



**BUSINESS PLAN
FOR
WAREHOUSE
AND STORAGE
FACILITIES
KENYOS (T) LIMITED**



ACKNOWLEDGEMENT

I express my sincere gratitude to my parents for their constant support and encouragement throughout my educational career.

I am equally thanking my Business advisors and Entrepreneurship in the process of initiating the Company (Kenyo (T) Limited).

I also wish to express my profound gratitude to all who taught, trained and provided me with a wider cognitive mindset in the Department of Entrepreneurship, Marketing and Management of this plan.

Finally, I am equally grateful to the Tanzanian Government for the support of Small and Medium Enterprises (SMEs).

EXECUTIVE SUMMARY

Statement of purpose

This business plan has been developed to become a full registered with Tanzania Investment Center-TIC and operate as Kenyos (T) Limited in Warehouse Storage Facilities for import, export and supply of Hardwares and Building material. It also serves as an operational outline and plan for the next five years. The founding entrepreneurs intend to raise a startup capital of Tsh 100,100,000.

The problem and solution

Kenyos (T) Limited is a result of the observation of trends, intuition and chance to the favorable circumstances surrounding the entrepreneurs. This favorable circumstance has resulted to the availability of a network and exposure to an activity aimed at importation and exportation of goods through the creation of Kenyos (T) Limited in line with the reasoning of other countries. Kenyos (T) Limited is built on the founders' recognition of this opportunity gap - A gap between what is currently on the business and the possibility for a new or significantly improved storage facilities for imported goods or business that results from emerging trends.

Warehousing focuses primarily on the storage, organization, and handling of goods within a facility. It involves activities such as receiving, storing, inventory management, and order fulfillment. On the other hand, logistics encompasses a broader range of activities, including warehouse transportation, inventory management, packaging, material handling, and information flow management.

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CHAPTER ONE

INTRODUCTION

1.1 The Business Model

1.1.1 Product

Kenyos (T) Limited deals with Importation and supply of Hardware and Building Materials to the people of Tanzania and other Countries around Tanzania. The building materials are categorized into different type from various countries, the company intend to build warehouse for storage of imported goods. The business of networking for self-storage will become even more significant than it is today. As a result, the careful and professional development of a storage facility may indeed become today's key to the creation of a future "executive office building of the self-service warehouse business."

The following are the services that Kenyos (T) Limited Warehousing will provide:

- Logistics management
- State-of-the-art facility
- Advanced technology infrastructure
- Highly-skilled team
- Clear access to major transportation hubs
- Timely entry/exit management
- Fulfillment options
- Value-added options
- Technology-driven security system

1.1.2 Target Market and Customers

The target market for Kenyos (T) Limited is the local Importers for United Republic of Tanzania. These targeted customers are: Business owners who deals with Importations, Exporters of Goods to other Countries; Companies, Common Initiative Groups (C.I.G's) and Non-Governmental Organizations (N.G.Os) who deals with importation and exportation of goods.

1.1.3 Management Team

The management team is made up of three powerful Board of Directors (BOD) of One (1) member as Secretary from start. Its shall be made of Director (Mr. Wenxiong Hong, Chunhua Sun and Jiabin Lin). Kenyos (T) Limited also have one marketing/sales staff and one driver

mechanic. Such a team is very useful when the company starts to witness growing pains, because it is easily handled leading to future growth of the business venture.

1.1.4 Key Success Factors

Warehousing Storage Facility has been experienced by some of the founding members. More so, the ownership/management team is made up of those who have a good background experience. Furthermore 80% of the founding team have worked as a team before either in the job side or in school.

Warehousing will be able to achieve success by offering the following competitive advantages:

- Friendly, knowledgeable, and highly-qualified team of Kenyos (T) Limited Warehousing and Storage Facilities.
- State-of-the-art facility
- Advanced technology infrastructure
- Fulfillment options
- Value-added options
- Technology-driven security system

1.1.5 Strength of the Plan

The main strength of Kenyos (T) Limited lies in its differentiated approach of providing warehousing services also, the funding will be dedicated toward securing the office space and purchasing office equipment and supplies. Funding will also be dedicated toward three months of overhead costs to include payroll of the staff, rent, and marketing costs for the print ads and marketing costs

1.2 The Business process

Kenyos (T) Limited is a small and medium size enterprise. It is a dealing company in the indirect channel of Importation and distribution of Hardwares and Building Materials. The distribution strategy of Kenyos (T) Limited is quite simple, based on customer's request the products are bought, transported to the sea port and through shipping company the goods gets to Dar es Salaam Sea Port of Tanzania and stored to the warehouse to avoid accumulation of storage costs.

