

MABURA 5 SAW MILL



Owner/Director: Anthony Persaud

August, 2020

Legal Page

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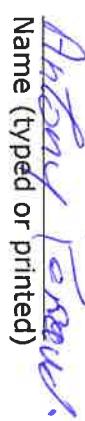
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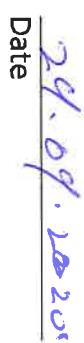
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MABURA 5 SAWMILL

1.0 Executive Summary

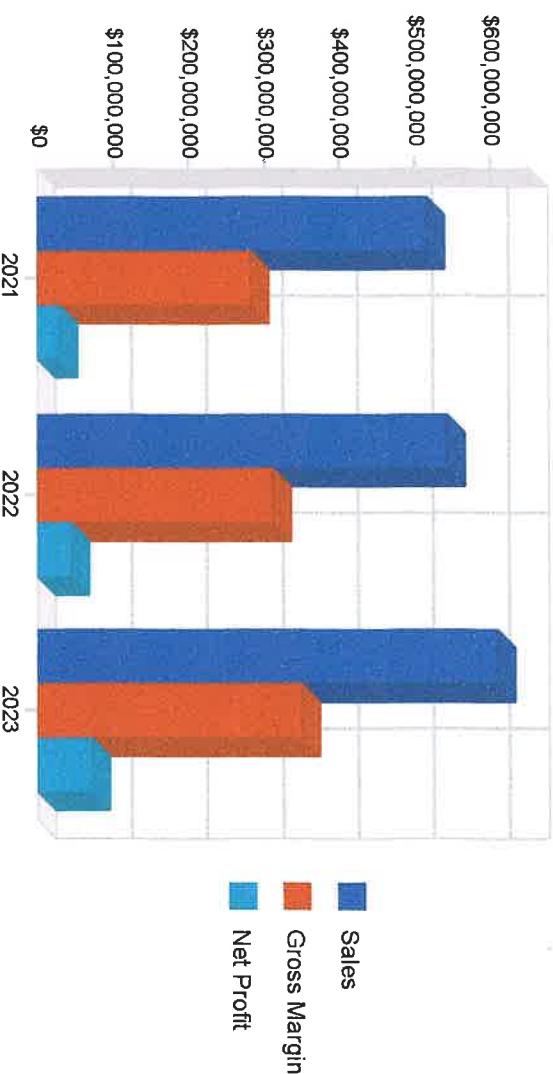
MABURA 5 SAWMILL will be dedicated to providing customers (local and international) with the finest quality finished materials from the commencement of business. The main office will be located at, 135 Middle Street Stewartville West Coast Demerara. The business is primarily wholesale with some amount retail. The company intends to purchase lumber from small and large scale loggers from across the country but more extensively from the Region No. 10 district

MABURA 5 SAWMILL plans to expand our operation and sell direct to the public of region 10. In our expanded market, we will bring our commitment of quality material, exceptional customer service and great prices to the public. By purchasing in large quantities we are able to pass the savings on to our customer.

The planned investment will cost \$600,000,000. An estimated 34 service staff will be hired to assist customers. Anthony Persaud, owner of MABURA 5 SAWMILL, will invest \$300,000,000 in the venture and also secure a \$300,000,000 term-loan and if possible secure an investment from an investor of \$30,000,000.

Chart: Highlights

Highlights



MABURA 5 SAWMILL

1.1 Objectives

- Establish MABURA 5 SAWMILL as the leader in selling finish and dressed lumber all across Guyana and international countries.
- Increase the number of customers locally and internationally buying MABURA 5 SAWMILL 10% over each year.
- Establish a Discount Club for customers that will build customer loyalty.

1.2 Mission

The mission of MABURA 5 SAWMILL is to offer customers the best prices on the highest quality building material.

1.3 Keys to Success

- Superior products will promote customer loyalty.
- A location that will assure both walk-in and drive-in traffic.
- A program that will create customer loyalty.

2.0 Company Summary

MABURA 5 SAWMILL is focused on being a primary wholesaler of dressed lumber. ANTHONY PERSAUD, owner of MABURA 5 SAWMILL, intends to utilized all wholesale strategies and international expertise in the distribution industry, and maintain contact with the lumber supplier to build a loyal customer base in their current place of Business, 135 Middle Street Stewartville West Coast Demerara.

The owner wants to establish a state of the art sawmill and distribution centre, offering to the public and international regions, unbeatable prices and customer service that is second to none.

2.1 Company Ownership

Anthony Persaud will be the owner of MABURA 5 SAWMILL, after being registered under the laws of The Cooperative Republic of Guyana.

