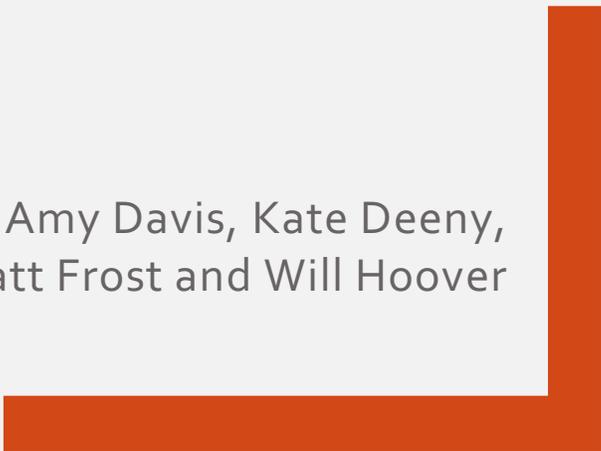




Business Analysis & Strategic Plan

# TUSPA ENTERPRISES

Annie Carruthers, Amy Davis, Kate Deeny,  
Matt Frost and Will Hoover



# TABLE OF CONTENTS

|                                    |           |
|------------------------------------|-----------|
| <b>EXECUTIVE SUMMARY</b>           | <b>3</b>  |
| <b>DELIVERABLES</b>                | <b>4</b>  |
| <b>EVOLUTION OF PROJECT GOALS</b>  | <b>4</b>  |
| ORIGINAL OBJECTIVES                | 4         |
| KEY AREAS OF NEED                  | 4         |
| <b>COMPANY BACKGROUND</b>          | <b>5</b>  |
| <b>RESEARCH METHODOLOGY</b>        | <b>5</b>  |
| <b>SWOT ANALYSIS</b>               | <b>6</b>  |
| STRENGTHS                          | 6         |
| OPPORTUNITIES                      | 6         |
| WEAKNESSES                         | 6         |
| THREATS                            | 6         |
| <b>STRATEGIC PLAN</b>              | <b>7</b>  |
| FINANCIAL REPORTING                | 7         |
| STRUCTURED BUSINESS PLAN           | 8         |
| NEW MARKET IDENTIFICATION          | 9         |
| COLLECTIONS ON ACCOUNTS RECEIVABLE | 10        |
| EDUCATION & MENTORING              | 10        |
| <b>TIMELINE</b>                    | <b>11</b> |
| <b>OTHER AREAS OF NEED</b>         | <b>11</b> |
| <b>"THINK BIG" PLAN</b>            | <b>12</b> |

## Executive Summary

Tuspa Enterprises (Tuspa) is a consumer foods company based in Kampala, Uganda that primarily manufactures peanut butter, popcorn, and honey. Founded by Pamela Tusiime (Pam) to help pay for school fees, Tuspa Enterprises has successfully grown into a functional business. Generally, Tuspa's growth has been hindered by high interest loans and a general lack of access to working capital. The Global Livingston Institute (GLI), a U.S.- and Uganda-based community development organization, recognized this barrier and issued Tuspa a working loan with a competitive rate. GLI aims to assist Tuspa by providing resources and strategic plans that will allow Pam to effectively grow the business. In partnership with the University of Denver Daniels College of Business (DU), this project seeks to assist Pam and Tuspa with key deliverables that will support her business operations and sustainability.

Team Tuspa, made up of student consultants from DU researched the current Ugandan business environment and consumer packaged goods market prior to traveling to Kampala. This gave the team an understanding of the barriers to doing business in Uganda. Once on ground the team gathered extensive knowledge through interviews with Pam and visits to local businesses. This primary research helped the team narrow the project scope in order for it to be as effective as possible for both GLI and Tuspa. The research resulted in this report, as well as, a series of deliverables detailed in this report.

The following report is designed to guide the development, growth, and future operations of Tuspa Enterprises. Its function is to identify the most pertinent areas of improvement Tuspa is experiencing as this time. This will allow Tuspa to better meet its current and future product goals.

