

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF POLITICAL SCIENCE

TOPIC:

**BUSSINESS PLAN ON THE ESTABLISHMENTS OF GOAT
REARING FARM IN MY VILLAGE FOR LOCAL FARMERS AND
COMMERCIAL PURPOSES**

**AN ASSIGNMENT
WRITTEN IN PARTIAL FUFILLMENT FOR THE REQUIREMENT
OF THE COURSE CEDR 342 [BUSSINESS DEVELOPMENTS AND
MANAGEMENTS]**

BY

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1.0. Executive Summary

1.1 The following report and recommendation relates to the proposal by Abugu, Jesse Chijekwu for the establishment of a goat rearing farm in a local community for commercial purposes and also for local farmers.

1.2 The proposed project is to be fully implemented with an investment of ₦1,000,000 made up of ₦230,000 Fixed Capital and ₦770,000 as working capital.

1.3 The company vision is to be the major rearer and supplier of all types of goats, Dairy and Regular goats like the Alpine goats, LaMancha, Nigeria Dwarf goat, Nubian breeds, Oberhasil, Sable, saanen, and Toggenburg breeds to local farmers and also to many hotel managers who might need them as sources of meat in the South Eastern parts of Nigeria on or before 2025.

1.4 in order to make this a reality, Graduates of animal sciences and various knowledgeable farmers will be employed in training the managers of the farm.

1.5 The proposed project will be located at Umuogbo, Agu, Enugu Ezike in Igbo-Eze north local government Areas of Enugu state.

1.6 It is a known fact that the desirable sources of feedings for goats are grasses; therefore a pasture will be located for them within the same Umuogbo Agu community.

1.7 Provisions of adequate vaccines and medications in order to make the animals healthy and disease free.

1.8 A ready market exists for the planned business based on the market survey.

1.9 The financial projection reveals a good liquidity and stability. The projected turnover for year 1, year 2 and year 3 are ₦ 2,358,950 and ₦ 2594845 respectively. And profits for each year are ₦1, 374010, ₦1531475 and ₦1703686.5 respectively.

1.10 The funding requirement is ₦230, 000 since the promoter are committing ₦770, 000.

1.11 The company competitive edge is Poultry farm Company LTD.

1.12 The profitability indicators as extracted from the projection embodied in this business plan are as follows:

	Year 1	Year 2	Year 3
Turnover	2144500	2358950	2594845
Operating profit	1374010	1531475	1703686.5
Return on equity	229.0%	255.25%	283.95%
Return on investment	152.67%	170.16%	189.3%

1.10 Conclusion and Recommendation

Base on the point of view of the analysis of our findings, the proposed project is found to be technically feasible, commercially viable and economically

desirable. The project offers good investment benefit; we therefore highly recommend it for funding and implementation.

2.0 BACKGROUND

2.1 Introduction

The planned goat rearing farm projects is the result of strong industry and needs assessment studies undertaken within the South Eastern parts of Nigeria particularly Enugu by the promoters of this project. My survey observation clearly shows that there are not so many people or company involved in this business in the South Eastern Nigeria and this has made the daily demand for this product enormous. This is because of the unprecedented demand for goat meat and dairy milks from ever increasing, offices, schools and subsistent individual in the area.

As an entrepreneur, I am naturally passionate about improving on the quality and to minimize the prize of goats, meats and milks and as well reduce the disparity between the supply and demand of the product in our immediate business environment. This will go a long way to ameliorate the problem arising from the products shortage/crisis.

2.2 Vision and Mission

2.2.1 Vision

To be the greatest goat rearing farmer within my locality who provides the best breeds of goat at a lowest prize.

2.2.2 Mission

To offset the problem of meat and milk scarcity and to meet the needs of the teeming consumers of the products while creating jobs and wealth in a sustainable way.

2.3 Ownership of the enterprise

This enterprise, The Umuogbo Agu goat rearing farms belongs to Abugu Jesse Chijekwu of Umuogbo Agu, Enugu Ezike of Enugu State.

2.4 Legal Status

This venture Umuogbo Agu goat rearing farm is in process of being registered with the Co-operate Affairs Commission.

2.5 The business will be located within Umuogbo Agu community of Enugu-Ezike, Igbo Eze north local government Areas of Enugu-State

Factors that inform the choice of our location are;

- Proximity to the market
- Availability of cheap labour
- Availability of raw materials
- Availability of power
- Availability of accommodation
- Cheap transportation system
- The area is connected to national grid

□ Umuogbo Agu community has large population disposed to consuming domestic products.

