

CVF TRUCK EQUIPMENT TRADING LIMITED

BUSINESS PLAN

FOR

MANUFACTURING PLASTIC BOTTLES

&

OTHER PLASTIC RELATED PRODUCTS

1.0 Industry Overview

Plastic bottle is one commodity that is used mostly in the retailing industry for packaging water and liquid in general. This goes to show that there is indeed a very large market for plastic bottles in Tanzania; hence loads of investors are investing in the plastic bottle manufacturing industry.

Businesses in the plastic bottle manufacturing industry are involved in the manufacturing of a wide range of bottles from various plastic compounds based on their end use. These bottles are then sold to beverage, food and

chemical manufacturers to use as packaging for soft drinks, milk, condiments, household and automotive chemicals.

The fact that plastic is used in the packaging of various consumer products, from vending machine sodas to family-sized bottles of detergent make it a viable industry to invest in. Nevertheless, the prevalence of plastic containers and bottles has not immunized the Plastic Bottle Manufacturing industry to economic volatility.

Large players of plastic bottle manufacturers are based in Dar es Salaam and Consumer spending is also increasing, resulting in revenue increasing over the five years.

The Plastic Bottle Manufacturing industry is indeed a major sector of the economy of most countries in the world. No Statistics are available in Tanzania related to plastic bottle.

We forecast Tanzania's non-alcoholic drinks sales will experience positive growth over our forecast period to 2020, reaching an 8.2% CAGR. Growth will be driven by consumers' rising incomes and increasing investment into the segment. Also contributing to growth is the fact that soft drinks appeal to

lower-income consumers, as carbonates are often cheaper than bottled water and prices of core carbonates rarely rise at the rate of inflation. Carbonated soft drinks sales will grow by 12.3% over our five-year forecast period to 2020. In line with our expectations for pan-regional disposable income appreciation, demand for low-cost carbonated soft drinks and bottled water is projected to grow considerably over the coming years.

While Tanzania was once dominated by PepsiCo's core brands, The Coca-Cola Company came back strongly in the mid-1990s under the South African company Coca-Cola SABCO, which invested heavily in resuscitating Coca-Cola and usurping Pepsi's long-held dominance. The rising demand for carbonated soft drinks across the country will create profitable opportunities for expansion as well as companies looking to invest in Tanzania. Local companies Bakhresa Group (one of East Africa's leading conglomerates) and MeTL (a family conglomerate) are expanding into the beverage segment

With a positive consumer outlook, we forecast positive growth for bottled water sales, growing by 6.3% to 2020. However, we believe the bottled water industry will experience slower growth than carbonated soft drinks, owing to lower demand. A large proportion of Tanzania's population still lives in rural

areas and we expect consumers to spend less on bottled water as it is a relatively more expensive product. Furthermore, a large part of the population is dependent on purified tap water, due to the cost of bottled water.

The Plastic Bottle Manufacturing industry is a profitable industry and it is open for any aspiring entrepreneur to come in and establish his or her business. That is why the company has decided to set up a factory in Arusha region.

2.0 **Executive Summary**

CVF TRUCK EQUIPMENT TRADING LIMITED is a company incorporated in Tanzania with Certificate of Incorporation No. 139238826

dated 29th May 2019 dealing with plastic bottle manufacturing and plastic related products that is located at **PLOT NO 20 KURASINI, TEMEKE, DAR ES SALAAM**, Tanzania; in an ideal location that is highly suitable for the kind of business we are investing. The company has leased a facility that is big enough to fit into the design of the kind of standard plastic bottle manufacturing company that we are operating.

CVF TRUCK EQUIPMENT TRADING LIMITED is involved in the manufacturing of a wide range of plastic bottles such as beverage bottles, food bottles, household product bottles, automotive and industrial product bottles amongst others. We are set to service a wide range of clientele not just in the United Republic of Tanzania, but also all parts of the world.

We are aware that there are several plastic bottle manufacturing companies all around the United Republic of Tanzania, which is why we spent time and resources to conduct thorough feasibility studies and market survey so as to be well positioned to favorably compete with all our competitors.

