

# THE UNIVERSITY OF DODOMA



## COLLEGE OF INFORMATICS AND VIRTUAL EDUCATION

### DEPARTMENT OF INFORMATION SYSTEMS

#### COURSE NAME: BT 311 -ENTREPRENEURSHIP

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### BUSINESS PLAN

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**Our Business Name “BUTTREFLY FURNITURE COMPANY”.**

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## **EXECUTIVE SUMMARY**

The new furniture company BUTTERFLY FURNITURE COMPANY (BFC). It will start in February 2015 with quality full furniture in various designs. We take a big plan which is for five years. And we hope we can establish our brand within 3 years and till that time our profit will reach 16 million Tshs. We hope we can earn 1.5 billion within one year. We produce and sale five types of furniture like bed sheds, sofa, dining table etc. We use a big amount for our establishment in advertisement and promotion. We spent more than 1.9 million for advertisement. And for that we hope we can establish our brand name within three year. Our advertisement main area is TVs and radio channels. We launch new product on 4.5 year later when our company will stay in maturity stage of product lifecycle. Our main target area is Dodoma, but after this we will cover our country. We promise that we will provide quality full furniture for our customers.

## **DESCRIPTION OF TANZANIA FURNITURE INDUSTRY**

The Tanzania furniture industry is one of the most promising growth sectors with high export potential. According to a Household Income and Expenditure Survey of 2012, the domestic consumption growth rate is around 40% and export markets are almost entirely untapped. There are approximately 40,000 furniture SMEs all over the country, employing around 180,000 people, turnover is in excess of BDT 100b (GBP 1b). Currently dominated by thousands of small workshops, the furniture sector is in a transition phase towards industrialization. Simultaneously, there is a small but growing segment of larger firms who are gradually entering the export market. Nevertheless, the furniture sector is struggling to reach its full potential due to various factors in habiting its growth. Inadequate supply of production technology and consultancy services, limited access to quality inputs, absence of skilled workforce and limitations in local and international marketing are some of the main problem areas. The biggest challenges for export include; government recognition as a potential export sector, limited export order processing facilities, lack of credibility in international markets, uncoordinated association activities and absence of effective initiatives for facilitating foreign direct investment.

## BUSINESS DESCRIPTION

Butterfly furniture will launch on February of year 2015. Butterfly Furniture manufactures basic, durable home and office furnishings. Principal among these is a line of hardwood desks, dressers, bed sheds, dining tables, chairs, and home entertainment centers. The company's typical retail and service customers include upper-middle class residents of the residential area who seek to maximize the purchasing power of the interior decorating budget. These customers are attracted to Butterfly Furniture because it provides quality products, and many are second generation clients. These loyal customers have consistently provided Butterfly Furniture with annual sales of over 300,000,000 million in each year. Butterfly Furniture intends to expand its customer base in the residential area by aggressively promoting the additional value of consulting

## COMPANY PROFILE

Name	Butterfly furniture ltd
Address	Office 14B, Uvole Mbeya
Web site	<a href="http://www.butterflyfur.com">www.butterflyfur.com</a>
Form of business	Partnership
Product type	Wooden furniture
Brand name	Butterfly
Culture	Cooperative image
Mission	To ensure quality products

## **Size of Business**

This business will produce and provide consumer product and organize medium size business. Initially we will cover the 1 division of the country but our prospect will be whole of the country.

## **Statement of startup Finance**

Initial financing requested of the company is 16 million loans to be paid off over five years from CRDB Bank Ltd. This debt will cover office space, office equipment, and for supplies two leased vans, advertising and selling cost. The partners provided 500,000 jointly. So, the total cost of the project estimated at 21 million.

## **OBJECTIVES**

Objectives of Butterfly furniture's are given below-

- i. Establish relationships with designers of unique, fine furniture
- ii. Establish relationships with quality wholesale suppliers of lumber and hardware.
- iii. Establish our name and image in the community as a specialty manufacturer of custom designed furnishings within the next three years
- iv. Focus our product in various ways like advertising, promotion, and increase our sales and make profit to 1.5billion by year.
- v. To increase sales at least 1.4 billion by the third year of operation.
- vi. To sell some different designs furniture's.

## **Keys of success**

Keys of success are given below -

- i. Business will be located on major city shopping malls, residential areas, and college and university hostel areas.
- ii. We need to find the quality conscious customer in the right channels, and we need to make sure that customer can find us.

- iii. We can't afford to ship fully assembled desks, but assembly must be so easy and automatic that it makes the customer feel better about the quality, not worse.
- iv. We committed to quality full wood, quality full workmanship, quality full design for customers.

