**NAME: MARGARET WANJIKU KIMANI**

**TITLE: MAKI’S GYPSUM AND TILE ENTERPRISE**

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**SUPERVISOR: MADAM EVELYNE**

**EXECUTIVE SUMMARY**

1. **BUSINESS DESCRIPTION**

The entrepreneur’s name is MARGARET WANJIKU KIMANI. The business name is MAKI’S GYPSUM AND TILE ENTERPRISE. The business will start its operation on 10th January 2022. The proposed business will be located opposite Kikuyu market in Kikuyu town, Kiambu County. The business will offer products in the construction industry and transport services for delivery. Maki’s Gypsum and Tile Enterprise will offer products such as tiles and gypsum ceiling materials. The business will brand its packaging materials with the business logo to enhance uniqueness.

1. **MARKETING PLAN**

The business will target both residents of Kikuyu town and non-residents. These will include individual customers who buy products for their own use, commercial customers who buy products for resale and institutional customer who orders and the company delivers. The business market share is approximately 22% in comparison to the existing competitors. This will be a target of 550 customers in the first year of operation and approximately 2000 customers in the third year of operation. Maki’s Gypsum and Tile Enterprise will advertise its products through media and social media accounts of the business such as websites, radio, newspaper and TVs. The business will experience competition from Décor hardware and Diamond indoors and décor. Decor hardware has existed in the market but it has not improved in technology and in selling of new products in the market. Diamond indoors and décor mainly deals with wooden products hence no major concerns to supply the new designs of gypsum ceiling materials in the market. The proposed business is located at the entrance of town and opposite a matatu terminus hence an advantage being accessible before the other competitor’s business. Also branding our packaging materials will be ab added advantage.

1. **ORGANIZATIONAL PLAN**

The business will be managed by the owner of the business who will be in charge of the business. The owner who will be the business manager will engage in employing both skilled and unskilled staff. The business manager will be assisted by a managerial team such ad an account’s clerk, gypsum expert and a tiles expert. The management team will be required to present a certificate of a course related to one’s field of specialty from a recognized institution, experience from a recognized firm and good leadership and communication skills. The business will offer incentives such as transport allowances for financial incentives and annual leaves for non-financial incentives. The proposed business will engage support services such as insurance from AMACO Insurance Agency and legal services to renew the business’s licenses.

1. **OPERATION OR PRODUCTION PLAN**

The business will require equipment, furniture, safety gears and personnel for it to start its operation. The business will be more of operational since no production is happening. The business will offer consultation services to customers on the products they enquire about. After sale services such as transport will be among the services. The government regulations of KEBS will affect the business operation because of packaging materials. Kiambu County government will offer licenses and permits through the Kikuyu District Offices for the business to start its operations. The business will have been registered by 5th of January for its operation to start on the 10th January 2022. The business will experience risks such as breakages of products such as tiles which are a bit fragile. To avoid such risks within the business premises, the tiled storage will be fabricated and the floor will be rough to avoid slipping.

1. **FINANCIAL PLAN**

The business will be entitled to a capital of Ksh 1,000,000. The capital will be shared out to cater for pre-operational costs which amounts to Ksh 344,750. The entrepreneur intends to borrow a Ksh 300,000 loan from KCB Bank which will be paid for a period of 3yrs at a 10% interest per annum. The proposed business will have a 41% gross profit margin and a 5.166% net profit margin as per the year 2022. The break-even level for year 2022 will be Ksh 97,561. The return on equity for the first 3 years will be 45%. The return on investment for the first 3 years will be 34%. The overall assessment of the feasibility of the proposed business is within schedule, cost and performance constraints of the business.

**MAKI GYPSUM AND TILE ENTERPRISE**

**LOCATION: KIKUYU TOWN NEAR THE MATATU TERMINUS**

**Introduction**

I decided to come up with the business idea and location due to the high rate of construction of both residential apartments and business houses. Being located near the matatu terminus therefore it will be accessible.

**Objectives**

* To provide products that are new to the market hence adding aesthetic value to buildings.
* To offer installation services in new and the renovated structures.
* To offer consultation services for the products being offered i.e. gypsum is a new product in the market.

**CHARPTER 1: BUSINESS DESCRIPTION**

* 1. **BUSINESS NAME AND DESCRIPTION**

The name of the business will be MAKI’S GYPSUM AND TILE ENTERPRISE. It is derived from the owners first name and also shows the products that will be offered. The name of the entrepreneur is Margret Wanjiku Kimani. She is a successful KCPE graduate from Tetu Girls Primary School and maintained a mean grade of B plain between the years 2006-2013. She later joined Chinga Girls Secondary School in the year 2014 where she attained her secondary certificate in the year 2017. She has currently undertaking her diploma in Building Technology at Kabete National Polytechnic. She is currently single and 21 years old.

* 1. **BUSINESS LOCATION AND ADDRESS**

The business will be located in Kiambu county at Kikuyu town. It will be along Kikuyu road opposite matatu terminus and next to Kikuyu market.

This is because Kikuyu town is a town that embraces growth and infrastructure at a higher rate. Investors are building up houses for business and even residential purposes. The roads accessing Kikuyu town are of top notch and therefore it will be easy to access the business.

The address of the business will be:-

MAKI’S GYPSUM – TILE ENTERPRISE,

P.O. BOX 54382,

KIKUYU.

