

BUSINESS PLAN

ECLIPSE HOTELS (DODOMA) LIMITED

12/1/2022

ECLIPSE HOTELS (DODOMA) LIMITED

P. O. Box 3222

Plot No. 102 Azikiwe

Dar es Salaam



1.0 Executive Summary

Eclipse Hotels (Dodoma) Limited is a Company registered under the laws of the United Republic of Tanzania in the year 2022. It is a joint venture company owned by Tanzanians (60%) and a foreigner from the UK (40%). The company plans to establish a **Four Star Hotel** project in the City of Dodoma at the place where Dodoma Hotel is located. The location is to be rented from Dodoma City Council who are the owners of the premises.

The envisaged project will be financed by equity that amounts to USD 700,000 and a local loan amounting to USD 300,000 thus making the investment capital of **USD 1,000,000**. With the capacity of 90 rooms the hotel is going to employ a total of 66 people, 60 of whom are local and 6 foreigners. The plan of the company is to have the experienced foreigners train the locals to the level they have developed themselves.

As part of the company's local content policy the hotel will source its supplies from within the United Republic of Tanzania. It will source from outside the country where local supplies are short of the required inputs. Also, it will employ staff 90.91% of whom are local.

From the SWOC Analysis conducted this project will be a success. Its location in Dodoma, its operating philosophy and the developed strategy will give it an edge above competitors as it targets the mid to high-level income earners, and institutions. These institutions include the Central Government and its MDAs, NGOs and foreign Embassies and Missions in Tanzania.

Basing on the projections made this hotel project is fiscally, monetarily and socially rational as it will pay the statutory taxes and it will also pay local suppliers. Socially it will contribute via corporate social responsibility scheme to social development, and it will employ people. The employment will be direct and indirect.

2.0 Table of Contents

1.0	Executive Summary.....	1
2.0	Table of Contents.....	2
3.0	INTRODUCTION.....	4
3.1	Company Overview	4
3.2	The Dodoma Project	4
3.2.1	Nature/ Business of the Project	4
3.2.2	Project Capacity	5
3.2.3	Projected Sales.....	6
3.2.4	The Local Content Perspective	6
4.0	PROJECT FINANCIALS	6
4.1	Financial Projections	6
4.1.1	Sales Projections	7
4.1.2	Income Projections	7
4.1.3	Projected Retained Earnings	8
4.1.4	Projected Cash Flows	8
4.2	Project Financing.....	9
4.3.1	Sources of Funding.....	9
4.3.2	Financing of Items	10
5.0	MARKET ANALYSIS	10
5.1	Global Perspective of the Sector	11
5.2	Tanzanian Perspective of the Industry	11
5.3	Dodoma Perspective of the Sector.....	11
5.3.1	SWOC Analysis for the Project	11
6.0	BUSINESS STRATEGY	13
6.1	Operating Philosophy.....	16
6.2	Theory of Change	16
6.2.1	Project Manning.....	16
7.0	RATIONALE OF THE PROJECT	17
7.1	Fiscal Rationale	17
7.2	Monetary Rationale	18

7.3 Social Rationale	18
8.0 THE ROLL-OUT PLAN	18
9.0 ANNEXES	19
Annex 1: Fiscal and Monetary Rationale of the Project	19

3.0 INTRODUCTION

3.1 Company Overview

ECLIPSE HOTELS (DODOMA) LIMITED is a Company registered under the laws of the United Republic of Tanzania on 18th May 2022 and was granted Certificate of Incorporation No. 156-180-912. Generally its principal business is hospitality and tourism but this specific project is a hotel business.

Eclipse Hotels (Dodoma) Limited is a Joint Venture company with majority shareholding being Tanzanian amounting to 60%. Its share capital is **TShs. 1,600,000,000** (an equivalent of USD 695,652.17) divided into **16,000 shares** of **TShs. 100,000** (an equivalent of USD 43.48) each. Table 1 below gives the details of shareholders of the company.

