

GREAT WALL TOBACCO COMPANY (T) LIMITED

BUSINESS PLAN

For

Establishment of a Cigarette manufacturing Project in Dar es salaam in the United Republic of Tanzania



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Table of Content

SECTION ONE	4
BUSINESS DESCRIPTION	4
1.0 The Industry	4
1.1 Executive Summary	5
1.2.0 Our Mission and Vision Statement	5
1.2.1 Vision	5
1.2.2 Mission	5
1.3 Location	5
SECTION TWO	6
SALES AND MARKETING STRATEGY	6
2.0 Marketing Overview	6
2.1 Our Target Market.....	7
2.2 FLEET SIZE	7
2.3 Sources of Income	7
2.4 Sales Forecast.....	8
2.5 Market differentiation:.....	8
2.6 Competitors	8
2.7 Our competitive advantage.....	9
2.8 Marketing Strategy and Sales Strategy	9
2.9 Publicity and Advertising Strategy.....	9
2.10 Our Pricing Strategy.....	10
2.11 Payment Options.....	10
SECTION THREE	11
OPERATION STRATEGIES	11
3.0 Our Business Structure	11
3.1 S. W. O. T Analysis	11
3.2 Job Roles and Responsibilities	12
SECTION FOUR	15
FINANCIAL PLAN	15
4.0 Generating Startup Capital for GREAT WALL TOBACCO COMPANY (T) LIMITED.....	15
4.1 Labor Management and Cost	15

4.2	Financial Analysis, Forecasting and Strategy	15
4.3	Profit and Loss Projection.....	18
4.4	Balance Sheet Projection.....	20
4.5	Cash Flow Projection.....	23
4.6	Loan Amortization Schedule.....	25
4.7	Sustainability and Expansion Strategy	27
4.8	Way forward	27
	List of Appendice	28
	Appendix I: The Proposed Organization Chart of GREAT WALL TOBACCO COMPANY (T) LIMITED	28

SECTION ONE

BUSINESS DESCRIPTION

1.0 The Industry


A cigarette, often characterized by its cylindrical shape, is a narrow roll of finely-cut tobacco encased in a thin paper intended for smoking. This product, which dates back centuries, has various types catering to different user preferences, such as filtered, unfiltered, menthol, and flavored varieties. The essential aspect of cigarettes is the combustion of tobacco, releasing nicotine that is inhaled into the lungs, providing the user with a distinct experience. One of the primary advantages of cigarettes, from a user's perspective, is the quick delivery of nicotine, which can induce feelings of relaxation and stress relief. From a business viewpoint, cigarettes offer remarkable versatility in branding and marketing, given the numerous options for customization based on size, flavor, packaging, and branding. This product adaptability has solidified cigarettes' position as a mainstay in the global tobacco industry, with its usage prevalent across diverse socio-economic and cultural landscapes.

Cigarettes, ubiquitous in modern society, stand as both a cultural fixture and a topic of public health scrutiny. These slender cylinders of finely cured tobacco encapsulate a complex narrative, symbolizing leisure, rebellion, and addiction. Their introduction centuries ago marked a pivotal moment in the evolution of smoking habits. Despite the ongoing discourse surrounding their adverse health effects, cigarettes persist as a global commodity, representing social rituals and personal choices. The thin veil of smoke from a lit cigarette evokes contemplation about the intertwined cultural, economic, and health implications, creating an ever-evolving dialogue on the role of cigarettes in contemporary life.

The cigarette market is shaped by various drivers and trends that reflect evolving consumer behaviors, regulatory changes, and societal attitudes. One enduring driver is addiction, as nicotine's powerful influence maintains a steady demand for cigarettes despite increased awareness of health risks. However, a counterforce is emerging with the rising global health consciousness, leading to a trend of reduced smoking rates, especially in developed regions. The market is also witnessing a surge in alternative products, such as e-cigarettes and vaping devices, driven by perceptions of reduced harm and increased social acceptability. Regulatory measures, including graphic warning labels and restrictions on advertising, influence consumer choices, impacting brand loyalty and market dynamics. Social attitudes towards smoking are evolving, with a growing stigma surrounding traditional cigarettes. This cultural shift, coupled with increased government initiatives to promote smoke-free environments, contributes to a decline in cigarette consumption in certain regions. As the cigarette market navigates through these multifaceted drivers and trends, it faces a landscape defined by health considerations, changing preferences, and regulatory pressures.

In 2018, 107,009 tonnes of tobacco were produced in Tanzania. Tobacco is the second-largest export crop in the country, representing approximately 30-35% of the yearly exports.

According to Euromonitor International, the primary tobacco companies present in Tanzania are the Tanzania Cigarette Company (a subsidiary of Japan Tobacco International, JTI), which dominates the market at 96.1%, as well as British American Tobacco (BAT) with 1.3% and Philip Morris International (PMI) with 1.2%.



