Frankie’s Biscuits Limited.

Feasibility Study
# Table of Contents

Feasibility study ........................................................................................................................................... 3

Executive summary .......................................................................................................................................... 10

Business Description ...................................................................................................................................... 13

Marketing plan ................................................................................................................................................ 15

Organizational Plan ........................................................................................................................................ 21

Operational plan ............................................................................................................................................. 24

Financial Planning ........................................................................................................................................ 34

Implementation Schedule ............................................................................................................................. 38

Critical Risk Problems ................................................................................................................................. 39

Appendices .................................................................................................................................................... 39
Feasibility study

Biscuits are the most consumable wheat-based bakery product. They are highly nutritious, easy to digest, compact in size, can be preserved for a long time and are easily and cheaply transportable over a long distance because of their lightweight.
sixteen biscuit manufacturers are operating in the country and the total biscuit consumption is estimated between 450,000 to 500,000 metric tons annually.

With the changing socio-economic environment i.e. increased literacy rate (about 65%), higher per capita income, increase in birth rate, growing number of school children, higher living standard and increased tourist population etc., one can expect at least 20% growth rate in production in 2014. Biscuits will never cease to be a favourite of both the young and the old especially, school children whose parents on the average spend between Ksh10 and Ksh100 daily on the products per child. School time is biscuit time and lunch time snacks.

As students of we were hired as consultants to conduct a feasibility study on Frankie’s biscuits. Frankie’s biscuits is a new enterprise that aims at targeting the large market of Kenyan biscuit consumers. Having learnt about the Kenyan market in relation to the recent trends we have the required knowledge and techniques to conduct this study. Since we are tasked with the responsibility of being consultants to the client entrepreneur, we ought to get an estimate of the costs of a feasibility study, prepare a rough outline of the work needed to be done. Subsequently, we could contact several consultants and provide them with a copy of the rough draft they have created to see what sort of estimates they give. As we formulate the plan, our knowledge of the
This feasibility study will enable us to consider all areas of the proposed idea and ensure that we have something concrete on paper that is applicable as well as feasible on the ground.

Frankie’s biscuits will be located in Naivasha, Kenya. Company aims at dealing in Food retailers, Sweet shops business activities. This location is convenient and right where it is needed. It is close to one of the largest cities in East Africa which means the market which it serves is intense. Frankie’s biscuits aims at producing a brand that is not merely what one can casually refer as a biscuit factory. Rather, a brand that can be said to be a resilient market driver that even in operating in an extremely competitive environment can manage to curve its own competitive edge.

The Frankie’s biscuits brands will include an assortment of delicious cream biscuits, tempting chocolate-coated biscuits and tasty dry biscuits and cookies. The brand with the introduction of products in small packets such as Glucose, Gold, Marie, Family and Shortcake, the company will ensure that all segments of society will enjoy the company’s biscuits.
The industry through which Frankie's biscuits will operate is widely driven by customer-oriented approaches. This is in consideration to the customer is always looking for a product that offers an exciting experience, as well as a reliable and affordable product. These characteristics have been considerably manifested by numerous customer surveys, which have shown that brands that are customer-driven in the Biscuit industry have resulted in growth of its market share. This is what Frankie's biscuits company aims to concentrate on and will use to counter competition and establish a firm customer base.

Additionally, the present consumer behaviour in the confectionery industry is quite sensitive on the nature of anything that they consume. This has been driven by recent concerns on the health hazards that can be linked to some of the inorganic derivatives in the market. The concern has apparently manifested itself in a manner that companies within the confectionery industry cannot ignore this influence on consumer trends. Considering this background, Frankie’s biscuits aims to go ahead and dispel the fears on their products explaining that their products are 100% organic. This will have positive impact on the brand preference by consumers when compared to some of the competitors which have not undertaken to ascertain if their products are 100% organic.
The price of commodities in the market depends on the supply of raw material and essential services to producers and manufacturers. In this respect, the suppliers directly affect the profitability of a company. To cope with the supplier power aspect, companies ought to regulate the drawn terms and conditions such that the company can be able to move quite easily from one supplier to the other, in such a manner that there is little disruption on the normal operations of the company. For companies in the Biscuit industry, such considerations ought to be critical especially when considering that the companies do receive essential services from many suppliers; thus, should the suppliers increase their prices; the prices of commodities and services offered by such companies would have to vary considerably. This would consequently, result in a reduction on the company’s sales, as customers might alter their shopping behaviors, expecting for future reductions, or else opt to visit other companies that might be offering similar services at lesser prices.

