

1.0 EXECUTIVE SUMMARY:

Domestic Tourism Safaris Promotion Company Limited (DTSPCL) is new company which has just been incorporated. Two of the three founders of the company however, have been in tourism business for more than five years now, as trainers in Tourism Colleges, while the third one is a Public Relations Officer at Udzungwa Mountains College which offers specialized training in tourism and hospitality businesses. The decision to establish DTSPCL is a result of the founders experience in the business and their conviction of the success their company can achieve if they join hands and work together in their new company.

Tourism industry is one of the fast growing industries in Tanzania and the world at large. It has achieved the phenomenal average growth rate of 15% annually in the last 10 years. The flow of foreign tourists into the country has kept increasing steadily in the last 17 years since liberalization of business in the tourism sector in the late 1980s. In the year 2010 the sector was expected to receive 1 million foreign visitors and generate US\$. 1.7 billion. This is from 575,000 visitors in 2002 who brought into the country US.\$ 730 million.

DTSPCL is planning to invest in tourism business an amount of T.Shs. 843 million which will enable the company to acquire a reasonable fleet of motor vehicles for tourist excursions to the various tourist attractions in the country, as well as administrative errands and some of the basic safari and mountain climbing equipment. This move will make the company's business operations reasonably competitive in the market, add value to its services and thereby earn the needed turnovers and profits for its growth.

The company's objective is to enter into business with the necessary ability to penetrate the market and scoop enough market share for its economic viability. The company will use modern technology in its marketing strategies including e-marketing and electronic information management to streamline its operations for efficiency and cost effectiveness. DTSPCL will also participate to a large extent in the domestic tourism promotion in collaboration with other stakeholders i.e. the TTB, TANAPA and the Tourism Department in the Ministry of Tourism, Natural Resources and Minerals and other local business entities that are engaged in this exercise. The growth of Domestic Tourism is in essence a creation of a reliable local market and a movement away from the current situation of almost total dependence on foreign tourist market. The key concept here is not only to increase the company's market share by sharing the limited foreign market, but to increase the market share by tapping (*or creating*) the potential "new" local market.

The project promoters are confident of making their business a success given their experience in the field and the insight they have gained into the available business opportunities in tourism industry. The company intends to scoop at least 5% of tourism market share in the market served by operators in the Tanzanian Northern Tourist Circuit, in the next five years. The biggest competitors of the company that are considered to be the most serious contenders so far, are six – operating from Moshi and three operating from Arusha. All these companies will be superior to DTSPCL, not only in operational

capacity but also in experience. They have large fleets of vehicles, the optimal number of equipment and skilled personnel. However, all of them are using traditional marketing methods and are not interested in promoting domestic tourism. DTSPCL will achieve its objective by excelling in these two areas where its competitors have shown weakness.

2.0 COMPANY DESCRIPTION:

2.1 Overview of Tourism Industry:-

Tourism is one of the world's largest industries with global revenues accounting to over 10% of world Gross National Product (GNP). In Tanzania, tourism accounts for nearly 17.2% of Gross Domestic product (GDP) and over 25% of total export earnings. It is a fast growing industry in Tanzania, at an annual growth rate of 15% on average in the last ten years (*Tanzania Tourist Board*).

In the year 2002 tourism industry in Tanzania supported over 160,200 jobs directly and foreign earnings grew from US \$ 259.4 million in 1995 to US \$ 731 million in 2003. In 2006, US \$ 862.9 million were collected compared to US \$ 823.5 in 2005, an increase of 4.7%. The number of foreign tourists visiting Tanzania has kept growing over the years. In the year 2001, 525,000 tourists visited the country. The number grew to 575,235 and 603,990 in 2002 and 2003 respectively. In 2006 and 2007 the number of foreign visitors grew to 644,124 and 719,031. The difference in increased visitors between 2006 and 2007 is 11.6% (*These numbers are for the national parks alone*). In 2008 The government projected that in 2010 the country would receive 1 million visitors who would spend a total of US.\$ 1.7 billion in the country (*Economic Survey – Planning Commission June 2000 2001, 2007 & 2008*). However, actual data for 2010 could not be obtained at the time of writing this plan to determine the achievement made in 2010. About 250,000 direct employments and close to 2.5 million indirect employments have been made by the sector so far.

The growth of the sector has created increased demand for hospitality/hotel and tour operators' services in the country, creating business opportunity in the provision of the two services. One of the reasons for this growth is the global growth of the industry as explained in the first paragraph above. Some of the reasons for the growth at the national level, include improved services in the industry after privatization of service provision in the sector, and other linked sectors such as transport, (*particularly air transport*) resulting in improved efficiency in handling passengers. This development has attracted more airlines using the country's airports and has increased the number of flights using the airports as their destinations, hence increasing the inflow of direct visitors into the country, unlike in the past where most of them used to come through the neighbouring countries. To some extent, improved standards and services in the local hotels and lodges after privatization has also contributed to the industry's growth in the country.

Lack of sufficient facilities however, such as hotels, lodges and excursion services to various tourist attractions in the country, providing quality services, commensurate with the standards that attract international visitors, is still a constraint to the enhanced growth of the sector. Opportunity for these businesses is therefore evidently abundant in the country. DTSPCL is therefore planning to exploit the opportunity to build-up its tour

operations business to achieve the objects set-forth in this plan. Furthermore, DTSPCL will focus on the development of Domestic Tourism as a special area for its growth.

2.2 Company/Business Description:-

Vision: Domestic Tourism Safaris Promotion Company Ltd envisages being the leading pioneer in propagating Cultural Tourism and in promoting Domestic Tourism to enable it to grow alongside foreign client based tourism in Tanzania.

Mission: Prompt and professionally high quality service delivery to customers, aimed at increasing the market share and seizure of every available opportunity for the company's growth.

Core Values: Service provision with commitment, integrity and creativity while treating each client as if they were the company's only client.

Domestic Tourism Safaris Promotion Company Ltd (*which has just been incorporated thus preparing to enter into business*) is a company limited by shares. Ownership structure of the company is composed of three shareholders who are also the directors of the company. These are: Edgardo Kabulwa Welelo, Ayo Arael Justine and Goodluck Maganila Bundala, all of them holding equal shares.

Although DTSPCL is a new company, its two founders are experienced businessmen in tourism business. Mr. Edgardo Welelo and Mr. Goodluck Bundala, both of them young men in their thirties are trained to diploma level. They have been working as instructors in tourism training institutes for more than four (4) years. In their capacity as instructors they have visited all the major tourist attractions in the country and in East Africa, and they have conducted researches in connection to tourism business in Tanzania as part of their duties. They therefore have a treasure of knowledge and experience which they intend to use in making their new venture a success. Mr. Ayo Justine is trained in administration and currently he is the Public Relations Officer of Udzungwa Mountains College Trust. The trio is expected to bring their knowledge and experience into the company's business and start with the necessary impetus to make the business a success.

DTSPCL believes that in tourism business, the challenge is not only in scooping a larger market share than the other competitors. The main contention lies in creating a larger market rather than sharing the existing *small* or *limited* market with one's competitors. With the expansion of the concept of tourism to include, eco-tourism, agro-tourism, cultural tourism and other versions, it is quite possible to create new tourist attractions even in the inhabited areas of Kilimanjaro region and transform them into booming tourist zone as well. By creating new attractions DTSPCL will also be expanding tourism business market. Promotion of domestic tourism is another area to which tourism market can be expanded by creating new markets. DTSPCL plans to work diligently in the promotion of domestic tourism. This is in conformity with the National Tourism Policy which emphasizes on the efforts to move away from almost total dependence on tourism's foreign market.

