

BUSINESS PLAN

FOR

PREDATORS SAFARI CLUB LIMITED

(TOUR OPERATOR)

PREPARED BY

PREDATORS SAFARI CLUB LIMITED

ARUSHA

1.0. **EXECUTIVE SUMMARY.**

PREDATORS SAFARI CLUB LIMITED is a company registered in the country under the Companies Act, Cap 212 and bears Certificate of Incorporation No.44660 issued on 22nd October 2002.

The project promoters are well established business in Arusha City carrying out various businesses but majoring in Tour operations and general tour operations activities. Having been in the business for over 15 years the directors are now well prepared for expansion and they see a very bright future in the tourism sector.

The document has been prepared to serve as a business plan for PREDATORS SAFARI CLUB LIMITED for the tour operator project. The implementation of this project will comprise of the following activities: -

- The purchase of 120 Land cruisers,
- The purchase of 20 Double cabins
- Purchase of 20 single cabin
- The renovation of a modern workshop, office and
- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 3m. The project sponsors will prove 60% of this investment while the rest will be sought from financial resources institutions.

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely: -

Name	Shares %	Nationality
SHABIRAHMED I. KHAN	95	Tanzanian
NABEELA A. KHAN	5	Tanzanian

1.2 LOCATION.

The project head office will be located at Plot No. 191, Olosiva Namanga Road, Sakina Area, Tanzania Arusha.

1.3 TARGETED MARKETS.

The targeted markets of the project are the tourists who are visiting our national parks, beaches, games reserves, conference etc

Poor tour operations services are said to be the major causes of low levels of tourists who are visiting our tourist's attractions in

Tanzania. It is in view of this that, MS. PREDATORS SAFARI CLUB LIMITED has resolved to invest in the tourism sector so as to provide a solution that would lead to stimulating the important sector in Tanzania economy. The project is expected to offer a challenge to the business community to improve services provided to tourists in Tanzania and East African at large and enhance economic intraregional between Tanzania and rest of East African countries.

The most of customers of PREDATORS SAFARI CLUB LIMITED are expected from North America, Japan and Australia. Most of the Customers who happened to be linked with PREDATORS SAFARI CLUB LIMITED are Honeymooners, International Tours operators, College students, Individual and group campers and climbers.

With more and more tourists visiting the country a marketing strategy has been developed to enable the company competes and acquires more a market share. Part of new strategy of PREDATORS SAFARI CLUB LIMITED is to target the following market: -

- North America Market
- Mid and upper income Market worldwide

- Eastern European Market
 - South America Market
 - Asia Market
- Domestic Market

2.0. **PROJECT DETAILS**

2.1. **INTRODUCTION**

Tanzania is the endowed with natural tourists' attractions and is geographically strategically located in relation to her neighbors. Because of the above-mentioned factor, the country's tourism sector has a great potential in contributing in economic growth of Tanzania Economy.

The tourism sector pays a critical role in the social and economic development of a country. Tour operators' services provide links between Tourists attraction and tourists, tour operators provide markets, in other economic sectors, It facilitates movement of tourists by assuring that there is a quality and an affordable transport, equally provide access to employment.

Therefore, one is rightly justified to conclude that "without tour operator the development of a tourism sector is impossible".

It is quite gratifying to note that the Government of Tanzania realizes the role of the tourism sector for its economic and social development, and as a result has developed a Tourism policy of 1999, which is very instrumental in improving the business and investment environment in the tourism sector.

It is alleged that limited availability of quality transportation is the major causes of low number of tourists visiting Tanzania. It is in view of this that, PREDATORS SAFARI CLUB LIMITED has resolved to assist to provide a solution to stimulate the said productivity by simplifying movement for tourists from one place to another.

