

**JROAD PHARMACY
WHOLESALE/RETAIL BUSINESS PLAN**

BUNDA, MARA, TANZANIA



1.0. Introduction

Pharmacy is one of the most lucrative businesses in Tanzania. JRoad Pharmacy is starting out as a new pharmaceutical wholesale and retail business. Located at Bunda Township in Mara region, the Pharmacy seeks to provide a personalized and compassionate customer service and experience for all customers. As the only wholesale pharmacy in the locality, JRoad Pharmacy shall distribute quality pharmaceutical products mainly from European countries, the Indian sub-continent, Egypt, South Africa, Kenya, Tanzania etc to bulk consumers as well as those who visit in person for all the time that it will be in active business.

JRoad Pharmacy plans to operate from a strategically located outlet within Bunda Township because all roads to Mwanza (where most wholesalers are) from Mara region must pass through Bunda. This is to say, there will be no need for retail dispensers to go to Mwanza (almost 150 kilometers from Bunda) anymore. Bunda is also strategically, few kilometres from Simiyu region, another market JRoad Pharmacy is targeting.

JRoad pharmacy, founded and promoted by Mr. _____ and Mr. _____, operates as a private limited liability company, allowing business owner's protection for their personal assets, as well as protection from malpractice. As the business gains more clients, it is anticipated that customers will pass on information about the excellent services that JRoad Pharmacy provides.

The vision of JRoad Pharmacy is to be one of the leading pharmacies in Tanzania in the wholesale/retail and distribution of generic and branded prescriptions drugs, over-the-counter (OTC) medicines and vaccines to a wide range of customer markets segments in Tanzania at the most affordable and competitive prices on the market.

With no any major wholesaler with the national coverage, there is an opportunity for upcoming businesses to find their niches and feel the gap. Full-service pharmacies are located almost exclusively in major urban areas (60-70% percent in Dar es Salaam alone),

while approximately 75% of Tanzanians live in rural and peri-urban communities. This business model will involve purchasing pharmaceuticals from major importers/wholesalers and sub-wholesale and sell to small Pharmacies, Accredited Drug Dispensing Outlets (ADDOs) and drug shops.

The pharmacy's starting annual sales turnover is projected to start off at US\$ 400,000 and thereafter growth consecutively by 20% each year for the next five years.

2.0. Company Description

2.1. Legal form of Business

JRoad Pharmacy will be organized as a private limited liability company. This structure allows for stable distribution of profits and losses. The owners will complete necessary documents and pay filing fee to the Registrar of Companies. The Pharmacy must also be registered and accredited by the Pharmacy Council of Tanzania.

The Pharmacy Council is a body corporate established by the Pharmacy Act, 2011 mandated to regulate pharmacists, pharmaceutical technicians and pharmaceutical assistants. The Council is also responsible for licensing pharmacies and drug outlets and approves pharmacy training and education providers in collaboration with Tanzania commission for Universities (TCU) and National Accreditation Council for Technical Education (NACTE). All these are done to protect the health and safety of the public.

2.2. Effective Date of Business

JRoad Pharmacy will begin operations on 1st April 2021. Before opening day, JRoad Pharmacy will organize and create a working environment with customers and local hospitals, Health Centres, Dispensaries, ADDOs, pharmacies etc. This will be accompanied by networking within the community and developing a positive view of the business. The months of February and March 2021 can be used to implement the start-up process before the business is launched on 1st April, 2021.

2.3. Company Vision Statement

The JRoad Pharmacy's vision is to be one of the leading pharmacies in Tanzania in the wholesale/retailing and distribution of generic and branded prescription drugs, Over-the-Counter medicines, vaccines and cosmetics to a wide range of customer market segments in Tanzania.

2.4. Company Governance

JRoad Pharmacy will be owned and operated by Mr/Mrs. _____ and Mr. _____ in accordance with the company laws and agreements. Owners will divide profits according to the shares they own. The Board of Directors and staff at JRoad Pharmacy will make decisions to keep the company up to date with changing protocol and regulation standards.

