





## Sylva Professional Catering Services & College Limited

SYLVIA BANDA ADJUSTED HER HEAD WRAP IN THE MIRROR at her desk and looked nervously at the clock on her computer. “Maureen!” she called, through the lace curtain that divided her office from her secretary’s. “Call to check that those chickens have arrived at the Cabinet. It’s almost 11, and the canteen won’t be able to serve lunch. And tell the Chairman I’m ready to go!”

Sylva Professional Catering and College Limited (Sylva Catering) had started in 1987 as a tiny restaurant serving traditional fare to local office workers for lunch in the southern African city of Lusaka, Zambia. After a decade of trial and error, in the mid-1990s this small family business grew to include six restaurants, or “canteens,” a modest guesthouse, an outside catering operation, a small food-processing plant and a hospitality trade school. Sylvia Banda, the company’s founder, was now hoping to achieve her dream of building a four-star hotel in Lusaka. The new complex would replace the guesthouse and allow her to bring all of the company’s existing areas of business under one roof, making Sylva Catering one of the preeminent brands in Zambia.

Sylvia looked back down at her calendar: “Minister of Lands, Tuesday, January 8, 2002, 11:00 a.m.” Her husband, Hector, whom she calls “the Chairman,” would be picking her up any moment to drive her to a meeting about securing land in Lusaka for the construction of the new hotel. She thought back over the history of her company and wondered if this step—the most ambitious she had taken so far—would succeed in leading her business to the pinnacle of the hospitality industry in Lusaka.

### **1. History of the Business**

From the early 1980s, Sylvia’s vision was to build a successful brand name that would rival the international hotels dominating the skyline of Lusaka. With this goal in mind, she began her studies at Evelyn College, the country’s most prestigious degree program in institutional catering. Hard work and resourcefulness defined Sylvia’s time at school. While others were enjoying the student lifestyle, she worked through the day and night thinking of ways to “get the \$1 in everyone’s pocket.” When the cafeteria served beans, Sylvia offered a chicken or beef dinner in her room, and when it was time for dances, she sewed dresses for her friends instead of attending. Not only did Sylvia learn important lessons about customer service, food preparation and business initiative, but she also became

financially independent from her parents. Evelyn College was pivotal in her life in two ways: during this time she successfully experimented with entrepreneurship, and she also met her future husband and business partner, Hector Banda.

In 1985, Sylvia married Hector, a lecturer at the Zambia Institute of Management. The couple shared the dream of creating a prominent brand name, and it was Hector who coined the name “Sylva,” which is meant to evoke images of precious metals. In the spirit of building their own business, the Bandas worked throughout the night for the first six months of their marriage sewing linens and uniforms for local hotels in Lusaka.

After completing her degree in institutional catering, Sylvia joined the civil service as a staff member for the Ministry of Education. During this time, she gained important experience working part-time as a catering manager in two small hotels in Lusaka, at which she initiated changes in food service and management. An unwanted transfer to the head office of the ministry compelled Sylvia to quit her job and seek opportunities outside the civil service. She contacted the Village Industry Services (VIS), a government-sponsored small-business incentive program, to inquire about entrepreneurship support and assistance.

In 1987, VIS provided Sylvia with a large, rent-free room at the Chinika industrial complex. The space had the potential to be the perfect location for a lunchtime canteen, yet Sylvia lacked the supplies and equipment to begin. Her resourcefulness proved essential—she used chickens and maize meal from her own kitchen and pots and pans given to her as wedding presents to begin preparing meals. Sylvia fried onions, garlic and peppers in a pan and waited for the aroma to entice customers into the Sylva canteen. On the first day, 20 customers stood and ate their meals. By the second day, the government, duly impressed by Sylvia’s initial success, provided tables and chairs for the Chinika room. After a 10-day trial period, Sylvia decided to manage the canteen full-time, and Sylva Catering became a reality.

By 1993, a number of new competitors had entered the canteen market. Facing a declining customer base and lower profit margins, Sylva Catering shifted its strategy in order to regain lost market share. Instead of relying solely upon her existing customer base, Sylvia aggressively marketed to companies and government offices—offering them special staff discounts, group rates and take-away services—and opened adjacent canteens under contract. She also decided to serve food to clients outside the canteen locations, which attracted new clients, including international NGOs, government ministries and local patrons.

By 1997, Sylva Catering had three locations, and the company headquarters had moved to central Lusaka. Competition remained intense, forcing Sylvia to conceive a plan to further differentiate her business from the others. She decided to open a hospitality

trade school, the Evelyn Hotel (later renamed the Fairview Hotel), modeled after her alma mater. In the first year of operation, 18 students enrolled for the yearlong instruction course, and by the end of 1997 Sylva Professional Catering had become Sylva Professional Catering and College, Limited. By 2001, the number of students had reached nearly 300.

