

**BUSINESS PLAN FOR  
INVESTMENT OF  
MANUFACTURING  
OF FURNITURES**

**HSS GROUP LIMITED**

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## **EXECUTIVE SUMMARY**

HSS GROUP LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 23<sup>rd</sup>, April 2024, and bears Certificate of Incorporation No. 174071578.

HSS GROUP LIMITED will be located at Kigamboni District. The outreach Office will be located at Dar es Salaam at City Center. In addition, another office will be allocated at another location.

Company Goals and Objectives:

In Summary HSS GROUP LIMITED aims to;

- To conduct the business of wholesale of construction materials, agricultural machinery, equipment and supply, construction of buildings, hardware, plumbing and heating equipment and supplies.
- Manage HSS GROUP LIMITED by human resource policies which encourage and reward individual and unified effort and achievement, provide training and personal development opportunities and create a working environment in which staff can feel a real sense of job involve
- Represent persons at meetings of local, national and international organizations and bodies concerned with activities connected or associated with any of the business of the company, to provide services of all kinds to such organizations and bodies and to negotiate and enter into national and international agreements/standards relating to matter of concern or interest to the company.
- To enter into any commercial or other arrangements with authority, corporation, government, company or persons to obtain or enter into any legislation, orders, charters, contracts, decrees, rights, privileges, licenses, franchise, permits and concessions for any purpose and to carry out, exercise and comply with the same and to make prosecute and defend all steps, contacts, arrangements, negotiations, legal and other proceedings, compromises, arrangements and schemes and to do all other acts that shall at any time appear conducive or expedient for the advantage of the company.
- Adopt best commercial practice and ethical standards in dealing with clientele, suppliers of goods and services and other contacts.

The project will be managed and operated by HSS GROUP LIMITED is owned by Tanzanians with the following share distribution;

NAME OF SHAREHOLDERS	NATIONALITY	SHARES%
ABUBAKAR HUSSEIN AHMED	TANZANIAN	50%
HUSSEIN ABUBAKAR HUSSEIN	TANZANIAN	50%

## **PURPOSE OF BUSINESS PLAN**

The investment objective of this business plan is to establish export and sale of a Furniture company in Dar es Salaam, Tanzania, which will produce high-quality manufacturing of furniture's in Tanzania. The need of manufacturing of furniture in Tanzania has significant growth potential due to the increasing demand for manufacturing of furniture in the country and the East African region.

The products of the company will be conducted from sustainable sources, ensuring environmental sustainability and social responsibility. The company will target both domestic and international markets.

## **INDUSTRY OVERVIEW:**

The Tanzania construction market is fragmented with domestic and international businesses, HSS GROUP LIMITED being one among them. The construction industry is characterized by a huge number of microentrepreneurs, most of whom work in the country's informal economy. The country's formal construction business comprises indigenous and indigenized corporations as well as several big civil engineering and construction firms. However, the demand for manufacturing of furniture in Tanzania and the East African region is growing rapidly, driven by the growth of various industries. This presents an opportunity for manufacturing of furniture to capture a significant market share. Ensuring quality control in the furniture manufacturing process involves implementing a comprehensive quality control system that covers all aspects of the manufacturing process. In summary, ensuring quality control in the furniture manufacturing process involves developing clear quality control standards, training employees, inspecting incoming materials, conducting in-process and final inspections, documenting quality control activities, and continuously improving the quality control system.

By implementing these steps, furniture manufacturers can produce high-quality furniture that meets customer expectations and manufacturing standards

## **MARKET ANALYSIS:**

The target market for the manufacturing of furniture will be the industrial and commercial sectors, including buying, selling, importing, exporting, industrial, manufacturing of furniture and all other sectors manufacturing and producing company. Tanzania has a growing population of approximately 65 million people, and the demand for manufacturing of furniture is expected to grow at a compound annual growth rate of 8% over the next five years. The market is expected to be worth over \$6.75 billion by 2028, providing ample opportunities for growth and expansion.

## **INVESTMENT OBJECTIVE:**

The primary investment objective of the business is to export and sale of manufacturing of furniture in Dar es Salaam, Tanzania with a mission of establishing world-class manufacturing of furniture that will make a wide range availability from top manufacturing brands at affordable prices. The structural of manufacturing of furniture's account for more than 42.3 percent of sales, its types include glue-lam, laminated veneer, floor and roof trusses, connectors, joist hangers, tie-downs and framed wall panels.

