

# MAABAD INTERNATIONAL EXPORTERS



## INVESTMENT PARTNERSHIP PROPOSAL BRIEF

**Prepared for:**

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## INVESTMENT SUMMARY

### > **Business Summary:**

Zanzibar has been the star attraction, a land of fascination from the 16th century as Spices from Zanzibar were one of the most sort after ingredients in food preparations. Travelers and merchants from all over the world risked their lives in those days to reach Zanzibar and procure exotic spices. Spices were so precious; they were used as currency for trade, which led to wars and conflicts among many states.

*Maabad International Exporters*, understanding this time old global value for spices, was established in 2020 to be one of the major brands in the Spices & Herbs market in Zanzibar and the United Republic of Tanzania as a whole.

*Maabad International Exporters* products meet the Food & Drug Authority's highest rank standards, a distinction with extremely strict requirements few recipients. The raw materials used in all *Maabad International Exporters* products are of the highest quality, processed & packed in a production line preserving each of their unique characteristics, thereby meeting all international food/agriculture standards. The company's products are currently exported to the USA.

*Company Vision* - "To become a leading global spices and organic food and cosmetic solution company, in the premium quality segment and export industry, thereby bridging the gap between suppliers and distributors".

*Company Mission* - "To be a benchmark for the global organic food and cosmetics industries in terms of quality, innovation, technology, profitability, client service and being environmentally friendly".

### > **Total Available Market:**

In November 2019, *Vegconomist – the vegan business magazine* forecast that the commercial seaweed market will exceed *USD \$92 billion by 2025*. Numerous health benefits coupled with naturally derived source will simulate commercial seaweed market share over the forecast time-frame. Different types of edible seaweeds can be used in pharmaceuticals, cosmetics, food and several other applications.

### > **Customers:**

Growing disposable incomes, changes in demographics, tastes, cosmetics and food habits, including the rising popularity of organic and exotic products with 'authentic scents and flavors' in Europe, the Middle East, the USA and Asia are the key drivers behind the sustained surge in global organic produce demand. This is coupled with a growing interest in healthy nutrition and natural remedies found in spices, herbs and sea moss. Organic products are becoming a critical component of the daily lifestyles of increasingly health conscious consumers globally.

It is estimated that some 70–80% of global spice and herb production is consumed in the country of origin (captive use), limiting the ability of global production chains to respond to the rising demand in non-producing areas. The variance between available global supply and demand for spices drives up prices. This situation presents huge potential for partnerships between net suppliers such as Tanzania and international distributors.

**> Products:**

- Organic Cosmetic Products – Melanin Gold product line.
- Sea Moss – dried or powdered
- A wide variety of Spices – dried or powdered.
- A wide variety of Herbs – dried or powdered
- Organic Health Products
- Cultural Art & fashion Products

**> Services:**

- Exporting organic products and other trade items from Tanzania and Africa, to the Americas, Europe, Asia, & the Middle East.
- We carry out this business via road, air and sea freight.
- We are manufactures who plant/culture, harvest, pack, sell and deliver our organic products.
- Freight Logistics Consulting.

**> Value Proposition:**

*Maabad International Exporters* stand out from the competition: We are experienced operators and have demonstrated ability to seamlessly export large quantities of sea moss, herbs, spices and dried fruits and vegetables. We have demonstrated our ability to manage the crops, harvest, pack and deliver to our customers. And unlike our conventional exporting peers, *Maabad International Exporters* has met the stringent requirements to be designated certified exporter for these precious organic products.

**> Our Strengths**

- We have a record of successfully sending 15 tonnes to the USA via ship. We have a record of sending 2 tonnes via air freight to he USA. Thus we have streamlined process the makes sure you receive you goods with the least amount of challenges.
- We are centrally located at the scene of crop planting and processing, with 90% of spice and herb products available around us, thus saving a lot of operational costs.
- We are manufactures who culture, plant, harvest, pack, sell and deliver our organic products.
- Established positive relationships with crop farmers.
- Low capital requirements, relatively inexpensive startup business.

**> Milestones – Sea moss:**

1. Exporting of 300 Kgs of products via air freight- 2020
2. Exporting of 1 tonne of products via air freight- 2021
3. Exporting of 600 Kgs of products via air freight- 2021
4. Exporting of 15 tonnes of product via sea freight – 2021
5. Exporting of 1 tonne of products via air freight- Nov. 2021
5. Projected – 2022 -2023 we aim at exporting 50 tonnes via sea freight.
6. Projected – 2023 – 2024 we aim at exporting 100 tonnes via sea freight.

**> Management:**

The management team at *Maabad International Exporters* have considerable on-e-ground knowledge and experience in the organic product and exporting industry in Zanzibar. As we seek to expand, we will employ and engage more professionals to our staff to grow, scale our business so as to to achieve our goals ad objectives.

**> Legal:**

*Maabad International Exporters* is a registered limited liability company officially operating in Zanzibar.

**> Potential Exit Strategy:**

*Maabad International Exporters* believes that a financial exit in the form of a merger, acquisition, or IPO if possible.

