
Sub Total	150,000

Total	10,000,000
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SOURCE OF FUND	USD
Foreign Equity	2,000,000
Local Equity	2,000,000
Foreign loan	2,000,000
Local loan	4,000,000
Total Capital	10,000,000

Business performance

Projected Cash Flow statement For the First Month

Projected Cash Flow statement For First Month		
Cash Sales	Amount(Per Day)	Amount(Per Month) USD
LPG cylinders 30kgs	3,603,333	108,100,000
LPG cylinders 15kgs	6,900,000	207,000,000
LPG cylinders 6kgs	9,583,333	287,500,000
Cash Sales Total		602,600,000
Sub Total Cash from Operations		
Pay rolls		50,000
Fuel and		50,000
Electricity		50,000
Advertisement		50,000
Marketing		15,000
Sub Total Cash from Operations		215,000,000
Profit	(Cash Sales Total-Subtotal from Operations)	387,600,000