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BUSINESS PLAN

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TOPIC:

BLOCK INDUSTRY

SUBMITTED BY

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CLAIR BLOCK INDUSTRY

PART ONE

2.0 EXECUTIVE SUMMARY

- 1.1 The reports and recommendations being stated here relates to the proposal by UGWU, CHINAGOLUM BLOCK INDUSTRY to establish a block industry.
- 1.2 The proposed project is to be fully implemented with an investment of N2,000,000 (Two Million Naira), made up N1,300,000 (One Million and three hundred thousand Naira) in fixed capital and N700 thousand in working capital.
- 1.3 The company's mission is "to provide quality service at competitive pricing. contributing to the building needs of Nigerians by 2018.
- 1.4 The proposed project will be located at Ukehe in Igbo-Etiti Local Government Area of Enugu State, Nigeria.
- 1.5 A ready market exists for the planned business based on our market surveys.
- 1.6 The financial projection reveals a good level of liquidity and stability. The projected turnover for 2017, 2018 and 2019 respectively, is N4,800,000, N5,280,000 and N5,808,000. The operating profit in 2016 is N1,220,000 increasingly to N1,614,500 in 2017 and N2,048,724 in 2018.
- 1.7 The funding requirement is N700,000; as the sponsor is committing N1, 300,000 to the project.
- 1.8 This project has been subjected to SWOT and risk analysis and appropriate risk mitigates proffered.
- 1.9 The company's competitive edge is the management's acquisition of rich industry knowledge and proactive orientation.
- 1.10 The profitability indicators as extracted from the projections embodied in this plan are as follows:

Table 1.

Details	2017	2018	2019
Turnover(N)	4,8000,000	5,280,000	5,808,000
Operating Net profit(N)	1,220,000	1,614,500	2,048,724
Return on Turnover(sales)(N)	25.4%	31%	35%
Return on Equity	102%	135%	171%

Return on total Investment	61%	81%	102%
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1.11 Conclusion and Recommendation

From the analysis of our findings, the proposed project is found to be technically feasible, financially viable and economically desirable.

The project offers good investment benefits to both promoters and investors; we recommend it for funding and implementation.

PART TWO

2.0 INTRODUCTION

Clair block industry plans to become the leading provider of concrete formwork services in the area. This means always having the best and most efficient facilities, processes, and people. To achieve this, Clair block industry is investing in many ways that will pay off in competitive advantages for its customers.

The company's overall strategy will be based on a continuing improvement process of setting objectives, measuring results, and providing feedback to facilitate further growth and progress.

Clair block industry is an Ukehe Limited Liability company, with principal offices located in Nsukka, Enugu State. Clair block industry's management is highly experienced and qualified. Mr. Barry Neyor leads the management team with over ten years of experience in the concrete and block industry.

2.1 VISION

To be a key player in the concrete and block market, contributing to the building and supplying of concrete needs of Nigerians in a sustainable way by 2019

2.2 MISSION

The mission of Clair block industry is to provide quality service at competitive pricing.

2.3 KEY SUCCESS FACTORS

The key success factors for CLAIR BLOCK INDUSTRY are:

- ❖ Having previous experience in the business, which makes the owner to have good knowledge about the business.

- ❖ Possession of adequate technical skill in producing or moulding of different sizes of blocks.
- ❖ Existence of reliable market outlets.

2.4 REVENUE BASE

The revenue base for the planned business is the sale of moulded blocks. The revenue model is expected to give the business a strong sustainability and profitability profile.

2.5 BUSINESS OWNERSHIP

The proposed business will be owned by Ugwu Chinagolum Cletus, a student of the department of Human Nutrition, University of Nigeria, Nsukka.

2.6 LOCATIONAL FACTORS

1.11 The planned block industry is to be located at Ukehe in Igbo-Etiti Local Government Area of Enugu State, Nigeria.

The choice of location was informed by the following criteria:-

- ❖ Availability of adequate security
- ❖ Availability of cheap and reliable labour
- ❖ Nearness to product markets
- ❖ Availability of relevant structures
- ❖ Availability of water sources

2.7 AVAILABLE MARKET

The market for blocks in Nigeria is wide and growing. Apart from the fact that block industry might be easy to manage; block industries does not require much technicalities or capital. There is increasing demand for blocks in Nsukka, Enugu metropolis and neighbouring states.

