



Hotel business plan

Business management (Technical University of Kenya)



Scan to open on Studocu

BUSINESS PLAN

TITLE:MOMBASA DISHES HOTEL

P.O BOX : 304 FUNYULA

PRESENTER : PATRICIA HAODA KADSIMA

ADM: 6027

INDEX NUMBER.

CENTER : BUMBE TTI.

COURSE : DSWCD

SERIES : JANUARY

SUPERVISOR : MR NEWTON

**PRESENTED TO : KENYA NATIONAL EXAMINATION
COUNCIL IN PARTIAL FULFILMENT FOR AWARD
OF DIPLOMA IN SOCIAL WORK COMMUNITY
DEVELOPMENT.**

DECLARATION

I hereby declare that my business plan is my original work that has not been represented for the award of degree, diploma or certificate to any institution.

NAME:.....

INDEX NO.....

SIGNATURE..... DATE.....

SUPERVISOR NAME: **MR. NEWTON**

SIGNATURE.....

DATE.....

ACKNOWLEDGEMENT

I wish to acknowledge the following people who assisted me in ensuring that the business plan was successfully done. First thanking my lecturer, where he tried very hard and put a lot of effort and valuable time to guide me. And finally I am also very much thankful to my friends and my parents who have helped me during my preparation of my business plan.

DEDICATION

I dedicate my dissertation work to my husband ,family and friends. A special feeling of gratitude to my loving parents for their moral support.

CHAPTER ONE

1.0. EXECUTIVE SUMMARY

1.1. BUSINESS DESCRIPTION

The MOMBASA DISHES hotel is a sole proprietorship form of business It will be located Bukiri along Funyula Port road near Petrol Station. It will be dealing with accommodation, food and beverages. The reason for coming up with the hotel is because it's a source of income and creates job opportunities.

1.2. MARKET PLAN

The MOMBASA DISHES hotel will cater for individual, organized groups and functions from within the locality and neighboring towns, we will market our hotel through media and other promotional programs for example exhibitions. The main competitors include Barikiwa hotel and Keg hotel. To deal with competitors we are going to offer discount and offer our product at an affordable prices which they are not doing.

1.3. MANAGEMENT AND ORGANIZATION PLAN

As partners we are going to be actively involved in the management of the hotel. To be effectively and efficiency satisfy the needs of our customers we will employ other qualified personnel like chief chefs. We are going to recruit them through advertising using posters, television and newspapers.

We will also have remuneration policies for the employees for the good working which will include: Job security where employees are assured a job security once taken permanently this will reduce harassment of employees and unnecessary sacking without any serious reason. Overtime payment where additional hours will be compensated highly and paid immediately after work. Finally, we will be offering tea and lunch in expense of the company.

1.4.PRODUCTION AND OPERATING PLAN

There are various equipment which will be required for the production and operating of the business examples; beddings, mattresses, utensils, cleaning equipment, refrigerator, oven, wardrobe, towels, computers staff registers and receipts books. We will have ten rooms, among eight (8) doubles and two (2) triplex, a restaurant, a bar, conference room and a reception. The receptionist will be the first person to attend the customers, if the receptionist is attending to another person, the customer or guest will be shown where to sit in the waiting bay as he/she wait to be attended. The kitchen will be on the left where all meals will be prepared. The laundry room will be next to the kitchen, this room will be the perfect place where all linen will be washed and ironed. In the upstairs will find the rooms for resting.

1.5. FINANCE PLAN

The business required Ksh 1,993,000 as a startup capital. The main sources of this capital will be as follows:

- Bank loan Ksh 1,693,000
- Personal savings Ksh 300,000

2.0. BUSINESS DESCRIPTION

The MOMBASA DISHES Hotel will be a sole proprietorship form of business. This will enable me to run it effectively.

2.1. BUSINESS NAME AND LOGO



The name of the business will be MOMBASA DISHES Hotel. We have chosen this name because it's very unique and easy to pronounce by everybody. It is a great place to stay in and a great place to enjoy and relax. We came up with this logo because that's what we will be offering in our hotel.

2.3. BUSINESS LOCATION AND ADDRESS

The MOMBASA DISHES hotel is a sole proprietorship form of business It will be located Bukiri along Funyula Port road near Petrol Station. It will be dealing with accommodation, food and beverages. The reason for coming up with the hotel is because it's a source of income and creates job opportunities.

The address will be,

Mombasa dishes hotel,

P.o box 231-50406

Funyula

Patricakadsima1997@gmail.com

2.4. THE FORM OF BUSINESS PLAN

The Mombasa dishes hotel will be a sole proprietorship form business. The reason why I come up with this business is because no competition availability of ready market for our business and willing partners with a lot of experience.