Table 1: Shareholding Details of the Company

SNo.	Names	Nationality	Shares Taken	Percentage ownership
1	Zahir Hassanali Damji	Tanzania	8,160	51
2	Shaffin Hassanali Damji	United Kingdom	6,400	40
3	Aly-Khan Damji	Tanzanian	1,440	9

3.2 The Dodoma Project

Tanzania is one of the best countries for tourism and the related hospitality services. With bounty in natural endowment, both physical and human, the country is a haven coming to hospitality-related investments.

3.2.1 Nature/ Business of the Project

The company's Dodoma Project will be a **Four Star Hotel** located at the Tabora and Mbeya Avenues along Kuu Street, on Plots 2 & 3 Block A in Windani Ward Within the City of Dodoma. The company looks forward to lease the premises owned by the City Council of Dodoma. As such the company will not own any land or building in as far as this project is concerned. Instead it will be paying a total of TShs. 150,000,000 an equivalent of **USD 64,940** every quarter as rent. The rent rate may be reviewed every after five years.



Current View of a Room in the Hotel



One of the Targeted Service Corners in the Hotel

3.2.2 Project Capacity

The rented property has the capacity of **90 rooms** which include 63 *Standard Rooms*, 9 *Junior Suite Rooms*, 9 *Executive Suite Rooms* and 9 *Presidential Suite Rooms*. **Table 2** below details the daily rates for each of the categories of the rooms.

Table 2: Daily Rates for Rooms' Categories

S/No.	Room Category	Rate (Absolute USD)
1.	Standard Rooms	89
2.	Junior Suite Rooms	99
3.	Executive Suite Rooms	119
4.	Presidential Suite Rooms	139

3.2.3 Projected Sales

The company expects its sales to vary according to the category of rooms. For the standard rooms' success is expected to be 85%. For the other categories will be 12% (junior rooms), 65% (executive suite rooms) and 60% (presidential suite rooms). **Table 3** provides detailed projected sales for the rooms according to their respective categories.

Table 3: Sales Projections

Room Category	Number of Rooms	Success Rate	Days of the Year	Daily Rate	Annual Sales	Monthly Sales
Standard Rooms	63	0.85	365	89	1,739,571.75	144,964.31
Junior Suite Rooms	9	0.12	365	99	39,025.80	3,252.15
Executive Suite Rooms	9	0.65	365	119	254,094.75	21,174.56
Presidential Suite Rooms	9	0.6	365	139	273,969.00	22,830.75
TOTAL					2,306,661.30	192,221.78

3.2.4 The Local Content Perspective

The company is committed to local content in terms of both supplies and human resources. For the Dodoma project it plans to employ a total of 66 staff 60 of whom (90.91%) are locals. As for hotel supplies the project will use local supplies except for extreme cases where needed supplies of some nature cannot be sourced from within the United Republic of Tanzania. Owing to the endowment of Tanzania the company expects to use more than 90% of its supplies from local SMEs.

4.0 PROJECT FINANCIALS

This project will be financed by equity (70%) and a loan (30%). The total value of investment is planned to be **USD 1,000,000**. In this regard equity will amount to **USD 700,000** and the loan will amount to **USD 300,000**. This item (Project Financials) focuses on **financial analysis** including financial projections for the project for the period of the first five years.

4.1 Financial Projections

Basing on the financial analyses conducted the company; in the respective first five years of operation will have sales amounting to USD 2,306,661; 2,537,327; 2,791,060; 3,070,166; and 3,377,183. With the respective production costs as shown under Sales Projections the gross profits for years 1 to 5 respectively will be USD 313,661; 539,327; 788,060; 1,062,166; and 1,354,183. Gross profit projects are positive and promising for this project.

Upon netting operating expenses, the projected income statement shows positive retained earnings as depicted under the respective sub-headings.

4.1.1 Sales Projections

The Hotel Project focused on middle to high-end clientele. Its targeted customers are the general public but with a special focus on government officials and diplomats (including emissaries) paying visit to the Government Capital of Tanzania where Ministries, Departments and the State House are located. In this regard sales per person will be relatively higher compared to those common hotels and lodges. The project's sales for the first five years of operation are projected under **Table 4** below.