In 2020, 5.2 million cigarettes were sold in the country. The cigarette market was worth TZS 900 billion (about US\$3.88 billion) in 2019, and the cigars/cigarillos/other smoking tobacco market TZS 38.4 billion (US\$165.6 million)

1.1 Executive Summary

GREAT WALL TOBACCO COMPANY (T) LIMITED is a company incorporated in Tanzania with certificate No. 176161310 dated 10 day of July 2024 as a private limited company under the Tanzanian Companies Act, 2002. GREAT WALL TOBACCO COMPANY (T) LIMITED deals in tobacco processing mainly cigarette manufacturing across Tanzania. The company is currently planning to establish a cigarette manufacturing plant in mkuranga district dar es salaam region which will be the production and packing point before distribution within the country and around East Africa.

GREAT WALL TOBACCO COMPANY (T) LIMITED, we believe the customer comes first; the company management is focused in ensuring that the customers are delighted by superior quality services hence increasing customer profitability.

At GREAT WALL TOBACCO COMPANY (T) LIMITED, we intend to operate all over the country, practicing an enduring value system based on an open culture, honest, transparency and fair business, and personal conduct, earning the confidence and trust of our Associates and Customers.

GREAT WALL TOBACCO COMPANY (T) LIMITED is a partnership business that will be jointly owned by ZIFENG ZHENG, JIE CHIEN, SHENGBAO MA, XIAOMIN WU AND ZHIDONG ZHENG (Chinese investors). ZIFENG ZHENG who is the Chief Executive Officer of the Company has a Degree in Tobacco Engineering with over 10 years' experience working in related industry as a senior tobacco Engineer expert prior to starting GREAT WALL TOBACCO COMPANY (T) LIMITED. He will be working with a team of professionals from the partnering company in China to build the business and grow it to enviably heights.

1.2.0 Our Mission and Vision Statement

1.2.1 Vision

Our vision is to be a global leader in providing adult smokers with choice and satisfaction while actively contributing to a smoke-free future.

1.2.2 Mission

Our mission is to deliver high-quality tobacco products responsibly, while investing in research and development of reduced-risk alternatives to cigarettes.

1.3 Location

GREAT WALL TOBACCO COMPANY (T) LIMITED's project will be located on plot 1 & 2 Block E at Mwanambaya, Mkuranga district, Dar es salaam region.

Furthermore, the company is expecting to expand and establish other offices or distribution sites where our products will be distributed across the major cities in Tanzania such as Mwanza Arusha and Mbeya so has to capture customers in those regions and neighboring countries.

SECTION TWO

SALES AND MARKETING STRATEGY

2.0 Marketing Overview

Tanzania is located along the coast of the Indian Ocean and is a member of the East Africa Community. Dar es Salaam is the largest port of entry in Tanzania and serves as a gateway to landlocked neighboring countries.

The United Republic Tanzania is an attractive market for U.S. exporters due to its relatively large population estimated to be 62 million people. This makes Tanzania the 24th largest country by population, larger than South Africa and slightly smaller than Italy (source CIA World Fact Book). In addition to its large population, Tanzania reached an important milestone in July 2020, when it formally graduated from low-income country (LIC) to lower-middle-income country (LMIC) status. Tanzania's achievement reflects sustained macroeconomic stability that have supported growth as well as the country's rich natural endowments and strategic geographic position.

Tanzania has benefited from a relatively stable political environment and reasonable macroeconomic policies that has allowed it to maintain sustained 6 to 7% growth rates since 2000. The COVID-19 novel coronavirus crisis of 2020/21 did not spare Tanzania, but economically it fared better than many of its neighbors. The growth rate fell from 5.8 percent in 2019 to an estimated 2.0 percent in 2020, and per capita growth turned negative for the first time in over 25 years, according to the World Bank. Although, Tanzania has witnessed strong nominal economic growth, its fast-growing population (2.8% per year, world's 12th fastest) has kept average income levels relatively low. The annual GDP growth rate is projected to rise to 4.5% in 2021, but this forecast hinges on a strong and consistent recovery in global economic activity.

The COVID-19 pandemic has hit global travel and tourism especially hard, which is particularly problematic for Tanzania with the sector contributing at least 17 percent of GDP in 2019 and attracted about 25 percent of FDI inflows in 2017 (US\$247 million). The economic damage from tourism was partially offset by growth in the price of gold, a key export commodity for Tanzania.

Tanzania has an ambitious industrialization plan to transform into a middle-income economy by 2030. Energy and transportation infrastructure sectors must become more reliable and efficient if Tanzania is to reach this goal. The Government of Tanzania (GoT) is focusing on developing local industries and investing in large infrastructure, energy, and agricultural sector development, which present opportunities for U.S. exports. The private sector is also investing heavily in the mining industry after years of underinvestment.

Growth has been driven primarily by transportation, infrastructure projects, communications, agriculture, manufacturing, electricity (especially renewable sources), wholesale and retail trade, travel and tourism, real estate, and business services. U.S. exporters will find many opportunities in these sectors and products and services that will help Tanzanian industry move up the value chain in agriculture (processing and packaging equipment), mining (refining and smelting), and other key sectors.

Public and private sector participants are concerned about GoT policies that have raised questions about long-term prospects for foreign direct investment (FDI) and has fostered a more challenging business

environment. Aggressive revenue collection (taxation and audit) practices and difficulties in obtaining work permits for expat workers to manage their investments have been particularly challenging.

