

PROJECT START

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JANUARY 2013

Executive Summary

The objective of this project is to establish a Unilever copacker in Guinea Conakry, a West African French speaking country where UWA is having marginal sales.

The project will involve Unilever called Supplier and I, called the copacker.

June to September 2013 is the tentative date of the start of the project.

The name of the project is PROJECT START.

The copacker will undertake two main activities

- 1- the distribution of all Unilever brands
- 2- the set up of a small size industrial unit that will:
 - make and pack locally soap from noodles bought from Unilever
 - pack locally detergent powder sachets from bulk powder imported from Unilever companies

This document will focus on packing operations.

The packing operation will only involve products that are not delivering Unilever margin and volumes expectations.

These products should not be strategic for Unilever. The market involved will also be a white space for Unilever. The list of these products is to be defined by Unilever.

Thanks to this project, international standards products of Unilever brands will be widely available to consumers, protecting them from major health issues and non quality standards compliant products currently proposed on the market.

The country is one of the less developed of the region for now. The decision to locate this unit in Guinea is justified by the fact that it is a country with some potential where a Multinational would have difficulties to run business.

The increasing strength of competition from smaller companies and imported products as well as the wide practice of fraud and counterfeit explain to a large extent this trend.

The flexibility of the lean organisation to create gives the excellent opportunity to drive more efficiently the growth of sales volumes in order to deliver the company objectives while being a very ethical company compliant with all laws and regulations in force in the country.

Project START will create opportunity for growth and profit for Unilever and the copacker. There will be no extra cost and no risk for Unilever. Guinea will get benefit from job creation and taxes to be paid and many advantages. The supply sources will also get similar benefits.

From the very conservative estimates worked out for products that will be packed, the business turnover will grow from Euros 2.2 to 4 Millions and volumes will go up to 2,000 for bar soap and 500 for powder in three years.

Equivalent value of TO will be achieved for others imported brands in the same timeframe.

The company will be a profitable business of Euros 8 Millions in 3 years (4 for packing operations and 4 for other imported brands). Its pay back will not exceed two years.

1. OBJECTIVE

The objective of this project is to support the growth initiative of Unilever through a solution combining a Unilever Products distributor role and a small size packing operation in Guinea Conakry. To that end, the company to build will focus only on producing and packing brands that are at the bottom of Unilever segments.

Similarly, the market targeted should be a white space for UWA.

The business model considered in this project is similar to the one already applied by Unilever in Cameroon (Tropik Industries) and in Democratic Republic of Congo (Marsavco).

The structure will be a combination of an industrial unit located in Guinea and a buying office in Abidjan.

START is a process allowing me to use to the benefit of Unilever the knowledge that company has provided me with. This will be done along a personal development out of the company.

The new company will be making products from imported noodles and bulk powder from the Unilever companies using a soap finishing line and detergent powder sachets packing machines.

The products considered include laundry bar soaps and powder Brands and SKUs that are:

- **not delivering the margins and profits expectation of Unilever**
- **not delivering the volumes expectations of Unilever**
- **not strategic for Unilever**
- **at the bottom of the segments considered by Unilever**

The list of the products to pack will be defined by Unilever.

In the initial stage, only 2 SKUs will be packed (one SKU of bar soap and one SKU of powder sachet).

Combining an Industrial Packing unit and a distributor role will give the possibility to propose a wide range of good quality products and increase Unilever presence.

Project START will create about 10 jobs (permanent and casuals included) in the initial stage.

The new company will respect the laws and regulations of the country and will be compliant with all Unilever requirements including SHEQ. It will be run on the basis of ethical rules and stringent business principles.

2. VISION AND MISSION

The Vision and Mission of the company to be built are as follows:

VISION

Build a healthy, joyful and enjoyable Euros 10 Millions business supporting Unilever growth and business ambitions by the end of 2016.

MISSION

Foster relationships between a multinational company, Unilever, and Africans by Serving markets with healthy and affordable international brands and high quality products to meet the needs and wants of consumers and support sustainable development in a UWA country

3. THE MARKET

3.1 Products description

The products the new organisation will pack include Laundry bars and powder sachets at the bottom of the segments of Unilever in terms of relevance. This is in other terms, the products Unilever values the less.

In the initial stage, the copacker will only pack one bar soap SKU and one powder sachet SKU.

In addition, the distribution of other Unilever brands not packed locally will be done, using the KD model.

3.2 Competition

Number of substitutes is available on the market. Competition is very active and has the potential to impact negatively the strategy of UWA.

In this regard, the West Africa map below gives an idea of the possible supply routes that can take place across the sub region:



Competition in Guinea is mainly coming from:

- 2 local manufacturers
 - o A company called ALPHA is manufacturing Djama, a low grade soap (same type as Croco). This company is operating as artisan soap making and is neither meeting the demand nor being compliant with environmental requirements for now
 - o Another company packing a soap called KUL is also running. It has not been possible to locate the manufacturing plant because of time constraint during my visit ; The volumes are marginal.



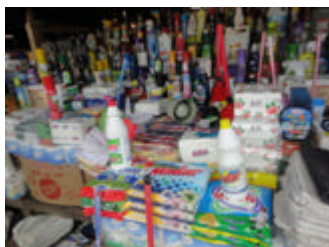
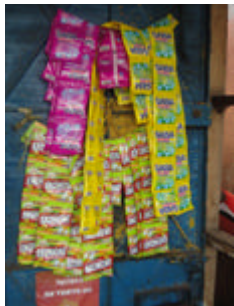
- Traditional soap makers

A huge quantity of traditionally made soaps (Kabakourou) is sold initially by artisans. This product is having a high level of presence on the market and seems to be having a good distribution network. The demand is high on this locally made soap.



- Importers

- All sorts of soaps and powders from all the neighbouring countries are present on the market
- Important quantities of products are imported from Asia (mainly China, Malaysia and Dubai): the unmet needs of the consumers gives room for a high practice of fraud in importation and counterfeit that will affect all surrounding markets if no professional and well trained KD or copacker is operating on this market



Some of Unilever products are available on the market. Unfortunately, they are not widely spread. The presence is low. There is obviously a potential to drive volume growth.

3.3 Company Location

The company to be created will be located in Guinea Conakry.

3.3.1 Why not in Cote d'Ivoire

Although CDI is my country, I have rejected the option of setting such a business there for the main reason that Unilever is already having a strong focus on the country and owning efficient facilities and organization in Abidjan. Running this project in CDI would not bring any additional value to the organization and would conflict with the interests of Unilever.

3.3.2 Why in Guinea



Population 10.3 Millions
Natural population growth 2.4%
Density 41 people per Km²
Surface 245,000 Km²
GDP per capita 474 USD
Inflation 8%
Literacy rate 29.5%

Guinea is a French speaking ECOWAS (Economic Organisation of West African States) country having all advantages offered by this regional organisation.

The business environment of the country is difficult (extremely unreliable electrical power supply, inconsistent water supply, non stable currency, weak transparency rules ...) and prevents many companies from operating on this market.

The currency of the country is weak. Guinea is not a CFA zone country, making it critical to track very closely the local currency exchange rate because the Central Bank does not seem to be performing as well as the ones of Ghana or Kenya for instance. It requires businesses to protect themselves against exchange rate fluctuations.

