

Tantu Construction Company limited Equipment Rental Business Plan

1. Industry Overview

According to a facts report from the Equipment Leasing information found in Tanzania, close to 80% of businesses in the country rented or leased equipment on a daily basis, thereby making the business very lucrative for anyone intending to start the business.

The reason why many businesses are renting equipment is due to the fact that they do not consider it necessary or worthwhile to purchase heavy equipment for use either due to budget constraints or the fact that buying the equipment would be a waste of resources as regards to leasing it.

Due to the fact that this is a capital intensive business, you would need the input of an expert who is knowledgeable in the industry and who would carry out an analysis on your company in relation to your location to help you determine if going into the business would be a wise decision.

If the odds are for you, the consultant would then help draft strategies that would help make your business have an edge over others that you might likely be competing with in the same location or even industry. Besides from getting a business consultant to help you determine if going into the business is worthwhile, writing a business plan is another task you would need to undertake.

2. Executive Summary

Tantu Construction Company Limited is owned by Mr. Feng Jie, Mr. Huai Yiming and Ms. Zulfa Rasul Msofe both are shareholders and also company directors. The company is a liability company register under the law of United Republic of Tanzania. Main activity is equipment rental business based in Tanzania, intends to rent its equipment to individuals and businesses.

Our vision as a company is to be the preferred equipment rental company here in Tanzania and also be amongst the top 10 equipment rental businesses in the United Republic of Tanzania by 2025. To ensure that we achieve the following vision and objectives, we intend to ensure that we build the best business structure.

Our equipment rental business is strategically located at Dar es salaam and provides the required convenience for our various customers in easily locating us to make enquiries, buy or rent from us. Also, our online presence makes it quite easy for those who love shopping online to locate us, not only are we located on top of various search engines, we also respond promptly to any online enquiries.

Our equipment are of high quality and are designed to last for as long as possible, this is because we procure these equipment with our customers in mind, and we would want that the equipment they get from us carry out its tasks efficiently.

Our management team is the best that can be found as we carefully sourced for those who not only had an understanding of the industry, but who also believe in our core values and were willing to work to ensure we reached our attained height.

Our customer care teams are very knowledgeable about the trends in the industry and have been trained to understand the wants of our clients and ensure that it is fulfilled. All complaints are speedily attended to and resolved by our able customer care executives.

We know how important is it to garner promotion for a business and so we have drafted effective publicity strategies that will ensure that the business gets the awareness it deserves here in Tanzania.

Finally, our Chief Executive Officer, Mr. Feng Jie is one who has the necessary expertise to ensure that the business attains its goals and objectives as he has more than 10 years experience in the rentals industry and will therefore bring in some strategies that will ensure we come up tops above our various competitors. Tantu Construction Company Limited intends to deal in all sorts of services to its various customers in the target market. Our niche makes it very easy for us to be the exclusive equipment rental business here in Tanzania.

However, instead of just providing core services to our customers, we intend to add other services to in order to gain more customers while also creating multiple sources of income. Our aim is to make profit as we legally can and as is permissible under the laws of the United Republic of Tanzania. Therefore, some of the services and products we intend to offer are;

- Rentals of heavy equipment such as bulldozers, excavators, cranes, concrete mixer and backhoes.
- Distributor for several equipment manufacturing companies
- Equipment repair
- Training
- Consultancy and advisory services

4. Our Mission and Vision Statement

- Our vision is to be the exclusive equipment rental business here in Tanzania; and amongst the top 10 equipment rental businesses in Tanzania by 2025.
- In order to achieve our goals and objectives, we intend to create a niche for ourselves in the area where we operate, so as to have little or no competition. We also intend to grow and expand as a company till we are known all over the United Republic of Tanzania.

Our Business Structure

Having the right business structure is very important to us as a business, because we know that getting the business structure right will set us on the right path towards attaining success as an organization. It is for this reason that we would source for and hire only the best employees that will help take our vision from where we are to where we intend to be.

We know how important it is to have the right management team that not only understands the core values of the company but also have the right knowledge and expertise to enable the company achieve its goals and objectives.

