

BUSINESS PLAN

FOR

**SHENATS PROCESSING
& PACKAGING (PTY)LTD**

Confidentiality Agreement

Date: January 2019

The undersigned acknowledges that Dr Nankie Ramabu has furnished to the undersigned parties certain proprietary data (confidential information) relating to the business affairs and operations of Shenats Processing & Packaging 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 Dr Nankie Ramabu is confidential, therefore, the investor agrees not to disclose it, and not to disclose that any discussions or contracts with Dr Nankie Ramabu 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 in this agreement, may cause serious harm or damage to Shenats Processing & Packaging 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 Shenats Foods 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

Breakfast is one of the main meals everyone wishes to take every day so that they can nourish their bodies with energy and nutrients required for the day. However, many are finding it hard to create time to make breakfast due to current life demands which keeps them busy. This therefore creates a market for ready-to-serve breakfast cereal which can be instantly prepared and served. Botswana is not spared from these lifestyle changes due to its connection to the global village. In addition to this, Botswana lacks industrialisation, hence, they rely much on imports which sometimes do not meet the local taste and preference. Dr Nankie Ramabu, Ms Sheila Maureen Seretse and Ms Tshepiso Seretse have realized the lucrative gap and opportunity to supply breakfast cereal as their main product accompanied with other food products. Not only do they intent to supply breakfast cereal but they intend to produce it using the Batswana main staple grain (sorghum).

There is an interesting observation made by Dr Nankie, Ms Sheila, and Ms Tshepiso. They noticed that players in the production of sorghum breakfast cereal are very few, small and have a small range of products. This reduces direct competition and only leaves much of the competition being against substitute products. Through these opportunities, Shenats Processing & Packaging here after referred to as Shenats Foods was born as Dr Nankie Ramabu's, Ms Sheila Seretse's and Ms Tshepiso Seretse's initiative.

Shenats Foods plans to supply the best quality breakfast cereal and other food products at reasonable and/or competitive prices to the people of Botswana and Africa as a whole. We plan to be the leading supplier of breakfast cereal and other food products in Africa. Why food production, especially breakfast cereal? Its demand is high especially due to changing lifestyle (busy schedules), as people now desire quality easy-to-prepare food. With the continuous increase in prices of food products, we plan to be an alternative, providing high quality cheap breakfast cereals. 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. Shenats Foods is committed and dedicated to creativity and innovation, thus they will ensure they always have an efficient and effective research and development department.

Since most of the products are imported from South Africa, the continuous increase in fuel price, fluctuating exchange rate, and the increase in other import duty costs, has caused inflationary pressure on the consumer income, thus affecting the consumers' buying behaviour. Shenats Foods will consider these factors in its pricing. Shenats Foods benefit from Botswana's subsidised fuel thus their production and distribution costs are minimized giving them an advantage to charge lower prices than their competitors

1.1 Purpose of the Business Plan

The purpose of this business plan is to obtain start-up funding for a food processing and packaging company in Botswana in a fast-growing village of Palapye, located between Gaborone and Francistown. 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 **P362 000** per month and **P4 344 000** for the year, in the first year, **P5 079 780** in the second year and **P9 076 500** in the third year. Using a conservative estimate, my business will break even months after receiving financial assistance. Profits are expected to be approximately loss (**P410 557**) in year 1, loss (**P110 396**) in year 2 and **P2 039 755** in year 3. We do not anticipate any cashflow problems as most of our products are sold on a cash basis.

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1.2 Start-up summary

The start-up financing will come from borrowed funds. Shenats Foods is seeking financial assistance to the value of **P1 000 000** from the government and private sector grant for women in business. The providers of grants are Women and Gender Affairs, and Companies Intellectual Property Authority (CIPA). This provides the bulk of the current financing required.

START-UP FUNDING

DETAILS	AMOUNT (P)
Start-up Assets to Fund	198 000
Start-up Expenses to Fund	802 000
Total Funding Required	1 000 000

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

2 BUSINESS DESCRIPTION

Shenats Foods will be operating a food processing and packaging business in Central Botswana in Palapye village, which is central to its target market as it is located between Gaborone and Francistown. It has a good transport network which includes both road and rail. The goal is to ensure high quality products, excellent services and competitive prices.