1.2.1 Strategy

The founding entrepreneurs of Kenyos (T) Limited are convinced that this company has gone a long way to boost the economy of this section of the country as the company tax is being used to develop the community and its presence serves as a catalyst for other business opportunities to be transformed into full fleshed businesses.

More so the founding entrepreneurs are very ready to continue with this business and have already done some research on how much it is going cost to legally expand the accessibility and get a well and modern warehouse for storage of Imported Goods. Hence, registration with TIC is crucial for the better performance of the Company.

CHAPTER TWO

BUSINESS DESCRIPTION

2.0 Introduction

According to Calvin (2002) there exist three strategic alternatives for the people to become entrepreneurs or to start a new business. These alternatives are as follow: developing and introducing a new product or service; buying an existing business, managing it, and cloning an existing business model, possibly franchising someone else's idea. In the same light Barringer and Ireland (2006) cited three reasons why people become entrepreneurs namely: be their own boss; pursue their own ideas and realize financial rewards.

The founding members commenced the establishment of Kenyos (T) Limited through this business plan that meets academic and professional requirement. A business plan is intended to be a living document that can change if the situation warrants. Based on this postulate, three types of business plans were proposed namely: summary business plan, full business plan and operational business plan. This business plan falls within this framework and is a full business plan. The main purpose of this business plan is to provide a guide on what is needed and how to go about establishing a company that brings relief to the needy customers and satisfy the opportunity driving quest of the entrepreneurs.

2.1 General Description of the Business

Kenyos (T) Limited is an importer of Hardware and Building materials taking advantage of an opportunity by novel combination of resources, in ways which have impact on the use market of Tanzania and surrounding East African Countries. Through this business plan the founding entrepreneurs intended to transform this opportunity into an operational company thanks to the enabling environment for this venture and the willingness of the founding entrepreneurs.

The business has one sales point located at Dar es Salaam- Tanzania and later in Dodoma City and is focused mainly on customers in the South West and North West parts of Tanzania with a staff of less than 10 members. The founding entrepreneurs have experience in selling of Building Materials, knowledge on international business and adequate accounting know-how which happens to be among the most important elements in this business sector especially in Tanzania. This is because the tax officers of TRA can give up to a fine/penalty of 100% on tax due but not declared on time or under declared, therefore this risk area is reduced or minimized from start because it falls within the core competence of the founding entrepreneurs.

In addition to these reforms, the liberty laws have also been very fundamental in creating a favorable atmosphere for SMEs to thrive. The atmosphere of peace, stability and international cooperation is also provided an enabling environment for entrepreneurship development in Tanzania with an annual growth rate of 11% for new opportunities for entrepreneurs.

2.2 Product Scope

Kenyos (T) Limited is an importer of Hardware and Building Materials meaning there is a wide possibility of services and products that it can offer. The benefits of warehousing and storage facility will include improved customer service, cost savings through economies of scale, and reduced lead times. However, it will also possess challenges such as space constraints, inventory accuracy, and operational costs.

Warehouse and Storage facilities will focus on optimizing processes to ensure accurate inventory management, timely order fulfillment, and cost-effective operations. It will involve the use of technology, such as inventory management systems and automated equipment, to streamline operations and maximize productivity.

Kenyos (T) Limited was started by importing and selling Building Materials from China, due to expansion of business and increase of opportunities, the company decided to register with TIC the private Warehouse.

Table 1 1: The View of the expected Warehouse of Kenyos (T) Ltd.



CHAPTER THREE

CHANNELS OF DISTRIBUTION AND SUPPLY CHAIN STRATEGY

3.0 Introduction

A channel of distribution is the route taken by a commodity or service from the point of manufacture through to the final consumption.

As the warehouse is going to be established, means the distribution of stored goods will be simplified from the point of storage to the final consumer.

3.1 Categories of Channels

The warehousing industry is expected to grow over the next five years to and the growth will be driven by the increased number of goods imported into Tanzania. which require either distribution or warehousing until clients' schedule shipments.

The growth will also be driven by increasing demand for efficient logistics and supply chain management, the growth will also be driven by an increasing need for advanced security systems as warehouse thefts continue to be problematic

The growth will also be driven by e-commerce, which will call for more fulfillment capabilities, upsell options and other consumer offers that will necessitate warehousing special services.

Costs will likely be reduced as shipments increase and supply chain issues are resolved from years past.

Costs will likely be reduced as improved shipping times increase the regulation of delivery of goods, implementing a smoother process for inventory and logistics control.