<TEL:-> 0791 647 488

0788 348 988

EMAIL: [makigyp@gmail.com](mailto:makigyp@gmail.com)

MAKI’S GYPSUM & TILE ENTERPRISE

KIKUYU MARKET

KCB BANK

KIKUYU MATATU TERMINUS

KIKUYU MP’S OFFICE

KIKUYU ROAD

TO PCEA CHURCH

* 1. **TYPE OF BUSINESS AND OWNERSHIP**

Maki’s Gypsum and Tile Enterprise will be registered under the sole proprietorship form of business ownership. This type of business is owned by one person. This type of ownership will be favorable because the owner will run and be able to supervise the business closely. The owner will take any course of action quickly if needed as there is no one to consult.

The type of business will be a start up as it will begin with new products. There will be new equipment, new management, new premises, new employees and hopefully new clients.

The business will require a starting capital of approximately 1,000,000 ksh. The capital will come from the following sources:-

|  |  |
| --- | --- |
| **Contributor** | K**sh** |
| Savings | 500,000 |
| Loan from KCB | 300,000 |
| Family | 100,000 |
| Friends and well wishers | 100,000 |
| **Total** | **1,000,000** |

* 1. **PRODUCTS AND SERVICES**

Maki’s Gypsum and Tile Enterprise will be dealing with selling and offering installation services of gypsum boards and direct designs of tiles. We will also offer consultation services on the products such as informing our clients on the best of tiles and gypsum to improve the aesthetic value in their structures.

Features of our products:

1. Color - combinations of different colors of tiles because every client has different taste and preferences.

* Advising the clients on the best paint to be applied on the gypsum boards.

1. Texture – rough tiles are the best on surfaces which are oftenly used with water such as kitchen surfaces and floors. Hence we will provide both rough and smooth tiles to cater for different applications.

* Most gypsum boards are smooth to offer surface for painting.

1. Size – the business will offer different sizes of our products i.e. large, small, and medium sized.

Benefits :-

* Offering a variety of items.
* High quality products.
* Warranty and long lasting products.

Unique features of our products will be

* Portraying a unique business logo and on delivery we will be accompanying tiles with cleaning reagents.
  1. **JUSTIFICATION OF OPPORTUNITIES**

1. **Location**

The shop will be located along one of the major roads of kikuyu town. Kikuyu roads joins directly to the eastern by-pass which leads to the major towns of Karen and Wangige and also to the western by-pass to Ruaka. In Wangige there is a major market and availability of residential apartments in kikuyu adds to the advantage.

1. **Large market**

The shop will be located next to kikuyu market in town. This draws quite a large number of people to use the area. It is also opposite to the matatu terminus hence frequency of people boarding and dropping of passengers from busses and matatus.

1. **Good infrastructure**

Kikuyu town adequate supply of water and electricity. Due to the advantage of the by-pass there are good roads leading to the shop.

1. **Competition**

The area has many hardware’s which offer the similar products and services. This tends to offer me a chance to have people to compare with. Specializing in tiles and gypsum will be an advantage since it will narrow down my concern to this two products and offer the best services than a hardware that deals with general products for construction.

* 1. **INDUSTRY**

Maki’s Gypsum and Tiles Enterprise belongs to the construction industry. The business will be of a medium nature because it is a start up. It will embrace the modern technology by uses of computers and printers. This will keep the business at an advanced level by using computers for book-keeping, tracking of stock, advertisements and marketing through the social handles. The business will consist of seven employees who are:

* The manager.
* A cashier.
* Gypsum expert.
* Tile expert.
* Two attendants.
* Two security personnel’s.
* A driver

Some of the seasonal factors that may affect the business include :

1. Shortage of raw materials in the market hence delaying productions in the manufacturing companies and hence the distribution is affected.
2. High cost of transport due to fuel charges arising.

Growth of business will be enhanced by providing the latest designs of our products, consultation and advisory decisions to our clients on the best designs, colors and texture of products to enhance aesthetic value of a structure.

* 1. **BUSINESS GOAL**

Maki’s Gypsum and Tiles Enterprise will be aimed at the best in the construction industry. It will be aiming to achieve the following goals:-

SHORT TERM GOALS

1. *Maximization of profits*

This will be achieved through provision of high quality services to the clients and high quality products. This will increase customer turnover and lead to high sales.

1. *Creation of employment*

The business will offer creation to the residents and graduates in the construction and marketing industry. This is because the business will require a number of people to ensure the customers receive the products and services.

1. *Creation of awareness*

Maki’s enterprise will create awareness about the best quality of products and services to be offered to the clients among its employees. There will be participation in trade fairs and workshop. The customer will also be allowed to interact with the employee freely. Due to the different brands in the gypsum and tiles it is possible that the products are new in the market. This draws more purpose of creating awareness to the clients.

1. *Market share*

Maki’s enterprise will command large market share by providing quality and unique services to its customers as compared to the competitors in the same industry.

1. *Participation in social responsibilities*

The business will offer places for students in industrial attachment so as to increase their knowledge and give them an opportunity for exposure.

LONG TERM GOALS

1. *Expansion*

Maki’s enterprise is aimed at having at having a chain of the same in the major towns such as Wangige and Karen.

1. *Acquire its own premises*

The business is aimed at acquiring its own premises which will reduce on the cost of rent. The expenses will this go down and the business will expand.

1. *To add lighting products*

The lighting products can be installed together with the gypsum. This will create employment to people majoring in electrical field and also internship for students in the same field.

* 1. **ENTRY AND GROWTH STRATEGIES**

These are the ways and means of the business to enter the market and grow.

