

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF ART

DEPARTMENT OF MASS COMMUNICATION

TOPIC:

PALM WINE TAPPING BUSINESS

A BUSINESS PLAN

**WRITING IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE COURSE: CEDR 342 (BUSINESS
GROWTH AND DEVELOPMENT)**

BY

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REG NO: 2015/204852

LECTURER: DR. MRS T. C. NWAOGA

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1.0 Executive Summary

1.11 Name of business:

The name is **Apex Palm wine**

1.12 Legal form of business:

Apex palm wine is a sole proprietor business that is on the process of registration with the Corporate Affairs Commission (CAC).

1.15 Contact address:

CONTACT ADDRESS NO 24 IBAGWA-ROAD, NSUKKA IN ENUGU STATE.

1.16 Telephone: 08108886889. Email: info@apexpalmwine.com

1.15 Type of business:

This is a sole proprietorship business.

1.21 Description of business:

Apex palm wine is a company that plant palm tree and taps palm wine to provide palm wine for consumption. We plant palm tree till they reach the level of taping of wine where they would be sold for drinking. The need palm wine is on the rise, and the current palm wine does not meet the need for taping the palm wine due to the demand in recent years has exceeded its supply. So, this business came into existence to bridge this gap, by making more palms wine to be available in the market.

Our customers cover all individuals that drink palm wine both in the restaurants, bars, and hotels butchers.

The name of the owner of the business is; Nwachi Peter he oversees the entire running of the business.

1.22 Job opportunities:

It will create 7 jobs directly.

1.23 Start-up capital:

It would require a start-up capital of N3, 949, 000 comprising of fixed asset of N2,409,000 working capital of N540,000, and others which amount to N1,000,000.

A	Fixed capital	N2,409,000
B	Working capital	N540,000
C	Others	N1,000,000

Total-N3,949,000

1.24 Source of capital:

The capital will be sourced as follows

Table 2

a	Owners capital	N2,700,000
b	Grant	N1,300,000
	TOTAL	N4,000,000

1.25 Profitability:

The business has the ability of raising above N30 million profits from the third year.

2.10 GENERAL INTRODUCTION

2.11 Background

Palm wine have consumed in ancient times. It forms part of most communities' delicacies. Nigerians are not also left out in the consumption of palm wine. Most people prefer it to other type of drink due to its sweet and nutrient in it. That is why there had been different people from one town to another that are into the business of palm wine. Even at that, the demand for palm wine is not always met. That is why Apex palm wine came into existence to bridge this gap, by making more palm wine to be available in the market.

Our customers cover all individuals that drink palm wine, restaurants, bars, hotels butchers

2.12 Vision Statement

Establish over ten (10) palm wine across the major cities of Nigeria in the next twelve (12) years.

2.13 Mission Statement

Become the leading palm wine in Nigeria in the next ten years.

2.14 The Company

The name of the company is Apex palm wine. It is a new business and it is in the process of being registered.

2.15 Services Offered

We plant palm trees and tap palm wine and sell the grow palm trees.

2.16 Legal form and ownership of business

The business is a sole proprietorship business that is in the process of being registered.

The main promoter which is also the owner of the company is;

NWACHI PETER ----- 100%

2.17 Location of the business

The business headquarters would be located at **NO 24 IBAGWA-ROAD, NSUKKA IN ENUGU STATE.** It is strategically positioned in Ibagwa-Aka at the center of the town where there is access to road and plant for the palm wine. Due to the location of the company's business premises, the business would experience great sales, since it is located at a strategic place where it could access the market easily.

The location has a challenge which is; insecurity experienced in the city, and thus, poses a danger to the growth of the business.

We choose the location despite the challenge because of the great number of customers we would have access to.

2.18 Industry Trend and Analysis

The industry is a growing business that has an all year demand for palm wine. This means that the industry is such that is not seasonal with great potential for sales, and generation of income for the business owner and his workers as well.

2.19 Business Strategy

To ensure we remain in business, we would always use cheap price, quality service and good customer relations as our business strategy to attract and keep our customers.

2.20 Key success factors

Our key success factors include; experience workers, easy access to plant palm trees, good location, and highly competitive price.

The Market

3.10 Target Market

The main targeted markets for now are all supermarkets, bars, hotels, restaurants and markets in Nsukka, Ogige, New Heaven, Enugu-Ezike and other parts of the south eastern states. The size of the market is large, because it comprises of people from all works of life found in different location. The market is bound to increase because of the growing population of people and the demand for palm wine.

