

MAIZE MILLING BUSINESS PLAN - SAMPLE

iMvubu Holdings, Ltd

Siavonga District

Zambia.

1. Executive Summary

a) Business Concept

iMvubu Holdings, Ltd is proposing a maize mill to service the remote Siavonga district of Zambia. iMvubu will buy maize and produce maize meal with bran as a by-product. Current maize available in this area can see as much as a 15% cost increase due to transportation surcharges if and when available.

b) Financial Features

iMvubu estimates processing 700 tons of maize annually to produce 28,000 bags of maize meal. Peak sales season is December through March. First year expenses are estimated at \$211,763 with gross sales of \$241,648. Startup expenses are estimated at \$100,000.

c) Management

iMvubu will benefit from an experienced entrepreneurial-based management team. Adriaan Smit, an engineer and co-founder of several consumer and services based companies in the US, is responsible for

strategic corporate and financial planning. Hein and Melissa Myburgh, long term residents of Zambia with a firm knowledge of the local economy and experience in agricultural management and project infrastructure development, will run the day-to-day operations. Monica Schoonraad, a South African entrepreneur, investor and business consultant, brings to the table years of milling industry expertise and industry connections. Ownership interest is allocated at 30% to Adriaan Smit, 40% to Hein and Melissa Myburgh and 30% to Monica Schoonraad.

d) Partnerships

iMvubu will strive to form mutually beneficial partnerships with local farmers. Farmers will receive more favorable prices for their crops while iMvubu saves significantly on transportation costs.

e) Grant Request

iMvubu is seeking \$100,000 in ADM Grant funding. iMvubu will leverage this funding with \$280,000 of in-kind contributions in the form of capital, land, labor and expertise. ADM funding will be applied towards startup costs. This includes a maize mill and facilities to house the mill and the product inventory. In-kind and additional funding will be used for inventory purchases and operational expenses. ADM funding will greatly reduce the financial start-up burdens and provide for a much quicker path to profitability.

f) Economic Impact

With current high maize meal prices and frequent shortages, iMvubu Mill will provide a cheaper product and assure year round availability. Local farmers will also save costs by delivering their crops to a local mill. Similarly more local land owners would be able to farm with a local mill that can buy their product. This will stimulate the local economy and increase Siavonga District cash flow.

2. Business Profile

A. The Business

i. Goals and Objectives

Mission Statement – iMvubu Holdings, Ltd. will produce maize meal in the remote Siavonga District of Southern Zambia in order to reduce the retail price of maize meal in this outlying area.

Vision Statement - iMvubu will strive to stimulate and support long term economic growth and increased cash flow in the Siavonga and Chirundu districts.

0-18 month goals – This is the startup period where the milling infrastructure will be built. This includes building of facilities, ordering and installation of a maize mill, installation of electricity hookups, procuring maize sources, and the training of staff on operations and maintenance. Full operation will start during the 2011 harvesting season.

3 year goals – With positive cash flow iMvubu will turn its focus on growth through community involvement. iMvubu will work with non farming local property owners to encourage commerce and thus gaining additional maize sources.

5 year goals – Malnutrition is a widespread problem throughout Africa. iMvubu intends to attack this problem directly by working with the World Soy Institute and soy expert Dr. M Smit in South Africa to develop a soy protein enriched maize meal.

ii. Products and Service

iMvubu Mill will purchase maize and produce maize meal. Maize will be purchased from local and commercial farmers in any quantities. The maize is typically received bagged in 50kg bags. Maize will be stored until processed. Once processed, the meal will be bagged in 25kg bags and transported for sale. The grade of the meal is determined by the finished product's fineness. Finer meal is typically used for porridge with a runny consistency while coarse meal is used for a firm and pasty type porridge. Finer meal (called Breakfast Meal) is generally more expensive but ultimately preferred.

iii. Type of Business

iMvubu Mill is a newly established company, registered in November 2009. iMvubu Holdings Limited, is a corporation with four shareholders who all serve as the board of directors. During operation the mill will require 4 to 8 laborers respectively during the off and peak seasons to run at capacity. These workers will be hired and trained prior to the completion of the facility. The facility will be located at Plot 10763, Siavonga, Zambia along the Zambezi River. The mill is expected to be fully operational for the 2011 harvesting season.

