

# LAKE BUILDING SOLUTION LIMITED

## BUSINESS PLAN



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# TABLE OF CONTENTS

TABLE OF CONTENTS .....	i
LIST OF ABBREVIATION .....	ii
EXECUTIVE SUMMARY .....	iii
CHAPTER ONE .....	1
1.1 BUSINESS DESCRIPTION .....	1
CHAPTER TWO .....	4
2.0 ENVIRONMENTAL AND INDUSTRIAL ANALYSIS .....	4
Social Factors .....	5
Technological Factors .....	5
2.1.2 SWOT Analysis .....	5
2.2 INDUSTRY ANALYSIS .....	6
CHAPTER THREE .....	7
3.1 MARKET ANALYSIS .....	7
CHAPTER FOUR .....	10
4.1 OPERATIONS SEGMENT OR MANUFACTURING SEGMENT .....	10
CHAPTER FIVE .....	11
5.0 ORGANIZATION PLAN .....	<b>Error! Bookmark not defined.</b>
5.3 Authority of Principal .....	11
5.4 Management Team Background .....	11
5.5 Training and Evaluation .....	11
CHAPTER SIX .....	13
6.0 FINANCIAL PLAN .....	13
SOURCE OF FUND .....	13
Business performance .....	14

## **LIST OF ABBREVIATION**

<b>PLC</b>	<b>Public Limited Company</b>
<b>LTD</b>	<b>Limited</b>
<b>PESTL</b>	<b>Political, Economic, Social, Technological Legal Factors</b>
<b>USD</b>	<b>United States Dollar</b>
<b>SWOT</b>	<b>Strength, Weakness, Opportunities, Threat's analysis</b>
<b>ILO</b>	<b>International Labor Organization</b>
<b>WHO</b>	<b>World Health Organization</b>

## **EXECUTIVE SUMMARY**

Lake Building Solution Limited is a limited liability type of business which aims at manufacturing, distribution, selling and exporting of building materials like Gypsum, gypsum powder, gypsum boards, gypsum screws, gypsum belts etc. The ideas of making and manufacturing of these building materials came about through observing that in the society there is high demand for these products, and there are few companies that are involved in this kind of manufacturing and mostly import from foreign countries.

Lake Building Solution Limited is going to be positioned at Plot number 49, Block B, Mikocheni, Kinondoni district – Dar Es Salaam region. Whereas this location is suitable as transportation costs of raw materials and final product is minimum. The prices offered for the products are very affordable so as to be able to accommodate all its customers.

This Lake Building Solution Limited will require a sum of **USD. 10,000,000/=**. The money will be used to acquire machine, equipment, and to meet initial operations for the manufacturing of some of these building materials like Gypsum, gypsum powder, gypsum boards, gypsum screws, gypsum belts etc.

# CHAPTER ONE

## 1.1 BUSINESS DESCRIPTION

**LAKE BUILDING SOLUTION 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 Building Solution limited will be dealing with manufacturing building materials. We decided to deal with manufacturing and sale of building materials as we have companies that manufacture some building materials like lake premix, lake pipes, lake steel hence we are able to sell their products and also manufacture others like Gypsum, gypsum powder, gypsum boards, gypsum screws, gypsum belts etc.

**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**

<b>SOURCE OF CAPITAL</b>	<b>AMOUNT</b>
LOAN FROM BANK	4,000,000/= US DOLLARS
SUBSIDIARY COMPANIES	1,000,000/= US DOLLARS
OWN CAPITAL/EQUITY	5,000,000/= US DOLLARS
<b>Total Amount</b>	<b>10,000,000/= US DOLLARS</b>

### **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: building materials will be well packed and handled with care until they reach construction area so as to avoid accidents and loss to both customers and company
- c) Special order options: There will be special orders for our customers those who need will need more customization of materials depending on what type of construction and structures being constructed so as to meet the needs of the customers without fail.
- 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 building materials.

