

AFRIBEST REALESTATE LIMITED

**PROPOSED BUSINESS PLAN FOR THE CONSTRUCTION OF
HOTEL, RESTAURANT AND RECREATION CENTER AT
PLOT NO 161, KUNDUCHI BEACH, KINONDONI DISTRICT,
DAR ES SALAAM**

1. INDUSTRY OVERVIEW

The hospitality industry has been in existence from time immemorial and it is still waxing strong simply because people can't do away with the services they offer. When you talk about a hotel, you are talking about an establishment that provides lodging for guests/travelers, tourists, visitors et al, on a short-term basis with a fee.

When people lodge in hotels, they have the option of subscribing to other services the hotel offers; services as feeding, drinks, laundry, fitness center, swimming pool, conference room, and business room, amongst others.

As a matter of fact, the facilities provided by some hotels may range from a basic bed and storage wardrobe to luxury features such as en-suite bathrooms, mini parlor et al. It is the norm for big hotels to provide additional guest facilities like a swimming pool, conference center, business center, childcare, self-service laundry, fitness center, and social function services.

In some countries, hotels are required by law to serve food and drinks to all their clients that are lodged in their facility while in some countries, you would have to choose the additional services you want from the hotel. The bottom line is the higher the amount you pay in hotels, the more the services you are entitled to.

Starting a hotel business is capital intensive and it is considered a long-term investment because it takes a while for the owners to break even and start making profits. No doubt it takes a big-time investor to consider starting his or her own hotel business, which is why loads of hotels are owned by groups of investors.

One good thing about the hotel business is that the business can grow so big that it will not only have an active presence in key cities in the country where it started from but in major cities on all the continents of the world. It is important to state that hotel operations vary in size, function, and cost which is why hotels are classified into different grades (two-star hotels, five-star hotels, seven-star hotels et al).

2. EXECUTIVE SUMMARY

Our hotel, restaurant and recreational center will be located at plot number 161 Kunduchi Beach area within Kinondoni District Dar es Salaam. We are conveniently located in the wonderful beach area of Dar es Salaam city.

We believe in the passionate pursuit of excellence and financial success with uncompromising services and integrity, which is why we have decided to venture into the hospitality industry by establishing our own hotel.

We are certain that our values will help us drive the business to enviable heights and also help us attract the number of clients that will make our hotel fully booked all through the year.

We are going to be a customer-centric hotel with a service culture that will be deeply rooted in the fabric of our organizational structure and indeed at all levels of the organization. With that, we know that we will be able to consistently achieve our set business goals, increase our profitability and reinforce our positive long-term relationships with our clientele, partners, and all our employees as well.

Our hotel facility will be decorated in an exquisite and elegant facade, so much so that it will be a conspicuous edifice in the city where it is located. Our hotel will provide a conducive spot for our customers to take a break from their various busy schedules, to a place where they can find comfort and luxury.

Our hotel will be equipped with a business center and a VIP lounge, as well as a Fitness room and self-service laundry which will be made available for resident guests at no extra cost.

We will also install free Wi-Fi that will enable our guests to surf the internet with their laptops in the hotel room free of charge, and there will be wireless access in all the public areas in the hotel; we will also provide mobile phones for a loan to business travelers for their convenience so as to enable them to stay in – touch with their family members, friends, and business partners.

No doubt our business class guest rooms will provide our customers with a warm and comfortable home away-from home experience, a large banquet venue, as well as Chinese and Intercontinental cuisine. We are set to give our esteemed guests an unforgettable experience whenever they patronize our hotel.

Over and above we are building a hotel business that will be the cynosure of all eyes. One that competes favorably with other hotels that are in existence in Dar es Salaam. We plan to do this bearing in mind that it would take hard work, loads of financial commitment, as well as well-trained employees who can be indoctrinated in the quest for building a top-notch hotel in Dar es Salaam city.

The project promoters.