Sales will be divided roughly 50% / 50% between wholesale and retail.

B. The Industry

i. Sector Description

Zambian Milling Sector History - Since maize meal prices were decontrolled during the early 1990's the milling industry has enjoyed a much more competitive market structure with smaller milling operations gaining ground against prior monopolies.

With the eruption of the well known political crisis in Zimbabwe many commercial farmers who lost their farms were offered land in Zambia. Two years after the settlement of the initial groups of farmers, Zambia experienced its first year of maize surplus.

ii. Competition

There are two categories of mills in Zambia: small scale mills that only serve their immediate communities and large scale mills that sell their product throughout Zambia. With no other local mills, the following large scale mills are considered the only competitors:

- National Milling Company (NMC) is the largest milling company in Zambia and has one outlet in Siavonga and another in Chirundu. Deliveries are sporadic at times.
- Mpongwe Milling, Antelope Milling, APG Milling, Choma Milling, GBM Milling, Ghirardi Milling, Olympic Milling, Simba Milling, and Superior Milling are located in Lusaka and have no outlets in either Siavonga or Chirundu.
- Kapinga Milling is located in Mazabuka. This company divides their product between Mazabuka and Lusaka. They produce both roller meal and breakfast meal.

These large scale milling companies are able to spend significantly on marketing and enjoy customer brand recognition. They are located in areas of established infrastructure and have strong relationships with maize producers, grain traders and outlets.

Large scale milling companies do however struggle to serve remote locations due to transportation costs. They also process such high volumes that quality is often neglected. Smaller outlets are typically ignored and customer support is virtually nonexistent.

Competitive Advantage

As the only small scale mill in the Siavonga and Chirundu area, iMvubu Mill offers the following advantages over competitors:

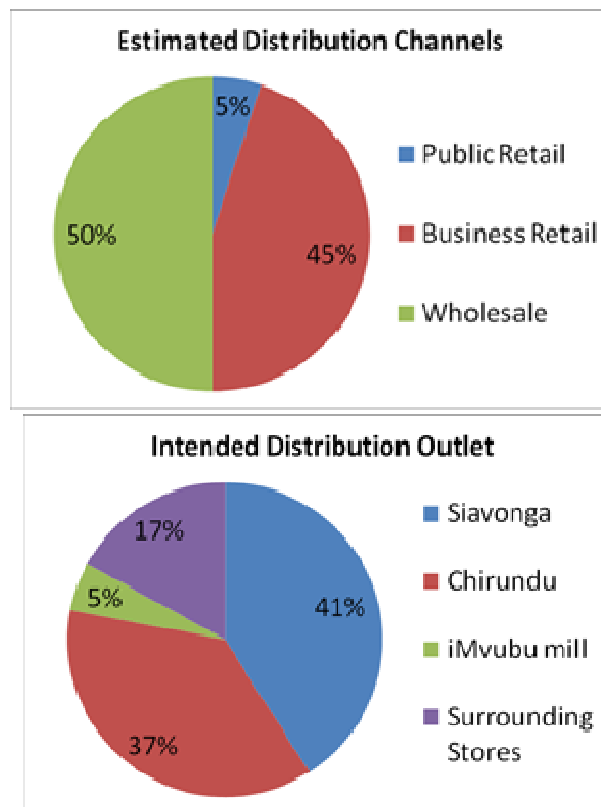
- *Location* – iMvubu is able to facilitate frequent deliveries assuring constant availability. Being local also saves transportation costs.
- *Product Quality* – There is currently no quality control enforcement in Zambia. Larger mills do occasionally produce poor quality meal due to negligence or simply as a result of processing large volumes of product. Given the manageable size of the iMvubu mill, such quality control can be performed regularly as needed without any difficulties.
- *Local Knowledge* – Traditional maize marketing channels in Zambia consists of: Producer → Grain Trader → Milling Agent → Retailer → Consumer. With iMvubu's African partner's close ties with local businesses, iMvubu will be able to buy maize without the use of grain traders as well as sell roughly 50% of the product independent of retailers.

iii. Market Characteristics

Zambia in general - Maize meal is the staple diet of Southern and Eastern Africa. An average adult in Zambia will consume around 120kg of maize meal per year (Chapoto & Jayne, 2006.) Most Zambians, will eat maize meal porridge for breakfast lunch and dinner with various side dishes. In rural parts of Zambia, such that surrounds iMvubu, a bag of maize meal means food security for an average family for two weeks and is their first priority when receiving a salary.

