

Business Plan for Expansion of Tanfoam Foam Manufacturing Plant

Executive Summary

Company Name: Tanfoam Limited

Current Plant Location: Plot 4/5 Esso Road; Unga Industrial Area, Arusha

New Factory Location: Plot 254 Block B, Losirway, Arusha

Business Description: Tanfoam Limited is in the business of manufacturing and marketing of Quality Mattresses & allied Soft home textile products in the East African region. The company came into existence in 1966 with the factory set up in Arusha, Tanzania and has built its reputation as a 'Quality Leader' in its product category over the last 55 years. Its brand name 'Tanfoam' is regarded synonymous with mattresses made in this region. The image of 'Best in Class' has been built through tireless efforts by the company Management in constantly upgrading its machinery in its state of the art facility in Arusha, Tanzania. High tech European machinery is being used to produce high quality foam. All critical raw materials are imported from the best producers in the World. The manufacturing processes employed are designed to obtain maximum efficiency in production. The labour employed are trained continuously to deliver quality performance. Every Tanfoam product rolls out of the factory after passing through several stringent quality standards before being released into the market.

Objectives:

- Increase production capacity by 60% within the next two years.

- Increase storage capacity of Raw material and Finished Goods.
- Enter new regional markets in the Midwest.
- Introduce innovative foam products and bedding accessories.
- Enhance operational efficiency and reduce production costs.

Business Description

Company Background: Tanfoam Limited has been operational since 1966 and has established a strong reputation for quality and innovation in the foam manufacturing industry. The company prides itself on sustainable practices and has a diverse client base across Tanzania and is currently establishing export markets as well.

Products and Services:

- **Products:** Polyurethane foam, memory foam, high-resilience foam, spring mattresses, bedding accessories including duvets, pillows, bed linen and support concepts.
- **Services:** Custom size foam & spring mattresses as well as customized mattresses for specific requirements.

Market Presence

Market Overview: We have 8 Distribution Branches across the country located in Dar-es-salaam, Mwanza, Musoma, Shinyanga, Singida, Dodoma, Mbeya & Kigoma. We also have 5 retail shops in Arusha, 2 in Dar-es-salaam, 1 in Moshi, Dodoma & Mbeya.

Target Market:

- **Primary:** Mass domestic market.
- **Secondary:** Hospitality, Health and Educational institutions.

Competitive Analysis:

- Tanfoam's competitive advantage lies in its commitment to sustainability, high quality and innovative product offerings, and superior customer service.

Marketing Strategy

Brand Positioning: Tanfoam is positioned as a premium, high quality foam manufacturer that delivers customized solutions to meet diverse client needs.

Marketing Channels:

- **Digital Marketing:** Ecommerce Website implementation, SEO, PPC campaigns, Social Media, Traditional media including TV & Radio Ads, Billboards and Dealer shop branding.
- **Trade Shows and Expos:** Participation in industry-specific events across the country.
- **Direct Sales:** Expanding the sales team to target new regional markets.

Sales Strategy:

- Leverage existing relationships to cross-sell new products.

- Develop franchising model for retail sales.
- Offer incentives and bulk discounts to distributors and resellers.

Operational Plan

Location: A 15 Acre plot has already been acquired in Losirway, Arusha for the New factory facilities.

Facilities and Equipment:

- Acquired a 64,100 sq. m. facility.
- Build a total of over 15,000 sq m of floor space for production, conversion, raw material and finished goods warehouse in phases.
- Build a total of over 2,500 sq m of office and commercial space in phases.
- Setup & implement semi-automated and fully automated production lines.
- Purchase advanced foam manufacturing equipment, including high-capacity foam cutting machines and eco-friendly production lines.
- Implement an advanced ERP system to streamline operations.

Production Process:

1. Raw material procurement.
2. Foam production (mixing, pouring, curing).
3. Cutting and shaping.
4. Quality control and testing.
5. Packaging and distribution.

Management and Organization

Foreign Staff : 3

Local Staff : 282

Staffing Plan:

- Hire 30 new employees, including production workers, quality control specialists, and administrative staff.
- Hire 5 new expatriate employees, to bring expertise and train local staff.
- Implement training programs to ensure high standards of production and safety.

Financial Plan and Projections to be submitted separately

Risk Analysis

Market Risks: Fluctuations in demand, economic downturns.

Operational Risks: Supply chain disruptions, equipment failures.

Financial Risks: Interest rate increases, funding shortfalls, forex fluctuations.

Mitigation Strategies: Diversify supplier base, implement preventive maintenance, secure fixed-rate loans.

Conclusion

The expansion of Tanfoam Limited manufacturing plant represents a strategic move to capitalize on growing market demand, enhance production capabilities, and solidify the company's position as a leader in the foam manufacturing industry. With a strong management team, detailed operational plan, and sound financial projections, Tanfoam is poised for successful growth and increased profitability.