CVF TRUCK EQUIPMENT TRADING LIMITED. will ensure that all the plastic bottles that leave our factory are of the highest quality, highly durable and affordable. We want to build a business with a wide range of clientele base that cuts across businesses in the fast-moving consumer goods (FMCG) sector. We have a CRM software that will enable us manage a one-on-one relationship with our customers no matter how large they are.

CVF TRUCK EQUIPMENT TRADING LIMITED. will at all times demonstrate her commitment to sustainability, both individually and as a firm, by actively

participating in our communities and integrating sustainable business practices wherever possible. We will ensure that we hold ourselves accountable to the highest standards by meeting our customers' needs precisely and completely whenever they patronize our products.

3.0 Company Ownership

CVF TRUCK EQUIPMENT TRADING LIMITED is a company owned by three shareholders

Name of subscriber	% of shares	Nationality	Date of Birth
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PINGHENG FU FURONG ROAD, BLOCK 09, HOUSE NO 666, CHANGSHA CITY, CHINA	80	China	14 th March 1997
LIANG YU HOUSE NUMBER 89, BLOCK NUMBER 09, ZHENGYU ROAD, CHANGSHA CITY, CHIN	5	China	16 th Aug 1993
NGUYEN DUC DU P. O.BOX 2388 Q. BAC NINH, VIETNAM	15	Vietnam	1 st Sept 1985

Board of directors will be bringing in experience to build CVF TRUCK EQUIPMENT TRADING LIMITED to become a top brand.

4.0 Our Product Offering

CVF TRUCK EQUIPMENT TRADING LIMITED. is in the plastic bottle manufacturing industry to manufacture a wide range of plastic bottles for a

wide range of clients. We are set to service clients who are not just in Arusha, but also all neighboring regions which is why we will go all the way to give our clients and potential clients options.

The company will strictly do all that is permitted by the law of the United Republic of Tanzania to achieve our business goal, aim and ambition. Our product offerings are listed below;

- Manufacturing HDPE plastic bottles
- Manufacturing PET plastic bottles
- Manufacturing PVC plastic bottles
- Other plastic products related

4.1 Our Vision Statement

Our vision is to become the leading brand in the plastic bottle manufacturing industry in Tanzania.

4.2 Our Mission Statement

Our mission is to have a world – class plastic bottle manufacturing company whose products will not only be used by both small and large corporations in the FMCG sector in the United Republic of Tanzania, but also be exported to other neighboring countries.

4.3 Our Business Structure

Our intention of starting our plastic bottle manufacturing company is to build a standard company in Arusha. Although our plastic bottle manufacturing company might not be as big as other companies in Dar es Salaam, but we will ensure that we put the right structures in place that will support the kind of growth that we have in mind while setting up the business.

They will make sure that we employ people that are qualified, honest, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders.

4.4 Project Management and Manpower Requirements

CVF TRUCK EQUIPMENT TRADING LIMITED will be under the Management with vast experience in managing various manufacturing businesses, the project will be directly managed Managing Director assisted by Managers who will comprise the management team. **49** staff will be directly employed.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	6	10	18
Men	6	10	15	31
TOTAL	8	16	25	49

In view of that, CVF TRUCK EQUIPMENT TRADING LIMITED have decided to hire qualified and competent hands to occupy various positions

4.4 SWOT Analysis

CVF TRUCK EQUIPMENT TRADING LIMITED is in business to become one of the leading plastic bottle manufacturing companies in the United Republic of Tanzania and we are fully aware that it will take the right business concept, management and organizational structure to achieve our goal.

We know that there are several plastic bottle manufacturing companies all over the United Republic of Tanzania and even in the same region where we are located intend.

We know that if a proper SWOT analysis is conducted for our business, we will be able to position our business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats.

CVF TRUCK EQUIPMENT TRADING LIMITED employed the services of an expert HR and Business Analyst with bias in the manufacturing industry to help us conduct a thorough SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

This is the summary of the SWOT analysis that was conducted for CVF TRUCK EQUIPMENT TRADING LIMITED.;

4.6 Strength:

Our main strength lies in the high quality of finished products, the power of our team and the state-of-the-art plastic bottle manufacturing factory that we own. We have a team of highly trained and experienced professionals that can go all the way to produce top notch plastic bottles. We are well positioned in the heart of Arusha and we know we will attract loads of clients from various regions and neighboring countries.