ENTRY STRATEGY

In order for Maki’s gypsum and tile enterprise to start operations there must be formal communication between the business and the public who are the customers. Therefore the business has laid down the following strategies to ensure the public learn about the new enterprise:-

1. **Advertisement**

The business will be advertised though the media on how they will be offering discounts on the products. This will be mainly through the radios, use of leaflets and billboards which will be in strategic positions like junction of main roads. Will also use social media platforms like Facebook and Twitter through creation of a social media handle of the company. Google maps will also help in locating the business.

1. **Pricing and offers**

Attractive prices will be marked on the products and new sales will be rewarded with offers.

1. **Packaging material**

These will include cartons. The name and logo of the enterprise will be printed on all packaging material. This will be used as an advertising tool everywhere these packaging materials will be used.

GROWTH STRATEGY

Proper management and sales tactics amongst other strategies will enhance growth of Maki’s Gypsum and Tile Enterprise. Some of these will be ;

1. **Employment of competent staff**

This will ensure quality services are offered to the customers to satisfy their needs. The employees will have sufficient skills in the field and also will know how to handle the products and customers professionally.

1. **Free samples and credit facilities**

This samples will include detailed designs on tiles and best texture and best paint to be applied to the gypsum boards.

1. **Customer retention**

We will offer our customers free delivery services for those who will need delivery services within a radius of 3km from town. For long distances we will charge a subsidized fee using of our own vehicle.

1. **Expansion and competitive advantage**

Some of the extra capital will be used to implement acquisition strategy. We can purchase another business in our line of work hence expanding the business operations.

1. **Market penetration**

To attract more clients and customers we will increase our market share by lowering our prices slightly below the existing competitors.

**CHARPTER 2:**

**2.0 MARKETING PLAN**

A potential entrepreneur should determine a market existence for business that is to make profit and satisfy its customers’ needs and expectations. Also to create an ever-growing market demand. To achieve all this objectives, Maki’s Gypsum and Tile Enterprise will be physically and strategically be located in Kikuyu Town. This will help to capture the existing market.

**2.1 CUSTOMERS**

Maki’s gypsum and tile enterprise carried out a market survey in order to access the demand for its market products and services, to know the customers’ characteristics and their needs, to determine the market mix and ways to satisfy them. The survey showed that the enterprise business could sell its products and offer services to the residents and non-residents around Kikuyu town.

The business will target the following customers;

1. *Individual customers*

These are the customers who will purchase the products from the business and later sell them personally, others will purchase the products for the purpose of renovation of their structures while others e.g. contractors will purchase the products for their sites

1. *Institutional customers*

These will mainly target taking tenders from institutions and supplying the products and services.

1. *Domestic customers*

These are customers who will buy the products to change the face of their houses or adding aesthetic value to their homes.

1. *Commercial customers*

They are those customers who will purchase and resell our product a profit. Maki’s gypsum and tile enterprise will come up with discounted prices for the quantity purchased, mode of payment used and the amount of time taken before paying.

**2.2 MARKETING SHARE**

Every competitor has some established customers although there are a large number of who di not have a specific place where they purchase their products. The market seems to be equally distributed except for Decor hardware which have a large market share.

The following table shows the quantified market share for each competitor including Maki’s gypsum and tile enterprise. The population of the potential customers is approximately 2500 people

|  |  |  |
| --- | --- | --- |
| **Name of business** | **No. of customers** | **Percentage net share** |
| Decor hardware | 1200 | 48% |
| Diamond doors and indecor | 750 | 30% |
| Maki’s gypsum & tiles enterprise | 550 | 22% |
| **TOTAL** | **2500** | **100%** |

The market share of Maki’s gypsum and tile enterprise is 22% and is planning to expand the market share for more product profitability. Maki’s gypsum and tile enterprise will put forward strategies which will ensure that the customer considerations are highlighted.

The following pie chart presentation to summarize the whole table.

**2.3 COMPETITION**

Competition is important for a business in order to identify its strength and weaknesses and also adds value for its growth.

The already existing competitors of Maki’s gypsum and tile enterprise are the following

1. DÉCOR HARDWARE

P.O BOX 0010

TEL: 0711443322

KIKUYU

2. DIAMOND DOORS AND INDECOR

P.O, BOX 0010-101

TEL: 0790998999

KIKUYU

|  |  |  |
| --- | --- | --- |
| **Name of the competitor** | **Strengths** | **Weaknesses** |
| Décor hardware | 1. It is well established in the market. 2. Has a greater and well trained work force. | 1. Not keen on development programs 2. High prices to keep up with its status. |
| Diamond doors and indecor | 1. Has good advertising strategies as well as promotions. 2. It is growing at a very high rate in the few years of existence. | 1. Has not been in existence in the town for a long time. 2. Lacks skilled personnel. |

* 1. **METHODS OF PROMOTION AND ADVERTISING**

Maki’s gypsum and tile enterprise will be a start-up business thus the need to promote and advertise its products and services to the customers in the existing market

* + 1. **Advertising**

The business will advertise its products to inform and influence the customer to buy its products and services. This will seek to influence the behavior of potential customers in a manner that will benefit the firm. The following methods will be used;

Local radio stations – this will create awareness of the products of the products:

Kameme FM ksh 20,000 per month

Inooro TV ksh 40,000 per month

Citizen TV ksh 30,000 per month

Pamphlets – the business will produce them to be issued out in the streets by the sales team 1 pamphlet will cost 5 bob so the business will produce 2000 pamphlets totaling to 10,000.

