

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF COMBINED SOCIAL SCIENCES

TOPIC:
PINEAPPLE PLANTATION

A BUSINESS PLAN
SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE COURSE: CEDR 342
(BUSINESS GROWTH AND MANAGEMENT)

BY
AGBO JOHN TOCHUKWU
REG. NO: 2014/196933

LECTURER: DR. (MRS.) P. C. NWAOGA

JULY, 2016.

AJT FARMS

TABLE OF CONTENTS

Executive Summary	1
Background	1
Business Idea	2
Marketing Plan	5
Business Model	8
Resources and competences	9
Organization	10
Implementation	11
Phase	11
Opportunities	14
Profitability and financing	15
Cash flow statement analysis	17
Cash analysis	19
Conclusion	20

Executive Summary

AJT FARMS is an about to start new pineapple farm by me: Agbo John Tochukwu an ambitious new Agriculturalist in Nigeria.

The business idea of AJT FARMS is to develop a large pineapple plantation that will provide small and medium sized companies with the supply of pineapple products tailored to their needs in the area of on-site product and, juice drink producing companies.

With AJT FARMS, I plan to bridge the flexibility and personality of a small plantation with the mechanized method of farming that is trendy in our contemporary society. The target groups for AJT FARMS is the many small and medium sized companies in Nigeria and beyond needing commercial pineapple produce as well as larger firms looking for large supply of my farm produce.

Through AJT FARMS I will provide my customers with great value and quality footage built on the core values of my business: Unique produces that tell a story, strive for great quality and an ambition to leave my customer more than satisfied.

Background

I have always had a keen interest in agriculture. As a kid I used to grow maize seeds everywhere and as a teenager i had a garden egg farm. Growing older i got more interested in agriculture and more specifically creating a big pineapple plantation.

I had a little plantation from where I give to my friends and families some as a gift, school projects, different organizations and other projects that i was a part of. Graduating from college, I joined my mates where I started to work at a factory, during these dark years my interest on agriculture got lost. One cold December night, the night before New Year's Eve of 2008, I was perusing through my dad's document during a cleanup in his room that night and I saw a document on establishment of pineapple plantation which after I went through it, I knew it was not a mistake that I have the same business idea with his when he was small. Then I started

saving some money for the establishment of my own pineapple plantation which the lord almighty has been my strength while I pursue the dream.

Business Idea

The business idea of AJT FARMS is to develop a big pineapple plantation that will provide small and medium sized companies with a pineapple products tailored to their needs in the area of on-site product and juice production.

Problem

Today a short search reveals that most small farms in Lund tailor to private ventures such as the ones for family consumption, while the larger farm plantations serve the company and corporate markets. With AJTFARMS I plan to bridge the flexibility and personality of small scale farming with the commercial and large produce for companies. In addition more articles and books address the importance of social media marketing and that it is becoming an important promotional tool (Weber, 2007, Schindehutt 2009). This implies that companies for example need to organize events and come up with other promotional strategies in order to attract customers and documenting these events is a growing market that differs from regular cultivate, harvest and take to market for sale.

On site commercial farming

This is close to regular corporate farming where I visit farms and take photos related to their business and their environment that will be used for promotional applications such as annual reports, web sites or articles. By offering a tailored product that is specific for each company I will differentiate from the very general stock farm produces which appear to be the one of the more popular ways for companies to get ahold of farm produces for promotional purposes.

Corporate demands

This is a service where I supply my produce to companies, the goal is to show the company, its customers and employees enjoying the company spirit during productions or other company specific activities. Pineapples can be used to produce juices that are likely to be used during events like weddings, traditional marriages, and funeral ceremonies e.t.c.

Target groups

Because of the nature of my company and experience I have, while still looking at the whole market, segmented my target groups in the following segments after what type of value I can provide them with Small and medium sized businesses For small businesses with I offer a regular farm produce for juice and some studio like capabilities. This will generate sufficient quality photographs for the small company to use in promotional applications while not having to pay the premium a large photography studio would charge. Small business customers seek low prices but still want a good enough quality that requires an experienced photographer and a somewhat controlled environment for the shoots. In addition small and medium sized businesses value the ability of the farmer to edit and post process farm produce which is not usually demanded from larger corporations as they usually have this knowledge in-house.