There are no restrictions on entry into the market .The pricing pattern is more of less standardized nationwide, while there are several small and unstructured producers with few large players. For CLAIR BLOCK INDUSTRY, we are focusing on the east and south as our target market.

PART THREE

3.0 PRODUCTS

The products of the business under consideration shall be strong quality blocks. These will be delivered in appropriate customer friendly manner and delivery services will also be available for customers who may desire home, on-site or place of business delivery services.

Hollow blocks will also be offered to those who demand such and for export purposes. Our target and domain of exportation is neighbouring African countries.

Block production has developed sophisticated formwork solutions for some of the most complex construction projects being done today. The company's standard form systems are versatile and completely adaptable to a variety of configurations such as Y-walls, shafts, and circular walls.

The Concrete Installation system can be adapted to almost any construction requirement that calls for forming. The company's expert staff has the capability to design and manufacture any custom component or accessory item that may be required to complete the formwork package.

Owners, developers, construction managers, general contractors, and concrete subcontractors have realized substantial savings in labour and material costs by using structural contours construction methods, systems and equipment. Applications include commercial and residential structures, bridges, educational projects, recreational projects, civil projects, tunnels, utility projects, environmental projects, and virtually every other type of concrete construction.

3.1 PRODUCT DESCRIPTION

Clair block industry offers concrete blocks of new generation, which create 20cm broad carrying wall, ceiling- and annular concrete blocks. After that, an isolating complex is stucked from inside. The complex consists of expanded polystyrene with stucked plaster board. Windows are embed in this isolating complex, there is therefore no widow case, which could freeze. In the house, there is no need to heat, when nobody is at home. Heating begins after coming home and the house is heated in cca 15mins, which satisfies the requirements of concrete union for heating.

3.2 COSTING

The costing of the block industry is mainly built around major cost items, they are:

- i. The block industry space
- ii. Water supply
- iii. sand

3.3 MARKET DEMAND

From the market survey carried out, an existing business opportunity is on the increase. The survey showed that a huge demand supply gap exists. This is currently responsible for the increase in the selling price of blocks.

CLAIR BLOCK INDUSTRY is located at Ukehe, Igbo-Etiti L.G.A. which is within the easy reach of some markets.

3.4 PRODUCTION PROCESS

Production of concrete blocks is simple, but possible only in top stacionary presses. French manufacturers have presses, which were made after 80 years of developement. Three companies are known on the market – ADLER(Fr.), QUADRA(Fr.) and HESS(Ger.). Their sophisticated presses are very successful – they are sold all over the world (till now there were sold over 1000 of them into 27 countries).

Planned mill of our company consists of hall, measuring 19x59m, 11m high, where all the concrete preparation and whole production with stock room will be located. Second architectural object is a shelter 25x58m, 9m high, isolated from the first one by reinforced asphaltic surface, which will serve as a manouvre place. Shelter will be used partially as a resereve gravel storage bin and partially as a stock room for finished goods.

3.5 QUALITY ASSURANCE

Our desire for profitability will not overshadow our focus on quality. To ensure strict quality assurance compliance, CLAIR BLOCK INDUSTRY shall take the following steps: -

- ❖ Ensure that the blocks are produced with the appropriate cement and sand
- ❖ Checkmate patches on blocks.
- ❖ Reduce the cases of breakages in the block house.
- ❖ Maintain a suitable soil for the blocks; not waterlogged, not too dry, and must not be acidic.

3.6 TECHNOLOGY

CLAIR Block industry with an eye on capturing a business sustaining share of the market will deploy appropriate technology to ensure smooth production process. Good blockeries will be built with water system and 10KVA Generator set will be acquired. Computer Technology will be used to enable us build a data on our customers, demand, sales operating expenses databank and market trends. This will enhance effective management of the firm.

3.7 COMPETITIVE EDGE

There are no major block industries in Enugu area hence there is complete absence of structured block industries that can really put up commendable competition.

