

Hayek Global College

Course: Operation and Project Management Group Assignment

Topic:

FINAL PROJECT ON MULDOVIC

Exotic Ice Cream



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Executive Summary

The MUDOVIC Company is a multinational ice cream business operating in four African countries of Madagascar, Cameroon, South Sudan and Nigeria with each staff heading the company. The company uses various channels to sell its products such as franchising, selling to supermarkets.

This report is divided into several sections which will be elaborated in depth in the body of this report. In the beginning, there will be an executive summary which will give a brief background to the entire body of the report. There will also be a project introduction and description. Later on there will also be a look at the team project organization and gnat diagram. This will be followed by market analysis and business opportunity.

The second part of this project will focus of the strategy adherence which will include mission statement, strategic drivers of the project

The project will further look at the project economical and technical evaluation which will include the project location, scope, technical design, project financing, risk analysis, profit and loss account, production curve for 4 years, pricing analysis, Capex and Opex details and 4 years forecast and the Net Present Value calculations.

In addition, the execution section of the project will be elaborated with focus on the gannt diagram, project organization, supply chain details and operation model of the business. The last part of this project report will focus on the comments and discussions emanating from the findings

Introduction

MOLDOVIC company is set up to run a chain of assorted Ice-cream shops (fixed & Mobile) in the heart of a buoyant tourist cities of Buea, Cameroon, Antananarivo – Madagascar, Nigeria and also in Yambio in South Sudan. The project consists in creating and managing a chain of ice cream shops (fixed and mobile) in the heart of the above-mentioned tourist cities. MULDOVIC's vision is to be the center where natural, healthy and tasty ice cream products create unforgettable moments for consumers. Our values are based on respect for nature, budget and consumers. Our mission is "To manufacture, distribute and sell the highest quality ice cream and ice cream products at the lowest possible price with the best consumer experience in the industry.

Mission : "To make, distribute and sell the highest quality Ice-Cream & Ice-Cream products at the lowest possible price with the best consumer experience in the industry,

Vision : To be the center where natural, healthy & tasty ice-cream products create unforgettable moments for consumers.

Values : Nature friendly, pocket friendly & Costumer friendly.

Team project organization

The team for this project is composed of dynamic individuals



Figure 1 - MULDOVIC Team Project Organization

Project Gantt Diagram

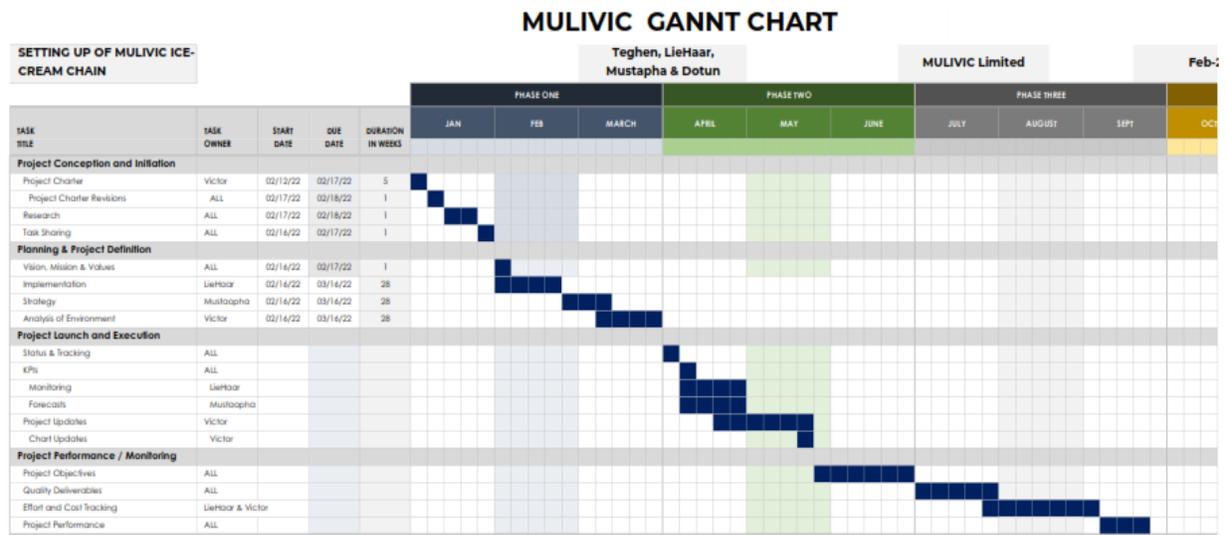


Table 1 - Gantt Chart for MULDOVIC Project Implementation

Market analysis

Africa has the largest youthful population. With a median age of 19.7 years in 2020, Africa's population is already the youngest in the world. In 2020, Africa's population under 35 represents almost a billion people (540.8 million 0-14 year olds and 454.5 million 15-34 year olds), amounting to 22.7% of the world's total youth population. This is a great opportunity as we have a market of more than one billion potential clients. The size of Africa ice cream market is expected to grow between 2020-2024, This growth in ice cream market size is attributed to the rise in demand for premium ice creams is due to the presence of high-quality ingredients and a lower amount of aeration.

