

BUSINESS PLAN

FOR

BINGWA LABARATORIES LIMITED

(CLEANING MATERIAL PROJECT)

PREPARED FOR
BINGWA LABARATORIES LIMITED
Dar es Salaam

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1.0. Introduction

Project document presents a proposal by **BINGWA LABARATORIES LIMITED**, a company incorporated in Tanzania with Certificate of Incorporation No.97114 dated 12th February 2013. The project promoters are confident of mobilizing financial resources through equity and long-term loan.

This study will be used as guiding tool in implementing this project and will be presented to TIC for obtaining certificate of incentives to facilitate smooth implementation of the project.

BINGWA LABARATORIES LIMITED has designed a new product that provides a quick, easy, and affordable method to effectively cleaning and washing products. Proper washing is the most effective preventative measure available to combat communicable diseases.

Improper cleaning and washing contributes spread of communicable diseases and results to deaths in Tanzania. each year through the transfer of communicable diseases in restaurants, day cares and hospitals (more than AIDS and breast cancer combined). Studies have shown that proper hand washing procedures in these environments could cut down the spread of disease by up to 75%. Existing products offer no

effective or affordable solutions for enforcing and ensuring cleaning and washing compliance.

BINGWA LABARATORIES LIMITED is the first producer that answers this problem and provides solutions for cleaning and washing hands. No other product on the market offers such a high level of assurance of sanitation compliance. The product is safe and meets all current TMDA, Government Chemist & Laboratory Agency requirements for cleaning materials.

1.2 Location

The project will be located at **Plot No. 7, Block 7, Kisemvule, Mkuranga, Coast region,**

1.3 The Sponsors

BINGWA LABARATORIES LIMITED will be sponsoring this project. The Company is currently jointly owned by three shareholders.

	Names of Shareholders	% of Shares	Nationality
1	Taher Abbas Enayatali Esmailjee P.O Box 10009, Dar Es Salaam	20	Tanzania
2	Murtaza Shabbir Akberali P.O Box 10009, Dar Es Salaam DAR ES SALAAM	20	Tanzania
3	Hussein Seifuddin Janoowala P.O Box 10009, Dar Es Salaam	20	Tanzania
4	Unalotted Shares	40	Tanzania

1.4 Objective of Study

The purpose of this study is to work out the technical and commercial details and financial viability of the project

1.5 Market Potential

The market research conducted by **BINGWA LABARATORIES LIMITED** reveals that there is a very big market potential to absorb company's products to be manufactured, Household consumers, hospitality industry, schools, government institutions, corporate customers etc. are target market for companies' products; distribution to clients will be

through wholesalers and retailers some time direct marketing will be employed particularly for corporate customers.

The current demand for cleaning products and any related products is at high, Tanzania population estimated to be more than 55 million presents a favorable market for company products which is fast moving consumer products such as;

- Liquid soap
- Purepine multisurface disinfectant
- Hand wash
- Tiles cleaners' detergents
- Toilet powder
- Bleach
- Window cleaner liquid
- Dish washing liquid
- Laundry liquid
- Car shampoo
- Head to toe soap
- Air freshener
- Cake soap etc.

Potential markets exists not only in urban areas but even in villages, the company intend to carter for the all East Africa at large such as Uganda, Rwanda, Burundi, Kenya and some part

of Sudan, Malawi and Zambia in future, the company vision is to be one of bigger manufacturer of soap and related products within the East and Central Africa.

Generally, there is wide gap between supply and demand and therefore, business opportunities exist for setting up additional cleaning products and related products manufacturing facilities to satisfy the market requirements.

1.6 Marketing Strategy

The executive team will first target the Dar Es Salaam area and eventually the greater Northwest using direct sales and existing distributor channels to penetrate the market. Initial capital will be used to test, patent, approve, produce, and market, as well as provide working capital for the first year

BINGWA LABARATORIES LIMITED will follow three concise strategies to achieve our desired growth:

- Exploit first-mover advantage in a highly fragmented market with a unique and differentiated product.
- Develop a strong branding campaign to build awareness, positive perception and sales of our products within our target markets.