2.1 Mission

Our main goal is to be the most successful food processing and packaging business in Africa and its surroundings, serving high quality products at great value, and adding value to all stakeholders, ensuring favourable returns to all stakeholders.

To be the leading and most successful food processing and packaging business in Africa biased towards sorghum breakfast cereal.

2.2 Vision

To be the leading, most efficient, profitable and competitive provider of great quality food products and services in the entire Botswana and beyond.

2.3 Objectives

Shenats Foods has the following objectives:

- To provide our clients with high quality unique products and services at competitive prices while maintaining high profitability. To meet every customer's needs effectively, efficiently, and uniquely by ensuring that our products meet or surpass our customer expectations, at every stage of our operations.

- To keep food in good condition and/or maintain the food quality until it is consumed (Create health and safe ways to extend the shelf life for the food).
- Create employment in our communities thereby improving the standard of living.
- To create a distinct and memorable brand.
- To support and develop skills in communities we operate and encourage self-reliance.
- To hold a leading or significant market share in the Botswana food processing and packaging industry by the end of 2020
- **Foster performance excellence:** Generate and increase revenue from year to year by 15% from December 2019.
- **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

Shenats foods:

- Emphasise the two key values in the food processing and packaging business that is brand and image: We will ensure that we captivate customers on their first visit/contact to return, and ensure that when they think of food products, they think Shenats Foods, speak Shenats Foods, 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.
- Provide excellent customer service and maintain the excellent services amidst other competitors.
- 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.
- Sell products of the highest quality as well as keeping our customers happy with all our product categories.
- 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 healthy products 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 nonnegotiables.

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 during the introductory stage, will depend on the founder, to cut personnel cost, as they are willing to work for low salaries during times of low returns. Shenats Foods has no intention to add overhead until it is necessary, meaning that the start-up staff must work extra whenever necessary.

3.1 Legal Structure

Shenats Packaging and Processing is private business registered under the Companies Act of Botswana. The business has not been in operation since registration since we are still working on pre-launch activities.

Shenats Foods will ensure that it attains patent rights over all its products, 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 distinguish them from competitors.

The following trademark will be used: "Convenience – Reliability – Efficiency – Unbeatable prices". This will benefit the business as it serves as an identifying function, provides a guaranteed 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

Shenats foods 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. It will comply with the Income Tax Act, the Value Added Tax Act, and all other necessary legislation.

Shenats Foods will comply with the quality assurance processes and certification by the Botswana Bureau of Standards (BOBS). Shenats Foods will further comply with the SADC codex since BOBS standards are lagging behind (they use ISO 9000 instead of the current ISO 22 000).

The BOBS licence will require a P4 000 payment per annum. The process includes an audit that takes place after six months of operations, developing a manual, reviewing the manual, and the issuing of a licence. An audit is carried out twice every year from henceforth.

3.3 Founders

Shenats Foods is the brain child of Ms Sheila Maureen Seretse, Dr Nankie M. Ramabu and Ms Tshepiso Seretse, who are hardworking, passionate and have a drive towards entrepreneurship. Dr Nankie M Ramabu is a holder of a PhD in Health and Community Studies with an excellent nutrition background, nutrition policy-making experience, just to mention a few. Her 15-year experience in the Botswana health care industry combined with her vast experience in researching, ensuring international and regional food production and distribution legal compliance, marketing and market creation skills while working for Nestle Foods, has granted her necessary skills for this type of business operation.

Tshepiso has experience in catering business which gave her exceptional food marketing and cooking experience for large events. She also gained innovative skills through her role in developing new food recipes and designing menus.

Sheila has incredible experience in sales through her exposure to insurance policy sales. She holds a certificate in Labour Proficiency-Long-term Business. Sheila's sales skills are greatly essential to the success of Shenats Foods. The combined experience of the three co-founders complements each other building a unique, efficient and effective team. With this blended experience Shenats Foods is guaranteed success and investors should not hesitate to channel their money into these safe hands.

3.4 Percentage of Ownership

Shenats foods currently has three shareholders i.e., Ms Sheila Maureen Seretse (30%), Dr Nankie M Ramabu (40%) and Ms Tshepiso Seretse (30%), thus, Shenats Foods is a 100% black, women-owned business. This contributes highly to women empowerment and gender sensitivity, the global theme for the day.

