



JC 2021 LTD: JC DISTILLERY BUSINESS PLAN

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Plot no 298

Dar Es Salaam

Executive summary

JC 2021 Ltd Distillery will be a craft distillery of ultra-premium and small-batch spirits that will include vodka and Gin(flavoured and neutral). Our primary goal will be to become a locally based leader in the rapidly growing trend of craft distilled spirits. The current trend in distiller spirits towards ultra premium products manufactured in small batches and an increase in the number of entrepreneurs, or craft distillers and competition amongst existing companies presents an opportunity for JC Distillery to penetrate the market. Our products will need to be positioned very carefully within this growing market. They will be of extremely high quality to ensure total customer satisfaction, supported by impeccable service to our customers and a marketing program that reflects the quality and image of the products. The product image of ultra-premium quality and uniqueness is an absolute requirement for JC Distillery to be successful in this market. Initial plans are to produce three main product lines, primarily focusing on the following, a locally themed Gin(flavoured and neutral), and ultra-premium vodkas (plain and flavoured). These products will be sold in the standard 5th-sized containers of 750ml; a 1.75 liter version will be made available if requested. The immediate channels for distribution will include market-controlled beverage distributors in Dar es Salaam. We would also capitalize on sales and marketing to tie into the increasing local tourist trade and hospitality industry. Quality will be JC Distillery's mantra: From the selection of the finest organically growing potatoes and grains to the freshness of the fruits and spices that we use for flavouring the suppliers that we choose to conduct business with will mirror JC Distillery in their dedication to providing ultra premium products. This along with our superior quality skills will allow us to promote the image of quality and redefine the definition of an ultra-premium spirit. Image is everything... To prosper there is a need for JC Distillery to be flexible and responsive, to delight customers by providing them with what they want, when they want it and before the competition. From product concept to goods dispatch we intend to ensure that every policy and procedure, system and process must have the objective of improving the flexibility and response of the whole company. There is a need for interaction between all functional areas, particularly between marketing and manufacturing, if the organization is to realize its full potential, With marketing and ultra-quality controlled manufacturing being employed as a strategic Weapon. Our marketing strategy will be based mainly on ensuring that customers know what needs the product can fulfil and making the right product and information available to the right target customer. Hence we intend to implement a market penetration strategy that will ensure that we are well known and respected in our respective industry. We will ensure that our Products' prices take into consideration people's budgets and that these people appreciate the Product and know that it exists, including where to find it. However, these prices will also consider the cost of production and distribution to ensure that we remain viable and operational. An initial goal of 40-45% gross margin would be the initial target with Distilling process improvements possibly allowing for an increase in margins from the second year.

Marketing efforts will convey a sense of quality and satisfaction in every picture, every promotion, and every publication. Our promotional strategy will integrate advertising, events, personal selling, public relations and direct marketing. In the long term Internet marketing shall also be undertaken, details of which are provided in the marketing section of the following plan. Our target market(s) and consumers will primarily constitute the corporate class who appreciate good quality premium spirits. The corporate or managerial segment will constitute those who are aware of their image and reputation and order cocktails equal to this. Our primary focus will be to make JC Distillery products the recommended, premium liquors of the ultra-exclusive lounges, Hotels, restaurants and clubs throughout Tanzania. JC Distillery will pride itself on its production ability, ultra-premium quality and reputation, and its adaptability to changes in the market and the method of its practice. It is important to recognise that we do not intend that our tangible resources alone will make us potent competitors but more so our intangibles, such as our ability to relate to our target consumers, our modern management style and corporate culture, and our commitment to cutting edge products and production procedures. These elements will differentiate us from our competitors and contribute towards the development of a sustainable competitive advantage. Our compensation will include health care, generous profit sharing, plus a minimum of Three weeks vacation. As an equal opportunity employer, we respect the diversity and human rights of our people and strive to achieve optimal productivity, while realizing each employee's full potential. Awards will be given out to outstanding individuals and groups to instil a sense of fun and promote the maintenance of high standards. By encouraging all employees close to our customers to think tactically about what JC Distillery's service offerings should be, and by having enthusiastic, capable and empowered people interacting with our customers, we build the competitive advantage of being able to meet our customers' needs better than anyone else.

