

BUSINESS PLAN

FOR

REDTREE DEVELOPMENT COMPANY
LIMITED

ESTABLISHMENT OF FOOD
PRODUCTION AND SALES PROJECT

AT ZEGERENI INDUSTRIAL AREA,
KIBAHA, COASTAL REGION

"This business plan is confidential and is intended only for the person or entity to which it is addressed. It shall not be divulged to a third party, without the authors' consent in writing".

Business Plan

Part One:

1. Preamble

Our company, Redtree Development Company Limited, aims to establish a thriving business in the food production industry by specializing in the production and sale of high-quality bakery products for various industries. With a commitment to sustainability, innovation, and customer satisfaction, we intend to become a trusted partner for businesses looking for reliable and eco- friendly manufacturing of foods options.

This study covers the business plan of establishing a food production and sales projects by **Redtree Development Company Limited** in Zegereni Industrial Area, Kibaha, Pwani Region. The activities will be geared towards the setting up of food production project purposes. This report is for obtaining an industrial license and certificate of incentives from Tanzania Investment center.

2. The project promoters

The project is being promoted by **Redtree Development Company Limited**; a limited liability company incorporated under the laws of Tanzania whose shareholders are as follow;

SN	Name of shareholders	Percentage of ownership	Nationality
1	LIU NAILI	50%	Chinese
2	ZHENG BAODI	20%	Chinese
3	LI XIAOFANG	30%	Chinese

3. Legal Status & License

It is proposed to operate the business through the legal entity of a limited liability company called Redtree Development Company Limited. The shareholder who are also the project promoters are as mentioned above.

The company is already incorporated by the Business Registration and Licensing Agency and is in the process of acquiring all the requisite permits and license before commencement of the intended project.

4. Management & Organizational Structure

All aspects of the operations will be managed by the promoters of the company. There will be a requirement for two production staff, increasing to five within the first two years. These employees will be primarily in production. The administration, marketing and finance functions will be managed by the key managers i.e. the promoters.

5. Proposed development

The proposed development shall consist of a manufacturing plant, distribution hub, administration block, warehouses, sales points, providing a gross floor area of approximately 10,000m² estimated at USD 2,040,000.00

6. Production Processes and Justification:

Manufacturing Steps:

Sourcing Raw Materials:

- Identify reliable suppliers for quality ingredients.
- Establish relationships with local farmers and distributors.

Material Selection:

- Choose materials based on the specific needs of each product i.e cakes, biscuits, cookies etc.

Quality Control:

- Implement rigorous quality control measures throughout the production process.
- Regularly test and verify the quality of raw materials.

Production Process:

- Specify the manufacturing steps for each product.
- Detail sanitation procedures and adherence to food safety standards.

Packaging:

- Develop attractive and eco-friendly production and packaging for the food products.
- Ensure compliance with regulatory labeling requirements.

Distribution:

- Establish a logistics plan for efficient distribution.
- Consider partnerships with distributors and retailers.

Marketing and Branding:

- Develop a strong brand identity.
- Implement marketing strategies to promote products through digital platforms, partnerships, and events.

Sustainability Measures:

- Implement eco-friendly practices to reduce environmental impact.

Quality Control:

- Ensure that each product meets high-quality standards.
- Quality control is critical to building trust with customers and reducing waste. Stringent checks will be implemented at various stages of production.

7. REVENUE

Following an assessment of the market, the anticipated sale of leather related products is expected be **USD 10,147,877** for the first year and would increase to **USD 22,751,671** during the 5th year.

8. Showing the Estimated Revenue from Redtree Development Company Limited

	No. of consignments sold per product (In Cartons)	Sales prices (USD per carton)	Gross Sales (USD)
Year 1	3,000,000	4.50	13,500,000
Year 2	4,000,000	4.50	18,000,000
Year 3	5,000,000	4.50	22,500,000
Year 4	6,000,000	4.50	27,000,000
Year 5	7,000,000	4.50	31,500,000

9. Marketing and Sales Strategy:

Online Presence: Establish a user-friendly website for online sales and brand visibility.

Partnerships: Collaborate with distributors, retailers, and industry influencers.

Trade Shows: Participate in industry-related events to showcase products and network.

Social Media: Utilize social media platforms for marketing and engaging with customers.

