

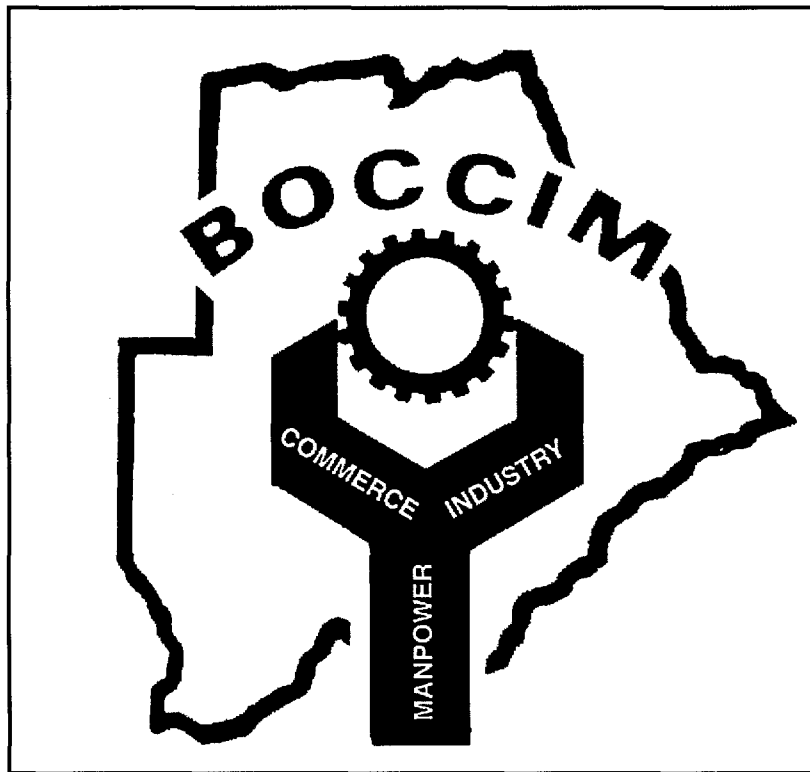
PN: ABZ-244  
91759

Investigation into

business opportunities

Final Report

September 1996



**Empowering the Private Sector**

**ideas  
solutions  
results**



## TABLE OF CONTENTS

1. Executive Summary .....	1
2. Introduction and terms of reference .....	2
3. General observations and recommendations .....	4
(i) Difficulty in obtaining finance .....	4
(ii) Lack of business know - how .....	4
(iii) Allocation of land .....	4
(iv) Tourism policy .....	4
Recommendations .....	5
4. Analysis of demand and supply gaps .....	7
5. Prioritised list of opportunities .....	10
6. Summary of business plans .....	22
7. Entrepreneur of the year programme .....	23
How the Entrepreneur of the Year Program could operate in Botswana .....	23

## APPENDICES

<b>Appendix A</b>	Copy of questionnaire sent to each Business Council .....	25
<b>Appendix B</b>	Summary reports on visits to each Business Council .....	42
<b>B.1</b> Gaborone	.....	43
<b>B.2</b> Lobatse	.....	46
<b>B.3</b> Kanye	.....	49
<b>B.4</b> Tsabong	.....	52
<b>B.5</b> Maun	.....	55
<b>B.6</b> Ghanzi	.....	58
<b>B.7</b> Kasane	.....	61
<b>B.8</b> Serowe	.....	64
<b>B.9</b> Francistown	.....	67
<b>Appendix C</b>	Business Plan 1: Botswana Franchise Association	
<b>Appendix D</b>	Business Plan 2: Poultry Farming	
<b>Appendix E</b>	Business Plan 3: Kasane Community Project	
<b>Appendix F</b>	Business Plan 4: Tourism Training Camp	
<b>Appendix G</b>	Business Plan 5: Nail Salon Franchises	

## 1. Executive Summary

The purpose of the consultancy was to study the economic environment in Business Councils throughout the country, identify business development opportunities and to write business plans for the best five projects.

Ernst & Young designed a questionnaire and distributed it to 14 Business Councils. The purpose of the questionnaire was to collect information on the current economic activity, educational and training institutions, public sector involvement and potential business opportunities in each region.

The consultants visited the nine most active Business Councils and met with members to obtain their views concerning new development and employment creation opportunities in their locality.

It was found that the following problems were experienced throughout most of the regions:

- Difficulty in obtaining finance for small businesses
- Lack of business know - how
- Problems associated with the allocation of land
- High-cost low -volume tourism policy is restricting growth in the tourism industry.

There are many potential entrepreneurs with business ideas, but they appear to find it virtually impossible to get land allocated to them and to raise the high level of collateral demanded for loans.

The following recommendations have been made in this report:

- The concept of franchising should be promoted as a means by which entrepreneurs are provided with a proven business concept, training, support and the backup that he or she needs to run the business successfully.
- The following brochures, which were produced by Ernst & Young in conjunction with BOCCIM, should be used to assist entrepreneurs who want to start up their own business but lack the know how:
  - How to Start Your Own Business
  - How to Prepare a Business Plan
  - How to Apply for Finance
  - How to Forecast Cashflows.
- An "Entrepreneur of the Year" competition should be set up in order to encourage and promote entrepreneurship in Botswana.
- The Business Councils should be encouraged to continue to play a vital role in assisting the private sector

Business plans were prepared for the following five business opportunities:

Business Plan 1: The establishment of a Botswana Franchising Association

Business Plan 2: Poultry farming franchises for rural farmers

Business Plan 3: Kasane Community Project

Business Plan 4: Tourism Training Camp

Business Plan 5: Nail salon franchises for women entrepreneurs.

## 2. Introduction and terms of reference

An extract from the terms of reference issued by BOCCIM in July 1996 reads as follows :

*"At Business Council Meetings across the country, it has been expressed that citizens that want to venture into business or depart from traditional occupations, are lacking new business and investment ideas. The simple project ideas initiated thirty years ago such as brick moulding, bar and bottle store, small general dealer, sewing, metal fabrication, small construction projects, and sorghum milling, are over saturating the market, and unprofitable."*

BOCCIM asked for tenders from consultants to consult with the Business Councils of fourteen different regions, and to develop a prioritised list of possible development and employment creation opportunities, together with prototype business plans for five key opportunities.

In terms of the Ernst & Young proposal to BOCCIM dated 25 July 1996 (which was accepted and the tender awarded) the following work was carried out:

- A team of consultants designed a questionnaire (see **Appendix A**) and distributed it to the following fourteen Business Councils:

Gaborone  
Lobatse  
Kanye  
Tsabong  
Maun  
Ghanzi  
Kasane  
Francistown  
Serowe  
Molepolole  
Mochudi  
Mahalapye  
Palapye  
Selebi Phikwe.

The purpose of the questionnaire was to collect information on the current economic activity, educational and training institutions, public sector involvement and potential business opportunities in each region.

- The consultants visited the following nine Business Councils, which BOCCIM considered to be the most active of the fourteen:

Gaborone  
Lobatse  
Kanye  
Tsabong  
Maun

Ghanzi  
Kasane  
Francistown  
Serowe

At meetings with the Business Councils, the views of members were obtained concerning new development and employment creation opportunities in their locality. They were asked to suggest potential business opportunities which could either be new ventures or the expansion of existing businesses. Reports of these meetings are included in **Appendix B**.

- An analysis of the demand and supply gaps in the market in each region, as identified by the different Business Councils, was carried out (see **Section 4**).
- A list of the business opportunities suggested by the Business Councils was drawn up and the consultants made an assessment of their viability (see **Section 5**)

The list was prioritised and five business opportunities were selected, based on the best compliance with the following agreed criteria:

- (i) feasibility
- (ii) low set-up costs
- (iii) employment creation / entrepreneur generation.

- Business plans were drawn up for the following five business opportunities:

<b>Business Plan 1:</b>	Botswana Franchising Association	Appendix C
<b>Business Plan 2:</b>	Poultry farming franchise for rural farmers	Appendix D
<b>Business Plan 3:</b>	Kasane Community Project	Appendix E
<b>Business Plan 4:</b>	Tourism Training Camp	Appendix F
<b>Business Plan 5:</b>	Nail salon franchises for women entrepreneurs	Appendix G

- An outline of an Entrepreneur of the Year Programme is included in **Section 7** as a suggestion to promote entrepreneurship in Botswana.
- Since franchising is an area which has potential opportunities in Botswana, a comparison was made with South African franchises to identify what possible new franchises may be feasible (see **Table 1 of Appendix C**).

### **3. General observations and recommendations**

Arising from our discussions with the different Business Councils, it would appear that the development of new businesses in Botswana is hindered by the following factors:

#### **(i) *Difficulty in obtaining finance***

There are no venture capitalists in Botswana and banks require collateral for their loans which small entrepreneurs often find difficult to provide. It is recognised that small businesses are often high risk ventures and, even with a well written business plan, the management skills often do not exist to ensure that businesses succeed. The banks and financing companies have experienced problems with bad debts and the level of repossessions is high.

Some individuals, particularly in rural areas, found difficulty in completing application forms for FAP and writing business plans and did not know where to find assistance and advice.

This difficulty of raising finance is a major hurdle to many entrepreneurs wanting to set up their own businesses, and is not a problem common only to Botswana.

#### **(ii) *Lack of business know - how***

Citizens of Botswana often lack the experience and skills necessary for successfully starting and managing a business. In rural areas, the level of education is basic and people often do not have access to business training courses. There are many potential entrepreneurs with business ideas to fill market needs but they are uncertain about how to set up their own business.

#### **(iii) *Allocation of land***

In many regions, there is a shortage of serviced industrial plots. The processing of applications for land allocation takes a long time. In some regions, there appears to be confusion over who is responsible for allocations and there are many bureaucratic problems to overcome. In some regions, Business Council members reported that land allocation can take up to 3 years. Without an allocated plot, it is not possible for an entrepreneur to obtain a trading licence or raise finance.

The unavailability of land is stifling the establishment of new businesses in Botswana. It is a problem faced by all the regions visited in this study and needs to be addressed at a high level.

#### **(iv) *Tourism policy***

The Government's policy of high-cost low-volume tourism is curbing expansion in this sector because bed numbers are restricted. This means that it is very difficult for citizens to now enter this economic sector, other than by getting employment with the established operators. Without training and experience, they lack the skills to progress to management positions in high-cost tourism operations.

## ***Recommendations***

### **(i) Franchising**

Franchising is a concept which has enormous potential in Botswana but is currently not fully exploited. Franchising is a business relationship in which the franchisor (the owner of the business providing the product or service) assigns to independent people (franchisees) the right to distribute the franchisor's products or service and the right to use the business name. Franchisors usually provide assistance in organisation, training, merchandising and management in return for a franchise fee and royalty payments from the franchisee.

There are advantages to both the franchisor (who can expand his or her business without having to raise capital) and the franchisee (who receives training and support and can take advantage of an already established brand name).

At the moment there is no organisation in Botswana which promotes the interests of franchisors and franchisees. It is recommended that a Franchise Association be established in Botswana to facilitate the growth of franchising by providing information and assistance to both potential franchisors and franchisees. A business plan has been drawn up for such an organisation in **Appendix C**.

A franchising exhibition could be organised to promote the franchising concept. Franchisors based in South Africa would be invited to market their franchises to potential franchisees in Botswana.

### **(ii) "How To" Brochures**

In conjunction with BOCCIM, the following brochures have been prepared:

- How to Start Your Own Business
- How to Prepare a Business Plan
- How to Apply for Finance
- How to Forecast Cashflows.

These brochures outline the stages of setting up a business in an easily understood format. Contact numbers for the Business Councils are also included.

It is recommended that these brochures are used to assist entrepreneurs who want to start up their own businesses but lack the know-how. Copies should be distributed to Business Councils throughout the country and issued by them to members.

### **(iii) "Entrepreneur of the Year" Competition**

In order to encourage and promote entrepreneurship in Botswana, it is recommended that an "Entrepreneur of the Year" programme be established under the joint organisation of BOCCIM and Ernst & Young. "Entrepreneur of the Year" is a world-wide Ernst & Young initiative which is currently operational in nearly 100 regions.

Recognition of the achievements of entrepreneurs throughout the country will encourage potential entrepreneurs to set up their own business and provide benefits to the participants in the programme by raising their profile. An outline of how the programme could work in Botswana is included in **Section 7**.

**(iv) Increased Role of Business Councils**

The Business Councils have the potential to continue to play a vital role in assisting the private sector. Additional services they could provide include:

- assisting entrepreneurs in setting up businesses, using the four "How to" brochures referred to above
- giving advice to small business owners in running their own businesses
- taking up issues, such as the problem of land allocation, with the relevant authorities
- organising training courses for members in business skills
- implementing the business plans in **Appendices C to G**.



#### 4. Analysis of demand and supply gaps

The following table analyses the gaps in the different regions where there is a demand for goods or services and a deficiency in the source of supply. It is based on information provided by the Business Councils.

COUNCIL	DEMAND AND SUPPLY GAPS, as identified by the local Business Council members
Gaborone	<ul style="list-style-type: none"> <li>• Luxury bus service between Gaborone, Francistown and Maun</li> <li>• Formal flea market</li> <li>• Outdoor entertainment</li> <li>• Shortage of serviced industrial and commercial plots</li> <li>• Various franchises (see <b>Appendix C</b>)</li> </ul>
Lobatse	<ul style="list-style-type: none"> <li>• Privately owned support industries for meat by-products (e.g. leather, gelatine, horn)</li> <li>• Private secondary school</li> <li>• Dairy</li> <li>• Shortage of serviced industrial and commercial plots</li> <li>• Entertainment facilities</li> </ul>
Kanye	<ul style="list-style-type: none"> <li>• Up market conference facilities</li> <li>• Vehicle servicing centre</li> <li>• Motor dealership</li> <li>• Tourism centre</li> <li>• English medium private school</li> <li>• Plant nursery</li> <li>• Veterinary supplies and services</li> <li>• Animal feed supplies</li> <li>• Shortage of serviced industrial and commercial plots</li> </ul>
Tsabong	<ul style="list-style-type: none"> <li>• Tarred roads</li> <li>• Bank</li> <li>• Electrical repairs and installations</li> <li>• Printing services</li> <li>• Authorised car dealer</li> <li>• Dry cleaner</li> <li>• Secretarial and book-keeping services</li> <li>• Training in technical and business skills</li> <li>• Tourist centre for the Kgalagadi District</li> <li>• Game farming</li> <li>• Shortage of serviced industrial and commercial plots</li> </ul>

<b>COUNCIL</b>	<b>DEMAND AND SUPPLY GAPS, as identified by the local Business Council members</b>
Maun	<ul style="list-style-type: none"> <li>• Game farming</li> <li>• Tourist attractions in the town itself</li> <li>• Luxury hotel</li> <li>• Accounting services</li> <li>• Training in tourism</li> <li>• Shortage of serviced industrial and commercial plots</li> </ul>
Ghanzi	<ul style="list-style-type: none"> <li>• Retail outlets</li> <li>• Taxi services</li> <li>• Game farms</li> <li>• Hotel</li> <li>• Legal and accounting services</li> <li>• Abattoir</li> <li>• Mortuary and funeral services</li> <li>• Training in business skills</li> <li>• Shortage of serviced industrial and commercial land</li> </ul>
Kasane	<ul style="list-style-type: none"> <li>• Shortage of commercial and industrial plots</li> <li>• Shortage of residential premises</li> <li>• Tourist attractions, entertainment and sporting facilities in the town</li> <li>• Craft centre</li> <li>• Training facilities for guides and hotel staff</li> <li>• Market gardening</li> <li>• Thatching grass collection and retailing</li> <li>• Campsite in Chobe Enclave</li> <li>• Wormery for line-fishing</li> <li>• Sorghum mill</li> <li>• Abattoir</li> <li>• Accounting and legal services</li> </ul>
Serowe	<ul style="list-style-type: none"> <li>• Business skills and managerial training</li> <li>• Shortage of land</li> <li>• Legal services</li> <li>• Vehicle maintenance and spares</li> <li>• Hotel</li> <li>• Entertainment facilities</li> <li>• Formal brickmaking operations</li> <li>• Support industry for office machines</li> </ul>

<b>COUNCIL</b>	<b>DEMAND AND SUPPLY GAPS, as identified by the local Business Council members</b>
Francistown	<ul style="list-style-type: none"> <li>• Lack of business skills and managerial training</li> <li>• Shortage of commercial and industrial plots</li> <li>• Flea market</li> <li>• Milling operation</li> <li>• Support industries for mining</li> <li>• Entertainment facilities</li> </ul>
Molepolole	<ul style="list-style-type: none"> <li>• Questionnaire not returned</li> </ul>
Mochudi	<ul style="list-style-type: none"> <li>• Traditional cereal processing (sorghum)</li> <li>• Leather works</li> </ul>
Mahalapye	<ul style="list-style-type: none"> <li>• Questionnaire not returned</li> </ul>
Palapye	<ul style="list-style-type: none"> <li>• Motor spares outlet</li> <li>• Family entertainment</li> <li>• Shortage of commercial and industrial plots</li> <li>• Veterinary supplies</li> <li>• Management advisory services</li> </ul>
Selebi Phikwe	<ul style="list-style-type: none"> <li>• Entertainment e.g. cinema</li> <li>• Recreational centre</li> <li>• Commercial car wash</li> <li>• Conference facilities</li> </ul>

## **5. Prioritised list of opportunities**

The following table is a list of business opportunities identified by the Business Councils in each region. The table is divided into regions and, within each region, the list is prioritised according to our assessment of the viability of each opportunity according to the following agreed criteria:

- (i) feasibility
- (ii) low set-up costs
- (iii) employment creation / entrepreneur generation.

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
1	Gaborone and Ghanzi Business Council	The establishment of a franchising body in Botswana that could facilitate entrepreneurs obtaining their own businesses.	From our initial review of franchising in Botswana, it appears that there are approximately thirty franchises operating in Botswana, with a further two hundred operating in South Africa but not in Botswana. There is at present no organisation promoting franchising in Botswana, and local entrepreneurs are missing out on valuable new business ideas. If run through BOCCIM, then set up costs should be minimal, and the benefits extremely valuable.	10,000	1 (+ unlimited)	Appendix C
2	Ernst & Young	The establishment of a poultry farming unit capable of being utilised by rural Batswana.	A business plan is being prepared. This would involve an entrepreneur paying 5,000 Pula to buy a poultry shed, and all equipment and 400 chicks. At the end of six weeks the grown chickens are collected by the 'regional head' and the entrepreneur paid, partly in cash, and partly in feed and new chicks.	5,000 per entrepreneur	100	Appendix D
3	Gaborone Business Council	The establishment of a recycling facility	There are many waste products which are not currently utilised in recycling e.g. glass bottles, paper etc. There is potential to develop the recycling industry throughout Botswana which could provide a small income to unskilled unemployed residents in rural areas. This idea deserves further investigation.	2 million (?)	50	No
4	Gaborone Business Council	The establishment of a flea market for Gaborone, which would provide local craftsmen and informal businesses with an opportunity to sell their goods, and provide a new attraction for Gaborone.	There is some concern that a flea market has already been attempted in Gaborone and the concept has not really taken off. However, given the success of flea markets in South Africa recently, this is a concept that should be pursued further.	250,000 (depending on site availability)	6 (+100 others)	No
5	Gaborone Business Council	The utilisation of the Gaborone Dam as an outdoor recreational facility for the people of Gaborone	Ernst & Young consultants visited the dam but found that the area is presently cordoned off, and public access is only allowed with a permit owing to the government's protection of Gaborone's main water supply. Given the government's cooperation, this may be an idea that has merit.	4 million	20	No
6	Gaborone Business Council	The utilisation of the Gaborone Show Ground area	Ernst & Young consultants visited the Gaborone Show Ground area and considered it to have potential for a variety of uses, including a craft market, flea market etc. The site is presently owned by the government and it is recommended that the concession for developing the area be put out to tender to private companies with the necessary expertise.	Unknown	Unknown	No
7	Gaborone Business Council	The establishment of a school uniform facility, which would enjoy government protection, to produce uniforms for schools and the army, under set contracts.	This idea has not been pursued further at this stage owing to the relatively poor performance of the textile industry in Gaborone recently.	3 million	50	No
8	Gaborone Business Council	The establishment of a luxury bus service from Gaborone to Francistown and various other Botswana towns. This could be done on a licence basis from Greyhound or Intercity, or done privately.	While this idea does have merit, it is not known whether an adequate market exists, as the type of person who would be the ideal target market for this service would most likely drive their own car, or fly (especially from a time saving viewpoint). This is probably why Greyhound has not already taken up this route. This idea could still be valid, but proper market research would need to be performed.	2 million	8	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
9	Lobatse Business Council	Establishment of businesses that could utilise the by-products from the abattoirs, such as leather (presently exported when partially processed), bones (could make gelatine), horns etc.	This idea merits further investigation. The reasons why such businesses do not already exist should be established.	750,000	30	No
10	Lobatse Business Council	Establishment of a business for the production of cardboard cartons, plastic packaging and chemicals, all of which could be used by BMC in Lobatse.	Given the poor state of the Lobatse economy at present, and not knowing the BMC's willingness to cooperate in such a venture, it is difficult this project being viable.	2.8 million	80	No
11	Lobatse Business Council	Expansion of meat processing industries in Lobatse.	There is little competition for BMC in Botswana and the idea is that a private meat processing plant should be set up in Lobatse. With the existing infrastructure in place, Lobatse would be ideally placed to house this new plant.	1,5 million	50	No
12	Lobatse Business Council	Establishment of a metalworking company manufacturing chairs etc.	Apart from the availability of labour, there is no specific reason why such an operation would succeed specifically in the Lobatse region. There is also no ready market for the product in Lobatse.	1 million	35	No
13	Lobatse Business Council	Establishment of a dairy for processing of dairy products, to be sold to wholesalers, and retailers in Botswana and elsewhere.	The question as to whether there are enough dairy herds in the region has been raised, as has the fact that two small dairies already operate in the region.	2 million (estimate)	35	No
14	Lobatse Business Council	Establishment of a transport company which could transport bricks, sugar, meat, etc. from South Africa and elsewhere, to and from Lobatse.	This venture may be appropriate, but some market research would need to be conducted on the usage of existing truck operators. Once again this may be an ideal opportunity for set up as part of the privatisation initiative.	2.7 million	30	No
15	Lobatse Business Council	Establishment of a private school in the Lobatse area.	Having regard to the poor state of the Lobatse economy at present and the high cost of setting up a school, it appears unlikely that the finance would be secured for the funding of the school, and it is unclear whether a sufficient market exists for a private school in the town.	10 million	30	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
16	Kanye Business Council	Establishment of a conference venue aimed at the top end of the market to complement the existing conference facilities.	Kanye's proximity to Gaborone, its attractive setting and developed infra-structure would make it an ideal venue for residential courses and conferences. However there are other venues such as Kasane and the Tuli block which also offer up-market conference facilities with the additional attraction of game parks. Research would have to be carried out to assess if there is a gap in the market before this idea is pursued further.	4 million	50	No
17	Kanye Business Council	Development of a tourism council to promote Kanye as a tourist attraction	Perhaps this idea could develop with the previously mentioned conference venue. Luxury accommodation developed for conferences could also be marketed to tourists. Tourist attractions would have to be developed in the region first, e.g. walking trails, craft markets etc.	50 000	5	No
18	Kanye Business Council	Establishment of a vehicle servicing workshop	The demand for such a service appears certain as currently most vehicles are taken to Gaborone for servicing. The idea should be looked into further, perhaps offering training apprenticeships. There may also be an opportunity for an automotive linked franchise.	250 000	10	No
19	Kanye Business Council	Re-commissioning of the Manyana granite quarry and establishment of a polishing factory	Before assessing the feasibility of this idea, the current ownership of the mining concession would have to be identified and the reasons for the quarry's previous failure established.	2 million	50	No
20	Kanye Business Council	Establishment of a chicken farm	This idea should be looked at in conjunction with idea #2 above	See idea #2 above	See idea #2 above	Appendix D
21	Kanye Business Council	Establishment of a veterinary service and veterinary supplies	The shortage of trained veterinary officers in Botswana makes this an unfeasible idea. However, given that agriculture is an important economic activity in Kanye, Lobatse and neighbouring areas, there is a high demand for veterinary supplies, perhaps sold on an agency basis.	50 000	4	No
22	Kanye Business Council	Establish a plant nursery	Research would have to be conducted on the size and profile of the potential market before this idea is pursued any further.	150 000	10	No
23	Kanye Business Council	Establishment of a private English medium school in Kanye	Given the high level of unemployment and generally depressed state of the economy in the Kanye region, it is unlikely that there would be a big enough market for a private school. The high set up costs involved and the long payback period would probably make this an unfeasible project.	10 million	30	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
24	Tsabong Business Council	Tourist village and training centre. The construction of the complex would be carried out by local residents who would be trained on the job and then take their skills and tools back to their villages to earn a living. Hawkers will be allocated stalls and a tourist shop, restaurant and information stalls etc. would promote tourism in the Kgalagadi.	The community would benefit from the project and it would aim to be viable from the residents' support without the additional income from the tourist trade.	250 000	10 (initially + hawkers)	No
25	Tsabong Business Council	Game farming	There is scope for individual entrepreneurs to set up game farming businesses. However this would only employ a few people and poaching is already a serious problem in the area. The skills do not exist locally for related businesses such as taxidermy, tanning etc. to set up.	1million	10	No
26	Tsabong Business Council	Construction of internal roads in Tsabong.	Labour intensive methods of road construction could be implemented, thus creating employment and improving the infrastructure. However, the Department of Roads would have to initiate any road building schemes and so this idea will not be pursued further.	N/A	N/A	No
27	Tsabong Business Council	Establishment of a tannery.	A tannery may be feasible. At present, all skins are thrown away and are not utilised.	250 000	25	No



IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
28	Maun Business Council	Tourist camp/ lodge set up as a training centre for citizens. A camp with "real" tourists would provide an excellent training ground for all aspects of camp maintenance and management for citizens who currently have no opportunity to find employment with safari operators because of their lack of experience and training. It could also be used as an environmental educational centre for schools.	If this sort of project was backed by the community, there is potential for many benefits for citizens in the form of training and job creation. This concept could be copied in other regions of the country where there is a tourism industry e.g. Kasane. Any profits from the venture would go back to the community.	30 000	1 initially (+trainees)	Appendix F
29	Maun Business Council	The development of tourist attractions in Maun itself to tempt tourists to spend time and money in the town. A recreational centre with a cinema, nightclub, restaurants etc. would provide a new attraction for the town.	It appears that a local businessman is in the process of developing a site close to the airport with these types of recreational facilities. This idea will therefore not be pursued further.	N/A	N/A	No
30	Maun Business Council	Luxury hotel in Maun, combining sporting facilities such as a golf course, tennis courts.	There appears to be demand for another luxury hotel in Maun to cater for businessmen and tourists, particularly during the peak tourist seasons. The large capital outlay required would mean that probably only a large hotel chain would be in a position to set this up and allocation of land might be a problem.	10 million	150	No
31	Maun Business Council	The establishment of a game farming industry.	This could make use of the existing cattle farming infrastructure whilst reducing the region's dependence on the beef industry which has recently been wiped out by lung disease. However, importing game to the area would need DWNP's approval.	1 million	20 per farm	No
32	Maun Business Council	The establishment of an arable farming industry.	The water shortage and land allocation problem may prevent this from being viable.	100 000	20	No
33	Maun Business Council	Paper mill making use of papyrus reeds in the Okavango Delta.	The environmental impact of a large scale manufacturing operation in this sensitive wetland area would probably make this unfeasible.	50 million	150	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
34	Ghanzi Business Council	Retail franchise outlets	The demand and buying power exists in the region.	See idea # 1 above	See idea # 1 above	See idea # 1 above
35	Ghanzi Business Council	Hotel in Ghanzi	The demand exists in Ghanzi for a second hotel. It may attract travellers on the new 'fx Kalahari road which will bypass Ghanzi by 50km. Obtaining a plot will be an obstacle.	1 million	40	No
36	Ghanzi Business Council	Mortuary and funeral services	Current facilities are insufficient. The opportunity exists for an entrepreneur to set up a small business.	100 000	5	No
37	Ghanzi Business Council	Abattoir	There is a strong demand for an abattoir in Ghanzi since it is dominated by the cattle industry and cows are currently transported to Lobatse for slaughter. It should be established why BMC has not already set up an abattoir in this region. The strict health regulations are often prohibitive for a private individual venture.	5 million	100	No
38	Ghanzi Business Council	Expansion of the Kuru Development Trust in D'Kar.	At present, this aid funded project is established to benefit the Basarwa community. There is potential to expand and develop the project, possibly by exporting the products, so that it benefits the whole Ghanzi community.	Unknown	Unknown	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
39	Kasane Business Council	Multi-craft project incorporating flea market, restaurant, traditional dancing etc.	Craftsmen would be trained and a market would be set up for their crafts. The project would be a focus for Kasane and a centre for tourists as well as residents. The local community would obtain direct benefits from the tourists.	115 000	1 (+ hawkers + others self employed)	Appendix E
40	Kasane Business Council	Guide / hotel school to train professional guides, chefs, waiters etc. for the tourist industry.	This would assist the local community in obtaining jobs with the safari operators, lodges, hotels and camps in the region. Perhaps the Brigades could incorporate this type of training in the courses they offer.	500 000	15	No
41	Kasane Business Council	Tourist campsite in Chobe Enclave run by the community.	It appears that there is demand for camping facilities by those tourists who cannot find accommodation in the Chobe National Park as a result of the new booking system. The community should benefit directly from this; this might be a project for an organisation such as the Chobe Wildlife Trust to get involved with. It could be combined with the training ground approach in idea #28 above.	50 000	10	No
42	Kasane Business Council	Market gardening	It appears that the land is suitable for arable farming and water is available. The produce would be sold to the lodges and hotels in Kasane. Land would have to be allocated and this appears to be a potential hurdle.	1 million	50	No
43	Kasane Business Council	Thatching grass collection and retailing	Local residents need no skills or training, only vehicles. This is a potentially viable source of income for residents.	50 000	20	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
44	Serowe Business Council	Recreational Centre	No such facility exists in the region and the community feels there is a definite need for it.	500 000	10	No
45	Serowe Business Council	Night-club	No such facility exists in the region and the community feels there is a definite need for it.	250 000	10	No
46	Serowe Business Council	Proper hotel with restaurant	Current facilities are insufficient and the hotel has lost its rating. The opportunity exists for an entrepreneur to set up a properly managed business.	2 million	30	No
47	Serowe Business Council	Office support and office maintenance services	The service industry in general is very much under developed and there is definitely a great need in this region for support services.	300 000	10	NO

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
48	Francistown Business Council	Flea market	Availability of land is the major constraint. The concept was already put forward to the Town Council and although the principle was approved the land has not yet been allocated.	250 000	6 (+ 100 others)	No
49	Francistown Business Council	Solar electricity	A large plant is required and would be capital intensive. This will probably require a serious investor and expatriate expertise.	1 million	50	No
50	Francistown Business Council	Glass manufacturer	The source and quality of raw materials in Botswana would have to be established. The high cost of utilities would probably be a prohibitive factor	20 million	500	No
51	Francistown Business Council	Food processing (Canning)	A reliable supply of raw materials would have to be established. There are no arable farms producing food crops on a large scale in the region.	10 million	500	No
52	Francistown Business Council	Manufacturers of soda ash by-products	It would probably be more cost effective to set up a project using soda ash by-products at the Sua Pan site where the infrastructure already exists. The future of the soda ash plant would also have to be ascertained.	20 million	1000	No
53	Francistown Business Council	Computer and electronics assembly plant	The lack of skilled labour and technical know-how in Botswana make this an unfeasible possibility.	20 million	1000	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
54	Palapye Business Council	Tourism venture incorporating accommodation, food and sale of crafts.	There may be scope for another hotel in Palapye with conference facilities. Day trips for tourists to areas of scenic interest could be arranged.	5 million	100	No
55	Palapye Business Council	Management advisory services bureau	There is a need for entrepreneurs and investors to learn business skills. This is an area where BOCCIM could assist the business community.	50 000	10	No
56	Palapye Business Council	Business Institute	A school for hotel management training and related services. This idea may be considered in conjunction with #27 above.	N/A	N/A	No
57	Palapye Business Council	Expansion of milling and packaging business	Milling and packing of sorghum and mealie meal, bean and peanut butter canning could be expanded and exported to Zambia and Zimbabwe.	1 million	50	No
58	Palapye Business Council	Crafts and cottage industries	Specialised craft training for baskets, pottery, carving, embroidery, candlemaking, jewellery, leatherwork etc. will enable local residents to earn a living as self employed craftsmen, provided a market exists for their products.	50 000	15	No

IDEA #	SOURCE	IDEA	COMMENT	Estimated cost of setup (Pula)	Estimated # of employees	Bus Plan
59	Mochudi Business Council	Traditional cereal processing, particularly sorghum	There is a demand for sorghum, but Botswana does not produce enough grain and so the bulk is imported from South Africa. Research would have to be carried out on the price and reliability of raw material supplies to determine whether this would be feasible.	100 000	10	No
60	Selebi Phikwe Business Council	Commercial crop production	This would only be viable on a large scale with irrigation. Possibly a food processing plant would be another opportunity. A feasibility study would be required, particularly regarding land allocation and water.	100 000's	200	No
61	Selebi Phikwe Business Council	Copper refinery, using output from BCL	Currently copper is sent to Norway for refining. A conceptual study would have to be carried out to assess whether it would be at all feasible. Factors to take into account would be power costs, expertise required and the remaining life of the BCL mine.	Millions	Hundreds	No
62	BOCCIM	Collection of scrap metal and other waste products in rural areas for recycling.	Ernst & Young consultants visited Christian Nels at GTZ who is involved with a study to establish scrap metal collection and recycling facilities in Botswana. The value of steel scrap is low and, because it is bulky, transport costs from rural areas to Gaborone would be prohibitive. The idea is not worth exploring further at this stage.	Unknown	Unknown	No
	Mahalapye Business Council	Questionnaire not received back from Business Council				
	Molepolole Business Council	Questionnaire not received back from Business Council				

## 6. Summary of business plans

The table below illustrates a brief summary of the content of the five business plans which are attached in more detail as Appendices to this report.

	BUS PLAN No. 1	BUS PLAN No.2	BUS PLAN No.3	BUS PLAN No. 4	BUS PLAN No.5
Summary of opportunity	Botswana Franchise Association	Poultry farming in rural areas	Kasane Community Project	Tourism training camp	Nail salon franchises
Initial set up cost	P10 000	P5 000 per rural farmer	P114 000	P30 500	P20 000 for franchise+ P8 000 working capital
Type of funding required	Aims to be self-financing	Franchisee should raise personal finance	Short term finance required for start up, then should be self sustaining	Donor / sponsor for initial set up costs, then self sustaining	Business loan for franchisee
Number of staff	1	Unlimited	1 employee, but creates self employment opportunities for many	1 employee, but provides training and work experience for many	2 employees per franchise
Market	Varied	Live chickens	Tourists	Tourists	Women
Competition	N/A	Commercial chicken farms	Craft markets and tourist attractions at Victoria Falls (Zimbabwe)	None	Existing beauty salons which offer nail treatments
Customer profile	Varied	Regional entrepreneurs with regional franchise will buy from rural farmers	Tourists in Kasane who visit Chobe	Tourists with their own vehicles and organised mobile safaris	Women under 35
Raw material availability	N/A	Supply of day old chickens and chicken feed required	Locally grown or produced materials required for crafts, eg grass for baskets	Basic building materials required, eg thatching grass	Supplies obtained from franchisor
Profile of entrepreneur	Varied	Rural farmer committed to managing his or her own business and adhering to prescribed procedures	Enterprising citizens who want to learn new skills and earn a living as self employed craftsmen	Citizens who want to enter the tourism industry as a career	Women entrepreneurs committed to providing a quality service



## **7. Entrepreneur of the year programme**

The joint establishment of an Entrepreneur of the Year (EOY) programme in Botswana by BOCCIM and Ernst & Young is an initiative which could lend greatly to the development and encouragement of entrepreneurs in Botswana.

The EOY competition is a worldwide Ernst & Young initiative. The competition was founded by the Milwaukee office of Ernst & Young in 1986 to find and celebrate that particular state's most talented and successful entrepreneurs. EOY is now an international programme honouring the best entrepreneurs in Canada (5 regions), United States (46 regions), Mexico, the Caribbean, France, Belgium, Holland, Spain, South Africa etc. The programme will be operational in 100 regions by the year 2000, making it a truly an international programme.

In South Africa the programme currently functions in all the provinces under the auspices of the Small Business Development Corporation (SBDC). It has, in the past, effectively been seen as a promotional exercise for SBDC clients until 1995 when Ernst & Young began to participate and opened the competition to all South African entrepreneurs.

### ***How the Entrepreneur of the Year Program could operate in Botswana***

The program could be run throughout all fourteen Business Councils, with BOCCIM distributing and collecting application forms and selecting a regional Entrepreneur of the Year for each region and honouring them at a regional banquets. Each Business Council would submit their best applicants as finalists to the BOCCIM head office, who would then select an Entrepreneur of the Year for Botswana, and honour them at an annual banquet. Ernst & Young would participate in visiting finalists (to confirm existing information and obtain additional data about the finalists) and being part of the judging panel.

Nominees should be owner-managers primarily responsible for the recent performance of a privately held business, which should have been in operation for at least two years. **Anyone** associated with a successful entrepreneur - banker, employee, lawyer, accountant, manager, spouse - can nominate an entrepreneur.

A third corporate sponsor (probably a bank) could be attracted to sponsor the direct costs e.g. printing application forms, the costs of the awards banquets.

A media sponsor is also required to ensure adequate visibility for the competition and the sponsors. This will include publicity surrounding the competition, banquets, regional and national winners and sponsors.

The benefits for local entrepreneurs in participating in the Entrepreneur Of The Year competition are primarily the spin-off benefits that come with the heightened profile of receiving the award. These can include enhanced reputation, improved employee morale, improved financial relations - and increased sales.

National recognition also comes in the form of media exposure. Recipients of Entrepreneur Of The Year awards are also encouraged to promote their success in their sales literature as a selling point. They can use the award in their public relations efforts as a testimony to the excellence of their respective businesses.

If this venture is to be pursued, further negotiations should be entered into between BOCCIM and Ernst & Young.

**Appendix A**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
QUESTIONNAIRE**

*The purpose of this questionnaire is to obtain the views of the Business Council and leaders in the community regarding new development and employment creation opportunities in the region.*

**DEADLINE :** This document must be completed before \_\_\_\_\_  
and faxed to Ernst & Young on **374 079** - marked for the attention of **Jane Disborough**.

**Region :** \_\_\_\_\_

**Completed by :** \_\_\_\_\_

**Date :** \_\_\_\_\_

**1. Current Economic Activity**

1.1 What are the main sources of economic activity in the region?

- Beef and associated products
- Agriculture (excluding beef)
- Mining
- Tourism
- Textiles
- Construction
- Other (please specify) :


1.2 List the support industries/businesses for the main source of economic activity in the region e.g. maintenance services, catering, etc.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1.3 What is the estimated percentage level of unemployment in the region?

\_\_\_\_\_  
%

1.4 Who are the 5 major employers in the region?

Name	Nature of Business	Number Employed

1.5 What special skills (if any) are there in the region e.g. artisans, technicians, professionals, etc.?

---

---

1.6 Provide details of manufacturing operations in the region.

Name	Nature of Business	Number Employed

1.7 List franchises currently operating in the region (e.g. Academy of Learning, Kentucky Fried Chicken).

---

---

---

---

---

---

---

---

1.8 List new businesses that have been set up in the last 12 months.

---

---

---

---

---



**2. Education / Training**

2.1 What educational facilities are there in the region?

Junior Secondary Schools

Senior Secondary Schools

Colleges

Other private training institutions (please specify)


---

---

2.2 List the Vocational Training Centres and Brigades in the region and vocations currently taught.

---

---

---

---

---

2.3 List other skills / trades training opportunities e.g. NGO project, company based training etc.

---

---

---

---

**3. Public Sector Involvement**

3.1 List government and parastatal organisations with operational bases in the region (e.g. BPC, BTC etc.).

---

---

---

---

3.2 List Botswana Development Corporation funded projects currently underway in the region.

---

---

---

3.3 List any special government investment incentives in the region.

---

---

---

---

3.4 List businesses using the FAP (Financial Assistance Policy) in the region.

---

---

---

---

3.5 List small business centres operating in the area and give details of their functions.

---

---

---

---

**4. Potential Business Opportunities**

4.1 List any needs in the community which are not currently being addressed (e.g. vehicle repair, mechanical services, veterinary supplies, transport, shopping, entertainment, etc.).

---

---

---

---

4.2 List current community based projects operating in the region (e.g. wildlife concession areas, etc.).

---

---

---

---

4.3 List any aid funded projects (e.g. feedlots).

---

---

---

---

4.4 List any existing businesses which could be expanded successfully if more funds and skills were available.

Existing Business	Nature of Business	Area of shortage

4.5 List sources of finance available in the region (e.g. private investors etc.).

---

---

---

---

4.6 Provide details of the activities of BOCCIM (Botswana Confederation of Commerce, Industry and Manpower) in the region.

---

---

---

---

---

---

---



5. **Selected Business Opportunities**

5.1 List the best *five* business opportunities in the region.  
These could be either new ventures or the expansion of an  
existing business.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

5.2 Details of the best *five* business opportunities identified above:

**Business Opportunity 1**

Describe the nature of the product or service

---

---

---

Identify the market for the proposed product or service

---

---

---

Identify the customer profile (Who will buy the product or make use of the service)

---

---

---

Identify the existing competition for the product or service

---

---

---

What are the infrastructural, raw material and equipment requirements?

---

---

---

Give an estimate of the number of staff required.

---

---

What will the training requirements be?

---

---

---

---

Give an estimate of the set-up cost .

---

---

**Pula** \_\_\_\_\_

Give an estimate of the working capital requirements .

---

---

**Pula** \_\_\_\_\_

Give an estimate of the costs until the venture will break even.

---

---

**Pula** \_\_\_\_\_

**TOTAL COST Pula** \_\_\_\_\_

Indicate the proposed structure for the venture (e.g. private company, co-op etc.)

---

---

---

**Business Opportunity 2**

Describe the nature of the product or service

---

---

---

---

Identify the market for the proposed product or service

---

---

---

---

Identify the customer profile (Who will buy the product or make use of the service)

---

---

---

---

---

Identify the existing competition for the product or service

---

---

---

---

What are the infrastructural, raw material and equipment requirements?

---

---

---

---

---

Give an estimate of the number of staff required.

---

---

What will the training requirements be?

---

---

---

---

---

Give an estimate of the set-up cost .

---

---

---

**Pula** \_\_\_\_\_

Give an estimate of the working capital requirements .

---

---

---

**Pula** \_\_\_\_\_

Give an estimate of the costs until the venture will break even.

---

---

---

**Pula** \_\_\_\_\_

**TOTAL COST Pula** \_\_\_\_\_

Indicate the proposed structure for the venture (e.g. private company, co-op etc.)

---

---

---

**Business Opportunity 3**

Describe the nature of the product or service

---

---

---

---

Identify the market for the proposed product or service

---

---

---

---

Identify the customer profile (Who will buy the product or make use of the service)

---

---

---

---

---

Identify the existing competition for the product or service

---

---

---

---

What are the infrastructural, raw material and equipment requirements?

---

---

---

---

---

Give an estimate of the number of staff required.

---

---

What will the training requirements be?

---

---

---

---

Give an estimate of the set-up cost .

---

---

---

Give an estimate of the working capital requirements .

**Pula** \_\_\_\_\_

---

---

---

Give an estimate of the costs until the venture will break even.

**Pula** \_\_\_\_\_

---

---

---

**TOTAL COST** **Pula** \_\_\_\_\_

Indicate the proposed structure for the venture (e.g. private company, co-op etc.)

---

---

---

**Business Opportunity 4**

Describe the nature of the product or service

---

---

---

Identify the market for the proposed product or service

---

---

---

Identify the customer profile (Who will buy the product or make use of the service)

---

---

---

---

Identify the existing competition for the product or service

---

---

---

---

What are the infrastructural, raw material and equipment requirements?

---

---

---

---

Give an estimate of the number of staff required.

---

---



What will the training requirements be?

---

---

---

---

Give an estimate of the set-up cost .

---

---

**Pula** \_\_\_\_\_

Give an estimate of the working capital requirements .

---

---

**Pula** \_\_\_\_\_

Give an estimate of the costs until the venture will break even.

---

---

**Pula** \_\_\_\_\_

**TOTAL COST Pula** \_\_\_\_\_

Indicate the proposed structure for the venture (e.g. private company, co-op etc.)

---

---

---

**Business Opportunity 5**

Describe the nature of the product or service

---

---

---

Identify the market for the proposed product or service

---

---

---

Identify the customer profile (Who will buy the product or make use of the service)

---

---

---

Identify the existing competition for the product or service

---

---

---

What are the infrastructural, raw material and equipment requirements?

---

---

---

Give an estimate of the number of staff required.

---

---

What will the training requirements be?

---

---

---

---

Give an estimate of the set-up cost .

---

---

---

**Pula** \_\_\_\_\_

Give an estimate of the working capital requirements .

---

---

---

**Pula** \_\_\_\_\_

Give an estimate of the costs until the venture will break even.

---

---

---

**Pula** \_\_\_\_\_

**TOTAL COST Pula** \_\_\_\_\_

Indicate the proposed structure for the venture (e.g. private company, co-op etc.)

