

# BUSINESS PLAN FOR REGISTRATION OF PROJECT ON TRANSPORTATION WITH TIC

## PREPARED FOR:

**JUNEY INCORPORATION LIMITED,**

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**DAR ES SALAAM**

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## **EXECUTIVE SUMMARY**

Juney Incorporation Limited of P.O Box 6426, Dar es salaam is a registered company and incorporated under the company Act, 2002. The company is limited with certificate of incorporation number 100600. This is a privately owned medium size company engaged in logistics management & Transportation activities business.

The ownership structure is under two shareholders that form the Board of Directors. These are M/s Juma Kombo Mkomwa (Five hundred shares), M/s Neema Amour Abdulla (Three hundred shares). The company is managed by two directors namely M/s. Juma Kombo Mkomwa (the Managing Director) and Neema Amour Abdulla who oversees the daily activities of the company.

The management team has enough experience in Transportation logistics, planning, supervision and monitoring of various products and services. The Company's primary objective is to maintain the highest level of customer satisfaction by provision of quality products and services.

The Company transportation logistics offices are located at Kibada plot number 1128 block B, Kigamboni municipal Dar es salaam Urban. The office is located in strategic location to catch attention of corporate customers and passerby.

Juney Incorporation limited is seeking to strengthen its transportation logistics business by procuring trucks for its various projects including transportation of mining samples from different companies in the lake zone region.

In order to expand operation of activities the company is applying for a incentive certificate from Tanzania Investment centre (TIC) for purchase of transportation trucks and facilities worthy Tshs 248,000,000 /= (Two hundred million forty eight). Funds for purchasing will be sought from AZANIA Bank in form of Term loan. Upon acquiring of the proposed trucks number of staff in the company will increase from the current number of 8 employees to more than 28. Increase will be contributed by the drivers, mechanics, assistant drivers and quality assurance supervisors.

The plan will take in three years' time from 2024-2028 as implementation schedule attached shows.

## **1.0 INTRODUCTION**

### **1.1 The Business**

Juney Incorporation limited of P.O Box 6426 Dar es salaam, is a Tanzanian owned Company based in Dar es salaam city operating activities of logistics services and transportation. The Company's offices are located in Dar es salaam city. Headquarters are located at Kibada , for logistics services, land transportation and supply chain services. The business is fully in operation, it lacks some trucks and servicing equipment for expansion of its services in other parts of Tanzania and east African region. The Transportation logistics company is strategically located at Kibada area, Kigamboni district where there is large number of customers.

### **1.2 Business information and contacts**

- i. **Company:** Juney Incorporation limited
- ii. **Business Address:** P. O. Box 6426, Dar es salaam
- iii. **Tel:** +255 746 959551

### **1.3 Director's Brief Profiles**

#### **1.3.1 M/s Juma Kombo Mkomwa– Founder and Managing Director**

Managing Director of Juney Incorporation is an experienced business person who has been in business for past 14 years in formal employment at Sakisa company Limited and private sector as an investor. The business is registered with relevant authorities and is a member of association of land transporters in Tanzania. He has vast experience in sectors of transportation logistics, real estate and agriculture.

Juney Incorporation has more than 4 trucks operating its activities in the lake zone regions. High demand of special services from dedicated customers in the mining industry for transportation of samples has forced the company to look for alternative sources.

#### **1.3.2 M/s Neema Amour Abdulla– Founder and Director**

Director of Juney Incorporation is an experienced customer service manager who uses her skills in promotion of business as well as retention of customers. She has more than ten years customer

care experience in formal employment and private sector as an investor. The business is registered with relevant authorities and is a member of association of transporters in Tanzania. She has vast experience in sectors of transportation logistics and customer care services.

#### **1.4 Business Overview**

Juney Incorporation limited is a registered entity with its activities based in Dar es salaam city. The Company is registered at BRELA with certificate number 100600, Tanzania revenue authority TIN number 126 395 639, business licence number BL 2000067457. It was registered to take over the business interests that had been in the past run by Juma Kombo Mkomwa as individual person.

#### **1.5 Project Objective**

Juney Incorporation limited is a brainchild of managing director after recognizing the potential of transportation logistics sector to contribute to sustainable socio-economic development in Tanzania. He decided to team up with her co-director to start and later on incorporate the Company with a view to scaling up its activities to other parts of the country. Within the period of its existence, the business has been able to command a large support both from the local communities, local government authorities, financial institutions as well as other stakeholders within and outside the country.