3.5 Management Team

The management of Shenats Foods 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.

During the introduction stage, 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. Dr Nankie is the CEO, and Marketing and Strategic Planning director of Shenats Foods. The experience she gained working as a marketing personnel at Nestle Botswana has invested her with crucial skills and experience for these roles at Shenats Foods.

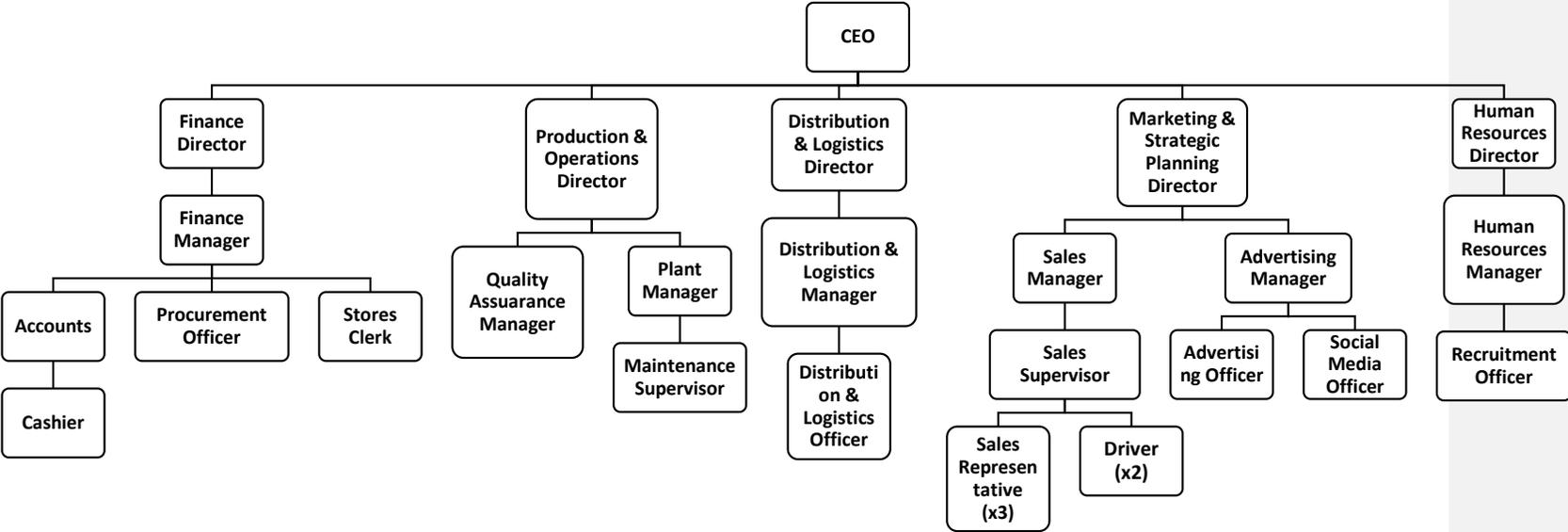
Tshepiso Seretse is the Production and Operations Director.

Sheila will hold the position of Distribution and Logistic Director

3.6 Management Team Gap

Due to lack of resources during the launch and introduction stage, the organisation will maintain the three co-founders as managers, and 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 **3.7**. The organisation chart is subject to adjustment to suit changes in the environment to keep up with competition.

3.7 Organisational Chart



Shenats Foods 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) and human resources (HR) services. The organisation will have a total of approximately fifteen (15) employees including its management during the introduction stage. The numbers will increase at each stage of growth with a minimum of approximately thirty (30) 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:

Introductory Stage

- Managers
- Production staff
- Distribution staff
- Sales staff
- Marketing
- Finance and Accounting
- Driver
- Cleaner

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

3.8 Middle Managers

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

3.8.1 Marketing Manager

The position has to be filled by someone with any one of the following: a degree in Marketing Management, Business Management with a marketing major or any other diploma or professional qualification in marketing. Shenats Foods 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 and their role includes research and development, market segmentation, advertising and promotion and analysis of the market.

3.8.2 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 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 is any potential 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.

