

TMWENDO LOGISTICS TANZANIA LIMITED



LOGISTICS MANAGEMENT CENTER BUSINESS PLAN

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INTRODUCTION

1.0 INTRODUCTION

TMWENDO Logistics Tanzania Limited aims to be an established logistics centre company in Tanzania. TMWENDO Logistics Tanzania Limited is a startup logistics company, headquartered in Dar es Salaam, the company will provide logistics management solutions for business clients in Tanzania. Beginning with operations in Dar es Salaam, the business will haul freight from suppliers to manufacturers to distributors and retailers, operating in partnership with distribution centers, warehouses, and wholesalers. The company is planning to purchase a plot of land in Dodoma for modernizing the business into commercial logistics centre in near future.

1.1 Mission

TMWENDO Logistics Tanzania Limited will simplify distribution of goods for businesses, becoming their partner in operating efficiently and reliably. TMWENDO Logistics Tanzania Limited will use management of logistics, on-time, accurate deliveries from destination to destination and partnerships with distribution centers and warehousing businesses to achieve its goals.

1.2 Business Objectives

TMWENDO Logistics Tanzania Limited intends to serve businesses in Tanzania by providing distribution services and providing logistics management solutions

Over the first three years of operations, the company will seek to meet the following objectives:

- Establish bases in Dodoma Tanzania
- Establishing distribution centres and warehousing facilities.
- Purchase 18-wheeler trucks with dry van trailers
- Hiring more than 30 employees.

1.3 Keys to Success

The keys to success in the trucking business are:

1. Robust communication systems between drivers, bases, and clients
2. Setting delivery schedules that can be met (i.e. setting the right expectations)
3. Hiring and retaining reliable, safe drivers
4. Understanding what clients are trying to achieve, and helping them find the right distribution solution to create long-term relationships

- Both “less than a truck load” and “truck load” services in Tanzania and neighbouring countries of East African Community and SADC regional blocks.
- Online tracking information detailing the location of all GPS-tagged trucks and the status of deliveries, including expected arrival times for pick-up or delivery
- Phone support for all customer questions, delivery changes, and scheduling
- Preferred client services including online accounts, regular schedules of shipping, or linking of client order information directly to TMWENDO Logistics Tanzania Limited scheduling software to allow for seamless logistics

To maintain its competitiveness in its core services, TMWENDO Logistics Tanzania Limited will also offer:

- Storage or warehousing of goods awaiting delivery (goods can remain in storage in trucks for short periods, but at relatively high cost to customers)
- Packaging and crating
- Flat bed hauling
- State of art logistics center

INDUSTRY AND MARKET ANALYSIS

3.0 INDUSTRY AND MARKET ANALYSIS

3.1 The Industry Focus

Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country. The road network in Tanzania currently comprises 86,472 km of roads, of which 12,786 km are trunk roads, 21,105 km are regional roads and the remaining 52,581 km are district, urban and feeder roads.

The Logistics Performance Index shows that Tanzania's overall logistics ranking has shown significant improvement over the past few years. However, the performance of customs procedures is likely to improve in the near future, since Tanzania has started implementing the PreArrival Declaration (PAD) system, an electronic submission system. The development of national economy is based on effective policies and plans on how to utilize available resources and to build strong infrastructures that enable easy access to services. Modern logistics system is the one among critical infrastructure in any nation. In this regard, many logistic-developed countries they attain greater developments by investing and building strong logistic systems that accelerate their development and lead to industrial revolution in their countries. Even though countries differ on how they invest and run their logistic systems, there are some features that are common to logistic system between different countries.

3.2 Market Analysis

3.2.1 Marketing Strategy

The Tanzania commercial trucking industry serves as a key link between raw material suppliers, manufacturers, wholesalers, distributors, and retailers in most industries.

TMWENDO Logistics Tanzania Limited will compete in the market for medium and long haul trucking in the country. This market serves businesses ranging from the packaged goods/grocery industry to the clothing industry to high-tech equipment, as well as commercial relocations.

