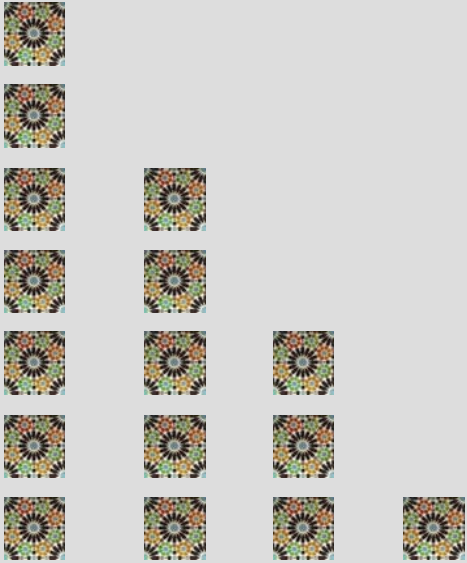
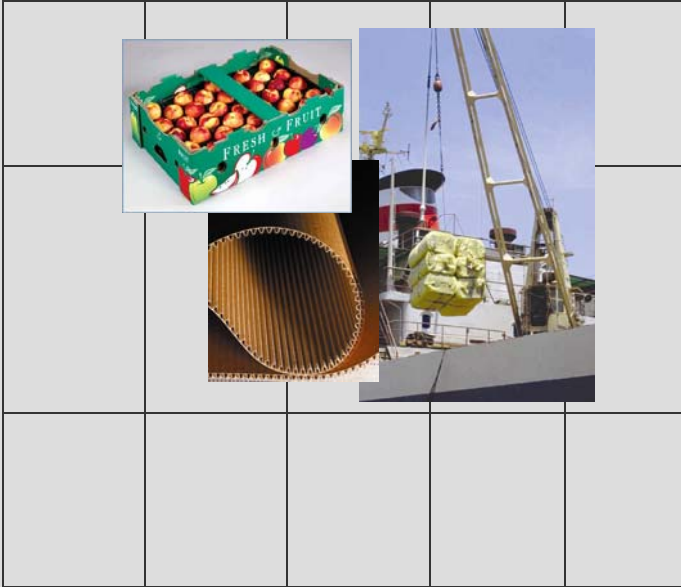


Egyptian Packaging Technology Centre

The Business Plan

Prepared by: LEVEL



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Background to the project:

Egypt currently does not have a consolidated institutional infrastructure for national packaging development. Considering the substantial economic and social importance of packaging in relative to exports and industry development, The Government of Egypt has decided to establish the Egyptian PATC as a vehicle for training, testing and development in the various fields of packaging technology and export packaging promotion. The new Centre will be operating within the framework of MFTI.

The information in this business plan report is presented under several main subtitles, namely: year one objectives, the marketing plan, the action plan, the capital investments, the financial plan/feasibility study, and the implementation plan/timeline.

The government of Egypt has given high priority to export development, and an overall strategy has been formulated covering all sectors of the economy that have to be mobilised for that purpose.

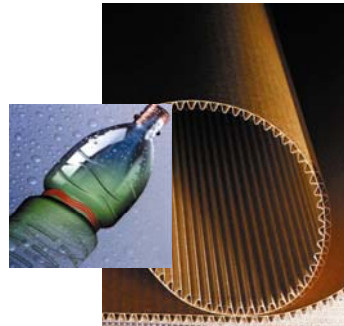
Thanks to the intervention of the PATC, companies will be able to ensure technology transfers and to fill the gap between Egyptian companies and their foreign competitors.

It was foreseen that PATC should become operational in the first year after launch in:

- Testing of packages and packaging materials
- Training programmes
- Information services
- Consultancies/Trouble Shooting and Technical Support

The Packaging Stakeholders

- Packaging manufacturers (plastics, paper & paperboard, metal, glass...)
- Packaging users (food, pharmaceuticals, cosmetics, etc.)
- Distributors
- Conveyors/Transporters
- Exporters
- Recyclers
- Public Institutions and government



Year One Objectives And Activities

The development objective is the improvement in the competitiveness of Egyptian exports. The immediate objective is the establishment of a comprehensive fully fledged packaging centre to provide information, training, technology transfer, laboratory testing and technical support to various enterprises in Egypt.

The work programme for the establishment of the Egyptian packaging technology centre:

Stage 1: Construction of laboratory testing and training facilities in connection with the new building. The construction is scheduled to be finalized during 2006. Indicative floor plans of PATC's facilities in the new building are included in establishment plans proposed by consultant.

Stage 2: Acquisition of laboratory testing equipment. A technical committee may be appointed to evaluate alternative equipment available in the market and to determine the final specifications. Procurement tenders may be issued in March 2006.

The value of the selected equipment is approximately 2.26 Million USD.