* + 1. **Promotions**

Maki’s gypsum and tiles enterprise will promote the products and services to prepare the ground for future expansion. The following techniques will be used in the promotion process:

1. Trade fairs and exhibition - Maki’s gypsum and tiles enterprise will organize these or take part in them so as to demonstrate and exhibit their products and services.
2. Packing/packaging – Maki’s gypsum and tiles enterprise will print the business logo on all the carton and packaging materials. This will attract its customers by offering attracting packaging bags and cartons which in turn will tell the products story, build confidence and also be economical.
3. Merchandizing aids - Maki’s gypsum and tiles enterprise will offer these services to induce the commercial buyers to purchase goods in large quantities. These services will include training in stores layout and inventory control.
   1. **PRICING STRATEGY**

Pricing strategies provide the framework and consistency needed by the firm to make reasonable and effective pricing decisions. The correctness of any pricing used by Maki’s Gypsum and Tile enterprise will depend on variables such as managerial philosophy, competitive conditions and the firm’s marketing and pricing objectives.

The pricing strategies will include ;

1. Demand oriented pricing strategy.

Under this strategy, Maki’s Gypsum and Tile enterprise will fix prices by adjusting to the market conditions. High price is charged when the demand is intense while low price will be charged when the demand is low.

1. Competition oriented pricing strategy.

Maki’s Gypsum and Tile enterprise will set prices after a careful consideration of the competitive price structure. Deliberate policies will be formulated to sell above or below or generally in line with competition.

1. Government policy.

The government sets prices and standards for a given prices and services to which they are prior to be adhered to by all business.

1. Infrastructure and development.

This will affect the selling price depending on conditions of roads during transport.

PRICE LIST

|  |  |
| --- | --- |
| **Item** | **Price** |
| Gypsum boards  4ft x 8ft x 9mm (drywall) | Ksh 800 |
| Gypsum screws and fasteners;  drywall screws 11 inch x 1000pcs  self-drilling screws 13mm(250pcs) | Ksh 700  Ksh 1200 |
| Gyproc gypsum board 9mm | Ksh 1050 |
| Gypsum cornice 41 inch | Ksh 135 |
| Gypsum filler 25kg | Ksh 1570 |
| Carton of tiles per square meter | Ksh 700 to  Ksh 3500 |

* 1. **SALES STRATEGY**

Maki’s Gypsum and Tile enterprise will use direct, indirect, sakes promotion, part-time salesmanship, discount and credit facilities to sell its products to the available customers within the area of operations

Direct sale tactic. Maki’s Gypsum and Tile enterprise will sell its products to the customers who will be visiting the enterprise. This will be done by the employees.

Indirect sales tactic. This will be done by Maki’s Gypsum and Tile enterprise selling its products to wholesalers and retailers who in turn will sell them to their customers.

Sales promotion tactic. Maki’s Gypsum and Tile enterprise will make its products known to the customers and residents of the town. This maybe done through road shows or even billboards.

Discounts. Maki’s Gypsum and Tile enterprise will offer trade, credit and quantity discounts for customers who will buy lump sum products which in turn will increase total sales.

Credit facilities. Maki’s Gypsum and Tile enterprise will offer these facilities to its most potential and reliable customers so as to encourage them to buy and also to keep close the customer’s link.

* 1. **DISTRIBUTION STRATEGY**

Maki’s Gypsum and Tile enterprise will sub-divide the whole market into small homogeneous markets which will serve and satisfy the customer needs. This will enable the enterprise to serve a distinguished group of people in the market who have unique wants.

1. Psychographic distribution.

Maki’s Gypsum and Tile enterprise will divide the market according to lifestyles, value perception, motives and social class. This will help in establishing in which areas the price can be high and in which areas the prices can be low.

1. Geographic distribution.

Maki’s Gypsum and Tile enterprise will divide the market into different geographical entities. This will be based on the idea that customer’s needs and wants vary geographically mostly when it comes to transport of the products.

1. Direct channel distribution

Through direct distribution the enterprise is able to obtain feedback on the customer’s needs. The method eliminates role of the middlemen there is no cost of commission enhancing profitability of the enterprise.

***Transport funds (expenses)***

The business will use road transport as the main means of transport hence 30,000 Ksh will be used as the fuel cost and 15,000 Ksh for the maintenance of the business’s vehicle.

* + 1. **Means of transport**

Road transport by use of the enterprise vehicle shall be able to transport the products to different places to serve our customers.

Advantages:

1. Availability of the enterprise vehicle will provide door to door services reducing the loading and off-loading expenses on other transport means.
2. Delivering the products without causing delay will market the business positively.
3. Road transport has great advantage over other means of transport for it is flexible in that routes and timing can be adjusted and changed to individual requirements.

Distribution challenges.

Finding and keeping qualified staff, keeping up with customers’ expectations as some expect prices of products to remain constant, remaining competitive while increasing efficiency and striking of fuel prices hence increase in transport funds.

How to solve the anticipated challenges.

The best way to maintain staff to their standards will be by training and giving incentives to the, to remain competitive in the market, the business will develop unique and customized services and pricing e.g. after sale services.

**CHAPTER 3: ORGANIZATIONAL PLAN**

* 1. **ORGANIZATIONAL STRUCTURE**

Accounts clerk

Owner/manager

Gypsum expert

Tiles expert

Driver

Watchmen

Casuals

* 1. **BUSINESS MANAGER AND QUALIFICARTIONS**

The overall manager will have the responsibilities of achieving a set of goals among others. He or she will be a holder of a Diploma course in Building Technology, have knowledge in the construction field and should have at least two years’ experience in the construction industry. The manager will oversee and co-ordinate all the business activities. He or she will ensure proper planning and allocation of resources available for the business. The manager will maintain discipline by making rules and regulations, he or she be recruiting staff, organizing trainings and seminars of the staff. Also receiving business reports from middle level personnel. The business manager’s proposed salary will be 25,000 Ksh per month.