These are other companies that have already been established all fighting for the market that Frankie’s Biscuits operate in, which are around 16 in total. In order to maintain the market share, companies use competitive pricing, warranties, attractive services and advertising amongst many more ways. A look on the competition forces faced by the company reveals that, strives to
sustain itself in the Biscuit industry through continuously investing in brand awareness programs that target a segment which has the highest probability of buying confectionary products. This can be demonstrated by the intense presence and lobbying some of the companies have in the social media especially Facebook and Twitter. The initiatives have seen the companies invest a substantial amount of resources, but, which has repaid them immensely in various reports that the company has posted on the revenues generated from the various biscuits brand. Following this, Frankie’s biscuits comes into the market well aware of this and hence will be adequately prepared to do social media marketing to its fullest.

The above undertakings, without a doubt, are indicative of e-marketing concept. In order to survive in e-marketing, a company must be prepared to cope with challenges that face this area of marketing to attain the desired performance. E-marketing strategies require a lot of carefulness because a wrong strategy may see an already successful business fail. Therefore, the success of e-marketing depends on the marketing schemes that are used by corporations to effectively compete in ever changing world of e-marketing.

Failure to keep up this pace of technology can lead to huge losses to the company. A recent survey by Bombagy on the sales of Biscuits in recent years have been hugely driven by the
extensive campaigns in the social media platforms unlike the previous years, where the concept had not grabbed the attention of the players in the industry. As such, having embraced social media in greater extents than their competitors, Frankie’s biscuits will aim to benefit significantly from the social media boom. Notably, the Frankie’s biscuits will use the same platform to position itself as a high quality/low cost product. This is a contrasting approach when compared to approaches embraced by other competitors who apparently produce products that target either high quality/high cost segments or else low quality/low cost products.

Again, through embracing the technological advancements that accompany Facebook and Twitter, Frankie’s biscuits branding strategies will utilize use of sponsored advertisements on chances that see clients win numerous prizes to promote and hasten their brand awareness. More so, this approach will be complimented by the company’s engagement with their users on the social media platforms unlike many other competitors which leave “hanging” conversations with their clients. This in turn encourages the consumers to buy Frankie’s biscuits products in preference to products from other companies. This will relevantly bring up their sales and market share.

Conclusion

East Africa in an extremely competitive Biscuit industry, it is fundamental to state that a sustained success can only be derived from continuous investment on the growth of the brand
equity. Such efforts shall entail responding to each and every external factor that threatens the realization of the brand's objectives. In doing so, significant investment on brand awareness for Frankie's biscuits is paramount. Though this and other brand awareness techniques, it will result in an improved brand equity and subsequently profitability.

Executive summary

Today the business world is more challenging than ever. In a global business environment that is growing ever more complex, companies are confronted with the need to prove the value of every investment, and financial pressures require them to cut costs while continuing to grow revenue. Against this backdrop, marketers are called on to demonstrate the value of what they do as they struggle with their own distinct set of challenges, which include consumers who are enjoying increased levels of control over their personal media exposure, societies in which attitudinal trends emerge more quickly, and an increasingly fragmented media environment that is reducing opportunities for mass communication. In addition, retail environments everywhere are changing. In developed markets, we observe both the growth of discount retailers and the re-emergence of local shopping. In developing markets, the retail trade is only beginning its inevitable consolidation. Online retail, unshackled by the geographical and physical constraints
of traditional brick-and-mortar stores, are capable of reaching the needs of a diverse base of customers who are looking for more personalized offers.

