



The Richmond Community Development Foundation

Business Plan



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Business Overview

LEGAL NAME:	The Richmond Community Development Foundation.
TRADING NAME:	The Richmond Community Development Foundation (RCDF).
BUSINESS ADDRESS:	1 Walker Street Richmond Northern Cape South Africa
PHONE:	073-476-1746
E-MAIL:	richmond@pakedi.co.za

Description of the Richmond Community Development Foundation

The Richmond Community Development Foundation is a community development project established to improve the lives of the unskilled and impoverished community of Richmond in the Karoo. The Richmond community Development Foundation not only works at the social upliftment of the community but is a skills provider that will establish small cooperative industries in the town of Richmond Northern cape, where there is currently no existing industry or opportunity for employment.

The Foundation has as its focus a pottery & ceramics project, to produce quality ceramics and tableware, with a focus on the art of ceramics, using local clay from the Karoo, it is the easiest skill to teach and with a little practice members of the project can be producing items for re-sale within 2 weeks of starting the project, thus ensuring an almost immediate income generation.

The Foundation is comprised of a sewing project which is the second income generation focus, [the RCDF sewing project will be producing high end bed-linen (Using Traditional African "Batik" techniques and embroidery), a handbag production line, and quilting project.

The third income generation focus points are a carpentry project, where the foundation will restore old period furniture and produce furniture from old wood. The foundation would eventually have a trained team to do renovations and restorations - eg plumber, painter, builder, plasterer, and electrician.

The foundation has started a food gardens project which has received kick-start funding from the Nama Karoo Foundation, half an acre is already under seed, with a half acre orchard (Quinces, peaches, apricots, figs, pears and table grapes) a further half acre has been planted with "Kanker Bossie" an indigenous herbal bush (Proven in the treatment of HIV/AIDS), and also train a team to do property maintenance and gardening, etc. The social aspect of the foundation is the food gardens project to supplement the local soup kitchen (feeding between 100 to 200 children on a daily basis) and produce vegetables for resale. Supplementing the feeding scheme with our food gardens project is a priority for the foundation. With canning and preservatives production from the extensive orchard (Peaches, apricots, quinces, and figs) and vineyard on the property. Sour figs (*Carpobrotus edulis*) will also be propagated for the delicate wild fruit they produce and made into sour fig preserve.

The Richmond Community Development Foundation will produce products using locally sourced natural resources: 100% cottons, local clay and wood, and angora wool.

It has been proven worldwide that dumping of aid into communities has no benefit without creating sustainable development and skills transfer to the local community. Thus the foundation needs to not only get the community involved in growing the produce for the feeding scheme (Soup Kitchen), but also has to place a major focus on skills training and development of a sustainable community based industry.

MAJOR DEMOGRAPHIC, ECONOMIC, SOCIAL AND CULTURAL FACTORS

Our products fit the foundation into overall social and economic trends. Renovation investment has continued to increase as the population ages: people tend to stay more at home and invest in their comfort (cocooning). In addition, our market niche fits into current lifestyle trends in that people are continually buying articles to improve their living space: high-quality linens, soft furnishings and tableware add aesthetic value and comfort.

Home comforts account for a large portion of household spending. Further, the appeal of home ware products made from natural resources remains strong in today's markets, with current trends pointing to reduction of our carbon footprint. Their warmth, artistic look and natural feel are intangible factors favouring our specialized products.

In addition our products have the added value that they are manufactured by a community development project whose sole purpose is community upliftment through skills training and empowerment of the local community. Even though the products produced will be manufactured by the community the products for sale will be of the highest quality with no compromise on production techniques, thus making the “Ag shame” factor a usable product and marketing benefit to The Richmond Community Development Foundation.

MAJOR PLAYERS

The manufacturing of products made from natural fibres and resources is very concentrated, with a few manufacturers occupying 75% of the market. However, the natural fibre markets have traditionally been very fragmented, with a large number of small operators, both for clients and suppliers. The only other true natural fibre manufacturing is the hemp industry, which is also very small and fragmented. The natural products market is growing and with suppliers still highly concentrated and minimal, it is a niche that The Richmond Community Development Foundation can easily fill.

