

# **EASY CASSAVA MEAL PROJECT**

## **Business Plan**

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## Executive summary

Easy General Dealers is proposing to establish a cassava processing mill to be located in Lwandui area of Nalikwanda in Mongu district of Western province. Easy General Dealers will purchase cassava chips in the first year and produce cassava meal (flour) for supply to hotels and individual households in Mongu town and beyond. The proposed business will create market linkages for cassava producers and add value to the cassava industry.

Jean Mushunga is the sole proprietor of Easy General Dealers based in Mongu, Western province. Jean has vast experience in business management, marketing, influential and excellent in making business contacts that will strengthen the implementation of the proposed project.

The business also wishes to establish a cassava farm within Lwandui area in order to supplement the stock for processing. The proprietor has a vast traditional land earmarked for the cultivation of good quality cassava varieties.

Easy Cassava Mill project will be involved in cassava cultivation, processing, packaging and marketing of quality cassava meal (flour) and chips in Western province and beyond. Easy General Dealers will open an outlet in Mongu town as a wholesale and retail shop for individual customers and will deliver the cassava products direct to customers such as hotels, restaurants and other retailers who are willing to trade in cassava meal.

The business will satisfy the needs of its customers through supply of quality cassava meal (flour) with standard packaging. The traders who need to sell the Easy Cassava flour to their customers will be sold at a reduced (wholesale) price than the retail price. Opportunities will also be given to hotels and restaurants who want to add cassava flour to their food products.

Easy Cassava Meal project estimates to process about 201 tons of cassava meal annually so as to produce 8,030 bags of 25 kilograms for the duration of six months. The production will increase in the second year as the whole 12 months will be for production. As such an estimated 16,060 bags of 25 kilograms will be produced. The project estimates a production increase of 5% in the third year.

The Easy Cassava Meal project would require a grant of Zambian Kwacha (ZMW 736,852.00). The project is expected to realize a profit of about ZMW 74,585.00 in the first 6 months of production and marketing of cassava. From the analysis, the project is profitable and able to sustain its operations for a longer period.

## 1. Business Idea

Easy Cassava Mill project will be involved in cassava cultivation, processing, packaging and marketing of quality cassava meal (flour) and chips in Western province and beyond.

The business will grow cassava from its farmland and also promote an out-grower scheme among small – scale cassava farmers in Lwandui and surrounding areas. The business will try to add value to the local cassava and other new good varieties through good processing (Milling) and provision of a sustainable market for small – scale farmers involved in cassava growing.

Easy General Dealers will open an outlet in Mongu town as a wholesale and retail shop for institutions as well as individual customers and will deliver the cassava products direct to customers such as hotels, restaurants and other retailers who are willing to trade in cassava meal.

The business will satisfy the needs of its customers through supply of quality cassava meal (flour) with standard packaging. The traders who need to sell the Easy Cassava flour to their customers will be sold at a reduced price than the retail price. Opportunities will also be given to hotels and restaurants who want to add cassava flour to their food products.

The Innovation of this business is that;

- a) Production methods: Although cassava production has been there before, Easy General Dealers will enhance the cassava production through two approaches and these are;
  - i) Own cassava plantations as a way to provide cheap and good quality cassava tubers and well managed cassava outcomes
  - ii) Out – grower scheme so as to supplement the owners supply. The small scale farmers involved in out – grower scheme will promote continuous supply of cassava to the Mill in order to reduce stoppages of milling and production of cassava flour.

The business will encourage more women and youths to have cassava fields of recommended varieties and ensure proper management of their fields and cassava tubers. By engaging these groups, Easy General Dealers will contribute to increased job opportunities and incomes for women and youths thereby reducing poverty levels in Lwandui and surrounding areas.

- b) Packaging: Currently, the producers and traders of cassava in Mongu district sell their cassava chips packed in 50 kg bags of poor quality and mostly used bags. The marketeers trading in cassava meal (flour) in all the seven (7) well known markets in Mongu town do not



have proper packaging systems. The business will introduce different packs of cassava meal that are affordable by the target customers. The packaging will range from 2kg to 25 kg bags. The environmental concerns will be taken into consideration on the packaging materials.