3.8.3 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 i.e., 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.

3.8.4 Production Manager

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

3.9 Personnel Plan

Our personnel at introductory stage includes three (3) managers, nine (9).

3.9.1 Compensation Package/Reward System

Compensation refers to a certain package that one is entitled to match what they have offered in exchange. The reward for Shenats Foods will vary depending on each individual responsibility in the organisation. Employees are to be paid based on their qualifications, experience, and contribution to the organisation, that is to say 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 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
Managers	P15 000	P25 641	P38 462
Marketing	P10 000	P17 094	P25 641
Receptionist	P8 000	P13 675	P20 513
Drivers	P6 000	P10 257	P15 385
TOTAL	P39 000	P66 667	P100 000

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.**

3.9.2 Finding the Right Human Resource

The success of every organization is highly dependent on its human resources. The human resource manager for Shenats Foods will be responsible for the recruitment and selection based on the objectives of the organisation. Shenats Foods 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
- Advertise on our website and on our social platforms.

3.9.3 Consultant

National Food Research Technology Centre is the main stakeholder who are ready to support Shenats Foods from product development to setting up the plant and they will also assist in test marketing. Shenats Foods should consider engaging a consultant during the introductory stage for at least a year who will play a role in monitoring its operation and offering advisory services.

4 PRODUCT/ SERVICE OFFERED

Due to hectic, busy, and health-conscious lifestyles, the demand for breakfast cereal is growing globally, including in Botswana. Most of the cereal in Botswana is imported from other countries especially South Africa, and Shenats Foods wants to produce cereal locally with the intention to meet the local market customer requirements, including their taste and flavours, according to their taste buds. Producing locally will help us on cutting some of the costs including transportation thereby giving Shenats Foods a pricing competitive advantage.

4.1 Daily Operations and Production

Shenats Foods operates six days in a week for eight hours a day from 08:00 to 17:00, from Monday to Friday. On Saturday operations will be from 09:00 to 15:00 giving a total of six hours. Due to increased demand, shift work may be required, 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.

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 sufficient 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

Our products are designed to meet all classes of people and their diverse needs. We mainly focus on breakfast cereal. During launch, we will introduce three products which are currently at prototype stage, vis-a-vis breakfast cereal bar, breakfast cereal biscuit and tang. Our products are made from [sorghum](#), and they are a substitute of wheat to those who are allergic to wheat.

4.2.1 Features of the Current Products

Cereals

- **Breakfast cereal bar**- it caters for those who are watching their calorie intake.
- **Breakfast cereal biscuit** - is [like Weetabix](#) therefore it is a substitute of [Weetabix](#).
- **Ting** - is cultured cereal popularly used for sour porridge. This product is finalised and ready for production in November 2019. The production will be done by NFTRC until Shenats Foods could afford a manufacturing plant.
- **Bottled water**- is mineral drinking water. This is ready for commercialisation in December 2019

NB: All these products are formulated by NFTRC, but it is not on the market yet. NFTRC advised us to buy the product and produce it. A deposit has been paid for the finalisation of the three products.

4.3 Future Products

[To](#) boost competitiveness, Shenats has future plans to provide the following products:

Cereal

- Flapjacks

- Sorghum flakes
- All bran flakes
- Whole grain sorghum flakes

Other Products

- Dry Beans
- Sorghum Meal & packaging
- Phaleche
- Organic Fertilizer
- Homemade Lemonade
- Margarine

As Shenatsts Foods expands its operations, more products will be introduced to increase competitiveness.