Tanzania's main trading partner is China (\$4,960 million total trade), India (\$2,313 million), the European Union (EU) (\$1,542 million) followed by Kenya, South Africa and the U.S. in 6th position with \$367 million. Neighboring countries of the Southern African Development Community (SADC) and East African Community (EAC) countries make up a smaller, but still significant part of Tanzania trading relationship.

The United States had a \$124 million positive trade balance with Tanzania with a total trading relationship (exports plus imports) of \$367 million. U.S. key exports to Tanzania are Liquid Propane Gas (\$100 million), Aircraft parts (\$33 million), Automotive and Agricultural Machinery and Parts (\$25 million) and Chemicals and Fertilizers (\$13 million).

Tanzania exported \$121 million of products to the U.S. Tanzanian exports can be broken down into three main areas: Precious/Semi-Precious Stones; Apparel; and Raw agricultural products.

2.1 Our Target Market

Tanzania presents a complex landscape for tobacco companies while the country is a significant tobacco producer. Smoking prevalence is on the decline. This trend is influenced by growing health awareness, government regulations and economic factors. Despite the challenges, there are potential target market segments

- Rural population.
- Urban youth
- Low income urban adults

GREAT WALL TOBACCO COMPANY (T) LIMITED's distribution network will be key in ensuring our products are available to our consumers the targeted marketing segments across various retail channels including supermarkets, convenience store, retail shops and specialized tobacco shops national wise and east African countries at large

2.2 FLEET SIZE

GREAT WALL TOBACCO COMPANY (T) LIMITED is planning to purchase the following capital equipment:

- 2 Cigarette making machines @ \$100,000
- 2 Packing machines@ \$50,000
- 4 trucks@ \$30,000.
- 5 pickups@ \$15,000

2.3 Sources of Income

GREAT WALL TOBACCO COMPANY (T) LIMITED will generate income by simply supplying and selling the following cigarettes first;

- The dragon
- Dragon
- Dragon smoke

2.4 Sales Forecast

One thing is certain when it comes to production plants, if your business is strategically positioned and you have good relationship with players in business industry, you will always attract customers cum sales that will translate to increase in revenue generation for the business.

We are well positioned to take on the available market in and around Tanzania east Africa at large and we are quite optimistic that we will meet our set target of generating enough profits from the first six months of operation and grow the business and our clientele base.

We have been able to critically examine the tobacco line of business, we have analyzed our chances in the industry despite the challenges it up holds and we have been able to come up with the following sales forecast. The sales projections are based on information gathered on the field and some assumptions that are peculiar to startups in the Tanzania.

Below are the sales projections for GREAT WALL TOBACCO COMPANY (T) LIMITED, it is based on the location of our business and other factors as it relates to small scale and medium tobacco company startups in the Tanzania;

The yearly computed sales projections that will be seen in the financial statements are as follows

- **First Fiscal Year: 10,360,000 USD**
- **Second Fiscal Year: 11,396,000 USD**
- **Third Fiscal Year: 14,000,800 USD**
- **Fourth Fiscal Year: 17,305,640 USD**
- **Fifth Fiscal Year: 21,512,392 USD**

N.B: This projection was done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown and there won't be any major competitor offering same product and customer care services as we do within same location. Please note that the above projection might be lower.

2.5 Market differentiation:

This is a marketing strategy utilized to separate a product or service from its competition. For our case as GREAT WALL TOBACCO COMPANY (T) LIMITED we will provide cost-effective tobacco products to keep our customers' bottom line in check, retain their liquidity, stay on the cutting edge of technology while having the flavors they need to quench their desires and the level of professionalism we will dispense to mention a few, will be our marketing strategy to outshine our competitors in the market.

2.6 Competitors

Knowledge on the competition field is extremely important in business environment analysis. When analyzing competition, it is important to identify those competitors who are actually challenging the business in the eyes of the customer. In this light the competition in cigarette manufacturing and distribution in Dar es salaam is complex for we have the only dominant cigarette manufacturing company which is Tanzania cigarette

company which has established its self for years that we have to compete with in the market. So, there is a great chance for us to excel in this industry.

2.7 Our competitive advantage

Despite the well-documented health hazards of cigarette smoking, the tobacco industry remains a profitable sector in many countries, including Tanzania. A cigarette manufacturing company can potentially gain a competitive advantage through a combination of factors:

Cost Advantages

- **Raw Material Sourcing:** Tanzania has a suitable climate for tobacco cultivation potentially offering access to cheaper and higher quality raw materials.
- **Labor Costs:** Lower labor costs compared to developed countries can reduce production expenses.
- **Tax Incentives:** Government incentives or tax breaks for the manufacturing sector can provide a financial advantage

Another competitive advantage that we have is the vast experience of our management team; we have people on board who understand how to grow a business from the scratch to becoming a national phenomenon. Our large and robust distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the industry, meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

2.8 Marketing Strategy and Sales Strategy

Before choosing a location to start GREAT WALL TOBACCO COMPANY (T) LIMITED, we conducted thorough market survey and feasibility studies in order for us to penetrate the available market in the republic of Tanzania. We have detailed information and data from where to get steady supply of raw materials to distribution point that we will be able to utilize to structure our business to compete with other players in tobacco industry.