3.3 Demographic Profile of Target Market

In the first year Kenyos (T) Limited Warehousing will target e-commerce companies. They will also target medium-to-large manufacturers. They will target regional wholesale companies. They will also target medium-to-large retail outlets, chains and other stores needing warehousing for overstocks or ancillary goods.

3.4 Sales Forecast

According to Timmons, Zacharakis and Spennelli (2004) in order to build a compelling story, entrepreneurs need to show projections of revenues well into the future. This could either be done through the comparable method or the build-up method.

Based on this we have decided to use the build-up method. Table 3 shows the sales forecast of Kenyos (T) Limited for the next five years.

The sales are expected to increase on a 10% basis for the first five years.

Table 3 1: Sales Forecast for Kenyos (T) Limited.

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Description	TSHs	TSHs	TSHs	TSHs	TSHs
Sales/Turnover	455,000,000	360,500,000	466,550,000	393,205,000	480,525,500
Provisional Forecast.					
Tanzania	455,000,000	360,500,000	466,550,000	393,205,000	480,525,500

3.4 Business Location and staff

Kenyos (T) Limited is located in Dar es Salaam as Head Quarter, but is expecting to initiate one branch in other regions. Currently it is operating in Dar es Salaam but has access to rich all places of Tanzania and East African Countries due to agent relationship that exist in those parts of the country and outside the country and this will simplify workers to meet their customers easily, even on personal bases.

Kenyos (T) Limited operates with the different human resources whereby their Salaries are estimated to increase at a yearly rate of 5%. Table 3.2 and 3.3 shows the salary for Kenyos (T) Limited during its first five years and analysis for year 1 respectively.

Table 3 2: Personnel (labour) expenditure for the first five years

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Notes	Detail
	TSHs	TSHs	TSHs	TSHs	TSHs		
Labour	15,000,000	15,000,000	16,000,000	16,000,000	18,000,000	5%	Increase

Table 33: Monthly analysis of Y 1 salary

Description	TSHs
Directors	4,500,000
Chief Accountant	3,000,000
Sales Manager	3,700,000
Seven Marketing/sales officer	3,800,000
Total	15,000,000

3.5 Business Operations

Kenyos (T) Limited is a small and medium sized enterprise having between 1-10 workers. This business is operational year-round, with the closing dates respecting the laws of the Country. The operating hours are from 8:00 AM to 6:00 PM for Monday to Friday and 08:00 AM to 12:00 PM on Saturdays.

The Administrative expenses including utilities (Water, Electricity, Miscellaneous Expenses, Car repair, Fuels) are estimated to cost about Tsh 5,632,417 per month for our office. Selling Expenses include Advertisements and promotions of the business, and Bank Charges includes Bank fee on transaction. The listed expenditures heads are expected to increase at a yearly rate of 10%, 5% and 4% respectively.

Table 4 1: Administration, Selling and Bank expenses for the first five years

Year	Year 1 TSHs	Year 2 TSHs	Year 3 TSHs	Year 4 TSHs	Year 5 TSHs	Notes	Detail
Administration	67,589,000	32,238,900	54,587,000	39,587,000	43,989,000	7%	increase
Selling	12,400,000	9,300,000	10,400,000	11,400,000	14,600,000	5%	increase
Bank Charges	20,000,000	14,000,000	12,000,000	17,410,000	23,500,000	10%	increase



CHAPTER FOUR

FINANCIALS

4.0 Introduction

Kenyos (T) Limited apart from being a business venture with few years since it started will also be serving as a source of employment for the local personnel and therefore, they shall have job security and self-satisfaction from its success. The financial forecast (projection) of Kenyos (T) Limited show that it will make profit by the end of the first years after finishing the warehouse facility and is able to pay back its costs within four (4) years and there after yield dividends to its owners.

4.1 Capital requirements

Kenyos (T) Limited have set Tsh 100,100,000 for construction of warehousing Storage Facility and launch its warehousing business. The funding will be dedicated toward securing the office space and purchasing office equipment and Building materials. Funding will also be dedicated toward three months of overhead costs to include payroll of the staff, rent, and marketing costs for the print ads and association memberships. The breakout of the funding is below:

Office space build-out: Tsh 60,000,000

Office equipment, supplies, and materials: Tsh 20,000,000

Three months of overhead expenses (payroll, rent, utilities): Tsh 11,000,000

Warehouse Storage Facilities will provide opportunities for cost savings. By consolidating inventory in a centralized location, businesses can take advantage of economies of scale, negotiate better pricing with suppliers, and optimize transportation costs. Additionally, effective inventory management reduces the risk of overstocking or stockouts, leading to cost savings in storage and holding expenses.