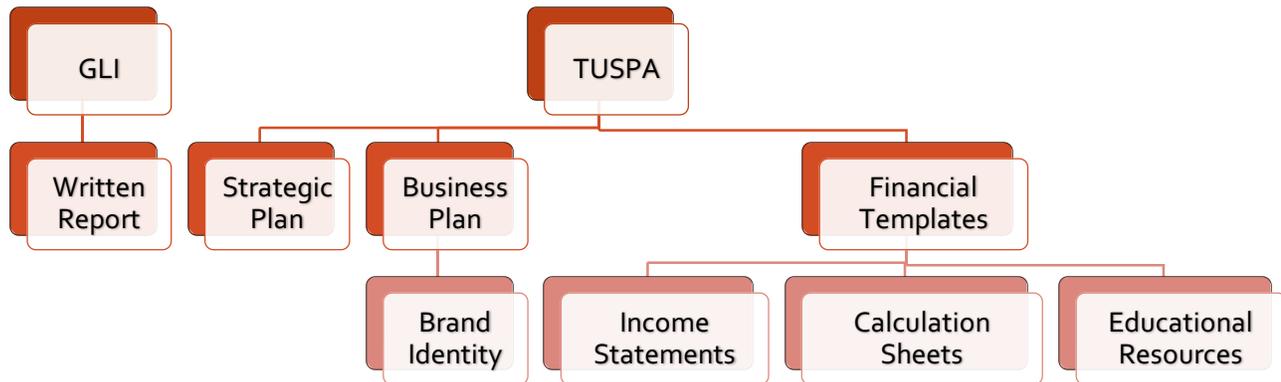
The five areas of improvement identified in the strategic plan in this report are:

- Financial reporting
- Structured business plan
- New market identification
- Collection on account receivables
- Education and mentoring

In addition to a strategic plan, this project aims to provide the client with all of the necessary tools, resources, and recommendations to improve business operations. This includes educational videos and articles, as well as, a comprehensive financial template to streamline the reporting of daily business activities.

## Deliverables

Team Tuspa has provided consulting and advisory services to improve, manage, and expand the existing Tuspa Enterprises organization by first observing key operations and understanding the local and East African market for peanut butter. Then, through on-ground research in Uganda, the team had identified key issues with the business and created a variety of deliverables. The deliverables include the following:



## Evolution of Project Goals

As Team Tuspa worked on this project and had further conversations with GLI and Pam, the project scope became more clear. Prior to landing in Uganda, the team used three primary objectives as its guiding principles.

### Original Objectives

- Create a successful business plan that allows Tuspa Enterprises to meet current and future product goals
- Provide client with all necessary tools, resources, and recommendations to better the business and employees
- Strengthen and leverage the partnership between Tuspa, The Global Livingston Institute and future Daniels MBA Consultants

While these objectives remained present throughout the remainder of the team's research, ultimately, the project has been centered on the five most pertinent areas of need facing Tuspa at this time. The narrowing of scope is meant to more effectively impact Tuspa. By focusing on these key areas, Tuspa can set itself up for success and then address other areas of improvement. But, the team firmly believes these five areas must be remedied before further growth.

### Key Areas of Need

- Financial reporting
- Structured business plan
- New market identification
- Collection on accounts receivable
- Education and mentoring

## Company Background

Pam began Tuspa by selling peanuts before class to raise money for school fees. Pam noticed a lack of supply in local markets for peanut butter and began selling to a chain of local supermarkets. She was making a margin of about 1,000 UGX (25 cents) per jar. As she grew her company, she began satisfying a concession she needs for honey, maize, dried fruits and many more products. Currently, Tuspa sells the following products:

- Peanut Products
  - Regular peanut butter
  - Peanut butter with silverfish
  - Roasted peanuts
  - Groundnuts
  - Sim-sim
- All-Natural Honey
  - All-natural regular honey
  - All-natural lemongrass honey
- Popcorn
- Legumes
  - Yellow beans
  - Nambales beans
  - Kanyesbwa beans
- Dried fruit
  - Banana crisps
  - Banana crunches
  - Nice daddies

It is important to note that not all products are being produced consistently at this time. Rather, Pam produces products based on orders and at an ad-hoc basis. The hindrance of delayed payments affects her ability to purchase supplies and make reliable deliveries. The products in which she does sell at local grocers sell successfully, so it is assumed there is a substantial market and customer-base for Tuspa products.

