

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF AGRICULTURE

**DEPARTMENT OF HOME SCIENCE, NUTRITION AND
DIETETICS**

**A BUSINESS PLAN WRITTEN IN PARTIAL
FULFILLMENT OF THE COURSE 342 (BUSINESS
DEVELOPMENT AND MANAGEMENT)**

BY

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PART 1

POULTRY FARM (PRODUCTION OF EGG)

1.0 Executive summary

1.1 This is business proposal by NELLY POULTRTY FARM to set up a poultry farm for egg production and distribution at Eha-Alumona in Nsukka local government area, Enugu state Nigeria.

1.2 The project would require a start-up capital of N3, 539,000 made up of N1172, 000 for fixed assets and N2, 214,000 for working capital.

1.3 The firm's vision is we pride in our quality product.

1.4 The project will be located at Eha-Alumona in Nsukka Enugu.

1.5 (a) Location of the Business: The proposed business will be located at (Eha-Alumona in Nsukka local Government Area, Enugu State, Nigeria)

(b) Telephone Number(s): 08167339661, Email address: Ugwunne22@gmail.com

(c) Website address: www.nellypoultry.agro.com

(d) Reason for choice of location: Ready market for the business and environmental neatness.

1.6 Business Owner(s)/position (Owners for partnership)

(a) Name: UGWU CLARA, (b) Position: proprietor

Email/Phone Number: Ugwuclara22@gmail.com.,08021435376.

1.7 The competitive edge of the firm lies in its ability to feed the hen well in other to get quality and large number of egg at an affordable cost and it internal relationship with its target market.

1.8 Description of Business idea;

This is a sole proprietorship business involved in providing quality eggs and chicken meat at affordable price, it involves the purchase of day old chicken that are nurtured till they start producing egg.

1.9 Economic/Social benefit of your business;

It creates job opportunities including security job, poultry assistant and so on, it contributes to the balanced nutrition of the society by providing healthy protein at reasonable price. It contributes to agriculture through chicken dung that are given to farmers as manure.

1.10 **Funding requirement** is N2, 539,000 as promoters are committing N1000000 to the projects.

1.11 Source of Capital (Amount in words and figures)

- A. Owners: N1,000,000
- B. Donation: N500,000
- C. Bank loan: N1,500000
- D. Others : 39,000

1.12 The profitability measures are shown below:

	Year 1	Year 2	Year 3
Turnover(000)	979,500	12,157,435	16,107,500
Operating profit	-6,907,400	21,115,120	120,499,000
Profit after taxation	-7,065,835	20,946,685	120,340,565

Return on Equity%	-7.07	20.95	120.34
Returns on investment %	-6.03	17.87	102.68

1.15 Conclusion: This business should be sponsored because it is not only viable and also lucrative. it is economically desirable because it taps from unsaturated market and has a lot of room for expansion and large returns. It also has the capacity to repay back loans within the first three years of operation and can break even at second year of operation.

2.0 Products

- **Chicken meat(old layers)**
- **Eggs**

2.1 Product Description

The business entails keeping chicken from brooding to cages, at the age of 19-22weeks they start to lay eggs, the eggs are packaged in crates of 30 packs ready to be sold to customers, the laying birds of 60-75weeks of laying are been sold out as meat.

2.2 Key factor(s) for your business

- Finance
- Expertise
- Housing
- Bio-security, water, nutrient.
- Sales and management

2.3a. Business structure: Sole proprietorship.

2.3b. what informed your choice above?

The reasons I choose tom run this business as a sole proprietor are the ease organization, ensure customer satisfaction through the possibility of close relationship with the customers, for quick

decision-making, keen supervision of business, flexibility in running the business and to enjoy the benefit of paying a personal income tax and not corporate income tax.

2.4 Facilities layout/Location

(a)Facilities Layout/Leasing: Setting up this business would require about acre of rented land on which physical structures have been built ,following the clearing of the structures, a shop would serve as a warehouse for feeds and depot for produced eggs ,semi automatic battery cages of premium quality will be purchased and installed in a large room for 1000 capacity pen .10 units of 100 birds per unit capacity cages will be utilized to hold at least 1000 birds ,Also a room would serve as staff office during work hours.