Based on the above and ever-expanding ready market, the project focuses on the following feasibility aspects for its products and services. We plan to use the FRANCHISE System as a financial strategy that gives us a COST-EFFECTIVE advantage of spreading more shops/Outlets in many cities around the different countries; spreading our brand name and products fast, hence attaining our financial projections within a shorter time; and gaining fast market share and attaining market segmentation targets. We also look

forward to providing a wide range of products of different value/costs as we seek to satisfy a wide range of customers with different purchasing power.

Our goals are to achieve and gain at least 35% market share in the first year of operation in this particular sector by strengthening our brand and increasing our market share year after year. The payback period is 2 years, which means that at least 25% of the initial investment must be recovered within the first six months of operation. We will build lasting and profitable relationships with customers by strengthening their loyalty and commitment. We will provide healthy ice cream by using natural ingredients and provide a beautiful, peaceful environment. We will create a unique, loyal, sincere and environmentally friendly image in the minds of customers.

Business opportunity

- i. The increase in Africa's youngest population is an opportunity for the MULDOVIC Company. These young people have the desire of consuming a lot of ice cream
- ii. Africa's hot weather and growing youth population are also firmly behind the trend, as consumption is highest among children, teenagers and young adults.
- iii. We have economies of scale in production since we enjoy long-term relationships with suppliers.
- iv. Additionally, we control and seek to innovatively expand into most of the main distribution channels such as supermarkets, parks & recreational areas, schools, city centres, etc.
- v. MUDOVIC will build a strong brand that will enjoy loyalty among customers in some of the African countries where we operate.
- vi. The spread/active presence in multiple countries and cities is considerably expanded and this is an advantage on the advertising and customer expansion domain.
- vii. Fast Growth and High Revenue. Considering that we understand that it is important to put our customers first, we forecast that positive customer relationships will help us grow a successful business and earn high profits.

Quality of our products is also crucial. Seeing that we are investing in high-quality ice cream making equipment and use only the best raw ingredients (mostly organic) to attract customers, we are positive that we will have a smooth implantation and accelerated growth in our customer base, leading to fast growth and high revenue.

- viii. Quick ROI for Investors. A proper implantation and fast growth means a good sales and profit margins. In turn, this will ensure quick recovery of capital from Investors and loans from banks. Actually we envisage positive figures from year 2 and accelerated profits from year three onwards.
- ix. Brand Name expansion. Our Brand will be easily recognized in the primary locations of installation, and also into other parts of Africa. All being equal, our brand is expected to become a continental brand within 5 to 10 years.
- x. We are closer to their customers.
It is one of the most obvious advantages. As a medium/small business we will deal more directly with our customers, which will enable us to meet their needs more accurately and to offer a more individualized service, hence establish some bond with their audience.
- xi. We are more flexible.
Because of our size and simpler structure, we will have a greater capacity to adapt to changes.
- xii. We are able to better detect and take advantage of small market niches.
As long as our eyes are wide open, as an SME, we will have a greater capability to detect and satisfy very specific customer needs than a large company can.
- xiii. We can make decisions faster. Our decision-making falls on a small group of persons. This makes us much more agile as problem identification, resolution and implementation becomes less complex, arduous and bureaucratic.
- xiv. Stable Job for Young African
- xv. Meeting and exceeding customer tastes and expectations
- xvi. Increasing per-capita income for many families

2. STRATEGY ADHERENCE

Strategic drivers

Ice-cream is a frozen-food, sweet in flavor and is consumed as a dessert all over the globe. MULDOVIC Ice-cream comes in variety of flavors in which fruits, nuts and other ingredients can be added to enhance the nutritional value and organoleptic property of the product. It is stored in the freezing- temperature and contains mild preservatives.

Improving economic conditions, population growth of various countries of the regions is the major driver for the growth of ice-cream market. The increased demand for frozen desserts in the developing countries is supporting the sale of ice-creams in those regions. The developing technologies have helped in enhancing and innovating new flavors in the ice-creams which has also helped in fueling up the market share of the product. Overall, the popularity of ice-cream is raising based on the above factors.

The global Ice-Cream market size is projected to reach USD 90160 million by 2026, from USD 69730 million in 2020, at a CAGR of 4.4% during 2021-2026.

The current predominantly hot climates in sub-saharan Africa (where the projects is based) is a major positive driver for this project.

The innovative marketing plan and expansion model (franchise system) is another important factor for MULDOVIC's thriving force in the market. So far, no Ice-cream chain exists as a franchise in the locations earmarked.

