

MZIBAZ EMPIRE INVESTMENTS LIMITED

Prepared By:

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P.O. Box 5644

DAR ES SALAAM

BUSINESS PLAN FOR THE

PROPOSED PROJECT

OF

MANUFACTURING OF TEAK WOOD

PRODUCTS

FOR EXPORT

1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

Due to the fact that the building and construction industry has been growing very fast hence creating increased demand for various wood products and furniture. Encouraged by these positive developments, MZIBAZ EMPIRE INVESTMENTS LIMITED intends to establish manufacturing facilities for Teak and other types of wood products with view a of producing quality products and enable the company to venture mainly into the export market as well as the local market. This report is therefore about the financial and economic viability of establishing MZIBAZ EMPIRE INVESTMENTS LIMITED.

1.2 The project

This is a report for a business plan for **MZIBAZ EMPIRE INVESTMENTS LIMITED** for the purposes of establishing a project for manufacturing Teak wood products and other types of timber with modern and bigger machinery and equipment in order to produce up to date and quality products for export. The project promoters are sensitive to the look and feel of good wood and wood products as well as to high-powered personal computing.

1.3 Planned Objectives

The planned objectives are to provide high quality wooden products (especially teak wood products) based on quality of the end product: quality wood, quality workmanship, quality design and the quality of end result and servicing plan that will satisfy clients' needs.

1.4 Strategies

In order to achieve the above objectives it is planned to implement the following strategies;

- i. Equip the project adequately by installing state-of –the-art facilities and support infrastructure;

- ii. Institute a preventive maintenance programme;
- iii. Develop and implement an effective marketing policy

1.5 The sponsors

The project is being promoted and sponsored by **MZIBAZ EMPIRE INVESTMENTS LIMITED** a Private Limited Liability Company incorporated under the Companies Act, 2002 on the 8TH day of October 2021 with registration No. 153720630. The Company is jointly owned by four Tanzanian shareholders

1.6 Company Legality

The legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, justify that **MZIBAZ EMPIRE INVESTMENTS LIMITED** will be operating within the ambit of the law of the Land.

1.7 Financial Appraisal

The project's financial projections have been prepared over the period of three years. As afore mentioned, a long-term bank loan is expected to be sought during the initial stage of the project implementation period.

1.8 Implementation

It is expected that the project will be implemented in three-year period that will involve securing for finance, acquisition of necessary registrations and licensing necessary for agricultural projects.

Conclusion

The project should be given an opportunity to be implemented as conceived in this presentation due to the fact that:-

- The project is liquid and can cover immediate obligations
- The project will runs profitably and so can repay the loan from the profit made.
- There is an efficient management of receivables and payables.

Name of company:	MZIBAZ EMPIRE INVESTMENTS LIMITED
Address:	P.O. Box 5644 Dar Salaam
Telephone:	+255-762-777892
Project Location	Ifakara, Kilomero, District, Morogoro Region
Office Location	Plot No. 153, Block B6, Hse No.56 Kinondoni Dar es salaam.
Certificate of Incorporation no.	153720630
Sector	Manufacturing
Sub sector	Timber Processing
Total Cost of estimated Investment.	USD 2,4M

BASIC INFORMATION

PROJECT PROMOTERS

Names Subscribers	% of Shares	Nationality
MUSA V. MZIBA	500	TANZANIAN
VENERABLE L. MZIBA	50	TANZANIAN
EVA M. RUGAMBO	200	TANZANIAN
DIANA M. KISAKA	20	TANZANIAN

VISION

To become the most valued business partner to all our customers.

MISSION

Engage every level of the organization to achieve the highest quality, customer care, respect, shareholders value and providing lumber at most fairly prices to its targeted market.

2.0 PROJECT DESCRIPTION

2.1The Project

The company sees a bright future to the Tanzania economy and manufacturing sector in particular as such the company has decided to venture into the manufacturing sector. This business plan sets out a proposal for establishing a Teak wood products other wood products manufacturing plant to be based in Morogoro. Specifically the company will manufacture products of high quality wood products and well designed suitable for export market.

