

**OVITO ENTERPRISES COMPANY LIMITED**

**PROPOSED BUSINESS PLAN FOR THE ESTABLISHMENT OF  
HATCHERY FARM AT PLOT NO 2, KIDIDIMO/MKWALIA,  
MKURANGA DISTRICT, COAST REGION**

## 1. Industry Overview

A chicken egg hatchery is a facility where chicken eggs are hatched under artificial conditions. Chicken egg hatchery business is under what is known as the Poultry Raising industry and this industry consist of businesses that operate hatcheries for poultry, including chickens, turkeys, ducks, geese and guinea fowl.

Please note that egg production is also covered in this industry, but the production of feathers or down is not. The Poultry Raising industry has experienced positive trends in the demand for artificially hatched chicks and eggs. Of course, increasing health consciousness among meat consumers has boosted consumption of white meat such as chicken, which is also more affordable than beef.

Going forward, the industry will continue to enjoy appreciable growth and chicken farmers will keep smiling to the bank. Falling input prices will enable chicken farmers to increase production volumes; on the other hand, many farms will consolidate to gain the benefits of economies of scale.

In Tanzania, most poultry farmers have been functioning for more than ten years. They are often family enterprises passed down from one generation to another. The major barriers facing new entrants in the industry include the competitive nature of a contract based income system, the medium level of investment required and of course compliance with various environmental regulations.

The Poultry Raising industry is indeed a very large industry and pretty much thriving in all parts of the world.

Of course, there are barriers to entry if you want to start a chicken egg hatchery business but the barriers are minimum. The industry is fairly automated, and new entrants therefore need to make significant investment into capital equipment such as incubators and feeding systems.

Fresh operators also require investment to build sheds, barns and other infrastructure. The costs of purchasing or establishing poultry farms and feed mills are additional, yet significant, posing a further barrier to entry.

Plants are normally located within close driving distance to growers to reduce transportation costs. The ability to provide and diversify value-added products such as processed poultry has created entry possibilities. However, operators that seek to exploit such opportunities require more sophisticated facilities, pushing up entry costs

If you are looking towards leveraging on the agriculture industry to generate huge income, then one of your best bet is to start chicken egg hatchery business.

One thing is certain about starting this business, if you are able to conduct your market research and feasibility studies, you are likely not going to struggle to sell your chicks because there are always small poultry farmers who can't afford to operate their own hatchery.

## 2. Executive Summary

OVITO ENTERPEISES COMPANY LIMITED is a licensed chicken egg hatchery cum poultry farm that will be located in an ideal farm facility in the outskirts of Kididimo-Mkwalia in Mkuranga District within Coast Region.

We have done our detailed market research and feasibility studies and we were able to secure 19 acres of land to start our chicken egg hatchery business. Our facility is going to be a standard commercial chicken egg hatchery hence will be involved hatching eggs for other poultry farmers.

We are in the chicken egg hatchery line of business because we want to leverage on the vast opportunities available in the poultry industry, to contribute our quota in growing the Tanzania economy, in national food production.

OVITO ENTERPEISES COMPANY LIMITED is well positioned to become one of the leading chicken egg hatchery business in Tanzania, which is why we have been able to source for the best hands and machines to run the business.

We have put processes and strategies in place that will help us employ best practices when it comes to hatching chicken eggs artificially as required by the regulating bodies in the United States of America.

OVITO ENTERPEISES COMPANY LIMITED, our customer's best interest will always come first, and everything we do will be guided by our values and professional ethics. We will ensure that we hold ourselves accountable to the highest standards by meeting our client's needs precisely and completely.

OVITO ENTERPEISES COMPANY LIMITED is a private registered company that is owned by **SHUHAO YU, JUNZI LI** and **JING LIU**. The business will be fully financed by the owners at least for a period of time before welcoming other investors.

## 3. Our Products and Services

OVITO ENTERPEISES COMPANY LIMITED is a standard commercial chicken egg hatchery that is committed to follow the rules and regulations governing the industry that we belong to. We are in the commercial chicken egg hatchery line of business to make profits and we are going to do all we can to achieve our business goals, aim and objectives.