Countries like DRC are also having their own local currencies. This does not prevent the copackers in this country to run successfully their copacking operation.

Related industries are all available. In this regard, the Guinean environment is better than the one of Niger.

The labour required to operate the simple operation to build is available and cheap. Although electrical power supply is not reliable, generators are widely available and their suppliers are running efficient maintenance teams.

The road and electrical networks are in poor condition. Major infrastructure projects are planned or ongoing. This includes electrical power stations and road infrastructure. Major improvements can be expected within the next three years.

At the same time, the new administration of the country is trying to improve the business environment.

The business environment of Guinea is very similar to the one of Niger.

The factory will be located in the capital city of the country. It this is the most populated area with consumers having high purchasing power. This city has a port and all the related industries the packing operations require.

Conakry happens to be the city where all competitors are located probably for the same reasons.

Although the country is poorly ranked in the Ease of Doing Business of the World Bank, it is roughly in the same range as many other West African countries.

The rank of Guinea is 178 out of 185. For comparison purpose, the rank of Niger is 176. Cote d'Ivoire is ranked 177 while Togo is 156 and Ghana's ranking is 64.

The country is one of the less developed of the region with a low literacy rate (29%). Although the business environment of Guinea is improving, it remains very tough.

The knowledge acquired in my professional experience gives me the ability to operate efficiently in such a business environment. This will be done in line with the Unilever Code of Business Principles and without disturbing in any manner the Unilever plans.

3.3.3 Why setting a business in a foreign WA country

This is allowed by the ECOWAS rules and regulations are giving a lot of opportunities for the citizens of the sub region to run business across the whole area. Increasingly, people are setting businesses out of their homelands. Many Africans are now running very successful businesses out of their own countries across West Africa without difficulties.

The progress made by ECOWAS as a regional organisation, the improvement of the relations between the countries of the organisation and the increasing number of common projects they are running together have largely contributed to increasing financial security for investors and entrepreneurs of the sub region.

In addition, the region is in the process of harmonising the business environment and the administrative procedures. This is the case of OHADA, the common accounting methods.

Discussions held with many entrepreneurs give a real reassurance investing out of one's home country is not an issue.

3.4 The market

The lack of data makes it difficult to conduct a precise market survey.

However, a visit in the country, discussions with a high number of consumers and traders confirm the high demand for good quality FCMG products. The analysis of the supply chain and the practices on the market make it even clearer.

Observation shows that the potential of this country is higher than the one of Niger. Taking Niger volumes as basis of work for Project START is therefore more than reasonable.

Because of the difficulty for multinationals such as Unilever to operate on this kind of markets, counterfeit and fraud as well as low quality locally made products are the unique options. These products are not always made to standard and are even dangerous with regard to consumer safety.

Main customers

Although there are main importers and traders on the market, the distribution network is not well structured. The implementation of the KD model will allow an aggressive volume growth and a real market development.

Total demand

The Guinean soap market size is 25,000 Tons per year.

The powder market size is 10,000 Tons per year.

Market share

As part of the IOP, the objective to be set will be to reach 30% market share for both bar soaps and powders by the end of the third year of operation.

3.5 Selling price

Prices practiced on the market in Guinea are higher than the recommended ones in the other UWA countries.

The table below is an illustration:

	Pds en grs	Prix pratiqués en FNG		Prix Pratiqués en CFA		Prix pratiqués dans la sous-région CFA
		Courant	Excep	Courant	Excep	
Saba	30	1,000		71	-	50
OMO	1,000	25,000		1,786	-	1,600
				-	-	
				-	-	
				-	-	
				-	-	
Djama	150	2,000		143	-	150
Djama carton		125,000		8,929	-	
				-	-	
				-	-	
				-	-	
Moya	200	2,000		143	-	
Dalan	200	5,000		357	-	
Pharmapur	200	7,500	5,000	536	357	
Lux	200	7,500	8,000	536	571	425
Rexona	200	7,500	8,000	536	571	425
				-	-	
				-	-	
KDO	300	5,000		357	-	
BF4		7,000	8,000	500	571	350
Fanico Gd		9,000	8,000	643	571	450
Maxi gd		10,000		714	-	450
				-	-	
				-	-	
Palme d'or	1	20,000	17,000	1,429	1,214	1,050
Dinor	1	20,000	17,000	1,429	1,214	1,050
				-	-	

The higher prices applied in this market are driven by:

- The supply chain costs
- the custom duties
- the provision made against exchange rate fluctuations
- the will of current traders to make high profits

During the run of this business cost and revenues will be optimised all along the Supply Chain and the Sales distribution network. These initiatives will drive volume and NPS growth through the sales techniques and the KD model implementation.

3.6 Sales and NPS forecast

The sales and NPS forecasts are as per the table below:

SOAPS AND POWDER VOLUMES AND NPS FORECAST										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
SOAPS										
Volumes (tons)	1,020	1,800	1,980	2,178	2,396	2,755	3,031	3,334	3,667	4,034
NPS in 000 CFA	770,476	1,359,663	1,495,629	1,645,192	1,809,712	2,081,168	2,289,285	2,518,214	2,770,035	3,047,039
POWDERS										
Volumes (tons)	240	312	406	527	685	891	1,158	1,506	1,807	2,169
NPS in 000 CFA	404,448	524,849	687,221	908,779	1,156,890	1,472,940	1,897,943	2,478,170	3,033,314	3,610,923

The sales of soap will grow from 40 to 100 tons per month in the first year of operation. This low volume in the initial stage takes account of the issues likely to be met in the start up phase.

From the second year, only a growth rate of 10% has been considered.

The same thinking process has been applied to powders. 20 Tons per month is planned. From the first year, 30% growth is targeted from the second year because of the demand on the market and the nature of the product.

The low volume forecast comes from the conservative approach adopted for the exercise. In reality, the proper implementation of the sales techniques and the KD model as well as the volume driving activities (You and I, SMSM...) would lead, without any doubt, to aggressive growth above 20% per year for soap and higher rates for powders.

3.7 Promotion / Marketing Strategy / Marketing budget

The BB plans and activities as well as the possibilities offered by the TTS will contribute further to volume and profit growth.

The copacker will drive the BB activities and plans on the basis of instructions from Unilever.

The copacker will drive sales infrastructure deployment and activities through the TTS.

3.8 Counterfeit, fraud and new value creation process

3.8.1 The new trend in our industry in WA / Fraud and Counterfeit

In all African markets, new players are entering the industry of bar soaps and powders and are disturbing deeply the traditional companies including Multinationals. This rising trend is changing completely the value creation process. This change is the case in Guinea where the weaknesses of the administration is creating additional opportunities for products from fraud and counterfeit made locally or imported.

This difficulty derives from the disruptive changes experienced in the business models currently applied across the West African region and from the unpredictable fluctuations of the palm oil price. This change is not just epiphenomena. It is an emergent trend that is here to last. This is why the business model of Multinationals should take account of this trend if they are to continue delivering value to their shareholders and consumers.

In fact, access to equipments, technology and even bulk products is now very easy, the entry barriers have become easy to overcome and more local and regional players are coming on the market.

3.8.2 Counterfeit and fraud

In practice, traders can easily buy bulk powders on Asian markets and pack them with low cost equipments. A packing machine can be acquired for less than 10,000 Euros. Without putting any focus on quality or consumer safety, they can go around custom duties and propose very cheap products on the market.