* 1. **PERSONNEL, QUALIFICATIONS AND DUTIES**

|  |  |  |  |
| --- | --- | --- | --- |
| **Job titles** | **Qualifications** | **Duties and responsibilities** | **Proposed salary** |
| Accounts clerks | * Holder of C.P.A 1 from a recognized institution. * At least two years of experience in a well-established business. * Have knowledge in book keeping and record keeping and have knowledge in using the accounting packages in computing. | * Prepare annual reports of the business accounts. * Recording salaries and wages of the employees. * Receiving invoices and preparing payments. * Paying tax liabilities and checking the balances for each day sales | 18,000 |
| Gypsum expert | * At least an advanced certificate on interior designs from a recognized institution. * Good leadership qualities. | * Negotiating with the customers in the price of the services and products. * Carry out market research to access change in patterns. | 16,000 |
| **Job titles** | **Qualifications** | **Duties and responsibilities** | **Proposed salary** |
| Tile expert | * Holder of a Diploma in Building Technology from a recognized institution. * At least one year experience in a construction firm. * Have good communication skills | * Advising the customer on the best designs of products to use. * Will take part in the selling of the products at the enterprise. | 16,000 |
| Driver | * Have basic education and possess a valid driving license. * An experience of at least three years and above in driving. * Should be above 25 years of age | * Will be in charge of the firms vehicle. * Collection of materials from the supplier. * Deliveries that need to be made to the client. | 5,000 |
| Watchmen | * Should be from a recognized security firm. * Possess basic education. * Fluent in both Kiswahili and English. | * To guard the firm when in operation or not. * Check all the security requirements needed. | 4,000 |
| Casuals | * Basic education. * Have good communication skills and be fluent in both English and Kiswahili | * Cleaning of the premise. * Will be answerable to all the heads. * Will assist the senior staff. | 1,500 |

* 1. **RECRUITING, TRAINING AND PROMOTION**
     1. **Recruitment**

This process is aimed at recruiting the best employees for the job. For external recruitment the enterprise will place advertisements for vacant post on newspapers and on the business social handles. The following procedure will be used:

Advertisement. Maki’s Gypsum and Tile enterprise will have to advertise for the jobs in different means so as to be able to recruit qualified staff. Such adverts will be through magazines, newspaper and ,media.

Application. The business will receive applications from these individuals who will have the qualifications for the work advertised.

Short listing. Successful applicants will be short listed and proper information will be communicated to them.

Interviews. Maki’s Gypsum and Tile enterprise will conduct the interviews to the successful applicants where their skills will be tested to see if they qualify for the job they applied for.

Selection. The enterprise will select the applicants who will be of better benefit to the attainment of the firms main objective of profit maximization.

* + 1. **Training**

1. Orientation

During this session of orientation, the staff will be on a form of training for what for what is required from them.

1. Apprenticeship

Semi-skilled workers in Maki’s Gypsum and Tile enterprise who will have been employed will be attached with experienced and qualified workers who will in turn train them in their cause of work.

1. Delegation

This is where the junior staff will be delegated with the senior tasks.

1. Lectures and seminars

Maki’s Gypsum and Tile enterprise will organize lectures and seminars to its employees as a way of training. This will help to develop analytical abilities and impact knowledge among employees.

1. Job rotation.

Maki’s Gypsum and Tile enterprise will have to rotate its employees from one department to another. This rotation will train the employees in the work procedures of different department hence increasing efficiency.

* + 1. **Promotion**

Maki’s Gypsum and Tile enterprise will promote the employees whereby they will recognize and reward in merit those employees who will be competent. Promotion will enable the enterprise to retain employees who might otherwise leave the enterprise for better prospects.

* 1. **REMUNERATIONS AND INCENTIVES.**

**Remunerations**

Reasonable salaries will be paid to all the employees in order to motivate them and improve their performances. Payments of salaries will be based on the position and the qualifications of the employees and level of experience attained.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Job title** | **Number of employees** | **Monthly pay rate (Ksh)** | **Other benefits** | **Total earnings** |
| Owner/Manager | 1 | 20,000 | 5,000 | 25,000 |
| Accounts clerk | 1 | 15,000 | 3,000 | 18,000 |
| Gypsum expert | 1 | 13,000 | 3,000 | 16,000 |
| Tile expert | 1 | 13,000 | 3,000 | 16,000 |
| Driver | 1 | 4,000 | 1,000 | 5,000 |
| Watchmen | 2 | 3,000 | 1,000 | 4,000 |
| Casuals | 2 | 1,000 | 500 | 1,500 |
| **TOTAL** |  |  | **16,000** | **85,500** |

**Incentives**

The enterprise will give its employees incentives to motivate them and make them hardworking and competent to help the firm achieve its objectives. Such incentives include transport and house allowances. For financial incentives and annual leaves, good working conditions and paid leaves for non-financial incentives.

* 1. **LICENSES, PERMITS AND BY-LAWS**

**Licenses**

Before commencement of the business’s operations, Maki’s Gypsum and Tile enterprise will obtain a trading license. This will enable a business firm to carry out its operations in a given area. It is issued under the Trading Licensing Act cap 497 from the Ministry Of Trade. This will be obtained from the District Licensing offices in Kikuyu town.

**Permits**

These are documents allowing a business to own and use certain machines and equipment in order to carry out certain business operation. They are issued under the sales of goods Act cap 31.