- Continue to develop new products to satisfy an ever-growing set of markets.

The key strategy as entry strategy is to sell **BINGWA LABARATORIES LIMITED'S** products to wholesalers, retailers in Dar es Salaam, later on the company will start selling to Arusha, Mbeya, Mwanza and Dodoma, Company's marketing team will be aggressive in introducing our products in Tanzania markets and build loyalty for company's products with decision managers of the organizations in the targeted markets and create awareness and support of the benefits of the innovative.

Strategy pyramid

The main objective is to build company's products into standard for every cleaning products users in Tanzania market opt our products, **BINGWA LABARATORIES LIMITED** intends to make sure there is consistent availability and uninterrupted supply of our products. The company plan to extend new markets into neighboring countries.

1.7 Specific Markets

Although household, restaurants, schools and hospitals have tremendous market need for a product such as ours, day cares represent the best opportunity for our initial target market. Day cares are an ideal market because they have a vested interest in reducing disease transfer amongst children, and have adamant support from their clients [parents] to create as clean an environment as possible. As stated by Family Practice News, "Most day care centers are sophisticated little germ factories, exchanging bacteria and viruses with the shake of a hand or the sharing of a toy. And many of those nasty bugs travel home where they can infect the rest of the family

1.8 Supply Assessment

An assessment of the soap and other cleaning products supply matrix shows that are inadequate. It is due to this shortfall that the Tanzania Government is emphasizing manufacturing sector.

1.9 Demand Assessment

Demand for soap and other cleaning products are very high it is obvious fact that the all-Tanzania population of over

40million are potential customers; **BINGWA LABARATORIES LIMITED** has come in to serve and to stimulate new markets.

1.10 Pricing

The pricing policy for the project will be based on the product cost and competition levels considering various variables namely:

- Production cost
- Market positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

Within 6 to 12 months, once the products is better positioned in the market, the pricing strategy will be evolved to a comparable pricing strategy in which our products will be priced comparable to direct competitors in the market.

The average price of our products for liquid soap per litre US\$14 per carton

1.11 Promotion

A combination of push and pull strategies and activities will be used to curve out space in the market.

Company strategy for local market will be to push the product onto the market and stimulate first trial in or near the point of purchase. This will be done using a team of sales representatives to engage shoppers once the product is widely available in stores.

Research findings reveal that women make lion's share of purchase decisions where family shopping is concerned. As such, a significant proportion of communication will be devoted towards mothers, wives and independent girls

1.12 Products

BINGWA LABARATORIES LIMITED 's product line will specialize in cleaning products as mentioned above.

1.13 Product Description

BINGWA LABARATORIES LIMITED will produce a line of institutional liquid soaps with a time-sensitive dye blended into the mixture.

- The dye reacts with the hands during the lathering process, staining the hands a distinct color, then fading in under six minutes.

- The packaging will be compatible with existing soap dispensers mounted in washing stations and be available in a variety of sizes.
- Initially, BINGWA LABARATORIES LIMITED will produce products with child care acquirers in mind, utilizing the brightest colors possible. This product line will consist of four colors: red, blue, pink and green.

1.14 Competitive Comparison

- BINGWA LABARATORIES LIMITED 's products offer a high value alternative to other hand washing compliance products.
- As the first fading dye hand soap in the market, BINGWA LABARATORIES LIMITED will build brand identity, establishing the company as the standard for improving hand washing compliance.
- BINGWA LABARATORIES LIMITED 's products become more familiar in a workplace environment, the product will begin to produce a pressure on employees, whereby they feel compelled to wash their hands out of a consciousness about the perception of all employees, not

just managers. This "peer pressure" effect will further fuel the use of our products and the recognition of the benefits they deliver.

