



BURHANI FURNITURE & BUILDING PRODUCTS COMPANY

# **BUSINESS PLAN FOR BUILDING A MULTISTORY SHOWROOM**

09/06/2023



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# Executive Summary

Burhani Furniture & Building Products (or just Burhani Furniture) is a 100% family owned and operated business for 55 years. What started as a mere sawmill operation has now advanced into an integrated wood industry dealing with logging, sawmilling, flooring, drying, moldings, doors, windows, office, school, hospital, government and household furniture.

Established in 1968 by Mr. Fakhruddin Akberali in Tanga, Tanzania. It is currently run by the sons of the founder, Mr. Aliasger Akberali who joined the business in 1984 after completing a Bsc. in Timber technology and a diploma in Business Administration from UK, followed by his younger brother Mr. Murtaza Akberali who has associate degrees in Applied Science and Accounting, Furniture Design, Furniture Production and Manufacturing and most recently the grandson Mr. Huzefa Akberali who has a bachelor's degree in Civil & Environmental Engineering.

For over 55 years Burhani Furniture strives to produce good quality and affordable products. We have a fully functional sawmill that allows us to buy logs and cut sawn timber. This gives us a competitive edge over other local manufacturers. We also specialize in producing custom furniture as well as streamlining bulk orders. We have employed talented expatriates to ensure international quality in carpentry, wood finishing and design. With these talents, coupled with the owner's experience and qualifications, it is our hope that we will become an established brand name in every household in Tanzania.

Upon an in-depth analysis of our market, we have come to a conclusion that our company and its consumers will benefit greatly by adapting the model of a ONE-STOP shop. This will be a one of-a-kind business in Tanga showcasing various types of local and imported furniture, home goods, furniture making tools, materials & accessories. Offering a diverse range of products and services all under one roof.

The benefits for adapting the one stop shop model include;

**Convenience:** everything is available in one place for purchase, ensuring a better match between the products, saving time, and resulting in a much faster response time.

**Lower costs:** manufacturing everything in-house saves the customer money because the company does not purchase the product at its retail price and mark it up further like a reseller.

**Better communication:** problems arise all the time in manufacturing, especially when the products are custom.

**Quicker turnaround and better product fit.**

To fuel our growth and help us hit our goals, we would like to order containers of special wood working machineries and materials as well as build a multi-story building which will showcase these items. Therefore, we're seeking help from TIC investment to register us as a local investor so that we can benefit from all the perks provided to a TIC member.

# Company & Business Description

## Company Purpose

Burhani Furniture & Building products is a leading furniture manufacturer as well as a seller of sawn timber in the Tanga region area. We have a fully operated sawmill which we are able to utilize for our own purpose, as well as selling dimensional lumber to consumers in the construction industries. We also deal with manufacturing of a wide range of commercial and household furniture. We deal with wood such as Teak (Mtiki) and Eucalyptus (Mkaratusi) that are sustainably sourced from the local plantations. Being a local manufacturer, our purpose is to be able to provide quality products at lower costs. We also aim to provide all carpentry related materials and accessories to small scale furniture manufacturer as well as a wide range of custom- and ready-made furniture. We believe this focus will help us appeal to a broader customer base and build a valued, authentic business.

## Mission/Vision Statement

Our mission is to provide a wide range of furniture items and accessories to our customers.

