

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF ARTS

DEPARTMENT OF MASS COMMUNICATION

A BUSINESS PLAN

ON FRUIT JUICE PRODUCTION AND DISTRIBUTION

AN ASSIGNMENT

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COURSE: CED 342

(BUSINESS GROWTH AND DEVELOPMENT)

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PART I

1.0 Executive Summary

1.1 The following report and recommendation represents the project proposed by LEXY Company to establish a fruit juice producing Industry at Nsukka, Enugu State.

1.2 The business will be financed by a sum of 10,843,440 equity contribution and a bank Loan of 16,265,160.

1.3 The business will be known and addressed as LEXY Enterprises and the company aims at producing a nutritious fruit juice drink in an attractive way which will boost our cultural heritage and promote our locally produced soft drinks. This will be achieved with the introduction of a systematic researched production and packaging process that will differentiate mine from others.

1.4 The proposed project is to be located at No 48 University Market Road, Nsukka Enugu State for easy access to targeted market which are students of the University of Nigeria, Nsukka and other schools and colleges within Nsukka Zone.

1.5 A ready market exist which is the students of the University of Nigeria who are the target of the planned business based on our market survey.

1.6 The financial projection reveals a good level of liquidity and stability. The project turnover for years I, 2 and 3 are ₦81,960,000, ₦90,156,000 and ₦99,171,600 respectively. Also the profit after tax is projected at ₦42, 045, 058, ₦43,333, 790.4 and ₦47,559, 825 respectively.

1.7 The competitive edge of the company lies in our ability to produce fruit juice drink that retains its natural qualities as a result of its recommendation by medical practitioners for diarrhea patients and diabetes patients.

The profitability measure is as shown below.

	Year 1	Year 2	Year 3
Profit after tax	40,418,542	40,407,681.6	40,583,915.4
% return on turnover	N/A	44.82	46.97
% return on equity	N/A	372.65	428.60
% return on investment	N/A	149.10	171.84

As a result of this point of view we have found out that this business proposal is technically viable economically desirable, offers good investment benefits and a source of job creation. Thus, ignoring this project is likely making a very big mistake which cannot be corrected. Therefore this project is highly recommended for funding and implementation.

PART II

2.0 Background

It is high time we Nigerians opened our eyes and I see the business opportunities littering everywhere around us and stop this complain and dependence on the federal government for a living. This project is as a result of my interest in reducing the rate of unemployment in the country and a strong desire to make maximum use of the ignored natural resources around us. After a brief naturalistic observation and face to face interview with some fruit juice sellers and suppliers in the town of Nsukka I have made this wonderful discovery that there is a high demand for fruit juice products but less supply of the product. And also I also how expensive fruit juice is in our country.

2.1 Vision

To be the best soft drink producing company by offering a nutritious natural soft drink that provides maximum satisfaction to our customers.

2.2 Mission

I aim at producing a nutritious fruit juice drink in an attractive way which will boost our cultural heritage and promote our locally produced soft drinks. This will be achieved with the introduction of a systematic researched production and packaging process that will differentiate mine from others.

2.3 Legal Status

The company will be registered at the Corporate Affairs Commission (CAC) as LEXY Enterprises. The business is owned by NOTSA Company, an individual putting her resources to improve the society.

2.4 Ownership and Management

This company is owned by a single person who will be actively involved in production and distribution process of the products and also in management of the company.

2.5 Key Success Factor

My key success factors include the following

- Interesting and attractive branding and packaging.
- Introduction of the product in various flavours.
- Strategic distribution of the product.
- Maximum motivation of our employees to ensure maximum output.

2.6 Key Competitors and Players

My key competitors for fruit juice drink production and sales are actually the following:

- Small Scale Producers that are scattered all over the country.
- The big name industries such as coca-cola,5 alive, chivita.

