

FSM INVESTMENT LTD



BUSINESS PLAN

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CONTACT INFORMATION

P. O. BOX 6204
UVUMBA, KIGAMBONI
DAR ES SALAAM • TANZANIA
Hotline: +255 789 022 344
Email: mohamed@fsmgroup.co.tz
Website: www.fsmgroup.co.tz

1. Industry Overview

The Transport and Logistics Services industry comprises of companies that provide consolidation of freight consignments, trade document preparation, transportation services and logistics services.

Tanzania is the international gateway for several of its landlocked neighboring countries. Burundi, Rwanda, Uganda, DR Congo, Zambia and Malawi are all dependent on the country's transport network for their access to global markets. In an effort to improve its economic performance, Tanzania is a member of the Southern Africa Development Community (SADC) and East African Community (EAC) Regional blocks.

The transport system in Tanzania consists of five modes: roads, rail, water, air and pipelines. A high proportion of the infrastructure was not modernized over time due to limited resources to invest. Furthermore, a large amount of infrastructure and equipment is now beyond its economic life. The availability of proper transport infrastructure and efficient transport services are crucial determinants for socio-economic development and industrial development.

There have been a tremendous effort by the Government of Tanzania to create essential transport infrastructure and services which eventually improve access to jobs, education as well as to facilitate domestic and international trade.

A proper transport and communication network normally promotes trade, promotes tourism, strengthens regional integration and attracts foreign investments while contributing to the government revenue. It is important to emphasize that to be economically and financially sustainable, transportation must be cost effective and continuously responsive to changing demands through the creation of a more competitive transport sector.

Tanzania's transport system performs fairly well compared to its African peers, but quality is still poor and has a negative impact on the economy's productive capacity.

The logistics industry in Tanzania plays an essential role in growing and improving the other industries as well. The Logistics Performance Index shows that Tanzania's overall logistics ranking has shown significant improvement over the past few years.

Of note, international shipments, infrastructure, track & trace and logistics competence have improved significantly. Some of the key factors that will contribute to growth in this industry include growth in the manufacturing sector, consumption, international trade and also increase in technology reliance will provide new opportunities for logistics consulting and advisory services, particularly for distribution chain networks and logistics.

Logistics helps in cost reduction and thus maximizes the profit. This becomes possible due to improved material handling, safe and speedy transportation, convenient location of warehouses, etc.

Today, all types of industries in the world are dependent on the logistics sector. Logistics have become an essential requirement of any enterprise which has a supply chain.

Trucks will continue to have the largest share of the freight market. Unlike railroads, pipelines, or water carriers, they don't face geographic limits caused by physical constraints, and can offer door-to-door service.

It is no doubt that starting and operating a Transport and Logistics Services Company can be capital intensive and challenging, but at the same time quite rewarding.

ORGANISATION CHART



2. Executive Summary

Who We Are

Established in 2016, FSM Investment Ltd is a registered and licensed Transport and Logistics services provider with the Head Office in Dar-es-salaam, Tanzania.

FSM Investment Ltd is a dynamic and innovative transport and Logistics Company, with a strategic specialized fleet providing solutions throughout East Africa & the SADC countries for a diverse range of customers.

Our brand of vehicles, innovative solutions, strategic partnerships and service offerings coupled with excellent service, quick decision making and first-hand knowledge enables us to supply our customers with a tailor made, reliable and cost effective solution.

FSM Investment Ltd operations grew to its current size due to our integrity, drive to supply innovative solutions to our customers and integration ability of elements within the supply chain and the various cultures involved across the East Africa & SADC region.

The Company seeks to raise interest in its freight trucking business and to seek out financial support for expansion.

FSM Investments Ltd has a well thought-out plan that the business people and financial institutions will recognize the potential it possesses and will wholly support it.

Our Mission

Our mission and core values are integrated in what we strive to achieve as the Infinite way.

Our Vision

To be acknowledged by our customers as an integral part of their supply chain requirements within East Africa and the rest of the SADC countries.

Our Core Values

- ✓ Integrity
- ✓ Innovation
- ✓ Integration

What We Do

We are in business to provide Transport and Logistics services.

With a growing fleet of more than 70 trucks with a capacity to carry 30 tons, we provide road transport services throughout East and Central African regions to countries which include Zambia, DRC, Rwanda, Burundi, Uganda, Kenya, Malawi, South Africa and Southern Sudan through the TAZARA Corridor, Central Corridor and Northern Corridor.