## **MISSION**

Butterfly furniture helps to decorate home in a very attractive designs and it helps to create pleasant, productive office environments with well-designed furniture that incorporates new technology into the classic office mode, in which real people can work happily. Also in home decoration Butterfly furniture help to spent a happy moment with all family persons.

We are sensitive to the look and feel of good wood and fine furniture as well as to high-powered personal computing. We always provide the best possible value to our customers who care about quality office environments, home decorations, and we want you spent with us to be well spent.

## **Goals**

Our main goal is to provide good and best quality furniture to the customers. As "BUTTERFLY" is a new company, so our goal is also to raise the brand value of "Butterfly" and creating a good number of loyal customers.

**Focus** we concentrate on the continuous improvement of the product according to the customer needs. So we specifically follow the product concept.

## **PRODUCTS**

- i. Our product description our products list is given below-
  - i. Bed sheds
  - ii. Almira
  - iii. Sofa

- iv. Dining table
- v. Dressing table Bed

**Bed Sheds** in Butterfly furniture made Bed Sheds in various types and various design. The Bed Sheds are very much attractive. See some sample of Butterfly furniture Bed Sheds in below-



**Almira** Butterfly furniture produces Almira by pure wood which is collect from forest. And the Almira's are very much attractive and nice designed. Some samples are given below-

**Sofa:** The main and most used home decorates furniture is Sofa. There are several designed sofa are also produced by Butterfly furniture. These sofas are used for office and home decoration. Some designs are given below-



**Dining table:** Another main and most used home decorates furniture is Dining table. There are several designed Dining table are also produced by Butterfly furniture. Some designs are given below-

**Dressing table:** Most used other furniture is Dressing Table. There are several designed Dressing Tables are also produced by Butterfly furniture.



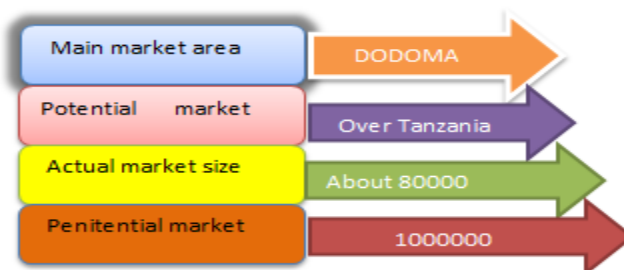
Product quality butterfly Furniture brings quality in life. Their products contain following qualities:

- i. Performance. Will show well performance.
- ii. Features. Good features.
- iii. The Name. A name that contains quality
- iv. Reliability. Each person use will results in the same satisfaction.
- v. Serviceability. The service system efficient, competent, convenient.

#### 4.0 MARKETING PLAN

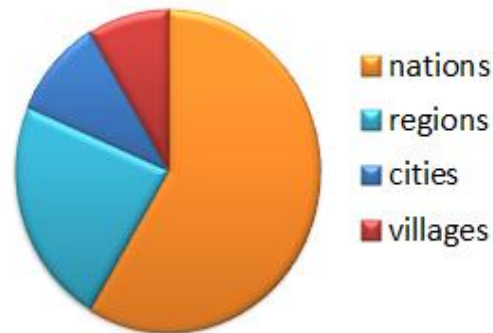
The BUTTERFLY FURNITURE COMPANY (BFC) is about to experience enormous growth. Through over the country small furniture industries are appearing at an increasing rate.

BUTTERFLY FURNITURE COMPANY (BFC) will sell its product to new and repeat customers from its storefront in the office at UYOLE Mbeya, Dodoma Kilimanjaro, Dar es salaam, and Mwanza. Our primary target market includes small independent furniture retailers in Pine Ridge and surrounding communities. Secondary markets include independent retailers in other areas of the province. As our company grows and sales volumes increase, larger furniture chains and department stores will be targeted. Currently, our company does not have the capacity to service this market.



## Market segmentation

Our primary consumer target market is young families buying new homes. This segment of the market is growing in Pine Ridge with the opening of the new plant. The Pine Ridge Economic Development Office has forecast strong growth in population and housing starts. Unemployment rates are also forecast to decline which should increase consumer confidence and the demand for furniture.



**Geographical Segmentation:** our target consists of five groups which are nations, regions, cities district and villages.