### **1.3 Principal Activities.**

- i. Manufacturing and sale of building materials like Gypsum, gypsum powder, gypsum boards, gypsum screws, gypsum belts etc.

### **1.4 Business objectives**

- i. To achieve high customer satisfaction and loyalty.
- ii. To generate building materials traffic by growing our client base and having busier working hours due to manufacturing of high quality and quantity of our materials.
- 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 building materials manufacturers in Tanzania, with the best quality produces and unbeatable prices.

**1.6 Mission statement.**

To provide prominent, excellent and good quality materials, 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 Building Solution Limited is one of many building materials manufacturing companies in TANZANIA, hence this is yet another breakthrough for our industrial sector as we could not have to depend on importing these materials anymore as 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 Building Solution 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 Building Solution 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.
- Availability of an area to run business.
- Economic growth

## **WEAKNESSES**

- Being a new business in the area with similar businesses
- 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 Building Solution Limited is to keep growing as the years go on due to high demand of building materials0 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 of building materials, producing prominent, excellent and great quality materials, 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 Building Solution Limited are companies that deal with construction activities, individuals looking to build houses, offices spaces, or renovate.

### Market trend

We expect to keep on growing through production and manufacturing of quality building materials, 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

Lake Building Solution Limited mainly produces and manufactures building materials; we strategize in producing the best quality materials like gypsum, gypsum powder, gypsum belt etc. for different construction 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 Building Solution Limited 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 Building Solution 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 the company, 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.

### **Production Capacity:**

The Lake Building Solution Limited is expecting to manufacture the gypsum boards, gypsum powder, gypsum wall angles and gypsum decorations flowers with the below capacity.

<b>SNO.</b>	<b>Product</b>	<b>Capacity</b>
<b>1</b>	Gypsum Board	<b>6,000,000 SQM PER YEAR</b>
<b>2</b>	Gypsum powder	<b>36,000 TON PER YEAR</b>
<b>3</b>	Gypsum wall angle	<b>3,000,000 SQM PER YEAR</b>
<b>4</b>	Gypsum Decoration Flowers	<b>2,000,000 PIECES PER YEAR</b>

### **Employment:**

The Lake Building Solution Limited is expecting to offer the employment to the residents and non residents as follows.

We are going to offer 400 employment opportunities, 380 being Tanzanians and 20 being foreigners.

# CHAPTER FOUR

## 4.1 OPERATIONS SEGMENT OR MANUFACTURING SEGMENT

### **Management and Organization of Lake Building Solution Limited.**

The company will be under its Owners as the CHIEF EXECUTIVE OFFICER, whereas the 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 password to utilize our systems, the use of modern machinery that aid in manufacturing of the building materials like Gypsum and its line of products.

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 Building Solution Limited** is not the only building materials manufacturing company hence it has cutthroat competition from local and abroad companies who also make and manufacture good quality materials.

### **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 materials such as gypsum.

### **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 Building Solution 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.

Ionization 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 come 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.

<b>Employees</b>	<b>Evaluation base</b>
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 Building Solution* Limited

<b>EQUIPMENT</b>	<b>Amount (USD)</b>
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
<b>Sub Total</b>	<b>9,850,000</b>
<b>Administrative and Building Costs</b>	
Staffs' payment	50,000
Insurance and Utilities	50,000
Marketing	15,000
Advertisement cost	20,000
Other Miscellaneous expenses	15,000
<b>Sub Total</b>	<b>150,000</b>
<b>Total</b>	<b>10,000,000</b>

<b><u>SOURCE OF FUND</u></b>	<b><u>USD</u></b>
Own Capital	5,000,000
Borrowings: bank loan	4,000,000
Fund from Subsidiary companies	1,000,000
<b>Total Capital</b>	<b>10,000,000</b>

Assumptions:

1. By the end of financial year 2022, the Company is projected to produce 12M SQM to be sold locally, being 65% of the Plant capacity and increase production by 5% annually to 85% in 2026.
2. Capital funds to be financed by the shareholders, Local Loans and other partners in Lake Group as unconditional loan repayable at undefined period until the Company starts making profits
3. During the financial year 2022-2023 the Company will employ 75 employees in three level of staff, i.e., management, Mechanical and Industrial Engineer, Plant manager, Supervisors, Machine operators and other 25 support staff. Salaries and wages will be paid in accordance with employment laws in consultation with private sector salary schemes.
4. To ensure continuous flow of working capital, the Company will seek short term funding from financial institution to a tune of TZS 6.9Billion to boost raw material requirement and operational costs. The loan will be interest at the prevailing market rates now at 17%.

Projected Financial statements are presented below:

**9.1.1 Five years Projected Profit and loss statement**

	2022 TZS (000,000)	2023 TZS (000,000)	2024 TZS (000,000)	2025 TZS (000,000)	2026 TZS (000,000)
Revenue	18,252	20,639	23,218	26,005	29,011
Manufacturing costs	(15,515)	(16,559)	(18,536)	(20,661)	(22,944)
Gross profit	2,737	4,079	4,682	5,344	6,068
Administrative cost	(334)	(350)	(368)	(386)	(406)
Other operating costs	(759)	(1,087)	(978)	(870)	(809)
Operating profit	1,645	2,643	3,336	4,088	4,854
Finance costs	(230)	(230)	(230)	(230)	(230)
Profit before tax					

	1,415	2,413	3,106	3,858	4,624
Tax charge	(424)	(724)	(932)	(1,157)	(1,387)
<b>Profit after tax</b>	<b>990</b>	<b>1,689</b>	<b>2,175</b>	<b>2,700</b>	<b>3,237</b>

### 9.1.2 Five years Projected Statement of Financial Position

	2022 TZS (000,000)	2023 TZS (000,000)	2024 TZS (000,000)	2025 TZS (000,000)	2026 TZS (000,000)
<b>Shareholder Funds</b>					
Equity share capital	500	500	500	500	500
Unsecured Loan from associate concerns	6,400	5,250	4,100	2,950	1,800
Reserves & Surplus	990	2,147	3,719	5,743	8,221
	<b>7,890</b>	<b>7,897</b>	<b>8,319</b>	<b>9,193</b>	<b>10,521</b>
<b>Non-current assets</b>					
Property plant and equipment's	6,187	8,372	7,452	6,647	5,911
Investment	-	-	1,150	1,150	1,150
	6,187	8,372	8,602	7,797	7,061
<b>Current assets</b>					
Inventories	1,349	1,524	1,714	1,920	2,141
Trade Receivables	1,521	1,720	1,935	2,167	2,418
Cash and Bank Balances	8,537	6,513	6,974	8,942	11,306
	11,407	9,758	10,624	13,029	15,864
<b>Current Liabilities</b>					
Trade Creditors	3,529	3,987	4,482	5,017	5,593
Working Capital Loans	5,750	5,750	5,750	5,750	5,750

Other Current Liability	424	496	674	867	1,062
	9,703	10,233	10,906	11,634	12,405
	<b>7,890</b>	<b>7,897</b>	<b>8,319</b>	<b>9,193</b>	<b>10,521</b>

### 9.1.3 Five years Projected Statement of cash flow

	2022 TZS (000,000)	2023 TZS (000,000)	2024 TZS (000,000)	2025 TZS (000,000)	2026 TZS (000,000)
Cash flow from operating activities	8,537	2,346	1,611	3,118	3,513
Tax paid	424	496	674	867	1,062
	8,962	2,842	2,285	3,985	4,575
Cash flow from Investment activities	-	(3,220)	0	(0)	-
Cash flow from financing activities	(424)	(1,646)	(1,824)	(2,017)	(2,212)
Increase in net cash flow	<b>8,537</b>	<b>6,513</b>	<b>6,974</b>	<b>8,942</b>	<b>11,306</b>