Here are our services offerings

- Operating poultry hatcheries
- Raising and breeding chickens
- Raising and breeding turkeys

- Raising and breeding ducks
- Raising and breeding geese
- Producing eggs from poultry

#### **4. Our Mission and Vision Statement**

- Our vision as a company is to become one of the leading chicken egg hatcheries in Tanzania.
- OVITO ENTERPEISES COMPANY LIMITED is a world class and registered commercial chicken egg hatchery cum poultry farm that is committed towards hatching chicken eggs for poultry farmers in Tanzania.

#### **Our Business Structure**

OVITO ENTERPEISES COMPANY LIMITED is a private owned and managed commercial chicken egg hatchery cum poultry farm that intends starting small in Mkuranga District, but hopes to grow big in order to compete favorably with leading commercial chicken egg hatchery cum poultry farms in Tanzania.

At OVITO ENTERPEISES COMPANY LIMITED, we will ensure that we hire people that are qualified, hardworking, and creative, result driven, customer centric and are ready to work to help us build a prosperous business that will benefit all our stakeholders (the owners, workforce, and customers).

As a matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of ten years or more. In view of the above, we have decided to hire qualified and competent hands to occupy the following positions;

- Chief Operating Officer
- Chicken Egg Hatchery/Poultry Farm Manager
- Accountant/Cashier
- Sales and Marketing Executive
- Hatchery Operator
- Front Desk Officer

#### **5. Job Roles and Responsibilities**

##### **Chief Executive Officer – CEO:**

- Increases management’s effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions

- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- In charge of fixing prices and signing business deals
- Accountable for providing direction for the business
- In control of signing checks and documents on behalf of the company
- Evaluates the success of the organization

### **Chicken Egg Hatchery/Poultry Farm Manager**

- Responsible for the planning, management and coordinating all farm activities across the various sections on behalf of the organization
- Supervises other section managers especially as it relates to preparing the newly hatched chicks for delivery
- Provides advice on the management of chicken egg hatchery activities across all section
- Responsible for carrying out risk assessment
- Keeps track of people and progress of chicken eggs to be hatched and chicks that in our poultry farm
- Ensures that farming goals are achieved, the most efficient resources (manpower, equipment, tools and chemicals et al) are utilized and different interests involved are satisfied.
- Defines job positions for recruitment and managing interviewing process
- Carries out induction for new team members

### **Accountant/Cashier:**

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides managements with financial analyses, development budgets, and accounting reports; analyzes financial feasibility for the most complex proposed projects
- In control of financial forecasting and risks analysis.
- Performs cash management, general ledger accounting, and financial reporting for one or more properties.
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensures compliance with taxation legislation

- Handles all financial transactions for the organization
- Serves as internal auditor for the organization.

### **Sales and Marketing Manager**

- Manages external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones
- Models demographic information and analyze the volumes of transactional data generated by customer
- Writes winning proposal documents, negotiate fees and rates in line with organizations' policy
- Responsible for handling business research, market surveys and feasibility studies for clients
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with clients
- Develops, executes and evaluates new plans for expanding increase sales
- Creates new markets cum businesses for the organization
- Empowers and motivates the sales team to meet and surpass agreed targets

### **Hatchery Operators**

- Responsible for operating the hatchery and ensure that the required temperature is maintained at every given point
- Responsible for daily collection of hatched chicks
- Answerable for feeding newly hatched chicks as instructed by the supervisor
- Responsible for cleaning the hatchery, the poultry and the entire environment
- Changes the water for the newly hatched chicks on a regular basis
- Carries out task in line with the stated job description
- Contributes to packaging the newly hatched chicks in crates and loading them into delivery trucks

### **Front Desk/Customer's Service Officer**

- Welcomes clients and potential clients by greeting them in person, online or on the telephone; answering or directing inquiries.
- Ensures that all contacts with clients (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service experience of the highest level

- Through interaction with clients on the phone, uses every opportunity to build client's interest in the company's products and services
- Manages administrative duties assigned by the poultry farm manager in an effective and timely manner
- Consistently stays abreast of any new information on the organizations' products, promotional campaigns etc. to ensure accurate and helpful information is supplied to clients when they make enquiries

## 6. SWOT ANALYSIS

OVITO ENTERPRISES COMPANY LIMITED do not intend to launch out with trial and error hence the need to conduct a proper SWOT analysis.

We know that if we get it right from the onset, we would have succeeded in creating the foundation that will help us build a standard chicken egg hatchery cum poultry farm that will favorably compete with leading commercial hatcheries in Tanzania.