---

---

---

## **Appendix B**

### **Summary reports on visits to each Business Council**

The consultants visited nine Business Councils. Reports on the meetings are included as follows:

- B.1** Gaborone Business Council
- B.2** Lobatse Business Council
- B.3** Kanye Business Council
- B.4** Tsabong Business Council
- B.5** Maun Business Council
- B.6** Ghanzi
- B.7** Kasane
- B.8** Serowe
- B.9** Francistown

**B.1 Gaborone**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER**

**GABORONE BUSINESS COUNCIL**

**MEETING HELD ON MONDAY 12 AUGUST 1996 AT 10:30 AM**

**BOCCIM CONFERENCE ROOM, GABORONE**

**1. Attendance**

Leo Tumaletse (Chairman)	Marketing Consultant
Simon Thomas	Account-Sec Services
Isang Gabegwe	BOCCIM Field Officer
Chigedze Chinyepi	Joch Projects
Dorcas K Tafila	Lane (Pty) Ltd
Mary English	Credit Bureau
Fariel J van Wyk	Cova Maintenance
Kealeboga Makhwade	RKM Investments
Richard Shapiro	Ernst & Young
Jane Disborough	Ernst & Young
Theo van Eeden	Ernst & Young
Bakani Ndwapi	Ernst & Young

**2. Status of questionnaire**

The questionnaire was made available to the Gaborone Business Council on 6 August 1996. No completed copy of the questionnaire was made available to Ernst & Young. The information in this document was obtained from discussions with the BOCCIM members attending the meeting.

**3. Summary of economic activity**

The economy in Gaborone appears to be depressed. The government and parastatals are the main employers in the region (+/- 65%). Other main economic activities include construction and textiles. Various companies with economic activities in other regions are based in Gaborone.

An increase in unemployment is currently experienced. The reasons for unemployment are due partially to migration of people to Gaborone and partially due to the reduction of employment opportunities. The Government is currently considering the retrenchment of employees and is no longer automatically absorbing University of Botswana graduates into the civil service.

Funding of new business ventures (loan capital or venture capital) appears to be a problem.

Various business ventures have recently failed due to the following reasons :

Corruption in certain industries e.g. construction  
Over trading in certain sectors of the economy  
Lack of management skills  
Competition from companies outside Botswana

Concern was expressed over the low number of Botswana citizens involved in the economic activity and the new opportunities available to them. Lack of capital was preventing entrepreneurs from starting businesses at the entry level.

#### 4. **SWOT Analysis**

##### **Strengths**

- BOCCIM is providing some services to the entrepreneur.
- Infrastructure available in Gaborone (Tarred roads, Airport, Banking, Other Business Services).
- Trained graduates available for employment in the private sector.

##### **Weaknesses**

- Uncertainty over government privatisation (parastatals).
- Lack of general business and managerial skills particularly amongst citizens and ex public sector employees.

##### **Opportunities**

- Retrenchment packages to government employees. These funds can be used by retrenched employees as start-up finance for business ventures.
- The possibility of government sub-contracting and outsourcing services to small business.
- The privatisation of parastatal companies can stimulate economic growth in the private sector.
- Availability of labour.
- The establishment of a franchise organisation to stimulate growth in franchising.
- The establishment of a luxury bus service between Gaborone, Francistown and Maun.
- The establishment of a fleamarket operation in Gaborone. This could stimulate business at a grass roots level.
- The establishment of a protected school uniform production facility.
- The establishment of a recycling facility.
- Outdoor recreational facility. This can incorporate the utilisation of the Gaborone dam.
- Utilisation of the show ground as a source of economic activity.

### **Threats**

- Downturn in the economy
- Lack of funding for entrepreneurs
- Businesses controlled by a small number of individuals
- Overtrading of certain sectors (e.g. textiles)
- High level of unemployment

### **5. General Comments**

The lack of funding available for small business was perceived to be one of the major stumbling blocks in stimulating economic growth in the region.

The idea of the possible establishment of a franchising organisation was well received. This was seen as a good method of establishing businesses in terms of tested methodologies.

The need for BOCCIM to be further expanding support services for entrepreneurs was identified.

**B.2 Lobatse**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
LOBATSE BUSINESS COUNCIL  
MEETING HELD ON MONDAY 13 AUGUST 1996 AT 10:00 AM  
CUMBERLAND HOTEL, LOBATSE**

**1. Attendance**

O P Sharma	Director, Omex
Anil Kumarc	Chartered Accountant, Motovac
B M Chepete	Co-ordinator, Brigades
J A Kroger	Director
R Ranganathan	Director
A Aagbim	Director, Pakistan Trading
B Dintwa	
Richard Shapiro	Ernst & Young
Jane Disborough	Ernst & Young
Theo van Eeden	Ernst & Young
Bakani Ndwapi	Ernst & Young

**2. Status of questionnaire**

The questionnaire was made available to the Lobatse Business Council on 6 August 1996. A completed questionnaire was received during the meeting. The information in this document was obtained from discussions with the BOCCIM members attending the meeting and the questionnaire.

**3. Summary of economic activity**

The economy appears to be stagnant. No real growth was experienced during the past five years. The Botswana Meat Commission is the main employer in the region. Other main economic activities include a clay works, maize mill, sugar packing facility and a beer brewery.

An increase in unemployment is currently being experienced. Unemployment is estimated at 25%. This is partly due to the economy being stagnant and an increase in the population of Lobatse.

A major problem in the area is the lack of land available for business activity. This appears to be due to "red tape" and high rentals experienced by local business people.

In recent times various small retailers closed down due to the competition from wholesalers. A major woollen garment producer was liquidated. This was due to marketing and management problems.



Concerns were expressed over the fact that Government and parastatal companies based in Lobatse are not utilising local businesses for sub contracts and sourcing of materials.

#### 4. **SWOT Analysis**

##### **Strengths**

- Geographical location - Lobatse is closer to the South African border than Gaborone.
- Well developed infrastructure.
- Stable labour force.
- Botswana Meat Commission.
- Low crime rate.

##### **Weaknesses**

- Unavailability of land for business development.
- Lack of general business and managerial skills.

##### **Opportunities**

- The possibility of parastatals in Lobatse sub-contracting and outsourcing services and products (e.g. maintenance, packaging materials, chemicals, etc.) to small business in the Lobatse region.
- The establishment of privately owned support industries for meat by-products (e.g. leather, gelatine, horn products, etc.).
- The establishment of a private secondary school.
- The expansion of the meat processing industry.
- The establishment of a transport company for the transportation of various products between Botswana and South Africa.
- The establishment a dairy (e.g. pasteurised milk, cheese, yoghurt, etc.)
- The establishment of a poultry industry in the region.

##### **Threats**

- Local council 'red tape' (e.g. businesses cannot operate from residential premises and obtaining land for business activities is difficult).
- Competition from businesses in the Gaborone region.
- High level of unemployment

**5. General Comments**

The unavailability of land for business purposes and Local Government 'red tape' were highlighted as major stumbling blocks in the economic development in Lobatse.

The establishment of privately owned businesses for the processing of meat by-products appears to be one of the major opportunities in the region.

The members stressed the importance of BOCCIM in lobbying Local Government for the establishment of a conducive business environment.

**B.3 Kanye**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
KANYE BUSINESS COUNCIL  
MEETING HELD ON WEDNESDAY 14 AUGUST 1996 AT 10:00 AM  
KO GAE CAFE, KANYE**

**1 Attendance**

Matshediso Hansen	Ko Gae Café
Mary Falama	Marula Fashion
Joyce Coangae	Atamelang Bakery
Solly Dinat	Speedy Fords
Naledi Mophuthing	Kanye South Distributors
Jane Disborough	Ernst & Young
Bakani Ndwapi	Ernst & Young

**2 Status of questionnaire**

The questionnaire was faxed to the Kanye Business Council on 6 August 1996. Sections 1 to 4 were completed by the Business Council and faxed back to Ernst & Young on 13 August 1996. The information in this document was obtained from the responses to the questionnaire and from discussions with the Business Council members attending the meeting.

**3 Summary of Economic Activity**

The economy in Kanye appears to be depressed.

Unemployment is estimated at 60% and agriculture is the main economic activity. The major employers are public sector entities such as the Southern District Council, the hospital and the Rural Industries Innovation Centre. There are also some small scale manufacturing operations and two sorghum mills.

There is a trading centre, but the recent opening of retail chain stores in Kanye has taken custom away from local manufacturers who cannot compete with their prices and products. As a result, there appears to be strong opposition within the business community to these retail outlets whose supplies and management are imported, and thus do not benefit the local community in terms of manufacturing opportunities or employment.

The Kanye Brigades and the Ramatea Vocational School run auto-mechanical, electrical, bricklaying and secretarial courses etc. but, once trained, the students do not know how to go about setting up their own businesses, and have difficulty in raising finance.

## 4 SWOT Analysis

### Strengths

- Proximity to Gaborone and attractive setting should attract day-visitors and tourists.
- Reliable water, electricity and telephone services.
- Many residents have received training at the Brigades centre in bricklaying, jewellery making, food processing, bone carving and tie and dye crafts.

### Weaknesses

- Because of the high level of unemployment, the Kanye residents have no buying power.
- The allocation of land and licenses takes a long time.
- It is difficult for people to start up their own businesses because they lack business skills, marketing skills and financial discipline.
- There is no organisation which assists entrepreneurs with setting up small businesses, applying for FAP etc.
- Obtaining loans from the banks is difficult because of the high level of collateral needed.

### Opportunities

- Kanye already has a successful conference centre, but this is deliberately a low-budget venue. Kanye could build on this established trade by developing up-market facilities to attract conferences for high level civil servants. It could market the venue as a getaway from Gaborone with a better climate, attractive setting etc. It is easily accessible from Gaborone and therefore cheaper than, say, Kasane, another popular conference venue.
- Vehicle servicing - at present all vehicles are taken to Gaborone for servicing.
- Develop Kanye as a tourism centre to attract day-trippers from Gaborone. Attractions could be: walking trails laid out in the hills and gorge, museum (currently being established), crafts centre etc.
- Start up the Manyana granite quarry again, but do the polishing here rather than South Africa. Other mines which could also be developed are manganese and slate.
- English medium private school.
- Plant nursery.
- Veterinary supplies and services - none exist at present.
- Chicken farms- demand for chickens is high, but many existing chicken farms have failed, probably due to recent disease outbreak.

## **Threats**

- Time delays and difficulty in obtaining land and licences.
- Difficulty in obtaining start up capital deters many potential entrepreneurs.
- Apparent reluctance of local Council to upgrade facilities e.g. public toilets and flea market area.
- High unemployment means residents have no spending power to support local businesses.

## **5 General comments**

Kanye appears to have potential for developing itself as a conference / tourism venue, given its close proximity to Gaborone and its established conference facility.

Delays in obtaining land and finance appear to be hindering the start up of new businesses. There is no small business advisory service to assist potential entrepreneurs in applying for FAP, drawing up business plans etc.

**B.4 Tsabong**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
TSABONG BUSINESS COUNCIL  
MEETING HELD ON FRIDAY 16 AUGUST 1996 AT 9:30 AM  
BOCCIM OFFICE, TSABONG**

**1. Attendance**

K Thomas (Chairman)	Farmer
J C Marnewick	Kgalagadi Wholesalers
O Sefhiri	Bar and Bottle Store
N R Megano	Farmer
E Seako	General Dealer
K Matswiri	General Dealer
D K Motlhake	Bar and Bottle Store
M Bimbo	Hekeng Dressmaking
M D Marsh	Ernst & Young
B Ndwapi	Ernst & Young

**Status of questionnaire**

The questionnaire was delivered to the Tsabong Business Council on 8 August 1996. It was completed during the meeting on 16 August by Keith Thomas.

**Summary of economic activity**

The main sources of economic activity in the region are beef farming and general trading. Tsabong is situated in South West Botswana in the Kalahari desert where rainfall is extremely erratic, making farming other than on a subsistence basis marginal. The soil is infertile and unsuitable for farming except small scale livestock farming.

The remoteness and small size of the town means it has limited economic activity, except for small scale livestock farming and general trading in basic commodities. There are very few manufacturing operations in the region and those that do exist are all small scale.

The Government and parastatals are by far the largest employers. Tsabong is the regional capital of the Kgalagadi District.

No financial services exist in Tsabong; the nearest bank is 350 km away in Jwaneng.

Unemployment is high (an estimated figure is 80%) and, with no secondary school in the Southern Kgalagadi, the level of the local population's education is low. Most indigenous residents are illiterate or semi-illiterate and have generally only been exposed to subsistence farming.

#### 4. SWOT Analysis

##### Strengths

- Tsabong is on the shortest route between the Cape Province of South Africa and Botswana and could be developed as an information centre for the region.
- The Kgalagadi District has two National Parks, both of which are well stocked with a wide variety of game.
- An abundance of veld skills exist in the region which are currently not being exploited.

##### Weaknesses

- Poor infrastructure in the form of minimal tarred roads, limited services and no developed shopping complex or office buildings limits development.
- There are no banking facilities in Tsabong which prevents local entrepreneurs from obtaining finance for any business developments.
- There is a lack of technical skills and business acumen in the region.
- Exceptionally high levels of salt in the water and infertile sandy soils limits farming opportunities to small scale livestock operations.
- Undeveloped water facilities on the Botswana side of the Gemsbok National Park limit the opportunity for game farming in the region.
- Serious time delays exist for potential businesses in acquiring land and trading licences.

##### Opportunities

- **Develop Tsabong as a tourist centre for the Kgalagadi** - There is great opportunity to develop tourism in the Kgalagadi District, especially for tourists from the Cape Province of South Africa. There is abundant wildlife in the two National Parks and much to be learnt from the local population about veld skills.
- **Game farming** - There is sufficient land to successfully farm game in the area. However, the amount of game is reducing outside the gameparks as a result of poaching.
- **Construction of roads in Tsabong** - Labour intensive methods of road construction could be successfully implemented in Tsabong. This would create employment, give the opportunity of training local residents and improve the infrastructure of the town.

##### Threats

- Poaching was reported as being rife in the region, both of cattle and wildlife. This discourages local cattle farming and the opportunity for game farms.
- Extremes of temperature and consistently low levels of rainfall limit agricultural related activities.

- Although Tsabong is the “capital” of the Kgalagadi District, current economic development centres around Kang in the Northern Kgalagadi and reduces the opportunity of further growth in Tsabong.

**5. General comments**

Tsabong is remote, isolated and sparsely populated with minimal economic activity and has few potential entrepreneurs to facilitate private sector development in the region.



**B.5 Maun**  
**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND**  
**MANPOWER**  
**MAUN BUSINESS COUNCIL**  
**MEETING HELD ON MONDAY 19 AUGUST 1996 AT 5:30PM**  
**RILEYS HOTEL, MAUN**

**1 Attendance**

John Wellio ( Chairman)	J S Wellio
Mike Bullock	Power Serv
John Riley	Maun Quarries
Bernard Borchardt	Sunrise Poultry / Mississippi Chicken Inn
Jane Disborough	Ernst & Young
Bakani Ndwapi	Ernst & Young

**2 Status of questionnaire**

The questionnaire was faxed to the Maun Business Council on 7 August 1996. Sections 1 to 4 were partially completed and faxed to Ernst & Young on 15 August 1996.

**3 Summary of economic activity**

The main sources of economic activity are beef farming, tourism, construction and general trading. The cattle in Ngamiland have been affected by lung disease and all cattle have been destroyed. Compensation has been paid out to the cattle owners, resulting in a temporary cash boom, but when it subsides, the bottle stores, bars and traders will suffer. The beef industry is rendered defunct for the next 4 years or so as cattle owners restock.

Agriculture (other than traditional cattle farming) is only on a small scale and development is held back by bureaucratic and infrastructural problems.

The Okavango Delta is a major tourist destination. However, the Government's policy of high-cost low-volume tourism means that there is no room for expansion as bed numbers have been allocated for each area, thus restricting further development. Few citizens are involved in the tourism business. In addition, some foreign owned safari operators bring in all their supplies from South Africa and so the local businesses do not benefit from their trade.

The Department of Wildlife and National Parks has set up an initiative to encourage joint ventures between the private sector and rural people who have user rights to the natural resources occurring in community utilisation areas. However, there appears to be confusion over concession areas and bureaucratic intransigence is frustrating progress.

There are very few manufacturing companies and those which are here are mostly small scale operations supporting the safari companies, such as tent making, boat making etc.

Support industries are on a small scale and mostly service the tourism operations, ie hotels, transport services and air transport.

The Government and parastatals are major employers in the region and also indirectly engage contract workforces on projects.

Unemployment is high (estimated at 70%). These people have had minimal schooling and their livelihood is subsistence farming. The VTC and Brigades train bricklayers, mechanics, catering etc. but there appears to be no attempt to link the training with the demands of the private sector employers.

#### 4 SWOT Analysis

##### Strengths

- The Okavango Delta is a major tourist attraction and has huge potential to attract visitors, particularly with the current popularity of ecotourism.
- There is a cash boom arising from the compensation payments to cattle owners whose cows were affected by the lung disease outbreak.

##### Weaknesses

- Lack of serviced industrial plots
- Infrastructural problems e.g. water shortage
- The beef industry, one of the major sources of economic activity, has collapsed and is unlikely to get re-established for the next 4 years.
- Dependency on tourism as the major economic activity now that beef farming has collapsed.

##### Opportunities

- **Game farming** - the region's cattle industry has collapsed, but the infrastructure is still there. BMC has put up its facilities for leasing. Game ranching requires minimal management and is potentially more lucrative than beef; however, it would require a license from DWNP to import game to the region and poaching may be a problem.
- **Develop tourist attractions in Maun** - most tourists fly into Maun and transfer directly onto flights into the Delta, without spending any time or money in Maun itself. If there were activities and tourist attractions in the town itself (e.g. cinema, restaurants, nightclub etc.), the town would benefit directly from the tourism.

- **Luxury hotel in Maun** - there is capacity for one more luxury hotel in Maun to accommodate visitors on business and on holiday. It could combine sporting facilities such as a golf course, tennis courts etc.
- **Paper mill** - the papyrus grass in the Delta could be used on a large-scale to produce pulp for export. However, the environmental impact on this sensitive wetland area would probably make this unfeasible.
- **Arable farming** - vegetables, citrus fruit etc. could be grown commercially, but the water shortage may prevent this from being a viable opportunity.
- **Tourist camp/ lodge set up as a training centre for citizens** - very few citizens are employed in managerial positions with the safari operators and it is difficult for them to enter the tourist industry without training or experience. A "real" camp could be set up as a training ground for camp managers, guides, cooks, camp mechanics, builders etc. Trainees would learn in an environment with "real" tourists, and could be seconded to lodges and camps as part of their training. The camp could also be used as an environmental educational centre for schools.

### **Threats**

- Government's policy of high-cost low-volume tourism is hindering the expansion of the tourism industry by imposing restrictions on the number of tourists.
- The recently introduced National Parks booking system has limited the number of overnight visitors to Moremi and Chobe and the reduced flow of tourists is affecting roadside kiosks and general dealers.
- The unavailability of industrial land, due to delays with the Land Board allocating plots, has stagnated and frustrated attempts at new developments.
- The possibility of the Okavango Delta drying up threatens the tourist industry.
- There is very little diversification away from tourism and related support industries. There is no export industry .

### **5 General Comments**

The **outbreak** of lung disease and subsequent eradication of cattle in Ngamiland has wiped out the beef industry in Maun. Tourism is reaching its maximum capacity under the high cost-low impact policy. There is a need to diversify away from these two industries. The problem of acquiring land is preventing new businesses from opening up. There is potential for Maun to benefit more from the existing flow of tourists.

**B.6 Ghanzi**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
GHANZI BUSINESS COUNCIL  
MEETING HELD ON TUESDAY 20 AUGUST 1996 AT 11:30AM  
LAND BOARD CHAMBERS, GHANZI**

**1 Attendance**

D D Tlharese (Vice Chairman)	D J O Metalworks
L Mayane	Sebati Consultants
Bashi B Thite	Thite Liquour
Mogomotsi Serole	Desert Carriers
Megdley Kelebemang	Self employed
Leina Mosime	Construction
Modise Phantlho	Kiosk

**2 Status of questionnaire**

The questionnaire was given to Mr Kganane (Chairman) on Monday 12 August 1996. The partially completed questionnaire was returned to us at the Business Council meeting in Ghanzi on 20 August 1996.

**3 Summary of economic activity**

There is no industry or manufacturing in the Ghanzi region. The only source of economic activity is cattle farming, which has not been affected by the lung disease outbreak in Ngamiland. There are many large scale cattle farms but Business Council members did not see any new employment creation opportunities for the community with the farms.

The main employers in the region are the Central Government and Local Government offices. Other employers include wholesalers and supermarkets. However, the majority of businesses in town are owned by one family.

The Kuru Development Trust in D'Kar (35km away from Ghanzi) is aid funded and employs and trains San workers in leatherwork, art, crafts and silkscreen printing.

Unemployment in the region is high (estimated at 70%), and the majority of these people are unskilled. However, although the majority of the population is not employed in the formal sector, they are cattle owners and therefore have buying power.

The Brigades is still in its infancy, but is training automechanics and bricklayers.

Ghanzi has recently been declared a town and the infrastructure in the region is still developing. Electricity is only available in the town area. There is an airstrip, but the road to Maun, the nearest major town, is dirt. The trans Kalahari road will pass through the region, but will bypass Ghanzi with a junction 50km away and therefore the town is unlikely to benefit from the trans Kalahari traffic.

#### 4 SWOT Analysis

##### Strengths

- Residents have buying power, but currently there are very few retail outlets
- Entrepreneurs are keen to set up small businesses, such as taxi services, kiosks, construction companies etc.
- Land is suitable for arable farming, but only if borehole water is sufficient, which gives it an advantage over the surrounding Kgalagadi district
- Ghanzi is close to the Namibia border, but this is not currently exploited in terms of cross-border trading

##### Weaknesses

- There are currently no manufacturing operations established in the region
- Infrastructure is still developing; electricity, water and telephones are only available in the town centre
- Shortage of serviced industrial plots and units for shops
- Shortage of skilled labour
- Public amenities e.g. primary hospital, library etc. need upgrading
- At present there are no amenities or attractions to attract tourists to Ghanzi, thus the town is unlikely to benefit from the increase in tourist traffic on the trans Kalahari road

##### Opportunities

- **Game farming**, but this will only benefit those with existing farms, since there are no new land allocations
- **Hotel** - at present there is only one hotel in town and this is usually filled by civil servants when there are government meetings
- The **Kuru Development Trust** is a successful aid funded project for the Basarwa in D'Kar. If this could be expanded, the rest of the community could benefit by supplying raw materials, attracting tourists etc.
- **Legal and accounting services**
- **Retail franchise outlets** e.g. clothes, shoes, bookshop etc. Demand and buying power exists in the region
- **Abattoir** Demand exists but there appears to be political obstacles.
- **Mortuary and funeral services** Current facilities are insufficient.
- **Business skills training courses** Entrepreneurs need training in business and management skills.