Local Target Market

Siavonga and Chirundu has a combined population of around 12,000 people. The surrounding compounds and villages add 13,000 people while the inhabitants of the villages between the mill and these two towns bring the total population up to around 31,000 people.



- Chirundu receives much trough traffic from South Africa and has seen significant growth over the past eight years. iMvubu will sell directly to both business consumers as well as retail outlets in Chirundu.
- Siavonga is located on the shores of Lake Kariba with kapenta fishing and tourism as its economic bases. iMvubu will again sell directly to the fishing and tourism business consumers as well as to retail outlets.
- Other Outlets - There are several small shops in the local area and in route to Siavonga and Chirundu that can serve as retail outlets and who will benefit from iMvubu's delivery as they rely on public transportation to Lusaka to buy stores.

- From the Mill to the Public - iMvubu will also incorporate a small outlet at the mill to supply the immediate surrounding customers.

By-product Market

A maize mill produces bran as a by-product. Not fit for human consumption, maize bran is a nutritious component of livestock feeds and is even used by some farmers as a complete replacement for expensive livestock feeds. 20kg Bags of maize bran currently sells for K12,500, which is around 25% of the price of the same weight in maize meal. The demand for this product is always high in Zambia as animal feeds are very expensive and there are many livestock farmers. In Siavonga and Chirundu areas alone there are several small and medium scale cattle and sheep farmers that currently drive to Kafue or Lusaka regularly (up to 200kms/125mi away) in order to buy maize bran.

iv. Industry Dynamics

Sales Fluctuations

Seasonal Fluctuations - Throughout rural Zambia people plant small areas of maize around their huts to supply most of their needs. After drying and cleaning the maize they grind it into a meal by hand or with small diesel powered milling units called hammer mills, or chigayos. This practice effectively removes these sustenance farmers from the commercial maize meal demand. However, every year between December and May there is again a sharp increase in demand for commercially milled maize as these sustenance farmers once again start relying on commercial meal. This is due to the following two reasons:

- Sustenance farmers do not have access to adequate storage facilities for their maize. If there is a big surplus of maize during the rainy season most or all of it might spoil because of rain and high humidity.
- Many sustenance farmers simply did not grow enough.

The demand for commercial meal once again drops in May every year when people again start harvesting their own crops. During the peak months of December through May most milling companies look at producing twice as much maize meal per month as they would during the rest of the year.

Annual Fluctuations - The milling industry in Zambia has enjoyed a very stable environment over the last few years. The main reasons for this stability are:

- Zambia has one of the most stable and favourable natural climates in Southern Africa for growing maize. Droughts and occasional floods along some of Zambia's main rivers do occur which can impact national maize production negatively. On average however, Zambia has been producing more and more maize every year for the last eight years.
- During times of less maize production, and even in times of shortages, maize allocated for human consumption receives priority above other maize consuming business sectors like stock feed production, breweries and of course exports. Prices do increase but are simply reflected in higher maize meal pricing. This leaves the milling operators largely unaffected by less availability of maize.

Population Growth and Migration

It can be accepted that 94% of Zambians consume maize meal as their staple diet. The nationwide market for maize meal sales can therefore be directly connected with population figures and growth rates. The current estimated population of Zambia is 12,620,219 and grows with 2.4% annually.

Although it is difficult to quantify this fact without the proper censuses, iMvubu's African partner is confident that the populations of both Siavonga and Chirundu are constantly on the increase. This is evident in the rapid expansion of housing areas, new businesses and tourist lodges, specifically in the border town of Chirundu. New businesses stimulate employment and a steady flow of villagers from rural areas. In these towns however, people are no longer able to farm their own crop and they solely rely on commercial meal.

v. Trends

Government Allocation of Maize

In times of maize shortage the Zambian government typically first cuts all exports and then reduces the allocation to other business sectors such as stock feed producers and breweries. The Food Reserves Agency is always allocated a portion of maize to keep a buffer in place in case food aid programs might need to be implemented during natural disasters like floods or drought.