3.11 Sales and market share analysis

The market has the potential of offering us opportunity to sell matured that are more than 20,000 per year. For now we can control 10 to 15% of the market.

3.12 Profile of Competitors

COMPETITORS	PRODUCTS/SERVICES	COMPANY SIZE	TURNOVER	ADVANTAGES	DISADVANTAGES
Okongwu Palm wine Nigeria Ltd.	Palm wine tapping	Employs over 16 workers.	Over N30million yearly	Have been long in the business.	Not located in an easily accessible place, and sales product costly.
Johnbull palm wine and Nig Ltd	Palm wine tapping	Employs about 12 workers.	Makes over N21million as turnover yearly.	Have competent personnel.	Just started in the business.

Competitive Advantages

Palm Wine tapping enjoys some measures of competitive advantages which are:

The location of our business is very strategic hence gives us great advantage over our competitors since they will access us easily. The cheaper price we present to our customers is also an added advantage.

Our good customer relations are also an added advantage.

3.13 SWOT Analysis

STRENGTHS	WEAKNESSES
The great experiences of our workers are a plus to us. The ability to increase our services in order to meet demand. The location of our company which makes it easy to be accessed. Our cheaper price is also an edge over our competitors. Prior experience in palm wine tapping.	The location of the business which makes us to pay much tax.
OPPORTUNITIES	THREATS
Ability to expand to great limit, since so many people in the Southern part of Nigeria drinks palm wine.	Theft of our palm wine on the palm tree. Pest Disease that destroys the palm tree. Fluctuating prices of fuel that might increase cost of operation.

3.14 Demand and supply analysis and Estimating the initial installed capacity

Details	Size (numbers)
Potential demand to be served	30,000
Less 30% existing competitors	21,000
Available market (in the absence of expansion and very high entry wall)	120,000
Less 10% due to possible expansion of existing competitors and entrant of new ones.	108,000
Available market	300,000
Less 5% due to error in estimation	285,000
Available demand/qualified market/ demand supply gap	126,800
Initial installed capacity cat most 60% of available demand	

(served market)	
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4.10 Marketing Plan

4.11 Market segmentation

Palm wine tapping belongs to the agricultural segment of the economy. The location of the business was done in relation to the market demand of palm wine and where production could be cheap.

4.12 Target market

The main targeted markets for now are all supermarkets, bars, hotels, restaurants and markets in Nsukka, , Ogige, New Heaven, Enugu-Ezike and other parts of the south eastern states.

But with time, we seek to extend our reach to cities like Aba, Imo, and other south-south and south west states in Nigeria.

4.13 description of the edge of service

service	1	2
Denomination	Grow palm tree	
Filtering	Yes filtering	

4.14 Marketing Plan Price

Consumers are willing to pay highest N 45,000, average of N40,000 and lowest of N25,000 for every grow palm tree.

Our competitors prices ranges from highest of N45,000, an average of N40,000 and the lowest of N32,000.

The price we charge per 25 liters of palm wine is N30,000.

This gives us advantage over our competitors because they charge higher than what we are charging. So, we would be able to command great patronage because of our price.

4.15 Market positioning strategy

The firm has not gained more ground in the market. So with good advert and price, we seek to gain more position in the nearest future.

4.16 marketing mix implementation tools

From time to time we would announce our services on the television, promote it through the internet, and carry out periodic sales promotion.

4.17 Channel of distribution

Customers will deal directly with us.

4.18 Start-up promotion

For start up promotion, we would print banners and handbills.

4.19 Alliances

The alliance we would enjoy from friends and customers would help us enjoy increase in our customer base.

4.20 Marketing calendar and Budget

For every six month we would print notebooks that is customized, banners and handbills. We would carryout announcement in television twice every week. All will cost us N42,000 per year.

5.00 Production Plan

5.11 The Project

Palm wine tapping is the plant of palm trees and production of palm wine for the purpose of providing quality palm wine for consumption. Palm wine is consumed by majority of people especially in the south east due to its nutrient reach in it. But the supply for palm wine had always been far greater than the supply over the years. Not just only that; there had also been need for the supply of quality palm wine. This project came up to address this issue and help to provide solutions.

It is a large scale business and a capital intensive business.

5.12 Production Process

Young palm trees are brought for planting, in a big garden. The fertilizer will be used for the fast growing of the palm trees and also pesticide.