The business shall be a sole proprietor form of business. This is because the owner is self-dependent and has technical skills and entrepreneurial skills on how to manage the business. As the owner shall be independent he will enjoy being a boss as an employer rather than being led or an employee. The manager has to be creative and innovative in order to survive thus making sacrifices, more creative and hardworking. The business shall encourage the owner/manager to have a chance to utilize and sharpen higher skills thus making him/her to become a powerful person in the business.

The plan of Frankie’s biscuits is to have its operations in Naivasha, Kenya where it will produce biscuits among other confectionary. The company will aim at dealing in Food retailers, Sweet shops business activities. The Naivasha location is termed as convenient as it is close to one of the largest cities in East Africa which means the market which it will serve is intense. Frankie’s biscuits aims at producing a brand that is not merely what one can casually refer as a biscuit product. Rather, a brand that can be said to be a resilient market driver that even on operating in
an extremely competitive environment can manage to serve its own competitive edge. The company aims to produce biscuit brands will include an assortment of delicious cream biscuits, tempting chocolate-coated biscuits and tasty dry biscuits and cookies. These brands with the introduction of products in small packets such as Glucose, Gold, Marie, Family and Shortcake, the company will ensure that all segments of society will enjoy the company’s biscuits. The company aims at constantly increasing the production level from 150 kilograms to 400-500 kilograms per week and produced amount of biscuits and extent its production in all the major towns of Kenya.

Short Term Goals

After a period of 3 months the business will purchased a truck to increase quick deliveries to the customers as well as purchasing of raw materials from producers rather than being supplied.

Long Term Goals

By the end of first year the business aims at expanding the land that it occupies through expanding the warehouse or the factory or both.

Entry and growth strategy
The business will start on January 2013. The time between now until January 2013 it will be for the preparation of the business especially in terms of financial where will have to prepare for enough capital for the start of the business.

The manager will be the owner of the business while the other personnel in the business assisting in the production of the biscuits will be the assistant manager, senior accountant, assistant accountant, production personnel, production tacticians, salesperson and the watchman/cleaner. All staffs of the business are required to have skills as per the position of the job expected.

**Business Description**

The business will be managed by the owner who will be the sponsor of the project as well as the company manager.

The initial plan for Frankie’s biscuits is to start biscuit production in the near future. The production facility will be situated in Naivasha a town in the central areas of Kenya. The availability of cheap labor and the existing facilities are most important. There are several factors which were against this decision and the most important one is transportation costs, due to the
remote situation of the company from the main consuming areas of Nairobi, Nakuru and the upper Mt. Kenya region.

One of the goals of the company is to focus on constantly increasing the production level from 150 kilograms to 400-500 kilograms per week and produced amount of biscuits and moving from a rented facility to the company’s own building when the market will improve in all the major towns of Kenya. Significantly, the Frankie’s biscuits brands will include an assortment of delicious cream biscuits, tempting chocolate-coated biscuits and tasty dry biscuits and cookies. Additionally, it will at a later stage see through the introduction of products in small packets such as Glucose, Gold, Marie, Family and Shortcake, hence ensuring that all segments of society will enjoy the company’s biscuits.

Data that is available on the Biscuit industry shows growth at a compound annual growth rate of 2% between 2004 and 2009 and about 10% in 2012. The plain cookies segment led the cookies (sweet biscuits) market in Kenya, with a share of 96%. Research findings also indicate a gap of 50% supply of local biscuit not met by local producers which is met by smuggling since there are outright ban in importation.
have been conducted in the Kenyan market. Segmenting a market is splitting an entire market into sub-set or groups of consumers that demand similar products, and it is usually based on functionality and price of the product. Some of the criteria that a market segment should fulfill include; it is supposed to be homogeneous, distinct from other segments, can easily be reached by a marketing plan, and responds easily to some similar market stimulus.