2.4.1 Advantage of sole proprietorship

- *Easy to form*
- *Has few legal requirements*
- *The business has high level of confidentiality*
- *One enjoys profit alone*

2.4.2 Disadvantages of sole proprietorship

- Owner suffer losses alone
- Poor decision making can make business loss
- Long irregular working hours

2.5 TYPE OF BUSINESS

My business will be a startup business. Its major activities will be, to offer quality food and services, transport and comfortable and affordable prices to all customers.

2.6 PRODUCT AND SERVICES

The main product and services my Mombasa dishes Hotel intends to offer includes: hotel accommodation, food and beverage, entertainment in 24 hours, conference and meetings facilities, outside catering. We will also provide private meeting rooms and shopping arcade, we will also include sporting activities alike golfing, windsurfing, scuba diving and catamaran that other hotels are still trying to bring out. For dinner our guest will be joined by our culture dancers.

We will be preparing delicious and nutritious food which will meet the standard of all our customers including our tourist. Our prices will be reasonable to all customers. Customers oriented will be either of recreation tourism, incentives tours, and conference tours. Their prices will range from 150,000/= per month with a respect to their occupation 70% profit to the business.

2.7. JUSTIFICATION OF OPPORTUNITY

Mombasa dishes Hotel is justified through its fine and quality services. We believe our business will be successful due to this and all the offers we intend to offer. Being an upcoming business around there is a high growth rate and population demand for the commodities that the business intends to offer. Therefore, the services will be in great demand. The manager from Japan has also agreed to send us some of their employees to come and

help us in our start up business and also agreed to post us some travel agents and tour operators who will market our business through television, pamphlets, internet and also billboard worldwide.

2.8. INDUSTRY

The business is under hospitality because of high demand from the overgrowing population in the urban areas, the industry need to expand and open up more opportunities to offer services so as to meet the demand of people. Due to this high population we decided to venture and invest this industry as it has a promising future. It will offer its services for twenty-four hours to ensure large scale is being achieved every day and creating broader job opportunities and we will try to identify our competitor's strength and weakness.

2.9 GOALS OF BUSINESS OBJECTIVE

2.9.1. Goals

The goals of our business is to satisfy the needs of the community at large and welcome the tourists into our world peace and beauty to discover the Magical African in our hotel, find the combining rich history of Kenya's culture, nature and delicious African food and beverage.

2.9.2. Long term Goals

- To make aggressive marketing through world life advertising.
- Develop good reputation, worldwide as one of the best resort and offering the best needs effectively and efficiently.
- Gain self-actualization, the partners should be able to stay a comfortable and self-sufficient life.

2.9.3. Short term Goals

- Attracting more customers by giving goals and objective discounts to regularly customers.
- Creating more job opportunities in order to improve the living standards in town.
- Expansion of business and opening new branches in the town and buying more equipment to cater for more profit.
- To be at a point of offering attachments chances to students undertaking catering.

2.10. ENTRY AND GROWTH STRATEGY

Before starting any type of business it is important to check and study the stability of the already existing business related to your proposed one. In our case we have looked into the weakness and the strength of the business efficiency similar product and services like the three stairs hotel, this will enable us to venture into the business world with enough knowledge to curb stiff competition we experience in order to attract and maintain customers.

2.10.1 Entry Strategies

- Hand bills, these are small papers with information about the business to be published.
- Posters will be typed and decorated so that it can be attract more customers.
- At the starting point we were going to start with low pricing of the sales and by doing more customers will be attracted.

2.10.2 Growth Strategies

- The business will have good packaging so as to give customers the highest sanitation.
- We will offer free samples.
- Good customer relation will be the best to ensure advocates in our business.

CHAPTER TWO

2.0.MARKETING PLAN

In duration of three years Bondo Soap Industry will have realized a state turnover of Kenya shillings 16,200,000 million and above after carefully considering the factors that will enable us moving wisely when marketing products.

2.1 CUSTOMERS

Our customers will be from any groups of people in-terms of gender, age and religion. Since the product we will be dealing with are convenient to all forms of people. It will range from rich to the poor, young to the old and all tribes to reduce unfair treatment of people.

2.1.1. Institutions Customers

Most of our targeted customers will be youths who will be meeting for their groups meetings, church members preparing for their weddings and pre-weddings, women's who will be meeting for their groups, and even elder people from Bhades clan who usually held their meetings.

Other customers will be from institutions like secondary schools, primary schools, churches and hospitals. These institutions will have the advantages of board rooms for their organized tours hence need parked field which the hotel will offer for available and affordable prices. We will use indirect selling method in our hotel and there will be no credit facilities in our hotel to avoid credit we will need cash in our hotel. Hospitals will be preparing highly qualified food which should be such special to all with required nutrition for the patients.

