

JOHN BREWRIES BUSINESS PLAN AT KABBA, KOGI STATE BY JOHN ENTERPRISES.

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EXECUTIVE SUMMARY

John Breweries is a medium-scale brewery that is located in the growing industrial centre of Warri, Delta State. This is a relatively new business in its start-up phase having been incorporated recently. We are on the brink of penetrating a lucrative market in a rapidly-growing economy. The current trend towards an increase in the number of entrepreneurs and competition amongst existing companies presents an opportunity for John Breweries to penetrate the market. Our products will be positioned very carefully. They will be of extremely high quality to ensure customer satisfaction, supported by impeccable service to our customers. Our primary goal will be to establish and strengthen our license to trade, which will be bestowed by the communities in which we function. As John Breweries prospers and grows, these communities will continue to benefit from both the value created by John Breweries and its behavior as a corporate citizen. Initial plans are to produce three main lines of products primarily focusing on X, Y, and Z beer (which comes in different flavors: B, P, C and S). These products will be sold in different sized containers ranging from the 250 ml ginger beer to the 500 ml traditional beer. These products shall be extensively distributed to remote, yet extremely viable areas where the market is appreciative of readily available, good quality brew. To prosper there is need for John to be flexible and responsive, to delight customers by providing them with what they want, when they want it and before the competition. From product concept to goods dispatch we intend to ensure that every policy and procedure, system and process must have the objective of improving the flexibility and response of the whole company. There is a need for interaction between all functional areas, particularly between marketing and manufacturing, if the organization is to realize its full potential, with manufacturing being employed as a strategic weapon. Our marketing strategy will be based mainly on ensuring customers know what need the product(s) is able to fulfill, and making the right product and information available to the right target customer. Hence we intend to implement a market penetration strategy that will ensure that we are well known and respected in our respective industry. We will ensure that our products' prices take into consideration people's budgets, and that these people appreciate the product(s) and know that it exists, including where to find it. However these prices will also take into consideration the cost of production and distribution so as to ensure that we remain viable and operational. The marketing effort will convey the sense of quality and satisfaction in every picture, every promotion, and every publication. Our promotional strategy will involve integrating advertising,

events, personal selling, public relations and direct marketing. In the long term Internet marketing shall also be undertaken, details of which are provided in the marketing section of the following plan. Our target markets will primarily constitute the corporate and working class who appreciate good quality traditional beer. The working class will range from the miners, who constitute a large portion of the market, to administrative personnel appreciative of good quality traditional beer. The corporate or managerial segment will constitute those managers, who though aware of their image and reputation, want to put aside their ties and jackets after hours and/or on weekends to drink good traditional beer, easily accessible in the urban areas. The common bond will be the appreciation of a good-quality traditional brew able to fulfill their thirst. John is primarily targeting a market share of 6% to attain sales of approximately \$1.5 million in our initial year. John Breweries will pride itself on its production ability, competitive prices, its high standards of quality and its adaptability to changes in the market and in the method of its practice. It is important to recognize that we do not intend that our tangible resources alone will make us potent competitors but more so our intangibles, such as our ability to relate to consumers, management style, corporate culture and commitment. These elements will differentiate us from our competitors and contribute towards the development of a sustainable competitive advantage. We intend to compensate our personnel well, so as to retain their invaluable expertise and to ensure job satisfaction and enrichment through delegation of authority. Our compensation will include health care, generous profit sharing, plus a minimum of three weeks vacation. As an equal opportunity employer, we respect the diversity and human rights of our people, and strive to achieve optimal productivity, while realizing each employee's full potential. Awards will be given out to outstanding individuals, groups and plants for hard work and production so as to instill a sense of fun and promote the maintenance of high standards. By encouraging all employees close to our customers to think tactically about what John Breweries service offerings should be, and by having enthusiastic, capable and empowered people interacting with our customers, we build the competitive advantage of being able to meet our customers' needs better than anyone else. John Breweries intends to provide the customer with more than just a traditional brew. We intend to provide a quality brew that will not only be refreshing and pleasurable, but also encourage gatherings and sharing of fun. Our customers are assured of products that have been produced using the highest quality standards. As we grow we want to grow right. Initially pursuing organic development and expansion we intend to undertake vertical integration in the future so as to be in total control of our raw materials and goods dispatch. For example, we realize that we have to be in constant touch with our stakeholders to ensure market knowledge at all times. This is the nature of the channels we deal with. Also, we intend to build our management team correctly. We need the right people, in the right place, at the right time if we are to ensure optimum growth. We intend to develop our team so that our people can grow as the company grows-- a mutually beneficial relationship. We shall strive to attain our primary goal, which is to develop and strengthen our license to trade, bestowed by the

communities in which we function. As John Breweries prospers and grows, these communities will continue to benefit from both the value created by John and its behavior as a corporate citizen.