1.15 Sales Literature

In order to sell our product while creating familiarity and a positive brand image, it will be necessary to develop brochures and literature to emphasize the safety and beneficial attributes of fading dye soap, many of which may not be readily apparent to an interested party. These will be delivered both in person during a sales presentation and by direct mail.

1.16 Sourcing

The key to our success is the time-sensitive dye. Once the proper ratio of dye to base soap is isolated, the fragmented nature of the soap industry provides many options for outsourcing production. Similar to any commodity, economies of scale require the soap to be produced, packaged and distributed in large batches. The company will keep inventory amounts sufficient for BINGWA LABORATORIES LIMITED to meet the customer demand.

1.17 Technology

The technology of our fading dyes will be pivotal in the success of our company. The interactions between fading dyes and antibacterial or anti-microbial bases suitable for use in restaurants or hospitals are more complicated than the interactions with the glycerin or lotion soaps utilized in the BINGWA LABARATORIES LIMITED assure line. As soon as cash flow permits, projected to be in 2024, BINGWA LABARATORIES LIMITED will employ a professional chemist with experience developing dye products to further the research into technological innovations that may produce antibacterial and anti-microbial versions of the soap to address additional markets.

1.18 Future Products

Additional soap products, manufactured to comply with regulatory minimums for strength and effectiveness in their respective target markets will be developed to address restaurants and hospitals. These soaps will be trademarked under the names Emina powder soap.

Perhaps the most promising future market opportunity for fading dye soap is the retail market. This product line will include soaps using the same or similar dye colors as the day care to encourage children to wash their hands more often at home. This will be a top priority when the company develops the financial resources enough to mount a national advertising campaign and distribution system. A complete line of fading dye products could potentially be developed, including floor, counter and body cleaning products that use fading dyes to indicate places on a surface that may not have been cleaned.

1.19 Market Analysis Summary

There is tremendous potential for a product that provides supervisors and parents with the control to monitor and encourage hand washing. Considering the large scope of our potential markets, we feel it is imperative to focus our limited resources on a particular geographic region where we can establish demand for our product. After successful market penetration, we will begin implementation into the restaurant and hospital markets.

1.20 Industry Analysis

The soap manufacturing industry in Tanzania has other players like;

- Mukwano Industries 9Significant measures have been (T) Ltd
- Mo soap
- Foma Soap
- Kitindi &Company Ltd
- Makin Botanical Products
- Turkey Company Ltd etc.
- Soap imported from Kenya and Asia as finished products.

BINGWA LABARATORIES LIMITED is very determined to conquer the market due to its market strategy to be employed.

Tanzania Government has taken various initiatives to liberalize the economy so that to encourage private sector to take a lead in Tanzania economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above; BINGWA LABORATORIES LIMITED comes up with a proposal to manufacture soap and related products.

It is expected that the project will be implemented within three years' time the company will be into fully operation. The project will concentrate in manufacturing of soap and other cleaning products. The company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good.

1.22 Competition and Buying Patterns

Commercial customers select soap based on the necessary minimum safety regulations for the intended user; restaurant and hospital regulations require anti-bacterial/microbial. Customers will typically select a product based on price, distributor availability, and convenience. Distributors will deliver a complete order of cleaning and maintenance products to customers. Major competitors sell to a variety of customers, including distributors like Sysco, who receive generic soap from bulk producers, then repackage and deliver it along with other products it sells, utilizing the same distribution systems.

1.24 Main Competitors

Traditional soap producers

Soap is a common and familiar the commodity of necessity to every company. Traditional soaps employ pleasant scents and dyes to encourage hand washing compliance. However, there is no way to verify if hand washing has occurred and traditional soaps do little beyond the pleasant scents to encourage hand washing.

Alternative hand washing compliance systems

This system has limited value to business managers because they are expensive to install and lease, and do not necessarily increase employee compliance. They provide managers the ability to track usage, but do not help control day-to-day hand washing compliance individually or immediately.

