

RAFIKI QUALITY MANUFACTURERS CO Limited

BUSINESS PLAN

For undertaking the business of manufacturing of motorcycle tires.

JULY 2024

RAFIKI QUALITY MANUFACTURERS CO LIMITED

P. O. BOX 77236

DAR ES SALAAM.

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THE EXECUTIVE SUMMARY

Basic Information and Details

BASIC INFORMATION

DETAILS

Name of Business	RAFIKI QUALITY MANUFACTURERS CO LIMITED
Physical Address	PLOT 253 OYESTERBAY
Postal Address	P.O. Box 77236 , -Dar Es
SalaamTelephone	+255768868261
Email	kompanitanzania@outlook.com
TIN	174-906-254
Certificate of Incorp. No.	174906254

Company Description

Rafiki Quality Manufacturers Limited Company is a privately owned company fully run by Chinese investors with the quest to establish a state of the art manufacturing plant for motorcycle tires.

The company is committed to use the latest technology and offer quality and reliability to its customers all over the world.

Services Description

The company is set to engage in the business of manufacturing of the motorcycle tires and selling locally with potential to sell to international markets as well.

Location

The company is located at Plot Nos. 84-86 Block F at Pangani Township-Kibaha Coast Region.

The company has chosen such an area due to it being an industrial area and fit for the purposes of the intended production. The area is easily accessible and would make it easy to transport the Product.

MARKET AND MARKETING

Market overview

The targeted clients are corporate companies and the whole population including when production peaks up to export abroad.

The company is determined to take part in combating the widening gap between demand and supply of tires for motorcycles. It is projected the company will reap 20% of the market share by the peak of production.

Clients Description

The business' existing and potential clients list include one-time clients and contract clients from all parts of the country and across the borders.

Our company will concentrate on creating a clientele base and retain it through offering quality services on demand and meeting standards and precision of the customer needs.

Some of these clients include;

- a) Garage and auto works
- b) Motor accessories stores etc.

The shareholders expects that these clients will continue with their loyalty to the company's services and that it will be able to raise an expanded clients' base by penetrating the market to attract new clients.

The revenue will be made throughout the year because the needs for these services are not seasonal. This implies a constant consumption of our services.

Competition

The company expects a reasonable competition from other producers or importers of tires. However the company is deeply committed to making lasting impression by ensuring it meets the competitive advantage and providing top notch services in the tyre industry.

Competitive edge is the positioning strategy with clients. This will be done by building a business based on long-standing relationships with satisfied clients simultaneously building defenses against competition. The longer the relationship stands, the more it helps clients understand what the business offer them and why they need it.

Above all the mentioned factors, the business has a competitive pricing position as it obtains inputs at competitive prices from its market pooling, research and sourcing strategy.

In addition, the competitive advantage to this company is the strategic location of the business, client loyalty, competent experienced motivated staff and the speed and quality with which it offers its services utilizing the latest state of the art technology.

Marketing strategies

The company will make use of the following marketing strategies for the purpose of reaching mass of targeted clients and curb the existing competition.

Market oriented approach- the company will employ market centered approach whereby officers from the company will search and arrange visits to various potential clients for familiarity and relationship building.

The company will make use of its own website and design social media pages for daily posting its products and services offered. This will make it easy for potential

Clients to see when making choices. This will go hand in hand with making infographics, paid ads, video adds and email marketing (for corporate potential clients). Also, the company will seek registration on the local websites and Google ads

The company will search and lobby for partnerships and engagement into business with government authorities and organizations.

The company will also make use of promoting the use of its products by offering annual gifts for its best clients. This will be arranged and include media houses for the public to see and be inspired.

Costing and Pricing

The pricing of business products or/and services is important because it will have a direct effect on the success of any business. Though pricing strategy and computations can be complex, the basic rules of pricing are straightforward: All prices must cover costs.

- The best and most effective way for RAFIKI MANUFACTURERS CO LIMITED is lowering costs so as to lower the price to be affordable to the potential clients and compete in the market.
- Prices must reflect the dynamics of cost, demand, changes in the market and respond to competitors.
- RAFIKI MANUFACTURERS CO LIMITED's prices are established to assure continued sales and growth. The company bases on cost plus approach in estimating prices for its services.
- Service utility, longevity, maintenance and end use must be judged continually, and target prices adjusted accordingly.