Our objectives will revolve around the following guiding principles:

- Provision of a great work environment, treating each other with respect and dignity.
- Apply high-quality standards of excellence to all business processes.
- Develop enthusiastically-satisfied customers all of the time.
- Contribute positively to our communities and our environment.
- To continuously formalize and measure cross-functional working communication so as to ensure that the various departments work harmoniously towards attainment of company objectives.
- To instill a culture of continuous improvement in beating standards of customer satisfaction and efficiency.
- Fully commit to supporting growth and development in the economy.

The keys to John Breweries success will undoubtedly be effective market segmentation through identification of several niche markets and implementation strategies. Along these lines the company intends to implement advertising, personal selling and direct marketing strategies aimed at the target markets. Our advertising marketing strategies will rotate around.

Hence our key success factors will include the following:

- Excellence in Fulfilling the Promise
- Effective and Efficient Distribution Network
- Assembly Technology
- Loyalty and Dedication
- Adherence to Stringent Values and Principles

COMPANY SUMMARY

John Breweries is a relatively new company providing high quality alcoholic and nonalcoholic beverages in the local market. John Breweries intends to focus on the brewing process and the brewery itself. The brewery will house four stainless steel vessels whose shiny finish will be highlighted by the flood lights on the ceiling. Interested stakeholders will be able to observe the brewing process during the day and will be offered guided educational tours of the brewing facility.

It will focus initially on providing and satisfying two kinds of markets:

Corporate Class: This will constitute all those people in middle and top managerial positions who appreciate good quality traditional beer.

Working Class: This will range from the miners who constitute a large portion of the market to administrative personnel appreciative of good quality traditional beer.

As it grows it will take on people and expand into related markets. It will also look for additional leverage by establishing relationships and representations with appropriate strategic allies.

PRODUCTS

John Breweries produces and markets several products. There are three main products currently in its production line. These are:

1. X Beer
2. Y Beer
3. Z Beer (Note: Z comes in different flavors):
 - B
 - P
 - C
 - S

All products are periodically taken for testing to the National Food Laboratory for quality checks so as to ensure that they conform to required quality standards.

John Breweries produces products of high quality and impeccable taste. The company currently produces three main lines of products, namely X beer, Y beer and Z beer. All three have unique properties that will enable them to excel on the market. We will also be watching for technological developments in South Africa and overseas, allowing us to be first on the market and produce high-quality products through cost effective means. In addition the company will select suitable products for production under license.

Our current product listing is as follows:

- X Beer

Although similar in appearance to the only other product available in the market, our beer has the superior flavour and texture, smooth, with no rough solids. This stems from (discussion removed for confidentiality).

- Y Beer

This refreshing drink has the unique feature that it can be enjoyed both as an alcoholic or nonalcoholic drink, depending on the fermentation period after production. If consumed fresh, that is, within the first week of production, it contains only traces of alcohol, typically even less than that found in medication (discussion removed for confidentiality).

- Z Beer

This traditional food product is widely consumed as a substitute for regular meals and energy booster, whenever available. Up to now it has only been available in two sources, namely home prepared or more commonly bought from a shop having a fridge to keep the product refrigerated.

This denies the people in rural area access to these delicious and nutritious foodstuffs. In fact, it is so wholesome that a growing child is able survive on one litter of this per day, as it contains protein, starches, calcium, vitamins and other essential trace elements. We have the ability to produce a long life Z that needs NO refrigeration, which can be sold from the shelf in the same fashion as Ultra Mel and similar products. This means that it can be bought by consumers who might not always have access to cooling or refrigeration facilities, to be consumed later, as a food whilst way from home, or as an emergency food supply. This is available in several flavors, such as x, y, w, t, s and other xx flavors that the market might want. It is also a good product to use in school feeding schemes and similar projects.