NATURE OF THE INDUSTRY

The Crafts market is stable and mature and represents a large part of the manufacturing sector; the majority of craft work is taken up by traditional African beadwork, which has become quite saturated. The Richmond Community Development Foundation will be taking up the smaller sector of the crafts industry, namely, pottery, linen, soft furnishings and wood products, the sector of the industry with the greatest potential for growth. It is a niche market which is significant and to date it has not been exploited.

TRENDS IN THE INDUSTRY

While the crafts industry is a large one, trends show that it is one with the largest potential, worldwide industries are going “Green” and people are tending towards green products and things organic. Reducing the carbon footprint is the new buzzword, with The Richmond Community Development Foundation subscribing to this new global trend. The fashion, home and décor industry is also tending towards the African theme, The market for custom products such as those from The Richmond Community Development Foundation tends to be better protected from fluctuations in the market and The Richmond Community Development Foundation is ideally placed.

GOVERNMENT REGULATIONS

The Richmond Community Development Foundation is registered as a Non-profit organisation, with registration to be completed with the Receiver of Revenue so as to comply with tax directives. The Richmond Community Development Foundation will also be registered with the department of Trade and Industry in order to comply with all existing legislation and fundraising requirements. As each group of trainees from the community complete their training they too will be individually registered as co-operatives with the department of Trade and Industry. The Richmond Community Development Foundation will comply with dept. of Labour regulations concerning UIF & Workmen’s Compensation. The Richmond Community Development Foundation will also be registered with the SETA (Sector education and training authority) and SAQA (South African qualifications authority), so as to comply and fulfil all requirements required of skills training providers.

THE MARKET

MARKET SEGMENT

The informal trading sectors (the cottage industry), has become a large segment of the economy and has numerous incentives from government to accelerate growth. The cottage industry is an attractive alternative for the consumer in that it is the sector of the economy where the consumer is able to deal directly with the supplier and find the alternative products not readily available in the formal trading sector.

PRODUCTS & SERVICES

The Richmond Community Development Foundation provides superior quality custom-made bed linen, soft furnishings, pottery and ceramics and furniture, with the professional restoration of period furniture and antique books as a n additional service. Our products target the mid-to-high-end of the market.

In South Africa, The Richmond Community Development Foundation has only minor competition for our product lines from small manufacturers in the cottage industry. In the ceramics industry our only competition comes from Ardmore ceramics but there is no reason that we cannot compete with them for a share of the market as they currently have no competition. With the advent of craft markets, The Richmond Community Development Foundation must compete for floor space and point-of-sale advertising.

PRICING AND DISTRIBUTION

Compared to its competitors, our pricing is in the top 30% of the industry. Products are available through standard retailers in the industry, to curio stores, specialist boutiques and to craft markets. In the case of standard retailers The Richmond Community Development Foundation couriers to the retailers' central warehouses, thus capitalizing on existing distribution channels. Marketing efforts are concentrated on the worldwide web and in fashion and décor magazines where an existing system of submitting a single product can be done for free, with contact details listed on a page of suppliers.

MARKET TRENDS

In 2008 (latest statistics available), 3 out of 4 households spent money on renovation and interior comfort; this percentage has been fairly constant since 1989. Customers have become increasingly sophisticated and are seeking higher-quality materials and workmanship.

The demand for interior decor is expected to increase over the next five years as the renovation and home comforts market continues to grow. Interior home comfort in particular is forecast to see fast growth, especially in South Africa where interior design and renovation is becoming more upmarket. The trends over the past 10 years have shown that it is basic human nature to continue to improve ones living environment, and the trend is going to continue.

IMPLICATIONS OR RISK FACTORS

The Richmond Community Development Foundation will initially rely more heavily on direct consumer purchases than sales to major retailers. The location of Richmond, situated in the heart of the Karoo, has forced us to look at our marketing strategy and thus:

The Richmond Community Development Foundation has to rely on its basic strengths, which are:

1. Superior quality products; unique ceramics, tableware, linen, soft furnishings, and furniture.
2. Excellent service; customized "made to order" fit; our ability to produce smaller orders which the large manufacturers cannot do.
3. Access to distribution networks; Situated on the N1 highway between Cape Town and Johannesburg
4. Have the advantage of being a community development project, which adds to our "Green" appeal.