2.3 Service Description:

Tourist services that are going to be offered by DTSPCL shall be based on the traditional services which include: travel adventures and tourist/entertainment activities ranging from game viewing safaris, mountain climbing, sightseeing and photographic safaris. Eco, cultural and agro-tourism activities will be designed as part of sightseeing and photographic visits.

The core service products to be sold by DTSPCL are: Kilimanjaro, Meru and Lengai Mountains Climbing and day-walk treks; Holidaying excursions to national parks in the Northern Tourist Circuit. Combined or alternative service products packages including tailor made eco, cultural and agro-tourism services, according to needs and special requests by clients/customers. These shall normally be conducted in Day or Overnight tours to prepared sites or villages.

The Northern Tourist Circuit within which DTSPCL's business activity will be concentrated to begin with, extends from Kilimanjaro region to Arusha and Manyara regions. This tourist zone is endowed with the most glamorous tourist attractions that are renowned all over the world. These include:-

- Kilimanjaro Mountain and National Park
- Arusha, Tarangire, Manyara and Serengeti *National Parks*.
- Ngorongoro Crater (*610 mts. deep and 20 km. in diameter*).
- A historic and archaeological site in Olduvai Gorge.

DTSPCL is also preparing itself to provide extensive services in the emerging new "Eastern Tourist Circuit" which includes Pare and Usambara mountains, Mkomazi and Saadani National Parks, the coastal area and the islands of Mafia, Zanzibar and Pemba. The mainland's more than 850 kms Indian Ocean coastline extending from Vanga on the Tanzania/Kenya border in the North to Mwambo on the mouth of Ruvuma River in the South is the longest and most un-spoilt on the African coast. It has beautiful, un-crowded palm clad beaches and undersea coral gardens, many within easy reach of Dar es Salaam.

Situated offshore are the exotic islands of Zanzibar and Pemba nestled in the sun, easily reached by a 20 minute flight, or by boat from Dar es Salaam. The Dar es Salaam urban waterfront also faces the smaller islands of Mbudya, Bongoyo, Kenwa and Sinda. There is also the Mafia Island, a 40 minute flight to the South of Dar es Salaam over the ocean, one of the most exciting big game fishing and diving locations in the world.

To complement this array of incomparable attractions, there are pre-historic sites, rock paintings, ancient towns, mosques, palaces, together with the folklore and artistry of some tribes, which offer the richest of African tapestries to international visitors. DTSPCL shall tap to the maximum, the potentiality of these extra-ordinary attractions to design, package and sell tourism service products to both international visitors and local/domestic tourists, thereby creating and expanding its business market.

2.4 Company/Business Positioning:

As already explained elsewhere in this plan, DTSPCL is a new company which expects to operate its business in a competitive environment, where there are many long experienced small, medium and big operators. DTSPCL is quite aware that it has to start small, but with a vision to grow big. Considering the existing tourism market segments – in the foreign market which can roughly be categorized into: Upper Class; Middle Class and Lower Class clients, DTSPCL is poised to serve the middle class segment at this infantile stage of the company. With the growth of capital and operational capacity of the company DTSPCL shall gradually move upwards to serve the upper class clients. The middle class market segment is composed of mainly young individuals with middle to high income, often adventurous, who tend to go for the best outfits but are more flexible when given the right combination of price and quality. These are normally young executives, successful professionals and up-coming businesspeople who would like to learn alongside enjoying their holidays.

In the promotion of domestic tourism DTSPCL is planning to work with TANAPA in its annual domestic tourism promotion campaigns. The company will extend the campaign to schools and colleges where the future consumers of the services are being prepared to give them the taste of the company's services. This is in a bid to create a reliable clientele from these young people in a few years when they leave schools and colleges for their various employments. The campaigns will not be costly to the company since the government is offering special entry fees (*which are very low*) to locals in the various tourist attractions in the country. For example, while foreigners pay US.\$ 50 the locals are charged only T.Shs. 1,500 as entry fees to national Parks. The company will use incentives given by the government to market its services to locals in the building-up of the domestic tourism market component.

2.5 Pricing Strategy:

Like with all service oriented businesses, DTSPCL's pricing is based on the cost of rendering services and overhead expenses and consideration of fluctuation of costs, especially because in tourism bookings are made between 2 and 6 months in advance. The company's pricing policy is also based on the possibility of using pricing as a marketing tool. Powerful competitors with strong capital base are in a better position to cut down their operating expenses, hence their ability to be more competitive in the market. DTSPCL will use price discrimination whenever necessary, (*not as a policy principle*) to penetrate new markets/market segments and for the sake of competitiveness in the market.

DTSPCL's pricing formula is as follows:- $T + PF + A = TCS + 10\% + 20\%$ = Prices for wildlife safaris – to the national parks. Where T is transport; PF is park fees; A is accommodation and TCS is total cost of services rendered. The additional 10% covers any changes on service cost price, while the 20% is profit margin. As for Mountain Climbing the formula is:- $T + PF + A + L + F = TCS + 10\% + 20\%$ = Prices for mountain climbing services. Where the additional L represents labour charge (*for porters*) and F is cost of food while camping on the way up the mountain. The actual prices differ depending on the service package i.e. during high season mountain climbing for 5 days

will cost US.\$ 1,500 per person. Every increased day after 5 days will be charged US.\$ 100 extra. For wildlife safaris for 3 days costs US.\$ 1,266 per person. Every one day more is charged US.\$ 150. Cultural tourism packages will be charged fixed rates since they are either for 1 day or 1 night only.

3.0 PRODUCTION PLAN/SERVICE DESCRIPTION:

3.1 Production and Operation Processes:-

As a business service provider DTSPCL shall design, package and sell its services to clients in two types of packages. The first type is the company's ready made service packages, which include 3 days wildlife safaris; 5 days mountain trekking and 1 day or night cultural tourism. The second type is tailor made packages as per clients' requests/orders. In this second type the company will be flexible according to the clients' wish. Two or more packages can be sold together depending on the clients' needs and the negotiated packaging.

Production of tour service packages is attained by arranging for accommodation for the expected visitors after confirming bookings; arranging for transportation of their outfit to the appropriate destination; making bookings at the appropriate game reserve or national park entry points; making bookings at the relevant park or game reserve lodges or camping sites as appropriate and organizing for the provision of the visitors needs and amenities on their way to, and from their tour destinations.

In short, tour service packages must cover the whole range of the client's needs and activities from his/her touch down at the airport, to the moment he/she boards the plane back home. DTSPCL operates from Moshi hence in the Northern Tourist Circuit. Most of the company's activities are therefore in Moshi – particularly for Kilimanjaro Mountain climbing and in Arusha for wildlife safaris to the National Parks. Kilimanjaro International Airport facilitates the arrival of many tourists, while some of them still come through the neighbouring Kenya, especially for mountain climbing.

3.2 Cost of Service Development:-

Costs of service product development are mostly internally absorbed because they involve mostly human resource (*hence absorbed in wages*). A limited amount is involved with communication costs – through reception of orders and details for tailor made service packages. One can hardly quantify a fixed rate for the development of a package. As for production costs of service packages, these are determined by the market and as such, they always fluctuate although with limited variation – particularly in transportation charges. Transportation charges range from US.\$ 150 to 200 per day for wildlife safaris. One vehicle is for 6 passengers. Accommodation ranges from US.\$ 30 to 120 per bed & breakfast in most hotels and lodges, while camping charges are US.\$ 50 to 150 per bed & breakfast.

