

SUNFLOWER OIL PRODUCTION BUSINESS PLAN
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1. Introduction

Naturez Baskets sunflower industry is based in Kisemvule area just outside Dar es salaam Region. A 15tons/ day plant with a mission to supply 100% pure sunflower oil at a very reasonable rate while also supporting the local farmers.

The company aims to operate in the Dar es salaam market where they already have a network in HORECA (Hotels, restaurants & cafes) sector for other food products. However, the target is to find new & bigger clients also.

The longer-term goal of the company is to expand upto 50t/ day by 5th year and also expand its marketing capacity, SDG goals and the entire supply chain & financial goals around the business.

2. Mission

Supply purest and finest quality sunflower oil to the Tanzanian market at an affordable price with an aim to empower the local farmers.

3. Vision

Become a prime supplier of purest and finest quality sunflower oil at an affordable rate throughout the East African market.



4. Objectives

- Become a zero-waste plant from the beginning
- have a competitive market price of 70,000 - 75,000 tsh per 20L on an average
- Have a 2-month seed stock at least to achieve higher margins
- Sell 100% oil in Dar es salaam region in year 1

5. SDG'S

Table 1 SDG goals

Objective	Year 1	Year 5	SDG goal
Empower the local community	Work with over 200 farmers in year 1 to purchase sunflower seeds	Work with more than 1000 farmers by 5 th year to procure 1000 tonnes of sunflower seeds every month	

			
Contract farming	Pay the farmers 10% extra to increase their income via contract farming and eliminate layers of middlemen	Have more than 100 farmers under contract farming by 5 th year with each farmer receiving 10% extra income on their sunflower seeds, access to better inputs, knowledge and a secured contract	

6. Product

6.1. Core product

A 100% pure sunflower oil totally produced in Tanzania at a very reasonable rate that employs more than 100 farmers.

6.2. Actual product

20L, 10L, 1L bottled 100% pure sunflower oil.

6.3. Augmented product

- 1 week credit term
- Free delivery above 10pcs (20L gallon) purchase

7. Marketing

7.1. STP

7.1.1 Segmentation

A. Geographic segmentation

Our segmentation is based on the location of our industry and the location of our current clients from the HORECA sector and the food product wholesaling in Dar es salaam.

B. Firmographic segmentation

Industries – the types of industries in B2B business in Dar es salaam are such as restaurants, cafes, corporate kitchens, retailers, wholesalers etc

Company size – the buyers are very small scale from having the consumption rate of 5 (20L buckets) up to 1000 (20L buckets) a month.

C. Customer need- based segmentation

- Product quality – customers vary from requiring oil of light colour and smell to oil of any kind of quality that's used for cooking.

- payment facility – current HORECA customers that Naturez basket deals with are given a 1 week credit term facility.

- Price – Customers vary in terms of price elasticity. Customers that prefer extremely cheap price disregard the quality and credit facility. On the other hand, a customer segment requires good quality oil even at a higher price.

7.1.2 Targeting

B2B HORECA customers, corporate companies of scale that goes more than 5 buckets of 20L a month, flexible with a local quality oil and with a credit term of less than a week are our main target customers in Dar es salaam, Tanzania.

7.1.3 positioning

A good quality 100% pure sunflower oil at a reasonable price with a quick availability.

7.2. Marketing strategy

7.2.1 Incorporate oil with other nature's basket products

Naturez basket already has a HORECA client network in Dar es salaam and a few other locations where they supply products such as spices, pulses, other groceries and sunflower oil too. Nature's basket will target these clients and replace its own sunflower oil instead of other brands.

7.2.2 Personal selling

There is already a specific niche market Naturez basket is aiming to target. These clients fit in the category of customers that fall under the category of marketing strategies and capabilities Naturez basket possess. For example, Naturez basket want to target clients that prefer reasonable prices oil but are not concerned with oils from outside that are more aesthetic in colour or are mixed with palm oil.

7.3. Marketing tactics

7.3.1 Wholesalers – One of the marketing tactic is to partner with distributors and provide them with agency in specific locations of Dar es salaam. Hence, those wholesalers will use their own resources to sell the product.

7.3.2 Social media – Different social media apps such as website, Instagram, emails are going to be used to market the product to the target market.

7.4. Customer retention strategy

7.4.1 Whats app follow up – customers are followed up every week on the feedback of all the Naturez Basket products they use.