We hired experts who have good understanding of tobacco line of business to help us develop marketing strategies that will help us achieve our business goal of winning a larger percentage of the available market.


GREAT WALL TOBACCO COMPANY (T) LIMITED will adopt the following sales and marketing approach to sell our cigarettes (products);

- Introduce our business by sending introductory letters to all key players in tobacco industry in and around the republic of Tanzania.
- Engage in direct marketing and sales
- Encourage the use of Word of mouth marketing (referrals)

2.9 Publicity and Advertising Strategy

Regardless of the fact that our cigarette manufacturing business can favorably compete in Tanzania and any part of East Africa, we will still go ahead to intensify publicity for all our brands.

GREAT WALL TOBACCO COMPANY (T) LIMITED has a long-term plan of providing quality cigarettes with different flavors and tastes all across Tanzania and other countries of East Africa. We will have four three kind



of cigarettes namely, The dragon, Dragon and Dragon smoke. This is why we will deliberately build our brand to be well accepted in Dar es salaam before venturing out to other cities all across Tanzania. and other countries of East Africa.

As a matter of fact, our publicity and advertising strategy is not solely for selling our products but to also effectively communicate our brand. Here are the platforms we intend leveraging on to promote and advertise GREAT WALL TOBACCO COMPANY (T) LIMITED;

- Sponsor relevant community programs.
- Ensure that all our staff members wear our customized clothes, and all our official cars and machinery are customized and well branded.
- Point of sale advertising the use of internet and social media the law prohibits it

2.10 Our Pricing Strategy

At GREAT WALL TOBACCO COMPANY (T) LIMITED we will keep the prices of our products below the average market rate by keeping our overhead low and by collecting payment in advance from well – established individuals and companies that will be buying our products a wholesale basis and then retailing them in the market.

2.11 Payment Options

The payment policy adopted by GREAT WALL TOBACCO COMPANY (T) LIMITED is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of Tanzania.

Here are the payment options that GREAT WALL TOBACCO COMPANY (T) LIMITED will make available to her clients;

- Payment via bank transfer
- Payment via online bank transfer
- Payment via check
- Payment via bank draft
- In view of the above, we have chosen banking platforms that will enable our clients make payment for our products without any stress on their part. Our bank account numbers will be made available on our website and promotional materials.

SECTION THREE

OPERATION STRATEGIES

3.0 Our Business Structure

As part of our plan to build a top-flight cigarette manufacturing company in Dar es salaam Region that will favorably compete with leaders in the industry, we have perfected plans to get it right from the onset which is why we are going the extra mile to ensure that we have competent employees to occupy all the available positions in our company.

In view of that, we have decided to hire qualified and competent hands to occupy the following positions at GREAT WALL TOBACCO COMPANY (T) LIMITED in that line of cigarette manufacturing business;

- Chief Executive Officer (Owner)
- Production and Logistics Manager
- Human Resources and Admin Manager
- Sales and Marketing Officer
- Accountants/Cashiers
- Warehouse Workers
- Truck Drivers
- Customer Service Executives

3.1 S. W. O. T Analysis

The business can be very robust once it is established. The biggest risk is lack of finance for the start-up operation. This will be solved by the shareholders. The SWOT analysis shown below illustrates that the basic business environment has many strengths and opportunities due to mainly the strong Government, the peace and political stability can flourish a business in a great way.

Dar es salaam city is open for businesses with many opportunities that can be tapped by the company as discussed herein notwithstanding the weakness and threats thereof.

Table 3.1: S. W. O. T Analysis

STRENGTH	WEAKNESS
<p>Economic contribution; The tobacco industry is a significant contributor to Tanzania’s economic through tax revenue, employment, and foreign exchange earnings.</p> <p>Established infrastructure; The industry has a well established infrastructure, including production facilities, distribution networks, and skilled labor.</p> <p>Market potential; Tanzania has a relatively large population with a growing middle class, offering potential for increased cigarette consumption.</p> <p>Export opportunities; There is potential for expanding exports to regional and international markets.</p>	<p>Health Risks; The negative health impacts of smoking are well documented, leading to increased public pressure for stricter regulations and consumer backlash.</p> <p>High Taxation; Government policies imposing high taxes on cigarettes can reduce profitability and competitiveness.</p> <p>Limited product diversification; The industry’s reliance on a single product (Cigarettes) makes it vulnerable to market fluctuations and regulatory changes.</p>