## **Threats**

- Land allocation is a serious problem. Plots are not being allocated, with applications taking many years to be processed. Without land, an entrepreneur cannot obtain a trading licence.
- Since Ghanzi has been declared a town, it is now administered from Gaborone. This has caused problems as the bureaucratic processes take a long time and residents cannot afford to make trips to Gaborone to sort out their affairs.
- One family owns the majority of businesses and dominates the economic activity, providing an obstacle for new businesses to get established and compete.
- There is no BMC abattoir in Ghanzi. Cattle are transported to Lobatse for slaughter. The proceeds from selling the cattle are usually spent in Lobatse, where there are more consumer products available, and not brought back to Ghanzi.
- Since there is no abattoir, there is no opportunity to develop industries utilising beef by-products e.g. skins, hooves etc.

## **5 General Comments**

The land allocation problem is preventing economic growth in the region. New businesses cannot start up without land, and entrepreneurs cannot obtain trading licences without a plot allocated to them.

Residents have buying power, but there are very few retail outlets. Attempts to obtain franchises have failed because of the lack of infrastructure.

**B.7 Kasane**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
KASANE BUSINESS COUNCIL  
MEETING HELD ON 23 AUGUST 1996 AT 8:30AM  
MOWANA HOTEL CONFERENCE CENTRE, KASANE**

**1 Attendance**

Heather Carr-Hartley (Chairperson)	Kasane Enterprises
Nigel Haynes	Windmill Services
Heidy Allmendinger	Kubu Lodge
Mogomotsi Kesupile	Police
Augustin Kaisara	Chobe Sub-District Council
Moara Nkole	Chobe Sub-District Council
Jane Disborough	Ernst & Young
Bakani Ndwapi	Ernst & Young

**2 Status of questionnaire**

The questionnaire was faxed to the Kasane Business Council on 7 August 1996. Two questionnaires filled in by different members of the Kasane Business Council were returned to Ernst & Young at the meeting on 23 August 1996.

**3 Summary of economic activity**

The main economic activities in the region are arable farming and tourism centring on the Chobe National Park and Chobe River. The major employers are the Government, the lodges and hotels, safari operators and a commercial farm. The tourist industry is the focus of Kasane and most of the other businesses exist because of it. Several retailers have opened shops in the last few years but have closed down because of high rentals and competition in such a limited market.

There is no beef farming in the region: export of beef is not allowed because of foot and mouth disease. There is no abattoir and there appears to be no scope to develop beef related industries in the region.

Industrial and commercial land has not been allocated and there appears to be confusion and bureaucratic problems surrounding its allocation. Several recent attempts at setting up new businesses have been frustrated by non - allocation of land. There are business premises available but rents are high.

Tourism appears to be nearing its full potential in the Park. The Chobe National Park Development Plan has been drawn up and this restricts the number of tour

operators, and number of vehicles and boats entering the Park. However, there appears to be confusion and uncertainty over the implementation of the plan.

Unemployment is high, with many people migrating to Kasane to look for work. Few of these people have skills and most do not find work.

#### 4 SWOT Analysis

##### Strengths

- Kasane's proximity to Victoria Falls and Chobe Game Park means there is a high flow of tourists passing through.
- The new booking system introduced for the National Parks has meant that many tourists are unable to find accommodation in the Park and are forced to stay in Kasane.
- Tourists have spending power.
- Availability of water for arable farming.

##### Weaknesses

- Lack of commercial and industrial plots.
- Shortage of residential premises.
- No tourist attractions, entertainment or sporting facilities in the town itself.
- Most tourists fly in and spend time only in the Chobe National Park and at the hotels, without spending any time or money in Kasane.
- High rents demanded for business premises.
- Tourist trade is seasonal.

##### Opportunities

- **Multi-craft project:** in order to increase the community's participation in and benefits derived from the tourist industry, a craft centre could be set up for local craftsmen to produce and sell crafts using local materials. The centre could incorporate a "flea market", traditional dancing, restaurant, children's corner etc. to turn it into a tourist attraction.
- **Guide/hotel school:** to train professional guides, chefs, waiters etc. for the tourist industry.
- **Market gardening:** land is suitable for arable farming and water is available. There is probably sufficient demand locally from the lodges, hotels and residents for locally-grown produce.
- **Thatching grass collection and retailing**
- **Fish farming**
- **Campsite in Chobe Enclave** run by the community
- **Wormery for line-fishing**
- **Sorghum mill**



### **Threats**

- Lack of commercial and industrial plots available for new businesses.
- Expansion of tourism is restricted by the Chobe National Park Development Plan.
- Confusion over land allocation
- Kasane's proximity to Victoria Falls may mean that tourists spend their money in Zimbabwe rather than Kasane where more tourist facilities and attractions are available.
- Kasane is predominantly dependent on tourism, with very little diversification.

### **5 General Comments**

Kasane is almost entirely dependent on tourism as its major source of economic activity. There is scope for the community to benefit more directly from the tourist industry. Development will be hindered by the lack of allocated land for industrial and commercial purposes.

**B.8 Serowe**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
SEROWE BUSINESS COUNCIL  
MEETING HELD ON WEDNESDAY 21 AUGUST 1996 AT 6:00PM  
DISTRICT COMMISSIONER'S OFFICE, SEROWE**

**1 Attendance**

D Lefoko (Chairman)	Marang Stationers
O Modise	CDC
N Molosi	Freight & Management Services
K Pansiri	Freight & Management Services
E Oppedal	Jack & Jill
J Duffy	Serowe Brigade
S Kerebotswe	Central Coffins
C Kirstein	Ernst & Young

**2 Status of questionnaire**

The questionnaire was faxed to the Serowe Business Council on 6 August 1996. However, no completed copy was made available to Ernst & Young. The information in this report was obtained from discussions with members at the meeting on 21 August 1996.

**3 Summary of economic activity**

The main employers in Serowe are Local Government and parastatals. Beef is the most important industry and the rest of the community consists of subsistence farmers and the normal support industries e.g. general stores, butcheries, bottle stores and service providers such as garages. The only major private sector employer is Temane Diamond Valuing Company (De Beers).

Unemployment is high at about 35% of economically active people. The situation is worsening and, without any major industry to support the region, there is little hope of the region becoming economically prosperous.

There are very few manufacturing operations in Serowe and only a few small industries employing between 10 and 30 people exist.

The infrastructure is basic and availability of land is a major obstacle for establishing businesses in Serowe. It is the general consensus that it takes several years to get a plot of land allocated. Utilities are only available in certain parts of town, and few fully serviced plots exist.

Educational facilities consist of several CJSS's and Senior Secondary Schools. There is also a teachers development college and the Serowe Brigades provide vocational training.

Of the parastatals, only BPC and BTC have a presence but they have no operating bases in the area.

There is a distinct lack of managerial skills available in Serowe and therefore few businesses succeed. Community projects such as brick moulding, small milling operations and poultry projects are over traded and not economically viable any longer. A few new businesses opened during the last 12 months and the only significant employers are Spar and Cash Bazaar. However, these stores also resulted in the failure of small general stores because of better service at Spar, better prices and product availability. Small operators cannot compete with retail chainstores such as Spar because the owners lack the necessary managerial skills and resources to counter the threat.

Availability of funds is also a major inhibiting factor and it seems almost impossible for small entrepreneurs to obtain finance from the banks. The banks are seeking low risk ventures with high returns and want collateral which the small entrepreneurs do not have. Only a few businesses make use of FAP.

#### 4. **SWOT Analysis**

##### **Strengths**

- Basic infrastructure is available
- The Serowe Brigade provides vocational training and teaches basic principles of being an entrepreneur
- Labour is available

##### **Weaknesses**

- Lack of business skills and managerial abilities
- Lack of buying power within the community
- Limited number of potential customers to make operations viable and sustainable
- Problems in obtaining land
- Difficulties of obtaining finance

### **Opportunities**

- There are many needs in the community and therefore a wide range of entrepreneurial opportunities exist
- Establishment of small manufacturing industries e.g. textile manufacturing, carpentry workshops, steel workshops and a plumber
- Formal brickmaking operation throughout the community
- Establishment of entertainment facilities e.g. nightclub, restaurant, cinema and a recreational centre.
- Establishment of a service and support industry for office maintenance e.g. photocopy centre, service centre for office machines

### **Threats**

- Lack of funding available for small entrepreneurs
- Lack of proper training for entrepreneurs
- High level of unemployment
- Over-trading of typical community projects

### **5. Conclusion**

There are good opportunities in several areas as there are real needs in the community which are currently unaddressed. However, the general lack of skills, unavailability of capital, unavailability of serviced plots and lack of initiative amongst the community are major stumbling blocks to development.

**B.9 Francistown**

**BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND  
MANPOWER  
FRANCISTOWN BUSINESS COUNCIL  
MEETING HELD ON THURSDAY 22 AUGUST 1996 AT 6:00PM  
THAPAMA LODGE, FRANCISTOWN**

**1. Attendance**

N Moleele	(Chairman)	BOCCIM
M Wallis		Shashi Confectionery
K Williams		Anankith (Pty) Ltd
C Kirstein		Ernst & Young

**2. Status of Questionnaire**

The Questionnaire was made available to the Francistown Business Council on 7 August 1996. No completed copy was made available to Ernst & Young. The information in this document was obtained from discussions with members of the Francistown Business Council at the meeting on 22 August.

**3. Summary of economic activity**

The main employers in Francistown are local Government and parastatals. Francistown has a fully fledged business community and there are significant retail, wholesale and support service industries. Beef is the most important industry and as far as the rest of the rural community is concerned, it consists of subsistence farmers.

Unemployment is high at about 25% of economically active people. There are many university graduates who are not employed in the Government sector but they lack technical and practical training and experience.

There are a few manufacturing operations in Francistown and the activity is concentrated in textiles, milling, mining related services and packaging.

The infrastructure is developed, although availability of land is a major obstacle for establishing a business in Francistown. It is the general consensus that it takes a long time to get a plot of land allocated. Utilities are available, but it takes a reasonable long time to obtain them at new developments.

Educational facilities consist of several CJSS's and Senior Secondary Schools. There is also a branch of the University of Botswana, a Teachers Training College, a Nursing Training College and the Shashe Brigades provide vocational training.

All the parastatals have a presence in Francistown and there are several BDC funded projects e.g. Nortex Textiles, Eland shoes, FT Milling, Botswana Tyre Corporation and the Satellite Shopping Centre. There are also several FAP assisted businesses in the region.

There is a lack of managerial skills available in Francistown and therefore some businesses fail. The construction industry is very unpredictable and, as a result, the construction and their support industries had a few business failures. New business ventures in the past twelve months include retailers, Bank of Botswana and small industries (Eland Shoes and Afrox).

The lack of availability of funds is a major inhibiting factor and it seems almost impossible for small entrepreneurs to obtain finance from the banks. The banks are looking for low risk and high returns and want security which the small entrepreneurs do not have.

#### **4. SWOT Analysis**

##### **Strengths**

- Good infrastructure available
- Established business centre with many retailers, wholesalers, manufacturers and service providers
- BOCCIM has a strong presence

##### **Weaknesses**

- Lack of business skills and managerial abilities
- Lack of buying power within the community
- Problems with acquiring land
- Difficulties in obtaining finance
- Absence of investors in manufacturing and heavy industry

##### **Opportunities**

- Flea market
- Expansion of milling operations
- Expansion of textile industry
- Utilise the mining resources in the region to the benefit of the local manufacturing industry
- Food processing (canning factory)
- Manufacturing using soda ash by-products

### **Threats**

- Lack of funding available for small entrepreneurs
- Lack of proper training for entrepreneurs
- High level of unemployment, and few skills
- Investors might not believe that Francistown is a viable location for their operations

### **5. General comments**

Business Council members perceive that opportunities are concentrated in the manufacturing and heavy industry sectors. However, this would require major investment and only large international companies are likely to attempt such ventures. The community appears to disregard small business as an area for economic growth but rather looks towards large manufacturers who create much needed employment.


The community must strive to become a manufacturing centre in the Botswana context as well as the greater regional cross border economy. The most common problems are the unavailability of land, difficulty in obtaining finance, lack of interest of investors and time delays in obtaining the necessary licences and permits.

# Botswana Franchise Association

## Business Plan

September 1996

### CAUTION

This business plan has been prepared by  *ERNST & YOUNG* on behalf of BOCCIM and is intended as a guide for implementation. Whilst every care has been taken in the preparation hereof, we cannot accept responsibility for the feasibility of the project and would recommend that the project sponsor / entrepreneur form their own opinion on the venture.



## Table of Contents

Executive Summary.....	1
Background .....	2
Franchising in Botswana.....	4
The Franchise Association of Southern Africa.....	6
A Botswana Franchise Association.....	13
Roles and Functions.....	13
Structure and Organisation.....	14
Staffing and Management .....	15
Funding .....	15
Detailed Franchise Statistics (RSA and Botswana).....	Table 1
Graphical Comparison of Franchise Opportunities in RSA & Botswana .....	Table 2

## Executive Summary

After lengthy discussions with many of the Business Councils and business representatives throughout Botswana, and a preliminary review of franchising activity in Botswana, the need for the establishment of a Franchise Association in Botswana has become apparent. This Botswana Franchise Association, or BFA, would fulfil the need for providing access to entrepreneurs to information both on franchising in general and on specific franchise opportunities in particular. This initiative would greatly enhance the ability of the country's entrepreneurs to both identify and take advantage of business opportunities they were previously unaware of.

The Franchise Association of Southern Africa (FASA) is an organisation that is extremely well placed to provide valuable support in both the set up and running of BFA, and its material and membership base would be extremely useful in the future.

We would recommend that, of the number of options identified, the most appropriate is the establishment of a Botswana Chapter of FASA, which is run under the auspices of BOCCIM, and which uses BOCCIM's existing structures to achieve maximum penetration for franchising in Botswana. We further recommend that many of FASA's publications (possibly adapted for Botswana) are utilised and distributed, and that FASA is approached for assistance in both the set up and running of BFA. With FASA's assistance, the set up and running of BFA should not be an onerous task, and the ultimate impact on the education of the country's entrepreneurs with regards to franchising and franchising opportunities should make a big impact on the Botswana of tomorrow.

Our initial discussions with FASA have received a very favourable reaction, and they are very keen to assist wherever possible.

## Background

In our review of business opportunities in Botswana, and through our discussions with many business people in Botswana, it has become apparent that although there are some franchises operating in Botswana, there are many others whose products and business concepts could be used to good effect in Botswana. It is also apparent that there is not much information available to entrepreneurs wishing to buy a franchise, or start their own business.

With the enabling of entrepreneurs in Botswana being a critical factor in the development of the Botswana economy, franchising must be seen as one of key enablers in the process. Franchising is an ideal mechanism as it provides the entrepreneur with a proven business concept, and all the training, support and backup that he or she needs to run the business successfully.

Mr Jack Barber, Executive Director of the Franchise Association of Southern Africa, has the following comments on franchising :

*“Franchising has been described as a blend of ‘big’ and ‘small’ business : a fusion of the energy and commitment of the individual with the resources, power and strength of a large company. It is widely seen as a relatively safe way for :*

- *people to get into business for themselves but not by themselves;*
- *companies to expand effectively without incurring the high overheads and management hassles usually associated with the establishment of a branch network;*
- *companies to convert their existing branch or agency systems into a lean and mean marketing machine*

*Two types of franchising are common :*

1. *Product and trade name franchising, which generally entails the use by a franchisee of the franchisor’s trade name in exchange for fees and royalties as well as an obligation to sell only the franchisor’s product. This type of franchising is dominated by car dealers, filling stations and cool-drink bottlers.*
2. *Business format franchising, which is similar to product and trade name franchising except that the franchisee acquires the right to use the franchisor’s entire business concept from market research to after-sales service.*

*Business format franchising offers more benefits to the franchisees than does product and trade name franchising. It is for this reason that business format franchising is in a more dynamic growth phase of development than product and trade name franchising. In business format franchising, the franchisee uses the franchisor’s name, goodwill, products and services, marketing procedures,*

*expertise, systems and support facilities. In exchange, the franchisee pays the franchisor an up-front fee and ongoing management services fees (or royalties) as stipulated in the franchise agreement. A proven franchise package equips a suitable person to operate a business successfully, usually without any prior knowledge of the specific industry. "*

Through our discussions with the various Business Councils throughout Botswana, the providing of information to entrepreneurs about franchising and business opportunities in general has been seen as a key initiative, and one which BOCCIM could play a key role in. This business plan addresses this need, and how BOCCIM can play a role in the establishment of a Franchise Association in Botswana.

## Franchising in Botswana

Our initial review of franchising in Botswana has shown that the following franchises currently have operations in Botswana. This list is complete as far as we know, but there may be other franchises operating, which we do not have any information on at present.

Franchise	# of outlets	Where is franchisor based ?	Locations of outlets
Wimpy	2	SA	Gaborone, Mahalapye
Something Fishy	1	SA	Gaborone
Mike's Kitchen	1	SA	Gaborone
Blockbuster Video	1	SA	Gaborone
Spur	1	SA	Gaborone
Steers	1	SA	Gaborone
Silverton	2	SA	Gaborone, Francistown
Mr Exhaust	1	SA	Gaborone
Pest Control Specialists	1	Botswana	Gaborone
Midas Parts	6	SA	Gaborone, Maun, Francistown, Ghanzi, Mahalapye, Kasane
Milky Lane	1	SA	Gaborone
Kwik Fit	2	SA	Gaborone, Selebi Phikwe
Kentucky Fried Chicken	4	SA	Gaborone (3), Francistown
Auto Care	2	SA	Gaborone, Selebi Phikwe
Auto Fit / Auto Brake	3	Botswana	Gaborone, Francistown, Palapye
BP	Various	SA	Widely distributed
Shell	Various	SA	Widely distributed
Caltex	Various	SA	Widely distributed
Total	Various	SA	Widely distributed
Engen	Various	SA	Widely distributed
Academy of Learning	1	SA	Gaborone
Damelin	1	SA	Gaborone
Mr Roosters	1	SA	Gaborone
Chicken Licken	6	SA	Gaborone (3), Maun, F'town, Palapye
Nandos	2	SA	Gaborone (2)
Pizza Den	1	SA	Gaborone
New Horizons Computer	1	SA	Gaborone

There is also a presence of certain retail chains in Botswana, some of whom operate on a franchise basis.

If a comparison is made of franchisors (the operation which sells the franchise to franchisees) in Botswana as opposed to South Africa, the following is evident :

### Franchising Opportunities Table

CATEGORY OF FRANCHISE	BOTSWANA	RSA*
Automotive products and services	9	18
Building and home services	1	16
Business services and speed printing	0	13
Education and training	3	11
Entertainment and leisure	1	8
Food - fun and snack foods	1	9
Food - general	8	26
Food - italian style foods	1	9
Food - pub concepts	0	4
Health and body culture	0	6
Real estate services	0	6
Retailing and direct marketing	0	22

\* = Franchisors registered with the Franchise Association of Southern Africa. Approximately 80 % of franchisors in South Africa are registered with FASA.

A more detailed breakdown, by category is shown in **Table 1**. A graph depicting the above statistics is shown in **Table 2**. Based on the above, it would appear that key growth areas for franchising in Botswana are as follows :

- Building and home services
- Business services and speed printing
- Health and body culture
- Retailing and direct marketing

In addition to these, there may be further opportunity for the development of agricultural schemes with a franchise element. As an example, refer to the business plan for the poultry farming operation (**Appendix D**).

## **The Franchise Association of Southern Africa (FASA)**

FASA is an organisation which has contributed significantly to the growth of franchising in South Africa, and which is well placed to provide the necessary resources, skills and encouragement to Botswana in the development of franchising in this country, and in the encouragement of the country's entrepreneurs to embrace the franchise concept.

Included below is a background and further information on FASA, as obtained through various FASA publications and our knowledge of the organisation.

### **Background to the Franchise Association of Southern Africa**

The South African Franchise Association (SAFA) was established in Johannesburg in 1979 under the auspices of the Johannesburg Chamber of Commerce which acted as SAFA's secretariat until 1986. At that point, the growing demand for SAFA's services necessitated a dedicated secretariat and the Association now occupies a suite of offices in Braamfontein. For improved identification and to make it easier to service neighbouring countries, SAFA changed its name to the Franchise Association of Southern Africa (FASA) during 1993. FASA's founders were representatives of various companies which were drawn primarily from the fast food industry. Being men and women of vision, they soon realised that business format franchising, although the safest way for many to acquire a business of their own, could be open to abuse by unprincipled or reckless operators. They saw a need for an association that would:

- Promote the concept of franchising;
- Issue guidelines according to which sound franchise schemes should operate;
- Apply a "Code of Ethics" to the industry and act against those who transgressed the code;
- Promote franchising in the small business community to help create additional businesses and jobs;
- Collect and disseminate information on franchising;
- Maintain a data base of franchise related contacts and information;
- Provide education on franchise subjects;
- Represent the industry vis-a-vis government, the media and the general public as the need arose.

### **FASA's Corporate Structure**

Today, FASA fulfils the above functions and many more. From extremely modest beginnings, a membership of 30 was attained by 1986, this figure rose to 75 by mid - 1989, doubled itself by 1994 and currently stands at around 200 franchisors and the professional people who service the franchise industry.

This figure does not include the members of the recently formed Franchisee Group of the Franchise Association of Southern Africa (FG).

In addition to membership numbers, industry spread has also mushroomed. The 1996 edition of the Franchise Book of Southern Africa lists over 150 franchisors active in ten main industry groupings. These groupings include Automotive Products & Services, Building & Home Services, Business Services & Speed Printing, Education & Training, Entertainment & Leisure, Restaurants, Health & Body Culture, Real Estate Services and Retailing & Direct Marketing. Indeed, hardly a week goes by without a new franchise concept emerging and the list of industries is growing all the time.

Originally, FASA focused its efforts almost exclusively on the representation of Franchisors but, in the true spirit of franchising, FASA's activities have since been expanded to serve the needs of the entire franchise industry. To facilitate this, FASA was restructured during 1995 and now consists of three divisions which represent the interests of Franchisors, Franchisees and Providers of Professional Services respectively. Under the umbrella of FASA, these three bodies advance the long-term best interests of franchising.

FASA is a non-profit association, incorporated under Section 21 of the Companies Act. Income is derived from membership fees, the arranging of expositions and seminars and the sale of publications. Any surplus generated by FASA is ploughed back for the enhancement and development of franchising in Southern Africa.

FASA is governed by a Board of Directors consisting of 18 members voted into office by the Annual General Meeting of FASA and the Annual General Meeting of the FG respectively. The Board of Directors elects the Chairman of FASA. FASA's Executive Council consists of the Chairman, Vice Chairman, Immediate Past Chairman, Legal Advisor, Financial Advisor and the Chairperson of the FG. The Executive Director oversees the day-to-day operations of the FASA secretariat and is an ex-officio member of the Board of Directors and the Executive Council.