<b>&gt; Financial Information</b>	Amount (USD)
Capital Raised	84,400.00
Debt (+8% Interest)	9,288.00
Equity (Value of shares issued) – U\$46 per share – 100 shares	4,600.00
Capital Available	5,750.00
Current Monthly Cash Flow	600.00
Capital Seeking	<b>230,140.00</b>

**Company Info:**

Industry: Organic herbs, spices, sea moss and cosmetics

Employees: 8

Founded: 09/20

**Contact:**

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## EXECUTIVE SUMMARY

### > **Manufacturer – Distributor Partnerships & Joint Ventures**

Ensuring the best prices through strategic sourcing is no longer perceived as a strategic capability of the procurement function. As a result of further outsourcing of non-core competencies, organizations are starting to realize that they have become more reliant on suppliers in terms of innovative power, security of supply, corporate social responsibility, and on-going cost savings.

Strategic partnerships are at the top of the corporate agenda of many global organizations and Supplier Relationship Management (SRM) is seen as one of the few remaining procurement areas that can contribute in making a significant difference. But many organizations encounter difficulties in initiating, developing and managing partnerships.

Research from a number of international / Global groups and companies have revealed the following common findings:

- The most important business partnership (Supplier / Manufacturer - Distributor) objectives are leveraging supplier /manufacturer capabilities, delivering cost savings and reducing supply risk exposure.
- Approximately 60% of the respondents have a formal segmentation process in place, with spend size, product/ service importance and risk exposure as the most important segmentation dimensions.
- The top challenges respondents encounter are (1) An overemphasis on cost reduction, and (2) Insufficient alignment between the business, procurement and supplier.
- Typical best practices are quantification of benefits and costs (ROI), proactive and two-way performance management, and documented supplier strategies per product.
- Benefits measurement, executive sponsorship and strategic coherence are indicated as the most critical success factors.
- Technical/functional, relational and developmental competencies must be balanced and continuously developed.
- Innovation, sustainability, agility and resilience are seen as the key drivers for Supplier– Distributor Relationship Management value creation.
- The respondents indicate that there is a positive correlation between the presence of Supplier Relationship Management and an increase in market share, responsiveness to market changes, increased return on investment and shortening order fulfillment lead times.

Two factors have inspired and led to the considerations on building partnerships between suppliers and distributors as a new trend in business management: first is the lack of broader discussion on this subject, and the second one is the desire to draw attention to the fact that companies' cooperation within the framework of mutual relations affect their ability to implement strategy, as well as to adapt to change and innovation.

*"cooperation which aims to ensure the organization's survival and development applies not only to the interior, but also to exterior partners". - by B. R. Kuc (Kuc, 2012)*

Therefore, the key objective should be a deeply thought-out mutual partner relationship in collaboration. It should be properly managed in order to enable continuous development of both companies, including the use of emerging opportunities and chances to gain competitive advantages.

The partnerships with suppliers, due to the current reality of business (Lambert et al., 1996) operation can be a kind of antidote to uncertainty and turbulence seen in a globalized external environment. In this context, they can be used as a basic factor of competitive advantage.

*Building relationships with suppliers on a partnership basis is a decision of each company. The functioning of enterprises in conditions of uncertainty and problems of turbulent market environment encourages to establish global partnerships – they become an important factor in building a competitive advantage on the market. Long-term partnership is one of the strategies of doing business and an important contribution to the development of appropriate relationships between suppliers and distributors.*

### **> Sea Moss Industry Snap-shot**

In November 2019, *Vegconomist – the vegan business magazine* forecast that the commercial seaweed market will exceed *USD \$92 billion by 2025*. Numerous health benefits coupled with naturally derived source will simulate commercial seaweed market share over the forecast time-frame. Different types of edible seaweeds can be used in pharmaceuticals, cosmetics, food and several other applications. The product offers the best source of iodine and nutrition which counters the deficiency of vitamins A and C.

The nutrition provided by seaweed is helpful in addressing critical ailments and improving the health of the consumers. Irish moss is nutritionally important as it contains 83% of all essential nutrients, including vitamins A,D, E, F and K. Irish moss serve as an excellent source of various minerals, including calcium, potassium, iodine as well as sulphur.

Its anti-fungal, antiviral and antibacterial properties and vitamin content make it perfect for application in medical purposes and across the pharmaceutical and cosmetic industries, securing higher demand from the manufacturers/suppliers and distributors, and this has encouraged cosmetic manufacturers, especially skin care product manufacturers to include Irish sea moss in skin creams, soaps and lotions.

For centuries, seaweed has been utilized throughout the world – in the earliest times solely as a food source for coastal communities. Today the global seaweed industry is worth more than

USD 6 billion annually (approximately 12 million tonnes in volume).

The global seaweed market is experiencing steady growth buoyed by increasing demand for products in the “fit /not fit for human consumption categories. By region, the Asia and Pacific regions (China, Japan & Republic of Korea) is the largest markets, absorbing approximately 60% of seaweed and hydrocolloids supplies, followed by Europe and the Americas. The later two regions are experiencing a rise in seaweed consumption due to its reputation as a healthy food and cosmetic ingredient.