## Research Methodology

The team conducted two phases of research. The first phase was conducted prior to traveling to Uganda and consisted of secondary research and several interviews with GLI partners and Pam. Using this knowledge, the team identified key stakeholders in Kamapala who could help inform the project. The second phase occurred whilst in Uganda. During this time the team met with Pam on several occasions, and spoke with the managers of Nakumatt and Café Javas, grocers in Kabale, a DU alum working with a hot sauce entrepreneur and Pizza Hut, as well as, several consulting groups that work with SME's. In both phases, the team structured the research around conducting stakeholder analyses and refining Tuspa's needs assessment to get an accurate picture.

## SWOT Analysis

The team used a standard SWOT analysis model to better understand Tuspa and the environment in which it operates. Strengths and weaknesses related to the internal operations of Tuspa. In contrast, opportunities and threats refer to elements of the external business environment –in this case Kampala and greater Uganda. By identifying the key strengths, weaknesses, opportunities, and threats, the team was able to determine which areas were most impactful for the company.

Key highlights from the SWOT:

- Tuspa’s cost leadership strategy, in which it aims to offer a high quality product at the lowest possible price and its list of natural ingredients aligns well with the market opportunity for “African-made” or locally-sourced products.
- Pam is visionary and an expert of her operations. She is also resourceful and able to adapt to the uncertainty presented to her through the business environment. If she partners with UWEAL, an entrepreneur network, she can gain advantage through its mentoring and training services.
- Pam’s limited access to working capital and high interest rates will remain an issue as it is an issue across the country. This should inform Pam of a need to find alternative sources of funding.
- Pam struggles to enforce her distributors and collect late payments. This could be in part to her being a female business owner and the general attitude toward women business owners across the nation. Because capital remains unstable throughout Uganda, this presents a particularly imminent need to be remedied.

|  |  |
|--|--|
| <b>Strengths</b> <ul style="list-style-type: none"><li>• Client Narrative</li><li>• Resourceful &amp; adaptable</li><li>• Cost Leader</li><li>• Locally sourced &amp; all-natural product</li><li>• Visionary expert</li><li>• Community focus</li></ul> | <b>Opportunities</b> <ul style="list-style-type: none"><li>• Local support of SME’s</li><li>• UWEAL</li><li>• “African-made” or locally-sourced trend</li><li>• New, customized product line</li></ul>   |
| <b>Weaknesses</b> <ul style="list-style-type: none"><li>• Access to working capital</li><li>• Lack of debt collection enforcement</li><li>• Inability to pay loans</li><li>• Current workflow strategy</li></ul>   | <b>Threats</b> <ul style="list-style-type: none"><li>• Lack of affordable capital for SME’s</li><li>• Attitude toward female business owners</li><li>• Volatility of raw materials</li><li>• Multinational competition</li><li>• Future economic &amp; political instability</li><li>• Capital instability</li></ul> |

## Strategic Plan

### Financial Reporting

Reliable and accurate financial reporting is key for Tuspa Enterprises. Having consistent records will allow Pam to better communicate Tuspa's success to potential funders. The reports also aim to assist Pam in projecting future finances and better manage her accounts receivables, which have been a hindrance up until this point. Currently, Pam records Tuspa business activities on a daily basis. The template in which the team created allows for daily, weekly, monthly, and annual reporting. Pam needs only to report daily and the template fills in the rest of the statements. The template was made with the idea Pam could eventually show investors and her accountant Tuspa's financial performance. Knowing Pam is not familiar with Microsoft Excel, this objective includes providing Pam with educational resources to help teach Pam how to operate the software. Prior to the implementation of either of these strategies, however, GLI or another resource needs to provide Pam with Microsoft Office software. Currently, Pam's MacBook Air only has Numbers, which is not compatible with most computers. Excel will give Pam more flexibility as well as utility.