The business falls under the foods industry. It will be a small enterprise as compared to other corporations but it later will expand due to the profit it would have gained after a period of one year. The foods industry in the country is growing hence there will be more competition.

Marketing plan

Biscuit making is a conventional activity in many parts of the country. Despite the advent of modern, large capacity and automatic biscuit making plants, large section of people especially in semi-urban and rural areas still prefer fresh biscuits from local bakery as they are cheap and offer many varieties. These manufacturers are able to cater to some typical local palate as well. Thus, they are able to withstand competition from organized sector units.

Biscuits are eaten by all sections of people across the board round the year. They are, thus, mass consumption items with number of varieties and shapes. The market is scattered. There are some
dominant national and regional brands. Biscuits can be manufactured at a location which is close to the market.

The management of Frankie’s Biscuits through this plan will have the knowledge that as a new company entering the market, difficulties will arise; marketing of a new product can be a tough process especially when you are a new entrant and there already exits other businesses. In this case following the development of a successful business plan will be developed, one which will focus on the potential customers and how to reach those customers. Our business plan will have details of the customers; as well as the methods of contacting the customer which will be online, television, newspaper or personal contact.

The main idea of marketing the biscuits will start by adopting the four P’s, the components of marketing mix, which are Product, Price, Promotion, and Place. Apart from the product itself there are elements associated with the product that customers may be attracted to and the management ought to be well aware of. These are as follows: the way it is packaged, the brand name, features quality, design and the size. The pricing approach should reflect the appropriate position of the product in the market and should result in a price that covers the cost per product. Moreover knowing what the customers like, dislike, need and want are very important for the management as well as the employees. The plan proposes that a platform be mounted in the
market area with a well-known musician advertising the product, while at the same time some of the products will be given out free to the people in the market areas to test for instance in supermarkets among other places where people go to shop.

The main marketing strategies that will be followed by the firm will be-

✓ Product strategy.

✓ Reduced losses by way of elimination of losses.

✓ Target customers to capture growth in each category by segmenting the market both along conventional lines and through segmentation.

✓ Look beyond the product, at the customer. And use knowledge to reposition the brand.

✓ High class R&D, and recently enhanced testing and evaluation facilities

✓ A corporate image of quality.

A website will be developed for promoting and advertising the product. The website will be professionally developed to attract and get to consumers that are online. Benchmarking will be used to ensure the best quality of the product as compared to the related product. Therefore the packaging of the product will be designed in order to attract customers.
Demand in economics is the desire for product, the ability to pay for it and the willingness to pay. The biscuits to be produced will be priced to suit or fit into the price range of similar biscuits in the market. The consumer must not only be willing to buy the biscuits, she or he must be able to buy as well. For the business to increase the demand for the product, the management will consider the principles of demand. The law of demand states that if all other factors remain equal, the higher the price of the goods, the less people will demand the goods. In other words, the higher the price, the lower the quantity demanded. The amount of the items that buyers purchase at a higher price is less because the price of the good goes up. As a result, people will naturally avoid buying a product that will force them to decrease the consumption of something else.

Pricing is an important component that defines a product, and it is the hardest decision that a marketer has to make. The price is the only component that gives revenue to an organization within the marketing mix. This means that price can be fixed either manually or automatically and can be based on numerous factors that may include fixed amounts, quantity breaks, promotions or sales campaigns, invoice dates and the prevailing market cost. Numerous methods exist that can
be used to fix the price of a product, and they may include penetration and cost-plus pricing strategies.

Frankie's biscuits aim at employing the cost-plus strategy which is a common formula that is used by manufacturing companies to allow the calculation of price product when minimal information is available. The overall process involves calculating the cost of the product and then a small amount of profit is included. This approach is also applicable in those situations that require the inclusion of direct costs, indirect costs and fixed cost. Thus, in fixing the price of the product, fixed costs, direct, transport costs and other costs are included in determining the price of the product.