The project is being promoted by **AFRIBEST REALESTATE LIMITED**; a limited liability company incorporated under the laws of Tanzania whose shareholders are as follow;

S/N	NAME OF SHAREHOLDERS	PERCENTAGE OF OWNERSHIP	NATIONALITY
1	LI GUANGYU	700	CHINESE
2	XU YUXIA	300	CHINESE

3. OUR PRODUCTS AND SERVICES

Our hotel is set to operate a standard hotel service in Dar es Salaam. The point that we want to become a force to reckon with in the hospitality industry means that we will provide our guests with a fitness room, social room, self-service laundry room, and business center; for the purpose of business or leisure and more.

In all that we do, we will ensure that our guests leave with an unforgettable experience that will make them want to come back as well as recommend our hotel to their friends, family members, and business partners. These are the services and amenities that will be made available to our guests;

- Lodging
- Meals (Local Delicacies, Chinese cuisines, and intercontinental cuisines et al)
- Drinks (wines, beers, distilled spirits, martinis, beverages, and non-alcoholic drinks)
- Swimming pool
- Gym
- Self – service laundry room
- Banquet venue
- Childcare
- Shuttle service

4. OUR MISSION AND VISION STATEMENT

- Our vision is to open a standard hotel, restaurant and recreation center that will become the number one choice in Dar es Salaam
- Our mission is to deliver reliable, genuine, caring, and excellent service superior to what our competition can offer in any location where our hotel will be situated and to ensure that our hotel enjoys over 90 percent occupancy in most parts of the calendar year.

Our Business Structure

The success of any business is to a larger extent dependent on the business structure of the organization and the people who occupy the available role. We will work with a business structure that will give room to employees to explore their creativity, give a sense of belonging, as well as grow through the corporate ladder of the organization.

We will work hard to ensure that we only recruit the right set of people with the right mindset to help us achieve our business goals and objectives in record time. We intend to build our Hotel on this structure;

- Chief Executive Officer (Owner)

- Hotel Manager
- Human Resources and Administrative Manager
- Bartender/Baristas
- Accountants/Cashiers
- Facility/Maintenance Manager
- Marketing Officer
- Front Desk Officer
- Cleaners/Washer men
- Security Officers

5. JOB ROLES AND RESPONSIBILITIES

Chief Executive Officer – CEO:

- Responsible for providing direction for the business
- Creates, communicates, and implements the organization’s vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization’s strategy.
- Responsible for fixing prices and signing business deals
- Responsible for recruitment
- Responsible for payment of salaries
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

Hotel Manager:

- Responsible for managing the daily activities in the hotel
- Ensures that the facility is in tip-top shape and conducive enough to welcome customers
- Interfaces with vendors
- Reports to the Chief Executive Officer
- Attends to Customer complaints and inquiries
- Prepares budget and reports for the organization
- Responsible for Training and Development in the organization

- Handles procurement
- Handles any other duty as assigned by the CEO

Human Resources and Administrative Manager

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Defines job positions for recruitment and managing interviewing process
- Carries out staff induction for new team members
- Responsible for training, evaluation, and assessment of employees
- Responsible for arranging travel, meetings, and appointments
- Oversees the smooth running of daily office activities.

Marketing Officer (2)

- Develops, executes and evaluates new plans for expanding increase sales
- Documents all customer contact and information.
- Represents the company in strategic meetings
- Helps increase sales and growth for the company
- Identifies, prioritizes, and reaches out to new partners, and business opportunities et al

Facility/Maintenance Manager

- Responsible for planning and overseeing building work/renovation
- Responsible for allocating and managing space within buildings
- Responsible for managing building maintenance activities
- Responsible for coordinating cleaning, catering, and parking services
- Responsible for organizing security and general administrative services
- Ensures that facilities meet government regulations and environmental, health and security standards
- Advise on energy efficiency and cost-effectiveness
- Supervises multi-disciplinary teams of staff including maintenance, grounds, and custodial workers

Bartender / Baristas (4):