The same approach is adopted for soap noodles.

Sometimes, they buy poor quality finished goods and even dangerous ones and practice very competitive price on the market. Using the low literacy level of people and the weaknesses of customs, they can propose very competitive prices.

Another practice is to import fake products, using supply routes going as far as Asia, Eastern Europe. In this case, illegal processes involving sometimes custom administration are applied.

Generally, these entrepreneurs or traders are cheating with the custom rules:

- They declare quantities lower than the real ones
- They corrupt custom administration and tax collection services to ensure that the reference values considered to calculate the taxes and duties are minimised. This way they pay minimum level of duties and taxes

This situation is both worrying and challenging for established companies such as Unilever. It needs to be addressed for these major players having ethical values if they are to keep growing the years to come.

3.8.3 Proposition of solution

Action is also required because all experts and knowledgeable people consider that Africa is the fast growing market that will drive the growth of the world economy in the years to come. So, having the right strategy in Africa will be critical for any company including Multinationals.

The negative impact of most of these new players on UWA can be fixed with the experience of Unilever combined with very lean structures. This can be done with ethical values and while respecting all regulations and rules in the country.

It is an opportunity for small and flexible organisations like the one to be created.

This approach would lead to integrating in the value creation process, small companies that are compliant with laws and regulations and have ethical values. Such model would also help reconcile development concerns and good quality products availability concerns in Africa with the growth and profitability objectives of multinationals.

This is perfectly in line with the vision of the new company.

4 SUPPLY CHAIN

The underlying issues addressed in the Company and its production processes are as follows :

- Market driven organisation: the organisation will be sales and consumer driven; sales and consumers will be the heart of all activities
- Procurement and Planning: they will be central and the way to work.
- Simplification: packing lines to be installed and all processes will be extremely simple and will be operated easily
- Low cost: the operation to build will be a low cost model as it will just be using the most essential machines. It will be an operation with minimum resources requirements and minimum running cost
- Flexibility: the operation will be flexible to operate and will give the possibility to utilise optimally all the resources. The organisation will be resilient in order to grow steadily. Such light organisation would have both the speed to market and a strong strategic focus.
- No conflict with Unilever interests and existing operations: Project START will be implemented on a market where Unilever is not running any major sales activities; it will add to the efforts being deployed on the ground by Unilever and help achieve the company growth objectives
- Vertical start up: The installation will be very simple and the sales organisation feeding the production with all relevant feedbacks. All this will allow an extremely quick start of the company to be built
- Use of the experience acquired within Unilever for the growth of the same organisation from the stand of an outsider

4.1 Industrial Installations and Production Process

This project will be developed in several steps in order to take account of the working capital related financial constraints:

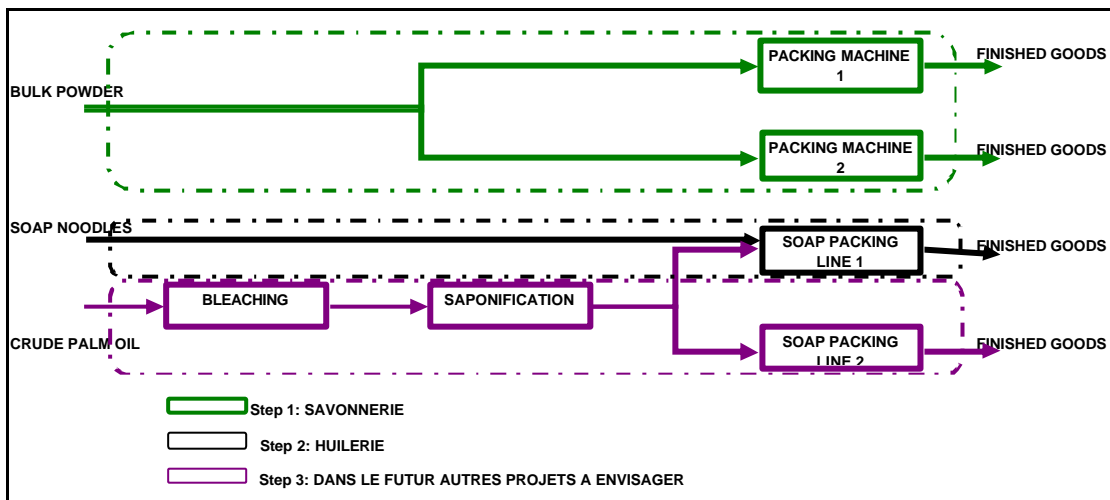
- Step 1 :
 - ? Acquisition and installation of 2 powder packing machines (good condition second hand machines)
 - ? Importation of bulk powder and packing
 - ? Sales of powders using the model recommended by Unilever (ideally through the KD model)
- Step 2 :

- ? Acquisition and installation of a soap finishing line (good condition second hand machines). Depending of the availability of the equipments and the demand on the market, 2 lines might be installed
- ? Importation of soap noodles and packing
- ? Sales of soap using the model recommended by Unilever (ideally through the KD model)

- Step 3 :

- ? Acquisition and installation of bleaching and soap making plants to improve the margins (cost effectiveness project)

The schematic representation below shows the various steps of the project:



4.2 Capacity and Production Plan

Based on the demand trend, the production capacity will be deployed according to the plan in the table below.

Close tracking of capacity utilisation will be done to ensure both an optimum production cost and the efficient planning of the investments required to develop the business.

		A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
Marche											
Sales volumes	Laundry	2,100	3,600	3,960	4,356	4,792	5,510	6,061	6,668	7,334	8,068
	Powders 30g	240	312	406	527	685	891	1,158	1,506	1,907	2,169
	Total	2,340	3,912	4,366							
Capacity	Laundry	4,752	9,504	9,504	9,504	9,504	11,880	11,880	11,880	14,256	14,256
	Powder	518	518	518	778	778	2,000	2,000	2,000	2,000	2,500
	Total	5,270	10,022	10,022							
Capacity utilisation	Bars	44	38	42	46	50	46	51	56	51	57
	Powder	46	60	78	68	88	45	58	75	90	87

The projections done at this stage show that it will be necessary to invest in capacity during the years 2 and 5.

For powder, it will be years 1, 3, 5 and 9.

The type of equipments chosen will allow a quick reactivity. Most of them can be ordered delivered and installed in a maximum of three months.

4.3 Equipment sourcing Maintenance and Repairs

The option considered is the one of acquiring new low cost equipments to start or good make second hand equipments.

As the machines under consideration are specific ones, critical spares will be ordered directly from equipments suppliers. Other spares are general items available on the Guinean market where there are also third parties companies and other related industries needed for maintenance works.

The maintenance and repair of the equipments will be carried out according to Unilever recommended practices. Skills required can easily be mobilised.

Payment terms and conditions will depend on the practices of the suppliers.

4.4 Investment

The investment will be done as per the following order:

- 1- a first powder packing machine with its accessories
- 2- a second powder packing machine with its accessories
- 3- a soap packing line

This is done to ensure smooth start up and minimum resource requirement in the initial phase of project START.

4.5 Raw and packaging material

There are industries making cartons and packaging material. It remains to see if local industries have the capability to produce the type of plastic packaging materiel needed for the brands to produce. In any case, importing these materials could also be a very viable option.

