

**UNIVERSITY OF NIGERIA NSUKKA**

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THE REQUIREMENT FOR THE COURSE; CEDR 342  
(BUSINESS CREATION AND GROWTH)**

**TOPIC**

**BUSINESS PLAN: CRAYFISH PROCESSING AND  
PACKAGING IN NSUKKA, ENUGU STATE**

**BY**

**AJOGWU, VITUS D**

**REG NO: 2013/187314**

**LECTURER: DR (MRS) NWAOGA, T.C**

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## **PART 1**

### **EXECUTIVE SUMMARY**

1.1 The following report and recommendations relate to the proposal by DIL'IBE CRAYFISH VENTURE to establish a crayfish processing and packaging enterprise.

1.2 The proposed project is to be fully implemented with an investment of N1,100,000 as the working capital. Fixed capital is provided.

1.3 The company's vision is "to be the number one producer and distributor of sachet ground crayfish in Enugu state particularly Nsukka".

1.4 The proposed project will be located at Nsukka in Enugu State.

1.5 A ready but less developed market exists for the planned business, based on our market survey.

1.6 The financial projections reveal a good level of liquidity and stability. The projected turnover for 2019, 2020 and 2021 respectively is N1.5million, N1.8million and N2.16million. Profit after taxation in 2019 is N355,000 increasing to N906,000 in 2021

1.7 The funding requirement is N500, 000, as the promoter is committing N300,000 to the project.

1.8The company's competitive edge is the management's strong technical skills and knowledge of the industry.

1.9The profitability indicators as extracted from the projections embodied in this plan, are as follows:

<b>INDICATORS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Turn over	1500000	1800000	2160000
Gross Margin	900000	1,140,000	1,434000
Net Operating Profit	355000	598000	906000
Return on Equity or Owner's contr %	118.33	199.33	302
Return on total investment %	32.27	54.36	82.36

### **1.10Conclusion and Recommendation**

•From the point of view of 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. We therefore, highly recommend it to be funded so that we can ensure its implementation.

**PART 2**

## **BACKGROUND**

### **2.1 Introduction**

The proposed project is a result of strong demand for quality crayfish (without debris) in Nsukka in Enugu state of Nigeria. This is due to crayfish utmost importance to the people of Nigeria especially those from the southern region as it constitutes an indispensable part of their everyday meals. This is in view of the fact that there isn't enough supply as against demand for crayfish which makes crayfish costly for the people of Nsukka.

### **2.2 Vision Statement**

To be the number one producer and distributor of sachet ground crayfish in Enugu state particularly Nsukka.

### **2.3 Mission Statement**

To process and package the best quality crayfish enriched with Vitamin A and Iron with little or no debris and with affordable price.

### **2.4 Ownership of Enterprise**

DIL'IBE crayfish venture; Nsukka, Enugu State. A sole proprietorship wholly owned and managed by me, Ajogwu Vitus Dilibe.

## **2.5 Legal Status**

NAFDAC registration: every packaged foods have to be regulated. Others include; Company registration with corporate Affairs Commission, Nigeria Export Promotion Council, Standard Organization of Nigeria

## **2.6 Location and Facilities**

The business will be located at Umakashi, Nsukka. Facilities such as closeness to target market, solar power supply and electricity informed the choices of the location.

## **2.7 Products/Services**

High quality crayfish enriched with vitamin A and Iron, packaged as ground crayfish in sachet and branded as DIL'IBE crayfish.

## **2.8 Business Strategy**

The business will be centered on procuring quality crayfish in akwa ibom, a riverine area, transported to Nsukka where it will be dried using solar machine,



processed ( removing the necessary debris) & enriched with vitamin A and iron and packaged into sachet as a branded product .

## **2.9 Key Success Factor**

The key success factors are:

- 1) The use of quality breeds of crayfish free from sand
- 2) The enrichment with iron and vitamin A
- 3) The packaging of the grounded product in sachet
- 4) The high demand of crayfish as an important inclusion in the diet of the people of the southern Nigeria.
- 5) In this era of growing middle class in the country, processed crayfish comes in handy to very busy housewives who combine their roles as mothers and workers and who scarcely have enough time to engage in daily grinding of the crayfish they need.

### **2.91 Revenue Base**

The economic value of crayfish cannot be overemphasized, they are harvested by local fishermen in riverine areas for small scale and this yields considerable revenue due to increased consumption of crayfish in Nigeria

## **MARKETING AND CLIENTS**

### **3.1 Nature and size**

Crayfish production and packaging is a growing market in the south east. The processing and packaging of crayfish has gained grounds in Nigeria and has created little employment opportunities. However, feasibility study on crayfish business in Nigeria illustrated that crayfish production and packaging is a small scale business enterprise employing little or no technology. My aim is to develop new products and penetrate the market with a developmental plan of introducing technology in processing and packaging.

