### Chapter 3: PRODUCTION AND OPERATIONS PLAN

#### 3.1 Production Process

1. **Project Initiation**: Client consultations to identify needs.
2. **Requirement Analysis**: Defining and breaking down project requirements.
3. **Design Phase**: UI/UX wire-frames and prototype development.
4. **Development**: Writing, testing, and refining code.
5. **Quality Assurance**: Rigorous testing and performance checks.
6. **Deployment**: Product delivery and client training.
7. **Maintenance**: Ongoing support and updates.

#### 3.2 Location and Facilities

* **Office Location**: Nairobi, for access to clients and local services.
* **Facilities**: Equipped with computers, servers, office furniture, and a collaborative workspace.

#### 3.3 Technology and Equipment

| ****Equipment**** | ****Quantity**** | ****Cost (KSH)**** | ****Source of Funds**** |
| --- | --- | --- | --- |
| High-Performance Computers | 5 | 100,000 | Owner’s funds |
| Networking Equipment | 3 sets | 50,000 | Bank Loan |
| Secure Storage Devices | 3 | 30,000 | Owner’s funds |
| Licensed Software Tools | - | 80,000 | Loan |
| **Total** |  | **260,000** |  |

#### 3.4 Quality Control

| ****Quality Control Method**** | ****Frequency**** | ****Responsible Team Member**** |
| --- | --- | --- |
| Unit Testing | Every project phase | Quality Assurance Team |
| Client Feedback Sessions | Bi-monthly | Project Manager |
| Documentation Reviews | Monthly | Lead Developer |

#### 3.5 Capacity

* **Initial Project Capacity**: 5-10 projects simultaneously.
* **Scalability**: Additional hires or freelancers as needed.

#### 3.6 Suppliers

| ****Supplier**** | ****Items Supplied**** | ****Location**** |
| --- | --- | --- |
| Jomoko Hardware | Computers, Equipment | Nairobi |
| SecureNet Solutions | Networking Tools | Nairobi |
| Nairobi Internet Service | Internet Provision | Nairobi |

#### 3.7 Legal and Environmental Compliance

| ****Compliance Area**** | ****Action**** |
| --- | --- |
| Data Protection Laws | Encrypted data handling |
| Intellectual Property | Licensed software, NDA policies |
| Environmental Policy | Minimal paper use, energy-saving practices |

### Chapter 4: MANAGEMENT AND ORGANIZATION PLAN

#### 4.1 Ownership Structure

| ****Ownership Type**** | ****Details**** |
| --- | --- |
| Limited Liability Company (LLC) | Owned by the founder |

#### 4.2 Organizational Structure

Below is the hierarchical organizational structure for Tekashi Software Development Firm:

| ****Position**** | ****Reports To**** | ****Responsibilities**** |
| --- | --- | --- |
| CEO | - | Business strategy, operations, partnerships |
| Project Manager(s) | CEO | Client management, project scheduling, resource allocation |
| Lead Developer | Project Manager | Code quality, mentoring developers |
| Software Developers | Lead Developer | Coding, testing, deployment |
| UI/UX Designer | Project Manager | User experience, interface design |
| Quality Assurance Team | Project Manager | Testing and quality assurance |
| Sales & Marketing Team | CEO | Client acquisition, branding, promotion |
| Finance & Admin | CEO | Financial management, payroll, admin tasks |

#### 4.3 Key Management Roles and Responsibilities

| ****Role**** | ****Key Responsibilities**** |
| --- | --- |
| CEO | Develops business strategy, secures funding, oversees all projects |
| Project Manager | Oversees projects, manages timelines, liaises with clients |
| Lead Developer | Ensures code quality, assists junior developers |
| Finance Officer | Manages budget, financial reports, payroll |
| Marketing Manager | Develops marketing strategy, oversees client communication |

#### 4.4 Recruitment and Staffing

| ****Position**** | ****Number of Staff**** | ****Recruitment Plan**** |
| --- | --- | --- |
| CEO | 1 | Founder |
| Project Manager | 1 | Recruit from tech management background |
| Lead Developer | 1 | Experienced developer with team lead experience |
| Software Developers | 3 | Skilled in full-stack development |
| UI/UX Designer | 1 | Creative with strong design portfolio |
| Quality Assurance Team | 2 | Experienced in software testing |
| Sales & Marketing Team | 2 | Sales-focused with client acquisition experience |
| Finance & Admin | 1 | Skilled in accounting and finance management |

#### 4.5 Training and Development

| ****Training Area**** | ****Frequency**** | ****Details**** |
| --- | --- | --- |
| Coding & Development Skills | Quarterly | Workshops on the latest programming techniques |
| Project Management | Bi-annual | Project management certification for managers |
| Industry Conferences | Annual | Sponsored attendance to stay updated in the field |

#### 4.6 Compensation and Incentives

Below is a compensation table based on the budget outlined in Chapters 2 and 5.