**By-laws**

By-laws are extracted from the Factories Act Cap 311 and the Public Health Act cap 24, safeguards health and working conditions of the operations concerned. Maki’s Gypsum and Tile enterprise will provide personal protecting equipment e.g. safety boots which will be provided throughout the working period. A pair of five protection equipment will be issued and proper lessons taught on fire protection and safety.

* 1. **SUPPORT SERVICES**

In order to carry out its business effectively, Maki’s Gypsum and Tile enterprise will require professional support services from already established firms which offer this services.

1. Legal services.

These services will be needed when there is need to renew licenses. In any need of legal advice they will be used.

1. Consultancy

The enterprise will require a financial management consultancy firm to assist in the financial matters. The accounts clerk will require an external accountant to help in the auditing of the firm’s financial areas which will be needed annually.

1. Insurance

Maki’s Gypsum and Tile enterprise will be insured under the AMACO INSURANCE AGENCY. The insurance cover will cover both the employees and the business entitlements.

1. Banking

Banking will provide a reasonable savings of assets and will facilitate the issuing of loans to the firm to boost the operations of the business where possible. All the banking services will be done by the K.C.B Bank Kikuyu branch which is located a few meters from the business premises.

**CHAPTER 4: OPERATIONAL PLAN**

* 1. **PRODUCT DESIGN AND DEVELOPMENT**

The business will offer products such as gypsum boards and, gypsum fillers, gypsum cornice different types of tiles like floor tiles and services such as transport and delivery of the products. Some of the products will require packaging material such as cartons which will be branded with the business logo. The business will offer transport services through road transport. The product will be sold to the customer at a favorable price. The business will be flexible to any technical challenges.

* 1. **OPERATIONAL FACILITIES AND CAPACITY**

Maki’s Gypsum and Tile enterprise will require equipment and tools, labour force and materials.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Specifications** | **Date required** | **No required** | **Supplier** | **Cost per unit** | **Total cost** |
| Computer | 10/01/2022 | 2 | Genesis | 30,000 | 60,000 |
| Calculator | 10/01/2022 | 2 | Electronics | 1,500 | 3,000 |
| Safety boots | 10/01/2022 | 6 | Urban Tex | 2,000 | 12,000 |
| Dust coats | 10/01/2022 | 6 | Urban Tex | 1,000 | 6,000 |
| Dust/gas masks | 10/01/2022 | 6 | Urban Tex | 300 | 1,800 |
| Gloves | 10/01/2022 | 4 | Urban Tex | 300 | 1,200 |
| **Total** | 10/01/2022 |  |  |  | **84,000** |

* + 1. **premise layout**

The business will lease the piece of land located opposite the matatu terminus next to Kikuyu market. The cost of leasing will be Ksh 12,000 per annum. The land will be a 50 x 100 plot. The business intends to buy a piece of land for future expansion and development of the enterprise.

Tiles storage

Gypsum fillers storage

Gypsum cornice storage

Gypsum boards storage

Service counter

Manager’s office

Account’s office

Washrooms

Security

Entrance

Parking

* 1. **PRODUCTION OR OPERATION STRATEGY**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Type of materials** | **Frequently required** | **Supplier** | **Quantity** | **Cost per unit (Ksh)** | **Total cost (Ksh)** |
| Gypsum boards | Weekly | Gypsum ceiling supplies Kenya | 50 | 1,050 | 52,500 |
| Gypsum fillers | Weekly | Gypsum ceiling supplies Kenya | 50 | 1,575 | 78,750 |
| Gypsum cornice | Weekly | Gypsum ceiling supplies Kenya | 50 | 135 | 6,750 |
| Drywall screws | Weekly | Gypsum ceiling supplies Kenya | 50 | 700 | 35,000 |
| Gypsum stud | Weekly | Gypsum ceiling supplies Kenya | 50 | 195 | 9,750 |
| Tiles | Weekly | Saj ceramics | 30 | 650 | 19,500 |
| **Total** |  |  |  |  | **202,250** |

* + 1. **Labor requirements**

Number of direct workers needed by the business will be four:

1. The manager
2. Accounts clerk
3. Tile expert
4. Gypsum expert

Their level of skills will be that they will have attained at least a Diploma certificate in their line of work. They will be working 6 hours a day having an accumulate of 144 hours per month. (6 x 24 days)

The number of indirect workers needed will be five:

1. Two casuals
2. Two security guards
3. A driver

Their level of skill is that they must hold a certificate in their line of duty. They will be working 6 hours per day having an accumulate of 144 hours per month. (6 x 24 days).

They total cost of operation:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | No of workers (x) | Cost per hour (hr.) | Total hours per month (t.hrs) | **Totals=(x) X (hr.) X (t.hrs)** |
| Direct workers | 4 | 600 | 144 | **345,600** |
| Indirect workers | 5 | 100 | 144 | **72,000** |
| **Total cost of operation** |  |  |  | **417,600** |

* + 1. **production or operational expenses**

|  |  |
| --- | --- |
| **Expenses** | **Amount (Ksh)** |
| License and permits | 10,000 |
| Insurance | 3,000 |
| **Total** | **13,000** |

|  |  |
| --- | --- |
| **Overheads** | **Amount (Ksh)** |
| Electricity | 4,000 |
| Repair and maintenance | 5,000 |
| Phone calls | 2,000 |
| Water bills | 1,500 |
| Packaging materials | 3,000 |
| Transport and maintenance | 45,000 |
| Lease | 12,000 |
| **Total** | **72,000** |

* 1. **PRODUCTION OR OPERATION PROCESS**

Maki’s Gypsum and Tile enterprise and tile enterprise will offer free consultation services as the customer can acquire all information about the products before purchasing. This will enhance good customer relations. After purchasing the products, the customer will pay for the product through the business cashier. If the customer will enquire about transport, the business vehicle will deliver the products at a subsidized fee. High cost of fuel may affect the transport service and in turn the fee of deliveries may increase. Hence the business may offer discounts to some products and increase the transport fee to cater for that external factor. High demand of products that are not available due to factors like unavailability of raw materials in the market will also affect the business. Hence the business will ensure high supply of all products to cater for that period.

