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# BETA-TACH TISSUE PAPERS BUSINESS PLAN

*THE MORE YOU TOUCH, THE BETTER YOU FEEL.*



|Goldenwalks Trading

**Confidentiality Agreement**

Date: July 2019

The undersigned acknowledges that Lebone Emmanuel Maponya has furnished to the undersigned parties certain proprietary data (confidential information) relating to the business affairs and operations of Goldenwalks Tradings for study and evaluation by an investor for possible investment.

It is acknowledged by .....(name of potential investor or financial institution) that the information provided by Lebone E Maponya is confidential, therefore, the investor agrees not to disclose it, and not to disclose that any discussions or contracts with Lebone E Maponya have occurred or are contingent, other than as partly provided for in the following paragraph. It is acknowledged by the undersigned that information to be furnished is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of the same information by the investor, except as provided for in this agreement, may cause serious harm or damage to Goldenwalks Tradings and its owner and officers. Therefore, the undersigned agrees that the parties will not use the information furnished for any purpose other than as stated above and agrees that the parties will not either directly or indirectly by agent, employee or representative, disclose this information, either in whole or in part, to any third party; provided:

- (a) The information furnished may be disclosed only to those directors, officers and employees of investor-to-investor’s advisors of their representatives who need such information for the purpose of evaluating any possible transaction (it being understood that those directors, officers, employees, advisors and representatives shall be informed by the investor of the confidential nature of such information and shall be directed by the investor to treat such information confidentially)
- (b) Any disclosure of information may be made to which ..... (name of investor or financial institution) consents in writing. At the close of negotiations, the investor will return to Goldenwalks Tradings all records, reports, documents and memoranda furnished and will not make or retain any copy thereof.

Signature: ..... Date: .....

Name: .....

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# 1 BUSINESS OVERVIEW

## 1 Executive summary

The globe has been faced with serious environmental changes which are threatening human life. Everywhere they speak about global warming, climate change, rise of sea levels and most critically waste management. Waste management faces numerous challenges in South Africa. These challenges include, growing population and economy, which means increased volumes of waste generated, increased complexity of waste streams because of urbanisation and industrialisation, just to mention a few. All these environmental threats have brought an emergency call to change human behaviour or suffer the catastrophe of negligence. This has triggered the passion in Lebone to save the environment through promotion and manufacturing environmentally friendly products that promotes a clean environment. Lebone decided to concentrate on the recycling of white wastepaper and tissue paper manufacturing.

Tissue paper business is one of the continuously growing businesses in South Africa due to increased awareness to build flush toilets as opposed to other types of toilet systems. Tissue paper is eco-friendlier to flush toilets compared to other alternatives like newspaper. Not only is the tissue paper becoming popular, but also other tissue products for example paper towels are preferred to tablecloths due to health connotations associated with paper towels. The South African market has many places where the supply of tissue paper is still very low, for example, the rural places. This therefore creates a market for tissue products. Apart from this available market, there is growing awareness and demand for environmental and eco-friendly products which create a shift to recycled products and bio-degradable products in the tissue industry. This creates great opportunity for consumers who are willing to change their preferences. Lebone E. Maponya realized the lucrative gap and opportunity to supply tissue products as their main product accompanied with other products, and with the current expansion plan to build a recycling plant ~~so-as-to~~ meet the current changes in consumer needs and to reduce the cost of production due to manufacturing own raw materials than buying. Not only does he intent to supply tissue products, but also to produce it to consumer specifications.

There is an interesting observation made by Lebone E. Maponya. He noticed that everyone is getting exposure in health education issues, leading each household to using or desiring to use tissue paper rolls in their respective homes and [workplaces](#). This combined with population increase has induced an increase in the demand of tissue paper rolls, thus, increasing the yearly usage of tissue paper rolls. However, the supply has not matched the demand, especially in the deep rural areas and local townships of Limpopo province. In most rural areas, people travel long distances to buy tissue paper rolls. Through these opportunities, Goldenwalks Tradings, here after referred to as Goldenwalks, was born as Lebone's initiative. Lebone is an experienced entrepreneur holding a B.Sc. degree in Environmental and Resource studies. Lebone gained vast experience through selling tissue paper for over 4 years. Not only was he selling but he was also doing extensive research on the tissue business during the four years.

Goldenwalks is a private paper collecting and tissue paper manufacturing company that was established in 2016 and started its operation in September 2017 with paper collection being a recent venture initiated in 2019. It [is in](#) Lebowakgomo, Habakuk Industrial area F07C/13B unit 03, Polokwane. Goldenwalks intends to produce up to +/- 6 000 rolls of tissue paper per day for the fast-growing population of Limpopo which includes communities, schools, universities, hospitals, hotels, lodges, government departments, malls and private businesses.

Goldenwalks plans to supply the best quality tissue products at reasonable and/or competitive prices to the people of Limpopo and South Africa as a whole. We plan to be the leading supplier of tissue products in South Africa. Why tissue production? Its demand is high especially due to changing lifestyle and health awareness among South Africans, as people now desire quality, reasonably priced tissue products. With the continuous increase in prices of tissue products, we plan to be an alternative, providing high quality cheap tissue rolls. This will be achieved through ensuring that extensive and intensive cost reduction methods are adopted and strictly implemented. Changes in lifestyle also create opportunity as people are moving towards healthy lifestyles, thereby creating opportunity to innovate new products for the emerging market. Goldenwalks is committed and dedicated to creativity and innovation, thus

they will ensure they always have an efficient and effective research and development department.

The continuous increase in fuel price, increase in VAT rate, and the increase in other costs, has caused inflationary pressure on the consumer income, thus affecting the consumers' buying behaviour. Goldenwalks will consider these factors in its pricing.

We intend to expand our business through manufacturing of other products such as brooms, mops, diapers, Eco roof tiles, outdoor tiles, juices, and cleaning chemicals. Our vision is to have a factory in each of South Africa's provinces and to expand beyond South African borders into the entire Africa. We are working on supplying our products to retailers such as Pick N Pay, Shoprite, and Checkers. We anticipate providing internships for graduates in different fields within our sphere and scope of work and creating job opportunities for many people.

There is less focus on white wastepaper recycling and we intend to promote it mostly in schools as they are our great source of raw material since they use huge amounts of white paper. Goldenwalks has been collecting the white paper from some schools in the province and it intends to expand the project as it will soon be into recycling business.

Goldenwalks is currently collecting recyclable used/wastepaper from distributors and schools around Limpopo and sending it to Gauteng for processing and then repurchase the processed material to use as raw material for tissue paper rolls manufacturing. Strong relations have been built with schools as they are a great source of paper. The increase in waste-paper source has led to the birth of Goldenwalks current goal.

Goldenwalks current goal is to expand its business through building a waste-paper recycling plant for internal use and for sale to reduce the cost of taking our white wastepaper collection to recycling manufactures in Gauteng. This idea will help our company to collect and process the wastepaper into recycled tissue paper jumbo rolls and convert the jumbo rolls into tissue rolls that will be packed into packs. This will help in reducing environmental degradation and create jobs and income for paper collectors in Limpopo as we will be willing to buy white wastepaper from any reclaimer. The building of a paper recycling plant will also assist with cutting down

production cost as transport cost to Gauteng is reduced, thereby increasing competitiveness. As the demand for paper has increased, more timber has been needed to meet the demand for wood pulp. This demand cannot be met by current wood production alone thereby making recycling the best alternative. Wastepaper is an important raw material for paper and paper board manufacturing. It is generally prepared from cellulosic material by treating it with different type of chemicals and then process through roller and driers to make a suitable quality paper.

Goldenwalks long-term goal is to establish a paper milling plant for manufacturing jumbo rolls and printing paper for its internal use and to provide raw material to tissue and paper making companies in Africa.

### **1.1 Purpose of the Business Plan**

The purpose of this business plan is to obtain expansion funding for a tissue paper manufacturing company in South Africa in the fast-growing city of Polokwane, located in Limpopo Province. The expansion is through the construction of a paper recycling plant. The plan is also to create a road map to the success of the business enterprise.

Based on my best estimate of sales, revenue is expected to be at least **R18 551 000** in the first year, **R21 644 152** in the second year and **R34 615 358** in the third year. Profits are expected to be approximately **R7 918 675** in year 1, **R12 576 668** in year 2 and **R19 429 866** in year 3. We do not anticipate any cashflow problems as most of our products are sold on a cash basis.

### **1.2 Expansion Funding Summary**

The expansion financing will come from borrowed funds. Goldenwalks Tradings is seeking financial assistance to the value of **R4 900 000** from the government grants. The providers of grants are the Department of Environment, Forestry and Fisheries.

## START-UP FUNDING

DETAILS	AMOUNT (R)
Expansion Assets to Fund	R4 275 580
Expansion Expenses to Fund	R624 420
<b>Total Funding Required</b>	<b>R4 900 000</b>

**NB:** for detailed start-up requirements please check on the financial plan section 8.

## 2 BUSINESS DESCRIPTION

Goldenwalks is a private wastepaper collector and tissue paper manufacturing company that was registered in the year 2016 and launched its operations in September 2017. Goldenwalks is in the Limpopo province at Lebowakgomo, Habakkuk Industrial Area F07C/13B unit 03, Polokwane. The goal is to ensure high quality products meeting current day environmental standard, excellent ~~services~~services, and competitive prices.