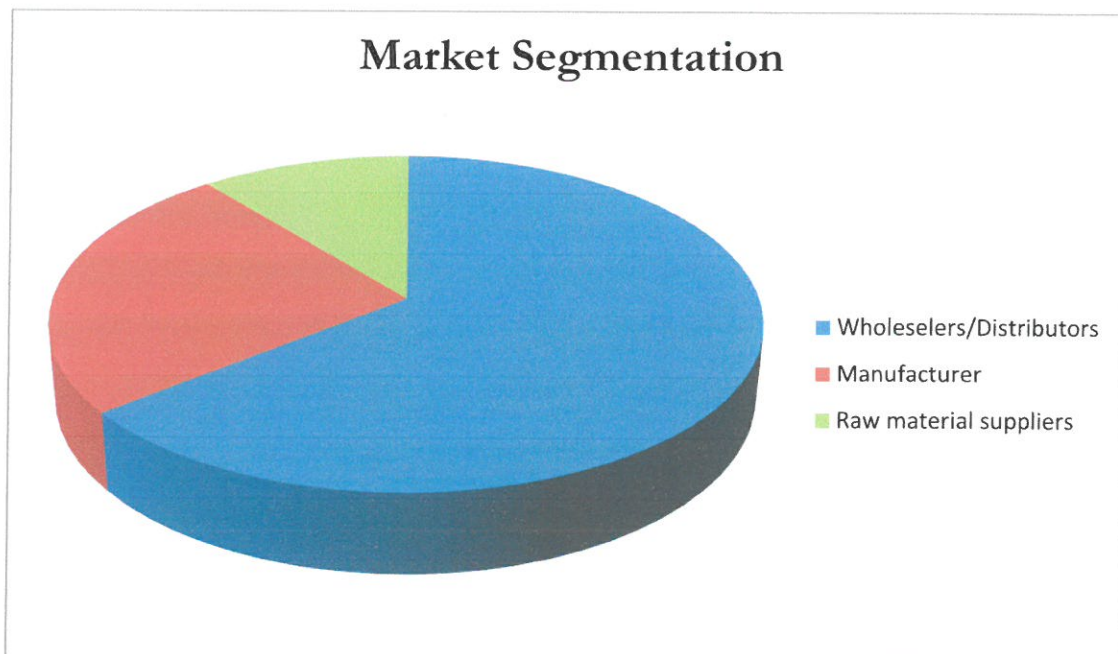
3.2.2 Market Segmentation

At the beginning the company's activities is focusing on doing business with companies, Public Organization, Non Government Organization (NGO) within and outside of the East African countries.

- **Raw Material Suppliers** ship large quantities of materials to large manufacturers in the in and outside the country. These materials generally do not require

refrigeration or temperature control. Manufacturers maintain some on-site storage for these supplies and generally have some leeway as to when deliveries can be received, except when projections are mistaken and supplies drop low. Packaging supplies also must be shipped to manufacturers and are included in this group.

- **Manufacturers** often outsource the distribution of their goods to businesses that specialize in serving one the type of retailer or business. Their packaged goods are often shipped to only one wholesaler/distributor, creating a regular business in shipping between the two locations.
- **Wholesalers/Distributors/Importers and Exporters** that serve large retailers assemble truckloads of goods from the many manufacturers they serve. While they often have their own trucks or distribution means, some of these firms do not either because they are smaller or because they attempt to limit their investment in assets. Others may require additional trucking support when they are operating at capacity but not prepared to expand their shipping capacity.



3.2.3 Target Market Segment Strategy

TMWENDO Logistics Tanzania Limited will begin by focusing specifically on the segment of manufacturers in the country, expanding after the first year to across the borders. By serving

manufacturers, the company can provide an affordable shipping solution for new and growing manufacturers over purchasing their own trucks.

3.2.4 Competition and Buying Patterns

In addition to competing with other trucking companies, including national carriers, TMWENDO Logistics Tanzania Limited will compete with others cargo transportation. However, for the distances it intends to travel, and due to the few rail lines over the in the country, trucking is at an advantage.

Shippers choose between trucking companies based on:

- Their track record of on-time and accurate deliveries
- Their price
- Their ability to partner with the shipper to offer logistics expertise and added services.

3.2.5 Web Plan

The TMWENDO Logistics Tanzania Limited website will serve as a source of basic information for those who find it via Internet searches, as well as a sophisticated account management portal for clients. For potential clients, the website will serve as a deeper explanation of the services and background of the company than a brochure or advertisement can provide. Specific calls to action on the website will ask users to call to speak to a salesperson or to fill in a form with their basic information and a good time to speak with them, so that a salesperson can contact them. Even one-time clients will be able to access up-to-date information about the current location of their deliveries. Clients who subscribe to preferred services will have access to more advanced information and functions.

