Nwabueze precious Akunna

18/sci01/055

AFE 202

QUESTION:

Prepare a business plan on a chosen agricultural enterprise following the guidelines in the note.

**Fruit Juice Production**

## BUSINESS PLAN

## summary

The current agriculture potentiality contributes about 26.5% of gross domestic product and it provides employment about 70% of total labour force. Tanzania grows a range of fruit including topical and temperate. The annual production of fruits is 678,515MT (this is 5% of potential area exploited) .

Agro processing in the industrial sector is indeed one of the underdeveloped sub sectors and according to a report by Commonwealth Secretariat (1997) it was seen to consume about 1% of the horticultural raw materials produced in Tanzania as compared to 80% in Malaysia which also is in the category of developing country

Agro processing and especially small - scale processing is becoming very important in the country as means to reduce crop losses and value addition at production and collection sites and a way of income generating activity.

However, the sector experience losses during and after harvest. Post harvest losses of fruits and vegetables are estimated at 50 to 80%. These losses are more meaningful economically compared to the cost of compensating for losses through increased crop production. Losses are caused by among another factors, mechanical, physical and biochemical aspects.

I intends with this financial and economical projection the idea will bring new concept in a market and good strategies which will enable the company to acquire a good market position initially the company may have up and downs of new start but with the partner potentiality gradual the sales may increase once I gets good eyes to watch over it operations.

A daily production of between 2000 and 3000 kilograms of fruit product is estimated to be obtained from an input of between 2000 and 3000 kilograms of fruit pulp/product is estimated to be obtained from an input of 5000 kilogram’s. Production time per annum is estimated to be 240 days. And the project intends to employ 22 people and it is an investment of . 300,000,000.00 which will realize m 144,000,000.00 in year five times.

Total production costs are estimated at 290,000,000.00 in year one gradually rising in years two and three then falls in year five onwards.

Project cash flow is favorable, it will start making profits from the first year of the project and all loans be repaid by third year of operation. This will be showing clearly in financial.

## THE BUSINESS

## The opportunity

According to government record and statistics show the annual production of fruits to be 678,515MT, but this is only 5% of the potential area exploited and this can be caused by lack of where to send the increased production.

This project so as to say will focuses on increasing fruits usability which experience enormous looses especially during the season and create new opportunities for industrial development in rural areas through processing of fruits for fresh juice.

More so, the initiator of this idea is a professional expert in the field of post harvest processing, having a long term experience in offering knowledge to small scale food processors and food enterprises and managed to make them grow to a medium scale capacity.

## Company mission statement

To provide 100% satisfaction by offering fruit in syrup and fruit concentrates of the highest quality, impeccable services, guaranteeing accurate supply, fast delivery and developing strong relationships with farmers and medium to small scale fruits processing business and entrepreneurs.

## Our vision

SOMIL forecast to be competitive in service while taking on prior responsibilities that are pertinent to our clients’ needs through producing strict quality and safe products, for health and economical satisfaction.

The products to be made include quality and safe fruits of the season concentrates and fruits in syrup. Neutrality will govern the products made since raw materials will basically comprise of fresh, mature fruits of the season without non-fruit fortification. SOMIL products are intermediate since they form raw material to juice making, wine making and fruit salads to other small to medium scale industries. Availability regardless seasonality forms another niche value to SOMIL products.

The main objective is to ensure sustainable economic, food and nutrition security by seasonal reduction of fruits post harvest loses by 10% through processing.

## Specific objectives

To ensure the establishment of fruit concentrate and fruits in syrup industry is in place by end of year one of the project inception

To establish appropriate links with stakeholders who will daily deliver to the industry quality seasonal fruits for processing

To continuously encourage and support value addition to seasonal fruits so that the farmers are economically empowered

Together with farmers and other stakeholders of the project area, to reduce the post harvest losses by 50% through fruits processing by year 2013

To continuously support technology developments in the post-harvest system according to zonal conditions, climatically, and socio-culturally and according to the needs of the clients for effective and sustainable availability of the industry’s raw material.

## COMPETITIVE ADVANTAGE

Fruit concentrates and fruits in syrup are made from fresh fruits of the highest quality, maturity, and health from both temperate and tropical zones. The fruits have to be selected and graded through a rigorous quality control system so that all of our products have the best flavors and nutrient content that meet the national and international quality and safety parameters and standards. The products made by SOMIL will be raw material to other secondary fruit products that include among others; juices, wines, fruit salads and fruit based products.

Bulk packaging will govern the products and minimum carriage weight will be 20 kilogram and maximum 200 kilogram drums.

Literature review and a study visit to few industries in Dar es salaam indicates about 16medium scale and 300 small scale prospective competitors, however, paste, fruit concentrates and fruits in syrup are not their core activities to any of these companies. They specialize in finished products of this semi finished products. Similarly, the demand for SOMIL products especially during off seasons in which consumers shift to imported pastes and fruit concentrates is prospectively high. Furthermore, customers of secondary products (finished products) have become health conscious, which add to the unique selling point of the company products. The company is reputed of having competent employees both professionally and aggressiveness to deliver as per vision of the company.