4.7 Weakness:

A major weakness that may count against us is the fact that we are a new plastic products manufacturing company and we don't have the financial capacity to compete with multi – million dollars' companies in the industry when it comes to manufacturing plastic bottles at a rock bottom prices. So

also, we may not have enough cash reserve to promote our business the way we would want to do.

4.8 Opportunities:

The fact that we are operating our plastic products manufacturing company in Arusha provides us with unlimited opportunities to sell our products to a large number of corporations. We have been able to conduct thorough feasibility studies and market survey and we know what our potential clients expecting from us; we are well positioned to take on the opportunities that will come our way.

4.9 Threat:

Just like any other business, one of the major threats that we are facing is economic downturn. Another threat that may likely confront us is the arrival of a new plastic bottle manufacturing company in same location where ours is located. So also, unfavorable government policies may also pose a threat for businesses such as ours.

5.0 MARKET ANALYSIS

Market Trends

Trends in the plastic bottle manufacturing industry shows that plastic will remain a more effective, lower-cost alternative to glass or metal packaging. Food producers purchased more plastic bottles to meet increasing product demand and as demand for bottled water and sports drinks increases, demand for plastic bottles will expand.

The conditions in the Plastic Bottle Manufacturing industry have been relatively volatile. The revenue generated in the industry is heavily influenced by national demand for consumer goods (water, liquids and milk et al), as the majority of the products that are produced in the industry are sold for downstream use in the fast-moving consumer goods (FMCG) sector.

As part of marketing strategies, plastic bottle manufacturing companies now ensure that they go beyond mass production of plastic bottles to producing customized plastic bottles for bigger corporations who are in the fast-moving consumer goods sector.

5.1 Our Target Market

There is hardly any company that is into the production of liquid related products that do not make use of plastic bottles in packaging their products.

In view of that, we have positioned our plastic bottle manufacturing company to service a wide range of clientele in the United Republic of Tanzania and other parts of the neighboring countries. We have conducted our market research and feasibility studies and we have ideas of what our target market would be expecting from us.

We in the plastic bottle manufacturing industry to supply our products to the following fast-moving consumer goods (FMCG) organizations;

- Bottle water production companies
- Milk production companies
- Pharmaceutical companies
- Carbonated drinks production companies
- Chemical manufacturing companies

5.2 Our Competitive Advantage

A close examination of the plastic bottle manufacturing industry reveals that the market has become much more intensely competitive over the last decade. As a matter of fact, you have to be highly creative with your market approach, be customer centric and proactive if you must survive in this industry. We are aware of the competition and we are prepared to compete favorably with other leading plastic bottle manufacturing companies in the United States.

CVF TRUCK EQUIPMENT TRADING LIMITED. is launching a standard plastic bottle manufacturing company that will indeed become the preferred choice for businesses in the fast-moving consumer goods (FMCG) sector in the United Republic of Tanzania. Our plastic bottle manufacturing company is located in an ideal property highly suitable for the kind of manufacturing company that we want to run.

Our competitive advantages are our provision of a related range of goods and our technical research and development skills. One thing is certain, we will ensure that we manufacture high quality and durable plastic bottles in our

factory at all times. Our excellent customer service culture, various payment options and highly secured facility will serve as a competitive advantage for us.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the industry meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

5.3 Sources of Income

CVF TRUCK EQUIPMENT TRADING LIMITED. is in business to manufacture and supply plastic bottles in the United Republic of Tanzania and other parts of the world. We are in the plastic bottle manufacturing industry to maximize

profits and we are going to go all the way out to ensure that we achieve our business goals and objectives.

CVF TRUCK EQUIPMENT TRADING LIMITED. will generate income by selling the following products;

- Beverage bottles
- Food bottles
- Household product bottles
- Automotive and industrial product bottles
- HDPE plastic bottles
- PET plastic bottles
- PVC plastic bottles

The plastic bottle manufacturing industry has a wide range of customers that cut across various manufacturing industries especially players in the fast-moving consumer goods (FMCG) sector.

We are well positioned to take on the available market in the United Republic of Tanzania and of course the rest of the world and we are quite optimistic

that we will meet our set target of generating enough income / profits from the first six months of operation and grow the business and our clientele base.