## **PRODUCTS:**

The proposed business will establish the following building materials:

Furniture manufacturing is the process of creating furniture, which refers to any movable object that is designed to support various human activities such as seating, sleeping, eating, and storage.

The process of furniture manufacturing involves designing, cutting, shaping, joining, finishing, and assembling various materials such as wood, metal, plastic, and glass to create a final product that is both functional and aesthetically pleasing.

Furniture manufacturing involves several stages, including design, engineering, prototyping, production, quality control, and shipping. The design process involves creating a blueprint or a 3D model of the furniture, which is then used to create a prototype. The prototype is then tested for functionality, durability, and safety before it is put into production.

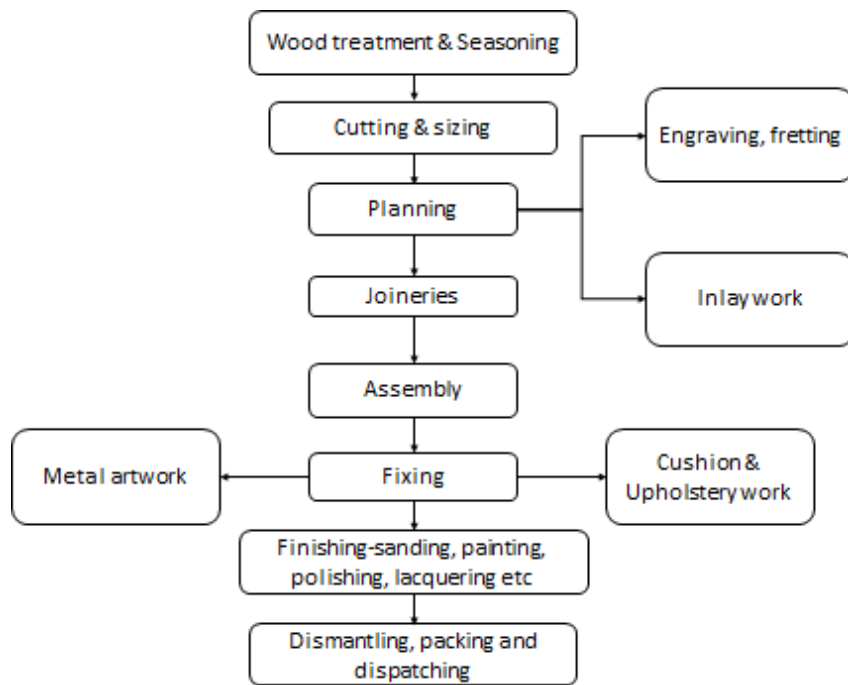
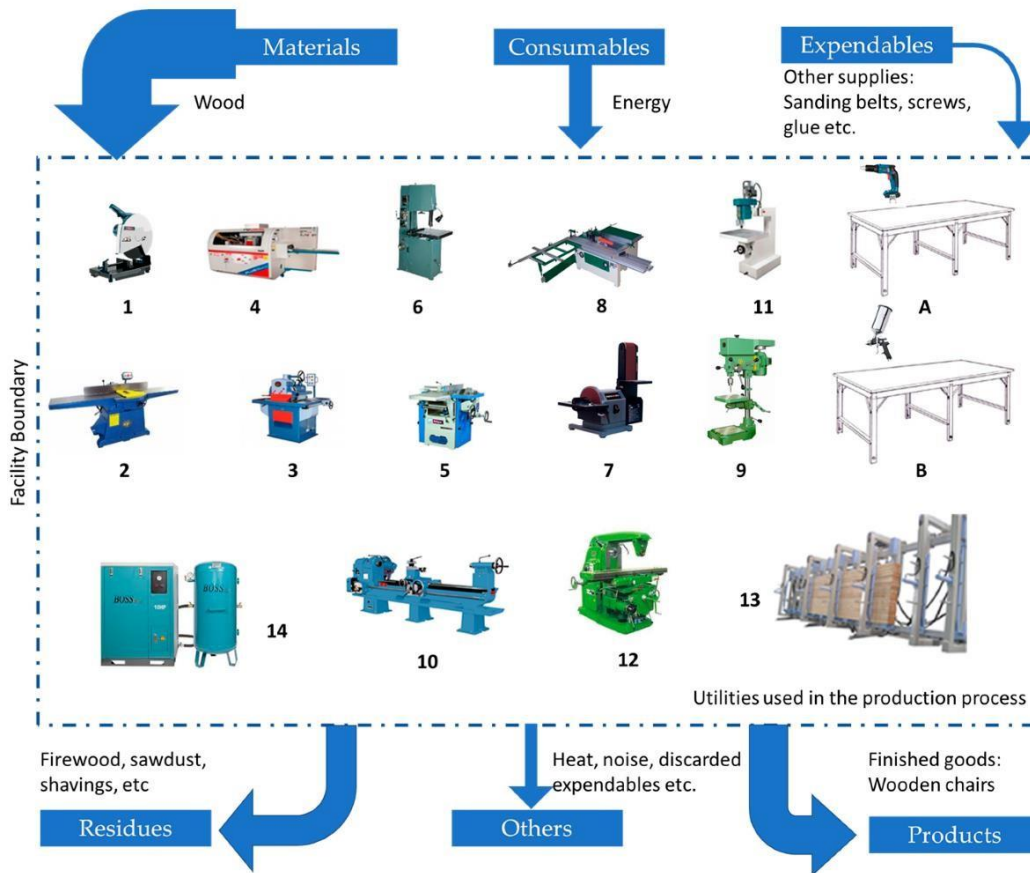
In the production stage, skilled workers use a variety of tools and equipment to cut, shape, and join the various components of the furniture. The materials used in furniture manufacturing vary depending on the type of furniture being produced.

