



# KUBU CRAFTS

Manda Hill Centre-Lusaka

Mosi-O-Tunya Square

Harry Mwaanga Nkumbula International Airport Livingstone

Factory-Dambwa Central Livingstone

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## Executive Summary

Kubu Crafts Ltd. is a Zambian manufacturer and retailer of high quality household, business, and lodge furniture & items, combined with the best of arts, crafts, and gifts from both Zambia and the region. The company was started in 1997, and now has 2 stores in Livingstone, and a main store at Manda Hill Centre Lusaka. The company currently employs roughly 75 employees. The company's workshop in Livingstone is a very modern workshop with sophisticated woodworking machines for maximum quality and efficiency.

## Mission

Kubu Crafts helps create stylish, well-designed furniture that incorporates new technology into the classic décor mode. We are sensitive to the look and feel of good wood and fine furniture as well as to high-powered personal computing. We always provide the best possible value to our customers who care about quality furniture, and we want every kwacha spent with us to be well spent. We also create and nurture a healthy, creative, respectful, and fun office and workshop environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the product we produce. We seek fair and responsible profit, enough to keep the company financially healthy for the long term and to fairly compensate owners and investors for their money and risk.

## Keys to Success

- Uncompromising commitment to the quality of the end product: quality wood, quality workmanship, quality design, quality of end result.
- Successful niche marketing: we seek out the quality-conscious customer in the right channels, and we make sure that customers can find us.
- Assembly is a combination of industrial air-compression driven machines, hand-held electric machines, and fine handwork.
- Our customers are from all walks of life, and appreciate very high quality home and office furniture. We supply excellent customer service before, during, and after products are purchased or ordered.

## Objectives

1. Focus on the new channels to increase sales substantially due to the 2015 fall of the kwacha.
2. Achieve a high gross margin, despite the sales increase.
3. Increase the net profit/sales percentage proportionately during growth.

## Company Ownership

Kubu Crafts L.T.D is owned jointly by Roelf Bosman and Lucy Renew. They are both South African Citizens, but have been here for over 20 years, and now have resident's permits.

## **Company History**

Kubu Crafts was started in 1998 because of the demand for lodge furniture in the Livingstone region. The company was registered and obtained their Investment Licence.

Sales took a big jump in 2006, when Kubu Crafts opened a retail store in Manda Hill shopping Centre Lusaka, which is Zambia's most successful Mall.

Profitability and working capital were required during our recent growth (purchase of the workshop property), but we enjoy a very good relationship with our bankers, FNB, who were very accommodating.

The ZDA and the Investment Centre have been instrumental in facilitating our exhibiting on international platforms, and giving us good exposure.

Kubu Crafts has worked closely with PUM (Netherlands government programme to bring skills training to Africa). As a result of many visits in all areas of the business, we are now export ready.

## **Products and services.**

1. Our main lines are all types of household furniture, mainly from indigenous hardwoods such as teak, rosewood and mukwa.
2. We do a lot of lodge and hotel re-vamps in Zambia
3. We also make complementary pieces to fill out the office suite, including conference tables, bookshelves and cabinets.
4. Many of our furniture pieces include elements of steel, which is made by our steel workshop section.
5. We also make custom designs to fit exact measurements.

## **Competitive Comparison**

Within our niche we have two significant competitors, Nzito Furniture and Sikale Wood. Nzito make a lot of smaller interior décor items, and have a very long lead time.

Sikale Wood has sophisticated machinery, and do interesting doors, but the furniture is lacking in contemporary design.

In general, however, our competition is not in our niche. We compete against generalised furniture manufacturers such as OK and Furnmart, cheaper furniture, and the mainstream merchandise in the major furniture channels and stores. Part of our marketing strategy is to introduce to customers the advantages of buying long-lasting in furniture in both style and durability.

## **Sales Literature**

Our most comprehensive sales and marketing tool is our well documented online catalogue. This same catalogue is used to show customers when orders are being placed for items which are not on the floor. Then we have three different types of brochures depending on the client.

