**HON FLAVORED YOGHURT**

**NYENDO, MASAKA**

**UGANDA**

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**BUSINESS PLAN**

**BY**

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# Declaration

I hereby declare that all the information and publication here in are my own original work.

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AINOMUGISHA HONEST

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# Vision

To become the leading and most successful yoghurt producing company and distributor country wide

# Mission

Hon flavored yoghurt shall work upon fulfilling the following mission;

* To be the best yoghurt producer by producing outstanding quality yoghurt without comprising commitment to making a difference through our values so that we make every customer energized with
* To produce high quality yoghurt, by hiring and recruiting qualified employees in the field of yoghurt making, using milk from local people.
* To diversify the economy through promotion of agricultural sector hence creation of employment opportunities.
* To survive while maintaining contented workforce within our business.
* To become a research and development center as far as yoghurt making and producing is concerned.

# Core values

* Commitment to work and building customer trust through improved customer relations.
* Being ethical in our code of conduct to both the customers and the suppliers.
* Innovation.
* Act with integrity.
* Encouraging customer care and relationship.
* Training workers to become responsible citizens.
* Time management at work place.
* Corporate social responsibility.
* Team work.
* Efficiency and effectiveness.

# Core competence

* Hon flavored yoghurt shall ensure recruitment of both highly qualified technical staff and energetic casual laborers for effective and efficient delivery of services to the customers.
* We also intend to have a good customer care and relationship in order to draw our customer nearer to our business and this will make them feel part of the business.
* Reliable products at competitive prices
* To provide high quality yoghurt while maintaining a lower price than competitors
* Customer care
* Timely delivery
* High risk management
* Finance management

# Success factors

* Communication
* Respect
* Patience
* Compassion
* Commitment to excellence

# Swot Analysis

SWOT is a mnemonic which stands for; S- Strengths, W-Weaknesses, O-Opportunities, and T-Threats.

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| * Competitive product pricing. * Commitment and teamwork among employees. * Professional leadership and better management. * Availability of a ready market. * Suitable business location. * Cheap labour. | * Limited intensive techniques of production. * Inadequate capital. * Contamination. |
| **Opportunities** | **Threats** |
| * Variety of suppliers. * Future expansion. * High population. * Nearness to the main road. | * Competition from other businesses. * Un favourable government policies such as taxation which affects the profit of the business. * Substitutes. * New entrants. |

Hon flavored yoghurt will be a yoghurt making business that will be started located in Nyendo, Masaka city. The business will cover a wide range of clients both domestic and corporate clients.

Hon flavored yoghurt intends to use various forms of advertising which include radio advertising mostly on radios in Masaka. Th e other form is use of billboards that shall be strategically put on high ways to increase awareness of the business in the market. Business cards shall also be supplied to various people to increase on the popularity of the business.

The company shall have its manufacturing plant in the same location with its headquarters. They will be located in Nyendo, Masaka City.

Hon flavored yoghurt will contract with both local suppliers and agricultural farms for the supply of milk.

On the administration team, we shall have the managing director at the top who at the start shall assume the roles of the marketing manager, the human resource and the financial manager. Below her will be the productions manager well conversant with the production of yoghurt, that is to say the necessary ingredients, the best equipment to use, the cost-effective methods that can reduce on the costs incurred by the business yet producing more output. The labour department will include the cleaners, drivers and sales force at the bottom. We shall recruit more staff as the business continues to grow to continue serving our customers better.

Like any business, Hon flavored yoghurt risks will include unexpected competitors, debts arising from un credit worthy customers, absence of workers, theft and burglary. They will however be managed as shown in risk management chapter.

The company will target all the customers of different classes and this will be done by producing products of different sizes and prices.

The company is expected to have developments with time. Some of the developments will include joining other production lines, setting up branches to cater for the increased demand.

The company’s financial plan will contain the financial projections which include assuming the business to have a stable industrial environment, securing a loan, assuming expenses to reduce by ten percent (10%) per year and assuming sales to increase by ten percent (20%) each year.