7.4.2 Loyalty discounts – Customers that regularly buy Naturez basket products are given a discount every month/ special price after a period of regular purchase.

7.5. Pricing strategy

Competitive pricing – The aim is to compete with the cheapest sunflower oils in the market. Especially the pricing of imported sunflower oil in Dar es salaam, Tanzania to dominate the market.

8. Supply chain

8.1. Procurement

The sunflower seeds will be procured in bulk every season. The average purchase price in Tanzania we will target will be around 650tsh/ kg to 1200tsh/ kg. The aim will be to procure as much as possible during the high season (low price). The main procurement regions are Dodoma and Singida. However, Mbeya and Tabora regions are also the regions that receives high procurement.

The procurement is carried out via road cargo that carries about 20- 22 tones in a single truckload. The aim is to purchase at least 12 truckloads a month at an average. However, to tackle the cost, the purchase has to be around 30 – 40 truckloads a month to store cheaper seeds.

The procured goods will be brought to the industrial facility in Kisemvule industrial area in Mkuranga district, Pwani region, Tanzania.

Map 4.8: Quantity of Sunflower Harvested by Smallholder Farmers by Region During 2019/20 Agricultural Year, Tanzania

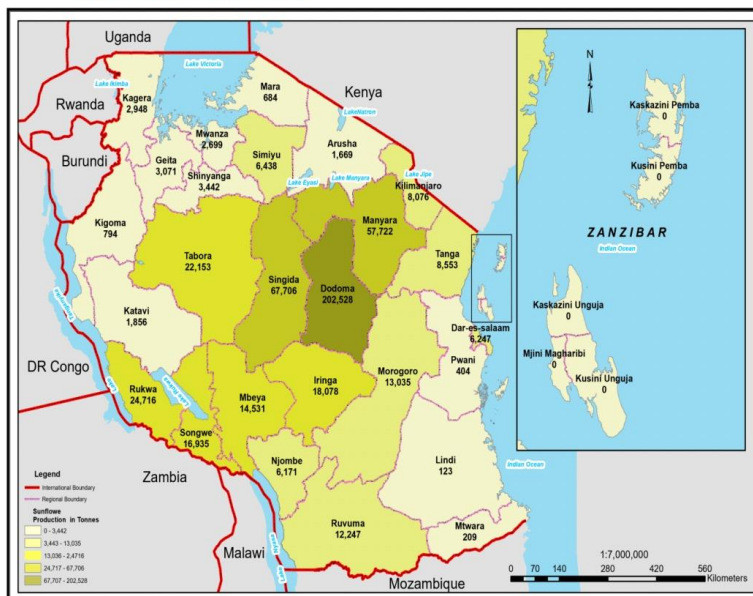


Figure 1Sunflower regions Tz

8.2. Production

8.2.1. Floor plan layout

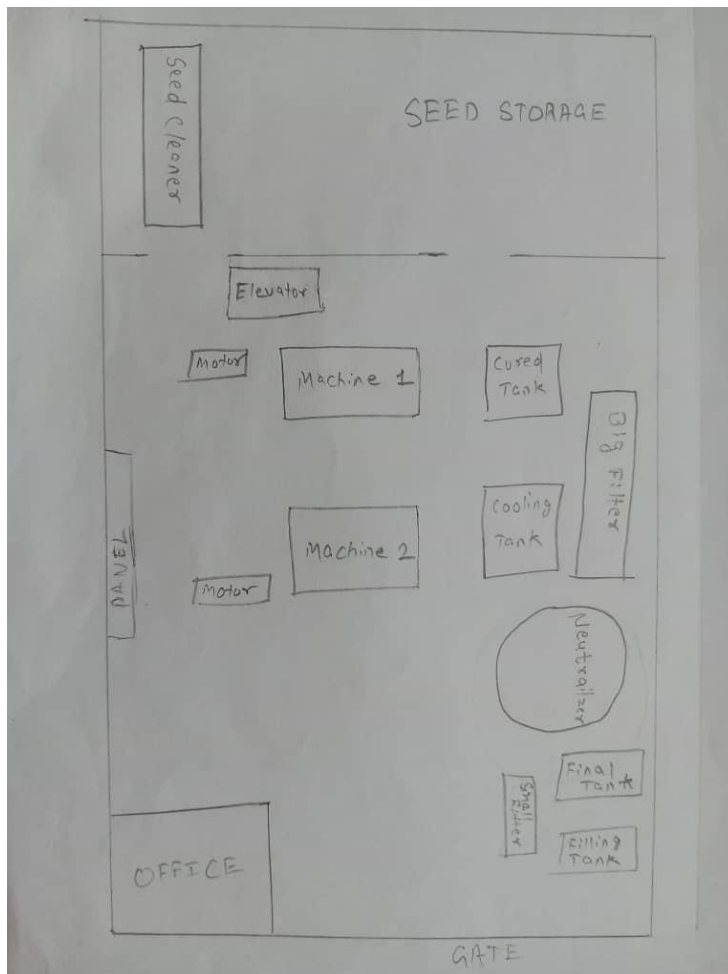


Figure 2 Floorplan oil production unit

8.2.2. Production flow

Production steps

1. Seeds from the storage get cleaned and then they are transferred into an elevator.
2. Elevator puts the seeds into the expeller
3. Oil from the expeller is stored in the crude tank
4. Cake from 1st expeller goes into 2nd expeller for second press.
5. The oil from the 2nd expeller goes into crude tank
6. Oil is transferred from crude tank to nutralizer

7. Oil is nutrized and stored in cooling tank.
8. Cooled oil is filtered
9. Filtered oil is put into filter tank and polished
10. Oil is filtered again in the final tank while filling
11. Packaging and storage

8.3. Distribution