### 2.1 Mission

Our main goal is to be the most successful waste paper collector, recycled paper ~~and~~ ~~issue~~and tissue paper (including recycled tissue paper) manufacturing business in Africa and its surroundings, serving high quality products at great value, meeting the needs of our existing and potential customers, and adding value to all stakeholders, ensuring favourable returns to all stakeholders.

We promote to reduce (efficiency), re-use and recycle resources to save the environment.

## 2.2 Vision

To be the leading, most efficient, profitable and competitive provider of great quality and environmentally friendly tissue paper in the entire South Africa and beyond.

## 2.3 Objectives

Goldenwalks Tradings has the following objectives:

- **To create a distinct and memorable brand:** provide our clients with high quality unique, eco-friendly and environmentally friendly products and services at competitive prices while maintaining high profitability. The products shall meet or surpass the customer expectations effectively, efficiently, and uniquely, at every stage of our operations.
- **Contribute to our community:** create employment in our communities, thereby improving the standard of living. We will support and develop skills in communities we operate and encourage self-reliance.
- **To be a market leader:** to hold a leading or significant market share in the South African paper and pulp manufacturing industry by the end of 2020
- **Foster performance excellence:** Generate and increase revenue from month to month by at least 10% from August 2020.
- **Provide excellent customer service:** Attract and retain 60% customer base of all those who try our products and services.

## 2.4 Guiding Principles

### 2.4.1 Being Mindful of our Customers and Staff

We shall always treat our customers as kings (with botho) and maintain high morale amongst our staff.

## **2.4.2 Gratitude**

We shall always express appreciation of our customers, employees and retailers, for without their input, service, labour and time; our business would not exist.

## **2.4.3 Our Service**

We shall always provide high quality products coupled with warm and friendly services through an informal, comfortable environment which stimulates customer satisfaction and promotes an impression to return, and brand loyalty.

## **2.5 Keys to Success**

Goldenwalks intends to use the following success keys:

- Managing and developing people
- Strategic focus
- Operations
- Physical resources
- Customer relations

### **2.5.1 Managing and Developing People**

Goldenwalks understands that the way to building a strong, effective company is to have good management and well-trained staff. We intend to hire top notch staff who are committed to excellence and offering them training to keep them on top of the game in every aspect of our business. We intend to effectively manage our staff promoting communication and creating opportunity for them to give input on how we can effectively improve the company. The company hopes to encourage commitment to duty and high morale to provide excellent service.

Should the existing staff contingent be inadequate, Goldenwalks will employ casual workers, mainly from the district that it will be servicing, to supplement its worker force

during times of high demand to keep up with market fluctuations and avoid shortages. The casual workers will be employed on merit and no discrimination on any basis will be allowed.

### **2.5.2 Strategic Focus**

Goldenwalks will proceed by focusing their effort on ensuring that all stock and everything that the departments will need are supplied in the right quantities, to the correct quantity level and at the right times to ensure that the work operates without a hitch or delays. We will make sure that all departments are regularly checked to ensure that there is no stock loss and wastages.

The company will prioritize its customers ensuring that they are satisfied by the product and services we provide. We will conduct quarterly surveys to ensure feedback on our products and services. We will also check feedback from our retailers and communities on their thoughts about our products and services.

### **2.5.3 Operations**

Goldenwalks with expansion anticipates hiring 14 employees (Seven male & Seven female) to work 9 hours a day, producing more than 10 000 tissue paper rolls units per day, although we will have night shifts at times, just to make sure that our production always meets demand. Our employees will have 45 minutes of lunch break in different time frames, to ensure that the production remains effective throughout the working hours. During our working ours, two males will be operating the paper milling machine while two other males will be running the converting machine and cutting the cores into a finished product. four females will be packaging the finished products into their respective plastic bags and two males will be drivers for transporting products and collecting wastepaper from clients, we will have one site engineer and an administrator. The company will function from Monday- Friday, however our employees will get a chance to choose to work overtime on weekends whenever circumstances call for it.

#### **2.5.4 Physical & Human Resources**

The company will be paying each employee R120 per day excluding over time. Our employees will be supplied with all safety equipment such as dust masks, earplugs, hand gloves, and so on, and a medical aid kit will be available in the factory for our employees. The company will regularly service its machinery for effective production. We plan to counter delays by making sure that all spares that are required for fixing the machines are always available in the factory. The company will ensure that our facilities are safe for our employees. The environment within the working area will be tidy continuously to ensure it is hazard-free. We shall constantly hire professional cleaners to clean.

#### **2.5.5 Customer Relations**

To boost our customer relations and our sales, we will sell products of the highest quality as well as keeping our customers happy with all our product categories. We will ensure that we captivate customers on their first visit or contact to return, and ensure that when they think of tissue products, they think Goldenwalks and speak Goldenwalks, thus, making referrals to our company. People prefer buying where they hear good reviews about. This therefore makes the word-of-mouth marketing a powerful ally.

To communicate with clients, the company will put promotions as a priority through social media, product branding, open market, distribution of flyers and pamphlets. Posting our promotions on social media will be very much effective for the company because we will be able to impact larger market at once at affordable prices.

We want to create brand that is affordable to our customers and will always be on our customer's mind that see our product as a need so that they prioritize our products above that of our competitors.

We will have discounts for our customers buying in bulk. The company will provide excellent customer service and maintain the excellent services amidst other competitors. For clients who lack own transportation, we will make it easier for them to access our products by making sure that the products are delivered to their doorstep. We will ensure that we meet customers demand every time and create more

efficient ways to be accessible and make it easy for clients to order products from the company e.g., through the website, e-mail, telephone number, and online orders.

### 2.5.6 Other Key Success Strategies

- Control cost always, in all areas and implementing a conservative approach to growth policy.
- We shall always be located at convenient places, close to the market or if far, the location should have a good transport network, and have an intensive and extensive distribution plan.
- We shall offer a variety of products as per our customer requirements.
- Promote good values of company culture and business philosophy
- Create eye-catching packaging
- Promote environmentally friendly products in order to meet the changes in the market

## 2.6 Core Values

- **Botho** – we promote mutual respect among members of staff towards customers, responsibility and accountability with understanding that we are rational self and that we get empowered by empowering our customers.
- **Hard working and industrious** – we believe that hard work is still a key component to success
- **Smart working** – we believe that hard working should be coupled with smart working to enhance success. Smart working includes having the right and necessary tools to make work easy thereby increasing productivity
- **Integrity and accountability** – we will promote and practice a high standard of ethical behaviour
- **Unity** – we will promote oneness as it sustains teamwork and promotes success. We will treat each other with due care and respect
- **Friendly and customer biased** – we will treat all our customers with due care and strive to meet all their needs
- **Determination** – we will maintain firmness of purpose towards achieving all our goals

- **Safety and quality** – these will be part of our none-negotiables

## 3 OWNERSHIP COMPLIANCE AND MANAGEMENT TEAM

The success of every organisation depends more on its management as it is the one that sets the tone to the achievement of organisational goals. Customers expect efficiency and to achieve that, it is critical for the organisation to be directed by a capable, willing, and committed team. The management will depend on the founder to cut personnel cost, as they are willing to work for low salaries during times of low returns. Goldenwalks has no intention to add overhead until it is necessary, meaning that the current staff must work extra whenever necessary.

### 3.1 Legal Structure

Goldenwalks Tradings (Pty) Ltd is private company registered under the Companies Act of South Africa no. 71 of 2008. The business has been registered since 2016 and has been in operation from the year 2017. The registration number for Goldenwalks is: **2016/477989/07**.

Goldenwalks will ensure that it attains patent rights over all its products where necessary, meaning that its products will be protected from copyright infringement. Trademarks will also be used. These are words, names, symbols, characters, slogans, or a series of letters that identify the products it offers and distinguishes them from those of competitors.

The following trademark will be used: BETA-TECH Papers combined with the slogan 'the more you touch the better you feel. This will benefit the business as it serves as an identifying function, provides a guarantee of quality and consistency, and serves as an advertising device which will benefit the organisation to lure more customers, and thereby, increasing its sales through increased market share.

### 3.2 Compliance

Goldenwalks will do its best to ensure compliance with all necessary legislation requirements in its industry. The entity will ensure compliance with all the CIPC regulations and the Companies Act requirements.

Goldenwalks complies with the Income Tax Act of 1962, the Value Added Tax Act of 1991, the employees' tax (PAYE as contained within the Income Tax Act 1962), the Skills Development Levies Act (1999) and the Unemployment Insurance Contribution Act (2002). This compliance is supported by the income tax reference number issued by South African Revenue Services, **9618467162**.

### 3.3 Founders

Goldenwalks Tradings is the brainchild of Lebone Emmanuel Maponya, who is hardworking, passionate and has a drive towards entrepreneurship. Lebone is a holder of a BSc Environmental and Resource Studies (University of Limpopo) with an excellent waste management, climate change and environmental management policy review and implementation background, project management, including cost estimates and budgeting experience, just to mention a few. His experience as Project Manager at Kwanang Trading combined with his vast experience in environmental management gained while working as an Environmental Officer at Anglo America (Polokwane Smelters), has granted him the necessary skills for this type of business operation.

