

BUSINESS PLAN

FOR

KATENGEZA VEGETABLE GROUP

Under

KATENGEZA CBO

Contact person:

Muhammad Umande

ADDRESS: KATENGEZA CBO

C/O KASAMBA CDSS

P/ BAG 7

NKHOTAKOTA

Cell: 0994968395 / 0887262616

Email : katengezacbo@gmail.com

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1.0 EXECUTIVE SUMMARY

1.1 BACKGROUND INFORMATION

Katengeza vegetable group was formed on March 10, 2013. The group is composed of 11 males and 27 females totaling to 38 members. Vendors, OVOP/ MALUSO, MORHERBAL, local and international export are the target customers for the business. Labor for this type of business is locally available. The group was formed after seeing the problems impinging the community aimed at contributing to socio-economic development at community level.

Currently the group is producing and selling moringa powder, moringa soap, neem powder, Mvunguti powder, tonic root powder, Lemon grass, Banana powder, honey soap, Tseketske powder and also produces tomatoes, rice and green vegetables. This business plan is for producing and selling Moringa powder and other assorted herbal products as specified above for the period from July 2023 to June 2024.

1.2 INTRODUCTION

Herbal products are growing business worldwide let alone in Malawi and Africa. There is wide range of herbal products and among them katengeza Vegetable Group produces Lemon grass, tonic root, Mvunguti and Moringa Oleifera (*chamwamba*), Banana powder, honey soap, neem powder, neem soap among others. These herbal products have recently gained much popularity in Africa including Malawi. It is understood that they have a lot of nutritive, medicinal and economic values. Moringa grows in abundance in dry seasons in most hot areas of Malawi like Nkhotakota, Salima, Nsanje and Chikwawa. Historically

Moringa has grown naturally and has been underutilized with so much drying out or serving as fodder for animals.

Mvunguti, neem and tonic root are naturally grown however with possibility of farming them as well. There are in abundance in Nkhotakota and subject to exploration in different parts of the country.

1.3 BUSINESS OBJECTIVE

The purpose of this business is to increase Katengeza social entrepreneurship status that aimed at alleviating poverty, increase health status of women and children thereby improving their socio-economic being.

1.3.1 MISSION STATEMENT

To create a worthy and healthy community by spearheading tangible social entrepreneurs where jobs are created and poverty is alleviated while accelerating the country economic growth.

1.3.2 VISION

To be a transformed society with responsible people who are empowered economically and socially constructive participants in issues of national development.

1.4 PRODUCTS

With vast research on nutrition content and medicinal values of moringa, neem, tonic root (*mondia white*), lemon grass, mvunguti, among others studies of possible business ventures for the demand of these products is growing locally and internationally. Katengeza is planning to add value to these products. These are Moringa powder, neem powder, Mvunguti powder, tonic powder, banana powder, honey soap, Moringa oil and wine, lemon grass powder and lemon grass tea bags, capsules its primary products. All these products are taken as supplementary food with no or very minimal side effects. Katengeza will also add value to rice, tomatoes and beans.

The plan is to utilize the improved milling machine, tea bag sealing machine, oil pressing machine and capsule filling machine the case of herbal products.

Unlike Moringa which is more of food supplement these other products are more medicinal in nature. Lemon grass which is taken as a drink in form of tea has properties which are: good for digestion, has full of antioxidants, regulates high blood pressure, boost metabolism and burn fats, heals cold and flu relieves menstrual pain.

Neem leaf is used to prevent leprosy, eye disorder, blood nose, intestinal worms, stomach upset, loss of appetite, skin ulcers, disease of the heart and blood vessel, fever, diabetes, gum diseases, treat malaria and liver.

Mvunguti is used for internal ailments such as tape worm, dysentery, diabetes, malaria, hemorrhaging, toothache,

pneumonia, and it is used as a purgative and used differently in African and beyond.

Tonic root is used to improve appetite and libido, as a galactagogic, as a fertility booster, and as an antidepressant.

Banana powder is rich in vitamin C and B6, as well as minerals such as potassium, copper and manganese. It also contains powerful antifungal and antibiotic compounds that help to fight viruses. Banana powder helps in cases of shingles, Epstein-Barr Virus, Parkinson's disease, arthritis, chronic fatigue syndrome and many other chronic conditions, helping people to heal.

Tamarindus indica powder locally known as tseketske helps to stimulate sexual desire for women because of aphrodisiac that is present in it. The powder has several benefits in women such as: boosts libido, vaginal cleanliness, reduces vaginal secretion and controls vaginal yeast multiplication.