The market is segmented according to geographic criteria like,

- Nations: Our customer's nation will be Tanzanian.
- Regions:
  - i. mwanza,
  - ii. Arusha,
  - iii. mara
  - iv. iringa
  - v. Kilimanjaro
- Cities: At first we cover only Dodoma city after that we cover other cities which is beside of Dodoma The other cities are Arusha ,Mwanza.
- Zip codes: The zip codes are 1000,1009,1008,1006, 1100, 1007 etc.

- Demographic segmentation consists of dividing the market into groups based on variables such as

i. Age:

The age ranges of the customers are 2-5year old, 20-30years old and 40-70years old people.

- ii. Gender: The gender of the customers is male and female.
- iii. Family size: In Dodoma and its side areas families are maximum small family. Our targeted families are Small family and Big family
- iv. Income: The customers income level will be 10,000 to 30,000 Tsh per month 30,000 Tsh to 50,000 Tsh per month 50,000 Tsh to 70,000 Tsh per month 70,000 Tsh to 1,00,000 Tsh per month
- v. Occupation: Occupation is not clearly defined for the target market of our product. But the customers are Job holder and Business person.
- vi. Education: The education level of the target customer is HSC Higher graduation like BBA & MBA PHD and others.
- vii. Religion: The religion of the most customers is Christianity. There is also having some other religion peoples. The religions of our customer are Muslim , Christian And others
- viii. Nationality: Most customers nationality is Tanzanian but there have also some other nationality people like Kenyan.

## **Marketing Strategy**

Overall Marketing Strategy We focus on a special kind of customer, the person who wants very high quality office furniture customized to work beautifully with modern technology including personal computers, scanners, internet connections, and other high-tech items. Our customer might be in larger corporations, small or medium business, or in a home office with or without a home office business.

Our marketing strategy assumes that we need to go into specialty channels to address our target customer needs. The tie in with the high end quality catalogs like Sharper Image is

perfect, because these catalogs cater to our kind of customers. We position as the highest quality, offering status and prestige levels of purchase.

The product strategy is also based on quality, in this case the intersection of technical understanding with very high quality woodworking and professional materials, and workmanship. Our most important competitive edge is our assembly strategy, which is based on interlocking wood pieces of such high quality that assembly is not only a pleasure for our customers; it is actually a feature that enhances the sense of quality.

### **Our marketing objectives**

- i. Maximize profit margin Objective of the Butterfly Furniture is to provide high quality product and satisfy our customer by our product. We will take premium price to our customer other than our competitors. Thus we will try to maximize our product.
- ii. Quality leadership the main objective of Butterfly Furniture that its responsibility to provide best quality what we will promise to our customers. Butterfly Furniture sets main objective to provide quality products that satisfy the customer need and their requirement. So Butterfly Furniture will deliver the quality product.
- iii. Long relationships with customer we will try to provide superior value to our customer what we have promised through advertising. So we believe the customers will be loyal to our brand and build long term relationships.
- iv. Communication objective we will use different sources to attract their customer. The objective of Butterfly Furniture is to create awareness in our customer about our new product. Butterfly Furniture also tells their customer that they provide pure wooden furniture to their customers.

### **Strategy marketing objective**

- i. To build unique distribution system that provides ubiquity at low cost.
- ii. To build high speed, efficient and vertical integrated manufacturing capabilities to gain low cost advantage.

- iii. To increase advertisement activities.
- iv. To redesign packaging to a more attractive and familiar.
- v. To make innovation in product so that it become more portable and in convenience oriented form.
- vi. To improve product quality as ever provide
- vii. To maintain positive and steady growth each month.
- viii. To experience an increase in new customers i.e. we have to ensure that our products have a high trial rate which will help us to turn these new customers into long term customers.
- ix. Generate brand equity at the markets we are catering to as well as within the supplier and distribution networks.

## 5.0 TARGETS

Butterfly Furniture Company (BFC) set targets to accomplish in the first five years. The following tables bellow show the targets that Butterfly Furniture Company would like to accomplish for the first duration of five years. Emphasis in the first year will be on advertising to make BFC to establish business in Dodoma region and all over the world.

### Targets

Target	Start Date	End Date	Budget (Tsh)	Manager/Officer	Department
Promotion/Advertising Campaigns	1/02/2015	20/06/2015	1,900,000	Bundara Maringo	Marketing
Full-Services in Store	8/05/2015	29/06/2015	1,900,000	Mayasa Rashid	Manager

Services Outside the Region	1/09/2015	25/10/2015	1,900,000	Mbunda Maimuna	Cashier
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### **Description of monthly raw material**

Type of raw material	Total cost
Wood/timber	6,450,000
Nail/nuts/ screw	2,000,000
Mattress	4,520,000
fabrics	600,000

### **6.0 OPERATIONS PLAN:**

Every successfully business begins with some way or another with a prolific goal setter. For this reason, the single most important piece of advice given to any starting business entrepreneur or business professional is to figure out exactly what they want, document it on paper and then attack it every day.