In 2022 Juney Incorporation limited found a need to expand the transportation logistics company by purchasing trucks from Japan in order to meet increasing demand of services from customers. Most of company vehicles have contracts of ferrying cargoes from Dar es salaam and Dar es salaam to upcountry and Neighboring countries.

Vehicles to be purchased will increase asset base of the Business as well as facilitation of transportation of cargoes to customers based in the remote areas including mining company. Lake zone region districts are rich in mining areas and tourism activities that have high demand of transportation logistics for their daily operations.

## **1.6 Present Conditions and Future Plans**

As noted above, the business has been able to achieve some important milestones on its way to becoming a leading Transportation logistics with contribution to socio-economic development in Tanzania and beyond. The major obstacles so far include technological limitations, especially lack of modern trucks with high carriage tonnage which is forcing the business to utilize only a small portion of its ability in fulfilling orders from customers. It is the Business hope that these limitations will be addressed and thus enables the company to utilize its entire capacity.

At the present stage 8 employees are working at the company in full time basis. Upon completion and expansion plans and procurement of trucks and servicing equipment number of staff will increase to more than 22 in all departments.

## **1.7 THE VISION, MISSION, CORE VALUE AND GOALS**

### **Vision**

The vision of the business is to become a leading provider of quality transportation logistics services in the lake zone region and beyond.

### **Mission statement**

The Mission of Juney Incorporation limited is contributing to sustainable socio-economic development in Tanzania and beyond by offering services in remote areas.

### **Core values**

In conducting our activities we shall always strive to uphold the values of honesty, integrity, and business ethics. We shall treat all people with dignity and respect.

### **Goals**

- i. To scale up the procurement and supply quality Transportation logistics to our customers.
- ii. To increase the variety of services provided at the company so as customer can access all in one roof.

## **1.8 Location**

The transportation logistics company is located at Dar es salaam city Tanzania Mainland.

## **1.9 Our Business Structure**

Juney Incorporation limited is a commercial entity that operates at Dar es salaam city. It operates with well serviced trucks and service equipment from certified and trusted suppliers.

Our core motto is to ensure that our customers are satisfied with services within reasonable time.

At Juney Incorporation limited, we have hired services of people that are qualified, hardworking, dedicated, customer centric and ready to work to help us build a prosperous business that will benefit all the stake holders (the owners, workforce, and customers).

In view of the above, Juney Incorporation limited has hired qualified and competent hands to occupy the following positions;

- i. Operations Manager (1)
- ii. Car Services technician (3)
- iii. Company safety manager (1)
- iv. Security Guards (2)
- v. Drivers (5)

## **2.0 DESCRIPTION OF SERVICES**

### **2.1 Transportation logistics**

The company has enough space for parking of trucks and sorting of cargoes from customers. It operates with high integrity to satisfy our customers and prospects. Currently it operates with more than 5 trucks for domestic and international routes. Others have been hired on long term contracts in our clients projects. The company is well positioned on the highway of Kibada road, Dar es salaam.

### **2.2 Environment Sustainability**

The project will not have any adverse effect to the environment according to environmental impact assessment report that has been prepared and recommendations from relevant authorities.

### **2.3 Economic Sustainability**

The Company plans to give the community a proper scientific basis for planning future interventions. It will also save the community from making wrong investments; economic gains from effectively planned interventions will give impetus to the community to continue the same activities in future.

### **3.0 SWOT Analysis**

A proper SWOT analysis is necessary in order to position the business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats. In order to achieve this, Juney Incorporation limited employed the service of an expert Human Resource and Business Analyst with bias in the transportation logistics industry to help us conduct a thorough SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

Here below is a summary from the result of the SWOT analysis that was conducted on behalf of Juney Incorporation limited:

#### **3.1 Strength:**

Our strength as a Transportation logistics company is in the fact that we have healthy relationships with loads of major players (Transporters) within and outside of the Lake Zone.

We have one of the biggest transportation network in the region to help us deliver cargoes and other products in right time.

Our location in Dar es salaam city gives as a strategic access to the neighboring regions of Dar es salaam, Kagera and Simiyu as well as the East Africa market.

#### **3.2 Weakness:**

Our weakness could be that upon receiving the incentive from TIC we could expand too fast and exceed the demand of our customers and suppliers, and perhaps the fact that we decided to diversify our Transportation logistics activities could count against us initially. However, we are aware of this and from our projections we will overcome this weakness with time and turn it to a major advantage for the business.

### **3.3 Opportunities:**

The opportunities that are available to us cannot be quantified; we know that there are loads of individuals who needs transportation logistics in different forms both in Lake Zone and other parts in Tanzania. The government policies of empowering local companies will enable us achieve this goal.

