

BLUESTAR FORWARDERS LIMITED
BUSINESS PLAN

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DAR ES SALAAM



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Executive Summary



Mission

The mission of the company is to provide the country's safe and reliable transport system, reliable, efficient and environmentally friendly and satisfying to both Operators and Customers.

Objectives:

Based on the mission for developing company's spatial plan in the main text as well as planning issues of the transport sector, the following four main goals of transportation system development.

- To build a quality offering: Our first goal is to deliver value through quality services, this will be done by building a large contact list of freighters in the shipping, rail and air trucking industries
- Building Standardized Contracts: The management knows that contracts are very critical aspect of logistic operations. Our company will standardize our contracts for freighters, warehousing and end clients as a crucial objective.
- To Organize Freight Contacts: The management knows that exceptional organization is vital key to logistics operations, and so we must be very capable of moving freight and access them and negotiate the lowest value quickly.
- Customer Service Goals: The company believes that happy customers will last using our logistic services. The key aspect of the process is continuing customer communications throughout the entire process.

Management decided to set up the objectives to ensure all customers freight from the point of origin to the point of delivery can be monitored in a very sophisticated way.

Market

Factors such as availability of natural resources such as gas, Tanzanite, gold and a long-term steady democracy have made Tanzania one of the reckless growing economies in the world. Importation of goods have been soaring around 50% of all goods and services within the last couple of years after catastrophe of COVID 19, whilst, Exports of goods have increased from \$9.6 billion in 2021 up to \$11.8 billion in 2022. Consequently, the economy continues to grow in which reliable transportations and logistics industry becomes vital.

Services

The company intends to commence operations as a logistics and forwarders dealing with freight transport by road with at least 20 trucks by deploying software to maximise efficiency and reduce costs. In future we plan on venturing into other areas of logistics.

Competitive Advantages

Deployment of Information systems helps to address various challenges that might happen during company operations that are vital for the economic development. It helps the management making decisions quickly and has become a significant tool in the logistics industry, thus key competitive advantage will be the correct implementation of deployed software which the management believes will maximise efficiency whilst at the same time reducing costs.

Financial Projections

Based on the company financial forecast, the project will require an investment of around TZS 10.9 billion in five years, thus in order to commence operations, The board of Directors agreed that collectively all shareholders, namely: FATHALRAHMAN ALWALI and AHMED NASSRELDIN AHMED MUSSA will invest TZS 2.1 in terms of foreign direct investment and Trucks.

Shareholders has big fleet in Sudan unfortunately the country is not politically stable at the moment, which led the idea of moving the fleet to Tanzania so as to instigate commencement of the project. Our projected sales for the first year of business are in the region of TZS 3.4 billion.

Company Overview

BLUESTAR FORWARDERS LIMITED, is registered by the BUSINESS REGISTRATION AND LICENSING AGENCY (BRELA) and incorporated under companies Act, 2002 dated 15th, January 2024 with a CERTIFICATE OF INCORPORATION NUMBER 171321883.

The company was established to competently operate numerous logistics business abetted by information technology software program initially commencing with freight transport by road with a fleet of 20 IVECO AS440S46TX/P Trucks and its Trailers, whilst the company plans to import 20 Trucks with its Trailers every year for

the year 2025 to 2028. Furthermore, the future expansion will take place to sea, ocean and coastal freight, warehousing and storage, cargo handling, courier activities, wholesale on fee or contract basis, wholesale of agricultural raw materials and live animals.

Transport and Logistics Industry Analysis

Situational Analysis

Tanzania is among the fastest growing economies in Africa as well as worldwide.

The key essential factors are availability, apart from wealth in agriculture, forestry and wildlife land, The country is also very rich in minerals such as gold, diamond, iron, coal, nickel, Tanzanite, uranium and natural gas. Recently natural offshore gas deposits have been discovered, as well as regional integration, reforms, long term political stability and democracy instigated the country to have attractive business environment.

Tanzania has a network of about 87,000 km of roads, of which about 12,780 km are classified as trunk roads. Of this trunk road system, about 5,130 km is paved and 7,650 km unpaved. In addition, there are some 21,000 km of regional roads, mostly unpaved. The trunk roads join the main cities of Tanzania and provide international connections.

Potential of Transport and Logistics Business

In Sub-Saharan Africa's Tanzania is the most rapidly growing economy with a market size of about 62 million with a GDP of 5.1% growth rates in 2023 and about 2.2% per capita as investment increases and external terms of trade improve.