## Description of the business model

The company will deliver its products in the first come first served basis. Since nature of business entail quality and safe semi finished products than enterprises of finished products will certainly find them highly convenient both as a time saver as well as all-seasons products. Despite the presence of few competitors the demand is rarely met, also they utilize mostly the imported concentrates that are generally fortified with non fruit material thus reducing the product’s nature and quality. Consumers of the finished products have become health conscious which adds to the unique selling point of SOMIL products as they are naturally made from whole fruits and vegetables with nothing added hence making the product whole, fresh and nutritional. The company is reputed of having competent employees both professionally and aggressiveness to deliver as per vision of the company.

## How the business will create a sustainable competitive advantage

Production cost govern to a large extent pricing strategy but also comparisons have to be made with competitors prices so a not to be very different for a product of similar or near similar. Other quality parameters such as health impact, intellectual property etc will also be considered in the setting. According to studies on food habits conducted by use of a case study of Dar es Salaam, consumers reported to be willing to pay a little more for a healthy product especially when they are ensured of its quality and safety For this reason, if a small price difference is set , it will make the business sell few volumes of quality products yet with profits till it gains market reputation.

## Production process

Step

Process

Description

1

Site acquisition, registration of business and other start up logistics

Site us owned by one of the partner which will be transfer in the business under the law and legal contract.

2

Purchase of equipment

Machineries equipment with the capacity of producing 500-800 kilograms per hour will be procured. Office equipment, a vehicle and furniture will also be procured.

3

Employees recruitment

Director production and technical, manager administration and finance, manager production and technical will be the first people to be employee operators staff and hiring the security.

4

Purchases of production materials

Identification of locations, suppliers of raw materials and other inputs; training on the quality to supply and later purchases to be done

5

Production process

Receiving, grading, washing, desizing/pulping, packing & packaging and storing

6

Marketing

Market research, Transportation, advertisement, selling.

## 5.2 Description of what the business needs to move forward

In order the company to operate successfully the business needs 300 millions. Where by 120millions has already contributed by three partners and remained 180 millions the company look for a loan which will be paid within five years.

## 6.0 MANAGEMENT

The business is directed by three directors, who are partner and shareholder of the business.

First partner is MILDRED MLAKI, who has two degree, one from Cape Town University of food and nutrition and the other is for commerce from university of Dar es salaam, Mildred will be overall in-charge of all processing operations.

Second partner, SOPHIA MUSSA holder masters in human resource from makerere university of Kampala Uganda, she is working with reputable company in the country and she will be overall in-charge with human resource and public relation of the company.

Third partner, SAJA JOHN is a holder of masters in strategies business from Greenwich University; she will be overall in-charge of market operation of the company.

The company will employ other work 2 in finance and procurement 2 foreman, and production and technical will be hired and security on term for six month period to help initial stage of layout, installation and commissioning of the machines and equipment.

## SWOT ANALYSIS TO OUR STARTUP BUSINESS

## Strength

Highly experienced technologically

Willingness to deliver as per vision

Strong team of management

## WEAKNESSES

Limited capital to invest in large scale venture

A less reputed venture not yet gained a name

## OPPORTUNITIES

Niche markets that take advantage of seasonal shortages

Consciousness of fresh and nutritional healthy products by consumers

Availability of ample and variety of fruits in most time of the year

Location is along the fruits and vegetable growing zone

Location centrally located, feasible transport wise to both farmers and consumers

Availability of many funding arrangements like loans and grants for investors and entrepreneurs.

Recent economic recession will reduce competing imports to a large extent

## THREATS

Importation of less quality but cheap concentrates

Emerging large scale investors with similar project

Weather calamities such as drought that may hamper production

Inconsistent supply of raw materials due to seasonality

## Table 1. The following table indicates few of the prospective competitors.

Name of competitors

Product made

Strengths

Weaknesses

Remarks that makes SMS to capture a market share

Noble foods-fruits juices

Mango juice

Fresh mangoes during the season. Have good packages

No production during off season, manufactures only one product -mango juice

Potential customer during off season may purchase other fruit pulps for SMS

Bakhresa Food Industries -|Azam fruits juices

Juices: mango, guava, apple, pineapple oranges

May not lack raw material due to utilizing imported concentrates, few fresh fruits.

Utilizes all the raw material in his own industry

Although a big competitor but not threatening because he cannot sell to others hence consumers of SMS are maintained

Red Gold

Tomato products Sauces and Chill

Uses fresh tomatoes during the season, import during off season

Do not stock enough for off season production

Potential competitor and customer

Small scale wineries, juice processors

Tomato products, wines, juices and fruit blend recipes

Uses fresh fruits of the season

Normally do not stock enough for the year. Have little funds and small premises for keeping large amounts of raw materials

May be competitors during the season but big customers during off season

Other medium and small scale industries

Tomato products, wines, juices and fruit blend recipes

Uses fresh fruits and vegetables as raw materials to their secondary products

Cannot stock due to capital, convenience, expertise and space

Potential customer

Talking about competitors also there is a threat of substitute such and Soda and mineral water.