### 3.4 Percentage of Ownership

Goldenwalks is 100% owned by Lebone E. Maponya, thus Goldenwalks is a 100% black South African owned business that will enable the government to take the opportunity to promote black economic empowerment.

### 3.5 Management Team

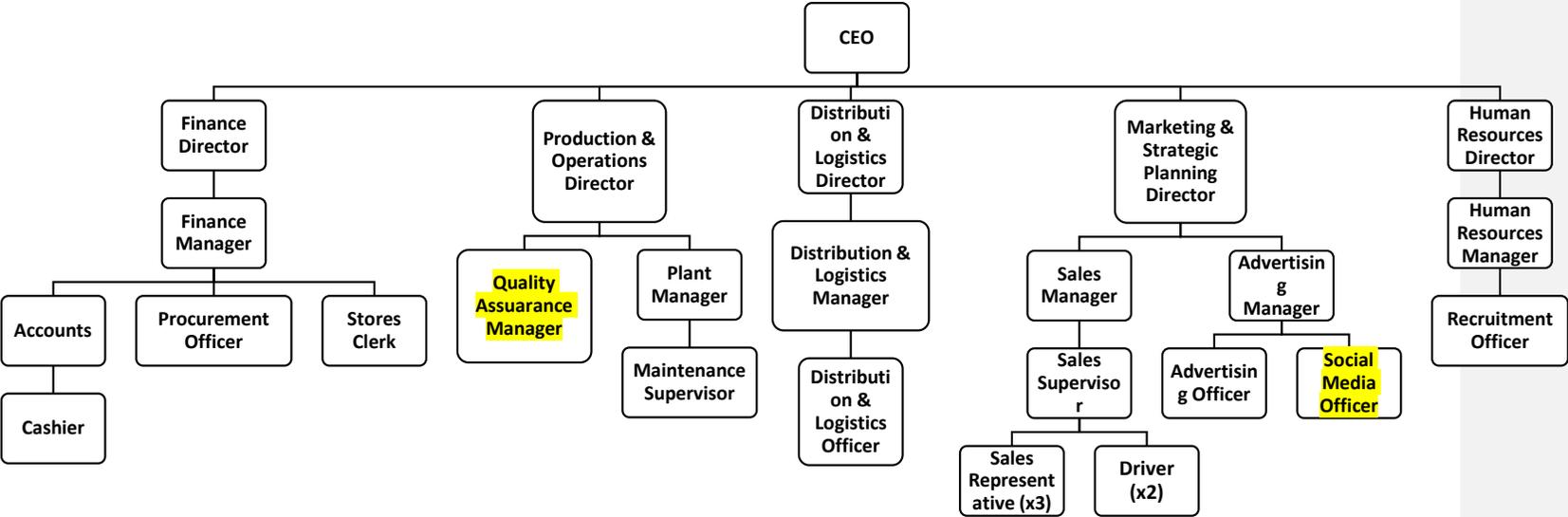
The management of Goldenwalks requires the presence of outstanding individuals to make the venture a success. Methods of compensation such as salaries, employment agreements, stock purchase plans and ownership levels must be determined. Highly educated, skilled and experienced individuals will be targeted to take management positions. The board of directors, advisors and consultants are also part of the management team, and their selection should be based on their potential contribution to the business.

Currently, management roles are held by the founders of the organisation to cost cut and to ensure commitment as they do not mind working for low salaries until the business starts to generate enough revenues. Lebone is the CEO of Goldenwalks. The experience he gained working as Environmental Officer at Anglo America (Polokwane Smelters) has invested him with crucial skills and experience for the role of CEO.

### 3.6 Management Team Gap

Due to current lack of resources, the organisation will maintain the founders as manager and may involve willing and able family members. They will be covering all the management gaps, meaning they must work extra hard and always be acquiring necessary knowledge and skills. As the organisation grows and expands, more members will be enrolled into the management team according to the proposed organisational chart on **3.6**. The organisation chart is subject to adjustment to suit changes in the environment to keep up with competition.

### 3.7 Organisational Chart



Goldenwalks is a micro-business with the intention to expand into a large corporation; therefore, it will require a comprehensive and effective organisational structure. The current plan is to outsource finance (accounting and bookkeeping services). The organisation currently has 8 employees including its management and the numbers will increase at each stage of growth with a minimum of approximately 50 employees expected at maturity stage. The recruitment of the team will be based on pre-set standards for each position. To enhance its vision, mission and objectives, the organisation will have the following positions and composition of staff:

- **Chief Executive Officer**
- **Middle Management**
  - Production and Operations Manager
  - Marketing Manager
  - Finance Manager
  - Human Resource Manager
- **Floor Supervisor**
- **Sales and Marketing Executives**
- **Truck Drivers**
- **Floor workers**

**NB:** Circumstances will determine the actual number of employees recruited at any time.

Currently the factory has 3 permanent staff that run the converting machine and operate the band saw, collection of ~~waste-paper~~wastepaper is mostly handled by part-time. The rest of the production is taken care of by casual labor to pack the product and are paid on a “pay for production” basis; they are thus regarded as part of Cost of Sales. The CEO also works as receptionist or administration person who fulfils a tele-sales function by phoning customers to maintain relationships and collect orders.

### 3.8 Chief Executive Officer

- Provides a clear strategic direction for the organization and communicate these strategies to appropriate channels
- Has experience with budgets as well as allocating resources appropriately
- Ensures that the right professionals are hired into the management team.
- Builds corporate culture that would influence employees' attitude and decision.

### 3.9 Middle Managers

The middle management or functional management positions on the proposed organisational structure are all vacant. These include production manager, human resources manager, and marketing manager. These positions should be filled by individuals who possess the necessary skills and qualifications for the organisation's activities to flow well.

#### 3.9.1 Marketing Manager

The position must be filled with one who has got any one of the following: a degree in marketing management or business management with a marketing major or any other diploma or professional qualification in marketing. Goldenwalks will also consider those with exceptional experience and reputation in marketing besides their academic achievements. The individuals should possess at least five years of experience.

#### Responsibilities

- Their role includes research and development, market segmentation, advertising and promotion, and analysis of the market.
- Carries out promotional activities that will project the image of the company as well as bring in revenue
- Devises marketing and sales strategy for Goldenwalks
- Manages campaigns on all the company's social media platforms
- Plans and organizes product and service exhibitions for the company

- Monitors performance and changes weak strategies.

### **3.9.2 Finance Manager**

Will be responsible for the cashflow of the organisation, its management, and drawing up of necessary accounting records. This will help the organisation to be able to study the fluctuations in its profits and sales and make necessary recordings and plans for improvements. Thus, the organisation will keep track of the available funds, thereby assessing its liquidity and to check if there are any potentials for expansion. This position will be held by someone who holds a degree in accounting, any professional qualification in accounting such as CIMA, ACCA or any accounting equivalence.

### **3.9.3 Human Resource Manager**

Employees are one of the most crucial resources in an organisation as they drive the flow of organisational activities. Therefore, there must be a personnel manager who will focus his attention mainly on the employees, that is their upkeep in terms of salaries and necessary cost of living adjustments. This will allow the employees to air their grievances openly and freely as they will have a representative in the middle management rather than going directly to top management whom they might not be open to. This may enhance or improve labour efficiency and productivity. The position will be filled by those who possess such qualifications as a degree in human resource management.

### **3.9.4 Production & Operations Manager**

The production manager is going to be responsible for the purchasing of necessary stock and monitoring inventory turnover. S/he will determine the standard of quality of the products and the types of products to be produced. The individual must have extensive experience in monitoring the production of the organisation and detecting whether it is meeting the standard or not. This will also help the organisation on planning when to buy and how much to buy, which helps in decreasing cost of overstocking and understocking. The individual must possess an engineering degree in manufacturing.

### **Responsibilities**

- Organizes the daily operations of Goldenwalks.
- Oversees the entire plant and assign sections to floor operators.
- Participates in the hiring of new employees for the factory and create and keep work and manufacturing schedules.
- Carries out constant monitoring of the manufacturing equipment to ensure that it is in working order
- Authorizes the replacement of machine parts when due.
- Ensure that all the production demands are made and provided in time for the customers.

### **3.10 Floor Supervisor**

#### **Responsibilities**

- Responsible for all the work carried out on the assigned floor
- Works with plan manager to ensure that all rules are complied with
- Understands the workflow in the assigned floor
- Understands how to operate machines and carry out light maintenance tasks
- Supervises workers in carrying out their assigned tasks

### **3.11 Truck Drivers**

- Ensures that cargoes are loaded and unloaded at the appropriate times
- Ensures that all traffic laws are followed
- Inspects truck before and after every trip, and report any major defects found to the appropriate department
- Carries out light repairs and maintenance on trucks when due
- Ensures that clients get their products on time

### 3.12 Floor workers

#### Responsibilities

- Ensure the factory is always clean before work
- Roll the sheets on the core machine.
- Ensure that all the rolled paper is cut and packaged into appropriate sizes

### 3.13 Personnel Plan

Our personnel currently include one manager and 8 other employees.