Our core competitive edge is the management and rich knowledge of the industry and proactive orientation. While CLAIR BLOCK INDUSTRY has nothing to contend with the unstructured micro and small producers in the market, through proactive orientation, we shall identify the weaknesses of the key players and exploit them.

3.8 MARKET NEEDS AND CUSTOMER DYNAMICS

CLAIR BLOCK INDUSTRY will continually scan the operating environment in order to identify changing market needs and address the customers' dynamics.

PART FOUR

MARKET, CUSTOMERS AND COMPETITORS

4.1 MARKET ANALYSIS

CLAIR BLOCK INDUSTRY has an existing business opportunity since there is a huge market for blocks in Enugu and its environs. There is an increase in the population of people that consume blocks due to its high nutritional value.

4.2 CUSTOMERS/MARKET SEGMENTATION.

Proposed classes of customers for the block:

- a. Contractors
- b. Building and civil engineers
- c. Cement and sand sellers
- d. Restaurants/hotels.
- e. Establishments/hospitals
- f. Market dealers on blocks.
- g. Families.

CLAIR BLOCK INDUSTRY, will do its best to see that these group of customers needs are met in a most appealing and customer-focused manner. It plans to appropriate marketing strategy for each class of customers.

4.3 ALLIANCES

At start-up, we do not intend to go into alliance with any organization; however, as the business grows consideration could be given to alliance arrangement depending on market dynamics.

4.4 SERVICE DELIVERY STRATEGY

To ensure that we capture and retain comfortable market share, we plan to adopt service delivery strategy that will be appealing to our customers:

- ❖ Customers care service will be emphasized
- ❖ After-sales follow-up efforts will be carried out to feel the pulse of customers satisfaction
- ❖ We will adopt an image branding package for bulk breaking sales
- ❖ We shall develop a data bank on our customers to enable us monitor their need, dynamics and expectation.
- ❖ A delivery van will also be used in the delivery services.

PART FIVE

5.0 MARKETING PLAN

CLAIR BLOCK INDUSTRY is entering the market as a structured player and has to identify and exploit the weakness of the key players in order to reap a comfortable market share.

Core area of focus in our marketing plan is:

- ❖ Aggressive awareness creation and marketing campaign
- ❖ Attractive pricing policy to stimulate demand
- ❖ Direct delivery services to our customers
- ❖ Discount offer to bulk buyers.

5.1 PROMOTION AND DISTRIBUTION STRATEGY

CLAIR BLOCK INDUSTRY will mount an aggressive awareness campaign to draw potential customers' attention to our presence. We will make use of posters, handbills, flyers etc to reach out to both corporate and individual customers.

As the business grows, improved publicity approach will be adopted – print and electronic media will be put out to good use.

On the distribution strategy, we plan to adopt the following approach:

- ❖ Direct sales to contractors
- ❖ Sales to dealers
- ❖ Direct sales to individuals small buyers
- ❖ Appointment of distributors with sales outfits.

5.2 MARKETING STRATEGY

To ensure the attainment of our vision and mission we shall adopt a business strategy weaved around the following platform:

- ❖ Multiple revenue model
- ❖ High-product quality accompanied with strong customer care
- ❖ Penetrating pricing
- ❖ Aggressive marketing campaign and demand stimulation

This strategy will help us gain a comfortable and sustainable market share, at start, while we will continually look at our strategy as we watch the market dynamics and operating environment.

5.3 MARKET POSITIONING

CLAIR BLOCK INDUSTRY will position itself as structured, proactive and focused. The enterprise will create a peculiar leading edge profile for itself. In general, we will want to be seen by our customers, competitors, business partners and general public as:

- ❖ A reliable provider of quality products/services
- ❖ A quick, flexible and proactive market player
- ❖ A transparent, responsible and customer-focused producer.

PART SIX

TECHNICAL ANALYSIS, MANAGEMENT AND ORGANISATION

6.2 TECHNICAL ANALYSIS

The sand would be directly got from the waters instead of buying from the market after they have been exposed to sunlight and have been dehydrated. The cement would be bought on a trailer load basis, packed and stored in a conducive environment. Different and needed varieties of sand will be bought.