2.2 MARKET SHARES

Pamsite Resort Hotel will sell product as we said to all customers. There is high number of this type of business. In our company we estimate 200,000/= to be the total sale in a month. These are other customers, selling similar product in the market include Three Stairs, Riverbank hotel, Meru Safari Hotel, Simba Wells and Pamsite Resort Hotel.

2.2.1 Sales

Keg.

Vvvv.

Mombasa dishes

Barikiwa

2.3 COMPETITION

Without competition there would be no challenges to improve products, services and ourselves. Therefore competition is very important to each and every business to be successful.

			Three stairs	Safari hotel	Pamsite hotel	
Assets			900,000	1m	800,000	
Sales			85,000.00	95,000.00	75,000. 00	
Market share			33.0%	35.8%	31.2%	
Profit			150,000.00	130,000.00	110,000.0 0	

Location of our business is the major leading to success in our business, cleanliness and also quality of services customers' satisfaction. Some of our competitors are offering products in small quantities and low quality which become unsatisfying to customers we will close that gap by offering large quantities and of high quality to satisfying our customer.

Their strength is that there are 150 comfortable rooms with tasteful colours schemes whereby every room is beautifully furnished. Weaknesses are that unfaithful to customers, expensive therefore not convenient for all people apart from the rich, very tribalistic when it comes to employing staff. We will take that advantage of being convenient to all people without discrimination.

2.4 METHOD OF PROMOTION AND ADVERTISEMENT

We will be showing persuasive information about our product to remind the customers that our product are still existing in the business by the use of media

- **Television adverts**

This will be accompanied by pictures, samples, product and the business name to create more awareness to all people

- **Radio station media**

The radio media station will touch all the stations .This is because the largest percentage of the public access to radio and thus it will be more effective for the customers both the poor and rich.

- **Posters and circulars**

This will involve small leaflets written and mounted along highway corners; road and all institutions block. This will help them to know the specific location of the business and what it deals with.

- **Painting Business**

We will paint our business name pamsite resort hotel entailing the mission statement good and services. This will attract more customers from all ends. The cost of painting will be 30000 and to know effectiveness of it is by increasing of customers and calls from other different people asking for services.

2.4.1 Promotion

We will usually done promotion to motivate and maintain the customers to assure them the business is providing quality products the business will conduct annual public action of calendars will contain the buildings. Its locality and services offered the cost of promotion will be 35000.

2.5 PRICING STRATEGY

We will come up with penetration calculation method to come up with selling price.

Factors that will influence our pricing strategy

- **State of technology**

Affect the productivity of our output per person and also affect the cost structure it will be our duty to know the flexibility of one's equipment so as to be able to work effectively

- **Cost of raw materials**

Output production will be majority be considered to avoid loss of income

- **State of economy**

The price must be put accordingly to the state of economy in the country. Credit buyers will be charged a small percentage to their price s but will also get cash discount to encourage prompt payment of debt since some of our competitors already market for their product so fair competition, we will set our commodity price very close to their price in order to gain business idea in price. The influence of the customers' expectations and willingness. It will be very important in our pricing decision. Our actual price and services will be accordingly to the quality and quantity of the type of food you want. We will put menu board to show all type of food and their prices

ACTUAL PRICE

ITEM	COST
Chicken 1kg	1,500
Kienyeji	800
Chips	500
Tea	250
Milk	300
Pizza	1,800
WalMlima	500
Ugali	400
Matoke	600
Tangu fish	800
Octopus	1800

- **After sales service**

After sales service transportation cost will be the hotel issue, where our company vehicles will be transporting customers in different destination.

2.6 SELLING TACTICSS

In our company we will use person selling method that is direct selling for the satisfaction of their need to ensure easy access of customers and by doing so we will capture large number of customers .We will be paying our workers in monthly period and by doing that, we will motivate them to work hard towards their work.

2.7 DISTRIBUTION STRATEGY

For the orders received from different customers our company motor van would be required on hire basis to transport the product and service to the required destination ,thus our van will only be put into use when needed arises .Therefore because the services offered will be purchased by the customers themselves from the Mombasa dishes hotel, thus distribution doesn't prove to be major problem as regarding our firm.

CHAPTER THREE

3.0 ORGANISATION AND MANAGEMENT PLAN

Mombasa dishes hotel has opted to have management organization to easy smoothly run of business duties where we will have a general manager

3.1 MANAGEMENT TEAM

The management team will be composed of the General Manager, the supervisor and food and beverage manager. The qualifications and duties of the management team can be summarized as follows:

3.1.1 GENERAL MANAGER

General Manager of Mombasa dishes hotel will be Peter musings 26 years old having attained masters in hospitality and tourism management from Nairobi University. With relevant working experience in many hospitality enterprise like Royal hotel in Meru.