We are willing to pay all our employees well and also ensure that they are adequately trained so that they are able to handle the various responsibilities that would be assigned to them through our different sales and products offering. The training would also give them enhanced skills as well as increase their productivity for the overall benefit of the company. Therefore, below is the business structure we intend to build at Tantu Construction Company Limited;

- Chief Executive Officer
- Rentals and Leasing Manager
- Human Resources and Admin Manager
- Maintenance Manager
- Purchasing Manager
- Marketing Executives
- Accountants
- Customer Executive Officers
- Truck Drivers
- Security Guard
- Cleaner

5. Job Roles and Responsibilities

Chief Executive Officer

- Makes strategic decisions for the company
- Reviews company's policies and growth and tweak ineffective strategies
- Meet with high-powered clients on behalf of the company

Rentals and Leasing Manager

- In charge of all equipment that are rented by customers and ensure its proper documentation
- Checks the condition of outgoing and incoming equipment
- Liaises with the purchasing and maintenance managers to ensure that equipment procured is in line with industry trends

Human Resources and Admin Manager

- Sources for and recruits the best employees for the available positions in the company
- In charge of employee training and welfare

- Conducts periodical performance appraisals on the employees on behalf of the company

Maintenance Manager

- Checks the quality of new equipment and machineries
- Carries out light repairs on faulty equipment on behalf of the organization
- Works with team to effect repairs on customer's equipment

Purchasing Manager

- Sources for reliable vendors and suppliers on behalf of the organization
- Gets quotes for equipment and makes findings to ensure the company gets the best quote
- Liaises with the accountant to ensure that the right funds are transferred for the right equipment

Marketing Executives

- Conducts an in-depth analysis of the market to determine ways to penetrate the market
- Carries out one-on-one marketing on behalf of the company
- Reviews and discards ineffective marketing policies

Accountants

- Prepares all accounting and financial information on behalf of our company.
- In charge of channelling funds for the procurement of equipment
- Prepares tax report for onward submission to tax authorities

Customer Executive Officers

- Possess updated information about the general equipment rental industry as well as our company.

- Attends to customers enquiries and complaints and ensure that they are promptly resolved
- Keeps and update an accurate customer database on behalf of the organization

Truck Drivers

- Ensures that the equipment arrives at its destination on time
- Inspects the offloading and on-loading of the equipment
- Carries out light maintenance on truck

Security Guard

- Ensure that the premises is secured at all times.
- Checks incoming and outgoing equipment and ensures that all documentation are in order.
- Monitors the surveillance cameras to check if anything is amiss.

Cleaner

- Ensure that the premises are kept clean before and after work hours.
- Clean out the equipment store so as there won't be buildup of dirt and grease.
- Carry out any other tasks as might be assigned by the Admin Manager.

6. SWOT Analysis

The SWOT (*Strength, Weakness, Opportunities and Threats*) analysis is usually a method that is used to evaluate the chances of a business' survival. It is a necessary tool used to help the business understand and also carry out the best decisions on behalf of the organization.

In conducting a thorough analysis on our chances in the equipment rental business, we hired a reputable business consultant here in Atlanta who understands the business thoroughly and would evaluate our strengths and opportunities and use it to determine if they were worth more than our threats and weaknesses.

Below is the result from the SWOT analysis that was conducted on behalf of Tantu Construction Company Limited;

- **Strengths**

We have several strengths in our advantage and one of such is that we have competent employees that know how to handle our customers and also how to anticipate their needs, which is what our customers love most about us. Also, the fact that we can be found online and are actually responsive to enquiries and requests is one of our strengths.

- **Weaknesses**

The fact that many businesses are into equipment rentals is a huge weakness for us as this would mean we would need to intensify efforts to get a good share of the target market that is already saturated. We however have strategies in place that would enable us make a huge impression on the public.

- **Opportunities**

The opportunities that abound to us in this industry stem from companies that will be looking to rent our equipment on a long-term basis, thereby causing an increase in our revenue. There are also loads of people looking for advices on what equipment is best for use and whether they should rent or buy; these are opportunities we intend to use to our full advantage.