Table 4: Sales Projections (in USD)

YEARS	Y1	Y2	Y3	Y4	Y5
Sales	2,306,661	2,537,327	2,791,060	3,070,166	3,377,183
Total Production Costs	1,993,000	1,998,000	2,003,000	2,008,000	2,023,000
Profit/ (Loss)	313,661	539,327	788,060	1,062,166	1,354,183

4.1.2 Income Projections

The projected operating expenses for the respective first five years (**Table 5**) are USD 249,313; 228,627; 33,701; 253,088 and 233,793. Upon netting these from off the gross profit the projected gross profits for the respective years for the period Y1 to Y5 (**Table 6**) are USD 14,195; 152,152; 288,601; 431,244 and 605,578.

Table 5: Projected Operating Expenses

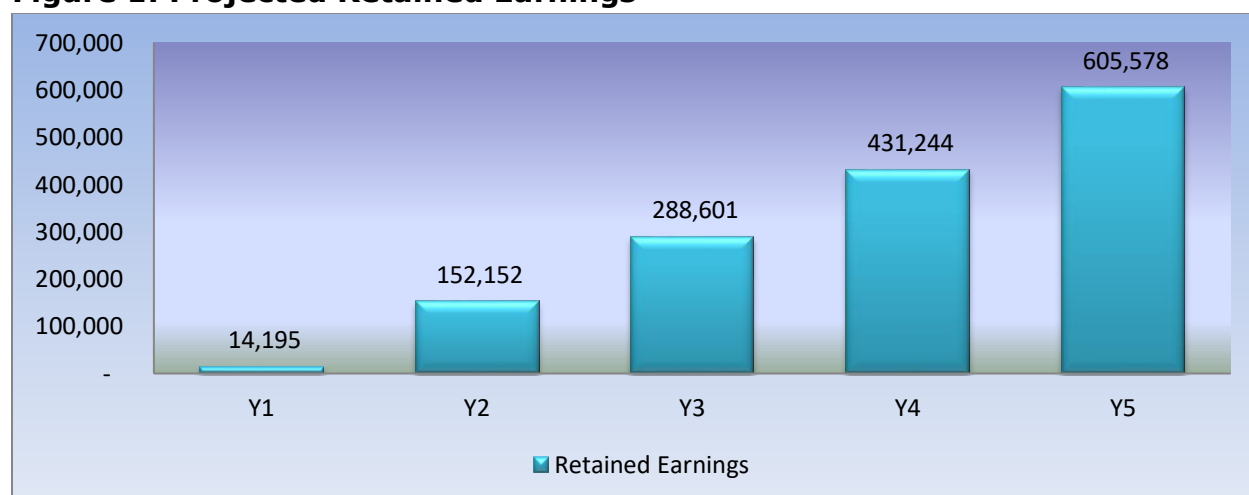
YEARS	Y1	Y2	Y3	Y4	Y5
Marketing Expenses	18,560	13,560	13,560	12,065	12,065
Bank Charges	100	100	100	100	100
Insurance	6,480	6,480	6,480	6,480	6,480
Office Expenses	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
Permits and Licences	14,400	100	100	13,300	1,100
Vehicle Expenses	4,640	4,640	4,640	4,640	4,640
Professionals Fees	21,000	15,000	15,000	17,100	15,000
Provision for Bad Debts	46,133	50,747	55,821	61,403	67,544
Depreciations	120,000	120,000	120,000	120,000	108,864
Miscellaneous Expenses	6,000	6,000	6,000	6,000	6,000
TOTAL OPERATING EXPENSES	249,313	228,627	33,701	253,088	233,793