Larger corporations and event organizers

Looking at promotional farm produce larger firms are usually served by the larger farm outlets that have well experienced farmers, the best equipment and their own studio making it possible to achieve great quality photographs in short notice and with a fully controlled environment. However, larger companies are usually prepared to organize larger events that can require a devoted and professional event photographer. Given that fact, the service I am able to offer to this segment is event photography as this is not usually what larger farm work with.

Customer Value

AJT FARMS will offer some distinct value to its customers: Tailor made farm produce In comparison to stock produces that show general subjects.

Customized imagery

A great benefit of having an experienced and dedicated workers is that I can provide my customers with better and quality products.

Interaction on a personal level

By having me actually visiting the farm and sitting down for meeting discussing the goals with the shoot and purpose with the produce I can supply to many companies.

Unique pictures and exclusive rights

As this are products for my customers for a specific reason there is no risk that the products will show up in other promotions than in my clients.

Marketing Plan**Market description**

The market for commercial farming includes all businesses and non-profits. For AJT FARMS the target market is both small and medium sized firms in the area of commercial farming as well as larger businesses in the area of drink or wine production.

Segmentation

Small and medium sized businesses

The small businesses are usually run and operated by their owners. Their needs in farming include basic marketing applications such as samples and other simpler things. In the beginning they usually tend to produce this by themselves but as they grow they realize that this provides sub-standard results. This opens up for the possibility to attract them as customers for commercial farm needs.

As new ventures grew they develop an ongoing need to regular farm. Thus they value the relationship of a farm sites that are in tune with their needs and understands their way of working and can assist efficiently in their creation of marketing materials. They are quite pricing sensitive, but also put a value on the relationship they already have established

Large corporations

These businesses have high farm needs and pay greater attention to the quality of the images that are produced. As a small venture these are mainly interesting the area of event photography as they are large enough that they are able to organize and benefit from creating social events and make good use of that area of social media marketing.

Industry analysis

Market for commercial farming. There are no easy accessible data on the market characteristics of the farm market in the East.

Market for event photography

Looking at the potential farm market there are about 35 potential customers in the campus alone.

Competition

Looking at the close geographical area there are quite many of companies that can be considered as competition. A quick search for registered agricultural firms show us around 45 only in Nsukka . It seems that they can be divided into two main groups: Firstly portrait photographers that seems to specialize in the private market such as weddings and model photo sessions for noncommercial uses and secondly regular commercial farming such as pineapple product and family consumptions. Two of the more interesting ones are

Market strategy

Promotion

As I see it the most important part of the marketing strategy for this venture is the promotional part as this includes the business networking and building of relationships with customers. Especially to a small startup like this in a quite competitive market this is very important. Word of mouth is very important in the photography business. It is crucial that every potential customer contact ends with the customers feeling strongly positive for AJT FARMS as business networking and building relationships is the key to get customers. Building up a network with not only potential clients but also possible referrals will be very helpful in generating business opportunities, thus it is important to attend corporate, entrepreneurial and other mingle events to come in contact with new customers in for both commercial farming.

Web marketing is also a very important channel as this is the best and most efficient way to showcase my capabilities as my pineapple products go viral. Thus I have to put a lot of effort in creating a webpage that fully aligns with the image I want to convey to my potential customers.

Product

AJT FARMS will offer types of pineapple productions such as for company use and family use. In addition to this we will offer post production services such as online galleries and post production editing. Farm Product are primarily targeted against small companies and startups that are looking for professional quality farm products in a non-fully controlled environment, such as a studio. This service will be about products and every shot is carefully planned to make the best possible photos given the factors of the environment.

Pineapple products are primarily targeted to small and medium size firms that are willing to invest in professional photos that convey the company spirit for use in different promotional applications such as annual reports and so on. These photos require less equipment than product photos, but more time finding the perfect aspects of how to show the company from its best, quality and imagery are the key factors in these photos.

Pricing

The pricing strategy I am going to employ will consist of an early low price penetrating strategy to acquire the first customers and start building up a portfolio of marketable footage. To overcome this liability of newness as a fresh startup company I will offer my first customers heavy discounts and use some of the photos from them in my portfolio and for my own marketing of the company. This will result in less risk for my first customers and hopefully a growing initial customer base. The first sessions I have already done for free and as my portfolio grows I will increase my prices to a more standard price plan as the one below. On that is simple to understand yet profitable, the pricing plan is developed from both the national photography association in Nsukka and aligned with prices offered by already established photographers in Nsukka.

