

HANTIM INTERNATIONAL COMPANY LIMITED

BUSINESS PLAN

FOR

WAREHOUSE FOR LEASE

1.0 EXECUTIVE SUMMARY

HANTIM INTERNATIONAL COMPANY LIMITED provide storage services by providing a space equipped for storage as a complete and equipped warehouse with multiple temperatures according to the type of storage required. These services help factories, companies, or emerging projects obtain a suitable space or place for storage. The warehouse can be customized according to their needs or according to the quality of their products.

It is a platform that provides flexible warehousing and inventory management solutions on demand. So that it meets your storage needs in multiple provides locations, whenever you need it, and in the quantity you want.

The services provided are distinguished by the availability of a variety of storage options according to the client's needs, Also, the service request is presented quickly and effectively to ensure flexibility in the request.

On the other hand, the products receive careful care according to the type of product.

This project was chosen due to the services provided that are not widespread in Dar es Salaam, with help to companies and others who need storage and do not have equipped warehouses.

The type of work (legal form) that I have chosen for this work is only working at present and working with employees affiliated with me because what this project needs is employees to perform various tasks of the project tasks.

This project requires a capital of and total start-up costs, According to the feasibility study, a tie in revenues and expenses is expected after the first year of work and the start of the operation, and then this work will start to reap profits.

Whereas, according to future expectations of annual profits, a profit would be obtained due to the collective agreements of the value.

2.0 BUSINESS AIMS AND OBJECTIVE

The main objective of this project is to meet the needs of business owners to obtain storage space for an inventory of products securely, at an affordable cost, and with ease of access. Ease of access provides easy access to inventory and the ability to ship quickly.

3.0 TECHNOLOGY

An effective inventory tracking system is a primary goal of the inventory warehousing process. This includes tracking inventory.

The Right Temperature

Provide multiple temperature options to suit your stored products.

Increase the Turnover Rate

The longer the inventory period, the greater the revenue due to the interest paid on credit used for preservation, safety, and inventory management.

Audit and Quality

Increasing regular stock checks helps detect spoiled, incorrectly shipped orders and lost inventory that can harm other products.

Safety

The more warehouse space, the inventory you store, and the personnel, the more likely a workplace accident will occur. And the presence of cameras helps increase security, and adding fire extinguishing tools is very important, and a security expert, and a professional safety inspector, to make sure that your warehouse and distribution facility is safe and secure.

4.0 MISSION AND VISION

Mission

To provide our customers with distinguished logistical services with the best prices and the best quality standards in storage throughout the Dar es Salaam Region and facilitate their access to stocks and secure them appropriately.

Vision

To be the most competitive logistics service provider across Tanzania.

5.0 TEAM STRUCTURE AND RESPONSIBILITIES

To ensure smooth operation, safe storage of inventory and materials, and better customer service, the warehouse will have several levels of staff.

Director of Operations

The primary duty of the director of operations is to analyze operations data and set policies that increase efficiency in the handling of materials and labor in the warehouse. The director will also be responsible for examining sales and setting long-term goals as well as pricing strategy.

Managers

Warehouse managers will be tasked with the responsibility of overseeing all the operations of the warehouse. In this regard, they will conduct periodic inventory counts and check records to ascertain that security procedures are followed in storing the warehouse equipment and inventory. Further, they will manage other junior employees in the entity.

Warehouse Coordinators

These employees will be responsible for coordinating the distribution cycle in the warehouse. This will entail ordering the leading logistics and storage activities, including the movement of material and inventory between shipping and the warehouse and collection by customers.