The company’s cash flow statement and balance sheet are as shown below;

Hon flavored yoghurt’s balance sheet for the first year.

|  |  |  |
| --- | --- | --- |
| **ASSETS** | **AMMOUNT (shs)** | **TOTAL (shs)** |
| **Non-current assets** |  |  |
| Equipment and machinery | 30,000,000 |  |
|  |  |  |
| **Current assets** |  |  |
| Cash | 10,000,000 |  |
| Bank | 40,000,000 |  |
| Inventory | 15,000,000 |  |
| **Total assets** |  | 95,000,000 |
|  |  |  |
| **Equity and liability** |  |  |
| Ordinary shares |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

|  |  |  |
| --- | --- | --- |
| **HON FLAVORED YOGHURT CASH FLOW STATEMENT**  **FOR STARTING YEARS** | | |
|  | **Year 1** | **Year 2** |
|  | **Shs** | **Shs** |
| Opening balance | N/A |  |
| **Cash in flow** |  |  |
| Sales | ---------------- |  |
| Loan | 40,000,000 |  |
| Savings | 10,000,000 |  |
| **Total in flow** |  |  |
|  |  |  |
| **Cash out flow** |  |  |
| Rent | 5,000,000 |  |
| Utilities | 5,000,000 |  |
| Advertisement | 5,000,000 |  |
| Salaries | 5,000,000 |  |
| Expenses | 10,000,000 |  |
| Insurance | 1,000,000 |  |
| Machines and equipment | 10,000,000 |  |
| **Total out flow** |  |  |
| **Balance c/f** |  |  |

Table of Contents

[Vision 3](#_Toc66988928)

[Mission 3](#_Toc66988929)

[Core values 3](#_Toc66988930)

[Core competence 4](#_Toc66988931)

[Success factors 4](#_Toc66988932)

[Swot Analysis 5](#_Toc66988933)

[CHAPTER ONE 11](#_Toc66988934)

[INTRODUCTION 11](#_Toc66988935)

[1.0 Introduction 11](#_Toc66988936)

[1.1 Business name 11](#_Toc66988937)

[1.2 Business registration 11](#_Toc66988938)

[1.3 Location of the business 11](#_Toc66988939)

[1.4 The reasons for choosing that line of the business. 12](#_Toc66988940)

[1.5 Competitors 12](#_Toc66988941)

[1.6 Plan of expansion 12](#_Toc66988942)

[1.7 Major players in the business 13](#_Toc66988943)

[1.8 Reasons for existence of the business 14](#_Toc66988944)

[CHAPTER TWO 15](#_Toc66988945)

[PRODUCT ANALYSIS 15](#_Toc66988946)

[2.0 Introduction 15](#_Toc66988947)

[2.1 Features of the product 15](#_Toc66988948)

[2.2 Unique features 15](#_Toc66988949)

[2.3 Weakness of the product 15](#_Toc66988950)

[2.4 Product lines 16](#_Toc66988951)

[2.5 How the product differs from other products 16](#_Toc66988952)

[2.6 Inventory management 17](#_Toc66988953)

[CHAPTER THREE 17](#_Toc66988954)

[INDUSTRIAL ANALYSIS 17](#_Toc66988955)

[3.0 Introduction 17](#_Toc66988956)

[3.1 Current state of operation 17](#_Toc66988957)

[3.2 Industrial standards 17](#_Toc66988958)

[3.3 Pestled analysis 18](#_Toc66988959)

[3.3.1 Political factors 18](#_Toc66988960)

[3.3.2 Economic factors 18](#_Toc66988961)

[3.3.3 Social factors 19](#_Toc66988962)

[3.3.4 Technological factors 19](#_Toc66988963)

[3.3.5 Legal framework 19](#_Toc66988964)

[3.3.6 Environmental aspects 20](#_Toc66988965)

[CHAPTER FOUR 21](#_Toc66988966)

[MARKETING PLAN 21](#_Toc66988967)

[4.0 Marketing objectives 21](#_Toc66988968)

[4.1 Target market 21](#_Toc66988969)

[4.2 Market penetration 22](#_Toc66988970)

[CHAPTER FIVE 23](#_Toc66988971)

[OPERATION PLAN 23](#_Toc66988972)

[5.0 Facilities needed 23](#_Toc66988973)

[5.1 Production plan 23](#_Toc66988974)

[CHAPTER SIX 24](#_Toc66988975)

[MANAGEMENT PLAN 24](#_Toc66988976)

[6.0 Management Organization 24](#_Toc66988977)

[CHAPTER SEVEN 26](#_Toc66988978)

[RISK MANAGEMENT PLAN 26](#_Toc66988979)

[7.0 Risks and Management 26](#_Toc66988980)

# CHAPTER ONE

# INTRODUCTION

# 1.0 Introduction

This chapter describes the business in terms of what it produces, the company act in which the business will be registered, its competitors in same industry and the major players in the industry.