Pricing should be appropriate in order that profits will be maintained while reducing any chances of cost. There are some factors which are considered in setting up prices to any business.

The following are some of the factors:-

a) Competitors prices

b) Rent of the premises

c) Wages and salaries
Promotional and market drive activities

Advertising will firstly take place on radio before being taken to televisions. There will be people who will visit the communities, schools, organization and many more to advertise the product. When the advert will be placed on TV, there will be a football star from AFC Leopards (Allan Wanga) advertising the product, and of course Allan Wanga is well known in Kenya so this will help in terms of marketing.

Pricing strategy

- Cost based pricing.
- Demand based pricing.
➢ Competition oriented pricing.

➢ Product oriented pricing.

➢ Affordability based pricing.

Organizational Plan

The manager will be the owner of the business. His qualifications will be: - Degree in Catering and Confectionery, and possesses a diploma in IT, managerial skills, good communication and social skills. His duties will include - making policies, leading other staff to set business objectives, hiring and firing employees, ensure good working environment, motivating the workers and overall supervision in Frankie’s Bisquits.

The other personnel in the business are assistant manager, senior accountant, assistant accountant, production personnel, production tacticians, salesperson and the watchman/cleaner.

All staffs of the business are required to have skills as per the position of the job expected. Therefore the business will offer training to the employees in order to increase competence in performance thus increase productivity.

Vision
Bringing joy to all our customers across the world

Mission

Our aim at Frankie’s is to deliver outstanding value to our end customers by sourcing the best materials, maintaining the highest manufacturing standards, and stringent quality assurance systems. We shall endeavor to foster a culture of excellence among our workforce as well as our products, ensuring lasting relationships with our extended family of distributors, and business associates.
The business will acquire supportive services such as banking, electricity, water and communication. The business will acquire all the trade licenses and necessary permits and by laws so that to allow smooth running of operations.
Frankie’s biscuits management understands that workforce development is all about creating a diverse, high-performance workforce made up of loyal and satisfied employees. High-performance organizations do not develop by chance; rather, a competitive workforce is the result of years of effective planning and successful plan implementation.

Operational plan

The product marketing will start in all the major towns and marketing will be distributed to the warehouse, which specializes in the low price products for small grocery stores. The company will employ the notion that knowing the right customer and getting closer to them will help to know their needs and desires.

The business aims to produce two kinds of biscuits so as to fulfill the market requirement. These two types of biscuits include crunchy and crispy biscuits with and without the filling. There will be two different types of tastes for the filling. Both with and without filling biscuits will have a triangular shape, to ensure them as having as many differences as possible. The marketed brand name for the biscuit is Frankie’s Biscuits Ltd.

Frankie’s biscuits will consist of two similar pastes with a flavored filling between them (in addition to the taste) including hardness, crunchiness and crispness as perceived by a consumer.
Those qualities depend mainly on the compose, the diameter of one part of the biscuit will be 5.5 cm and the height of the other piece of the biscuit will be 5 mm, the total height of the whole biscuit with the filling 1.0 cm. The shape will be rectangle.

Consecutively, the types of filling will entail;

- strawberry
- vanilla
- cocoa

The facility planning will be carried out by the selection of the best location, depending on the operation. The location of the business has been chosen as Naivasha, which is in the outskirts of Nairobi the capital city of Kenya. The location suits the business since most of the targeted population will be around Naivasha. Apart from location of the facility other factors that play an important role in minimizing the cost of logistics including labor cost and insurance, ought to be taken into account. The layout of the facility is planned based on the production process. In this
case the location of the facility layout will be far from the city; moreover, the raw materials are likely to be purchased in the adjacent areas where the facility layout will be installed since some of the major raw materials such as wheat are grown in the area. This will be the best advantage for me as a new entrepreneur, also transporting raw materials will not be difficult and the facility also has a direct connection with a highway.