2.2 Investment costs

The total investment cost is USD 2.4 million The Investment Financing plan is as follows in Million US\$. Local Equity 0.2, Foreign Loan 2.2

Land/Building	1.1
Plant and Machinery	0.74
Motor Vehicles	0.37
Furniture & Fittings	0.02
Pre-expenses	0.07
Others	0.01
Working Capital	0.09
TOTAL	2.4

3.0 PROJECT FINANCING

The project will be financed by existing shareholders contribution in terms of equity and bank loan.

3.1 Financial Appraisal

The company's financial projections have been prepared over the period of five years.

3.2 Implementation

It is expected that the project will be implemented in three year period that involves plot renovation and minor civil works, power and water network improvement in year 1 and from year 2 more concentration will be given to plant consolidation and production growth. The project is expected to be implemented in three years.

4.0 MARKETS AND MARKETING ASPECTS OF THE PROJECT

In recent years, the demands for wood products has been growing while on the other hand, the supply has been indispensable. Various sectors in recent years has increased the use of wood products in their daily activities. The construction sector in particular has been the major consumer of wood products for temporary uses on various stages of the construction. On the other hand Furniture is also consuming a notable volume of woods/timber in processing various types of products for different purposes e.g flooring, windows, doors, frames etc. That is why MZIBAZ EMPIRE INVESTMENTS LIMITED decided to engage in this type of project knowingly that the demand is great locally as well as internationally. The project targets for both domestic and export

markets. It is expected that 80% of products manufactures will be sold to the International market mainly India and the remaining 20% which will be locally consumed. The project is also intending to sell its products directly to retailers and direct sales to customers. In the project's particular market, the company has already secured a buyer who appreciates two attributes: the quality of product workmanship and the excellence of design, understanding of technology and ergonomics built in.

4.1 Project competitiveness

Though the project has one big competitor, the project main advantage is that, its management's commitment in the field will be crucial as compared to competitors. It is expected that **MZIBAZ EMPIRE INVESTMENTS LIMITED** project to be one of its own in the country through the use of experienced technical expertise from India the project will be able to produce high quality and first grade products at lower rates compared to its competitors in the market hence positions itself in making sure that it will win most of the tenders awarded hence ensure project's growth and thus the project will gain community and government acceptability and support.

5.0 TECHNICAL REQUIREMENT

5.1 Construction of the Site

This undertaking will require a period of at least 12 months to completion.

5.2 Ordering of Machinery / Equipment/Vehicles / Furniture

Timely ordering will have to be executed to match the rate of development of the project. Time needed will run into few months.

5.3 Installation of Machinery / Equipment / Furniture

Once the building is renovated then will follow the

installation of machinery / equipment/furniture and fittings upon arrival at the project site.

5.4 Plant Location and Civil Works

5.4.1 Site and Location

As said earlier the project will be located in Ifakara – Kilombero District, Morogoro Region. This location takes into consideration such important factors like availability of reliable power and security.

5.4.2 Civil Works

- **Production Building Required**

The buildup area required for production will be medium or large sized taking into consideration the kind of operations to be undertaken.

- **Office Building**

An office block to accommodate the administrative and clerical staff will also be required.

5.5 Utility Services

5.5.1 Water

The office premises have reliable supply of water. This is due to the fact that there is connection to the city water supply network. Nevertheless to avoid unreliable water supply a water storage facilities has been installed within the premises.

5.5.2 Electricity

As said earlier in this report, the source of energy for the proposed project will be electric power. However a standby power generator has also been budgeted for to avoid inconveniences caused by frequent power cuts by TANESCO.

6.0 MANAGEMENT AND ORGANIZATION

6.1 Project Management

MZIBAZ EMPIRE INVESTMENTS LIMITED will be managed by the competent and professional management Team who have experience in managing timber related products manufacturing. Under its management, **MZIBAZ EMPIRE INVESTMENTS LIMITED** is expected to grow steadily from medium to big company producing high quality timber related products serving international markets. However with its plans for expansion the project is expecting to source experienced technical expertise from India.