### **3.2 Target Clients**

My target clients include restaurants, hotels, bukas and housewives

### **3.3 Key Competitors And Players**

Ungrounded Crayfish distributors like Goodness stores; Ochanda Central Market, Onitsha South, Anambra, Nigeria. Other crayfish processing and packaging enterprise in the south east.

### **3.4 Production process**

Quality crayfish will be commercially harvested by trusted fishermen in riverine areas in akwa ibom and transported to Nsukka where they will be processed and packaged for use. Processing technology is relatively simple but sophisticated and involves sorting, solar drying, crushing and grinding, weighing, enrichment with vitamin A and iron and then packaging into sachet.

### **3.5 Quality assurance**

The business will ensure its clients of quality, safe and nutritionally enriched sachet crayfish free from sand/debri and highly durable; first of its kind.

### **3.6 Demand/Supply Analysis**

The best specie and quality of crayfish is found in the southern Nigeria where about twelve thousand metric tones is produced yearly. In Nsukka, the patronage is wide as restaurants, hotels, bukas, and house wives demand consistently for it. Supply has been mostly small scale. However, in recent years, consumption of crayfish has high rocketed amidst its supply. This is evident in the recent cost of crayfish in Nsukka. Table 1 below shows an illustration of demand for crayfish in the past years. Demand has been on the increase from 100,000 in the base year to 105,753 in 2016. Annual growth rate also heightened as well.

Table 1: Projected Annual Demand for Crayfish in Enugu and its Environs

s/n	Years	Annual growth rate	Projected demand
0	Base year(2013)	2.5%	100,000
1	2014	2.5%	102,500
2	2015	4.5%	104,612.5
3	2016	5.5%	105,753.7
	Total	15%	412866.2
	Average	3.75%	103,216.5

### 3.7 Technology

The technology involved is basically simple but a little sophisticated. The business employs the use of solar machine for solar drying, enrichment technology base, and packaging packs (branded) with nutrition facts/labels

### 3.8 Competitive edge

- 1) Crayfish in sachet saves time(first of its kind)
- 2) Clean and hygienic packaging
- 3) Enriched crayfish with Vitamin A and Iron

Table 2: projected sales

	Sales from ungrounded dried crayfish	Sales from grounded dried packaged crayfish	Total sales
Year 1	830, 000	950,000	1,780,000
Year 2	2,904,000	2,970,000	5,874,000
Year 3	3,194,400	3,267,000	6,461,400

Note: To push sales, 3% discount is given to regular customers

## **PART 4**

### **MARKETING PLAN**

There are no major crayfish producers or distributors/ packaging in Enugu Province, hence reduced or no commendable competitor. Therefore, if DIL'IBE

Crayfish venture commences operation as planned, it will be a market leader in no distant time.

#### **4.1 Promotion and Distribution Strategy**

Promotion strategy entails organizing a cooking competition to reach out to households. Sachet crayfish will be awarded to winners of the contest. In the distribution strategy, appointing a distributor of the products produced will be employed.

#### **4.2 Awareness and Demand stimulation**

This involves advertisements through posters, fliers, outreach sensitization programs, radio or television programs.

#### **4.3 Alliances**

Not applicable

#### **4.4 Market Positioning**

DIL'IBE crayfish venture will position itself as the leading market in crayfish marketing in Enugu and it's environ particularly Nsukka. The venture will

create peculiar leading edge profile for itself. Below is how the firm will be seen; as

- 1) A provider of the best quality crayfish
- 2) As a firm that is customer oriented providing clean and cost effective quality crayfish at an awesome delivery system
- 3) As a trust worthy provider of consistently reliable sachet crayfish.

#### **4.5 SWOT Analysis**

A SWOT analysis carried out on the project reveals the following

##### **4.5.1 Strengths**

- 1) The location of the business makes it easier to reach the target market
- 2) The ability to enrich the crayfish nutritionally with Vitamin A and Iron.
- 3) Packaging in processed and grounded form makes it convenient for use
- 4) Enough land already available to site the business ( family land; a plot)

##### **4.5.2 Weaknesses**

- 1) Initial problem of raising adequate capital for the project anticipated
- 2) The proprietor has limited experience and expertise in the business
- 3) Transportation challenge

##### **4.5.3 Opportunities**

Currently, there is no sachet crayfish product in the market. Therefore, the introduction of sachet crayfish enriched with Vitamin A and Iron in the market will

arouse the need for convenience which will enhance patronage and hence a major advantage.

