

SALAMA FABRIQUE Limited

BUSINESS PLAN

For undertaking the manufacturing project for bags of all kinds.

January 2024
SALAMA FABRIQUE LIMITED
P. O. BOX 21029 –
KISARAWA II- KIGAMBONI – DAR ES SALAAM.

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THE EXECUTIVE SUMMARY

Basic Information and Details

BASIC INFORMATION

DETAILS

Name of Business	SALAMA FABRIQUE LIMITED
Physical Address	Kisarawe II, Block K. Plot Nos 2, 3 & 4
Postal Address	P.O. Box 21029 , -Dar Es Salaam
Telephone	+255656570730
Email	19960216@protonmail.com
TIN	170-926-188
Certificate of Incorp. No.	170926188

Company Description

Salama Fabrique company is a privately owned company fully run by Chinese investors with the quest to establish a state of the art facility/industry for the production of school bags, purses, safari back packs and suit case bags, making Tanzania a source of this widely used product by reducing dependency on importation and still maintaining the same quality and standards.

The company is committed to use the latest technology and manufacture a wide range of products giving customers a choice and satisfaction for the products range and uniqueness.

Services Description

The company is involved in the manufacturing of bags

Our services include but not limited to the following;

- a) School bags for students
- b) Safari back packs
- c) Suitcase bags
- d) Purses
- e) Hand bags for women
- f) And other bags for storage purposes

Location

The company is located at Kisarawe II Block K, Kigamboni Area, in Dar Es Salaam.

The company has chooses such an area due to it being an industrial area and fit for the purposes of the intended production. The area is easily accessible and would make it easy to transport the Product.

MARKET AND MARKETING

Market overview

The targeted clients are both individual household as well as corporate companies and the whole population including when production peaks up to export abroad.

The company is determined to take part in combating the widening gap between demand and reliable supply of bags in the country. It is projected the company will reap 20% of the market share by the peak of production.

Clients Description

The business' existing and potential clients list include one-time clients and contract clients from all parts of the country and across the borders.

Our company will concentrate on creating a clientele base and retain it through offering quality services on demand and meeting standards and precision of the customer needs.

Some of these clients include;

- a) Households
- b) The public sector; government ministries, agencies etc.
- c) Organized private sector
- d) Facility managers
- e) Hostels / Campuses
- f) Playground / parks
- g) Estates and Communities
- h) Camp grounds

- i) Corporate organizations (For customizable documents brief bags)
- j) Export/shipping agents

The owner expects that these clients will continue with their loyalty to the company's services and that it will be able to raise an expanded clients' base by penetrating the market to attract new clients.

The revenue will be made throughout the year because the needs for these services are not seasonal. This implies a constant consumption of our services.

Competition

The company expects a reasonable competition from other producers or importers of the bags. However the company is deeply committed to making lasting impression by ensuring it meets the competitive advantage and providing top notch services in the bags manufacturing industry.

Competitive edge is the positioning strategy with clients. This will be done by building a business based on long-standing relationships with satisfied clients simultaneously building defenses against competition. The longer the relationship stands, the more it helps clients understand what the business offer them and why they need it.

Above all the mentioned factors, the business has a competitive pricing position as it obtains inputs at competitive prices from the suppliers.

In addition, the competitive advantage to this company is the strategic location of the business, client loyalty, competent experienced motivated staff and the speed and quality with which it offers its services utilizing the latest state of the art technology

Marketing strategies

The company will make use of the following marketing strategies for the purpose of reaching mass of targeted clients and curb the existing competition.

Market oriented approach- the company will employ market centered approach whereby officers from the company will search and arrange visits to various potential clients for the purpose of pitching and demonstrate on their product presentations.

The company will make use of its own website and design social media pages for daily posting its products and services offered. This will make it easy for potential

clients to see when making choices. This will go hand in hand with making infographics, paid ads, video adds and email marketing (for corporate potential clients). Also, the company will seek registration on the local websites and Google ads

The company will search and lobby for partnerships and engagement into business with government authorities and organizations.

The company will also make use of promoting the use of its products by offering annual gifts for its best clients. This will be arranged and include media house for the public to see and be inspired.

Costing and Pricing

The pricing of business products or/and services is important because it will have a direct effect on the success of any business. Though pricing strategy and computations can be complex, the basic rules of pricing are straightforward: All prices must cover costs.