	Environmental Impact; Tobacco cultivation and production contribute to deforestation, soil erosion and water pollution
OPPORTUNITIES	THREAT
<p>Product innovation; Developing new and less harmful tobacco products can attract new consumers and mitigate public health concerns.</p> <p>Market expansion; Targeting specific consumer segments, such as women or youth, can lead to market growth.</p> <p>Diversification; Exploring opportunities in related industries, such as tobacco leaf processing or agricultural products can reduce risk.</p> <p>Corporate social responsibility; Implementing strong CSR initiatives can enhance the industry’s reputation and build trust with stakeholders.</p>	<p>Increasing anti-smoking regulations; stricter government regulations including bans on advertising, smoking in public places and increased taxes can erode profitability</p> <p>Economic downturns; Economic recessions can lead to reduced consumer spending on cigarettes.</p> <p>Competition from illegal trade; The illicit tobacco trade undermines legitimate businesses and reduces tax revenue.</p> <p>Climate change; Climate change can impact tobacco yields and increase production costs</p>

3.2 Job Roles and Responsibilities

Chief Executive Officer – CEO (Owner):

- Increases management’s usefulness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; collaborating values, strategies, and objectives; assigning accountabilities; preparing, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions; providing educational opportunities.
- Answerable for fixing prices and signing business deals
- Responsible for providing direction for the business
- Makes, connects, and implements the organization’s vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization’s strategy.
- Accountable for signing checks and documents on behalf of the company
- Evaluates the success of the organization

Technical and Logistics Manager

- Planning routes and allocating truck drivers.
- Arranging training for drivers and junior staff
- Maps out strategies that will lead to efficiency amongst workers in the organization
- Responsible for training, evaluation and assessment of the workforce
- Answering customer queries/ensure customer satisfaction
- Performing safety checks on Machinery, vehicles and storage equipment.

Human Resources and Admin 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 induction for new team members
- Responsible for training, evaluation and assessment of employees
- Oversees the smooth running of the daily business activities.

Sales and Marketing Manager

- Manages external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones
- Models demographic information and analyze the volumes of transactional data generated by customer purchases
- Identifies, prioritize, and reach out to new partners, and business opportunities et al
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with customers
- Develops, executes and evaluates new plans for expanding sales
- Documents all customer contact and information
- Represents the company in strategic meetings
- Helps to increase sales and growth for the company

Warehouse Workers


- Loading and unloading Cigarette boxes.
- Inventory management.
- Maintaining working knowledge of standards.

Accountant/Cashier

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides managements with financial analyses, development budgets, and accounting reports; analyzes financial feasibility for the most complex proposed projects; conducts market research to forecast trends and business conditions.
- Responsible for financial forecasting and risks analysis.
- Performs cash management, general ledger accounting, and financial reporting
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensures compliance with taxation legislation
- Handles all financial transactions for the organization
- Serves as internal auditor for the organization

Truck Drivers

- Maintains a logbook of their driving activities to ensure compliance with federal regulations governing the rest and work periods for operators.
- Keeps a record of vehicle inspections and make sure the truck is equipped with safety equipment
- Inspects vehicles for mechanical items and safety issues and perform preventative maintenance

- 
- Complies with truck driving rules and regulations (size, weight, route designations, parking, break periods etc.) as well as with company policies and procedures
 - Reports defects, accidents or violations

Client Service Executive

- Ensures that all contacts with clients (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service experience of the highest level
- Through interaction with customers on the phone, uses every opportunity to build client's interest in the company's products and services
- Manages administrative duties assigned by the human resources and admin manager in an effective and timely manner
- Consistently stays abreast of any new information on the organizations' services, promotional campaigns etc. to ensure accurate and helpful information is supplied to customers when they make enquiries (answer customer queries regarding our leasing equipment and technical support services offered)
- Finds out the customer's needs, recommend, select and help locate the right merchandise, describe a product's features and benefits.

SECTION FOUR

FINANCIAL PLAN

4.0 Generating Startup Capital for GREAT WALL TOBACCO COMPANY (T) LIMITED.

The Investment plan of the project involves 70% of shareholders' contribution through shares and 30% the financing through a Five-year term loan from CRDB Bank most likely at the Interest rate of 10%. The project financing is as follows;

Figures in USD

S/n	Particulars	Own Financing in USD.- (70%)	External Financing (CRDB Bank Loan) in USD. – (30%)	Total Investment in USD
	Total Project's Investment	<u>556,500</u>	<u>238,500</u>	<u>795,000</u>
	Total Investment	<u>USD 556,500</u>	<u>USD 238,500</u>	<u>USD 795,000</u>

4.1 Labor Management and Cost

We expect to be able to pay good salaries to the office staff as shown below

Table 4.1: Staff allowance per Month based on their rank (seniority)

Title	Salary
Chief Executive Officer (Owner)	3150
Transport and Logistics Manager	1000
Human Resources and Admin Manager	1000
Sales and Marketing Officer	1200
Accountants/Cashiers	1000
Warehouse Workers	500
Truck Drivers	1200
Customer Service Executives	900
TOTAL	9,950

This is the estimated monthly cost for salaries for all the offices and staff members for full operations with the staff receiving a 2 per cent increment in their remuneration after the first year as it will be depicted in our financial model. These salaries are deliberate in order for the cooperative to appear to be serious and also, to control pilferage of product since we are dealing in a high value mineral field with high yields and so to keep staff's morale at a high, will always translate in paying them well too.