Climate Surrounding Maize Production in Zambia

Political Climate - Zambia is one of the few countries in Southern Africa that never had to win its independence through warfare. A peaceful transition to independence was granted to Northern Rhodesia by Great Britain in 1968 when it became the Republic of Zambia under its first president, Mr. Kenneth Kaunda.

This peaceful aspect of Zambia's development as an independent African country is visible in its economy today. Zambia and its people do not have a negative outlook on the west as some of its neighbouring countries. Zambia's optimism and co-operation with the west is evident in reform and development programs initiated by the government – programs to streamline processes in business and investment start-up, programs to speed up land ownership processes and even reforms in state departments like immigration that allows foreign investors and NGO's to start work in Zambia with little difficulty.

It is this same positive atmosphere that welcomed so many commercial farmers from both Zimbabwe and South Africa to start farming in Zambia. Large blocks of land with big agricultural potential like Mkushi and Mumbwa was made available to groups of farmers and the presence of such farmers has been instrumental in boosting food production of Zambia.

Zambia is currently enjoying the presence of many foreign investors resulting in much development throughout Zambia, and especially in the capital, Lusaka. New hotels, shopping malls and business centres are being erected at a phenomenal pace.

Zambia is a democracy with healthy opposition to its ruling party. Freedom of speech is protected and exercised. The current positive political situation, the prolific investment atmosphere

together with the moderate attitude of its people makes Zambia an ideal member of the developing world to get involved with on a business level.

Natural Climate - There are two main seasons: the rainy season (November to April) corresponding to summer, and the dry season (May to October/November), corresponding to winter.

Rainfall ranges from 500 to 1400mm per year (700mm in the area surrounding the iMvubu Mill, the Lower Zambezi Valley.) The distinction between rainy and dry seasons is marked, with a dry spell in June, July and August.

The highest rainfall is in the north, especially the north-west and the north-east, decreasing towards the south; the driest areas are in the far south west and the Luangwa River and middle Zambezi River valleys, parts of which are considered semi-arid. Use of drought resistant or quick maturing cultivars of commercially produced maize seed works around the problem of relatively low rainfall in areas such as these.

3. The Market

A. Target Market

The target market is the Siavonga District of the Southern Province of Zambia. Siavonga District is about 1,900 sq. km/ 700 sq. mi, and includes the towns of Siavonga and Chirundu. There are also numerous smaller towns like Lusitu, Sikoongo, Simamba, Namoomba and Pambazane.

Population Statistics: About 19,000 people or 61% of the target market are rural and live in compounds or villages around and between the towns of Siavonga and Chirundu. This part of the population will mostly produce, process and consume their own maize between the months of May and November. They will however make up a big part of our consumer base in the remaining months of the year between December and April. It is this re-entry that causes the annual peak in maize meal sales.

About 12,000 people or 39% of the target market live in the towns of Siavonga and Chirundu. The providers of the majority of these families earn their money through employment by local businesses like kapenta fishing outfits, commercial farms (bananas, maize, wheat, fish and crocodiles) or at any of the tourist lodges that richly line the Zambezi River between Siavonga, Chirundu and the Lower Zambezi National Park. Siavonga and Chirundu border Zimbabwe and have a constant presence of government officials. Siavonga also serves as the district headquarters which brings with it the presence of many council employees as well as representatives of government departments such as Education, Welfare, Fisheries, Agriculture and the State Veterinarian Department. These government departments make up a large part of the more affluent section of this society.

B. Marketing Plan

Product Use and Benefit: iMvubu Mill will be filling a need within the Siavonga District that is inherent to its remote and outlying location. iMvubu will provide a lower priced product as it will be locally produced. iMvubu will also ensure a high quality product with consistent availability.