Table 6: Projected Income Statement

Description	Y1	Y2	Y3	Y4	Y5
Total Sales	2,306,661	2,537,327	2,791,060	3,070,166	3,377,183
Less: Cost of Sales	1,993,000	1,998,000	2,003,000	2,008,000	2,023,000
Gross Profit	313,661	539,327	788,060	1,062,166	1,354,183
Less: Operating Expenses	249,313	228,627	233,701	253,088	233,793
EBIT	64,348	310,701	554,359	809,078	1,120,390
Less: Loan Interest	39,000	39,000	39,000	39,000	39,000
EBT	25,348	271,701	515,359	770,078	1,081,390
Less :Taxes (30%)	7,604	81,510	154,608	231,023	324,417
Net Profit/(Loss)	17,744	190,191	360,751	539,055	756,973
Dividend (20%)	3,549	38,038	72,150	107,811	151,395
Projected Profits	14,195	152,152	288,601	431,244	605,578

4.1.3 Projected Retained Earnings

The projected retained earnings show a steadily growing positive trend for the first five years of operation. This is a promising business. It pinpoints to the capability to handle its dues, including salaries for employees, and taxes and levies to the government of the United Republic of Tanzania.

Figure 1: Projected Retained Earnings

4.1.4 Projected Cash Flows

Save for Y1, the cash flow projections show positive Change in Cash and Cash Equivalents. For Y1 the change is negative, highly likely because of heavy investment in hotel building repair, erection of the perimeter wall and development of the pavement area.

Table 7: Projected cash flows

DESCRIPTIONS	Y1	Y2	Y3	Y4	Y5
Cash from Operations					
Profit Before Tax	25,348	271,701	515,359	770,078	1,081,390
Adjustment for Non-cash Items:					
Depreciation	120,000	120,000	120,000	120,000	108,864
	(94,652)	151,701	395,359	650,078	972,526
Change in Working Capital:					
Receivables (-ve)	(230,000)	(215,000)	(187,000)	(179,000)	(157,000)
Trade Payables and Accruals	120,000	135,000	115,000	223,000	359,000
Capital Additions	-	-	-	-	-
Total	(110,000)	(80,000)	(72,000)	44,000	202,000
	(204,652)	71,701	323,359	694,078	1,174,526
Tax Payments	(7,604)	(81,510)	(154,608)	(231,023)	(324,417)
Total Cash Inflow from Operating Activities	(212,256)	(9,809)	168,751	463,055	850,109
Cash from Investing Activities:					
Purchase of Land and development of Property	-				
Net Cash Outflow from Investing Activities	(212,256)	(9,809)	168,751	463,055	850,109
Cash from Financing Activities:					
Dividends	(3,549)	(38,038)	(72,150)	(107,811)	(151,395)
Change in Cash and Cash Equivalents	(208,708)	28,229	240,902	570,865	1,001,504
<i>Opening Cash Balance</i>	175,000	40,000	50,000	100,000	150,000
<i>Closing Cash Balance</i>	40,000	50,000	100,000	150,000	195,000

4.2 Project Financing

The project will be financed by both equity and loan, both totaling to **USD 1,000,000.00**. 70% will be equity while 30% will be loan.

4.3.1 Sources of Funding

Funding for this project will come from a local loan (30%) and from equity (70%). The equity is both local (60%) and foreign (40%). As shown in **Table 8** the planned investment capital for this **Four Star Hotel** is **USD 1,000,000**

Table 8: Sources of Funding

DETAILS	AMOUNTS	PERCENTAGES
Equity		
Local Equity	420,000.00	42%
Foreign Equity	280,000.00	28%
TOTAL EQUITY	700,000.00	70%
Loan		
Local Loan	300,000.00	30%
Foreign Loan	-	
TOTAL LOAN	300,000.00	30%
TOTAL FINANCING	1,000,000.00	100%
TOTAL INVESTMENT	1,000,000.00	100%

4.3.2 Financing of Items

The investment capital will be used in funding of items for the hotel project owned by the company and will cost a total of USD 1,000,000 as shown under **Table 9** below.