- c) Marketing: The market research undertaken indicates that cassava meal is on demand by both residents and travellers from outside the province. There are also demands from visitors visiting our local hotels and restaurants for Nshima with cassava meal. Easy Cassava Mill will produce products that conform to market requirements as opposed to the current scenario where cassava meal trading is done by marketeers with poor quality flour and no proper packaging in uncondusive environment. The company will market its products through production of leaflets and will use the media especially Radio Liseli that has a wider coverage as well as local television stations.

The SWOT analysis of the Easy General Dealers

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>➤ Availability of suitable farm land for cassava cultivation</li> <li>➤ Passion for this business by the Owner/Manager</li> <li>➤ Vast experience in business management, marketing and marketing skills</li> <li>➤ Strong negotiation skills by the Manager</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>➤ Insufficient start – up capital</li> <li>➤ Establishing a milling operation in a remote outlying area such as Lwandui will require relatively large capital investments.</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>➤ Willingness of organizations to support value additions of cassava</li> <li>➤ More demand for cassava flour and chips among the population in Western province/beyond</li> <li>➤ None availability of local company trading in well packed cassava flour (less competitions)</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>➤ Climate change may affect the production</li> <li>➤ Poor road network to project site may increase operational costs</li> <li>➤ Majority of people may not afford to buy at the determined prices.</li> </ul>

## **2.1 Business description**

### **a) Business background or profile**

Easy Cassava Mill Project is an innovative business initiatives of Easy General Dealers, a business formed on 29<sup>th</sup> November 2016 with a focus to develop, manufacture and marketing of different goods and services. It is owned and operated by **JEAN MUSHUNGA**, a sole proprietor of the business enterprise.

#### **Our Vision**

The purpose of the enterprise is to process the increased output of fresh cassava into quality cassava meal (flour) and cassava chips for household consumption. The production of quality cassava meal will give cassava farmers ready – market for their excess production hence improved incomes. Furthermore, the business will help reduce post-harvest losses and encourage primary processing of fresh cassava into chips at village level.

### **b) Location**

Easy General Dealers has an office located at NAPSAs Building, Room 204, Second floor, Northern Wing in Mongu district.

Easy Cassava Mill Project will be located in Lwandui area, south-east of Mongu town. The area is accessed by a gravel road that connects to M10 road (Mongu – Senanga road) at Namushakende area. However, the most reliable transport used is 4 x 4 motor vehicles to some damaged sections of the road. It is about 54 Km from Mongu town.

### **c) Cassava production**

Western province is one of the provinces in Zambia that promote cassava production and marketing. However, cassava trading is inadequate due to poor production systems and processing technologies. It is a fact that cassava is one of the most important crops for the populations in the province and improves food security and incomes for majority of rural and urban households.

Since cassava growing is suitable in Lwandui and the proprietor has vast traditional land that is earmarked for cassava farming and enough land for the establishment of the Cassava Mill Plant and warehouse, Easy General Dealers envisage promoting the value addition and market linkages on

cassava and its products. This will contribute to the supply chain of cassava and at the same time meet the high demand of cassava meal in the province.

**d) Products and services**

Easy Cassava Mill will offer high quality and well packaged cassava meal and chips required for consumption in Mongu district and outlying areas. Majority of households have interest in eating cassava meal, dried chips and also tubers especially from Kapumba and ..... It is assumed that after commencement of processing the meal, the enterprise will continue to supply the cassava products throughout the year.

## 2.2 Market research

Products	Customers	Needs and preferences of customers	Competitors	Gaps (that competitors have not fulfilled)
Product 1: Flour	Hotels Restaurants Individual households Industries	They need cassava meal for; ➤ Baking scones and other products, Starch for manufacturing of briquettes ➤ Mixing with maize meal for making nshima	Shoprite Local millers	Unstable supply and expensive Local millers process on customer's request.
Product 2: Cassava chips	Individual households	A fraction of customers prefer cassava chips and they mill it using local millers for resell especially marketeers. Other prefers chips for sell in other countries such as Angola.	Local Kaoma traders	Only trade in cassava chips of low quality
Product 3: Tubers of Kapumba	Individual households Hotels	Customers cook cassava tubers for breakfast, middle meal and are mostly sold in Mongu urban markets.	Local farmers near town centre and Muoyo area in Nalolo.	In consistent supply and of low quality Low production

## 2.3 MARKETING PLAN: Product

The main product the project will promote is the processing of cassava into meal (Flour). Cassava chips will be sold after the bumper harvest from the farm after 1 year. Kapumba tubers are already piloted this year to increase variety and market for the cassava.

