

BUSINESS PLAN

ON

5 STORE COMMERCIAL BUILDING PROJECT COMPLETIONS.

PREPARED FOR;

**MR.ALEXANDER .E. LUPINDO
TAKAWEDO INVESTMENTS CO.LTD
P.O. BOX 1727
DODOMA**

**SHEBRILA & CO
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE
P.O. BOX 1707
DODOMA**

1.0 EXECUTIVE SUMMARY

TAKAWEDO INVESTMENTS CO.LTD is a private liability company incorporated in the United Republic of Tanzania with Certificate of incorporation No. **87943** issued on **6th December 2011**, the main line of production is Construction of Commercial Building. The proposed business plan is a result of knowledge and experience accumulated of many years. The proposed, construction of Commercial building for. Conference Halls. Stores. Offices and other facilities. It's an ambitious undertaking the project of commercial building for the growth demand of Economic infrastructure in Dodoma City.

The proposed new project of Commercial Building infrastructure is estimated to cost **US\$ 1,580,000** and expected to create new employment over fifty (50) employees.

1.1 OBJECTED OF THE PROJECT:

The main objectives of the **MR.ALEXANDER LUPINDO** project is to improve efficiency and effectiveness of the delivery of commercial building services through better business management and financial management, thereby contributing to the economic growth of the country.

The aim is to provide and offer better services to public in the fields of accommodation.

1.2 MISSION

To be the most reputable and effective commercial building services to government institution foreigners and the public at large.

1.3 VISION

To be the most reputable and progressive enterprise in the country by providing high quality commercial building services focused at customers at customers satisfaction by 2025.

1.4 CORE VALUE:

- a) **(Efficiency):** Timely and quality service delivery to customers.
- b) **Customers Focus:** To know the customer needs and strive for their satisfaction.
- c) **Integrity:** To be ethical trust worthy
- d) **Innovation and creative:** Charge will be according to the quality of services.

1.4 START – UP – COSTS TO THE HOTEL PROJECT

The proprietor of this project **MR.ALEXANDER LUPINDO** has spent an initial capital from other business after savings over a period of 14 years to the tune of US\$ 850,000/= that the owner contributed to this newly established 5 Storey building construction. This initial contribution is comprised of,-

1.5 THE COMPLETION OF THE COMMERCIAL BUILDING WOULD INCLUDE

- a) Doors
- b) Windows
- c) Finishing
- d) Painting
- e) Floor Tiles

2.0 MARKETING & MARKETING ASPECTS

Dodoma town is located in the central part of Tanzania and it stands as a junction place where people from all corners of Tanzania pass by through here. Dodoma town is among the fastest growing town with a population of about 3,000,000 at present.

The town covers a wider area which accommodates parliament house and several government Ministries with other institutions.

As a consequence of ever growing population the demand for social services is continuing to widen. The envisaged commercial building and other projects to be established in the project site will tackle the problem of accommodation albeit at minimal level. In view of the analysis provided in the main text indicates that there will be ample market for these kinds of projects.

4.0 PROJECT PERFORMANCE

- 2.1.1 The economic life span of the project is three years for Tshs. 1.5 Billion for Investment loan requested.
- 2.1.2 Interest rate to be charged is 17 % p.a on outstanding balance

5.0 MANAGEMENT

Management of the project will be under **MR.ALEXANDER LUPINDO** However a qualified manager will be permanently employed who will assisted by other supporting staff.

5.1 Employment

This Commercial Building project is expected to create 50 jobs from 40 local employees and 10 foreign employees during and after project implementation period.

Employment	Foreign Skilled	Local Skilled	Total
Women	3	15	18
Men	7	25	32
TOTAL	10	40	50

6.0 ECONOMIC ASPECTS

The envisaged project will contribute significantly towards government coffers. The project will not require any kind of foreign exchange to import goods from abroad. The project will also create employment for people living around the area.

7.0 PROPOSED SECURITY

- i) Legal mortgage over the Commercial building project building on Plot No 6 Block T Uhindini within Dodoma city .
- ii) Adequate insurance cover against fire and burglary covering the above said assets offered as securities to be obtained and registered and ceded in favour of the Bank.