* 1. **REGULATIONS AFFECTING BUSINESS OPERATIONS**
     1. **Government regulations**

These includes tax paying and acquisition for a business license. Maki’s Gypsum and Tile enterprise and tile will obtain the business license and permit from District Licensing Office in Kikuyu at 10,000 Ksh. License will be renewed as expected to prevent business termination by the government as its stated in its policies. Taxes will be paid fully to avoid accumulation at 5,000 Ksh.

* + 1. **Management of health and safety at work.**

The premises will be constructed in a way to be safe for the occupants at all times. All workers will be registered under the (NHIF) to assist them in payment of hospital bills. Fire equipment will be installed to be used in case of an outbreak of fire.

* + 1. **Environment regulations**

There is no pollution that will be produced be produced by the business. All wastes will be disposed appropriately. All drainages will be directed to the major septic tanks to ensures no floods.

* + 1. **Patents and trademark**

The business will adopt a unique trademark not existing in other businesses. This trademark and the business logo will be presented to avoid being by any other business or cost to be mishandled by the competitors.

**CHAPTER 5: FINACIAL PLAN**

* 1. **PRE-OPERATIONAL COSTS**

|  |  |
| --- | --- |
| **Items** | **Amounts (Ksh)** |
| Licenses and permits | 10,000 |
| Advertisements | 3,000 |
| Transportation | 30,000 |
| Insurance | 3,000 |
| Equipment | 84,000 |
| Furniture and fittings | 5,000 |
| Opening stock for resale | 202,250 |
| Electricity installation | 4,000 |
| Water installation | 1,500 |
| Network installation | 2,000 |
| **TOTAL-PRE OPARETIONAL COST** | **344,750** |

* 1. **ESTIMATION OF WORKING CAPITAL REQUIREMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **2022 (Ksh)** | **2023 (Ksh)** | **2024 (Ksh)** |
| **Current assets**  Cash at hand  Cash at bank  Debtors | 202,250  150,000  - | 190,000  130,000  50,000 | 150,000  10,000  30,000 |
| **Total current assets** | **552,250** | **620,000** | **580,000** |
| Less current liabilities  Creditors | 000  100,000 | 000  100,000 | 000  100,000 |
| **Estimated working capital** | **452,250** | **520,000** | **480,000** |

* 1. **PROFORMA TRADING PROFIT AND LOSS STATEMENTS**

MAKI’S GYPSUM AND TILE ENTERPRISE

PROFORMA TRADING AND LOSSES STATEMENT

FOR THE YEARS 2022,2023, 2024 ENDING 31ST DECEMBER

|  |  |  |  |
| --- | --- | --- | --- |
| **Details** | **2022** | **2023** | **2024** |
| Sales  Less: cost of goods sold  Opening cost  Add: purchases in the year  Goods available for sale  Less: closing stock  Cost of goods sold | 1,000,000  400,000  290,000  690,000  100,000  590,00 | 1,200,000  500,250  300,000  800,000  120,000  680,000 | 1,500,000  600,000  400,000  1,000,000  150,000  1,850,000 |
| **Gross profit** | **410,000** | **519,750** | **650,000** |
| Less: Expenses  Salaries and wages  Premise lease  Advertisement  Interest on loan  Loan payment  Furniture  Equipment  Electricity  Transport  Insurance  Telephone | 85,500  12,000  3,000  10,000  110,000  5,000  84,000  4,000  30,000  3,000  2,000 | 85,500  13,000  4,000  10,000  110,000  5,000  75,000  4,000  35,000  3,000  2,000 | 85,500  14,000  5,000  10,000  110,000  5,000  70,000  4,000  40,000  3,000  2,000 |
| **Total expenses** | **348,500** | **346,500** | **348,000** |
| Profit or loss before taxation  Less: V.A.T 16% p.a. | 61,500  9,840 | 173,250  27,720 | 302,000  48,320 |
| **Profit or loss after taxation** | **51,660** | **145,530** | **253,680** |

* 1. **PROFORMA BALANCE SHEETS**

MAKI’S GYPSUM AND TILE ENTERPRISE

PROFORMA BALANCE SHEETS

AS AT 31ST DECEMBER

|  |  |  |  |
| --- | --- | --- | --- |
| **Details** | **2022 (Ksh)** | **2023 (Ksh)** | **2024 (Ksh)** |
| **Fixed assets**  Equipment at costs  Less: accumulated depreciation  Furniture and fittings  Less: accumulated depreciation  Motor vehicle at cost  Less: accumulated depreciation | 84,000  8,400  5,000  500  500,000  50,000 | 75,000  7,500  5,000  500  500,000  60,000 | 70,000  7,000  5,000  500  500,000  70,000 |
| **Total fixed assets** | **530,100** | **512,000** | **497,500** |
| **Current assets**  Stock  Cash in hand  Cash at bank  debtors | 202,250  150,000  200,000  - | 190,000  130,000  250,000  50,000 | 150,000  100,000  300,000  30,000 |
| **Total current assets** | **552,250** | **620,000** | **580,000** |
| Less: current liabilities  Creditors  Working capital | 100,000  **452,250** | 100,000  **520,000** | 100,000  **480,000** |
| **Capital employed** | **982,350** | **1,032,000** | **977,500** |
| Represented by:  Capital introduced to business  Add: net profit after tax  Add: loan balance | 1,000,000  51,660  - | 1,000,000  145,530  - | 1,000,000  253,680  - |
| **Capital employed** | **1,051,660** | **1,145,530** | **1,253,680** |