6.2 MANAGEMENT AND ORGANISATION

6.2.1 OWNER/MANAGER

The enterprise will be managed by the promoter, Chidi Obi, a student of Faculty of Business Administration from the University of Nigeria, Enugu Campus who has had rich experience in the block business. She will be supported by the Blockery Officer and the Finance/Administrative Officer. Also two blockery attendants will be employed

The personnel plan of CLAIR BLOCK INDUSTRY, at start-up will be as follows:-

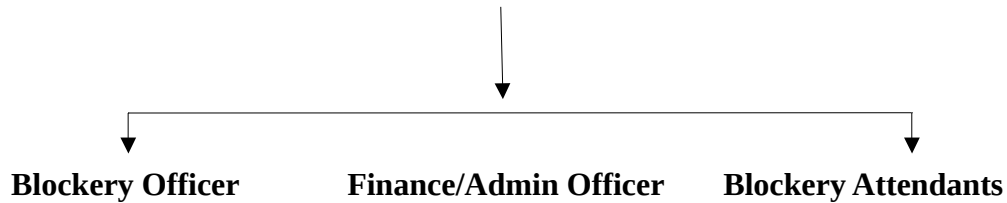
Table 3: Management and Labour Compliments

S/N	Position	No. of staff	Annual remuneration	Total
1	Chief Executive Officer	1	840,000	840,000
2	Blockery Officer	1	240,000	240,000
3	Finance/Admin Officer	1	240,000	240,000
4	Blockery Attendant	2	120,000	240,000
	Total			1,560,000

Figure 1 below shows that organisational structure of the block industry

FIGURE 1

Chief Executive Officer



6.3 SHAREHOLDERS AND DIRECTORS

CLAIR BLOCK INDUSTRY is a sole proprietorship business. Registered with corporate affairs commission under the aforementioned business name, to this extent, the promoter is the sole owner. There are no shareholders or directors.

6.4 EXTERNAL SUPPORT

CLAIR BLOCK INDUSTRY is discussing with a consulting firm that focuses on business development and support services, to offer us over a period of three years, strong management and support services. This management, we believe will give the block business strong foundational management culture to be built upon as the enterprise grows.

6.5 VALUES AND NORMS OF THE ENTERPRISE

To ensure a sustainable and strong market presence and in order to drive our visions, CLAIR BLOCK INDUSTRY shall adopt the following norms and values:

- ❖ To strive to do the best for the benefit of our customers
- ❖ To be transparent and uphold integrity in our dealings
- ❖ To see our employees as our most valuable assets
- ❖ To do our business within the ambit of the law of the nations
- ❖ To be ethical in our dealings

FINANCIAL PLAN

7.1 BASIC FINANCIAL ASSUMPTIONS

- Capacity utilization will increase by 10% every year.
- Cost of sales and operating expenses will increase by 5% every year.
- Interest rate is at 20%.
- Depreciation is on straight line basis.
- Mortality rate is 5%.
- The plan will operate for 52 weeks / per annum.
- The political climate will be stable.
- Any increase in the unit cost of raw materials will be matched with a corresponding increase in sales.

7.2 PROJECT COST

The estimated total project cost is N2,000,000 which is made up of N1,200,000 in fixed capital, and N800,000 in working capital.

Details of fixed cost	Cost
Land and development	600,000
Diesel lister	250000
Sinking a borehole	180000
Delivery van	300,000
Block moulder	98000
Mixing machine	150,000
Wooden block carrier	30000
2 Weighing scales	6,000
5 shovels	10,000
Water tank	35,000
Drinkers	5,000
2 Water Sprayers	1,000
Head pan	1,000
Shovel	1,000
Electrical Installations	10,000
Furnishing and fittings	20,000
Sundry and Accessories	15,000
Personal computer	20,000
Total Fixed Cost	1,200,000

Details of working capital	Cost
----------------------------	------

Cement supply	150,000
Sand supply	100,000
Diesel supply	100,000
Water refilling	60,000
Cash at hand for salaries and wages (3 months)	390,000
Total working cost	800,000
Total Project cost	2,000,000

7.3 FUNDING PLAN

The estimated project cost of N2,000,000 will be funded as follows:

Details	Amount	Percentage
Equity	1,200,000	60%
Term loan	800,000	40%
Total	2,000,000	100%

7.4 FUNDING REQUIREMENT

The funding required for the project is N800,000 (Eight hundred thousand naira) as the sponsor (entrepreneur) is committing N1,200,000 (One million, two hundred thousand naira) into the project.