10. Risk factors facing the project

There is always an element of risk in any investment. It is therefore important to identify the risk and consider measures for their mitigation. Risks to the project have been identified as follows:

a. Competition

Tough Competitions from other firms that are carrying out the same activity as ours.

b. Cost overruns

The consultant team has rigorously gone through the market, production requirements, machinery, specifications, legal compliance, so as to ensure that it is comprehensive so as to eliminate/minimize any variations. Furthermore, value management shall be carried out throughout the manufacturing process to forestall any cost overruns.

c. Increase in price of materials and delays due to various restrictions

The directors and shareholders are aware of the risk of fluctuation of prices and together with the consultants and where possible the Company shall be encouraged to make arrangements for the procurement of the raw materials right from the outset and have bulk storage so as to minimize abrupt changes in pricing of the products.

11. Showing the SWOT ANALYSIS

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • experienced Shareholders of the Company • Experienced Consultant team • Shareholders Commitment for the project to take off • Encouraging regional and inter region legal framework • Increasingly demand of food products • Economic Infrastructures • Company Recognitions • Safety Policies 	<ul style="list-style-type: none"> • Potential increase of prices due to global economic changes • Competition from counterparts • High Trans positional cost • High operational costs • Unstable World Market Price
Opportunity	Threats

<ul style="list-style-type: none">• New technologies in food production• Skill developments• Environmental Protection• Increasing Research and Exploration work	<ul style="list-style-type: none">• Competition from other companies and importers• International Issues
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12. **Mission Statement:**

To provide innovative, sustainable, and cost-effective bakery products that meet the diverse needs of our customers while minimizing our environmental impact.

13. **Objectives:**

Product Excellence: Develop a comprehensive range of bakery products for different industries.

Sustainability: Implement eco-friendly production processes and materials.

Market Expansion: Establish a strong presence in the regional and online markets.

Customer Satisfaction: Ensure high-quality products and excellent customer service.

Profitability: Achieve sustainable and profitable growth.

14. **Marketing and sales**

The management understands that for success of the investment, they should embark on marketing and right from the conception stage the company has engaged a team of professionals to ensure that strategies are put in place right from the outset.

The company uses a modern approach of multi-selling in collaboration with other reputable key agencies to ensure maximum exposure and onward sales of its products.

15. **The marketing proposal**

The marketing strategies that shall be put in place for **Redtree Development Company Limited** will aim at attaining maximum exposure and onward sales at the optimal price so as to maximize on the return on investment. The marketing shall commence

right from the conceptual stage of the manufacturing.

i. Identification of the Target Market

Identifying and listing the target market, followed by products group to cater for the identified groups.

ii. Putting in place competitive pricing and top sales terms

The results of the comparative analysis shall be embodied in the sale prices to ensure that the sale prices offered to the buyers are competitive in view of the products that shall be produced to compete with other brands in the market.

iii. Promotion Strategies

Promotion strategies that shall be adopted by Redtree Development Company Limited will be aimed at informing, influencing, and persuading prospective buyers to purchase our products and beauty products through the use of the below promotion tools:

Advertising

E- Marketing

Personal Selling

Sales Promotion

Selection Mix

Advertising

Various forms of Print media and visual imagery will be used to create awareness of our products the public. The advertising will call for public attention through paid messages in newspapers, magazines, billboards, signboards, and display areas.

iv. E-Marketing

Our Products shall be available via the company website and social media pages for easy viewing by prospective buyers. Furthermore, emails shall be sent out to prospective clients with a link to the order/purchase gateway. The E-Platform shall also create an opportunity for enquiries.

v. Personal Selling

Personal selling in contrast to the impersonal and mass appeal of advertising will consist of individual interpersonal communication to include:

Direct canvassing to the target market. This is a very good prospective method; a list of prospects shall be prepared and they shall be contacted and given presentations.

vi. Handling of enquiries over the telephone Sales Promotion

This will be in the form of presentation of marketing brochures for the Company that shall be carefully prepared and distributed to the target market with select information to capture key information which will serve to inform, attract, influence and persuade prospective buyers.

16. Market Analysis:

Target Markets:

Food and Beverage

Pharmaceuticals

Electronics

Retail and E-commerce

Industrial

i. Industry Trends:

Rising demand for healthy and specialty food products.

Opportunities for market expansion and diversification.

ii. Estimated cost of the project

The total project investment is estimated at USD 2,040,000.00 including the land, manufacturing plant, distribution center, machines and equipment, raw materials and initial operation capital.

iii. Mode of project financing

The development shall be entirely carried out by the Company shareholders who intend to seek financing from the financial institutions at a sharing of Equity 40%:

USD

Total Development Cost: 2,040,000

Equity: 1,020,000

Debt: 520,000

iv. Investment cost financing pattern

The total investment cost is estimated at USD 2,040,000.00 a summary of the breakdown is as indicated in the table below;