4.2 Financial Analysis, Forecasting and Strategy

The Financial Plan involves the development of the company's revenue and profitability model. It includes detailed explanations of the key assumptions used in building the model, sensitivity analysis

on key revenue and cost variables, and description of comparable valuations for existing organization with similar business models. In addition, the financial plan assesses the amount of capital GREAT WALL TOBACCO COMPANY (T) LIMITED needs, the proposed use of these funds, and the expected future earnings. It includes Projected Income Statements, balance sheet and Cash Flow Statements. The aggregate cargo transportation project will be funded as earlier explained by shareholders capital of 556,500 USD and a loan of 238,500 USD from CRDB bank at an annual interest rate of 10%, term loan will be for 60month at a monthly rate of 0.8% having a monthly repayment of 5,016.99 USD using a reducing balance method hence having a total amount payable of 301,019.17 USD as it will be depicted in the financial statements.

Importantly, all of the assumptions and projections in the financial plan must flow from and be supported by the descriptions and explanations offered in the other sections of the plan. The Financial Plan is where the entrepreneur communicates how he/she plans to "monetize" the overall vision for the new venture.

The following are key financial assumptions for our project:

Cigarette Production in boxes

- Monthly packet production = 1000 boxes/month * 500 packets/box = 500,000packets
Annual packets production = 500,000 boxes/month * 12 months/year = 6,000,000 boxes/year

Sales per Year

- Cost per packet = 5,000 shillings (1.85usd) and 4,000 shillings for Dragon smoke product (1.48usd)
Annual cost = 6,000,000 packets * 5000 shillings/packet = 30,000,000,000 shillings/year

Therefore, 6,000,000 packets divided by 3 types of cigarettes = 2,000,000packets each per year as depicted below is usd currency.

GREAT WALL TOBACCO COMPANY
(T) LIMITED

FORECASTED REVENUE

	Manufactured annually	price per (\$) packet	Annual revenue
The Dragon	2000000	1.85	3,700,000
Dragon	2000000	1.85	3,700,000
Dragon Smoke	2000000	1.48	2,960,000
			-
			-
TOTAL OF FORECASTED REVENUE			10,360,000

COST OF GOODS SOLD

	Expected gross margin	Annual cost of Cigarettes sold
The Dragon	45%	1,665,000.00
Dragon	55%	2,035,000.00
Dragon Smoke	65%	1,924,000.00
-		-
-		-
TOTAL COST OF CIGARETTES SOLD		5,624,000.00

- ANNUAL MAINTANANCE, REPAIR AND OVERHAUL will have a 12% factor on Capital equipment
- ASSET DEPRECIATION will be for 5 year
- ANNUAL TAX RATE will be 30%
- ANNUAL INFLATION RATE will be 4%
- For operating expenses, the forecasts will be as follows.
 - Marketing expenses will be 0.2% of the total revenue of the first year.
 - Labor management and cost will be 0.3% of the total revenue of the first year and will have an increment of 2% the following years as depicted in the financial model
 - Utilities will be 0.1% of the total revenue of the first year and will have an increment of 2% for each following year.
 - Other administrative expenses will be 0.1% of the total revenue of the first year.
 - Other expenses will be 0.07% of the total revenue of the first year.
- ANNUAL AGGREGATE PRICE INCREASE will be 2%

It is expected that **GREAT WALL TOBACCO COMPANY (T) LIMITED** Cigarette manufacturing project will earn income from the sale of cigarettes during year 1 amounting to USD 10,360,000 which will subsequently have a sales price growth rate from year 2 on wards of 2% when the business will have been more promoted and become well known to many users, both foreign customers and Local customers from all customers in need of cigarettes.

The following are the financial statements thus the projected profit and loss statement, balance sheet and projected cash flow of **GREAT WALL TOBACCO COMPANY (T) LIMITED** Cigarette manufacturing project.

4.3 PROFIT AND LOSS PROJECTION

GREAT WALL TOBACCO COMPANY (T) LIMITED	
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PROFIT AND LOSS ASSUMPTION

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual cumulative price (revenue) increase	0.00%	10.00%	30.00%	30.00%	30.00%
Annual cumulative inflation (expense) increase	0.00%	2.00%	4.00%	6.00%	8.00%

INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
The Dragon	3,700,000	4,070,000	5,291,000	6,878,300	8,941,790
Dragon	3,700,000	4,070,000	4,477,000	4,924,700	5,417,170
Dragon Smoke	2,960,000	3,256,000	4,232,800	5,502,640	7,153,432
-	-	-	-	-	-
-	-	-	-	-	-
Total revenue	10,360,000	11,396,000	14,000,800	17,305,640	21,512,392
Cost of Sales					
The Dragon	1,665,000	1,698,300	1,766,232	1,872,206	2,021,982
Dragon	2,035,000	2,075,700	2,117,214	2,159,558	2,202,749
Dragon Smoke	1,924,000	1,962,480	2,040,979	2,163,438	2,336,513
-	-	-	-	-	-
-	-	-	-	-	-
Cost of goods sold	5,624,000	5,736,480	5,965,939	6,323,896	6,829,807