Table 9: Funding of Items

ITEMS	FINANCING IN USD
Land & Buildings (Rented Hotel Premises)	-
Plant (A Service and non-manufacturing project)	-
Vehicles	405,000.00
Furniture & Fittings	329,000.00
Pre Expenses	91,000.00
Others	-
Working Capital	175,000.00
TOTAL	1,000,000.00
FIXED CAPITAL	825,000.00
WORKING CAPITAL	175,000.00

5.0 MARKET ANALYSIS

Hotels do feature in the tourism and hospitality industry. They are an edition in the industry and are gaining popularity in the developing countries as well. The market analysis for the Dodoma project is done on the global, national (Tanzanian) and regional (Dodoma) perspectives as detailed under subsections to this section.

5.1 Global Perspective of the Sector

Globally, the hospitality industry suffered a downturn following the outbreak of COVID-19. This was due to lockdown attempts in containing the pandemic. The recession intensified in late 2019 to 2021. Starting late 2021 the world has opened up and the industry is in a recovery trend with promising business globally.

5.2 Tanzanian Perspective of the Industry

Within the United Republic of Tanzania the hospitality industry suffered for a very short period of time courtesy of the government's stance not to uphold much the lockdowns. As such the industry has stayed more stable and the conditions are stable and encouraging.

For other African countries the business has been suffering from demographic as well as utilities factors. Demographically there is very low purchasing power where on average the annual income per capita within the sub-Sahara Africa, for example, was USD 1,645 (2021). Utility wise, there is much uncertainty in power supply. In some of West African countries power cuts are very high reaching up to half a day being characterized with frequent and unpredicted cuts. Coping with the cuts by running generators is more costly compared to the power from the mains, the national grids.

5.3 Dodoma Perspective of the Sector

Dodoma is the Capital City and Seat of Government of the United Republic of Tanzania. In spite of the fact that it hosts antiquities like the Kondoa-Irangi paintings and the liberation camps for Southern African freedom fighters in Kongwa the region is not among the leading destinations for tourism. In the year 2021, for example, the region had only 14 international tourist arrivals (Ministry of Natural Resources and Tourism). Although this does not rule out the possibility of other foreign tourists arriving via Dar es Salaam or other airports visiting Dodoma by road it still pinpoints to the fact that the region is not among the leading tourist attractions.

On the other hand, having the government and all its ministries and departments in Dodoma, while all foreign Embassies and Missions are in Dar es Salaam provides a niche for our business. This is the middle to higher level public servants, and diplomats who frequent the capital. The project will focus much on these although it won't neglect the other factions like tourists be them local or foreign as stipulated in our strategy.

5.3.1 SWOC Analysis for the Project

Strengths:

1. At the business the company has competent and experienced personnel who can manage the business to excellence. These staff are capable of organizing

factors to, among other things, think and rethink on the strategy in order to make the investment a success under the volatile nature of the hospitality industry.

2. The promoters of the company (shareholders) have the equity and access to a local loan for funding of the project. This is a **USD 1.0 million** project to be funded by *equity to the tune of **USD 0.7 million*** and *local equity to the tune of **USD 0.3 million***.
3. The premises rented, the former Dodoma Hotel building, are of monumental fame and international standard.

Weaknesses:

1. It is the company's first time to venture into the Dodoma market where it will need to invest in market research. However, this is not much of a weakness because even if the company has had its operation in the region it would need to keep up with market research as the market is never static.

Opportunities:

1. Dodoma is the Seat of the Government of the United Republic of Tanzania where all ministries and most of the departments and agencies are located. At the same time, all foreign embassies and missions plus some departments of the government are located in the commercial capital of Dar es Salaam. This provides a reliable niche for the project as officials do keep frequenting the city.
2. The region being the Seat of Government hosts many events organized by the central government and its MDAs (Ministries Departments and Agencies). This provides opportunities to serve these bodies with catering services ranging from coffee meetings, buffets, special dinners and conference facilities.
3. Dodoma being geographically located at the center of the country and well connected by roads and railway with other regions, nearby and those at the extremes, serves as a stop-and-rest spot for travellers traversing the country. These travellers, for those of mid to high level income, do prefer to have such a spot lest they get exhausted in their rides across the country. A person travelling from, say Songwe to Arusha, can make it to Dodoma within a day but would need to spend at least a night in Dodoma.
4. Tanzania, being a member of the East African Community, provides access to markets within the other states namely the Democratic Republic of the Congo (DRC), Burundi, Kenya, Rwanda, South Sudan and Uganda.
5. Demographically Tanzania has a growing mid-income group in its population. This is a promising market base for the business. Following the shift of the capital city from Dar es Salaam to Dodoma the population of this city has

shot up and it provides opportunities to serve mid to high level income residents of the CBD in their family level recreational services.