6.2 Organization Structure

With the vision of the company, it is expected that the company will grow to an extent that it will require a structured management system. This entails the design of management flow system with clear outlined duties and responsibilities of each member of management. The organization structure will take into account the fact that within the next few years the company's total workforce will have more than 100 employees of different levels of qualifications and responsibility once fully established. This will require a properly designed administration policy and guidelines for each work category. The top most person in the day to day running of the company will be the Managing Director. Under the Managing Director's office will be the three Departments mentioned above. Each will be under a Manager and will comprise a number of Sections each headed by a Section Head as follows:-

6.2.1 Production Department (Workshop)

Sections:-

- Operations
- Maintenance

6.2.2 Sales and Marketing Department

Sections:-

- 6.2.2.1 Research and Promotion
- 6.2.2.2 Sales

6.2.3 Administration and Finance Department

Sections:-

6.2.3.1 Human Resources and Administration

6.2.3.2 Finance and Accounts

Each Department will be manned by a number of personnel with varying education levels and work experiences.

The management team of **M/S MZIBAZ EMPIRE INVESTMENTS LIMITED** will comprise the Managing Director, Workshop Manager, Finance and Administration Manager and Sales and Marketing Manager.

6.3 Manpower Requirement

The permanent manpower requirement for running the proposed factory is 250; several other employees will be contracted on temporary basis.

7.0 ECONOMIC ADVANTAGES OF THE PROJECT

On the basis of the above account the analysis has overwhelmingly proved that the project is financial sound and economically viable.

Furthermore, the project has immense potential towards the earning of the badly needed Forex earnings. It is hereby recommended that the project be implemented. The envisaged undertaking will be viable and profitable if it is implemented early. Full execution of the envisaged project will make it one of the upcoming manufacturing companies in the country which will contribute to economic and social development in terms of employment, economic activities and infrastructure development.

Several Social Economic benefits that will be apprehended in the course of operating this undertaking will include the following:

7.1 Social and Economic Impact of the Project

The project will have both economic and social benefits to the community and the country as a whole. The first and foremost important benefit will be to the Municipality in which the plant will be located with potential for increasing the standard of living for people in that particular area. The following are the benefits of the project:-

7.1.1 Employment Effect

The project will create employment to both skilled, semi-skilled, unskilled staff and casual labourers. The company will also create employment opportunities to locals. The employees will also benefit from contribution by the employer for social security fund. In addition, the plant operations will increase activity levels consequently trigger income spillover effect to the neighboring people.

7.1.2 Contribution to Government Revenue

The project will contribute to the Government reserve in form of taxes, payroll levy, land rent, and other taxes and duties on local and export sales. In addition, the project will have a multiplier effect in the economy as a whole.

7.1.3 Social Impact

The will also be involved in support to social activities and local experts will be trained to be professionals within the country.

The company has potential for growth and competitiveness in the market. This can be achieved provided that the operational plan and marketing strategies set out in this business plan are implemented. This entails acquisition of the required equipment, development of export market channel, the use of experts in undertaking the projects' implementation. Given the project's economic, social and financial benefits, it is

recommended for approval for Certificate of Incentives.

8.0 PROJECT SENSITIVITY TO ENVIRONMENT

The environmental impact assessment is a key guide to this project. In that sense the project will do a thorough research on the nature of the environment around the site and by means of national guidelines, use all means possible to keep the environment natural within the project area. No interruptions will be done unnecessarily and where necessary the highest precaution will be made.

8.1 Mitigation Measures to Environmental issues

Under normal circumstances the project will have no any serious negative environmental impact which will be realized in the short or long term periods.

8.1.1 **Solid Waste Management:** Usually waste management costs include both capital investment and operating costs. The latter generally comprises the cost of labor, tax and consumables, the cost of energy, in addition to other items. The operating costs assigned to waste management are usually very small, whereas capital costs have a significant share.

8.1.2 **Waste Water (odor):** No waste water shall be allowed to enter into any stream that flows in the neighborhood of the project site

8.1.3 **Gardening:** Most of the un-built-up area will be put under gardening that shall be well-maintained with flowers and trees of various species

8.1.4 **Dust & Noise:** All efforts shall be taken to maintain low levels of dust emission and noise.

The project is therefore environmentally friendly, as it preserves it, develops it and cares for its sustainability.

9.0 ECONOMIC JUSTIFICATION

Given the demand, business of this nature is of interest for the nation as it promotes local investors, income generation, financial deepening and employment provision as well. The project will also widen the Tax base and benefit the nation with tax paid out of profit earned.

10. CONCLUSION AND RECOMMENDATION

The project is consistent with the governments Industrial Policy, financially and economically viable, socially desirable and environmentally friendly, hence it is recommended for approval and implementation.