2.2 Start-up Summary

The cost to build the mill and prepare it for operation will be \$522,300,000. Inventory control, (computers, chairs, etc.) will cost \$20,300,000. Opening inventory will amount to approximately \$15,000,000, long term assets such as machinery and building will cost approximately \$487,000,000

Start-up costs will be financed through a combination of owner investment, and investors. The start-up chart and table show the distribution of the planned financing.

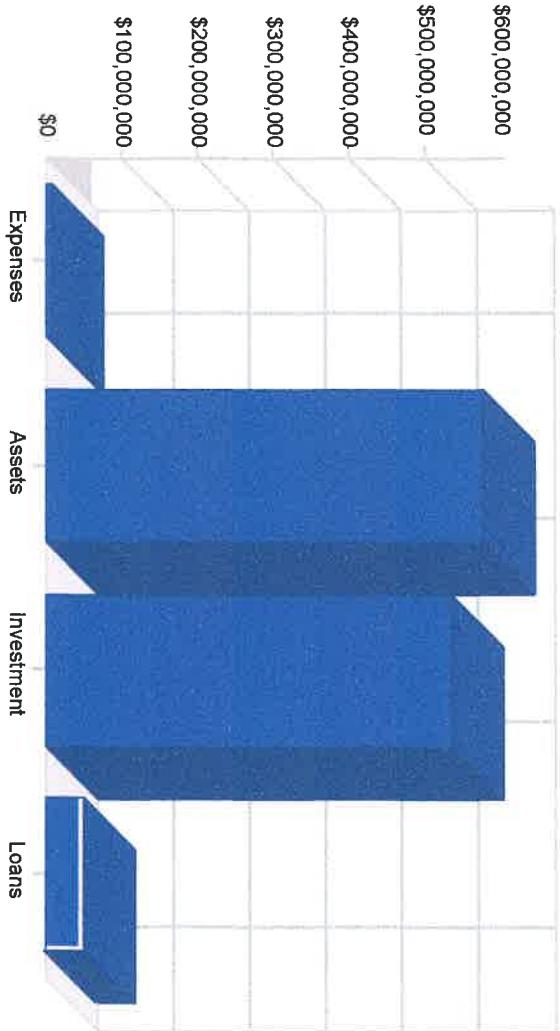
MABURA 5 SAWMILL

Table: Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Legal	\$3,000,000
Stationery etc.	\$800,000
Brochures	\$500,000
Consultants	\$2,500,000
Research and Development	\$3,000,000
Other	\$2,500,000
Total Start-up Expenses	\$12,300,000
Start-up Assets	
Cash Required	\$200,000,000
Start-up Inventory	\$60,000,000
Other Current Assets	\$30,000,000
Long-term Assets	\$200,500,000
Total Assets	\$510,500,000
Total Requirements	\$522,300,000

Chart: Start-up

Start-up



MABURA 5 SAWMILL

3.0 Products

MABURA 5 SAWMILL will be providing quality finish lumber in all shape, style and texture to all wholesalers across the country and other nation. MABURA 5 SAWMILL public retail outlet will focus on producing all building materials for housing and joinery purpose that will attract customer.

F&P Sawmill will have the following wholesale and retail produce:

- A variety of soft wood designs, shapes, texture and sizes;
- A variety of hardwood designs, shapes, texture and sizes

4.0 Market Analysis Summary

Other advantages of this sawmill, besides its proposed location at Bamia along the Soesdyke/linden highway, approximately 20min from the town of Linden, is its potential production capacity, which would allow us to support all loggers passing through the area. Another quality of this mill is the design of the it, which can be seen from the propose site plan, which is constructed to make working and efficient, and shopping convenient. The company is also dedicated to producing the highest standard of quality products for both local and foreign consumers, that is, our product will be backed by international standards.

Region 10 has a population of over 40,000 residents but the area does not have an established sawmill with the potential of the proposed MABURA 5 SAWMILL. Which intends to target both national and international market. Our unbeatable price for quality sets us apart from our local competitors and our ability to produce a larger quantity in a shorter time. That allows us to meet the demands of our customers on a timely manner. Developing a production center of about 2 acres will create an inviting environment for the public. The mill will be equipped with all the necessary top brand equipment and machineries to produce the best quality finish product. We will advertise the centre as a place where the public can get quality at wholesale prices that will be unmatched.

