

BUSINESS PLAN TO TANZANIA INVESTMENT CENTRE (TIC)

IN FAVOUR OF MAKURUMA LOGISTICS LIMITED

AS

A PROPOSAL FOR REGISTER FOR CERTIFICATE OF INCENTIVE

OCTOBER 2023

PREPARED BY;
MAKURUMA LOGISTICS LIMITED
2023

1. INTRODUCTION

NAME, NATURE AND OWNERSHIP OF THE BUSINESS

Name: The name of the company is MAKURUMA LOGISTICS LIMITED

BASIC INFORMATION

Makuruma Logistics Limited

P.O.BOX

Kinondoni –Dar es salaam.

Contact person: Mr.Wilbard Richard Mvungi

Telephone: + 255 713013132

Email:makurumaenterprises@gmail.com

Project objectives:

- To carry on transportation as both transporter and proprietors and hires of trucks, Lorries, cars, minibuses, buses, self or chauffeur driven for transportation of passengers and goods within Tanzania and /or in the neighboring countries.
- To carry on the business of providing logistics services, material management, transportation, warehousing distribution and marketing of goods and to provide storage and protection of goods against rain, fire and other natural or manmade calamities.

Makuruma Logistics Limited was established on the 12th July, 2023.

The primary object clause of the company are:-

- (i) Transportation
- (ii) Van Hiring
- (iii) Logistics and Supply

The company had signed short and long term contracts to transport cargo Tanzania and other African countries, Congo, Zambia, Malawi ,Kenya , Uganda and Rwanda.

Currently the company has contracts with the following company:

Transportation

1. Icheetah logistics limited
2. Dsm Corridor Group (DCG)
3. Reload logistics
4. Alistair
5. C.Steinweg Bridge (Pty) ltd
6. Intercom limited TZ
7. Access World limited
8. Greenroad international logistics
9. Abble logistics limited

10. Afroback investments limited
11. Equator logistics (Kioo limited)
12. MOFED

VAN HIRING

CLIENTS

1. Vodacom
2. Tigo
3. Amplify marketing
4. Y.C.L Marketing Limited
5. Masoko limited

OWNERSHIP

The business is owned by Makuruma Logistics Limited Board of Directors under two Directors, Mr. Wilbard Richard Mvungi who own 70% of shares and Mrs. Sesaria Ernest Mtenga who own 30% of shares.

BUSINESS VISION AND MISSION.

The business is being run as a limited Company under supervision of Board of Directors . The main activities are transportation of different cargos and hiring of Vans.

VISION:

To become a household name in transportation and hiring vans in Tanzania and neighborhood countries. Provide the African's best transport system which is safe, reliable, efficient, environmentally friendly and satisfying to both users and operators.

MISSION:

To become the recognized leader in its targeted local and international logistic company, and to give customer optimum satisfaction, through its innovative, quality, and timely service delivery. To be best in manage and coordinate the flow(Transportation) of the goods from the one point to another. Taking into consideration delivering service and quality at the desired level at the lowest profitable possible costs.

2. TECHNICAL ASPECTS

THE PROJECT

Tanzania's transport sector contributed 8.1% to the country's real GDP and generating earning averaging USD 2.8 billion per annual. Improvement of roads network in Tanzania increase demand of road transport in Tanzania. Tanzania is surrounded by land locked countries including Rwanda, Burundi, Uganda, and Zambia which stimulate demand of road transport. Tanzania is main exporter of raw materials and agriculture products.

INFRASTRUCTURE

The government is continuing improving the national road, ports and airport infrastructure for the country to improve its internal and external trade and commercial activities. Every village is connected to the district headquarters by very good roads passable by the users of up to 30 tons weight lorries which accelerate growth of transport industry in Tanzania.

TARGET MARKET

Makuruma Logistics Limited target to operate in local and international market hiring of vans and transportation of goods within Tanzania mainland and outside Tanzania.