We engaged the services of a core professional in the area of business consulting and structuring to assist our organization in building a well – structured commercial chicken egg hatchery cum poultry farm. Part of what the team of business consultant did was to work with the management of our organization in conducting a SWOT analysis for the company.

Here is a summary from the result of the SWOT analysis that was conducted on behalf of the company;

- **Strength:**

Our strength as a commercial chicken egg hatchery cum poultry farm is the fact that we have healthy relationships with major players in the poultry industry especially small poultry farmers who rely on commercial hatcheries to help them hatch their eggs.

We have some of the latest hatcheries, tools and equipment that will help us hatch and raise chicks in commercial quantities with less stress. Aside from our relationship (network) and equipment, we can confidently boast that we have some the most experienced hands in and around Coast Region under our payroll.

- **Weakness:**

Our weakness could be that we are a new egg hatchery business in Tanzania, and perhaps it might take us sometime to attract big time customers in the industry. We are aware of this and from our projection we will overcome this weakness with time and turn it to a major advantage for the business.

- **Opportunities:**

The opportunities that are available to us as a standard commercial chicken egg hatchery cum poultry farm cannot be quantified; we know that there are loads of small poultries who don't have

the capacity to operate their own hatcheries. We are well positioned to take advantage of this opportunity.

- **Threat:**

Some of the threats and challenges that we are likely going to face when we start our own egg hatchery business are global economic downturn that can impact negatively on spending, bad weather cum natural disasters, unfavorable government policies and the arrival of a competitor (a commercial poultry farm that engages in the hatching chicken eggs) within the same location.

There is hardly anything you can do as regards these challenges other than to be optimistic that things will continue to work for your good.

## **7. MARKET ANALYSIS**

- **Market Trends**

The technology that is used in hatching chicken eggs has been greatly improved from when it first came into the scene. In recent time, commercial hatchery is now easier to operate, the technology is much simpler and you can predict the outcome with almost 100 percent accuracy.

## **8. OUR TARGET MARKET**

Usually, the target market of the commercial egg hatchery business and also those who benefit from the value chain of the business is restricted to poultry farmers and households who just want to have chickens in their yards. Hence we will target our services to these set of customers.

- **Our Competitive Advantage**

OVITO ENTERPEISES COMPANY LIMITED is fully aware that there are competitions when it comes to operating hatcheries, which is why we decided to carry out thorough market research so as to know how to take advantage of the available market in Tanzania.

We have done our homework and we have been able to highlight some factors that will give us competitive advantage in the marketplace; some of the factors are effective and reliable egg hatchery process that can help us hatch eggs at competitive prices, good network and excellent relationship management.

Superior financial management and debt management, guaranteed supply of key inputs and of course economies of scale are some of the competitive advantages that we are going to be bringing to the table.

Another competitive advantage that we are bringing to the industry is the fact that we have healthy relationships with loads of small poultry farmers who don't have their own hatcheries. Aside from our relationship (network) and equipment, we can confidently boast that we have some the most experienced hands in Coast Region under our payroll.

Lastly, all our employees will be well taken care of, and their welfare package will be among the best within our category in the industry. It will enable them to be more than willing to build the business with us and help deliver our set goals and objectives.

## **9. SALES AND MARKETING STRATEGY**

- **Sources of Income**

OVITO ENTERPEISES COMPANY LIMITED is in the chicken egg hatchery line of business for the purpose of maximizing profits hence we have decided to explore all the available opportunities within the industry to achieve our corporate goals and objectives.

We will generate income by;

- Operating poultry hatcheries
- Raising and breeding chickens
- Producing eggs from poultry

## **10. SALES FORECAST**

Going by the market research and survey conducted, we were able to discover that the sales generated by the egg hatchery business depend on the size of the business and of course the size of their marketing network.

We have perfected our sales and marketing strategies, we are set to hit the ground running and we are quite optimistic that we will meet or even surpass our set sales target of generating enough income/profits from the first year of operation and build the business from survival to sustainability with the shortest period of time.

We have been able to critically examine the egg hatchery line of business, we have analyzed our chances in the industry and we have been able to come up with the following sales forecast. The sales projections are based on information gathered on the field and some workable assumptions as well with respect to the nature of egg hatchery business that we run.

- **First Fiscal Year:** \$250,000
- **Second Fiscal Year:** \$400,000
- **Third Fiscal Year:** \$550,000

**N.B:** This projection was done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown that can impact negatively on household spending, bad weather cum natural disasters, and unfavorable government policies.