3.3 Labour Requirements:-

Tourism industry does not have any shortage of qualified people, particularly in this part of the country, because the area is the hub of the Northern Tourist Circuit as already explained above. Professionals in tour guiding and hotel industry are readily available

and in sufficient numbers. DTSPCL does not envisage incurring for any staff training in the foreseeable future. The company needs a core staff of 11 employees as follows:- The company's CEO, Tour Operations Manager, two Marketing Officers, an Accounts Assistant/Cashier, Chief Guide and five Professional Guides/drivers. Up to 20 porters shall also be needed but these and other support staff shall be outsourced to streamline management and cut down operational expenses. The 11 permanent staff members are all skilled personnel, while the outsourced labour is all semi-skilled (*the porters*) and unskilled. The average labour cost for professionals T.Shs. 250,000 per month, while the outsourced labour usually costs T.Shs. 5,000 per day.

3.4 Expenses and Capital Requirements:-

All financial projections are shown in *appendices I to XI*. They include the investment costs needed, operating expenses, income statements, cashflow statements and balance sheets covering the first five years of business operations.

Operating expenses are shown in *appendix IV* to this business plan. They are categorized into variable and fixed and semi-fixed expenses. They include direct costs, and overhead expenses. Like with all the financial projections in this plan, they are for the first five years.

Appendix I to this business plan shows the capital requirements of the business amounting to T.Shs. 843 million. Equity will be T.shs. 239 million. It is envisaged that, the remaining T.Shs. 604 million will be solicited from financiers particularly investment or commercial banks. Capital Investment outlay will be as shown in that appendix.

4.0 THE MARKET AND COMPETITION:

4.1 Customers:-

Tourists are the customers of DTSPCL. Currently most of the customers/clients in the tourism industry are foreign visitors. Development of Domestic Tourism which currently is estimated to be only less than 5% of the total tourist market is one of the strategies to be used in the creation of a larger local market and increase the company's market share and that of other tour operators.

Overseas tourists market which forms over 90% of tourism business market presently, is largely classified into three main categories or market segments:-

- Ø *Upper Class Market* – which is composed of mainly affluent individuals; mostly senior corporate executives with high incomes. They tend to go with the best outfits and strictly intolerant to compromised quality in the services they are offered.
- Ø *Middle Class Market* – this is comprised of mostly younger people with middle to high incomes. They are often adventurous and opt for the best outfits but are more flexible when they are offered the right combination of price and quality.

Ø *Lower Class Market* – this market segment consists mainly of what are known as backpackers i.e. college students and volunteer groups. Individuals in this segment are low income earners with limited spending power. They often travel in groups so that they can share costs and they usually shop around for, and bargain for the basic services.

The main source of tourists destined for the Northern Tourist Circuit is the Continental European countries mainly:- Germany, Switzerland, Spain, France and Italy. From Asia the main source country is Japan and from the Americas it is the U.S.A. and Canada.

The planned domestic tourism promotion campaign will target students to start with, but the currently growing middle class in the Tanzanian society will also be the prime target of the company in the near future. This is because it is the population's social stratum with the financial ability to spend in holidaying and leisure activities such as tourism.

4.2 Market Size and Trends:-

In the second paragraph of *topic 2.0* of this report, considerable attention has been paid to the growth trend of tourism as a sector, and the ever increasing number of foreign visitors into the country as tourists has been demonstrated. That is a clear evidence of the growing foreign market component of tourism business in Tanzania.

Table 1: Distribution and Numbers of Visitors (both local and foreign) to the Major National Parks in Tanzania Mainland, 1997 to 2000, 2006 & 2007

National Park	Total visits						% change 2006/07
	1997	1998	1999	2000	2006	2007	
Kilimanjaro	16,378	17,333	22,560	33,515	38,446	39,926	3.8
Serengeti	116,993	123,652	202,858	309,517	267,183	284,495	6.4
Manyara	60,735	62,690	73,820	85,775	133,519	145,042	8.6
Ngorongoro	185,468	192,917	200,800	208,249	p. 218,349	527,380	p.141.5
Arusha	26,821	29,366	45,880	48,425	53,145	52,881	-0.49
Mikumi	7,031	3,630	12,784	10,609	28,702	28,673	-0.1
Ruaha	5,683	6,268	10,938	11,523	22,364	19,279	-13.8
Tarangire	57,097	64,315	56,724	67,720	103,114	117,643	14.1
Gombe	910	1150	961	2201	819	910	11.1
Total	477,116	501,321	627,325	777,533	865,641	1,216,229	40.5

Source: *Economic Survey – Planning Commission June 2000 2001, 2007 & 2008*

Apart from the factors which have been extensively dealt with elsewhere in this report Tanzania's overall potential for the growth of tourism is further enhanced by her vast land area, and territorial waters providing tremendous opportunities to develop the best tourist/entertainment activities for tourism business. The potential guarantees the possibility of further growth of the sector's business hence the growth of its market as well.

Tanzania's National Parks occupy 4.5% of the country's total area including historic sites. Its superb vast and impressive game reserves cover nearly one third of its total area

of 942,784 Sq. kms. There are the world's most dramatic and most densely populated natural parks and game sanctuaries. The National Parks, Game reserves, and Controlled Areas, all occupy an area of 247,500 sq kms with a wide range of natural attractions. There are 12 National Parks (*including the famous Manyara, Serengeti, Tarangire, Mikumi, Kilimanjaro, Katavi, Gombe and Rubondo*), 17 Game Reserves and 47 Controlled Areas. In short there is ample room for the increased development of tourist attractions in the country, which is made possible because of the vast size of the country and other natural resources available on it including river valleys, plains, lakes, mountains, beautiful villages and farmlands.

Table 2: Number of Foreign Tourist Visitors Entering the Country and the Amount of Cash Collected from 2001 to 2007

Year	Number of Tourists	% Change	Number of Bednights	Income in US.\$ Million	% Change
2001	525,122	4.7	5,549,000	725.0	-1.9
2002	575,000	9.5	8,430,000	730.0	0.7
2003	576,000	0.2	9,600,000	731.0	0.1
2004	582,000	1.0	9,625,000	746.0	2.1
2005	612,754	5.3	10,587,000	823.1	10.3
2006	644,124	5.1	11,792,000	950.0	15.4
2007	719,031	11.6	12,748,000	1,037.3	9.2

Source: *Economic Survey 2007 – Planning Commission*

Table 3: Accommodation/Tourist Facilities in the Country, 2001 to 2007

Item/Year	2001	2002	2003	2004	2005	2006	2007
No. of Hotels	329	465	469	474	495	503	515
No. of Rooms	10,325	25,300	30,600	30,840	31,365	31,689	31,870
No. of Beds	18,284	45,500	55,500	55,932	56,562	56,781	56,995
No. of Employees*	156,500	160,200	160,500	198,050	199,000	199,300	250,000

Source: *Bureau of Statistics (National Planning Commission)*

* *Number of employees in the whole Tourism Sector – not in hotels alone*

4.3 Market Potential:-

Basic indicator of demand and market potential for the company's services, particularly for the foreign market component will be the volume of advance bookings, reservations and enquiries from individuals, group organizers and tour agents to the company and other tour operators particularly in the Northern and Eastern tourist circuits. In marketing its services the company shall always use and make special efforts to exploit the experience and knowledge of its management, sales agents and collaborating operators. Diligence of its Managing Director, and the Operations and Marketing Managers, the qualified and competent manpower in the field will always be directed towards achievement of set out goals.

Exceptional Attractions:

Tanzania's Tourism's potential for growth is characterized by special attractions represented by the extra-ordinary extent and diversity of wildlife which is unsurpassed by

any other country in the world. The aspect of diversity is of the highest importance in marketing as it forms the basis for securing a competitive advantage in the international market. It is clearly evident here that, with appropriate marketing strategies Tanzania can attract more tourists than other sub-Saharan African countries.

For example the situation in the East African countries in the year 2007 was that, Kenya was the leader in attracting international tourists. Of the 2.5 million tourists who visited the region, Kenya received 1.4 million, followed by Tanzania 719,000 and Uganda 380,000. The situation leaves a lot to be desired since Kenya does not possess even 20% of the attractions that Tanzania has.