*Financial Reporting Objective: Compile key financial templates and reports to better demonstrate company performance by March 2017.*

The template includes:

- Income statements
- Statement of cash flows
- Profitability margins
- Growth & common size analysis
- Calculations sheet for products

Strategies include:

- Develop financial template to accurately reflect business performance
- Recover current Tuspa records and transfer to electronic document
- Compile educational resources to inform Pam of how to effectively utilize financial statements
- Maintain ongoing contact with Pam in order to be available to answer any questions

## Structured Business Plan

A structured business plan will allow Pam to share the story of Tuspa to investors, suppliers, and customers. It will also clearly outline future goals, key financial measures, current company highlights. The business plan includes a company mission, background information, industry growth and characteristics, marketing strategies, financial analyses, and future goals. As branding was an original component of this project, the team has created a branding story and image for Tuspa. This is largely based on preliminary and secondary research of consumer preferences, as well as, a stakeholder analysis with Pam. The attributes highlighted through the proposed branding account for Tuspa's primary values as identified by Pam and the team.

*Business Plan Objective: Create a business plan by February 1, 2017 that clearly tells the story of Tuspa and guides Pam to her goals for the company.*

In hopes of easing Pam's search for working capital, the business plan will include the following branded material:

- Detailed word-document
- PowerPoint presentation
- One-page leave-behind

Strategies include:

- Align the business plan with Tuspa branding in order to have a streamlined image across all materials
- Provide Pam with a strong structure with opportunity and space for Pam to fill in as she becomes familiar with the goals of a business plan

## New Market Identification

Tuspa Enterprises struggles to generate consistent revenue. In part, this is due to a lack of consistent and reliable buyers. While the current grocers who distribute Tuspa products are an obvious source of profit, it is imperative to identify new, more lucrative markets in which to sell Tuspa products.

*New Market Objective: Identify four new markets that are believed to be ideal choices to sell Tuspa products by March 2017. Each new market should be clearly defined and the reasoning as to its compatibility with Tuspa should be stated.*

Strategies will include:

- Restaurants: Leverage the current network of GLI to form partnerships with restaurants that cater to the Ugandan middle class and the ex-patriate community. We believe these restaurants are likely to support the story behind Tuspa, as well as, other local companies. This strategy will allow Tuspa to sell wholesale directly to a customer. This business-to-business method will generate more reliable payments.  
Restaurants to consider:
  - Prunes
  - Café javas
- Hotels & Hostels: Approach hotels and hostels that cater to travelers, and create a partnership to sell Tuspa peanut butter directly from the locations. It became apparent that peanut butter is a desired food for many travelers as it is not as customary in East Africa as it is in other parts of the Global West.
- GLI Enterprises: Begin selling Tuspa products at the Entusi Resort and other GLI network establishments as there is already an established relationship between both parties.
- Wholesalers: Identify wholesale retailers that offer more reliable payments and are able to distribute Tuspa products widely. It is important to note this affects packaging materials as Tuspa must deliver products in large cardboard boxes.
- Kiosks & Convenient Stores: Based on research McKinsey has conducted on consumer packaged goods in Africa, utilizing this type of business offers a cleared route-to-market model than traditional grocers. More frequent trips can occur in and around Kampala, and it has been found most consumers purchase products via stores like these.

## Collection on Accounts Receivable

Delayed payments from distributors is an enormous burden to Tuspa's performance. Given the inconsistent schedule of payments it is challenging to predict cash flows, which directly affects the company's ability to produce more products. This has created a precarious cycle that has prevented the company from growing. Without the ability to demand payments, Tuspa will not be able to move forward.

*Collections Objective: Create a collection plan and schedule for Tuspa by April 2017.*

Strategies will include:

- Identify what portion of the account receivables should be written off
- Research and hire a lawyer to assist Pam in creating contractual agreements for future distributors
- Form a relationship with a trusted debt collector and approach companies about late payments

Companies that need to be addressed include:

- Nakumatt
- Tuskys
- Outlet Store
- Jackie Min Supermarket

## Education & Mentoring

Pam is an incredibly savvy businesswoman who understands the challenges and opportunities that face her company. With additional education and mentoring, Pam will undoubtedly succeed if she wants to. This goal aims to provide Pam with the resources she needs in this moment to achieve the desired goals.