- The best and most effective way for SALAM FABRIQUE Limited is lowering costs so as to lower the price to be affordable to the potential clients and compete in the market.
- Prices must reflect the dynamics of cost, demand, changes in the market and response to competitors.
- SALAMA FABRIQUE prices are established to assure continued sales and growth. The company bases on cost plus approach in estimating prices for its services.
- Service utility, longevity, maintenance and end use must be judged continually, and target prices adjusted accordingly.

Also, the price is set to preserve order in the marketplace recognizing the market leadership role of the business.

The method of establishing price is cost-plus pricing, which assures that all costs, both fixed and variable, are covered and the desired profit percentage is attained.

Table 2.1 Marketing Costs for the 2021/22

Details	Amount (TSHS)
Logo Design	450,000
Branding / Identity Development	6,000,000
Commissions paid out	9,600,000
Website	1,600,000
Printed Marketing Pieces	6,000,000
Promo Materials	4,000,000
Listing Fees	3,500,000
Internet Marketing	27,800,000
TV & Radio	36,000,000
Networking Events	9,800,000
Other	870,000
Total	105,620,000

MANAGEMENT PLAN

Company Profile

Salama Fabrique's management is keen to keep up with the right strategies to be able to serve the market with what clients need and a good word of mouth has circulated from one satisfied client to another. The company is determined to expand and acquire long term sustainable growth.

Recruitment and selection of people will be constantly made in a way to ensure those only competent, who are able to carry out the company's mission are retained in the office.

Management and key personnel

The company is under the serious direction and control of its owners. These are the general overseers of all business activities on day-to-day basis.

Support Personnel

Besides the Directors, the company has been pegged on the services of 110 . 5 being foreigners men and 5 women, plus 40 local men and 60 local women employees who, in their respective positions keep the business growing from one stage to another.

The directors are keen to maintain calm relationships with the employees by keeping a friendly environment for them to work and constantly responding.

FINANCIAL PLAN

Introduction

This section covers various aspects in relation to the company's financial performance, plans and projections. It gives a summary of the owner's assumptions and the projected cash flows and other financial matters.

Considerations and assumptions

The following assumptions hold for the financial projections presented in the following sections and the attachments;

- a) It is assumed that inflation rate will remain at 7% over the year 2024- 2025-2026
- b) The company operational expenses will increase by the inflation rates
- c) Lead time for ordered inputs from suppliers is less than a month and Interest rate of the bank on the facility will remain at 20 % per annum
- d) Exchange rates will remain fairly stable at the current rates
- e) The legal and regulatory frameworks remain stable for all the coming twelve months
- f) Sales of the business will grow at an average rate of 30% per year.
- g) Cost of sales is approximately 31% of the sales revenue
- h) Ending inventory will be 30% of the total purchases of the year.
- i) The company will have receivables of 29% of the sales at the end of the year.
- j) 30% of the year corporate tax payable will be paid after the preparation of the financial statements and deduction of expenses.

Three years Sales Forecast

The sales forecast gradually increases over the year 2024/25 and comprises total sales of TZS 376,977,435. Yearly forecasts are summarized in the table below.

Table 2: Sales Forecasts

	2024/25	2025/26	2026/27
SALES (TZS)			
Government and corporate clients	100,000,000	100,000,000	100,000,000
Normal average citizenry	50,000,000	50,000,000	50,000,000
Supermarkets	70,000,000	70,000,000	70,000,000
Exportation	100,000,000	100,000,000	100,000,000
Total Sales	320,000,000	320,000,000	320,000,000
Cost of Sales	- 105,620,000	- 105,620,000	- 105,620,000
Gross Profit	214,380,000	214,380,000	214,380,000

Figure 1: Sales forecasts from 2024- 2026

NB: The profit is before computation of corporate taxes as due.

This amount will complement the equity funds planned for increasing the working capital so as to be able to reach the highly demanding markets in the country that is still undersupplied with the services.

Sources of Funds

The major source of funds for SALAMA FABRIQUE as to start with is the equity capital as injected in by the founding shareholders of the company , also will be based on sales revenues from clients in their categories. This will continue to be the main source for the coming three years with the expanded service dimensions on similar product line.

It is estimated that the business will be able to increase its revenue by 30% in each financial year.

Uses of Funds

A large portion of the funds is expected to be used for acquiring office materials and covering the operation expenses including marketing and office making. Other uses are routine expenditure during the operations of the business whose summary for the twelve months to come is as presented in the financial projections.

