

# MOUNT SOWOKO VILLAGE HOUSE & RESORT

## BUSINESS PLAN OVERVIEW

### 1. INTRODUCTION

"Mount Sowoko village House and Resort" is a hotel which will be established at plot number 1103 Block A, Burka, Arusha City, just 1kilometre from Arusha Airport. The hotel will involve two types of building plan, namely, 7 cottages, each with 2 en-suite rooms (a total of 14 en-suite rooms), and the second plan will be 2 storeys building with 10 en-suite rooms and a lounge. In total when fully completed, the hotel is aimed to have 24 rooms. In phase one we shall start by constructing seven, 2 in 1 cottage with a total of 14 rooms. The second phase will follow after few years of operation.

The hotel is strategically located in the Tanzania's northern tourism corridor, alongside the main road leading to Serengeti National Park, Tarangire National Park, Manyara National Park and Ngorongoro Crater. The hotel is 100 kilometres from Mount Kilimanjaro, which is among key tourists' attractions in Tanzania. Also, the hotel's location is about 45 kilometres from Kilimanjaro International Airport, and thus it can easily be accessible by tourists embarking from there.

### 2. SERVICES

The hotel will provide four types of services including accommodation, lunch, dinner and spa/massage. Accommodation in double room cost will start from US\$ 100 while in single rooms it will start from US\$ 75. Lunch and dinner will be sold from US\$ 15 and US\$ 20 respectively per person. Spa and massage services will be provided at a rate of US\$ 20 per head.

### 3. FINANCIAL HIGHLIGHTS

Mount Sowoko village house and resort has a capital of \$300,000 and is still working on getting the remaining \$ 242,603 to accomplish the whole project cost as shown in this business plan. This missing amount will be obtained through equity and local loans.

### 4. PROJECT COSTS

#### (a) Cost of construction

A total of US 542,603(1.3 billion shs) will be involved in the completion of this project. Out of that amount, US\$ 134,900 has been used to purchase the land upon which the hotel is to be erected while US\$ 407,703 will be used to finance the actual construction.

(b) **other costs**

These include US\$ 100,000 to furnish the hotel with up-to-date facilities and US\$ 50,000 which will serve as operating capital for the first months before the business starts making profit

(c) **Sources of fund**

The business owner will finance the project through loans and own contribution (i.e., through equity)

## 5. CUSTOMER SEGMENTATION

Mount sowoko village house and resort will primarily target the following customer profiles:

- Local residents
- International tourists
- Domestic tourists

## 6.Promotions Strategy

The promotions strategy for Mount sowoko village house and resort is as follows:

➤ **Social Media**

Mount sowoko village house and resort will invest heavily in a social media advertising campaign. The brand manager will create the Company's social media accounts and invest in ads on all social media platforms. It will use targeted marketing to appeal to the target demographics.

➤ **Website/SEO**

Mount sowoko village house and resort will invest heavily in developing a professional website that displays all of the features and benefits of the resort. It will also invest heavily in SEO so that the brand's website will appear at the top of search engine results.

### ➤ Advertising

Mount sowoko village house and resort will initially advertise on travel websites, which are frequently used to book travel due to their ease of use and reviews.

### ➤ Ongoing Customer Communications

Mount sowoko village house and resort will publish a monthly email newsletter to tell new and past customers about promotions and events.

## 7. Project investment breakdown

Detail	Cost (Dollars)
Land/building	240,000
Plant	12,000
Vehicles	10,603
Furniture and Fittings	100,000
Pre-expenses	18,000
Others	12,000
Working capital	150,000
<b>TOTAL</b>	<b>542,603</b>

## 8. REVENUE PROJECTIONS

The following are the main revenue assumptions

- The construction of the project is expected to take two years (September 2024–September 2026)
- The average hotel occupancy rate is projected to vary from 50% to 80% throughout the project life-time
- Rooms' occupancy rate for the first 2 years will be low due to newness of the hotel in the industry.
- In the following years occupancy rate will improve due to effective marketing strategies that will be deployed alongside unique services to be offered
- Rooms' occupancy rate will depend on the tourism season i.e. peak, high and low
- Seasonality of the tourism services in Arusha will also affect other services to be offered by the hotel including lunch, dinner, spa and massage