All these products can be added value into packed powder, tea bags and capsules passing through the same process like moringa products.

The group also endeavor to add value to rice, tomatoes and beans by growing using modern agricultural techniques and packing in unique packets for supermarkets. All over Malawi tomatoes are farmed but lack proper ways of preserving, Katengeza will instead dry the tomatoes and produce tomato powder.

1.5 LOCATION

Katengeza Vegetable Group is located in Group village head man Chunga, Traditional Authority Malenga chanzi in Nkhotakota district.

2. 0 TARGET MARKET

The business is targeting the general local and international markets. However, the initial market are the four well known exporters of moringa in Malawi: Moringa Malawi, MALUSO (formerly known as OVOP), MORHERBAL, and Moringa Miracle Limited based in Blantyre and Lilongwe. Consultation with African Parks has been as well fruitful as they have confirmed a need of 2000kg of Moringa powder to be exported to Africa as Katengeza group falls within the five Kilometre catchment from Nkhotakota Game Reserve which is their target moringa project area. Henceforth they will be purchasing moringa leaves powder and link us to wide range of international markets.

There is also a potential growth in the market based in Asia UK and America, the business just needs to do proper research and all required certifications.

2.1 COMPETITORS ANALYSIS

An informal market research has been conducted by the enterprise team which has revealed two competitors who buy moringa from the local people and supply it outside. One competitor has a collection point where everyone brings whatever small amount of moringa and buys it at a low price. The other competitor has a shop in Salima where they sell moringa and moringa products especially powder and capsules. However, the market is not saturated and there is enough room

for even competitors. One just needs to be strategic and ensure quality of the products. With our unique holistic approach like establishing a 10 hectares' farm to produce organic added value moringa products the enterprise has a competitive advantage. However, there is an eruption of herbal products on the market from within Malawi and neighboring countries in form of juices. But so far only one competitor called Green Adventure produces moringa teabags and powder in Salima district. Production of tomato powder will be first of its kind in Malawi but potential of vast market, similarly for tonic root and lemon grass.

3.0 S.W.O. T ANALYSIS

3.1 STRENGTH

- The group has 2580 trees of moringa on 5-hectare land
- The group has a well elaborated constitution
- The team has knowledge of all processes regarding the products
- The market of all the products is still virgin and untapped
- The employees know the management to be consistent, strict but fair in an effort to maintain high standards
- The management team has in depth knowledge of the Labour Act and can apply it throughout
- The financial planning, management and control systems are in place to minimize loss through appropriation and optimize the cash flow.
- The administrative support team is extremely strong, discipline and committed

- The top management team has in depth knowledge about the business operations and financial control
- The current management and technical team has much marketing information, customer knowledge and operational intelligence.
- The market for the product is not extensively exploited for decreased of products demand.

3.2 WEEKNESSES

- The group does not have distribution points of its products yet in urban places.
- There is not yet an organic certification of products for international markets
- Pressure on cash flow during certain periods of the month
- Other processes of the products require electricity which is not within the office premises currently
- The ability for online marketing is still very low

3.4 OPPORTUNITIES

- Increase the capacity of production
- Obtain more corporate business of the surrounding businesses by direct marketing strategies
- To build on existing good reputation of the business core product to make it even better and bigger.
- Financial independence and stability are foreseeable
- Appoint effective manager to ensure high management
- Good working relationship with stakeholders i.e. government structure and Non-Governmental Organizations.

3.5 THREAT AND CHALLENGES

- Government regulations
- Initial capital
- The Cholera and COVID-19 pandemics
- Diseases and pests on raw materials
- Gender conflicts among employees

4.0 FINACIAL CONSIDERATION

Katengeza Vegetabale Group is seeking **MK62 550 000**

to finance its operations and cover start-ups expenses and first year losses. It is estimated that the business will start making profit within the first year of its operation. The breakeven analysis indicated that profits are realized in the second month of production and sales (see projected profits from July 2023 to June 2024). Net profit projected at **MK 41 912 857. 00**

5.0 MARKET PLAN

5.1 PRODUCT

PRODUCT	COMPETITIVE ADVANTAGE (SPECIAL FEATURES)
Moringa, Neem, Mvunguti, Tonic root, tomato, Banana and lemon grass powder	<ul style="list-style-type: none">• No established producer in Nkhotakota apart from katengeza vegetable group• Katengeza vegetable group is already producing the popular high quality powder