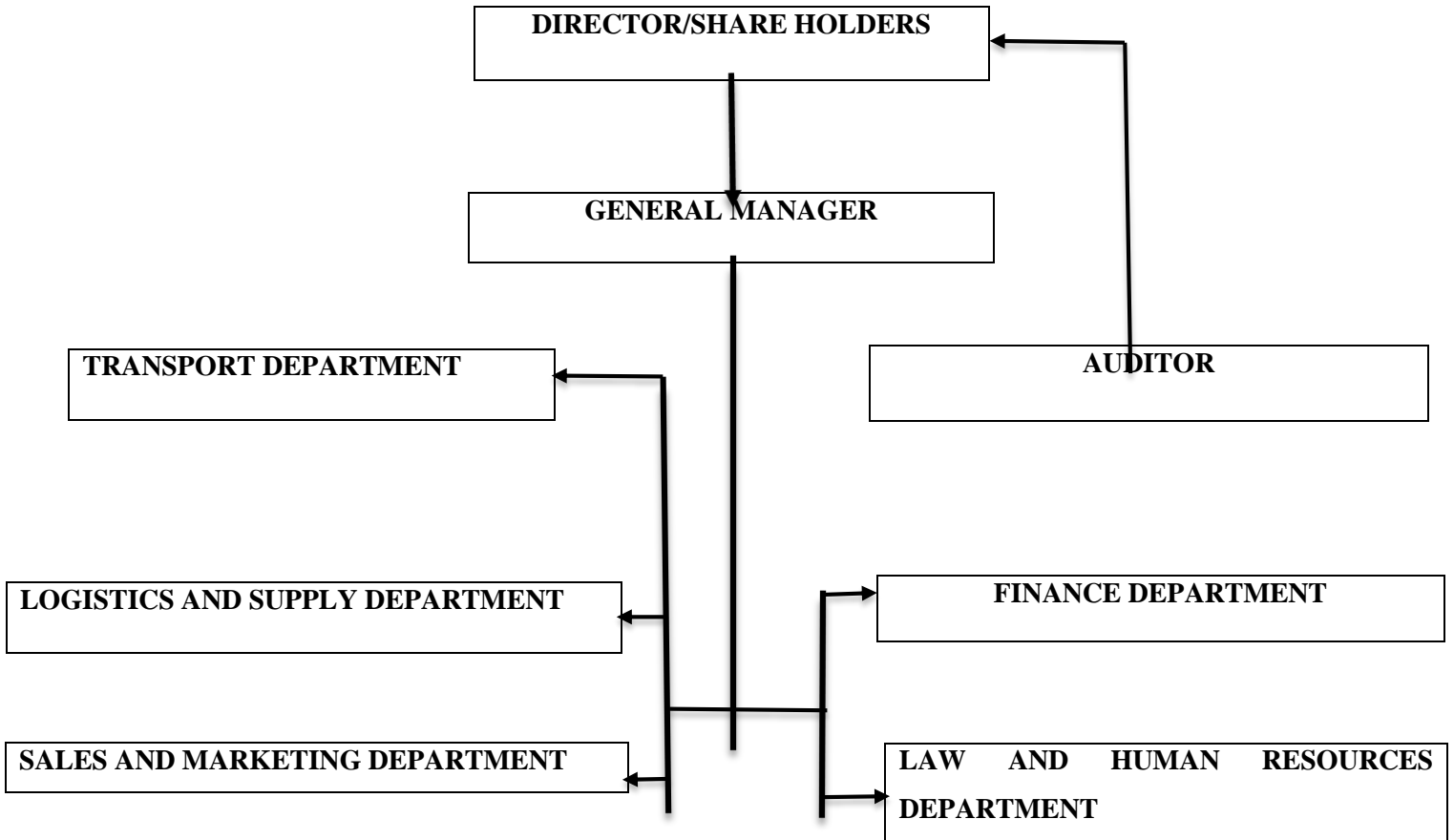
Expansion costs Summary

Our expansion costs will be \$ 300,000(TZS 750,000,000) and this capital is from our existing partnership businesses. Prior establishment of Makuruma Logistic Limited we operated as Partnership (Makuruma Enterprises) for 10 years. Our plan is to transfer all assets owned by partnership to Makuruma Logistic Limited. The funds will be primarily used for the following:

S/N	DESCRIPTION	AMOUNT (TZS)
	Startup Assets	
	Trucks and Vans	720,000,000
	Furniture and Fittings	10,000,000
	Working capital	20,000,000
	Total	750,000,000

Table 1; Expansion capital for investment

3. MANAGEMENT
ORGANIZATION STRUCTURE



i. BOARD OF DIRECTORS/SHARE HOLDERS

Makuruma Logistics Limited has a board of directors are: Mr.Wilbard Richard Mvungi and Mrs. Sesaria Ernest Mtenga

Mr.Wilbard Richard Mvungi.