8.0 PROJECT BACKGROUND

8.1 SITUATION ANALYSIS (SWOT) ANALYSIS

This section provides an analysis of strength, weakness, opportunities and threats that **ALEXANDER LUPINDO** faces as a point of departure for formulating strategic actions that will capitalize on strength minimize the weaknesses and enable **ALEXANDER LUPINDO** to take advantages of the existing opportunities while avoiding threats in the environment.

a) Strength

- It will be a new commercial building depicting the latest designs and high quality construction features.
- The provision of superior customer service.
- Conducive location for business.
- Strategically location as it is located within Dodoma town centre.
- Reliable availability of utilities such as water and electricity.
- **MR.ALEXANDER LUPINDO** is a prominent businessman.
- Good support, confidence and trust from financial institution.
- He has adequate security to cover the loan requested.

b) Weakness

- Inadequate funds to complete the project.

c) Opportunities

- Increase in number of meetings, seminars and workshops being conducted Dodoma.
- Growing market needs for Commercial building services.
- Exiting gap in prime commercial buildings facilities in Dodoma.
- Existence of financial institution i.e commercial bank .

d) Threats

- Competition from other commercial buildings operating in Dodoma.
- The threat of copying of the services the commercial buildings will offer by other commercial buildings

9.0. TECHNICAL ASPECT

9.1.1 Location

The project is located on Plot no 6block T ,Uhindini within Dodoma city centre. The project receives all relevant utilizes eg. Water and electricity and the main sewer is within its proximity.

10.0 BUILDING .

The applicant will constructed the 5 storey building which is to become a commercial building for an estimated amount of over **1,580,000 USD** and it now requires an estimated support from the Investment loan of **600,000 USD**

11.0 MARKETING PLAN

Given the fact that Dodoma is the seat of the parliament and coupled with the fact that it houses the Ministry of Regional Administration and Local Government, it services as a major Government business meeting point.

It serves as a transit point for people who travel to and from Mwanza, Musoma, Shinyanga, Kigoma, Tabora, Singida and Dar es Salaam.

In view of this fact, Dodoma is a conducive place for board meetings, seminars, local and international workshop, training sessions, workers council meetings and political parties high organs sittings. All these create a demand for hotel facilities.

12.0 COMPETITIVE FACTOR

The major competitors of the commercial building will be:-

- New Dodoma Hotel
- Nam Hotel
- Desert Palm Hotel
- VETA
- Saint Gasper Conference Centre

Although the other commercial building may pause a threat in terms of being low cost providers, the sponsor intends to position the commercial building as a provider of a variety services at superior level.

By the time the commercial building gains acceptance in reminds of the visitors , it will have developed a brand recognition and a strong following. Apart from our market approach, the sponsor connections to with the Government and Commercial circles, will further cushion commercial building from competition.

13.0 Pricing

The price of various services to be offered at the commercial building has been set based on a market energy point strategy after having considered the need for having a competitive edge apart from the following.

- Pricing of similar facilities in Dodoma and Dar es Salaam, Mwanza and Arusha.

14.0 ADVERTISING AND PROMOTION

Advertising and promotional activities will be entrusted to a firm of proven track record. The activities include but not limited to,

- Designing and distributing attractive brochures and stickers.
- Use of television and radio advertising.
- Taking full advantage of sponsor's connections with commercial sector.

The marketing cost associated to the advertising and promotional activities are expected to be US\$ 400/= in year one and thereafter US\$ 600 each year from year two to year five. The benefits to be gained from spending this amount are expected to outweigh the cost.

15.0 SALES FORECASTS

At an assumed 80% occupancy rate, the commercial building revenues are expected to be US\$ 260,000/= in year one. This figure gradually increases to reach US\$ 298,000/= in year 3. The sales forecasts have been based on the market potential for its services, coupled with the market penetration strategy to be supported by the advertising and promotion efforts.

16.0 TARGET MARKET

The commercial building will target on the following categories of customers:-

(i) Transit travelers

These are business men and government officials who will either spend their nights in Dodoma while on transit to Singida, Tabora, Shinyanga, Mwanza, Musoma and even Ruanda and Burundi.

(ii) Visitors from nearby Regions

Many people from Dar es Salaam do visit Dodoma for week end breaks or business trips. They will be treated to a totally unforgettable experience by providing them with a package which will include camping, barbecues, cultural tours and by the fire parties.

(iii) Corporate Business

This group comprises the business climate who will be attracted to hold board meetings, strategic planning meetings, training sessions seminars and conferences.

(iv) Workshop

With the inception of the University of Dodoma and St. John Dodoma has become a centre of learning. This paves way for various local and international workshops to be conducted in Dodoma.

Members of parliament

The Parliament holds four (4) sessions a year in Dodoma, in addition to various committee meetings.

(v) Competitive factors

An analysis of the competitive industry has been done along the following areas:

(vi) The bargaining power of customers

Given the fact that there are a number of commercial buildings in Dodoma, customers have a choice on which to go to.

Invariably this choice will be based on pricing. As it has been mentioned above, the commercial buildings differentiate its service and prospective customer will be advised that the service offered will be of high quality and it will have special and distinctive features.

17.0 LOCATION ANALYSIS

(i) Accessibility

The commercial building will be located along the Dodoma city centre. The commercial building will thus be easily accessible from any side of Dodoma.

(ii) Demography

The commercial building will be located at Dodoma city centre where residential houses are springing up. This will offer a good demand for the commercial building services. Thus a more of life's meaning enjoyment will be driven by customers taste.