4.1 Market Segmentation

MABURA 5 SAWMILL will be focused on four customer groups:

- Residential Builders.
- Commercial Builders.
- Contractors.
- Interior Location.
- Loggers
- International consumers

Table: Market Analysis

Market Analysis	2021	2022	2023	2024	2025	CAGR
Potential Customers	Growth					

MABURA 5 SAWMILL

Residential Builders	10%	6,000	6,600	7,260	7,986	8,784	10,00%							
Commercial Builders	2%	1,020	1,040	1,060	1,081	1,102	1.95%							
Contractors	1%	100	101	102	103	104	0.99%							
Interior Location	5%	3,000	3,150	3,307	3,472	3,645	4.99%							
Loggers	7%	15	16	17	18	19								
Total		7,74%	10,135	10,907	11,736	12,660	13,654	7.74%						

Chart: Market Analysis (Pie)

Market Analysis (Pie)



4.2 Target Market Segment Strategy

While the market is already sizeable, this industry continues to grow. New business opens their doors to the public regularly in our market, and it isn't uncommon to see several businesses within a one or two-mile radius.

MABURA 5 SAWMILL initially plans to target only 30% of total residential builders, 75% of commercial builders, 5% interior location, 50% loggers, as well as 50% of international consumers. It is these segment that is most in need of the goods we are planning to offer. Essential needs include: quality products at competitive prices, first class service, and strong sales support. It is most often these small customers that are neglected by larger suppliers and are forced to service themselves.

4.3 Industry Analysis

An industry with the potential of a steady and fast growth. MABURA 5 SAWMILL is in position to capitalize on the customer's need for quality product, exceptional service, and an effective partner to success.

MABURA 5 SAWMILL

4.3.1 Competition and Buying Patterns

While there are a lot of suppliers providing product in our market, there is still a great deal of room for new business. Most importantly, there is room for new business that understands the need for high quality service and sales support - in addition to product at competitive prices.

In this industry, customers choose their suppliers based on available product, price, and service - though most often, it is the service that suffers most. While one supplier may offer the product at the right price, they do not provide the level of service that the customer demands. The next supplier may offer the right level of service, though their prices are too high. Often, this results with the customer purchasing most of their supplies through a cash and carry style wholesale store, leaving the customer with no service or support.

By positioning ourselves in the market with in-demand, quality product at competitive prices, with a consistent high level of customer service, we are confident that we will see customers and their business continue to increase.

6.0 Strategy and Implementation Summary

MABURA 5 SAWMILL will leverage its expertise, product offer and marketing strategy to increase its customer base while driving sales and profit. The following sections review the various strategies that will support this effort.

6.1.1 Strengths

- Strong relationships with suppliers that offer credit arrangements, flexibility, and response to special product requirements.
- Excellent and stable staff, offering personalized customer service.
- Great retail space that offers flexibility with a positive and attractive, inviting atmosphere.
- Strong merchandising and product presentation.
- High customer loyalty among repeat and high-dollar purchase customers.

6.1.3 Opportunities

- Growing market with a significant percentage of our target market still not knowing we exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend our reach.
- Promising activity from high levels of new home construction.
- Changes in design trends can initiate home updating, and therefore, generate sales.
- Increasing sales opportunities beyond our target area including several smaller communities that have produced a faithful following of customers.
- Internet potential for selling products to other markets.

MABURA 5 SAWMILL

6.2 Competitive Edge

The competitive edge of MABURA 5 SAWMILL is the market's commitment of quality, efficiency and great prices. The location also assures excellent resident foot traffic.

6.3 Marketing Strategy

Our marketing strategy will focus heavily on sales promotion, niche positioning in the market and customer service with loyalty and retention in sales.

- The marketing budget will not exceed 5% of our gross annual sales.
- Our promotions will always stay in tune with our company objectives and mission statement.

6.4 Sales Strategy

F&P Sawmill will employ two sales approaches for its target customers.

- **For Builders:** We will promote membership in our builders Discount Club. Residents will be encouraged to join for a small fee a year. As a member, all purchases will be discounted up to 20% on selected items. This will result in considerable saving for members who shop regularly at MABURA 5 SAWMILL.

- **Free delivery:** MABURA 5 SAWMILL will offer free 24-hour shipping of purchases in excess of \$100,000. The customer will be able to select the day the product will be shipped. The customers will then receive a regular newsletter that will include an invitation to purchase again with same free shipping option.

6.4.1 Sales Forecast

The following is a very conservative sales forecast for the next three years. We anticipate actual sales will be much higher after the renovation, but we want to plan for other contingencies.