Strategic Mappings for stakeholders



Figure 2 - Stakeholder Mapping

MULDOVIC Ice Cream will be operating in a competitive environment. Ice cream is part of the company's food business that has to compete with other companies in the fast moving consumer goods segment.

When mapping, we will use demographics to divide markets and then follows through with the expectations of the particular age group segment. Ice cream flavours are made with the needs of the diverse customers in mind.

The marketing and sales strategy for MULDOVIC is defined clearly. Our company will concentrate on its biggest brands, but will also ensure small ice cream brands have the required presence in retail stores.

The company aims to maintain a progressive dividend policy for the shareholders. The objective provides a reference point, which also serves as the main unit of performance measurement.

The company will measure its commitment to this objective by evaluating the available choices offered to customers, the quality of its network compared to the rivals and industry standards, the innovativeness of its products and services measured by the frequency of

upgrades, and the pricing of its products to reflect profit margins and market competitiveness.

The objectives of MULDOVIC business come down to two primary goals – making customers happy and making a profit.

Strategies

-Use Different Marketing Channels

Use different marketing channels to market our ice cream store. We have plenty of options here, including newspaper, radio, television and online-marketing options. The idea is to boost awareness of our shop as much as we can so that people flock to it whenever they have a craving for ice cream. One particular area we are not going to neglect is social media.

To grow our customer base, it's important to have a prominent presence on social media, which means posting high-quality content on a daily basis. We will publish a wide variety of content on our social media channels, including informational updates, fun posts and high-quality pictures of the various ice cream products we offer at our shop. We will try to grow the following organically with a few inorganic boosts here and there to help hurry the process along. We will even use social media as part of our marketing funnel to direct leads to our main website, where they may be converted into sales.

Long term and short term sales

Sales represent the backbone of any business. Without making sales, business is doomed to fail soon. We will have different kinds of sales objectives, both for the long term and the short term. Short-term sales objectives might involve wanting to achieve a certain amount of revenue in the peak sales season while long-term sales objectives may involve the annual sales.

We will also have other sales-related objectives, such as being profitable within a certain amount of time after starting the business and objectives related to cash flows. The objectives we are picking is measurable and easy to quantify.

- Other Venues:

Having outlets within the regions. In a bid to multiply its brand presence and product consumption, MULDOVIC will use a franchise system and encourage opening of multiple sales and supply points in other countries and cities.

- Sell Larger Quantities:

We will also go for ice cream sales in larger quantities. Rather than selling ice cream only by the scoop to retail customers, we will try to sell it in gallons or pints to boost our profit margins

- Offer Discounts:

Discounts are also a great way to increase sales among our existing customers and attract new customers to our ice cream store. We will offer discounts depending on the crowd we want to attract.

3. PROJECT ECONOMICAL AND TECHNICAL EVALUATION

3.1. Project Location

The MULDOVIC Ice-Cream chain will be located in four cities within four African Countries at the moment of Start-Off. It is expected that the brand will expand to different cities and countries as outlined in the business model.

The first/pioneer offices will be located in Buea - Cameroon, Lagos – Nigeria, Antananarivo – Madagascar and Sambio – South Sudan.



Figure 3 - Locations for primary implantation of MULDOVIC Project

3.2. Project Detailed Scope

3.2.1 : Product Scope

The Product scope will be focused on Ice-Cream and Ice-cream products. These include all varieties of soft and hardened Ice-cream, ice-cream / milk shakes. These will be produced primarily in our production units and distributed directly to clients or resellers. Also, associated products that are commonly consumed with Ice-Cream such as cakes, pies, buns and biscuits will be sold alongside the primary products. However, these secondary products will not be produced by or at MULDOVIC. Our services include customized ice-cream catering for clients at social functions such as parties, wedding, or other social activities (sports, leisure, school competitions, etc)

3.2.2 Geographical Scope

Africa as a whole is the geographical scope for this project. All African countries that possess the physical, social and economic conditions that are conducive for the implantation and running of an Ice-cream business automatically become potential sites for implementation.

3.3. Technical design

The Product Technical design entails processes for obtaining different finished products. It also entails patented product designs. The figure XX below indicates the stages through which raw materials pass through before obtaining ice-cream products. However, the different products may start and stop at different stages of the overall technological process.