For example, wooden furniture may use hardwoods, softwoods, or engineered wood products like particleboard or medium-density fiberboard (MDF). Metal furniture may use various metals such as steel, aluminum, or brass.

Quality control is an essential part of furniture manufacturing, as it ensures that each piece of furniture meets the required standards for safety, durability, and functionality. Once the furniture has passed quality control, it is packed and shipped to the retailer or directly to the customer.

The basic process of manufacturing of furniture typically involves the following steps:

1. **Research and ideation:** The design process begins with research and ideation. Designers research current trends, buyer persona and customer preferences, and the target market to gather insights and inspiration. They may also sketch and brainstorm different concepts and ideas for the furniture.
2. **Concept development:** Once designers have gathered insights and ideas, they begin to develop the furniture's concept. This stage involves creating sketches, 3D models, and technical drawings that outline the furniture's shape, size, materials, and functionality.
3. **Material selection:** After the concept is developed, the designers select the appropriate materials for the furniture. The materials selected depend on the furniture's design and purpose, as well as the available manufacturing methods.
4. **Design refinement:** The furniture's design is then refined based on the feedback received from engineers, manufacturers, and customers. Designers may need to adjust the furniture's shape, size, materials, or functionality to ensure it meets manufacturing and customer requirements.
5. **Prototyping:** Once the design is finalized, a prototype is created to test the furniture's functionality, durability, and safety. The prototype is reviewed, tested, and refined until it meets the required standards.
6. **Final design:** After the prototype is approved, the final design is created, which includes technical drawings, specifications, and instructions for manufacturing the furniture.



## **INVESTMENT COSTS AND SOURCES OF FINANCES:**

The total investment required for the project is estimated around \$1.65 million. The funding will be an equity financing from shareholders and bank loans.

## **JOB CREATION:**

The proposed business of export and sale of manufacturing of furniture plant is expected to create over 50 direct jobs and an additional 100 indirect jobs in the supply chain and related industries. The business will employ skilled and experienced personnel, including engineers, technicians, economist, production staff and local people to ensure smooth operations and adherence to quality standards. Additionally, indirect employment opportunities will be created in the supply chain, including transportation, raw material suppliers, and other support services.

Investment Funds Expenditure Breakdown:

The funds raised from the equity will be utilized as follows (USD):

Land & Building	\$600,000.00
Equipment:	\$400,000.00
Vehicles:	\$200,000.00
Furniture & Fittings:	\$50,000.00
Pre-expenses:	\$30,000.00
Others:	\$100,000.00
Working capital:	\$ 270,000.00

## **OPERATIONS PLAN:**

Location: HSS GROUP LIMITED will be headquartered in a strategic urban location that offers easy access to construction sites and client meetings.

Premises: Our office space will be designed with sustainability in mind, incorporating energy-efficient features and eco-friendly materials.

Equipment: We will invest in state-of-the-art construction equipment to ensure efficient project execution and maintain high standards of quality.

Staffing: Our team will consist of experienced architects, engineers, project managers and skilled laborers who share our passion for innovation and sustainability.