## Core Values

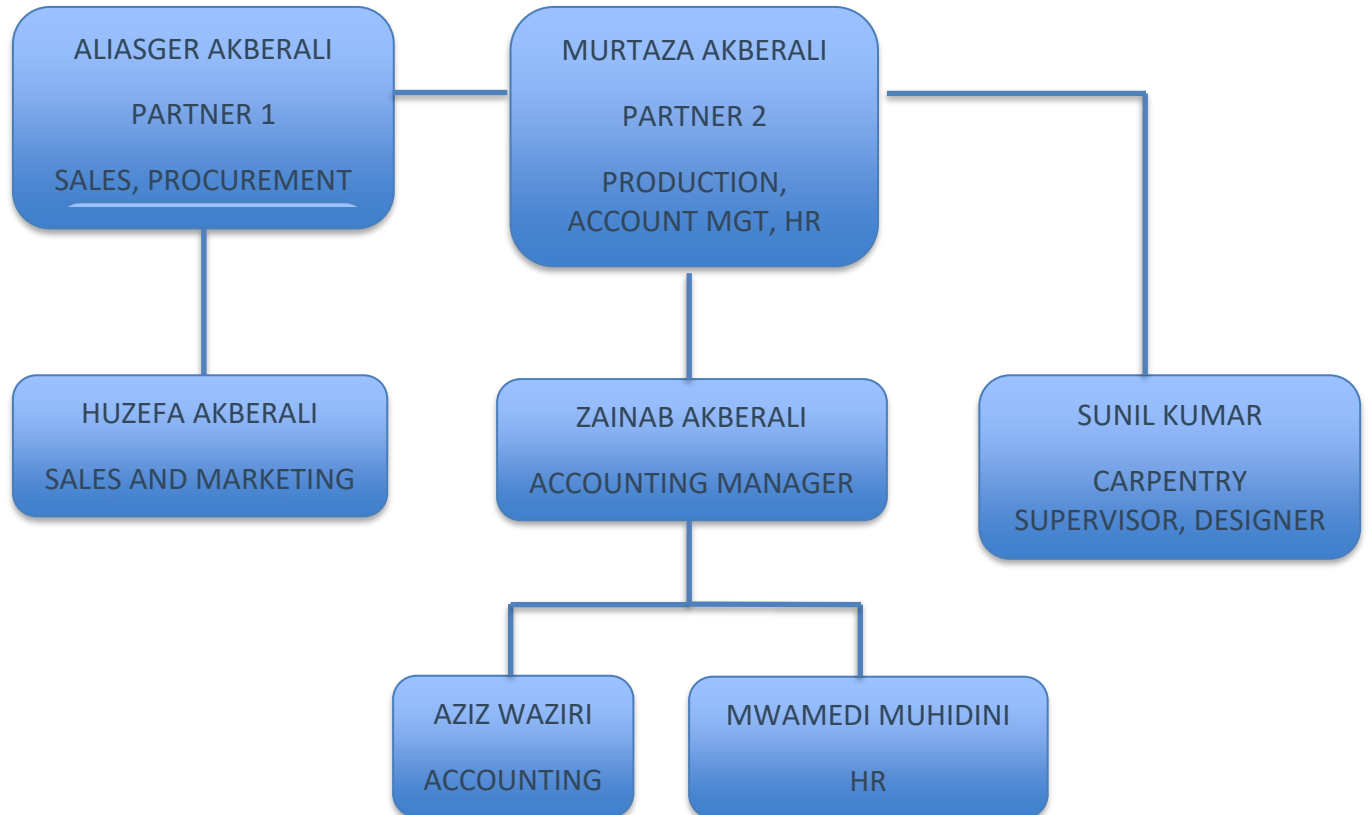
**Community:** Our company exists because we want to emphasize community and promote local businesses. Most of our materials are bought from local vendors thus keeping the flow of money locally.

**Sustainability:** We buy our raw materials from sustainable forest plantations only. Our main raw material is Teakwood and Eucalyptus wood which is sustainably grown all over Tanga region. By keeping our wood source within Tanga region, we are reducing the carbon footprint it takes to source from other areas of Tanzania.

**Authenticity:** We work with local forest owners who are well aware of sustainability. 95% of our employees are Tanzanians who value work ethics and produce quality workmanship. We want our customers to get the very best products in their houses and offices.

## Team & Organization Structure

Burhani Furniture is a partnership between two brothers with a 50-50 share in the company. See the chart below to show our organizational structure layout:-



# Products and Services Line

## Product Offering

Burhani Furniture & Building Products offers a wide range product to meet with our client. Our product range includes the following: -

- Dimensional Lumber
- Household furniture
- Office Furniture
- Garden and Outdoor Furniture
- School Furniture
- Power Tools and accessories

## Service Offering

Free quotations and estimates available upon request.

## Pricing Model

Our furniture prices are based on the ft<sup>3</sup> of wood used. We have a formula which includes the cost of raw material, wood preparation, cutting, wastage, carpentry, finishing and profit. For retail items, the product will cost slightly higher due to the complexities of building custom furniture. However, our customers will benefit from bulk orders. For instance, if a solid wood door cost 500,000/-, bulk or wholesale prices will be at 450,000/-.