Identifying competition in terms of companies that fill the same needs that we do, our competitors are few in our main product lines, though dominant in the market. Hence there will be a need to strongly differentiate ourselves from these other businesses. However on a broader scale our competition comes in several forms:

The most significant competition is that of XX Breweries, which is arguably the market leader. Having been on the market for a relatively long period of time added to the fact that they are backed by Y Breweries' financial, technological and human resources acumen. They have a wide and established distribution network that they utilize to their advantage. Our key advantage in competition with XX Breweries is that we are accessible in extremely remote areas. We intend to vigorously undertake new channel and distribution development in addition to deploying aggressive marketing strategies. Also, strategic alliances shall assist in our attainment of goals and objectives.

Other manufacturers of traditional brews including homes and local bars will also constitute our competitors. They often have access to the local and remote areas and knowledge of these areas. However the product is not constantly of high standard, which we shall fully exploit.

On a larger scale manufacturers of other beverages including soft drinks and coffees also constitute competition, but of a generic nature, as people have to choose between them as refreshments. These products being marketed in supermarkets are often advertised on an extensive basis. To this end we intend to implement a strategy that will integrate the various promotional elements or tools such that our products are well known and appreciated on the market.

In putting the company together we have attempted to offer enough products to allow us to always be in demand by our customers and clients. The most important factor in developing future products is market need. Our understanding of the needs of our target market segments shall be one of our competitive advantages. It is critical to our effort to develop the right new products. We also intend to have what we call a "core product engine" that will be the foundation of future products. This shall be established in time as we determine our core product. In the future, John Breweries will broaden its coverage by expanding into additional markets (i.e., the whole of Southern Africa) and additional product areas. In doing so we will strive to ensure that it is compatible with the existing products and assembly technology.

MARKET ANALYSIS

Today we are experiencing rapid growth in the economy of unsurpassed nature. This has been brought about by (amongst other things) the relaxation of foreign exchange policies and macro economic policies geared towards attracting foreign investors into the country. The fiscal and monetary policies of the government geared towards maintaining growth with social justice have largely contributed towards this, evidenced by our economy averaging a growth rate of 7% since 1990--very high by international standards.

The current drive and emphasis by the government on diversification of the industrial base away from the minerals sector presents an opportunity for John Breweries to make a valuable contribution towards achieving this goal. This will result in implementation of modern production techniques and transfer of knowledge. Having undertaken a thorough and comprehensive research of the market we realized that there was a need for a manufacturer that focuses on producing affordable thirst quenching brew tailored to satisfying client's needs. Though there are breweries currently on the market, some of whom have been in existence for a relatively long period of time, we believe that there is a market need for one (ourselves in this instance) that particularly focuses on the low to medium earning individuals. We intend to provide products of extremely high quality--something that cannot be over-emphasized in the international arena with the current drive towards globalization. The marketing mix of the products has been carefully and strategically put together to position them in the market.

Aware of the fact that we will be operating in a predominantly monopolistic market structure we intend to ensure that our marketing strategies are considerate of the importance of the fit between our products capabilities and benefits, and the target market, so as to develop a strong sustainable competitive position in the market. As a result we intend to implement a niche marketing strategy, focusing on certain target markets, particularly in view of XX Breweries dominance on the market. Our initial overall target market share shall be 6% of the local market. This share will vary with the actual products, with ginger beer having a larger share than traditional beer due to its uniqueness.

We appreciate that entering such a market is not a bed of roses, particularly as it is monopolistic. Hence we intend to implement an aggressive marketing strategy, well supported by the other business functions. The above prognosis influenced our decision to enter the brewing industry.

MARKET SEGMENTATION

John Breweries will be focusing on the corporate and working class who appreciate good quality traditional beer. The working class will range from the miners who constitute a large portion of the market, to administrative personnel appreciative of good quality traditional beer. The corporate or managerial segment will constitute those managers who though aware of their

image and reputation, want to put aside their ties and jackets after hours and/or on weekends to drink good traditional beer, easily accessible in the urban areas.

Our most important group of potential customers are those in the rural areas who often converge after hours to socialize and update one another on local news. These are potential customers who want to have an enjoyable time whilst drinking a good refreshing beverage. They do not want to waste their time making their own brew, but appreciate a good quality brew at a reasonable price.