## **Target Market**

Our target market is a person or company who wants to have very fine furniture with the latest in technology, combined with an old fashioned sense of fine woods and fine woodworking. This person can be in the corporate towers, small or medium business, or in a home. In our particular market, we also seek the buyer who appreciates two attributes: the quality of furniture workmanship and the excellence of design, with an understanding of technology and style built in.

## **Sourcing.**

**TIMBER**-Our workshop location is a distinct advantage for timber procurement and delivery because of the forest locations. We have a woodmizer and a team in one of the concessions, and a Tetrax circular saw and Husquarvana bandsaw seeing to smooth operations. We have established relationships with several forestry concession holders, who supply quality wood we use to manufacture Kubu Crafts Furniture.

We work closely with the forestry department on ensuring that all logs received are legally obtained, and have been harvested in the correct way for sustainable forest management.

**STEEL**-Purchased locally.

**BLADES, GLUE, STAIN, SPRAYS, SCREWS, HANDLES ETC** are largely imported from South Africa using a procurement and transport company. Over the years we have seen a number of supply companies in Zambia importing many of the hardware products we use at competitive prices and have thus changed to buying from them.

## **Operations**

**TIMBER PREPARATION**-Once the logs are delivered stamped and checked in our workshop, they are measured to ascertain actual usable volume. Logs are first cut into cants and blocks, and then further cut to the various thicknesses. The planks are then dipped in borer poison, and carefully packed into our five wood drying kilns on the workshop premise. A wood (internal moisture meter is used to measure the IMC (Internal moisture content of the timber) The Thermometer is used regularly to check when the wood is properly dried (3 to 4 weeks).

**ROUGH CUT**- The planks are taken from the kiln (stores) for planning rough cut, planning and gluing, according to job sheet specs for panels required.

**MACHINE SHOP**-All cross-cutting, moulding, routeing, mortising, tenoning and machine sanding is done in this section.

**ASSEMBLY** -The production manager ensures that all the correct pieces per jobsheet are together..and assigned to carpenters and artisans.

**SANDING**. Some large parts like table tops are first sanded on the wide belt sander. Assembled items are sanded either using air-compression or hand sanding.