With this model, we'll encourage our customers to place larger orders and increase our revenue per shipment.

# Market Analysis

## Target Market

Our main target market would be architects, designers and builders who require wood and furniture in bulk, such as a residential or office buildings. Our products can reach in the areas of Eastern Tanzania such as Tanga, Dar-es-Salaam, Bagamoyo, as well as the interior regions of Moshi, Arusha, Morogoro and Dodoma. Our other target market are government offices which require furniture finishes in the entire building. We have worked closely with Tanga City Council as well as other councils such as Bagamoyo, Muheza, Chalinze, Mkinga. We would like to get more work from other City Councils as well.

## Buyer Persona

ARCHITECTS & BUILDERS	
<b>Background</b> 5-10 years experience Loves wooden products Has good connections	<b>Demographics</b> Male 30-40 years In a relationship Holds College Degree
<b>Goals</b> Profit margin oriented Customer satisfaction Customer return rate Break-even point	<b>Communication/Schedule</b> Working 6 days a week Good communication skills Is satisfied with one supplier



## Location Analysis

We are located on Jamhuri St in Tanga which is one of the busiest streets that connects the road going to Dar-Es-Salaam and Pangani. This gives us a good exposure to a lot of on-going traffic. Our factory is also located just opposite the regional commissioner’s office, therefore we see a lot of meetings being held bringing a huge foot traffic to the showroom.

## Competitor Analysis

	<b>Comparative Strength(s)</b>	<b>Comparative Weakness(es)</b>	<b>Counter-point(s)</b>
<b>Sachania</b>	<ul style="list-style-type: none"> <li>• Bigger capacity</li> <li>• More reliable</li> <li>• On time delivery</li> <li>• Lower prices</li> </ul>	<ul style="list-style-type: none"> <li>• Small scale, they can focus on quality control better.</li> <li>• On time delivery</li> </ul>	<ul style="list-style-type: none"> <li>• We have a bigger capacity to produce mass scale furniture.</li> </ul>
<b>Icon Wood Yard</b>	<ul style="list-style-type: none"> <li>• Bigger capacity</li> <li>• Skilled workers</li> <li>• Better marketing</li> <li>• More reliable</li> <li>• Lower prices</li> <li>• Better woodworking machineries</li> </ul>	<ul style="list-style-type: none"> <li>• Small scale, having low overhead costs means higher profit margins than us.</li> </ul>	<ul style="list-style-type: none"> <li>• Burhani Furniture has more experience, better wood drying facility and better skill carpenters.</li> </ul>
<b>Local Artisanal Carpenters</b>	<ul style="list-style-type: none"> <li>• Bigger capacity</li> <li>• Better quality of wood</li> <li>• Skilled workers</li> <li>• More reliable</li> <li>• Better woodworking machineries</li> <li>• On time delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Can provide lower prices due to low overhead costs.</li> <li>• They can target low-income people by giving sub-par products.</li> </ul>	<ul style="list-style-type: none"> <li>• Small scale wood working shops are extremely unreliable and can use low quality materials.</li> </ul>

# Marketing Plan

## Positioning Strategy

The ECOP pipeline coming to Tanga is a big advantage for local businesses and we have seen a big housing growth in the region. Having a one stop shop and a furniture showroom will be extremely beneficial for builders and new home owners.

As a full-service food provider, we'll take the headache out of having to work with multiple suppliers and offer immediate, ready-made furniture and furniture accessories, as well as lumber for building purposes to our clients. That way they can focus more on other tasks and experience without having to worry about where and when they will receive their products.

## Acquisition Channels

Our main acquisition channels are as follows:

- **Event Marketing:** We will attend local events and conferences to promote our products in Tanga and surrounding regions.
- **Paid Marketing:** We will invest in SEM on Google to target keywords pertaining to furniture, wood and building materials in Tanga and surrounding regions.
- **Online Marketing:** We will optimize our website for relevant keywords and perfect our conversion path to ensure those who come on our website stay on our website. Furthermore, according to [datareportal.com](http://datareportal.com), there are over 4.9 million social media users in Tanzania. Therefore, having a company profile on Facebook and Instagram will also be beneficial.