- Interacts with customers, takes orders for drinks, food, and snacks.
- Plans and presents bar menu.
- Checks identification of the guest to make sure they meet age requirements for purchase of alcohol and tobacco products.
- Mixes ingredients to prepare cocktails and other drinks.
- Mixes drinks, cocktails, and other bar beverages as ordered and in compliance with hotel standard drink recipes.
- Prepares alcohol or non-alcohol beverages.
- Services Wine and Beer to guests.
- Arranges bottles and glasses to make attractive displays.
- Assesses customer's needs and preferences and makes recommendations
- Makes lists of supplies in conjunction with the bar manager/management
- Prepares inventory or purchase requisitions as needed to replenish supplies.
- Ensures that the assigned bar area is fully equipped with tools and products needed for Mixing beverages and serving guests.

Accountant/Cashier:

- Collect payment for drinks served and balance all receipts.
- Prepare a financial report at the end of every working week
- Handles all financial transactions on behalf of the company
- Interfaces with our bankers
- Responsible for payment of tax, levies, and utility bills
- Handle any other duty as assigned by the CEO/microbrewery manager

Front Desk Officer (2)

- Ensures that customers feel relaxed and at home
- Handles customers inquiries
- Assesses customer's needs and preferences and makes recommendations
- Ability to Sell or influence others for up selling and suggestive selling.
- Provides recommendations and suggestions to guest for choosing Drinks, food, and Snacks.
- Serve customers in a friendly and helpful manner.

- Provides guidance to guests on resort activities, dining options, and general resort and Regional information.
- Demonstrates a thorough knowledge of food and beverage products, menus, and Promotions
- Handles any other duty as assigned by the bar manager

Cleaners/Washerman (6):

- Handles and moves objects, such as glasses, dishes and bottles, using hands and arms.
- Cleans up after customers and cleans work area.
- Clears ashtrays as and when required.
- Washes glassware and utensils after each use.
- Maintains a clean working area by sweeping, vacuuming, dusting, cleaning of glass doors and windows, etc. if required.
- Ensures that toiletries and supplies don't run out of stock
- Responsible for handling laundry
- Handles any other duty as assigned by the restaurant manager,

Security Officers

- Ensures that the facility is secured at all time
- Controls traffic and organizes parking
- Gives security tips to staff members from time to time
- Patrols around the building on a 24 hours basis
- Submits security reports weekly
- Any other duty as assigned by the restaurant manager

6. SWOT ANALYSIS

Our Hotel is fully aware that they are coming into an industry that can be highly competitive which is why they have decided to pay attention to the SWOT analysis for the organization.

We know that once we are able to identify our strengths, our weaknesses, our threats, and the opportunities that are available to us, we will be able to come up with good business strategies that will help us achieve all our business goals and objectives.

We know too well that one of the ways to build a successful business in the long run is the ability to glean some lessons from the weak points we have found ourselves in and convert them into an area of strength. In a case where there is little or nothing that can be done, we may also work so hard so that our areas of strength blossoms more, so that are weak area is very less visible.

Here is a of the result we got from the SWOT analysis that was conducted on behalf of our hotel in Dar es Salaam;

- **Strength:**

Our area of strength cannot be farfetched; the location of our hotel is perfect for such business, our management team has robust experience in the industry, our customer services are second to none in the whole of Dar es Salaam and our facility is top notch

- **Weakness:**

Our perceived weakness could be that we are a new business, and we may not have the financial muscle to sustain the kind of publicity we want to give our business.

- **Opportunities:**

We are in one of the cities in the world that never goes to bed, plus the fact that Dar es Salaam is regarded as the world headquarters as far as the casino business is concerned.

It means that loads of tourists, business executives, and travelers would want to visit Dar es Salaam and we are well positioned to welcome them because our hotel facility is along the beautiful beaches of Dar es Salaam city.

Threat:

One of the threats that are likely going to confront us is; the downturn in the economy which is likely going to affect sales, and perhaps the emergence of new hotels (competitors) within the same location where our hotel is located.