**PAINT SHOP**-Sanded items go to the spray booth, where they are treated, and/or stained as required.

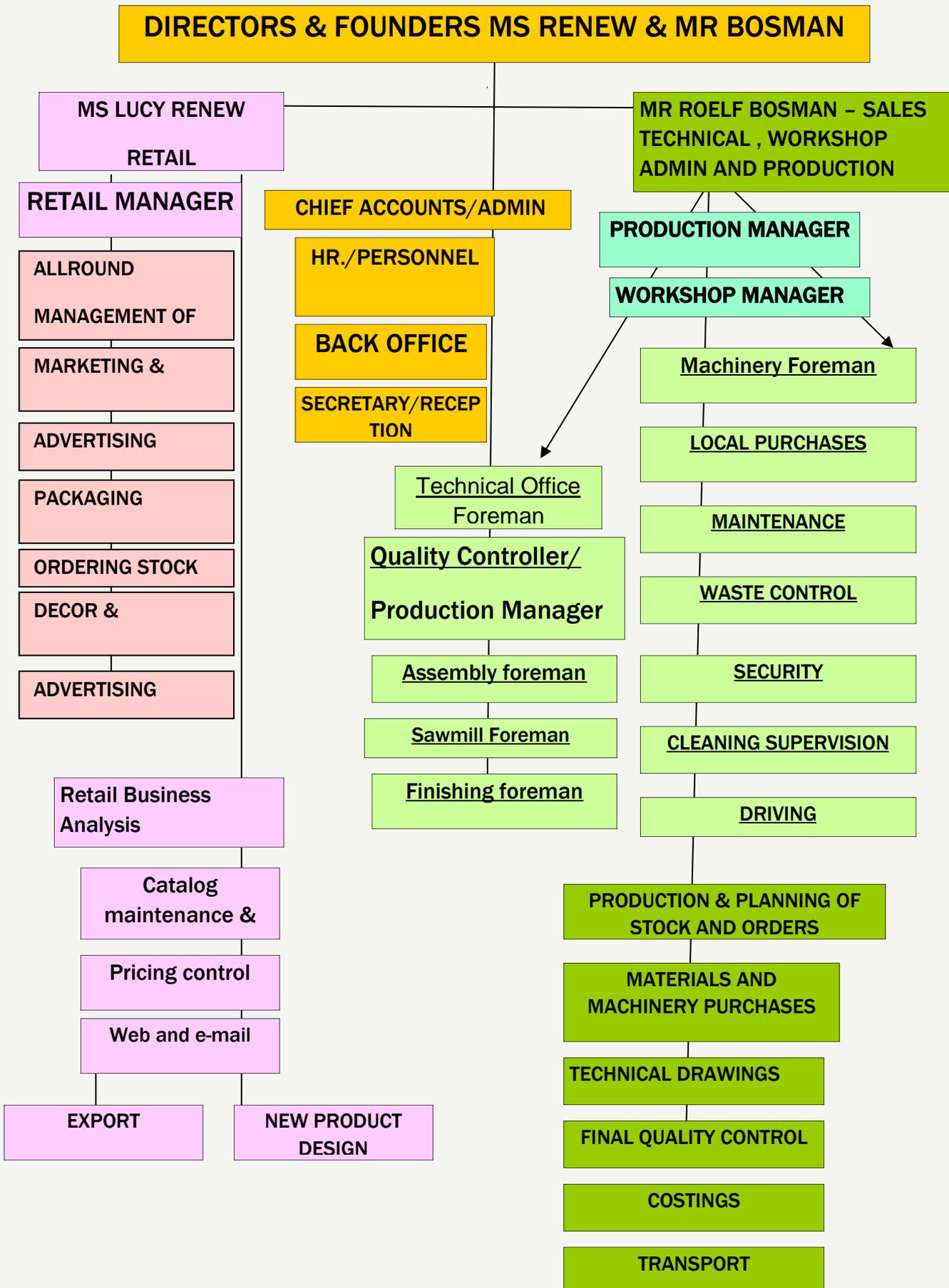
**FINAL FINISHING**-Handles are secured, and a final quality inspection is done.

**TRANSPORT**-Once a week..all due orders and available stock are packed with precision into a truck, and delivered to the Lusaka store. Goods are offloaded, and checked by the manageress for any damage in transit.