We can say that PREDATORS SAFARI CLUB LIMITED has major objectives as following: -

- To promote tourism in Tanzania and East African Community at large
- To bring new technology and technical know how in the country in the course of its business transactions.
- To provide extra employment to more people in the sector.
- To bring foreign currency in the country

2.0 THE PROJECT

PREDATORS SAFARI CLUB LIMITED is a company legally registered in Tanzania and it bears the Certificate of Incorporation No. No.44660 issued on 22nd October 2002 the Company's registered share capital standard at **TShs. 300 million.**

This study is based on 120 vehicles. It has been estimated that full scale operations of 110 vehicles are expected to meet at least 250 trips annually, their destinations being Tanzania's tourist attractions scattered all over the country and East Africa.

3.1 PROJECT SPONSORS

PREDATORS SAFARI CLUB LIMITED is owned by three shareholders, all of whom are Tanzanians. PREDATORS SAFARI CLUB LIMITED shareholders have an adequate experience in running the business of motor vehicles, service stations, real estates and car rentals and as such are well versed in this line of business.

3.0 PREDATORS SAFARI CLUB LIMITED COST STRUCTURE

PARTICULAR	US \$ (M)
Land and Buildings	0.1
Machinery & Equipment	0.04
Motor Vehicles	2.5
Furniture & Fixtures	0.01
Pre exp	0.05
Others	0.050
Working Capital	0.25
TOTAL	3.0

For the project to be a reality a total investment amounting to US \$3 is needed

(i) Land and Building: Us \$100,000

The project is going to renovate project buildings, including services garage.

(ii) Machinery and Equipment: US\$ 40,000

Some US \$40,000 is anticipated to be spent on the purchase of various garage machinery and equipments. The equipment for the mechanical workshop will include things like a diesel pump, lathe and panel beating and spray facilities, tyre retreating plants.

Also to be included is the purchase of a welding and grinding machine, compressors, both mobile and stationery, iron sheet folding machine and other general tools and equipment

(iii) Motor Vehicles:US\$2.5M

The project will need 120 vehicles at the estimated cost of US\$2.5. According to the plans it will involve the purchase of several vehicles as it has been mentioned above in detail. These vehicles will be used in transportation of tourists who will be visiting our tourists' attractions in Tanzania and East Africa in general

Internally the project anticipates making trips to several tourists' attractions spread throughout the country. However, when required to do so, these trips will be also made to any internal destination provided they have the rightful needs.

(iv) Office Furniture and Equipment: US \$10,000

This investment cost item has been estimated to cost US \$10,000. It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 50,000

They cover things like company registration, expenses spent by PREDATORS SAFARI CLUB LIMITED in exploring the viability of the project, especially the market/client identification exercise. This pre-operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$250,000

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 250,000.

2.1 FINANCING PATTERN

The project will be financed both by equity and loan. Equity contribution will constitute US\$ 1.8M, being 60% while the remaining amount will be in the form of a loan. This loan amount is expected to be the equivalent of US \$1.2M.

The loan will be negotiated and acquired from one of the foreign banks operating in the country.

2.2 **MANPOWER AND ORGANIZATION STRUCTURE**

The project will be managed by a Board of Directors of PREDATORS SAFARI CLUB LIMITED. The Board, like all other boards is responsible for the formulation and supervision of company policies and guidelines. The project's day to day operations will be under the supervision of Management under its Managing Director.

In order to ensure timely services delivery, Management will provide on the job training in the field of motor vehicle maintenance and will provide bonus and other incentives as a means of instilling and boosting employee work morale.

2.3 **ORGANIZATION STRUCTURE**

The project's operations will be managed through the Board of Directors, while the day-to-day activities of the project will be supervised by the Project Manager. He will also be in charge of the financial issues of the project. Under him will be the Administration department and the operations department headed by the Technical Manager.

3.0 **PROJECT OPERATING COSTS**

In order to realize its intended objective, the project will have to meet the following operating costs.

(i) Salaries and Wages US \$310,000

The project will engage 130 employees. These project employees range from the management to supporting staff.