4.4 Manufacturing

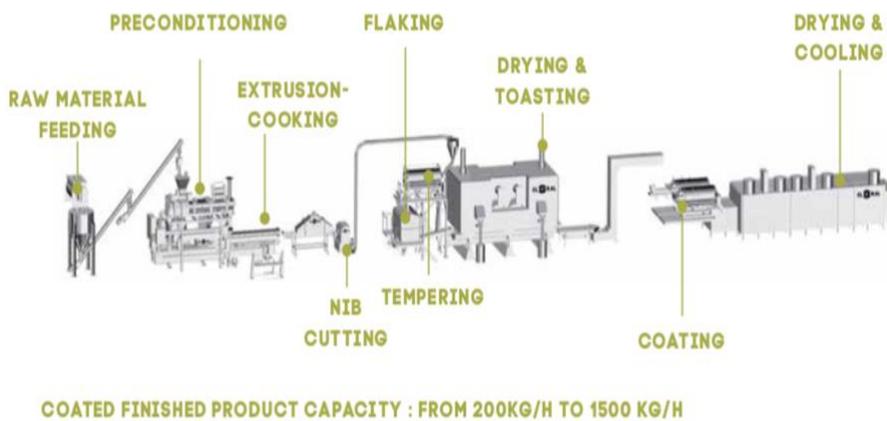
4.4.1 Machinery & Equipment

We manufacture diverse types of products. All the machines are made by stainless steel. New breakfast cereal production processing machinery adopts corn, rice, wheat, oat, barley, sorghum just to mention a few as ingredients to make cereal.

Model	Installed power	Real power	Output	Dimension
ZH65	81.5kw	53kw	120-150kg/h	21000x1200x2200mm
ZH70	115kw	76kw	200-240kg/h	23000x1500x2200mm

4.4.2 Manufacturing procedure

Flow chart: Mixing system----Extrusion system----Drying system----Flavouring system----Packing system.



Through friction of screw and barrel, the grains are cooked in the extruder. Forming is at the die face cutter. The product shape is determined by a combination of the die aperture, including ball, tube, stick, ring, fruit loop, star, wheel and flower.

5 MARKET/INDUSTRY ANALYSIS

5.1 Target Market

- Our target market is residents of Botswana and its surrounding African countries, which include South Africa, Namibia, [Zambia](#), and Zimbabwe. Botswana constitutes a population of approximately 2,367,580 and is estimated to grow to 2,374,636 (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 km² (115 people per mi²).
- The total land area is 29,648,481 km² (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 first year's target production shown below we anticipate our year sales to be as follows:

5.2.1 Botswana Market

Product	Quantity	Unit Cost	Total
Breakfast cereal bar	36 000	P32	P1 152 000
Breakfast cereal biscuit	60 000	P30	P1 800 000
Ting	24 000	P35	P840 000
TOTAL			P3 792 000

Total forecasted sales are therefore **P3 792 000**

5.3 Competitive Comparison

5.3.1 Local Competition

(a) Botswana Area

We have Bolux which produces Bokomo (wheat cereal) as our competitor, but they produce wheat products. This gives Shenats Foods an advantage as they produce substitute products from sorghum.

(b) Export Market

We will be competing with the industrial giants of multinational corporations. The major players are General Mills, Nestle, Cereal Partners Worldwide, TreeHouse Foods, Quaker, Post, Bolux and Kellogg's.

5.4 MARKETING ANALYSIS

The main drivers of the demand for cereal products are the demographics and health considerations, particularly, the attitude of busy families and working professionals towards the first meal of the day. 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 health products by manufacturing products which emphasize organic and health products. The continuous increase in changes in consumer preferences has caused cereal products in Africa to benefit from increased variety in terms of flavoured and special cereal including health cereal. Manufacturers are moving from producing traditional cereal to adding health products and products that meet the changing consumer preference and taste.

5.4.1 Industry Analysis

During the 1800s porridge was food for the poor until the introduction of breakfast cereal by John Harvey Kellogg which led to the increased popularity of cereal. As populations in different localities around the world started to lead fast lives around the seventies, they opted for easy to cook and more convenient food products. The global market is segmented into North America, Europe, Asia Pacific, and the rest of the world.

World Bank collection of development indicators in 2016 reported that the production of cereal was 44,787 tons. The companies in this industry produce cereals that must be cooked before eating and ready-to-eat packaged cereal. Their cereal which requires cooking before serving includes oatmeal and farina. The industry is dominated mainly by US companies such as General Mills, Quaker, Post, TreeHouse Food and Kellogg's. There is also Cereal Partners Worldwide, a joint venture between General Mills and Nestle (Switzerland), and The Jordan's & Ryvita Company (UK) as major players. The South African major players are Tiger Brands, Pioneer Foods and Kellogg's South Africa.