JC Distillery will be a craft distiller of ultra-premium spirits with manufacturing headquarters in Vikawe, Kibaha Township. The benefits of operations based in Vikawe, Kibaha Township

- Location to major interstate – reduced transportation cost for raw materials and final product.
- Lower than the national average cost for purchasing commercial property.
- Reduced utility cost.
- Low cost of local labour.
- Central location for immediate road distribution to Dar es Salaam and other regions.
- Growing local tourist trade and availability of crossover roads near the harbour.

Mission Statement

JC Distillery intends to provide only the highest quality, ultra-premium spirits that always exceed the drinker's expectations. Hence we intend to assist in the creation of a welcoming and relaxed ambiance reflective of people enjoying themselves. We are sensitive to the taste, look and feel of premium spirits, as well as affordable prices depending on the market. We intend to provide the best possible value to our customers who care about quality products at affordable prices, and we want every dollar spent on our products to be well spent. Internally we intend to create an environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the product we produce. We seek a fair and responsible profit, enough to keep the company financially healthy for the short and long term and to fairly compensate owners and investors for the money and risk.

Keys to Success

The keys to JC Distillery's success will undoubtedly be effective market segmentation through the identification of several markets and implementation strategies. Along these lines, the company intends to implement advertising, personal selling and direct marketing strategies aimed at the target markets. Our advertising marketing strategies will rotate around. Hence our key success factors will include the following:

Excellence in Fulfilling the Promise:

We intend to produce and provide products of uncompromised quality to our customers. This is to meet the needs and high standards of our target customer segment.

Effective and Efficient Distribution Network:

The importance of such cannot be overemphasized in our line of business. We intend to establish an excellent distribution network that will enable us to rapidly respond to customers' orders and provide us with ample growth opportunities.

Distillery Technology:

To ensure quality distilled beverages it is essential to utilize the latest and most efficient distillery technology. Keeping abreast with technological developments will ensure we gain, and maintain, a competitive advantage by utilizing the latest production techniques.

Loyalty and Dedication:

The loyalty and dedication of our employees shall be essential to the prosperity of the organization. We recognize that corporate commitment to success should lead to the survival and prosperity of the products and, and the organization as a whole

Marketing Know-how:

In an increasingly competitive market, there is a need to aggressively market our business to be continuously at the top of our prospective and current client's minds. We intend to establish and dominate our presence on social media, which will increase the knowledge of our products to the various market segments we shall be targeting. Web presence is a natural objective in reaching the appropriate potential customers. Well-done brochures, company profiles and business cards often have a triggering effect on clients contemplating ordering our products. Hence this will undoubtedly generate increased sales of our products.

Adherence to Stringent Values and Principles:

JC Distillery needs to acknowledge the fact that the financial and strategic management of the business will ultimately determine its prosperity and success. Hence we intend to adhere to stringent values and principles that will enable such to be achieved.

Ownership:

The proposed legal form of ownership for JC Distillery will be a Corporation with 100% of the outstanding shares being held by Thomas Uiso and Misuka Makani but there is room to sell shares to available investors.

Products

JC Distillery's initial product lines will include the following three families of ultra-premium spirits. Although we intend on producing small batches of other ultra-premium spirits, these two main product lines will be the primary focus for JC Distillery due to their current popularity among our targeted customer base. The term "ultra-premium" is a term created solely by marketing companies; it does not have any specific set of government rules, regulations or requirements to use it within description and labelling. JC Distillery will have the ability to react to changing tastes and new product requests from our primary market and be the leader in providing ultra-premium spirits in emerging categories and or emerging market segments.

Gin and Vodkas

Currently, gin and vodkas remain the number one spirit of choice in Tanzania for the premium cocktail. JC Distillery will produce an ultra-premium neutral gin and vodka spirit from 100% organically grown Tanzania potatoes and a line of naturally and organically flavoured gin and vodkas that will utilize the neutral spirit as the base. As mentioned in the market section of the business plan ultra-premium vodka and Gin has been the highest growth segment for distilled spirits for the last three years and is expected to continue this growth trend in the future.