Table 4: Tourist Arrivals in Top African Destinations in 2007

Nos.	Top Destinations in Africa	Arrivals in year 2007	% change from 2006
1	South Africa	7,108,000	+ 1.4%
2	Tunisia	6,057,000	+4.7%
3	Morocco	5,100,000	+ 7.4%
4	Kenya	1,426,000	+35.0%
5	Algeria	959,000	+13.8%
6	Zimbabwe	440,000	-60.0%
7	Mauritius	736,000	+10.1%
8	Tanzania	710,031	+11.6%
9	Zambia	674,000	+25.9%

Source: Tanzania Tourist Board and World Tourism Organization.

4.3.1 Profiles of the Major Tourist Attractions in Tanzania:-

(a) Northern Tourist Circuit:

This zone includes the national parks and conservation areas with nature based attractions and exceptional scenery particularly around Ngorongoro, Lake Manyara, Lake Natron and the escarpment of the Rift Valley as follows:

Ngorongoro Conservation Area: is Tanzania's sole conservation area, specially designated by UNESCO as Biosphere Reserve and a designated World Heritage Site. It contains many attractions within a vast and diverse area with mountains, major archaeological sites, plains, rivers, swamps, lakes, extensive forest reserves and the culturally rich Maasai tribe. Half of the regular visitors in this area are non – resident.

Lake Manyara National Park: lies about 130 kms. from Arusha and covers an area of 325 sq. kms, of which approximately one third is occupied by Lake Manyara. The park is 30 km. in length, and has a wide variety of wildlife that can be easily seen, and is outstanding in the extent of its bird life. About 70% of the park's regular visitors are non – resident.

Serengeti National Park: encompasses an area of 14,760 sq. kms, with the extra-ordinary Ngorongoro Crater as its central part. It is Tanzania's best known national park, and is renowned for its number of animals, especially during the migration season. The park

can be accessed by a major road from Arusha and from Nairobi via Bologonja border post near Keekrok in the Maasai Mara. It has two airstrips and accounts for about 35% of all visitors to national parks in the country.

Tarangire National Park: is endowed with Tarangire River running through the length of the park, creating the core wildlife zone in which the population of wildebeest, zebra, eland, elephant, buffalo, etc. is drawn to. The park has an area of 2,600 sq. kms.

Arusha National Park: covers 137 sq. kms, and is located only 32 kms, from Arusha municipality thus making it easy to access. It has a wealth of important tourist attractions including the Ngurdoto Crater, the seven Momella Lakes and Mount Meru.

Kilimanjaro National Park: has of an area of 756 sq. kms, with the permanently snow-capped peak of Mt. Kilimanjaro as the primary attraction. The Mountain with the highest peak in Africa, which rises suddenly from surrounding plains at around 2,600 feet to 19,430 feet above sea level, yet it can be conquered by any amateur climber, is an attraction in itself. The snow-capped peak attracts many climbers, botanists and gliders from different parts of the world. The three volcanoes of the mountain namely: Kibo, Mawenzi and Shira, and the many routes around them provide numerous trekking and climbing challenges that attract visitors from around the world.

(b) The Coastal Attractions and Historical Sites:

Tanzania also has miles of beautiful un-spoilt palm beaches along its Indian Ocean coast which extend from Vanga on the Tanzania/Kenya border in the North to Mwambo on the mouth of the Ruvuma river in the South. The beach resources of Unguja and Pemba are generally superior to the mainland. The quality of the marine resource in these areas is very high providing a basis and potential for several tourist activities. The beaches are beautified with abundance of sun throughout the year, and therefore offer beach holiday destinations along the coast and nearby exotic islands, particularly the principal islands of Zanzibar (Unguja and Pemba) and Mafia. The Pemba Channel is world renowned as a marine habitat and as a fishing, cruising, sailing and sport diving area while Mafia Island presents one of the most attractive propositions for the development of special interest marine tourist and resort tourism.

(c) Southern Tourist Circuit:

Includes Mikumi National Park, Udzungwa, Ruaha National Park, Selous, and Rungwa game Reserves.

Mikumi National Park: covering an area of 3,230 sq. kms. the park is located in the lee of Uluguru Mountains. By road the park is 283 kms. from Dar-es-Salaam. Visitors to this zone are dominantly resident – up to 80%.

Ruaha National Park: is a large park covering 10,300 sq kms in the West of Iringa (about 120 kms) in the Southern Highlands. The park, combined with Selous Game Reserve form the basis of the natural wildlife resources that will provide strong Southern tourist circuit and distinctive product from that of the attractions in the Northern wildlife Zone. Visitors to this are mostly residents – up to 70%

(d) The Eastern Tourist Circuit:

Runs through Mkomazi Game Reserve, Usambara Mountains and the Northern Coast including Tanga, Pangani and Saadani Game Reserve.

(e) Southern Coast and Islands:

This is the area from Ras Kimbiji to Rufiji Delta in the South including offshore islands of Mafia and Songosongo. Dar es Salaam area is also included with urban waterfront, and islands of Mbudya, Bongoyo, Kenwa and Sinda.

Others: are Lake Tanganyika including Gombe, Katavi and Mahale Mountain National Parks, while Lake Victoria Hinterland includes Rubondo National Park, Biharamulo – Buringi, Orungondu and Rumanyika Game Reserves. Tanzania has the three great lakes of East Africa namely: Lakes Victoria, Tanganyika and Nyasa within its borders and also a variety of spectacular landscapes and settlements.

(f) Cultural Attractions:

The other important feature of the coastline are the historical sites along the coast in places like Bagamoyo (*historically an outlet of the slave trade*) Zanzibar, Kilwa (*Islamic sites*) and Tanga, all of which are rich in arts and handicrafts. Zanzibar is particularly well endowed culturally with stone town as a great attraction, and the traditional bull fighting sport.

Equally famous is the Olduvai Gorge the site of the oldest mankind fossil finds, and where the skull of “Australopithecus Zinjanthropus” (or *The Southern Ape man*) was discovered by Dr. Leakey. The finds of hominid fossils is of importance to the study of physiological and anthropological/cultural development of man. There are also a number of important Stone Age sites in Tanzania many of them remarkably rich in rock paintings.

4.4 Competition:-

After liberalization of tourism business, investors and businesspeople of different capabilities, both foreign and local, have ventured into the sector, creating considerable competition in tourism business. Fortunately the nature of business has automatically stratified these service providers into categories fitting well into the available tourist market segments. The main categories of tour operators in the country are three:-

- § Large Foreign Owned Tour Operation Companies – These are well equipped, with large fleets of vehicles, highly skilled manpower and huge financial resources at their disposal. Their main target market segment is that of upper class tourists. Such companies are: A&K Limited and Ranger Safaris Limited to mention just a few, are good cases in point.
- § Large Tour Operation Companies Owned by Tanzanians – This category of service providers has some similarities to the above category of foreign owned companies, but with slightly lower capacity. They target medium and upper class market segments. They also have large fleets of vehicles, skilled personnel and

can access considerable financial resources. Some of these companies are: Leopard Tours Ltd, Zara International Travels Ltd, and Simba Safaris Ltd, among others.

§ *Small Tour Operators* – This category embraces all the remaining tour operators in the field. This group of tour operators is composed mainly of indigenous people. Their target market is the budget/lower class market. They have limited access to financial resources. Some of them possess basic equipment and one or two vehicles, while most of them outsource these essential working facilities and utilities to enable them to offer basic services to their clients. DTSPCL belongs to this category, which is why it is embarking into the business with special efforts to climb the ladder to the middle category of service providers in the shortest possible time.