The last addition to the business was the opening of the Sylva Christian International Guesthouse (Guesthouse) in 1999 to meet the needs of the Christian community in Lusaka. The Guesthouse provides a comfortable space for residents who desire a quiet and peaceful environment. Unlike many of its competitors in Lusaka, the Guesthouse is alcohol-free.

## **2. The Zambian Context**

The accomplishments of Sylva Catering to date are dramatic in the context of Zambia's fledgling private economy. In 2000, the country's GDP was \$3.2 billion, and approximately 75 percent of Zambians lived below the poverty line. Given its geographic size, Zambia is a relatively sparsely populated country, and nearly 50 percent of its citizens live in urban areas—representing one of the highest urban population rates in sub-Saharan Africa. As a point of reference, teachers' salaries average around \$60 per month. Professionals make only slightly more, and unskilled laborers earn around \$1.25 per day. A full 30 percent of the working age population (15–49 years) is HIV-positive, a fact that has led to vacated government offices and dwindling management capacity in many industries.

The capital city of Lusaka has a population of 990,000. The city's main street, the half-mile-long Cairo Road, is lined with ill-maintained commercial buildings from 1 to 20 stories tall. Sylvia's main office is situated in one of the tallest buildings, known as Findeco House. The balance of the city is characterized by three upscale neighborhoods—in which upper-middle- and upper-class residents live in sizable homes with walled gardens—and dozens of “compounds,” impoverished neighborhoods of cement block rooms with corrugated metal roofs, in which three out of four Lusakans live.

One small section of Lusaka is dominated by Manda Hill, a new, South Africa-financed strip mall on a par with the most modern ones found in the United States. The complex provides wealthier citizens with such amenities as an enormous supermarket, a Wal-Mart-like superstore, an Irish Bar and a Subway sandwich franchise. About one in four Lusakans can afford to frequent Manda Hill. The influence of Zambia's predominantly Christian population (nearly 75 percent) is particularly evident in the capital city, where churches of various Christian sects compete for real estate.

The primary challenge for Zambian businesses is access to capital. The Lusaka Stock Exchange (LuSE) was established in 1994, but as of 2001, the only companies listed were seven previously state-owned enterprises, and only three of those were being actively

traded. Private-equity capital is scarce, and debt prospects are not much better. The interbank lending rate, set by the Bank of Zambia, hovers around 45 to 49 percent, leading to commercial-loan interest rates upwards of 55 percent. Inflation stands at close to 20 percent. A dearth of collateral, especially among smaller businesses and entrepreneurs, further inhibits the flow of much needed business capital.

Lacking the capital necessary to either expand or improve current business operations, Sylva Catering also extends credit to its clients, so its cash flow is dependent on prompt payment from customers who may face their own financial challenges. It is not unusual, therefore, to find a note on the bookkeeper's door at month's end that reads, "Suppliers: Please be informed that payments have been suspended for the time being. We regret the inconvenience caused." Sylva Catering requires additional capital to grow and improve, but prohibitive interest rates and widespread investor reluctance continue to pose serious barriers.

Like many small-business owners in emerging markets, one of Sylvia's biggest challenges is how to legally acquire private property. Sylva Catering spends upwards of 10 percent of monthly revenue (U.S.\$2,000 per month) on rental properties because the canteens, Guesthouse, head office and food-production facility are all located in rented space. Sylvia's dependence upon landlords and her tenuous relationship with the owner of the Guesthouse limit her ability to make necessary renovations or improvements to the property. At the Guesthouse, battles for control of the water tank occur on a regular basis, frequently leaving guests with an insufficient water supply. Without control of her property, Sylvia cannot maintain the high standard of quality and service she desires.

During privatization, much of the best land in and around Lusaka was sold to sitting tenants or civil servants at giveaway prices. The Ministry of Lands offers cheap plots of land on the outskirts of Lusaka, but it is very expensive to make private real estate deals, particularly for property in the city center. Mortgage brokers offer prohibitively high interest rates, leaving private loans from banks as the only way to finance real estate acquisitions.

State-sanctioned entrepreneurship is new in Zambia, and it is a field in which women carry something of a competitive advantage. Until privatization began in the early 1990s, private entrepreneurship was illegal, as all businesses were state-owned and -run. The government invested in large-scale businesses with enormous workforces, made up mostly of men. This left Zambian women, who were traditionally responsible for farming and agricultural trade, to operate a flourishing underground economy. Thus, although women hold a subordinate position to men in Zambian society, women are the ones who, ironically, have decades of experience in entrepreneurial business.