PART III

3.0 Marketing Plan

3.1 Nature and Size of the Market

With the large population of Nigerians comprising students, businessmen, civil servants etc and also with the ever increasing amount of social activities in the North, South, East and West. It's very obvious that embarking on fruit juice drink production will turn out to be very profitable as a result of the steady and increasing like of fruit juice drink all over Nigeria. The size of the market is Nsukka, Enugu State as a whole, South East geopolitical zone, and the entire Nigeria at large. One of the reasons for this kind of large market is that the drink "fruits" had been discovered to be medicinal, highly nutritious and hygienic for human consumption. This makes the drink capable of going beyond borders and a must drink for all.

3.2 Target Market

The target market for the product are as follows.

- **School Pupils, Students, and Children:-** They are the ones who are greatly recommended to fruit drink because of its natural nourishment and vitality.
- **Athletes and Sports People:** Because of the need for energy and refreshment during sports activities. Fruit drink is in the best position to provide such need as a result of its high energy content.
- **Fast food, Restaurant and Hotels:** fruit drinks have the potential of crossing borders and also boosting our local and traditional soft drinks. Most foreigners and visitors do go to our local restaurants and Hotels just to experience our local delicacies, handiworks and foods. Fruit drink is not an exemption.

- **Travelers:** According to observation and experience those who travel by bus most especially are prone to buying of soft drinks during their journey. Fruit dink should be suitable for such period.

3.3 Marketing and Sales Plan

In other to meet up with my various competitors that are ahead of us, LEXY plans to segment its customers into sub-unit for better penetration of the market. These segmentations are;

- **The schools:** According to research more than 50% of our customers are likely to be children, teenagers and youths. These segments of our market are very price sensitive, love fun, need to be educated and exposed.
- **Athletes and sport people:** These segments are very hygiene conscious, weight conscious and need things that will elevate their sport performance.
- **Restaurants, fast food and hotels:** These segments are in need of quality products, well packaged foods, local recipes and money generating products (business wise).
- **Travelers:** These segments want fast and easy things on the run and they are also interested in cool and portable refreshments.
- **Adults:** These segment are very health conscious and don't to have anything to do with sugar instead they prefer natural food.

3.4 Promotion and Distribution Strategy my promotion strategy shall include:

- Adverting through the mass media in the state by advertising on television stations, radio stations, billboards, postal and newspapers.
- Road shows e.g. getting dancers and singers to entertain the audience.
- Making of customized T-shirts customers.
I also intend to promote inter school debate among secondary schools in the state. The winners will be given interesting prizes. This will boost awareness.
- I also intend to introduce freelance on weekend sales.

PART IV

4.0 Financial Plan

4.1 Initial Capital

This project will be executed with an estimated sum of 27,108,600 broken into 16,128,600 (fixed capital), cost of materials 6,830,000 and 4,150,000 (working capital).

4.2 Capital Projection

Equipments, Machinery, and other Requirements for the Production (Fixed Cost)

Items	Qty	Unit price(n)	Total amount(n)
Mixing machine	2	1,500,000	3,000,000
Land and building	1	4,308,000	4,308,000
Electric heater	2	150,000	300,000
Sealing machine	1	750,000	750,000
Delivery van	3	1,100,000	3,300,000
Delivery tricycle	5	400,000	2,000,000
Water tank (4000 liters)	6	50,000	300,000
Generator	1	570,000	570,000
Water filter and preservative machine	2	800,000	1,600,000
Total			16,128,600

4.3 Schedule of Annual Depreciation

S/N	Capital items	LS (YRS)	IV (₦)	SV(₦)	Depreciation(₦)
1	Mixing machine	20	1,500,000	80,000	71,000
2	Land and building	20	4,308,000	50,000	212,900
3	Electric heater	10	150,000	30,000	12,000
4	Sealing machine	10	750,000	200,000	55,000
5	Delivery van	10	1,100,000	50,000	105,000

6	Delivery tricycle	20	400,000	10,000	19,500
7	Water tank (4000 liters)	10	50,000	20,000	3,000
8	Generator	5	570,000	30,000	21,600
	Water filter and preservative machine				₦500,000