5.13 The Production flow chart

Fertilizer ----- applying pesticide -----Sales of grown plant

6.10 Management and Organisational structure

The main promoter is the owner of the company and holds all the share of the company. He is;

NWACHI PETER ----- 100%

Our financial adviser is Egbune Nig Ltd; No 32 Ogui Road Enugu, email: info@egbune.com.ng, website: www.egbune.com.ng, telephone number: 07036344789

Our legal adviser is Onukwue solicitors; 12 behind flat U. N. N ,nsukka, Enugu State. Email: onukwuesolicitors@gmail.com. phone number: 09030108909

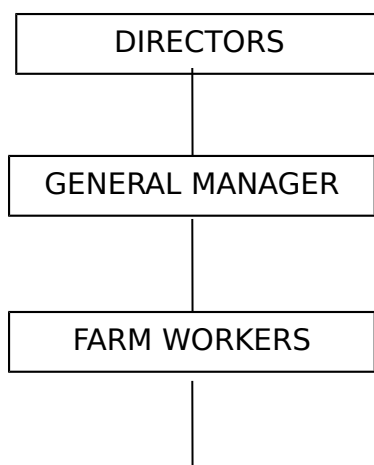
6.11 Management team

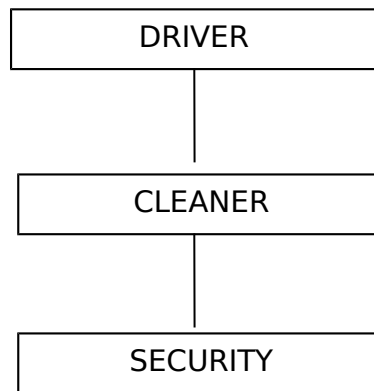
DESIGNATION	QUALIFICATION	YEARS OF EXPERIENCE	DUTIES
GENERAL MANAGER	HND in business management	4 years' experience as manager at Elma Printing Press Enugu.	Oversees the day to day operation of the business.
FARM WORKERS	OND and WAEC..	Have experience in palm wine tapping.	Planting palm tree, watch, over them and trim them when necessary.
DRIVER	WAEC	3 to 5 years' experience at different companies	Driving and maintenance of trucks.
CLEANER	WAEC	No experience.	Cleans the garden, feeding and watering the palm tree and other necessary works.
SECURITY	WAEC	No experience.	Watching over the palm tree.

Our future management needs.

The company would currently employ 7 persons, and would increase its number of staff to over 12persons after 5 years of operation.

6.12 Organizational structure





6.13 The personnel plan

S/N	POSITION	NO. OF STAFF	SALARY PER STAFF PER MONTH	TOTAL ANNUAL SALARY
1.	General manager	1	N50,000	N600,000
2.	Farm workers	3	N30,000	N1,080,000
3.	Driver	1	N30,000	N360,000
4.	Cleaner	1	N25,000	N300,000
5.	Security	1	N20,000	N240,000

6.14 Organization's values and norms

Integrity, faithfulness, truth and diligence.

7.10 Legal, regulatory, social, and environmental issues

7.11 Legal Issues

There are no legal issues for now.

7.12 Regulatory and environmental issues

The service is not regulated, but on the process of registration with corporate affairs commission. The farm does not create any environmental hazard.

8.0 Financials

8.11 Equipments

S/N	INVESTMENT	QTY	UNIT COST (N)	TOTAL COST (N)
1.	Land	5 acres	160,000	800,000
2.	Complex building	5	90,000	450,000
3.	Equipments			
	i) fertilizer	10	2,200	22,000
	ii) Water irrigation	10	1,500	15,000
	iii) Furniture		12,000	12,000
	iv) Generator	1	52,000	52,000
	v) Electricity		8,000	8,000
	TOTAL INVESTMENT			1,359,000

8.12 Sales Plan

PRODUCT/SERVICES	YEAR 1	YEAR 2	YEAR 3
Product/ Service Quantity	500	1,200	2500
Sales per unit	N30,000	N30,000	N28,000
TOTAL	15,000,000	36,000,000	70,000,000

8.13 General cost of Administration

Item	Current (For existing projects only) (N)
SALARIES	2,580,000
FUELLING	43,500
TELEPHONE	24,000
ELECTRICITY	38,400
ADVERTISING	42,000
TOTAL EXPENSES	2,727,900

8.14 Working Capital Projection

8.15 Start Up Capital Needed

S/N	ITEM OF EXPENDITURE	AMOUNT (N)
1.	Fixed asset investment (equipment and machines)	2,409,000
2.	Working capital	540,000
3.	Pre-operating expenditures	1,000,000
	TOTAL	3, 949,000

8.16 Financing Plan

S/N	SOURCES OF FUND	AMOUNT (N)
1.	Owners capital	2,700,000
2.	Grant	1,300,000
	TOTAL	4,000,000