*For a map of Zambia, please see Exhibit 1.*

### **3. Sylva Professional Catering and College Limited Today**

Sylva Professional Catering and College Limited comprises four main business areas: canteens (six locations), outside catering, college/trade school and the Guesthouse. A small food-processing operation, housed at the University of Zambia, is also under development. The company maintains a head office in Findeco House on Cairo Road in downtown Lusaka. This headquarters holds the offices of the managing director, accounting team, general manager and support staff, as well as the college (two classrooms) and an independent canteen that is slightly more upscale than its governmental counterparts. The managing director, Sylvia Banda, works closely with the general manager, T. W. Mwansa (who is also principal of the college), to oversee the operations of each Sylva Catering outlet, most of which are separately located around Lusaka.

#### **3.1. Staff**

Each Sylva Catering outlet has a manager who oversees the staff and operations and reports to the general manager. Similarly, three supervisors are responsible for overseeing the areas of outside catering, food processing and transportation. The full team of managers meets every Monday to report on their outlets and exchange information. Sylvia occasionally attends these meetings as well. The total Sylva Catering staff numbers 131.

Sylvia places great importance on hiring service staff members who are professional, committed and well trained. Because many of Sylva Catering's staff members are graduates of Fairview College or Sylva College, the level of their professionalism is quite high. Sylvia recognizes the importance of paying competitive wages in order to maintain an excellent staff: Sylva Catering wages range from U.S.\$250 per month for managers to U.S.\$25 per month for the Guesthouse laundry man. Particularly in catering and the Guesthouse, staff members who interact with clients are crucial in distinguishing Sylva Catering from its competitors.

Sylvia also credits the strength of her business to Hector. While Hector maintains a separate career as a consultant and professor, he spends a considerable amount of time supporting the operations of Sylva Catering. As described by a local Lusaka newspaper, "Although Sylvia kept her husband deliberately in the background during the interview, one had the feeling he was looming large in her life and business success."

Sylva Catering's seemingly flat organizational structure notwithstanding, both small and large decisions are made by either Sylvia or Hector, with little input from other members of the management team. Calls ranging from inquiries about tuition at the college to chicken shortages at the canteens are routed through Sylvia's personal mobile phone. Her reluctance to delegate effectively to the general manager, coupled with many of her

managers' apparent lack of initiative or autonomy, could be perceived as a weakness in the management of the business.

*See Exhibit 2 for the Sylva Catering organizational chart.*

### **3.2. Brand Development**

The Sylva brand name is widely recognized in Lusaka, an achievement in a city with a crowded catering market. If you mention Sylva Catering or the Guesthouse, everyone in Lusaka knows “the food people.” Sylvia’s celebrity is such that it disrupts her weekly grocery store outings—shopping takes longer because so many people want to say hello or congratulate her on the business. Sylvia’s recognition around town is largely the result of a successful and carefully conceived advertising campaign.

Recognizing that advertising is essential to the company’s success in the competitive Lusaka market, Sylvia and her team have devoted significant financial resources to making their business a known brand name. Although using electronic media is the most expensive method of marketing, Sylva Catering has invested in television advertisements, some lasting up to 30 minutes, to describe its services in considerable detail. The company also regularly advertises in two national newspapers. Sylvia has said of her commitment to continued investments in marketing, “I want Sylva to reach the same brand recognition as Coca-Cola.”

### **3.3. Network**

A leader in the women’s small-business community in Lusaka, Sylvia sits on the boards of the Zambian Chamber of Small and Medium Business Associations and the Zambia Investment Center and also maintains membership in four other business associations. Active participation in the business community allows her to refresh and strengthen her network of government and business contacts. In addition, Sylvia has spent time and energy building a network of “friends”—local suppliers, the police and transportation providers—to ensure that her catering services can continue uninterrupted.

## **4. Areas of Business**

### **4.1. Lodging**

As the capital city of Zambia and a minor transportation hub for visitors to nearby Victoria Falls, Lusaka welcomes a low to moderate number of tourists each year in comparison to such other regional capitals as Cape Town and Harare. The city is home to three major upscale hotels, the Holiday Inn, the Hotel Inter-Continental and Taj Pamodzi, which cater predominantly to international guests from South Africa, Europe and North America. These are complemented by an array of smaller, locally owned hotels and guesthouses—many of

which are located in the vicinity of the Sylva Christian International Guesthouse—which serve primarily a regional and Zambian clientele. Both hotels and guesthouses are subject to seasonal demand, with most business occurring from May to November, when occupancy rates occasionally reach 100 percent. In general, the lodging market in Lusaka is highly competitive.