3.2.6 Website Marketing Strategy

The TMWENDO Logistics Tanzania Limited will utilize the following means to promote its website as a marketing tool:

- Initial and ongoing search engine optimization by the Web
- Profiles and listings on ten business and trucking company online databases
- Mention of the website URL in all brochures and advertisements

3.2.7 Development Requirements

The website's components will have the following requirements:

Front End

- Homepage – Mirroring a basic brochure about Timely Trucking

- About Us – Background on the partners, mission, and basics of the business
- Contact – Form to submit information and phone number to reach a salesperson during business hours
- Services – Deeper description of the service options along with images of the trucks and a map of the area served

Delivery Tracking

- Form – To enter delivery code which was designated for the delivery
- Map – Shows current location of the delivery on a map
- Statistics –minutes late or ahead of schedule, status of pick-up or drop-off, other notes about the order

Account Management

- Login – Login form for client username and password
- Account Profile – Basic client information, settings related to interface between client systems and Timely Trucking if direct links have been established
- Scheduling – Calendar on which pickups and deliveries can be scheduled and rescheduled
- Alerts – Settings for email or text alerts about deliveries which can be sent to client

Back End

- Database Entry – Ability to search within and make changes and edits to the client and scheduling information in the database
- Billing Interface – Website sends billing information for completed jobs directly to accounting software for bill creation

BUSINESS ENVIRONMENT ANALYSIS

4.0 BUSINESS ENVIRONMENT ANALYSIS

The context in which the company operates was explored by an environmental analysis that gauges how foreseeable external challenges will affect their capacity to achieve their goals.

4.1 SWOT Analysis

The following SWOT analysis captures the key strength and weakness within the company. The company describes the opportunities and threats facing the company.

Strengths

- Great location; the company is located at the city with a lot of business transaction and enterprises who are on need of logistics services.
- Capacity; the company is expected to own trucks which makes it easier to meet customers' needs.
- Owners who are responsible and committed to the company
- Existing of potential customers.

Weakness:

- Financing: limited fund to meet the running cost especially during high season of the business
- The struggle with taking care of everything with low labor overhead.

Opportunities

- Growing market with a significant percentage of target customers.
- The government bodies show a need to promote business with the East African countries.
- Increase in revenue from operational activities.
- The ability to become more efficient in the business

Threat

- Competition from new entrants with huge capital on the same or related business.
- A slump in the world economy, decreasing people's discretionary income.

MARKETING AND BUSINESS STRATEGY

5.0 Marketing Strategy and Business Strategy

5.1 Marketing Strategy

The TMWENDO Logistics Tanzania Limited will attempt to rapidly achieve awareness in Tanzania about its business in the first year, followed with awareness in across borders in future years. It will seek to position itself not as the most inexpensive carrier, but as a carrier with the best on-time record coupled with advanced systems to help clients manage their logistics better. Smaller businesses may feel more comfortable working with a smaller carrier as they fear being lost in the shuffle by bigger carriers who also handle huge accounts.

- Building a website with visibility on search engines and in databases of trucking companies (see Web plan)
- Creating a compelling brochure of The TMWENDO Logistics Tanzania Limited services which will be distributed through direct mail, and kept in stock for networking events
- Advertisements in trade publications
- Public relations efforts including press releases related to the business launch and its unique preferred client account management package

5.1.1 Sales Strategy

The TMWENDO Logistics Tanzania Limited will manage sales for the business, making appointments with and traveling to client businesses in the region when necessary to establish relationships based on an understanding of the client's needs for shipping. The company will prospect from a list of manufacturer businesses in the region, starting with small and new businesses which may not have established a long-term relationship with a carrier yet.

5.1.2 Sales Forecast

Operations Manager, will close all service contracts. He will be assisted by other members of the management. Services costs, timeline and structure standards are negotiated with Managing Director and the company's planning team will oversee the aesthetics. This planning team will initially contain members of the management team.

5.2 Business strategy

TMWENDO Logistics Tanzania Limited is intended internal sources and external resources to finance the purchase of plot of land in Dodoma, trucks and developing the logistics and management centre.

5.1 The investment done by the Company.

Table 1: Investment Done by the Company

No.	DESCRIPTION	AMOUNT INVESTED (TZS)
1	Company registration process	3,000,000.00
2	Development of a business plan	1,000,000.00
3.	TIC registration process	2,420,000.00
4	Office set-up	10,000,000.00
	TOTAL	16,420,000.00

5.2 Unique Selling Proposition

The cornerstone of our business model will be the company web portal that will offer quick and easy for customer to order for the service. This portal will both lower our business process costs while improving our service levels. The website infrastructure will maintain the absolute security of all confidential information. We will actively promote using online banking, cash transfers or other automated payment options for customer obligations.

MANAGEMENT AND ORGANIZATIONAL STRUCTURE

6.0 MANAGEMENT AND ORGANIZATIONAL STRUCTURE

6.1 Human Resources Requirements

TMWENDO Logistics Tanzania Limited management team will include the CEO who will manage the strategic direction, sales and marketing of the company. The Operating Officer will manage operations, finances, human resources, and procurement. The administrator, a sales associate and drivers. These individuals will be managed by the operating officer and the CEO, respectively.

