



# **BUSINESS PLAN FOR FREIGHT TRANSPORT BUSINESS**

## **PREPARED FOR:**

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## 01 EXECUTIVE SUMMARY

Our company Deer Logistics Limited is a freight transport business based in Tanzania. We are dedicated to providing reliable and efficient transportation services for various goods, ensuring smooth logistics and supply chain operations within the country. With a strong understanding of the industry and a commitment to customer satisfaction, we aim to become a market leader in Tanzania's freight transport sector.

## 02 INDUSTRY OVERVIEW AND TRENDS

The transportation and logistics industry in Tanzania is experiencing significant growth, driven by expanding trade networks, economic development, and increasing foreign investments. As the country strives to become a regional hub for trade, there is a rising demand for freight transport services. However, the market is characterized by the presence of numerous small-scale operators, resulting in inefficiencies and limited service quality.

Deer Logistics Limited aims to fill the existing gaps in the market by providing efficient, reliable, and customer-centric freight transport services. We will utilize a combination of modern technology, a well-maintained fleet of trucks, and a team of highly skilled professionals to offer seamless logistics solutions to our clients.

Our business will offer a range of services tailored to meet the diverse transportation needs of our clients. These services include:

01

Safe and timely delivery of goods using fully loaded trucks

02

Efficient consolidation and transportation of smaller shipments

03

Secure storage facilities and streamlined distribution services

04

Managing the entire logistics process, including customs clearance and documentation

## 03 MARKET REVIEW AND ANALYSIS

This business plan provides a comprehensive analysis of the market for freight transport in Tanzania. Tanzania is one of the largest economies in East Africa and has experienced significant growth in recent years. The transport and logistics sector has played a crucial role in supporting this growth by facilitating the movement of goods and services within and outside the country. This business plan aims to provide insights into the market dynamics, key players, and potential opportunities in the freight transport industry in Tanzania.

The Tanzanian freight transport market is projected to grow exponentially in the coming years due to increasing import and export activities, foreign investments, and infrastructure development. We will primarily target manufacturers, retailers, and trading companies that require reliable and cost-effective freight transport services. Additionally, we will also explore opportunities to collaborate with other logistics companies for mutually beneficial partnerships.

Tanzania is home to a range of established and new Logistics companies. With a strong foundation & a maturing regulatory space Tanzania offers a wide range of opportunities for Logistics companies. This list aims to showcase some of the top Logistics companies and startups in Tanzania focusing on companies with great track records, innovative products or huge future potential.

# 1

## Market Size and Growth:

The freight transport market in Tanzania is estimated to be worth USD 6.8 billion, and it is expected to grow at an impressive CAGR of 6.5% and value of USD 12,975 billion by 2027 it is a huge industry ripe for growth. The growth is driven by increasing trade volumes, foreign direct investments, and government initiatives to improve infrastructure.

# 2

## Market Segmentation:

The market can be segmented into different modes of transport, including road, rail, air, and sea. However, road transport dominates the industry, accounting for approximately 81% of the market share.

## 04 GLOBAL MARKET AND MARKETING STRATEGY

The global freight transport market is anticipated to grow rapidly due to increasing globalization, international trade, and e-commerce. The market is highly competitive, but Tanzania's advantageous location as a gateway to East Africa positions it well to capture growth opportunities.

Tanzania's domestic freight transport market is expected to expand due to infrastructure development, economic growth, and increased foreign direct investment. The market is currently fragmented, with limited integration between logistics providers, offering an opportunity for a comprehensive, reliable, and well-connected player.

### Target Customers:

01

Domestic shippers and exporters of various industries, including manufacturing, agriculture, and mining. International clients seeking efficient logistics solutions for trade with Tanzania, East Africa Countries (EAC) and Southern African Development Countries (SADC).

### Branding and Differentiation:

02

To stand out in a crowded market, the company will focus on branding and differentiation. This will be achieved through a strong brand identity, superior customer service, and innovative technological solutions to meet customers' evolving needs.

### Partnerships and Alliances:

03

Forming strategic partnerships and alliances with key stakeholders, including suppliers, manufacturers, and customs agencies, will enable the company to expand its network and improve its service offering.