Costs are higher than in Cote d'Ivoire. However, it would be necessary to have negotiations based on quantities to get a better idea of the price.

As bulk products are imported, very few items will be needed locally. These items are all available (cartons, printers, ink...)

For all materials, provision has been made to take account of waste due to the condition of the machines. This will be improved with maintenance and along the learning curve of the production teams.

Provision has also been made for taxes and duties.

4.6 Labour

Although the labour is available and cheap, there will be skills issues. That is why equipments simple to operate will be acquired and strong training programme is considered in order to be compliant with all the requirements.

The cost of labour is currently very low. However, provision has been made to take account of the inevitable increases that will take place due to the social demand trend seen in all African countries.

The copacker will be compliant with all labour law in force in the country. Child labour will not be allowed in the company.

Items	PLANTS	FUNCTIONS	Phase 1			Phase 2			Phase 3			Phase Final			Type
			Shift	Nber	Total	Shift	Nber	Total	Shift	Nber	Total	Shift	Nber	Total	
PRODUCTION															
LOGISTICS															
1		Stock controller Raw & Pack Mat. Warehouse Outbond Clerk Forklift driver	1	1	1	1	1	1	1	1	1	1	1	1	Permanent
		Logistics Supervisor			1			1			1		1	Permanent	
		Total			1			1			2		2		
		<i>Permanent employees included</i>			1			1			2		2		
POWDERS															
		Machine 1 Operator	1	1	1	1	1	1	2	1	2	3	1	3	Permanent
		Packers (casuals)	1	3	3	1	3	3	2	3	6	3	3	9	Casuals
		Machine 2 Operator			0	1	1	1	2	1	2	3	1	3	Permanent
		Packers + sealers + paletisers			0	1	3	3	2	3	6	3	3	9	Casuals
		Total			4			8			16		24		
		Section leader							1	1	1	1	1	1	
		Total			4			8			17		25		
		<i>Permanent employees included</i>			1			2			4		6		
SOAP PACKING															
3		Manual feeding	1	1	1	1	1	1	2	1	2	3	1	3	
4															
5															
6		Operators	1	2	2	1	2	2	2	2	4	3	2	6	
7			1	3	3	1	3	3	2	3	6	3	3	9	
8															
9			1	1	1	1	1	1	2	1	2	3	1	3	
		Total			7			7			14		21		
		Team leader	1	1	1	1	1	1	1	1	1	1	1	1	
		TOTAL PRODUCTION			8			8			15		22		
		<i>Permanent employees</i>			3			3			5		7		
LABORATORY and SHE															
9		Chemists							1	1	1	1	2	2	
10		Chemists							0					0	
		Total laboratory			0			0			1		2		
		<i>Permanent employees</i>			0			0			1		2		
ENGINEERING															
		Head Maintenance										1	1	1	
11															
12		Electromecanicians with wel	2	1	2	2	1	2	2	2	4	2	3	6	
		Total			2			2			4		6		
		Spare parts cupboard													
		Total													
		Compressors + Generators+ Water+ Meters													
18		Supervisor													
19		Operators													
		Total													
		TOTAL ENGINEERING			2			2			4		7		
		Permanent employees			2			2			4		7		
TOTAL FACTORY															
		Permanent employees			15			19			39		58		
					7			8			16		24		
SALES															
		Territory Managers			1			1			2		3	Permanent	
		Customer Marketing Mgrs									1		1	Permanent	
		Total sales			1			1			3		4	Permanent	
ORGANISATION MANAGEMENT															
		Company Manager Sales			1			1			1		1	Permanent	
		SHEQ Manufacturing Engineering												To be shared between Lab and Line leaders	
		Logistics Driver			1			1			1		1	Permanent	
		Admin Assistant			1			1			1		1	Permanent	
		Deputy Company Manager			1			1			1		1	Permanent	
		Finance and Accounting / IT Human Resource Legal												To be outsourced	
TOTAL MANAGEMENT															
					4			4			4		5		

The project implementation timeframe will ultimately depend on the way the demand will evolve. The nature of the products to pack is in itself gives confidence that the trend will be sharp.

4.7 Overheads

Overheads will be kept at a minimum level.

This will include general items cost, depreciation, utilities for general purposes such as cleaning, salary of common managers

3.8 Production cost

The production cost includes:

- labour
- Energy
- Maintenance and repairs
- Depreciations

It has been assumed that generators will provide more than 90% of the electricity. Their maintenance cost has been taken into account.

According to the information collected, labour is very cheap. They have been increased in the estimates to take account of the minimum wage and to ensure that the worker can have decent and good salary in their environment.

Equipments will be depreciated on a maximum of 5 years. The maintenance budget is based on the fact that the machines will be second hand ones and may therefore require a high level of repair works.

4.8 Procurement and Planning

Buying and planning will go hand in hand. The key objectives will be to realise all possible savings on volumes and minimise any material write off.

The use of an Integrated Business Planning method will ensure the efficiency and the effectiveness of the whole process.

The company to be created will use the S&OP process as the main planning and process optimisation tool.

5 ORGANISATION

Code of Business Principles and SHEQ requirements

This new company will not compete with Unilever. It will support the company growth strategy, fight counterfeit and fraud while creating value for both the Supplier and the Copacker.

The Code of Business Principles and the SHEQ requirements are critical to Unilever. They will all be fully and rigorously respected.

The organisation to create will be a light and flexible one.

5.1 Ownership

This is a business that will be run on the basis of the sole ownership model, meaning that the entrepreneur will be the owner and main Manager.

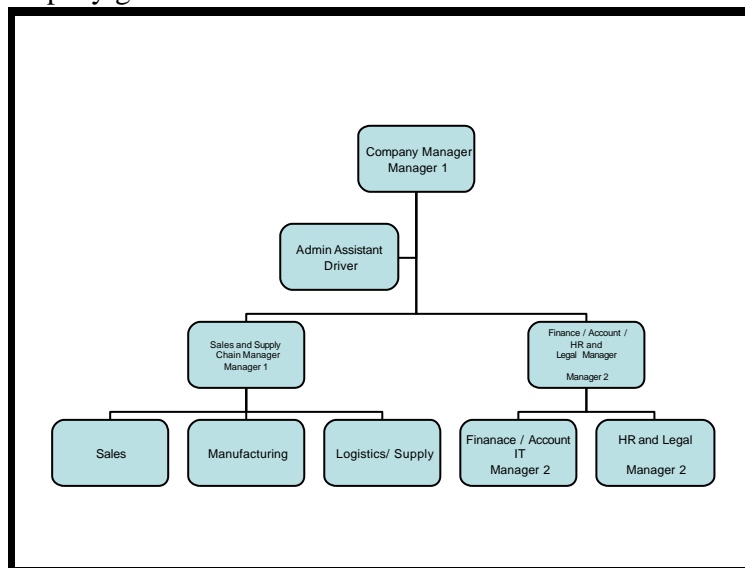
In order to ensure the continuity of the business, my spouse will second me in the business. Each of us will be able to run the company.

Moreover, additional people will be prepared to run the company in order to strengthen the succession planning.

If the growth ambition of the new company is met and if the results allow it, outside professionals will be recruited to take senior positions going forward. This would go up to removing family members from executive roles.

