

BUSINESS PLAN

COMPANY: AFRICAN BUSINESS GLOBAL (ABG) LIMITED

BUSINESS: TRANSPORTATION AND LOGISTICS

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ACRONYMS

ABG	African Business Global
COO	Chief Operation Officer
COGS	Cost of Goods Sold
HR	Human Resource
GDP	Gross Domestic Product
MD	Managing Director
SWOT	Strengths, Weakness, Opportunities and Threats
USD	United States Dollar
AfDB	African Development Bank
WB	World Bank

1. INTRODUCTION

For any business to succeed, before its establishment, one must prepare a very well detailed business plan that will guide him on how to establish, how to operate, what will be his strengths, weakness, opportunities and threats (SWOT) to his contemplated business. Business plan is road map or masterplan of the established business to help the business focus on the right track. In recognition of such fact, The African Business Global (ABG) Limited has deliberately endeavored to prepare this business plan that will help the company to professionally conduct its activities and ensure its sustainability.

2. EXECUTIVE SUMMARY

African Business Global (ABG) Limited is a registered and licensed transport and logistics company with its place of business and office here in Dar es salaam, Tanzania. The company is jointly owned by two shareholders who are; Jean Bosco Musabyimana and Haruna Issa Saidi. The team of two with over 10 years of experience in transportation and logistics business.

The company will be set up with United States Dollars Seven Hundred Seventy One Thousand (**USD 771,000/=**) whereby, this amount will be used as a operating costs/capital to enable the company to meet expenses like office renting, yard renting, procuring vehicles needed in business as well as salaries and wages.

3. VISION OF THE COMPANY

Our vision in the transportation industry is to establish a transport and logistics company that will be regarded as one of the best transport companies not just in Tanzania, but also within the East Africa region and nearby regions where our routes shall extend.

4. MISSION OF THE COMPANY

Our mission is to set up a standard transportation company that will be known for constantly providing a high level of cargo transport and all matters pertaining to logistics.

5. OBJECTIVES OF THE COMPANY

To achieve the mentioned vision and mission, the company's target shall be on the following objectives

- 5.1. To provide quality clearing and forwarding services to our clients' goods.
- 5.2. To provide quality storage services to our clients' goods that will be awaiting to be transported and those that await to be picked by the owners after having been transported to the respective destinations.
- 5.3. To provide quality, safety and timely transportation services of goods to the respective destinations with affordable prices
- 5.4. To provide quality logistics services including compliances to the government regulatory bodies.

6. BUSINESS STRUCTURE

We, as a transport and logistics company, are aware of the multiplicity of the companies venturing into this industry. As such, the only factor that will enable our company to sustain and excel in the business is the provision of quality services with affordable prices bearing in mind that, time is of prime value to our clients. Therefore, our company's business structure is designed to meet the aforementioned results of quality services with affordable prices. So far, our business structure is as shown hereunder;

6.1. Board of Directors.

This is the top at the managerial level whereby it has overall responsibilities of ensuring company's vision, mission and objectives are realized timely. It is responsible in planning of policies, implementing and evaluating to determine the success to maintain and challenges to overcome.

6.2. Managing Director (MD).

He/she is directly accountable to the Board of Directors. MD is the one who will be running day to day activities of the company. He/she will be receiving directives from the Board of Directors. Below MD's office there shall be the following departments which are in parallel order;

6.3. Accounts, Administration and Human Resource Department.

This department will engage into handling and maintaining accounts of the Company, administration duties as well as human resource affairs. The officer will be responsible in all matters pertaining to budgeting of the company, executing the payroll by depositing employee's salaries into their bank accounts as well as conducting internal auditing and issuing financial report as per company financial

policy. Further, he/she will be responsible in preparing human resource manuals that will guide the company in all issues related in human resources, including recruitment, interviewing, selection, appointment, orientation, training. Further, he/she will recruit, manage and administer all employees and employees' affairs.