### **3.4 Threats**

Some of the threats and challenges that we are likely going to face when we start operation effectively are global economic downturn that can impact negatively on government spending on projects and environment effects. To mitigate the impacts of such threats the Company will put in place strategies such as collaborating with private investors and strengthening relations with local community and mining companies.

## **4.0 MARKET ANALYSIS**

### **4.1 Market Trends**

One of the common trends in the transportation logistics line of business is that most players in the industry are no longer concentrating only on quality of the services. They now find it easier to procure services of low quality providers that do not meet the standards of the market. It is fact that despite that high quality services are expensive, their sale is on the increase and it is indeed profitable.

Despite the fact that transportation logistics business has been in existence since time immemorial, this does not in any way make the industry to be over saturated; business persons are exploring new technology to continue to improve the practices. The fact that there is always a ready market for products makes the business highly profitable.

### **4.2 LIST OF BUYERS**

It is a known fact that the target markets are those end consumers of transportation services and who benefit from the business value chain of transportation logistics is all encompassing.

Our proposed buyers consume services in different forms. In essence suppliers should be able to sell services to as many people as possible including contractors, local transporters and mining companies around the great lakes region countries.

We will ensure that we position our business to attract consumers of services not just in Lake Zone alone but also other parts of the United Republic of Tanzania and East Africa.

## **5.0 SALES AND MARKETING STRATEGY**

We are quite aware that the reason why some Transportation logistics companies hardly make good profit is their inability to sell off their services to right customers.

Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained on a regular basis so as to be well equipped to meet their targets and the overall goal of the organization. We want to provide a standard and world class transportation services that will leverage on word of mouth advertisement from satisfied clients (both individuals and businesses).

Over and above, we have perfected our sales and marketing strategies first by networking with manufacturing industries, suppliers, transportation entities and organizations that rely on services regularly. In summary, Juney Incorporation limited will adopt the following strategies in marketing our Transportation logistics services;

- i. Introduce our business by sending introductory letters alongside our brochure to stakeholders.
- ii. Leverage on the internet to promote our business
- iii. Engage in direct marketing
- iv. Encourage the use of word of mouth marketing (referrals)

### **5.1 Sources of Income**

Juney Incorporation limited has established transportation logistics business for the purpose of contributing to the income of stakeholders and directors. They plan to concentrate on few but quality services to our customers in the early stage of operation. In order to achieve this, it is

very important that the Company has diverse and reliable sources of income. Here below is a list of the main sources of income that will be used to generate revenue to our Company:

- i. Sales of transportation services
- ii. Income clearing and forwarding services
- iii. Income from consultancy services.

## 5.2 Sales Forecast

We conducted a thorough market survey and feasibility studies and we were able to discover that the sales to be generated by a Transportation logistics business depends on the quality of the services delivered to our customers.

We will perfect our sales and marketing strategies and we are quite optimistic that we will meet or even surpass our set sales target of generating enough income/profits from the first year of operation and build the business to sustainability.

## 5.3 Our Pricing Strategy

The price of services provided is negotiable depending on the distance covered and type of cargo to be transported. To attract customers one should cut the price slowly to differentiate our services from competitors. To achieve this one must cut the cost of running to the barest minimum and deliver the services direct to sites of corporate customers.

We are quite aware that one of the easiest means of penetrating the market and acquiring loads of customers for all our transportation and related services is to sell them at competitive prices. Hence we will do all we can to ensure that the price of our product are going to be what customers would look towards beating.

## 5.4 PROJECTED SALES

Based on our services forecast, the Juney Incorporation provide service of transporting cargo worth an average of 320,000 kilograms of cargo during the first year. Average price of transporting kilograms is TShs 2,600

- i. First financial Year-: **TZS 822,000,000**
- ii. Second financial Year-: **TZS 1,204,200,000**

- iii. Third financial Year:- **TZS 1,624,620,000**
- iv. Fourth financial year:- **TZS 1,887,082,000**
- v. Fifth financial year:- **TZS 2,095,790,000**

**N.B:** This projection is done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown that can impact negatively on government policies. Note that the above projection might be lower and at the same time it might be higher.