The industry's major product is ready-to-eat cereal. The famous breakfast cereals being made from corn flakes, wheat, oats, mixed grains and puffed rice. Other products include instant hot cereal, rolled oats, [farina](#), and instant cereals. For survival in this competitive industry companies further diversify their product lines by introducing new cereal bars, snack mixes, toaster pastries.

The cereal industrial sector is operating under challenging market conditions due to continuous raising input costs, weaker consumer demand due to lack of disposable income. Drought and recent introduction of regulations that aim to limit the salt and sugar amount used in breakfast cereal, as well as the use of genetically modified raw materials have toughened the operational conditions for cereal manufactures. The industry however seems to be growing as companies tend to react to the health awareness by introducing new products to remain competitive.

There is a move towards catering for the health conscious as this market is growing at a fast speed and neglecting this may cost the business as Batswana and the whole of Africans are becoming nutritionally conscious and literate.

African consumers are also having growing concerns towards the environmental impact of their buying behaviour. The cereal manufacturers must therefore reduce their negative footprint on the environment through the following but not limited to:

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

Due to the above, cereal manufacturers must be open to innovation and evolve to keep up with the market trends. Shenats foods will make it a priority to be innovative to remain competitive.

5.4.1.1 Market Size

Since Botswana imports most of its products, especially from South Africa, data to be used is from the South African market. Botswana Food import bill stands at P6.2

billion, making Shenats stand a chance of sharing in the food industry. The cereal market has an estimated value of R4.3 billion a year, and has three dominant companies, vis-a-vis Tiger Brands, Pioneer [Foods](#), and Kellogg's South Africa. They hold a combined market share of more than 70%.

5.4.1.2 Industry Participants

Pioneer Foods leads the breakfast cereals with its wide brand portfolio that includes Weet-Bix, which leads the family breakfast cereals, and Nature's Source, which leads muesli and granola. Tiger Consumer Brands competes with Pioneer foods in dominating the market followed by Kellogg Co. of South Africa, a global conglomerate.

(a) Local Competitors

Here we look at the local competition within the vicinity of Botswana. There is one cereal manufacturer within Botswana named Bolux, producer of Bokomo.

(b) Other Competitors

Cereal manufacturers mentioned in 5.4.1.2 and others create competition to Shenats as they currently supply cereal to the local area, we are planning to locate our business in. Some of these foreign companies have distribution warehouses in Botswana.

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 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

During the introductory stage the inventory count will be done quarterly to ensure that proper inventory levels are kept, to meet demand and also to determine valuation for use in preparation for quarterly profit and loss statements. Management will conduct an inventory count bi-annually 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/short amounts will be limited to P10 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 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

Shenats Foods is positioned as a cereal manufacturer to meet the needs of the African market with the Botswana market being the primary focus. We shall ensure provision of high-quality cereal products, prepared with quality ingredients but maintaining reasonable prices.

Our main marketing goal involves reaching our target customer's needs while limiting our business expenses. Shenats Foods 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 (Shenats Foods is to be search-engine optimised [to](#) be the first hit when one Google-searches cereal manufacturers in Botswana).
2. Branding of company vehicles and staff uniform
3. Advertisement in the local newspapers
4. Brochures
5. Flyers
6. Business cards
7. Direct Mail
8. Breakfast Cereal Café

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 stall 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 Shenats Foods, 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 no 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 to serve our audience to achieve our goals.

(VII) BREAKFAST CEREAL CAFE

Our breakfast cereal café will not only work as income generation business, but it will be a marketing vehicle to make awareness of all our current and upcoming products. We will show case our upcoming products and offer samples for tasting. We will be offering breakfast cereals to those who enjoy or prefer eating out at very competitive prices. The choice for the breakfast cereal café will be based on convenience and easy access.

6.1 SWOT Analysis

6.1.1 Strengths

- Exceptional staff: Due to the hand-selection by staff, we will strive to offer unsurpassed service when compared to our larger competitors.
- Committed and passionate
- Continued cloud research through open client communication.
- Continued employee development through trainings
- Continued service and product improvement through client involvement and suggestion boxes.

6.1.2 Weaknesses

- Access to machinery and equipment is not easy due to high prices.

6.1.3 Opportunities

- There is no known sorghum breakfast cereal producer in Botswana and in Africa.