- Competitive pricing based on efficient operations and strong partnerships.
- Excellent customer service with a dedicated account management approach.

### Digital Marketing:

04

Deploying digital marketing strategies, including social media campaigns, search engine optimization, and content marketing, will help reach a wider customer base and generate leads. Attend industry-related trade shows and conferences to showcase services and network with potential clients.

## 05 COMPETITIVE ANALYSIS

1

### Key Players

The freight transport industry in Tanzania is highly fragmented, with numerous small and medium-sized enterprises (SMEs) operating in the market. However, there are several key players that dominate the industry. These companies have established networks, fleet sizes, and expertise that provide them with a competitive advantage.

2

### Competitive Landscape

The competitive landscape is characterized by intense price competition, especially in the road transport segment. However, factors such as reliability, timeliness, efficiency, and service quality are becoming increasingly important for customers. Companies that can differentiate themselves through technology, innovation, and operational excellence will have a competitive edge.

## 06 MARKET OPPORTUNITIES

### Infrastructure Development:

The Tanzanian government has made significant investments in infrastructure development, including road construction, port upgrades, and improvements in railway networks. These infrastructure upgrades present opportunities for companies to expand their services and improve efficiency.

### Cross border Trade:

Tanzania is strategically located and serves as a gateway to landlocked countries in East and Central Africa. The growing demand for cross-border trade presents opportunities for freight transport companies to facilitate the movement of goods between Tanzania and its neighboring countries.

### E commerce Growth:

The rise of e-commerce platforms in Tanzania has led to an increase in demand for last-mile delivery services. Freight transport companies can capitalize on this trend by providing efficient and reliable delivery services for online retailers.

## 07 INVESTMENT OBJECTIVES, SECTOR AND PRODUCTS

The objective of this investment is to establish a road transportation logistics company in the sector of freight and logistics. Our main focus will be to provide efficient and reliable transportation services for both domestic and international clients. The product will include the transportation of goods and materials using a fleet of vehicles, including trucks and vans.

### Short Term

- Establish strong relationships with key stakeholders, including suppliers, shippers, and regulatory authorities.
- Develop a comprehensive network of strategic partnerships with local and international logistics service providers.
- Increase market share in domestic freight transport by 20% within the first year of operations.