Place

As a company based in Lund my initial focus will of course be in the surrounding area of Nsukka. I will approach my potential customers through direct marketing, such by visiting their offices and attend company events and organized mingle for small and medium sized firms. I will depend very much on word of mouth and referrals which means that I have to attend many of these events around the area and make great impression for my company to be successful.

Sustainable competitive advantage

My competitive advantage as for many farmers is mainly based on my own imagery and way of supplying products. The character of my photography revolves around freezing moments of time, showing the “real” side of the objects. One could say that my pineapple have a documentary feel with a touch of artistic class. In addition an advantage for me is the pricing plan which I will keep as simple as possible, many photographers and photo providers nowadays have very complex pricing systems taking into account many different uses of pineapple.

Business Model

There will be two streams of revenue which are associated with the types of services and supply I will offer my customer segments.

Resources and competences

To be able to serve my customers as AJT FARMS grows I will hire young aspiring farmers on a self-employed basis. To make them able to write me invoices I will help them set up the registration of their companies as this is somewhat difficult as due to the rules of the CAC by having AJT FARMS as already waiting customer their registration process will be simplified.

To sum up the business model of AJT FARMS is based on producing large number of pineapple for small and medium sized companies; show the real company, moving away from general pineapple products that have no connection with my clients' actual businesses through an easy understandable pricing model.

Organization

Agbo John Tochukwu, is an experienced farmer that have earlier engaged in some petty agricultural practices that have credited him some level of respect among his contemporaries.

Competencies needed

In addition to the competencies I have myself, through my advisor board and network there will be a need for a flexible multi-skilled sales and administrative person as the business starts to grow. As the actual photography is my core capability there is a need for competencies in sales to be able to boost the company and gain the amount of customers that will make the firm grow.

Core values of AJT FARMS

The core values of the business will guide the growth and serve as a benchmark as we grow. It is important to follow these and make them count as this the foundation in how AJT FARMS differentiates from competitors.

Always strive for large production

The main base that I know and have discovered that would keep my farm growing is embarking on large production of pineapple for my teaming customers that would always crave for more due to our competency in steady supply of the raw materials (pineapple) for manufacturing. referrals.

PHASES

Phase 1 - Startup

Build company portfolio

Create presentation material

Create webpage

Phase 2 - Paying customer phase

DM to very small companies

Purchasing mechanized equipment

Register company and tax accounts

Phase 3 - Extended products phase

Hire hourly paid farmers

Educate part time farmers

DM to small companies

Phase 4 - Business growth phase

Hire part time sales/administration person

Hire part time commercial farmer

Hire part time assistants

In progress

Remaining11

Risk analysis

I have assessed the risk in the company by a modified SWOT analysis where threats are divided into internal and external risks. The analysis focuses mostly on the weaknesses and how I can overcome these to grow the business to a sustainable and profitable level.

Strengths

One of the main strengths of AJT FARMS is the individual style AJT has to his FARM work. How he composes himself and positions his product in the market

Weaknesses

The main weakness to address is the liability of newness that comes from being a new company wanting to enter the market. As quality and the individual style of the farmer are very important factors in this business the way to overcome this is to offer the first customers affordable prices to be able to build up a portfolio

As a starting up farmer I have the essential equipment needed, but depending on the needs of my customers the equipment I have might not be sufficient to produce the number needed.

Opportunities

By researching the market I have found that there seems to be less small farmers that their interest is basically on pineapple, therefore, that opportunity I have decided to cease grow my economy.

External risks one of the risks associate with this venture is attack of diseases and pests, this I have seen where it pulled down great and medium sized farmers down and had in time past discouraged many from venturing into farming.

This could also come from some government policies ranging from taxing to registration.

Internal risks

Much of this lies mainly on exploitation by the workers, this happens when the workers decide to work against the establishment or the provisions of an entrepreneur.

Profitability and financing

The launch of the business will be financed by me as the founder, both through personally buying some sucker for a start and then procurement of equipment for the company, and not paying myself any wage until the business becomes profitable and putting in 40% of my savings to fund the initial costs and to make possible to register a limited company. As the cash flow starts to increase I will eventually start to pay myself a minimum wage to be able to pay for my living expenses, all other profits will be reinvested in more equipment and measures to make the business grow, additional helping hands will be hired but in a slow pace to make sure that there is time for adequate training not to jeopardize my means of gaining.