Active chapters are in operation in the Western Cape and KwaZulu-Natal. The chapter chairmen are ex-officio members of the Board of Directors.

### **Trade Association Functions**

FASA acts as a trade association to represent and protect the interests of its members and to further the advancement of franchising in general. To this end, FASA must have the credibility which will arise from a strong membership.

### **Lobbying**

Strong links have been forged with two statutory bodies, namely the Business Practices Committee and the Competition Board. Already, the Business Practices Committee has published its own Consumer Code for Franchising which draws heavily on FASA's own Code of Ethics and Business Practices. The Consumer Code effectively appoints FASA to be the mediator of first choice, should disputes between franchisors and their franchisees arise.



The Competition Board investigated alleged transgressions of the Maintenance of Competition Act by one franchisor, resulting in the publication of Report No. 45. Throughout this report, the Competition Board acknowledges the input provided by FASA and tacitly accepts that certain franchise practices which could ordinarily be seen to infringe upon clauses in the Competition Act, may in fact be necessary to safeguard a workable franchise environment.

### **Maintenance of Ethical Standards**

A major FASA objective is to ensure that franchising, as an industry, is above reproach. Prospective members are carefully screened before admittance and all must subscribe to the FASA "Code of Ethics and Business Practices". Since the beginning of 1995, the Code incorporates a clause making the provision of a comprehensive disclosure document to new franchisees, as well as to existing franchisees at the time of renewal, mandatory. This puts South Africa among the leading nations world-wide as far as ethical franchising is concerned.

In close liaison with the Advertising Standards Authority, FASA monitors franchise advertisements and Section 14 of the Code of Advertising Practice has gone a long way towards curbing the appearance of unacceptable press advertisements.

### **Promotion of International Links**

Another important aspect of FASA's activities is the maintenance of contacts between the South African franchise fraternity and local as well as overseas organisations involved with franchising and small business. Through its membership of the World Franchise Council (WFC), FASA is a respected member of the international franchise community and maintains ties with over 35 sister associations around the globe.

### **Functions**

- Meetings of the Board of Directors are held regularly throughout the year and members are welcome to join the directors for light refreshments afterwards.
- The **annual awards for "Excellence in Franchising"**, inaugurated in 1990, are hotly **contested by members** and have done much to improve standards of franchising practice. The list of finalists reads like a "Who's Who" of Franchising in South Africa and the winners receive, in addition to the awards' itself, valuable media exposure which can include radio interviews and television appearances. Traditionally, the winners are announced during the annual FASA Banquet, which has become the premier social event for Southern Africa's franchise fraternity and its guests.

Other social functions designed to promote networking among members are arranged from time to time.

## **Facilities at Kenlaw House**

Conference room facilities at the FASA offices are available free of charge and a serviced desk is available to out-of-town members. The conference room facilities include overhead projector (and the facility to darken the room), white board, projection screen and flip chart stand. The room can seat up to 30 people in classroom style and bookings should be made well in advance.

Other member benefits include negotiated discounts with leading suppliers and member-to-member discounts.

## **Publications**

A monthly newsletter, known as the "Franchise Digest", is published and two copies of each issue are available to the staff of member firms at no extra cost; additional copies can be purchased at a nominal fee.

FASA produces a range of publications for sale covering the various facets of franchising and details can be found on the inside back cover. New titles are added from time to time.

A small but comprehensive library of books and periodicals on franchising is maintained and is accessible to members as well as the general public at no charge. Among these publications is a list of up-to-date franchise directories from many overseas countries, an invaluable resource for those wishing to evaluate master licenses.

## **Franchising and the black businessman**

It is vital for the economic development of South Africa that thousands of black businessmen be brought into the formal business sector as a matter of urgency. In this regard, franchising with its established and proven business practices and systems and its permanent mentorship offers the quickest chance of success. In support of this, the Franchise Association of Southern Africa has established the following programme.

1. **Provision for equal opportunities for all** is enshrined in FASA's Code of Ethics and Business Practices. It is recognised, however, that the elimination of discrimination alone is not sufficient. Members are, therefore, encouraged to take positive steps to make it possible for black people to enter the franchise industry.
2. As part of its RDP Programme, FASA has established a Bursary designed to assist members from the disadvantaged sector of the community to study towards the Diploma in Franchising. Bursaries are donated by FASA members and income generated from certain FASA functions also flows into the fund.
3. From time to time, FASA holds short seminars designed to inform black entrepreneurs about franchising. These seminars are usually sponsored by one or more FASA members, therefore cost to delegates is nominal.

4. FASA actively encourages experienced Franchisors to "adopt" a black Franchisor and guide him until he has established his first Franchisee.
5. Through the Franchisee Group of FASA, business training will be arranged for black franchisees, and is typically done on behalf of FASA by its members.
6. FASA will promote the development of economical franchise opportunities where the capital expenditure required is low and where the up-front payments and ongoing fees are reasonable for the franchisees.
7. Commercial banks are encouraged to make funding more readily available for franchise operations that meet the technical requirements of FASA.
8. It was never FASA's intention that this programme should be charitable in nature. Rather, it is designed to give black entrepreneurs the opportunity to participate in projects that are within their resources and are sustainable. Because membership of FASA and the resulting exposure to our facilities, our activities and our members is of benefit to all Franchisors, priority will be given to enrolling black Franchisors as members of FASA.

## **Membership of FASA**

**There are four classes of membership:**

- Franchisors (3 grades)
- Affiliates (4 grades)
- Franchisees (1 grade)
- Students (1 grade)

### **Franchisors**

Because franchisor members could be subject to public and official scrutiny (for example by the Business Practices Committee or the Competition Board) the formalities for franchisor membership are greatest. In the first instance, applicants must complete an enquiry form and forward it (or a photo copy thereof) to FASA. The appropriate membership application form will then be supplied. All information provided by the applicant is considered as confidential.

There are three grades of franchisor membership:

#### **1.1 Learner**

This grade is applicable to newcomers to franchising who wish to take advantage of the services available from FASA. This is an unlisted grade and the Learner member cannot claim membership of FASA. The current subscription is approximately 560 Pula per annum.

Grades 2 & 3 are listed grades. The member has an entry in the Franchise Book of Southern Africa (or supplement) and their name appears on all other membership listings.

### **1.2 Associate**

Associate members have normally been franchising for at least six months and have four franchises operating successfully. The current subscription is approximately 750 Pula.

### **1.3 Full**

Full members are well-established franchisors who have been franchising for three years or more and have at least 15 franchises operating successfully. The current subscription rate is approximately 1300 Pula per annum.

## **2. Affiliates**

Affiliate membership caters for the professionals who service the franchise industry, and there are four grades :

- Accountants
- Attorneys
- Banks
- Franchise Consultants/Facilitators

The annual subscription rate for all the above grades is approximately 1300 Pula.

## **3. Franchisees**

Membership of the Franchisee Group of FASA is open to all franchisees who are part of a recognised franchise network. The franchisor does not have to be a FASA member. The current subscription is only 20 Pula per annum and the formalities are minimal.

## **4. Student Members**

Student membership is open to individuals who register for an official FASA formal education programme with a FASA approved training centre, and who have passed the matriculation or an equivalent examination or who are at least twenty-three years of age and have been in employment for at least two years.

## **Other FASA Services**

Other FASA services include a Mediation Scheme, whereby FASA will, with the agreement of both franchisor and franchisee, act as a mediator in a dispute situation. Since October 1995, when the FASA Mediation Scheme was launched, FASA has

successfully resolved a good number of disagreements or was at least able to lay the foundations for a settlement that would be acceptable to both parties.

The Franchisee Group of FASA is a recent FASA initiative which provides representation and a forum for franchisees within FASA.

## **A Botswana Franchise Association (BFA)**

We have held preliminary discussions with Mr Jack Barber, the Executive Director of the Franchise Association of Southern Africa, with regard to the possible set up of a Franchise Association in Botswana, and he has expressed his willingness and his enthusiasm to assist both in the set up and ongoing support of such an association.

### **Suggested roles and functions of BFA :**

The roles that the BFA could perform in Botswana could be as follows :

- Through the provision of information on available franchises, educate and inform entrepreneurs throughout Botswana about franchising in general and on available franchises in particular. There are a number of publications already available through FASA which could be utilised as is, or slightly modified, to be sold or distributed in Botswana. These publications are as follows :
  - *The Franchise Book of Southern Africa* (60 Pula) - this book is reprinted annually and apart from a variety of articles on franchising, includes a summary of all franchise opportunities in Southern Africa (FASA members only). The 1997 book, which is finalised in October 1996, could include a separate section on Botswana, or if too late, an insert showing specific franchise opportunities.
  - *How to Evaluate a Franchise* (50 Pula) - this is a step by step guide to help prospective franchisees in their decision making process.
  - *How to Franchise Your Business* (60 Pula) - this book includes a series of articles by well-known franchise personalities on the various issues involved in franchising one's own business.
  - *How to Write an Effective Operations Manual* (50 Pula) - this is a comprehensive guide to assist a franchisor in the writing of an operations and procedures manual for prospective franchisees.
  - *Martin Mendelsohn discusses Franchise Agreements* (50 Pula) - this is a collection of papers on the different legal issues relating to franchising.
  - *Taking Your Franchise Overseas* (50 Pula) - this publication, also written by Martin Mendelsohn, provides guidelines for the international operator.
  - *Everyone's Guide to Franchising in South Africa* (45 Pula) - this 140 page paperback by the auditors KPMG gives an easy to read introduction to franchising and is written as a case study. Whilst applicable to South Africa, the principles and lessons are relevant to Botswana as well.
  - In addition to the above publications, the other BOCCIM brochures, recently reprinted with permission from Ernst & Young, will also provide valuable information to entrepreneurs considering franchise and other business opportunities.

These are :

- How to Start Your Own Business
- How to Prepare a Business Plan
- How to Budget and Forecast Cashflows
- How to Apply for Finance

*All of the above publications could be distributed through BOCCIM Business Councils to their members, and at BOCCIM functions and exhibitions throughout the year. The purchase of these publications from FASA should be negotiated at a lower price to the above, and resold at a markup to ensure funding for BFA.*

- BFA could host an annual exhibition of franchise opportunities in Gaborone, either as a stand alone function or as part of another larger BOCCIM Convention or function, or as part of the annual Botswana International Trade Fair. This exhibition could include a number of presentations on franchise related topics. The Executive Director of FASA, Mr Jack Barber, has already expressed his willingness to participate at any such function.
- Through the use of FASA's network educate and inform South African and international franchisors about opportunities in Botswana, and encourage them to both invest in Botswana and to join the BFA.
- Other possible functions of BFA, which would receive backup assistance from FASA, are as follows :
  - Assistance in mediation between franchisors and franchisees
  - Lobbying to government and other organisations on behalf of franchisors and franchisees
  - Maintenance of ethical standards within franchising
  - Promotion of international links
  - Arranging functions for franchisees in Botswana

### **Structure and Organisation of BFA :**

The three alternatives for a BFA in Botswana are as follows :

1. Establishment of a separate BFA, operating independently of BOCCIM and FASA, but liaising closely with each.
2. Establishment of a separate BFA, operated by BOCCIM, but independent of FASA, but liaising closely with FASA.
3. Establishment of a Botswana Chapter of FASA, operated by BOCCIM under the guidance of FASA.

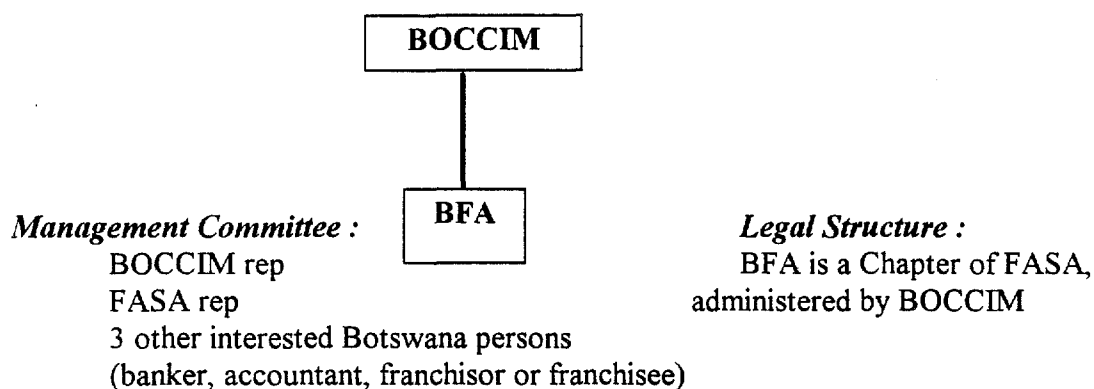
The most appropriate and effective option would appear to be the third one, as this option will require the minimum investment and infrastructure, whilst achieving the same support and delivery capability for BFA. FASA currently has both Western Cape

and Natal Chapters, and these chapters each have their own membership base, and functions, whilst utilising the support and material of FASA.

### **Suggested Staffing and Management of BFA**

FASA should be approached to assist in the set up of BFA Chapter and to provide the necessary guidance in the set up thereof. A BFA Committee will need to set up, which should include the identified project leader from within BOCCIM, a FASA representative, and interested representatives from the franchise industry in Botswana. This Committee, again under the guidance of FASA, would plan and organise the functions and initiatives for the forthcoming year, and approve the budget for BFA. On the administrative side, it should be sufficient for one of BOCCIM's existing staff to be allocated the BFA tasks, and this should occupy approximately 50% of his or her time.

This structure could be represented as follows :



### **Funding for BFA**

The costs of running BFA should not be significant, and BFA should be a self-funding entity. There is also the possibility of receiving some financial assistance from FASA - e.g. the initial supply of stocks of publications for sale. The Western Cape and Natal Chapters are funded through membership dues payable by members, and FASA could approach all of it's South African members to ascertain interest in joining the BFA. Their membership fees and the profit on sale of publications as well as other income from exhibition fees etc., should cover the costs of running BFA. It would be important that the financial accounts of BFA are kept separate from BOCCIM.



**Table 1**

**Detailed Franchise Statistics**

Listed below are full details of the members of the Franchise Association of Southern Africa, and the number of franchisees for each franchise. Also indicated are where there is a presence in Botswana. Where the number of franchisees is an estimate, the number of followed by (Est).

<b>AUTOMOTIVE PRODUCTS &amp; SERVICES</b>	<b>DESCRIPTION</b>	<b>BOTSWANA</b>	<b>RSA*</b>
Auto Armor	Car care products	2	25
Battery Centres	Batteries, mostly for vehicles		138
BP Gold Franchises	Petrol stations	Various	36
Brakeforce	Repair etc of clutches, brakes etc		36
Caltex	Petrol stations	Various	50 (Est)
Cyclo (trade as Autocare or Glasstech)	Car wash		64
Engen	Petrol stations	Various	50 (Est)
Euro Wash	Car wash		5 (Est)
Fasfit	Exhaust systems etc		60
Fix-A-Flat	Tyre repair		7
King Midas	Retail automotive parts	6	150
Kwik-Fit	Exhaust systems etc	2	156
Mr X-haust Mr Tyre	Exhausts, tyres etc	1	63
Primaforce Exhausts	Exhausts etc		15
Silverton Radiators	Repair etc of radiators etc	2	126
Supa Quick	Tyre sale, repair, also batteries etc		95
V.A.C.	Sell car accessories to dealers		7
Ziebart International	Retail car improvement products		3 (Est)
Auto Fit / Auto Brake	Repair etc of clutches, brakes etc	3	0

<b>BUILDING AND HOME SERVICES</b>	<b>DESCRIPTION</b>	<b>BOTSWANA</b>	<b>RSA*</b>
Aerial Empire Satellite Shop	Sell & install satellite equipment		35
Barksole	Shoe & bag repairs, key cutting etc		50
Blindvalet Enterprises	Cleaning service for blinds		3
Coverall	Contracted cleaning		58
GlowGetters	Contracted cleaning		16
Mastercare	TV & VCR repairs		50 (Est)
Mend a Bath International	Bath resurfacing		27
Poolside Products	Manufacture fibreglass pools		24
Pro Ex International t/a Ceratech Coatings	Insulation products		5 (Est)
Rainbow International	Carpet cleaning etc		10
Rug Doctor Pro	Carpet cleaning etc		26
Speedheat	Tile & carpet cleaning		12
The Drain Surgeon	Drain cleaning, plumbing		30
The Electro Clinic	Electrical repairs & installations		5
Top Notch Automatic Gates & Doors	Automatic gates, doors		5 (Est)
Worldwide Refinishing Systems	Kitchen & bath refinishing		12 (Est)
Pest Control Specialists	Pest Control	1	0

<b>BUSINESS &amp; SPEED PRINTING SERVICES</b>	<b>DESCRIPTION</b>	<b>BOTSWANA</b>	<b>RSA*</b>
Admark Personnel Selection	Personnel selection		3 (Est)
AlphaGraphics Inc.	Printing		3 (Est)
Greys Personnel Nationwide SA	Personnel recruitment		3 (Est)
International Courier Brokers SA	Courier broking etc		3 (Est)
Jetline Print	Printing		16
Kathi White Personnel	Personnel recruitment		3 (Est)
Kwik Kopy SA	Printing		26
Mail Boxes etc	Post boxes, communications etc		10 (Est)
Minit Print	Printing		8
MITA SA	Supply of MITA copiers		12 (Est)
Progro Consultancy	Business consulting		7
Postnet	Postal services etc		50
Prontaprint	Printing		16

EDUCATION & TRAINING	DESCRIPTION	BOTSWANA	RSA*
Academy of Learning	Skills training colleges	1	60
Damelin	Prof and computer skills colleges	1	24
Figures Modelling Agency	Modelling & personal development		30
Futurekids	Computer mastery for children		10 (Est)
Junior Maths	Basic mathematical training		15
Master Maths	Maths training - stds 5 to 10		43
Karmichael Education	Study skills, reading & memory		39
MSC Training Centre	Adult, vocational training etc		20
New Horizons Computer Learning Centre	PC training through instructors	1	5
Progressive Systems College	Marketing & sales of Stock Exchange computer program		14
The Voice Clinic	Voice, communication and public speaking skills training		2

ENTERTAINMENT & LEISURE	DESCRIPTION	BOTSWANA	RSA*
Blockbusters Video	Video outlets, in comb. with Steers	1	24
Captain Video	Retail video rental		50
Mac Video Franchise	Retail video rental		16
Maxi Movies	Cinemas		21
Ocean Divers International	Diving shops, training & resorts		8
Stax Video Club	Retail video rental		10 (Est)
Ultra Video & Music	Retail video & TV game rentals		63
Video Town	Retail video rental		10

FOOD CONCEPTS - FUN & SNACK FOODS	DESCRIPTION	BOTSWANA	RSA*
Aylesbury	Up market ice cream parlour		30 (Est)
Caffe Rossini	Coffee bar, coffee distributor		10 (Est)
Decadent Donuts	Donut shops		19
Donut World	Donut shops		2 (Est)
Dulce Ice Cream and Coffee Shops	Ice cream parlours, coffee shop etc		12 (Est)
Milky Lane	Ice cream parlour	1	80
San Francisco Coffee Roastery	Sale of coffee etc		10
Skippers Fish and Chips	Fish and chip shop		5 (Est)
Tiffany's Pies	Baking & retailing pies		6

FOOD CONCEPTS - GENERAL	DESCRIPTION	BOTSWANA	RSA*
Amigos	Mexican restaurant		10 (Est)
Bimbo's Fast Food	24 hour fast foods		23
BJ's Fast Food	Fast food restaurant		34
Black Steer	Steakhouse		30 (Est)
Bread & Butter	Sandwich deli		20 (Est)
Delivery King	Home food delivery		19
Diggers Franchise Corporation	Restaurant / pub concept		16
Flame Fast Foods	Fast food restaurant		12
Juicy Lucy	Health fast foods		50
Kentucky Fried Chicken	Chicken fast food	4	300
Late Night Al's	Steakhouse		4
Longhorn Group	Steakhouse & fast food		14
Max Frango's Chicken	Chicken fast food		7
Mike's Kitchen	Family restaurant	1	42
Mi-vami Fast Food & Grill	Mediterranean Fast Foods		10
Mr Roosters	Chicken fast food	1	22
Nando's Chickenland	Chicken fast food	2	80
Rib Shack	Steakhouse etc		6
RJ's	Steakhouse etc		14
Saddles Steak Houses	Steakhouse etc		34
Something Fishy	Fish shop	1	44
Spur Steak Ranches	Family restaurant	1	148
Squires Loft	Steakhouse		11
Steers	Fast food - with Blockbusters	1	154
Wimpy	Family restaurant & take away	2	207

FOOD CONCEPTS - ITALIAN	DESCRIPTION	BOTSWANA	RSA*
Debonairs Pizza	Pizza take away		8
Domino's Pizza	Pizza take away		1
Giuseppes	Italian restaurant / take away		10 (Est)
Panarotti's Pizza Pasta	Italian restaurant / take away		26
Pizza Den	Italian restaurant / take away	1	95
Pizza Hut	Italian restaurant / take away		10 (Est)
Roberto's Pizza Pasta Way	Italian restaurant / take away		4
Spaghetti Junction	Italian restaurant / take away		4
St Elmos Pizza and Pastaria	Italian restaurant / take away		20

FOOD - PUB CONCEPTS	DESCRIPTION	BOTSWANA	RSA*
Brewmasters Brew Pubs	Pub / restaurant		6 (Est)
Bulldogs Pubs	Pub / restaurant		12
Keg Franchising	Pub / restaurant		38
McGinty's	Pub / restaurant		23

HEALTH & BODY CULTURE	DESCRIPTION	BOTSWANA	RSA*
Dream Nails	False nails etc		79
Eyesave Optical	Optometry services		13
Hollywood Nail Bar	False nails etc		50 (Est)
Madame et Monsieur	Computerised slimming & toning		46
Rosemary Conley Diet & Fitness Clubs	Specialised diet & fitness classes		2 (Est)
Spec Savers	Optometry services		25

REAL ESTATE SERVICES	DESCRIPTION	BOTSWANA	RSA*
ERA Real Estate	Estate agents		102
Pam Golding Properties	Estate agents		33
Realty 1 - Elk	Estate agents		57
RE/MAX	Estate agents		39