In order to provide maximum flexibility we operate a fleet of flat-bed and drop-side trailers. This enables loading of containerized cargo as well as break-bulk goods.

Transport

Our transport services deals with the following:

- ✓ Liquid-bulk Tankers - Fuel, various solvents, various acids, edible oils, explosives etc.
- ✓ Dry-bulk tankers - Cement, Ash, Soda Ash, Carbon etc.

- ✓ Packed cargo - General cargo, Dangerous goods, explosives, FMCG products
- ✓ Tippers - All minerals, mining commodities, grains etc.
- ✓ Project cargo
- ✓ Abnormal load

Clearing, forwarding & goods

- ✓ We generate all relevant clearing documentation, thus will handle your load from loading point to offloading point through all borders
- ✓ Provisions of bond facilities

Material handling & warehouse

- ✓ Warehousing
- ✓ Bagging or re-bagging
- ✓ Containerization
- ✓ Forklifts, front end loader, tractors, etc.
- ✓ Loss control, Inventory and stock levels
- ✓ Weighbridge solutions

Our customers and potential customers alike can be rest assured that they will get quality services at competitive rates thereby receiving value for their money.

As a norm, we go the extra mile to ensure the safety of goods under our care.

We are quite optimistic that our values and quality of service we bring to the market will help us drive our business to enviable heights and also help us attract the numbers of clients that will make the business highly profitable.

3. Our Products and Services

FSM will be especially attractive to companies in need of delivery services in the EAC and SADC member countries.

The Company is established with the aim of maximizing profits in the Transport and Logistics Services industry.

We want to compete favorably with the leading transport and logistics companies in the EAC and SADC member countries which is why we will ensure that every service carried out or related services rendered meet and even surpass our customers' expectations.

4. Our Business Structure

Our business structure is designed in such a way that it can accommodate both full-time and part time employees.

We will ensure that we hire people on merit with who are qualified, hardworking, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders.

5. SWOT Analysis

As a company, we look forward to maximizing our strength and opportunities and also to work around our weaknesses and threats.

✓ Strength

Our strength are strong management, customer loyalty and strong reputation amongst domestic and industry players. Our head office is located near the port of Dar es Salaam which gives us an edge over our competitors.

We also have an experienced, dedicated and hardworking team that make the company the way it is.

✓ Weakness

Our weakness could be lack of finance, cost structure, lack of scale compared to our peers who have already gained ground in the industry.

As a new business which is owned by an individual (family), and we may not have the financial muscle to sustain the kind of publicity we want to give our business. Additionally, we are aware that it will take time for us to build trust with our clients and establish ourselves.

✓ Opportunities

The truth is that there is no transport and logistics company that ferries cargo to the destinations we intend to reach using a modern infrastructure like the one we intend to use.

We intend to pursue innovation to fundamentally change our approach to the way we will work realize its long-term vision. We will utilize the online market and new technology to open new markets. Our office location and size give us the strength to operate fast and conveniently.

✓ Threat

Some of the threats that we are likely to face are mature markets and poor infrastructure which may reduce the speed we would like to operate with.

6. Market Analysis

✓ Market Trends

Most players in the transport and logistics services industry are positioning their businesses to maximize profits. Large established companies tend to have their own truck fleets, but many smaller companies outsource the freight transportation function. These smaller companies have a steady demand for reliable transportation solutions. We will actively solicit such customers to meet this need.

Some of the key factors that will contribute to growth of our company are growth in the manufacturing sector, political stability and international trade. As the economy grows, the demand for goods will continue to increase, and more truck drivers will be needed to keep supply chains moving.

As fuel prices rise, some companies may switch their shipping to rail to lower costs. However, rail is unlikely to take much market share away from trucks because even with high diesel prices for trucks, they are more efficient for short distances. Additionally, many products need to be delivered within the short time frame that only trucks can operate in.

✓ Target Market

Our target markets are basically every one (organizations and individual as well who have cause to move documents, goods and materials from one location to another. We intend to target the following:

- Retailers
- Manufacturers (Chemical manufacturers, and Textiles manufactures et al)
- Corporate organizations
- Government agencies
- Churches and religious organizations
- Non-Governmental and Charity organizations

✓ Our Competitive Edge

FSM Investments Ltd offers the following advantages to customers:

- Experienced Personnel
- Quality Service - Customers will be provided with prompt and dependable service.
- Timely Delivery - We will develop a reputation for timely deliveries
- Excellent customer care
- Use of systems – easy to use payment systems, tracking and communication systems
- Competitive rates – We will provide competitive rates to customers
- Team work
- Package handling – We will ensure there is no damage to customer's cargo.