Discoveries of natural gas offshore and a broad number of planned infrastructure projects promise to further boost transport and logistics business in Tanzania.

Furthermore, according to International Monetary Fund (IMF), Tanzania is the only country under Southern Sahara countries projected to reach its potential growth rate of 6% in 2025.

Similarly, according to the International Monetary Fund (IMF) World Economic Outlook of October 2023 the rear GDP growth of Tanzania in 2022 was 4.7% and was projected to be 5.2% in 2023, and 6.1% and 7% in 2024 and 2025 respectively

(tanzaniainvest.com)

On the same line, the Central Bank of Tanzania (BOT) issued a statement indicates that the country's economy to reach 5.3% growth in 2023

Consequently, an increase of business and economic activities instigated to greater congestion at the Port of Dar es Salaam whereby BLUESTAR FORWARDES LIMITED positioned itself as HEAD OFFICE although the Management planned to deploy various strategies that will help facilitate services to save time and make operations more efficient.

However, in 2023, construction of a new US\$10 billion port at Bagamoyo will begin that will help alleviate Dar Port once it begins operating in the next coming years.

Moreover, Tanzania's Government has called for more active private sector participation in transport and logistics business so that Tanzania will continue to remain as a center for a favorable transport and logistics path in the long run and establish itself as a viable alternative to Kenya as a gateway to the East African region.

Transport and Logistics Business Analysis

Dar es salaam port contributes about 95% international business transactions which constitutes a significant proportion of GDP in Tanzania.

Importation of goods and services, in 2021 the total import value was 10,420, in 2022 it increased significantly to 15,633 demonstrating a 50% growth compared to 2021. In 2023 it further increased to 16,157, which is a 3% growth compared to 2022. The one-year change from 2022 to 2023 indicates a 3% increase.

Tanzania main trading partner is China (4,960 million USD) total trade, India (2,313 million USD), the Europe Union (EU) (1,542 million USD) and US in 6th position with 367 million USD (BOT,2022).

According to TANZANIA INVESTMENT CENTRE (TIC) reports that \$1,016.17 million was attracted in Q1 2023 in terms of Domestic Investment (DI) which is 46.82 percent lower than \$1,909.7 million recorded during Q1 2022.

The report show that commercial buildings, manufacturing, agriculture, transportation and tourism were five leading sectors for FDI attraction during that period.

Exports of goods and services amounted to USD 11,831.2 million during the year to October 2022, up from USD 9,608.9 million in the similar period in 2021, largely

driven by non-traditional goods and services receipts that accounted for 51.4 percent and 39 percent of total exports, respectively (BOT, 2022).

This indicates that as a country we have not yet been able to satisfy ourselves at least with the percentage of our own goods and services, which is why we import more than 50% of goods and services from abroad despite the country having many and large development projects that have been carried out.

The widening trade deficit has been driven by a sharply rising oil import bill. Tanzania's export base is broad. The principal exports include gold, coffee, cashew nuts, manufactured goods and cotton.

Major trading partners are from Asia with China and India of growing importance and the Middle East and Europe. Exports have further decreased from -1.8% October 2022 last month to -6.2% November. However, this is likely to change as the Government are actively working to increase competitiveness whilst participating in regional trade integration. Notable reforms in facilitating increasing trade efficiency include the lifting of price controls on most products and a decrease in the number of roadblocks to facilitate greater cross-border trade, although further reduction is still required (BOT,2022).

Tanzania is a member of the East African Community (EAC) as well as the Southern African Development Community (SADC). Given its active role in these regional trade communities, the Government's plans for increasing trade competitiveness have sped up. Tanzania has pursued implementation of the EAC Common Market Protocol, which became operational in July 2010, and continues to play an important role in the process of establishing a Common Market by the SADC member states.

Dar es salaam Port

Dar es Salaam is one of the three ocean ports in the country and handled over 90% of the country's cargo traffic with generation capacity of more than 18 million tons of cargo as following: General cargo 5.2 million tons, containers yard 6.8 million tons and liquid bulk 6.0 million tons annually, the plan is to reach 30 million tons by 2030. It also serves the landlocked countries of Malawi, Zambia, the DRC, Burundi, Rwanda and Uganda.