RETAILING & DIRECT MARKETING	DESCRIPTION	BOTSWANA	RSA*
Big Mac Chickens	Live broiler chicken rearing		24
Brittan's Sweets	Sweet shops		15
Cash Converters	Buy&sell 2nd hand upmarket goods		3 (Est)
Cash Power	Retailing audio video equip (insure)		6
Ceramic Tile Market	Retail tile outlets		27
Egoli Chocolates	Produce and market chocolates		13
Everex Computers	Retailing computer components		3 (Est)
Foto First	Mini photo labs		157
Kardies	Gift and greeting card store		153
Mattress World	Retailer of mattresses etc		18
The Music Man	Spec. music retailer - instruments		1
Pam Zimmerman Gifts	Specialty gift stores		10 (Est)
Peter News Agency	Retailer of stationery, books etc		19
Phone Spaza	Public telephone service		20 (Est)
Pick 'n Pay Family Supermarkets	Convenience supermarkets		24
Rite Valu	Convenience supermarkets		11
7-Eleven Superettes	Small convenience supermarkets		88
Shoe Save	Shoe retailer		34
Sneakers	Sports shoe retailer		22
Sweets from Heaven	Sweet shop		44
Timbercity	Wood retailer for DIY		38
Trappers Trading Co.	Retail leisure clothing		20

Comparison of Franchise Opportunities in RSA vs Botswana

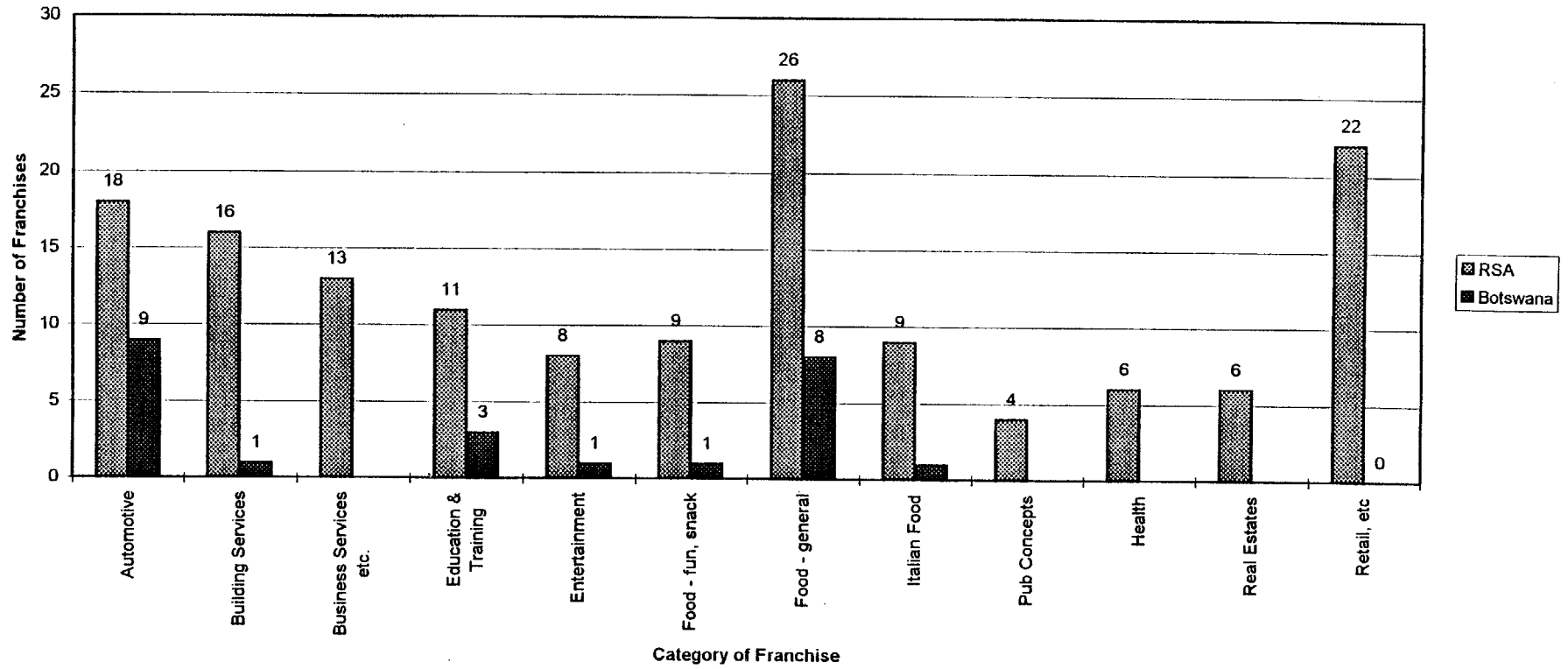


Table 2

# **Poultry Farming**

## **Business Plan**

**September 1996**

### **CAUTION**

This business plan has been prepared by **EY ERNST & YOUNG** on behalf of BOCCIM and is intended as a guide for implementation. Whilst every care has been taken in the preparation hereof, we cannot accept responsibility for the feasibility of the project and would recommend that the project sponsor / entrepreneur form their own opinion on the venture.

## Table of Contents

<b>Executive Summary.....</b>	<b>1</b>
<b>Vision and Mission.....</b>	<b>2</b>
<b>Overview of Business Entity.....</b>	<b>3</b>
<b>The Project.....</b>	<b>5</b>
<b>Selection of Regional Entrepreneurs and Rural Farmers.....</b>	<b>7</b>
<b>Market Analysis.....</b>	<b>8</b>
<b>Marketing Plan.....</b>	<b>9</b>
<b>Financial Plan.....</b>	<b>10</b>

## **Executive Summary**

### **Vision and Mission**

The establishment of a business venture, Poultry Farming Concept, that will ensure the empowerment of the population at grassroots level, to stimulate economic growth and the entrepreneurial spirit.

### **Overview of Business Entity**

There will be two levels of businesses involved. The Regional Entrepreneurs, who will have the master franchise for a certain region, will operate their businesses as private companies.

The Regional Entrepreneurs will then sell franchises to rural farmers. These farmers will operate as sole proprietors.

### **The Project**

#### ***The Rural farmer***

The rural farmer will be supplied (at a cost of approximately P5,000) with the necessary equipment and stock to raise day old chicks for a Regional Entrepreneur. At the end of the normal number of days growth, the Regional Entrepreneur will purchase the poultry from the rural farmer.

#### ***The Regional Entrepreneur***

The Regional Entrepreneur purchases a master licence to operate the business as described above.

### **Marketing Plan**

The project can be marketed to rural farmers using Kgotla meetings and the media.

### **Financial Plan**

The rural farmer will obtain the franchise from the Regional Entrepreneur for approximately P5000. He or she will require an additional P2500 as funds to operate the business until break even.

The cost for the Regional Entrepreneur will be a matter of negotiation between the Working Committee, consisting out of BOCCIM and the Botswana Poultry Association, and the South African Franchisor.

## **Vision and Mission**

### **Present Situation**

The economies in the various regions are in a very depressed state. Economic activity is mainly limited to Government projects and /or a few businessmen in the region. The lack of available land for large scale business operations has been highlighted as a major problem and stumbling block. Funding for large scale business ventures is very limited.

The rural population has limited participation in the economic activity of the regions. This is due to the problems highlighted above.

### **Vision and Mission**

The establishment of a business venture, Poultry Farming Concept, that will ensure the empowerment of the population at grassroots level, to stimulate economic growth and the entrepreneurial spirit.

In order for the venture to attain its vision in the manner described in the mission statement, the following primary strategic goals need to be achieved :

- **Structure**

To ensure the venture is properly managed and implemented a working committee should be established by the Botswana Poultry Association and BOCCIM. This committee should identify possible 'Regional Entrepreneurs' and enter into negotiations with the South African franchisor to obtain Master Franchise Licenses for the various regions.

- **Products**

A suitable supply of day old chickens in the various regions must be secured. Day old chickens are mainly imported from South Africa and Zimbabwe.

- **Markets and Sales**

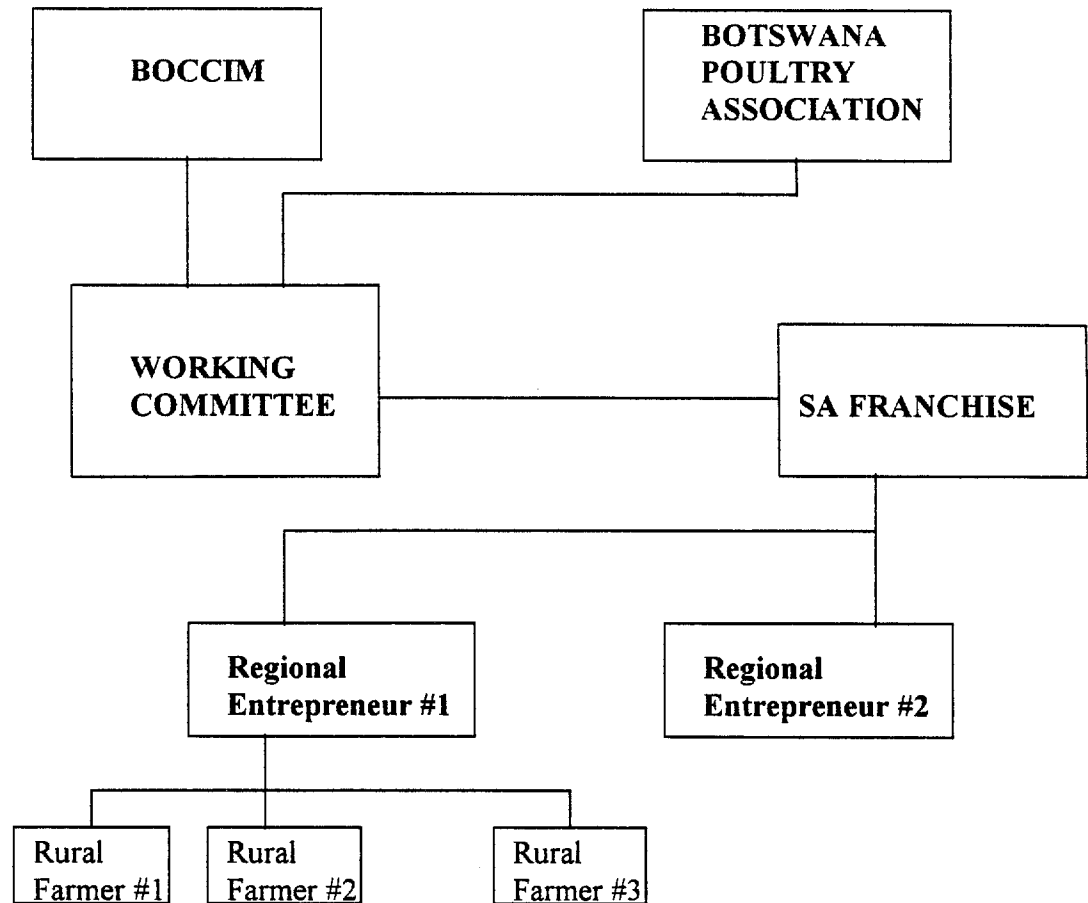
Adequate markets for the sale of the poultry raised by the rural farmers must be secured.



## OVERVIEW OF BUSINESS ENTITY

### Legal Business Description

The project could be structured in the following manner:



The project could be sponsored by BOCCIM. BOCCIM will then enter into negotiations with the Botswana Poultry Association with the objective of establishing a Working Committee. The Committee will be responsible for :

- Utilising the business knowledge from BOCCIM to establish the project;
- Utilising the Botswana Poultry Association's knowledge of the industry and product to establish the project;
- Selecting the regional entrepreneurs;
- Entering into negotiation with the South African Franchisor to obtain regional master licences for the regional entrepreneurs; and
- Monitoring the implementation of the project.

The regional entrepreneurs will operate their businesses as private companies. These entities will have to be registered with the Registrar of Companies. The rural farmers can operate their businesses as sole proprietorships.

### **Licences**

The regional entrepreneurs will need to obtain trading licences.

### **Reporting Structure**

A system of reporting will be put in place, in terms of the policies and procedures manual and training supplied by the franchisor. The regional entrepreneurs will be responsible for reporting on their progress to the Working Committee.

### **Staffing & Training**

On a regional level, the size (the number of rural farmers) of the operation will determine the staffing requirements. Initially the operation can be managed by the regional entrepreneur and possibly one assistant. The regional entrepreneur will receive the training in running the business from the Master Franchise in South Africa.

On a rural level, there would be no staffing requirements. The whole business process will be the responsibility of the rural farmer. The training of the rural farmers will be done by the regional entrepreneur.

## THE PROJECT

### Rural Farmer

The principle of the project is for rural farmers to be supplied (at a cost of approximately P 5,000 - the franchise fee) with the equipment necessary to build a poultry shed. This will include the following items:

- Shade Cloth
- Buckets
- Saucers for feeding
- Broom

They are also supplied with absolutely everything they need to raise poultry, including :

- sawdust
- feed
- day old chickens
- disinfectant
- calculator and pen
- daily record books and monthly register
- catching wire
- veterinary requirements
- transport of stock

At the end of the normal number of days growth (normally 49 days), the regional entrepreneur comes along to take away the birds.

The rural farmers are paid for the birds in the following manner :

- profit element in cash
- remainder of the balance in new stock and feed etc. for the next batch of birds to be raised.

The regional farmer will be restricted to a designated site that will be agreed on. All equipment, stock and inputs must be purchased from the regional entrepreneur. All these matters will be formalised in a contract entered into between the regional entrepreneur and the rural farmer (The franchise agreement).

### Regional Entrepreneur

The regional entrepreneur purchases a master license for his region from the South African Franchisor (as negotiated by the Working Committee). In return for the licence fee, the regional entrepreneur receives :

- The necessary training to establish and run the operation;
- The necessary information on the financial planning and running of the operation - this will include:
  - Start up costs

- Working capital requirements;
- The necessary information to train franchisees and to give technical and managerial support; and
- Ongoing support.

The regional entrepreneur will sell franchises in his region to rural farmers to raise day old chickens. In return for the franchise fee received from the rural farmers (P5,000), the regional entrepreneur will supply the necessary equipment, stock, inputs to conduct the business and delivery and collection of stock. The regional entrepreneur will assist in the selection of the site for the operation. The regional entrepreneur's profit is based on his bulk purchasing power and the profit made on the birds sold.

# SELECTION OF REGIONAL ENTREPRENEURS AND RURAL FARMERS

## Regional Entrepreneurs

The selection of regional entrepreneurs will be one of the functions of the Working Committee. Criteria in selecting these entrepreneurs may include:

- The necessary skills to manage the business. This is important as the regional entrepreneur is responsible for the procurement of the necessary supplies and materials, delivery and collection of stock and the selling of the product.
- The necessary skills to market the business. It is the responsibility of the regional entrepreneur to market the concept amongst rural farmers. The entrepreneur must have the skills to convince the rural farmers to invest in the project. The success of his region will depend on the number of franchises he is able to sell and service.
- The necessary financial management skills. Accurate records must be kept to ensure the success of the region. The necessary forecasts and budgets must be made to ensure good cash flow management. Profitability must be measured on a regular basis.
- Must be prepared to work hard.
- Must be financially sound to be able to support the required investment into the business.
- Knowledge of the potential rural farmers in the region.
- Respected by the community in the region.
- The entrepreneur must have access to day old chickens and feed. Feed and day old chickens are mainly imported from Zimbabwe and South Africa.
- Must have access to a market for the birds.

The latter two points may be very restrictive on potential entrepreneurs. This could be an area where the Botswana Poultry Association can provide valuable assistance. Current large poultry farmers can mentor and assist these regional entrepreneurs by giving them access to stock and a market for their product.

## Rural Farmers

The selection of these farmers will be done by the regional entrepreneur. Criteria could include :

- The farmer must be committed to adhere to the management procedures as prescribed by the regional entrepreneur. This is key to the success of the rural farmer. The procedures have been tried and tested.
- The farmer must be committed to manage the financial aspects of the franchise in such a manner that it will grow in the long term.
- The farmer must be committed to provide the best possible service to customers.
- The farmer must be able to purchase the stock, inputs and equipment in cash.
- The farmer must be committed to keeping good records.

## **MARKET ANALYSIS**

### **Market Definition**

There is currently a good stable market for poultry in Botswana.

### **Industry Analysis**

The poultry market is mainly supplied by a number of large farmers located in the Gaborone area. Recently the Botswana Poultry Association was established. In the rural areas, poultry is also raised for own consumption.

### **Market Segment**

This project will mainly concentrate on the production of live birds.

### **Strengths**

This project will empower the rural farmer by creating the opportunity to start a relatively simple business with a relatively low start up capital.

A joint venture will be established between BOCCIM and the Botswana Poultry Association, exploiting the knowledge of both entities to establish a business venture to benefit the small business man.

### **Weaknesses / Limiting Factors**

The availability of one day chicks

The availability of chicken feed.

### **Opportunities**

To expand the programme to include other commodities such as crafts, vegetables etc.

## MARKETING PLAN

### **The Marketing of Franchises**

The overall marketing of the franchises is based on the following fundamental premises:

- The empowerment of the population at grassroots level
- The stimulation economic growth
- The growth of the entrepreneurial spirit amongst rural farmers

The key responsibility for marketing the franchises amongst the rural farmers is that of the regional entrepreneur.

### *Sales Strategy*

The unique advantage of the concept is that the rural farmer obtains the complete package to raise the poultry, including training, set-up and stock. This can be utilised as major strength in the selling of the franchises.

Methods in marketing the franchises can include :

Approaching the Chief of a village to obtain permission to present the idea to rural farmers at a Kgotla meeting. This will be an ideal opportunity to explain the advantages of the franchise.

Advertisements can be placed in the 'The Daily News' and 'The Advertiser ' to make rural farmers aware of the franchises available.

If sufficient funds are available, the electronic media of radio and television could be used.

The success of other rural farmers will lead to the additional sale of franchises.

## FINANCIAL PLAN

Attached is a financial plan (cash flow) for a rural farmer. This illustrates that the business breaks even after four months.

The financial plan is based on the following assumptions :

- The rural farmer does not borrow the P5,000 to obtain the franchise - thus no finance charges taken into account;
- All the necessary equipment and stock for the first month is included in the P5,000;
- The cost of a day old chicken is P1.25;
- The sales price for a grown chicken is P9.00;
- The mortality rate of 10% has been applied to all twelve months;
- The cost of raising between 200 and 300 chickens is P365 - this includes a wage of P200 per month;
- Additional cash is used to grow the number of stock from 200 chickens to 400 chickens;
- No taxation has been accounted for; and
- No interest on funds placed in the bank have been accounted for.

The costs and financial implications for the Regional Entrepreneur is the subject of negotiations between the Working Committee and The South African Franchisor.



**CASH FLOW FORECAST  
FOR ONE YEAR**


	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
Number of Chickens stocked	100		300		300		300		300		300		
Mortality Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Cost Price per Chicken	P	1.25											
Sales Price per Chicken	P	8.00											
Cash Sales		720	-	2,160	-	2,160	-	2,160	-	2,160	-	2,160	11,520
Cost of Day Old Chickens		-	375	-	375	-	375	-	375	-	375	-	1,875
Gross Profit		-	(375)	2,160	(375)	2,160	(375)	2,160	(375)	2,160	(375)	2,160	9,645
Costs :		255	365	365	365	365	365	365	365	365	365	365	4,270
Feeding		60	60	60	60	60	60	60	60	60	60	60	660
Veterinary		50	50	50	50	50	50	50	50	50	50	50	550
Cleaning and Water		25	25	25	25	25	25	25	25	25	25	25	300
Sundry costs		30	30	30	30	30	30	30	30	30	30	30	360
Wages		200	200	200	200	200	200	200	200	200	200	200	2,400
		(255)	355	(740)	1,795	(740)	1,795	(740)	1,795	(740)	1,795	(740)	5,375
Franchise Fee		5,000	-	-	-	-	-	-	-	-	-	-	5,000
		(5,255)	355	(740)	1,795	(740)	1,795	(740)	1,795	(740)	1,795	(740)	375
Deposit		5,000	-	-	-	-	-	-	-	-	-	-	5,000
Movement		(255)	355	(740)	1,795	(740)	1,795	(740)	1,795	(740)	1,795	(740)	5,375
Opening Balance		-	(255)	100	(640)	1,155	415	2,210	1,470	3,265	2,525	4,320	3,580
Closing Balance		(255)	100	(640)	1,155	415	2,210	1,470	3,265	2,525	4,320	3,580	5,375

# Kasane Community Project

## Business Plan

September 1996

### CAUTION

This business plan has been prepared by  **ERNST & YOUNG** on behalf of BOCCIM and is intended as a guide for implementation. Whilst every care has been taken in the preparation hereof, we cannot accept responsibility for the feasibility of the project and would recommend that the project sponsor / entrepreneur form their own opinion on the venture.

# Table of Contents

<b>Executive Summary</b> .....	1
<b>Vision and Mission</b> .....	2
<b>Overview of Business Entity</b> .....	4
<b>Project Activities</b> .....	6
<b>Market Analysis</b> .....	9
<b>Marketing Plan</b> .....	11
<b>Financial Plan</b> .....	12
<b>Assumptions</b> .....	12
<b>Financing Plan</b> .....	14
<b>Cashflow Projections</b> .....	15
<b>Supporting Documents</b> .....	16

# Executive Summary

## Vision and Mission

The Kasane Community Project will benefit the people of Kasane by giving them an opportunity to benefit directly from the tourism industry, a social centre and a focus point for Kasane. With this vision, the members of the community have petitioned the President of Botswana to give Lot 4-RO to the community to start up the Project.

## Overview of Business Entity

The Kasane Community Project will be set up as a trust with trustees drawn from the business community of Kasane. The Kasane Business Council will offer its full support.

## Project Activities

The Kasane Business Council has identified Lot 4-RO as the ideal site for the Project, since it is on the river front and centrally located. The Project would undertake the following activities:

- craft centre
- market place
- traditional dancing
- restaurant
- children's corner
- marina
- recreational facilities
- upgrade immigration facilities.

Local residents will be encouraged to set up stalls to produce and sell craftwork. Tourists will buy directly from them, thus ensuring the residents receive direct benefits from the tourism industry.

## Market Analysis

Kasane is a tourism centre for visitors to the Chobe National Park. There are currently no activities for tourists in Kasane other than boat cruises and game drives which are organised by the hotels.

## Marketing Plan

Initially, information leaflets will be distributed to the hotels, lodges, travel agents and safari operators. The central location of the Project means that most visitors will drive past it and awareness will spread by word of mouth, since Kasane is a small town.

## Financial Plan

The start up cost is estimated as P114 000. This will be paid back in the first year with the proceeds from the traditional dancing performances. The Project will be set up in phases and must be self sustainable.

# Vision and Mission

## Present Situation

The Kasane Community Project is in its concept stage. It is the initiative of the members of the Kasane Business Council who are concerned that the community and residents of Kasane should obtain direct benefits from the tourist trade.

A suitable site has been chosen, but this land was put up for sale by the Government in May 1996 when tenders were invited for tourism development. The Kasane Business Council obtained signatures from Kasane residents in a petition which was presented to the President of Botswana, requesting that the land be given to the community. Obtaining the land for the community is the key factor for this project to go ahead.

## Organisation and management

The Kasane Community Project would be organised and managed by a working committee appointed by BOCCIM and overseen by the Kasane Business Council. Membership of the committee would be on a voluntary basis. Initially one salaried employee would be appointed to maintain the grounds, guard the property etc. The Project would aim to be self sustaining as soon as possible.