- **Threats**

The threats we are likely to experience in this industry are from the arrival of new competitors who might be looking to grab a share of our target market by offering cheaper prices than what we were offering. Also, another threat we are likely to face is in having an economic downturn which will affect the rate customers lend equipment from us.

However, every business knows that it is likely to encounter threats during the start and running of the business and as a serious business we are fully prepared to handle every threat.

7. MARKET ANALYSIS

- **Market Trends**

The equipment rental business is one that has always been in demand and this is due to the fact that even though several individuals and companies require the use of heavy machinery to carry out certain tasks, they do not want to buy or have the means to buy such equipment.

Also, some of the heavy equipment are used few times by the end users and so there is no need to waste money purchasing these equipment only to use them once or a few times, hence the need to rent the equipment from rental companies.

However, any entrepreneur looking to go into this business must ensure that they think up innovative ways at earning money and staying on top of competition.

Equipment rental companies these days do not only rent out equipment, they are also involved in the sales of heavy and light equipment. Others also become distributors of some of this heavy equipment for equipment manufacturing companies.

This is so that they can gain a huge share of the target market, and keep generating revenue that would give them a healthy bottom line.

The use of the internet has made things quite easy for equipment rental companies, as most have built websites that has Search Engine Optimization (SEO) so that they could be amongst the top searches for customers who searched for equipment rental companies online.

There is also the trend of using online directories or paying Google so as to be able to appear in different forums, websites and blogs that register for Google's AdSense. Besides this, owners of this kind of business always network with manufacturing companies as well as other stakeholders in the industry to help increase awareness about them.

8. Our Target Market

There are all sorts of people who make rent equipment for several purposes; this means that we cannot restrict our customers to a certain group as we have a huge target market to cater to here in Tanzania.

Asides from having a large number of potential customers, we are also strategically located here in Tanzania, and have also chosen several other strategic locations in which to create awareness about Our company.

However to help us get a better perspective of our target market, we have carried out a market research that will not only help us understand their demands, but will also help us see what they would be expecting from us.

We therefore are in the equipment rental business to cater to the following group of individuals and industries according to our market research:

- construction industry
- Individuals and Businesses dealing in forestry
- Households
- And other customers who generally lease heavy and light equipments for various activities

Our competitive advantage

Every business that intends to make profit knows that it is likely to have competitors and so it would be wise for such a business to set out competitive strategies that would ensure that it has an edge over its competitors either in the same location or in the whole industry.

With this, Tantu Construction Company Limited has several competitive strategies which it intends to deploy against its competitors in the industry.

Our intention of being amongst the top ten equipment rentals in Tanzania and the only exclusive go-to equipment rental company here Tanzania means that we fully intend to deploy several strategies to ensure that we achieve this objectives, whilst maintaining a healthy bottom line.

Our different equipment are of high quality and so would not give our customers any hitches once they are being rented out. Not only do we stock the best equipment, we also ensure that our equipment are given a thorough inspection before and after use by our highly competent maintenance team.

Our customers would have the option of using our support personnel whenever they lease our equipment, this is so that any hitches that crop up during the use of our equipment would not only be speedily resolved but also recorded accurately for use by the company for future purposes.

Lastly, we offer the best customer care, the type that cannot be found anywhere in other similar start-ups in the industry. Our customer care

executives are deeply knowledgeable about trends in the industry and are highly trained to handle our different types of customers no matter their temperaments.

9. SALES AND MARKETING STRATEGY

- **Sources of Income**

Tantu Construction Company Limited is an established company in Tanzania whose aim is to offer several services to its customers based within its target location.

We intend to give our customers several niche services that will ensure that they do not have to patronize our competitors, and that will also earn us income from various sources. Therefore, Tantu Construction Company Limited will therefore generate income by offering the following services;

- Rentals of heavy equipment such as cranes concrete mixer, paving machines, excavators and forklift.
- Equipment repair
- Training
- Consultancy and advisory services

10. Sales Forecast

The equipment rental business is such that will always grow especially as most businesses in America cannot go without leasing one or several equipment every day. Our strategic location in Tanzania has made us quite optimistic of generating revenue and making profit from the second year of operation and from which we can then grow and expand our business from there.