Moreover, is a major regional maritime hub and in competition with Mombasa as the main maritime hub in East Africa. Its general capacity is to handle Tanzania benefits

significantly from transit trade, serving as a potential driver of economic growth, welfare and local enterprise development. This highlights the indispensable role of the government in promoting transit trade in the country (Kweka and Michael, 2019). DRC is the largest customer of Dar Port, attracting almost 3 million tons of transit cargo, followed by Zambia at 2 million tons and Rwanda at 1.5 million tons. Currently, the cost of using the port is more 30% higher than other port facilities in sub-Saharan Africa.

What makes the Dar es Salaam port costlier than others are delays in cargo handling, as it suffers from significant capacity constraints caused by high traffic growth and poor backward linkages with inland transport networks and congestion. Its demand to capacity ratio is the highest in Africa after Mombasa. Adding to the pressure, Dar es Salaam also accommodates transshipments that Mombasa cannot handle due to its own severe capacity constraints and operational inefficiencies.

The Government of Tanzania through Tanzania Port Authority (TPA) signed 30 years concession to operate multi-purpose Dar Es salaam port in order to overcome the above-mentioned setbacks including cargo handling.

Air transport

Currently, the country has three international airports namely Mwalimu JK Nyerere International Airport, Zanzibar and Kilimanjaro International airports.

It has argued that the country has one of the largest domestic air transportation markets in Sub Saharan Africa, but high demand leads to capacity constraints, especially at Mwalimu JK International Airport, which at the moment is operating beyond its capacity.

The country has outstanding performance for the region, as only one other country in sub-Saharan Africa and South Africa permits competition in its domestic air transport sector.

Rail

The country has magnificent plans for investment in rail infrastructure taking into account SGR still under construction.

Tanzania's rail corridors are key connects for bulk freight in the region so as to minimize traffic pressure on roads. The rail system consists of two main lines which are central and west lines runs from Dar es Salaam to Tabora, has two routes: one to Kigoma in the west along Lake Tanganyika, and one from Tabora to Mwanza port on Lake Victoria respectively, whilst, the other line runs from Ruvu northward to

Korogwe and then branches to Tanga port on the Indian Ocean. The other branch goes north-west to Moshi. It connects to the Kenyan railway system at Taveta as well as to Kenyan and Ugandan networks by rail ferry on Lake Victoria. Still, not all railway lines are operational and significant further investment is needed. Regardless, of the national railways of Tanzania, the DRC and Zambia signed an agreement in March 2013 to facilitate easier movement of cargo and people between these countries, but the implementation is not yet done, this brings the opportunity to Investors to road transportation.

Customer Analysis

Based on the current industry analysis, the import shows around 50% of goods along with our ports ideal location means that for as long as the economy continues to steadily grow there will always be a demand for logistics services. Our customers will partly come in the form of both private and government individuals importing of goods and their requirement to reach their destination once arriving at the port. Also, the significant usage of our port from our landlocked neighbors DRC, Zambia and Rwanda amongst others, with almost 3 million tons, 2 million tons and 1.5 million tons respectively mean that this pool of service users of the port will serve as a strong customer base for our business.

Challenges Facing Transport and Logistics Business

Tanzania faces several logistic bottlenecks in the transportation sector, which includes infrastructure, boarder delays, government policies, and fluctuation of fuel prices.

Competitive Analysis

Unescapably, the company is absolutely prepared to face stiff competition from other Logistics and Transport companies, as well as the construction of Standard Gauge Railway. Consequently, the Management should be tactically prepared for competition including price-based competition.

The company target is to be among the top logistics problems Solvers in the country through deploying solutions by constantly innovating operations and ensuring the availability of modern logistics and facilities in-order to meet the increasing demand.

The following are targeted competitive advantages which will be deployed

- A key advantage for our company is the use of modern software and transportation equipment to engage in fast and high-quality logistics services.

- The long experience of the shareholders and investors along with close working team will allow expertise to be shared, and consistent quality practices to be maximized.
- Also, the good reputation and already broad and strong network of the investors will allow the company to establish good company image from the beginning and make reaching out to potential customers that much smoother.
- Additionally, the competent and enthusiastic team will guarantee to provide consistent high-quality service along with the backing of reputable shareholders and investors, will surely increase customer loyalty.