(ii) Utilities US \$32,680

Considered here are water and electricity which together will cost US \$32,680 annually respectively.

(iii) Motor vehicle running Expenseus\$143,792

Petrol/diesel and lubricant requirement for the project's motor vehicles, this cost element will amount to US\$143,792 annually.

(iv) Insurance: US\$14,250

Each vehicle will be covered by third party insurance of US\$14,250 annually i

(v) Marketing cost US \$39,216

A portion of US\$39,216 is to be used in advertising the project and also for marketing purposes, for instance, Public Relations' contributions, charity donations, etc.

(vi) Depreciation cost US \$162,966

For the day-to-day depreciation of fixed asset of the project US \$162,966 will be required annually for depreciation cost.

(vii) Pension contribution US \$ 31,000

The company has set a side US \$ 31,000 as pension contribution

(vii) Communication cost US\$12,000 and Administration cost US\$ 261,440.

4.0 MARKETING STRATEGY

In order to penetrate and expand to the targeted markets the company has come up with the following marketing strategy;

- Participation in Tourism exhibitions
- Billboard Advertising
- Advertising through internet
- Merchandise advertising
- Translating the company website
- Opening up an overseas agent in America & Europe
- Joining membership to various travel and trade associations.

Thus, a successful implementation of the outlined plan will yield the desired level or threshold of client from worldwide focus.

4.1. PRICING STRATEGY

PREDATORS SAFARI CLUB LIMITED determine the pricing structure for all its

Products and services basing on the criteria such as fuel costs, pack entry fee, marketing costs, salaries equipment and etc.

The company intend to offer best quality services that comply to the price charged as indicated earlier, there is a market segment that has spending power and can afford this pricing. Therefore, this pricing will reflect the targeted market segment in focus. After the 2030– 2035 seasons the company will analyze its pricing structure once again to reflect the cost of the various components of its products and will adjust accordingly.

4.2 SALES AND MARKETING COMMUNICATION

Under the implementation plan the following sales and marketing communication approaches will be carried out: -

4.2.1 Billboard Advertising

This strategy is drawn mainly to attract the domestic market, numerous billboards will be displayed in strategic locations in order to optimize cleanness for any public/audience some of

the strategic locations under this implementation plan include: airports and on the main city roads of Arusha, Moshi and DSM

4.2.2 Tourism Exhibitions

The company is planning to be participating every year in the World Travel Market (WTM) exhibitions in the UK, Indaba Travel Exhibitions in South Africa as well as the domestic Karibu Travel & Trade fair in Arusha.

4.2.3 Marketing through the Internet

Technology has indeed transformed our lives. There are countless tourism related websites on the internet world wide that advertise and promote products and services either directly through their web pages or through email marketing. Another option under this plan will be to get the company website listed on major search engines waiting for customers. Search engines have proven to be valuable and informative tool in the Marketing world.

5.0 SERVICES OFFERED BY PREDATORS SAFARI CLUB LIMITED

The company is planning to engage in organizing wildlife safaris. The Company will be operating three income generating activities as under

5.1 TOUR OPERATION.

Under this service provision activity, the company will fully be involved in all aspects of tour operations such as arranging all travel arrangements for clients and reservation, ground handling and transport for clients, lodge-based game safaris, and balloon safaris, luxury tented-camp safaris, adventure safaris, mountain trekking, walking and hiking safaris, beach and leisure holidays, cultural tours.

5.2 TOUR AGENCY

Under this service provision activity, the company will be involved indirectly with the client. Instead of PREDATORS SAFARI CLUB LIMITED deals with the go between parties: the party being an individual organization or a fellow tour agency requesting the company to organize a tour for their client and such services is provided on a commission basis after taking consideration the actual cost of organizing the tour. The standard commission rate ranges

From 10 %– 20%

5.3 TENTED SAFARIS

Tented safaris are generally located close to great scenic areas with abundant grazing for wildlife – and sometimes near water

sources such as rivers or lakes where animals congregate during the day. They offer a great opportunity to view wild game up-close without having to venture far into the bush.