Brand Name currently under investigation:

Flagship line of ultra-premium vodka produced using only the finest organic potatoes and grains grown within the Tanzania. This vodka will be filtered a minimum of three times through activated carbon to create the purest, most drinkable vodka available today. Final suppliers of raw materials TBD. Bottle design will reflect a signature logo and desired marketing message within the design. Label design to be discussed, TBD. The name currently under investigation: JC Distillery's line of flavoured vodkas will provide the drinker with subtle exotic flavours (final flavours TBD). These flavours will come only from the highest quality natural and organic exotic fruits and spices from around

the world. Final flavours and suppliers TBD. Bottle design will reflect the brand identity created by the Flagship product. Label design TBD.

SWOT Analysis and Marketing Plan

We foresee our strengths as the ability to respond quickly to what the market dictates and to provide an ultra-premium, craft-distilled spirit in a growing market. In addition, through aggressive marketing and quality management, we intend to become a well-respected and known entity in our respective industry. However, we acknowledge our weakness as a small-sized company without a lot of experience, and the threat of new competition aiming at our market. Below are the summarized strengths, weaknesses, opportunities and threats.

Strengths

- o Strategic market segmentation and implementation strategies.
- o Diversified market segments: ensuring the lack of dependency on one particular market.
- o An aggressive and focused marketing campaign with clear goals and strategies.
- o Clear-cut channels of distribution.
- o An ultra-premium product that capitalizes on the current growing trend of craft or boutique spirits.

Weaknesses

- o Lack of a reputation in comparison to our competitors.
- o A limited financial base compared to the major players in the industry.
- o Establishment on the Internet will produce technological challenges.

Opportunities

- o Specific niche: Appreciation for ultra-premium spirits, enjoyment, and refreshment (and integration therein).
- o The new generation of individuals and families has a far greater appreciation of attractive packaging (image-conscious).
- o Internet marketing and sales.
- o Increasing number of craft distilleries looking at penetrating the market.

Threats

The present growth in the market may result in market saturation, through competition. This competition could emerge from a variety of given sources including:

- o New marketing strategies and tactics by established products and companies.
- o Existing competition (Kisungura, smart Gin).
- o Other start-up companies nationwide.

Target Market Segment Strategy

Our marketing strategy will be based mainly on making the right product available to the right target customer. We will ensure that our products' prices take into consideration our target markets' financial situations and that these people appreciate the product and know that it exists, including where to find it. The marketing will convey a sense of quality in every picture, every promotion, and every publication. There is already a sense of segment strategy in the way we define our target market. We are choosing to compete in areas that lend themselves to competition, service and channel areas that match our strengths, and avoid our weaknesses. Our strategy calls for the development of relationships with suppliers, distributors and retailers to support our business. Regular visits will be undertaken to these areas to ensure that we are meeting their expectations. The quality of raw materials and distillery technology will be evident in our products and will serve to enhance the appearance of our customers, in turn adding to their status.

Market Trends

Our target markets are increasingly growing towards recognizing the difference between poor-quality spirits and those of high quality. This development is an important trend for us as it represents our target market. We now have an increasing number of people who appreciate the availability of craft-distilled, small-batch premium spirits. With this in mind, we intend to ensure that our packaging is attractive to our target market consumers. The term "ultra-premium" is a marketing term that was created several years ago to differentiate brands of competing premium vodkas. Thus the term ultra premium has been used to allow some premium vodkas to increase their retail price and appeal to those consumers who find the image associated with the distilled spirit that they order to be important. JC Distillery will use our marketing program to ask the consumer to define what makes a brand of vodka and "ultra-premium" vodka.

Strategy and Implementation Summary

Our marketing strategy emphasizes focus on our target consumer. This will be the key. We will be the new company and hence must focus on certain kinds of products with certain kinds of consumers. Initially, JC Distillery will focus on the local markets in Dar es Salaam and other regions nearby. Hence the form of growth that shall be initially pursued will be that of organic growth mainly due to limited resources and the need to instill confidence in our products. The target customers will include key decision-makers in the retail and clubs and lounges who often order or recommend on behalf of the whole organization, the aim being to obtain an initial order and fully satisfy the customer from then on.