The Sylva Christian International Guesthouse falls into the category of moderately priced guesthouses, with eight rooms ranging from K55,000 to K105,000 (approximately U.S.\$13.75 to U.S.\$37.50) per night. The Guesthouse boasts a pretty garden, a small swimming pool, an open-air pool table and a somewhat dilapidated tennis court, along with a dining room. The rooms are adequate, but while some of the rooms are “self-contained,” the plumbing is unreliable. Most of the Guesthouse’s customers are Zambian, with a small number of regional visitors coming from South Africa, Zimbabwe, Botswana and Namibia on business, to study or for tourism. The Guesthouse provides long-term lodging at the same daily rates to some of the latter. The executive suite and special suite tend to be permanently occupied by such long-term customers.

*Exhibit 4 includes a Sylva Guesthouse tariff schedule and occupancy estimates.*

*See Exhibit 3 for details about comparable guesthouses in the area.*

#### 4.2. Catering

The city also sees a brisk business in catering. A moderate population of foreign-embassy and -aid workers, headquartered in the capital city, provides a steady customer base for official receptions and other parties. A broad swath of local citizens is also accustomed to hiring outside caterers for frequent weddings, funerals and other ceremonies. Therefore, demand for catering services is high and ranges widely, from expensive international events with Western fare to lower-range parties serving the local maize meal staple, nshima. Catering companies working to meet this low-end demand are myriad and, according to one American embassy official, pricey and “practically indistinguishable.”

Sylva Catering primarily serves a governmental and local middle-class clientele. The company caters events both on outside grounds, for clients associated with Sylva canteens, and in the Guesthouse garden—especially for weddings, which take place once or twice a month. Sylva Catering’s outside catering rates range from K10,000 per person for hors d’oeuvres to K40,000 per person for a full dinner buffet (U.S.\$2.50 to U.S.\$10.00), excluding tax and service charge. A “small” party consists of about 50 attendees. The catering business’s cost of raw materials averages about 35 percent of revenues, leaving room for healthy margins even after service, management and overhead expenses.

### 4.3. Canteens

The Lusaka canteen market is similarly crowded. Canteens are inexpensive, basic restaurants that typically serve lunch to a local crowd. It is common for larger companies and government offices in Zambia to subsidize employee lunches, and approximately 25 to 30 employers even have an in-house lunchroom canteen. Sylva Catering operates five such in-house canteens: Lusaka Water and Sewerage (LWS), University of Zambia (UNZA), Zambia State Insurance Co-op (ZSIC), Examination Council of Zambia (ECZ) and the Cabinet Office. These facilities are open to the public but established under contract with government offices and located on office grounds. The company operates a sixth canteen in the Sylva Catering headquarters on Cairo Road.

The Sylva canteens are institutional in décor, with hand-washing sinks in the corner, clean tables and chairs, and simple posters showing cornucopias of fruits and vegetables. The daily menu offers a choice of grilled chicken or beef along with a side vegetable dish and nshima at an average cost of K5,000 (U.S.\$1.25). Along with the Guesthouse, the canteen at the Sylva headquarters has more character; there is printed cotton fabric on the walls. At present, few if any foreigners frequent any of these locations.

On average, each canteen has eight tables with four place settings. The four busiest canteens seat three to four customers per table during lunch, and each table typically turns over four times. The price is generally K5,000 per plate, with a cost of approximately K3650. A fifth canteen, at the University of Zambia, matches or exceeds the others in volume of lunches served but charges only K3,000 for somewhat smaller portions (costing approximately K2,575 apiece). The sixth canteen, at the Examinations Council of Zambia, charges regular rates but sees lower volume, with most tables only partially full and rarely more than two turnovers per day. Each canteen is open full days on weekdays and half a day on Saturday, when business tends to be lighter.

### 4.4. Trade Schools

Attending a hospitality trade school is increasingly popular among the local youth. As the Zambian tourist economy grows, local interest in hospitality-related jobs—especially among women—is keeping pace. In Lusaka, there are two colleges that offer certificates and diplomas in such subjects as hotel management, food production, general hospitality, food and beverage services and housekeeping. Fairview College, which began as the Evelyn Hone School more than 15 years ago, offers a comprehensive curriculum with both one- and three-year courses of study and is considered to be Zambia's best hospitality trade school.

Sylva College, which opened its doors 1997, offers three- and six-month courses and one-year certificates at lower rates than Fairview. The certificate in hotel management

entails four 3-month terms at a tuition cost of K562,500 per term; the food and beverage course runs for three terms at K498,500; and the food production course involves two terms at K575,000 per term. The college employs three full-time professors, who receive monthly salaries of approximately K800,000, and two part-time professors.

*Please see Exhibit 4 for additional information on Sylva College courses and rates.*

## **5. Options**

Sylvia Banda is trying to decide how to best expand her business. She is considering several options.