FIGURE 1: TMWENDO LOGISTICS TANZANIA LIMITED ORGANIZATIONAL CHART



6.2 Personnel Plan

The projected personnel expenses mainly include operational staff requirements and general administrative staff. The company will strive to maintain a sizable staff while making sure that there is good control over personnel related expenses to achieve desired financial performance.

Table 2: Personnel Expenses

Personnel	2021	2022	2023	2024	2025
CEO					
Operating Officer	14,400,000.00	15,840,000.00	17,424,000.00	19,166,400.00	21,083,040.00
Administrator	10,800,000.00	11,880,000.00	13,068,000.00	14,374,800.00	15,812,280.00
Sales Associate	9,600,000.00	10,560,000.00	11,616,000.00	12,777,600.00	14,055,360.00
Drivers	8,400,000.00	9,240,000.00	10,164,000.00	11,180,400.00	12,298,440.00
Total	14,400,000.00	15,840,000.00	17,424,000.00	19,166,400.00	21,083,040.00
Benefit (10%)	57,600,000.00	63,360,000.00	69,696,000.00	76,665,600.00	84,332,160.00
Wages	5,760,000.00	6,336,000.00	6,969,600.00	7,666,560.00	8,433,216.00
Grand Total	72,000,000.00	79,200,000.00	10,454,400.00	11,499,840.00	12,649,824.00
			87,120,000.00	95,832,000.00	105,415,200.00

FINANCIAL STRATEGY AND ANALYSIS

7.0 FINANCIAL STRATEGY AND ANALYSIS

7.1 Funding Requirements

TMWENDO Logistics Tanzania Limited current financial requirements comprise purchasing of purchasing a plot in Dodoma and establishing a logistics and management centre. The working capital items cover all the operational expenses required for the successful uptake of the company's projects. Table 5 below presents the funding requirements for TMWENDO Logistics Tanzania Limited

Table 3 Funding Requirements

S/N	Item	@	Quantity	Total
1	Land	422,280,000.00	1	422,280,000.00
2	Establishment of State of Art Logistics Center	501,120,000.00	1	501,120,000.00
3	Equipment/Machinery	370,000,000	4	370,000,000.00
Grand Total				1,293,400,000.00

7.2 Funding Strategies

TMWENDO Logistics Tanzania Limited will use its equity capital to fund the project. Shareholders will invest most funds into the Company and all revenues generated will be reinvested.

7.3 Sources and Uses of Funds

The project worth TZS 1,293,400,000.00 , therefore the Company will require the investment to be made by the shareholders.

7.4 Key Financial Assumptions

TMWENDO Logistics Tanzania Limited plan depends on the assumptions that are made in Table 7 below. These are annual and monthly assumptions that show consistent growth of the company.

The key underlying assumptions are as follows:

1. Exchange Rate 1 USD is equivalent to TZS. 2,330
2. We assume that we stay in line with the continuing advances in technology and industrial development.
3. Interest rate of 10%

4. Corporate Tax 30%

7.5 Revenue Projections

TMWENDO Logistics Tanzania Limited main revenues will come from the Collection of the Operation charge of the Business centre in the period starting from 2022; the revenues will be as shown in the table below.

Table 4: Revenue Projection ('000) 2022-2026

	2022	2023	2024	2025	2026
Revenue	300,000,000.00	450,000,000.00	675,000,000.00	820,000,000.00	1050,000,000.00

PROJECTED OF INCOME STATEMENTS

8.0 PROJECTED OF INCOME STATEMENTS

The income statements table shows positive net income for the first fiscal year.

TMWENDO LOGISTICS TANZANIA LIMITED

Projected Income Statements 2022-2026

TZS '000	2022	2023	2024	2025	2026
Revenue	300,000,000.00	450,000,000.00	675,000,000.00	820,000,000.00	1,050,000,000.00
cost of Revenue	200,000,000.00	250,000,000.00	400,500,000.00	450,000,000.00	600,000,000.00
% of Revenue	66%	55%	59%	54%	57%
Gross Profit	100,000,000.00	200,000,000.00	274,500,000.00	370,000,000.00	450,000,000.00
Operational Expenses					
Administration Expenses	72,000,000.00	79,200,000.00	87,120,000.00	95,832,000.00	105,415,200.00
Earnings before Taxes	38,000,000.00	120,800,000.00	187,380,000.00	274,168,000.00	344,584,800.00
Tax	11,400,000.00	36,240,000.00	56,214,000.00	82,250,400.00	103,375,440.94
Net Earning	96,600,000.00	84,560,000.00	131,166,000.00	191,917,600.00	241,209,360.00
% of Revenue	26%	42%	47%	51%	53%

PROJECTED BALANCE SHEET

9.0 PROJECTED BALANCE SHEET

The projected balance sheet is shown below. Positive net worth is estimated for the first year of operation.