The industry as a whole as in the case of the market for seaweed for human consumption, can therefore be expected to continue expanding. While technical collaboration and partnerships with foreign companies results in what is usually termed a “win-win” situation for two or several stakeholders, it make more sense for producing countries to learn from established players and invest in their own domestic processing technologies and facilities for the manufacture and export of products such as refined carragenan. Where there are close ties between domestic research institutions and the industry, the likelihood is high that new useful products might be an outcome(eg. bioactive ingredients to alleviate disease and improve general health). An important factor is to ensure market acceptability for these products while simultaneously making it profitable for seaweed culturists in order to maintain adequate supplies.

#### **> Zanzibar**

Of the countries in the African continent, Zanzibar (Tanzania) is second to South Africa in seaweed culture, and between 2005 and 2015 the region has been included in the top ten countries listed as seaweed producers. During this period seaweed farming contributed about a peak of USD 8 million annually to Zanzibar’s economy, and in terms of value to the national economy, seaweed comes third following tourism and cloves. Seaweed from Zanzibar is exported to China, Denmark, France, The Republic of Korea, Spain, Vietnam and the United States of America.



## PROPOSED INVESTMENT PARTNERSHIP

This proposal brief is composed with the aim of inviting an investor and co-owner to participate in the company's capital for the amount of **U\$ 230,140.00** and could be offered a portion of .....percent ownership of the company capital. The funds provided by the investor will be used to buy equipment, to cover part of the expansion and cash flow requirements. The invested funds will be used exclusively to buy equipment, expand business facilities, hire required staff, daily operational costs and legal fees/costs.

## STARTUP SUMMARY & COSTS

After realizing the opportunities in spice, herbs and sea moss export, the founder, Kulthum Maabad, in 2020 sourced funds amounting to \$ 85,000.00 from her businesses and savings to register and establish Maabad International Exporters. After going through the expected startup challenges, and diligent work, the company begun to receive orders which have been growing to up to 15 tonnes orders exported in 2021.

### Startup Costs

#	ITEM	COST (USD)
1	Initial Cash Investment – (Office/factory setup, raw materials, & other assets)	42,000.00
2	Research 6 months	8,700.00
3	Registration – 6 months	18,500.00
4	Creation & Production of Melanin Gold products – R&D – 9 months	9,600.00
5	Networking and Expansion operations	4,000.00
6	Logistics – Transport – 4 trips	1,600.00
7	Laptop Computer for MD	400.00
8	Passport Processing (MD)	200.00
	<b>TOTAL(USD)</b>	<b>85,000.00</b>

## CURRENT OPERATIONAL COSTS - REQUIRED

#	ITEM	Monthly Cost U\$	Annual Cost U\$
	<b>Monthly Overheads – (Required for 12 Months)</b>		
1	Office Rent	200	2400
2	Utilities (Water, Electricity)	300	3600
3	Stationary	300	3600
4	Communication (Credit& Data)	200	2400
5	Insurance	700	8400
6	Transport , networking & hospitality - Local	1000	12000
7	Transport , networking & hospitality - International	5000	60000
8	Networking & Marketing	500	6000
9	Operations Costs (Storage, Security, Admin) – Zanzibar	1000	12000
10	Marketing – 12 months	824	10000
11	Office & factory cleaning & maintenance costs	100	1200
12	Marketing & Admin Officer -(Dar) Salary	100	1200
13	Business Development Officer Salary	1000	12000
14	Security Fees / Salary (Office & factory)	120	1440
15	Logistics & Forwarding Officer Salary	200	2400
16	Exporting Officer Salary	300	3600
17	Lawyer Fees	300	3600
18	Driver Salary	100	1200
19	MD Salary	2000	24000
		<b>SUB-TOTAL(USD)</b>	<b>171,040.00</b>
	<b>Assets Required: Equipment &amp; Raw Material</b>		
1	Drying Machine – (fruits)		4500
2	Grinding Machine		6000
3	Oil Extraction Machine – Essential Oil – Flowers/leaves		5000
4	Oil Extraction Machine – Fruit		5000
5	Oil Extraction Machine – Seeds		5000
6	Mixing, Drying and Bottling machine -Cosmetics		2600
7	Factory Accessories		2000
8	Packaging – 12 months		9000
9	Raw Material - 12months		10000
10	Pickup Truck		10000
		<b>SUB-TOTAL(USD)</b>	<b>59,100.00</b>

## **INVESTMENT PARTNERSHIP COSTS – BUDGET SUMMARY**

In order to achieve a successful and profitable business partnership in this international business venture we request an investment of **US\$ 230,140.00** (TWO HUNDRED AND THIRTY THOUSAND, ONE HUNDRED AND FORTY DOLLARS) for the the above mentioned investment in operations and assets.

## **CONCLUSION**

*We at Maabad International Exporters* are looking forward to meeting with your firms' representatives to further discuss any required details or added features to the above summarized partnership proposal. We understand that everyone at your organization / company is looking forward to a long term, positive and successful business relationship, with the products and services we offer to your company. Our goal is to make sure your organization / company has that business relationship. We can help meet your goals affordably, generating a loyal patron to your organization / business and maintaining a reputation of excellence!