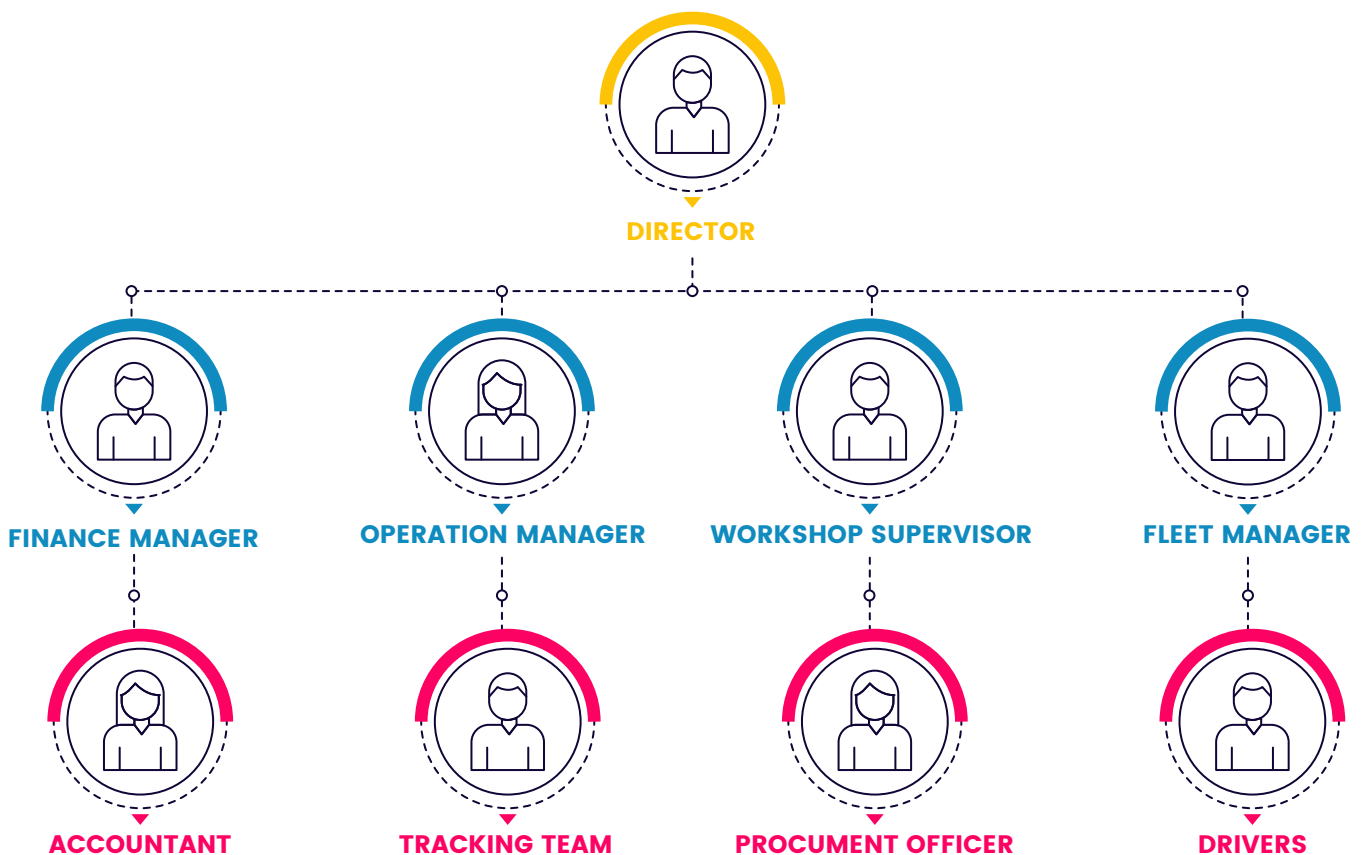
### Long Term

- Expand operations into neighboring countries within five years.
- Achieve a position among the top 20 reliable freight transport companies in Tanzania within five years.
- Leverage technology and innovation to improve operational efficiency and customer experience.

## 08 JOB CREATION

Deer Logistics Limited is expected to generate employment opportunities in various roles such as drivers, mechanics, warehouse personnel, administrative staff, and managerial positions. The estimated job creation for this project is 130 direct jobs and 280 indirect jobs through the associated supply chain.

## 09 MARKET REVIEW AND ANALYSIS



## 10 SOURCES OF SUPPLY OF INPUTS

To ensure smooth operations, the company will establish partnerships with suppliers of inputs required for its logistics operations, including fuel stations, vehicle maintenance service providers, and warehouse equipment suppliers. These suppliers will be carefully selected based on their reliability, quality of products/services, and competitive pricing.

## 11 CAPACITY OF THE PROJECT

The company aims to operate a fleet of 20 vehicles initially, which will gradually increase to 100 vehicles within the first five years. This will enable the company to handle a significant volume of transportation requests and expand its customer base. The capacity will be continuously evaluated and adjusted based on market demand and operational efficiency.

With a fleet of 100 trucks, Deer Logistics Limited will have the capacity to handle a significant volume of goods within the Tanzania region as well as EAC and SADC Countries. Our vehicles will be equipped with advanced tracking systems to optimize routes and ensure timely deliveries.

## 12 INVESTMENT COSTS AND SOURCE OF FINANCES

The estimated investment costs for this project are as shown on the table below;

TRUCKS ESTIMATED CAPITAL EXPENDITURE				
SN	Descriptions	Units	Unit Price (USD)	Amount (USD)
01	Purchase of Vehicles (Cabin)	100	34,000	3,400,000
02	Flatbed Trailer (40ft)	100	12,500	1,250,000
<b>Total CAPEX</b>				<b>4,650,000</b>
WORKING CAPITAL				
SN	Descriptions	Units	Unit Price (USD)	Amount (USD)
03	Facility Setup and Renovation	01	145,000	145,000
04	Equipment and Technology	100	1,150	115,000
05	Marketing and Branding	01	6,500	6,500
06	Project initial investment and all related logistics, compliance	01	130,000	130,000
07	Contingency	01	60,000	60,000
<b>Total Working Capital</b>				<b>456,500</b>
<b>Total CAPEX and Working Capital</b>				<b>5,106,500</b>

The source of finances for this project will be a combination of equity capital and bank loans. We will contribute \$500,000 as equity, while the remaining \$4,606,500 will be obtained through a bank loan.