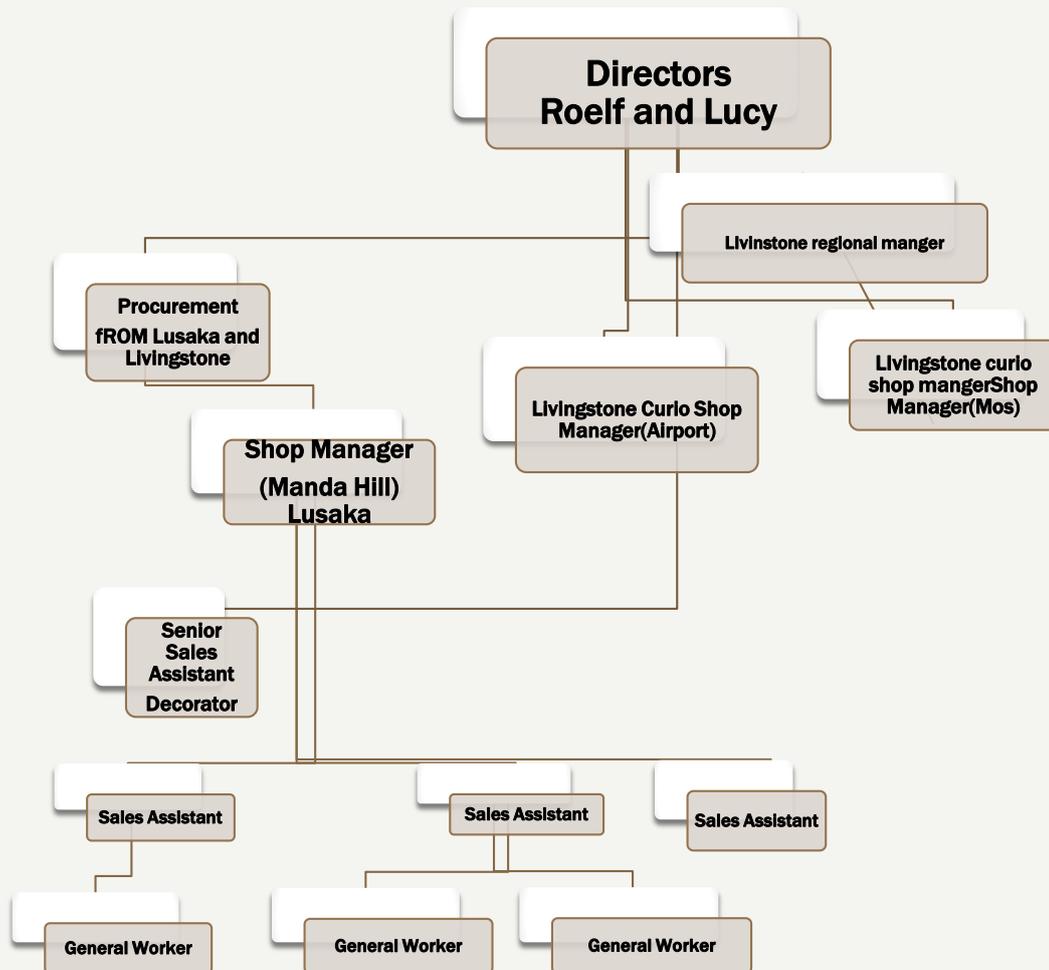
## Kubu Crafts Assets

<b>KUBU CRAFTS LTD</b>		
<b>FIXED AND CURRENT ASSETS AS AT OCTOBER 2016</b>		
<b>FIXED ASSETS</b>	<b>VALUE K</b>	<b>TOTAL KWACHA</b>
WOODMIZER	400000.00	
BANDSAW MILL	359 975.00	
WOODWORKING TOOLS	574 548.00	
INDUSTRIAL PLANER	445 033.00	
TETRAX CUTTER	541 445.00	
OTHER MACHINES	7 892 649.00	
EXTRACTION AND AIR POWER SYSTEM	336 000.00	
SAMPLE TOOLS COLLECTION	420 000.00	
<b>SUB TOTAL</b>		<b>10 969 650.00</b>
<b>LEASEHOLD LAND AND BUILDING</b>		
WORKSHOP DAMBWA	1 600 000.00	<b>1 600 000.00</b>
<b>SUB TOTAL</b>		
<b>MOTOR VEHICLES</b>		
NISSAN TWIN CAB	120 000.00	
MITSUBUBISHI	110 000.00	
DELIVERY VAN	100 000.00	
TRUCK	50 000.00	
GENERATOR	183 000.00	563 000.00
<b>OFFICE EQUIPMENT</b>		
COMPUTERS	800 000.00	
OTHER EQUIPMENT	139 211.00	939 211.00
<b>FURNITURE AND FITTINGS</b>		<b>600 000.00</b>
<b>CURRENT ASSETS</b>		
<b>STOCK</b>		
RAW MATERIALS	850 000.00	
WORK IN PROGRESS	1 500 000.00	
FINISHED GOODS AT W/SHOP	250000.00	
STOCK ON HAND ALL SHOPS	14 600 000.00	
<b>SUB TOTAL</b>		<b>14 671 861.00</b>
<b>TOTAL ASSETS</b>		<b>29 343 722.00</b>
	<b>US\$ VALUE</b>	<b>\$2 934 372.20</b>