#### 3.13.1 Compensation Package/Reward System

Compensation refers to a certain package that one is entitled to cater for what they have offered in exchange. The reward for Goldenwalks will vary depending on each individual responsibility in the organisation. Employees are to be paid based on their qualifications, experience and contribution benefiting the organisation, meaning the better the knowledge and skill for a job or position held, the higher the salary. Salary administration will depend on job evaluation, which is a measurement of the relative worth of different jobs. Job evaluation rates will be set for each grade to ensure that there are senior jobs, and promotions are rewarded by worth, while different earnings and promotions become something one aims for.

DETAILS	YEAR 1	YEAR 2	YEAR 3
CEO	R150 000	R150 000	R150 000
Managers	R110 000	R110 000	R110 000
Supervisors	R90 000	R90 000	R90 000
Drivers	R80 000	R80 000	R80 000

Floor workers	R70 000	R70 000	R70 000
<b>TOTAL</b>	<b>R500 000</b>	<b>R500 000</b>	<b>R500 000</b>

**NOTE:** The personnel amounts are for each ~~month~~month, and they are an estimate which will only be implemented as and when the organisation grows and improves its revenues. **The salaries for managers will always depend on the availability of funds.**

### 3.13.2 Finding the Right Human Resource

The success of every organization is highly dependent on its human resources. The CEO and or human resources manager for Goldenwalks will be responsible for the recruitment and selection based on the objectives of the organisation. Goldenwalks will hire qualified employees with good quality skills, who are highly motivated. Meritocracy shall be the most used criteria for choosing employees to fill any vacancy which might come up in the organisation. This will help to ensure the best candidates are chosen for certain positions, which will improve labour and production efficiency due to reduced waste and full or maximum utilisation of resources at least cost, increasing the profitability of the business.

The following methods will be used to hire employees:

- Referral
- Classified advertising
- Newsletters
- Advertisements on our website and on our social media platforms.

### 3.13.3 Safety & Efficiency

Goldenwalks will always ensure employee safety by always supplying safety equipment such as dust masks, earplugs, hand gloves, and so on, and medical aid kits will be available in the factory. The environment within the working area will be continuously tidy with no hazards to avoid health issues affecting our employees. We shall constantly hire professional cleaners to clean. The company will regularly service

its machinery for effective production. We plan to encounter delays by making available all the spare parts that are required for fixing the machines.

#### **3.13.4 Consultant**

Goldenwalks should consider engaging a consultant during the introductory stage for at least a year, who will play a role in monitoring its operation and offer advisory services.

## 4 PRODUCT/ SERVICE OFFERED

The demand for tissue paper is continuously increasing due to the growth in population and developments in rural areas. The continuous promotion to reduce the impact of global warming and negative environmental impact by both natural and corporate citizens through among other things, the 'go green' mantra, has influenced Goldenwalks to manufacturing environmentally friendly tissue paper through the process of recycling. This will give them an advantage to gaining market share as they are regarded as good corporate Citizens. Producing environmentally friendly products will help us reduce our carbon footprint which leads to global warming and climate change problems.

### 4.1 Daily Operations and Production

Goldenwalks operates five days a week for 9 hours a day from 07:30 to 16:30, from Monday to Friday. Due to increased demand, overtime and shift work may be required, and the overtime and the shifts will be planned as and when necessary. Recommendation is however made to draft the shift schedule in a manner that will allow the ability to increase or decrease hourly labour according to sales volume to maintain a consistent labour cost control. This means that management should take time to study the buying pattern of their customers to always supply the right amount of labour force at any given time. To deal with seasonal demand, casual and part-time workers will be engaged whenever its necessary.

During off-peak hours, management should capitalise on replenishment and on-going preparation. Proper labelling and rotation techniques accompanied by ample storage facilities will ensure that high quality prepared products will be sufficiently available to meet the high demand during peak business hours.

Management shall ensure the ordering, receipt and maintaining of enough inventory to meet production demands. Ordering demands shall be staggered according to a predetermined schedule and storage capacity.

Management shall prepare operational checklists and shall use them to verify that each work period is properly prepared for and to ensure the operational standards are always followed before, during and after work hours.

## 4.2 Products & Services

Our products are designed to cater for all classes of people and their diverse needs. We mainly focus on tissue paper manufacturing. Our products are made from recycled paper which we used to buy but now intend to recycle ourselves.

Our tissue paper rolls are very soft and smooth and are good for use as they are not dusty. The tightness of our sheets is decent, and the sheets cannot just spread apart easily, the size of our sheet is 100mm by 110mm. This gives our products exceptional quality which when combined with our reasonable and affordable prices will give us a competitive edge. We differentiate our products through the use unique material with a unique imprint on the sheet.

### 4.2.1 Features of the Current Products

**Goldenwalks offers the following products:**

- Recycled tissue paper rolls (300 & 500 sheets)
- Single ply virgin tissue paper rolls (300 & 500 sheets)
- Double ply virgin tissue paper rolls (300 & 500 sheets)

**NB:** We will be flexible, innovative and efficient in creating room to customize our products according to the needs and specifications of each client. Our prices will be highly competitive because of the high volume of products that are needed by our clients.

**Our product is packaged in the following;**

- 10 tissue paper rolls per pack
- 18 tissue paper rolls per pack

- 24 tissue paper rolls per pack
- 32 tissue paper rolls per pack
- 48 tissue paper rolls per pack
- 60 tissue paper rolls per pack

Our clients will pick up their orders or we will deliver to them based on the quantity of their orders or their willingness to pay for transportation if their order does not meet the minimum requirements for free delivery.

A strong focus of this business will be placed on the development of new products, continuous improvement of current products and innovative marketing strategies and excellent service to satisfy and meet the clients' needs.

We understand the need for local businesses to invest in local communities through job creation, skills development, and empowerment. We intend to help young entrepreneurs in establishing their own small shops in their communities to sell our tissue paper rolls.

### 4.3 Products After Current Expansion

After current expansion the following products will be produced:

- Toilet tissues
- Garage
- Napkin paper
- Facial tissues
- Wet Strength paper
- Paper serviettes
- Kitchen towels
- Jumbo rolls
- Recycled paper

## 4.4 Future Products

To boost competitiveness, Goldenwalks has future plans to provide the following products:

### Tissues

- Paper towels
- Scented paper towel
- Wrapping tissue
- Scented wrapping tissue
- Table napkins

### Other Products

- Recycling paper
- Recycling plastic paper
- Plastic bags
- Brooms
- Mops
- Diapers
- Eco-roof
- Out-door tiles
- Juice
- Cleaning Chemicals

As Goldenwalks expands its operations more products will be introduced to increase competitiveness.

## 4.5 Manufacturing

### 4.5.1 Current Machinery & Equipment

We manufacture diverse types of tissue paper rolls with a 2.2 turbo Zhauns machine. The machine can produce between 20 000 and 40 000 rolls per day which meets SABS standard. It is a three-phase 380 V 50 Hz (single phase 220V is available for an additional charge) machine. The following extra machines are available:

- Band saw cutter and
- Single phase bag sealer
- pneumatics and compressor



#### 4.5.1.1 Tissue manufacturing Process

- Loading paper (parent rolls) into a converting machine at the one end.
- Inserting a core into the wind-up nest and rolling the paper onto the core to form a log.
- During the converting process, the paper is embossed (where a pattern is transferred to the paper) and/or perforated (where the paper is divided into individual sheets) before being rolled onto the core.
- The log is then removed from the converting machine and transferred to the cutting station to be cut into individual toilet rolls.

- These individual rolls are then packed into various packing configurations, for example 10's, 18's, 24's and 48's

#### 4.5.2 Paper Mill Manufacturing Machine



##### 4.5.2.1 Needed Machinery and Equipment

We will need a small toilet tissue paper making manufacturing fourdrinier machine to archive the paper milling plant. The Small tissue Production line can use different kinds of [wastepaper](#), recycled paper, wood pulp, as material to produce tissue paper, finished product can be big toilet roll, facial tissue; capacity is 1-3tons per day. It [includes](#) following section :

**(1) Pulp making section:** process the raw material into paper pulp.



**(2) Paper making section:** process the paper pulp into paper jumbo roll.



**(3) Paper converting section:** process jumbo roll into small tissue paper roll, napkin paper we daily use.



#### 4.5.2.2 The process of Paper Milling

Recovered paper reprocessing for tissue paper will higher quality wastepaper which are known as pulp substitute grades since the quality is equal to virgin pulps. Newsprint and other papers needing de-inking are reprocessed for further use in the production of newspaper and hygiene papers.

**Paper Recycling processes include the following main steps:**

- Truck arrives: Trucks arrive from collecting wastepaper from suppliers and drop it in the receiving area for sorting. The wastepaper gets sorted in the drop off area and inserted into the machine.
- Pulping: Adding water and applying mechanical action to separate fibers from each other.
- Screening: Using screens, with either slots or holes, to remove contaminants that are larger than pulp fibers.
- Centrifugal cleaning: Spinning the pulp slurry in a cleaner causes material that is denser than pulp fibers to move outward and be rejected.
- Flotation: Passing air bubbles through the pulp slurry as surfactant present causes ink particles to collect with the foam on the surface. By removing contaminated foam, pulp is made brighter. This step is sometimes called deinking.
- Kneading or dispersion: Mechanical action is applied to fragment contaminant particles.
- Washing: Small particles are removed by passing water through the pulp
- Bleaching: If white paper is desired, bleaching uses peroxides or hydrosulfites to remove color from the pulp.
- Papermaking: The clean (and/or bleached) fiber is made into a "new" paper product in the same way that virgin paper is made.
- Dissolved air flotation: Process water is cleaned for reuse.
- Waste disposal: The unusable material left over, mainly ink, plastics, filler and short fibers, is called sludge. The sludge is buried in a landfill, burned to create energy at the paper mill or used as a fertilizer by local farmer.