Qualification

- Should have a minimum of A- in K.C.S.E
- A holder of a C.P.A certificate
- Prior working experience in a hotel industry for 4 years
- Forecasting
- Computer literate
- Good public relation and communication skills

Duties

- Will be formation of rules ,regulation and polices governing Pamsite Hotel
- Selecting qualified employee

- Responsible for the recruitment of the employee
- Responsible for managing the growth of business

3.1.2 SUPERVISOR

Qualifications

- KCSE Mean grade C+
- Working experience in Hotel Industry for 2 years
- Good communication skills
- Computer literate
- Forecasting

Duties

- Giving instructions to employees who report to him or who are under him.
- To make sure that good hygiene has been maintained i.e. clean sanitation, smart and clean employees.
- To ensure there is safety and security for both workers and guest in the restaurant.
- Duty to scheduling the staff.

3.1.3 FOOD AND BEVERAGE MANAGER

Qualifications

- KCSE Mean grade C
- Good communication skills
- Goals oriented
- Two and half year (2½) working experience in the related job.

Duties

- Maintaining efficient catering services within the hotel.
- Responsible for attending any staff meetings arranged by General Manager.
- Responsible for hygiene and safety standards in food and beverage department.

- Maintaining effective control of raw materials.

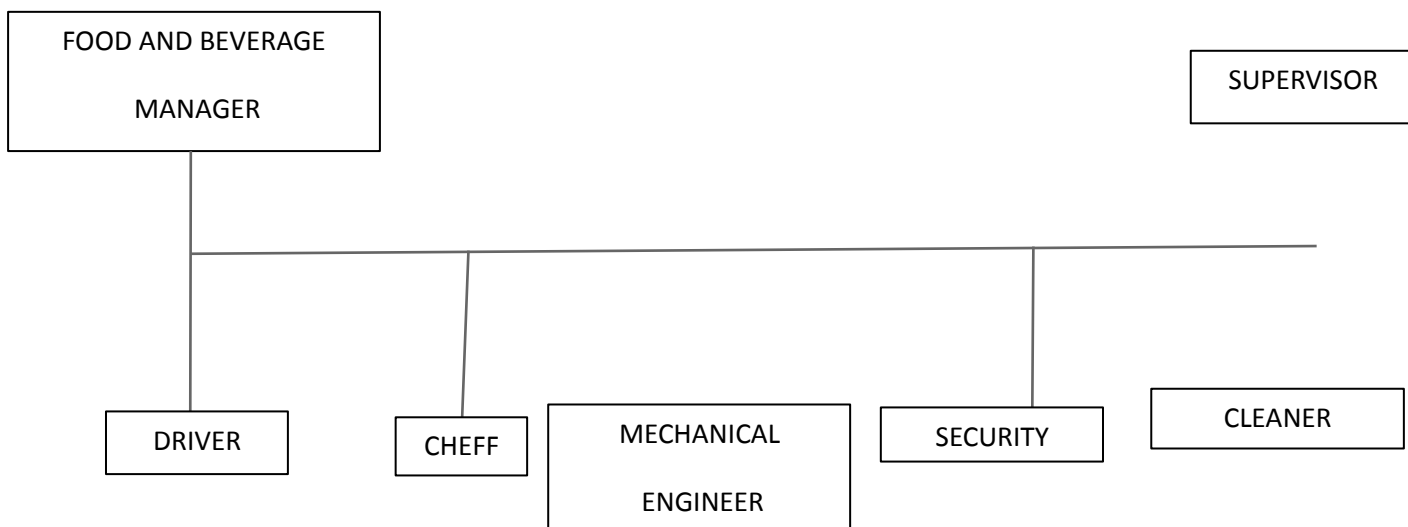
3.2 OTHERS

Position	NO.	Qualification	Duties
ACCOUNTANT	3	<ul style="list-style-type: none"> • KCSE mean grade B+ • A holder of CPA. • 3 years' experience in relevant position. • Computers literate in M.s excel, book keeping. • Good communication 	<ul style="list-style-type: none"> • Preparing financial business statements. • Counter checking money received and daily receipts. • Will be solely responsible for receiving money. • Preparing balance sheet and business ledgers
CHEFS	1	<ul style="list-style-type: none"> • KCSE mean grade C+ • Kenyan citizen aged 25-30 years • Diploma in food production • Self-driven in a good conduct and disciplined. • Knowledge of using advanced kitchen technology equipment 	<ul style="list-style-type: none"> • Responsible for training the cooks in various tasks • Be in charge of general production of food items.
MAINTANANCE ENGINEER	1	<ul style="list-style-type: none"> • Diploma in mechanical engineering preferable from Kenya polytechnic University College. • 4 years working experience. • Always punctual. 	<ul style="list-style-type: none"> • Will deal with repair and mechanical breakdowns of machines, furniture within the organization
DRIVERS	5	<ul style="list-style-type: none"> • Driving License. • 2 years working experience. 	<ul style="list-style-type: none"> • Receiving and transporting our product • Transporting our customers