## Products and Services

The Kasane Community Project would involve the following:

- Craft area where products are made and sold
- Market place with stalls for vendors
- Traditional dancing
- Sporting facilities
- Restaurant
- Children's corner
- Marina
- Upgrade of immigration crossing point

## Market Environment

Kasane has been named "the gateway of tourism in the North". Tourism is the main industry in the region and it is focused on the Chobe National Park and Chobe River. Many tourists combine their visit to Kasane with nearby Victoria Falls in Zimbabwe, where they find more tourist activities and facilities and more crafts and curios for sale. Tourists in Kasane visit Chobe National Park on game drives and boat cruises in the mornings and evenings and spend most of the rest of their time at the hotels. There is no attraction for them to visit in Kasane itself and the community does not currently benefit directly from their spending power. It is envisaged that the Kasane Community

Project would provide a central attraction at which tourists would spend time and money, as well as a social centre for residents.

### **Customers**

Tourists have buying power and the will to spend money buying souvenirs of their visit to Botswana. They also have an interest in the traditions and culture of the local people. The concept of earning a livelihood from tourism needs to be developed amongst the villagers, and this would be possible from selling their own craftwork directly to the tourists.

### **Vision and Mission**

The Kasane Community Project will benefit the people of Kasane by giving them an opportunity to benefit directly from the tourism industry, a social centre and a focus for Kasane.

# Overview of Business Entity

## Legal Business Description

The Kasane Community Project would be set up as a trust, with the initial trustees appointed by BOCCIM. These would be drawn from the community and would include members with business, marketing and accounting experience.

The objects of the trust will include:

- to ensure that the revenue from the land (Lot 4-RO) would be of benefit to the community as a whole
- to enable the people of Kasane and Chobe District to receive revenue directly from tourism
- to preserve the natural beauty of the property
- to ensure that this piece of land, since it is the last piece accessible to the river frontage on the Chobe River bank, is developed in such a way that all people of Kasane can enjoy it as it is central and ideally suited for tourism.

The income generated by the Project will be held by the trust and applied in promoting the objects of the trust.

## Licences

The trust will require a trading licence.

## Reporting Structure

The trustees will be volunteers who report to the Kasane Business Council. As the Project starts to generate income, employees will be taken on to carry out administrative duties.

## Outside Support

The trustees will have support from the Kasane Business Council members who will be able to draw on their experience and knowledge of the region to give advice and assistance with making appropriate decisions and taking the most effective action. In addition, the trust will be able to use BOCCIM's full range of services supporting small businesses.

## Training, skills and labour requirements

Initially one salaried employee would be taken on to carry out the following duties:

- keep the site clean and tidy
- guard the site
- maintain the buildings and grounds
- assist tourists
- distribute information pamphlets to hotels, safari operators
- collect entrance fees
- administrative duties
- repairs.

The craft centre would offer some training in traditional craftwork skills. Craftsmen and women would then sell directly to the tourists and receive the proceeds themselves.

The Project will not employ many staff directly, but will provide the opportunity for local residents to earn a living from their own business ventures.

### **Joint Development Efforts**

Many donor agencies have already expressed their willingness to assist with this Community Project. Their participation will raise the profile of the venture.



## **Project Activities**

The Kasane Business Council has identified Lot 4-RO in Kasane as the ideal site for the Kasane Community Project. It is situated along the river bank and is centrally located; it is the last remaining plot with a access to the river. This plot was put up for sale by the Government in May 1996. However, the residents have petitioned the President to give this land back to the community so that it can be developed to its best potential by ensuring that revenue from this land would benefit the community as a whole. The outcome of this request is not known yet.

The following activities would be undertaken by the Project on this land:

### **1. Craft Centre**

A Craft Centre would be built where local craftsmen and women would work, producing pottery, woodwork, baskets etc. Training would be provided in some cases, and assistance would be given in providing locally produced raw materials. The tourist who visits the area would then see Batswana at work in the environment and buy the craft from the person who has made it. The money from this would then be seen as a direct form of revenue to the local villager.

Mokolodi, a successful craft project based in Gaborone, has expressed its willingness to train women in Kasane. They would send members of their own staff to Kasane to carryout the training and, once the women are fully trained and can continue on their own, they will withdraw.

### **2. Market Place**

A flea market area would be built with permanent stalls for vendors. The stalls would be attractively built to enhance the products on sale. A diverse range of small businesses would be encouraged to hire stalls, eg clothing, food etc. Vendors would pay a licence fee for hiring their stalls.

### **3. Traditional Dancing**

Traditional dancing is an excellent form of entertainment, enjoyed by both local residents and tourists. It is a very popular tourist attraction in nearby Victoria Falls. Local school dance groups would be encouraged to perform.

A performance area would have to be fenced off and tourists would be charged a fee to watch the dancing.

### **4. Restaurant**

A tearoom would be set up with outdoor seating selling light refreshments and traditional Setswana food to visitors. It could also be used for social activities for local residents as well.

#### **5. Children's Corner**

At present there is no playground area or educational entertainment for children in Kasane. A playground with swings, slides, seesaws etc would be built on the site. A wildlife and conservation education corner would also be developed where children could learn about the animals in Chobe National Park. Talks could be organised in conjunction with DWNP staff and Wildlife Clubs of schools in the area could also participate.

UNICEF has expressed their willingness to support the Children's Corner.

#### **6. Marina**

At present, there are no areas along the river bank where boats and mokoros can be launched other than on hotel property. There is no place that is safe to leave mokoros and boats moored because of the security problem.

A marina would be built offering launching and safe storage of boats and mokoros in cages.

#### **7. Recreational Facilities**

There are currently no recreational sporting facilities in Kasane. A piece of land could be cleared for a volleyball court at a low cost. In the longer term, a football pitch, tennis court and safe swimming area could be built for the local community.

#### **8. Immigration Crossing Point**

This crossing point needs to be upgraded. The Community Project could do this whilst also benefiting from the tourists crossing to Namibia.

#### **Development of these Activities**

The Project would aim to commence its activities with minimal start - up costs and then to start generating revenue as soon as possible. The Craft Centre could be set up straight away, making use of the existing buildings on the plot. These buildings would need to be repaired and renovated and would then house the Mokolodi trainers during their training period.

The traditional dancing could also be started immediately. Tourists would be charged an entry fee and this revenue would be used to fund the next phase of development.

The building of the market area and restaurant would be the next priority as these are both revenue generating activities for the local community to participate in.

# Market Analysis

## Market Definition

### Industry Analysis

It is estimated that about 700 000 tourists visit Botswana each year. The tourism industry in Botswana is growing and most tourists to Botswana visit the Chobe Game Park. These visitors pass through Kasane, and most of them spend some time staying at one of the hotels or lodges in Kasane. In addition, hotels in Kasane are popular conference venues and so there are many conference delegates staying in Kasane.

### Market Segment

The tourists who visit Kasane fall into the following categories:

- Overseas fly-in tourists, mostly from Europe and America, who are on package holidays organised by tour operators. These tourists mostly stay in the hotels in Kasane for a few nights and combine their visit with Victoria Falls in Zimbabwe.
- Independent travellers, mostly from Southern Africa, using their own vehicle. These tourists usually camp inside the Chobe National Park.
- Overland travellers on organised mobile safaris. These tend to be younger with less spending power.

### Opportunities

Currently, there are no activities for tourists in Kasane other than boat cruises and game drives which are organised by the hotels. These game viewing activities are organised in the mornings and evenings only and so tourists have free time during the day. However, there is nothing to encourage tourists to spend time or money in the town itself and so the local community obtains no direct benefits from the tourists.

The National Parks booking system which was introduced last year has prevented many independent travellers from staying in the park because campsites are now restricted in number and must be booked in advance. This means there are many tourists who are forced to stay in Kasane with no activities to occupy them.

### Customer Profile

Customers will be tourists, conference delegates and residents of Kasane. Tourists are from many different nationalities, age ranges and with different spending power.

## **Competition**

The Kasane Community Project will fill a niche in Kasane which is currently unexploited. Tourists have disposable income which they are keen to spend and there are very few opportunities to do so at present in Kasane. Competition does exist, however, since most tourists in Kasane also visit nearby Victoria Falls where there are well established craft markets, flea markets and traditional dancing for tourists. There is a huge range of crafts and curios for sale in Zimbabwe and even the hotels in Kasane sell Zimbabwean crafts. The weak Zimbabwean dollar makes prices in Zimbabwe cheap to overseas visitors.

## **Risks**

The tourism industry is seasonal and so cashflows to the vendors will not be steady.

As the Project will be managed by volunteers, its success will depend to a large extent on their commitment and drive.

## Marketing Plan

The Kasane Community Project will be in a central location and most visitors to the town will drive past it. A large sign on the roadside will advertise the Project and its activities.

The Project will distribute information leaflets to the hotels, lodges, travel agents and safari operators. The Project will liaise with the hotels to organise group visits to the traditional dancing and craft centre.

A large amount of free advertising can be obtained in Botswana, for example in "The Advertiser", press coverage, Radio Botswana etc.

Awareness of the Project will spread by word of mouth, since Kasane is small and the range of tourism activities is limited. Members of the Kasane Business Council will also promote the project through their own business contacts and outlets.

# Financial Plan

## Assumptions

### 1. Land

It is assumed that the Lot 4-RO will be allocated to the community and that the Kasane Community Project will be allowed to start up on the land without any lease or rental payments.

### 2. Phases

It is assumed that the Project will start up in phases as follows:

#### Phase 1

The aim of the first phase is to get the Project established and generating revenue as soon as possible. The existing buildings will be renovated with a maximum budget of P50 000. The Mokolodi staff will start training the Kasane women in their craftwork. When the trainees are able to continue on their own without assistance, they will be left to run their own business using the renovated buildings from which to work and sell their products. Their business must be self sustaining.

The traditional dancing area will be cleared and seating will be installed at a cost of P4 000. Entrance to the area will have to be controlled and tourists will be charged an entry fee. It is assumed that, on average, 30 tourists will watch each performance and they will pay P20 each. It is estimated that 200 performances will take place in the first year. During the high tourist season there may be 2 performances a day and during the low season there will be no performances on some days. The performers will be paid P50 in total per performance. The hotels in Kasane will be approached to organise group tours to visit the project and watch the traditional dancing.

The flea market will be built housing 30 stalls at a cost of P50 000. Locally available natural materials will be used as far as possible. Stalls will be hired out for an annual rental of P500 each.

One employee will be hired at an annual cost of P10 000. The employee's duties will include guarding the premises, maintaining the grounds and collecting the entrance fees for the traditional dancing.

Start up costs will be paid back in the first year.

## **Phase 2**

Phase 2 is assumed to start after one year. The traditional dancing will continue with 205 performances in the second year and the entry fee will increase to P22. Performance fees will increase to P55.

Licence fees from flea market stall holders will increase to P550 per annum.

During Phase 2, a simple restaurant will be built for P150 000, again using locally available natural building materials where possible. The management of the restaurant will be subcontracted out for an annual rental of P20 000.

The cost of building the restaurant will be paid back during Phase 2.

## **Phase 3 and beyond**

Throughout Phases 1 and 2, local craftsmen and women will be encouraged to set up their workshops in the renovated buildings. Initially they will not be charged rent and the craftsmen and women will receive all the proceeds from selling their own products. During Phase 3, the Project may consider building more permanent structures to house workshops for renting out to craftsmen and women.

Other features such as the Children's Corner would be built when funding becomes available from donors. The donations would have to cover all the costs.

Development of the marina would be put out to tender to interested parties who would build safe moorings, rent them out and pay a levy to the Project.

Recreational facilities, such as a volleyball court, football pitch etc would be built using funds generated from operating profits.

As the Project increases in size, more employees would be taken on take over administrative and accounting work from the trustees.

## **3. Cost Estimates**

Cost figures in the cashflow projections are considered to be reasonable estimates, but are not based on any actual quotations.

## **4. Finance Costs**

The cost of finance is assumed to be zero.



## Financing Plan

The estimated start-up costs are P114 000. These will be paid back during Phase 1 from the revenue generated by the traditional dancing performances. Phase 1 is estimated to be one year. Short term finance will be required to cover the cash outflows in the period before revenue is generated.

Finance costs have not been included in the cashflow projections. However, it is anticipated that the Kasane Business Council will raise approximately P10 000 by its own fundraising activities and this will cover the finance charges which would be charged on the remaining P104 000.

The Project will need to find a sponsor who is prepared to lend approximately P104 000 with no security and with an anticipated payback period of one year.

The sponsor may be an individual benefactor, a charity or an organisation recognising the development needs of the citizen population

### Kasane Community Project Cash Projections

<b>Estimated Start-up Costs</b>	<b>Pula</b>
Renovations to existing buildings	50,000
Building of flea market area	50,000
Registration of trust	3,000
Sign	2,000
Promotional leaflets and advertising	3,000
Seating for traditional dancing area	4,000
Working capital	2,000
<b>Total start-up costs</b>	<b><u>114,000</u></b>

<b>Phase 1:</b>	
Traditional dancing	(200 performances per year)
Flea market	(30 stalls)

<b>Revenue</b>	
Entry fee from tourists to watch traditional dancing (30 @ P20 x 200 performances)	120,000
Annual licence fee from stall holders (30 @ P500)	15,000
	<u>135,000</u>

<b>Expenditure</b>	
Salary	10,000
Payment to traditional dancers (200 performances @ P50)	10,000
<b>Total</b>	<u>20,000</u>
<b>Operating profit</b>	<b>115,000</b>
Payback start up costs (assume no interest)	114,000
	<u>1,000</u>

Excess of revenue over expenditure	1,000
Opening cash	0
<b>Closing cash</b>	<b><u>1,000</u></b>

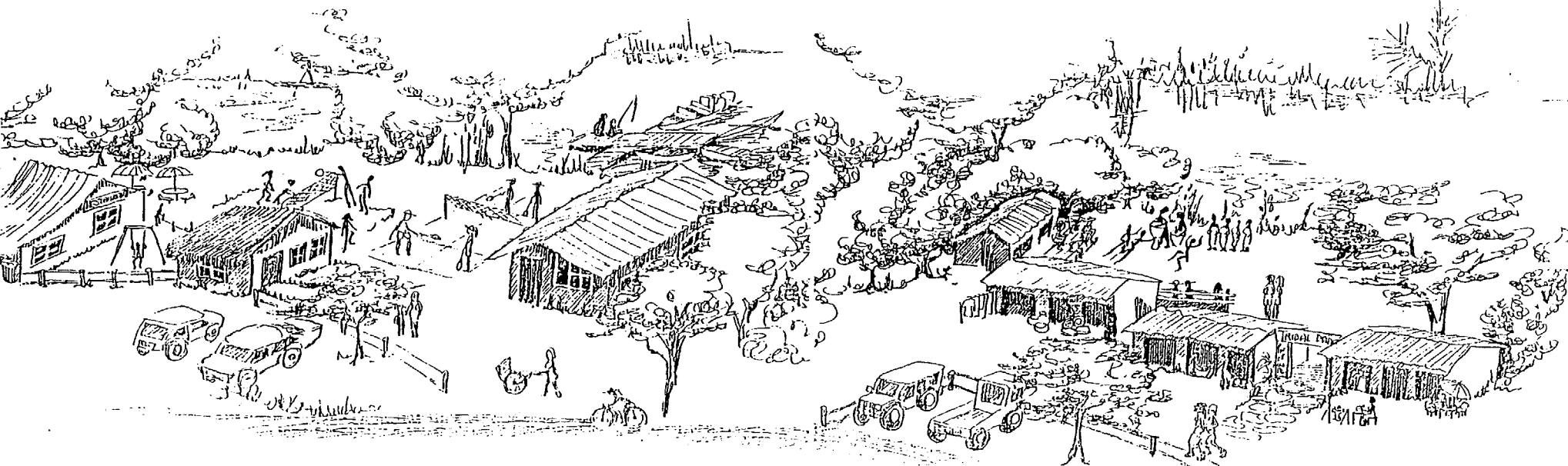
<b>Phase 2:</b>	
Traditional dancing	(205 performances per year)
Flea market	(30 stalls)
Restaurant	(built for P150 000, then subcontracted out)

<b>Revenue</b>	
Entry fee from tourists to watch traditional dancing (30 @ P22 x 205 performances)	135,300
Annual licence fee from stall holders (30 @ P550)	16,500
Annual rental from restaurant	20,000
	<u>171,800</u>

<b>Expenditure</b>	
Salary	11,000
Payment to traditional dancers (205 performances @ P55)	11,275
<b>Total</b>	<u>22,275</u>
<b>Operating profit</b>	<b>149,525</b>
Building costs of restaurant	150,000
	<u>-475</u>

Excess of revenue over expenditure	-475
Opening cash	1,000
<b>Closing cash</b>	<b><u>525</u></b>

ARTIST'S IMPRESSION OF KASANE COMMUNITY PROJECT



# Tourism Training Camp

## Business Plan

September 1996

### CAUTION

This business plan has been prepared by **EY ERNST & YOUNG** on behalf of BOCCIM and is intended as a guide for implementation. Whilst every care has been taken in the preparation hereof, we cannot accept responsibility for the feasibility of the project and would recommend that the project sponsor / entrepreneur form their own opinion on the venture.

# Table of Contents

<b>Executive Summary</b> .....	1
<b>Vision and Mission</b> .....	2
<b>Overview of Business Entity</b> .....	3
<b>Training Camp Activities</b> .....	5
<b>Market Analysis</b> .....	7
<b>Marketing Plan</b> .....	9
<b>Financial Plan</b> .....	10
<b>Assumptions</b> .....	10
<b>Cashflow Projections</b> .....	12
<b>Financing Plan</b> .....	13

# **Executive Summary**

## **Vision and Mission**

The Tourism Training Camp aims to create the most effective environment for citizens to learn skills which will assist them in acquiring jobs in the tourism industry or in setting up their own tourism related ventures.

## **Overview of Business Entity**

The Tourism Training Camp will be set up as a trust. Trustees will be appointed by the Maun Business Council and will include members of the Business Community with experience in the tourism industry. It is envisaged that the training will be carried out by the Maun Vocational Training Centre and that a suitable site for the camp will be found close to Moremi Game Reserve or Chobe National Park.

## **Training School Activities**

The Tourism Training Camp will operate as a commercial tourist camp with a campsite, chalets, restaurant and bar. The building of these facilities will form part of the practical training of the students.

## **Market Analysis**

The tourism industry is growing in Botswana and the northern parks attract large numbers of tourists. There is a shortage of accommodation for visitors touring with their own vehicles or with organised mobile safaris.

## **Marketing Plan**

The Tourism Training Camp will distribute information leaflets to hotels, lodges, travel agents and safari operators in Botswana. Advertisements will be placed in special interest magazines to effectively reach the target market segment.

## **Financial Plan**

The start-up cost is estimated to be P30 500 which will enable a basic camping site to be built. Thereafter, revenue from visitors' fees will fund the building of chalets, rondavels, restaurant and bar in phases. Initial financing requirements are approximately P40 000.

# **Vision and Mission**

## **Present Situation**

The Tourism Training Camp is the initiative of members of the Maun Business Council. Tourism is the main industry in the Maun region, particularly now that the beef industry has been wiped out by lung disease. The citizens of Botswana have few opportunities to acquire practical working experience and skills which would enable them to enter the tourism industry, particularly at managerial levels. The concept behind the Training Camp is to provide a "real life" training environment to develop skills in situ. The graduates of the Tourism Training Camp would be more employable since they would have learned through experience in "real life" situations.

At this stage, a suitable site has not yet been acquired and no organisations have been approached for funding or for assistance with training.

## **Organisation and management**

The Tourism Training Camp would be set up as a trust. The Maun Business Council would appoint interested members of the business community to serve as trustees on a voluntary basis. It is envisaged that the training would be carried out by the Maun Vocational Training Centre, although they have not been approached for assistance yet.

## **Products and Services**

The Training Camp would be set up as a commercial tourist camp. Initially it would start as a campsite offering basic amenities such as firewood and ablution facilities. In the longer term, permanent accommodation structures would be built such as rondavels and chalets, as well as a restaurant and bar. Guides would be trained to accompany visitors on game drives and bird walks etc.

## **Market Environment**

There is a shortage of accommodation in Maun and there are many independent travellers with their own vehicles who look for this kind of accommodation, particularly now that the new booking system in the National Parks has restricted the number of overnight tourists.

## **Vision and Mission**

The Tourism Training Camp aims to create the most effective environment for citizens to learn skills which will assist them in acquiring jobs in the tourism industry or in setting up their own tourism related ventures.

In addition, the Tourism Training Camp will provide a camp for tourists in an area where there is a shortage of accommodation.

# Overview of Business Entity

## Legal Business Description

The Tourism Training Camp will be set up as a trust. The objectives of the trust will include:

- to provide citizens with the opportunity of acquiring practical experience of working in the tourism industry
- to make citizens more employable in the tourism industry as a result of their training and to prepare them for management roles in the industry
- to develop support from the safari operators for the Tourism Training Camp so that the benefits of the training can be absorbed by the tourism industry
- to give any profits from the venture to community projects.

The trustees will be appointed by the Maun Business Council and will include members of the business community with experience in the tourism industry. The trustees will be volunteers who will assist the Tourism Training Camp in making decisions and in ensuring that the objectives of the trust are met.

## Location

The only requirement for a suitable site is a supply of potable water.

There are several sites which may be suitable:

- **Mababe Depression** which is situated between the Moremi Game Reserve and the Chobe National Park. This is tribal land and this venture would be set up with the cooperation of the community, with any profits going back to the community. It is unknown at this stage whether there is a suitable water supply at this site.
- **Chobe National Park water holes.** New water holes have been created in the southern region of Chobe National Park using solar pumps. This area would be ideal for a tourist camp. However, the permission and cooperation of the Department of Wildlife and National Parks would be required to set up a camp here.

## Licences

The Tourism Training Camp will require a trading licence.

## Outside Support

The Tourism Training Camp will have the support, experience and assistance of the Maun Business Council to draw on. In addition, the Trust will be able to make use of BOCCIM's services supporting small businesses.



## **Training, skills and labour requirements**

It is envisaged that the training would be carried out by the staff of the Maun Vocational Training Centre. All aspects of camp maintenance, building, administration, marketing, bookings, catering etc will be carried out by students of the Training Camp. One person would be employed initially to guard the premises and collect camp fees from visitors.

Although the Training Camp will not directly employ staff, there will be an output of, say, 20 trainees per year who will become employable in the tourism industry because of the skills and experience they will acquire. It is hoped that these students will be sponsored through the course by lodges and safari operators who will take them on when they complete the course.

# **Training Camp Activities**

The Tourism Training Camp will operate as a commercial tourist camp. Although a site has not been acquired yet, it is envisaged that it will be close to both Moremi Game Reserve and Chobe National Park. These are both areas which many tourists visit.