## **MARKETING PLAN:**

The marketing plan for the import and sale of manufacturing of furniture will focus on the following strategies:

**Use word of mouth marketing:** This marketing strategy is quite common and simple however; besides the influencers, customers also depend on hear-say when making their decisions on where to purchase materials, therefore, it is essential to control what is said by other customers, employees and even the influencers thus market share will definitely decrease. One effective way of controlling word of mouth is by maintaining close follow up with the customers.

**Impress the Influencers:** Influencers include architects, contractors and builders while the consumers are your actual customers having the influencers at your corner. This is because most of the time, actual customers depend on the influencers to decide on their behalf or advise them on which materials to use therefore, demonstrating the quality and affordability of the products.

**Building a business name:** This is the most significant bit of marketing, as far as manufacturing of furniture are concerned. While customers depend hugely on influencers and word of mouth, it is also essential to build a reputable name so that it can speak for itself because of the good quality and reasonable pricing.

**Utilize online marketing:** The internet has become the core of everything, under the construction industry it has no exception. Building material retailers are also adapting to these changes. In order to keep up, we are active in social media platforms like Facebook, Twitter, Instagram, LinkedIn, Email and YouTube.

## **IMPLEMENTATION SCHEDULE:**

The implementation schedule for the manufacturing of furniture's will be in 3 phases in five (5) years, first phase is estimated to be 8 months, as follows:

**Pre-construction phase:** 2 months. This will involve site selection, land acquisition, and obtaining necessary permits and approvals.

**Design and engineering phase:** 2 months. This phase will involve the design and engineering of the materials, including the layout, equipment and machinery selection, and other technical aspects.

**Construction phase:** 3 months. This phase will involve the construction of the materials and installation of equipment and machinery.

**Testing and commissioning phase:** 1 months. This phase will involve testing and commissioning of the material and equipment to ensure proper functioning before the start of production.

## FINANCIAL PROJECTION:

The financial projections for the Furniture's manufacturing primary input are as follows:

**TABLE 1**  
**FINANCING**

<i>Financing</i>	\$
<b>Owner's equity</b>	
Cash	550,000
Contributed asset value	600,000
<b>Bank Loans</b>	500,000
<b>Total</b>	<b>1,650,000</b>

**TABLE 2**  
**INVESTMENT COST PLAN**

<i>COST INVESTMENT STRUCTURE</i>	\$
<b>Current assets</b>	
Working capital	270,000
<b>Property and equipment</b>	
Land	400,000
Building	200,000
Equipment	400,000
Furniture and fixtures	50,000
Motor Vehicles	200,000
Other	100,000
Pre- Expenses	30,000
<b>Total assets</b>	<b>1,650,000</b>

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As shown in the cash flow statement, we expect to have a steady inflow of cash from sales in the next three years. Our outflow will mainly consist of inventory costs, employee salaries, rent and utilities and marketing and advertising expenses. The net cash flow and cumulative net cash flow are expected to increase annually due to the growth in sales and efficient operation of the business. We aim to achieve profitability within the first five years of operations and this projected cash flow statement shows that we are on track to achieving

These projections assume that the company will gradually increase production capacity and expand its customer base over the years. It also assumes that the cost of raw materials and operating expenses might have slightly variation.

It is important to note that these projections are only estimates and are subject to change based on market conditions, operating costs, and other factors.

### **CAPACITY OF THE PROJECT:**

The proposed manufacturing of furniture will have a production capacity of 50000 tons per annum. This will be achieved through the installation of modern machinery and equipment, utilizing the latest technology in the manufacturing of furniture's industry. The plant will operate 24 hours a day, seven days a week, ensuring efficient production processes and meeting the growing demand for paper products in Tanzania and the East African region.

### **CONCLUSION:**

Sustainable manufacturing of furniture's is those which are produced or sourced locally, these materials are containing recycled & industrial waste materials and by-products, sustainable materials have a lower impact on the environment & are thermally efficient. The production of these manufacturing of furniture requires considerably less amount of energy in production when compared to modern or traditional construction materials. The advantages in the selection of sustainable manufacturing of furniture lie in the fact that they are not only economically viable but also reduce toxic emissions thereby reducing overall environmental impact.

Sustainable construction should be considered as an important component in creating a sustainable development to the country. Therefore, a need to make a proper selection of construction materials, which have minimum environmental burdens, is of great significance in order to boost a building environmental performance. One important consideration is to integrate building design and manufacturing of furniture from the design process stage.