#### 4.5.2.3 Explanation of the Recycling Process

The first step at the paper recycling process is to sort and separate the paper by grades, or type of paper. Then the paper moves by conveyor to the pulper, which contains water and chemicals to separate fibers from each other so that the pulper can chop the paper into tiny pieces. As the heated mixture breaks down the paper fibers, the old paper turns into a mushy texture called pulp. The pulp is sent through a screening process to filter any contaminants that are larger than pulp fibers, such as bits of plastic, staples, [glue](#), and twine. Then the pulp is cleaned again by spinning it in a large cone-shaped cylinder.

Next, the pulp is compressed to make the recycled fibers swell, which then makes them ideal for papermaking. After being compressed, color stripping chemicals remove the dyes from the paper. If white paper is desired, then the next process is bleaching by using peroxides and hydrosulfites to remove color from the pulp making it whiter and brighter.

At last, the pulp is ready for papermaking which starts by fusing the pulp with water and chemicals together so that it is 99.5 percent water. This blend of watery pulp enters at the beginning of the paper machine and is sprayed by a wide jet continuously. The soaking pulp then heads towards a large flat wire screen where water starts to drain from the pulp, and the recycled fibers quickly begin to [attach](#) to create a watery sheet. Lastly, felt-covered press rollers squeeze out more water. Now the sheet resembles paper, and heated metal rollers dry the paper.

After being wound up, the finished recycled paper is removed from the machine and is cut and shipped to the converting plant where it will be printed or made into new paper products such as tissue paper, napkins.

#### **4.5.3 Some Environmental Benefits**

1) Recycling can reduce water use in paper production by nearly 60% and energy consumption by 40%

2) Air pollution can be decreased by 74% and water pollution by 35% (these figures depend on factors such as transport distances and de-inking methods used)

3) Disposal problems are reduced by using wastepaper to produce new paper. For every ton of paper used for recycling; the savings are 2

- At least 30 000 liters of water
- 3000-4000 KWh electricity (enough for an average 3-bedroom house for a year.
- 95% of air pollution

4) Recycling half the world's paper would free 20 million acres of forest land<sup>3</sup>.

5) Recycling one stack of newspapers about six feet tall saves the life of one tree 35 feet tall. Recycling approximately one ton saves 17 trees

## 5 MARKET/INDUSTRY ANALYSIS

### 5.1 Target Market

- Our target market is residents of South Africa and its surrounding African countries, which include Botswana, Namibia, Swaziland, Lesotho, Mozambique, [Zambia](#), and Zimbabwe. South Africa constitutes a population of approximately 58 million (UN Estimate [on](#) 1 July 2019). The current population of **Africa** is **1,314,169,963** as of Monday, April 29, 2019, based on the latest United Nations estimates.
- The African population is equivalent to **16.64%** of the total world population.
- Africa ranks number **2** among regions of the world (roughly equivalent to "continents"), ordered by population.
- The population density in Africa is 45 per km<sup>2</sup> (115 people per mi<sup>2</sup>).
- The total land area is 29,648,481 km<sup>2</sup> (11,447,338 sq. miles)
- **41 %** of the population is **urban** (541,028,160 people in 2019)
- The **median age** in Africa is **19.4 years**.

African population by region:

AREA	POPULATION (2019)
Eastern Africa	445,447,287
Western Africa	392,176,114
Northern Africa	241,932,523
Middle Africa	173,692,967
Southern Africa	66,789,825

## 5.2 Target Market Valuation

With our yearly target production of 2 600 000 tissue rolls and 520 000kgs – 780 000kgs of jumbo rolls, we anticipate our year sales to be as follows:

### Recycled Tissue Paper

Product	Quantity	Unit Cost	Total
10 Tissue Paper Rolls	6 000	R25	R150 000
24Tissue Paper Rolls	6 000	R60	R360 000
32 Tissue Paper Rolls	6 000	R76	R456 000
48Tissue Paper Rolls	6 000	R105	R630 000
60 Tissue Paper Rolls	5 000	R140	R700 000
<b>TOTAL</b>			<b>R2 846 000</b>

### Virgin Tissue Paper (1Ply)

Product	Quantity	Unit Cost	Total
10 Tissue Paper Rolls	6 000	R37	R222 000
24Tissue Paper Rolls	6 000	R83	R498 000
32 Tissue Paper Rolls	6 000	R105	R630 000
48Tissue Paper Rolls	6 000	R155	R930 000

60 Tissue Paper Rolls	5 000	R205	R1 025 000
<b>TOTAL</b>			<b>R3 305 000</b>

#### Virgin Tissue Paper (2ply)

Product	Quantity	Unity Cost	Total
10 Tissue Paper Rolls	4 400	R45	R198 000
24 Tissue Paper Rolls	4 000	R105	R420 000
48 Tissue Paper Rolls	4 000	R205	R820 000
60 Tissue Paper Rolls	5 000	R260	R1 300 000
<b>TOTAL</b>			<b>R2 738 000</b>

#### Jumbo rolls

Product	Quantity	Unity Cost	Total
Recycled	208 000	R11	R2 288 000
Virgin	364 000	R21	R7 644 000
<b>TOTAL</b>			<b>R9 932 000</b>

Total forecasted sales are therefore **R18 551 000**

### 5.3 Competitive Comparison

We have Neopak, Twinserver Group and Nampak as our major competitor.

### 5.4 INDUSTRIAL ANALYSIS

South Africa's pulp and paper manufacturing industry has undergone extensive restructuring in recent years, with some of the sector's main players moving away from their core business and diversifying into non-traditional markets. South Africa is ranked as one of the world's top 20 pulp producers, and manufacturing sales of paper and paper products totalled R75.51bn in 2017. Operating conditions in the sector remain challenging and while some stakeholders warn that the industry is not "out of the woods", there appears to be positive indications that restructuring strategies are paying dividends.

There are, however, many opportunities presented by new technologies and innovation in recyclable paper and lightweight, eco-friendly consumer packaging. Thus, as pressure continues from different sources, companies look to recycled paper as a valuable source of fibre. It is also believed that wastepaper might become a major "raw material" for paper and pulp industry in the world since soft wood is becoming increasingly scarce. While the recovery rate of recyclable commercial and industrial wastepaper has improved, household recycling in South Africa remains extremely low, creating a great opportunity for Goldenwalks as they are working on an expansion project to incorporate recycling. Wastepaper collection provides regular employment to a substantial number of people, particularly lower income groups.

The large corporations have an advantage through their ability to control costs and production efficiency amongst other things. Small firms can compete through taking advantage of the new emerging market of environmental or eco-friendly products by manufacturing products which emphasize recycled and bio-degradable products. African consumers are having growing concerns towards the environmental impact of their buying behaviour.

Goldenwalks must therefore reduce their negative footprint on the environment through the following, but not limited to:

- Use of environmentally friendly ingredients
- Recyclable packaging
- Health cleaning supplies
- Move to organic products and recycled products

Due to the above, tissue paper manufacturers must be open to innovation and evolve to keep up with the market trends. Goldenwalks will make it a priority to be innovative to remain competitive. Goldenwalks is therefore moving from producing traditional tissue paper to adding recycled and bio-degradable products, and products that meet changing consumer preferences.

## 5.5 Suppliers

Management shall establish good relationships with qualified suppliers who are efficient and effective, providing high quality products at reasonable prices and delivering according to schedule. We will always try to source better quality raw materials than competitors.

## 5.6 Management Controls

Management shall develop and strictly implement sound management procedures in order to control costs, ensure quality of products and provide friendly customer service. The following are some of the controls which shall be used by [management](#).

### 5.6.1 Order Guide

To maintain designated levels of inventory and track order history, management will use an item specific order guide.

### **5.6.2 Bi-annual inventory**

Management will conduct an inventory count bi-annually to ensure that proper inventory levels are kept, to meet demand and to determine valuation for use in preparation of bi-annual profit or loss reports.

### **5.6.3 Weekly Inventory Tracking**

Weekly inventory counts shall be taken on specific items. Movement will be compared to sales data to ensure designated products have been properly accounted for.

### **5.6.4 Administrative Systems**

To broaden our success probability, we will also incorporate the following in our strategies:

#### **(I) Daily Cash Control**

Sales and receipts recorded on the point of sale (POS) system will be compared to actual cash and credit card deposits daily. Acceptable over or short amounts will be limited to R50 per day. Discrepancies greater than P100 will prompt the management to conduct an immediate audit to account for the difference. Monthly totals will be compared to the actual profit and loss statement for accuracy. Cash, debit card and credit card sales will be deposited.