5.2 Organisation chart

The chart below clarifies the chain of command and the distribution of labour. As the structure is a small one, managers will be holding several functions. This will evolve as the company grows.



The structure will be managed on the basis of clear governance rules and policies in order to ensure professional standards are met. Setting clear boundaries to keep business and professional approach in all situations remains a priority. So is the definition of clear role and responsibilities of each employee of the company.

5.3 Management

The management principles of professional companies will be applied.

Employee commitment will be obtained by:

- Involving them in crafting and implementing the company strategy
- Effective appraisal for each employee to assess performance, identify essential skill gaps and address them using an efficient training program
- Implementing a reward system linking performance of people to company results
- Employee empowerment
- clear communication across the company

5.4 External advisory board

This is a consultative group to be set.

When the resources of the company allow it, an external advisory board will be set. This board will:

- hold each manager (including the Company Manager) accountable for the implementation of the business strategy
- Conduct performance review for the management including the Company Manager
- Build a compensation plan
- Advise on succession planning

The advisory board will be a consultative group that will include Unilever (if the company accepts), the Copacker and some players involved in Sustainable Development

5.5 Business experience of Managers

The proposed organisation will be a professional small size company I will run using my experience of all aspects of the FMCG industry acquired in Unilever and in a local African company. The basis is my background of Electromechanical Engineer.

My wife who is an accountant will second me in this process to ensure continuity of the business.

Additional resources will be trained to reinforce the chances to have a successful continuity of the business over time.

5.6 Pre start activities

Number of pre start activities is under consideration.

Some consultants will be hired to undertake some studies like the environmental impact or more precise market surveys.

Business registration will require meeting several administrative offices

Trips will be necessary to meet equipment suppliers.

Training and recruitments will be organised such that the resources required to run the plant will be ready in time.

Planning might also require some resources.

5.7 Pre start expenses

All pre start activities will require some financial resources.

5.8 Assets

In addition to the equipments and warehouses, very simple and cheap office furniture will be bought in the initial stage of the project.

A few IT equipments such as a printer, a scanner and two computers will be acquired.

5.9 Administrative cost

Although administrative costs will remain very low, it will be necessary to provide for an admin assistant, a driver, a security team and a book keeper.

6 FINANCIALS

6.1 Project costs

In addition to the investment budget already indicated, the new company will need to provide for the Working Capital required for the three first months of operations. This will cover:

- the stocks
 - o Raw material including stocks of powders, noodles, corrugates, and other packaging material
 - o Finished goods to be held in stock before the sales
- Work in progress

The total capital requirement corresponds to the sum of fixed assets, Pre operating expenses and Working Capital

Working Capital items considered are as follows:

- stocks of raw material for 3 to 6 months
- finished goods kept in store awaiting delivery
- cost of Work in Progress on factory floor
- cost of goods distributed to customers
- cash for salaries and overheads

This will correspond to 250 Millions CFA. Negotiations will be done with banks to finance this amount by putting credit lines in place. Credit payment terms will be discussed with suppliers to reduce the Working Capital requirement.

The objective of the company is to reduce this line to 120 Millions CFA by the end of the first year of operation and to reach self financing by the end of the first year of operation.

6.2 Investment

The total amount of the project is Millions CFA 474. It will be split as follows:

119 Millions in the first year

166 in the second year

137 in the third year

14 Millions in the fourth year.

DESCRIPTION	COSTS			INVESTMENT PER YEAR					COMMENTS
	QUANT	UNIT COSTS	Total Cost	Year 1	Year 2	Year 3	Year 4	Year 5	
RM (Bulk Powders and noodles)									
RM Storage (in an isolated part of the factory)									
Forklift	1	5	5	5		5			
Palets	300	0	-	2					
Sub Total RM Storage			5	7	-	5	-	-	-
In Euros			7,622	10,823	-	7,622	-	-	-
POWDER & SOAP PACKING									
Powder Handling									
Powder Handling	1	3	3	3					
Powder Packing									
Machine 1 & Accessories	1	12	12	12					
Machine 2 & Accessories	1	12	12		12				
SOAP PACKING									
Feed conveyor (manual)									
Plodder									
Cutter									
Flow wrapping machine									
Packing (manual)									
Case sealing (manual)									
Coding machine (manual)	1	40	40	10	30	30	10		Negotiate payment terms
Sub Total Powder Handling & Packing and Soap Packing			3	25	42	30	10	-	-
In Euros			4,573	15,244	-	-	-	-	-
UTILITIES									
Generator	2	8	16	8		8			
Electrical main switch					6	6			
Borehole	2	6	12	8	8				
Solar panel	4	3	12	3	3	3	3	3	
Water storage tank (reserve and hydrant)									
Air compressor	2	3	6	3		3			
Water storage tank (+ fire hydrant storage)	1	3	3	1	1	1			
Transformer 500KVA	2	10	20	10	10				
Sub Total utilities			69	12	28	21	3	3	
In Euros			105,183	18,293	42,663	32,012	4,573	4,573	
MECHANICAL WORKSHOP									
Mechanical workshop (part of the factory)									
Machines for workshop	1	8	8		3	2	2	1	
Spare parts stores	1								
Sub Total Mech WS			8	-	3	2	2	1	-
In Euros			12,195	-	4,573	3,049	3,049	1,524	-
SHE & CARE									
Water treatment (effluents)	1	8	8			3	5		
Fire hydrant system	1	3	3		3	2	1		
Extinguishers and associated items	1	2	2	2					
Firs aid kits	1	1	1	1					
CCTV	1	2	2	1	1				
Voierie (dallage ou bitumage)									
Clinic	0	6				3	3		
Canteen	0	3			2	1			
Site lighting				1					
Sub Total SHE			13	5	6	9	9	-	-
In Euros			19,817	6,860	9,146	13,720	13,720	-	-
IT NETWORK (WIRELESS)									
Onduleurs	1	1	1	1					
2 laptop	1	1	1	1					
3 PCs	3	2	5		2				
1 serveur	1	1	1	1	1				
Phone (using IP address and skype)	1	1	1	1					
Wireless pour mail et internet	1	1	1		1				
Softwares (ERP, CAM, Quality, Assets, Payroll, Sales, Account)	1	3	3						
Sub Total IT			12	4	4	-	-	-	-
In Euros			18,293	5,335	6,098	-	-	-	-
Vehicles									
Forklifts	2	5	10	3		5			
Cars	1	6	6		6				
Pickups	2	5	10	3		5			
Total Logistique			26	6	6	10	-	-	-
In Euros			39,634	9,146	9,146	15,244	-	-	-
OTHERS									
Civil works	1								
Land									
Buildings									
Raw material building	1	5	5					5	
Finished products	1							0	
offices, toilets, lab, ws...	1	3	3			3			
Factory building	1	30	30	10	10	10			Will be utilised for storage in
Cable trench / Electrical cables	1	10	10	5	5				
All Electrical / Control/ Instrument Cables outside plant battery limit	1	10	10	5	5				
Sub Total others			48	20	20	13	-	5	-
In Euros			73,171	30,488	30,488	19,817	-	7,622	-
TOTAL INVESTMENT	CFA	-	184	78	109	90	24	9	-
In Euros	Euros		280,488	119,055	166,159	137,195	36,585	13,720	-

6.3 Financing

It will be a combination of personal savings, investment fund and banks resources and the cash generated by the business. Payment to suppliers will be optimised.