He has experience of more than 10 years in transportation and logistics industry,

He had a responsible for planning, directing, managing, coordinating and supervising the programs for acquisition, assignment, utilization, maintenance, repair, replacement and disposal of fleet vehicles.

Mrs. Sesaria Ernest Mtenga

Stand in Company as policy maker, Transport policy deals with developing a set of constructs and propositions that are established to achieve specific objectives relating to social, economic, and environmental conditions, and the functioning and performance of the transport system in Makuruma Logistic Limited.

General the board is statutory organ, responsible for the formulation and implementation of the company policy. The Board of Directors of Makuruma Logistic Limited has three primary legal duties which are duty of care by ensuring perfect use of all company assets including people and goodwill, Duty of loyalty, by ensuring that the company activities and transactions are first and foremost, advancing its mission, recognize and disclose conflicts of interest and make decision that are in the best interest of the company, and the last duty is duty of obedience, ensuring that the company obeys applicable laws and regulation.

ii. GENERAL MANAGER

Current the position is vacant, all correspondence regarding General Manager is directed to Managing Director.

The company on its expansion is looking for suitable qualified General Manager who is experienced and will provide leadership to the company to achieve the key objectives of the company in the Sultanate of Makuruma Logistics Limited market and build a strong brand in the industry. He will be responsible for the overall performance of the company in terms of both operational & financial areas. He will be responsible to develop & execute the business plan & the achievement of Key Performance Indicators in the areas of customer, financial, internal business processes, people & suppliers. He will Design, Plan & Manage all company resources to enhance value to all company stakeholders.

iii. AUDITOR

Cassian and Associates (Certified Accountants and Auditors) will be financial advisor and auditors who will report direct to Shareholders. The company will also work hand in hand with bank's credit advisors so as to ensure the operations adhere to financier's agreement.

iv. FINANCE DEPARTMENT

Makuruma logistics limited finance department is responsible for processing of financial transactions and the application of proper accounting principles and standards, internal controls and financial file management, generation of monthly financial reports and general support to project activities. The finance department is under the control of Theresia James Mmassy (CPA T) Accountant, with experience of more than 5 years in transportation industry.

LAW AND HUMAN RESOURCES

Rashid Kisusi Chacha (certified advocate notary public and commissioner for oaths) appointed by company to deal with legality and human resources matter.

TRANSPORT AND OPERATIONAL MANAGER

Makuruma Logistic Limited had established transport department while in time is under Sebastian John Mabaya sometimes he named a transportation coordinator or logistics coordinator, manages transportation of people, tools or supplies.

Logistics and Supply department is a key department which is responsible for directing and overseeing all the logistics operations, providing the supply chain need/requirements of the projects including procuring all program supplies and services accounting for all assets, managing stocks and managing fleet concerns.

v. MARKETING DEPARTMENT

Marketing department is responsible to generate sales of services, achieve profitability and also have sufficient skill to be able to satisfy customer demands or transmit these requirements to the corresponding sector. The four function of marketing department are product, price, place and promotion. This department is under the supervision of Mr. Erick Mvungi.

4. SWOT ANALYSIS:

A SWOT analysis carried out on the business reveals the following:

STRENGTHS

- The project are rapidly growing in Tanzania by force of Government where industries are established, giving it the opportunity of having substantial demands of Transportation such that of Ministry of Agriculture 2023 Group Plantation for the Youth. Sited within construction areas etc.
- Having base of customers both locally and international
- Well serviced trucks and van create confidence to our customers.
- Having contracts with international companies.

WEAKNESSES

- Huge Operational Costs: Operating a business in the logistics industry requires big amounts of operational costs from time to time to keep the business process going.
- Labour-Intensive Industry: The logistics industry is dependent on people and is, therefore, a labor-intensive industry. This dependence on people makes it exhausting for the company to manage regular training of delivery partners and performance-based appraisals.
- Establishment of branch abroad, lack of branches increase cost of production.