According to the Target market and marketing strategies set. The distribution will be carried out from the industry in varied trucks according to the order and mainly sold in Kariakoo, city center (kitumbini) and other areas of Dar es salaam where major Restaurants, vafes & hotels are based. In addition the product will also be retailed and wholesaled from the Naturez basket grocery store located in Indira Gandhi road Dar es salaam, Tanzania.

9. Finance

9.1. Investment

Investments are divided into 2 main categories for this business plan.

1. Fixed assets – The main costs involve investment on machineries, warehouse and logistic vehicles.
The entire machinery unit is bought from India and placed in Uganda, now it is to be transported to Tanzania.

Table 2 Investment plan

Fixed assets	Value (\$)
Machinery	130,000
Warehouse	60,000
Vehicles * 3	30,000
Total	220,000

2. Raw material purchase

The raw material purchase includes buying sunflower seeds on a high season. The initial investment cost based on assumption is buying seeds for the first 3 months worth of production.

Seeds required if 18 days of production are carried out in a month * 3 months * average value per kg 750tsh
 $= 259,000 \text{ kg} * 3 * 750\text{tsh} = 585,000,000 \text{ million tsh (215,000 \$) approx. at a rate of 2700 tsh/1 \$}.$

Total required investment is going to be 335,000 \$ for fixed asset investment and raw material purchase from the beginning.

9.2. Profit & Loss

Table 3 Profit & loss figures

Data type (tshs)	Year 1	Year 5
Sales	331,900,000	1,260,900,000
Gross Margin	36.72%	
COGS	210,000,000	
Net margin	30.38 %	35%

10. Implementation schedule

Table 4 implementation schedule

Timeline	Year 1	Year 3	Year 5
Initial investment Plant sunflower seed processing capacity	15 tons/ day	40 tons/ day	50 tons/ day
Production capacity – sunflower oil	70 tons/ month	190 – 215 tons/ month	250 – 270 tons/ month
Expected sales/ month – main product	270 million Tsh/ month	800 million tsh/ month	1 billion tsh/ month
Gross Margin	30%	36%	37%

10.1. Year 1

The initial plan in year 1 is to put 15 ton/ day machinery as mentioned above. The average production of sunflower oil is going to be 4000L a day with a plan to run the machine 18 days a month in order to achieve the target of 70 tons a month.

In order to achieve the production target, 260 tons of seeds will be required every month. On the other hand, around 3500 L of 20L oil buckets has to be sold in order to achieve the forecasted sales targets and profits.