6.0 REVENUE ASSUMPTIONS

The company is expecting to have 110 Vehicles therefore for 500 trips per year resulting to revenue is US \$3.5M for first year up to US \$ 3.93m

SUMMARY OF REVENUE US\$M

1	2	3	4	5
3.5	3.61	3.73	3.81	3.93

The revenue estimate assumed here, is just a conservative estimate. With the expected improvement of the roads and in general operations coupled with the driver's gaining experience in tourism businesses, the number of trips per truck will be raised. This will have a tremendous impact on the Company's expenditure and earnings. However, this scenario is not the subject of the current study.

7.0. **FINANCIAL ASPECTS FOR THE PROJECT**

7.1 **Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US \$ **0.7603m** in first year to US \$ 0.8874m in the 5 year

7.2 **Projected Cash Flows**

The project's cash flows depict a good liquid position right from the first year. Cash accumulation builds up from US \$ **2.0947m** in the first year to US \$ **13.1552M** at the end of 5 years of the project's operations based on the 110 vehicles trucks obtained in the first year

7.3 **Projected Balance Sheet**

Project total assets rise from US \$ 4.0909m in at the end of first year to US \$ 13.9601 fifth which is significance increase as you can see below.

7.4 PROJECT IMPLEMENTATION SCHEDULE

It is expected that the Project will be take 15 months to implement as shown below: -

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive	February 2025
2.	Funds Mobilization	March 2025 – April 2027
3.	Ordering of Vehicles	April 2025 – May 2027
4.	Renovation	February – July 2025
5.	Arrival of Vehicles	May – 2025
6.	Trial Operations	June 2025
7.	Commercial Operations	July 2025

8.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that PREDATORS SAFARI CLUB LIMITED is going to provide employment of 130 people all of whom will be nationals. This is a significant contribution coming from local investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax amounting to US \$ 1.2366m during the project's 5 years covered under our project review.

(iii) Foreign Exchange Earning

Since the project's clientele is mostly towards tourists, the project will thus earn foreign currency for the United Republic of Tanzania.

9.0 CONCLUSION AND RECOMMENDATION

9.1 CONCLUSION

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 130 people all of whom are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have local investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

9.2 **RECOMMENDATION**

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority (TRA) and the Tanzania Investment Centre – (TIC). The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

PREDATORS SAFARI CLUB LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT USD (M)

	1	2	3	4	5
Revenue	3.5	3.61	3.730	3.81	3.93
Cost of Sales	1.5	1.52	1.545	1.55	1.56
Gross Profit	2.0	2.09	2.185	2.26	2.37
Operating Expenses:					
Administrative Expenses	0.2615	0.2745	0.2882	0.3026	0.3179
Motor vehicle running expenses	0.1438	0.1510	0.1585	0.16646	0.1748
Salaries and Wages	0.3108	0.3264	0.3427	0.3598	0.3778
Pension Contribution	0.0311	0.0326	0.0344	0.036	0.0377
Depreciation	0.163	0.163	0.163	0.163	0.163
Marketing Costs	0.0392	0.0413	0.0432	0.0454	0.0477
Utility costs	0.0327	0.0343	0.0363	0.0378	0.0397
Insurance	0.0143	0.015	0.0157	0.0165	0.0173
Communication	0.012	0.0126	0.0132	0.0139	0.0156
Total Expenses	1.0082	1.0505	1.09487	1.1415	1.1914
Profit before tax	0.9918	1.0395	1.0901	1.1185	1.1786
Tax (30%)	0.2315	0.2264	0.2502	0.2625	0.2912
Profit After Tax	0.7603	0.8132	0.8399	0.8561	0.8874

PREDATORS SAFARI CLUB LIMITED PROJECTED CASH FLOWS USD(M)