4.4 Estimate of Cost

Cost of Producing a Carton of fruit Drink

Types of fruit	Ingredients/Flavor	Qty	Unit cost (n)	Printing and packaging (n)	Numbers of fruit juice in a carton	Total cost of producing 1 carton (n)
pineapple fruit and pineapple flavor	Pineapple fruit	2 pieces	250	133	12 cans (75cl each)	683
	flavour	5sachets	100			
	sameria	5sachets	100			
	seeds	9litres	100			
Banana and vanilla flavor	Banana fruit	bunch	100	133	12 cans(75cl each)	683
	panankiri	Sachets	100			
	seeds	5sachets	100			
	sameria	5 Sachets	100			
mango cola flavor	,mango fruit	5 pieces	100	133	12 cans(75cl each)	683
	cola flavor	Sachets	100			
	panankiri	5sachets	100			
	seeds	5 Sachet	100			
Cashew fruit lemon flavor	sameria	9litres	100	133	12 cans (75cl each)	683
	lemon flavor and water.					
	cashew	5 pieces	100			
	panankiri	5 Sachet	100			
Orange fruit,orange flavor	seeds	5sachets	100	133	12 cans(75cl each)	683
	sameria	5sachets	100			
	orange flavor and water.	9litres	100			
	Orange fruit	5 pieces	100			
apple fruit,	Apple fruit	5g	200	133	12 cans(75cl	683

apple flavor	panankiri seeds	5 sachets	100		each)	
	sameria	5 sachets	100			
	Apple flavor	9 liters waters	100			

OFOF (orange fruit, orange flavor), CFLF (cashew fruit lemon flavor), MFCF (mango fruit coke flavor), PF PF (pineapple flavor), AFAF (apple fruit, apple flavor), BFVF (banana fruit, vanilla flavor).

4.5 Forecast of Sales

Weekly Product Schedule of FRUIT JUICE Drink in a Pack (12 cans in a pack)

Period		OFO F	CFL F	MFCF	PF F	AFAF	BFVF	expected sales	cost of production (₹)
WEEK 1	DAY 1	100	100	100	50	50	100	50	341,500
	DAY 2	100	100	100	50	50	100	50	341,500
	DAY 3	100	100	100	50	50	100	50	341,500
	DAY 4	100	100	100	50	50	100	50	341,500
	DAY 5	100	100	100	50	50	100	50	341,500
WEEK 2	DAY 1	100	100	100	50	50	100	50	341,500
	DAY 2	100	100	100	50	50	100	50	341,500
	DAY 3	100	100	100	50	50	100	50	341,500
	DAY 4	100	100	100	50	50	100	50	341,500
	DAY 5	100	100	100	50	50	100	50	341,500
WEEK 3	DAY 1	100	100	100	50	50	100	50	341,500
	DAY 2	100	100	100	50	50	100	50	341,500
	DAY 3	100	100	100	50	50	100	50	341,500
	DAY 4	100	100	100	50	50	100	50	341,500
	DAY 5	100	100	100	50	50	100	50	341,500
	DAY 1	100	100	100	50	50	100	50	341,500
	DAY 2	100	100	100	50	50	100	50	341,500

WEEK 4									
	DAY 3	100	100	100	50	50	100	50	341,500
	DAY 4	100	100	100	50	50	100	50	341,500
	5	100	100	100	50	50	100	50	341,500
Total	20 DAYS	2000	2000	2000	1000	1000	2000	10, 000	Total cost: ₱6,830,000

Yearly Product Schedule of FRUIT JUICE Drink in a Pack (12 cans in a Pack)

Period	ZOF'	ZLF	ZCF	ZPF	ZAF	ZVF	TOTAL	MONTHLY COST (₱)
Jan	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Feb	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Mar	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Apr	2000	2000	2000	1000	1000	2000	10,000	6,830,000
May	2000	2000	2000	1000	1000	2000	10,000	6,830,000
June	2000	2000	2000	1000	1000	2000	10,000	6,830,000
July	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Aug	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Sept	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Oct	2000	2000	2000	1000	1000	2000	10,000	6,830,000