# Current Management team



# Retail Structure and Operations



## FURNITURE AND ITEMS MADE BY KUBU CRAFTS

The decision of putting through worksheets for furniture stock made for our main furniture outlet at Manda Hill Centre Lusaka, is decided on by using our Backoffice point of sale, customer demand, and bestsellers. However we frequently put in new designs to stay trendy. Finished goods are trucked on backloads to Lusaka. Kubu Crafts rents a warehouse nearby for duplicates.

## FURNITURE ORDERS.

The Lusaka flagship store has a twin screen catalogue with all the pictures of items made, for the purpose of ordering. If an order is placed and signed, a 50% deposit is paid, and the balance on delivery. Deliveries within Lusaka are done free of charge. Deliveries further out, we can arrange, but the customer pays.

## CURIOS AND CRAFTS

These are purchased either in Livingstone, or in Lusaka by the director or the manager, depending again on bestseller info drawn from the POS retail system.

These goods are distributed accordingly to the three shops, using grv and barcoding system.

Stocktakes for both furniture and curios are done monthly using a hand-held scanner which is downloaded by the main backoffice. The POS system we use is Legend.

# Purpose of this business portfolio.

## Future Products & Projects

- There is still a large market for built-in cupboards in Lusaka, and we are employing a salesperson, and a small fitting team in Lusaka to this end.
- The demand for complete rooms of baby furniture/nurseries is high, and there is little competition.
- We are export-ready, and as soon as we can increase capacity, there is certainly a need for our furniture regionally, and in the next stage internationally.
- Malls have opened in several other towns in Zambia, and there is a need for smaller outlets in these towns.

In order to expand and increase capacity, we are looking at partnering in some way with a company or individual businessperson, who would bring relevant skills and investment in, in order to create more value for both parties. We foresee that if the minimum of a general manager and a financial controller, who have a financial and personal interest, with passion for the product, and experience in a similar business.

We have a strong management and production team, and we are very open to the many ways that a merger and acquisition can be structured, but our wish is to stay on in the business for at least a few years to handover and add to the company our best skills, which include design, sales, and marketing.

As in the chart below, in the event of investment or sale, the responsibilities of the directors would be refined to tasks indicated, and the key logistics would be managed by new investors or partners.

After a possible year to a few years of hand-over, the tasks of the directors would be re-assigned to the new team, with the guidance of the entire team.

## Financials



Detailed financial information will be available on meeting and request.

Accounting software is QuickBooks.

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Contact Details of Directors:

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# Projected Management team

## Kubu Directors Roelf / Lucy

Roelf -

- Promotions
- Designs
- New design implementation
- R&D
- Sales
- Trends
- New design drawings
- Marketing
- Catalogue management
- New business development
- Technical troubleshooting

Lucy -

- Promotions
- Market Trends
- New Designs
- Marketing
- Décor design
- Charity
- Website design management
- Trend management
- Sales
- Catalogue Management

## M

**a** COO/CEO

**n** Complete financial management

**a** Budgets

**g** Financial forecasts

**è** Admin

· Targets

**m** Asset Financing

**e** Stock control

**n** Purchasing

**t** Human resources

· Management decisions

**t** Strategic planning and implementation

· Long term financial planning

**e** Risk management

**a** Corporate governance

**m** Contract negotiation

· Profitability of group

· Immigration and statutory requirements

GM

· Operational management

· Production planning - Orders/Job cards/Load schedules/Manufacturing/QA

· Production implementation

· Logistics and procurement

· Factory management

· Outside plant operational management

· Procurement

· Strategic planning and implementation

· Special projects

· Contract negotiation

· Health and Safety

· Housekeeping

· Security

· Budgets / annual financials (Related)