| ****Position**** | ****Monthly Salary (KSH)**** | ****Annual Salary (KSH)**** | ****Incentives**** |
| --- | --- | --- | --- |
| CEO | 200,000 | 2,400,000 | Profit-sharing based on yearly revenue |
| Project Manager | 150,000 | 1,800,000 | Project completion bonuses |
| Lead Developer | 130,000 | 1,560,000 | Performance-based bonuses |
| Software Developers | 80,000 | 960,000 (each) | Annual salary reviews |
| UI/UX Designer | 75,000 | 900,000 | Quarterly performance incentives |
| Quality Assurance Team | 60,000 | 720,000 (each) | Bonuses for zero-bug project completions |
| Sales & Marketing Team | 70,000 | 840,000 (each) | Commission-based on sales targets |
| Finance & Admin | 60,000 | 720,000 | End-of-year bonuses based on profitability |

#### 4.7 Advisory Board

| ****Advisory Role**** | ****Key Contributions**** |
| --- | --- |
| Software Development Expert | Advises on industry trends and software solutions |
| Financial Consultant | Offers guidance on budgeting, funding, and profitability |
| Marketing Strategist | Assists with brand positioning and market expansion plans |

### Chapter 5: FINANCIAL PLAN

#### Initial Capital

| Source | Amount (KSH) | Terms |
| --- | --- | --- |
| Owner Savings | 1,000,000 |  |
| Bank Loan | 800,000 | 16% p.a, 3-year loan |
| Microfinance Loan | 500,000 | 10% p.a, 24-month loan |
| Friends Donations | 300,000 |  |
| **Total** | **2,600,000** |  |

#### Setup Costs

| Asset | Cost (KSH) | Source of Funds |
| --- | --- | --- |
| Computers | 100,000 | Owner’s funds |
| Equipment | 500,000 | Bank Loan |
| Furniture | 150,000 | Loan |
| Office Fittings | 120,000 | Owner |
| Initial Materials | 80,000 | Owner |
| **Total** | **950,000** |  |

#### Collateral

| Security | Estimated Value (KSH) | Charged |
| --- | --- | --- |
| Land Parcel LR/029/45/10 | 4,000,000 | 1 acre (800,000) |
| Contribution/Savings | 300,000 |  |

#### List of Creditors

| Name | Days Outstanding | Amount (KSH) |
| --- | --- | --- |
| African Development Corp | 36 months | 600,000 |
| Kenya Tech Trust | 24 months | 500,000 |

#### Forecast Income Statement for the Years Ending December 31, Year 1 & Year 2

| Particulars | Year 1 (KSH) | Year 2 (KSH) |
| --- | --- | --- |
| **Estimated Sales Income** |  |  |
| Custom Software Projects | 5,000,000 | 7,000,000 |
| Software Consulting | 200,000 | 300,000 |
| Training Workshops | 100,000 | 150,000 |
| **Total Revenue** | **5,300,000** | **7,450,000** |

**Less Direct Costs**

| Direct Labour | 900,000 | 1,000,000 | | Software Tools | 50,000 | 60,000 | | Office Supplies | 40,000 | 50,000 | | **Total Direct Costs** | **(990,000)** | **(1,110,000)**| | **Gross Profit** | **4,310,000** | **6,340,000** |

**Operating Expenses**

| Salaries | 1,000,000 | 1,100,000 | | Transportation | 400,000 | 400,000 | | Utilities | 60,000 | 70,000 | | Office Maintenance | 50,000 | 60,000 | | Insurance | 120,000 | 150,000 | | Marketing | 200,000 | 250,000 | | Accounting Services | 70,000 | 80,000 | | NHIF/NSSF | 80,000 | 80,000 | | Communication | 40,000 | 45,000 | | Interest Expense | 15,000 | 18,000 | | **Total Operating Expenses** | **(2,035,000)** | **(2,253,000)** | | **Net Profit Before Tax** | **2,275,000** | **4,087,000** | | **Tax (30%)** | (682,500) | (1,226,100) | | **Profit After Tax** | **1,592,500** | **2,860,900** |

#### Forecast Statement of Financial Position (As at December 31, Year 1 and Year 2)

|  | Year 1 (KSH) | Year 2 (KSH) |
| --- | --- | --- |
| **Fixed Assets** | 950,000 | 800,000 |
| **Current Assets** | 1,500,000 | 2,300,000 |
| **Total Assets** | **2,450,000** | **3,100,000** |

**Financed By:**

| **Current Liabilities** | 800,000 | 600,000 | | **Long-term Liabilities** | 1,000,000 | 800,000 | | **Total Liabilities** | **1,800,000**| **1,400,000** | | **Capital** | 600,000 | 1,200,000 | | **Retained Earnings** | 50,000 | 500,000 |

#### Forecast Cash Flow Statement (Year 1 and Year 2)

|  | Year 1 (KSH) | Year 2 (KSH) |
| --- | --- | --- |
| **Opening Balance** | 2,600,000 | 3,150,000 |
| **Receipts** |  |  |
| Sales Income | 5,300,000 | 7,450,000 |
| **Total Receipts** | **5,300,000** | **7,450,000** |
| **Payments** |  |  |
| Operating Costs | (2,035,000) | (2,253,000) |
| Asset Purchases | (150,000) | (200,000) |
| **Total Payments** | **(2,185,000)** | **(2,453,000)** |
| **Closing Balance** | 3,150,000 | 4,997,000 |