Nov	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Dec	2000	2000	2000	1000	1000	2000	10,000	6,830,000
Total	24,000	24,000	24,000	12,000	12,000	24,000	120,000	Total Cost: 81,960,000

PART IV

Profitability Analysis

4.6 Forecast of Profit and Loss

PARTICULARS	YEAR 1	YEAR 2	YEAR 3
Expected sales	81,960,000	90,156,000	99,171,600
Less 1% discount	819,600	901,560	991,716
Net sales	81,140,400	89,254,440	98,179,884
Expenses	22,958,600	25,370,600	28,265,000
Working capital	4,150,000	4,150,000	4,150,000
Equipment	500,000	785,000	910,000
Other operating expenses	40,000	45,200	50,400
Utilities			
Salaries, Wages & Rents	12,060,000 200,000	12,180,600 200,000	12,302,406 200,000
Total expenses	39,908,600	42,731,400	45,877,806
Profits before i. & tax	41,231,800	46,523,040	52,302,078
Less interest	813,258	1,625,616	542,172
Profit before tax	40,418,542	44,897,424	51,759,906
Less 10% tax	NILL	4,489,742.4	5,175,990.6
Profit after tax	40,418,542	40,407,681.6	46,583,915.4
Less depreciation	500,000	500,000	500,000
NET PROFIT	40,295,542	40,284,681.6	46,460,915.4
Retained earnings	40,295,542	40,284,681.6	40,000,000

Dividend	NILL	NILL	6,460,915.4
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4.7 Returns

	Year 1	Year 2	Year 3
Profit after tax	40,418,542	40,407,681.6	46,583,915.4
% return on turn over	N/A	44.82	46.97
% return on equity	N/A	372.65	428.60
% return on investment	N/A	149.10	171.84

4.8 Balance Sheet Projection

	YEAR0(N)	YEAR1()	YEAR 2(N)	YEAR3()
Fixed Asset:				
Machinery, Equipment & Others	4,150,000	4,150,000	4,150,000	4,150,000
Less corn. Dep.		123,000	246,000	1,245)000
Net fixed assets	4,150,000	4,027,000	3,904,000	2,905,000
	10,878,600	10,878,600	12,021,310.08	13,284,052.74
	3,143,671.23	3,143,671.23	37,760,542	69,606,103.6
			3,458,038.35	3,803,842.19

Total of current assets	14,022,271.23	14,022,271.23	53,239,890.43	86,693,998.53
Total Assets	18,172,271.23	18,049,271.23	57,143,890.43	89,598,998.53
Long term liabilities:				
Capital (equity)	10,843,440	10,843,440	10,843,440	10,843,440
Retained earnings		40,295,542	40,284,681.6	40,000,000
Bank loan	16,265,160	16,265,160	16,265,160	NILL
Total of long term liabilities	27,108,600	67,404,142	67,393,281.6	50,843440
Current liabilities:				
loan repayment			5,421,720	10,843,440
creditors	NILL	NILL	NILL	NILL
dividend				6,460,915.4
Total of current liabilities			5,421,720	18,279,265
Total Liabilities	27,108,600	67,404,142	72,815,001.6	69,122,705

PART V

5.0 Other Considerations, Conclusion and Recommendation

5.1 Economic Justification

With the Nigerian market as an emerging one, the business will go a long way in becoming a major export commodity. The project offers lot of benefits to the country's economy as it creates job opportunities and wealth to the economy.

5.2 Commercial Viability

With my financial projections, impressive turnover, cash flows, profit line and laudable returns on investment, I am convinced that this project is commercially viable.

5.3 Conclusion and Recommendation

Having found that this business proposal is technically viable, economically desirable, offers good investment benefits and a source of job creation. The project is therefore recommended for funding and implementation.