

GULF AGGREGATES (T) LIMITED BUSINESS PLAN



**P.O.BOX 5055,
DAR ES SALAAM**

TABLE OF CONTENTS

TABLE OF CONTENTS	i
LIST OF ABBREVIATION	ii
EXECUTIVE SUMMARY	iii
CHAPTER ONE	1
1.1 BUSINESS DESCRIPTION	1
CHAPTER TWO	3
2.0 ENVIRONMENTAL AND INDUSTRIAL ANALYSIS	4
Social Factors	5
Technological Factors	5
2.1.2 SWOT Analysis	5
2.2 INDUSTRY ANALYSIS	6
CHAPTER THREE	7
3.1 MARKET ANALYSIS	7
CHAPTER FOUR	11
4.1 OPERATIONS SEGMENT OR MANUFACTURING SEGMENT	11
CHAPTER FIVE	12
5.0 ORGANIZATION PLAN	Error! Bookmark not defined.
5.3 Authority of Principal	12
5.4 Management Team Background	12
5.5 Training and Evaluation	12
CHAPTER SIX	14
6.0 FINANCIAL PLAN	14
SOURCE OF FUND	14
Business performance	15

LIST OF ABBREVIATION

PLC	Public Limited Company
LTD	Limited
PESTL	Political, Economic, Social, Technological Legal Factors
USD	United States Dollar
SWOT	Strength, Weakness, Opportunities, Threat's analysis
ILO	International Labor Organization
WHO	World Health Organization

EXECUTIVE SUMMARY

Gulf Aggregates (T) Ltd. is one of the country's major producers of aggregates, defined as crushed stone. It serves customers in the Coastal regions (Dar Es Salaam, Coast region, Morogoro and Tanga). The government projects are the most important ultimate customer for the company's products, since about 50 percent of all aggregates are used to build highways and bridges related infrastructure projects. The company ships about half of its products to commercial and residential contractors, so it plays a key role in the construction of homes, office buildings, industrial facilities, and institutional structures. Gulf Aggregate division is having the largest crushing plant in Tanzania producing wide range of aggregate, chipping, base course, stone and dust. Moreover, the company specializes in VSI material for road construction aggregates. The Company runs 2 quarries in Lugoba with a combined area of 110 acres and monthly production of up to 125,000 MT. The operation is supported by 2 Drilling Machines, 6 Excavators, 8 Dump Trucks, 4 Wheel Loaders and 45 Trucks for Distribution.

Gulf Aggregates (T) Ltd will require a sum of **USD. 10,000,000/=**. The money will be used to acquire trucks and trailers for the transportation business.



CHAPTER ONE

1.1 BUSINESS DESCRIPTION

GULF AGGREGATES (T) LIMITED is Limited company whose owners are legally responsible for its debts only to the extent of the amount of capital they invested. Having limited liability status means the company is an entity in its own right. This has several advantages for instance this means that one will not be personally liable for any financial losses made by the business this gives additional protection in case things go wrong. It is easier for the company to secure loans and investments. The company will exist beyond the life of its shareholders even if they retire or resign the company will continue to exist and operate.

Early 2012 we started this company as Gulf Concrete and Cement Products co.ltd with one 3 stage crushing plant of 250/TPH later in 2015 expanded to second plant with 4 stage crushing plant of 250/TPH end of 2018 we have divided the company Gulf Concrete has to remain as the premix supplier and the new company Gulf Aggregates (T) limited as the aggregate's producer and supplier. Early 2019 we have expanded the third plant with 200/TPH.

Gulf Aggregates is dedicated to supplying the highest quality products at the most competitive prices. All dump trucks have the capacity to load minimum of 20 cubic meter aggregates. We supply all sorts of building projects whatever the quantity whenever our clients inquire.

Our customer base ranges from major national contractors and developers that demand large volume over a short period of time, to cash sales to private and public transactions that requires equally high volume of aggregates with time sensitive deliveries. Our product knowledge and experience allow us to Service all our customers' needs.



Incredible services. We will ensure that our business provides incredible service to our customers by hiring employees with good customer services also professionals in the field.

This venture which requires ten million USD as a capital. The capital will be obtained from different sources including bank loan and subsidiary companies and the owner himself

SOURCE OF CAPITAL

SOURCE OF CAPITAL	AMOUNT
LOCAL EQUITY	500,000/= US DOLLARS
LOCAL LOAN	8,000,000/= US DOLLARS
Total Amount	8,500,000/= US DOLLARS

1.2 Principal Activities.

- i. Quarrying and sale of aggregates.