Warehouse Clerks

Their primary duty is to receive, store, and carry out inventory distribution according to customers' orders. Further, warehouse clerks are responsible for ensuring the safe unloading and storage of inventory

Total of 20 people to be employed

5.1 COMPANY OWNERSHIP AND BOARD OF DIRECTORS

HANTIM INTERNATIONAL COMPANY LIMITED is promoted by two shareholders who are very experienced in the warehouses business

Share Holders	% of Share	Nationality
Soo Mi Lee	49	South Korea
Jung Won Gyo	51	South Korea

5.2 PROJECT LOCATION

The registered company is located at Plot No.22/2/2 Ubungo Industrial Area, Ubungo, Dar es Saam, **Tanzania**

5.3 PROJECT COST

The project has budgeted to cost the followings:

PARTICULAR	US\$
Land and Buildings	4,420,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	5,000.00
Pre exp	5,000.00
Others	4,000.00
Working Capital	200,000.00
TOTAL	5,034,000.00

6.0 THE BUSINESS ENVIRONMENT

As mentioned, the proposed warehouse will be set up at Plot No.22/2/2 Ubungo Industrial Area, Ubungo, Dar es Saam. By applying the SWOT and PESTEL models, this section reviews the warehouse's internal and external business environment.

Strengths

There is a very high gross margin in the storage industry Peace and security in Dar es Salaam with high control over risks. Limited start-up risks in the warehousing industry

Opportunities

Huge opportunities for expansion in the middle of each, since the market is less explored, continuity is guaranteed in the warehousing industry due to globalization and increased international trade

Recent developments in Tanzania have attracted a large pool of talented professionals that the warehouse can tap to achieve its objective.

Weaknesses

Warehousing has limited start-up costs that may be difficult to achieve, Limited flexibility in pricing may push away most customers, and Work-life balance is difficult to achieve because of the high working hours in the industry

Threats

Increased competition in the warehousing industry is a serious threat to new entrants

Changes in business regulations in Tanzania significantly impact the business

Increased transportation costs impact negatively warehousing

The project will succeed when a significant emphasis is put on utilizing its strengths and opportunities to override its weaknesses and overcome the threats. For instance, inadequate flexibility in pricing may be overcome by setting flat prices that attract more customers.

6.1 **PESTEL Analysis**

- **Political Factors**

Since the warehouse will operate in a Tanzania market, its political environment is expected to impact its operations significantly. For instance, there are substantial political risks related to regulating the consumer goods sector, bureaucracy and interference of business by the government.

- **Economic Factors**

Regarding economic factors such as growth rate, consumer spending, and exchange rates, Tanzania is considered a favorable business environment. The country boasts of low labour costs, high-quality infrastructure, and a skilled workforce

that would increase the efficiency of service delivery in the warehouse.

- **Social Factors**

The high context culture in Tanzania will significantly contribute to the enhancement of good business-customer relationships that in turn increases profitability for the proposed warehouse. Skills, levels of education and entrepreneurial spirit have hugely increased in the recent past; hence, creating a suitable environment for businesses to thrive.

- **Technological Factors**

Tanzania is known to be one of the fast-technology adopting regions globally – an aspect that creates more opportunities for new businesses such as the proposed warehouse. For instance, automation of warehouse operations is a game-changer in increasing efficiency and customer service.

- **Environmental Factors**

Green energy and safer ways of carrying out business practices are the primary focus in the contemporary world. Before entering the market, the firm will carefully evaluate the set environmental

standards, such as laws regulating waste disposal, and ensure compliance.

- **Legal Factors**

The proposed business ensures strict compliance to the existing legal framework, including consumer protection, health and safety law, employment law and data protection, among others.

7.0 Marketing Section/Plan

As part of the steps preceding the establishment of the proposed warehouse, I have conducted significant research on the nature of the Tanzania market where it will operate. First, Tanzania serves six landlocked which translates to vast numbers of consumers and users of warehouse services. Secondly, the region has significantly grown in the recent past in domestic and international trade and local entrepreneurship.

4Ps of the Marketing Mix

- **Product (or Service)**

In the current proposed project, the firm will provide storage services in the warehouse. It will leverage its strengths and opportunities highlighted, such as economies of scale and high gross margin, to increase its profitability and competitiveness in

the warehousing industry. The company plan to have **40,000square meter for lease**

- **Price**

The warehouse will also leverage on pricing strategy to increase its customer loyalty and market share. For instance, research on prices offered by competitors will be conducted in addition to setting consumer-sensitive prices to attract more customers.

The proposed price for lease is **US\$4 per square meter per month**

- **Place**

As mentioned, the warehouse will be established in Dar es Salaam. However, the nature of warehouse operation is that it has a broad scope of customers it can serve. Therefore, it will be open to business with local and international business people who need warehousing services. A strategic location will be selected to ensure efficiency and customer satisfaction.