10.2. Year 3

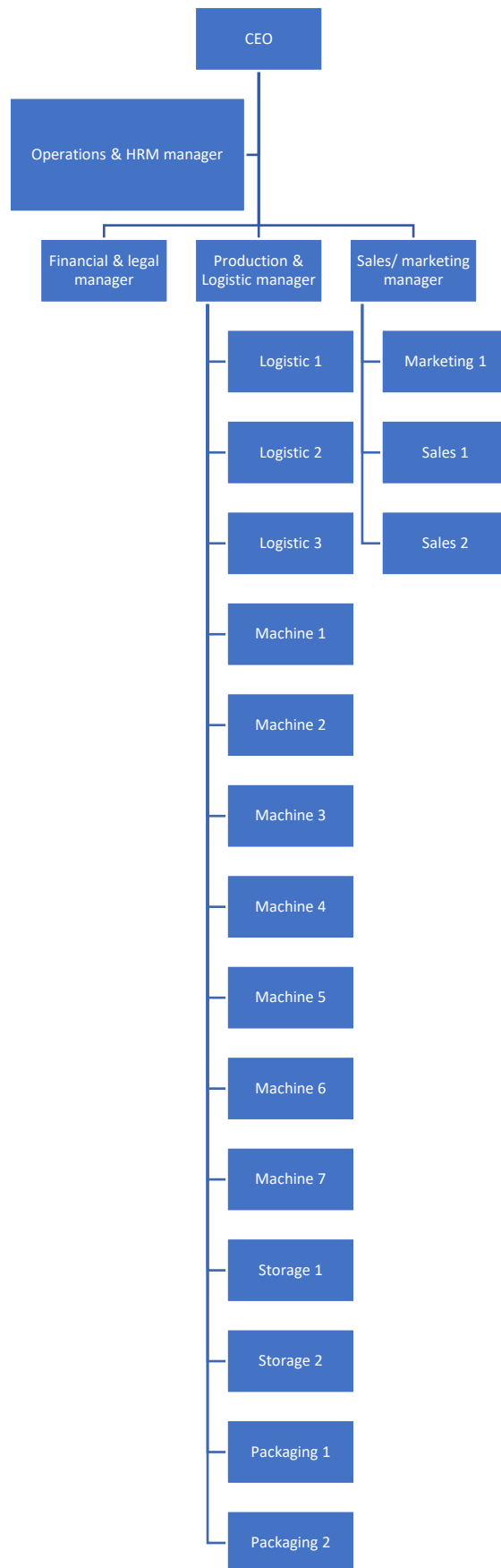
By 3rd year, the plan is to increase the production capacity to 40 tons a day and increase the production, sales capacity, gross margin as mentioned in the table above. In addition, contract farming with the farmers is in the plan as mentioned in the 5th section of SDG goals.

Implementation on the marketing side is to increase the sales to more destinations such as Morogoro, Zanzibar and arusha. Furthermore, there is a plan to open a Nature'z basket wholesale outlet in Kariakoo food products market in Dar es salaam to increase the awareness of our oil brand.

10.3. Year 5

The 5th year plan is to increase the capacity to 50 tons a day and increase all the other factors as the 3rd year. However, solvent extraction is an addition planned in the 5th year to increase the output of oil from the seed cake. Furthermore, a plastic drum manufacturing unit is also a part of the plan in order to drastically decrease the COGS of sunflower oil.

11. Management team



11.1. Management flow

CEO – Moiz Haiderbhai

The CEO has set the Nature'z basket sunflower oil company's mission, vision and principles. He is responsible to make sure the company is moving in the right direction according to all the objectives set in order to achieve the mission, vision and objectives.

Operations & HR manager – Khuzaima Haiderbhai

The operations manager is above all the other managers and ensures that the ground situation of the company is efficient and all the departments are working according to the CEO's plan. Thereby, the operations manager sets all the tasks, timelines, rules and regulations to be followed.

The operations manager also sets a working capital for the entire year.

Operations manager controls the HR department too.

Production & Logistic manager – Jameel & Abizer

The task of these managers starts from the point of purchasing the seeds, transporting the seeds to the factory, entire production process, taking care of the factory & machinery, packaging, quality control until the point of dispatch once the order arrives from the sales manager.

All the labors shown in the flow chart work under this department.

Sales & marketing manager – Saeed

Marketing the product and creating its awareness, ensuring to achieve the targeted sales, forecasting further demands and CRM is managed by Sales & marketing manager.

Finance & legal manager – Mufaddal bhai & Husain

Calculating the investment, profitability etc is the task of these managers. In addition, these managers are also responsible to ensure that the entire process is being carried out according to the legal requirements.