These qualities are consistent with the best goat producer the world ever produced.

2.6 Product/services

Umuogbo Agu goat rearing farm will provide the following products

- Live goats to local farmers within the community.
- Sources of meats for Hotel Managers.
- Dairy milk for local consumers.

2.7 Market Hogs

The planned care for the Goats is intensive type of care, it is expected that the kids will reach full maturity at the 11th month and as such can be disposed off at the market as matured livestock.

2.8 Feedings

The feeding supplements of the goats are prepared locally by the business with local feed materials. No feeding is required during the lactation stages while feedings supplements during the wearers' stage are enriched with both animal and vegetable proteins. The fattening stage feeds are of lower protein contents while the market hog stage feeds contains mores of carbohydrates.

Premiers for the goats in various stages and cost per tonne

Stages	Types of supplements	Composition supplements	Costs of supplements	Totals
Werner stage	Grasses	899kg		
Growing/Fattening stage	PKC	986kg	1500	5000
	Pastures	856kg	3500	
Market Hog	PKC	989kg	2500	65000
	Pasture	865kg	4000	

2.9 The main medical challenges to goats is their dermatological issues like rashes, etc. goats too are highly susceptible to water therefore cold and high PH acidity and other problems may be encountered. Some medicines like Vitamins, Iron Injections, Bicarbonates, etc are mostly used.

2.7 Business Strategy

As an entrepreneur we have to “think big by starting small” in order to grow and expand our product line. For initial market penetration we shall use;

- (a) Price penetration strategy to achieve a healthy market share.
- (b) We shall also employ good customer care principle
- (c) We shall seek to achieve a good customer relationship through customer satisfaction and rotation
- (d) We shall ensure that all those who demands goats comes back to us.

These we believe will lead to repeat patronage which by extension will help us achieve business survival and growth.

2.8 Key Success Factors

The key success factors of Umuogbo Agu goat rearing farms among others include the following;

- Provisions of vaccines to all the goats to eliminate unsuspected diseases
- Adequate medications to any diseased animal and immediate quarantine
- Being a farmer which I emulated from indigenous people with help to carry the business to a large extent sequel to expertise and competence.
- We shall be dedicative and focused to the day to day running of the business. This will help to ensure production of good quality products at reduced costs.
- Adequate source of raw material. A functional generator to supplement the epileptic supply of power.
- Prompt delivery to our customer and a stronger customer care.
- Bulk buying of goat feeds to achieve cost effectiveness.

2.9 Revenue Base

Total Start-Up Capital requirements

s/n	Capital Items	Amount
1	Equipments, Machinery and Others	230, 0000
2	Working Capital requirements	770,000
	Total	1,000,000

3.0 Marketing and Clients

3.1 Nature and Size

The nature and size of the market in Umuogbo Agu, in Enugu-Ezike, Igbo Eze north local government Areas of Enugu State of Nigeria where this business is targeting is a very large one. It is extra-growing to accommodate growing entrepreneurs. There is a wide gap between the supply and demand of the products; we seek to make it help fill the gap.

3.2 Target Client

The business is targeting to sell her products to the local farmers and also hotel managers who seek meat provisions within and outside our locality.

3.3 Key Competitors and Players

They include the lion poultry farms of Umuogbo Agu, The Dairy Milk Productions Aji, etc. and other small and medium enterprises in Animal farming businesses. These companies offer some service with the one we intend to offer but none has a functional factory within our target area, so we intend to offer our services at a reduced cost brought about by reduced Cost of production and transportation to our customers. We will seek product duality at mini cost, price depreciation after sales services and other bundles of benefit to obtain our market share.

3.4 Production Process

The production process will involve the meticulous scrutinizations of the goats mating processes, etc.

3.5 Service Delivery

As a social scientist with entrepreneurial training as an accorded impetus, we shall seek to engage ourselves in consultancy services to the people who want to venture into the business of rearing goats. We also engage in training, thereby creating wealth and employment for people. We shall also ensure a good customer care principle by always putting a good smile while attending to our customers by employing a beautiful attraction young girl as store keeper/sales girl who will always smile and attempt to our customers very well.

3.6 Quality Assurance

We will abide by the quality control according to the authority responsible for our farms.