6. Utilities-wise Tanzania has got relatively lower tariffs and has less power cuts. Basing on the existing hotels the country is perfect for such projects as the existing ones face no material issues with utilities. In the near future Tanzania is expected to be exporting electricity which will be generated from the Julius Nyerere Hydro Electric Power plant.
7. In governance Tanzania is characterized by peace and tranquility for there has been no material havoc in the country for years. This is an opportunity as it provides our business with assurance that foreigners can feel safe in, and flock into the country giving us business.
8. Administratively Tanzania has developed an excellent strategy to combat the COVID – 19 pandemic by not closing down the economy. This provided and will still provide a haven for foreigners who would like to maintain their free lifestyle.

Challenges:

1. The open doors for Tanzania into the rest of EAC member countries imply the same for the other EAC members into Tanzania. This implies stiffer intra-regional competition coming to the issues of foreign tourists visiting the region.
2. The pandemic COVID-19: this has caused lock-downs and strict movement restrictions globally. Should there be another wave of the pandemic the business may experience some shocks in sales and in profits.
3. Demographically majority of Tanzania's population has seasonal spending habit. They largely visit hotels and other hospitality services sites during the festivities namely Christmas, Eid, Easter or Saba-Saba. As such there are limited sales over other periods of the year in as far as the generally low-income population is concerned.

6.0 BUSINESS STRATEGY

With increased urbanization in the city of Dodoma the size of the mid to higher level income earners has risen in the city. This is the niche that can afford the hotel's services. Our business strategy is thus based on targeting this niche as well as the others from outside the region, and events organizers.

Basing on the SWOC analysis conducted and on the company's focus on mid to high-end clientele the company opts the targeted ten-pronged Luxury Marketing Strategy in order to trap more of the mid to high-end clients. This strategy is organized as follows:-

Prong 1: Defining the Target Audience

The targeted mid to high-end customers are people of all ages but those belonging to the mid to high income levels. These are both local and foreign. Locally, the low income earners do not frequent the hotels throughout the year but only during festivities, especially religious ones. In this regard the project targets the mid to high income earners who are capable of visiting the park.

The project also targets the government and NGOs as its clients as they do organize events such as workshops, conferences, luncheons, coffee meetings, business lunches and dinners, and other activities. These can afford our services and prefer the quality of three stars and above. We are a Four Star Hotel.

Prong 2: Creating Client Persona

Through the company's marketing unit the company looks forward to identify, establish a database of, and contact mid to high-end clients. These are Tanzanian, East African, African and global clients. At individual level the focus is diplomats frequenting Dodoma, senior personnel, directors and CEOs who might have the money and the quest to procure hotel services but are not informed of any specific ones. At the corporate level the focus is the government and its ministries and departments; embassies and missions; and NGOs and their likes. The company will guide them to Dodoma Hotel.

Prong 3: Designing of a Compelling High-End Website

The company is designing a compelling website that will create the best first impression to prospective customers, especially the mid to high-end clients. The website will use appealing designs and details that are designed to, as much as possible, leave no question.

Prong 4: Development of Targeted Ad Campaigns

The company won't use the traditional but digital campaigns in advertising the services provided at the hotel. These will be customized to the targeted mid to high-end clientele. The marketing team will select as to who can see the advert.

Prong 5: Designing and Launching of a Social Media Campaign

According to Backlinko, as of 2022, 4.48 billion people are on social media. Obviously, owing to their exposure and modes of business, the mid to high-end clients are all in a position to access the social media. The company will engage social media like LinkedIn, Facebook, Twitter and Instagram. In addition the company will use local mainstream media to create awareness about the business.