We are currently building image and awareness through consistency and distinctiveness in our product provision.

- o We intend to focus on delivering quality products that in turn produce good referrals, which can then generate revenue. We intend to always be active in personal relationships with clients and strategic allies keeping abreast of their needs and wants.

- o We are focusing advertising on several key media.

Image Proposition

Our proposition is offering our customers an ultra-premium distilled spirit that matches the image that they convey. Hence we intend to:

- o Market the image of the product.
- o Ensure customer satisfaction.
- o Develop long relationships.
- o Market the company.

This image proposition shall be communicated through advertisements, personal selling, sales literature and catalogues, and referrals that emphasize how the company can provide ultra-premium, craft distilled, and small-batch products to the customers. The most important aspect of the image proposition will be to ask the targeted consumer to define “ultra-premium”. This will be done by asking them if a certain manufacturing process, equipment, refinement, or other item or process makes the final product “ultra-premium”. All of this will be focused on the process whereby JC Distillery creates our ultra-premium distilled spirits.

Marketing Strategy

One core element of our marketing strategy will be that of differentiation from our competitors. In terms of promotion, we intend to sell our company as a differentiated strategic ally, not just our products. In price, we intend to offer reasonable prices in line with the competition and we need to be able to sustain that. Market penetration through lower prices shall be undertaken where need be, while premium pricing will be the case of the upper end of the market.

Product Marketing

Our product marketing will emphasize the image of consuming our products, including the quality and refinement of our spirits. We intend to sell the opportunity to enjoy oneself amongst friends, family and/or colleagues. This will come out in our advertising, delivery and collateral such as sales literature and business cards. Our product marketing's most important challenge will be the problem of being accepted and appreciated on the market as a provider of quality products. Hence we intend to not only meet customers' expectations but to exceed them. We intend to focus on the individual or a group who wants to enjoy themselves through the consumption and appreciates what they're drinking says about them. However, not wanting to limit our horizons in the initial period, we intend to be continually looking out for opportunities that we may exploit. In all cases, we intend to provide a thorough understanding and appreciation of the products to the customer and the benefits of consuming them.

Product Packaging

Our product packaging shall be of utmost importance, as it will influence our potential customers on whether to try out our products or not. As such we shall ensure that it is not only attractive to consumers but conveys an image of refinement. Continuous improvement on packaging will also be undertaken to maintain, if not improve product appeal. Currently, the plan includes products sold in 750 ml bottles. However, depending on the dictates of the market, there might be a need to introduce 1.75 ml sizes. Hence we intend to ensure that we are flexible if such changes are to occur.

Service Provision

The service aspect of JC Distillery's marketing mix shall constitute an important element in delivering total quality. This is due to the high degree of exposure our competitors already have. As such we intend our customer service to be key to the retention of customers. We shall follow up with our clients regularly to ensure they are satisfied with our products and delivery times. This is mainly because we intend our customers not to be one-time buyers but regular order seekers. The establishment of a rapport and understanding between our customers and ourselves is going to be an ongoing process. We intend to implement database marketing whereby we shall be targeting customers based on their previous purchases, in terms of size, frequency and actual products, to forecast their demands and establish long beneficial relationships. Customer service shall be enhanced through infrastructure support in the form of merchandising and credit facilities, and alternative distribution facilities where possible and viable.

Promotion Strategy

Our promotion strategy will be based primarily on informing potential customers of our existence and making the right information available to our target customers. Since we shall be targeting different segments (distribution, retail, and consumers), the promotional tools and messages may vary slightly to match the intended market. However, in all cases, the marketing will convey the sense of ultra-premium quality and refinement in every picture, every promotion and every publication. Promotional campaigns will seek to promote the "image" of the spirit, and customers drinking these products in groups. Our promotional activities shall be focused towards driving the organization's overall strategy relentlessly, developing internal consistency and preparing it to confront any radical changes that may arise. In such a market we cannot afford to appear in, or produce, second-rate material that makes our products look less than they are. We intend to leverage our presence using quality brochures and other sales literature, including promotional material such as pens, shot glasses, t-shirts, hats, and stickers. Because our products will be in the introductory phase on the market, promotional expenses are high to generate customer attention and knowledge of our products' existence. We intend to spread the word about our business through the following:

Advertising

Since we are entering a market largely dominated by national brands, we intend to undertake extensive advertising of our products in addition to our brand name-company name. This is to instil awareness and knowledge of our existence in the marketplace, which hopefully shall convert into market share. Hence the need to ensure that our products are constantly available to our target market, and of consistently high quality.