Moringa Oil	<ul style="list-style-type: none"> • The moringa oil production is very minimal but demand is high • Katengeza vegetable group has skills and knowledge of making high quality moringa oil
Moringa, tonic roots, lemon grass tea bags	<ul style="list-style-type: none"> • There are no producers of moringa, tonic roots and lemon grass tea bags currently in the country hence easy to penetrate the market across the country. • Katengeza vegetable group has skills and knowledge of making tea bags
Moringa, neem and honey soap	<ul style="list-style-type: none"> • The moringa, neem and honey soap production is very minimal but demand is high and fetches good prices than most locally produced soaps.
Moringa and neem capsules	<ul style="list-style-type: none"> • Very minimal suppliers across the country and demand is high • Katengeza vegetable group has skills and knowledge of making capsules
Moringa seeds	<ul style="list-style-type: none"> • There is no defined supplier of moringa seeds but the demand is high
Moringa, neem, banana, lemon grass seedlings	<ul style="list-style-type: none"> • Prices are high than any other tree seedling and not many are into the business

5.2 PRICE STRATEGY

QUANTITY	PRICE RANGE (MK)
1Kg Moringa, Mvunguti, Tonic root, Lemon grass, tomato and Neem powder	2000- 5000
500mg (100) Moringa capsules	3500 - 7000
110ml Moringa oil	2500 - 5000
1 Moringa seedling	1000 - 1500
1 packet lemon grass (100 tea bags)	1000 -3000
1 kg moringa seeds	2000 – 4000
1 tablet moringa soap	500 – 1000
1 kg rice	1500
1 kg beans	1500

5.3 SALES FORECAST

Moringa, neem, tonic root, mvunguti, banana, tomato and lemon grass powder	Estimated units sold			
	Per day	Per week	Per month	Per year
200 bottles	1200	72, 000	288, 000	3, 426, 000
Bulk (200kg)		600, 000	2, 400, 000	28, 800, 000

Moringa oil	Estimated units sold			
	Per day	Per week	Per month	Per year
100ml	9000	56 000	224 000	2 688 000

Moringa and neem soap	Estimated units sold			
	Per day	Per week	Per month	Per year
1 tablet	2500	15 000	60 000	720 000

Moringa and neem capsule	Estimated units sold			
	Per day	Per week	Per month	Per year
450mg (100 capsules)	7000	42 000	252 000	3 024 000

Moringa seedlings	Estimated units sold			
	Per day	Per week	Per month	Per year
Seedlings truncheon				3 500 000
Pot seedlings				5 000 000

Moringa, lemon grass tonic roots, banana tea bags	Estimated units sold			
	Per day	Per week	Per month	Per year
Packet (100 tea bags)	7500	45 000	180 000	2 160 000

5.4 PLACE STRATEGY

WHERE THE MORINGA PRODUCTS WILL BE FOUND	LOCATION
Shoprite, Super Markets, Pharmacies, OVOP shops, Peoples,	Nkhotakota, Lilongwe, Balaka, Blantyre, Mzuzu, Salima and Mchinji

5.5 PROMOTION STRATEGY

The Katengeza Vegetable Group will engage in a number of activities to attract customers, some of the activities will be making brochures, sign posts, advertisement on radio, Facebook page, WhatsApp groups and announcements in the community

5.6 PRODUCT PROMOTIONAL BUDGET

ITEM	QUANTITY/ NUMBER	COST/ UNIT	TOTAL AMOUNTN(MK)
Agriculture fair	3		2, 100 000
Radio advertisement	12	20 000	240 000
Posters	10	35000	350 000
Sign posts	2	150 000	300 000
Meetings	12	20 000	240 000
Total			3 230 000

6.0 PRODUCTION SERVICE DERIVERY PLAN

6.1 Inputs/raw materials needed for production or service delivery

VARIABLE COSTS/ INPUTS NEEDED	SUPPLIER IDENTIFIED	AVAILABILITY
Non labour inputs		
Parking materials (cartons, bottles)	OG plastics	Readily available
Labels/ Wrappers design and development	MOHERBAL Limited	Readily available
Tea bag filter paper	Grant	Not Available
Transportation	Katengeza Vegetable group	Readily available
Storage (warehouse)	Katengeza Vegetable group	Available

Plastic sheet	Katengeza Vegetable group	Available
Labour	Community	Readily available