The planning has been done such that the entrepreneur can meet all conditions required to realise the investment for the first year. These conditions are calculated in a manner that conditions for the second year will be met before the end of the first year.

However, the risk level is extremely low as the business to be built will be profitable from the first year of operation and the working capital requirement has been maintained at minimum level.

6.4 P&L

Three different P&L have been built to have an understanding of the contribution of the different products:

- the Soap Packing P&L
- The powder packing P&L
- The consolidated P&L for Soap and Powder together

In order to be able to work out some figures and have a feel of the outlook of the business, example of 30grs (such as OMO 30/25 grs) powder sachets and 190 grs (such as Fanico 190grs) white soap have been taken just as references.

The various costs will obviously evolve over time for raw materials as well as for conversion cost items. These variations will be reflected on the selling price when they occur.

SOAP PACKING

Figures are in Millions CFA			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	TOTAL
	Assumptions												
	Comments	Value											
Volumes (tons)			1,020	1,800	1,980	2,178	2,396	2,755	3,031	3,334	3,667	4,034	26,194
GSV in Millions FCFA	Price Box	8,970	802,579	1,416,316	1,557,947	1,713,742	1,885,116	2,167,884	2,384,672	2,623,139	2,885,453	3,173,999	20,610,848
GSV in Millions FCFA			802,579	1,416,316	1,557,947	1,713,742	1,885,116	2,167,884	2,384,672	2,623,139	2,885,453	3,173,999	20,610,848
													0
ESCOMPTE	As % GSV	1%	(8,026)	(14,163)	(15,579)	(17,137)	(18,851)	(21,679)	(23,847)	(26,231)	(28,855)	(31,740)	(206,108)
TPR	As % GSV	1%	(8,026)	(14,163)	(15,579)	(17,137)	(18,851)	(21,679)	(23,847)	(26,231)	(28,855)	(31,740)	(206,108)
Target achievement bonus	As % GSV	2%	(16,052)	(28,326)	(31,159)	(34,275)	(37,702)	(43,358)	(47,693)	(52,463)	(57,709)	(63,480)	(412,217)
			(32,103)	(56,653)	(62,318)	(68,550)	(75,405)	(86,715)	(95,387)	(104,926)	(115,418)	(126,960)	(824,434)
NPS			770,476	1,359,663	1,495,629	1,645,192	1,809,712	2,081,168	2,289,285	2,518,214	2,770,035	3,047,039	19,786,414
			0	0	0	0	0	0	0	0	0	0	0
NPS (Reminder)			770,476	1,359,663	1,495,629	1,645,192	1,809,712	2,081,168	2,289,285	2,518,214	2,770,035	3,047,039	19,786,414
RAW MATERIAL COSTS			(603,463)	(1,039,712)	(1,143,684)	(1,258,052)	(1,386,382)	(1,591,436)	(1,750,579)	(1,925,637)	(2,118,201)	(2,330,021)	(15,147,168)
DIRECT PRODUCTION COSTS			(30,046)	(48,864)	(53,206)	(57,983)	(63,237)	(71,907)	(78,554)	(85,865)	(93,908)	(102,755)	(686,326)
INDIRECT PRODUCTION COST			(11,113)	(18,073)	(19,679)	(21,446)	(23,389)	(26,596)	(29,054)	(31,758)	(34,733)	(38,005)	(253,846)
BOUGHT IN PRODUCTS													0
TOTAL PRODUCT COSTS			(644,622)	(1,106,649)	(1,216,569)	(1,337,481)	(1,473,009)	(1,689,939)	(1,858,187)	(2,043,261)	(2,246,842)	(2,470,782)	(16,087,340)
BUYING & PLANNING			(3,600)	(3,960)	(4,356)	(4,792)	(5,271)	(5,798)	(6,378)	(7,015)	(7,717)	(8,489)	(57,375)
DISTRIBUTION			(6,521)	(20,679)	(16,401)	(26,793)	(18,480)	(57,775)	(26,293)	(49,352)	(42,197)	(79,307)	(343,799)
SUPPLY SUPPORT			0	0	0	0	0	0	0	0	0	0	0
IWC			0	0	0	0	0	0	0	0	0	0	0
TOTAL SUPPLY COSTS			(10,121)	(24,639)	(20,757)	(31,584)	(23,751)	(63,573)	(32,670)	(56,368)	(49,914)	(87,796)	(401,173)
GROSS PROFIT			115,734	228,375	258,304	276,127	312,952	327,657	398,427	418,585	473,279	488,461	3,297,901
THEME			0	0	0	0	0	0	0	0	0	0	0
SCHEME			0	0	0	0	0	0	0	0	0	0	0
TOTAL MARKET DEVELOPMENT			0	0	0	0	0	0	0	0	0	0	0
PROFIT BEFORE INDIRECTS			115,734	228,375	258,304	276,127	312,952	327,657	398,427	418,585	473,279	488,461	3,297,901
MARKET RESEARCH													0
RESEARCH & DEVELOPMENT													0
MARKETING INDIRECTS													0
SALES INDIRECTS	As % NPS	1%	(7,705)	(13,597)	(14,956)	(16,452)	(18,097)	(20,812)	(22,893)	(25,182)	(27,700)	(30,470)	(197,864)
GENERAL INDIRECTS	As % NPS	6%	(46,229)	(81,580)	(89,738)	(98,712)	(108,583)	(124,870)	(137,357)	(151,093)	(166,202)	(182,822)	(1,187,185)
CMSR			0	0	0	0	0	0	0	0	0	0	0
TOTAL INDIRECTS			(53,933)	(95,176)	(104,694)	(115,163)	(126,680)	(145,682)	(160,250)	(176,275)	(193,902)	(213,293)	(1,385,049)
TRADING RESULT			61,800	133,199	153,610	160,964	186,272	181,975	238,177	242,310	279,376	275,168	1,912,852
						104,627	121,077	118,284	154,815	157,501	181,595	178,859	1,365,367

Note: From year 4; 35% taxes will be paid on the results

RATIOS OF NPS

Raw Material & Packaging costs			-78%	-76%	-76%	-76%	-77%	-76%	-76%	-76%	-76%	-76%	-77%
Production costs			-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
Gross Profit			15%	17%	17%	17%	17%	16%	17%	17%	17%	16%	17%
Market development			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Indirects			-7%	-7%	-7%	-7%	-7%	-7%	-7%	-7%	-7%	-7%	-7%
T.M			8%	10%	10%	10%	10%	9%	10%	10%	10%	9%	10%