Also, the price is set to preserve order in the market place recognizing the market leadership need for the company.

The method of establishing price is cost-plus pricing, which assures that all costs, both fixed and variable, are covered and the desired profit percentage is attained.

Table 2.1 Marketing Costs for the 2024/25

Details	Amount (TSHS)
Logo Design	450,000
Branding / Identity Development	6,000,000
Commissions paid out	9,600,000
Website	1,600,000
Printed Marketing Pieces	6,000,000
Promo Materials	4,000,000
Internet Marketing	10,000,000
TV & Radio	25,000,000
Networking Events	9,800,000
Total	72,450,000

MANAGEMENT PLAN

Company Profile

Rafiki Manufacturer's management is keen to keep up with the right strategies to be able to serve the market with what clients need and a good word of mouth circulating one to one satisfied client to another. The company is determined to expand and acquire long term sustainable growth.

Recruitment and selection of people will be constantly made in a way to ensure those only competent, who are able to carry out the company's mission, are retained in the office.

Management and key personnel

The company is under the serious direction and control of its owners. These are the general overseers of all business activities on day-to-day basis.

Support Personnel

Besides the Directors, the company has been pegged on the services of 40 women and 60 men both casual and skilled labour working for man days on a scheduled arrangement who, in their respective positions keep the business growing from one stage to another.

The directors are keen to maintain calm relationships with the employees by keeping a friendly environment for them to work and constantly responding to any issues.

FINANCIAL PLAN

Introduction

This section covers various aspects in relation to the company's financial performance, plans and projections. It gives a summary of the owner's assumptions and the projected cash flows and other financial matters.

Considerations and assumptions

The following assumptions hold for the financial projections presented in the following sections and the attachments;

- a) It is assumed that inflation rate will remain at 7% over the year 2024- 2025-2026
- b) The company operational expenses will increase by the inflation rates
- c) Exchange rates will remain fairly stable at the current rates
- d) The legal and regulatory frameworks remain stable for all the coming twelve months
- e) Sales of the business will grow at an average rate of 30% per year.
- f) Cost of sales is approximately 31% of the sales revenue
- g) Ending inventory will be 30% of the total purchases of the year.
- h) The company will have receivables of 29% of the sales at the end of the year.
- i) 30% of the year corporate tax payable will be paid after the preparation of the financial statements and deduction of expenses.

Three years Sales Forecast

The sales forecast gradually increases over the year 2024/25 and comprises total sales of TZS 150,000,000. Yearly forecasts are summarized in the table below.

Table 2: Sales Forecasts

	2024/25	2025/26	2026/27
SALES (TZS)			
Government and corporate clients	50,000,000	50,000,000	50,000,000
Normal average citizenry	80,000,000	80,000,000	80,000,000
Supermarkets	20,000,000	20,000,000	20,000,000
Exportation	NIL	NIL	NIL
Total Sales	150,000,000	150,000,000	150,000,000
Cost of Sales	- 45,000,000	- 45,000,000	- 45,000,000
Gross Profit	105,000,000	105,000,000	105,000,000

Figure 1: Sales forecasts from 2024- 2026

NB: The profit is before computation of corporate taxes as due.

This amount will complement the equity funds planned for increasing the working capital so as to be able to reach the highly demanding markets in Tanzania that is still undersupplied with the services.

Sources of Funds

The major source of funds for RAFIKI QULAITI MANUFACTURERS CO LIMITED as to start with is the equity capital as injected in by the founding shareholders of the company, also will be based on sales revenues from clients in their categories. This will continue to be the main source for the coming three years with the expanded service dimensions on similar product line.

It is estimated that the business will be able to increase its revenue by 30% in each financial year.

Uses of Funds

A large portion of the funds is expected to be used for acquiring office materials and covering the operation expenses including marketing and office making. Other uses are routine expenditure during the operations of the business whose summary for the twelve months to come is as presented in the financial projections.