6.2 MAJOR ASSETS/ MATERIALS NEEDED FOR PRODUCTION OR SERVICE DELIVERY

MACHINERY/EQUIPMENT NEEDED	SUPPLIER IDENTIFIED	AVAILABILITY
Moringa milling Machine	World connect	Available
Tea bag Sealing machine	Grant	Not available
Solar Drying green house	Katengeza CBO	Available
Capsule filling machine	Katengeza CBO	Available
Oil pressing machine	Grant	Not available
Laptop	Katengeza CBO	Available
Printer	World connect	available
Mortar	Katengeza CBO	Available
Pestles	Katengeza CBO	Available
Drum	Katengeza CBO	Available
Basin	Katengeza CBO	Available
Wood trays for soap	Katengeza CBO	Available
Tapuline	Katengeza CBO	Available
Factory house	World connect	Available
Wine making machine	Grant	Not available
Soap making machine	Grant	Not available
Tea bag machine	Grant	Not available
Motor cycle	World connect	Available

NB: the proposed pressure machine has the potential to produce 400kg per hour. Identified and to be imported from India.

6.3 PRODUCTION COST

6.3.1 VARIABLE COSTS/ RAW MATERIALS

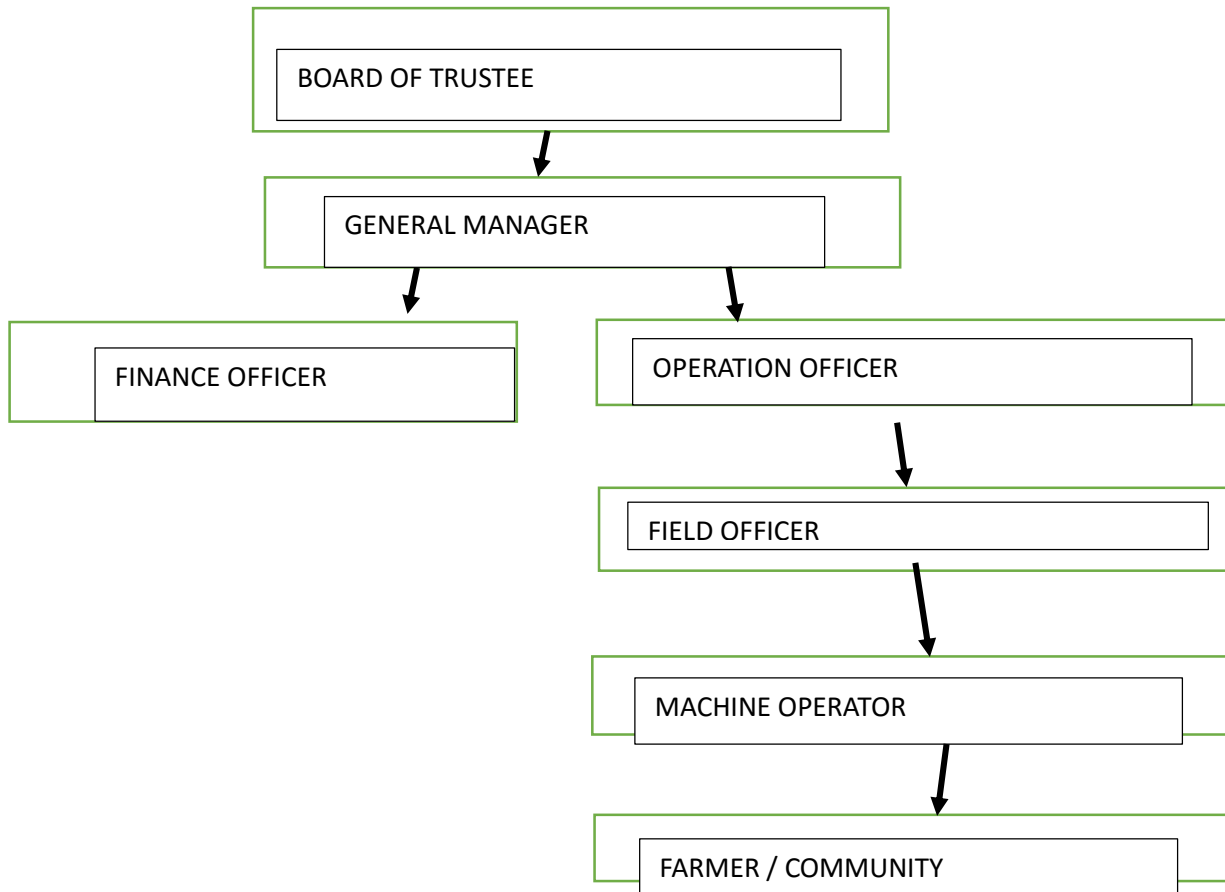
ITEM	UNIT (No, Ltrs, kgs)	QUANTITY	UNIT COST (MK)	AMOUNT (MK)
Moringa leaf (out sorcing)	Kg	1 000	800	800 000
Moringa seed (out sorcing)	Kg	1 000	750	750 000
Costic Soda (NAOH)	Kg	200	2000	400 000
Tea bag filter paper roll (min order 500kg)	Kg	1000	3000	3 000 000
200g bottles	Number	1 000	550	550 000
Capsule bottles	Numbers	5 000	300	1 500 000
Vegetable capsules caps (450mg size 00#)	Number (pcs)	50 000	25	1 250 000
Plastic sheets	Number	10	12 000	120 000
Labour	Man days	2000	600	1 200 000
Labels (sticky papers leam)	Number	20	35 000	700 000
Tansport (petrol)	Litres	1000	1750	1 750 000
TOTAL				12 020 000