6.4. *Operation Department.*

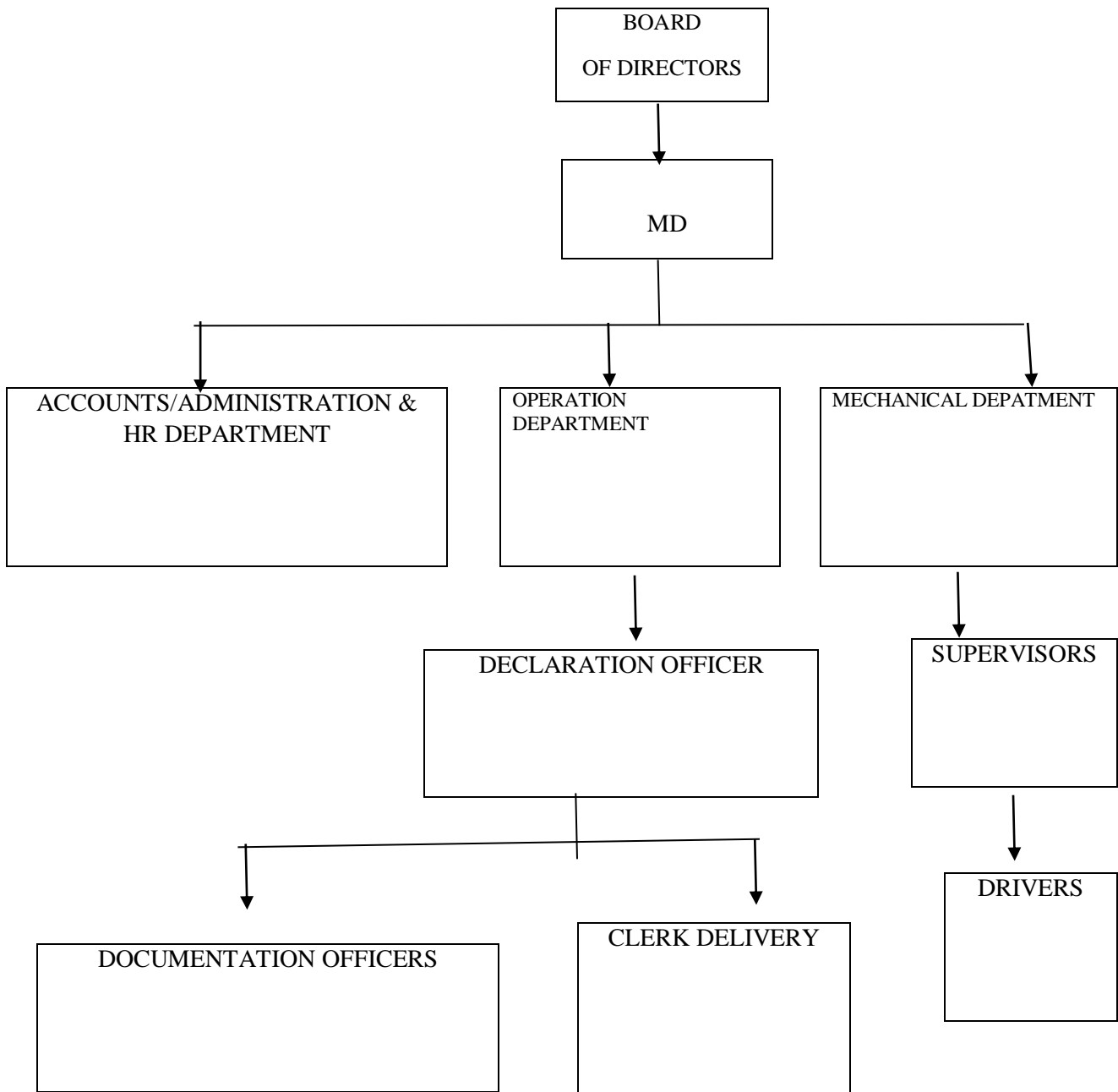
This department will be headed by Chief Operation Officer (COO). The department shall be responsible in designing and maintaining procedures for smooth handling of cargo from its receiving stage to the dispatching stage. As such, the Chief Operation Officer will be accountable to ensure smooth running of the remote offices of the company from the headquarters here in Dar es salaam to other countries and regions where our routes shall extend.

6.5. *Mechanical Department.*

This department shall be under Senior Supervisor. He/she will be responsible in ensuring safety of the vehicles. To achieve this, supervisor will be conducting frequently vehicle inspections, maintenance and repairing, providing of recommendations on the status of the vehicles upon inspections.

Hereunder is the diagram depicting organizational structure of the company.

6.6. *Diagram depicting organizational structure of the company*



7. OUR PRODUCTS AND SERVICES

It is undeniable fact that, we have set up this business with our main target of making profit. Nevertheless, beyond that, there are other reasons as to why we have decided to set up this business. Chief among those is that, we are aiming to make top quality transportation services to our esteemed clients within areas that we will be operating. In doing so, our main products and services shall include, *inter alia* as hereunder:-

- 7.1. Clearing of goods from the ports
- 7.2. Forwarding of goods
- 7.3. Transporting of goods to various destinations by roads
- 7.4. Storing of goods which are in a que of transportation

8. MARKET ANALYSIS

According to Tanzania's 2025 Development Vision, investments in the infrastructures, particularly in the development of the road network, are the government's top priority. The World Bank (WB) and the African Development Bank (AfDB), support Tanzania in achieving its infrastructure development goals by providing grants and credits for projects.

Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the freight traffic in the country. The road network in Tanzania is currently comprises of 86,472 kilometers of roads, of which 12,786 kilometers are trunk roads, 21,105 kilometers are regional roads and the remaining 52,581 kilometers are district, urban and feeder roads.