The layout of the facility will be considered as very important in today’s business operation in terms of meeting the employee needs and maximizing the effectiveness of a production process. The plan is that the facility layout will be designed so that it can be expanded in the future.

The facility layout will be divided into three parts:

- Warehousing department
- Production department
- Offices department

All the three sections are important for
Important. Without a warehouse there will be no place to store raw materials and finished goods.

The warehouse will fulfill four main functions: receiving of raw materials, storing of raw materials, storing of finished goods, and transporting of finished goods. There will be two warehouses in the supply chain. The warehouse will function as receiving and storing of raw materials as well as storing and transporting of finished goods. Therefore it will be divided into two parts: incoming goods and raw materials area and outgoing and finished goods area. A successful warehouse does not need a large variety of products and equipment. Warehouse layout will be designed by maximizing the accessibility to the equipment and the protection of them. Also maximizing the use of space, especially the floor space; all items will be organized in order to avoid an alternative storage method and equipment.

The area for incoming goods and raw materials will consist of small shelves for storing the ingredients (powdered eggs, starch and flour). A refrigerator will be provided for sensitive products due to the temperature, for example (margarine), and ingredients like flour, sugar and milk have to be put on a pallet to avoid damage of the ingredients. The plan will be to deliver the raw materials each Friday evening and unloaded by the production personnel.
Only loading of boxes with the finished goods will take place in the outgoing and finished goods area. The only rule that has to be followed here is to place each flavor of biscuits on its own pallet. By doing so, the transportation of the right product will be much easier in terms of distribution. The boxes have to be marked with printed labels, and if misplaced it will not be difficult to find a box. The amount of products produced per day or weekly will define the space where the finished goods are stored. The outgoing finished goods have to be marked manually in the warehouses in movement book and later on entered into the bookkeeping software. In the Excel, which gives a perfect opportunity for analysis, all the raw materials and products can be followed and statistics can be made. The loading of the finished goods will happen every Monday morning and then the goods will be distributed to all the various locations that will have been identified.

The warehouse location will be in the same building in order to make it easy for the production. This must reduce the amount of time and relieve any rush situations.

Several certificates will be needed for this organization. One is the general operation certificate and the other one is hygiene certificate, which is only purposed for food industries.
Consecutively, the business will require to be registered as a corporation and ought to have complied with the local authorities on the different licenses that they will be granted.

Several inspections will be done before a hygiene certificate is given. That includes condition of facility, water analysis, availability and sources of water and sewage and room location.

**Distribution Network**

For a successful product it is essential for the company to use the communication mix in the right way. An effective communication mix includes the right message through the right message and the time of the communication should be right. The companies communicate with their customers through the promotional activities that they do from time to time. The companies use this mix to be in constant touch with their customers and also to keep reminding them of their presence.

The company needs to keep few criteria while designing the mix like:

- The target segment for a product needs to be kept in mind while designing a mix.
- The choice of media is very important as the advertisement has to reach to the masses.
- The objective of the communication has to be well defined as to whether it will be for a new product or an existing product.
Product development

Frankie’s company will adopt several strategies in developing a new product so that they can attract new customers. New product development is also a necessary response to new technology and changing market conditions. New product development may be handled by a dedicated department within the company or maybe part of each brand manager's responsibilities.

Production process

The raw material chiefly used in biscuit manufacture is flour, but many other substances, such as butter, sugar, salt, various flavoring essences, &c., are also employed. The flour that Frankie’s will use differs somewhat from that preferred by the bread-baker. In the main the bread-baker wants flour of some strength, that is to say, flour capable of absorbing a considerable proportion of water and of making a loaf of more or less volume. For biscuits flour strength is not such a desideratum, and as a matter of fact such moisture as is used to make the dough is largely evaporated by the oven; but, except for the commoner kind of biscuits, colour is most essential, as well as sweetness of flavour.