A Management team led by one of the Directors will be put in place to oversee all operations of JRoad Pharmacy.

Table 1: Proposed Ownership Structure

Persons	Percentage (Share)	Nationality
Main Investor	90%	Korean
Managing Director	10%	Tanzanian

2.5. Business Location

JRoad Pharmacy will be located at the centre of the business district in Bunda Township. Located at the intersection and almost in between administrative regions of Mara and Simiyu, Bunda offers a perfect location to serve the two regions with a cumulative population of over 3.3 Million according to the 2012 National Census. Bunda alone had a population of 335,061 in 2012.

2.6. Immediate Development Goals

For JRoad Pharmacy to experience success as soon as operations begin, it is critical that the pharmacy initiates the development of company assets directly upon the company initiation. JRoad Pharmacy will accomplish the following;

Prior to Opening

- Fully train all employees to ensure smooth operations
- Establish supply chain
- Develop a standard design
- Secure or begin process to obtain logo trademarks, website domain, and mobile application

Within the first 3 Months

- Conduct efficient advertising in multiple channels, including social media, internet, website and radio broadcasting
- Attain at least 100 bulk buying consumers and 500 individual customers to ensure financial projections are met and an initial customer base is built.
- Put in place the right software and technology for Customer Relationships Management (CRM)
- Develop an efficient and practical system to receive useful customer feedback
- Secure more than \$80,000 of sales after 3 months of operation

2.7. Start-Up Costs

JRoad Pharmacy will acquire its 100% start-up funds from the owners.

Table 2: Start-up Costs

Start-Up Costs (\$)	
Establishment Costs (Including full registration and compliance, outlet renovations, branding, furniture and fittings, computers, internet, telephone connectivity, AC installation, CCTV Cameras, distribution trucks and motorcycles and other key pharmaceutical storage & equipments)	54,000
Inventory	80,000
6 Months Personnel Expenses	38,713
6 Months Other Operating Expenses	26,410
Total	199,123 ~ 200,000

3.0. Industry Analysis

The United Republic of Tanzania is a union between Tanganyika and Zanzibar, which was formed in April 1964. Occupying an area of approximately 945,100 sq km, it is the largest country in East Africa. The pharmaceutical supply chain in Tanzania mainland is administered by the private distributors and public distributor (Medical stores department (MSD), which is an autonomous body under the Ministry of Health, Community Development, Elderly and Children). The private sector is predominant in urban and cities areas whereas the MSD covers throughout the country including urban, rural and hard to reach areas. During the year the 1990s to 2005, domestic pharmaceutical production supplied approximately 30% of the domestic pharmaceutical market and about 10% of local production was exported. Of recent, there has been a significant decline in domestic production of pharmaceuticals. In the year 2014, it was reported that domestic production

accounts for only 12% of total demand, leading to raised importation, falling exports to less than US\$1.7 million and recording negligible average pharmaceutical export share of gross domestic product (GDP). Domestic manufacturers are mainly concerned with the production of generic medicines.

The domestic pharmaceutical market is now supplied almost entirely by imports paid in US dollars, in 2018 there were more than twelve (12) registered pharmaceutical plants in Tanzania. Among the registered plants, only five were categorized as TFDA GMP compliant pharmaceutical plants. They are namely; Shelys Pharmaceuticals Ltd, Zenafa Laboratories Ltd, Pharma Centre, Prince Pharmaceuticals Ltd and Tanzania Pharmaceutical Industries Ltd (ARV production line). Shelys Pharmaceuticals Ltd holds a 70% share of locally manufactured pharmaceutical in the country

Manufacturers, wholesalers, sub-wholesalers, donors, and the medical stores department (MSD) are the main distributors of pharmaceuticals and medical supplies in Tanzania. The predominant single distributor of pharmaceuticals and medical supplies in Tanzania is the MSD. Since the government deposits funds for its health facilities with the MSD, it has a virtual monopoly for distributing pharmaceuticals and supplies to all public sector health facilities, including hospitals managed by church organizations. In addition to supplying government facilities, MSD has the country's preeminent drug distribution system. The distribution structure is described as follows;