WATCHMEN	2	<ul style="list-style-type: none"> • KCSE mean grade C-. • 2 years working experience. • Certificate of criminology. • Certificate of Good conduct. • Physical and mentally fit. 	<ul style="list-style-type: none"> • Maintain security within the organization and guarding customers • Protecting the properties from robbers within business enterprise.
CLEANERS	3	<ul style="list-style-type: none"> • KCSE mean grade C. • Diploma in environmental science. • Fluent in English and Kiswahili. 	<ul style="list-style-type: none"> • Ensuring cleanliness is maintained within the compound • Planting and maintaining flower garden within the hotel environment.

GENERAL MANAGER

ORGANIZATION STRUCTURE



3.3 RECRUITMENT, TRAINING AND PROMOTION

4.3.1 Recruitment

The general manager of the business will be responsible for the recruitment of his workers. This will be done through advertising using posters, newspapers and televisions. Through the advertisement the applicants will be able to know their qualifications, working experience which will also be required, the deadline and where to take the application forms when they apply for the job. The date of the interview will be communicated to the qualified applicants through their cell phone numbers. The interview will be conducted within the business enterprises in two ways.

- **Written method-** whereby the interviewees will be given written questions to answer.
- **Oral interview-** this is whereby interviewees will be asked questions by the interviewers. After everything the new employees will be introduced into the new business environment so as to familiarize them.

3.3.2 Training

The employees are expected to be well trained and qualified. The owner of the business will further train its entire staff within the business to familiarize his workers with their duties. Experienced personnel will be invited in the business at all times to give educative advice on how to conduct the business effectively, this will include experienced chefs from other hotels and well established hotels.

3.3.3. Promotion

The owner of the business will be promoting her employees annually depending on some factors for example academic knowledge, higher academic standards will be promoted especially those who have gone through masters will stand at a better chance. Also how one performs his/ her duties will determine his/her promotion. Workers who perform their duties and task in various sections leading to greater output of the business and more profit will stand a chance of being promoted. Responsible employees who prove to be responsible so as to meet objective of the business will also be promoted, that is someone who perform his/her duty without supervision and also extend the working hours.

3.4 REMUNERATION AND INCENTIVES

3.4.1 Remuneration

By understanding workers and make them feel part of the business; we will have some policies of generosity which include; uniforms, bonuses, annually and parties.

- **Annually parties**

Having parties will make the employees to feel free to each other. This will make the employees to talk about their problems without fearing thus important points to build up the enterprise will be gotten.

- **Bonuses**

Bonuses will be given to workers in case of high sales meaning more income or profit due to his/her work outcome.

- **Uniforms**

All workers will be given a pair of uniform according to his or her job.

MONTHLY PAYMENT

Job Title	NO.	Monthly Pay	Allowance	Total	Annual Pay
General Manager	1	20,000.00	11,000.00	31,000.00	372,000.00
Accountant	3	18,000.00	8,000.00	26,000.00	312,000.00
Supervisor	1	15,000.00	4,000.00	19,000.00	228,000.00
Food and beverage manager	1	14,000.00	8,000.00	22,000.00	264,000.00
Chefs	2	10,000.00	3,000.00	13,000.00	156,000.00
Maintenance Engineer	1	15,000.00	5,000.00	20,000.00	240,000.00
Drivers	5	10,000.00	5,000.00	15,000.00	180,000.00
Watchmen	2	9,000.00	7,000.00	16,000.00	192,000.00
Cleaners	3	8,000.00	2,000.00	10,000.00	120,000.00
Cooks		14,000.00	4,050.00	18,050.00	216,600.00
TOTAL IN KSHS			57,050.00	190,050.00	2,280,600.00

3.4.2 Incentives

The business will give overtime allowances to employees who sacrifice their time for the sake of the hotel

3.5 LICENSE, PERMITS AND BY-LAWS

3.5.1 License

It will be needed to secure trade licenses for registrations. The business will have to register its name with the register of names

- VAT regulation certificate from Kenya Revenue Authority.
- Trade Licenses from Local Authority Council
- Trade certificate for Trade Department

3.5.2 Permits

An operation permit for the business will be obtained from Bunsia county Council for Kenya Shillings 9000/=

3.5.3 By-Laws

This will be based on the factors and other places of work which ensure that the business offers good working conditions for its employees. It will also caters for employees personal security, it will also guard them against accidents and it will cost 12000/=

3.6 SUPPORT SERVICES

Mombasa dishes hotel will require some services and supportive from various field who will advise us for smooth maintaining and operating its daily activities.