Gross Profit

4,736,000 5,659,520 8,034,861 10,981,744 14,682,585

Non-Operation Income

Dar es salaam trips		-	-	-	-
Interest income	-	-	-	-	-
Loss (gain) on sale of assets	-	-	1,000	-	-
Other income (specify)	-	-	-	-	-

Total Non-Operation Income

- - 1,000 - -

TOTAL INCOME

4,736,000 5,659,520 8,035,861 10,981,744 14,682,585

EXPENSES**Operating expenses**

Sales and marketing	20,720	21,134	21,980	23,299	25,162
Depreciation	155,000	61,200	62,400	63,600	64,800
Insurance	7,500	7,650	7,956	8,433	9,108
Payroll and Payroll Tax	31,080	31,702	32,970	34,948	37,744
Property taxes	2,500	2,550	2,652	2,811	3,036
Maintenance, repair, and overhaul	59,400	60,588	61,776	62,964	64,152
Utilities	10,360	10,567	10,990	11,649	12,581
Administrative fees	10,360	10,567	10,990	11,649	12,581
Interest expense on long-term debt	21,138	17,232	12,934	8,207	3,008
Other	7,252	7,397	7,693	8,154	8,807
Total operating expenses	325,310	230,587	232,340	235,715	240,979

Non-Recurring Expenses



Unexpected Expenses	-	-	-	-	-
Other expenses	-	-	-	-	-
Total Non-Recurring Expenses	-	-	-	-	-

TOTAL EXPENSES	325,310	230,587	232,340	235,715	240,979
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TAXES

Income Tax	1,323,207	1,628,680	2,341,056	3,223,809	4,332,482
Other Tax (specify)	-	-	-	-	-

TOTAL TAXES	1,323,207	1,628,680	2,341,056	3,223,809	4,332,482
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NET PROFIT	3,087,483	3,800,253	5,462,464	7,522,220	10,109,124
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4.4 BALANCE SHEET PROJECTION

GREAT WALL TOBACCO COMPANY (T) LIMITED	
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ASSETS

Current Assets	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Cash and short-term investments	556,500	3,759,917	7,578,398	13,054,993	20,588,817	30,705,545
Accounts receivable		-	-	-	-	-
Total inventory		-	-	-	-	-
Prepaid expenses		-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Other current assets		-	-	-	-	-

Other current liabilities		-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-

Debt	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Long-term debt/loan	238,500	199,434	156,462	109,193	57,196	-
Other long-term debt						
Total Debt	238,500	199,434	156,462	109,193	57,196	-

Other Liabilities	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Other liabilities (specify)	-	-	-	-	-	-
Other liabilities (specify)	-	-	-	-	-	-
Total Other Liabilities	-	-	-	-	-	-

TOTAL LIABILITIES	238,500	199,434	156,462	109,193	57,196	-
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EQUITY

	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Owner's equity (common)	556,500	556,500	556,500	556,500	556,500	556,500
Paid-in capital	556,500	556,500	556,500	556,500	556,500	556,500
Preferred equity	-	-	-	-	-	-
Retained earnings	-	3,087,483	6,887,736	12,350,200	19,872,421	29,981,545
TOTAL EQUITY	1,113,000	4,200,483	8,000,736	13,463,200	20,985,421	31,094,545

TOTAL LIABILITIES AND EQUITY	1,351,500	4,399,917	8,157,198	13,572,393	21,042,617	31,094,545
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4.5 CASH FLOW PROJECTION

GREAT WALL TOBACCO COMPANY
(T) LIMITED

Operating activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Net income	3,087,483	3,800,253	5,462,464	7,522,220	10,109,124	29,981,545
Depreciation	155,000	61,200	62,400	63,600	64,800	407,000
Accounts receivable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Other operating cash flow items	-	-	-	-	-	-
Total operating activities	,242,483	3,861,453	5,524,864	7,585,820	10,173,924	30,388,545

Investing activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Capital expenditures	-	-	-	-	-	-
Acquisition of business	-	-	-	-	-	-
Sale of fixed assets	-	-	1,000	-	-	1,000
Other investing cash flow items	-	-	-	-	-	-
Total investing activities	-	-	1,000	-	-	1,000

Financing activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Long-term debt/financing	39,066	42,972	47,269	51,996	57,196	238,500
Preferred stock	-	-	-	-	-	-
Total cash dividends paid	-	-	-	-	-	-



Common stock	-	-	-	-	-	-
Other financing cash flow items	-	-	-	-	-	-
Total financing activities	39,066	42,972	47,269	51,996	57,196	238,500
Cumulative cash flow	3,203,417	3,818,481	5,476,595	7,533,824	10,116,728	30,149,045
Beginning cash balance	556,500	3,759,917	7,578,398	13,054,993	20,588,817	
Ending cash balance	3,759,917	7,578,398	13,054,993	20,588,817	30,705,545	