- Foreign manufactures sell products to the MSD, local manufacturers, importers/wholesalers, donors, NGOs/mission agencies, and private hospitals.
- Local manufacturers sell products to the MSD, wholesalers, NGOs, and large private institutions (hospitals, retail pharmacies, etc.).
- Donors provide drugs to NGOs and voluntary agencies.
- The MSD distributes products to government health facilities, NGOs/mission facilities, and parastatals from seven zonal stores.
- Major importers/wholesalers sell primarily to sub-wholesalers/stockists, large private health facilities, and

retail pharmacies. Sales to the public sector and NGO, mission agencies are generally minimal.

- Sub-wholesalers sell to smaller pharmacies, private health facilities, retail drug outlets (duka la dawa baridi), and smaller wholesalers.
- Consumers obtain their products from public sector health facilities, private sector facilities, NGOs, pharmacies, and retail drug outlets.

The majority of pharmaceutical imports in the private sector supply chain are dominated by imports from India. India is competing with other countries such as Egypt, Switzerland, USA and South Africa among the top importing countries.

There is almost an equal distribution of pharmaceutical for both communicable and non-communicable diseases. Data shows a growing trend for the market segment for medicines required for management of non-communicable diseases. Generally the pharmaceutical market is keeping on rising at a rapid pace. It is forecasted that by 2020-2021 fiscal years imported pharmaceuticals alone will have a total value of \$905 Million dollars for the private sector supply chain.

Medicine prices are not controlled in Tanzania. Mark-ups in the pharmaceutical supply chain are not regulated. Tanzania does not apply value added tax (VAT), goods and services tax/general tax (GST), nor import duties on medicines. Making it a lucrative business to venture into.

According to the latest WHO data, there are over 5,200 pharmacies in Tanzania, with public and private sector pharmacies comprising 61% and 39% of the total respectively. The number of pharmacies per 10,000 populations (1.68) is relatively low ranging between 1.08 – 2.61 between each region in Tanzania. The majority of pharmacists and pharmacies are found in urban areas with some underserved regions having only two pharmacists per region. Until 2019, 14,036 outlets were accredited to dispense medicines in rural areas.

Private healthcare expenditure in Tanzania was forecasted by the

World Health Organization to be 1.500 billion in 2018, 1.570 billion in 2019 and 1.650 billion in 2020 and the private health expenditure percentage against total health expenditure as 52.27% in 2018, 51.85% in 2019 and 51.46% in 2020. Health spending as a percentage of GDP as 5.38%, 5.31% and 5.22% in 2018, 2019 and 2020 respectively.

Having recently been qualified as a Middle Income Country, the current Tanzanian population is estimated at 62 million. The National Bureau of Statistics (NBS) projects that Tanzania will have a population of 89,294,781 by the year 2035.

4.0. Target Market

JRoad Pharmacy focuses on providing over the counter (OTC) and prescription medication to residents of Bunda Township and surrounding areas as well as wholesale buyers from small pharmacies and Accredited Drug Dispensing Outlets (ADDOs) across Mara and Simiyu regions.

Thus the target market is the population of people living in Mara and Simiyu regions that require medication to improve their health and wellness and to maintain a high quality of life at affordable prices.

Bunda Township population as per the 2012 National Census was 335,061 people. Mara region residents were generally 1,743,830 and Simiyu region residents were 1,584,157 as of 26th August 2012. The current numbers are probably higher with a growth rate of 3.1 percent per annum.

Until 2019, over 25,578 ADDO dispensers have been trained by relevant authorities and 14,036 outlets are accredited to dispense medicines in rural areas with Mara and Simiyu regions having a good share.

5.0. Marketing Plan and Sales Strategy

5.1. Product

JRoad Pharmacy will offer a wide range of generic and branded prescription drugs to patients based within Bunda Town area and wholesale services to retailers in mara and Simiyu regions.

5.2. Price

Our key objective is to provide a broad range of prescription/OTC,vaccine medication to our valued customers at the most affordable and competitive prices on the market. Our plan is to attract more customers basing on competitive market pricing of medicines that will appeal more and more, to the customers' sense of value and convenience.