## **6.0 TECHNICAL ASPECTS**

### **6.1 Existing Assets (Investment)**

Existing Juney Incorporation limited assets Include;

- i. Office furniture and accessories
- ii. Cargoes dispensing shade
- iii. Four motor vehicles

### **6.2 Additional Required Investment (Machinery/Equipment)**

- i. Used Mitsubishi Tractors (1)
- ii. Scania semitrailer (2)
- iii. Mini car for office (1)

### **6.3 Financing Plan**

| Description      | Foreign | Local       | Total       |
|------------------|---------|-------------|-------------|
| Equity           | 0       | 248,000,000 | 248,000,000 |
| Loan             | 0       | 248,000,000 | 248,080,000 |
| Total Investment | 0       | 248,000,000 | 248,000,000 |

## 6.4 Sources of Finance

Above listed equipment will cost TShs 248,000,000 in period of five years. They will be purchased in phases depending on availability of funds. Funds have been sought from AZANIA Bank in form of term loan to be repaid in three years. Our financial statement and relationship with bank allows to secure such amount in period of three years to come.

## 7.0 PROJECT IMPLEMENTATION AND COMPLETION SCHEDULE

Project will be implemented in period of three years as follows

| s/n | item               | 2024 | 2025 | 2026 |
|-----|--------------------|------|------|------|
| 1   | Hilux Double Cabin | ✓    | ✓    | ✓    |
| 2   | Scania Tractors    | ✓    | ✓    | ✓    |

## 8.0 INVESTMENT REQUIREMENT, PROJECTIONS, FINANCING & EXPECTED RETURNS.

### Investment & Financing Pattern

The Company has invested in the project to the tune of estimated Tshs 203 million. The cost includes trucks, mini vehicles and office equipment.

## 9.0 USE OF TAX EXEMPTION PLAN

The exemption sought from TIC is to be used over a period of three years. The applied tax relief will be well utilized to ensure that there is no inherent risk that may arise during the period of operations. The Company will also establish clear policies that help to guide exemption use to meet our commitment. The exemption schedule is clearly shown in Appendix VIII.

## 10.0 FINANCIAL EVALUATION

### 10.1 Profitability

According to the projected income statement, the project will start generating profit in the 1<sup>st</sup> year of operation. Important ratios such as profit to total sales, net profit to equity (Return on equity) and net profit plus interest on total investment (return on total investment) show an increasing trend during the lifetime of the project.

The income statement and the other indicators of profitability show that the project is viable.

### 10.2 Break-even Analysis

The Break-even Analysis show that if the costs stay at the current, or relatively stable level, we will be able to make an increased profit by the second year. Also the break-even point of the project including cost of finance when it starts to operates at full capacity (year 3) is estimated by using income statement projection.

$$\text{BE} = \frac{\text{Fixed Cost}}{\text{Sales} - \text{Variable cost}} = 12\%$$

### 10.3 Internal Rate of Return and Net Present Value

The business internal rate of return (IRR) has worked out at **27%** as compared to the cost of capital of 11%. The resulting net present value (NPV) over a 10 year period has worked out at Tshs 2.7 billion. The results indicate that the business is financially viable.

## 11.0 PROJECTED FINANCIAL STATEMENTS

The projected financial statements and analysis are found from Appendix III, IV, V and VIII  
Noted that:

- i. Sales Revenues relate to the sales obtained through provision of services to our clients.

- ii. Cash at year-end represents cash that could be used to finance any replacement of defected equipment or additions to equipment.
- iii. Projected cash flow was calculated over a ten years basis. We used the indirect method, which adds all non-cash basis items to net income.
- iv. Net Income has been added back those expenses, previously deducted to arrive at Net income that did not require an outlay of cash in that year. These include depreciation which is simply a write-down of the book value of the related assets.
- v. Investing activities includes the cost of equipment purchased

## **12.0 Risks & Mitigation measures**

- i. Business risks include fluctuation of prices at world market, hazards from natural calamities like fire and earthquake, unreliable markets and infrastructure like power.
- ii. The company has already introduced safety regulations to protect against any risk arising from above mentioned risks. Already a consulting firm has undertaken feasibility study and identified risk areas for staff and properties.

## **13.0 BANK RELATIONSHIP**

The Juney Incorporation limited has good relationship with the bank. The Company operates accounts at AZANIA bank, which is useful for normal operation with maximum discipline which has built our credibility with the bank. Annual turnover with the bank for past twelve months is reasonable based on our minimum level of operation due to lack of working capital.

## **14.0 CONCLUSION AND RECOMMENDATION**

The project in question is viable and profitable hence the facility will be used for requested purposes without any difficulties as the attached cash flow statement indicates it.

The directors will avail all required information and particulars in addition to the financial statements attached herewith, therefore we recommend to the TIC center to process application for exemption to the applicant to facilitate the need of purchasing more capital equipment for their transportation business.