7. MARKET ANALYSIS

- **Market Trends**

The trend in the hospitality industry is such that there are peak periods and off-peak periods. Thus, hoteliers know this and have been able to make provisions to properly handle the change in season.

For example; during summer or during any major sporting event or business summit, most hotels in Dar es Salaam are almost fully booked. As a matter of fact, that is the period that some hotels make the money that will sustain the business for the rest of the year.

Be that as it may, some hotels are well positioned and they enjoy rich patronage all through the 12 calendar months of the year. Another trending feature in the hotel industry is that it is profitable to build your brand and then venture into the sale of franchises if you know you don't have the capacity to manage various branches of your hotel.

Over and above, hoteliers are quite aware that they are in the industry not for quick returns on their investments, but to steadily build a brand that can become a global brand while growing their profits year in and year out.

8. OUR TARGET MARKET

We conducted the feasibility studies and market survey and we were able to identify those who we expect will eventually become our loyal customers.

We do not intend to waste our time on activities that would yield us nothing, which is why we invested time to create a hotel marketing plan to help us do only the most needful things. These are the category of people that we intend to market our hotel to;

- Corporate Executives
- Business People
- Sports Men and Women
- Government Officials
- College Students
- Tourists
- Travelers
- Traveling Agencies
- Event Managers
- Religious Organizations

Our Competitive Advantage

The competitive edge our hotel is the excellent and customized service that we offer to all our guests irrespective of their status. We can boldly say that the location of our hotel is going to give us an edge over our competitors in Dar es Salaam.

Another significant competitive advantage that we are bringing to the industry is the robust experience of our management team. We have a team that has a combination of 10 years of experience in the hospitality industry in China. They are considered core professionals in their own right.

9. SALES AND MARKETING STRATEGY

• Sources of Income

We will generate income from the following service offerings;

- Lodgings
- Meals (Local Delicacies, Chinese cuisines, and intercontinental cuisines et al)
- Drinks (wines, beers, distilled spirits, martinis, beverages, and non–alcoholic drinks)

- Swimming pool
- Gym
- Laundry service
- Banquet venue
- Childcare
- Shuttle service

10. SALES FORECAST

It is important to state that our sales forecast is based on the data gathered during our feasibility studies and also some of the assumptions readily available in the field. Below is the sales projection for our Hotel, it is based on the location of our hotel and the services and products that we will be offering;

- **First Year-:** \$600,000
- **Second Year-:** \$900,000
- **Third Year-:** \$1, 500,000

N.B-: This projection is done based on what is obtainable in the industry and with the assumption that there wouldn't be any unfavorable government policy.

- **Marketing Strategy and Sales Strategy**

We will adopt the following means to attract the kind of people that we want in our hotel per – the time: The model of the bar we intend to run is a neighborhood type of bar, hence, we are not going to rely only on the conventional ways of marketing.

We don't have the plans to run paid adverts on Local TV stations, local radio stations, or even local newspapers but we will sure maximize every other available means to promote our business.

Our unique selling proposition is that we have a collection of almost all brands of beers produced in Tanzania in our bar, we have assorted drinks et al. In view of that, we are going to adopt the following strategies to ensure that we do not only attract customers but generate repeated sales from them; Parts of the marketing and sales strategies that we will adopt are;

- Open our hotel in a grand style with a party for all.
- Advertise our hotel brand in travel and tours magazines, national newspapers, Satellite TV stations, and Radio station
- Promote our business online via our official website and all available social media platform
- Continuously Improve the performance of our brands
- Hire the services of experts to make our brands the first choice for guests

- Deliver consistent customer experiences to all our guests; making our first impression count positively
- Continuously Improve the efficiency of our hotels and operating processes
- Ensure that we Put our market scale and knowledge to good use
- Using our worldwide scale and experience to convert more hotels to our brands
- Make the most of our global presence – guests choose brands they know when they travel
- Build strong partnerships within our own company and with our stakeholders across the world
- Make use of attractive handbills to create awareness and also to give direction to our bar
- Position our signage/Flexi banners at strategic places
- Position our greeters to welcome and direct potential customers
- Create a loyalty plan that will enable us to reward our regular customers
- Engage in road shows within our neighborhood to create awareness for our hotel.