7.5 PROJECTED INCOME STATEMENT

Details	2015	2016	2017
Capacity utilization	50%	60%	70%
Turnover	4,800,000	5,280,000	5,808,000
Less cost of sales	1,640,000	1,722,000	1,808,100
Gross profit	3,160,000	3,558,000	3,999,900
Less operating expenses			
Salaries and wages	1,560,000	1,638,000	1,719,900
Depreciation	110,000	110,000	110,000
Advert Promotions	20,000	21,000	22,050
Electricity	10,000	10,500	11,025
Phone calls	10,000	10,500	11,025
Transport and travelling	30,000	31,500	33,075
Stationeries and newspaper	5,000	5,250	5,513
Business permits and rates	5,000	5,250	5,513
Insurance	20,000	21,000	22,050
Public relations	10,000	10,500	11,025
Total operating expenses	1,780,000	1,863,500	1,951,176
Profit before Interest	1,380,000	1,694,500	2,048,724
Less interest	160,000	80,000	---
Net Profit	1,220,000	1,614,500	2,048,724
Retained Earnings	1,220,000	2,834,500	4,883,224

7.6 PROJECTED CASH FLOW STATEMENT

Cash inflow 'A'

Details	2017	2018	2019
Equity	1,200,000	---	---
Term loan	800,000	---	---
Sales	4,800,000	5,280,000	5,808,000
Total Cash inflow	6,800,000	5,280,000	5,808,000

Cash outflow 'B'

Details	2017	2018	2019
Acquisition of fixed assets	1,200,000	---	---
Cost of sales	1,640,000	1,722,000	1,808,100
Operating expenses (Less depreciation)	1,670,000	1,753,500	1,841,176
Loan repayment	400,000	400,000	---
Interest on loan	160,000	80,000	---
Total Cash outflow	5,070,000	3,955,500	3,649,276
Net cash flow (A-B)	1,730,000	1,324,500	2,158,724
Opening Cash Balance	---	1,730,000	3,054,500
Closing Cash Balance	1,730,000	3,054,500	5,213,224

7.7 PROJECTED BALANCE SHEET

Capital employed	2015	2016	2017
Fixed asset (at cost)	1,200,000	1,200,000	1,200,000
Less accumulated depreciation	110,000	220,000	330,000
Net book value	1,090,000	980,000	870,000
Cash at hand / bank	1,730,000	3,054,500	5,213,224
Less current liabilities	400,000	---	---
Net current assets	1,330,000	3,054,500	5,213,224
Net assets	2,420,000	4,034,500	6,083,224
Represented by			
Equity	1,200,000	1,200,000	1,200,000
Retained earnings	1,220,000	2,834,500	4,883,224
Owner's funds	2,420,000	4,034,500	6,083,224

7.8 PROFITABILITY ANALYSIS

Details	2017	2018	2019
Turnover	4,800,000	5,280,000	5,808,000
Net profit	1,220,000	1,614,500	2,048,724
Return on sales	25.4%	31%	35%
Return on equity	102%	135%	171%
Return on investment	61%	81%	102%

7.9 BREAK EVEN ANALYSIS (Using Year 2015)

	Fixed cost	Variable cost
Salaries and wages	1,560,000	---
Depreciation	110,000	---
Interest on loans	160,000	---
Transport and travelling	---	30,000
Phone calls	---	10,000
Electricity	10,000	---
Stationeries and newspapers	5,000	---
Business permit and rates	5,000	---
Insurance	20,000	---
Public relations	---	10,000
Advert / promotions	---	20,000
Total	1,870,000	70,000

Break Even Point (BEP) = $\frac{FC}{1 - VC}$

- CLAIR BLOCK INDUSTRY is managed by a management with rich industry knowledge and proactive orientation
- The centrality of our location gives us high market visibility
- The enterprise is entering the market as a structured player

We will build on these strengths.