7. SALES AND MARKETING STRATEGY

The sales and marketing strategy that we will adopt is driven by professionalism, excellent customer service and quality service delivery.

Our strategy will ensure that we build a loyal customer base.

✓ Marketing Plan

FSM intends to maintain a marketing campaign that will ensure maximum visibility for the business in its targeted market.

- We will establish relationships with transportation companies in need of freight delivery services within the EAC and SADC member states.
- We will use modern technology in service delivery though tracking capabilities and insurance services.
- We will develop an online presence by having an active website and use of online directories.
- Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained regularly so as to meet their targets.
- We will print out fliers and business cards and strategically drop them in offices, libraries and public offices.
- Use friends and family to spread word about our business
- We will place a small or classified advertisement in the newspaper, or local publication about our company and the services we offer

- Leverage on referral networks such as agencies that will attract clients who would need our customized services
- We will advertise our business in relevant magazines, newspapers, TV stations, and radio stations.
- We will attend relevant expos, seminars, and business fairs et al to market our services
- We will join local chambers of commerce and industry to market our services.
- We will use the media and billboards to advertise the company and offered services.

✓ Promotion Strategy

We will focus on the following areas:

- Web Presence
- On-Time Reputation
- Targeting other transportation companies in need of assistance with freight delivery
- Providing premium services to our customers.
- Leverage on the internet and social media platforms like; Instagram, Facebook ,et al
- Participation in Corporate Social Responsibility
- Build a customer oriented business

✓ Sources of Income

We will ensure that we leverage on our strength and the opportunities available to us to generate enough income that will help us drive the business to stability.

✓ Revenue Forecast

We have been able to critically examine the transport and logistics service industry and we have analyzed our chances in the industry.

Below are the sales projections based on the wide range of services that we will be offering;

- 2022: USD \$ 450,000
- 2023: USD \$ 6,730,000
- 2024: USD \$ 17,130,000

N.B: This projection is done with the assumption that there won't be any major economic meltdown and natural disasters within the stated period stated. Note that the projection might be lower or higher.

✓ Pricing Strategy

Our prices will be affordable and negotiable. The fact that our business door is open to both individuals and corporate organizations means that we will have different price range for different category of clients.

✓ Payment Options

Some of the payment options that we will employ are;

- Payment via bank transfer
- Payment with cash
- Payment via online bank transfer
- Payment via check
- Payment via mobile money

8. BUDGET

In setting up this business and seeing its success in the near future, this is what it would cost;

- Cost of Registration and statutory compliances: USD \$ 85,107
 - Cost for office equipment (computers, printers, furniture, phones, et al): USD \$ 42,554
 - Cost of Trucks: USD \$ 3,404,255
 - Cost of support vehicles: USD \$ 170,213
 - Cost of accounting, CRM, Mobile Money and Payroll Software: USD \$ 42,554
 - Cost of tracking and communication system: USD \$ 42,554
 - Cost of stationery – USD \$ 17,021
 - Phone and Utilities (gas, sewer, water and electric) deposits – USD \$ 42,554
 - Operational cost for the first 6 months (salaries, bills et al) – USD \$ 255,320
 - Cost of Website Maintenance: USD \$ 25,532
 - Promotions (Business cards, Adverts and Promotions et al): USD \$ 127,660
- The total budget is USD \$ 5,727,660
- The total amount we are seeking is USD \$ 4,221,277
- Raised amount from savings and loans from family and friends is USD \$ 1,506,383

✓ Funding

COST STRUCTURE

ITERM	US \$
Land and Building	52,000
Motor Vehicles	3,404,255
Furniture & Fittings	42,584
Pre Expenses	170,000
Working Capital	2,058,608
TOTAL	5,727,660

FSM is a family business that is solely owned and financed by family members who do not intend to welcome any external business partnerships.

Capital for the business is fully restricted to the following sources;

- Personal savings
- Soft loans from family members and friends
- Loans from bank

9. Sustainability and Expansion Strategy

The future of our business lies in the numbers of loyal customers that we have and the competence of the employees.