Pricing Strategy

Regardless of competitive strategies which the company will deploy to compete with towards competitors through quality of service and not so much price, the company will operate using a cost-plus pricing strategy with due care to market forces. Very slight margins will be added to the cost to deliver our services and more focus will be on delivering consistent top quality reliable services to maximize volume. This will also help us in entering the market.

Key Success Factors

The Management key success factors and positioning strategies are set out below:

- Implementation of Information Technology and the Digitalization of Management in order to centralize all aspects of the operation, minimize human error, create transparency and streamline the processes as a result maximizing efficiency and decreasing costs.
- Favorable trade discounting policy.
- Just In Time (JIT) delivery.
- Availability of various transportation equipment.
- In future increasing our fleet and venturing into other aspects of logistics to become a one stop shop for logistics and transportation needs

Implementation of Information Technology

The Management planned to deploy high sophisticated software which will be the



key success factor as it will assist to provide benefits both to company operations and to the customer.

Information technology will help to keep track of every minor detail of the operation from the details about the trucks i.e., insurance, mileage, service history, to the driver's habits and average journey time compared to the expected time, number of sick days over the year, as well as details to do with the specific job location, exact progress of job whether the container has been offloaded or not and a lot more.

These details will help to eliminate human error, create transparency with the customer, make the whole process more efficient allowing to focus on continually improving and streamlining processes thus maximizing efficiency and reducing costs which will ultimately also give the opportunity to pay employees more. Meanwhile, software will provide answers to various customer questions without having to make several calls. In the long term the Management hopes that implementation of Information technology along with strong working practices can influence the Logistics and Transport industry towards becoming more efficient and ultimately help to tackle major problems which might happen, such as delays in cargo handling at our port.

Marketing Plan

Demand

The demand for logistics business due to its relation to all other sectors keeps growing day by day as a result of the growth of population, the growth of economic activities in the African Market, and the growth of per capita income. Tanzania is a gateway toward other East and Central African countries, road logistic services are of highest needs followed by railway and marine. Furthermore, the demand for adequate infrastructure to support all logistics operations and especially the issues with congestions at the port is very present.

Information systems constitute one of the solutions for addressing the challenges that occur in many processes that are important for the economic development of a country (Pierson and Harner, 2006). Information systems gather, supply, arrange and use information to ensure the efficiency and effectiveness of an organization's operations. Nowduri (2011) states that information systems enable management to quickly make decisions about different issues in the organization. These information systems have become important in logistics services and entail a significant tool in reducing costs and effectively serving clients through better customization of the service provided (Salin, 2000).



Product

As a company we intend to initiate operations as carriers specializing in smart and efficient freight transport by road with the aid of software. However, in future and once established we will branch out into various other logistics services such as sea and coastal freight transport, warehousing and storage, cargo handling, wholesale on fee or contract basis and wholesale of agricultural materials.

Pricing

In terms of pricing, as stated previously we will operate using a cost-plus pricing strategy only adding very narrow margins and instead putting all our focus on delivering an exceptional and reliable service every time, thus increasing volume and customer loyalty.

Marketing Strategy

When it comes to marketing, we will firstly use the strong network of our investors to promote the business and potentially obtain contracts from the many businesspeople they are familiar with. We will cross promote with the other companies the founders are involved in to tap in their customer base.

The Company will also be listed on various business directories such as 123 Tanzania, Tanza Pages and Tanzania National Commercial Directory among others.

Moving forward we will work on establishing an online presence through having a clean and easy to use website and being on various platforms such as LinkedIn, Instagram and Facebook. Following on from this we will implement various social media management techniques such as using paid ads through Google, LinkedIn and Instagram, tracking data activity through web analytics as well as gradually improving our Search Engine Optimization (SEO). This is not a one-time process and will need continuous work which will be done with an outsourced marketing company. Although the nature of our business does not necessarily have a huge customer base who look for services online, in the increasingly digital world we live in, it is a must to have an up-to-date online presence. In future once we are established, we will attend relevant trade and fair expos in order to showcase our software and how it will greatly improve our services both from our standpoint as well as the customer's.

All in all, it is well known that the best form of marketing is through word of mouth. Therefore, ensuring we can be trusted through being consistently transparent, timely

and reliable will be crucial to the long-term success of our company. This will not only maintain and enhance the reputation of our investors and shareholders, that of which will help us attain our original customers, but create a high customer satisfaction, resulting in repeat customers, increased customer loyalty and subsequently good word of mouth marketing.