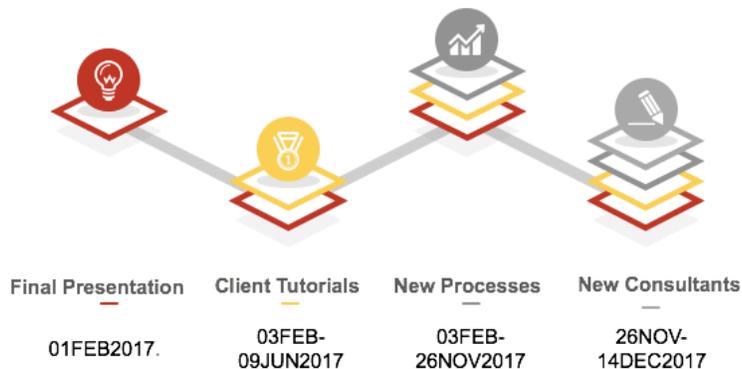
*Education Objective: Provide Pam with the needed resources that will give her the knowledge and support she needs to grow Tuspa by April 2017.*

Strategies will include:

- Provide Pam with Microsoft Office so that her files are compatible with other software
- Provide Pam with resources and video tutorials of using Microsoft Excel
- Create material that will inform her about best business practices. These will include:
  - Definition sheets for common business terminology, in particular regard to specific financial statements and their purposes
- Connect Pam to the Uganda Women's Entrepreneur Association, Ltd (UWEAL), which offers vocational training, mentoring, and strategies for accessing capital to its members

## Timeline

The timeline is separated into four phases. The first phase captures implementing new processes that are to be confirmed by Pam. This will begin from the start of the final presentation. Phase II represents client approval and receiving the educational tools and deliverables stated within this report. Phase III involves integrating the recommended processes, such as implementing the team's branding strategy and beginning to report financials in the new template. This phase will also incorporate ongoing education whether from the team on a quarterly basis or a mentor assigned by GLI. The final phase occurs at the end of 2017 when the possibility of a new group of graduate student consultants begin to work with GLI and Tuspa.



## Other Areas of Need

While this project focuses directly on the areas of need the team feels are the most time sensitive, there are several other areas that Tuspa needs to address in order to continue its success. The team hopes identifying these areas will help GLI and DU further its partnership with future business students. These areas are:

- Safety
  - Product manufacturing
  - Employee health & safety
- Process flow
  - Efficiency
  - Equipment upgrades
- Alternative sources of funding
  - Crowdfunding
  - Open Capital Advisors
- Formal record keeping
  - Microsoft Excel tutorials
  - Daily/weekly/monthly record keeping

## “Think Big” Plan

The theory behind a “think big” plan was introduced through GLI. The concept illustrates how providing far-reaching ideas and plans for the future of the company can ultimately help the company grow, whether these big, visionary ideas are successfully implemented or not. The team has to provide ideas and assist the client in planning for her long-term goals that could bridge the gap between the desire to grow and the ability to execute this growth. In conclusion of its research, the team has created two long-term growth options for Tuspa. Both options could happen concurrently or represent separate growth strategies.

### Option 1: Property Acquisition

In five to 10 years, Tuspa seeks to establish property and agricultural land on which to offer a market of organic, all-natural consumer packaged goods. Pam’s family owns land outside of Kampala, and she hopes to one day acquire this land. With this, Pam is able to grow peanuts and harvest bees on site. This would offer Pam control of her products from start to finish. Once the farm is prepared, Pam can build a factory to manufacture Tuspa products. This would not only offer Pam the greatest production capacity, but makes manufacturing for other companies a viable option. For instance, Nakumatt would contract with Tuspa to manufacture its blue label products within Pam’s facilities.

### Option 2: Social Enterprise

It is clear Pam cares about her employees and the community at large. This growth strategy is meant to be a shorter-term goal than the previous option, but is also possible as a second growth stage. With this strategy, Pam can seek to establish a social enterprise through Tuspa that offers job-training skills to its employees. This can be replicated through the Women’s Bean Project model in Denver, CO. In essence, Pam would hire employees who struggle to find jobs in the formal market. The employees would go through an educational program while producing Tuspa products. Then, after a demarcated amount of time, the employees graduate with needed skills to start careers of their own. This ensures employee wellbeing and also creates impact throughout Kamapala and greater Uganda. Pam can seek this option through her own means, but should also think about creating a co-operative effort with the Women’s Association in Lake Bunyonyi. This method has a couple advantages. First, Pam has worked with the Association previously so already has an established relationship. Second, the Association has successful sold candles in various stores and markets in the region. This would lower the barrier to expanding Tuspa sales to Western Uganda.