- **Promotion**

The firm will utilize various promotion and advertising strategies to create awareness. For instance, in the current era of social media, it will seek to increase its online presence through

different social media platforms such as Facebook, Instagram, Pinterest, and YouTube. Both print and electronic media will be used to market its operations.

8.0 FINANCIAL ASPECTS OF THE PROJECT

(i) Projected Profit and Loss Statement

The attached Appendix I shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from. **US\$ 836,570** in the 1st year to **US\$ 8,862,162** in the 8th year.

(ii) Projected Cash Flows

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$1,177,470** in the first year to **US\$ 10,869,362** at the end of the 8th year.

(iii) Projected Balance Sheet

The project's assets' cash flows are shown in Appendix III. Owners' equity grows from **US\$ 2,034,000** in the first year to **US\$ 10,896,162** at the end of 8th year

(iv) Payback Period

Total investment is **US\$5,034,000.00** cash accumulation in the 5th year **US\$ 5,252,509**, which is more

than the initial investment by **US\$218,509**. The project payback Period is exactly 5 years. The project has a relatively short payback period.

(v) Loan repayment

The total investment loan is US\$US\$ 3,000,000 to be repaid within 5 years.

9.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and Local Government authorities. It is gratifying to note that the company, is going to provide additional employment to 20 people. This is a significant contribution coming from investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

9.0 CONCLUSION

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 20 people.
- (iii) The project is an encouraging sign to prove that we have good business environments and we have investors who have confidence in Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

10.0 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including Tanzania

Revenue Authority, TRA, and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, Since it is technically feasible, economically viable, and socially acceptable.

APPENDIX I

HANTIM INTERNATIONAL COMPANY LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

-	1	2	3	4	5	6	7	8
Revenue (1,920,000.00	2,016,000.00	2,116,800.00	2,222,640.00	2,333,772.00	2,450,460.60	2,572,983.63	2,701,632.81
Operating Expenses:	384,000	403,200	423,360	444,528	466,754	490,092	514,597	540,327
Gross Profit Before Interest and Depreciation	1,536,000	1,612,800	1,693,440	1,778,112	1,867,018	1,960,368	2,058,387	2,161,306
Interest	240,000	240,000	240,000	240,000	240,000	-	-	-
Depreciation	100,900	100,900	100,900	100,900	100,900	100,900	100,900	100,900
Gross Profit	1,195,100	1,271,900	1,352,540	1,437,212	1,526,118	1,859,468	1,957,487	2,060,406
Tax (30%)	358,530	381,570	405,762	431,164	457,835	557,841	587,246	618,122
Profit After Tax	836,570	890,330	946,778	1,006,048	1,068,282	1,301,628	1,370,241	1,442,284
Accumulated Profit	836,570	1,726,900	2,673,678	3,679,726	4,748,009	6,049,637	7,419,877	8,862,162

HANTIM INTERNATIONAL COMPANY LIMITED PROJECTED CASH FLOWS US\$

	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	-	1,536,000	1,612,800	1,693,440.00	1,778,112	1,867,018	1,960,368.48	2,058,386.90	2,161,306.25
Equity	2,034,000								
Loan	3,000,000								
Total Sources	5,034,000	1,536,000	1,612,800	1,693,440	1,778,112	1,867,018	1,960,368	2,058,387	2,161,306
Applications:									
Capital expenditure	4,825,000		-	-	-	-			
working Capital & Others	209,000								
Cash	-	1,177,470	1,231,230	1,287,678	1,346,948	1,409,182	1,402,528	1,471,141	1,543,184
Tax	-	358,530	381,570	405,762	431,164	457,835	557,840.54	587,246.07	618,121.87
Sub total	5,034,000	1,536,000	1,612,800	1,693,440	1,778,112	1,867,018	1,960,368	2,058,387	2,161,306
Total applications	5,034,000	1,536,000	1,612,800	1,693,440	1,778,112	1,867,018	1,960,368	2,058,387	2,161,306
Accumulated cash		1,177,470	2,408,700	3,696,378	5,043,326	6,452,509	7,855,037	9,326,177	10,869,362