In the Northern Tourist Circuit within which DTSPCL operates, there is a total of eleven serious competitors in the business which belong to the medium and low class of service providers. Six of these are based in Moshi – where DTSPCL is headquartered and the remaining five are in Arusha. Most of the small operators are found in Arusha. Those are not considered to be serious contenders to DTSPCL. The following is the ranking of competitors with their capacities in terms of fleet of vehicles they own and their market share, both present and the forecast situation after 5 years of implementation of this Business Plan:-

Table 4: Competitor Ranking by Capacities and Market Share:

Competitor	No. of Vehicles	Current Market Share	Expected Market Share
Moshi:-			
Zara International Travel Agency Ltd	52	40%	35%
Ahsante Tour & Safaris Ltd	38	25%	20%
Mem Tours & Safaris Ltd	15	13%	10%
Keys Hotels & Tours Ltd	15	12%	10%
Maulu Tours Ltd	10	5%	10%
The Really Wild Ltd	5	2%	5%
Domestic Tourism Safaris Prom. Ltd	0	0%	5%
Others	2	3%	5%
Total		100%	100%
Arusha:-			
Simba Safaris Ltd	65	35%	35%
Leopard Tours & Safaris Ltd	60	20%	18%
Into Africa Tours Ltd	58	18%	18%
Thompson Safaris Ltd	48	15%	15%
Sunny Safaris Ltd	30	8%	10%
Others	8	4%	4%
Total		100%	100%

The main reason for the projected changes in market share after five years is that, DTSPCL will have acquired the planned motor vehicles as projected in this plan to

handle a large part of its business. Parts of its business will be handled by outsourcing facilities like what is practiced by other small operators. The domestic tourism campaign will increase DTSPCL's business volume. This is the area where the big tour operators such as Zara, Ahsante Tours, Simba Safaris, Leopard Tours and others, are not making any efforts to venture into. Only the small operators so far are engaged in the domestic tourism promotion. This is probably because the big operators have larger volumes of business in the foreign tourism market segment, hence not bothering to go for locals. However, DTSPCL projects an increased market through domestic tourism promotion activities in the next 5 years, the largest share of which will go to small operators who are currently participating in promoting it.

4.5 Estimated Sales:-

These are presented in *appendix VI* to this business plan. The estimates are based on a very conservative figure of 400 foreign tourists and 8,000 local tourists per annum as 100% operation capacity. It is estimated therefore that, in the first year the company will operate at 60% capacity, 70%; 75%; 80% and 85% in the second to the fifth year respectively. The average rate used per person is US.\$ 2000 for all the services that the company will offer to that particular person for the foreign tourists and T.Shs. 60,000 per person for the local tourists. These estimates are very modest compared to the available opportunity and the planned marketing thrust which the company will execute in implementing this plan.

5.0 MARKETING AND SELLING STRATEGY/PLAN:

5.1 SWOT Analysis:-

Internal Appraisal:

Strengths:- (i) Available business office premises where the company's operations are coordinated. (ii) Suitable location of the company's premises at Rindi lane in the municipality of Moshi. (iii) Experienced management in tour operations business for more than 5 years in the field. (iv) Availability of both specialized and non-skilled support services for tourism, such as professional guides and porters. (v) Availability of utilities for hire, by professional operators i.e. trained drivers etc.

Weaknesses:- (i) Inadequate investment and working capital for the smooth and profitable take-off of the company's business.

External Appraisal:

Opportunities:- (i) Completely untapped domestic market. (ii) Ample room for innovative creation of new tourist attractions in cultural, eco and agro-tourism. (iii) Improved infrastructure particularly roads, facilitating transportation, reducing operational costs. (iv) Most of the common tourist attractions being in the vicinity i.e. in Kilimanjaro and Arusha regions.

Threats:- (i) High competition among tour operators threatening raised operational costs (ii) Competitors with higher capital base may decide to penetrate local market by lowering their prices to levels that are unaffordable to the company.

5.2 Marketing Strategy:-

DTSPCL's marketing is targeting both foreign tourists and the promotion of domestic tourism. For the foreign market segment, the objective is to raise the company's share to at least 5% of the total sales in the Northern Tourist Circuit in the next five years. In the promotion of domestic tourism, the company shall network with TANAPA and other interested stakeholders in the promotion activities that are organized and carried out every year. The company will especially target schools and colleges in this endeavour, as a way of creating a reliable future local market. Door to door campaigns to entice the middle class workers and businesspeople to start enjoying their holidays by visiting the various tourist attractions in the country will be conducted.

Electronic Marketing:- This is a new phenomenon in business, particularly in this part of the world, but one that is growing popular very fast especially in the travel and tourism business. The importance of electronic marketing stems from the two main facts, namely:

- Ø The extensive use of internet in the world today. There were close to 2 billion web surfers and internet users in the world up to the year 2010 and the number keeps increasing. With the proper information of any tourist or travel business availed to this growing number of people in the world, a huge potential market can easily be created.
- Ø Linkage between Database Marketing and Direct Marketing. In practice these two areas are integrated. Internet marketing includes capturing of data and feeding it into the company's database, where it is used to develop profiles and lists, which enable the company to plan effective direct marketing campaigns. The internet, using e-mails and CD-ROMs with hyperlinks to the internet are two of the media for direct marketing.

DTSPCL is planning to use electronic marketing intensively, particularly for the foreign market because of the advantages explained above. This will be part of the company's establishment. Effective use of electronic marketing will be achieved through establishment of the three electronic networks known as electronic platforms, namely:

- The Internet:- Connecting the company and internet users the world over through the amazingly large electronic "*information superhighway*".
- The Extranet:- Connecting the company with other companies and individuals with which the company is doing business i.e. suppliers, customers, agents and sales executives.
- The Intranet:- This is the network connecting people and employees within the company. It may be inter-branch/office connection or branch/office to head office/management and field operatives and vice versa.

Establishment of these electronic platforms shall help the company to evolve marketing strategy that focuses on customization and personalization of service products. Information can be quickly gathered about individual customers, tour agents and business partners, stored and usefully applied to individualize service products. This system shall also enable the company to identify which customers are most valuable or have the potential of being most valuable to it and therefore plan marketing offers which fit their needs, in a bid to attract and retain them. Translation of the company's website into about 5 key international languages will also facilitate its e-marketing endeavours.

Participation in Tourism Exhibitions:- Experience in tourism business has proved that exhibitions are very effective marketing vehicles. Direct contact to foreign tour agencies and tourism wholesalers during exhibitions helps in making acquaintances with these very important people in advertising tourism service products to foreign markets. DTSPCL shall make sure it participates in at least two or more tourism exhibitions out of these: the Indaba in South Africa, the UK, Spain, Germany and Switzerland in the Continental Europe in the next five years.

5.3 Methods of Sales:-

For the foreign clients who have to make bookings well in advance, electronic communication is extensively used in doing business with them. After the client has seen the company's service products and chosen one, either from the website or by direct communication with the company's staff, the client will then book for the services. The bookings are normally made in not less than two months prior to the date of the clients' arrival. This is to enable the company to make appropriate arrangements and bookings at the local hotels, wildlife lodges and national park entry points, and car hire (*where necessary*) for its clients. The clients may pay in advance while still in their countries or on their arrival to the company's office. What follows is the long awaited delivery of services to the clients as per the sold service product packages to them.

5.4 Advertising and Promotion:-

Sales promotion and advertisements by DTSPCL are currently carried out by way of brochures, fliers, posters in the printed materials form of advertisements. In the area of electronic media the company has its website and it shall use e-mail communication to known tour agents and operators the world over. Arrangements are underway to have radio and TV casual announcements and jingle runs for the company's advertisements in the local FM radios and TVs.