Disposable Gloves

Hypo-allergenic gloves are the solution provided by some organizations to combat the threat of hand washing non-compliance. To limit the risk of hand contamination, many restaurants and all hospitals require the use of gloves. Although gloves eliminate the risk of direct hand contamination they are not without downfalls:

- Gloves can carry bacteria in-between fingers, and on the glove surface, causing similar cross contamination to that of bare hands.
- Disposable gloves can cost a location upwards of \$5,000 each year.
- Gloves can provide a false sense of security, causing employees to substitute gloves in place of proper hand washing.
- Gloves rip and tear.

1.25 Industry Participants

The soap industry is highly fragmented. There are more than forty different Institutional soap products that compete in the market.

1.26 Competitive Edge

Through the successful branding, first-mover advantage, excellent distribution and proprietary position of the company, BINGWA LABORATORIES LIMITED will develop brand recognition beyond any competitor. As a small company, we are aware of the disadvantage we have in legal settings, should we face larger, more resourceful competitors. However, a

patent for our unique product will provide us with a degree of protection beyond a first-mover advantage by creating an additional barrier to entry. As the market is quickly penetrated, we may have to consider selling the production and licensing rights outright to an established company, should their tactics pose a direct threat to the survival of the company.

2.0 Mission

Our mission is to create value for customers and shareholders by continually improving health and reducing preventable illnesses through the use of our soap.

2.1 Keys to Success

- A first-mover branding campaign to build awareness of BINGWA LABORATORIES LIMITED 's products as the standard for ensuring hand washing compliance.
- Patent protection to defend our time-sensitive dye and product concept from competitors.

3.0 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resource and sustainable environment and wellbeing of the community with which they do business. Thus, the management philosophy is through business process, management will strive to ensure compliance to standards and safety of products and customers they serve.

4.0 Project Management and Manpower

BINGWA LABARATORIES LIMITED will be under the Management with vast experience in managing fast consumable goods particularly soap and other cleaning products, the project will be directly managed by Managing Director assisted by two Managers i.e., General Manager who will be responsible with Production, Administration and Finance and other Manager responsible with Sales and Marketing, who will together comprise the management team. Approximately **27** staff will be directly employed.

BINGWA LABARATORIES LIMITED boasts a strong founding team and experienced board of advisors. Our primary advisor, **BINGWA LABARATORIES LIMITED**, brings 10 years of industry experience and networked relationships to accelerate market penetration of the product line. **BINGWA**

LABARATORIES LIMITED will outsource the production of its soaps to an existing soap manufacturer.

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	4	4	9
Men	4	8	6	18
TOTAL	5	12	10	27

4.1 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

5.0 Project Investment

The estimated capital investment cost of the project is US\$ **340,000**

BINGWA LABARATORIES LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	80,000.00
Machinery & Equipment	120,000.00
Motor Vehicles	60,000.00
Furniture & Fixtures	2,500.00
Pre exp	5,000.00
Others	2,500.00
Working Capital	70,000.00
TOTAL	340,000.00

For the project to be a reality a total investment amounting to US \$340,000 is needed

Based on detailed financial projections, **BINGWA LABARATORIES LIMITED** will require US\$ 340,000 in start-up capital, but will generate positive cash flow in from Year 1. Within 2 Year, the company will be already recouped their money. **BINGWA LABARATORIES LIMITED** offers investors a company with substantial growth potential, cushioned by revenue generating stability.