A list of approved equipment is attached as in establishment plan.

A second batch of complementary equipment is expected to be needed in 2-3 years time.

Stage 3: a substantial technical assistance project has to be carried out to train the future staff of the Egyptian PATC in all aspects of its operations. This project will be based upon the specific provisions, outlined in this document.

PATC Organizational Development

At the end of the first year (establishment year), the aim is that the PATC premises are fully operational with all fittings and decoration completed. The immediate objective regarding equipment is to establish a number of laboratories equipped with capability to provide the selected specialised testing services as well as R&D activities in support to the printing and allied industries.

During the establishment year, the Centre will recruit its core staff and arrange for their training (locally and overseas).

By the end of the first year, the full complement of staff will have been appointed, including retained international consultants. The number of the PATC staff should be around 22 persons. That is the minimum staff required to reach the PATC objectives.

The scope of recommended services are:

- Up grading
- Quality
- Safety
- Information system
- Packaging Design
- Sector promotion
- Technological Survey
- The edition of a Packaging Newsletter
- Training
- Analyses and tests
- Studies
- Technical Expertises
- Research and development
- Arbitration
- Organization of the National Packaging competition
- Technology transfer
- Many others

The Marketing Plan

The period leading up to the Centre launch, and the first year of operation, will be critical in generating awareness of the Centre and stimulating demand for its services. The marketing activity in this initial phase will have three principal objectives:

- 100% awareness of the Centre amongst the target audience of the Egyptian packaging industry and its chain suppliers
- Recognition of the value proposition of the Centre by the target audience
- Development of the elements of the Centre marketing plan (see below).

Centre Activities

During the pre-launch period and the first year of operation, the Centre will be establishing the basis for its continuing operations. It will need to market-test the planned services during this period, in order to ensure that the mix of services can meet the demand from the industry in a cost-effective and timely manner.

The following are proposed as the core of the Centre activities for the pre-launch and Year One period:

Training Courses

The centre will engage in offering highly demanded training courses and certificates, in areas such as: Packaging materials, packaging specifications, Packaging design, Packaging for export, Transport of dangerous goods, Presentation of ISO quality standards, Methodology of writing quality documents, Internal quality audit, Problem-solving methodology and Statistic control of processes

Consultancy Activities/Arbitration and trouble shooting

The Establishment Plan refers to consultancy services in responsive, proactive and intermediate modes. Backed by the PATC resources, Consulting Services' capabilities cover all aspects of the packaging business. For each of the potential services, details are given here of the way in which Centre expertise would be delivered to the client. Depending on the particular requirement, all or some of the number of steps would be involved in the final package.

Consultancy Service Details:

- Procurement
- Contract Bidding
- Production Planning
- Systems Integration
- Quality Assessment
- Conflict Resolution
- Implementation of Standards
- Testing and evaluation
- Design and Branding

It is proposed that these services are tested with a very small number of companies at an early stage in the Centre operations. The purpose of these early implementations will be to generate a 'success story' in each area of activity, which can subsequently be used to promote the activity and services. These test implementations will also permit fine-tuning of the service delivery and help to build a base of expertise at the Centre.

Information/Documentation Service:

The PATC includes appropriate consultancy inputs to plan and establish a comprehensive, computerized information/documentation service, for regular dissemination of technical and commercial information on packaging. Specific emphasis should, in this context, be put on the development of a database on regulations related to packaging and labeling.

Standardization and Certification:

The Egyptian PATC will become the professional focal point for development of national packaging standards in collaboration with the Egyptian standardization authority.

Specific training should be given to PATC staff in the application of testing procedures to meet International requirements for packaging for dangerous goods.



Elaboration on the above services, and others, with related practical considerations is included in this document.

The Financial Plan/ Feasibility Study

The total investment for PATC is 2.56 million USD excluding an estimated 900000.00 USD for the building and land.

Building on the total investment summary developed in this business plan, and based on the conservative revenue and cash flows projections presented; and in addition to the Egyptian government's generous initial support to the Funding of technology centres;- the PATC becomes a Viable ongoing activity. In fact, the PATC activities being intended to meet intense current demand ensure that the PATC investment is timely, and the industry is ready to benefit from it.

At the end of the first year, the Centre will aim to:

- generate a level of activity in which the revenue from all sources matches, at least, the operating costs of the Centre
- Demonstrate a rising level of activity and a sound financial projection for operations

The feasibility study was done suggesting that establishing the PATC is a necessity. Linkages with other TCs are also recommended. However, amalgamation in any of them is not.

The PATC will make an operating loss in Year 1 of actual operation. From Year 2 onwards, the PATC is projected to achieve a positive cash flow and a Payback period of 8 years.

Finally, in interpretation of the previous analysis of the PATC, "The Consultant" recommends that the PATC be fully-operational at launch.