8.17 Schedule of Depreciation

S/N	ITEM OF DEPRECIATION	INITIAL VALUA	SCRAP VALUA	LIFE SPAN	DEPRECIATION
1.	Generator	52,000	12,000	10 years	4,000
2.	Fertilizer	22,000	3,800	5 years	3,640
3.	Water irrigation	15,000	2,500	5 years	2,500
4.	Furniture	12,960	2,100	3 years	3,300
5.	Bus	1,500,000	450,000	15 years	70,000

					N83,440

8.18 Final Accounts projection

PARTICULARS	YEAR 1, AMOUNT (N)	YEAR 2, AMOUNT (N)	YEAR 3, AMOUNT (N)
SALES	15,000,000	36,000,000	70,000,000
OTHERS	-----	-----	-----
NET SALES	15,000,000	36,000,000	70,000,000
LESS EXPENSES:			
SALARIES	2,580,000	2,580,000	2,580,000
FUELLING	43,500	43,500	43,500
TELEPHONE	24,000	24,000	24,000
ELECTRICITY	38,400	38,400	38,400
ADVERTISING	42,000	42,000	42,000
EQUIPMENTS	109,000	----	-----
LAND	800,000	----	-----
BUILDING	450,000	----	----
BUS	1,500,000	-----	-----
MAINTENANCE	74,000	87,000	92,000
YOUNG PLANT	1,000,000	1,200,000	1,600,000
FERTILIZER	270,000	382,000	410,900
TOTAL EXPENSES	6,930,900	4,396,900	4,830,800
PROFIT BEFORE TAX/INTEREST	8,069,100	31,603,100	65,169,200
LESS INTEREST	-----	-----	-----
PROFIT AFTER INTEREST	8,069,100	31,603,100	65,169,200
LESS DEPRECIATION	83,440	83,440	83,440
TAXABLE PROFIT	7,985,660	31,519,660	65,085,760
LESS TAX (30%)	2,395,698	9,455,898	19,525,728
PROFIT AFTER TAX	5,589,962	22,063,762	45,560,032
NET PROFIT	5,589,962	22,063,762	45,560,032

8.19 Cash flow Projection

CASH FLOW	YEAR 1. TOTAL	YEAR 2. TOTAL	YEAR 2. TOTAL
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	(N)	(N)	(N)
CASH IN:			
SALES INCOME	15,000,000	36,000,000	70,000,000
RE-INVESTMENT			
TOTAL CASH IN	15,000,000	36,000,000	70,000,000
CASH OUT:			
SALARIES	2,580,000	2,580,000	2,580,000
FUELLING	43,500	43,500	43,500
TELEPHONE	24,000	24,000	24,000
ELECTRICITY	38,400	38,400	38,400
ADVERTISING	42,000	42,000	42,000
OTHER EXPENSES	4,203,000	1,669,000	2,102,900
TAX	2,395,968	9,455,898	19,525,728
TOTAL CASH OUT:	9,326,868	13,852,798	24,356,528
NET CASH FLOW	5, 673, 132	22, 147, 202	45, 643, 472

Risks Analysis and Mitigates

9.10 Risk Contingent Analysis

S/N	RISKS	MITIGANTS
1.	Bad debts	To curtail the effect of losing money as a result of debt, we have resolved not to sell our products on credit.
2.	Theft	To tackle the issue of theft, we have made provision for maximum security of our properties, and also employed security personnel.
3.	Accident	To checkmate the incidence of accident, we have made adequate provision for safety and would implement all preventive measures.

9.11 Contingency Plan

To tackle negative events that may happen unexpectedly and affect the smooth operation of the business, we have agreed to invest in insurance as the business grows so as to cater for unforeseen circumstances that may occur.

9.12 Exit Strategy

In the case where the business is experiencing steady loss, the exit strategy to employ may include; bringing in the investors or selling the business off.

10.0 Other Consideration, Conclusion and Recommendation

10.11 Economics Justification

The benefits that are attached to the business make it of paramount importance. It will provide jobs to people, serve as a source of income, serve the need of the entire populace, and serve the good of the community where it is located.

10.12 Commercial Viability

Looking at the cash flow projection, the business would be able to generate N5, 673, 132, N22, 147, 202 and N45, 643, 472, as profits after 1st, 2nd and 3rd year of production. Thus, we are very optimistic that the business is a very commercially viable one.

10.13 Conclusion/Recommendation

Based on the above information supplied about our planned palm wine business, we greatly believe that the business would grow and expand greatly within the next five (5) years of production, thus, we recommend that the business be sponsored.