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 (cereal manufacturing operation, food safety, workers protection, sanitation, health, safety, and fire)

6.2 Strategy Pyramid

Strategy: Be the leading breakfast cereal manufacturer in Africa in customer satisfaction.

Tactics: We will ensure that there is clear awareness of Shenats Foods. 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.

6.3 Unique Selling Proposition

We will keep our products reasonably priced by:

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

6.4 Competitive Edge

We believe that the success of every organisation rest on the quality of its human resource 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.

6.5 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. Shenats Foods 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 Shenats Foods' survival and profitability. Different mediums will be used to channel suggestions and complains to help Shenats Foods 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. Shenats Foods has a great advantage of having Dr Nankie who has exceptional research expertise, her research skills 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, that is, 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 risk 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, Shenats Foods 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 Shenats Foods 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: Shenats Foods 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, tastes and preferences. This is to ensure products meet customer requirements and expectations. This will help Shenats Food to gain 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 and sponsoring to the homeless, orphans, sports clubs, or teams in our market.

6.6 Pricing Strategy

Pricing strategy will encompass how the business is going to come up with prices for its products. The main objective of Shenats foods 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%.

Shenats Foods will consider a number of 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?

6.7 Marketing programs

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

6.8 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 into 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 sporadic, thereby maintaining consistent sales.

6.9 Sales Forecast

We are expecting our sales to increase by 15% per year over the next three years, as we implement the stated strategies.

6.10 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.

6.11 Strategic Alliance

So as to benefit from quality supplies and reasonable prices from suppliers, Shenats Foods will build long term relationships with suppliers of raw materials (business bonding).

6.12 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.

6.13 Company Location & Facilities

Our head office will be in Palapye due to its convenience for distribution purposes. 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 the choice of 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 Distribution Strategy

This refers to the way in which the products will get to the customers in presumed quantities and qualities. Shenats Foods 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.

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

6.15 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. Shenats will come up with an efficient logistic management system to monitor its vehicle use.

6.16 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, Shenats Foods will give credit to those who earn at least 90% of the cost of the product they want to buy. Shenats Foods 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 Shenats Foods to minimise their debtors' collection with time, to reduce chances for 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 clean credit record to avoid the risk of bad debts.

7 FACILITIES & RESOURCES

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.

7.1 Description of Assets and Expenses Required

DESCRIPTION	QUANTITY	UNIT COST	VALUE
Van	1	P60 000	P60 000
Honda Fit	2	P44 000	P88 000
Rent			P15000
Salaries	6 months		P234 000
Advertising			P297 000
TOTAL			P1 000 000

Machines/equipment required. Raw materials required, and suppliers involved, staffing plan

8 Capital Required & Milestones

Shenats Foods is expected to raise **P1 000 000** 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.

9 Financial Data & Forecasts

9.1 Breakeven/Sensitivity Analysis

Shenats Foods will use break-even analysis based on the average of first year figures for total sales by units, and by operating expenses. These are presented as per unit

cost, per unit revenue and fixed costs. These conservative assumptions make for a more accurate estimate of real risk. Shenats should break-even by the month of its operation as it steadily increases its sales.

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DIAGRAM

BREAK-EVEN ANALYSIS

DETAILS	
Monthly Break-even (Units)	<u>13 162 units</u>
Monthly Break-even (Revenue)	<u>R417 893.50</u>

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ASSUMPTION

DETAILS	
Average Per-Unit Revenue	<u>P31.75</u>
Average Per-Unit Variable Cost	<u>P5.96</u>
Estimated Monthly Fixed Cost	<u>P339 454.83</u>

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9.2. Ratio Analysis

DETAILS	YEAR 1	YEAR 2	YEAR 3
Sales Growth	<u>0</u>	<u>16.93%</u>	<u>78.68%</u>
Total Current Assets	<u>92.69%</u>	<u>94.02%</u>	<u>94.63%</u>
Long-term Assets	<u>7.31%</u>	<u>5.98%</u>	<u>5.37%</u>

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Assets to Sales	62.34%	65.18%	40.61%
Current Debt/Total Assets	98.52%	98.79%	65.85%

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9.4 General Financial Assumptions

Income Statement

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

9.5 Financial statements

See Attached Excel documents of Financial Statements

10 Appendices

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