The flour used by a Frankie’s will have a reputation to maintain it as sifted as a precaution against the presence of bits of string or other foreign bodies which will make their way into flour.
sacked by the most careful of millers, and like the butter, sugar and other raw materials, is carefully inspected and tested before being accepted. After blending it, it will be run through a shoot or sleeve to the mixers, which may be of any type used in bake houses.

From the mixers or kneaders the dough will be delivered on a flat table, or it will go direct to a pair of rolls. These will consist of iron rollers with a reversing motion, between which the dough is rolled backwards and forwards into sheets of uniform thickness. The next stage will be the feeding of portions of this sheet of dough to a cutting and panning machine. In detail this apparatus differs as supplied by different makers, but the broad principle is the same in every case. The dough, after first passing through a pair of gauging rollers, which still further thin out the sheet and will be capable of regulating its thickness with the utmost nicety, will be received by an endless conveyor-band of webbing or similar material. By this band it will be carried forward by intermittent motion to a set of punches or stamps which will descend on it in quick succession, and...
moulded dough, and will be carried upwards by another band, which will deliver it on a tray or box where it will be returned to the machine to be renewed. The moulded dough intended for the oven will be carried along by the first band and will gently be deposited on trays of sheet iron or woven wire. These trays will be taken from the machine by boys and placed on the travelling-chains at the oven, or the trays may be automatically moved forward by a travelling-band and placed on the oven. The oven used for biscuit-baking is quite unlike any bread oven. It is much longer and is provided with sets of endless chains moving in parallel lines, and travelling over sprocket-wheel terminals and intermediate supports. The chains will have special attachments on which the trays of biscuits are rested, and then pass them through the oven, and discharge them at the opposite end. Some ovens will provide a set of endless belt of iron plates on which the biscuits are placed. These travelling bands will be used chiefly for ship and also for dog biscuits, but the most usual type is the oven in which trays will be moved on the travelling chains already described. The exact rate of travel, or the time during which the biscuits will be in the oven, and could be easily adjusted by means of countershafts and leather belts running on cone pulleys fitted at the discharging end. The heat of the oven as well as the rate of travel will be varied according to the kind of biscuit, some varieties requiring a gentle heat and a comparatively long
sojourn in the oven, while others must be exposed to a fierce heat, but only for a few minutes. The ovens, fired by coke, may be 38 to 50 ft. in length. Their temperature will not be generally raised above 500 degrees, but the speed of travel of the trays ranges between 32 and 25 minutes. The whole process of biscuit-making will thus be rapid and continuous. The dough is kneaded in the mixers in a few minutes, and when discharged on the dough table is rapidly moulded into the required shape by the cutter and panner. By means of endless bands the material is kept moving forward, whether on the cutter or in the oven. For certain fancy biscuits special processes will be used. Piping and sugar decoration will still necessarily be done by hand, and the glaze on some fancy biscuits will be imparted by spraying the moulded biscuit with very fine jets of fresh milk. Cracknels (a special variety of biscuits) will be made from a very stiff dough, and when cut out will be thrown into coppers of boiling water. They speedily float to the top, remaining apart and not forming into groups. From these coppers they will be taken out in trays pierced so as to drain off the water. Then they will go into vats of cold water, from which they will again be removed, and after being drained of their moisture will be panned and baked in a fierce oven.
Financial Planning

In any company or organization financial planning is very important and it is even more essential for a new company, because the actual figures are not known and therefore estimations must be very precise.

Several costs arise which includes investment: rent building, water and electricity, raw materials, salary, social responsibilities and transportation costs.

Return on Investment:

This ratio measures the firm’s ability to perform as a rate of return on the total assets employed. It is stated as:

EBIT (Earning Before Interest and Tax)/ Total assets.

As there is lack of data to calculation, it’s difficult to calculate this ratio.