OPPORTUNITIES

The external environmental analysis reveals certain new gently opportunities for profit and growth of the business. Some examples of such opportunities include:

- Having transportation and vans hiring contract increase level of confidence and reliable source revenue.
- Tanzania is a country with many tourist attractions, current promotions including Royal Tour increase number of tourists hence increase demand of vans, buses.
- Mutual agreement of Directors with sub contactors favor to have long continuations of business.
- Political stability, Tanzania being one of peace country in Africa attract many customers.
- Market trend reveals an all-year-round demand
- There is a great need for a transit business where it has become a highly paid business.

THREATS

Changes in the external environment also may present threats to the business. Some examples of such threats include:

- Environment and Health regulations agency threats
- Tendency of existence/emergence of price war
- Lack of market entry barriers.

5. PRICING

One known fact about transportation business is that it has a stable price which apply generally to all transporters. It is not foreseeable that a single transporter will be able to manipulate the price of the commodity. In such a price taker market, marketers make other marketing efforts to promote sales instead of price cut.

Makuruma Logistics Limited will take the following measure to promote sales:

- Good publicity fliers, posters, and sign- posts
- Regular visits to customers, construction sites etc.
- Customer's friendship good public relations with customers, use feedback mechanism

6. RISKS ASSOCIATED WITH THE BUSINESS

- Risk associated with business operations, such as lack of finance to generate the business properly, cost structure.
- Fire and road accident
- Political risk and Natural hazards
- Eruption of Pandemic disease such happened of COVID 19

7. MITIGATION

- Working with right partners can also help to reduce the risk, we seek company profile and history before sign any contract
- All trucks will be assembled with car track system and all drivers must have reefers.
- All trucks must have comprehensive insurance cover

8. ECONOMIC AND FISCAL BENEFITS

a. ECONOMIC ANALYSIS.

The company will increase employment around the area, will pay taxes and other related duties to contribute to the economy of the country.

b. FISCAL BENEFIT

- i. The Government will receive revenue in the form of licenses, taxes etc.
- ii. The Lender Bank will benefit in the form of interest charged on the Loan plus other charges and pay tax accordingly on those revenues generated.

9. INVESTMENT FINANCING PLAN

The investment financing plan for Makuruma Logistic Limited is as follows:

Foreign equity: TZS 0

Local Equity: TZS 750,000,000

Foreign Loan: TZS 0

Local Loan: TZS 0

750,000,000

Investment breakdown

Trucks and Vans	720,000,000
Furniture and Fittings	10,000,000
Working capital	20,000,000
Total	750,000,000

Projected Profit and Loss

The following table summarizes our anticipated sales and cost of goods sold for the first five years.

The forecast is based on reasonable sales projections within this very large market

Table 2: Profit and Loss

	Year 1	Year 2	Year 3	Year 4	Year 5
Particulars	Amount in TZS(000)	Amount in TZS(000)	Amount in TZS(000)	Amount in TZS(000)	Amount in TZS(000)
Sales	500,000	750,000	832,500	915,750	1,025,640
Direct costs	350,000	525,000	582,750	641,025	717,948
Gross Profit	150,000	225,000	249,750	274,725	307,692
Administration expenses	25,600	38,400	42,624	46,886	52,513
Profit	124,400	186,600	207,126	227,839	255,179

The high growth is based on our plans to expand by increasing operations by increase number of trucks and vans.

Assumptions on Sales Projections

- I. The political stability of the country will remain constant
- II. The Government regulations can change but the changes will not affect our business
- III. The number of our customers will increase year after year
- IV. The price of the fuel will be increase at a high rate while the rate of expenses will increase also but not to the extent to affect the annual profit.
- V. The inflation rate will increase but will be expected to remain in the single digit.
- VI. The exchange fluctuation for dollars (usd) will increase but it's effects will be low to our business
- VII. The quality of our service will be improved
- VIII. The business will continue to be in a going concern basis
- IX. There won't be any major economic meltdown and there won't be any major competitor within same location.

NOTE; this projection is done based on what is obtainable in the industry and the above projection might be lower and at the same time it might be higher.

9. CONCLUSION.

The analysis in this business plan revealed that the project is financially, economically sound and socially feasible. The business will stimulate economic activities in the overall economy.