5.3. Promotion

JRoad Pharmacy will set aside a promotions budget of about US\$24 000 for promotions in 2021. Sales promotion will be the major promotional activity especially in rural areas including branding JRoad Pharmacy goods such as key chains, coffee mugs, caps, T-shirts etc. In-store promotions, direct mails to reach selectively potential long term customers, public relationships and sponsorship of social causes.

5.4. Message Delivery

JRoad pharmacy website will be the main avenue for customers to learn about us and make orders (Bulk consumers). Social media advantage shall also be taken to connect with potential customers apart from local radios that will be used to share information, education and the services offered. Mobile application will also be used for information delivery and making orders and deliveries.

5.5. Distribution

The main distribution channel for JRoad Pharmacy will be its wholesale/retail outlet in Bunda Town. The pharmacy is expected to have at least two (2) branded distribution trucks to deliver bulk orders to customers and two (2) branded motorcycles for marketing activities and to deliver moderate orders within the targeted areas.

5.6. Sales Strategy

JRoad Pharmacy will rely heavily on referrals from local hospitals,

clinics and physicians. JRoad Management will visit local healthcare providers and meet with managers and practitioners to discuss services and products offered by JRoad pharmacy as well as their needs and wants. Sit down meetings would occur in order to establish an understanding of the services JRoad Pharmacy offers. Communication between local hospitals and clinics would continue in order to maintain business relations.

6.0. Operations

6.1. Business Facility

JRoad Pharmacy will set one of the modern pharmaceutical stores at the heart of Bunda. Customers enter the Pharmacy through the front doors. They will be met by a pharmacy clerk at the service counter in the waiting area. In the waiting area, comfortable seating and magazines are provided, and various retail products are available to purchase. Beyond the service counter, prescriptions are filled, work is done in the store, and a hallway leads to the staff break room and offices. The business facility will be air conditioned, CCTV camera surveilled, and local TV channels shown at the waiting area.

6.2. Production Plan

JRoad Pharmacy will be open 9:00 am to 10:00 pm Monday through Saturday and 2:00 pm to 10:00 pm on Sundays. All employees will arrive at 8:00 am to prepare for the day and handle any orders, return any missed calls, etc. The pharmacy will be open during all hours of operation. Orders can be received through the pharmacy website and the mobile application beyond operational hours.

6.3. Workforce Plan

JRoad Pharmacy employees will be hired by the Directors after being evaluated by the Management. Evaluation will be based on their experience, Service skills, shared belief in the company vision, and dedication to the success of the company. Prior to hiring, all potential employees must fill out and submit JRoad Pharmacy job application form that can be accessed through pharmacy website. All hired applicants will be subject to monthly employee evaluations to ensure the company runs smoothly and efficiently. Prior to the company's initiation, JRoad Pharmacy plans to hire ten (10) employees in order to support the company efficiently in the opening years of business. However, as JRoad Pharmacy expands, the company will hire more employees to accommodate the growing business. In addition, to gain employee loyalty, all employees' base salaries will increase by 3% each year after an annual review by the Directors of the company.

In addition to the pharmacist-in-Charge, to maintain steady operations throughout the day, JRoad Pharmacy will hire three (3) Assistant Pharmacists, one (1) Administrative Accountant, two (2) Marketing and Sales Executives, one (1) Cashier, one (1) Office Assistant, one (1) Driver, and one (1) part-time technology coordinator. As vital employees, JRoad Pharmacy staff will determine the long-term success of the company; the employees must possess a strong passion for their work and support the company's goals.