# 1.1 Business name

The business will be called Hon flavored yoghurt. The name was chosen basing on the name of its owner Honest, who came up with the idea of producing quality yoghurt that would quench people’s thirst and improve their lives at affordable prices.

# 1.2 Business registration

The business is set to be registered into a limited liability company by the registrar of companies under the company act so that it start6s full operation early next year 2021.

# 1.3 Location of the business

Hon flavored yoghurt will be located in Nyendo, Masaka city. The business address will be as follows;

HON FLAVORED YOGHURT

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The location of the business was chosen due t the following reasons;

1. Accessibility to the main road which eases on transport costs in case of transporting to the market.
2. The place is big enough to allow future expansion.
3. To the customers the place is accessible.

# 1.4 The reasons for choosing that line of the business.

First of all, the business has got few competitors compared to types of businesses and this means that if one invests into it, he or she will be able to penetrate easily and make profits in few years of operation.

Another reason is that it needs many unskilled employees that can be employed at a large extent.

# 1.5 Competitors

The major competitors in the market include;

Table 1: Major competitors

|  |
| --- |
| **Company** |
| Maddo dairies |
| Dovek dairy |
|  |

# 1.6 Plan of expansion

The business plans to expand by introducing new products flavors. New branches shall also be opened up in areas far from the company to cater for the increased demand as well as satisfying all the customer requirements and after satisfying the local market, the company shall start exporting its products to outside countries, starting with those in East Africa.

# 1.7 Major players in the business

These are the people or companies without which the business cannot survive. Their role towards the success of the business is vital as shown below;

Customers

These include the whole sellers that buy in large quantities and the small-scale buyers. These both play a vital role to the business as they provide revenue through making purchases from the company and without them, company cannot stay in operation.

UMEME

This company supplies electricity that is used by the business to run the machines during the production process. The electricity also runs refrigerators where yoghurt is preserved after production.

Suppliers

These include those supplying the firm with raw materials, milk and the packing materials.

Financial institutions

These include the banks and other commercial institutions that the firm shall always keep its funds with and will always approach in case of any financial assistance needed.

National Water and Sewerage Corporation (NWSC)

This company is also among the key players because its supplies the business with will be used in the business processes.

Government

First of all, the company has got to be registered by the government through the registrar of companies. The government also regulates the business operations and sets standards for business operations through the Uganda National Bureau of Standards (UNBS) which without their approval, the company cannot supply yoghurt to the market.

Competitors

These reduce on the company’s market share and they include the direct and the indirect competitors. However, they provide information and advice to the business which helps it to grow first and survive in the market. Also through benchmarking, the business determines their strength and weakness which they take advantage of and improve on their increase on the importance.

# 1.8 Reasons for existence of the business

* To provide quality yoghurt.
* To provide market to the local farmers for their milk.
* To quench people’s thirst at affordable prices.
* To produce a natural, fresh, and pure drink.
* To produce a cross cutting drink that can be consumed by all people in all the various age brackets that is to say the young, youth, adults and the elderly.

# CHAPTER TWO

# PRODUCT ANALYSIS

# 2.0 Introduction

This chapter comprises of the details concerning the product that the business will be producing. The chapter mainly shows the characteristics of the product that will differentiate it from the rest of the products.

# 2.1 Features of the product

The characteristics of Hon flavored yoghurt include;

* Good scent.
* Fresh in taste.
* Availability and accessibility at all times.

# 2.2 Unique features

The company’s unique features include;

* Packaging
* Quality of yoghurt
* Good flavor and taste of the yoghurt
* Freshness

# 2.3 Weakness of the product

There are two major weaknesses about the product and they include;

* Perishability of the yoghurt
* Contamination

The product’s weaknesses shall however be managed as follows;

To reduce on the perishability of the product, quality preservations will be used that can keep it safe for a longer period of time.