Financial Discussions (Liquidity)

Cash position of the business is expected to be good and positive with the business being able to meet its recurring obligations in time. However, the expansion plan will need extra funding, the amount being requested which will boost its working capital after repayment of the loan and accumulated profit ploughed back into the business, in which case the company opts for expansion for a loan.

The attached cash flow projections reveal that the business's liquidity will remain sound with ability to meet all financial obligations together with the cost of the external financing funds.

(a) Profitability

As per the business's projections, revenues will grow at 30% yearly while many expenses account outside the costs of sales will remain around the same figures or increase at a very small rate. Gross margin will be at 60% while Net profit margins will be at 40%. This is a desired outcome for the company as it leads to maximization of her wealth. Therefore, the business is in line with the company's interest.

(b) Stability (Financial Position)

The business's financial position is projected to be stable for the whole of the year 2024/25 and the other consecutive two years later. Financing of assets will be a mixture of business entity' equity and the bank loan (which will finance the raw materials in case the rate of production and demand exceeds the current projections)

The company is used to buy in cash from the named suppliers in the above discussion. However, the increased operations capacity may push the management to discuss and negotiate with the major suppliers for attractive and affordable credit terms. These are not included in the cash flow projections because they will depend on availability of the terms upon acceptance of the proposal.

Finance Required

The finance being requested in case the company opts for a loan is for financing a major expansion of the business where by the administration intends to increase working capital and expand the operations that will require additional marketing efforts, facilities and manpower. The company expects to benefit from the economies of scale by buying in bulk and consequently reduce operating costs like ordering costs.

ANTICIPATED RISKS

The following are some of risks relevant to this business undertakings:

5.1 Competition

This is a threat that cannot be avoided as the business seems to be profitable and worth undertaking. Due to growing economy, new entrants are expected to emerge and add up to the existing threat from the existing competitors discussed above.

5.1.1 Remedies;

The management is prepared to face the competition by offering the best quality services and products it can in order to build a good clients' loyalty. It will also make sure that it renders services on time in order to win clients' interests and satisfaction.

5.1 Price and Exchange Rate Fluctuations

This has recently marked a big problem in business operations; prices and exchange rates keep on rising irregularly and affect the business performance together with the income and expenditure estimates.

5.2.1 Remedies;

The business's strategy to overcome this risk is for negotiations of prices with the suppliers so as to where possible, fix the purchase prices in advance using the forward contracts with the suppliers.

ECONOMIC AND ENVIRONMENTAL PRIORITIES

The business's operations are environmentally friendly since they do not have a direct impact as regards to environmental degradation or pollution. It is in the company's policies to adhere to all country and safety regulations including environmental conservation. The materials used will be those authorized by TBS and following NEMC guidelines.

CONCLUSION AND RECOMMENDATION

The detailed discussion in the previous sections reveals a potential for the company's service market. This shows that the company will be able to sale the services and realize its investment and returns and pay the applied external finance accordingly.

The management team is well experienced and equipped to lead the organization towards achieving the set objectives and also it has a competent work force to support the move.

Financial analysis also depicts that the business is profitable and will be able to collect funds from sales to fully service the loan facility(in case the company borrows) and meet all other obligations as they fall due. This can be referred to in the projected financial statements.

APPENDICES

1. Projected Income Statement

SALAMA FABRIQUE LIMITED				
PROJECTED FINANCIAL PERFORMANCE				
		2024/25	2025/26	2026/27
REVENUE				
Estimated Sales		320,000,000	320,000,000	320,000,000
Less (Discounts, Errors, etc)		-	-	-
Service Revenue		-	-	-
Other Revenue		-	-	-
Net Sales		320,000,000	320,000,000	320,000,000
Cost of sales		105,620,000	105,620,000	105,620,000
Gross Profit		214,380,000	214,380,000	214,380,000
EXPENSES				
Administrative General		10,000,00	10,000,000	10,000,000
Location / Office		5,000,000	5,000,000	5,000,000
Marketing		-	-	-
Labor		20,000,000	20,000,0000	20,000,000
Other		-		
Total Expenses		35,000,000	35,000,000	35,000,000
Income Before Interest & Taxes		179,380,000	179,380,000	179,380,000
Income Tax (30%) – corporate tax		53,814,000		
NET INCOME		125,566,000		