12. Risk plan

12.1. Current risks & possible solutions

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Table 5 Risk & recovery plan

-	Risks	Solutions
1	Importation of cheaper palm oil.	Protection of market by the government.
2	High prices of seeds.	Increase purchasing power during the season.
3	Low quality seeds (lack of yield).	Contract farming & inspection before purchase.

13. Appendix

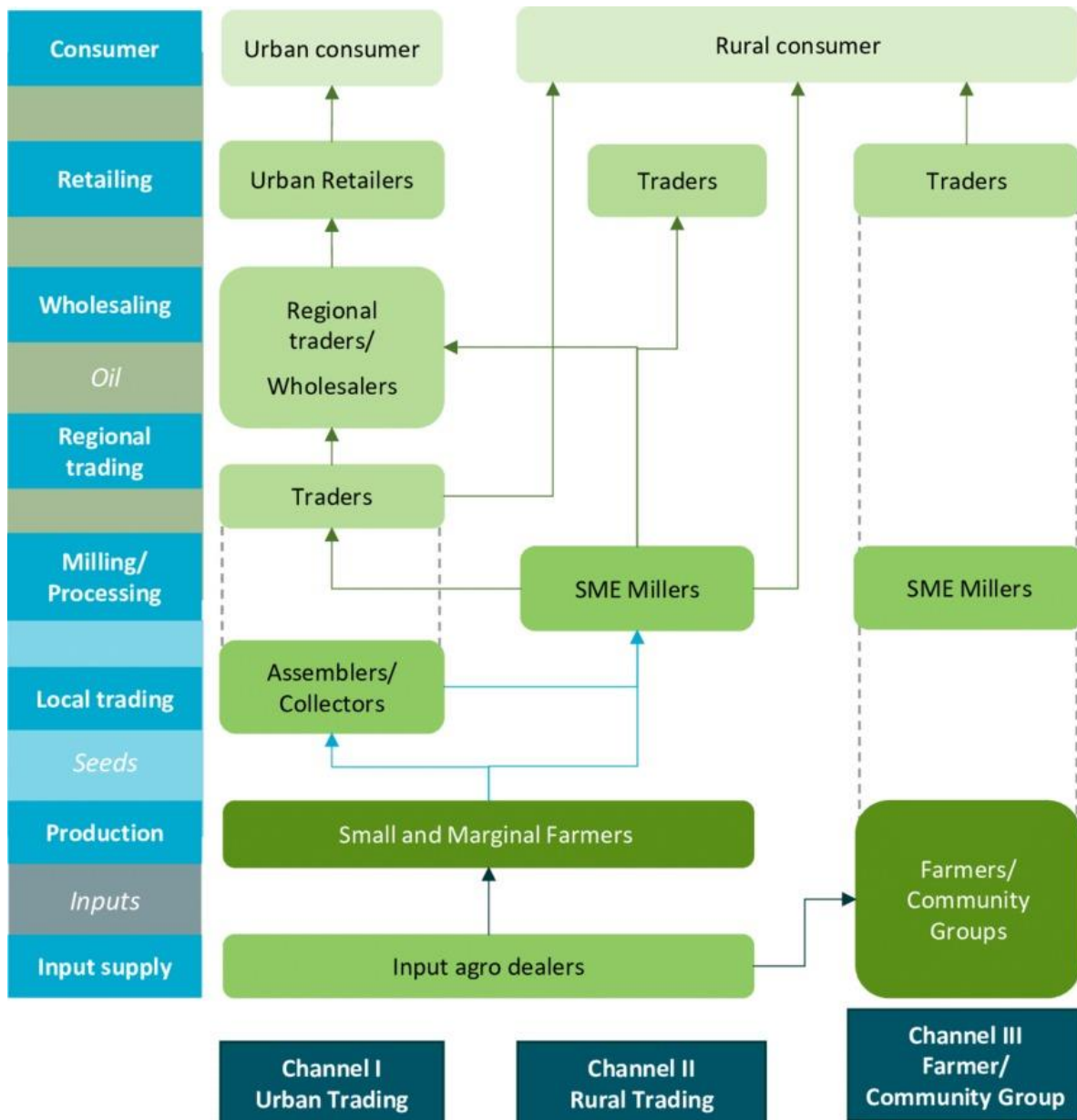


Figure 4 Sunflower value chain Tz



Figure 5 Machine section 1



Figure 6 Machine section 2



Figure 7 Machine section 3

