



Kombombo Timber

Business Plan
2021

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Executive Summary

Business Overview

We are setting up a timber service and trading company that will empower local timber landowners and small-scale traders to take a larger stake in the lucrative local timber business. We will provide the finance and equipment needed to allow them and NLD to compete with well-funded foreign investors.

Local people own much of the land suitable for sustainable timber harvesting in Zambia. However, like many business sectors they do not have access to capital to allow them to utilise their own resources. They are often at the mercy of larger foreign invested companies who can dictate market prices as they know locals have no other options.

Mission Statement

We will provide a timber felling and transport service for local landowners to give them access to the lucrative timber market.

Product/Service Summary

Much of Zambia is rich in resources but local people, who own much of the land, do not have access to be able to develop and commercialise sustainably the land. We will provide a service to allow them to realise more from their own resources and develop the businesses. We will provide the necessary heavy equipment and expertise to efficiently harvest and transport the raw timber.

Market Opportunity Summary

Market statistics for forestry income is difficult to quantify for Zambia. There is a range of uses particularly in rural areas for subsistence fuel, charcoal production and manufacture of lower quality items. Timber is in global demand and as building accelerates worldwide prices are increasing. Zambia can play a sustainable role in meeting some of this demand.

Vision Statement

Our vision is to allow local land owners to fully profit from their own resources. This in turn should help to develop a sustainable timber industry in Zambia. The incentive for owners to over harvest will be reduced if they are able to make a higher profit on harvested timber rather than selling rights to harvest to foreign owned companies. They will have scope for replanting and developing their resources to be a sustainable income generator.

Capital Request

To start this project, we require \$119,000 mainly for capital costs, \$36,500 of the investment will be to support revenue costs.

Business Description

Business Overview

We aim to provide access to harvesting and transport that local landowners cannot easily access.

Timber production and harvesting in Zambia is currently dominated by overseas companies and investors. While some good does come to the local economies these businesses are more interested in the bottom line than supporting the economy.

Our project will empower locals to start to develop their own natural resources business. This will reduce their need to sell to large companies and also realise more of the value from their own land.

To do this we will provide a forestry service, cutting and transporting the timber as required.

Location

We will operate anywhere required, concentrating on the most heavily forested regions. Our equipment is mobile so we can work anywhere.

Facilities

Local people have very limited access to capital to purchase equipment. To be able to sell timber effectively you have to be able to fell, shape and transport to ensure the highest rates. We will purchase the necessary equipment to be able to offer this service to landowners.

Ownership Structure

The business will be owned by NLD; however we will be supported into the market by intermediary business partners, Dora (a local princess) and Jack who both have concessions and many contacts who are in need of our services and support. They have already secured business partners to utilise our service.