**Table 1: Financial assumptions and projects for first year of the project**

Item	Seasons	Description	Units	Price/unit (US \$)	Occupancy rate (days/month)	Months	Total (US \$)
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Accommodation	Peak	room	20	100	15	6	180,000
	High	room	20	100	10	3	60,000
	Low	room	20	100	5	3	30,000
Lunch	Peak	per head	20	12	10	6	14,400
	High	per head	20	12	7	3	5,040
	Low	per head	20	12	5	3	3,600
Dinner	Peak	per head	20	15	15	6	27,000
	High	per head	20	15	10	3	9,000
	Low	per head	20	15	5	3	4,500
Spa/massage	Peak	per head	20	20	8	6	19,200
	High	per head	20	20	5	3	6,000
	Low	per head	20	20	3	3	3,600
<b>TOTAL</b>							<b>362,340</b>

Based on the above assumptions for occupancy rate and other services, the business will generate gross revenue of US \$ 362,340 in the first year. Revenue projection for the rest of the year is based on the assumption that will increase at 2% each year as presented below.

**Table 2: Gross revenue projection for 2025 to 2046**

Year	Unit	Source				Total (US \$)
		Accommodation	Lunch	Dinner	Spa/massage	
2025	US \$	270,000	23,040	40,500	28,800	<b>362,340</b>
2026	US \$	275,400	23,501	41,310	29,376	<b>369,587</b>
2027	US \$	280,908	23,971	42,136	29,964	<b>376,979</b>
2028	US \$	286,526	24,450	42,979	30,563	<b>384,518</b>
2029	US \$	292,257	24,939	43,839	31,174	<b>392,208</b>
2030	US \$	298,102	25,438	44,715	31,798	<b>400,053</b>
2031	US \$	304,064	25,947	45,610	32,433	<b>408,054</b>
2032	US \$	310,145	26,466	46,522	33,082	<b>416,215</b>
2033	US \$	316,348	26,995	47,452	33,744	<b>424,539</b>

2034	US \$	322,675	27,535	48,401	34,419	<b>433,030</b>
2035	US \$	329,128	28,086	49,369	35,107	<b>441,690</b>
2036	US \$	335,711	28,647	50,357	35,809	<b>450,524</b>
2037	US \$	342,425	29,220	51,364	36,525	<b>459,535</b>
2038	US \$	349,274	29,805	52,391	37,256	<b>468,725</b>
2039	US \$	356,259	30,401	53,439	38,001	<b>478,100</b>
2040	US \$	363,384	31,009	54,508	38,761	<b>487,662</b>
2041	US \$	370,652	31,629	55,598	39,536	<b>497,415</b>
2042	US \$	378,065	32,262	56,710	40,327	<b>507,363</b>
2043	US \$	385,626	32,907	57,844	41,133	<b>517,511</b>
2044	US \$	393,339	33,565	59,001	41,956	<b>527,861</b>
2045	US \$	401,206	34,236	60,181	42,795	<b>538,418</b>
2046	US \$	409,230	34,921	61,384	43,651	<b>549,187</b>
Total	US \$	<b>7,370,726</b>	<b>628,969</b>	<b>1,105,609</b>	<b>786,211</b>	<b>9,891,514</b>

## 9. EXPENSES PROJECTIONS

Cost projections for running the proposed hotel business are established based on the following assumptions

- Employees' salaries will constitute 15% gross revenue
- Repair and maintenance will be 5% of gross revenue
- Groceries for running of hotel and restaurant will be 5% of gross revenue
- Other expenses including security internet services etc. will cost 2% of gross revenue

**Table 3: Expenses projection for 2025 to 2046**

Year	Unit	Salaries	Utility	Repair & maintenance	Groceries	Other expenses	Total
2025	US \$	54,351	18,117	18,117	36,234	7,247	134,066
2026	US \$	55,438	18,479	18,479	36,959	7,392	136,747
2027	US \$	56,547	18,849	18,849	37,698	7,540	139,482
2028	US \$	57,678	19,226	19,226	38,452	7,690	142,272
2029	US \$	58,831	19,610	19,610	39,221	7,844	145,117
2030	US \$	60,008	20,003	20,003	40,005	8,001	148,019
2031	US \$	61,208	20,403	20,403	40,805	8,161	150,980
2032	US \$	62,432	20,811	20,811	41,621	8,324	153,999
2033	US \$	63,681	21,227	21,227	42,454	8,491	157,079
2034	US \$	64,954	21,651	21,651	43,303	8,661	160,221
2035	US \$	66,254	22,085	22,085	44,169	8,834	163,425