#### **(II) Purchasing Record/Payables**

A part time bookkeeper will process and record invoices and credits daily. Reports detailing cash expenditure and accounts payable will be readily available.

### **(III) Payroll Processing**

Payroll cheques will be issued every last day of the month. Management will run reports from the time and attendance system, make necessary adjustments, and prepare for transfer to the payroll system.

## 6 MARKETING & SALES STRATEGY, & IMPLEMENTATION

Tissue paper is an essential consumable product; there is currently a huge increase in demand within South Africa as more areas are provided with essential services including running water, and waterborne sewerage systems. Tissue paper's construction is suited to sewerage systems and does not clog up the system like newspaper and other alternatives.

Goldenwalks is positioned as a tissue paper manufacturer to meet the needs of the African market with the South African market being the primary focus. We shall ensure provision of high-quality tissue products, prepared with quality raw materials but maintaining reasonable prices. Currently we will operate in Polokwane, Limpopo. Polokwane and Limpopo as whole currently have insufficient tissue paper manufacturing factories, therefore, Goldenwalks will have an opportunity to tap into the gap, as many companies and institutions are ordering tissue papers from neighboring provinces.

We intend to engage in wholesale distribution to retail stores that will cater to the following groups of people:

- Households
- Hospitals
- Malls
- Business places
- Prisons
- Government institutions
- Educational institutions
- Spas and beauty salons
- Sports men and women
- Hotels and club houses
- Religious houses
- Restaurants
- Every person not listed

Our main marketing goal involves reaching our target customer's needs while limiting our business expenses. Goldenwalks will follow the industry marketing trend but will however have additional trends, like a website with our products, picture of our shop, map, contact details and driving directions. The website will also contain the company philosophy, [history](#), and news. We will make use of social media platforms such as, but not limited to Facebook, [Twitter](#), and YouTube. We shall offer loyalty rewards.

Other marketing tools to be used [to](#) attract more customers and retain the current customer base are:

1. Google search optimisation (Goldenwalks is to be search-engine optimised to be the first hit when one Google-searches tissue paper manufacturers in Limpopo).
2. Branding of company vehicles and staff uniform
3. Advertisement in the local newspapers
4. Brochures
5. Flyers
6. Business cards
7. Direct Mail

Below is an explanation of some of the above marketing strategies:

### **(I) Brochures**

Our brochure will offer a visual reminder of our business and customers can take our brochure home. The brochure will have colourful pictures of our services and content of each service, presented in an engaging format. We will include informative graphs and charts, for example maps, to our business office. We will also feature our promotions and coupons on the brochure.

## **(II) Fliers**

Though it is an old-fashioned way to advertise, flyers still bring great marketing results due to their ability to:

(a) To meet the human desire to have something in their hands they can feel, touch and save for future reference.

(b) It gives you distribution control; that is your area of distribution, the time of distribution and your target individual. This will help in targeting potential customers.

Fliers will offer a cost-effective marketing solution for reaching our target customers as we will avoid mass distribution, but distribute flyers in a more personal way, which will help our potential customers to put value in the flyer.

We will add colourful images to attract attention and appeal to the mind. We will also make the flyers appear like a personally written letter to the mind of the recipient.

### **Key elements to our flyer**

**(a) Good headline** – we will briefly explain who we are and how we are going to benefit our customers

**(b) Clean layout** – we will make our flyer eye-appealing, catchy, and easy to understand

**(c) Description of our service** – we will use a bullet point format coupled with estimated prices

**(d) Contain incentive programs** – to lure customers, we will include some incentive coupons or offer a discount on the flyer

**(f) Contain contact information** – we will include all our contact platforms to make it easy for clients to access us

### **(III) Social Media**

#### **(a) Facebook Page**

We will frequently update our account by ensuring we post quality and engaging information once a week to make our customers feel like they know our business and relate to our business. This account will also give our customers the chance to learn about our business and respond to our team.

We will promote our page through the following illustrative but not an exhaustive [list](#), our emails, other social media platforms, flyers and brochures. We will also make use of Facebook ads. We will strive to provide responses to any questions posted on our Facebook page.

#### **(b) WhatsApp**

WhatsApp creates the opportunity to communicate through four basic [ways](#): messaging, pictures, audios and videos. We will create a WhatsApp business account, which will be used for digital marketing, for example, sending electronic flyers, brochures, and posters just to mention a few.

We will use one-on-one chat, group chat and broadcast chat.

### **IV Business Cards**

We will hand out business cards regularly to increase our business exposure. We will distribute them to our customers when they visit the store and to all potential customers we meet. The business cards will provide our location and hours of operation.

We will design our business card as a marketing tool with the following features or concepts:

**(a)** At least two testimonials at the [back since](#) potential customers prefer to hear thoughts of previous customers about the product.

(b) create a multi-functional business card that can be used as a note pad, memory pad, sticker, [bookmark](#), or key holder. This will help in creating more interaction with the card thereby creating a memory of the business.

(c) To create familiarity with our business, we will put our directors faces on our business card.

(d) Our business card will have a link to our website and all our social media platforms

(e) Some of our business cards will include our support to environmental conservation, for example, going green, use of biodegradable material, our support for the fight against global warming and climate change

(f) Include some fun facts on the business cards that will amuse the clients

(g) We will make our business card a special offer, or promotional tool, where we will have a section to put a signature every time a customer brings business to us and will offer free services on the tenth visit. The free service, however, should not exceed 50% of the business the client brings.

(h) We will make business cards of great quality to avoid a situation where they end up in the dust bin

## **(V) Direct Mail**

Bulk mailing either directly to potential customers or by including a postcard in a value-pack-type mailing will be implemented. The design will include all the important information about Goldenwalks, that is, our product range, prices, place of operation and a locator map.

## **(VI) Website Plan**

Our website will contain gift card offers and promotions, our web visitors will have to print the promotion tickets and claim them when they visit the shop. This will keep up interaction between us and our customers.

### **(a) Website Strategy**

We leverage the web visits for none-competitors in our target area by forming alliances to put links on each other's website.

### **(b) Development Requirements**

The front-end strategy of our website should be parallel with our corporate colour and theme in order to serve our audience to achieve our goals.

## **6.1 SWOT Analysis**

Having a SWOT analysis is very important as this would help us know what our chances of succeeding in this market are and how well we can improve on our weaknesses while eliminating totally or reducing threats to a minimum. In carrying out a thorough SWOT analysis, we took time in doing local research.

The aim of the SWOT has also helped us determine if this is a viable business to pursue. We are glad to realize that our strengths and opportunities outweigh the threats posed to our business. We will continuously work on our weaknesses, and we have already tested the market and it gave a positive response.

Below is the SWOT analysis carried out by Goldenwalks:

### **6.1.1 Strengths**

- Exceptional, dedicated, committed and passionate staff willing to go an extra mile in making the company a success. This is due to the hand-selection by staff, we will strive to offer unsurpassed service when compared to our larger competitors.
- Continued cloud research through open client communication.
- Continued employee development through trainings
- Continued service and product improvement through client involvement and suggestion boxes.

- Cutting edge technologies and machineries deployed to produce tissue paper faster.
- Excellent customer service that is dedicated to ensuring that customers' complaints are promptly taken care of without excessive delays.
- We also have a Chief Executive Office who does not only believe in having passionate employees in the right positions, but also has a robust and vast experience in the field that would ensure that Goldenwalks operates effectively and efficiently.

### **6.1.2 Weaknesses**

- Access to machinery and equipment is not easy due to high prices.
- The tissue production industry in South Africa already has well established players who can do all they can to protect their market share. However, we shall not allow this deter us as we have strategies in place to ensure we become a competitive market player.

### **6.1.3 Opportunities**

- There are few tissue paper producers in Limpopo.
- There are however several opportunities which stem from the fact that tissue paper is used daily.

### **6.1.4 Threats**

- The stiff competition from well-established market giants.
- Change does not come easy for many people, and therefore, convincing people that our product is good and best, may prove challenging.
- Building and maintaining sales volumes
- Government mandates (tissue paper manufacturing operation, food safety, workers protection, sanitation, health, safety and fire)

## 6.2 Market Trends

Tissue manufacturing companies must sometimes come up with strategies that would differentiate them from their competitors. This can be in the production of high-premium tissues, and colored tissues as well.

Another survival and competitive strategy are ensuring production of a wide range of products including hygienic products, scented paper towels and scented wrapping tissue meeting the needs of health-conscious customers. Goldenwalks will create avenues for our customers to be aware of our new products.



## 6.3 Strategy Pyramid

**Strategy:** Be the leading tissue paper manufacturer in Africa in customer satisfaction.

**Tactics:** We will ensure that there is clear awareness of Goldenwalks. We will intensify our advertising to broaden our market base. We will make sure that our signage on the front is visible and captivating, to lure customers into the factory. We will acknowledge customers with the warmest and most sincere welcome to instil in them a sense of belonging and motivate their return and referrals.

**Programs:** We shall provide employee training on customer service and retention and offer on-going training programs for employees, keeping them updated on current industry trends and food safety. We will also keep track of employees' progress through performance reviews and offer employees incentives for attracting and retaining customers. Employ the use of surveys amongst our clients and online.