Prong 6: Improving Company's SEO

This will improve the company's chance to rocket toward the top of the search engine results page. It will also make the web more navigable and easier to use, something that will give it credit before the mid to high-end clients be them prospective of existing. For the prospective clients it will add to chances of winning them, while for the existing clients it will add to retention rates.

From time to time the SEO will be revised in order to maintain it as up-to-date as possible as the hospitality industry, being a service business, is very volatile.

Prong 7: Establishing Company's Brand

Opting for the best ways to present the company and the project so that it will not struggle in attracting new mid to high-end clients. To maintain consistency in creating a sexy, mysterious air like luxury brands preferred by mid to high-end clients.

Prong 8: Creating Compelling Content

With excellent content, the company will have an edge to attract more of the targeted mid to high-end clients. The marketing unit will conduct reviews on keyword research to find competitive topics that haven't been deeply explored.

Prong 9: Building Company's Email List

The company will focus on keeping clients to the website. Improving company website design and honing in on the SEO ought to reduce the bounce. As for developing an email list, our site needs CTAs that make a site visitor want to become a high-end client.

The company will use timed opt-in pop-ups as well. We'll incentivize our audience to share their contact information by giving them something of value like an exclusive discount code or a copy of company's seasonal catalog.

Prong 10: Starting a Referral Program

The customers are the guiding stars as to where to find the mid to high-end clients. With a referral program, the company can harness the knowledge of our luxury customers and use it to the fullest in attracting new customers.

The company will create a referral program worth joining where for each subsequent referral a customer offers, the rewards will get increasingly better. This will motivate the company's customers to go above and beyond to bring in as many potential qualified leads as they can.

Owing to the stiffening competition and challenges in the sector the company has adopted this Luxury Marketing Strategy at it is the key to bringing in and

maintaining more mid to high-end clients. As the business is highly volatile, the company will keep revising its strategy lets it be left out in the market.

6.1 Operating Philosophy

The company’s operating philosophy is based on flexibility, operating in a targeted way and offering of quality service. Flexibility is crucial for survival and excellence in the ever changing highly competitive hotel business. By nature this is a service business in which clients swiftly respond by “rewarding” or “punishing” the service providers by “returning and commending” or “leaving for good and spreading a bad word” respectively. Offering a quality service will see to it that the company gets rewarded with recurrence of clients and positive recommendations.

Operating in a targeted way helps the project identify the clients of focus, and develop the plan to cater for specific clients’ expectations.

6.2 Theory of Change

The company believes in transitional impacting of the stakeholders. The promoters’ ideas conceived the company and the project, and injected equity into it. Then the promoters impacted financial institutions to supply funding for the project by 30%. With the established project the promoters will engage locals and foreigners to adopt the philosophy and yield world class services by acting flexibly, in a targeted approach while offering quality services. The government will get taxes and levies while the employees will get incomes, and the society will benefit from the Company’s CSR plan.

6.2.1 Project Manning

The project is expected to employ **66 people** 60 of whom are local and 6 foreigners. The foreigners are experts in the hotel industry and can mentor locals to their level of expertise. **Table 8** provides the details on the number of employees to be engaged in this project.

Table 10: Number of Employees

CATEGORY	MALE	FEMALE	TOTAL
Local	32	28	60
Foreign	4	2	6
TOTAL	36	30	66

Gender wise males to be employed are 36 while females are 30. Basing on nationalities, however, the locals amount to 90.91% while foreigners make 9.09% of the employees.

Table 11 gives a detailed plan for manpower of the project between locals and foreigners, males and females, across positions.

Table 11: Detailed Employment Plan

CATEGORIES	LOCAL		FOREIGN		NUMBER
	Male	Female	Male	Female	
Senior Management Team:					
Managing Director				1	1
Local Director		1			1
Managers:					
Accounts Manager			1		1
Legal Affairs Manager	1				1
Marketing Manager			1		1
Hotel Supervisors			1		1
Other Staff:					
Cooks	3	1	1		5
Accueil (Receptionists)		3			3
Hoteliers	18	23		1	42
Drivers & Other Operators	10				10
TOTALS	32	28	4	2	66

7.0 RATIONALE OF THE PROJECT

This project is promising to be a success. Its investment will be 60% Local and 40% Foreign in terms of equity. It is expected to be financed by equity (USD 700,000) and a local loan (USD 300,000). The multiplier effect of this investment can be viewed financially, fiscally and socially as detailed below, with reference to **Annex 1** to this Business Plan.