Operations Plan

Everyday Short-Term Processes

Once we have secured tenders for transport jobs, in order to maintain a high level of standard, the team will work closely and rigorously to ensure our software is always updated with every step completed. We will use it to identify any challenges we may face as soon as possible in order to deal with them immediately to keep things flowing. Aside from this the team will prioritize strong communication and regular meetings so that as a company we can always know how we are doing, and which areas require improving.

Long-Term Goals

In order to facilitate operations, the company will initially start by importing 20 units of brand new HOWO 371HP Tractor Trucks along with 20 units 3 Axle Flat trailer spring tire, however with continuous growth we intend to have 200 trucks within the next five years. As previously stated, we will start with carrier logistics activities specifically freight transport by road, nonetheless God willing we grow continually and within the next five years we will branch out to other areas of logistics such as warehousing, sea and coastal freight transport, cargo handling, wholesale on fee or contract basis and wholesale of agricultural raw materials and live animals.

Management Team

The Founders and registered the company with the following ownership

- FATHALRAHMAN ALHAFEZ AHMED ALWALI (50%)
- AHMED NASRELDIN AHMED MUSA (50%)

The company, from the shareholders to the leadership team come from a diverse background from various parts of the world including, India and The Sudan and have



several years of experience in logistics activities such as cargo clearing and forwarding as well as other industries. Furthermore, the shareholders have a vast network of professionals and business people from different background who with their good reputation can access for business relations as well as for assistance in areas they may be more familiar with.

The company expects to commence with around 60 employees, 5 of which will be Foreigners with the correct implementation of our long-term plan, the Management targets to employ numbers to 200-500 local employees with 5 foreigners.

Social Responsibilities

The company, planned to invest in Tanzania to maximize profit but, whilst, all two Shareholders are of Africans who are very aware various challenges African faces, which includes poverty, the company will participate to eradicate poverty through social responsibilities such as creating employment, avoiding employing children to the company, involvement and supporting the government on various campaigns such as prevent child marriage and supporting environmental programs

Furthermore, those employees will more than likely have families they are supporting through working with the company, thus generating employment for the around 80 drivers and their Assistants, the company can directly be supporting the welfare of more than 150 indigenous people. The Management plans to expand and will continually add more trucks each year and more drivers will be needed.

Consequently, the operations guarantee injection of funds into the economy which will amicably pay taxes.

Contingency Plans

FORESEEN RISKS:

Due to the reality that, the business will operate in the fragile economy of the world which is still facing the effects of war between Russia and Ukraine; thus, the business is unavoidably subject to different financial and operational risks some of which are analyzed as follows:

1. Competition

The industry we are in is not new and surely there will be competition from other business dealing in the same sector. Due to growing economy, new entrants are a constant threat and competition from existing expanding competitors.

Remedies.

The company is prepared to face the competition by offering the best services to build good customer loyalty, we will also make sure that we provide modern logistics and transportation services in order to win customer interests and satisfaction.

2. Price Fluctuations.

Scarcity of American Dollars in the market currently marked a big challenge which associate fluctuation of prices based on vacillation of foreign exchange.

Remedies.

Company strategy to overcome this risk will be to do business diversification into other areas of logistics as-well as using IT software and Just In Time to keep our processes as efficient as possible.

3. Introduction of SGR Transportation

There is rapid development of government of Tanzania to improve its transportation services.

Remedies.

The company will be up to date on the issue of modern logistic and transportation equipment and shall respond to changes in demand promptly.

CONCLUSION AND RECOMMENDATION

Transportation and logistics are significant part of the national economy, presence of Sea port is among the advantages to Tanzania economy, which the government experienced progressed at a rapid pace, and today there is a wide variety of modes of transport by land, water and air.

Public transport still remains, the primary mode of transport for most of population, despite improvements, several aspects of transportation and logistics are still riddle with problems due to outdated infrastructure.

Growing of population instigates demand of transportation and logistics services has been rising by around 10 percent a year, The Scholars argued.

Consequently, the company prepared this business plan and came up with the following conclusion:

- Technical analysis of this business shows that it is financially viable and

justifiable economically.

- Managerial analysis also shows Owners is well experienced in logistic and transportation business with sound character, unquestionable credibility and good will.
- It is, therefore, commendable to register to TANZANIA INVESTMENT CENTER (TIC).