3.6.1 Banking Services

We will use Co-operative bank of Kenya, this will offer banking and financing aids to the business, this will be done through Busia branch.

3.6.2 Insurance services

Will ensure our safety in cases of fire outbreak, accident within the company or robbery and also life insurance cover.

3.6.3 Typing services

For typing service Mombasa dishes will use computer and typing services which is situated within the locality

CHAPTER FOUR

4.0. PRODUCTION AND OPERATION PLAN

There are various equipment and production facilities that will be required for the production and operation of the business.

4.1 PRODUCTION FACILITIES AND CAPACITIES

Item	Quantity	Cost per unit	Total	Capacity
High chair	4	2,000.00	8,000.00	
High table	4	2,000.00	8,000.00	
Mattress	9	24,000.00	216,000.00	
Blankets	12	1,000.00	12,000.00	
Beds	7	5,000.00	42,000.00	
Computer	8	20,000.00	160,000.00	
Store	1	8,000.00	8,000.00	
Television	4	15,000.00	60,000.00	
Towels	20	900.00	18,000.00	
Kitchen table	3	3,200.00	9,600.00	
Dining table	4	3,200.00	12,800.00	
Lamp shade	12	1,000.00	12,000.00	
Office	3	10,000.00	30,000.00	
Pickup	2	100,000.00	200,000.00	
Bedside table	5	1,000.00	5,000.00	
Refrigerators	2	30,000.00	60,000.00	
Deep fryers	2	15,000.00	30,000.00	
Barquejiko	1	2,000.00	2,000.00	

Oven	3	22,000.00	66,000.00	
Sufuria	30	700.00	21,000.00	
Utensils	300	80.00	2,400.00	
Potato peeler	1	10,000.00	10,000.00	
Cleaning equipment	8	600.00	4,800.00	
Staff uniform	20	700	14,000.00	
Cash register	2	2,000.00	4,000.00	
Hot chamber	1	1,500.00	1,500.00	
TOTAL			1,017,100.00	

We will be checking our machines monthly and repairing of machine and equipment will be once per year. By doing that we will ensure proper utilization of resource of machines and equipment will be used with proper care and any misuse will be denied a substantial amount of cover cost. Additional equipment is as follows:

Item	Quantity	Cost per unit	Total
Refrigerators	2	60,000.00	120,000.00
Deep fryers	2	17,000.00	34,000.00
Barquejiko	1	3,000.00	3,000.00
Oven	3	30,000.00	90,000.00
Hot chamber	2	2,000.00	4,000.00
Potato peeler	1	13,000.00	13,000.00
Cooler	1	17,000.00	17,000.00
Cash register	2	2,500.00	5,000.00
Utensils	300	100.00	30,000.00
Sufuria	10	14,000.00	140,000.00
Cutleries	200pcs	15,000.00	3,000,000.00
Staff uniform	10	16,500.00	165,000.00
Cleaning equipment	8	13,000.00	104,000.00
TOTAL			3,725,000.00

5.1.1 FIRM LAYOUT



5.2 PRODUCTION STRATEGY PROCESS

Process	Activity	Person responsible
Raw material acquisition and selection.	Raw materials will be brought to the hotel and selection will be done for the required product	Food and Beverage Manager
Assembly	The chosen material will be assembled after assembling, inspection will be done.	Head Chef
Soldering	Components are placed according to their perishability.	Head Chef
Fault diagnosis	This will be done to ensure protection and efficiency on finished product.	Chef
Working performance	Sorting to reduce the wastage of	Head Chef

	perishability of goods	
Storage methods	This will be done either through the refrigerator.	Chef

Through the employee are expected to be well trained and qualified. We will further train its entire staff with the business to familiarize his workers with the duties. We will use orientation and invitation of more experienced personnel. These are some of raw materials we will require for our business.