HANTIM INTERNATIONAL COMPANY LIMITED PROJECTED BALANCE SHEET US\$

Fixed Assets	<u>1</u>	1	2	3	4	5	6	7	8
Opening balance	-	4,825,000	4,724,100	4,623,200	4,522,300	4,421,400	4,320,500	4,219,600	4,118,700
Total Long-term Assets	-	4,825,000	4,724,100	4,623,200	4,522,300	4,421,400	4,320,500	4,219,600	4,118,700
Less depreciation	-	100,900	100,900	100,900	100,900	100,900	100,900	100,900	100,900
Closing balance	-	4,724,100	4,623,200	4,522,300	4,421,400	4,320,500	4,219,600	4,118,700	4,017,800
Working capital	209,000	209,000	209,000	209,000	209,000	209,000	209,000	209,000	209,000
Accumulated cash	-	1,177,470	2,408,700	3,696,378	5,043,326	6,452,509	7,855,037	9,326,177	10,869,362
Total assets	209,000	6,110,570	7,240,900	8,427,678	9,673,726	10,982,009	12,283,637	13,653,877	15,096,162
Financed by									
Equity	2,034,000	2,034,000	2,034,000	2,034,000	2,034,000	2,034,000	2,034,000	2,034,000	2,034,000
Accumulated profit	-	836,570	1,726,900	2,673,678	3,679,726	4,748,009	6,049,637	7,419,877	8,862,162
Total equity	2,034,000	2,870,570	3,760,900	4,707,678	5,713,726	6,782,009	8,083,637	9,453,877	10,896,162
Bank Loan	3,000,000	2,400,000	1,800,000	1,200,000	600,000	-	0	0	0
Total debts	3,000,000	1,800,000	1,800,000	1,200,000	600,000	-	-	-	-
Total equity and debts	5,034,000	4,670,570	5,560,900	5,907,678	6,313,726	6,782,009	8,083,637	9,453,877	10,896,162

HANTIM INTERNATIONAL COMPANY LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	836,570	100,900	937,470	937,470
2	890,330	100,900	991,230	1,928,700
3	946,778	100,900	1,047,678	2,976,378
4	1,006,048	100,900	1,106,948	4,083,326
5	1,068,282	100,900	1,169,182	5,252,509
6	1,301,628	100,900	1,402,528	6,655,037

HANTIM INTERNATIONAL COMPANY LIMITED PROJECTED LONG-TERM LOAN REPAYMENT

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	600,000	240,000	840,000	3,000,000
2	600,000	240,000	840,000	2,400,000
3	600,000	240,000	840,000	1,800,000
4	600,000	240,000	840,000	1,200,000
5	600,000	240,000	840,000	600,000

HANTIM INTERNATIONAL COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	4,420,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	200,000.00
Furniture & Fixtures	5,000.00
Pre exp	5,000.00
Others	4,000.00
Working Capital	200,000.00
TOTAL	5,034,000.00

APPENDIX VI

HANTIM INTERNATIONAL COMPANY LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2		4.00	5.00	6	7	8
Land And Buildings	4,420,000	4,331,600	4,243,200	4,154,800	4,066,400	3,978,000	3,889,600	3,801,200
Machinery, Tools & Equipment	200,000	198,000	196,000	194,000	192,000	190,000	188,000	186,000
Motor Vehicles	200,000	190,000	180,000	170,000	160,000	150,000	140,000	130,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500
Total	4,825,000	4,724,100	4,623,200	4,522,300	4,421,400	4,320,500	4,219,600	4,118,700
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	88,400	88,400	88,400	88,400.00	88,400.00	88400	88400	88400
Machinery Tools & Equipment	2,000	2,000	2,000	2,000.00	2,000.00	2000	2000	2000
Motor Vehicles	10,000	10,000	10,000	10,000.00	10,000.00	10000	10000	10000
Furniture & Fixtures	500	500	500	500.00	500.00	500	500	500
ANNUAL DEPRECIATION	100,900	100,900	100,900	100,900.00	100,900.00	100,900.00	100,900.00	100,900.00