(b) What informed your of location:

- Cost of land acquisition was reasonable
- The area is well ventilated, that is it does not have extreme temperatures
- It is not situated close to other poultry
- There is manageable electricity supply and water supply
- There is presence of demand in the area

(c)Equipment needed for the business

S/No	Equipment	Quantity	Life span	Remark(existing/not existing)
1.	Battery cage	10 units	10 years	Existing
2.	Bowls for transferring feeds	40	10 years	Existing
3.	Bucket	6	10 years	Existing
4.	Brooms	6	10 years	Existing
5.	Heating system (lantern)	5	10 years	Existing
6.	Bowls for storing water	40	10 years	Existing
7.	Delivery van	1	10 years	Existing

Part III

3.0 Market research tools

- Interviews of shop owners, home consumers and restaurants owners.
- Internet resources of trends in the poultry business/market.
- Observation of egg consumption in bakery and restaurants.
- Survey of super markets.

3.1 Nature and size of market

The market I am about to join is growing, is an open market. Though a few big poultry farms exist in nsukka currently, but my poultry is going to be unique and so would have competitive advantage.

3.2 Market segmentation

- Chicken processing factories ----- 40%
- Supermarkets and retail shops ----- 30%
- Hotels and bakeries ----- 20%
- Others ----- 10%

3.3 Target market

The target markets to be addressed in this plan include:

- Restaurants
- Bakeries
- Supermarkets and retail shops
- Hotels
- Homes
- Slaughter houses, that is chicken processing factories

3.4 Service delivery

- Home delivery at low cost : I will use the strategy to win over customers who prefer to be sold at the convinces thereby increasing my market share.
- Discount :I would use discount to improve number of purchase and amount of purchase of the product
- Online order placement: This would make my business cover large scope customers.

3.5 Quality insurance:

To ensure quality of my products I would

(a) Make sure there is optimum bio-security in the farm by making poultry operators and visitors wear sterilized coats when entering into the poultry area.

(b) I would make sure the poultry farm is visited by a veterinary doctor every week.

(c) I would make sure the farm does not run out of chicken feeds or water.

(d) I would make sure the egg are properly and carefully stacked in the store, and also in the delivery van.

3.6 production process: The production process involves the purchase of 1000 birds which will be placed in the first year. The 1000 layers will be purchased from day old to fourteen weeks old and hence takes six weeks to come to lay. They should be at the peak of laying by 30 weeks of age and would have spent about 17 weeks in the farm, After the peak of their egg laying they are sold at old layers for meat at about 60-70 weeks, within four months the spent layers should have been sold out ,3- 5 %mortality room is allowed .

Part IV

4.0 Marketing strategy/plan

(a) Describe how you will package your products

- Eggs will be packed up in crate of 30 packs for delivery each crate would contain eggs.
- Old layers would be sold from 60-70 weeks old

(b) Specify the size of your product

- Old layers for sale as meat are about 1.75 kg body weight
- Eggs are usually 52-56g and 24 in crates would be 2912g.

4.1 Market plan price

Product /service	Price		
What are your customers willing to	Highest N35, N1850, N170	Average N30, 1800,N 150	Lowest N25, N1700,N1600

buy			
Competitor s price	Highest	Average	Lowest
My price	Highest	Average	Lowest
	N30, N1800,N1700	N25,1700,N1600	N20,N1600,N1500
Reason for setting the price	high input cost	Moderate input and distribution cost	Low input and distribution cost
Margin for discount?	10%	5%	3%

4.2 Placement/marketing positioning

(a) Marketing positioning

Where will you sell your product? Where /how does your target market make their purchase?

Buyers will purchase egg products from shops that serve as outlet to reduce visitation to the farm and increase bio-security, while old layers for sale would be allowed to be viewed by potential customers, orders can also be placed via telephone or personal message and products will be delivered.

(b) Service delivery strategy

My service will be delivered strategy using a mini van

5.0 Promotion

The promotion will be like;

- Printing and pasting of banners at strategic areas
- Online advert of various agro business website
- Radio advert at local radio stations.