Market Analysis

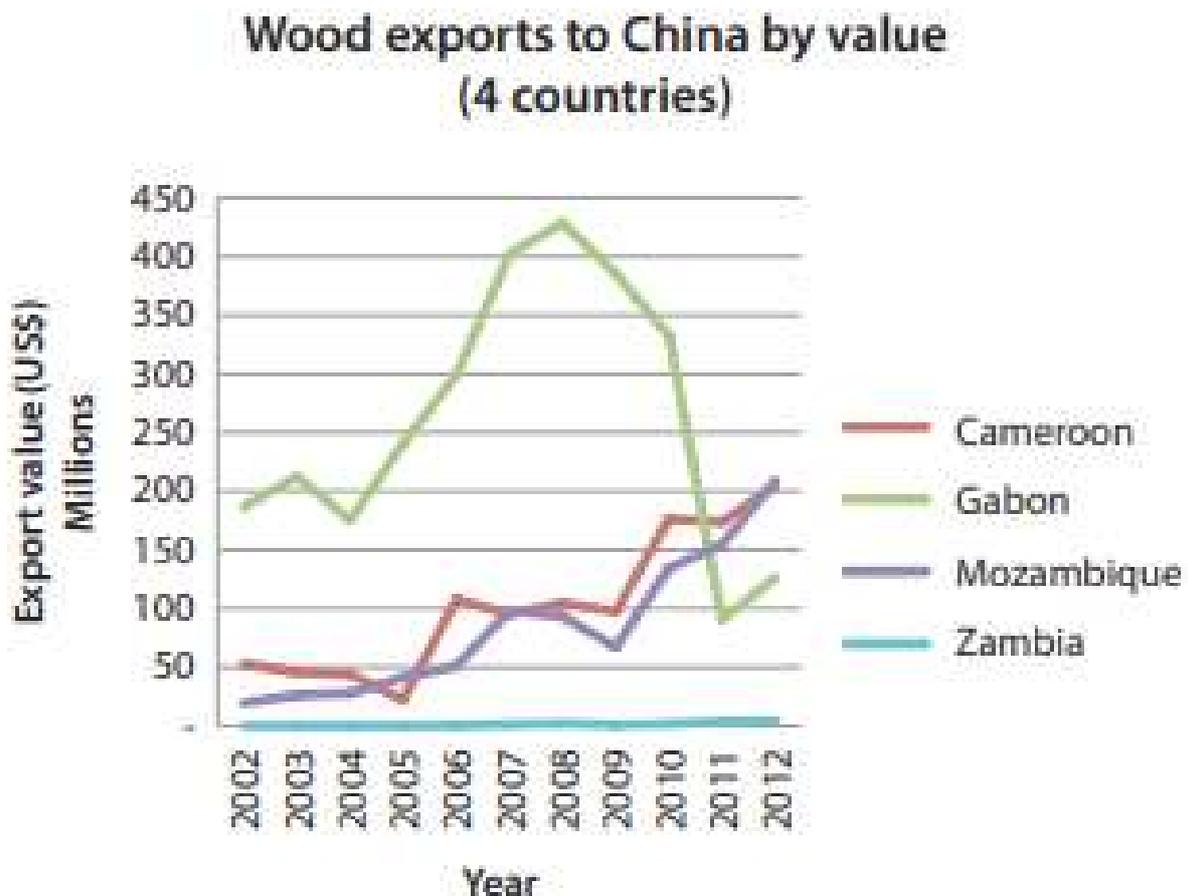
Industry Analysis

According to the U.N. FAO, 66.5% or about 49,468,000 ha of Zambia is forested, and the same source has Zambia with 62,000 ha of planted forest. Whilst environmental concerns are important in any forestry project, well managed they can be of no detriment to the environment and provide a significant boost to earnings of local people.

If the local population can make a fair living from the natural resources, they own and manage they are much less likely to over produce and deforest larger areas. Controlling this is an important part to delivering a sustainable industry demanded by the wider world market.

Market Size & Growth

As can be seen from the graph below, Zambia with similar forestry climates is exporting substantially less historically to one of the main growing world markets in China.



Source <https://www.cifor.org/>

This shows the potential for growth as a well-managed resource to add value to the Zambia economy. More importantly unlike some of the other natural resources we have at hand like copper, this is renewable if managed well.

Customers

Our customers will be land owners in rural areas looking to develop the resources they own. We will offer a felling, transport and brokerage service offering higher prices as well as sell processed timber with the equipment we own rather than just access to land to fell trees.

Products And Services

Products/Services

We will offer felling, basic processing and transport for local small landowners.

Features



Step One

We will have access to modern equipment for cutting down trees.



Step Two

Basic processing of timber to command higher price.



Step Three

Transport from often difficult locations to final customer or broker.

Market position

We will be offering a unique service to small landowners and forest owners in rural areas. Currently they have little choice in where to sell their timber or they have to sell access rights comparatively cheaply to allow larger companies to do the work and take a higher profit.

We will offer an alternative where the customer has the opportunity to make a higher profit than their existing options. This will over time give them opportunities to grow and harvest sustainably.

Unique selling position

Our USP is that we will be the only company offering an alternative route to market. Currently landowners who can't afford the necessary equipment can harvest on a subsistence basis or sell access rights. This company will give a third option, allowing them to make more profit and have control over their own land.

Pricing strategy

Working with the local brokers we can establish a fair price for the customer. We will work with them to ensure while we still make our necessary profit, our customers are in a position to benefit from the co-operation. Our brokers have access to a wider and higher value network, ensuring we can maximise value at all steps in the chain.

Value to customer

We will offer our customers a genuine choice to move from subsistence harvesting of timber, to something that provides income and adds value to their land. It gives them a value-based alternative to the options they have currently.

Funding

Funding Goal

We aim to raise \$118,500 for this project.

Item	Estimate Cost
2 x Tractors	\$45,000
Working Capital	\$23,000
Tipper Truck	\$22,000
Crane	\$8,000
Forklift Truck	\$7,500
6 Month Management Support	\$12,000
Set-up Fees	\$1,500
Total	\$119,000

Terms

We would be prepared to offer between 20-50% of annual profits depending on the investment.

Why Invest? / Conclusion

Like much of the natural resources in Zambia the economic benefit is not fully felt by local people. Harvesting of any natural resource is capital intensive at start up and the vast majority do not have access to better themselves, families and communities economically. By providing a service that gives them choice and gets them one step closer to the market it empowers them to make the most of what they own. Ultimately this is a renewable natural resource and one that can be a real benefit to the Zambian economy in the long term.