### **5.1. Status Quo**

One of Sylvia's options is to maintain Sylva Catering's four main business areas in their current state. The canteens, outside catering, Guesthouse and college are complementary businesses with practical synergies. For instance, the canteen kitchens may be used for outside catering (ubiquitous, they also raise the profile of the Sylva Catering brand around Lusaka); the Guesthouse garden provides ideal space for catering events; and the college constantly replenishes the local pool of qualified employees.

Sylvia has been unusually successful at expanding her business to this stage, and she might reasonably choose to refine her nascent empire to generate higher profits. Sylvia's marketing is just beginning to pay off, and as brand awareness grows, her interrelated businesses will be able to achieve greater synergies. By building a stronger management team, she may, however, be able to extract greater value out of her business and expand incrementally.

### **5.2. Drop a Business Area**

It could also be argued that Sylva Catering has spread its resources too thin. Given the difficulty of obtaining working capital and the company's lack of real estate collateral, it may be prudent to liquidate one area of the business and deploy the resources more single-mindedly. With more capital directed at just the Guesthouse, outside catering, the college or the canteens, Sylva Catering might achieve both higher margins and enhanced brand awareness.

If the decision is to focus, the big question is where? Several of the canteens are underperforming. Sylvia might close these, but would the resulting capital savings be significant enough to have an impact on another area of the business? Alternatively, perhaps the Guesthouse should go. While it provides a profitable option for catering events, Sylvia may do better by developing it into a conference and banquet center. Or should she dispense with the college, given the stiff competition from Fairview and the

lack of classroom space? What about outside catering? Should Sylvia continue competing in a very crowded market? If she decides to reallocate her resources, she also needs to decide on which business area to focus.

### 5.3. Four-Star Hotel and One-Stop Shop

The real opportunity might be to build upon Sylva's success and make a quantum leap into a larger-scale enterprise. Sylvia seeks to have a cutting-edge brand with significant cachet in the local, regional and international market. As a widely recognized personality in Zambia, Sylvia may be able to capitalize on the current publicity to propel her business into new and much more profitable areas.

It is clear that Sylvia is a woman driven to achieve her dreams. Her strength of personality, defined by resourcefulness, motivation, commitment to the business and vision, has enabled Sylvia to develop her business from a \$40 investment to a \$28,000 hospitality company. Her dream is to run a four-star international hotel, and given her notable success so far, relevant experience and determination, the company may now be perfectly positioned to take this step. Moreover, this would enable her to bring all her businesses under one roof and address the management challenges of her widespread empire.

Sylvia has three alternatives in pursuing this option. The first is to negotiate the purchase of a building currently nearing completion in a Lusaka suburb for around U.S.\$1 million and invest approximately U.S.\$500,000 more to complete the build-out. This building was initiated as a new hotel by an unknown party, but when the owner defaulted on the loan, it was repossessed and subsequently purchased by a private real estate dealer. Sylvia has been negotiating with the owner, who is willing to sell, but Sylva Catering must first secure a loan to complete the deal. The building is suitable in terms of location and layout but will not suffice to house the college. Therefore, in addition to the U.S.\$1.5 million investment, Sylva Catering will eventually need to add a structure on the property to accommodate the college. For this, Sylvia is contemplating the purchase of inexpensive prefabricated rooms produced in South Africa.

A second alternative is to purchase a plot of land on the outskirts of Lusaka from the Zambia Ministry of Land, which is currently distributing unwanted land for a token price of about U.S.\$10, and build anew. Sylvia has already commissioned a funding proposal for such a venture and is beginning to circulate it in South Africa and Kenya in the hope of obtaining outside funding. The project would proceed in stages, beginning with the immediate assembly of prefabricated rooms for use by the college and eventually leading to the construction of a large-scale hotel. The advantages of this alternative are the

relatively low initial investment required and the swift scale-up afforded by the use of prefabricated buildings.

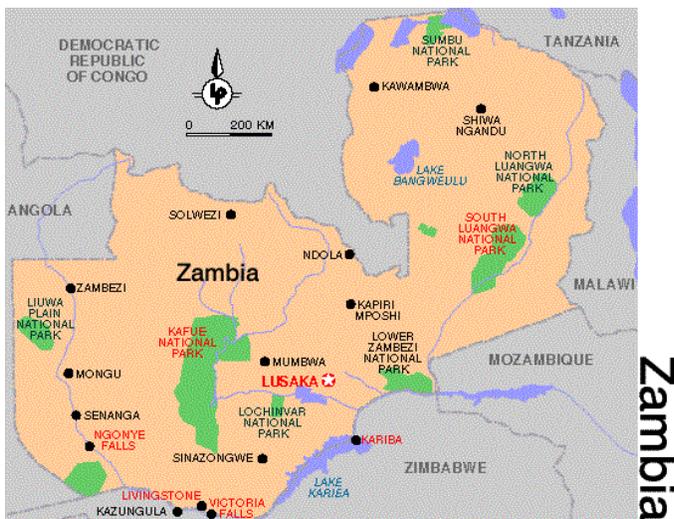
Finally, Sylvia could opt to partner with an established international hotel not yet present in Zambia, such as Hilton or Sheraton. Given that she lacks sufficient capital and experience with an international upscale clientele, it might make sense to establish such a strategic partnership, to which Sylvia could bring her local knowledge and celebrity profile.