PLANNED RESPONSE

Our marketing approach has shifted to address the mid to high-end customer with a concentration on specialist retailers, art galleries, specialist trade fairs, (Design indaba, Hobby-X, Beadex, The Rand Show, Tourism Trade Fairs, National Parks Retail Outlets, etc.), community craft markets, and interior designers and export markets. The Richmond Community Development Foundation have promotional literature, a web-site and will place signposts at 5km distances from the town in both directions to attract the passing tourists to our on-site retail outlets.

The Richmond Community Development Foundation will employ a full time sales and marketing specialist on a commission basis to liaise with clients and potential clients so as to, not only facilitate a steady growth in sales, but also to sell the community development project as a successful initiative and community regeneration.

The emphasis will be on our products' quality over mass-manufactured goods and our focus remains on the interior design market. Our price advantage over U.S. and European products positions us extremely favourably for exporting with the current favourable foreign exchange rate and the absence of significant competitors can facilitate expansion of The Richmond Community Development Foundation.

OUR COMPETITION

COMPETITORS AND TYPE OF COMPETITION

There are few specialist craft manufacturers producing high end ceramics, linen, furniture & furnishings and as such we can be assured of capturing a segment of the industry. Several local operations make up the local marketplace with competition arising from artisan ceramicists and carpenters making heavy furniture (kitchen cabinets etc).

COMPETITORS' STRENGTHS AND WEAKNESSES

Major strengths of large competitors lie in the economies of scale given by their broad brush approach to the marketplace. The large size of these companies allows them better access to retailers across South Africa and concentrates their efforts in large scale commercial production. As such, they are not positioned to enter the specialist small scale market without significant losses incurred by small scale production (factory floor has to be reconfigured for each new product, which is extremely time consuming, and a large portion of equipment and staff stand idle while only a section of the production floor is being used to produce smaller quantities). They therefore offer a service and product that we as a small scale specialist operator cannot fulfil but we on the other hand are ideally geared to fill the niche that they cannot.

The Foundation has decided to concentrate on the manufacture of specialist individual made-to-order products, which fills the gap opened by the weakness of the large scale operators. Large manufacturers and operators offer products on a large scale (not at all similar to ours) and they generally have close relationships with retail superstores as they are able to supply the larger retailers because of their size and less specialized nature of their products.

COMPETITIVE ADVANTAGE

The Richmond Community Development Foundation's advantage resides in its niche: the Richmond Community Development Foundation are big enough to supply large retailers, yet offer high-quality products that respond directly to the tastes of the mid to high-end market segment. Even The Foundation's higher quality products and customized production, has a distinctive advantage over the "one-size-fits-all" approach of the competition that allows ample room for smaller specialized competitors such as The Foundation to thrive. The Foundation intends to continue positioning our products in the higher end of the market.

In superstores, where our products are at the greatest disadvantage beside Large Scale manufacturers, our point-of-sale marketing efforts will pay off and our sales will continue to strengthen.

CUSTOMERS

- 1** Onsite sales at The Richmond Community Development Foundation to passing tourists travelling the N1 highway between Johannesburg and Cape Town
- 2** Bookstores and curio shops, in Richmond Northern Cape.
- 3** Craft Markets in Cape Town, Johannesburg and Durban.
- 4** Trade fairs such as Hobby-X, Tourism Indaba, Interior design fairs, the Rand Show, Royal natal show
- 5** Curio Shops & National Parks retail outlets.
- 6** Specialist home ware stores countrywide
- 7** Interior designers
- 8** International Exports
- 9** Period furniture dealers
- 10** Art Galleries
- 11** Specialist delicatessen's

ADDITIONAL INFORMATION

The purchasing decision for The Richmond Community Development Foundation's products rests with the individual buyer. The Richmond Community Development Foundation will be supplying individuals, contractors and retailers. This improves access to our customers, allows us to better assess and satisfy their needs and allows us to compete easily in the superstore market. But across all our product ranges we will continue to assess the needs of our clients and adapt accordingly.