6.3.2 FIXED COSTS /ASSETS

ITEM	QTY	UNIT COST	TOTAL AMOUNT	SOURCE (PLACE TO BUY)	TERMS AND CONDITIONS OF PURCHASE
Moringa milling machine	1	1 500 000	1 500 000	Lilongwe	Cash – katengeza CBO (world connect)
Tea bag sealing machine	1	13 000 000	13 000 000	lilongwe	Grant
Moringa solar drying green house	1	1 250 000	1 250 000	mzuzu	Cash – katengeza CBO
Capsule filling machine	1	1 500 000	1 500 000	lilongwe	Cash – katengeza CBO
Oil pressing machine	1	9 500 000	9 500 000	lilongwe	Grant
Laptop	1	450 000	450 000	lilongwe	Cash – katengeza CBO
printer	1	550 000	550 000	lilongwe	Cash – katengeza CBO (world connect)
Factory house	1	4 800 000	4 800 000	katengeza	Cash – katengeza CBO (world connect)
Motor cycle	1	2 100 000	2 100 000	lilongwe	Cash – katengeza CBO (world connect)
Wine making machine	1	11 200 000	11 200 000	lilongwe	Grant
Bee hives	32	70 000	2 240 000	katengeza	Cash – katengeza CBO (world connect)
Flyer/ bunner	3	150 000	450 000	lilongwe	Cash – katengeza CBO(world connect)
Soap making machine	1	3 100 000	3 100 000	lilongwe	Grant
TOTALS			51 640 000		

7.0 ORGANIZATION AND MANAGEMENT PLAN

7.1 ORGANIZATION STRUCTURE



7.2 ADMINISTRATIVE COSTS

POSITION	QUALIFICATION	SUMMARY OF DUTIES	SALARY PER MONTH	TOTAL FOR 12 MONTHS
Manager	MSCE	Oversee the business	120 000	1 440 000
Operation manager	MSCE	Supervising all production and quality of products	100 000	1 200 000
Finance officer	MSCE	Budgeting, facilitating purchases and control of finances	100 000	1 200 000
Marketing officer	MSCE	Market searches and linkages	100 000	1 200 000
Machine operator	JCE	Operations of machines	60 000	720 000
Guard	PLSCE	Guarding office premises	60 000	720 000
TOTAL			540 000	6 480 000

7.3 CAPACITY BUILDING

NO	NAME OF ACTIVITY	QUANTITY	UNIT	TOTAL
1	Quality management	30	session	1 000 000
2	Learning visit	38	Session	1 200 000
	TOTAL			2 200 000

8.0 FINANCE PLANING

8.1 TOTAL CAPITAL REQ UIRED FOR THE BUSINESS

COST ITEMS	COST
Machinery	44 850 000
Money required for raw materials	12 020 000
Money required for direct labour	1 200 000
Money required for overheads Office equipment, laptop, utilities, promotion, capacity building, salaries e.t.c.	9 680 000
Money required for transportation	1 750 000
TOTAL CAPITAL REQUIRED	69 500 000

NB: of the capital required, the group will contribute 10% which amounts to **MK6 950 000**

Of the capital required, grant will contribute 90% which is **MK62 550 000**

8.2 COSTING PLANNING

8.2.1 COSTING SHEET

DIRECT COST	COSTS
MATERIALS	
Moringa leaf	1 000 000
Mvunguti (sausage fruit) collection	1 500 000