5.1 Alliance

The business could become a member of Poultry Association of Nigeria (PAN)

It could benefit briefing and workshops on many poultry farming process and issues and enjoy secured grains for poultry feeds from strategic locations in the country .it could also like to partner with a chicken processing factory and be their supplier of chicken meat for processing and sales.

5.2 Proposed marketing calendars and budget.

Date	Marketing plan activity	Evaluation index	Personnel involved	Estimated cost
Start date	1 st July 2017		Proprietor driver and media agent	N25,000
End date	15 th July 2017			
Start date	1 st sept 2017		All personnel media agent	N25,000
End date	30 th sept ,2017			
Start date	1 st nov,2017		Proprietor media agent	N25,000
End date	31 st nov,2017			
Start date	1 st dec,2017		Proprietor driver and media agent	N25,000
End date	24 th dec,2017			

6.0 ownership/shareholders and their profiles

My work experience has been on an informal substance level, but I have looked after poultry birds for a period of at least six months over the last few years.

(a) Personal background and education qualification

Am currently a student of department of human nutrition and dietetics ,I have a sound knowledge of the nutritional requirements ,physical requirement ,care and diseases associated with poultry birds .I have determination and perseverance to see this vision through to actualization, because as is to be further proven by subsequent parts of the plan, this is a viable business and I intend to use the funds and resources available to me properly to the growth and development of this business .to ensure appropriate management skills on my part I plan to go for three months training on poultry farming management and together with my knowledge on entrepreneurship, I believe I can make this business profitable.

6.1 Team involved in the business and their profiles.

S/No	Position/Name	Duties/Responsibilities	Qualifications	Salary/Wages	Work schedule
1	Poultry assistant	feeding and water for birds	NCE	N10,000	Mon-Sat 7:30-5pm
2	Poultry assistant	Drugs and vaccination	NCE	N10,000	Mon-Sat 7:30-5pm
3	Warehouse assistant	Warehousing of products in the shop	NCE	N8,000	Mon-Sat 7:30-5pm
4	Cashier	Record keeping	NCE	N8,000	Mon-Sat 7:30-5pm
5	Delivery van man	Delivery of products to the customers	O,level	N 6,500	Mon-Sat 7:30-5pm
6	Security man	Safe guarding the poultry farm	FSLC	N6,000	Mon-Sat 7:30-5pm

6.2 personal plans (staffing and salary structure)

S/No	Position	No of staff	Salary per staff/monthly	Total annual salary
1	Poultry assistant	Two	N10,000	N240,000
2	Warehouse assistant	Two	N8,000	N192,000
3	Delivery van man	One	N6,500	N78,000
4	Cashier	One	N 5,000	N 96,000
5	Security man	Two	N 6,000	N144,000
6	Cleaners	Two	N 6,000	N 144,000
7	Proprietor	One	N 15,000	N 180,000

6.3 The external management support service that I will use are ;

- I will use the support of my mother and aunt who has had experience in the poultry farming before

6.4 The values and norms of my organization

- Upholding optimum neatness in every poultry activity and area
- Obedience to agricultural and environmental laws in doing business
- Truthful and integrity in business especially to customers
- Unity among staff for optimum efficiency

7.0 Financial strategy and plan

Providing a chart showing all of the sources of your start –up capital, is there any assistance from government or loan granting program you want to apply for;

- Loan from banks ----- N1,500,000
- Owners contribution ----- N1,000,000
- Money from friend and family ----- N500,000
- Gift from age grade association -----N39,000

7.1 Projected production schedule

Describe the production schedule of your business

(a) The targeted annual output (units) for my business in the first year of operation is

N25,740 units

(b) Projected production schedule (1-3)