As the business grows, we intend to hire knowledgeable and experienced staff that can provide exceptional customer service and technical advice. We will offer competitive hourly wages and benefits that include health and dental insurance, paid time off and retirement plans. Our employees will be an integral part of our business operations, working together to provide a seamless shopping experience for our customers.

## HSS GROUP LIMITED

### CASH FLOWS PROJECTION FOR FIVE YEARS FROM 2025 TO 2029

	Pre-Startup EST	,2025	2026	2027	2028	2029	Total
<b>Cash on Hand</b> (beginning of month)	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 2,400,000	\$ 3,840,000	\$ 5,424,000	\$ 13,664,000
<b>CASH RECEIPTS</b>							
Cash Sales			\$ 1,000,000	\$ 1,000,000	\$ 1,100,000	\$ 1,210,000	\$ 4,310,000
Collections from CR accounts		\$ -	\$ 400,000	\$ 440,000	\$ 484,000	\$ 532,400	\$ 1,856,400
Estimated Capital for startup	\$ 550,000		\$ -	\$ -	\$ -	\$ -	\$ 550,000
Loan	\$ 500,000						\$ 500,000
<b>TOTAL CASH RECEIPTS</b>	\$ 1,050,000	\$ -	\$ 1,400,000	\$ 1,440,000	\$ 1,584,000	\$ 1,742,400	\$ 7,216,400
<b>Total Cash Available</b> (before cash out)	\$ 1,050,000	\$ 1,000,000	\$ 2,400,000	\$ 3,840,000	\$ 5,424,000	\$ 7,216,400	\$ 20,880,400

<b>CASH PAID OUT</b>							
Purchases other fixed		\$ -	\$ 7,200	\$ 7,920	\$ 8,712	\$ 9,583	\$ 33,415
Purchases vehicles		\$ 80,000	\$ -	\$ 41,000	\$ -	\$ -	\$ 121,000
Gross wages (exact withdrawal)		\$ 15,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 255,000
Payroll expenses (taxes,		\$ 4,500	\$ 20,400	\$ 20,400	\$ 20,400	\$ 20,400	\$ 86,100
Supplies (office & operation.)		\$ 1,000	\$ 1,100	\$ 1,210	\$ 1,331	\$ 1,464	\$ 6,105
Repairs & maintenance		\$ 1,250	\$ 1,375	\$ 1,513	\$ 1,664	\$ 1,830	\$ 7,631
Advertising		\$ 150	\$ 165	\$ 182	\$ 200	\$ 220	\$ 916
Car, delivery & travel		\$ 1,800	\$ 1,980	\$ 2,178	\$ 2,396	\$ 2,635	\$ 10,989
Accounting & legal		\$ 4,500	\$ 4,950	\$ 5,445	\$ 5,990	\$ 6,588	\$ 27,473
Rent		\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 180,000
Telephone & internet		\$ 120	\$ 132	\$ 145	\$ 160	\$ 176	\$ 733
Utilities		\$ 150	\$ 165	\$ 182	\$ 200	\$ 220	\$ 916
Insurance		\$ 21,200	\$ 21,412	\$ 21,626	\$ 21,842	\$ 22,061	\$ 108,141
Taxes (real estate, etc.)		\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	\$ 1,200
Interest		\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 375,000
Miscellaneous		\$ 200	\$ 220	\$ 242	\$ 266	\$ 293	\$ 1,221
<b>SUBTOTAL</b>	\$ -	\$ 241,110	\$ 230,339	\$ 273,282	\$ 234,400	\$ 236,710	\$ 1,215,840
Loan principal payment		\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 2,431,681
Capital purchase (land)		\$ 100,000					\$ 4,829,946
Capital purchase (excavators)		\$ -	\$ 1,000,000	\$ 100,000	\$ -	\$ -	\$ 9,538,892
Owners' Withdrawal			\$ -	\$ -	\$ 10,000,000	\$ 12,500,000	\$ 18,736,684
<b>TOTAL CASH PAID OUT</b>	\$ -	\$ 1,091,110	\$ 1,980,339	\$ 1,123,282	\$ 10,984,400	\$ 13,486,710	\$ 36,753,042
<b>Cash Position (end of month)</b>	\$ 1,050,000	\$ (41,110)	\$ 419,661	\$ 2,716,718	\$ (5,560,400)	\$ (6,320,310)	\$ (15,872,642)

**Prepared By**

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