Mondia white (tonic roots) collection	1 800 000
Lemon grass collection	450 000
Rice seed	150 000
Tomato seed	30 000
Bean seeds	30 000
Moringa seed collection and packaging	1 200 000
Caustic soda	800 000
Tea bag rolls	2 000 000
Packaging materials	2 500 000
200ml bottles	950 000
Capsules bottles	500 000
Vegetable capsule cups	700 000
TOTAL COST OF PRODUCTION	13 610 000

8.3 FINANCING PLANNING

ITEM	AMOUNT
Total owners' Equity	MK 6 950 000
Grant	MK62 550 000

8.4 PROJECTED PROFIT AND LOSS (INCOME STATEMENT) FROM JULY 2023 TO JUNE 2024

DETAILS	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	TOTAL AMOUNT
INCOME													
Sales	-	2 444 666	3 246 989	3 444 655	4 565 777	4 999 888	5 777 454	6 777 999	7 555 434	7 888 767	8 777 342	9 343 878	64 822 849
Cost of Direct materials	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	12 019 992
Cost direct labour	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	1 200 000
Gross profit	-1 101 666	1 343 000	2 145 323	2 342 989	3 464 111	3 898 222	4 675 788	5 676 333	6 453 768	6 787 101	7 675 676	8 242 212	51 602 857
EXPENSES													
Rent	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000		60 000	720 000
Salaries	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000		640 000	7 680 000
Marketing	45 000	50 000	30 000	120 000	150 000	30 000	520 000	60 000	100 000	60 000		55000	1 200 000
Utilities	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000		50 000	600 000
Others	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000		20 000	240 000
Depreciation	-	-	-	-	-	-	-	--	-	-		-	-
TOTAL EXPENSES	815 000	820 000	800 000	890 000	920 000	800 000	1 290 000	830 000	870 000	830 000		825 000	9 690 000
NET PROFIT	1 916 666	523 000	1 345 323	1 452 989	2 544 111	3 098 222	3 385 788	4 846 333	5 583 768	5 957 101		7 417 212	41 912 857

8.5 BREAK EVEN ANALYSIS SHEET

8.5.1 BREAK EVEN

Breakeven of sales to realize profits is at the second month of production and sales.

8.6 PROJECTED CASH FLOW STATEMENT

Projected cash flow statement for the year from July 2023 to June 2024

DETAILS	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Balance b/f													
Cash in													
Cash sales	-	2 444 666	3 246 989	3 444 655	4 565 777	4 999 888	5 777 454	6 777 999	7 555 434	7 888 767	8 777 342	9 343 878	64 822 849
Monthly Contribution	6 950 000												6 950 000
well-wisher/ grant	62 550 000												62 550 000
Total cash Received	69 500 000	2 444 666	3 246 989	3 444 655	4 565 777	4 999 888	5 777 454	6 777 999	7 555 434	7 888 767	8 777 342	9 343 878	134 322 849
Cash out													
Machinery	44 850 000												44 850 000
Raw materials	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	1 001 666	12 019 992
Cost of direct labor	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	1 200 000
Salaries	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000	640 000	7 680 000
Utilities	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	600 000
Marketing	45 000	50 000	30 000	120 000	150 000	30 000	520 000	60 000	100 000	60 000	550000	50 000	1 250 000
Total cash out	46 686 600	1 841 666	1 821 666	1 911 666	1 941 666	1 821 666	2 311 666	1 851 666	1 891 666	1 851 666	2 341 666	1 841 666	67 599 992
Ending cash balance	22 813 400	603 000	1 425 323	1 532 989	2 624 111	3 178 222	3 465 788	4 926 333	5 663 768	6 037 101	6 435 676	7 502 212	66 722 857

8.7 SOURCES AND USES OF FUNDS

Own contribution 10%	MK 6 950 000
Grant 90%	MK62 550 000
TOTAL SOURCES	MK69 500 000

USES OF FUNDS	MK
Solar Dryer Greenhouse	1 250 000
Tea bag filling machine	13 000 000
Wine making machine	11 200 000
Motor cycle	2 100 000
Oil pressing machine	9 500 000
Soap making machine	3 100 000
Salaries	6 440 000
Raw materials	12 020 000
Labour	1 200 000
Transportation	1 750 000
Capacity building	2 200 000
Marketing	2 100 000
Utilities	50 000
TOTAL USES	MK65 910 000