## 6.4 Unique Selling Proposition

We will keep our products reasonably priced by:

- (1) always ordering from the cheapest qualified suppliers
- (2) meticulously monitoring our controllable expenses to cost cut

## 6.5 Competitive Edge

We believe that the success of every organisation rests on the quality of its human resources amongst other things, therefore, our competitive edge is in our people. We believe, your business is not only as good as your products, but the quality of your staff as well. Our leanness gives us the advantage to be proactive in meeting economic challenges, unlike our corporate competitors, who must adhere to their company policies, thus impeding their reaction time.

Another part of our competitive advantage is to ensure that we take our products to the local community and shops as well to create awareness. We are planning to transport our product to small villages and sell them on open markets at promotional prices.

Lastly, we would ensure that our pricing policies are not only favorable to our customers, but also to us as well. This would be done by critically evaluating the right price that would be fair to us as well as our numerous clients.

## 6.6 Marketing Strategy & Positioning

This refers to different ways in which different market segments will be pulled to the business. The success of every manufacturer is in doing far more than just offering great products and providing friendly services. Goldenwalks will therefore utilize a marketing plan to build customer traffic. Market research marks the first step in an effective marketing strategy; therefore, we will be more proactive than reactive in our marketing approach and stay current with popular industry trends. Various methods will be utilised to come up with the information necessary for Goldenwalks' survival and profitability. Different mediums will be used to channel suggestions and complains to help Goldenwalks to become fully aware of its reputation. The customers may highlight their complaints pertaining to quality, quantity or poor customer services, and other possible solutions or suggestions of how best to combat the problems. Goldenwalks will ensure continuous monitoring and evaluation of the enterprise to identify gaps, barriers and customer needs.

The research process will also help the business to be innovative and come up with new product ideas and services through product development. Therefore, after identifying customer interest, the business can come up with new products or develop their current products to meet customer preferences and increase its market share. The risk management section will also depend on the research to assess and curb risks faced by the organization.

The following will be utilized to achieve the above goals:

**Database:** We will create, keep and continually update our customer database.

**Affordability of our products and services:** In these harsh economic conditions, customers tend to favour providers of cheaper products and services on the market. Therefore, Goldenwalks will implement cost-reduction methods, at the same time maintaining high-quality services, thereby creating favourable prices for customers. This will be done through, amongst others, the bulk-purchase of raw materials to benefit from economies of scale like discounts.

For Goldenwalks to gain competitive advantage in the market, it should adopt the market penetration pricing policy (charging lower prices than competitors and

increasing the prices as customers gain confidence in our products) to make sure that it will not eliminate some of the customers through charging higher prices than those of competitors in the market. However, to maintain its market share, the products should be both cheap and of good quality.

**Quality of service:** Goldenwalks will source the best quality raw materials amongst available suppliers on all the range of products and services it offers. We will ensure that whatever we order is of better quality than competitors. We also use the best quality machinery and equipment, ensuring the best quality services to our clients. Thorough research will be carried out on an on-going basis, to identify customer needs and preferences. This is to ensure products meet customer requirements and expectations. This will give Goldenwalks a competitive advantage in the market through customer needs satisfaction, thereby allowing it to sustain its survival in the market.

**Corporate Governance:** We will contribute to corporate social responsibility by participating in our community by, but not limited to the [following](#): donating to and sponsoring the homeless, orphans, sports clubs, or teams in our market.

## 6.7 Pricing Strategy

Pricing strategy will encompass how the business is going to come up with prices for its products. The main objective of Goldenwalks is to have a large market share and maximise its profits. Penetration pricing strategy will be used; thus, the firm will start by charging low prices, and as it gains market share, it will increase its prices accordingly. However, it will maintain its prices lower than competitors to increase competitiveness.

The company will use the mark-up pricing policy and will use the following formula for its pricing:

**Selling price** = Input cost + Expense Incurred + Projected mark-up not exceeding 60%.

Goldenwalks will consider other factors when determining the price to be charged, and they include:

1. Competitors prices
2. The image of the company
3. Profit expectations
4. Legal factors
5. Supply (price of raw materials) and demand
6. Environmental factors
7. Costs of inputs (operating expenditure)
8. The type of product and service

The following questions will provide guidance to pricing:

- Is the pricing strategy set to increase or maximise profits?
- Is it to increase market share?
- Or is it to increase sales volume?

The following figures are from our competitors:

1-Ply Brands	Rolls per pack	Sheets per roll	Total price	Price per roll	Price per sheet	Price of 500 sheets
Twinsaver	1	500	R6.99	R6.99	0.014	R6.99
Lefofa	4	350	R17.99	R4.50	0.013	R6.43
Twinsaver	4	500	R23.99	R6.00	0.012	R6.01
PnP	4	500	R23.99	R6.00	0.012	R6.01
Checkers House Brand	1	500	R5.49	R5.49	0.011	R5.49
No Name	10	500	R30.39	R3.04	0.006	R3.04
Tirebrand	10	500	R29.99	R3.00	0.006	R3.00

2-Ply Brands	Rolls per pack	Sheets per roll	Total price	Price per roll	Price per sheet	Price of 500 sheets
Baby Soft Luxury Shea Butter	9	200	R58.99	R6.55	0.033	R16.39
Baby Soft Luxury Aloe Vera	9	200	R54.45	R6.05	0.030	R15.93
Choppies	4	250	R24.99	R6.25	0.025	R12.50
Baby Soft	1	350	R8.49	R8.49	0.024	R12.12
Baby soft White	4	350	R31.99	R8.00	0.023	R11.43
Correll Royal	9	350	R46.99	R5.22	0.015	R7.46
Ritebrand	9	350	R46.95	R5.22	0.015	R7.45
Correll Royal	18	350	R91.99	R5.11	0.015	R7.30
Spar Brand	18	350	R89.99	R5.00	0.014	R7.14
Chimes	9	350	R41.95	R4.66	0.013	R6.66

## 6.8 Marketing programs

- We will meticulously keep our database current and up-to-date and use it to communicate our specials and other important information.

## 6.9 Sales Strategy

It is our desire to provide wonderful products combined with superior customer service compared to our competitors. To attain this, we will create training programs that will teach our employees about service attitudes, customer perception and how to handle

complaints. Management will regularly have meetings to create strategies to curb complains, thereby meeting customer satisfaction.

The company will enter contracts of sale to constantly supply intermediaries to give the business a sense of livelihood and a reason to continue operating. Bulk purchasing by contract customers will attract discounts and retains customer loyalty. The aim here is to improve the business approach to selling and combat the problem of on and off sales which the business incurs when the customers' buying pattern is erratic, thereby maintaining consistent sales.

## **6.10 Sales Forecast**

We are expecting our sales to increase by 20% per year over the next three years, as we implement the stated strategies.

## **6.11 Positioning Statement**

Our major focus in marketing during the introduction stage will be to create customer awareness in the local community. Our tactics, programs and resources will be directed towards the goal of explaining who we are and why we exist to the surrounding community. We will price our products reasonably, maintain high standards and execute the concept, so that the word-of-mouth will be our main marketing force.

## **6.12 Strategic Alliance**

To benefit from quality supplies and reasonable prices from suppliers, Goldenwalks will build long term relationships with suppliers of raw materials (business bonding).

### 6.12.1 Suppliers

The process of manufacturing tissue paper consists of the following raw materials:

- Paper (parent or Jumbo rolls):
- Packaging (plastic bags, in various pack sizes):

There are numerous paper mills in South Africa that can supply for our current needs.

Below are some of the paper millings:

- Nampak corrugated paper Rossley
- On the Dot
- Sappi
- Mpact
- South African Paper mills
- Hygienic tissue mill
- Sphnx Trading

All bags are sourced from plastic bag manufacturing factory in KZN(Kwazulu-Natal) called Jay Labels.

### 6.12.2 Recycling Paper Manufacturing Plan

It is recommended that we should have our own paper milling as part of the plant to ensure consistent quality and for a significant cost saving strategy. Lack of funds is currently withholding us from building our own paper manufacturing machine. We therefore present our business plan to you for financial assistance.

### 6.13 Milestone

This section contains the roadmap for implementing, reviewing and revising of this introduction and growth strategy. Management will be responsible for all the three and this will take at least three years.