Price Point: Maize meal (roller meal) currently retails at K48,000 per 25kg bag in Siavonga and Chirundu. This price is on average between K4,000 and K8,000 more than retail prices in Lusaka due to the added transportation costs. As a local mill iMvubu will provide maize meal to this market without the transportation surcharges allowing for a retail price of K43,000. iMvubu will also offer a wholesale price of K38,000 allowing for the typical 13% retail markup. At this price point with a quality product market acceptance is assured.

Sales Channels: Sales are divided roughly 50% / 50% between wholesale and retail. All retail sales and wholesale sales will be mostly cash sales except for a few large accounts with outlets who will receive net 30 days payment terms.

Marketing: Due to unavailability of advertising media, iMvubu will promote its product through direct sales calls to businesses and retail outlets. Maize meal is a staple food and product of importance and word of mouth advertising will account for a large portion of the general public's product awareness. By providing a quality product at a cheaper price, iMvubu is virtually removing all barriers to product acceptance. The brand name and logo "iMvubu", *Hippopotamus* in the local language, is a common sight throughout the entire Zambezi Valley and something that Siavongans are proud of.

4. Description of Product and Business Operations

A. Product Manufacture/Service Provision

Maize milling is the process where dried maize kernels are refined to maize meal. The maize milling process is a mechanical process and consists of cleaning, grinding and sieving operations. After each sieving operations, product of a particular quality is drawn and the residue is recycled for further grinding or milling.

Equipment / Facilities: The production of maize meal requires a maize mill. The mill is constructed of various parts each responsible for performing functions such as sorting, cleaning, conveying, conditioning, grinding, crushing, purifying, and bagging. The mill will be housed in a building that contains all of its operations. Roughly 150m² is required for the milling equipment with another 50m² for surrounding working space. A building with an additional 50m² is required as temporary storage for the daily finished maize meal product prior to being delivered.

Raw Materials: The only raw materials required to produce maize meal are dried maize and water. Maize is purchased a various quantities bagged in 50kg bags. iMvubu will give all local farmers first priority before purchasing from commercial growers. Water is pumped in from the nearby Zambezi River. The pre-processed maize is stored in a building with floor dimensions of 30m x 18m or 540m² and ceiling height of 6m thus capable of containing 700 tons of maize. A water tank is also required to maintain 400L of water per day for the mill's operations.

Regulations: Although not regulated yet the Zambian Food and Drug Control Board has determined programs and objectives for 75% of large scale maize millers to fortify maize meal with multiple nutrients at the levels stipulated by the FDC Board of Zambia. A strategy is in place to develop and test a standards technical norm to be used as reference for those industries willing to increase the added value of their products. This is a five year strategic plan to prevent and control vitamin A deficiency in Zambia.

Maize Meal fortification strategy:

- Consultative meetings among maize meal millers to finalize the regulation for maize meal fortification
- Legal affairs will gazette regulations, review and inclusion in the printing of Food and Drug regulations

- Disseminate the food and Drug regulations to the maize meal millers, Food and Drug Control lab and the Bureau of Standards

The Millers association of Zambia has agreed to add vitamins and minerals to its products. Progress on a more region-wide basis to fortification and standards is also necessary. iMvubu intends to form long term relationships with several health oriented organizations to combat malnutrition in Africa. Both protein and Vitamin A deficiency is a well know fact throughout Africa. A report by the UN children's Fund (UNICEF) states that micronutrients deficiencies debilitate minds and bodies. A long term goal is for iMvubu to attack the protein deficiency problem directly by working with the World Soy Forum and soy expert Dr M Smit in South Africa to develop a soy protein enriched maize meal.

Quality Control: iMvubu will maintain a strict quality control of both incoming raw materials as well as the finished processed maize meal product.

B. Operational Plan

Current Status

iMvubu Mill is a newly established company, registered in November 2009 to meet the inherent maize demand within the remote outlying Siavonga District in Southern Zambia. In order to produce quality maize meal by the 2011 harvesting season, iMvubu will erect a facility for a maize mill with surrounding infrastructure during the 14 months following funding. iMvubu has completed detailed financial, operational and business startup planning. Post funding, iMvubu is ready to proceed with the following startup activities:

- Erection of building, ordering maize mill
- Securing contracts for raw material procurement
- Installation of electricity and mill
- Milling operations

Activities and Milestones

The following timeline illustrates the detailed activities planned during the startup phase. These activities are a one-time expenditure. Once completed, minimal maintenance will assure a continual working infrastructure for a successful milling operation.