Table: Sales Forecast

Sales Forecast	2021	2022	2023
Sales			
Lumber	\$20,250,000	\$21,262,500	\$22,325,625
Cement	\$25,753,569	\$29,795,000	\$35,274,500
Steel	\$19,984,098	\$23,335,000	\$27,968,500
Zinc	\$11,639,047	\$7,412,952	\$8,154,248
P.V.C	\$3,600,000	\$3,610,800	\$3,708,000
Electrical Installation material	\$6,615,238	\$6,946,000	\$7,293,300
Stone	\$15,190,953	\$15,950,501	\$16,748,026
Total Sales	\$103,032,906	\$108,312,753	\$121,472,199
Direct Cost of Sales	2017	2018	2019
Lumber	\$10,249,322	\$9,610,650	\$10,225,136
Cement	\$6,671,739	\$6,687,340	\$7,453,721
Steel	\$7,347,543	\$7,383,420	\$8,229,573
Zinc	\$3,140,526	\$3,350,654	\$3,734,645
P.V.C	\$1,809,013	\$1,632,081	\$1,698,264
Electrical Installation material	\$3,247,444	\$3,139,592	\$3,340,331

MABURA 5 SAWMILL

Stone	\$7,526,372	\$7,209,626	\$7,670,595
Subtotal Direct Cost of Sales	\$39,991,959	\$39,013,363	\$42,352,265

6.5 Milestones

The accompanying milestone chart highlights our plan with specific dates. This schedule reflects our strong commitment to organization and detail.

Table: Milestones

Milestones	Start Date	End Date	Budget	Manager	Department
Milestone					
Land preparation	18/12/2020	18/01/2021	\$2,000,000	C.E.O	
Construction of Buildings	18/01/2021	18/07/2021	\$50,000,000	Building Supervisor	
Acquiring of Machinery	18/08/2021	1/12/2021	\$500,000,000	C.E.O	
Stocking	18/12/2021	8/01/2021	\$100,000,000	Marketing	
Opening	02/01/2022	04/01/2022	\$3,000,000	Marketing	
Totals			\$455,000,000		

7.0 Management Summary

Mr. Anthony Persaud had been in sawmill and lumber yard operation and Logging for over 30 years and has a lot of experience in the field.

The he has proven over the years to be excellent managers.

MABURA 5 SAWMILL

7.1 Personnel Plan

The cornerstone of the personnel plan is to maximize productivity and minimize the labor burden on the company's operating expenses. As we grow, we expect to see steady increases in our personnel to match the increases in sales.

Table: Personnel

Personnel Plan	2021	2022	2023
Manager	\$1,200,000	\$1,200,000	\$1,200,000
Operational Supervisor	\$1,020,000	\$1,020,000	\$1,020,000
Drivers/Operators (10)	\$3,400,000	\$8,400,000	\$8,400,000
Delivery Staff (6)	\$5,940,000	\$5,940,000	\$5,940,000
Sales Staff (5)	\$4,320,000	\$4,320,000	\$4,320,000
Maintenance (2)	\$1,440,000	\$1,440,000	\$1,440,000
Casual (8)	\$5,376,000	\$5,376,000	\$5,376,000
Total People	34	40	45
Total Payroll		\$27,696,000	\$27,696,000

8.0 Financial Plan

The following is the financial plan for the establishment of F&P sawmill in Bamia, along the Linden/Soesdyke Highway, Region 10 district

8.1 Start-up Funding

An approximately 50% of the fund would be obtained from a conventional lender. And the other 40% capital will be provided by the owner (Anthony Persaud). Some financing will be provided by an active investor or partner in exchange for some level of ownership in the business. If an agreement with an investor or partner cannot be reached, then the owners will contribute all of the funding outside of the loan funding.

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	\$1,365,000
Start-up Assets to Fund	\$600,000,000
Total Funding Required	\$598,635,000
Assets	
Non-cash Assets from Start-up	\$110,500,000
Cash Requirements from Start-up	\$5,000,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$5,000,000

MABURA 5 SAWMILL

	Total Assets	\$598,635,000
Liabilities and Capital		
Liabilities		
Current Borrowing	\$0	
Long-term Liabilities	\$300,000,000	
Accounts Payable (Outstanding Bills)	\$0	
Other Current Liabilities (Interest-free)	\$0	
Total Liabilities	\$300,000,000	
Capital		
Planned Investment		
C.E.O	\$300,000,000	
Investor 2	\$0	
Additional Investment Requirement	\$0	
Total Planned Investment	\$106,865,000	
Loss at Start-up (Start-up Expenses)	(\$1,365,000)	
Total Capital	\$298,635,000	
Total Capital and Liabilities	\$598,635,000	
Total Funding	\$116,865,000	