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**UNIVERSITY OF NIGERIA, NSUKKA**

**FACULTY OF EDUCATION**

**DEPARTMENT OF VOCATIONAL TEACHER EDUCATION**

**A BUSINESS PLAN**

**ON ZOBO PRODUCTION AND DISTRIBUTION**

**AN ASSIGNMENT**

**SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE  
COURSE: CED 342**

**(BUSINESS GROWTH AND DEVELOPMENT)**

**BY**

**UGOCHI IMMACULATA CHEKWUBE 2013/187328**

**UGWU IFUNANYA ANASTASIA 2013/186472**

**UGWU ERNEST KELECHUKWU 2013/186474**

**UGWUANYI ANTHONY NNAEMEKA 2013/190459**

**UGWUANYI EVELYN OGECHI 2013/187354**

**UDEMBA CHINENYE GLORIA 2013/190249**

**IDIKE CHINONYE BLESSING 2013/189325**

**LECTURER: DR. B.C OKPUKPARA**

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## **PART I**

### **1.0 Executive Summary**

**1.1** The following report and recommendation represents the project proposed by NOTSA Company to establish a Zobo 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 NOTSA Enterprises and the company aims at producing a nutritious zobo 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 ours from others.

**1.4** The proposed project is to be located at No 28 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 zobo 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.**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
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
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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 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 our 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 zobo sellers and suppliers in the town of Nsukka we made this wonderful discovery that there is a high demand for zobo products but less supply of the product. And also, we discovered that there are no official producers of zobo drink in the country. This has made the supply of zobo drink very minimal and at the hand of just small scale individuals and families. This shortage in supply is expected to last forever if nothing is done in the future.

### **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**

We aim at producing a nutritious zobo 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 ours from others.

## **2.3 Legal Status**

The company will be registered at the Corporate Affairs Commission (CAC) as NOTSA Enterprises. The business is owned by NOTSA Company, a group of friends putting their resources together to improve the society.

## **2.4 Ownership and Management**

This company is a partnership owned by seven friends namely: Ugochi C.I, Ugwu I.A, Ugwu E.K, Ugwuanyi A, Ugwuanyi E.O, Udemba G.C, and Idike, C.B 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**

Our 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**

Our key competitors for Zobo 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, 7 up, Pepsi etc.

## **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 Zobo drink production will turn out to be very profitable as a result of the steady and increasing like of zobo 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 "zobo" 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 drink zobo because of its natural nourishment and vitality.
- **Athletes and Sports People:** Because of the need for energy and refreshment during sports activities. Zobo drink is in the best position to provide such need as a result of its high energy content.
- **Fast food, Restaurant and Hotels:** Zobo 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. Zobo 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. Zobo dink should be suitable for such period.

### 3.3 Marketing and Sales Plan

In other to meet up with our various competitors that are ahead of us, NOTSA 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**

Our 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.
- We also intend to promote inter school debate among secondary schools in the state. The winners will be given interesting prizes. This will boost awareness.
- We 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
<b>Total</b>			<b>16,128,600</b>

## 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				<b>₦500,000</b>

#### 4.4 Estimate of Cost

##### Cost of Producing a Carton of Zobo Drink

Brand of zobo	Ingredients/Flavor	Qty	Unit cost (n)	Printing and packaging (n)	Numbers of zobo in a carton	Total cost of producing 1 carton (n)
Zobo pineapple flavor	zobo leaf	5g	250	133	12 cans (75cl each)	683
	panankiri seeds	5sachets	100			
	sameria	5sachets	100			
	pineapple flavor and	5sachets	100			
Zobo vanilla flavor	zobo leaf,	9litres	100	133	12 cans(75cl each)	683
	panankiri	5g	100			
	seeds	Sachets	100			
	sameria	5 Sachets	100			

	vanilla flavor and water.	9litres						
Zobo cola flavor	zobo leaf, cola panankiri	5g Sachets	100					
	seeds	5sachets	100	133			12 cans(75cl each)	683
	sameria	5 Sachet	100					
	flavor and water.	9litres	100					
	zobo leaf, panankiri	5g 5 Sachet	100					
Zobo lemon flavor	seeds	5sachets	100	133			12 cans (75cl each)	683
	sameria	5sachets	100					
	lemon flavor and water.	5sachets 9litres	100					
	zobo leaf, panankiri	5g 5sachets	100					
	seeds	5sachets	100	133			12 cans(75cl each)	683
Zobo orange flavor	sameria	5sachets	100					
	orange flavor and water.	5sachets 9litres	100					
	zobo leaf, panankiri	5g 5sachets	100					
	seeds	5sachets	100	133			12 cans(75cl each)	683
	sameria	5sachets	100					
Zobo apple flavor	orange flavor and water.	5sachets 9litres	100					
	zobo leaf panankiri	5g 5 sachets	100					
	seeds	5 sachets	100	133			12 cans(75c1 each)	683
	sameria	5 sachets	100					
	Apple flavor	9 liters waters	100					

ZOF (zobo orange flavor), ZLF (zobo lemon flavor), ZCF (zobo coke flavor), ZPF (zobo pineapple flavor), ZAF (zobo apple flavor), ZVF (zobo vanilla flavor).

#### 4.5 Forecast of Sales

##### Weekly Product Schedule of Zobo Drink in a Pack (12 cans in a pack)

Period		ZOF	ZLF	ZCF	ZPF	ZAF	ZVF	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
	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
WEEK 2	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 3	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	<b>341,500</b>
	DAY 3	100	100	100	50	50	100	50	<b>341,500</b>
WEEK 4	DAY 4	100	100	100	50	50	100	50	341,500
	5	100	100	100	50	50	100	50	341,500
<b>Total</b>	<b>20 DAYS</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>1000</b>	<b>1000</b>	<b>2000</b>	<b>10, 000</b>	<b>Total cost: ₦6,830,000</b>

### Yearly Product Schedule of Zobo 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
<b>Total</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>12,000</b>	<b>12,000</b>	<b>24,000</b>	<b>120,000</b>	<b>Total Cost: 81,960,000</b>

## PART IV

### Profitability Analysis

#### 4.6 Forecast of Profit and Loss

<b>PARTICULARS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
Expected sales	<b>81,960,000</b>	<b>90,156,000</b>	<b>99,171,600</b>
Less 1% discount	819,600	901,560	991,716
Net sales	81,140,400	89,254,440	98,179,884
Expenses			
Working capital	22,958,600	25,370,600	28,265,000
Equipment	4,150,000	4,150,000	4,150,000
Other operating expenses	500,000	785,000	910,000
Utilities	40,000	45,200	50,400
Salaries, Wages & Rents	12,060,000	12,180,600	12,302,406
	200,000	200,000	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

#### 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
			12,021,310.08	13,284,052.74
	10,878,600	10,878,600	37,760,542	69,606,103.6
	3,143,671.23	3,143,671.23	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				10,843,440
creditors	NILL	NILL	5,421,720	NILL
dividend			NILL	6,460,915.4
Total of current liabilities			5,421,720	18,279,265
<b>Total Liabilities</b>	<b>27,108,600</b>	<b>67,404,142</b>	<b>72,815,001.6</b>	<b>69,122,705</b>

## **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.