## 6.14 Company Location & Facilities

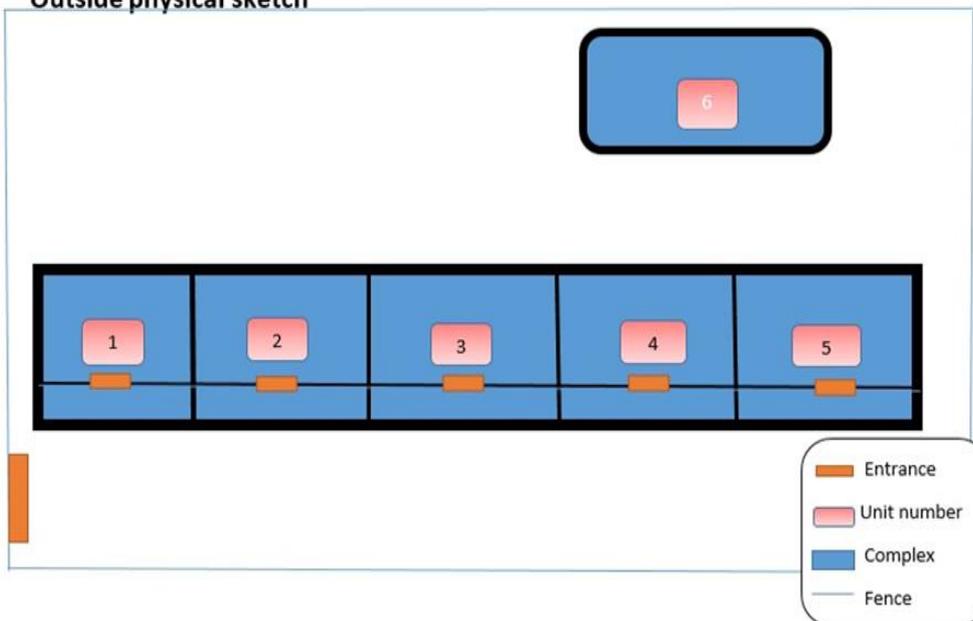
We plan to acquire bigger premises to avoid overcrowding, and start-up on a departmentalization layout. This layout will help reduce queuing and waiting time so that customers will not get exasperated by waiting for long.

Our distribution centres will be located at a central, convenient, and easily accessible place to our clients. We will ensure that we take great care in choosing our location as a bad choice may negatively affect our operations and profitability. Our distribution centres should be located where it can attract different market segments.

### 6.14.1 Location

The business is situated at Habakkuk Industrial Area F07C/13B unit 03 Lebowakgomo, Polokwane along the R537 road to Jane Furse. The factory is in a

#### Outside physical sketch



complex together with other businesses and is unit number three in the complex.

The location is not what we would have preferred, however due to the availability of the machinery, equipment, and the factory space, we had no other choice but to be situated in the current location. Though we have considered other location around Polokwane area, limiting factors could still not allow us our preferred place. The current location is far from target market thus, resulting very high transportation cost.

### 6.14.2 Interior

The facility is an open plan manufacturing area that contains around 380V three phase



electrical supply. It is a suitable size factory for starting out a new small business, and the space would be about 150 to 200 square meters. Adequate door size is available of about 1.8 meters wide and 2 meters high. The advantage with this place is that it is well equipped with necessary machinery that we need to produce tissue papers. This facility contains three essential machines that work together to ensure that we produce tissue paper effectively, the following machines are found in the facility; a 2.2 turbo tissue paper machine, compressor and cutting machine. When the machinery is working properly, it can produce 20 000 to 40 000 units of tissue paper per day.

This unit needs to be renovated to accommodate the material that is ordered per month. The storage place and site office need to be expanded to create additional space for adequate jumbo rolls storage, to produce more products.

We also need to create storage space for our finished products. The facility has more vertical space than horizontal space, and for us to store our jumbo rolls vertically we will require a forklift, so that the jumbo rolls can be stacked on top of each other.

**NB:** The above reflects our current situation which is subject to change due to expansion needs. Therefore, if we expand, we will change location.

#### 6.14.3 Description of Assets and Expenses Required

DESCRIPTION	QUANTITY	UNIT COST	VALUE
Building	1	R961280	R961 280
Vehicles	2	R950 000	R950 000
1xPulp making production line, 1xPaper making production line, 1x 1ton coal boiler ,1x Necessary installation tools 1x Pipe, valve, flange, elbow and fittings		R1 172 360	R1 172 360
1x Semi-automatic toilet paper,1x rewinding machine 1xBand saw paper cutting machine,1x Sealing machine.		R140 000	R140 000
15000 Kva generator	1	R125 000	R125 000
Salaries, Wages & Overheads			R1 051 940
Shipping cost and custom duty			R210 000

Initial Stock			R100 000
Training			R85 000
Consulting Fees			R60 000
<b>TOTAL</b>			<b>R4 855 580</b>

## 6.15 Distribution Strategy

This refers to the way in which the products will get to the customers in presumed quantities and qualities. Goldenwalks distributes its products mainly through intermediaries, that is, wholesalers and supermarkets. They will sometimes sell directly to consumers who can afford a minimum quantity set by management at any given time.

Goldenwalks will purchase at least two delivery vans for local distribution depending on the demand. Export deliveries will be outsourced to a third party and the criteria of selecting it is that they ought to be reliable, convenient, assertive, and having reasonable prices.

## 6.16 Cost Reduction Strategy

Strict financial discipline is a necessity if the organisation is to embark on lower prices in its marketing plan. There should be segregation of business and personal funds. The same should apply for business property and private property; for example, trucks, if any, would be saved from avoidable wear and tear, and since fuel is now costly, it would not be prudent for one to divert routes using the business' fuel, as it will lead to unnecessary costs. Goldenwalks will come up with an efficient logistics management system to monitor its vehicle use.

## 6.17 Credit Policy

These are policies set by the business to offer credit facilities to the customers. We will offer credit to our customers according to their income. Thus, Goldenwalks will give credit to those who earn at least 90% of the cost of the product they want to buy. Goldenwalks will also consider the customers' credit rating when issuing credit. During the introductory stage, an allowance of three months will be given to debtors to settle their amount of credit. It is recommended for Goldenwalks to minimise their debtors' collection with time, to reduce chances of losses and have a fluid working capital cycle. An interest of 10% will be charged to debtors who exceed the agreed period, and they will have to settle their debts at current prices. These credit facilities are therefore beneficial to the business as its stock turnover will be efficient than when capital is tied up in inventories since debtors are more liquid than stock. However, we will emphasise the offering of credit facilities to those with a clean credit record to avoid the risk of bad debts.

## 7 Capital Required & Milestones

Goldenwalks is expected to raise **R4 900 000** of its own capital through borrowed funds. This provides the bulk of the current financing required. The money will be used to cover the cost as per section 7 of this business plan.

## 8 Financial Data & Forecasts

### 8.1 Ratio Analysis

DETAILS	YEAR 1	YEAR 2	YEAR 3	INDUSTRY PROFILE
Sales Growth	<u>0</u>	15.00%	25%	

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<b>PERCENTAGE OF TOTAL ASSETS</b>	<u>100%</u>	<u>100%</u>	<u>100%</u>	
Total Current Assets	<u>51.52%</u>	<u>52.40%</u>	<u>56.89%</u>	
<u>Non-current Long-term</u> Assets	<u>48.48%</u>	<u>47.60%</u>	<u>43.11%</u>	
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Current Liabilities	<u>40.87%</u>	<u>35.21%</u>	<u>40.91%</u>	
Long-term Liabilities	<u>59.13%</u>	<u>64.79%</u>	<u>59.09%</u>	
<b>TOTAL LIABILITIES</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>NET WORTH</b>				
<b>PERCENT OF SALES</b>				
<b>Sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Gross Margin	<u>81.00%</u>	<u>81.00%</u>	<u>81.00%</u>	
<u>Selling, Distribution &amp; Administrative Expenses</u>				
Advertising Expenses	<u>27.13%</u>	<u>9.93%</u>	<u>11.92%</u>	
Profit Before Interest & Taxes	<u>11.97%</u>	<u>32.92%</u>	<u>36.37%</u>	
<b>Main Ratios</b>				

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Current	<u>1.26</u>	<u>1.78</u>	<u>1.81</u>	
Quick	<u>1.22</u>	<u>1.71</u>	<u>1.74</u>	
Total Debt to Assets	<u>1.00</u>	<u>0.84</u>	<u>0.77</u>	
Pre-tax Return on Assets	<u>3.07%</u>	<u>26.14%</u>	<u>35.57%</u>	
<b>ADDITIONAL RATIOS</b>				
Net Profit Margin	<u>-0.57%</u>	<u>16.02%</u>	<u>20.33%</u>	
Return on Equity	<u>48.097%</u>	<u>162%</u>	<u>153%</u>	
<i>Activity Ratios</i>				
<i>Accounts Payable Turnover</i>				
<i>Payment Days</i>				
<i>Total Asset Turnover</i>				
<b>Debt Ratios</b>				
Debt to Net Worth	<u>15.684.49</u>	<u>5.19</u>	<u>3.31</u>	
Current liability to Total Liability	<u>0.69</u>	<u>0.54</u>	<u>0.69</u>	
<b>Liquidity Ratios</b>				
<i>Net Working Capital</i>				
Interest Coverage	<u>1.40</u>	<u>4.71</u>	<u>6.99</u>	
<i>Additional Ratios</i>				
<i>Assets to Sales</i>				

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Current Debt/Total Assets				
Acid-Test				
Sales/Net Worth				
Dividend Pay-out				

## 8.2 General Financial Assumptions

### Income Statement

Details	Assumptions
Cost of goods sold	At least 19% of sales
Annual increase in salaries	3%
Maintenance expenses	0.2% of production
Annual increase in expenses	2-8%
Increase in rentals	10% annually
Average loss on production	10%

### Balance Sheet

Details	Assumption
Accounts receivable	3 months
Inventories	10% of the total cost of goods sold
Accounts payable	1 month
Expenses payable	20% of general expenses

### **8.3 Financial statements**

**See** Attached Excel documents of Financial Statements

## **9 Appendices**

- Support of information provided in previous sections
- CVs of Directors
- Production Plan