*Please see Exhibit 4 for detailed Sylva Professional Catering and College financials.*

## **6. Conclusion**

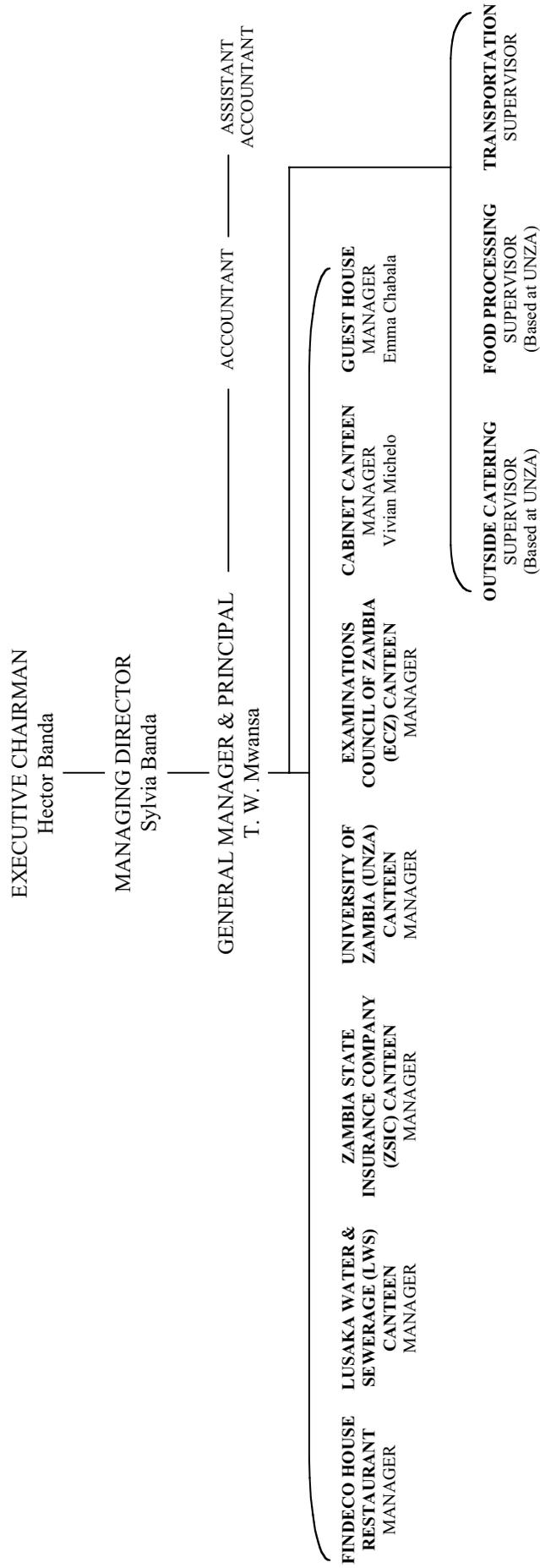
Sylvia and Hector Banda stood with the Minister of Lands and gazed out at the vacant plot on the outskirts of Lusaka. In an effort to raise monies through the divestiture of less commercially desirable lands, the ministry was offering the Bandas this plot at a price well below market rates. Sylvia imagined a beautiful new building where Sylva Catering would at last stand on its own and be able to operate on its own terms. She thought about her beginnings with the two-plate cooker in borrowed space and how close she was now to achieving her dream of a world-class brand name in hospitality.

**Exhibit 1. Maps of Zambia**



Zambia is a landlocked southern African country, slightly larger in area than Texas or slightly smaller than France and the United Kingdom combined, with a population of 10.7 million. It is home to Victoria Falls, one of the seven wonders of the world, and contains one of the world's largest stocks of copper. Zambia was colonized by the British at the end of the 19<sup>th</sup> century, and was known as Northern Rhodesia until its independence in 1964. For 27 years, Zambia was essentially a socialist state, until a new president, Frederick Chiluba, began an impressively swift process of privatization in 1991.