1.3 Business objectives

- i. To achieve high customer satisfaction and loyalty.
- ii. To generate aggregate sales traffic by growing our client base and having busier working hours due to quality services offered by our employees.
- iii. To achieve specific financial goals so as to become more profitable over time.

1.4 Gulf Aggregates having more than 45 trucks of 30 tons (20cbm) and 27 tons (18cbm) all available to serve for our customer. Our customer base ranges from major national contractors and developers that demand large volume over the short period of time to cash sales to provide private and public transactions that requires equality high volume of aggregates with sensitivity deliveries. Our product knowledge and experience allow us to service all our customer needs.

1.5 Vision statement.

To be a well-known company supplying high quality aggregates in the segments of our society.

1.6 Mission statement.

To meet the spectrum of the construction industry with high quality of aggregates, committed to deliver the required volume on time where pricing is at competitive edge and service with unparalleled professionalism, at a profit.

CHAPTER TWO

2.0 ENVIRONMENTAL AND INDUSTRIAL ANALYSIS

ENVIRONMENTAL ANALYSIS.

PESTL analysis is the external factors which used by the marketers to analyze and monitor the macro-environmental (external marketing environment) factors that have an impact on an organization. Gulf Aggregates (T) Limited is one of many goods' transportation companies in TANZANIA, hence this is yet another breakthrough for our economy as we are able to transport goods from one region to another and from our country to other countries with ease and speed.

Political: These factors include a government may impose a new tax or duty due to which entire revenue generating structures of organizations might change. Political factors include tax policies, Fiscal policy, trade tariffs etc. that a government may levy around the fiscal year and it may affect the business environment (economic environment) to a great extent.

Economic: These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. [For example] a rise in the inflation rate of any economy would affect the way companies' price their products and services. Adding to that, it would affect the purchasing power of a consumer and change demand/supply models for that economy. Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns etc. It also accounts for the FDI (foreign direct investment) depending on certain specific industries who're undergoing this analysis.

Due to the economic factor the Gulf Aggregates (T) Limited is affected because the Tanzania currency in the market does not have stability compared to Dollar. Hence, we will come with a solution to expand to various branches inside and outside the country and we will regard the uses of dollar in our business after it has had growth.

Social Factors

Also known as socio-cultural factors, are the areas that involve the shared belief and attitudes of the population. These factors include – population growth, age distribution, health consciousness, and career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them.

Technological Factors

We all know how fast the technological landscape changes with consideration that the company is highly technologically related field and how this impacts the way we serve and market our products. The Gulf Aggregates (T) Limited will observe properly three technology factors:

- New ways of loading and packing aggregates
- New ways of distributing goods and services
- New ways of communicating with target market

2.1.2 SWOT Analysis

SWOT analysis is the abbreviation that stands for Strengths, Weaknesses, Opportunities, and threats related to business competition or project planning. It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favourable and unfavourable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage.

STRENGTHS

- experience and skills of sector and running a similar business successfully
- Experienced and expertise from employees of the company
- Availability of finance for investment and to support cash flow

OPPORTUNITIES

- Availability of initial finance to start up business.
- Availability of an area to run business.
- Economic growth

WEAKNESSES

- Presence of companies with similar businesses

THREATS

- Lack of support from related companies and the government
- Political and economic stability
- Tax related issues.

2.2 INDUSTRY ANALYSIS

Future Trend

The future trend of Gulf Aggregates (T) Limited is to keep growing as the years go on due to high demand of fleet transport services hence increase in revenue and profit.

Competitors

In the industries there are large numbers of competitors but we will provide good quality services and services to the customers to enable us to flourish in the market or industry.

Industries forecast

Our plan is to be the leading aggregates business, providing prominent, excellent and great quality services this will eventually lead to growth of market base and business at large.

CHAPTER THREE

3.1 MARKET ANALYSIS

Market Target

Target market can be referred to as a subset of total market. It represents a part of population that the business aims to focus on, target market can include consumers of a product on age basis, location basis and income basis. The target market for Gulf Aggregates (T) Limited are Our customer base ranges from major national contractors and developers that demand large volume over the short period of time to cash sales to provide private and public transactions that requires equality high volume of aggregates with sensitivity deliveries.

Market trend

Gulf Aggregates is dedicated to supplying the highest quality products at the most competitive prices.

Market Strategies

Market Strategies, we plan to provide promotion through media channels like televisions, radios, billboards advertisements, social media, through conducting seminars also to educate customers on the importance of supporting local businesses instead of importing and how it will aid in growth of our economy to a significant scale. In order to make effective market planning we shall have effective use of the 4P's.