5.4 Marketing Strategy and Sales Strategy

Before choosing a location for CVF TRUCK EQUIPMENT TRADING LIMITED we conducted a thorough market survey and feasibility studies in order for us to be able to penetrate the available market and become one of the preferred choices for businesses not only in Arusha, but also throughout the United Republic of Tanzania. We have detailed information and data that we were able to utilize to structure our business to attract the number of customers we want to attract per time.

We hired experts who have good understanding of the plastic bottle manufacturing industry to help us develop marketing strategies that will help us achieve our business goal of winning a larger percentage of the available market in the United Republic of Tanzania.

In summary, CVF TRUCK EQUIPMENT TRADING LIMITED will adopt the following sales and marketing approach to win customers over;

- Introduce our plastic bottle manufacturing company by sending introductory letters alongside our brochure to manufacturing organizations, stores and key stake holders in the industry
- Ensure that we manufacture a wide range of plastic bottles and related packaging materials
- Make use of attractive hand bills to create awareness and also to give direction to our factory
- Create a loyalty plan that will enable us reward our regular customers
- List our business and products on yellow pages ads (local directories)
- Leverage on the internet to promote our products
- Engage in direct marketing and sales
- Encourage the use of Word-of-mouth marketing (referrals)

Even though our plastic products manufacturing company is well positioned, we will still go ahead to intensify publicity for the business. We are going to explore all available means to promote our company.

CVF TRUCK EQUIPMENT TRADING LIMITED has a long – term plan of opening our factories in key regions which is why we will deliberately build our

brand to be well accepted in the United Republic of Tanzania before venturing out.

As a matter of fact, our publicity and advertising strategy is not solely for winning customers over but to effectively communicate our brand. Here are the platforms we intend leveraging on to promote and advertise CVF TRUCK EQUIPMENT TRADING LIMITED.;

- Place adverts on community-based newspapers, radio and TV stations.
- Encourage the use of word-of-mouth publicity from our loyal customers
- Leverage on the internet and social media platforms to promote our business
- Ensure that our we position our banners and billboards in strategic positions all around strategic area.
- Distribute our fliers and handbills in target areas in and around our neighborhood
- Advertise our plastic bottle manufacturing company in our official website and employ strategies that will help us pull traffic to the site
- Brand all our official cars and trucks and ensure that all our staff members and management staff wear our branded shirt or cap at regular intervals.

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5.5 Our Pricing Strategy

Aside from quality, pricing is one of the key factors that gives leverage to plastic products manufacturing companies, it is normal for consumers to go to places where they can get plastic products at cheaper prices which is why big players in the plastic products manufacturing industry always attract loads of clients.

We know we don't have the capacity to compete with Big companies but we will ensure that the prices and quality of all our plastic products are competitive with what is obtainable amongst plastic bottle manufacturing companies within our level.

The company has estimated the average price of US\$ 5per unit, and annual production projected to be 240,000 units

6.0 Project Investment Cost

The estimated capital investment cost of the project is US \$500,000.

CVF TRUCK EQUIPMENT TRADING

LIMITED COST STRUCTURE US

Land and Building	15,000
Plant and Machinery	200,000
Motor vehicles	70,000
Furniture and Fittings	5,000
Others	20,000
Working capital	190,000

Total	500,000
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6.1 Financing pattern

The project will be financed by equity US\$ 500,000

6.2 Project operating costs

In order to realize its intended objective, the project will have to meet the operating costs which have been budgeted to be 80% of total revenue to cover expenses such as Salaries and Wages, Utilities Motor vehicle running Expenses, Insurance Marketing cost, Depreciation cost, Pension, Communication, Administrative cost, Maintenance cost, Loan interest, Donation etc.

7.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed.

8.0 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

9.0 Financial Analysis

9.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

9.2 Financial Statements:

9.3 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from business commence from the first year of operation.