**Exhibit 2. Organizational Chart Fsylva Professional Catering and College Limited**



### **EXHIBIT 3: Local Guesthouse Competitors**

#### Peace Garden Guesthouse

Total number of rooms:	12
Room and lobby quality:	Dingy, moderately clean
Grounds:	Pretty garden
Conference facilities:	No
Outdoor events:	Likely not
Additional onsite facilities:	Bar
Staff:	Unprofessional, unfriendly
Other notes:	Good location in Lusaka, but not a nice place to stay, lower quality compared to Sylva

#### *Price Range:*

K60,000	Non self-contained
K70,000	Self-contained double
K80,000	Self-contained double

#### Fairview Hotel (formerly Evelyn Hotel)

Total number of rooms:	31
Room and lobby quality:	Nicely appointed, very clean
Grounds:	Well-kempt but not appropriate for outdoor events
Outdoor events:	No
Conference facilities:	Yes
Additional onsite facilities:	Restaurant, coffee bar, outside balcony terrace with bar
Staff:	Highly professional
Other notes:	Very nice local hotel with professional service

#### *Price Range:*

K200,000	Self-contained twin
K240,000	Self-contained double
K360,000	Junior suite
K400,000	Suite

### **EXHIBIT 3: Local Guesthouse Competitors (continued)**

#### Lima Garden

Total number of rooms:	15
Room and lobby quality:	Very clean, simple
Grounds:	Beautiful, very large, extensive landscaping
Conference facilities:	Yes, executive room accommodating 18-25
Outdoor events:	Yes, weddings run K500,000 for 5 hours
Additional onsite facilities:	Pool
Staff:	Highly professional
Other notes:	Closely associated with New Apostolic church, higher quality than Sylva

#### *Price Range:*

K40,000	Twin or Standard
K50,000	Deluxe Twin or Double
K60,000	Deluxe self-contained double or Executive room

#### Margaret's Guesthouse

Total number of rooms:	5
Room and lobby quality:	Fine, relatively clean
Grounds:	Tidy
Conference facilities:	No
Outdoor events:	Yes
Additional onsite facilities:	Cozy dining room
Staff:	Uncomfortable
Other notes:	A nice guesthouse, good location, equal quality to Sylva.

#### *Price Range:*

K80,000	Non self-contained Twin or Standard
K120,000	Self-contained Twin or Double

**EXHIBIT 4: SYLVA FINANCIALS**  
**Estimated Income Statement for 2001**

<b><u>Canteens</u></b>	<b><i>kwacha</i></b>		<b><i>U.S.\$</i></b>	
	<b><u>Annual</u></b>	<b><u>Monthly</u></b>	<b><u>Annual</u></b>	<b><u>Monthly</u></b>
<b>REVENUES</b>				
Cabinet	147,840,000	12,320,000	36,960	3,080
Findeco House	147,840,000	12,320,000	36,960	3,080
LWS	147,840,000	12,320,000	36,960	3,080
ZSIC	147,840,000	12,320,000	36,960	3,080
UNZA	88,704,000	7,392,000	22,176	1,848
ECZ	38,016,000	3,168,000	9,504	792
<b>Total Revenues</b>	<b>718,080,000</b>	<b>59,840,000</b>	<b>179,520</b>	<b>14,960</b>
<b>EXPENSES</b>				
Cabinet	129,637,200	10,803,100	32,409	2,701
Findeco House	129,637,200	10,803,100	32,409	2,701
LWS	129,637,200	10,803,100	32,409	2,701
ZSIC	129,637,200	10,803,100	32,409	2,701
UNZA	97,851,600	8,154,300	24,463	2,039
ECZ	97,851,600	8,154,300	24,463	2,039
<b>Total Expenses</b>	<b>714,252,000</b>	<b>59,521,000</b>	<b>178,563</b>	<b>14,880</b>
<b>PROFITS</b>				
Cabinet	18,202,800	1,516,900	4,551	379
Findeco House	18,202,800	1,516,900	4,551	379
LWS	18,202,800	1,516,900	4,551	379
ZSIC	18,202,800	1,516,900	4,551	379
UNZA	(9,147,600)	(762,300)	(2,287)	(191)
ECZ	(59,835,600)	(4,986,300)	(14,959)	(1,247)
<b>TOTAL PROFITS</b>	<b>3,828,000</b>	<b>319,000</b>	<b>957</b>	<b>80</b>