3.7 Demand/supply Analysis

From the market survey carried out and other information at our disposal, it is estimated that there are about five big markets located around the areas, such as Nkwo main market Aji, Orie market Umuogbo agu, Umuogo agu main market, Umuopu market, Eke market and host of others, these will serve as outlets to local consumers. The people that need it are almost all connected to our farms since everyone needs meat for day to day living. However, we intend to build a viable network to help convey our products to target destinations.

3.8 Technology

Combination of mechanization and manual means of production but as production continues, we would enter into automation where the goats will be automatically milked with sophisticated machines.

3.9 Competitive Edge

From the entrepreneurship training acquired from CEDR UNN training centre, the wealth of experience so gathered will help us to position our business to have a competitive edge in the farming business. We will also employ a penetrating primacy policy coupled with strong customer care. Not many people are in farming stuff. Goat feeds and vaccines will be procured in bulk for cost minimization.

4.0 Marketing plan

4.1 Marketing strategy

Because our business is still growing, we shall not only sell to local farmers and hotel managers but also to wholesalers, retailers and consumers in order to ensure that we get every cash we may come across. We shall also employ sedentary marketing strategy.

4.2 Promotion and Distribution Strategy

Because of cost implication, hand bill, market distribution, church announcement, enhancement announcement, in meeting, community bulleting and word of mouth shall be used to stimulate our market.

4.3 Alliances

We shall belong to the trade unions that are in the business. Also CEDR UNN training centre expertise shall constantly be solicited for. This will contribute in nurturing the business trends profitability and growth.

4.4 Market Positioning

We are going to be producing many categories of goats but it will be exclusively 1000 nanny healthy goats and 2000 healthy male goats at the beginning but as the business increase and gets stronger we will always increase the number of the categories with the target to get ahead of the demands of our customers.

4.5 Service Delivery Strategy

We shall seek to exceed customer expectation, a complaint free product Inc. We shall also compensate our customers for any faculty product like ailing goats or sterile female goats. We shall also form strong customer bonds through effective customer relationship management (CRM). This will increase customer value, satisfaction and retention.

4.6 SWOT ANALYSIS

In order to conduct a complete assessment of this project plan, we subjected the project to SWOT analysis.

STRENGTH

Umuogbo Agu goat rearing farms has the following strength:

- (a) Nearness to viable research centres (CEDR UNN) to help improve our product quality.
- (b) CEDR UNN entrepreneurship training acquired by our personnel
- (c) Knowledge of the business
- (d) Skilled personnel
- (e) High quality and low price
- (f) Building our farm at the heart of the target market which the major players now do lack.

WEAKNESS

Our major weakness is that we are new in the business and farming is not our major base in our academic endeavors'. It is obvious that this farming stuff will be managed better by students or graduates from Faculty of Agriculture and particularly Animal science departments unlike us in Political science department in the Social Science Faculty but still we seek to build a strong capacity to service, grow and obtain our anticipated market share.

OPPORTUNITY

The business is full of opportunities for survival. In the long we seek to diversity into the production of other domestic Animals like Chickens, Cows, Sheep, etc. We shall also seek to have a host of Animal Scientists and specialist to help in our consultancy services to clients who wants to venture into the business. But for now we are concerned with taking off successfully.

THREAT

Our greatest threat is competition with existing giants in the farming Business who naturally would seek to out-compete us. But in order to make sure that these threats do not undermine our business, we will use customer care and quality product to remain in the business. The next threat we visualize is initial low demand as new entrants in the business. But we will also overcome this threat with bonuses for regular customers coupled with trade, cash and quality discounts.

5.0 ORGANISATION AND MANAGEMENT

5.1 ORGANISATION STRUCTURE

As a growing business, Umuogbo Agu goat rearing Farm will have the following organizations.

5.2 Shareholders and Directors

The business does not have shareholders and directors because it is still starting but may be considered as the business grows.

5.3 Management Team

Our management team is made up of our manager only.

Position	Qualification	Salary
Manager	B.sc in Animal science (in view)	₦20, 000

5.4 External Support

We shall live expert to handle specialize or professional activities for our business and we shall establish relationship with a team of CEDR.

5.5 Personnel Plan

Name	Role/Position	Monthly Salary	Salary for 3-months
Agbo, Okwudili	Proprietor/ /Manager	₦20, 500	₦61, 500
Sales girl		₦4,500	₦13,500
			₦75, 000

6.0 Legal, Regulatory, Social and environmental Issue

6.1 Legal Issues

The company when it is established shall be called Umuogbo Agu goat rearing farms. It is yet to be registered with Corporate Affairs Commission. The business will follow dew procedure to see for the approval.