## Tools and Technology

- Our marketing team will be equipped with a smart phone that will have access to all the social media platforms. They will use primarily Instagram and Facebook to run adds.
- With access to software like adobe illustrators and adobe photoshop, we will be able to create trendy marketing posters, flyers and brochures which will be distributed as hard copies to current and potential customers as well as post in online on our social media platforms.
- [HubSpot CMS](#). We will manage our website with HubSpot and publish all of our content through it.

# Sales Plan

## Sales Methodology

Our strategy will be a part inbound, part outbound strategy. Inbound will be enacted using the acquisition channels listed above in the Marketing Plan Section.

For our outbound work, we will work on account-based sales. We want to build relationships with Tanzania's most prominent builders, architects, designers and home owners, and to do that, we need to take an active role in forming these connections.

## Sales Organization Structure

Our sales will be handled by our sales and marketing manager who will take an active role in meeting new clients, and responding to in-person inquiries and also managing a team of three sales representatives.

Our two sales representatives will take an active role in distributing pamphlets, brochures and also setting up booths in trade fairs in Tanga and in major cities like Dar es salaam. One sales representative will actively monitor our social media platforms and website inquiries.

## Tools and Technology

We will be using online social media tools like Instagram, Facebook and website to do online sales and attract customers by running ads.

# Legal Notes

## Legal Structure

Our business is fully registered with the TRA and Brela as a Partnership.

## Legal Considerations

We are regulated by the Ministry of Natural Resource's Forest Division or "Hifazi Mitsu" which ensures that all the logs and timber is bought officially.

We are also fully compliant with OSHA and NEMC.

# Financial Considerations

## Current Investment Cost

Below is the cost breakdown for the investment towards expanding our current business.

Description	Cost
Building the multistory Showroom	\$88,250
Purchase of raw materials	\$20,800
Delivery Vehicle	\$15,000
<b>Total</b>	<b>\$124,050</b>

## Sources of Funding

All part of our project will be self-funded by Burhani Furniture. Our bank statements will show enough income to be able to start the building project and also buy the necessary raw materials. From our current awarded jobs, we are expecting to receive another 160,000 USD in the next 3 months. This amount will be enough to fund our financial needs for this construction and raw materials.

## Financial Projection for the Next Five Years

The financial projection for the next five years shows that the cost for fixed assets like land and building will remain constant as these assets will have been established already. However, the cost of raw materials will increase by 10% due to inflation.

### 1. Fixed Assets Operating/Maintenance cost

NAME OF ASSETS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Showroom Building + operating cost	88,250	7,000	7,000	7,000	7,000
Raw Materials	20,800	22,880	25,170	27,685	30,500
Vehicle + Maintenance	15,000	2,000	2,000	2,000	2,000
<b>TOTAL</b>	<b>125,050</b>	<b>31,880</b>	<b>34,170</b>	<b>36,685</b>	<b>39,500</b>

## 2. Revenue Projections

We are expecting to sell home and office furniture, building materials and carpentry accessories and other items from the new showroom. Every year, our target is to increase our revenue by 10%.

<b>NAME OF PRODUCTS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Wooden Doors	100,000	110,000	121,000	133,100	146,410
MDF boards	70,000	77,000	84,700	93,170	102,487
Home Furniture	24,000	26,400	29,040	31,944	35,140
Office Furniture	40,000	44,000	48,400	53,240	58,564
School Furniture	60,000	66,000	72,600	79,860	87,850
Carpentry Accessories	30,000	33,000	36,300	39,930	43,923
<b>TOTAL</b>	<b>344,000</b>	<b>356,400</b>	<b>392,040</b>	<b>431,244</b>	<b>474,374</b>

# CONCLUSION

Tanga region has seen a lot of growth potential post Covid. New and existing industries like Tanga Cement Factory, Huaxing Cement Factory, Neelkant Lime and Chemicals, the new ECOP pipeline construction and many more such industries have helped small scale business owners and are contributing to the rise of middle-class citizens.

Tanga Region has also seen a rise in residential and commercial construction especially in Kange and Sahare area as well as construction carried out by the city council in different areas of Tanga Region, such as Tanga City, Muheza, Korogwe, Handeni, Lushoto and many more. There is an increased demand of furnishing these buildings. This is where Burhani Furniture sees the potential of stepping in by opening a one-stop shop and providing all the necessary materials to build, as well as furnish the project.