As already explained in the Marketing Strategy topic 5.2 above, the company shall attend and participate in both, local and international tourism trade fairs. Local exhibitions are organized every year in Arusha by TATO (*Tanzania Association of Tour Operators*), TTB (*Tanzania Tourist Board*) in collaboration with ITB (*International Tourist Board*) conducted in Germany, WTM (*World Travel Market*) conducting shows in England and Tourism Mart in Beijing. The Indaba of South Africa pulls-in participants from almost all over the world. In these exhibitions the company will not only advertise, but as explained above, contacts will be established between the company and international tour agents, and advertisers who are selling Tanzania as a suitable destination to tourist the world

over, and tourist wholesalers who come to shop for the best tour companies for their clients in Tanzania.

6.0 MANAGEMENT AND ORGANISATION:

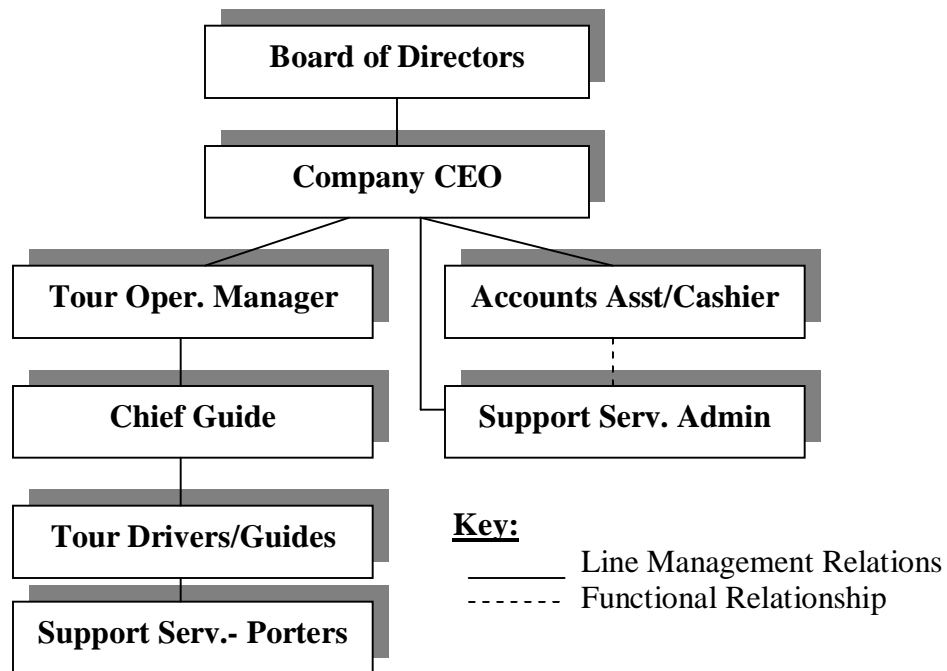
6.1 Description:-

Being a private company limited by shares DTSPCL is managed under the Board of Directors. The core management of the company dealing with day to day managerial functions has the Managing Director as the Chief Executive Officer. Being small the company's business shall need only eleven permanent employees at this stage. A Tour Operations Manager, Chief Guide, four Professional Guides, Two Sales Officers, two Tourist Drivers and one Accounts Assistant/Cashier. The company plans to streamline its management by outsourcing some of the key services to professional firms and other support services business entities. Accountancy and audit, cleaning and security services are some of the services that will be outsourced.

Management Team: The C.E.O of the company is trained to diploma level in tourism business with over five years of experience in tourism industry in the training and managerial positions. The Tour Operations Manager is a holder of diploma in Tourism and Hospitality Business Administration. He has work experience of over six years as a trainer and researcher in tourism business. The Chief Guide is a professional guide, trained to Diploma level with 8 years working experience in the field. He is a licenced mountain climbing guide by KINAPA (*Kilimanjaro National Park*), has a valid 5 years old class "C" driving licence.

Staff Members: The four professional guides to be employed by the company shall need to have at least certificates in tour guiding, valid mountain climbing licences with a minimum of two years experience. The two Tourist Drivers will need not less than 5 years old Class "C" driving licences, certificates from registered driving schools and clean track record of service throughout their driving experience from known tour companies. The Sales Officers will need to possess at least diplomas in marketing with at least three years of post training experience. Priority will be given to those with experience in tourism business. The company's management will use "TQM" (*Total Quality Management*) style by mainstreaming service provision functions of the company including that of marketing and sales promotion to be part of the duties of each staff member, individually and collectively as a team.

6.2 Organisational Structure of DTSPCL:-



6.3 Ownership:-

DTSPCL is a private company limited by shares, incorporated under the Companies Act 2002 in the Republic of Tanzania. Three shareholders own the company as follows:-

Edgard Kabulwa Welelo	34% shares
Ayo Apael Justine	33% shares
Goodluck Maganila Bundala	33% shares

6.4 Board of Directors:-

The DTSPCL's Board of Directors is at the top of the company's management. It is the final decision making body of the company. It is composed of Mr. Edgard K. Welelo – the Chair and Managing Director (C.E.O. of the company); Goodluck M. Bundala and Ayo A. Justine. The company is contemplating the appointment and co-option of two more distinguished individuals with impeccable integrity and rectitude who are well versed and experienced in tourism industry and finance business to reinforce the Board. The two Board members to be co-opted must have held executive positions in reputable tourist and financial bodies for a reasonable time.

6.5 Support Services:-

It has been mentioned elsewhere in this plan that the company shall outsource all professional services which cannot be carried out by the small staff of the company. These services include: legal services; accountancy and audit; security services; marketing and advertising and motor vehicle maintenance. Hiring of equipment for service provision will be greatly reduced on acquisition of the planned vehicles and some of the equipment. There will be gradual phasing out of outsourced services because in

tourism one can hardly be completely self-sufficient. Even the big tour companies outsource some of these services when overwhelmed by large outfits during high season.

7.0 FINANCIAL PLAN:

7.1 Financial Risks:-

The following are the major financial risks that can affect the company's business:-

- Ü Failure to get the planned investment finance.
- Ü Large competitors lowering their prices to unaffordable levels.
- Ü Inability to achieve the projected of sales.
- Ü Small operators dominating the envisaged domestic tourism market.

Failure to get the planned investment finance, especially the loan, will result in the company's inability to acquire the planned motor vehicles, furniture, camping and mountain climbing gear and equipment. Under such circumstances the company will acquire the most necessary equipment with the funds that can be made available and continue to outsource the missing services just like all small operators are doing at the moment. The fact that very small tour businesses has can survive with limited resources at their disposal, proves that the company can endure for some time until alternative measures are taken to have the business plan implemented.

If large competitors lower their prices to unaffordable levels, (*which is most unlikely as they are making good profits presently*) the company will intensify marketing drive through innovative and stepped-up sales promotion. Cutting down of profits to compete will be the last option. Domestic tourism promotion will take the lion's share of the company's marketing efforts and costs. This is because the large companies do not value the local market as viable in their business strategies hence their little or no participation in the promotion of domestic tourism.

The two factors in the two preceding paragraphs may result in non-achievement of sales projections. Should this be the case, the company will take measures as explained in the two paragraphs above and also review its marketing plan, sales methods and study methods used by others operators which are the secret behind their success to the achievement of the desired levels of sales. Diversification of service packaging, marketing strategies and methodologies and innovations in service provision and sales strategies will be employed to enhance the business' economic viability.

In case small operators dominate the domestic market which the company relies in increasing its business volume, the company will aggressively compete with them by employing the door to door marketing strategy as explained earlier. Carrying out of schools and colleges canvassing and penetration of the market by operating at break-even to start with, will be the last resort when, and if necessary.