To control contamination of yoghurt, the product wing shall be kept clean at all times. The equipment shall also be cleaned regularly using sterilizers. The workers shall also be advised to always be clean.

# 2.4 Product lines

The yoghurt will be packed and sold in different sizes that is to say 250mls, 500mls, 700mls and 100mls. This will be done following social economic segmentation that caters for the lower, medium and high-income earners.

# 2.5 How the product differs from other products

The product differs from other products in the following ways.

* Convenience and ease of use
* On time delivery
* Availability
* Reliability
* Adaptability

# 2.6 Inventory management

The company will use First In Fist Out (FIFO) as the system of managing inventory. The system requires that the first stock be issued out first.

# CHAPTER THREE

# INDUSTRIAL ANALYSIS

# 3.0 Introduction

This chapter shows the industry in which the business will be operating, the current stage in which the business is operating, the industrial standards, businesses that have joined and left the industry and the social, political, economical and environmental factors that affect the business.

# 3.1 Current state of operation

The busines is set to operate under the private liability industry and will be registered by the registrar of companies under the company’s act. This means that the business and its owners are two separate entities and thus the businesses can sue or be sued.

# 3.2 Industrial standards

There are various standards set under which the business should carry out its operations. These standards are set by the Uganda National Bureau of Standards (UNBS) to ensure that the products produced are the recommended standards. They include;

* Cleanliness of both the equipment and the environment in which the yoghurt is produced. The workers should as well be thoroughly clean such that the yoghurt produced is safe for people’s health.
* The yoghurt packed should also measure to the set quantity. For instance, the yoghurt placed in a 500mls can should not instead be 450mls.
* The manufacturing and expiry dates should be put into consideration.
* The right ingredients should be used as shown on the packings.

# 3.3 Pestled analysis

Hon flavored yoghurt will use Pestled Analysis as a tool to track the environment in which we shall be operating, planning to launch our new product.

PESTLED is a mnemonic which in its expanded form stands for; P = Political, E = Economical, S = Social, T = Technological, L = Legal, E = Environmental.

## 3.3.1 Political factors

Hon flavored yoghurt shall consider the following political aspects;

1. Government through its unfavorable policies like increased taxes, restrictive monetary and fiscal policies by the financial institutions and high trade tariffs on the industry requirements may hinder the operation of the upcoming firms and therefore tracking all these gives a guideline and a reference note on how to successfully run your business.
2. Political instabilities like strikes and demonstrations.

## 3.3.2 Economic factors

Hon flavored yoghurt shall consider the following economic aspects;

1. Inflation rate in the country will also be a concern when scanning our business environment for example in case of high inflationary rates, no one can wish to start a business.
2. Higher interest rates will also be considered as they undermine business activities because no investors can have the will to acquire the business loans at a higher interest rate.

## 3.3.3 Social factors

Hon flavored yoghurt shall consider the following social aspects;

1. Cultural trends: This involves the buying trend of the customers whereby some customers tend to buy much during the holiday season while others tend to be influenced by their tastes and preferences thus all these need to be considered when setting up the business. tracking all these gives a guideline and a reference note on how to successfully run your business.
2. Religious factors also may hinder on the progress of one’s business if not carefully thought about since some religions are prohibited from doing certain acts.

## 3.3.4 Technological factors

Due to technological advances in the recent world, Hon flavored yoghurt shall consider the following technological aspects;

1. There is increased automation in the recent years therefore one has to think of running his business using modern technology.
2. Another technological factor is increased research and development. Any business of course starting need to consider this if it is to withstand the market forces of demand and supply.

## 3.3.5 Legal framework

Hon flavored yoghurt shall consider the following legal framework;

1. The business shall have to legally registered as per the requirements of the company registration act. up the business.
2. Safety measures and standards have to be met by the business seeking to commerce its operations therefore if you are starting a business, you need to consider this otherwise it may hinder your activities and more probably lead to a closure of the firm. Safety measures like environmental protection should be observed and quality standards of the products also considered.

## 3.3.6 Environmental aspects

Hon flavored yoghurt shall by all means try to consider the following environmental factors in a bid to check on the environment we are operating in;

1. Climate changes may greatly affect the operation of the business since the business to be set up is agriculturally based.
2. Also, other business sectors may affect one’s business operations. Since these sectors interdepend on one another.