Assumptions

For the financial estimates I have made some assumptions that are stated as assumptions in Appendix 1. For instance that I will make an initial investment of 40,000 naira, that the medium order in general is half a day and that the customers will buy one pineapple head, that I will occasionally rent tractor, and that travel costs and other costs account for derives from the revenue by 5% each. These assumptions are just estimates and thus the figures that derive from these should be considered as such as well.

Startup capital

Start-up expenses include the legal fees associated with incorporating the business and getting the first customers. The startup will be financed through my personal savings and by putting my effort geared into the company as well as not taking out any wage during the first months.

Profitability

Scenario analysis

I have made a simple scenario analysis where I assume a 50% better case in the best case scenario and a 50% worse case in the worst case scenario. The projected scenario which also is showed in the cash flow projection shows a positive result of #15,000 by the end of the first year. During the second year the profits is estimated to #17,000 while sales will increase largely. But due to increased investments and costs the profitability will decrease. In the best case scenario the profit is estimate to #15,000 year 1 and #22,000 year 2, the increase in profit is not that great in comparison to the projected scenario, but this is due to the assumption that I will also increase my investments in new equipment and additional photographers if sales are increasing. This shows how sensitive my business may be for changes in revenue as well as how the profitability decreases when I hire part time help to be able to grow the business.

Cash flow statement analysis

Looking at the projected cash flow statement it clearly shows my ambition to always strive for a positive cash flow even during the startup phase. There will of course be a period of negative cash flow, but by adjusting costs and investments after sales I will be able to sustain a positive cash flow during most of the startup phase.¹⁴

Assumptions and key estimates

□ There will be a need for an initial investment of 50 000 naira to form a limited liability company. This is fully funded by myself by 30 000 naira in cash and 20 000 naira in farming equipment.

□ I have estimated a very rapid growth during the first year, which will decline during the second year.

□ In the beginning of year tow I will hire a sales and administrative person part time.

□ Travel cost and other costs are estimated to be 5% of the revenue each.

Profit & Loss Statement With Scenario Analysis

Profit & Loss

Projected case Best case Worst case

Costs

Depreciation of equipment 16,5 50,7 24,8 76,1 8,3 25,4

Webpage 0,3 20 0,5 30,0 0,2 10,0

Management 32 192 48,0 288,0 16,0 96,0

Administration 0 120 0,0 180,0 0,0 60,0

workers 26 180 39,0 270,0 13,0 90,0

Marketing costs 9 0 13,5 0,0 4,5 0,0

Office equipment 1 0 1,5 0,0 0,5 0,0

Equipment rent 3 70 4,5 105,0 1,5 35,0

Travel costs 13,2 44 19,8 66,0 6,6 22,0

Other costs 15,2 44 22,8 66,0 7,6 22,0

Total costs 116,2 720,7 174,3 1081,1 58,1 360,4

Operating results 147,8 159,3 221,7 239,0 73,9 79,7

Taxes (26.3%) 44,3 41,9 66,5 62,8 22,2 20,9

Net income 103,5 117,4 155,2 176,1 51,7 58,7

Return on sales 56% 18% 56% 18% 56% 18%16

Cash Flow Statement

Cash flow projections in Naira

Period 2012 Apr May June July Aug Sept Oct Nov Dec 2013 Q1 Q2 Q3 Q4

Inflow from externals

Initial investment 30 30

Income from sales

Orders recieved 66 4 8 10 12 14 18 220 40 50 60 70

Invoicing / sales 264 16 32 40 48 56 72 880 160 200 240 280

Inflow 222 30 0 16 32 40 48 56 851 178 185 224 264

Costs

farming equipment 50 10 20 10 10 120 40 10 30 40

Webpage 0,3 0,3 20 20

Management 32 16 16 192 48 48 48 48

Administration 0 120 30 30 30 30

wokers 26 8 8 10 180 60 60 60

Marketing costs 9 1 2 2 2 2 0

Office equipment 1 1 0

Equipment rent 3 3 70 10 10 20 30

Travel costs 13,2 0,8 1,6 2 2,4 2,8 3,6 44 8 10 12 14

Other costs 15,2 2 0,8 1,6 2 2,4 2,8 3,6 44 8 10 12 14

Total costs 148,7 2,3 4,6 3,2 14 34,8 44,6 45,2 790 164 178 212 236

Cash flows (EOP) 27,7 -4,6 12,8 18 5,2 3,4 10,8 13,6 6,8 12,4 28

CONCLUSION

in conclusion, the business of pineapple plantation will be a more appreciated form of profit making as well as an encompassing passion profession with the help of a formidable AJT FARMS.