- **Marketing Strategy and Sales Strategy**

We are aware that the reason why some egg hatchery businesses hardly make good profits is their inability to attract small poultry farmers who are the major customers of such business.

Our sales and marketing team will be recruited based on their vast experience in the poultry farms industry and they will be trained on a regular basis so as to be well equipped to meet their targets. In summary, OVITO ENTERPEISES COMPANY LIMITED will adopt the following strategies in marketing our services;

- Introduce our business by sending introductory letters alongside our brochure to stake holders in the poultry farms industry, small poultry farms and free range chicken farmers who don't have the capacity to operate their own hatchery et al.
- Advertise our business in agriculture and poultry related magazines and websites
- List our business on yellow pages ads
- Attend related agriculture and poultry expos, seminars, and business fairs et al
- Leverage on the internet to promote our business
- Engage in direct marketing
- Encourage the use of Word of mouth marketing (referrals)

## **11. PUBLICITY AND ADVERTISING STRATEGY**

Any business that wants to grow beyond the corner of the street or the city they are operating from must be ready and willing to utilize every available means to advertise and promote their business. We intend growing our business which is why we have perfected plans to build our brand via every available means.

Below are the platforms we will leverage on to boost our chicken egg hatchery brand and to promote and advertise our business;

- Place adverts on community based newspapers, radio and TV stations
- Encourage the use of word of mouth publicity from our loyal customers
- Leverage on the internet and social media platforms to promote our business.
- Ensure that we position our banners and billboards in strategic positions all around Tanzania
- Distribute our fliers and handbills in target areas in and around our neighborhood
- Advertise our business in our official website and employ strategies that will help us pull traffic to the site

- Brand all our official cars and trucks and ensure that all our staff members wear our branded shirt or cap at regular intervals.

## 12. OUR PRICING STRATEGY

We will ensure that we peg the price for hatching chicken eggs based on what is obtainable in the industry. We know that one of the obvious price model is that chicken eggs to be hatched are priced based on dozens or per create or even per unit hence we are going to be flexible and adopt the one that will best serve our interest and the interest of our customers.

Be that as it may, we have resolved to place our price a little bit below the industry’s average for the first 3 months of operation so as to enable us attract the loyalty of new customers.

- **Our Payment Options**

The payment policy adopted by the company, is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of the United States of America.

Here are the payment options that the company will make available to her clients;

- Payment via bank transfer
- Payment with cash
- Payment via online bank transfer
- Payment via check
- Payment via bank draft

In view of the above, we have chosen banking platforms that will enable our client make payment for hatched eggs without any stress on their part. Our bank account numbers will be made available on our website and promotional materials.

## 13. INVESTMENT COST FINANCING PATTERN

**The total investment cost is estimated at USD 500,000.00 a summary of the breakdown is as indicated in the table below**

Item	US\$
Business incorporation fees and other legal expenses in Tanzania	1500
Obtaining of licenses and permits	3000
Operational cost for the first six months (payment of bills, employee salaries)	60,000

Insurance coverage (General Liability, workers' compensation, property liability)	20,000
Marketing and publicity promotion expenses for launching as well as for six months of operations	5000
Land acquisition cost	250,000
Preparation of the farm land	30,000
Amount required for the purchase of first set of chicken eggs to be hatched	20,000
Cost for the purchase of chick feed, medications and crates et al	10,000
Cost for acquiring required working tools and equipment	50,000
Cost of launching an official website –	500
Miscellaneous	2000
Sub Total	452,000
Initial working capital	48,000
<b>GRAND TOTAL</b>	<b>500,000</b>

From the above requirements, we would need an estimate of \$ 500,000 to successfully start and operate our hatchery farm. This amount can successfully cover our first six months of operations.