CVF TRUCK EQUIPMENT TRADING LIMITED SUMMARY OF REVENUE "US\$"

	1	2	3	4	5
Revenue	1,200,000	1,296,000	1,303,680	1,304,294	1,304,344

9.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US \$164,465** in first year to **US \$ 882,640** in the 5 year

CVF TRUCK EQUIPMENT TRADING LIMITED PROJECTED INCOME & EXPENDITURE

STATEMENT (US\$)

	1	2	3	4	5
Revenue	1,200,000	1,296,000	1,303,680	1,304,294	1,304,344
Operating cost	960,000	1,036,800	1,042,944	1,043,436	1,043,475
Profit before Depreciation &Interest	240,000	259,200	260,736	260,859	260,869

Depreciation	5,050	2,800	2,800	5,050	5,050
Net Profit before Tax	234,950	256,400	257,936	255,809	255,819
Tax (30%)	70,485	76,920	77,381	76,743	76,746
Profit After Tax	164,465	179,480	180,555	179,066	179,073
Accumulated Profit	164,465	343,945	524,500	703,566	882,640

9.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e., **US\$ 169,515** of operation to the 5th year i.e., **US \$903,389**

CVF TRUCK EQUIPMENT TRADING LIMITED **PROJECTED CASH FLOW US\$**

SOURCES:		1	2	3	4	5
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Profit before interest and depreciation	-	240,000	259,200	260,736	260,859	260,869
Owners' Equity	510,000					
Total Sources	510,000	240,000	259,200	260,736	260,859	260,869
Applications:						
Capital expenditure	290,000	-	-	-	-	-
working Capital &Others	220,000	-	-	-	-	-
Cash	-	169,515	182,280	183,355	184,116	184,123
Tax	-	70,485	76,920	77,381	76,743	76,746
Sub total	510,000	240,000	259,200	260,736	260,859	260,869
Total applications	510,000	240,000	259,200	260,736	260,859	260,869
Accumulated cash		169,515	351,795	535,150	719,266	903,389

9.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Owner equity of the project increases from US\$510,000 in the first year of operation to **US \$ 1,392,640** in the 5th year

CVF TRUCK EQUIPMENT TRADING LIMITED PROJECTED BALANCE SHEET US \$

<u>Fixed Assets</u>	-	1	2	3	4	5
Opening balance	-	290,000	284,950	279,900	274,850	269,800
Total Long-term Assets	-	290,000	284,950	279,900	274,850	269,800
Less depreciation	-	5,050	5,050	5,050	5,050	5,050
Closing balance	-	284,950	279,900	274,850	269,800	264,750
Working capital	220,000	220,000	220,000	220,000	220,000	220,000
Accumulated cash	-	169,515	351,795	535,150	719,266	903,389
Total assets	220,000	674,465	851,695	1,030,000	1,209,066	1,388,139
Financed by						

Equity	510,000	510,000	510,000	510,000	510,000	510,000
Accumulated Net profit	-	164,465	343,945	524,500	703,566	882,640
Total equity	510,000	674,465	853,945	1,034,500	1,213,566	1,392,640
Total equity and debts	510,000	674,465	853,945	1,034,500	1,213,566	1,392,640

9.7 Projected payback period

Total investment is **US \$ 500,000**, cash accumulation in year 3 is **US\$ 539,650**.

Which is more than the initial investment by **US\$ 29,650**, the project payback

Period is exactly 3 year, only

The project has a relatively short payback period.

CVF TRUCK EQUIPMENT TRADING LIMITED PROJECTED PAY BACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	164,465	5,050.00	169,515.00	169,515.00

2	179,480	5,050.00	184,530.00	354,045.00
3	180,555	5,050.00	185,605.00	539,650.00
4	179,066	5,050.00	184,116.00	723,766.00
5	179,073	5,050.00	184,123.00	907,889.00

9.9 Projected Risks

This is a manufacturing industry-based investment; COVID 19 and other unpredictable event might affect business otherwise no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period.

10.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the available domestic market
- The project will increase quality plastic products available domestically
- The project will create employment for 49 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers and transporters, which will also have a trickledown effect in the environmental issues.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge and skills

11.0 Implementation

Project implementation is expected to be relatively very short once project has been approved

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	May 2021
2	renovation	May-June 2021
3	Procurement of facilities	June-August 2021
3	Recruitment	September 2021
4	Testing business and in house training	Oct-Dec 2021
6	Commercial operations	Jan 2022

12.0 Conclusion and recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.