Financial Discussions (Liquidity)

Cash position of the business is expected to be good and positive with the business being able to meet its recurring obligations in time. However, the expansion plan will need extra funding, the amount being requested which will boost its working capital after repayment of the loan and accumulated profit ploughed back into the business, in which case the company opts for expansion for a loan.

The attached cash flow projections reveal that the business's liquidity will remain sound with ability to meet all financial obligations together with the cost of the external financing funds.

(a) Profitability

As per the business's projections, revenues will grow at 30% yearly while many expenses account outside the costs of sales will remain around the same figures or increase at a very small rate. Gross margin will be at 60% while Net profit margins will be at 40%. This is a desired outcome for the company as it leads to maximization of her wealth. Therefore, the business is in line with the company's interest.

(b) Stability (Financial Position)

The business's financial position is projected to be stable for the whole of the year 2024/25 and the other consecutive two years later. Financing of assets will be a mixture of business entity' equity and the bank loan (which will finance the expansion of the project and acquisition of more land)

The company is used to buy in cash from the named business partners in the above discussion. However, the increased operations capacity may push the management to discuss and negotiate with the major partners for attractive and affordable credit terms. These are not included in the cash flow projections because they will depend on availability of the terms upon acceptance of the proposal.

Finance Required

The finance being requested in case the company opts for a loan is for financing a major expansion of the business where by the administration intends to increase working capital and expand the operations that will require additional marketing efforts, facilities and manpower. The company expects to benefit from the economies of scale by buying in bulk and consequently reduce operating costs like ordering costs.

ANTICIPATED RISKS

The following are some of risks relevant to this business undertaking:

5.1 Competition

This is a threat that cannot be avoided as the business seems to be profitable and worth of an undertaking. Due to growing economy, new entrants are expected to emerge and add up to the existing threat from the existing competitors discussed above.

5.1.1 Remedies;

The management is prepared to face the competition by offering the best quality services and products it can in order to build a good clients' loyalty. It will also make sure that it renders services on time in order to win clients' interests and satisfaction.

5.1 Price and Exchange Rate Fluctuations

This has recently marked a big problem in business operations; prices and exchange rates keep on rising irregularly and affect the business performance together with the income and expenditure estimates.

5.2.1 Remedies;

The business's strategy to overcome this risk is for negotiations of prices with the suppliers so as to where possible, fix the purchase prices in advance using the forward contracts with the suppliers.

ECONOMIC AND ENVIRONMENTAL PRIORITIES

The business's operations are environmentally friendly since they do not have a direct impact as regards to environmental degradation or pollution. It is in the company's policies to adhere to all country and safety regulations including environmental conservation. The materials used will be those authorized by TBS and following NEMC guidelines.

CONCLUSION AND RECOMMENDATION

The detailed discussion in the previous sections reveals a potential for the company's service market. This shows that the company will be able to sale the services and realize its investment and returns and pay the applied external finance accordingly.

The management team is well experienced and equipped to lead the organization towards achieving the set objectives and also it has a competent work force to support the move.

Financial analysis also depicts that the business is profitable and will be able to collect funds from sales to fully service the loan facility(in case the company borrows) and meet all other obligations as they fall due. This can be referred to in the projected financial statements.

APPENDICES

1. Projected Income Statement

RAFIKI QUALITY MANUFACTURERS LIMITED				
PROJECTED FINANCIAL PERFORMANCE				
		2024/25	2025/26	2026/27
REVENUE				
Estimated Sales		150,000,000	150,000,000	150,000,000
Less (Discounts, Errors, etc)		-	-	-
Service Revenue		-	-	-
Other Revenue		-	-	-
Net Sales		150,000,000	150,000,000	150,000,000
Cost of sales		45,000,000	45,000,000	45,000,000
Gross Profit		105,000,000	105,000,000	105,000,000
EXPENSES				
Administrative General & Labour		10,000,000	10,000,000	10,000,000
Location / Office		5,000,000	5,000,000	5,000,000
Marketing		-	-	-
Labor		-	-	-
Other		-		
Total Expenses		15,000,000	15,000,000	15,000,000
Income Before Interest & Taxes		90,000,000	90,000,000	90,000,000
Income Tax (30%) – corporate tax		27,000,000		
NET INCOME		63,000,000		