TMWENDO LOGISTICS TANZANIA LIMITED

Projected Balance Sheet 2021-2025

ASSET	2021	2022	2023	2024	2025
Fixed Asset					
Land & Building	923,400,000.00	923,400,000.00	923,400,000.00	923,400,000.00	923,400,000.00
Equipments	370,000,000.00	380,000,000.00	390,000,000.00	400,000,000.00	410,000,000.00
Total Fixed Asset	1,293,400,000.00	1,303,400,000.00	1,313,400,000.00	1,323,400,000.00	1,333,400,000.00
Current Asset					
Bank& Cash	157,516,720.00	(88,313,871.00)	(174,325,805.00)	(21,238,319.55)	130,175,961.86
Account Receivable	(27,916,720.00)	16,506,000.00	53,953,200.40	42,904,261.24	67,039,686.19
Total Current Asset	129,600,000.00	(71,807,871.00)	(120,372,604.60)	21,665,941.69	197,215,648.05
Total Asset	449,600,000.00	408,510,000.00	565,733,500.01	737,205,225.00	920,266,010.00
LIABILITIES& SHAREHOLDERS EQUITY					
Current Liability					
Short-Term Loan	300,000,000.00	240,000,000.00	192,000,000.00	153,600,000.00	122,880,000.00
Account Payable	3,000,000.00	3,450,000.00	3,967,500.00	4,562,625.00	5,475,150.00
Total Current Liabilities	303,000,000.00	243,450,000.00	195,967,500.00	158,162,625.00	128,355,150.00

SHAREHOLDERS EQUITY					
Ordinary share capital	50,000,000.00		100,000,000.00	150,000,000.00	121,514,000.00
Retained earnings	96,600,000.00	165,060,000.00	269,766,000.00	429,042,600.00	670,396,860.00
Total Equity	146,600,000.00	165,060,000.00	369,766,000.00	579,042,600.00	791,910,860.00
Total Liability & Equity	449,600,000.00	408,510,000.00	565,733,500.00	737,205,225.00	920,266,010.00

TMWENDO LOGISTICS TANZANIA LIMITED

10.0 TMWENDO LOGISTICS TANZANIA LIMITED PROJECTED CASH FLOW 2021-2025

	2021	2022	2023	2024	2025
Net Earning	96,600,000.00	165,060,000.00	269,766,000.00	429,042,600.00	670,396,860.00
Add Depreciation	8,750,000.00	7,656,250.00	6,699,218.75	5,861,816.41	5,129,089.36
	105,350,000.00	172,716,250.00	276,465,218.75	434,904,416.41	675,525,949.36
Working Capital Changes:					
(Increase/ Decrease) Account Receivable	(27,916,720.00)	44,422,720.00	37,447,200.40	(11,048,939.16)	24,135,424.95
(Increase/ Decrease) Account Payable	3,000,000.00	(450,000.00)	(517,500.00)	(595,125.00)	(912,525.00)
Net Cash provided/ used by operating Activities	(24,916,720.00)	43,972,720.00	36,929,700.40	(11,644,064.16)	23,222,899.95
Investment Activities					
Equipment & Machinery	320,000,000.00	480,317,871.00	686,106,104.61	715,539,283.31	723,050,361.95
Net Cash used in Investment Activities	320,000,000.00	480,317,871.00	686,106,104.61	715,539,283.31	723,050,361.95
Financing Activities					
(Increase/Decrease) Short term loan	300,000,000.00	240,000,000.00	192,000,000.00	153,600,000.00	122,880,000.00
(Increase/Decrease) Ordinary stock	50,000,000.00	-	100,000,000.00	150,000,000.00	121,514,000.00
Net Cash provided/ used by Financing Activities	350,000,000.00	240,000,000.00	292,000,000.00	303,600,000.00	244,394,000.00

Increase/Decrease in cash					
Cash beginning of a year	380,420,000.00	96,600,000.00	165,060,000.00	269,766,000.00	429,042,600.00
Cash at the end of a year	96,600,000.00	165,060,000.00	269,766,000.00	429,042,600.00	670,396,860.00

Appendix 5: Title deed