A business operations plan is something that you develop to help you put your own advice and thoughts into action bringing the physical requirements of the project. Creating a strategic plan can clarify your objectives on how you're going to operate your premises. The following are the Operational plans for Butterfly Furniture

Company which is a fully operational taskforce for all kinds of furniture e.g. Kitchen furniture, office furniture, bathroom ware, and bedroom ware.

### **Equipment:**

Our equipment is essentially made with the following main components.

- The boxes and shelves will be ordered from two different suppliers (Cab Parts, Scheers), and will be delivered in kitset form. They can be finished with custom veneers.
- The doors, panels, and drawer fronts will come from different suppliers such as Kings Furniture, Quality Furniture, Tunakopesha Limited and Home Shopping Centre. We will have more than 4-6 custom designs, with unlimited different custom finishes, available from various manufacturing firms.

### **Production facilities:**

There are two main types of facilities used in production in our industry.

- Production firm where there is the timber farm and the machines for designing and shaping timber into a complete cabinet sets using stock items where the cabinets turn up completely built. Usually have no shop facilities but do have showrooms.
- Assembly shops where the disassembled furniture from the production firm will be assembled and placed in the furniture shops with full, in-house fabrication facilities. They are usually very product orientated and under-perform with customer support. Products that need assembling include: Kitchen furniture, living room furniture, bathroom furniture, furniture parts (components), Seats and seats convertible into beds, office furniture.

### **Infrastructures:**

Since the company has the highest intentions of short time expansion hence will employ all the necessary infrastructures to enable networking of the company firms and creating

closeness to our customers. We need infrastructures such as shops, business centers, physical roads, and online infrastructures to connect to the internet.

### **Communication Facilities:**

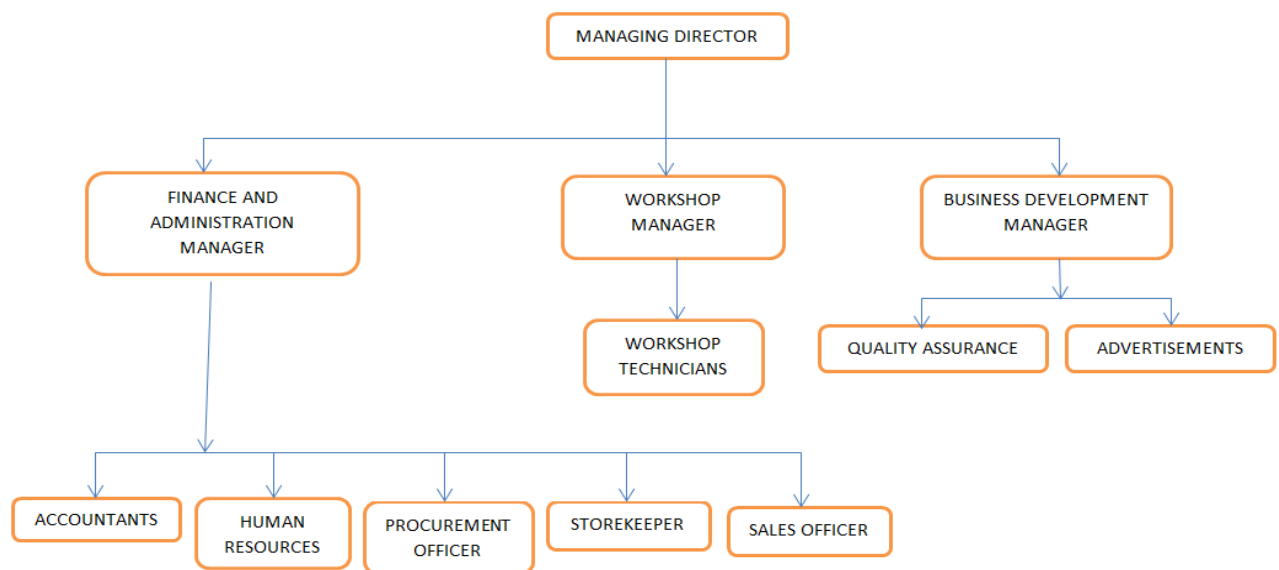
Communication is an important role in the company prosperity as there must be enough communication between the furniture centers and customers also among the workers of the respective firm. Various communication media will be used such as mobile communications and notepads, email and postal address also online website and BlogSpot.