Startup activities according to a 14 month timeline:		
2010/02	–	Administrative: bank accounts, permits etc...
2010/04		Continuation on electricity application with Zambian government
		Building planning, sourcing of materials
		Strategic planning of maize purchases for 2011
2010/05	–	(end of rainy season) Building of facilities

2010/07		Continuation on electricity application with Zambian government
		Start initial milling operational training
2010/08 2010/10	-	Order mill
		Finalize construction of facilities
		Further training on milling operations
		Training and preparations for maize storage
2010/11 2011/01	-	Electricity installation
		Mill installation
		Sales calls and procuring customers
2011/02 2011/04	-	Securing maize sources under contract
		Hiring and training of staff members
		Sales calls and procuring customers
2011/05 -		Receiving maize for processing and storage
		Start milling operations
		Delivery of product to clients

Startup Costs

There are several startup costs that are due to infrastructure development. These costs are one-time expenditures totaling \$100,000 and include:

- \$75,000 - The maize mill
- \$5,500 - Buildings to house the mill and processed maize meal
- \$14,500 - Storage buildings for pre-processed maize
- \$2,000 - Pest control equipment
- \$3,000 - Electricity lines and transformer

(All costs include labor, transportation, and fees where appropriate)

Key Startup Responsibilities

Diaspora Partner – Adriaan Smit: Strategic corporate and financial planning. This includes all fundraising such as grants, in-kind contributions and investments. Also includes all budgets and overall project management. Will also manage the sourcing and installation of the electricity lines and power transformer needed to connect to the public power lines.

Sub Sahara African Partners – Hein and Melissa Myburgh: Preparation of building location. Oversight of building installation. Oversight of mill installation. Negotiations with government for public electricity hookups. Strategic planning for sourcing maize. Managing administration, workers and training of workers. Sales calls and procuring a customer base.

Industry Specialist – Monica Schoonraad: Sourcing and managing the delivery and installation of the mill as well as the building of the facilities to house the mill. This includes research on appropriate prefab building materials and viable materials sources.

Workforce

Post startup, during normal operation the mill will require 2 to 6 laborers respectively during the off and peak seasons to run at capacity. The Sub-Sahara-African partners will manage and oversee the day-to-day operations with Hein as Operations manager and Melissa as Financial manager. Operations management will consist of overseeing milling operations, labor, maintenance, quality control and product delivery. Financial management will consist of sales, marketing and administration. Workers will be trained on location and will be responsible for running the mill.

Business Capacity

The mill will have a throughput capacity of 0.9 tons of maize per hour. The down time on a mill is about 15% with 10% idle time. A six hour milling period will result in roughly 6.2 tons of maize meal per day.

C. Risk Analysis

Strengths: As the milling industry is a well established industry, iMvubu is able to efficiently implement a maize mill in the Siavonga district of Zambia. Information and expertise is available on the subject. Failure modes as well as recommended fixes are well documented. Parts are standard and easy to keep in stock. Similarly there are a number of mills in other remote areas of Zambia that are successfully fulfilling the same service in their immediate community as iMvubu intends to provide in the Siavonga District. As iMvubu will not be competing with these mills their management are on good terms with iMvubu's African partners and always willing to lend a helping hand.

Maize meal is the staple food of Africa and is always in high demand, especially in the remote outlying areas. Due to the vast distances on less than ideal roads, these outlying areas are often neglected by the larger prominent meal producers. However, even when they are serviced, the added transportation costs are typically reflected in the meal prices. These conditions provide iMvubu with an easy entry point to the market with potential for quick market penetration. iMvubu will be able to gain a very loyal consumer base by offering better prices and maintaining a consistent inventory. Local knowledge and firm relationships with many of the surrounding commercial businesses will be instrumental in the market penetration and overall product acceptance. Many of these businesses will feed a workforce of between 80 and 200 workers on a daily bases and collectively account for roughly 45% of all sales.