The marketing plan indicates the three products to be promoted by the project in the three years.



	1. Cassava Flour	2. Cassava Chips	3. Kapumba fresh tubers
Quality	Fine meal, available all the time	Well dried, clean and ready to be milled. Always available at the retail shop	Fresh and well cleaned
Size	2kg, 5kg, 10kg and 25 kg packs	50 kg bags	10 kg
Colour	White	White	N/A
Packaging	2kg, 5 kg, 10kg, 25 kg	50 kg	
Certification	Fair trade label	Fair trade label	N/A

#### 2.4 MARKETING PLAN: Price

	1. Cassava chips	2. Cassava meal (flour)	3. Cassava tubers (Kapumba)
Cost	ZMW 120.00 per 50kg		ZMW 80.00 per 20 kg
The price that customers are willing to pay	ZMW 3.00 per Kg	ZMW 12.00 per Kg	ZMW 12.00 per Kg
Competitors' prices	ZMW 2.95 per Kg	ZMW 15.00 per Kg	ZMW 12.00 per Kg
Price	ZMW 2.80 per Kg	ZMW 12.00 per Kg	ZMW 10.00 per Kg
Reasons for setting this price	To provide the product at lower price than the competitor's price and still make a profit maker – up of 12%.	To provide the product at lower price than the competitor's price and still make a profit maker – up of 7%.	To provide the product at lower price than the competitor's price and still make a profit maker – up of 15%.
Discounts will be given to the following customers	A discount of 5% to customers whose purchase is above one (10 ton.	A discount of 5% to customers whose purchase is above one (10 ton.	No discount will be provided.
Reason for giving discounts	Retailers to have interest to stock and sell our cassava meal (flour) to their individual customers.	Retailers to have interest to stock and sell our cassava meal (flour) to their individual customers.	N/A
Credit will be given to the following customers	The business will not provide credit	The business will not provide credit	The business will not provide credit



Reason for giving credit			
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2.5 MARKETING PLAN: Place

<p><b>Location:</b> Easy General Dealers will rent a Shop in Mongu town</p> <p><b>This location is chosen for the following reasons:</b></p> <ul style="list-style-type: none"> <li>➤ For all different customers to have easy access to our products and ensure adequate visibility.,</li> <li>➤ The place is along the busy road and creates a good opportunity for all customers.</li> </ul> <p><b>The monthly cost of this location is: ZMW 1,500.00</b></p> <p><b>This cost includes:</b> Space for selling and storeroom</p> <p><b>Method of distribution:</b> The business will sell to: <b>Direct:</b> X      <b>Retail:</b> X</p> <p><b>This method of distribution is chosen for the following reason:</b></p> <ul style="list-style-type: none"> <li>➤ Individual customers who are interested to buy in small quantities will have opportunity to buy from the retail shop</li> <li>➤ Direct sell will also be offered to customers who wish to purchase our cassava chips and meal (flour) in larger quantities at a discount of 5%</li> </ul>
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2.6 MARKETING PLAN: Promotion

Means	Details	Costs (Zambian Kwacha)
Advertising		
Leaflets distribution	Leaflets will be developed and distributed to inform potential customers about pour products on sale at our enterprise. About 500 leaflets at ZMW 0.50 per leaflet.	250.00

Use of local Radio Stations	About 5 radio adverts will be aired at Oblate Radio Liseli in the first weeks of the start of sale of our products. Oblate Radio Liseli has been chosen due to its wider coverage in the province. 5 radio adverts at ZMW 250.00 per advert for the duration of 7 weeks.	1,250.00
Social media	Advertise the available cassava chips and flour on the face book and What sap groups	300.00
Sales promotion		
Product demonstrations	The products will be displayed in front of the shop as part of demonstrating the available products on sell. Sale at promotional rates (low rates )	No cost attached
	Total promotion costs (→ section 6.3)	1,800.00