SUPPLIERS

The Richmond Community Development Foundation's production process uses primarily natural products which are readily available on the market from numerous sources. This flexibility enables us to obtain products that meet our exact requirements at very competitive prices.

ADVERTISING AND PROMOTION

Communications efforts consist mainly of our web-site, product brochures & flyers and word of mouth. Direct-to-customer advertising is rare in this industry and, aside from customer satisfaction surveys, none is planned, but we will make use of all the home & décor magazines free advertising resources as we possibly can. In conjunction with this, we will produce a monthly newsletter that will be e-mailed to all the retailers and specialist stores.

PRICING AND DISTRIBUTION

The Richmond Community Development Foundation has access to a central warehouse in Johannesburg and, as the N1 Highway passes the town, products for distribution will be sent by road to the Johannesburg warehouse which will be the central distribution and collection point. Delivery to a central warehouse has still to be established in Cape Town. Pricing is in the top third of the market.

CUSTOMER SERVICE POLICY

Customer service is enhanced by a website and inquiry line, quarterly meetings with main distributors and unique product packaging which includes customer feedback surveys. The aim of the Richmond Community Development Foundation is to empower the impoverished community of Richmond and, as such, the customers

and donors who support the community development project will be entitled to not only the best quality products but also the best in customer service. We aim to see every customer a satisfied one.

LOCATION

The Richmond Community Development Foundation operates out of a stand-alone plant, at no 1 Walker Street, Richmond Northern Cape.

SIZE AND CAPACITY

The building houses three production lines: sewing, ceramics and carpentry. Only 5% of the building is used as office space. The Richmond Community Development Foundation are planning to add an additional property to this building for which an application to secure the property on a 99 year lease at a reduced rental has been submitted.

ADVANTAGES OR DISADVANTAGES

The facilities are conveniently located close to the centre of Richmond and are just off of the N1 Highway. However, the building lacks display/sales space, which will be addressed by the acquisition of the additional property. The planned addition would allow us to almost double our plant facilities to meet increased production.

LEASE OR OWNERSHIP DETAILS

The existing building belongs to Dr. Peter Baker a founding member of The Richmond Community Development Foundation and a driving force behind the regeneration of Richmond, who has given the Richmond Community Development Foundation occupation of the property rent free. The second building belongs to the Richmond Town Council and has been unoccupied for the past ten years. We are currently trying to secure a lease and should this not happen another property is available for which we will need to raise the funds for an outright purchase from a corporate donor.

EQUIPMENT, FURNITURE AND FIXTURES

All equipment will need to be purchased, or donated by corporate sponsors as the whole business is a community development project, with its main aim being sustainable income generation for the unskilled and unemployable impoverished community of Richmond. Some equipment has already been donated by corporate sponsors.

CURRENT EXPENDITURES / EQUIPMENT REQUIREMENTS

While the foundation has put a focus on equipment being donated, should the equipment not be donated the foundation will need to raise R 1,485,995.00 which is earmarked for equipment to the community development projects.

RESEARCH AND DEVELOPMENT

Our R & D efforts have centred on market studies and consumers, determining changes in their tastes and buying habits and responding to them. R & D will form an ongoing process and be a key part of the Richmond Community Development Foundation's policy.

ENVIRONMENTAL COMPLIANCE

Most of our activities consist of assembly work. Only the staining process is subject to environmental regulations, where the Richmond Community Development Foundation fully complies with used material disposal regulations. The Richmond Community Development Foundation has instigated a strict recycling program.

ADDITIONAL INFORMATION

There are two boreholes on the property which will be used for the food gardens project as well as for the felting process, water will be used by The Richmond Community Development Foundation in accordance with current worldwide "green" initiatives and policies, our aim will be to conserve and recycle water.