7.1 Fiscal Rationale

The company will comply with all requirements of the Tax Acts of Tanzania. Basing on the financial projections developed and presented, for the first five years of its operations the company expects to pay a total of **USD 5,023,882** as corporate tax and VAT. The income tax and the VAT are projected to be **USD 799,163** and **USD 4,224,719** respectively. These amounts, projected to be paid over the first 5 years of operation, will go to the Central Government via the TRA and, thus, the Treasury.

To the local government in the City of Dodoma, besides paying rent for the rented premises, the company will comply with all levies as stipulated in the Local Government Authorities. Considering materiality, this plan does not include its projections.

7.2 Monetary Rationale

The company looks forward to using, as much as possible, the locally available supplies in both goods and services. The aim is to engage local SMEs in its value chain of services. Since in the projections we expect to source more than 90% of our supplies from within the country, it implies that at least 90% of the **total production costs** and the **total operating expenses** will be incurred within the locality of the project and within Tanzania at large. Basing on **Annex1**, for the first 5 years the project will create a cash flow amounting to **USD 11,223,522** 90% of which (**USD 10,101,170**) will go to local supplier SMEs. This has a positive multiplier effect in the economy as it is an impetus for growth of the SMEs. It will attract competition which will induce more efficiency and competitiveness among local SMEs.

7.3 Social Rationale

This project will create employment, both direct and indirect, where it will directly employ 66 people in the course of its roll-out. Among these, 6 foreign expatriates will be employed with the aim of training the locals as well. This implies building a social asset in the form of skills transfer in the ever-growing hotel and hospitality industry.

Over the first 5 years the company will participate in community development via its CSR program. Basing on the sales, the company is expecting to contribute a total of **USD 53,278** in the first five years (**Annex 1**).

The hotel will add to variety to hotel clients within the Dodoma City Council. It will add to competition and, competitive as it is, it's going to prevail while leaving clients more satisfied. This project is thus fiscally, monetarily and socially rational.

8.0 THE ROLL-OUT PLAN

This project is expected to commence its operation in the year 2023. Prior activities have already commenced during the year 2022. The main activities are as shown in **Figure 2** where the launching is scheduled for October 2023.

Figure 2: Project Roll-Out Plan

	2022				2023												2024												
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
Registrations (Including TIC)																													
Premises Renting (Contract Signing)																													
Renovation of the Premises																													
Personnel Recruitment (Gradual)																													
Launching and Operationalization																													

9.0 ANNEXES

Annex 1: Fiscal and Monetary Rationale of the Project

DETAILS	Y1	Y2	Y3	Y4	Y5	TOTALS
Total Production Costs	1,993,000	1,998,000	2,003,000	2,008,000	2,023,000	
Total Operating Expenses	249,313	228,627	233,701	253,088	233,793	
Income Tax	7,604	81,510	154,608	231,023	324,417	799,163
VAT on Sales	691,998.4	761,198.2	837,318.1	921,049.9	1,013,154.8	4,224,719
Provision for CSR	506.96	5,434.02	10,307.18	15,401.56	21,627.80	
TOTALS	2,942,423	3,074,769	3,238,934	3,428,563	3,615,992	
SUMMARIES						TOTALS
To the Government	699,603	842,708	991,926	1,152,073	1,337,572	5,023,882
To the Private Sector (SMEs)	2,242,313	2,226,627	2,236,701	2,261,088	2,256,793	11,223,522
To the Society (CSR)	506.96	5,434.02	10,307.18	15,401.56	21,627.80	53,278
TOTALS	2,942,423	3,074,769	3,238,934	3,428,563	3,615,992	16,300,682