2036	US \$	67,579	22,526	22,526	45,052	9,010	166,694
2037	US \$	68,930	22,977	22,977	45,953	9,191	170,028
2038	US \$	70,309	23,436	23,436	46,873	9,375	173,428
2039	US \$	71,715	23,905	23,905	47,810	9,562	176,897
2040	US \$	73,149	24,383	24,383	48,766	9,753	180,435
2041	US \$	74,612	24,871	24,871	49,742	9,948	184,044
2042	US \$	76,105	25,368	25,368	50,736	10,147	187,724
2043	US \$	77,627	25,876	25,876	51,751	10,350	191,479
2044	US \$	79,179	26,393	26,393	52,786	10,557	195,309
2045	US \$	80,763	26,921	26,921	53,842	10,768	199,215
2046	US \$	82,378	27,459	27,459	54,919	10,984	203,199
Total	US \$	1,483,727	494,576	494,576	989,151	197,830	3,659,860

## 10. PROFIT PROJECTIONS

Profit is what is left after settling all liabilities including operational expenses, taxes and debts. The projects for this business are based on the assumption that:-

- The business owner will pay value added tax (VAT) of 18% of gross income as per requirement of tax laws and regulations in Tanzania
- The owner will also pay levies and other taxes of about 2% of gross income each year
- The business owner will repay loan of US \$ 542,603 at the interest of 2%. When this loan is distributed annually, the owner will be liable to pay US \$ 25,162 each year.

Based on those assumptions, profit projections are provided in Table 4.

Page 5 of 5

**Table 4: Profit projection for 2025 to 2046**

Year	Unit	Total revenue	Total expenses	Gross income	Taxes	Surplus	Loan repayment	Net surplus (profit)
2025	US \$	362,340	219,849	142,491	28,498	113,993	25,162	88,831
2026	US \$	369,587	224,246	145,341	29,068	116,273	25,162	91,111
2027	US \$	376,979	228,731	148,248	29,650	118,598	25,162	93,436
2028	US \$	384,518	233,306	151,213	30,243	120,970	25,162	95,808
2029	US \$	392,208	237,972	154,237	30,847	123,389	25,162	98,228
2030	US \$	400,053	242,731	157,322	31,464	125,857	25,162	100,696
2031	US \$	408,054	247,586	160,468	32,094	128,374	25,162	103,213
2032	US \$	416,215	252,537	163,677	32,735	130,942	25,162	105,780
2033	US \$	424,539	257,588	166,951	33,390	133,561	25,162	108,399
2034	US \$	433,030	262,740	170,290	34,058	136,232	25,162	111,070
2035	US \$	441,690	267,995	173,696	34,739	138,957	25,162	113,795
2036	US \$	450,524	273,355	177,170	35,434	141,736	25,162	116,574

2037	US \$	459,535	278,822	180,713	36,143	144,570	25,162	119,409
2038	US \$	468,725	284,398	184,327	36,865	147,462	25,162	122,300
2039	US \$	478,100	290,086	188,014	37,603	150,411	25,162	125,249
2040	US \$	487,662	295,888	191,774	38,355	153,419	25,162	128,258
2041	US \$	497,415	301,806	195,610	39,122	156,488	25,162	131,326
2042	US \$	507,363	307,842	199,522	39,904	159,617	25,162	134,456
2043	US \$	517,511	313,999	203,512	40,702	162,810	25,162	137,648
2044	US \$	527,861	320,278	207,582	41,516	166,066	25,162	140,904
2045	US \$	538,418	326,684	211,734	42,347	169,387	25,162	144,226
2046	US \$	549,187	333,218	215,969	43,194	172,775	25,162	147,613
<b>Total</b>	<b>US \$</b>	<b>9,891,514</b>	<b>6,001,654</b>	<b>3,889,859</b>	<b>777,972</b>	<b>3,111,888</b>	<b>553,557</b>	<b>2,558</b>