Year 1	Product Line 1(eggs)	Product line 2 Old layers	Target output
Jan	0	0	0
Feb	0	0	0
Marc	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	200	0	200
August	240	0	240
Sept	300	0	300
Oct	500	0	500
Nov	12,300	0	12,300
Dec	12,000	0	12,000
Total output	25,540	0	25,540
Year 2			
Jan	20,000		
Feb	24,000		
March	23,500		
April	25,000		
May	22,000		
June	23,000	50	
July	24,000	100	
August	25,000	150	
Sept	26,500	150	
Oct	20,000	100	
Nov	22,500	100	
Dec	23,000	350	
Total input	279,500	1000	
Year 3			
Jan	20,500		
Feb	24,000		
Mac	25000		
April	24,500	200	
May	20,000	150	
June	22,500	150	
July	25,500	200	
Aug	24,000	100	
Sept	25,000	150	
Oct	23,500	100	
Nov	25,000	100	
Dec	24,000	400	
Total output	283,500	1,600	

7.2

Sales

projections/plan

S/no	Product/service	Year 1	Year 3	Year 3
1.	Product/service 1- Qty(volume)Eggs	25,540	279,500	283,500
	Price per unit	N25	N25	N25
.	Sales	N63,8500	6,987,500	N7,087,500
2.	Product/service – 3 Qty(volume)old layers	N 0	N 1000	N 1600
	Price per unit	N 1600	N1 600	N1600
	Sales	N 0	N 1600	N 2560,000

7.3 Summary of project cost/start-up capital needed (included your total project cost and their breakdown here)

S/no	Items of expenditure	Amount
1	Fixed assets investment	1172,000
2	Working capital	2,214,000
3	Pre- operating expense (for new business only)	153,000
	Initial total investment outlay	3,539,000

7.4 Fixed capital details

List the fixed asset need of my business

S/no	Fixed asset	Qty	Unit cost (N)	Total fixed asset cost(N)
1	Battery cage	500	96,000	960,000
2	Egg crate		70	35,000
3	Cleaning equipment	13	400	5,000
4	Delivery van	1	54,000	54,000
5	Lantern	4	2000	8,000

6	Office chair and tables	5	2000	10,000
7	Standby generator	1	100,000	100,000
	Total fixed cost			N1,172,000

7.5 Pre-operating expense

List the fixed expenses details (start ups only)

S/no	Items	Amount (N)
1	License	40,000
2	Transport	6,000
3	Advertising	100,000
4	Miscellaneous	7,000
	Total pre-operating expense	N 153,000

Give the total project cost N 3,539,000

7.6 Funding plan

Total project cost is planned to be funded as follows

Owner's contribution -----N1000, 000

Loan contribution----- N1, 500,000

Friends/relations -----N500, 000

Others-----N39, 000

Total project costs -----N 3,539,000

7.7 Fund requirement

1. Loan from bank -----N 1, 500,000

2. Equity from friends/relation -----N500, 000

7.8 Interest payment and loan repayment

Year	Principal	Repayment	Interest	Loan balance
1	N 1500,000	N500,000	N50,000	N1,000,000
2	N1,000,000	N500,000	N50,000	N 500,000
3	N500,000	N500,000	N50,000	N0.00

(Loan repayments are made at the last working days of each year)

7.9 Depreciation schedule

How we planned for asset replacement as they worn out in the business

Asset item	Cost of item N	Scrap value N	Useful life span(year)	Depreciation amount N
Battery cages	960,000	48,000	10	91,200
Standby generator	100,000	5,000	10	9,500
Lantern	8,000	400	10	760
Chairs and tables	10,000	500	10	950
Crates for eggs	35,000	1,750	10	3325

Total depreciation cost ----- 105,735

7.10 Projected cash-flow statement for

Cash in flow N	Year 1 N	Year 2 N	Year 3 N
Opening bank balance	0	128,565	7,063,130
Sales	978,500	12,157,500	16,107,500
Gift	-	-	-
Discount on input		1000	1000
Equity and loan from bank	3,539,000	-	-
Total cash inflow(N)	4,518,500	12,287,065	23,171,630