Materials	Quantity	Price	Supplier		Months	Amount
Carrots	3 bags	2,500.00			January	40,000.00
Potatoes	3bags	3,000.00			February	45,000.00
Drinks	4crates	2,700.00			March	40,000.00
Onions	1 bag	1,000.00			April	30,000.00
Tomato paste	1 crate	1,200.00			May	30,000.00
Fat	20 kg	1,500.00			June	35,000.00
Milk	1 crate	1,500.00			July	30,000.00
Sugar	20 kg	1,700.00			August	30,000.00
Wheat	3 bundles	3,000.00			September	40,000.00
Cocoa	20 pkts	1,500.00			October	50,000.00
Coffee	20 pkts	1,500.00			November	60,000.00
Tealeaves	20 pkts	1,300.00			December	65,000.00
Octopus	1 haul	2,000.00			TOTAL	455,000.00
Maize	3 bundles	3,000.00				
TOTAL		30,900.00				

5.3 PRODUCTION PROCESS

The following is our process, the guest have to pass through the guards at the gate for security purposes, then to the receptionist who will attend to them as guest, one will be shown where to sit as he/she wait to be attended to. In a waiting bay there is a television to keep the guest entertained. Each waiter will be assigned to their respective table introduce themselves to the customers, and then he/she will take the menu of the guest. The waiter has to go to the kitchen and make an order for what the customers have ordered. Then the waiter shall serve the customer with what he/she has ordered. After the customers are through the waiter will give them their bills which the customers will forward to the counter and clear the bill.

In our organization communication is the main factor which might affect our organization. Communication is very important that can make the management diagnose problem that affect the employee and also can be used to disseminate the company policies. It affects when

something mysterious happen in an organization and the staff keeps it as secret. To curb up with this kind of problem we just try to encourage staff to keep everything in transparency.

5.4 REGULATIONS AFFECTING PRODUCTION PROCES

1. **Liscences and permits from county government.** The business will start running after it has acquired liscence and permits from county government.
2. **Taxes to Kenya revenue authority.** The business will be paying taxes to Kenya revenue authority for it to run smoothly without any interference from KRA staffs.
3. **Public health act.** The business will have a conducive environment in order to facillitate customers and employees perform their effective duties.
4. **Insurance,laws and regulations.** It will be insured for it to be compensated incase of loss of property incase of fire or robbery incidences.

CHAPTER FIVE

6.0 FINANCIAL PLAN

It is very important to maintain financial plan for effective management of a business and hence will depict the track of financial flow of business which will be determining factor in growth of a business.

6.1 PRE-OPERATIONAL COSTS

ITEMS	COSTS
buildings	500,000
Computers	160,000
Advertisement and recruitment	70,000
Machinery, equipment and tools	65,000
Van	200,000

Less current assets	
Bank overdraft	(100,000.00)
Accruals	(300,000.00)
Working capital	3,177,800.00
Financed by:	
Capital	3,00,000.00
Net profit	1,184,800.00
Loans	1,693,000.00
TOTAL	3,177,800.00

6.4. PRO-FORMA INCOME STATEMENT (TRADING, PROFIT AND LOSS ACCOUNT)

ITEM	YEAR 1	YEAR 2	YEAR 3
Sales	14,995,000.00	16,000,000.00	16,000,000.00
Add debtors	19,600.00	20,000.00	20,000.00
Less purchases	3,833,800.00	9,000,000.00	9,000,000.00
Gross profit c/d	6,180,800.00	7,020,000.00	7,020,000.00
Expenses			
Wages and Salaries	1,602,000.00	1,602,000.00	1,602,000.00
Water	243,000.00	244,000.00	244,000.00
Telephone	154,000.00	155,000.00	155,000.00
Electricity	1,500,000.00	1,500,000.00	1,500,000.00
Advertisement	816,000.00	816,000.00	816,000.00
Insurance policy	83,000.00	84,000.00	84,000.00
Business registration	74,000.00	74,000.00	74,000.00
Transport	216,000.00	217,000.00	217,000.00

Repair	284,000.00	270,000.00	270,000.00
Insurance	24,000.00	240,000.00	240,000.00
Total expenses	4,996,000	5,202,000	5,202,000
Net profit	1,184,800	1,818,000	1,818,000