We conducted a critical analysis of our chances in the equipment leasing industry based on data and information that was gathered from several similar start-ups in the industry and based on our location as well. It is from this critical analysis that we were able to come up with the sales projections.

Below are the sales projections for Tantu Construction Company Limited based on factors such as the location, positive state of the economy and lack of a competitor arriving during the stated period;

- **First Fiscal Year-:** \$300,000
- **Second Fiscal Year-:** \$400,000
- **Third Fiscal Year-:** \$600,000

N.B: The above sales projections were carried out based on several facts and information from the industry. The above projections are based on the facts that there will be no change in the factors listed above. However, should any change occur either positively or negatively, it is likely to have an impact – increase or decrease – in the projected sales figures.

- **Marketing Strategy and Sales Strategy**

Even though the equipment rental business is a lucrative one, there are still several businesses within this industry collapsing and all because they did not carry out adequate marketing. Marketing is the process by which businesses research on and identify their target market so as to be able to draft the necessary strategies that would be effective on the identified target market.

Marketing is the major source by which a business makes its revenue to sustain and eventually expand it. Therefore, we have conducted a thorough marketing research on our target market and have identified several ways we would attract customers to our equipment rentals business.

To aid us in carrying out this market research, we sourced for the services of a reputable marketing consultant who is knowledgeable in this field to help us look over our market research and not only review it but also draft the right strategies that would see us standing out in our marketing campaigns.

Empowered to work with the hired marketing consultant is our marketing team, who understanding our corporate core values and foundation have to ensure that each marketing strategy promotes the company positively to existing and potential customers while also generating the intended revenue for the company.

We do not also intend to dismiss the importance of technology as we intend to incorporate it into our marketing strategies.

We are fully aware of the power of the internet and will deploy all means to ensure that we maintain a strong online presence that will be helpful when

marketing our equipment rental business. Therefore, the marketing and sales strategies we intend to adopt for Tantu Construction Company Limited are;

- Ensuring that we introduce our equipment rental business to all our target markets in our location by sending out formal letters that include our rates and a powerful brochure to the management of each companies
- Ensure that we thoroughly advertise our equipment rental business in local newspapers, magazines as well as on radio and television stations
- Make use of direct marketing for our equipment rental business
- Use our official website to market our equipment rental business
- Use our social media platforms – Facebook, Twitter and LinkedIn – to massively market Equipment Rentals
- Ensure that we are listed on online as well as offline directories

11. Publicity and Advertising Strategy

Publicity and advertising is a very important aspect for any business that intends to play an active role in generating revenue whilst also creating the necessary awareness it needs for its brand. Due to this it is very essential that we carefully draft our publicity strategies that would project our image positively to our customers – existing and potential.

We have also hired a brand strategist who is quite knowledgeable about the industry and knows which strategies would likely be beneficial to us in the short and long run, to help look over our strategies and help to modify or draft new ones that we would implement in ensuring that our company is not only known here in Dar es salaam but in other surrounding cities as well.

Therefore the platforms we intend to use in promoting and advertising Tantu Construction Company Limited to our various customers are;

- Ensuring that we pay for Google Ads to help advertise our business on all web pages, forums and blogs that is guaranteed to give us the maximum exposure
- To sponsor relevant school programs that is related to equipment in our local community

- To place adverts in local newspapers, magazines as well as on radio and television stations
- To use the social media platforms, such as Facebook, Twitter and LinkedIn to massively educate people about the advantages of patronizing our company as well promoting us as well
- To ensure that our billboards are strategically and conspicuously located all around Tanzania.
- To ensure that we distribute our handbills and paste our fliers in strategic locations

12. Our Pricing Strategy

We know how important pricing is to a company and so we intend to take our pricing strategy very seriously when it comes to setting the rates and prices for our customers.