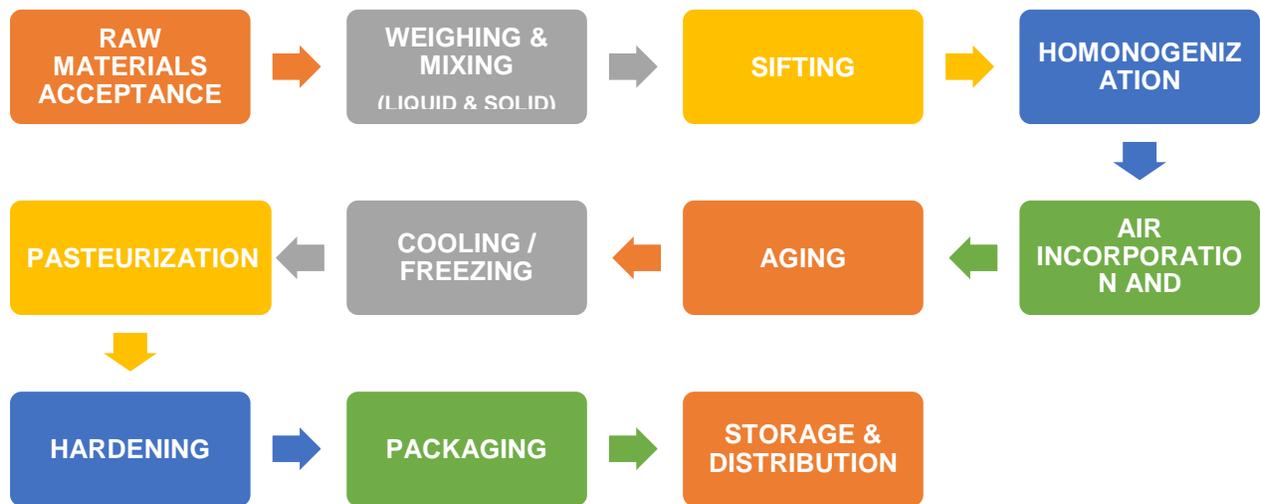


Figure 4 - MULDOVIC Technological process

3.4. Project financing

The Project is financed through the following sources:

| Financing Sources | Amount | Percentage of Budget |
|--|---------------|----------------------|
| Owners' contribution (each of 4 members contribute 5000USD) | 20,000 | 49.38 |
| Bank Loan | 10,000 | 24.69 |
| Sales (Within Year 1) | 10,500 | 25.93 |
| TOTAL | 40,500 | 100% |

Table 2 - Sources of Finance for MULDOVIC Project

3.5. Risk analysis

The Potential risks analyzed include natural, economic, socio-Political and health related risks.

Natural:

- Longer rainfalls and colder weather
- Natural disasters such as hurricanes, winds, tornadoes, etc

Economic

- Inflation / recession in selected countries
- Economics crisis in selected countries

Socio-Political

- Wars and political instability in selected countries

Health

- Health Pandemics
- Widespread water-borne and flu-like diseases.

3.6. First year budget (P&L)

| Sources of Revenue/Capital | Amount |
|--|---------------|
| Owners' contribution (5000USD each) | 20,000 |
| Loans | 10,000 |
| Donations | 0 |
| Shares | 0 |
| Total Revenue | 30,000 |
| Fixed Costs | |
| Fixed Costs | Amount |
| Rent (300 x 12 months) | 9000 |
| Equipment | 15000 |
| Permits/Tax/Licenses | 1100 |
| Utilities | 5000 |
| TOTAL FIXED COST | 30100 |
| Variable costs | |
| Variable costs | Amount |
| Logistics | 150 |
| Promotions/marketing | 1500 |
| Labour (3 workers @460 per months *12) | 7100 |
| Supplies | 6000 |
| Over-heads | 300 |
| Loan repay | 0 |
| TOTAL VARIABLE COSTS | 15050 |
| INCOME/Sales | |
| INCOME/Sales | Amount |
| Product Sales | 21000 |
| Licensing/Franchise | 10500 |
| Lending/Renting/Leasing | 7000 |
| Other Product sales | 2000 |
| TOTAL INCOME | 40500 |
| P/L Statement Year 1 | |
| P/L Statement Year 1 | Amount |
| Capital/Revenue | 30,000 |
| Fixed Costs | 30,100 |
| Variable costs | 15,500 |
| Income / Sales | 40,500 |
| YEAR 1 P/L STATEMENT | -5,100 |