HUMAN RESOURCES

KEY EMPLOYEES

QUALIFICATIONS

- 1** Project Facilitators (2)
Furniture Restoration and carpentry projects and food gardens
Sewing and Ceramics projects
- 2** Project Administrator (1)
Administration of all projects
Web-site and financial control, liaison with sales & marketing and project facilitators
- 3** Sales & marketing Specialist (1)

Client liaison, sales & marketing
Liaison with Administrator and project facilitators

Beneficiaries of the Richmond Community Development Foundation & Project Employees

- 1** Carpenters (10)
Furniture Restoration and carpentry
To be trained in carpentry skills, reliability
- 2** Gardeners (6)
Planting, maintenance and harvest of food products
Low skills, reliability
- 3** Sewing Project (10)
Production of Linen, soft furnishings and tableware
To be trained in the technical and artistic aspects, reliability
- 4** Ceramicists & potters (10)
Pottery, tableware and ceramics, reliability
- 5** Book binding & Book preservation (6)

ADDITIONAL INFORMATION

The Richmond Community Development Foundation plans to add training and income generating positions as and when additional funds become available.

POLICIES & PROCEDURES

HOURS OF OPERATIONS

8AM-5PM, usually 5 days/week, sometimes 6 if orders are due **Flexibility necessary – particularly at harvest time, say 6.30/7 am**

NUMBER OF EMPLOYEES

29 full-time and 4 principals

VACATION PROGRAM

Each employee has a 3-week vacation yearly. Skills development projects will be closed last 2 weeks of the year at Christmas and first week of January. **The exception to this will be the food gardens program where the community members working on this project will take their leave on a rota system during the winter months when it is too cold to work out of doors.**

PERFORMANCE ASSESSMENT

Performance assessment is done yearly in mid-January. Productivity and quality are our two main criteria.

TRAINING AND DEVELOPMENT

The Richmond Community Development Foundation is a non-profit organisation with its sole purpose for existence being skills training. Each staff member undergoes an initial 6 month period of intense skills training, with an additional production/training phase of 18 months, in which members are able to acquire working experience in the various processes. In the final 12 months of the three year training period, training in entrepreneurship is given with members being taught how to run a small business.

During this period the members are organised into co-operatives and are assisted with registration of their co-operatives and with obtaining funding to establish their co-operatives.

The Richmond Community Development Foundation will then transfer production orders from the beginning of the fourth year to the co-operatives and begin training a new group of skills learners. The Richmond Community Development Foundation will remain a marketing arm of the co-operatives and give management assistance where it is needed.

REMUNERATION AND BENEFITS

Benefits and salaries are comparable to those in the industry and overtime hours are sometimes required. A profit sharing incentive plan is planned for the future.

ACTION PLAN

- A1** Premises have been secured to start the project
February 2009
- 1** Raise Equipment and Finance to start the project
June 2010
- 2** Set up Training & Production facility at 1 Walker Street Richmond
Complete except for equipment
- 3** Identify Skills learners from the community and do an Induction to the Community development project
Completed
- 4** Begin Training and begin planning product range for production
July 2010
- 5** Develop sales support material and brochures; plan all marketing and sales systems, Ensure participation at National Home & decor shows
January 2011 + following months
- 6** Sign retail agreements with 1 major retailer and 5 specialist retailers
July 2011
- 7** Begin Production of product orders for re-sale
February 2011
- 8** Begin entrepreneurship training and identify and start registration process of co-operatives
July 2011
- 9** Begin Identifying new group of learners, and start the training process afresh, Assist the new co-operatives with production difficulties
January 2012

ADDITIONAL INFORMATION

For the coming 2-3 years, all our major activities involve training, market development or product launching.

OBJECTIVES / DESCRIPTION OF THE PROJECT

Our general goal over the next 5 years is to improve the lives of the community of Richmond by empowering them with skills and creating an industry from which they will be able to achieve a sustainable income with our developing a market and increasing sales, primarily in the local market with steps into the export market (Europe and the United States of America). The ultimate goal is to achieve 50% of gross sales from exports while developing domestic sales.