We intend to build a business that will survive using its own cash flows without the need for injecting finance from external sources once the business is officially running.

10. Conclusion

FSM Investments Ltd has a well thought-out plan that the business people and financial institutions is trusted. The project is expected to be profitable hence contributing to government revenue by way of taxes.

The project will provides employment to citizens in addressing the number of unemployed citizens.

The project will support farms and Firm by means of transportation of their products within and SUDEC country.

FINANCIAL PROJECTIONS.

SUMMARIZED CAPITAL INVESTMENT COST (US\$)						
COST ITEM/YEAR	0	1	2	3	4	5
Buildings	52,000					
Vehicles	3,404,255					
Furniture & Office Equipment	42,584					
Pre-operational Expenses	170,213					
Initial Working Capital	2,058,608					
Total Invest. costs	5,727,660					
Depreciation						
Motor Vehicles		680,851	544,681	435,745	348,596	278,877
Furniture & Office Equipment		8,517	6,813	5,451	4,361	3,488
Pre-operational Expenses		34,043	34	34	34	34
		723,410	551,528	441,229	352,990	282,399
Depreciation vs Investment Capital						
Cumulative Depreciation		689,368	551,494	441,195	352,956	282,365
Cumulative Investment	5,727,660	5,727,660	5,727,660	5,727,660	5,727,660	5,727,660
Book Value of the Assets	5,727,660	5,038,292	5,176,166	5,286,465	5,374,704	5,445,295

STATEMENT OF ICOME AND EXPENDITURE PROJECTION (US \$)					
Item/Year	1	2	3	4	5
Revenue	1,850,000	2,497,500	3,121,875	3,746,250	4,495,500
Operating costs	740,000	999,000	1,248,750	1,498,500	1,798,200
Profit before Depreciation & Interest	1,110,000	1,498,500	1,873,125	2,247,750	2,697,300
Interest					
Depreciation	689,368	551,494	441,195	352,956	282,365
Net Profit	420,632	947,006	1,431,930	1,894,794	2,414,935
Tax (30%)	126,190	284,102	429,579	568,438	724,480
Profit After Tax	294,443	662,904	1,002,351	1,326,356	1,690,454

STATEMENT OF CASH FLOW PROJECTIONS (US \$)						
Item/Year	-	1	2	3	4	5
SOURCES:						
Profit before interest and depreciation	-	1,110,000	1,498,500	1,873,125	2,247,750	2,697,300
Equity	5,727,660	-	-	-	-	-
Shareholders loan						
Total Sources	5,727,660	1,110,000	1,498,500	1,873,125	2,247,750	2,697,300
Applications:						
Capital expenditure	5,462,863	-	-	-	-	-
Working Capital & Others	264,797					
Cash	-	294,443	595,120	747,323	809,256	880,730
Tax	-	126,190	284,102	429,579	568,438	724,480
Sub total	5,727,660	420,632	879,222	1,176,902	1,377,694	1,605,210
Total applications	5,727,660	420,632	879,222	1,176,902	1,377,694	1,605,210
Accumulated cash		294,443	595,120	747,323	809,256	880,730

STATEMENT OF PROJECTED BALANCE SHEET (US \$)						
Item/Year	0	1	2	3	4	5
Fixed Asset	-	5,462,863	4,773,495	4,332,300	3,979,343	3,696,978
Additions	5,462,863					
Total Long- term Assets	-	5,462,863	4,773,495	4,332,300	3,979,343	3,696,978
Less depreciation	-	689,368	551,494	441,195	352,956	282,365
Closing balance	-	4,773,495	4,222,001	3,891,104	3,626,387	3,414,613
Working capital	264,797	264,797	264,797	264,797	264,797	264,797
Adjusting Cash		689,368	1,308,646	1,826,786	2,353,575	2,857,974
Accumulated cash	-	294,443	595,120	747,323	809,256	880,730
Total assets	5,727,660	6,022,103	6,390,564	6,730,010	7,054,015	7,418,114
Equity	5,727,660	5,727,660	5,727,660	5,727,660	5,727,660	5,727,660
Accumulated Net profit	-	294,443	662,904	1,002,351	1,326,356	1,690,454
Total equity	5,727,660	6,022,103	6,390,564	6,730,011	7,054,016	7,418,114