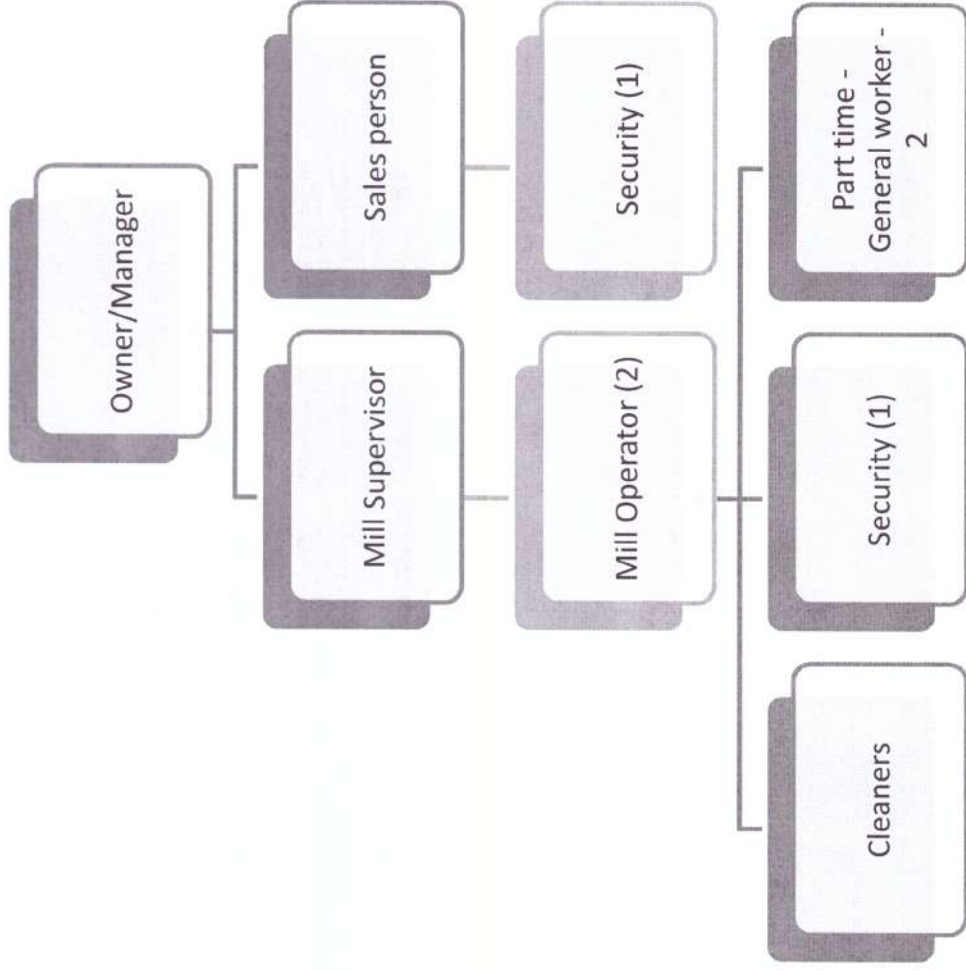
## 2.7 MARKETING PLAN: People

Position	Recruiting criteria	Training plan
Sales Person	Someone who is presentable, patient and has good communication skills.	Offer training on the various product specifications, environmentally – friendly living styles and customer care service skills.



## 4 Management and structure

### 4.1 Organization structure





#### 4.2 Staff requirement and costs

Tasks and responsibilities	Position	Staff
1. Overall responsibility of day – to – day administration, marketing and asset management of the business	Manager	Jean Mushunga
2. Assist in the running and operations of the mill, buying and stock control	Mill Supervisor	To be employed
3. Help in processing and packaging of the cassava meal	Mill Operator	To be employed
4. Selling and marketing of business products	Sales Person	To be employed
5. Help to maintain clean environment	Cleaners	To be employed
6. Protect business assets	Security officers	To be employed
7. Assist in the packaging and processing	General workers – part time	To be employed

#### 4.3 Legal requirements

Task	Required skills and experience	Performed by	Monthly pay	Contributions to pension fund and health insurance
Manager (40% contribution)	Skills business management and leadership	Jean Mushunga	ZMW 4,500.00	ZMW 360.00
Mill Supervisor	Skills in metal works or related	To be employed	ZMW 2,500.00	ZMW 200.00
Mill Operator (1)	2 years' experience in mill operations	To be employed	ZMW 1,800.00	ZMW 144.00
Sales Person	2 years experience in sales management	To be employed	ZMW 1,800.00	ZMW 144.00
Cleaners (2)	Grade Nine school certificate	To be employed	ZMW 1,200.00	96.00
Security officers (3)	3 years experience in security services	To be employed	ZMW 1,200.00	ZMW 96.00
General workers – Part time(2)		Part – time workers	ZMW 32.00 per day	
Total number of permanent staff		09	ZMW 13,000.00	ZMW 1,040.00
Total staff cost per month				ZMW 14,040.00

#### 4.4 Legal form of business

**The business will operate as a:**  
Sole Proprietorship: ☒ Partnership: ☐ Cooperative: ☐ Limited Company: ☐ Other: \_\_\_\_\_

**The reason for choosing this form of business is:**  
It is simple to manage as there are no red tape and the business owner have already existing business ventures running as sole proprietor.