* 1. **PROJECTED CASH-FLOW STATEMENT**

MAKI’S GYPSUM AND TILE ENTEPRISE

PROJECTED CASH-FLOW STATEMENT

FOR THE PERIOD ENDING 31ST DECEMBER 2022

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Details** | **Jan (Ksh)** | **Feb (Ksh)** | **Mar (Ksh)** | **Apr (Ksh)** | **May (Ksh)** | **Jun (Ksh)** | **Jul (Ksh)** | **Aug (Ksh)** | **Sep (Ksh)** | **Oct (Ksh)** | **Nov (Ksh)** | **Dec (Ksh)** | **Totals**  **(Ksh)** |
| Bal b/f | - | 5,000 | 4,000 | 5,500 | 4,500 | 3,000 | 3,050 | 3,200 | 2,500 | 2,550 | 3,000 | 3,500 | 39,800 |
| Sales | 84,000 | 90,000 | 79,000 | 82,000 | 85,000 | 90,000 | 89,000 | 89,500 | 88,000 | 86,000 | 90,000 | 95,000 | 1,047,500 |
| Capital | 1,000,000 |  |  |  |  |  |  |  |  |  |  |  | 1,000,000 |
| Less expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Purchases | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 24,200 | 290,400 |
| Salaries | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 85,500 | 1,026,000 |
| lease | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation furniture | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Depreciation motor vehicle | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 |
| Insurance | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| 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 | 48,000 |
| Transportation | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 360,000 |
| Total expenses | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 152,200 | 1,826,400 |
| Bal c/d | 1,687,800 | 937,800 | 926,800 | 929,800 | 932,800 | 937,800 | 936,800 | 937,300 | 936,800 | 933,800 | 937,800 | 942,000 |  |

* 1. **BREAK-EVEN ANALYSIS**
     1. **Gross profit**
* Sales – total direct costs or cost of goods sold

=1,000,000-590,000

=Ksh 410,000 for year 2022

=1,200,000-680,250

= Ksh 519,750 for year 2023

=1,500,000- 850,000

=Ksh 650,000 for year 2024

* + 1. **Gross profit margin**
* Gross profit (Ksh) x 100%

Sales

2022 = 410,000 x 100%

1,000,000

= 41%

2023 = 519,000 x 100%

1,200,000

= 43.31%

2024= 650,000 x 100%

1,500,000

= 43.33%

* + 1. **Total overheads**

|  |  |
| --- | --- |
| **Items** | **Amounts (Ksh)** |
| Transport | 30,000 |
| Electricity | 4,000 |
| Insurance | 3,000 |
| Advertisement | 3,000 |
| **Total** | **40,000** |

* + 1. **Break-even level**
* Total overheads (Ksh) x 100%

Gross profit margin (%)

2022 = 40,000 x 100%

41%

= Ksh 97,561

2023 = 40,000 x 100 %

43.31%

= Ksh 92,358

2024= 40,000 x 100 %

43.33%

= Ksh 92,315

* 1. **CALCULATIONS OF PROFITABILITY RATIOS**
     1. **Return of equity**
* Net profit after tax (Ksh) x 100%

Owner’s equity

2022 = 51660 x 100%

1,000,000

= 5.166%

2023 = 145,530 x 100%

1,000,000

= 14.553%

2024 = 253,680 x 100%

1,000,000

= 25.638 %

* + 1. **Net profit margin**
* Net profit after tax (ksh) x 100 %

Sales

2022 = 51660 x 100%

1,000,000

= 5.166%

2023 = 145,530 x 100%

1,200,000

= 12.1275 %

2024 = 253,680 x 100%

1,500,000

= 16.912%

* + 1. **Return On Assets (ROA)**
* Net profit after tax (Ksh) x 100%

Total assets (Ksh)

2022 = 51660 x 100%

1,082,350

= 4.77%

2023 = 145,530 x 100%

1,132,000

= 12.856 %

2024 = 253,680 x 100%

1,077,500

= 23.54%

* + 1. **Current Ratio**
* Current assets (Ksh)

Current liabilities (Ksh)

2022 = 552,250

100,000

= 1:5:5

2023 = 620,000

100,000

= 1:6:2

2024 = 580,000

100,000

= 1:5:8

* 1. **DESIRED FINANCING OR CAPITAL REQUIREMENT**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description of items** | **2022 (Ksh)** | **2023 (Ksh)** | **2024 (Ksh)** |
| Pre-operational costs | 344,750 | 332,500 | 292,500 |
| Fixed assets | 530,100 | 512,000 | 497,500 |
| Working capital | 452,250 | 520,000 | 480,000 |
| **Totals** | **1,327,100** | **1,304,500** | **1,270,000** |

* 1. **PROPOSED CAPITALIZATION**

Maki’s Gypsum and Tile Enterprise will have a capital of Ksh 1,000,000. The entrepreneur will provide Ksh 500,000 from savings. The entrepreneur will borrow Ksh 300,000 from KCB Bank. The bank will offer Ksh 300,000 with a 10% interest per annum with a grace period of 3 years from the first year that the business starts its operations.