7.2 Descriptive Financial Plan:-

The total investment cost is estimated at T.Shs. 843,000,000. Out of the total cost of investment, T.Shs. 239,000,000 will be equity while T.Shs. 604,000,000 will be a term loan to be recovered in 60 months from the date of availability of the credit facility.

Details of investment outlay are in *appendix I*. All the financial projections reflecting the business operations and balance sheets for the five years are in *appendices II to X*. They include: Investment and Re-investment Schedule; Fixed Assets Depreciation Schedule; Loan Repayment and Interest Schedule; Variable, Fixed and Semi-Fixed Costs Schedule; Projected Working Capital Schedule; Projected Income Statements; Projected Cashflow Statements; Projected Balance Sheets; Discounted Cashflow and Payback Period Analyses.

The projections indicate that the company's business will be profitable throughout the five years of its operations under the credit facility. The business is expected to end its business with a cash balance of T.shs. 94.8 million in the first year and T.shs 900.6 million in the fifth year. This will enable the company to repay its loan meet its other financial obligations. The Discounted Cashflow in *appendix IX* show an IRR of 18.75%. This rate is within the region of the countries interest rates which are currently between 12% and 22%. The Payback Period Analyses projections indicate that the company's business will be able to pay back the investment in 3 years.

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

INVESTMENT STRUCTURE
Combined Investment Will Be As Follows:-
(The Figures are in T.Shs. "000")

ITEM	SHAREHOLDERS' EQUITY		FINANCIER	TOTAL
	Existing	Contribution		
Motor Vehicles	57,000	125,000	604,000	786,000
Furniture & Fittings	3,000	5,000	-	8,000
Office Equipment	5,000	7,000	-	12,000
Safaris & Mt. Climbing Equip.	10,000	15,000	-	25,000
Pre-Operational Expenses	-	12,000	-	12,000
TOTAL	75,000	164,000	604,000	843,000
Ratio	8.9%	19.5%	71.6%	100%

Note: Pre-Operational Expenses includes:-

(i) Registration Fees & Licences	<u>T.Shs.</u> 1,400
(ii) Insurances	8,000
(iii) Professional Fees	2,000
(iv) Traveling Expenses	600
Total	<u>12,000</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

ECONOMIC & TAX DEPRECIATION SCHEDULE
(The figures are in T.Shs. "000")

ECONOMIC DEPRECIATION:

ITEM/YEAR	Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Motor Vehicles		786,000	589,500	442,125	331,594	248,695
Depreciation	25%	196,500	147,375	110,531	82,899	62,174
NBV 31/12		589,500	442,125	331,594	248,695	186,521
Furniture & Fittings		8,000	7,000	6,125	5,359	4,689
Depreciation	12.5%	1,000	875	766	670	586
NBV 31/12		7,000	6,125	5,359	4,689	4,103
Office Equipment		12,000	10,500	9,187	8,039	7,034
Depreciation	12.5%	1,500	1,313	1,148	1,005	879
NBV 31/12		10,500	9,187	8,039	7,034	6,155
Safaris Equipment		10,000	8,750	7,656	6,699	5,862
Depreciation	12.5%	1,250	1,094	957	837	733
NBV 31/12		8,750	7,656	6,699	5,862	5,129
Camping Equipment		15,000	13,125	11,484	10,048	8,792
Depreciation	12.5%	1,875	1,641	1,436	1,256	1,099
NBV 31/12		13,125	11,484	10,048	8,792	7,693
Pre-Operational Expenses		12,000	9,600	7,680	6,144	4,915
Depreciation	20%	2,400	1,920	1,536	1,229	983
NBV 31/12		9,600	7,680	6,144	4,915	3,932
Economic Depreciation		<u>204,525</u>	<u>154,218</u>	<u>116,374</u>	<u>87,896</u>	<u>66,454</u>
Accumulated Depreciation		<u>204,525</u>	<u>358,743</u>	<u>475,117</u>	<u>563,013</u>	<u>629,467</u>

TAX DEPRECIATION:

ITEM/YEAR	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Motor Vehicles	786,000	196,500	147,375	110,531	82,899	62,174
Furniture & Fittings	8,000	1,000	875	766	670	586
Office Equipment	12,000	1,500	1,313	1,148	1,005	879
Safaris Equipment	10,000	1,250	1,094	957	837	733
Camping Equipment	15,000	1,875	1,641	1,436	1,256	1,099
TOTAL	-	<u>202,125</u>	<u>152,298</u>	<u>114,838</u>	<u>86,667</u>	<u>65,471</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

LOAN REPAYMENT AND INTEREST SCHEDULE
(The figures are in T.Shs. "000")

YEARS	OUTSTANDING	INSTALMENT	INTEREST 18%	TOTAL
1	604,000	120,800	108,720	229,520
2	483,200	120,800	86,976	207,776
3	362,400	120,800	65,232	186,032
4	241,600	120,800	43,488	164,288
5	120,800	<u>120,800</u>	<u>21,744</u>	<u>142,544</u>
TOTAL	-	<u>604,000</u>	<u>326,160</u>	<u>930,160</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

VARIABLE, FIXED AND SEMI-FIXED COSTS SCHEDULE
(The figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
VARIABLE COSTS:					
Operating Capacity	60%	70%	75%	80%	85%
Fuel, Oils & Lubricants	295,410	373,650	397,380	423,240	449,850
Spares, Repairs & Maintenance	39,590	49,700	53,190	56,640	60,180
Tyres & Tubes	55,430	70,220	74,460	79,310	84,250
Repairs – Equipment	5,500	6,500	6,850	7,280	7,500
TOTAL Variable Costs	<u>395,930</u>	<u>500,070</u>	<u>531,880</u>	<u>566,470</u>	<u>601,780</u>
FIXED & SEMI-FIXED COSTS:					
Salaries & Wages	21,000	21,000	21,000	25,200	25,200
NSSF Employer's Contributions	2,100	2,100	2,100	2,520	2,520
Skills & Development Levy	1,260	1,260	1,260	1,512	1,512
Transport & Travelling	7,640	8,250	8,750	9,350	9,850
Park Fees	125,640	131,220	137,060	143,150	150,640
Guides & Porters	35,300	39,610	41,730	43,840	45,950
Advertisements	4,800	4,200	4,200	4,200	4,200
Audit & Accountancy Fees	600	600	600	900	900
Insurances	12,500	12,500	12,500	12,500	12,500
Road Licences	1,550	1,550	1,550	1,600	1,600
Business Licence	4,800	4,800	5,500	5,500	5,500
Telephone, Postage & Emails	11,200	13,200	13,200	14,918	15,318
Electricity & water	1,000	1,000	1,200	1,200	1,200
Entertainment	540	540	600	600	660
Printing & Stationery	1,920	2,270	2,460	2,460	2,600
Directors' Remunerations	21,600	21,600	24,000	26,400	28,800
Bank Charges	350	450	550	550	600
TOTAL Fixed & Semi-Fixed Costs	<u>253,800</u>	<u>266,150</u>	<u>278,260</u>	<u>296,400</u>	<u>309,550</u>
TOTAL OPERATING COSTS	<u>649,730</u>	<u>766,220</u>	<u>810,140</u>	<u>862,870</u>	<u>911,330</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

PROJECTED WORKING CAPITAL SCHEDULE
(The figures are in T.Shs. "000")