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**The owners will be:**

<b>Name:</b> _____ <b>Position in the business:</b> _____ <b>Description of skills:</b> _____	<b>Name:</b> _____ <b>Position in the business:</b> _____ <b>Description of skills:</b> _____
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Business management, sales and marketing	Relevant experience:
Relevant experience:	
She has 9 years of working experience in management of business, sales and marketing of various products and services. She is also involved in management of insurance services in Western Province. Radio advertising Marketing and consultancy.	

5 Financial Plan and Projections

5.1 Product costing form

Product 1:				
1. VARIABLE COST PER ITEM				
1	2	3	4	
Input	Cost of purchase	Estimated quantity per item	Estimated cost per item	
Dried cassava chips	ZMW 2.00	28 Kg	ZMW 56.00	
Labour (2 part – time workers)	ZMW 4.00/hour	0.3 hour	ZMW 1.20	
Bags	ZMW 1.50	1 bag	ZMW 1.50	
Estimated Variable Cost per item (1) (→ section 6.5)				ZMW 58.70
2. FIXED COST PER ITEM				
Estimated total Fixed Cost per month (2) (see section 6.3)		38.184.00		
Estimated total Variable Cost of the business per month (3) (see section 6.5)		ZMW 78,540.60		

Fixed Cost per Variable Cost (4) = (2)/(3)	0.47	
Estimated Fixed Cost per item (5) = (4) x (1)		ZMW 27.59
3. TOTAL COST PER ITEM (6) = (1) + (5)		
		ZMW 86.29

## 5.2 Product Costing Form (for Wholesalers and Retailers)

### 5.3 Fixed cost form

Details	Cost per month (\$)
Rent	2,500.00
Electricity and water including waste water	1,500.00
Licences	417.00
Insurance	835.00
Labour	14,040.00
Consumables	1,500.00
Depreciation	5,592.00
Transport	7,000.00
Maintenance and repairs	3,000.00
Marketing (promotion) costs	1,800.00
<b>Total Fixed Cost per month</b>	<b>38,184.00</b>



#### 5.4 Depreciation form

Equipment	Estimated cost of purchase (ZMW)	Estimated life of the equipment	Depreciation per year ZMW
Factory building	300 000,00	25	12 000,00
Hammer mill - Solar powered	150 000,00	15	10 000,00
Manual dryer	7 500,00	5	1 500,00
Peeler	30 000,00	5	6 000,00
Grater	25 000,00	5	5 000,00
Sieve	3 000,00	3	1 000,00
Scales and sealing machine	10 000,00	5	2 000,00
Cassava chipper	10 000,00	5	2 000,00
25 KVA Generator	8 000,00	5	1 600,00
Cassava farm - 10 ha	20 000,00	5	4 000,00
Water point - solar powered	80 000,00	4	20 000,00
Quality control machine	10 000,00	5	2 000,00
<b>Total</b>	<b>ZMW 653,500.00</b>		<b>ZMW 67 100.00</b>
<b>Depreciation per month</b>			<b>ZMW 5592.00</b>

5.5 Total variable cost per month

Products	Quantity produced per month (see section 3)	Variable Cost per item (\$) (see section 6.1)	Total Variable Cost per month (\$)
Product 1: Cassava meal	1,338 bags	ZMW 58.70	ZMW 78,540.60
Product 2:			
Product 3:			
Total Variable Cost per month			ZMW 78,540.60