Table 3 - First Year Budget

3.7. Production curve 4 years

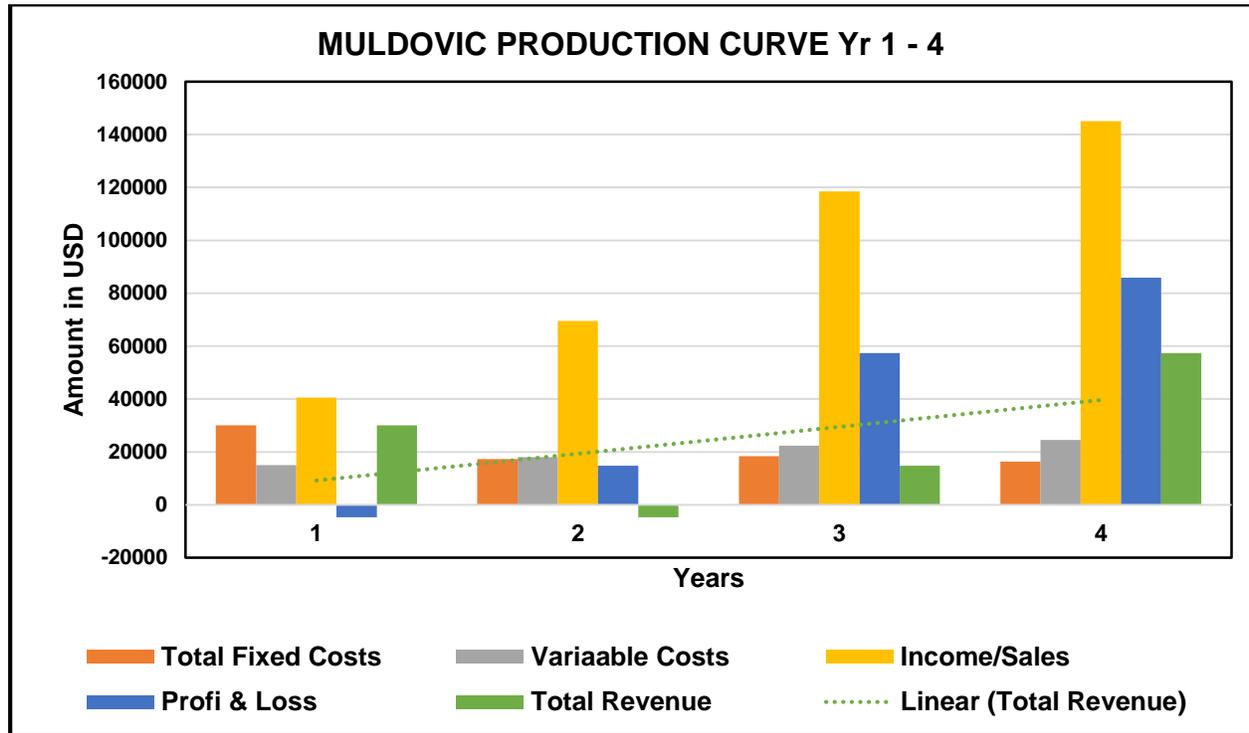


Figure 5 - MMULDOVIC Production curve

3.8. Pricing analysis

- On-the-go : Most basic “on the street” ice-cream served in cones : \$ 0.5
- Cool : High-end level of “on the go” product. (Upselling applicable here) : \$ 1
- X-Perience : Good and indoor served gourmet ice-cream. Basic Level : \$ 3
- Specialty : High end of the “X-Perience (Up-selling applicable here) : \$10
- Out-Door : Catering for an outdoor activity : \$ 50
- Franchise Agreement : \$ 5,000

3.9. CAPEX and OPEX details and 4 years forecast

MULDOVIC ICE CREAM BUDGET ESTIMATE FOR 4 YEARS

| Years | 2022 | 2023 | 2024 | 2025 |
|---|------------------|-----------------|---------------|---------------|
| REVENUE SOURCES | | | | |
| Bal b/f | 0 | -4650,01 | 14777 | 57366 |
| owners' contribution(each members contributes 5000USD) | 20000 | 0 | 0 | 0 |
| loans | 10000 | 0 | 0 | 0 |
| Donations | 0 | 0 | 0 | 0 |
| Total Revenue | 30000 | -4650,01 | 14777 | 57366 |
| INVESTMENT COSTS | | | | |
| Fixed Costs | 2022 | 2023 | 2024 | 2025 |
| Rent (300*12 months) | 9000 | 9000 | 9000 | 9000 |
| equipment | 15000 | 3000 | 2000 | 0 |
| Permits/Tax/Licences | 1100 | 350 | 350 | 350 |
| Utilities | 5000 | 5000 | 7000 | 7000 |
| TOTAL FIXED COST | 30100 | 17350 | 18350 | 16350 |
| Variable costs | 2022 | 2023 | 2024 | 2025 |
| logistics | 150 | 200 | 210 | 250 |
| promotions/marketing | 1500 | 500 | 500 | 500 |
| labour (3 workers @460 per months *12) | 7100 | 9000 | 10000 | 10200 |
| supplies | 6000 | 8000 | 9200 | 11100 |
| Overheads | 300 | 300 | 500 | 500 |
| Loan repay | 0 | 0 | 2000 | 2000 |
| TOTAL VARIABLE COSTS | 15050 | 18000 | 22410 | 24550 |
| TOTAL INVESTMENT COSTS | 45150 | 54723 | 61134 | 59275 |
| INCOME | | | | |
| Product Sales | 21000 | 40000 | 65000 | 78000 |
| Licensing/Franchise | 10500 | 15000 | 30000 | 40000 |
| Lending/Renting/Leasing | 7000 | 10500 | 18000 | 20000 |
| Other Product sales | 2000 | 4000 | 5500 | 7100 |
| TOTAL INCOME | 40500 | 69500 | 118500 | 145100 |
| Gross profit/loss | -4650 | 14777 | 57366 | 85825 |
| Net Profit/loss | -4650,005 | 14777 | 57366 | 85825 |

Table 4 - CAPEX and OPEX details and 4 years forecast

3.11. NPV calculations

NPV calculations indicate a loss in year 1 (Implantation year). This is normal as it is expected that profit may not automatically be gotten after overall calculations.