### 13.1 FINANCING PLAN (USD)

<b>Equity</b>	<b>100%</b>	<b>500,000</b>
<b>Debt</b>	<b>0%</b>	<b>0</b>
<b>TOTAL LOAN AMOUNT</b>		<b>0</b>
<b>Interest rate p.a. on USD Borrowing</b>		<b>16 %</b>
<b>Loan Period</b>	<b>Years</b>	<b>5</b>
<b>Capital Repayment Grace Period</b>	<b>Years</b>	<b>1 ye</b>

### 13.2 REVENUE

**Showing the cash flows and financial projection for OVITO ENTERPRISES COMPANY LIMITED – United States Dollar**

**(Note: The Revenue line represents Earnings Before Interest, Tax, Depreciation and Amortization Cashflow)**

Item	Year 1	Year 2	Year 3
Cash Inflows			
Equity	500,000		

Loan	0		
Revenue (EBITDA)	250,000	400,000	550,000
Total Cash Inflows	750,000	900,000	1,100,000
Cash Outflows			
Inventory purchase	250,000		
Construction work	100,000		
Loan Repayment			
Investment in working capital	2,871,107	1,5000,000	2,000,000
Financial Charge			
Taxes and fees	290,621,010	615,639,495	823,575,689
Total Cash Out Flows	13,432,884,576	3,918,269,661	4,442,107,456
Net Cash Flows	1.316,384,439	224,145,904	209,330,358
Cum.(Deficit)/Excess cash flows	1,316,384,439	1,540,530.343	1,749,860,701

#### **14. SUSTAINABILITY AND EXPANSION STRATEGY**

The future of a business lies in the number of loyal customers that they have, the capacity and competence of their employees, their investment strategy and the business structure. If all of these factors are missing from a business, then it won't be too long before the business closes shop.

One of our major goals of starting the company is to build a business that will survive off its own cash flow without the need for injecting finance from external sources once the business is officially running.

We know that one of the ways of gaining approval and winning customers over is to hatch our eggs a little bit cheaper than what is obtainable in the market and we are prepared to survive on lower profit margin for a while.

The company will make sure that the right foundation, structures and processes are put in place to ensure that our staff welfare are well taken of. Our company's corporate culture is designed to drive our business to greater heights and training and re – training of our workforce is at the top burner.

We know that if that is put in place, we will be able to successfully hire and retain the best hands we can get in the industry; they will be more committed to help us build the business of our dreams.

**APPENDIX: I**

**OVITO ENTERPRISES COMPANY LIMITED**

**INVESTMENT COST**

Item	US\$
Business incorporation fees and other legal expenses in Tanzania	1500
Obtaining of licenses and permits	3000
Operational cost for the first six months (payment of bills, employee salaries)	60,000
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Cost of launching an official website –	500
Miscellaneous	2000
Sub Total	452,000
Initial working capital	48,000
<b>GRAND TOTAL</b>	<b>500,000</b>

**OVITO ENTERPRISES COMPANY LIMITED FINANCING PATTERN**

(Note: Borrowing assumed to be local borrowing in Tanzanian Shillings hence interest rate of 16%)

<b>Equity</b>	<b>100%</b>	<b>500,000</b>
<b>Debt</b>	<b>0%</b>	<b>0</b>

<b>TOTAL LOAN AMOUNT</b>		<b>0</b>
<b>Interest rate p.a. on USD Borrowing</b>		<b>16 %</b>
<b>Loan Period</b>	<b>Years</b>	<b>5</b>
<b>Capital Repayment Grace Period</b>	<b>Years</b>	<b>1 ye</b>

**OVITO ENTERPRISES COMPANY LIMITE**  
**CASHFLOWS PROJECTION (Tanzanian Shillings)**

<b>YEAR</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>Sources</b>									
<b>Profit before interest/depreciation</b>		3,243,119,0	4,142,415,5	4,651,437,	5,289,846,	5,747,192,	6,187,326,5	6,312,341,	6,312,341,
		16	66	814	207	341	13	337	
<b>Other Sources</b>	11,506,150,	3,243,119,0	4,142,415,5	4,651,437,	5,289,846,	5,747,192,	6,187,326,5	6,312,341,	6,312,341,
<b>Total sources</b>	11,506,150,								
<b>Applications</b>									
<b>Capital expenditure</b>	9,345,043,0				460,246,0	460,246,00	230,123,00	1,380,738,	
<b>Other Applications (excl. working capital)</b>		1,126,734,5	2,418,269,6	2,442,107,	2,504,761,	2,513,096,	2,920,516.8	1,807,406,	
		76	61	456	094	054	29	276	
<b>Total Applications</b>	9,345,043,0	1,126,734,5	2,418,269,6	2,442,107,	2,965,007,	2,973,342,	3,150.639,8	3,188,144,	
<b>Working capital</b>	2,071,107,0	800,000,000	1,500,000,0	2,000,000,	2,200,000,	2,700,000,	3,000,000,0	3,000,000,	
	00		00	000	000	000	00	000	