Having the capacity to deliver maize meal directly to retailers and businesses will allow iMvubu to create and sustain healthy relations with customers. This is an important aspect in ensuring repeat business.

Weaknesses: The maize industry, as with all agriculture, is one that is at the mercy of Mother Nature. Although Zambia enjoys one of the most stable agricultural weather climates in Africa, nature still remains unpredictable from time to time. Establishing a milling operation in a remote outlying area in Zambia will require a relatively large capital investment. International imports from countries with surplus could drive prices down drastically if the government fails to step in and apply the appropriate import duties to protect the local producers.

Opportunities: Sufficient fertile land close to the Zambezi River is available to supply the maize needed to produce the annual maize meal quota.

Threats: The Zambian government, through the Rural Electrification Authority, might fail to extend the electricity network to the iMvubu area within the promised time frame. In this case iMvubu will work to secure external funding from development orientated organizations / businesses in order to pay for the needed electricity or a diesel generator. Zambia has one of the most stable weather patterns in Africa. However, iMvubu will be buying most of its maize from local farmers in the Siavonga district. These farmers do not irrigate and rely completely on natural rainfall for their crops. Failing weather could directly influence iMvubu's maize supply. The ability for larger competitors to lower their prices to match or undercut iMvubu's is a potential threat. However, due to the costs involved to service the Siavonga area and the fact that Siavonga and Chirundu sometimes does go without service, it is unlikely that the competitors will fight to maintain this market.

5. Organization and Management

Organization: iMvubu Holdings Limited, is a corporation with four shareholders who all serve as the board of directors. Ownership interest is allocated at 30% to Adriaan Smit (Diaspora partner), 40% to Hein and Melissa Myburgh (Sub-Sahara-African partners), and 30% to Monica Schoonraad (industry consultant).

Management: The board of directors / shareholders will jointly plan long term strategy and day to day operations will be run by the Sub-Sahara-African partners. Operations management will consist of overseeing milling operations, labor, maintenance, quality control and product delivery. Financial management will consist of sales, marketing and administration. Diaspora partner Adriaan Smit will be in charge of fundraising and Monica will provide assistance to both parties as needed.

Technical Expertise: a Miller with technical expertise in the milling process will be appointed. Hein Myburgh will also receive the necessary training to assist and eventually fill in this roll.

Human Resources: Human resource requirements for a maize mill are minimal. Laborers will upload and download the bags of maize and maize meal, monitor the mill during operation, clean the mill and surrounding areas and seal the bags of processed maize meal. Typical wages for local labour is around K12,000 per day.

Partnership: Adriaan Smit – Diaspora partner residing in the US

Hein Myburgh – Sub Sahara African Partner residing in Zambia

Melissa Myburgh – Sub Sahara African Partner residing in Zambia

Monica Schoonraad – Industry Consultant residing in South Africa

6. Summary of Operational Finances, Sources, and Uses of Funds

In comparison to other business models a maize mill financial model is relatively straight forward. Maize is purchased, and maize meal is sold. iMvubu will be able to sell 50% of its product at retail and the remainder at wholesale.

iMvubu is will be receiving \$380,000 in startup funding from various sources. \$80,000 is in-kind contribution in the form of land from Mukuyu Outreach. The \$100,000 ADM funding will mostly be allocated towards startup costs. The remaining funding expected just prior to kicking off full operations will come from an ADF Grant via Mukuyu Outreach and a private Philanthropist Investor. These funds will provide iMvubu with the needed inventory capital as well as operational cash flow.

Startup costs total \$100,000. Capital going towards inventory is \$158,865 while operating expenses for the first year are estimated at \$52,898 including anticipated taxes. Gross sales are estimated at \$241,648 for the first year with an annual growth rate of 5%.

As the entire industry is mostly a cash industry, iMvubu will pay all accounts in cash never carrying any debt. iMvubu also expects all sales except for a few large accounts to be cash. These accounts will be net 30 days.

The financial model has been formatted to align with the annual agricultural season with the start of the year in May and ending in April. iMvubu is further anticipating being able to sell virtually all inventory prior to new acquisitions in the new year.