Product strategies

Gulf Aggregates (T) Limited mainly deals in quarrying and sales of aggregates; we strategize in providing the best quality services, for different suppliers and clients and customize them as desired so as to cater to the preferences of our customers.



Pricing strategies

Pricing strategy refers to all of the various methods that small businesses use to price their goods or services. Pricing strategies are useful for numerous reasons like maximizing profit margins, also to maintain market share and many others. Pricing options give opportunity to customers to choose on the type of products and services to spend their money on. Gulf Aggregates (T) Limited intends to have pricing structures that will be inclusive to all consumers hence increase market and facilitate major sales.

The following are the pricing strategies opted for by Gulf Aggregates (T) Limited;

The cost-plus strategy; basically, the company accounts for all the costs that go into manufacturing, including fixed costs such as the wages that are paid to the employees, the staff, the rent and the utility bills. All these should be distributed among the various offerings that the company makes to its customers.

Triple pricing strategy; this pricing strategy used by the company, it is commonly known as the Good, Better, best pricing strategy. The good item is basically the cheapest. The mid-prices item which is the better item and the most expensive item is the best item. This is a good pricing strategy as it is inclusive and all consumers are able to fit in the price ranges.

Placing strategies

We can also ensure accessibility of our products by having safety stocks to make it available at the time customer needs it and at any amount. And by also allocate business at an area which is easily accessible by most and where transportation cost of raw materials and final product is minimum.

Promotion strategies

We plan to provide promotion through media outlets like television stations, radio stations, newspapers, banners and billboards also through social media through platforms like Instagram, face book, WhatsApp and others. Also, through conducting seminars also to educate customers on the importance of supporting local businesses instead of importing from outside countries as it is significant for the economic growth of a company.

Also, through better pricing, Service that we will provide will be of good price and affordable to our customers. Through this we are hoping to attract many customers. And that is one of the reasons why we decided to open our business.

Employment:

The Gulf Aggregates (T) Limited is expecting to offer the employment to the residents and non-residents as follows.

We are going to offer 200 employment opportunities, 190 being Tanzanians 150 men and 40 women (locals) and 10 being foreigners.



CHAPTER FOUR

4.1 OPERATIONS SEGMENT OR MANUFACTURING SEGMENT

Management and Organization of *Gulf Aggregates (T) Limited*.

The company will be under its Owners as the CHIEF EXECUTIVE OFFICER, whereas they have employed Directors, company secretary, managers, operating staff, sales persons, marketing manager, machine operators and other employees.

Technology utilization

The business will apply the modern technology in the operation activities for example the use of time management software which require only a person to have a specific password to utilize our systems, the use of modern technology in logistics business.

Since the business is operating in the competitive industry so this application of modern technology will be advantageous in daily operations especially in handling competition from companies abroad as **Gulf Aggregates (T) Limited** is not the only aggregate quarrying company hence it has cutthroat competition from local and abroad companies who are also in the trade.

Purchasing and Stock

Our venture will purchase our trucks and trailers both abroad and locally, for instance the trucks will be imported but the trailers we can get locally.

Health and safety

Health and safety are a set of laws that have been made to protect the health and the safety of people when they are working. Health and safety rules vary a lot from one country to another. Some countries have very strict rules. Rules about Health and Safety have been made since 1950 when the International Labour Organization (ILO) and the World Health Organization (WHO) agreed about standards of health in the workplace.

Health and safety laws will deal with such things as: the temperature in the workplace (it must not be too hot or too cold), smoking in the workplace and other things that might cause pollution or which might cause fire hazards, how many toilets per person there should be, whether they need

safety equipment (e.g. hard hats in case anything falls on their heads), whether it is safe for a person to be left alone in the workplace, the rights of disabled people, how many hours in the day people can work for etc.

Gulf Aggregates (T) Limited aims to use part of the profit it makes to provide various services to the communities also the ventures ensure that the health and safety of the employees are taken into high consideration as employees are assets to the business and should be treated with respect and fairness.

Ionization and human resource management that will facilitate achievement of efficient transportation and distribution of goods.

Owners will manage the venture with assistance of the director and managers. Their duties include overall management of the business, finance management and Administration. The operation manager will manage logistics activities.

5.3 Authority of Principal

The authority will come from the top and will flow direct to the low stage of the organization which is subordinate level.

5.4 Management Team Background

The directors and management will be responsible to recruit all the employers of the venture also to review the organization various annual report.

5.5 Training and Evaluation

The organization ensures that they will get the employees who are graduate from institution or colleges or university that are known and registered and experts in the field, also training will be advocated for the employees so as to facilitate smooth operations of the company and operations.