POWDER PACKING

Figures are in Millions CFA			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	TOTAL
	Assumptions												
	Comments	Value											
Volumes (tons)			240	312	406	527	685	891	1,158	1,506	1,807	2,169	9,702
GSV in Millions FCFA	Price Box	5,400	432,000	561,600	730,080	949,104	1,233,835	1,603,986	2,085,181	2,710,736	3,252,883	3,903,460	17,462,865
GSV in Millions FCFA			432,000	561,600	730,080	949,104	1,233,835	1,603,986	2,085,181	2,710,736	3,252,883	3,903,460	17,462,865
													0
ESCOMPTE	As % GSV	1%	(6,871)	(8,943)	(11,974)	(14,059)	(20,036)	(24,440)	(33,723)	(44,397)	(39,047)	(62,477)	(265,968)
TPR	As % GSV	1%	(4,644)	(6,755)	(3,285)	(3,920)	(10,234)	(46,079)	(73,908)	(84,422)	(58,978)	(82,557)	(374,781)
Target achievement bonus	As % GSV	2%	(16,037)	(21,053)	(27,600)	(22,346)	(46,675)	(60,527)	(79,608)	(103,747)	(121,545)	(147,503)	(646,640)
			(27,552)	(36,751)	(42,859)	(40,325)	(76,945)	(131,046)	(187,238)	(232,566)	(219,569)	(292,537)	(1,287,389)
NPS			404,448	524,849	687,221	908,779	1,156,890	1,472,940	1,897,943	2,478,170	3,033,314	3,610,923	16,175,477
NPS (Reminder)			404,448	524,849	687,221	908,779	1,156,890	1,472,940	1,897,943	2,478,170	3,033,314	3,610,923	16,175,477
RAW MATERIAL COSTS			(259,992)	(337,990)	(439,386)	(571,202)	(742,563)	(965,332)	(1,254,932)	(1,631,411)	(1,957,693)	(2,349,232)	(10,509,734)
DIRECT PRODUCTION COSTS			(26,246)	(29,204)	(33,048)	(38,046)	(44,543)	(52,990)	(63,970)	(78,245)	(90,616)	(105,462)	(562,370)
INDIRECT PRODUCTION COST			(9,708)	(10,801)	(12,223)	(14,072)	(16,475)	(19,599)	(23,660)	(28,940)	(33,516)	(39,006)	(208,000)
BOUGHT IN PRODUCTS													0
TOTAL PRODUCT COSTS			(295,946)	(377,995)	(484,658)	(623,320)	(803,581)	(1,037,921)	(1,342,562)	(1,738,596)	(2,081,825)	(2,493,700)	(11,280,105)
BUYING & PLANNING			(3,600)	(3,960)	(4,356)	(4,792)	(5,271)	(5,798)	(6,378)	(7,015)	(7,717)	(8,489)	(57,375)
DISTRIBUTION			(3,510)	(8,200)	(7,686)	(14,838)	(12,096)	(42,747)	(22,991)	(51,001)	(47,570)	(97,534)	(308,172)
SUPPLY SUPPORT			0	0	0	0	0	0	0	0	0	0	0
IWC			0	0	0	0	0	0	0	0	0	0	0
TOTAL SUPPLY COSTS			(7,110)	(12,160)	(12,042)	(19,630)	(17,366)	(48,545)	(29,368)	(58,016)	(55,287)	(106,023)	(365,547)
GROSS PROFIT			101,392	134,694	190,522	265,829	335,942	386,474	526,013	681,558	896,201	1,011,200	4,529,825
THEME			0	0	0	0	0	0	0	0	0	0	0
SCHEME			0	0	0	0	0	0	0	0	0	0	0
TOTAL MARKET DEVELOPMENT			0	0	0	0	0	0	0	0	0	0	0
PROFIT BEFORE INDIRECTS			101,392	134,694	190,522	265,829	335,942	386,474	526,013	681,558	896,201	1,011,200	4,529,825
MARKET RESEARCH			0	0	0	0	0	0	0	0	0	0	0
RESEARCH & DEVELOPMENT			0	0	0	0	0	0	0	0	0	0	0
MARKETING INDIRECTS			0	0	0	0	0	0	0	0	0	0	0
SALES INDIRECTS	As % NPS	2%	(8,089)	(10,497)	(13,744)	(18,176)	(23,138)	(29,459)	(37,959)	(49,563)	(60,666)	(72,218)	(323,510)
GENERAL INDIRECTS	As % NPS	10%	(40,445)	(52,485)	(68,722)	(90,878)	(115,689)	(147,294)	(189,794)	(247,817)	(303,331)	(361,092)	(1,617,548)
CMSR			0	0	0	0	0	0	0	0	0	0	0
TOTAL INDIRECTS			(48,534)	(62,982)	(82,467)	(109,053)	(138,827)	(176,753)	(227,753)	(297,380)	(363,998)	(433,311)	(1,941,057)
TRADING RESULT			52,859	71,712	108,055	156,775	197,116	209,721	298,260	384,178	532,204	577,889	2,588,768
						101,904	128,125	136,319	193,869	249,715	345,932	375,628	1,764,118

Note: From year 4; 35% taxes will be paid on the results

RATIOS OF NPS													
Raw Material & Packaging costs			-64%	-64%	-64%	-63%	-64%	-66%	-66%	-66%	-65%	-65%	-65%
Production costs			-9%	-8%	-7%	-6%	-5%	-5%	-5%	-4%	-4%	-4%	-5%
Gross Profit			25%	26%	28%	29%	29%	26%	28%	28%	30%	28%	28%
Market development			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Indirects			-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%
T/M			13%	14%	16%	17%	17%	14%	16%	16%	18%	16%	16%

CONSOLIDATED P&L (SOAP & POWDERS)