In years two and beyond, there is no longer any loss, as it is expected that less capital investment is involved. Rather, running expenses are what covers a major part of the budget.

See Table 3 Above for details.

4. EXECUTION

4.1 Project Gantt Diagram

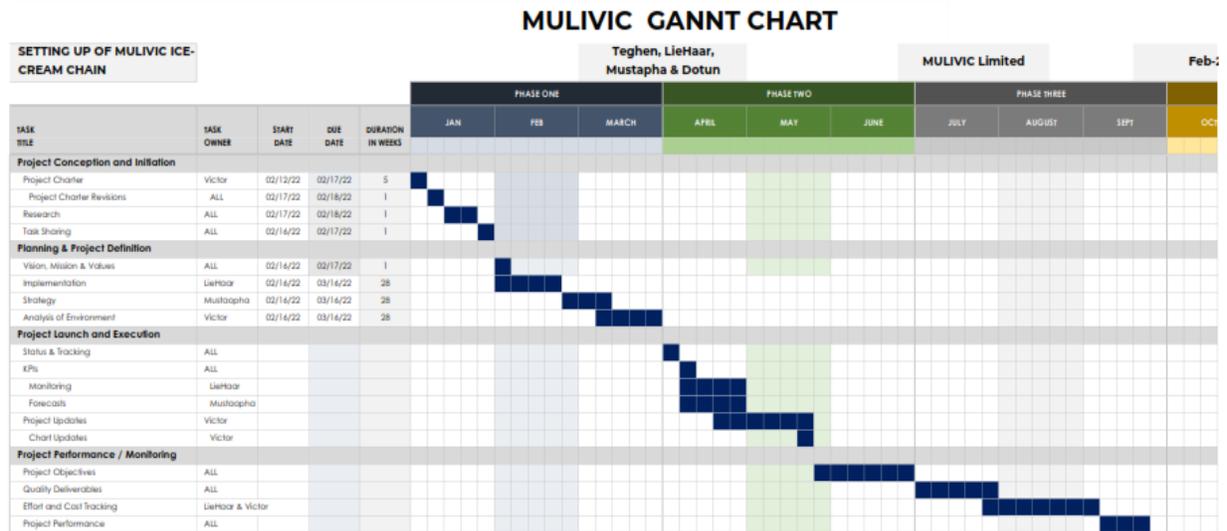


Table 5 - Gantt Chart

4.2 Project Organisation

As can be seen in Project Organizational chart below, each functional structure is comprised of employees who work together to reach a business goal. Conversely, the company needs all 13 members of the organization to initially create and distribute its ice creams products. The supply chain plan will start with the CEO, filter down to the department managers who will organize, direct, and manage resources that will ultimately end with an ice cream product that will be sold to customers. The highest ranking member in the company is the Founder and CEO. This individual leads the organization through an

established strategic plan, and sets all business objectives. Additionally, the CEO is the ultimate decision maker pertaining to problems, and oversees all organizational resources. Underneath the CEO is the Regional Managers with the following functional departments underneath them, Financial officer, Human Resource officer, Marketing director, Logistics officer, Quality assurance officer and cold chain officer. These individuals lead continuous improvement activities, and identifies opportunities to reduce waste.