We also intend to appeal to the foreign and local tourists who would be looking at experiencing traditional foods and drinks, a change from the usual beverages they often have.

| MARKET ANALYSIS | | | | | | |
|------------------------|--------|---------|---------|---------|---------|------------------|
| | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
| Potential Customers | Growth | | | | | CAGR |
| White Collar Drinkers | 4% | 100,147 | 104,153 | 108,319 | 112,652 | 117,158 4.00% |
| Blue Collar Drinkers | 2% | 693,675 | 709,630 | 725,951 | 742,648 | 759,729 2.30% |
| Total | 2.52% | 793,822 | 813,783 | 834,270 | 855,300 | 876,887 2.52% |

INDUSTRY ANALYSIS

The key element in purchase decisions made at the John Breweries customer level is the availability of an affordable, thirst-quenching product of good quality. The most important factor in this market is the distribution network. This is particularly so considering the good distribution network that XX Breweries Limited has in place enabling them to produce products that are constantly in demand throughout the country.

Being in a predominantly monopolistic market structure, competition in the brewery manufacturing market as a whole is not that intense (in terms of numbers) at the current time due to the dominance of XX Breweries Limited, which has been on the market for a relatively long period of time. Cognisance should also be taken of home brewers who represent

competition on our intended market. However upon closer research we identified several niches in the market that we may exploit, not wanting to confront XX Breweries one-on-one.

In general, our competition will be stiff, as we intend to penetrate the low to medium earning customer. At the same time we shall be differentiating ourselves from XX Breweries. We intend to market ourselves in such a way that with time competitor customers will choose our products over competitors' on the basis of our higher quality, thirst-quenching brews. We shall now provide a more thorough outline of our main competitors in the same strategic group as ourselves, including their strengths and weaknesses.

XX Breweries Limited and ZZ Breweries - T Brewery Holdings

Arguably the largest and most reputable manufacturer, supplier and marketer of alcoholic and non-alcoholic beverages in the country, XX Breweries has been on the market for a considerable period of time now. Part of the large and extremely reputable conglomerate, YY Breweries International, XX Breweries is currently the dominant domestic producers of beer, sorghum and

Coca-Cola products in the country, with an overall market share of more than 95%. XX Breweries is able to take advantage of the financial, managerial and technical clout that it has through YY Breweries International. Due to its size it enjoys an economy of scale and thus the competitive advantage of being able to offer low priced beverages in large quantities to its target markets. YY Breweries International Africa enjoys strong cash flows in the form of royalty payments, management fees and dividends from its Delta State operations due to its dominance.

One of XX Breweries' main products is S traditional beer, which will be one of our main competitor products. S is currently mass marketed in the whole of Delta State and is popular amongst the rural and town folk. It is also present in the regional countries, including Zimbabwe, Zambia and Mozambique, with current intentions of going beyond these borders. This is mainly because it is in its maturity stage and these efforts of going international are meant to extend its product life. However a frailty of S is that the product does not maintain freshness for a long period, which is debilitating when its intentions are export. Hence Kevwe intends to take advantage of this weakness.

| Establishment | Location | Employment Size |
|----------------------|-----------------|------------------------|
| XX Breweries | Gaborone | 100+ Employees |
| XX Breweries | Lobatse | 50-99 Employees |
| XX Breweries | Francistown | 100+ Employees |
| XX Breweries | Gaborone | 100+ Employees |

XX Breweries In Delta State

Recent financial results from T Brewery Holdings indicate that the organization as a whole has continued to perform exceptionally well on the back of a buoyant Delta State economy.

Turnover grew by 42% whilst operating profit is up 60% from \$21.5 million to \$34.5 million. For the 12 months to 31 March 2000, volume growth exceeded non-mining GDP growth by more than 2%, resulting in turnover growth of 12%. According to the audited results, higher volumes and turnover coupled with greater productivity and stringent cost controls translated into excellent earnings growth. With this in mind we strongly believe that there is an extremely lucrative market we may exploit.

STRATEGY AND IMPLEMENTATION SUMMARY

Our marketing strategy emphasizes focus. This will be the key. We are a relatively new company and hence must focus on certain kinds of products with certain kinds of consumers. Initially John Breweries will focus on the local market and in the remote and previously inaccessible areas where there is a large market for our products. Hence the form of growth that shall be initially pursued will be that of organic growth mainly due to limited resources and the need to instill confidence in our products. The target customers will include key decision-makers in the retail and supermarket chains who often order or recommend on behalf of the whole organization, the aim being to obtain an initial order and fully satisfy the customer from then on.