Conclusively, one needs to critically have “PESTLED” analysis as it is a tool for business analysis as well as a concept used in marketing principles meaning that if one does not have it in mind, one might not attain the success he would have attained with ignoring the “PESTLED” analysis.

# CHAPTER FOUR

# MARKETING PLAN

# 4.0 Marketing objectives

Hon flavored yoghurt intend to fulfill the following marketing objectives;

To maximise its sales for customers through increased promotion and opening of many outlets in a bid to maximise our profits.

To offer discounts for customers who buy in bulk in a bid yo induce them to buy more quantities hence increased sales.

To produce and distribute high quality yoghurt good for consumption by our customers as required by the UNBS.

To ensure efficiency and effectiveness in service delivery more especially ensuring customer care because the customer is the reason for our existence in business.

# 4.1 Target market

In view of that, I have conducted a market research and I have ideas of what our target market would be expecting from us. These are the groups of people that are our target market;

* Households
* Schools
* Corporate Executives
* Government Officials
* Business People
* Tourists
* Everyone who resides in our target locations.

# 4.2 Market penetration

Hon flavored yoghurt will be directed towards building relationships that will increase membership of our services. This will be executed by using several techniques and strategies including but not limited to: full-service website, printed marketing materials, radio and magazine advertising, branding and logo establishment, press, social media, blogs and mobile apps, word of mouth, professional and local business affiliations, partnerships with local business and special discount offers.

Advertising and relations, the business will resort to aggressive marketing techniques in advertising its services.

Public relations, the company will participate in activities such as promotions twice a year, giving out t-shirts, stickers, and other items bearing the company name, logo and services it offers.

# CHAPTER FIVE

# OPERATION PLAN

# 5.0 Facilities needed

Hon flavored yoghurt shall rent the business premises at the time of commencement which will include administration office with cashier’s office, an inventory store and some few workers’ quarters but as time goes on, we will begin reaching our intended goal, we shall begin constructing our own production premises that is probably in the period 3 years from commencement.

# 5.1 Production plan

The table below shows the cost of each facility to be used in the production process.

|  |  |
| --- | --- |
| Particulars | Amount (shs) |
| Rent | 5,000,000 |
| Advertising | 10,000,000 |
| Salaries | 5,000,000 |
| Equipment and machinery | 15,000,000 |
| Company Track | 25,000,000 |
| Startup inputs and others | 20,000,000 |
| **Total** | **80,000,000** |

# CHAPTER SIX

# MANAGEMENT PLAN

# ****6.0** Management Organization**

The following will be the different management positions in the business and their roles and responsibilities;

**Managing Director:**

* Increases management’s effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives.
* Creating, communicating, and implementing the business’s vision, mission, and overall direction.
* Creates, communicating, and implementing the organization’s vision, mission, and overall direction.

**Manager**

* Responsible for overseeing the smooth running of the business, map out strategy that will lead to efficiency amongst workers in the business and responsible for training, evaluation and assessment of the entire workforce.

**Human Resources and Administration Manager**

* Responsible for overseeing the smooth running of HR and administrative tasks for the business.
* Defines job positions for recruitment and managing interviewing process, carries out staff induction for new team members and responsible for training, evaluation and assessment of employees.

**Distribution Drivers:**

* Delivers customer’s orders promptly.

**Client Service Executive**

* Responsible for taking orders from clients when the call or email the organization
* Ensures that all contacts with [customer (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service](https://www.profitableventure.com/customer-service-tips-tricks-call-centers/) experience of the highest level.

# CHAPTER SEVEN

# RISK MANAGEMENT PLAN

# 7.0 Risks and Management

Increased inflations; this is the persistent increase in general level of prices, which may force the business to increase the prices of their services.

Conflicts among shareholders; this will be catered for by reviewing the business’s objectives.

Theft and fire out breaks; these risks are unexpected and may not be easily controlled. These natural disasters can be managed by getting insurance for the business and hiring security guards for security purposes.

Competitors that usually come up with new ways of delivering yoghurt to people. On this, the business will invest more in research and development so as to come up with better ways of improving its services and also encourage its employees to get more training.

The costs of the business by ensuring that payment of the employees is based on what contribution one makes to the business.

**APPENDICES**

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