Table 3: Payroll Outlook

Sr	Title	No	Monthly(Tzs)	Annual(Tzs)
1	Managing Director	1	3,000,000.00	36,000,000.00
2	Pharmacist	1	3,000,000.00	36,000,000.00
3	Administrative Accountant	1	900,000.00	9,600,000.00
4	Assistant Pharmacists	3	500,000.00*3	18,000,000.00
5	Marketing & Sales Executives	2	700,000.00*2	16,800,000.00

6	Cashier	1	400,000.00	4,800,000.00
7	Driver	1	300,000.00	3,600,000.00
8	Office Assistant	1	200,000.00	2,400,000.00
	Total	11	10,600,000.00	127,200,000.00
9	Welfare & Benefits (40%)	11	4,240,000.00	50,880,000.00
	Grand Total		14,840,000	178,080,000.00
	Grand Total (US\$)		\$6,452	\$77,426

5.4. Impact of Technology

By implementing innovative technology into the business, the employees will be able to create an efficient work environment in areas such financial accounting, communication both within the company and with customers, digital advertising including website, mobile application and social media, a TV set with modern channels for waiting customers, software for efficient workflow setup, customizable reporting, an employee management portal etc.

7.0. Management and Organization

JRoad Pharmacy Limited will be managed by team led by the Managing Director and other officers as per relevant laws of the land.

7.1. Key Employees and Their Duties

Managing Director: Will be the Chief Executive Officer and Spokesperson of the company. He will be in charge of overall business affairs of the company including resources (Human, Financial, Technological, Assets etc)

Pharmacist: Will be In Charge of the Business Facility, business performance and all other Legal responsibilities as stipulated by the Pharmacy Act, 2011 and Pharmacy business regulations.

Administrative Accountant: Will be in charge of the

company finances, budgeting, review of financial reports, monitor accounts, manage payroll, create quarterly reports on the financial stability of the company, design record keeping and filling systems, clerical functions, human resource duties and hiring procedures in collaboration with the Pharmacist in Charge.

Marketing and Sales Executive: Will be in charge of market research, developing and implementing marketing and advertising campaigns, maintaining promotional materials inventory, market expansion, new customers acquisition, customer relationship management, community relations, provision of customer support etc

Assistant Pharmacist: Will be responsible for assisting customers, dispensing medications, package and label medications, stock shelves, operate cash register, clean work area, organize supplies and assist the pharmacist in Charge.

IT Coordinator: Provide customer support, software management, financial system maintenance, mobile application and website development, internet maintenance and system design, social media coordination, electronic devices and equipment monitoring etc

8.0. Long Term Development

8.1. Future Goals

The first three years of JRoad Pharmacy development are when the company is most vulnerable. During this time the company will work on:

- i) Achieving a customer base that will break-even and last well into long term
- ii) Establish relationships with communities, health facilities, physicians, retail pharmacies, and drug shops.
- iii) Selling quality pharmaceutical products and providing excellent customer service and beyond prescription care.

Once JRoad Pharmacy is established in its first three years, the focus will be on;

- i) Maintaining the initial customer base
- ii) Identifying potential expansion locations
- iii) Acquiring physical assets eg. Purchasing the rented building to minimize future costs

8.2. Risks and Potential Adverse Results

8.2.1. Business Risks

Understanding the risks present in the business industry is essential for JRoad Pharmacy to overcome any obstacles and changing the company's reputational, financial, and marketing success. JRoad Pharmacy must ensure that they stay up-to-date with regulations, market and technology. Remaining modernized while also remaining simple and accessible for difference kinds of customers including the elderly market is a balance JRoad Pharmacy will have to find and maintain. Additionally, as a business, the risk of employee misconduct is present. JRoad Pharmacy will face the risk of employees stealing or abusing medication. Employees could also make errors such as filling prescriptions incorrectly or misconstruing instructions or orders.

8.2.2. Product Risks

Another risk associated with operating a pharmacy is the risk of faulty products. Because JRoad Pharmacy will receive medications from third-party manufacturers and suppliers, all aspects of the creation process will not be monitored directly by the owners. Therefore, there must be a strong channel of trust between JRoad Pharmacy and all suppliers.

8.2.3. Financial Risks

Maintaining customers and revenue is essential to avoid any financial risk. JRoad Pharmacy will establish and maintain prudent internal financial regulations and risk assessment.