- We are currently building image and awareness through consistency and distinctiveness in our product provision.
- We intend to focus on delivering quality products that in turn produce good referrals, which can then generate revenue. We intend to always have a relatively heavy personal selling component to our marketing strategy as previously discussed. Hence we intend to always be active in personal relationships with clients and strategic allies keeping abreast of their needs and wants.
- We are focusing advertising on several key media.

We intend to achieve growth by creating a more enthusiastic customer culture than that of our competitors. All criteria from price competitiveness to staff attitudes are to be initially measured six-monthly, and then on a more regular basis as time goes on. The results will go down to depot level and be compared with the overall target. This form of consistent measurement of strategic goals will ensure that the organization remains focused on its goals and objectives, making any necessary adjustments where need be.

MANAGEMENT SUMMARY

John Breweries shall evaluate the jobs it provides, paying competitive remuneration packages against market benchmarks to employees for their agreed and set out tasks. Consonant with its efforts to create added value by employees, John Breweries seeks to negotiate the provision of incentive pay delivery mechanisms against achievement of agreed targets relating to accomplishment in the areas of productivity enhancement, savings and other specific successes, that is, the implementation of an effective performance management system.

Hence our human resources strategy will revolve around:

- Communicating openly and transparently; addressing strong and trusted:
 - I. Internal communication.
 - II. External communication.
 - III. Stakeholder inclusivity.
- Responding and promoting human rights issues, such as equity in the workplace and in community relations.
- Adoption of a good remuneration policy aimed at developing our people through employee benefits, training and group initiatives.
- Maintaining preventative health and safety structures for employees and support for surrounding communities.

The management team, mainly comprising of the shareholders, has wide expertise and broad knowledge of the products and markets, which if well planned for, will enable the business to realize its goals and objectives. Daily management will consist of Mr. B in the role of technical and operations, and Mr. G in dealing with government, corporate bodies, and public relations.

Management style will reflect the participation of the shareholders. The company intends to respect its community and treat all employees well. We will develop and nurture the company as community. We do not intend to be overly hierarchical. Management's ongoing initiatives to drive sales, market share and productivity will provide additional impetus.

We intend to compensate our personnel well, to retain their invaluable expertise and to ensure job satisfaction and enrichment through delegation of authority. Our compensation will include health care, generous profit sharing, plus a minimum of three weeks vacation. As an equal opportunity employer, we respect the diversity and human rights of our people, and strive to achieve optimal productivity, while realizing the full potential of each employee. Awards will be given out to outstanding individuals, groups and plants for hard work and production so as to

instill a sense of fun into the work and promote the maintenance of high standards. John Breweries recognizes that our employees contribute fundamentally to the company's long-term prosperity. We intend to enhance our capacity to attract and retain people of quality, through benefits such as housing and family education grants.

Employee health shall be of extreme importance. This is because the health of our people is an integral element of employee well-being at work and at home. Compliance with relevant legislation is a minimum target in our organization. We also intend to minimize if not totally eliminate the number of isolated incidents of intimidation in the workplace, so as to ensure that production and distribution are not materially affected and sound relationships are maintained between employee and employer and between employees as a whole.

FINANCIAL PLAN

We want to finance growth mainly through cash flow and equity. We recognize that this means we will have to grow more slowly than we might like.

The most important factor in our case is collection days, particularly with the bulk order customers. We can't push our customers hard on collection days, because they are extremely sensitive and will normally judge us on our terms. Hence they tend to have a certain degree of financial authority. Therefore we need to develop a permanent system of receivables financing systems, using a well-coordinated accounting department. In turn we intend to ensure that our investors are compatible with our growth plan, management style and vision.

Compatibility in this regard means:

- Fundamental respect for giving our customers value, and for maintaining a healthy and congenial workplace.
- Respect for realistic forecasts, and conservative cash flow and financial management.
- Cash flow as first priority, growth second, profits third.
- Willingness to follow the company and contribute valuable input to strategy and implementation decisions.

The financial plan depends on important assumptions, most of which are shown in the following table as annual assumptions. From the beginning, we recognize that collection days are critical, but not a factor we can influence easily. Interest rates, tax rates, and personnel burden are based on conservative assumptions.

Some of the more important underlying assumptions are:

- We assume a strong economy, without major recession.

- We assume, of course, that there are no unforeseen changes in economic policy to make our products immediately obsolete.

CONCLUSION

Determinatively, with this business plan of mine, John breweries by John enterprises yield more profit As calculated in the financial plans and going by the considerations.

P.S: The names in which letters are used, the names will be communicated soon.