### **Suppliers:**

There are many competitors in the local market. Although each of them deliver a quality product, we feel they fail to deliver a full turnkey package. There are four factors that govern the cost of all furniture projects: Scope, Product, Design, and Services.

## **7.0 MANAGEMENT AND ORGANIZATION**

### **BUTTERFLY FURNITURE COMPANY – ORGANIZATION STRUCTURE**





## 8.0 PREMISES AND GENERAL ESTABLISHMENT

- The industry and store will be using the private godown and the office we will build our own house called BUTTERFLY HOUSE by the loan from CRDB bank.

## 9.0 FINANCIAL PLAN

### 9.1: Projection Financial Statements

The company sales revenue expected to increase more to the year 2016 to be 85,670,000Tsh due to increase of production and also expected increase of customers due to effective market strategies.

The direct cost will rise due to increase of production. Total expenses expected and overhead will be **39,600,000Tsh** year 2016. So this will make the net profit to be **14,540,000Tsh**

#### 9.1.1: Profit and Loss Projection

<b>Profit and Loss- Year</b>		
<b>Commencing December 31,</b>	<b>Year, 2014</b>	<b>Year, 2015</b>
<b>Sales Revenue</b>	<b>(Tsh)</b>	<b>(Tsh)</b>
Beds	40,500,000	43,660,000
War drops	20, 400,000	25, 000,000

Dressing tables	16,000,000	18,200,000
<b>Total Sales</b>	<b>76,900,000</b>	<b>43,200,000</b>
<b>Less: Production Cost</b>		
Dining tables	9,000,000	8,500,000
Sofa sets	20,600,00	19,300,00
Tables	7,800,000	6,900,000
<b>Total Production Cost</b>	<b>37,400,000</b>	<b>34,700,000</b>
<b>Gross Profit</b>		
<b>General Expenses and Overheads</b>		
Salaries and Wages	20,000,000	20,000,000
Rent	9,500,000	9,500,000
Electricity	4,600,000	4,600,000
Advertising	800,000	600,000

Water	900,000	900,000
Telephone	1,300,000	1,700,000
License	300,000	
Stationary expenses	200,000	350,000
Equipment & Machinery	2,000,000	2,000,000
Depreciation		
<b>Total Expenses and Overheads</b>	<b>39,600,000</b>	<b>39,650,000</b>
<b>Net Profit Before Tax</b>	<b>14,540,000</b>	<b>25,364,000</b>
<b>Less:30% Provision for Tax</b>	<b>4,804,000</b>	<b>6,890,000</b>
<b>Net profit after tax</b>	<b>9,736,000</b>	<b>18,474,000</b>

## 9.2: Balance Sheet Projection

The size of the company expected to grow more as the time goes. The increase of production and increase of customers will lead to the increase of assets. So the total assets to be 12,000,000 Tshs in the year of production 2016. Any company always has liabilities, BUTERFLY FUNITURE COMPANY expected to have liabilities in 2016 and 17,850,000Tsh.

<b>BALANCE SHEET AS AT JANUARY 1,</b>	<b>2015</b>	<b>2016</b>
		<b>(Tsh)</b>
Machines and equipment	12,000,000	12,000,000
<b>Total Fixed Assets(A)</b>	<b>12,000,000</b>	<b>12,000,000</b>
<b>Current assets</b>		
Cash & Bank	13,540,000	15,700,000
Inventory	8,500,000	11,400,000
<b>Trade Receivables</b>	2,450,000	6,200,000
<b>Total Current Assets</b>	<b>24,490,000</b>	<b>33,300,000</b>
<b>Total Assets</b>	<b>36,490,000</b>	<b>45,300,000</b>
<b>Less Current Liabilities</b>		

Trade Payables	640,000	3,000,000
<b>Total Current Liabilities</b>	<b>640,000</b>	<b>3,000,000</b>
<b>Financial by</b>		
Owner's Equity	5,000,000	5,000,000
Long term liability	15,000,000	15,000,000
Net Profit After Tax	7,790,000	14,608,800
<b>Total Capital</b>	<b>27,790,000</b>	<b>34,608,800</b>

## 10. APPENDICES

### Price

#### Sofa:

Single	8000
Long	18000
Set	40000

#### Dining table:

Table with 4 chares	13000
Table with 6 chares	20000

#### Dressing table:

Small	8000
Medium	15000
Large	23000