## 13 INVESTMENT FUND EXPENDITURE BREAKDOWN

The investment fund will be utilized as shown on the table below;

<b>EXPENDITURE BREAKDOWN</b>			
<b>SN</b>	<b>Descriptions</b>	<b>Amount (USD)</b>	<b>Percentage (%)</b>
01	Purchase of Vehicles (Cabin)	3,400,000	66.58
02	Flatbed Trailer (40ft)	1,250,000	24.48
03	Facility Setup and Renovation	145,000	2.84
04	Equipment and Technology	115,000	2.25
05	Marketing and Branding	6,500	0.13
06	Project initial investment and all related logistics, compliance and registrations	130,000	2.55
07	Contingency	60,000	1.17
<b>Total</b>		<b>5,106,500</b>	<b>100</b>

## 14 FINANCIAL PROJECTIONS

Deer Logistics Limited Projected Cashflow						
Income Statement		Year 01	Year 02	Year 03	Year 04	Year 05
Revenues	USD	1,048,800	2,010,317	2,276,485	2,322,014	2,368,455
<b>COGS</b>						
Fuel and Oil	USD	(136,800)	(262,215)	(296,933)	(302,871)	(308,929)
Driver Wages and Benefits	USD	(136,800)	(262,215)	(296,933)	(302,871)	(308,929)
Licence and Insurance	USD	(91,200)	(174,810)	(197,955)	(201,914)	(205,953)
Vehicle Maintenance and Repairs	USD	(68,400)	(131,108)	(148,466)	(151,436)	(154,464)
Load Related Expenses	USD	(45,600)	(87,405)	(98,978)	(100,957)	(102,976)
<b>Total COGS</b>	USD	<b>(478,800)</b>	<b>(917,754)</b>	<b>(1,039,265)</b>	<b>(1,060,050)</b>	<b>(1,081,251)</b>
Gross Profit	USD	570,000	1,092,564	1,237,220	1,261,964	1,287,204
Gross Margin	%	54%	54%	54%	54%	54%
<b>Operating Expenses</b>						
Wages and Salaries	USD	(331,500)	(469,962)	(529,088)	(544,960)	(561,309)
Rent	USD	(19,200)	(19,407)	(19,796)	(20,191)	(20,595)
Insurance	USD	(18,000)	(18,194)	(18,558)	(18,929)	(19,308)
Marketing and Advertising Expenses	USD	(24,000)	(24,259)	(24,744)	(25,239)	(25,744)
Repairs and Maintenance	USD	(60,000)	(60,648)	(61,861)	(63,098)	(64,360)
Legal and Accounting Fees	USD	(1,800)	(1,819)	(1,856)	(1,893)	(1,931)
Contingency	USD	(16,800)	(16,982)	(17,320)	(17,668)	(18,020)
<b>Total Operating Expenses</b>	USD	<b>(471,300)</b>	<b>(611,272)</b>	<b>(673,224)</b>	<b>(691,979)</b>	<b>(711,268)</b>
<b>EBITDA</b>	USD	<b>98,700</b>	<b>481,292</b>	<b>563,996</b>	<b>569,985</b>	<b>575,935</b>
Operating Income Margin	%	9%	24%	25%	25%	24%
Depreciation and Amortization	USD	(121,481)	(177,731)	(196,481)	(196,481)	(196,481)
Net Interest Expense	USD	(38,091)	(56,498)	(61,678)	(60,403)	(59,128)
EBT	USD	(60,871)	((247,063)	(305,837)	(313,102)	(320,327)
Income Taxes	USD	-	(44,383)	(61,046)	(62,500)	(63,945)
Net Income	USD	(60,871)	(202,680)	(244,791)	(250,602)	(256,381)
Net Margin	%	-11%	19%	20%	20%	20%





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