6.2 Regulatory Issues

This business will abide by the regulation in our field of business.

6.3 Social Issues

Our business will contribute as part of social development in our area of location.

6.4 environmental Issues

Although there could be noise of our goat as they stays and mate in their pens and other few environmental issues like pollutions due to the goats excrements, but these and many more have been clearly thought of before crating the plans. Generally, the business will endeavor to maintain healthy environment by disposing of all waste properly and immediately quarantining any sick animal.

7.0 Financial Plan

7.1 Summary of project cost

The project will be executed with an estimated sum of One Million Naira Only broken into Two Hundred and thirty thousand Naira Fixed Cost and Seven Hundred and seventy Thousand Naira working capital.

Fixed Cost

No/s	Items	QTY	Unit price [N]	TOTAL Amount (N)
1	Goat houses with 30 pens	5	5000	25000
2	Overhead Plastic		3000	3000
3	Lanterns		8000	8,000
4	Barbed wires to prevent illicit entry		10000	10,000

5	Fencing		85000	85000
6	Reinforced Underground	1	8000	8000
7	Metal wasting basin	20	200	4000
8	Shovels	8	500	4000
9	Delivery Vans	20	7550	7550
10	Does	10	5500	55,500,
11	Duck	4	5,025	20,100
				230, 150

Working capital

Working capitals items	Year 0	Year 1	Year 2	Year 3
Stocks of feeds, provisions of drugs and dressing	80000	80000	160000	180000
Provisions for utilities and other expenses	90000	90000	180000	188000
Salary/wages	120000	120000	190000	215000
Debtors		68000	225000	248000
Less creditors	150000	150000	300000	315000
Working capital	35,000	400000	520000	777000
	0			0
Increase/decrease in working capital		68000	119000	269000

Utilities

The goat farm will actually be located in a place that is not connected to sources of water and electricity and due to that fact; water will be supplied to the farm by commercial water supply tankers while hurricane lanterns will be used for lightening. Expenses likely to be incurred from this are shown below in a table.

	Utilities	Year 1	Year 2	Year 3
		(₦)	(₦)	(₦)
1	Light	10, 000	10, 500	16, 000
2	Water	10, 000	10, 500	16, 000
	TOTAL	20, 000	21, 000	32,000

7.2 Funding Plan

The total project cost is planned to be funded as follows

1.	Owners Contribution (equity)	₦770, 000
2.	Loan sought from bank	₦230, 000
	Total	₦1000, 000

7.3 Funding Requirement

The fund required for this project is ₦230, 000 since the promoter is contributing ₦770, 000 into the business.

These are enumerated in the table below

s/n	Sources	Amount [N]
1	Loans sought from Bank	230, 0000
2	Equity Contributions	770,000
	Total	1,000,000

7.3.1 Interest and loan repayment schedule

Yr	Principal (N)	Loan repayment (N)	Interest (N)	Total payment (N)	Loan balance (N)
1	230, 000	30, 000	3, 000	33, 000	200, 000
2	200, 000	100, 000	10, 000	110, 000	100, 000
3	100, 000	100, 000	10, 000	110, 000	-

7.3.2 Depreciation

No/s	Items	LS	IV	SV	Depereciations
1	Goat houses with 30 pens	30	25000	20000	5000
2	Overhead Plastic		3000	2500	500
3	Lanterns		8000	70000	1,000
4	Barbed wires to prevent illicit entry		10,000	9000	1,000
5	Fencing		85000	70000	15,000
6	Reinforced Underground	1	8000	7000	1,000
7	Metal wasting basin	20	4000	2000	2,000

8	Shovels	8	4000	3500	500
9	Delivery Vans	20	7550	7000	550
					26,550

7.4 Projected income statement

Item	Yr 1	Yr 2	Yr 3
Turnover	2144500	2358950	2594845

Net operating profit

1,374,610 1,531,475 1,703,686.5

NB. Turnover is estimated to increase at the rate of 10% also from year 1 and cost of sales and operating expenses are also expected to increase by 10%

7.5 Projected Cash Flow

Inflows	YR 0	Yr 1	Yr 2	Yr 3
Owners cash	770,000	770,000		
Bank loan	23,000	230,000		
Revenue		2,144,500	2,358,950	2,594,845
Total cash inflows		3,044,500	2,358,950	2,594,845