Thus, given the strategic location of Tanzania whereby it is boarded with countries like Rwanda, DRC, Zambia, Zimbabwe, Malawi, and Burundi which highly depend on Tanzania's ports/harbors for their importation and exportation through waterways, it is of no doubt that, setting up transport and logistics company in Tanzania is a best decision we have made.

Furthermore, the reformation of the East African Community which continues to receive new members as days goes on, promises the reduction if not completely elimination tariffs within the region to encourage integration as the community is heading to the formation of single country in future. With this fact, we believe the movement of people within the region will increase which in turn we also stimulate

trading among the countries hence an increasing in the transportation of cargo. Thus, we view East African Community as an opportunity in transportation industry.

9. SALES AND MARKETING STRATEGY

As a new transport and logistic company, we will need to do a lot of work to make our name known by members of the public and globally at large. We will also need to ensure that, our potential clients trust us and get convinced doing business with us. To make all these happens, our focus be will directed into doing the following:-

- 9.1. Offer discount prices to our first set of potential clients
- 9.2. Printing brochures and flyers
- 9.3. Make use of social media networks like websites, Instagram, Facebook, twitter to advertise our company
- 9.4. Make use of media outlets like radio and television stations to advertise our company

10. FINANCIAL PLAN

As it stands, we need Seven Hundred Seventy One Thousand United States Dollars (**USD 771,000/=**) to set up our business. Of this amount, we have raised Twenty One Thousand United States Dollars (**USD 21,000/=**). The other amount will be obtained from the banks through loans as well as through our business partners.

INVESTMENT BREAKDOWN

Investment Breakdown	US\$
Land/Building	10,000
Vehicles	700,000
Furniture & Fittings	1,000
Pre-expenses	10,000
Working Capital	50,000
TOTAL	771,000

11. COMPETITIVE ADVANTAGE

Our advantage over other similar companies which also engages in transportation is that, our company's focus is globally whereby our primary target is to win East African Community's markets by providing quality transportation services with affordable price bearing in mind that our client's time is of their prime value.

CONCLUSION

This is a business plan for transportation and logistics business. This business will be located in Tanzania as its headquarters and is owned by two shareholders; Jean Bosco Musabyimana and Haruna Issa Saidi. Its operation will be within regions of East African Community. We believe and hope that, adhering to this business plan will eventually enable our company to grow and succeed to meet its objectives as well as realizing its mission and vision as prospected above.

12.FINANCIAL PROJECTIONS

13.1 Introduction

In this section, we outline the financial projections developed as part of this business plan.

The assumptions used to derive the financial projections and the projected financial statements are presented in the following sub-sections.

13.1.1 Financial Projections

The financial forecasts have been prepared over a five-year period. The projected comprehensive income, statement of financial position, and cash flow statements are included as part of this business plan.

13.1.2 *Basis of preparation*

In preparing the financial projection we have used assumptions from various sources including the following:

- i. Bank of Tanzania, Oxford Economics and IMF – Macroeconomic assumptions
- ii. Tanzania Revenue Authority – Tax rates

13.2 Our analysis of the industry

13.2.1 Key assumptions used in the model include the following:

- i. GDP growth 5%
- ii. Population growth between 2.5% and 3%
- iii. Local inflation between 4%
- iv. Average FX rate \$1 = TZS 2,500
- v. Corporate Income Tax 30%
- vi. VAT 18%
- vii. Import Duties on non-finished goods 25%
- viii. Annual specific excise tax increases of 10%
- ix. Local production commencement as of January, 2024
- x. Cost of Goods Sold (COGS): Estimate the cost of fuel, maintenance, labor, vehicle expenses, and depreciation. Assume these costs will grow at an average annual rate of 4% due to inflation and business expansion.
- xi. Operating Expenses: Include expenses such as rent, insurance, permits, licenses, marketing, administrative costs, utilities, and other expenses. Assume these expenses will increase by 3% annually to account for inflation and incremental business needs.

Year 1 Projection (2024):

Item Year 1

Revenue \$500,000

COGS \$200,000

Gross Profit \$300,000

Operating Expenses \$100,000

Net Profit (Before Taxes) \$200,000

Taxes \$60,000

Net Profit (After Taxes) \$140,000

Year 2-5 Projections (2025-2028):

Use the same assumptions as in Year 1 and apply the growth rates:

Year 2 (2025):

Revenue: \$525,000 (5% growth)

COGS: \$208,000 (4% growth)

Net Profit (After Taxes): \$147,000

Year 3 (2026):

Revenue: \$551,250 (5% growth)

COGS: \$216,320 (4% growth)

Net Profit (After Taxes): \$154,930

Year 4 (2027):

Revenue: \$578,813 (5% growth)

COGS: \$224,888 (4% growth)

Net Profit (After Taxes): \$162,925

Year 5 (2028):

Revenue: \$607,753 (5% growth)

COGS: \$233,682 (4% growth)

Net Profit (After Taxes): \$171,071