6.0 Financial Analysis

6.1 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.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

6.2 Financial Statements:

6.3 Projected Revenue

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

SUMMARY OF REVENUE "US\$"

	1	2	3	4	5	6
Revenue	350,000.	385,000.	423,500	465,850	512,435.00	563,678

7.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 6 years period. The position depicted is that the project earns profit throughout its life. After tax profits grow from. US\$ in first year **63,455** to **US\$104,477.49** in the year 6th

BINGWA LABORATORIES LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT US \$

	1	2	3	4	5	6
Revenue	350,000.	385,000.	423,500	465,850	512,435.00	563,678
Operating Expenses:	227,500	269,500	296,450	326,095	358,704	394,574
Profit before Depreciation & Interest	122,500	115,500	127,050	139,755	153,730	169,103
Interest	12,000.	9,000	6,000	3,000	24,000	-
Depreciation	19,850	19,850	19,850	19,850	19,850	19,850
Gross Profit	90,650	86,650	101,200	116,905	109,880	149,253
Tax (30%)	27,195	25,995	30,360	35,071	32,964	44,776
Profit After Tax	63,455	60,655	70,840	81,833	76,916	104,477
Accumulated Profit	63,455	124,110	194,950	276,783	353,699	458,177

7.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$95,305 of operation to the 6th year US\$ 631,277;

BINGWA LABORATORIES LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6
SOURCES:							
Profit before interest and depreciation	0	122,500	115,500	127,050	139,755	153,730	169,103
Equity	140,000						
Loan	200,000						
Total Sources	340,000	122,500	115,500.00	127,050	139,755	153,730	169,103
Applications:							
Capital expenditure	262,500	-	-	-	-	-	
working Capital &Others	77,500						
Cash	0	95,305.00	89,505.00	96,690	104,684	120,766	124,327
Tax	-	27,195	25,995	30,360	35,071	32,964	44,776
Sub total	340,000	122,500	115,500	127,050	139,755	153,730	169,103
Total applications	340,000	122,500	115,500	127,050	139,755	153,730	169,103
Accumulated cash		95,305	184,810	281,500	386,184	506,950	631,277

7.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Net shareholding equity of the project increases from US\$140,000 in the first year of operation to US\$ 598,177 in the 5th year;

BINGWA LABORATORIES LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets							
Opening balance	0	262500	242650	222800	202950	183100	163250
Additions	0						
Total Long-term Assets	0	262500	242650	222800	202950	183100	163250
Less depreciation	0	19850	19850	19850	19850	19850	19850
Closing balance	0	242650	222800	202950	183100	163250	143400
Working capital	77500	77500	77500	77500	77500	77500	77500
Accumulated cash	0	95305	184810	281500	386184	506950	631277
Total assets	77500	415455	485110	561950	646784	747700	852177
Financed by							
Equity	140000	140000	140000	140000	140000	140000	140000
Net profit	0	63455	124110	194950	276783.5	353699.85	458177.335
Total equity	140000	203455	264110	334950	416783.5	493699.85	598177.335
Long term loan	0	200000	150000	100000	50000	0	0
Bank overdraft	0	0	0	0	0	0	
Total debts	0	200000	150000	100000	50000	0	0
Total equity and debts	140000	403455	414110	434950	466783.5	493699.85	598177.335

7.7 Projected payback period

Total investment is **US\$340,000** cash accumulation in 4 years is **US\$356,183.5** which is more than the initial investment by **US\$ US\$16,183** the project payback Period is within 4 years.

The project has a relatively short payback period;

PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	63,455.00	19,850	83,305.00	83,305.00
2	60,655.00	19,850	80,505.00	163,810.00
3	70,840.00	19,850	90,690.00	254,500.00
4	81,833.50	19,850	101,683.50	356,183.50
5	76,916.35	19,850	96,766.35	452,949.85
6	104,477.49	19,850	124,327.49	577,277.34

8.0 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 market
- The project will create employment for **27** people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers 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 to manufacturing sector

9.0 Implementation

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of hotel will be completed within one year: -

Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	October 2021
2	Placing order of machines	December– March 2025
3	Installing machines	March-June 2022
4	Recruitment	June 2022
5	In house training	June- December 2022
4	Testing production	January - March 2022
6	Commercial operations	April 2022

10.0 Conclusion & 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.