Events

JC Distillery aims to participate in trade shows (where applicable), local events in our target market areas, and local and national quality taste tests. Not only will these increase awareness of the products, but if a particular product were to gain recognition, for example through being chosen #1 at a taste test, the organization will be able to take advantage of this in all its promotional campaigns, adding leverage to its reputation and image. Communicating such

achievements often gives customers a feeling that they can rely on the product, and this builds strong customer loyalty.

Public Relations

Recognizing that we are relatively new on the market there will be a need to organize an event, of a grandeur nature, introducing ourselves to the market. We also intend to experiment with a road show in the various target market areas at various events giving out shirts, and other such prizes to individuals who answer questions correctly. This will also enable our business name and products to be better known by the respective communities. However, we are extremely confident that these roadshows if well planned will be a success as they encourage community participation. The distillery will be open daily from 11 AM until 5 PM for tours and tasting. This is to increase awareness of our facilities and products and also show confidence in our production process and standards. Hopefully, visitors will leave impressed and confident in our products, adding to the possibility of positive referrals. These same tours will also be arranged with prospective clients/order-takers. Another idea would include making a portion of our facility available for rent for parties and corporate events. During which the bar would include a variety of cocktails made using JC Distillery products at a low cost per person. Relationships could also be created with local caterers to provide a limited menu for these events. Developing and maintaining strong relationships with radio personalities will be a mainstay in low cost brand promotion. Also strong ties to the ownership of target market clubs and lounges where JC Distillery could be promoted as the house premium brand is important.

Personal Selling

This shall be undertaken in the form of sales calls whereby a sales person (mainly myself) will go out to potential customers and distributors and educating them to what products we are able to offer them. In addition the sales person will listen to client's needs at close hand, so as to ensure that the product is delivered timely and that it is the right product as demanded by the surrounding community. Close analysis shall also be undertaken of the consumption patterns of the respective communities. Market research will be preformed within the targeted cities to look for local events where there would be an opportunity to convey our message to our target consumer.

Direct Marketing

This will be used, but only to a limited extent, in the form of telemarketing, direct mail and informing potential customers and obtaining referrals where possible. In the case of telemarketing it will involve our targeting potential customers/distributors of our products and informing them of our existence and the products we offer. We may then arrange for an appointment with the respective decision-maker/order-maker, with the intention being to lure them into ordering one or more of our product lines. Internet Marketing The increasing growth of the Internet as an information source provides an opportunity that we may exploit. However this will require adequate planning and research so as to establish a professionally done website and social media platforms. In all the above we intend to communicate our ability to manufacture ultra premium spirits that will satisfy the customers needs. Hence our messages will influence the buying decision of prospective customers and distributors by emphasizing our unique selling proposition, and persuade prospective buyers that we are different from our competitors. All the above promotional tools shall be well integrated and utilized in tandem so as to maximize their effect.

Distribution Strategy

We believe that through our obsession for improvement, and commitment to a leadership position in our respective markets, we can overcome the traditionally binding constraints of resource base, firm size and narrow conceptualization of our business domain. This shall be undertaken through coordination and logical integration of our distribution operations.

Trade Channels:

o Wholesale Distribution Channels including privately owned distributors of wines and spirits. We intend to ensure that our distillery is located close to our major distribution centers not only to minimize costs but also to enable our products to be easily available, in the best condition, in the different markets nationwide.

Sales Strategy

We intend to focus on improving our implementation, by working on key objectives and coordination of marketing efforts. For the short term at least, the selling process will depend on personal selling and advertising to lure and inform potential clients about the products we offer and the benefits of consuming our products. Our marketing does not intend to affect the perception of need as much as knowledge and awareness of the product categories.