**Exchange Rates**  
**2001 U.S.\$1 = K4,000**  
**2000 U.S.\$1 = K3,200**  
**1999 U.S.\$1 = K2,500**

**EXHIBIT 4: SYLVA FINANCIALS**  
**Estimated Income Statement for 2001**

<b><u>Guesthouse</u></b>	<b><i>kwacha</i></b>		<b><i>U.S. \$</i></b>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
<b>REVENUES</b>				
Lodging	92,430,000	7,702,500	23,108	1,926
Rental Space	6,000,000	500,000	1,500	125
<b>Total Revenues</b>	<b>98,430,000</b>	<b>8,202,500</b>	<b>24,608</b>	<b>2,051</b>
<b>EXPENSES</b>				
Lodging	117,123,600	9,760,300	29,281	2,440
Rental Space	-	-	-	-
<b>Total Expenses</b>	<b>117,123,600</b>	<b>9,760,300</b>	<b>29,281</b>	<b>2,440</b>
<b>PROFITS</b>				
Lodging	(24,693,600)	(2,057,800)	(6,173)	(514)
Rental Space	6,000,000	500,000	1,500	125
<b>TOTAL PROFITS</b>	<b>(18,693,600)</b>	<b>(1,557,800)</b>	<b>(4,673)</b>	<b>(389)</b>

<b><u>Catering</u></b>	<b><i>kwacha</i></b>		<b><i>U.S. \$</i></b>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
<b>REVENUES</b>				
VIP Events	24,000,000	2,000,000	6,000	500
Lunch/Dinner Buffe	75,600,000	6,300,000	18,900	1575
Cocktails/Teas	24,000,000	2,000,000	6,000	500
<b>Total Revenues</b>	<b>123,600,000</b>	<b>10,300,000</b>	<b>30,900</b>	<b>2,575</b>
<b>EXPENSES</b>				
VIP Events	8,400,000	700,000	2,100	175
Lunch/Dinner Buffe	26,460,000	2,205,000	6,615	551.25
Cocktails/Teas	8,400,000	700,000	2,100	175
<b>Total Expenses</b>	<b>43,260,000</b>	<b>3,605,000</b>	<b>10,815</b>	<b>901</b>
<b>PROFITS</b>				
VIP Events	15,600,000	1,300,000	3,900	325
Lunch/Dinner Buffe	49,140,000	4,095,000	12,285	1,024
Cocktails/Teas	15,600,000	1,300,000	3,900	325
<b>TOTAL PROFITS</b>	<b>80,340,000</b>	<b>6,695,000</b>	<b>20,085</b>	<b>1,674</b>

**Exchange Rates**  
**2001 U.S.\$1 = K4,000**  
**2000 U.S.\$1 = K3,200**  
**1999 U.S.\$1 = K2,500**

**EXHIBIT 4: SYLVA FINANCIALS**  
**Estimated Income Statement for 2001**

<u>College</u>	<i>kwacha</i>		<i>U.S. \$</i>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
<b>REVENUES</b>				
Revenues	122,387,500	10,198,958	30,597	2,550
<b>EXPENSES</b>				
Expenses	76,550,000	6,379,167	19,138	1,595
<b>PROFITS</b>				
<b>TOTAL PROFITS</b>	<b>45,837,500</b>	<b>3,819,792</b>	<b>11,459</b>	<b>955</b>
<b>TOTAL BUSINESS</b>	<b>111,311,900</b>	<b>9,275,992</b>	<b>27,828</b>	<b>2,319</b>
Tax @ 35%	(38,959,165)	(3,246,597)	(9,740)	(812)
<b>After-Tax Incon</b>	<b>72,352,735</b>	<b>6,029,395</b>	<b>18,088</b>	<b>1,507</b>

**Exchange Rates**  
2001 U.S.\$1 = K4,000  
2000 U.S.\$1 = K3,200  
1999 U.S.\$1 = K2,500

**EXHIBIT 4: SYLVA FINANCIALS**  
**Estimated Income Statement for 2001**

	<i>kwacha</i>		<i>U.S. \$</i>	
	Annual	Monthly	Annual	Monthly
<b>Total Revenues</b>	<b>1,062,497,500</b>	<b>88,541,458</b>	<b>265,624</b>	<b>22,135</b>
<b>Total Expenses</b>	<b>951,185,600</b>	<b>79,265,467</b>	<b>237,796</b>	<b>19,816</b>
<b>Total Profits</b>	<b>111,311,900</b>	<b>9,275,992</b>	<b>27,828</b>	<b>2,319</b>

<b>Annual Contribution Before Administrative Expense Allocation</b>			
	<u>To Revenues</u>	<u>To Expenses</u>	<u>To Profits</u>
Canteens	68%	81%	3%
Guesthouse	9%	9%	8%
Catering	12%	5%	45%
College	12%	5%	44%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Exchange Rates**  
**2001 U.S.\$1 = K4,000**  
**2000 U.S.\$1 = K3,200**  
**1999 U.S.\$1 = K2,500**