	1	2	3	4	5
CASH FLOW FROM OPERATIONS:					
Cash Sales	3.4	3.52	3.632	3.72	3.88
Subtotal cash Received	3.4	3.52	3.632	3.72	3.88
Expenditures from Operations:					
Fuel and Lubricants	0.56	0.59	0.621	0.675	0.6834
Additional Cash Spent	0.84526	0.8875	0.9319	0.9785	1.0284
Subtotal Cash Payment	1.40526	1.4775	1.5529	1.6535	1.7118
CASH FLOW FROM OPERATIONS:	1.9947	2.4248	2.0791	2.0665	2.1682
CASH FLOW FROM INVESTMENTS:					
Purchase of Assets	(3.7)				
Working Capital and pre-expenses	(1.2)				
CASH FLOW FROM INVESTMENTS:	(4.9)				
CASH FLOW FROM FINANCING:					
Loan	2.25				
Owners' Equity Contribution	2.75				
CASH FLOW FROM FINANCING:	5.0				
NET CASH FLOW FOR PERIOD	2.0947	2.5699	2.6211	2.6146	2.7436
CASH FLOW START OF YEAR	-	2.606	5.1758	7.7969	10.4115
CASH FLOW AT THE END OF YEAR	2.0947	5.1758	7.797	10.4115	13.1552

PREDATORS SAFARI CLUB LIMITED PROJECTED BALANCE SHEET USD(M)

<u>Fixed Assets</u>	1	2	3	4	5
Long-term Assets	2.65	3.330	2.96	2.59	2.020
Depreciation	0.265	0.265	0.265	0.265	0.265
Total Long-term Assets	2.385	3.065	2.695	2.325	1.755
<u>Current Assets</u>					
Cash	1.6059	4.1758	6.7969	9.4115	12.1551
Accounts Receivable	0.1	0.09	0.098	0.09	0.05
Total Current Assets	1.706	4.2658	6.8949	9.5015	12.2051
Total Assets	4.0909	7.3308	9.5899	11.8265	13.9601
<u>Current Liabilities</u>					
Accounts Payable	0.052	0.065	0.072	0.077	0.081
Other Current Liabilities	0.0314	0.03294	0.03459	0.03632	0.0381
Subtotal Current Liabilities	0.0834	0.9794	0.1066	0.11332	0.1191
<u>Long-term Liabilities</u>					
Long-term Liabilities	1.2	1.2	1.2	1.2	1.2
Total Liabilities	1.2834	1.298	1.3066	1.3133	1.3191
Net Assets	2.8076	6.0329	8.2833	10.5132	12.641
<u>Capital and Reserves</u>					
Owners Contribution	1.8	1.8	1.8	1.8	1.8
Retained Earnings	0.7603	1.5735	2.4134	3.2694	4.1568
Total Capital	2.5603	3.3735	4.2134	5.0694	5.9568

PREDATORS SAFARI CLUB LIMITED PROJECTED FIXED ASSETS USD(M)

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	0.1	90,000	80,000	70,000	60,000
Machinery, Tools & Equipment	0.04	36,000	32,000	28,000	24,000
Motor Vehicles	2.5	2.25	2.0	1.75	1.5
Furniture & Fixtures	0.01	0.009	0.008	0.007	0.006
Total	2.65	2.385	2.120	1.855	1.59
DEPRECIATION	1	2	3	4	5
Land and buildings	0.010	0.010	0.010	0.010,	0.010
Machinery tools & Equipment	0.004	0.004	0.004	0.004	0.004
Motor Vehicles	0.25	0.25	0.25	0.25	0.5
Furniture & Fixtures	0.001	0.001	0.001	0.001	0.001
ANNUAL DEPRECIATION	0.265	0.265	0.265	0.265	0.265
CLOSING FIXED ASSETS	2.385	2.12	1.855	1.59	1.325