

## **Business Plan RiceAfrika in Tanzania**

### **1. Value Proposition:**

What problem is the HHS solving? What value are we creating/adding?

The HHS will solve the problem of manual harvesting of rice, and the attendant issues that go with it. Our vision is to build an Africa that will feed itself. For Africa to feed itself, smallholder farmers MUST improve their productivity.

### **2. Customer Segments:**

Who are we targeting for this service?

Our target customers will be rice farming cooperatives, schemes, NGOs, government programs, and rural smallholder rice farmers.

### **3. Customer Relationships**

How do we relate with our target customers?

We relate with our customers through the following mediums;

- Offline: 80% of our reach out will be through community sensitization, and through our community agents.
- Phone Calls: Many more will be relating through the dedicated phone number boldly written on our machines and fliers
- Online: 20% will through our social media handles and engagements.

### **4. Channels:**

How will our target customers get to know about the HHS?

Our customers will get to know about the HHS through the following;

- Word of mouth: most will get to about the HHS through word-of-mouth referrals of satisfied customers.
- Fliers: we intend to share a lot of fliers in rice farming communities.
- Community Agents
- Logo and phone number on the harvester machine.

## 5. **Key Activities:**

What activities are we going to do to deliver the value proposition to our targeted customers?

The following will be the process flow of activities;

When a customer engages with us through all the channels already mentioned, the following activities MUST take place;

- Farm location, contact person's details, size of the farm, and possible date of the need of service must be established.
- The community agent MUST be informed that the minimum requirement before deployment is 50 HC (in a cluster)
- The ops team MUST conduct physical verification of the size of the farm(s)
- An invoice is raised based on the size verification report submitted.
- Payment is made into the company account (at least 50%).
- A schedule is created, a receipt is issued to the farmer with a confirmed date of service.
- All preparations are made towards service delivery.
- Execution
- Customer feedback report submitted and closure.

## 6. **Key Resources:**

What resources do we need to achieve the above-stated activities?

For the achievement of the above activities, the following resources will be needed;

- A dedicated phone
- Measurement tools
- Invoices and receipts
- Reporting templates
- POS devices
- Tracking devices

## **7. Key Partners:**

What partners do we need to effectively deliver all activities mentioned?

For an effective service delivery of the HHS, we need to partner with the following:

- Rice farming cooperatives/schemes
- NGO
- Government agencies
- Financial service providers
- Experienced harvester operators/mechanics
- Mobile banking agents
- Logistic companies
- Community leaders
- Security agencies

## **8. Cost Structure:**

What will be the cost of delivering all the activities needed for the successful implementation of the HHS?

The following will be regarded as the cost of implementation:

- Staff salary
- Marketing and promotion/calls and data
- Cost of diesel
- Cost of servicing/repairs
- Cost of haulage of harvester machines
- Cost of training operators/mechanics
- Commission/allowances to operators
- Commissions to CA's and bag fliers

## **9. Revenue Streams:**

How are we going to make money?

The revenue stream for the HHS is clear;

- Payments for harvester service

## 10. Projected Start – up Costs

Required Start-Up Funds				
RiceAfrika Technologies				
Start-Up Costs	Amount	Depreciation	Notes	
<b>Fixed Assets</b>				
Land & Building	-	5.0	Four Harvester Mashines	
Equipment	320,000,000.00	5.0 years		
Furniture and Fixtures	-	5.0 years		
Vehicles	-	12.0 years		
Other Fixed Assets	39,000,000.00	12.0 years		
<b>Total Fixed Assets</b>	<b>TZS 359,000,000.00</b>			
<b>Operating Capital</b>				
Website Development	1,200,000.00			
Beginning Inventory	-			
Legal and Professional Fees	1,500,000.00			
Licenses	150,000.00			
Pre-Opening Salaries and Wages	25,000,000.00			
Prepaid Insurance Premiums	2,000,000.00			
Rent Deposits	6,800,000.00			
Vendors/Contractors	-			
Utility Deposits	-			
Working Capital (Cash On Hand)	14,000,000.00			
Other Operating Capital	-			
<b>Total Operating Capital</b>	<b>TZS 50,650,000.00</b>			
<b>Total Start-Up Costs</b>	<b>TZS 409,650,000.00</b>			
<b>Sources of Funding</b>				
	<b>Percent</b>	<b>Amount</b>	<b>Interest Rate</b>	
Owner's Cash Injection	100.0%	TZS 409,650,000.00		
Outside Investors	0.0%	-		
<b>Additional Loans or Debt</b>				
Agriculture Bank - TADB	0.0%	TZS -	7.00%	
Commercial Mortgage I	0.0%	-	6.00%	
Commercial Mortgage II	0.0%	-	3.00%	
<b>Total Sources of Funding</b>	<b>100.0%</b>	<b>TZS 409,650,000.00</b>		

## 11. Projected Profit & Loss

Particulars	Y1 (Amount in TZS)	Y2 (Amount in TZS)	Y3 (Amount in TZS)
	(2 CHM)	(2 CHM)	(2 CHM)
Est, Harvesting Area in (HA)	940.00	1,410.00	1,765.00
	384,000.00	384,000.00	396,000.00
<b>Revenue</b>	<b>360,960,000.00</b>	<b>541,440,000.00</b>	<b>698,940,000.00</b>
<b>TOTAL REVENUE</b>	<b>360,960,000.00</b>	<b>541,440,000.00</b>	<b>698,940,000.00</b>
<b>Direct Costs:</b>			
Service/Repairs	36,685,000.00	55,027,500.00	68,784,375.00
Diesel	64,400,000.00	96,600,000.00	120,750,000.00
Commissions (10%)	39,100,000.00	58,650,000.00	73,312,500.00
PR/Marketing	23,000,000.00	34,500,000.00	43,125,000.00
Logistics	17,250,000.00	25,875,000.00	32,343,750.00
<b>TOTAL DIRECT COST</b>	<b>180,435,000.00</b>	<b>270,652,500.00</b>	<b>338,315,625.00</b>
<b>Total Indirect Cost</b>	<b>113,275,000.00</b>	<b>141,593,750.00</b>	<b>176,992,187.50</b>
<b>TOTAL COST</b>	<b>293,710,000.00</b>	<b>412,246,250.00</b>	<b>515,307,812.50</b>
<b>GROSS MARGIN</b>	<b>67,250,000.00</b>	<b>129,193,750.00</b>	<b>183,632,187.50</b>
Repayment for CHM Lease	-	-	-
Bank Loan Repayment	-	-	-
<b>Total Repayment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Margin</b>	<b>67,250,000.00</b>	<b>129,193,750.00</b>	<b>183,632,187.50</b>
<b>Cash Balance</b>	<b>67,250,000.00</b>	<b>196,443,750.00</b>	<b>380,075,937.50</b>