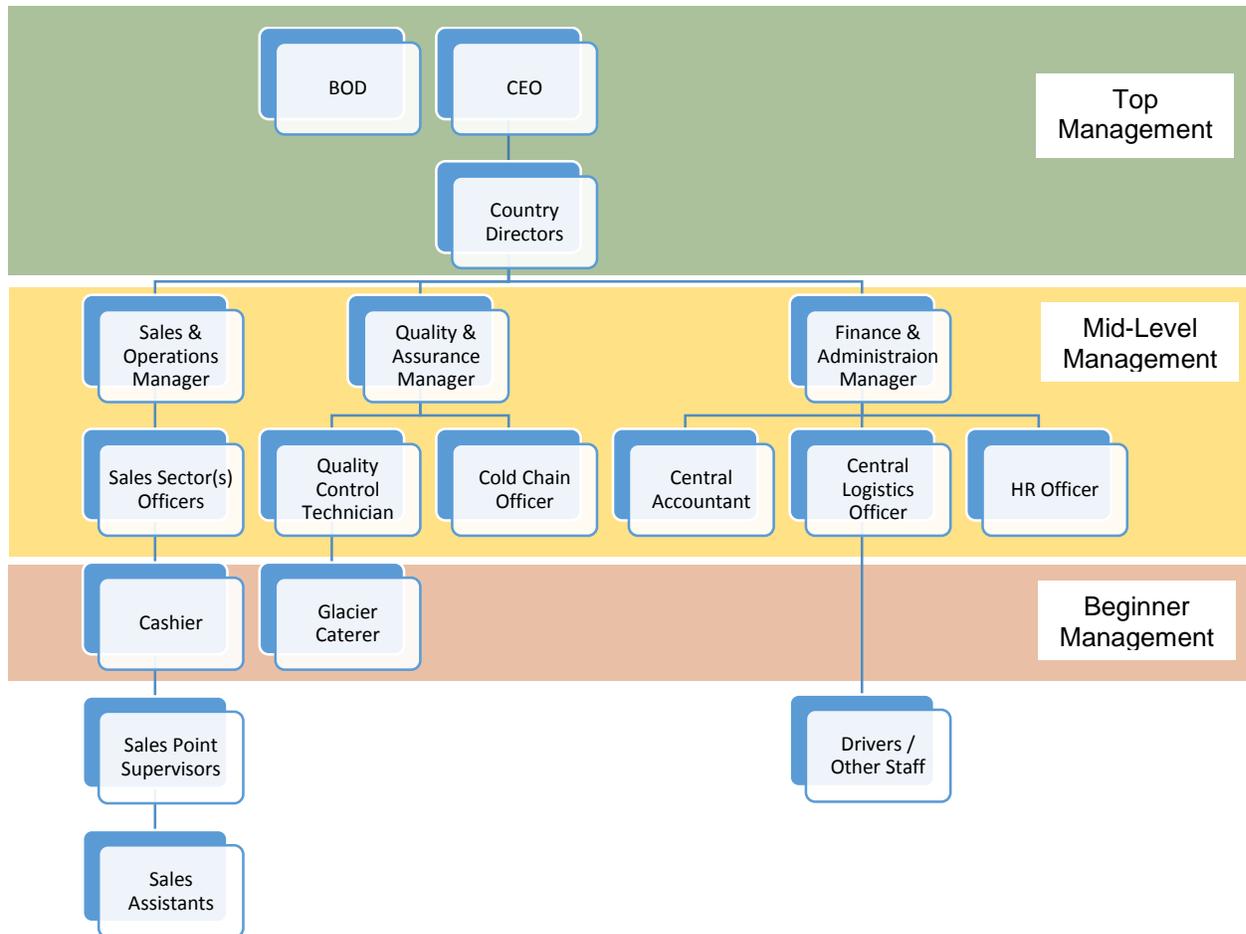


Figure 6 - Project Organisation Chart

4.3 Supply Chain

Ice cream production typically starts with the Procurement of ingredients from the suppliers, into storage and handling, scheduling of production and then the actual production itself. During storage, stock taking and accounting is done and thereafter distribution takes place.

The important aspect of a robust feedback mechanism is implemented between consumers and the management, passing through the sales teams.