6 Financial Planning

6.1 Sales plan

Product	Details	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cassava meal flour (Direct)	Sale volume	400	600	650	430		450	2960
	Sales price (\$)	90	90	90	90		90	90
	Sales value (\$) (1)	36,000	81,000	58,500	38,700		40,500	293,400
Cassava meal flour (Retail)	Sale volume	900	900	800	800		850	5,070
	Sales price (\$)	95	95	95	95		95	95
	Sales value (\$) (2)	85,500	85,500	76,000	76,000		80,750	481,650
Product 3:	Sale volume							
	Sales price (\$)							
	Sales value (\$) (3)							
Product 4:	Sale volume							
	Sales price (\$)							
	Sales value (\$) (4)							
Total sales value (\$) (5) = (1) + (2) + (3) + (4)		121,500	166,500	134,500	114,700	116,600	121,250	775,050

## 6.2 Cost plan

Product	Details	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cassava meal (flour)	Production volume	1300	1500	1450	1230	1250	1300	8030
	Variable Cost per item (\$)	58.70	58.70	58.70	58.70	58.70	58.70	58.70
	<b>Total Variable Cost (\$) (1)</b>	<b>76310</b>	<b>88050</b>	<b>85115</b>	<b>72201</b>	<b>73375</b>	<b>76310</b>	<b>471,361</b>
	<b>Total Variable Cost of the business (\$) (5)</b>	<b>76,310</b>	<b>88,050</b>	<b>85,115</b>	<b>72,201</b>	<b>73,375</b>	<b>76,310</b>	<b>471,361</b>
	<b>Total Fixed Cost (\$) (6)</b>	38,184	38,184	38,184	38,184	38,184	38,184	229,104
	<b>Total cost (\$) (7) = (5) + (6)</b>	114494	126,234	123,299	110,385	111,559	114,494	700,465

## 6.3 Profit plan for the 6 months of the first year.

Details	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total sales value (1)	121,500	166,500	134,500	114,700	116,600	121,250	775,050
Total Variable Cost (2)	76,310	88,050	85,115	72,201	73,375	76,310	471,361
Gross Profit (3) = (1) – (2)	45,190	78,450	49,385	42,499	43,225	44,940	303,689
Total Fixed Cost (4)	38,184	38,184	38,184	38,184	38,184	38,184	229,104
Net Profit (5) = (3) – (4)	7,006	40,266	11,201	4,315	5,041	6,756	74,585

6.4 Cash flow plan for the six (6) months of the first year.

Product	Details	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CASH IN	1. Cash at the beginning of the month (1)	10,000	0	18,798	52,058	22,993	13,627	13,353
	2. Cash from cash sales		121,500	166,500	134,500	114,700	116,600	121,250
	3. Cash from credit sales							
	4. Other cash in	736,852						
	5. Total cash in (2)	746,852	121,500	166,500	134,500	114,700	116,600	121,250
CASH OUT	6. Purchase of goods	78,000	76,310	88,050	85,115	72,201	73,375	76,310
	7. Payment of wages	14,040	14,040	14,040	14,040	14,040	14,040	14,040
	8. Purchase of equipment	333,500						
	9. Mill Plant building	300,000						
	10. Other payments	21,312	12,352	12,352	12,352	14,832	14,832	14,832
	11. Total cash out (3)	746,852	102,702	114,442	111,507	101,073	102,247	105,182
	12. Cash at month end	0	18,798	52,058	22,993	13,627	14,353	16,068
	(4) = (1) + (2) - (3)							



## 7 Required start – up capital

For the period from: 1 <sup>st</sup> June to: 31 <sup>st</sup> December (7 Months)		
INVESTMENTS	Amount (Zambian Kwacha)	
Business premises	300,000.00	
•Construction or purchase of a building	20,000.00	
•Land for the farm		
Equipment	333,500.00	
•Machinery and Tools	0.00	653,500.00
•Furniture		
WORKING CAPITAL	78,000.00	
Stock of raw materials or finished goods	7,512.00	
Licenses and fees and insurance	1,800.00	
Marketing expenses	14,040.00	
Salaries ( ZMW 14,040.00 x 2 months)	7,500.00	
Rent (for 3 months)	1,500.00	
Electricity and water	3,000.00	113,352.00

Contingency for emergency		
<b>TOTAL START-UP CAPITAL</b>		<b>766,852.00</b>

9.0Sources of Capital

9.1 Sources of start – up capital

	Amount
Required start-up capital	
Sources of start-up capital	
• Owner’s equity	30,000.00
• Other sources	
Caritas Czech	736,852.00
<b>Total</b>	<b>766,852.00</b>