11. PUBLICITY AND ADVERTISING STRATEGY

Our company is in the hospitality business to make a profit and we can only make a profit if we steadily increase our customer base. No doubt, in order to remain relevant in the hospitality industry as a hotelier in Dar es Salaam, you should be able to continue to create hype around your hotel brand and that is exactly the publicity and advertising strategy that we will adopt.

We will ensure that we leverage all conventional and non – conventional publicity and advertising techniques to promote our hotel brand.

Although our hotel is located in Dar es Salaam, the scope of our market is global which is why we choose to make use of best practices as far as publicity and advertisement are concerned in the hotel business. Here are the platforms we intend leveraging on to promote and advertise our hotel;

- Encourage our loyal customers to help us use Word of Mouth (referrals)
- Advertise our hotel brand in travel and tours magazines, national dailies, Satellite TV stations, and Radio station
- Promote our business online via our official website
- Sponsor relevant community programs
- Leverage the internet and social media platforms like; Instagram, Facebook, Twitter, et al to promote our brand
- Install our Bill Boards on strategic locations
- Engage in road shows from time to time

- Distribute our fliers and handbills in target areas

12. OUR PRICING STRATEGY

Our pricing system is going to be based on what is obtainable in the industry, we don't intend to charge more (except for premium and customized services) and we don't intend to charge less than our competitors are offering in Dar es Salaam.

Be that as it may, we have put plans in place to discount our products and services once in a while and also to reward our loyal customers.

- **Payment Options**

Our payment policy is all-inclusive because we are quite aware that different people prefer different payment options as it suits them. Here are the payment options that will be available in every of our pubs;

- Payment by cash
- check
- Payment via Point of Sale (POS) Machine
- Payment via online bank transfer (online payment portal)
- Payment via Mobile money

In view of the above, we have chosen banking platforms that will help us achieve our payment plans without any difficulty.

13. INVESTMENT COST FINANCING PATTERN

The total investment cost is estimated at USD 1,300,000.00 a summary of the breakdown is as indicated in the table below

Item	US\$
Business incorporation fees and other legal expenses in Tanzania	5000
Obtaining of licenses and permits	5000

Operational cost for the first six months (payment of utilities, employee salaries)	20,000
Insurance coverage (General Liability, workers' compensation, property liability)	20,000
Marketing and publicity promotion expenses for launching as well as for six months of operations	5000
Land acquisition cost	350,000
Construction costs of buildings and other recreational facilities	500,000
Cost of serving area equipment (cutlery, flatware)	3000
Storage hardware (bins, utensil rack, shelves, glasses case etc.)	5000
Furniture and fittings	100,000
Cost of administrative start-up expenses (computers, printers, stationeries, phones)	5000
Cost of launching an official website –	500
Cost of launch party	5000
Miscellaneous	2000
Sub Total	1,025,500
Initial working capital	274,500
GRAND TOTAL	1,300,000

From the above requirements, we would need an estimate of \$ 1, 300,000 to successfully start and operate our hotel. This amount can successfully cover our first six months of operations.