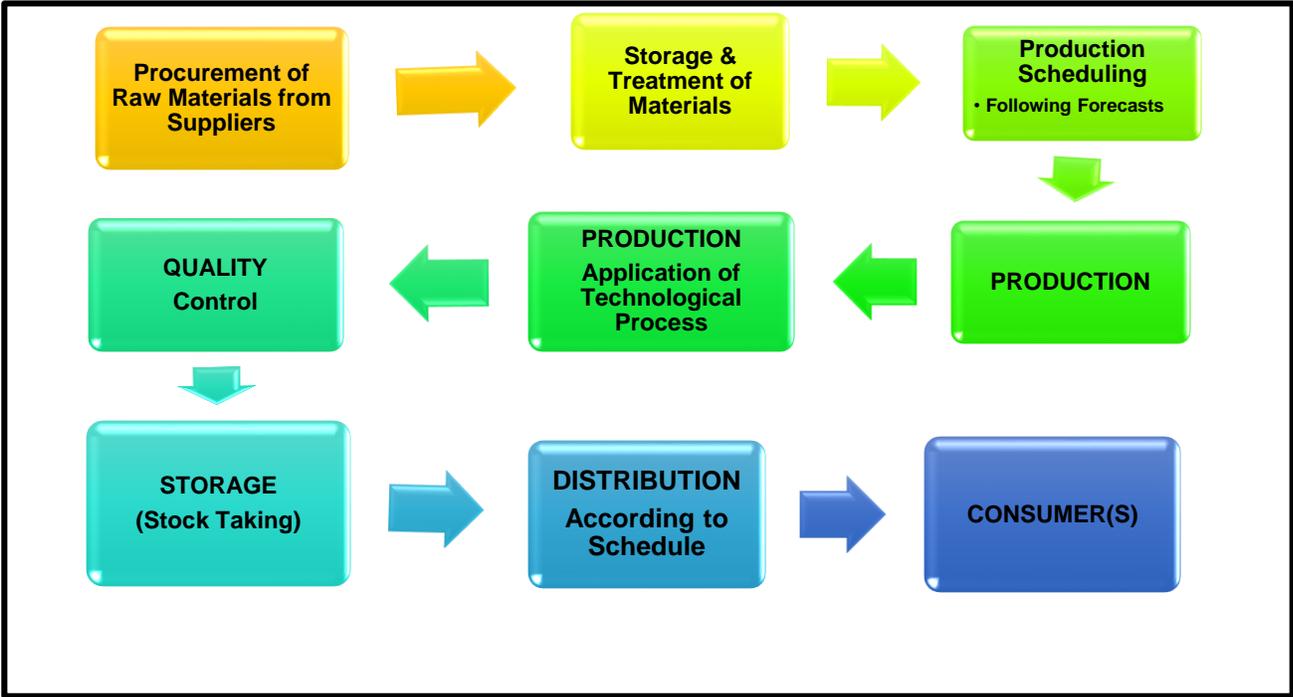


Figure 7 - Supply chain

4.4 Operations Model

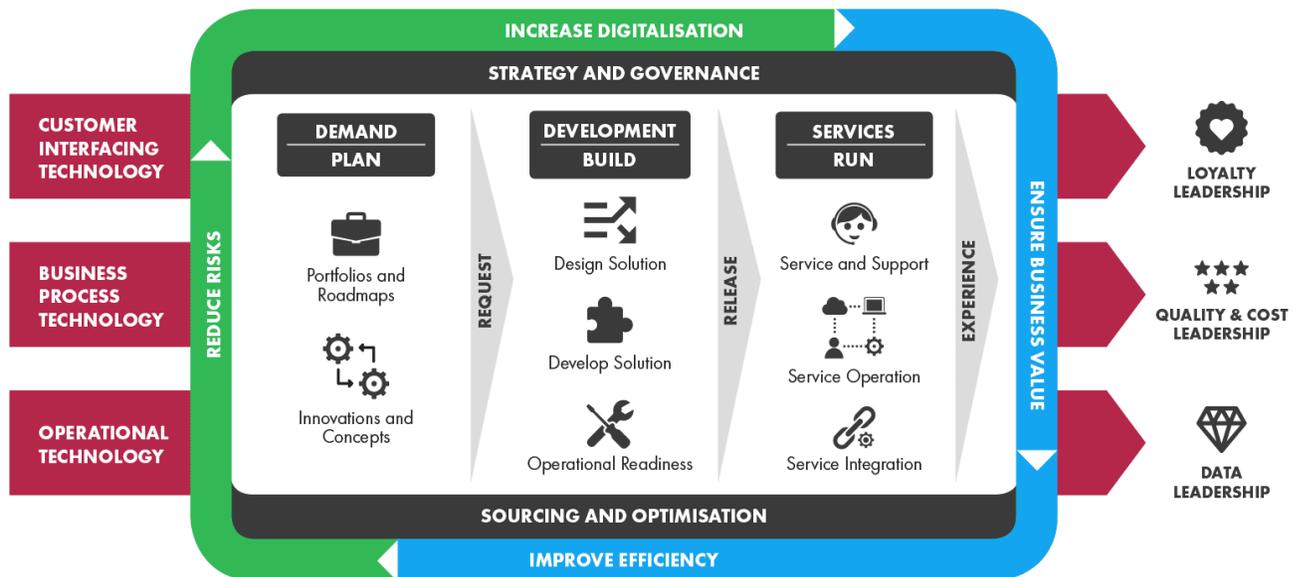


Figure 8 - Operations Model

5. Conclusion/Discussion

Ice Cream business is a booming business in Africa and worth investing in it given its higher rate of return. The major factors responsible for the growth of the ice cream market in Africa include the hot weather and the growing population of the young people who consume a lot of ice cream, increasing consumption of take-home ice cream products, growing disposable income, and availability of various flavored ice creams. It has been observed that customers often prefer to buy different varieties of ice creams.

Thus, MULDOVIC Company will focus on bringing innovations in their product range such as exotic colors, natural flavors, organic herbal filling, and others to meet ever-changing customer demands. Increasing purchase for premium ice creams is one of the key trends witnessed in the African ice cream market.

Consumers across Africa prefer high quality and unique ice cream flavors and are willing to pay more for better quality products. On the other edge of the spectrum, ice cream is a seasonal product that is likely to act as a challenge for the continuous growth of the ice cream market throughout the year in Africa. Based on this report, it important to note that

ice cream market is a fragmented and competitive market, comprising of a large number of regional and international competitors. In order for MULDOVIC to survive in the market it has to focus on introducing new ice cream products to cater to the interests of consumers and entering the market in a customer centric manner that engages the customer even after their patronage.