Figures are in Millions CFA			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	TOTAL
Assuptions													
Comments													
Value													
Volumes SOAPS (tons)			1,020	1,800	1,980	2,178	2,396	2,755	3,031	3,334	3,667	4,034	26194.38837
GSV Soaps	Price Box	8,970	805,263	1,472,727	1,620,000	1,782,000	1,960,200	2,254,230	2,479,653	2,727,618	3,000,380	3,300,418	21,402,490
Volumes Powders (Tons)			240	312	406	527	685	891	1,158	1,506	1,807	2,169	
GSV Powders	Price Box	5,400	432,000	561,600	730,080	949,104	1,233,835	1,603,986	2,085,181	2,710,736	3,252,883	3,903,460	
GSV in Millions FCFA			1,237,263	2,034,327	2,350,080	2,731,104	3,194,035	3,858,216	4,564,834	5,438,354	6,253,263	7,203,878	38,865,355
ESCOMPTE	As % GSV	1%	(14,897)	(23,107)	(27,554)	(31,196)	(38,888)	(46,119)	(57,569)	(70,629)	(67,902)	(94,217)	(472,077)
TPR	As % GSV	1%	(12,670)	(20,918)	(18,864)	(21,058)	(29,085)	(67,758)	(97,755)	(110,653)	(87,832)	(114,297)	(580,889)
Target achievement bonus	As % GSV	2%	(32,088)	(49,379)	(58,758)	(56,621)	(84,377)	(103,885)	(127,301)	(156,210)	(179,254)	(210,983)	(1,058,857)
NPS			(59,655)	(93,404)	(105,176)	(108,875)	(152,349)	(217,761)	(282,625)	(337,492)	(334,988)	(419,497)	(2,111,823)
			1,177,608	1,940,923	2,244,904	2,622,229	3,041,686	3,640,454	4,282,210	5,100,863	5,918,276	6,784,381	36,753,533
NPS(Reminder)			1,174,924	1,884,512	2,182,851	2,553,971	2,966,602	3,554,108	4,187,229	4,996,384	5,803,349	6,657,961	35,961,890
RAW MATERIAL COSTS			(863,455)	(1,377,702)	(1,583,070)	(1,829,254)	(2,128,946)	(2,556,768)	(3,005,511)	(3,557,049)	(4,075,895)	(4,679,253)	(25,656,902)
DIRECT PRODUCTION COSTS +SHE			(56,292)	(78,067)	(86,254)	(96,029)	(107,781)	(124,897)	(142,524)	(164,110)	(184,524)	(208,217)	(1,248,696)
INDIRECT PRODUCTION COST			(20,820)	(28,874)	(31,902)	(35,518)	(39,864)	(46,195)	(52,714)	(60,698)	(68,249)	(77,012)	(461,846)
BOUGHT IN PRODUCTS													0
TOTAL PRODUCT COSTS			(940,567)	(1,484,643)	(1,701,227)	(1,960,801)	(2,276,590)	(2,727,860)	(3,200,750)	(3,781,857)	(4,328,667)	(4,964,482)	(27,367,444)
BUYING & PLANNING			(7,200)	(7,920)	(8,712)	(9,583)	(10,542)	(11,596)	(12,755)	(14,031)	(15,434)	(16,977)	(114,749)
DISTRIBUTION			(10,031)	(28,879)	(24,087)	(41,631)	(30,576)	(100,522)	(49,283)	(100,353)	(89,768)	(176,842)	(651,971)
SUPPLY SUPPORT			0	0	0	0	0	0	0	0	0	0	0
IWC			0	0	0	0	0	0	0	0	0	0	0
TOTAL SUPPLY COSTS			(17,231)	(36,799)	(32,799)	(51,214)	(41,118)	(112,117)	(62,039)	(114,384)	(105,201)	(193,819)	(766,720)
GROSS PROFIT			217,126	363,069	448,826	541,956	648,894	714,131	924,440	1,100,143	1,369,480	1,499,661	7,827,726
THEME			0	0	0	0	0	0	0	0	0	0	0
SCHEME			0	0	0	0	0	0	0	0	0	0	0
TOTAL MARKET DEVELOPMENT			0	0	0	0	0	0	0	0	0	0	0
PROFIT BEFORE INDIRECTS			217,126	363,069	448,826	541,956	648,894	714,131	924,440	1,100,143	1,369,480	1,499,661	7,827,726
MARKET RESEARCH			0	0	0	0	0	0	0	0	0	0	0
RESEARCH & DEVELOPMENT			0	0	0	0	0	0	0	0	0	0	0
MARKETING INDIRECTS			0	0	0	0	0	0	0	0	0	0	0
SALES INDIRECTS	As % NPS	1%	(15,794)	(24,094)	(28,701)	(34,628)	(41,235)	(50,270)	(60,852)	(74,746)	(88,367)	(102,689)	(521,374)
GENERAL INDIRECTS	As % NPS	6%	(86,673)	(134,065)	(158,460)	(189,589)	(224,272)	(272,164)	(327,151)	(398,910)	(469,533)	(543,915)	(2,804,732)
CMSR			0	0	0	0	0	0	0	0	0	0	0
TOTAL INDIRECTS			(102,467)	(158,158)	(187,161)	(224,217)	(265,507)	(322,435)	(388,003)	(473,655)	(557,900)	(646,603)	(3,326,106)
TRADING RESULT			114,659	204,911	261,665	317,739	383,387	391,697	536,437	626,487	811,580	853,057	4,501,620

Note: From year 4: 35% taxes will be paid on the results

RATIOS OF NPS

Raw Material & Packaging costs			-73%	-71%	-71%	-70%	-70%	-70%	-70%	-70%	-69%	-69%	-70%
Production costs			-7%	-6%	-5%	-5%	-5%	-5%	-5%	-4%	-4%	-4%	-5%
Gross Profit			18%	19%	20%	21%	21%	20%	22%	22%	23%	22%	21%
Market development			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Indirects			-9%	-8%	-8%	-9%	-9%	-9%	-9%	-9%	-9%	-10%	-9%
T.M			10%	11%	12%	12%	13%	11%	13%	12%	14%	13%	12%

The P&L for Soap packing leads to a Gross profit in the range of 17%. The TM will rise from 61 Millions CFA in the first year up to 200 Millions CFA in the fifth year. The pay back of the investment for soap will not exceed two years.

The P&L for powders packing will deliver a GP around 25%. The TR will range from 53 to 210 Millions in five years.

For powder alone, the pay back of the project would be two years maximum.

6.5 Break even point

For soap, the break even point is achieved when the soap sales amounts to 450 Tons.

The powder activity is at break even when a volume of 80 Tons of sales is reached.

7 IMPACT OF THE PROJECT

7.1 Project's contribution to Unilever

Unilever will grow its volumes and make profit through this project while developing a market for its expansion without any additional cost and without any risk. This is a complexity reduction opportunity.

Making Unilever products widely available on a market where counterfeit and fraud are the norms is certainly the best way to fight these issues.

By addressing counterfeit issues, the project will increase the chances of the Supplier to meet its objectives in the other countries of the region. In fact, the lack of a strong KD in Guinea corresponds to turning this country into an open door for fraud and counterfeit that will ultimately impact the whole strategy of Unilever across UWA and even beyond.

Finally this project will get Unilever closer to its consumers and improve its image by making its products affordable for very low income populations. This is a way to present Unilever as a company contributing to poverty alleviation and sustainable development initiatives.

7.2 Project's contribution to the economy of the country

This project will contribute to direct job creation as per the table given under the heading 3.6 about labour.

In addition, number of indirect jobs will also be created in related industries such as transport, welding, electricity and many other companies operating in these areas.

The new organisation will be a tax provider for the country. Depending on the regulations in force in the country, it can even help with tax collection.

The project will generate income for people to be employed. It will utilise and develop local skills.

This project will provide an alternative to import of substitutes while ensuring consumer safety. In this regard, it raises the bar on quality standards on the market.

By protecting consumers, the company will help reduce the government spending in health care.

This project will also bring additional activities to local companies such as packaging material industries for corrugates, electrical and mechanical companies, spare parts suppliers, IT.....

8. SURVEYS AND ASSESSMENTS

All surveys and assessments required to undertake this project will be done (Environmental Impact assessment, Market survey ...)

Risk assessment will be done and mitigation plans will be put in place. From the initial studies carried out, the level of risk is very low;

9. CONCLUSION

The basis for calculations has been chosen on very conservative assumptions. Volume forecast has taken account of the start up issues and to minimise the level of the Working Capital requirement. In reality, there is a real chance that volumes will grow faster and will improve further the GP and the TR

The list of the products to pack is to be defined by Unilever. However, this initial draft suggests that project START will be highly profitable for the Supplier, Unilever and for the Copacker.

Moreover, the quality of the Unilever products and the implementation of the KD model give every confidence that the business to be created has excellent growth and profitability perspective.

The consolidated results summarised here are only about products to be packed.

**The consolidated P&L for products to be packed indicates an average GP around 20% and a TR from 114 to close to 400 Millions in five years.
The pay back of the project will not exceed two years.**

In addition, the distributor role would bring some additional profit. It is considered that the imported business will have a TO of Euro 1 million in the first year, 2 in the second year and 3 in the third year. From the third year, it is assumed that the TO will be increased by Euro 0,5 Million every year.

10. PROPOSITION

The aim of this document is to request Unilever to allow the implementation of this project.