13.1 FINANCING PLAN (USD)

Equity	100%	1,300,000
Debt	0%	0
TOTAL LOAN AMOUNT		0
Interest rate p.a. on USD Borrowing		16 %
Loan Period	Years	5
Capital Repayment Grace Period	Years	1 ye

13.2 REVENUE

Showing the cash flows and financial projection for AFRIBEST REALESTATE LIMITED- Tanzanian Shillings

(Note: The Revenue line represents Earnings Before Interest, Tax, Depreciation and Amortization Cashflow)

Item	Year 1	Year 2	Year 3
Cash Inflows			
Equity	3,250,000,000		
Loan	0		
Revenue (EBITDA)	2,125,000,000	3,260,400,566	3,651,437,814
Total Cash Inflows	5,375,000,000	3,260,400 ,566	3,651,437,814
Cash Outflows			
Fittings and furnitures	250,000,000		
Construction work	1,250,000,000		
Loan Repayment		1,150,615.000	1,150,615.000
Investment in working capital	2,871,107,000	1,5000,000,00 0	2,000,000,000
Financial Charge			
Taxes and fees	290,621,010	615,639,495	823,575,689
Total Cash Out Flows	13,432,884,576	3,918,269,661	4,442,107,456
Net Cash Flows	1.316,384,439	224,145,904	209,330,358

Cum.(Deficit)/Excess flows	cash	1,316,384,439	1,540,530.343	1,749,860,701
-------------------------------	------	---------------	---------------	---------------

14. SUSTAINABILITY AND EXPANSION STRATEGY

Part of the grand plan of sustaining our hotel is to ensure that we provide the best training for our employees, put a succession plan in place, and will not relent in marketing and promoting our hotel brand.

From our findings, another factor that kills new businesses is financial leakages. In order to plug financial leakages, the management of the Hotel will adopt the use of payment machines and accounting software to run the business.

In the bid to build a successful business, we will ensure that all our employees are comfortable and we will provide them with the best facilities and welfare package that will help them achieve peak performance in all their duties and in turn help the organization achieve its goals and business objectives.

APPENDIX: I

AFRIBEST REALESTATE LIMITED

INVESTMENT COST

Item	US\$
Business incorporation fees and other legal expenses in Tanzania	5000
Obtaining of licenses and permits	5000
Operational cost for the first six months (payment of utilities, employee salaries)	20,000
Insurance coverage (General Liability, workers' compensation, property liability)	20,000

Marketing and publicity promotion expenses for launching as well as for six months of operations	5000
Land acquisition cost	350,000
Construction costs of buildings and other recreational facilities	500,000
Cost of serving area equipment (cutlery, flatware)	3000
Storage hardware (bins, utensil rack, shelves, glasses case etc.)	5000
Furniture and fittings	100,000
Cost of administrative start-up expenses (computers, printers, stationeries, phones)	5000
Cost of launching an official website –	500
Cost of launch party	5000
Miscellaneous	2000
Sub Total	1,025,500
Initial working capital	274,500
GRAND TOTAL	1,300,000

AFRIBEST REALESTATE LIMITED FINANCING PATTERN

(Note: Borrowing assumed to be local borrowing in Tanzanian Shillings hence interest rate of 16%)

Equity	100%	1,300,000
Debt	0%	0
TOTAL LOAN AMOUNT		0

Interest rate p.a. on USD Borrowing		16 %
Loan Period	Years	5
Capital Repayment Grace Period	Years	1year

AFRIBEST REALESTATE LIMITED
CASHFLOWS PROJECTION (Tanzanian Shillings)

YEAR	0	1	2	3	4	5	6	7	8
Sources									
Profit before interest/depreciation		3,243,119,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,513	6,312,341,337	
Other Sources	11,506,150,000	3,243,119,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,513	6,312,341,337	
Total sources	11,506,150,000								
Applications									
Capital expenditure	9,345,043,000				460,246,000	460,246,000	230,123,000	1,380,738,000	
Other Applications (excl. working capital)		1,126,734,576	2,418,269,661	2,442,107,456	2,504,761,094	2,513,096,054	2,920,516,829	1,807,406,276	
Total Applications	9,345,043,000	1,126,734,576	2,418,269,661	2,442,107,456	2,965,007,004	2,973,342,054	3,150,639,829	3,188,144,276	
Working capital	2,071,107,000	800,000,000	1,500,000,000	2,000,000,000	2,200,000,000	2,700,000,000	3,000,000,000	3,000,000,000	