8.2.2 WEAKNESSES:

- ❖ The global financial meltdown may affect start up demand for our product.
- ❖ The material for making their food may be affected by inflation which can negatively affect the stock and operations.
- ❖ We will address these weaknesses through aggressive marketing, fair pricing, customer care and continuous check on the health of the workers.

8.2.3 OPPORTUNITIES:

- ❖ The enterprise can go into the production of bricks and interlocks.
- ❖ There are opportunities for exporting our products in the ECOWAS countries and world market.

8.3.4 THREATS:

- ❖ Increased competition due to the entry of more structured producers.
- ❖ Government policy that may negatively affect the industry.
- ❖ Introduction of new and mandatory regulations.
- ❖ To check these threats, the industry will continuously emphasize high quality product, strong customer care and innovative practice to retain existing customers and grow the market share.

On the government policy, we will proactively keep abreast of government policies and continuously scan the operating environment to checkmate possible threats.

8.4 CONTINGENCY PLAN

We are aware that the projections embodied in this plan are based on a number of assumptions. These assumptions are subject to deviations that impact the outcome.

To this extent we have made some contingency plans:

- ❖ Increase in production/operating costs: Where there is an increase in the production/operating costs, we plan to adopt strong cost control measures, to keep the operating results in line.
- ❖ Low Demand: Where the demand for our products turns to be below the projections, we plan to adopt the below the projections, we plan to adopt the following measures:
 - ❖ Offer discounts to bulk buyers
 - ❖ Initiate slight price reduction
 - ❖ Mount aggressive marketing campaign to stimulate demand
- ❖ Enter in alliance in order to have sales outlets

8.4 EXIT STRATEGY

The exit strategy open to any investor to the project is prompt pay-off of the procured loan or buying off any shares held by the investor, we plan to achieve this strategy through careful and efficient cash flows management. On our part, we do not intend to exit the business; rather expansion and diversification will be pursued when the business attains a suitable growth posture.

PART NINE

9.0 LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

9.1 LEGAL ISSUES

CLAIR BLOCK INDUSTRY has undertaken a legality check on the proposed business. The enterprise has been duly registered with the Corporate Affair Commission (CAC), under the business name registration. It would also get all necessary permit and licences.

9.2 ENVIRONMENTAL ISSUES

CLAIR BLOCK INDUSTRY will run an environmental friendly business. The block industry will be kept neat appropriately and will also be sanitized regularly.

In summary, the block firm will be run in ways that enhance environmental sustainability.

9.3 SOCIAL ISSUES

The establishment of the planned enterprise will generate a lot of social benefits:

- ❖ Jobs and wealth creation
- ❖ People empowerment and poverty reduction
- ❖ Support to the development agenda of vision 2020 and the millennium development goals (MDGs)
- ❖ Check rural urban migration and enhance rural industrialization

9.4 REGULATION ISSUES

The enterprise will comply with all relevant regulatory requirements: – hand gloves, nose-masks, leg boots and fire extinguishers will be provided. Necessary business premise permits will be secured. Relevant taxes and levies to the state and local government shall be paid as and when due.

PART TEN

10.0 OTHER CONSIDERATIONS AND CONCLUSION

10.1 ECONOMIC JUSTIFICATION

From the point of view of my study and analysis of the findings made, the project offers good benefits to the promoter, and the economy. It also creates employment opportunities and wealth. This is consistent with the Federal and State Government Policy on entrepreneurship, wealth and job creation.

10.2 COMMERCIAL VIABILITY.

The commercial viability of this project is very certain. The project has been found to be commercially viable, having shown this through impressive sales, profits and cash flow positions.

10.3 CONCLUSION AND RECOMMENDATIONS

Looking at the medical, economic and nutritional value of block, I therefore solicit and append this proposal for funding and implementation.

I also recommend it to everyone for its proficient help to builders and contractors.