Operational Plan

Outlined is the preliminary operational plan. All operational will be developed and maintained based upon ISO 9001 standards.

Production

All distillation will occur within Vikawe, Kibaha.

• Production will be outline in the Operational Handbook and will include detailed instructions for the following procedures:

- o Incoming raw material quarantine for quality inspection
- o FIFO (First In, First Out) inventory procedures
- o Equipment inspection, sanitization and setup
- o Raw materials and ingredients preparation
- o Recipe procedures
- o Distillation procedures and spirit testing
- o Cutting, storage, blending and bottling
- o Aging – and barrel rotation

- Inventory control will be handled with a limited ISO base procedure for inventory control with the use of an accounting softwares.
- Production control and finished product inventory will be tracked and controlled based upon Government procedures for distilleries.
- Product research and development for new products will be handled on a small batch, 25 - 50 liter column/pot still – already owned. New products and recipe refinements would be ongoing to improve upon the products that we would already offer and remain inline with our consumer’s requirements.
- o Market research projects and marketing, including consumer polls, taste test, and ongoing surveying would provide new product direction and current product refinements.

Location

JC Distillery will be a craft distiller of ultra premium spirits with manufacturing headquarters in Vikawe, kibaha.

Legal Environment (licensing and taxation)

- Licensing and taxation occur at government level. Dar es Salaam is one of the easiest cities in which to obtain a license for a distillery with several levels of distillery licensing available and relativity easy to apply for.

Financial Projections

Financial Projections									
	Production per Annum(Litres)	Price per unit(TZS)	Sales per Annum(TZS)	Cost of Production(TZS)	Gross Profit(TZS)	Operating Cost (TZS)	Earning before Interest and Tax(TZS)	Tax(TZS)	Earnings before Dividends(TZS)
YEAR 1	300,000.00	6,500.00	1,950,000,000.00	1,072,500,000.00	877,500,000.00	390,000,000.00	487,500,000.00	146,250,000.00	341,250,000.00
YEAR 2	345,000.00	6,500.00	2,242,500,000.00	1,233,375,000.00	1,009,125,000.00	448,500,000.00	560,625,000.00	168,187,500.00	392,437,500.00
YEAR 3	395,000.00	7,150.00	2,824,250,000.00	1,553,337,500.00	1,270,912,500.00	564,850,000.00	706,062,500.00	211,818,750.00	494,243,750.00
YEAR 4	450,000.00	7,150.00	3,217,500,000.00	1,769,625,000.00	1,447,875,000.00	643,500,000.00	804,375,000.00	241,312,500.00	563,062,500.00
YEAR 5	450,000.00	7,865.00	3,539,250,000.00	1,946,587,500.00	1,592,662,500.00	707,850,000.00	884,812,500.00	265,443,750.00	619,368,750.00

Inventory – Raw Materials

- All stocked inventory including both raw materials and finished goods will be stored and used based on the FIFO principal. The majority of raw materials inventory will be handled as just-in-time once vendor lead and shipping times have been established and verified.
- Some raw materials will require specialized storage including grains, potatoes, yeast, fresh fruit and juices and tanks for molasses to prevent spoilage and the infiltration of rodents and pest.
- Average value in stock of raw materials should be equal to a 30-45 day supply. Some more perishable items including fresh fruits may only equal a 2 weeks on hand supply. Total value of raw material inventory should not exceed \$15,000.
- Seasonal buildups will be planned for as demand requires. Marketing plans for product releases will define timeframes where demand for products will increase.

Inventory – Finished Goods

- Finished goods inventory will be stocked for all non-aged products based upon a 30 – 45 day run rate for distribution.

Suppliers

Key suppliers:

- TBD – currently being investigated

Management and Organization

Day to day management of the organization will initial be handled by Head of Operations/General Manager. During this time a Financial officer would be brought in to assist in the day to day accounting and materials control as required. A production manager will be brought on board and fully trained in production procedures within six months of initial start up. Front office staff will be hired and trained as required. Initial marketing materials, direct mail, and press releases will be handled.

Professional and Advisory Support

• *Board of directors*

- o TBD – Owners and investors