Warehouse logistics streamlines operations and improves overall efficiency. The use of technology, such as warehouse management systems (WMS) and automated equipment, optimizes processes like receiving, storing, and picking. This automation reduces manual errors, improves productivity, and enables faster order processing.

CHAPTER FIVE

CRITICAL CHALLENGES AND BENEFITS

5.1 Challenges

The challenges of warehouse and Storage Facilities will encompass various obstacles that impact the smooth operation and efficiency of warehouses. Addressing these challenges is crucial for businesses to optimize warehouse service and ensure seamless storage processes.

Space Constraints: Limited warehouse space is a common challenge in logistics. As businesses expand and demand for storage increases, finding sufficient space becomes difficult. Optimizing space utilization through proper storage systems and layout planning is crucial to overcome this challenge.

Inventory Accuracy: Maintaining accurate inventory records is essential for efficient warehouse and Storage Facility. Challenges such as stock discrepancies, inaccurate data entry, and shrinkage can lead to order fulfillment errors, delays, and customer dissatisfaction. Implementing robust inventory management systems and conducting regular cycle counts are necessary to improve accuracy.

Labor Management: Managing the workforce efficiently is a significant challenge in warehouse and Storage facility. Hiring and training skilled personnel, especially for complex tasks like operating advanced machinery, can be demanding. Labor scheduling, productivity tracking, and maintaining a safe working environment are essential aspects that require effective management.

Technology Integration: The integration of technology solutions in warehouse and Storage Facility can be challenging, particularly for older or legacy systems. Implementing Warehouse Management Systems (WMS), automated material handling equipment, and other advanced technologies require careful planning, employee training, and ensuring compatibility with existing systems.

Seasonal Demand Variations: Many industries experience seasonal fluctuations in demand, resulting in peaks and valleys in warehouse activity. Managing sudden surges in orders or inventory requirements during peak seasons can strain warehouse facilities, requiring flexible staffing, efficient space utilization, and optimized order fulfillment processes.

5.2 Benefits

Warehouse logistics offers several benefits that contribute to the smooth functioning of supply chains and efficient inventory management. These benefits include:

Improved Inventory Management: Warehouse and Storage Facilities will enable businesses to effectively manage their inventory by providing a dedicated space for storing goods. This allows for better organization, tracking, and control of stock levels, leading to reduced stockouts, improved order fulfillment, and increased customer satisfaction.

Enhanced Order Fulfillment: With warehouse and Storage Facilities, businesses will fulfill customer orders in a timely manner. Centralized storage facilitates quick and efficient picking, packing, and shipping processes, minimizing order processing time and enabling faster delivery to customers.

Cost Savings: Warehouse and Storage Facility will provide opportunities for cost savings. By consolidating inventory in a centralized location, businesses can take advantage of economies of scale, negotiate better pricing with suppliers, and optimize transportation costs. Additionally, effective inventory management reduces the risk of overstocking or stockouts, leading to cost savings in storage and holding expenses.

Increased Efficiency: Warehouse and Storage Facilities will streamline operations and improve overall efficiency. The use of technology, such as Warehouse Management Systems (WMS) and automated equipment, optimizes processes like receiving, storing, and picking. This automation reduces manual errors, improves productivity, and enables faster order processing.

Value-Added Services: Warehouse and Storage Facilities will often include value-added services, such as product labeling, kitting, assembly, and customization. These services add value to the supply chain by providing additional offerings to customers, increasing customer satisfaction, and creating opportunities for upselling.

CHAPTER SIX

CONCLUSION

The Management team is willing and very enthusiastic to develop this business by transforming this opportunity into action and make it successful venture and a force to reckon at. The Tanzanian laws also allow individuals to own a business only at the age of 18 years and above while the Germany law allows it at 16 Years, also South African law allows it at 18 years therefore, business deals from the legal point of view by us is very ethical in both countries. In the same line of reasoning, importing and selling goods in Tanzanian market is allowed because it is being done all over the world.

Furthermore, the business idea has been tested through the prime analysis and findings have shown that the business has a strong potential for success because the management team is strong and experience, the market is a niche, and the financial analysis show that the business will be profitable by the end of the first year.

Also, it is obvious that no gainful venture can survive let alone prosper in a state of war and insecurity. The internal peaceful atmosphere that has been made possible by the understanding of various political leaders in Tanzania provides a positive environment for the business ventures to spring up.

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