## MARKETING PLAN

## Market Summary

SOMIL fruits product will possesses good information about the market and known a great deal about the common attributes of the most prized customer. This information will be leveraged to better understand who is served, what their specific needs are and how SOMIL can better communicate with them.

## Marketing strategy

The initial focus will be locally where small scale and medium fruits processing industries are located. Due to capacity of the industry at the moment, there are no plans to go beyond Tanzania and Zanzibar. The strategy will initially be identification using data from Board of Internal Trade (BIT), the Ministry of Health and Social Welfare-TFDA and Ministry of Industries Trade and Marketing (MITM) as well as Tanzania Bureau of Standards (TBS) and other trade newsletters. The selected few will be visited for introduction and sample sending. Then a business may further advertise in public media newspapers, radio leaflets distributed to road users for know. In future we will advertise at Televisions also.

## Concept testing

Concept test system can improve the company’ chances of success in developing and introducing new products.

Our organization will go door to door for the concept test in order to get the view of the public concerning with our types of product; this will be done in public area like schools, Hospital and churches.

Design employs sequential public study in which up to 50 groups of 10 to 20 participants each test one product. These studies typically consist of three surveys of up to 30 questions each. The surveys are conducted among members of our Members.

## Usability testing

Usability testing is a technique used to evaluate a product by testing it on users. This can be seen as an irreplaceable usability practice, since it gives direct input on how real users use the system. This is in contrast with usability inspection methods where experts use different methods to evaluate a user interface without involving users.

Usability testing focuses on measuring a human-made product’s capacity to meet its intended purpose. Examples of products that commonly benefit from usability testing are foods, consumer products, How ever in organization will used this test to improve our product in this areas efficiency, accuracy, recall, and emotional response. The results of the first test can be treated as a baseline or control measurement; all subsequent tests can then be compared to the baseline to indicate improvement. This test will assist the industries to know where we are going and what people says about our products, This test will be assist us to maintain our product and make it durable in all time for production, our organization will insure this test done before the product enter in the market.

## Channel of distribution

## Selecting a channel of distribution

As Fruit product Industry will consider the follow:

The consumer characteristics need and segment

The company goals, resources expertise and experience

The product value, complexity, perish ability and bulk

The competition characteristics and tactics

Distribution channels alternatives, characteristics and availability

Legalities current law and pending laws.

## Distribution standard

SOMIL will have clear and measurable goals regarding service levels in physical distribution. In so doing there must be a clear distribution strategy for products to reach the target consumers, in this respect the clear distribution channel must be in place.

## Customer Services

SOMIL will understand the decisions involve delivery frequency, speed and consistency transportation and shipping to policies, whether to accept small customer orders; warehousing coordinating assortments; and so on. Poor performance in these areas may result in lost customers.

## Social responsibility.

SOMIL we will consider the impact of company’s action and operating in a way that balances short term profit needs with societies long-term need this ensuring the company survival in a health environment.

## Natural resources

SOMIL will make sure that the depletion of natural resources can be reduced if the consumption of scarce material is lessened and more efficient alternatives are chosen.

## Environmental Pollution

SOMIL will make sure that dangerous pollutants need to be eliminated from the environment and safe substitutes found. The environment protection is the major federal organization involved.

## Marketing

SOMIL as a company which deal with products fall under the umbrella of the Marketing Mix (product, price, place and promotion) which describes the strategic position of a product in the market place. An enterprise involved in producing fruits products must have clear strategies of producing those products. Also the firm dealing with fruits production should have clear pricing strategies, promotion strategies and placing or distribution strategies. An enterprise we must be able to market what we produce and produce what we can market.

## Consumerism

SOMIL fruits product manufacturer we agree that customer has right to be informed and protected against fraudulent, deceitful, and misleading statements, advertisement, labels

## Consumer safety

SOMIL fruits product manufacturer we will make sure that, consumer are protected against dangerous and unsafe product.

## Consumer information and education

SOMIL fruits product manufacturer we are aware that, consumer have right to be informed includes protection against fraudulent deceitful, or grossly misleading information advertising, labeling, pricing, packaging or other practices.

## Consumer’s choice

SOMIL fruits product manufacturer we know that consumer has a right to choose means that consumers have available several products and brands for which select.

## Consumers’ right to be heard

SOMIL fruits product industry, consumers has right to be heard means that consumers should be able to voice their opinions to business, government and other parties. This gives consumers input into the decisions that affect them.

## Advertisement/Promotion

Promotion and advertisement our product should be an almost unconscious part of our everyday sales plan. We don’t have to look far for an opportunity to market and merchandise juice. A great way to stand out from the competition is to produce our own juice, thereby offering customer juice beverages that can’t be found elsewhere.

SOMIL we have to understand our competitors, what they doing and we will take action against these competitors, especially as an entire generation or retail buyers is at stake. To reach the public, advertising is a necessity. We believe that advertising may reach non-juice drinkers and thus bring in additional customer to our business. Advertising deserves greater consideration as a part of the solution to certain