Employees	Evaluation base
Director	Organization Performance
Managers	Organization Performance
Operators	Volume of production
Sales People	Sales turnover
Attendant	Attractiveness of environment

CHAPTER SIX

6.0 FINANCIAL PLAN

INCOME STATEMENT PROJECTIONS

STARTING CAPITAL FOR Gulf Aggregates (T) Limited

EQUIPMENT	Amount (USD)
Land/Building	2,000,000
Plant	1,000,000
Vehicles	4,000,000
Furniture & Fittings	350,000
Pre - Expenses	100,000
Others	400,000
Working Capital	1,500,000
Sub Total	9,350,000
Administrative and Building Costs	
Staffs' payment	100,000
Insurance and Utilities	500,000
Marketing	15,000
Advertisement cost	20,000
Other Miscellaneous expenses	15,000
Sub Total	650,000
Total	10,000,000

<u>SOURCE OF FUND</u>	<u>USD</u>
Own Capital	500,000/=
Borrowings: bank loan	8,000,000/=
Total Capital	8,500,000

Assumptions:

1. Capital funds to be financed by the shareholders, Local Loans and other partners in LAKE OIL GROUP as unconditional loan repayable at undefined period until the Company starts making profits
2. During the financial year 2024-2025 the Company will employ 200 employees in three level of staff, i.e., management, Drivers, Supervisors, and other support staff. Salaries and wages will be paid in accordance with employment laws in consultation with private sector salary schemes.
3. To ensure continuous flow of working capital, the Company will seek short term funding from financial institution to a tune of TZS 6.9Billion to boost raw material requirement and operational costs. The loan will be interest at the prevailing market rates now at 17%.

Projected Financial statements are presented below:

9.1.1 Five years Projected Profit and loss statement

	2024 TZS (000,000)	2025 TZS (000,000)	2026 TZS (000,000)	2027 TZS (000,000)	2028 TZS (000,000)
Revenue	18,252	20,639	23,218	26,005	29,011
Transportation costs	(15,515)	(16,559)	(18,536)	(20,661)	(22,944)
Gross profit	2,737	4,079	4,682	5,344	6,068
Administrative cost	(334)	(350)	(368)	(386)	(406)
Other operating costs	(759)	(1,087)	(978)	(870)	(809)
Operating profit	1,645	2,643	3,336	4,088	4,854
Finance costs	(230)	(230)	(230)	(230)	(230)
Profit before tax	1,415	2,413	3,106	3,858	4,624

Tax charge	(424)	(724)	(932)	(1,157)	(1,387)
Profit after tax	990	1,689	2,175	2,700	3,237

9.1.2 Five years Projected Statement of Financial Position

	2024 TZS (000,000)	2025 TZS (000,000)	2026 TZS (000,000)	2027 TZS (000,000)	2028 TZS (000,000)
Shareholder Funds					
Equity share capital	500	500	500	500	500
Unsecured Loan from associate concerns	6,400	5,250	4,100	2,950	1,800
Reserves & Surplus	990	2,147	3,719	5,743	8,221
	7,890	7,897	8,319	9,193	10,521
Non-current assets					
Property plant and equipment's	6,187	8,372	7,452	6,647	5,911
Investment	-	-	1,150	1,150	1,150
	6,187	8,372	8,602	7,797	7,061
Current assets					
Inventories	1,349	1,524	1,714	1,920	2,141
Trade Receivables	1,521	1,720	1,935	2,167	2,418
Cash and Bank Balances	8,537	6,513	6,974	8,942	11,306
	11,407	9,758	10,624	13,029	15,864
Current Liabilities					
Trade Creditors	3,529	3,987	4,482	5,017	5,593
Working Capital Loans	5,750	5,750	5,750	5,750	5,750

Other Current Liability	424	496	674	867	1,062
	9,703	10,233	10,906	11,634	12,405
	7,890	7,897	8,319	9,193	10,521

9.1.3 Five years Projected Statement of cash flow

	2024 TZS (000,000)	2025 TZS (000,000)	2026 TZS (000,000)	2027 TZS (000,000)	2028 TZS (000,000)
Cash flow from operating activities	8,537	2,346	1,611	3,118	3,513
Tax paid	424	496	674	867	1,062
	8,962	2,842	2,285	3,985	4,575
Cash flow from Investment activities	-	(3,220)	0	(0)	-
Cash flow from financing activities	(424)	(1,646)	(1,824)	(2,017)	(2,212)
Increase in net cash flow	8,537	6,513	6,974	8,942	11,306