#### **4.5.4 Threats**

There is still a campaign on the reduction in the consumption of such processed products due to likely cancerous properties in such food items. This may discourage continuous patronage.

## **PART 5**

### **ORGANIZATION AND MANAGEMENT**

#### **5.1 Owner/Manager**



DIL'IBE crayfish Venture is a sole proprietorship that is wholly owned by Ajogwu, Vitus, who will be the manager of the enterprise. Ajogwu vitus is a passionate business man with basic Knowledge of the financial management which he anticipates to utilize in running the firm.

However, for efficient and effective day-to-day management of the firm, some other good hands are highly needed to complement Mr Ajogwu Vitus especially in the area of technical know-how. Below is a tabulation of the staff and management complements of the firm and their projected annual salary.

s/n	Position	No of staff	Annual salary per staff (N)	Total (N)
1	Manager/proprietor	1	150,000	135000
2	Assistant manager	1	50,000	50000
3	Secretary	2	35,000	35,000
4	Cashier	1	40,000	40,000
5	Technicians & food scientists	4	30,000	120,000
6	Security men(gate men)	2	15,000	30,000
	Grand total			400,000

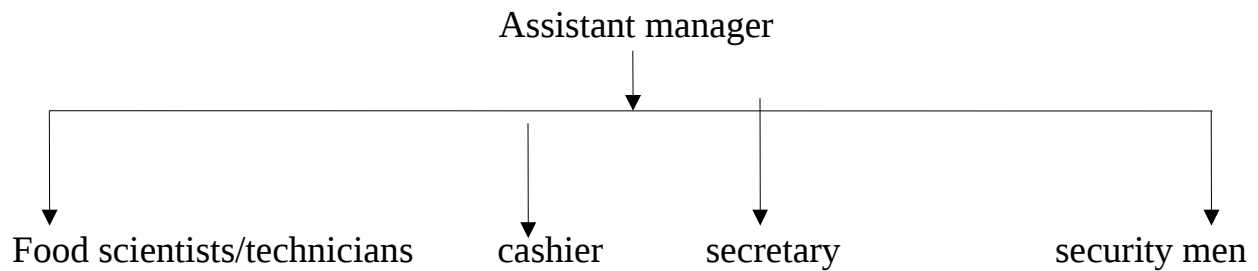
**Note:** salary may increase as time goes on

## 5.2 Organogram of the Firm

**Figure below shows the organizational structure of the firm**

Proprietor/manager





## 5.2 External support

The firm will access innovative and management support from Enugu state small and medium enterprise centre. The firm will also seek the assistance of external auditors to provide accurate examination of financial transaction of the firm if need arises.

## 5.3 Values and norms of the firm

DIL'IBE crayfish venture plans to adopt the following norms and values

- 1) Consumer satisfaction is the firm's priority
- 2) Sticking to all the social, environmental & regulatory requirements expected of the firm
- 3) Sticking to promises
- 4) To always aim at the highest good

## **PART 6**

### **LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES**

#### **6.1 Legal issues**

DIL'IBE venture plans to commence commercial operations as a sole proprietorship. In this case, it is just enough to register the business name with the appropriate department at the local Government such as the Company registration with corporate Affairs Commission, Standard Organization of Nigeria (SON) /NAFDAC

## **6.2 Environmental**

Sachet crayfish production could pose an environmental challenge if certain precautions are not taken especially with respect to waste disposal. A plan to recycle the used pack/sachet will be advocated.

## **6.3 Social**

The implementation of the project will create new jobs, bring about wealth creation and poverty reduction

## **6.4 Regulatory**

The venture will comply with all environmental regulations, as well as all relevant industrial safety regulatory requirements.

PART 7

**THE FINANCIAL PLAN**

## 7.1 TOTAL PROJECT COST

The total project cost is estimated at N300, 000 as the working capital and 800,000 as the fixed capital

### Funding Plan:

The total project cost of N1, 100,000 is proposed to be funded in the following structure

	<b>Owner's contribution</b>	<b>Term loan</b>	<b>Total</b>
	<b>N</b>	<b>N</b>	<b>N</b>
Owner's Contribution	300, 000		300,000
Term Loan		800,000	800,000
Grand Total	300,000	800000	1,100,0000

### Funding Requirements

The funding requirement of this project is 1,100,000 as the promoter is committing N300,000 into the project.