ITEM/YEAR	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	60%	70%	75%	80%	85%
CURRENT ASSETS:					
Debtors – 35% Monthly sales	<u>29,610</u>	<u>34,545</u>	<u>37,013</u>	<u>39,480</u>	<u>41,948</u>
TOTAL CURRENT ASSETS	<u>29,610</u>	<u>34,545</u>	<u>37,013</u>	<u>39,480</u>	<u>41,948</u>
CURRENT LIABILITIES:					
Creditors & Accruals	<u>4,882</u>	<u>5,126</u>	<u>5,536</u>	<u>5,978</u>	<u>6,456</u>
TOTAL CURRENT LIABILITIES	<u>4,882</u>	<u>5,126</u>	<u>5,536</u>	<u>5,978</u>	<u>6,456</u>
NET WORKING CAPITAL	24,728	29,419	31,477	33,502	35,492
CHANGE IN W/CAPITAL	<u>24,728</u>	<u>4,691</u>	<u>2,058</u>	<u>2,025</u>	<u>1,990</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

PROJECTED INCOME STATEMENTS
(The figures are in T.Shs. "000")

ITEM	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	60%	70%	75%	80%	85%
Revenue:					
Sales	1,015,200	1,184,400	1,269,000	1,353,600	1,438,200
Less: Variable Costs	395,930	500,070	531,880	566,470	601,780
Contributions Margin	<u>619,270</u>	<u>684,330</u>	<u>737,120</u>	<u>787,130</u>	<u>836,420</u>
Less: Fixed & S/Fixed Costs	253,800	266,150	278,260	296,410	309,550
Operating Surplus	<u>365,470</u>	<u>418,180</u>	<u>458,860</u>	<u>490,720</u>	<u>526,870</u>
Less: Capital Charges:-					
- Economic Depreciation	204,525	154,218	116,374	87,896	66,454
- Interest on Loan	108,720	86,976	65,232	43,488	21,744
Total	<u>313,245</u>	<u>241,194</u>	<u>181,606</u>	<u>131,384</u>	<u>88,198</u>
Profit Before Tax	<u>52,225</u>	<u>176,986</u>	<u>277,254</u>	<u>359,336</u>	<u>438,672</u>
Less: Tax Depreciation	202,125	152,298	114,838	86,667	65,471
Add: Economic Depreciation	204,525	154,218	116,374	87,896	66,454
Taxable Income	54,625	178,906	278,790	360,565	439,655
Tax Payable 30%	(16,388)	(53,672)	(83,637)	(108,170)	(131,897)
NET PROFIT AFTER TAX	<u>35,837</u>	<u>123,314</u>	<u>193,617</u>	<u>251,166</u>	<u>306,775</u>
Profit Brought Forward	0	35,837	159,151	352,768	603,934
RETAINED EARNINGS	<u>35,837</u>	<u>159,151</u>	<u>352,768</u>	<u>603,934</u>	<u>910,709</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

PROJECTED CASHFLOW STATEMENTS
(The figures are in T.Shs. "000")

ITEM	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Capacity	0	60%	70%	75%	80%	85%
CASH INFLOWS:						
Term Loan	604,000	-	-	-	-	-
Equity	239,000	-	-	-	-	-
Profit Before Tax	-	52,225	176,986	277,254	359,336	438,672
Economic Depreciation	-	204,525	154,218	116,374	87,896	66,454
TOTAL INFLOWS	<u>843,000</u>	<u>256,750</u>	<u>331,204</u>	<u>393,628</u>	<u>447,232</u>	<u>505,126</u>
CASH OUTFLOWS:						
Investment	843,000	-	-	-	-	-
Loan Repayment	-	120,800	120,800	120,800	120,800	120,800
Income Tax	-	16,388	53,672	83,637	108,170	131,897
Change in W/Capital	-	24,728	4,691	2,058	2,025	1,990
TATOL OUTFLOWS	843,000	<u>161,916</u>	<u>179,163</u>	<u>206,495</u>	<u>230,995</u>	<u>254,687</u>
NET IN/(OUT) FLOWS	-	94,834	152,041	187,133	216,237	250,439
Opening Balance	-	0	94,834	246,875	434,008	650,245
Closing Balance	-	<u>94,834</u>	<u>246,875</u>	<u>434,008</u>	<u>650,245</u>	<u>900,684</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

PROJECTED BALANCE SHEETS
(The figures are in T.Shs. "000")

ITEM	Year 1	Year 2	Year 3	Year 4	Year 5
CAPITAL EMPLOYED:					
Fixed Assets at Cost	<u>843,000</u>	<u>843,000</u>	<u>843,000</u>	<u>843,000</u>	<u>843,000</u>
Less: Accumulated Depreciation	204,525	358,743	475,117	563,013	629,467
Net Fixed Assets	<u>638,475</u>	<u>484,257</u>	<u>367,883</u>	<u>279,987</u>	<u>213,533</u>
Current Assets:					
Debtors	29,610	34,545	37,013	39,480	41,948
Cash in Hand/Bank	<u>94,834</u>	<u>246,875</u>	<u>434,008</u>	<u>650,245</u>	<u>900,684</u>
Total Current Assets	124,444	281,420	471,021	689,725	942,632
TOTAL ASSETS	<u>762,919</u>	<u>765,677</u>	<u>838,904</u>	<u>969,712</u>	<u>1,156,165</u>
Current Liabilities:					
Creditors and Accruals	<u>4,882</u>	<u>5,126</u>	<u>5,536</u>	<u>5,978</u>	<u>6,456</u>
Total Current Liabilities	<u>4,882</u>	<u>5,126</u>	<u>5,536</u>	<u>5,978</u>	<u>6,456</u>
Net Current Assets	119,562	276,294	465,485	683,747	936,176
NET WORTH	<u>758,037</u>	<u>760,551</u>	<u>833,368</u>	<u>963,734</u>	<u>1,149,709</u>
TO BE FINANCED BY:					
Equity	239,000	239,000	239,000	239,000	239,000
Retained Earnings	<u>35,837</u>	<u>159,151</u>	<u>352,768</u>	<u>603,934</u>	<u>910,709</u>
	274,837	398,151	591,768	842,934	1,149,709
Term Loan – New	483,200	362,400	241,600	120,800	0
TOTAL	<u>758,037</u>	<u>760,551</u>	<u>833,368</u>	<u>963,734</u>	<u>1,149,709</u>

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

DISCOUNTED CASHFLOW AND INTERNAL RATE OF RETURN
(The figures are in T.Shs. "000")

ITEM	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
CASH INFLOWS:						
Operating Surplus	-	365,470	418,180	458,860	490,720	526,870
Residual Value of Assets	-	-	-	-	-	213,533
Recoupment of W/Capital	-	-	-	-	-	35,492
Total Inflows	-	<u>365,470</u>	<u>418,180</u>	<u>458,860</u>	<u>490,720</u>	<u>775,895</u>
CASH OUTFLOWS:						
Investment	843,000	-	-	-	-	-
Loan Repayment – New	-	120,800	120,800	120,800	120,800	120,800
Income Tax	-	16,388	53,672	83,637	108,170	131,897
Change in Working Capital	-	24,728	4,691	2,058	2,025	1,990
Total Outflows	843,000	<u>161,916</u>	<u>179,163</u>	<u>206,495</u>	<u>230,995</u>	<u>254,687</u>
Net Cashflow	(843,000)	<u>203,554</u>	<u>239,017</u>	<u>252,365</u>	<u>259,725</u>	<u>521,208</u>

The Internal Rate of Return (IRR) is 18.75%

DOMESTIC TOURISM SAFARIS PROMOTION CO. LTD
Business Project

PAYBACK PERIOD ANALYSIS
(The figures are in T.Shs. "000")

Capital Investment T.Shs. 843,000

Years	Profit After Tax	Depreciation	Total	Cumulative	BALANCE
0	0	0	0	0	(843,000)
1	35,837	204,525	240,362	240,362	(602,638)
2	123,314	154,218	277,532	517,894	(325,106)
3	193,617	116,374	309,991	827,885	(15,115)
4	251,166	87,896	339,062	1,166,947	323,947
5	306,775	66,454	373,229	1,540,176	697,176

The Payback Period is 3 years and 2 months