Outflows

Outflows	Yr 1	Yr 2	Yr 3
Equipment (less depreciation)	230,000		
Working Capitals	770,000		
Operating expenses (less depreciation in yr 2 and yr 3)	770,490	816,835	880,518.5
Loan repayment	100,000	100,000	30,000
		0	
Total cash outflows	1,090,000	916,835	980,518.5

	0	5	
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Net cash flows 1,954,500 1,443.115 1,614326.5

Opening Cash Balance

Yr 1	Yr 2	Yr 3
	3,396,615	5,010,941.5

Closing Cash Balance

Yr 1	Yr 2	Yr 3
1,954,500	3,396,615	5,010,941.5

7.6 Projected Balance Sheet

Capital Employed	Yr 1	Yr 2	Yr 3
Fixed assets	230150	230150	230150
Less depreciation	10640	21280	31920
Net fixed assets	219510	208870	198230

Current Assets	Yr 1	Yr 2	Yr 3
Cash at hand and in bank	1,954,500	3,396,615	5,010,941.5
Prepayment	120,000	60,000	-
Total	2,074,500	3,456615	5010941.5

Credit	200,000	100,000	
Net Current Assets	1,874,010	2,965,485	4,609,171.5

Net Assets	2,094,010	3565485	5,209,171.5
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Financed By

Owners Capital	770,000	770,000	770,000
Retained profit	1,494,010	2,965,485	4,609,171.5
Owners fund	2,094,010	3565485	5,209,171.5

7.7 Profitability Analysis

	Yr 1	Yr 2	Yr 3
Return of Owners capital $\frac{\text{operatingII}}{\text{ownersK}} \times 100$	229.0%	255.25%	283.95%
Return on total investment $\frac{OI}{TPC} \times 100$	152.67%	170.16%	189.3%

7.8 Break-even point analysis

Item	FC	VC
Salary	45,000	
Diesel/fuel		100,000
Bills	20,000	
Rent	60,000	
Loan interest	30,000	
Raw material		493600
Depreciation	10640	
Oil		3750
Servicing generator		7500

$$\text{formular} = \frac{FC}{1 - VC} \\ \bar{S}$$

$$FC = 165,640$$

$$VC = 604850$$

$$S = \text{turnover} = 2,44,500$$

$$BEP = \frac{165,640}{1 - 604850} = \frac{165,640}{0.7179529} \\ \frac{2144500}{2144500} \\ = N230711.5$$

8.0 Risk analysis, contingency plan and exit strategy

This project has been subjected to risk analysis for the purpose of identifying some risk associated here. We have also proffered mitigates to ameliorated the negative effects of such risks on business.

S/N	Identified risk	Mitigates
1	Low initial standard	Aggressive marketing cum production shall be adopted
2	Competition	Continuous high quality products, innovation customer care and c continuous environmental scanning shall be adopted.

8.2 Contingency Plan

As green horn in this business, it is likely that the business may not generate enough turnovers in the first few months of starting. We therefore use the following contingency plan.

- ❖ Price reduction: This will be used to **increase** demand
- ❖ Quality discount: This will motivate customers to buy in large quantities
- ❖ Demand stimulation effort strong awareness creation
- ❖ Forming strong customer bounds and customer relationship management
- ❖ Effective customer care, satisfaction and retention.

8.3 Exit Strategy

This business will generate enough cash flows to pay off the agency, loan and interest as at when due to ensure a smooth exit of our investor from the business without resorting to litigation. However this business has provided exit such that we can into production healthy goats for our farms.

9.0 Other consideration, conclusion and recommendation

9.1 Economic Justification

This business is economically justified because; it creates employment, wealth, leads to reduction in poverty, encourages value orientation and peoples empowerment. All these positive goals are consistent with the goal of the National Economic Empowerment Development strategy (NEEDS)

9.2 Commercial Viability

The result of our analysis shows that this project is commercially viable in the sense that it generates adequate cash flows and good profitability return or profit to pay off its indebtedness and still expand diversity and achieve long term survival and profitability.

9.3 Conclusion and Recommendation

Based on the point of view of the analysis of our findings, the proposed project is found to be technically feasible, commercially viable and economically desirable.

The project offers good investment benefit. We therefore highly recommend it for funding and implementation.