Item	USD
Fixed Asset	100,000
Civil Works & Building Machinery and Equipment Vehicles	320,000
Furniture and Fittings	80,000
Raw materials	20,000
Pre-Operational Expenses	1,000,000
Others	20,000
Sub total	1,540,000
Initial working capital	500,000
Grand total	2,040,000

17. Financing plan (USD)

Equity	66%	1,020,000
Debt	34%	520,000
TOTAL LOAN AMOUNT		1,540,000
Interest rate p.a. on USD Borrowing		16 %
Loan Period	Years	5
Capital Repayment Grace Period	Years	1

18. Revenue

Showing the cash flows and financial projection for Redtree Development Company Limited - Tanzania Shillings (Note: The Revenue line represents Earnings Before Interest, Tax, Depreciation and Amortization Cash flow)

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflows					
Equity	1,020,000				
Loan	520,000				
Revenue (EBITDA)	13,500,000	18,000,000	22500000	27000000	31500000
Total Cash Inflows	15,040,000	18,000,000	22500000	27,000,000	31500000
Cash Outflows					
Direct Materials	2,500,000	3,000,000	4500000	6000000	7500000
Direct Labor	1000,000	2000000	3000000	4000000	5000000
Manufacturing overheads flows	4000000	5000000	6000000	7000000	8000000
Depreciation	-				
Total Cash Out Flows	7500000	10000000	13000000	17000000	21500000

Net Cash Flows	6000000	8000000	9500000	10000000	1000000 0
Cum.(Deficit)/Excess cash	6000000	14000000	2350000 0	34500000	3550000 0

Financial viability returns on investment

The project indicates a very healthy return on investment with a payback period of within 3.8 years. of the completion of construction

Staff structure

- General Manager
- Logistic Manager
- Warehouse Manager
- QAQC
- Engineer
- supervisor
- Warehouse Supervisors
- Plant Operators
- Management

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within and outside the country.

In Order to streamline the manufacturing and sales operations, it is proposed to engage a team of qualified and experienced personnel to meet the Company target. These along with the Project Manager and Management will form the central operational core that will ensure the success of the project.

Manpower requirements

Based on the proposed organization structure the project will initially employ 100 persons in the first year of production, and from the second year the employment opportunities will increase up to 600 people will be employed in the industry.

Part Two:

19. APPENDIX: I

Item	USD
Fixed Asset	
Civil Works & Building	100,000
Machinery and Equipment	320,000
Vehicles	80,000
Furniture and Fittings	20,000
Raw materials	1,000,000
Pre-Operational Expenses	20,000
Sub total	1,540,000

Initial working capital	500,000
GRAND TOTAL	2,040,000

(Note: Borrowing assumed to be local borrowing in Tanzanian Shillings hence interest rate of 16%)

		USD
Equity		1,020,000
Debt		520,000
TOTAL LOAN AMOUNT		2,040,000
Interest rate p.a. on usd	16%	
Borrowing		
Loan Period	Years	5
Capital Repayment Grace Period	Years	1

20. DEPRECIATION SCHEDULE IN USD

Item	Rate %	Year 1	Year 2	Year 3	Year 4	Year 5

Civil works & building	4.00%	-	-	-	-	-
Opening balance		100000	96000	92160	88474	84935
Annual depreciation	4.00%	4000	3840	3686	3539	3397
Closing balance		96000	92160	88474	84935	81537
Machinery and Equipment	10.00%	-	-	-	-	-
Opening balance		320000	288000	259200	233280	209952
Annual depreciation	10.00%	32000	28800	25920	23328	20995
Closing balance		288000	259200	233280	209,952	188957
Vehicles	25.00%	-	-	-	-	-
Opening balance		20000	15000	11250	8438	6328
Annual depreciation	25.00%	5000	3750	2813	2109	1582
Closing balance		15000	11250	8438	6328	4746
Furniture and fittings	10.00%	-	-	-	-	-
Opening balance		1000000	900000	810000	729000	656100

Annual depreciation	10.00%	100000	90000	81000	72900	65610
Closing balance		900000	810000	729000	656100	590490

21. CASHFLOWS PROJECTION (Tanzanian Shillings)

YEAR	0	1	2	3	4	5
Sources						
Profit before interest/depreciation		3243119016	4142415566	4651437814	5289846207	5747192341
Other Sources	11506150000	3243119016	4142415566	4651437814	5289846207	5747192341
Total sources	11506150000					
Applications						
Capital expenditure	9345043000				460246000	460246000
Other Applications (excl. working capital)		1126734576	2418269661	2442107456	2504761094	2513096054
Total Applications	9345043000	1126734576	2418269661	2442107456	2965007094	2973342054
Working capital	2071107000	800000000	1500000000	2000000000	2200000000	2700000000