We would give our customers an affordable price or rates for our equipment, and will ensure that the price given fetches us a good margin that will cover not only our overhead but our running costs as well. However, in order to attract customers to our business and make them loyal to us, we intend to reduce our rates during the first few months (3 months) of business.

The rates would not however be lowered to the point that they affect our business negatively, we would only be running on low margins. We would however raise our prices later so as to conform to what is obtainable in the rental industry.

- **Payment Options**

The days where there were only one or two ways by which customers could pay for services or a product is long gone as there are several available platforms available to suit the different needs of the customers. At Tantu Construction Company Limited, we are a business that understands that our customers might have different preferences and so we have different payment options available.

Therefore, the payment options we intend to offer all our various customers are;

- Payment via cash
- Payment via check
- Payment via bank draft
- Payment via Credit Card
- Payment via Point of Sale (POS) Machine
- Payment via online payment portal

The above payment options were carefully chosen by our bank and we have been assured that they will offer our customers no problems during transactions.

13. Startup Expenditure (Budget)

The equipment rental business is a capital intensive business especially if one intends to set up a business that is of a certain standard.

In generating start-up capital for our equipment rental business, it should be noted that the bulk of the capital would go into purchasing these heavy equipment, while the other heavy spending will be on paying employee salaries and bills. Therefore, the key areas where we intend to spend our start-up capital on are;

- Cost of purchasing several equipment for business start-up – **\$800,000**
- Insurance cover (general liability, asset insurance, workers' compensation) – **\$13,000**
- Operational cost for the first 6 months (employee salaries and utility payments) – **\$100,000**
- Cost of leasing and renovating a facility for use for at least 1 year – **\$20,000**
- Marketing expenses (grand opening party promotion and general marketing) – **\$5,000**
- Other start-up expenses (furniture, stationeries, computers, printers, and phones) – **\$4,000**
- Cost of store equipment (security, and ventilation) – **\$3,000**
- Cost of purchasing two heavy duty transport trucks – **\$155,000**
- Cost of launching a website – **\$1,000**
- Miscellaneous – **\$10,000**

From the above analysis, we would need the sum of **\$1,111,000** in order to not only start but successfully run our equipment rental business here in Tanzania. It should be noted that the bulk of the capital will go into buying the heavy equipment that would be rented out to various customers as well as payment employee salaries and lease and furnish the facility we intend to use for our business.

Generating Funding / Startup Capital for Tack Rental Business

Tatu Construction Company Limited is owned by Mr. Feng Jie, who has over 10 years experience in the industry, and other two shareholders Mr. Huai Yiming and Ms Zulfa Rasuli Msofe. In getting for funds to start this business, Shareholders attain funds from different sources including the external investors and issue of shares so that his business can start off successfully.

14. Sustainability and Expansion Strategy

A business that has no sustainability and expansion strategies has no future, and so because we have established our business not only to make profit but have a future as well, we intend to ensure that we implement our sustainability – employee competence, customers' loyalty – and expansion – reinvestment – strategies to our advantage.

One first aim of sustaining our business is to ensure that we employ those who are very competent and have a good understanding of how to run the business. In a bid to ensure that the business runs smoothly, we intend to pay our employees well exactly what is obtainable in the industry for start-ups such as ours, and ensure we provide them with a great welfare package.

We intend to share our profits with our management team especially those who have shown a great commitment and zeal for at least a 3 year period; and we also intend to provide incentives by promoting lower end staff after conducting periodical performance appraisals.

Retaining our customers is such a big deal for us and we intend to ensure we deploy all the strategies that will make our customers stick to us.

We intend to offer them excellent customer care, by always listening and attending promptly to their complaints and also responding to whatever

enquiries they might have. We will also reward loyal customers by providing discounts every now.

Having a healthy bottom line is important and so we would ensure that we re-invest part of our profit back into the company so that we do not need to source for external sources to fund our company all the time. We believe that once we apply these strategies, we would be able to not only sustain but also expand our equipment rental business as well.