(iii) Competitors

There is a stiff competition in the area. It has limited parking space. The other competitors are located away from the Dodoma town centre and they also have a problem of ample parking space.

18.0 MARKET /MARKETING ASPECTS

18.1 The products

The envisaged project will provide accommodation services.

18.2 The market

The providing of commercial building services falls under service sector. This sector in Dodoma town its demand is still higher to match with ever increasing number of population locally as well foreigners who happen to be tourist. The political stability of Tanzania has attracted to so many tourists coming from every corner of the world.

The proposed commercial building project will offer and cater wide range of customers who need nice rooms at affordable prices. Its proximity to the town centre is an added advantage that will attract customers. In the light of the

evolution it can be concluded that there is ample market for the proposed project.

19.0 PROPOSED SECURITIES

- i) Legal mortgage over project on building located on Plot number 6 Block "1" UHINDINI within DODOMA CITY.
- ii) Adequate insurance cover against fire and burglary covering the above said assets offered as securities to be obtained and registered and ceded in favor of the Bank.

19 .0 FINANCIAL ASPECT

19.1 Assumption /Consideration

- Prices employed in the analysis are current and assumed to rise by 5% for the rest of project life.
- The interest on loan to be charged is 17% on declining balance.
- 365 working /operating days in a year have been assumed.
- Capital investment structure and source of funds are shown in the following tables.

TAKAWEDO INVESTMENT LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

Period	1	2	3	4	5
Revenue	260,000	260,000	260,000	260,000	260,000
Operating Expenses:	162,000	162,000	162,000	162,000	162,000
Profit before Depreciation &Interest	96,000	96,000	96,000	96,000	96,000
Interest	18,000	13,430	10,860	8290	771,440
Depreciation	2,0090	2,0090	2,0090	2,0090	2,0090
Gross Profit	59,910	62,490	65,060	67,640	70,290
Tax (30%)	17,973	18,747	19,518	20,292	21,087
Profit After Tax	41,937	43,743	45,542	47,348	49,203
Accumulated Profit	41,937	85,680	131,222	178,570	227,773

TAKAWEDO INVESTMENT LIMITED PROJECTED CASH FLOWS US\$

PERIOD	Zero	1	2	3	4	5
SOURCES:						
Profit before interest and depreciation	0	350,000	350,000	350,000	350,000	350,000
Equity	980,000					
Loan	600,000					
Total Sources	1,580,000	350,000	350,000	350,000	350,000	350,000
Applications:						
Capital expenditure		-	-	-	-	-
working Capital & Others	50,000					
Cash	0	55,000	60,000	65,000	70,000	75,000
Tax	-	7150	7800	8,450	9,100	9,750
Sub total	1,630,000	350,000	350,000	350,000	350,000	350,000
Total applications	1,630,000	350,000	350,000	350,000	350,000	350,000

TAKAWEDO INVESTMENT LIMITED PROJECTED BALANCE SHEET US\$

PERIOD	Zero	1	2	3	4	5
Fixed Assets:						
Opening balance	–	405,000	385,000	365,000	345,000	325,000
Total Long-term Assets:	–	405,000	385,000	365,000	345,000	325,000
Less: depreciation	–	20,090	20,090	20,090	20,090	20,090
Closing balance	–	384,910	364,910	344,910	324,910	304,910
Working capital	50,000	50,000	50,000	50,000	50,000	50,000
Total assets:	50,000	490,000	550,000	600,000	660,000	720,000
Financed by						
Equity	980,000	980,000	980,000	980,000	980,000	980,000
Accumulated profit	–	41,900	1,021,900	2,001,900	2,981,900	3,961,900
Total equity	980,000	1,021,900	1,063,800	1,105,700	1,147,600	1,189,500
Bank overdraft	600,000	257,140	242,800	171,400	128,500	857,300
Total equity and debt:	1,580,000	1,621,900	1,663,800	1,705,700	1,747,600	1,789,500

TAKAWEDO INVESTMENT LIMITED COSTS STRUCTURE

S/N	PARTICULARS	EQUITY	LOAN	COSTS – USD
1.	Land and Building	800,000	600,000	1,400,000
2.	Machinery and Equipment	-	-	40,000
3.	Furniture and Fixtures	20,000	-	20,000
4.	Motor Vehicles	60,000	-	60,000
5.	Pre Operational expenses	3,000	-	3,000
6.	Working Capitals	50,000	-	50,000
7.	Others	7,000	-	7,000
8.	TOTAL	57%	43%	1,580,000

PROJECT IMPLEMENTATION SCHEDULE

It is expected that the Project will take 36 months to complete as shown below:

S/N	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentives	April 2024
2.	Funds Mobilization	May – December 2024
3.	Ordering of Vehicles and Machines	July 2024 – September 2026
4.	Trial Operations	January – March 2025
5.	Commercial Operations	April 2025 – April 2027