## 7.2 PROJECTED INCOME STATEMENT

	<b>2019</b>	<b>2020</b>	<b>2021</b>

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Turn Over	1500000	1800000	2160000
Cost Of Sales	(600,000)	(660,000)	(726,000)
Gross Margin	900000	1140,000	1,434,000
Less: Operating expenses			
Salaries And Allowances	400,000	405,000	420,000
Electricity	34000	32000	31000
Transport And Travelling	30,000	35000	25000
Loan Interest	61000	50000	32,000
Depreciation	20,000	20000	20000
Total Operating Expenses	(545000)	(542000)	(528,000)
Net Operating Profit	355000	598000	906000

### 7.3 PROJECTED CASHFLOW STATEMENT

	2019	2020	2021
<b><u>Cash inflows</u></b>	N	N	N
Owner's Capital or Equity	300,000	-	-
Bank loan	800,000	-	-
Sales Revenue	<u>1,500,000</u>	<u>1800000</u>	<u>2160000</u>
<b>Total Cash inflows(A)</b>	<b>2600000</b>	<b>1800000</b>	<b>2160000</b>
<b><u>cash out flows</u></b>			
fixed Assets acquisition	-	-	-
cost of Sales	400,000	480000	500,000
Operating expenses(less depr)	200,000	240000	220000
Loan repayment	-	250000	250,000
<b>Total Cash Outflows(B)</b>	<b>(600,000)</b>	<b>(970000)</b>	<b>(970000)</b>
Net Cash flow(A-B)=C	2000000	830000	1190000
Operating Cash Balance(D)	-	2000000	2830000
<b>Closing Cash Balance(D)</b>	<b>2000000</b>	<b>2830000</b>	<b>4020000</b>

#### 7.4 PROJECTED BALANCE SHEET



				2019	2020	2021
<b><u>Capital Employed</u></b>						
Fixed Assets(at hand)				-	-	-
Less: Depreciation				<u>30,000</u>	<u>43000</u>	<u>41500</u>
<b>Net Book Value A=</b>				<b>30,000</b>	<b>43000</b>	<b>41500</b>
 <b><u>Current Assets</u></b>						
Balance at bank and in hand	B			2000000	2830000	4020000
Less: Current Liabilities	C			(800,000)	(400,000)	-
Net current Assets	B-C =	D		<u>1200000</u>	<u>2430000</u>	<u>4020000</u>
Net Assets		E		<b><u>1170000</u></b>	<b><u>2387000</u></b>	<b><u>3978500</u></b>
 <b><u>Financed by:</u></b>						
Owner's Capital	F			300000	300000	300000
Retained Profit		G		<u>8700000</u>	<u>2087000</u>	<u>3678500</u>
Owner's Funds	F+G =	H		<b><u>1170000</u></b>	<b><u>2387000</u></b>	<b><u>3978500</u></b>

## 7.5 PROFITABILITY ANALYSIS

<b>INDICATORS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Turn over	1500000	1800000	2160000
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## **7.6 BREAK-EVEN POINT ANALYSIS**

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	<b>Fixed costs</b>	<b>Variable costs</b>
	<b>N</b>	<b>N</b>
Salaries and Allowances	400000	
Electricity		34000
Transport and Travelling		30000
Loan Interest	61000	
Depreciation	20,000	
<b>Total</b>	<b>481000</b>	<b>64000</b>

$$BEP = \frac{FC}{\frac{1-VC}{S}}$$

$$= \frac{481000}{1 - \frac{64000}{1500000}} = N 502,454$$

### **8.1 Risk Analysis/Contingency Plan**

This project has been subjected to risk analysis and some inherent risks identified and appropriate mitigants preferred to avoid the business being disrupted.

- 1) Inadequate start-up demand- aggressive promotion and advertising campaigns
- 2) High production costs- increasing cost of sales
- 3) Irregular supply of raw crayfish- channeling supply line from another area

### **8.2 Exit Strategy**

No exit is planned, rather diversification will be pursued.

## **OTHER CONSIDERATIONS, CONCLUSION AND RECOMMENDATION**

### **9.1 Economic Justification:**

“From the point of view of our study and analysis of the findings embodied in this plan, the project offers good benefit to the economy as it create job and wealth, is consistent with the spirit of Vision 2020 and the Millennium Development Goals. ”

### **9.2 Commercial Viability:**

“We have found this project to be commercially viable, having shown through our financial projections, a conservative but impressive turnover, cashflows, profit line and investments appraisal metrics.”

### **9.3 Conclusion and Recommendation:**

“Having found this project technically feasible, commercially viable and economically desirable, we therefore strongly recommend it for funding and implementation.”