Earnings Per Share (Eps):

This is nothing but the earning available to the shareholders of the company. It indicates the profitability of the company which is available to the shareholders. We can find the earned profits per share also called earnings per share as follows:

\[
\text{Profits After Tax (PAT)/Total number of Outstanding Shares.}
\]
As there is lack of data to calculation, it's difficult to calculate this ratio.

Price Earnings Multiple:

This is one of the most authentic measures of financial performance as it measures the market price of the company's share which is a reflection of sentiments and demand of the general public for company's share. It is not a ratio but a multiple and is calculated as:

\[
\text{Market price per share (Quotes on NSE/BSE)} / \text{Earnings per share}
\]

Investment costs:

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid mixing machine</td>
<td>21,492</td>
</tr>
<tr>
<td>Dough mixing machine</td>
<td>49,020</td>
</tr>
<tr>
<td>Filling preparatory unit</td>
<td>41,227</td>
</tr>
<tr>
<td>Dough forming machine</td>
<td>64,271</td>
</tr>
<tr>
<td>Pallet truck</td>
<td>10,684</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167,294</strong></td>
</tr>
</tbody>
</table>
It is planned to return the investment in 5 months, meaning that every month there will be 50,000 assigned to the return of investment and pay out at the end of the year.

Salary and social responsibilities costs
Management salary will be paid out as a dividend.

Bookkeeping is very important in all companies, either big or small company. The main advantage of bookkeeping is that not only will it save the expenses of an accountant, but it can help to keep track of what the company is doing during operation.

Bookkeeping monitors the movement of all the expenses in and out. In this way it is easier to know how much money the company is earning and how much money is flowing out. So it is very essential for the company to check its bank transactions monthly due to some errors.

Basically the things which will be checked and booked down daily, weekly, and monthly are the following:

- Costs of sales
- Employee costs
- Maintenance
- Administrative expenses
- Travel expenses
Bookkeeping will be handled by the General Manager, who is also taking care of the overall operation. In this way in addition to transportation, about two days at the end of each month will be needed to take care of all the bookkeeping.

**Implementation Schedule**

<table>
<thead>
<tr>
<th>Activity</th>
<th>August to November</th>
<th>November to December</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business Plan Writing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sourcing for funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchasing of initial stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and paying of rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Starting up the business</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Critical Risk Problems

In today’s market place, one significant challenge is that of reverse logistics. The management ought to consider it as a very important factor in the supply chain. In certain industries products are distributed to consumers in the supply chain and the products may be returned if they are not sold. At the moment there is no certain demand for the products in Ghana. In this case the packaging materials which are used are recyclable and will fulfill several standards.

The limitation costs will be minimizing as much as possible by focusing more on reverse logistics. In the future the growth of production and reverse logistics will become an integral part of the company.

Appendices

<table>
<thead>
<tr>
<th>Start-up running costs per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
</tr>
<tr>
<td>7500</td>
</tr>
<tr>
<td>Flour</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>Item</td>
</tr>
<tr>
<td>--------------------</td>
</tr>
<tr>
<td>Sugar</td>
</tr>
<tr>
<td>Margarine</td>
</tr>
<tr>
<td>Milk</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Sugar</td>
</tr>
<tr>
<td>Total raw materials</td>
</tr>
<tr>
<td>Transportation costs</td>
</tr>
<tr>
<td>Salary and Social costs</td>
</tr>
<tr>
<td>Total Costs</td>
</tr>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>Profit</td>
</tr>
<tr>
<td>Equity (bank loan)</td>
</tr>
</tbody>
</table>
Break-even point calculation

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue/month</td>
<td>$55,700</td>
</tr>
<tr>
<td>Total variable costs/month</td>
<td>$16,100</td>
</tr>
<tr>
<td>Contribution margin ratio</td>
<td>73.05%</td>
</tr>
<tr>
<td>Total fixed costs/month</td>
<td>$30,600</td>
</tr>
</tbody>
</table>

Break-even point (KSH) = $1000, $2,680 KSH

A look at the land for the proposed biscuits factory