The following activities would be undertaken by the Training Camp:

## **1. Campsite**

A campsite would be set up to provide camping facilities for tourists. Ablution facilities would be built along with braai stands, water points etc. The building of these facilities would be undertaken by trainees of the School as part of their studies.

## **2. Tourist Accommodation**

Different types of tourist accommodation would be built such as rondavels and chalets. Again, the design and building of these structures would be incorporated into the training programmes at the school. A booking system would also be set up and run by the trainees.

## **3. Restaurant and bar**

A simple restaurant and bar would be built. Catering skills would be taught to students on the job under realistic conditions. Students would gain invaluable experience of ordering and purchasing under real life conditions.

## **4. Game guides**

Guides will be trained to accompany tourists on game drives and game walks.

## **5. Environmental training centre**

The Training Camp could be used as an environmental education centre for schools and Wildlife Clubs. School groups could be accommodated and the game guides could plan and conduct educational activities centring on environmental issues with the school children.

## **Management of the camp**

The camp would be managed and run by trainees of the school as part of their studies. All aspects of camp maintenance, repairs, booking system, accounting system etc would be taught as on-the-job training.

Secondments to the tourist camps in the region would be arranged so that the trainees have exposure to the different types of safari operations.

**Development of these activities**

The camp could start up initially as just a campsite and start earning revenue straight away with very small set up costs. The inaccessibility of the area would mean that locally available materials, such as wood and thatching grass, would be used as far as possible to minimise costs and transport. The building would have to be phased in to coordinate with the training programmes at the School and as funding becomes available.

# Market Analysis

## Market Definition

### Industry Analysis

The tourism industry in Botswana is growing, particularly in the area of mobile photographic safaris. Botswana's wildlife resources in the northern parks are a strong tourist attraction. The growing popularity of ecotourism and the promotion of Botswana as an unspoilt wilderness destination attracts increasing numbers of tourists who want to experience the bush environment.

### Market Segment

The location of the Training Camp would make it accessible only to visitors with 4 wheel drive vehicles. These would be tourists travelling with their own vehicles, mostly from Southern Africa, or with organised safaris.

These tourists' expectations and requirements are fairly minimal: a scenic location; clean, tidy and safe surroundings; water; washing facilities; basic and comfortable accommodation; and cold drinks.

### Strengths

The fact that this camp is providing benefits to the community may add to its appeal and attract interest and support from visitors to the area.

### Weaknesses

The remoteness of this area will make the process of setting up of a camp from scratch logistically difficult. The camp should be as self sufficient as possible in its supplies.

### Opportunities

The National Parks booking system which was introduced last year has created much confusion over the booking of camping sites in the parks. Bookings are restricted and visitors who have not made prior bookings are not allowed to stay overnight in the parks. There is a niche in the market for an alternative camp in the vicinity of the parks with a more flexible booking system.

## **Customer Profile**

Customers will be tourists of many different nationalities and age ranges, probably travelling with a limited spending budget but with a common interest in wildlife and the environment.

## **Competition**

The National Parks have their own basic campsites and there are private camps and lodges in the area. However, although the private operations are well established in prime locations and with good reputations, they are expensive and are primarily aimed at the overseas tourists at the top end of the market. There is virtually no competition for a reasonably priced tourist camp in this area.

## **Risks**

- The remoteness of this part of the country and the lack of a developed infrastructure will cause many difficulties in obtaining supplies for the camp.
- Because the camp will be run by trainees, its success will depend on the quality of supervision and training given to the students.
- Because of the inaccessibility of this region, the camp would have to be well advertised and marketed for tourists to go there, since they are unlikely to just pass by it on their route.

## **Marketing Plan**

The Tourism Training Camp will distribute information leaflets to hotels, lodges, travel agents and safari operators in Botswana. Posters will be displayed on information boards in the main tourist centres ie Maun, Kasane and Nata. Members of the Maun Business Council will also promote the Training Camp through their own business outlets and contacts. Bodies such as HATAB will be asked to promote it.

Advertisements in special interest magazines for outdoor enthusiasts, such as "Getaway", will effectively reach the target market segment.

# Financial Plan

## Assumptions

### 1. Involvement of Vocational Training Centre

It is assumed that the Tourism Training Camp will be administered by the Maun Vocational Training Centre (VTC). The VTC will establish a new course in its curriculum and will provide the trainers from its staff. The lodges and safari operators will be asked to sponsor students on the course. These sponsors will liaise with the VTC regarding the contents of the course.

### 2. Land

It is assumed that a suitable piece of land with a supply of water will be found and that the Tourism Training Camp will be allowed to use the land without any lease obligations.

### 3. Vehicle

It is assumed that government CTO vehicles will be made available to the VTC for the Training Camp as and when they require them to transport people and supplies to the camp.

### 4. Staff

One employee will be hired to guard the camp and to collect fees from visitors. This employee will receive P10 000 per annum in the first year, rising by 10% per annum.

### 5. Phases

The Camp will be set up in phases. Each phase is assumed to be of one year's duration.

#### Phase 1

A borehole will be drilled to supply water. A campsite will be constructed by the trainees. This will include ablution facilities, braai stands and water points. The Tourism Training Camp will operate as a commercial campsite during Phase 1. During Phase 1, it is assumed that on average 40 people will stay at the campsite each week for 40 weeks of the year. Camping fees will be P20 per person per night.

#### Phase 2

Two rondavels, each sleeping 2 people, and one chalet, sleeping up to 4 people, will be constructed during Phase 2. These will be built using locally available natural materials, such as wood, grass and reeds, wherever possible. The design and construction of the buildings will be carried out by the students as part of their coursework. It is assumed

that the VTC has the equipment necessary for construction. The building programme will be deliberately staggered so that the coursework is ongoing for different intakes of students.

### **Phase 3**

A simple restaurant and bar will be built. Students will cater for simple meals. Kitchen facilities will be basic, using gas and wood fire for cooking. Supplies will be obtained from Maun.

## **6. Cost Estimates**

Cost estimates in the cashflow forecast are considered to be reasonable estimates, but are not based on any actual quotations.

## **7. Finance Costs**

The cost of finance is assumed to be zero.



Tourism Training Camp  
Cashflow Forecast

	Phase 2: Campsite Rondavels and chalets	Phase 3: Campsite Rondavels and chalets Restaurant and bar	
	Phase 2 costs:	Phase 3 costs:	
	Pula	Pula	Pula
Estimated start-up cost:			
Drilling and water pump	6,000	50,000	30,000
Registration of trust	1,000	10,000	10,000
Vehicle charges	3,000	Construction of kitchen	20,000
Concrete braai stands	10,000	Kitchen equipment	10,000
Construction of ablution blocks	2,000		
Donal leaflets and advertising	1,000		
Kerosene lamps	5,000		
	2,000		
	500		
	<b>30,500</b>	<b>60,000</b>	<b>70,000</b>
Revenue			
Camping fees (40people @ P20 x 40weeks)	32,000	44,000	50,000
		8,000	8,800
		12,000	13,120
		Profit on restaurant and bar	20,000
	<b>32,000</b>	<b>64,000</b>	<b>91,920</b>
Expenditure			
Camp maintenance and cleaning	2,000	4,000	5,000
Salary	10,000	11,000	12,100
Kerosene for lamps	100	200	300
CTO Vehicle costs	2,000	2,000	2,000
Miscellaneous costs	2,000	3,000	4,000
	<b>16,100</b>	<b>20,200</b>	<b>23,400</b>
Excess of revenue over expenditure	15,900	43,800	68,520
Opening cash	-	-14,600	-30,800
Repay capital costs	- 30,500	-60,000	-70,000
Closing cash	<b>- 14,600</b>	<b>-30,800</b>	<b>-32,280</b>

## **Financing Plan**

The estimated start-up building costs are P30 500 in Phase 1. Building costs in Phase 2 and Phase 3 will be P60 000 and P70 000 respectively. At the end of phase 3, there is a cash deficit of P32 280. The project would need to raise approximately P40 000 initially to get the project going. This will cover building costs and working capital requirements. Finance costs have not been taken into account in the cashflow forecast.


The operating income in later years would be used to expand the existing accommodation by building more rondavels and chalets.

# Nail Salon Franchises

## Business Plan

September 1996

### CAUTION

This business plan has been prepared by  **ERNST & YOUNG** on behalf of BOCCIM and is intended as a guide for implementation. Whilst every care has been taken in the preparation hereof, we cannot accept responsibility for the feasibility of the project and would recommend that the project sponsor / entrepreneur form their own opinion on the venture.

# Table of Contents

<b>Executive Summary</b> .....	1
<b>Vision and Mission</b> .....	2
<b>Overview of Business Entity</b> .....	4
<b>Product Strategy</b> .....	5
<b>Market Analysis</b> .....	6
<b>Marketing Plan</b> .....	9
<b>Financial Plan</b> .....	10
<b>Assumptions</b> .....	10
<b>Financing Plan</b> .....	12
<b>Cashflow projections</b> .....	13

# Executive Summary

## **Vision and Mission**

Nail salon franchises would contribute to the empowerment of women by providing them with a means of starting up their own businesses with the support and backing of a well established brand name for a comparatively small initial outlay.

## **Overview of Business Entity**

The franchisee would trade as a sole proprietor, using the brand name of the franchise. The franchisee receives support from the franchisor in terms of training and supplies of stock.

## **Product Strategy**

The nail technician applies a full set of artificial nails which are maintained every 4 to 6 weeks with a fill in. Standard products are used throughout the franchise and so the customer identifies them with the franchise's standards of quality and service.

## **Market Analysis**

There are no formal nail salons in Botswana at the moment. This is a niche which could be exploited if marketed properly. It is anticipated that the majority of customers will be women under the age of 35, living in urban areas and working in professional, support and service industries.

## **Marketing Plan**

A large promotional campaign would be carried out to introduce the new concept of nail salons.

## **Financial Plan**

The nail salon franchise would be purchased from an existing franchisor in South Africa. Typically the franchise fee is approximately P20 000 and in return the franchisee receives training, shop interior, starter kit of stock and the right to use the name of the franchisor. The cashflow forecast shows a positive cashflow after 11 months, assuming 100 clients.

## **Vision and Mission**

### **Present Situation**

At present, there are very few salons operating in Botswana which exclusively provide artificial nail treatments. Those beauty salons which exist are concentrated in Gaborone and Francistown and offer a whole range of beauty treatments in addition to nailcare.

The concept of a "nail salon" is new to Botswana. However, the concept has proved successful in South Africa where there are currently over 120 nail salons operating throughout the country.

Nail salons in South Africa, and in many other countries, operate on a franchise basis. This is an ideal way of introducing the concept to Botswana because it offers women the opportunity of setting up their own business with a comparatively low start-up cost. No previous experience is required as training is provided by the franchisor. Two franchises based in South Africa are: Dream Nails and Hollywood Nail Bar.

### **Organisation and management**

Nail salons would be set up on a franchise basis. Franchisees in Botswana buy a franchise from a franchisor based in South Africa. For a one-off fee, the franchisee receives the right to use the brand name, products and technique in a certain area of the country. Included in the fee is a training course covering the application of artificial nails as well as marketing and sales techniques.

The business is managed by the franchisee who is responsible for renting suitable premises and obtaining clients. All stock must be purchased from the franchisor and a monthly royalty is usually payable to the franchisor. Any profits made after paying the royalty fee belong to the franchisee.

The franchisor ensures that the franchise standards are adhered to.

### **Products and Services**

The products and services usually offered by a nail salon include:

- application of artificial nails
- fill in's (maintenance)
- repairs
- nailcare products.

## **Market Environment**

The artificial nail industry is currently in its introduction stage in Botswana. Nail sculpturing is carried out on a small scale with the demand coming mostly from expatriate women. However, given the popularity of hair salons with the local population, it seems likely that the concept of nail salons would be readily accepted if marketed and promoted correctly.

## **Customers**

Customers would include women of all age groups with a reasonably high level of disposable income, but the majority would be women under the age of 35. The target market would be office and other workers who value the impact of their appearance.

## **Vision and Mission**

Nail salon franchises would contribute to the empowerment of women by providing them with a means of starting up their own businesses with the support and backing of a well established brand name for a comparatively small initial outlay.

# Overview of Business Entity

## Legal Business Description

The nail salon would be set up as a franchise. The franchisee would trade as a sole proprietor, using the brand name of the franchise.

## Licences

The franchisee will require a trading licence.

## Reporting Structure

The day to day management of the nail salon is the responsibility of the franchisee. Usually the franchisor offers advice on sales and marketing, but does not get involved in managing the business. However, the franchisor exerts some control in ensuring that the franchise standards of customer care and methods are adhered to.

## Outside Support

The franchisee receives support from the franchisor in the form of reliability of supplies of products, training and sales advice such as sample adverts.

## Training, skills and labour requirements

Usually a salon franchisee will initially employ one other person who will also undergo training from the franchisor.



# Product Strategy

## Product

The nail technician provides clients with a full set of artificial nails which would be maintained with a fill in every 4 to 6 weeks. To enhance the client's confidence in the product, a guarantee period of say 2 weeks is usually offered. During this time, any repairs which may be needed would not be charged for.

Salons also stock a range of nailcare products for sale.

## Special Characteristics

The nail salon only uses the products supplied by the franchisor. These products and the techniques used are standard throughout the franchise salons. However, since the concept is relatively new in Botswana, the salon will be trying to gain recognition for the new product. Customers should identify the brand name of the franchise with a reputation of high quality and service.

## Service

The reputation of the salon will ultimately depend on the skill of the nail technicians and the service provided. Users of nail treatments look for a quality product and service as careless workmanship can lead to nail infections.

The name of the franchise and the quality of the products will initially draw in customers, but they will only return and continue their treatments if they are satisfied with the service they receive.

# Market Analysis

## Market Definition

### Industry Analysis

The beauty and fashion industry is growing in Botswana, particularly in the urban centres. There are many hair salons and the use of hair and beauty products has increased in the last few years. Beauty salons are not frequented as often as hair salons. Hairstyling is often considered a priority, even amongst women with low disposable incomes.

Currently there are only a few beauty salons offering nail treatments in the major towns. The majority of the clients are expatriate women. Some women travel to South Africa for nail treatments because the product and service offered there are of a higher standard than what is currently available in Botswana.

### Market Segment

The potential market for nail salons really only exists in urban areas. It appears that currently most of the consumers in Botswana are women under the age of 35.

The 1991 Population and Housing Census of Botswana shows that the distribution of women between the ages of 15 and 34 by geographical location in Botswana is as follows:

	Age Group				Total 15-34
	15-19	20-24	25-29	30-34	
Gaborone	8 805	10 793	9 003	6 404	35 005
Francistown	4 348	4 781	3 893	2 892	15 914
Selebi Phikwe	2 571	2 701	2 316	1 764	9 352
Lobatse	1 842	1 648	1 406	1 107	6 003
Jwaneng	754	684	607	553	2 598
Orapa	480	497	467	458	1 902
Sowa Town	82	155	138	84	459
<b>Total</b>	<b>18 882</b>	<b>21 259</b>	<b>17 380</b>	<b>13 262</b>	<b>70 783</b>
Estimated proportion in employment	23%	67%	82%	84%	

This shows that at present the demand is potentially only in Gaborone and Francistown. Other urban areas such as Lobatse and Selebi Phikwe may have potential later on.

### **Strengths**

A franchise nail salon has the advantage of its brand name and reputation to attract customers.

The products are of a high quality.

Nail salons are already hugely successful in South Africa and still growing in popularity.

Because the towns have a relatively small population, the popularity and reputation of a product will spread by word of mouth.

### **Weaknesses**

South African franchises are usually not well known names in Botswana and so people do not necessarily identify the products and service with a high quality and reputable salon.

The reputation and success of the nail salon will depend on the operational skill, commitment and service provided by the franchisee. If the nail treatments are not done skillfully, there is a risk of infection and the client will not return, despite the good reputation of the overall franchise group.

### **Opportunities**

There are no nail salons in Botswana at the moment. This is a niche which can be exploited if marketed correctly. The younger generation in Botswana is open minded and impressionable, particularly concerning fashionable products with reputable brand names.

In the mining towns of Jwaneng, Orapa and Selebi Phikwe there are many women with a high disposable income and few opportunities to spend it, particularly on luxury items. This may be a market which is currently untapped.

Nail salons could be opened inside existing hair salons. Since hair styling (braiding, weaving etc.) takes a long time, women spend many hours at the hairdresser's. A combined hair care and nail care service could be offered.

## **Customer Profile**

It is anticipated that the majority of customers will be women under the age of 35, living in urban areas and working in professional, support and service industries. These women will have a reasonable level of disposable income.

Marketing would be directed towards secretarial staff in offices. These women already show concern about the appearance of their hair and clothes and as soon as one individual in an office acquires a new fashion product, its popularity is likely to spread very quickly.

## **Competition**

There are a few existing salons which have established their own client base. However, if these clients perceive that a franchise salon offers a better product and service, they will probably be easily won over.

The major competition will come from the hair salons. Women are prepared to spend money on their hair as it affects their overall appearance. If they had to decide between allocating their income between hair or nails, they would probably rather continue paying for hair styling.

## **Risks**

The concept of nail salons may never appeal to the local people. Because the application of artificial nails is a relatively new concept, it will need careful marketing and promotion.

The industry lacks continuity, since people may have a full set applied but then find the repairs and maintenance treatments are too time consuming and discontinue their appointments.

The treatments are expensive and people may not be able to afford the maintenance fills which are required every few weeks.

The success of the salon depends on the franchisee's skill and commitment; it will not survive on the strength of the franchise name alone.

## Marketing Plan

The key to achieving market acceptance of this new concept is to convince women in the target market segment that it is just as important to maintain the appearance of one's nails as it is one's hair.

A large advertising and promotional campaign could be carried out including the following:

- advertise in local newspapers and magazines, such as "Motswana Woman"
- hold free demonstrations
- sponsor a beauty competition
- distribute flyers to offices
- fax adverts to secretaries

The reputation of the salons would spread by word of mouth.

# Financial Plan

## Assumptions

### 1. Franchise

The nail franchise would be purchased from an existing franchisor in South Africa. The cost of the franchise is assumed to be P20 000. In return, the franchisee receives:

- the right to use the name of the franchisor
- training for two people
- starter kit of stock
- shop interior.

A monthly franchise fee of P500 will be paid to the franchisor.

### 1. Location

The franchisee will rent premises of about 25 square metres. It is assumed that the monthly rental will be P2 000.

### 2. Work schedule

It is assumed that it takes a technician two hours to apply one set of nails at a price of P120. The client will come back for a fill in after 4 weeks. Fill in's take one hour and the price is P60.

The cash flow forecast is based on 20 working days in a month. In the first month, the franchise owner will apply 20 full sets and her assistant will apply 40 full sets. Assuming an 8 hour working day, the owner will only be 25% utilised and the assistant will only be 50% utilised. The rest of their time will be spent on marketing and promoting the new salon. There will be no fill in's in the first month as there is a 4 week lag time after the full set is first applied.

During the next 5 months, the owner will continue to apply 20 full sets per month, and will also perform 20 fill in's on her previous month's clients. The assistant will continue to apply 40 full sets and perform 40 fill in's on the previous month's clients.

After the first 6 months, the reputation of the salon will have spread and new clients will come in. The owner's workload will increase to 40 full sets per month and the assistant's will increase to 60. The owner is now 75% utilised and will spend the remainder of her time managing the salon. The assistant will be fully utilised for 9 hours per day.

Assuming that a client will alternate monthly between a full set and a fill in (ie a full set in month 1, a fill in in month 2 and then a new full set in month 3 etc), then under this scenario, the salon will have 100 regular clients. A market research survey would have to be undertaken to see if there would be this level of demand.

### **3. Cost Structure**

It is assumed that the gross profit is 80%.

### **4. Other Sources of Revenue**

Other sources of revenue include nail repairs and sales of nail products. These have not been included in the cashflow forecast, but represent extra income.

### **5. Other Assumptions**

- All clients will pay for their treatment on a cash basis.
- There are no financing costs.
- All interior furniture, furnishings and signs will be supplied by the franchisor and included in the franchise fee.
- The owner will take a monthly salary of P3 000 and pay her assistant P1 500 per month.
- Taxation has not been taken into account.

## • **Financing Plan**

The estimated start up cost is P28 000, made up of:

• Franchise fee (including training, shop interior and start up stock)	P20 000
• Working capital	<u>P 8 000</u>
	<u>P28 000</u>

The cashflow forecast assumes that these funds are introduced with no finance costs.

After 11 months, the cash balance becomes positive. At the end of 12 months, the cash balance will be P5 840.



**CASH FLOW FORECAST  
FOR ONE YEAR**

	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
<b>Technician 1 (owner)</b>													
Number of full sets ( 2 hours each)	20	20	20	20	20	20	40	40	40	40	40	40	
Number of fill ins (1 hour each)		20	20	20	20	20	20	40	40	40	40	40	
<b>Technician 2</b>													
Number of full sets	40	40	40	40	40	40	60	60	60	60	60	60	
Number of fill ins		40	40	40	40	40	40	60	60	60	60	60	
Cost Price per full set	P												24
Sales Price per full set	P												120
Cost price per fill in													12
Sales price per fill in													60
<b>SALES</b>	7,200	10,800	10,800	10,800	10,800	10,800	15,600	18,000	18,000	18,000	18,000	18,000	166,800
Cost of sales	1,440	2,160	2,160	2,160	2,160	2,160	3,120	3,600	3,600	3,600	3,600	3,600	33,360
Gross Profit	5,760	8,640	8,640	8,640	8,640	8,640	12,480	14,400	14,400	14,400	14,400	14,400	133,440
Costs :	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	129,600
Salary-owner	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Salary-technician 2	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Rent	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Utilities	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Insurance	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Telephone	800	800	800	800	800	800	800	800	800	800	800	800	
Miscellaneous	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Advertising and promotion	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
	(5,040)	(2,160)	(2,160)	(2,160)	(2,160)	(2,160)	1,680	3,600	3,600	3,600	3,600	3,600	3,840
Franchise fee	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
Franchise royalty	500	500	500	500	500	500	500	500	500	500	500	500	6,000
	(25,540)	(2,660)	(2,660)	(2,660)	(2,660)	(2,660)	1,180	3,100	3,100	3,100	3,100	3,100	(22,160)
Deposit	28,000	-	-	-	-	-	-	-	-	-	-	-	28,000
Movement	2,460	(2,660)	(2,660)	(2,660)	(2,660)	(2,660)	1,180	3,100	3,100	3,100	3,100	3,100	5,840
Opening Balance	-	2,460	(200)	(2,860)	(5,520)	(8,180)	(10,840)	(9,660)	(6,560)	(3,460)	(360)	2,740	
Closing Balance	2,460	(200)	(2,860)	(5,520)	(8,180)	(10,840)	(9,660)	(6,560)	(3,460)	(360)	2,740	5,840	