6.5. CASH FLOW PROJECTIONS

6.5.1. CASH FLOW PROJECTIONS FOR 2016

Item	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Loan	1,693,000											
Capital	300,000											
Sale	100,000	150,000	200,000	250,000	300,000	350,000	400,000	450,000	500,000	550,000	600,000	650,000
Debtor	3,000	3,000	3,000	3,000	3,000	3,000	4,000	4,000	4,000	4,000	4,000	4,000
Disc rec	4,000	4,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000
Total	2,100,000	157,000	207,000	257,000	308,000	358,000	409,000	459,000	509,000	560,000	610,000	660,000
Purchase	50,000	60,000	70,000	80,000	90,000	100,000	110,000	120,000	130,000	140,000	150,000	160,000
Salaries	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Creditors	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Advert	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transport	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Water	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Electricity	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Loan rep	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Others	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total	221,500	231,500	241,500	251,500	261,500	271,500	281,500	291,500	301,500	311,500	321,500	331,500
Cash flow	1,878,500	74,500	34,500	5,500	46,500	86,500	127,500	167,500	207,500	248,500	288,500	328,500
Bal b/d		1,878,500	1,804,000	1,769,500	1,775,000	1,821,500	1,908,000	2,035,500	2,203,000	2,410,500	2,659,000	2,947,500
Bal c/d	1,878,500	1,804,000	1,769,500	1,775,000	1,821,500	1,908,000	2,035,500	2,203,000	2,410,500	2,659,000	2,947,500	3,276,000

6.5.2. CASH FLOW PROJECTION FOR 2017

Item	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Bal c/f	3,276,000											
Sale	600,000	640,000	680,000	720,000	760,000	800,000	800,000	800,000	800,000	840,000	840,000	840,000
Debtor	4,000	4,000	4,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Disc rec	6,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000	7,000	7,000	7,000
Total	3,886,000	650,000	690,000	730,000	770,000	811,000	812,000	812,000	812,000	852,000	852,000	852,000
Purchase	160,000	180,000	200,000	220,000	240,000	260,000	280,000	300,000	320,000	340,000	360,000	380,000
Salaries	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Creditors	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Advert	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Transport	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Water	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Electricity	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Loan rep	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Others	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total	344,500	364,500	384,500	404,500	424,500	444,500	464,500	484,500	504,500	524,500	544,500	564,500
Cash flow	3,541,500	285,500	305,500	325,500	345,500	366,500	347,500	327,500	307,500	327,500	307,500	287,500
Bal b/d		3,541,500	3,827,000	4,132,500	4,458,000	4,803,500	5,170,000	5,517,500	5,845,000	6,152,500	6,480,000	6,787,500
Bal c/d	3,541,500	3,827,000	4,132,500	4,458,000	4,803,500	5,170,000	5,517,500	5,845,000	6,152,500	6,480,000	6,787,500	7,075,000

6.5.3 CASH FLOW PROJECTION FOR 2018

Item	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Bal c/f	7,075,000											
Sale	800,000	800,000	800,000	800,000	850,000	850,000	850,000	850,000	900,000	900,000	900,000	900,000
Debtor	6,000	6,000	6,000	6,000	7,000	7,000	7,000	7,000	7,000	8,000	8,000	8,000
Disc rec	7,000	7,000	7,000	7,000	8,000	8,000	8,000	8,000	9,000	9,000	9,000	9,000
Total	7,888,000	813,000	813,000	813,000	865,000	865,000	865,000	865,000	916,000	917,000	917,000	917,000
Purchase	300,000	310,000	320,000	330,000	340,000	350,000	360,000	370,000	380,000	390,000	400,000	410,000
Salaries	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Creditors	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Advert	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Transport	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Water	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Electricity	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Loan rep	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Others	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	5,000
Total	495,000	505,000	515,000	525,000	535,000	545,000	555,000	565,000	575,000	585,000	595,000	604,000
Cash flow	7,393,000	308,000	298,000	288,000	330,000	320,000	310,000	300,000	341,000	332,000	322,000	313,000
Bal b/d		7,393,000	7,701,000	7,999,000	8,287,000	8,617,000	8,937,000	9,247,000	9,547,000	9,888,000	10,220,000	10,542,000
Bal c/d	7,393,000	7,701,000	7,999,000	8,287,000	8,617,000	8,937,000	9,247,000	9,547,000	9,888,000	10,220,000	10,542,000	10,855,000

6.6. BREAK-EVEN ANALYSIS

B.E.P = Fixed cost/Contribution

Contribution = Selling price – Variable cost

$$= \text{Ksh } 500 - \text{Ksh } 166 = 334$$

$$\text{B.E.P} = 2,445,000/334 = 7,320 \text{ Units}$$

6.7. DESIRED FINANCING

Item	Ksh
Pre-operational cost	2,097,100
Fixed asset	2,445,000
Working capital	752,800
Total	3,094,400

6.8. CAPITALIZATION

Item	Ksh
Owner's contribution	300,000
Loan	1,693,000
Total	1,993,000

6.9 PROFITABILITY RATIO

Gross profit ratio = G.P/Sales * 100

$$= 6,180,800.00/14,995,000.00 * 100 = 41\%$$

Net profit ratio = N.P/Sales * 100

$$= 1,184,800/14,995,000.00 * 100 = 7\%$$

Return on equity = N.P/Owner's contribution * 100

$$= 1,184,800/3,177,800 * 100 = 37\%$$