BUSINESS HISTORY / NATURE OF OPERATIONS

The Food Gardens project was started with kick-start capital of R 2,000.00 from the Nama Karoo Foundation, the first planting is in, with the first harvest due in January 2010. Despite the shortage of implements, and the non-operational irrigation dams the food gardens will be able to achieve a remarkable harvest for this it's first season, The vineyard is carrying well and ensures a good grape harvest (180kg's harvested this season), while the fruit trees which had been neglected for several years are recovering well and will be ready for next year (Harvested 48kg's of figs), RCDF has also planted 8 new Peach trees and 10 new Quince trees.

The business will be starting skills based operations in January 2010 (Depending on the acquisition of finance for equipment) as a partnership, run by highly skilled and experienced artisans and project managers concerned about the decline of the local community due to poverty. At the start, the foundation will focus on training and then develop the foundation into a business able to sustain the local community. The foundation has been constituted and plans to meet this desperate need. As the skills base and market for our products grows and conditions in the community improve. The foundation aims to spread its skills base to neighbouring towns suffering from the same lack of skills and lack of industry to employ them.

PRODUCTS AND SERVICES

The foundation is a training institution manufacturing linens, soft furnishings, tableware and ceramics, with period furniture restoration and furniture manufacture. Products are of a high quality and target the mid to high-end segment of the market.

PROJECT FINANCING

Financing for the project will be raised from the corporate sector for equipment and the initial training phase of the project. Funds are also required for the product development and marketing phases of the project, at the end of the initial 3 year period the project will be self sustaining. Funding is required only for the start-up and the first two years of the project.

• Capital Equipment, property upgrade & security	R 270,000.00
• Administration Expenses	R 591,461.50
• Running Costs	R 136,660.00
• Project equipment & training tools	R 474,595.00
• Project Materials (raw material)	R 190,839.00
• Training fees for learners in the first year	R 378,480.00
• Training fees for educators/trainers	R 46,000.00

Total required

R 2,088,035.50

MANAGEMENT / ADVISORS

Michael Drysdale

Age: 46

Skills: Fashion & Interior Designer, Pattern maker, Potter & Sculptor, Web Designer, Photographer

Equine Veterinary Nurse

South African National Defence Force

1981-1984

Game Ranger

Mabula Game Lodge

1985-1986

Designer – Sole Proprietor (Couture Fashion Business) Michael Franklison Couture

1986-1996

Missionary

Dutch Reformed Church Missions

1996-1998

Project Manager/Founder

Under Grace (Community Development Project)

1998-2002

Project Manager

AIDSLINK South Africa

2002-2003

Project facilitator – Job Creation

Sparrow Schools

2003-2008

RISK ASSESSMENT AND CONTINGENCY PLAN

The Richmond Community Development Foundation is seeking to finance skills development and income generation project from corporate donors through their corporate social investment budgets.

The Richmond Community Development Foundation has already begun talks and tentative requests to the corporate community to assist in empowering this desperate community who through no fault of their own have ended up in dire straits. Undertaking community development projects is always a risk, but with strict controls and firm management, with the highly experienced facilitators that are currently involved in the project, risks are minimised. Should the project fail, which at this point doesn't seem likely, donors will be offered the opportunity of placing donated equipment, or equipment purchased with donations, in other projects that they support.

FINANCIAL INSTITUTION

Name: Standard Bank
 Branch: Richmond
 Branch Code: 050608
 Account Number: 083152288
 Address: 129 Pienaar Street
 City: Richmond
 Province: Northern Cape
 Postal Code: 7090
 Telephone : 0860-101-341 / +27 11 898 4200
 Fax : +27 (0)53 693-0265
 Name & Title of Contact : Ina Fourie – Branch Manager

SUPPORTING DOCUMENTS

This business plan was prepared by Mr. Michael Drysdale, Project Management Consultant and facilitator of the Richmond Community Development Foundation

APPENDIX

- A] EXECUTIVE SUMMARY
- B] BUSINESS PLAN
- C] CONSTITUTION
- D] FUNDING PROPOSAL
- E] FOUNDATION BUDGET