Cash out flow			
Equipment and rent	1,352,000	60,000	96,000
Operating expense	802,500	1,019,500	999,000
Less depreciation	105,735	105,735	105,735
rent			
Loan repayment	500,000	500,000	500,000
Interest expense	50,000	50,000	50,000
	2,700	2,700	2,700
Tax			
Raw material cost	1,524,000	3,466,000	4,300,000
Other payment	53,000	20,000	20,000
Total cash outflow	1,389,935	5,223,935	6,073,435
Net cash flow	128,565	2,065,130	10,098,195
Opening cash balance	0	1,38,856	1,063,130
Closing cash balance	128,565	7,063,130	17,098,195

7.11 Summary Of projected profit and loss account –Year 1 to Year 3

	Year 1	Year 2	Year 3
Balance before	-5,523,420	14,030,120	110,323,500
Sales revenue	978,500	12,157,500	16,107,500
Less discount	14,500	162,500	100,000
Net sales	964,000	16,035,120	120,231,000
Less product cost	1,524,000	3,466,000	4,300,000
Gross profit	-560,000	22,569,120	12,197,100
Less other expense			
salaries	537,000	1,074,000	1,074,000
Rent	30,000	60,000	96,000
Transport	106,000	108,000	180,000
Electricity	21,000	42,000	42,000
Advertising	100,000	48,000	30,000
Insurance		30,000	30,000
Miscellaneous	30,000	20,000	20,000
T0tal expense	794,000	1,454,000	1,472,000
Profit before interest and tax	-6,907,400	21,115,120	120,499,000
Less depreciation	105,735,	105,735	105,735
Tax provision (3%)	2700	2700	2700
Interest (10%)	50,000	50,000	50,000

Net profit	-7,065,835	20,946,685	120,340,565
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7.12 financial analyses

(a) Breakdown analysis

If S is your sale revenue, VC=variable, FC=fixed cost, C=contribution margin, P=Profit and BEP is the breakeven point .

Then $S - VC = FC + P$ ----- (1)

At BEP, $S - VC = FC = C$ ----- (2)

In monetary terms, $BEP = f c \times s / s - v c$ ----- (4)

In terms of quantity of unit produced, $BEP, f c / c$ (per unit output) ----- (5)

In monetary term , $BEP = f c \times s / s - v c = 1,172,000 \times 978,500 / 978,500 - 1,172,000 = 978,500 / 978,500 = 1$, ie $BEP = 1$

7.13 Profitability analysis

Yr 1(1%)	Yr 1	Yr 2	Yr 3
Turnover(000)	978,500	12,157,435	16,107,500
Operational profit	-6,907,400	21,115,120	120,499,000
Profit after tax	8,065,835	20,946,685	120,340,565
Return on equity	-7.07	20.95	120.34
Return on investment	-6.03	17.87	102.68

Solvency of an enterprise

Solvency of an enterprise can be measured using

- Liquidity ratio
- Quick assets /acid test ratio.

Liquidity ratio = current asset – stock /current liability

Calculate the liquidity ratio and quick asset ratio ;

Liquidity ratio = $4,472,500/1,500,000 = 2.98$

Quick asset/acid test ratio = $4,472,500 - 1,280,000/1,500,000 =$

$3192500/1,500,000 = 2.13$

8.0 Risk analysis, contingency plan and exist strategy

8.1 risk analysis

- Sickness of birds; plan to migrate this birds by providing constant health checks ,early vaccination, and healthy environmental sanitation for the birds.
- Increase cost of the chicken feeds; plan to migrate this by implementing with organic feeds like maize

8.2 Contingency plan;

- if my assumption changes on early vaccination of birds ,I would ensure optimum temperature And neatness for them throughout their life to avoid sickness in them.

8.3 Exist strategy

- I plan to leave the business in the hands of a trusted employee who would be the manager and would give me monthly feedbacks and returns on the business .

9.0 Other consideration and conclusion

9.1 Economic justification

My business is economically justifiable because it belongs to the agricultural industry which is an indispensable industry in the nation's economy.

9.2 Viability

Yes, my business is commercially viable because it can repay its loans and will yield reasonable profit in the space of three operational years.

9.3 Conclusion

This project should be funded because it is a viable and lucrative venture ,it can yield returns enough to repay bits loan within three operational years and it can break even at the second year operation.