8.3. SWOT Analysis

	People	Community	Marketing	Finance
Strengths	Specialized employees headed by managers to ensure a well-trained and excited workforce	JRoad Pharmacy emphasizes building relationships with its customers and providing care that goes beyond prescriptions	Diverse various backgrounds and types of people, the entire target market is reached through the various forms of marketing used	Good financial management practices and good relations between a company and the bank
Weaknesses	Maintaining a strong connection with the community requires employee to be significantly involved and dedicated to their job position	The urgency of the target market has all the pharmaceutical needs met in the community	Incorporating multiple marketing strategies that meet a wide demographic can be difficult for a business especially in a rural area	High initial capital expenditure result in a longer period before breaking even
	Political	Economical	Technological	Legal
Opportunities	The government intends to ensure that quality effective essential medicines reach all Tanzanians at	To provide pharmaceutical care to Bunda Township residents and the surrounding districts of Mara and Simiyu regions	The internet enables interacting with customers using inexpensive options	Legally registered to pursue greater goals

Threats	affordable price Unstable political atmosphere results in uncertainty in the market	Starting an innovative business in a small town is a large risk	an big in a town is a large risk	Basing much of the business on technological features can be difficult for the elderly and illiterate population	Distributing products and goods near copyrights and patents must be handled correctly
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9.0. Financial Plan

9.1. Accounting System

JRoad Pharmacy will deploy modern computer applications to keep accurate records of the business transactions. The software will track profitability, prioritize orders, manage inventory, keep track of the balance, customize different billing rates, compare profit and loss reports, establish sales results and organize inventory costs.

9.2. Forecasted Income Statements

Income statement is one of the core financial statements that show the profits and losses over a period of time taking all revenues and subtracting all expenses from revenues from both operating and non-operating activities.

Table 4: Five Years (5) Forecasted Income Statements (US\$)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue (Sales)	400,000	480,000	576,000	691,200	829,440
Expenses					
Inventory	160,000	192,000	230,400	276,480	331,776
Establishment Costs	54,000	-	-	-	-

Personnel Expenses	77,426	79,749	82,143	84,606	87,144
Sales & Marketing Expenses	24,000	20,000	16,000	12,000	8,000
Office	1,560	1,560	1,560	1,560	1,560
Rent	7,800	7,800	7,800	7,800	7,800
Insurance	2,930	2,930	2,930	2,930	2,930
Legal Expenses	1,800	1,800	1,800	1,800	1,800
Depreciation	4,000	4,000	4,000	4,000	4,000
Operating Profit	66,484	170,16	229,76	300,02	384,43
Income Tax (30%)	19,945	51,048	68,930	90,007	115,329
Net Profit	46,539	119,113	160,838	210,010	269,101

Note: With an investment of US\$200,000, investors will have reaped a Net Profit of US\$805,591 by the end of the fifth year. If the company starts with a chain of outlets in for example three other strategic locations, the profits will be much higher.

10.0. Concluding remarks

Pharmacy business is one of very lucrative businesses in Tanzania. The financial projections made in this business plan are very conservative to avoid over-exaggeration. Any change to the projections would mean making more profits. Private pharmacies and drug shops are important health system stakeholders in low and middle income countries such as Tanzania. Drug retail outlets constitute a large proportion of primary health service providers. For many people they are the first point of contact with the health system especially in areas that lack high-level facilities.

Currently only around one fifth of the population is covered by health insurance, with around a third of total healthcare expenditure coming from out-of-pocket payments. A pharmacy of JRoad calibre can also register with the Health Insurance Funds to serve the insured population.

Furthermore, the drug market is forecast to grow strongly over the next few years due to high disease burden. WHO/BMI forecast that Tanzanian Pharmaceutical exports will increase from Tzs 6.10 billion (USD2.99 billion), in 2015 to Tzs 9.50 billion (USD 3.58) in 2020. With regard to imports, they predicted an increase from Tzs 574 billion (USD 262 million) in 2015 to Tzs 1.1 trillion (USD 397 million) in 2020.

If the investor is not in a position to stay and manage the business in Tanzania, an experienced business manager (With an MBA), who will be the local Director (with 10% ownership), will put his 100% energy in managing the business.

In case of any question or explanation about this project, don't hesitate to contact:

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