4.6 LOAN AMORTIZATION SCHEDULE

GREAT WALL TOBACCO COMPANY (T) LIMITED

MONTH	BALANCE	SCHEDULED PAYMENT	PRINCIPAL	INTEREST
	996,400.00			
1	996,400.00	25,503.74	10,249.38	15,254.36
2	986,150.62	25,503.74	10,406.29	15,097.44
3	975,744.33	25,503.74	10,565.61	14,938.13
4	965,178.72	25,503.74	10,727.36	14,776.38
5	954,451.36	25,503.74	10,891.59	14,612.14
6	943,559.77	25,503.74	11,058.34	14,445.40
7	932,501.43	25,503.74	11,227.63	14,276.10
8	921,273.80	25,503.74	11,399.52	14,104.21
9	909,874.28	25,503.74	11,574.04	13,929.69
10	898,300.24	25,503.74	11,751.23	13,752.50
11	886,549.00	25,503.74	11,931.14	13,572.60
12	874,617.86	25,503.74	12,113.80	13,389.94
13	862,504.06	25,503.74	12,299.26	13,204.48
14	850,204.81	25,503.74	12,487.55	13,016.19
15	837,717.26	25,503.74	12,678.73	12,825.01
16	825,038.53	25,503.74	12,872.83	12,630.90
17	812,165.70	25,503.74	13,069.91	12,433.83
18	799,095.79	25,503.74	13,270.00	12,233.73
19	785,825.79	25,503.74	13,473.16	12,030.58
20	772,352.63	25,503.74	13,679.43	11,824.31
21	758,673.20	25,503.74	13,888.85	11,614.88
22	744,784.35	25,503.74	14,101.48	11,402.25



23	730,682.87	25,503.74	14,317.37	11,186.37
24	716,365.50	25,503.74	14,536.56	10,967.18
25	701,828.94	25,503.74	14,759.11	10,744.63
26	687,069.83	25,503.74	14,985.06	10,518.68
27	672,084.77	25,503.74	15,214.47	10,289.26
28	656,870.30	25,503.74	15,447.40	10,056.34
29	641,422.90	25,503.74	15,683.89	9,819.84
30	625,739.01	25,503.74	15,924.00	9,579.73
31	609,815.01	25,503.74	16,167.79	9,335.94
32	593,647.22	25,503.74	16,415.31	9,088.42
33	577,231.90	25,503.74	16,666.62	8,837.11
34	560,565.28	25,503.74	16,921.78	8,581.96
35	543,643.50	25,503.74	17,180.84	8,322.89
36	526,462.66	25,503.74	17,443.87	8,059.86
37	509,018.79	25,503.74	17,710.93	7,792.81
38	491,307.86	25,503.74	17,982.07	7,521.66
39	473,325.79	25,503.74	18,257.37	7,246.37
40	455,068.42	25,503.74	18,536.88	6,966.86
41	436,531.54	25,503.74	18,820.67	6,683.07
42	417,710.87	25,503.74	19,108.80	6,394.93
43	398,602.07	25,503.74	19,401.35	6,102.39
44	379,200.72	25,503.74	19,698.37	5,805.36
45	359,502.35	25,503.74	19,999.95	5,503.79
46	339,502.40	25,503.74	20,306.13	5,197.60
47	319,196.27	25,503.74	20,617.01	4,886.73
48	298,579.26	25,503.74	20,932.65	4,571.09
49	277,646.61	25,503.74	21,253.11	4,250.62
50	256,393.50	25,503.74	21,578.49	3,925.25
51	234,815.01	25,503.74	21,908.84	3,594.89
52	212,906.17	25,503.74	22,244.26	3,259.48
53	190,661.92	25,503.74	22,584.80	2,918.93
54	168,077.11	25,503.74	22,930.56	2,573.17
55	145,146.55	25,503.74	23,281.62	2,222.12
56	121,864.93	25,503.74	23,638.05	1,865.69
57	98,226.88	25,503.74	23,999.93	1,503.80



58	74,226.95	25,503.74	24,367.36	1,136.38
59	49,859.59	25,503.74	24,740.41	763.32
60	25,119.17	25,503.74	25,119.17	384.56

4.7 Sustainability and Expansion Strategy

The future of a business lies in the number of loyal customers that they have the capacity and competence of their employees, their investment strategy and their business structure. If all of these factors are missing from a business, then it won't be too long before the business close shop.

One of our major goals as **GREAT WALL TOBACCO COMPANY (T) LIMITED** in starting this Cigarette manufacturing project is to build a business that will survive off its own cash flow without the need for injecting finance from external sources once the business is officially running. We know that one of the ways of gaining approval and winning customers over is by offering quality tobacco products at a little bit cheaper than what is obtained in the market and we are well prepared to survive on lower profit margin for a while.

4.8 Way forward

The overall success of this business plan will depend on the efforts of the entrepreneur's ability to sale the company products as the customers buy the products leading to expand national wide, Also the success will depend on financial discipline of the management as to implement the idea as planned. The activities which are essential for the business to start up has to be carefully monitored and implemented. The entrepreneur is flexible and open up for new ideas and techniques with aim of ensuring the idea take off.

So, after all these considerations 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, mainly the Tanzania Investment Centre – (TIC). And Tanzania revenue authority (TRA) The project deserves this support because of its viability technically, economically, and, socially acceptable.

List of Appendice

Appendix I: The Proposed Organization Chart of GREAT WALL TOBACCO COMPANY (T) LIMITED

