

**UNIVERSITY OF NIGERIA, NSUKKA**

**FACULTY OF ARTS**

**DEPARTMENT OF MASS COMMUNICATION**

**TOPIC**

**SHOE MAKING**

**A BUSINESS PLAN PREPARED IN PARTIAL FULFILMENT OF THE  
COURSE MAC 342 (BUSINESS DEVELOPMENT AND MANAGEMENT)**

**BY**

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## CHAPTER ONE

### EXECUTIVE SUMMARY

- 1.1 The following report and recommendation relates to the proposal by EMERALD COMPANY NIGERIA LIMITED to establish a shoe company at Nnamdi Azikiwe University, Awka.
- 1.2 The project would require a start- up of #1,000,000.00. This is made up of #800,000.00 in fixed capital and #200,000.00 in working capital.
- 1.3 The company vision is to be the most outstanding producers of cheap and quality shoe supply in south east zone of Nigeria, particularly Anambra state.
- 1.4 The project will be located at Eziofa because of its easy access the target audience at this location.
- 1.5 A huge market is available for the business to serve.
- 1.6 The financial projections show that the project would be financially stable by the time it matures. The sales figures stand #600,000.00 for year 1, #1.2million for year 2 and #5million for year 3. Also the profits after tax are #500,000.00, #4,000,000.00 and #10,000,000.00 for year 1, year 2, and year 3 respectively. The cash flow position is equally good and encouraging by the second through the third year.
- 1.7 The competitive edge of the enterprise lies in its ability to produce quality shoes.
- 1.8 The profitability measures are shown below.

	Year 1 (4 months)	Year 2	Year 3
Turnover	600,000.00	1,200,000.00	5,000,000.00
Profits before Int. and Tax	600,000.00	1,200,000.00	5,000,000.00
Profits before tax	500,000.00	4,000,000.00	10,000,000.00
% return on turnover	N/A	33.3	20.2
% return on equity	N/A	89.76	100.20
% return on investment	N/A	65.44	81.0

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. Thus, the project offers good investments benefits and is therefore highly recommended for implementation.

## **CHAPTER TWO**

### **BACKGROUND**

#### **2.0 Introduction**

A shoe company is an attractive business even in a dwindling economy, ranking as one of the more low-risk venture to get involved in. Shoe production business is less likely to swing in the economy because people continue to plan on wearing quality shoes during various occasions.

EMERALD Shoe Company is a manufacturing and processing industry that serves the consuming market. Emerald Shoes gives opportunity to be creative.

### **.1 Vision**

To be the most outstanding producers of cheap and quality shoes supply in the south east zone of Nigeria, particularly Anambra state.

### **2.2 Mission Statement**

Guided by relentless focus on our imperatives, we will consistently strive to implement the critical initiatives required to achieve our vision. In doing this, we will deliver operational excellence in every corner of the company and meet or exceed our commitments to the many customers we serve. All of our long-term strategies and short-term actions will be moulded by a set of core values that are shared by each and every associate to combine aggressive strategic marketing with quality products and services at competitive prices to provide quality shoes to customers and to improve the quality of life in order to be the best in the eyes of our customers, employees and shareholders.

### **2.3 Ownership of the Enterprise**

The business is owned by EMERALD COMPANY NIGERIA LIMITED

### **2.4 Legal Status**

The industry is currently undergoing registration processes with the corporate affairs commission under the name EMERALD COMPANY NIGERIA LIMITED.

### **2.5 Location and Facilities**

The project will be located at No. 15, Alexandra Crescent, Eziofia, Anambra state.

Factors that formed the choice of location are:

- Proximity to the market or the targeted clients.
- Easy accessibility and high visibility.
- Low cost of supply.

- An environment that appeals to the customers.
- Security consciousness.

These qualities are consistent with EMERALD SHOE INDUSTRY. The facilities of the business will be rented building, machineries and equipment like leather materials, sewing machine and threads.

## **2.6 Products and Services**

EMERALD SHOES will provide the general public with high quality and affordable shoes for the low class in order for them to be up to standard of the high class.

EMERALD SHOES seeks to fulfil the following so as to expand her business and reach out to her customers.

## **2.7 Business Strategy**

EMERALD will do everything possible to make sure her product is known to be among the best affordable company. Also, efforts will be made to ensure that the products are within affordable price range and available in most major markets being targeted (especially Aba, Onitsha, Enugu and Port Harcourt)

## **2.8 Risk**

- Quality and quantity strategy: the company will make sure that the shoes are made to the satisfaction of the customer's wants and needs.
- Time service provider: the company will adopt the time service provider by making sure it gets to them at a right time
- Creating a customer friendly environment: We will create a friendly producer-customer relationship for effective and efficient outcome for profit maximization.
- Using package strategy: Packaging of our product will be unique in respect to others in the market so as to be able to benchmark them.

## **2.9 Key Success Factor**

The key to success is to meet and exceed the customer's needs and wants in the terms of quality shoes and excellent service.

Some of the key success factors derive from the fact that; its location is easy to find, and its quality is good. The price is also affordable and is backed by an aggressive market force. These factors make the product highly sought after.

## **CHAPTER THREE**

### **MARKETING AND CLIENTS**

#### **1 Nature and Size**

EMERALD SHOE Company is market driven and also a fast growing sector of the economy. It is ever growing to accommodate oncoming entrepreneurs; it would also market her products through publicity which include social media (Instagram, Facebook, Whatsapp etc.) flyers, billboards and posters. Thus, the nature and size of the market will be a very large area; hence we seek to move in to fill the gap.

## **2 Target Customers**

EMERALD SHOES has the following target populations:

Our target clients are the students, staff, market women, and the entire Eziofia community and also the:

- Middle-class clients: this class of people not having large amount of disposable income, recognizes that it is costly to sponsor shoes that are expensive to wedding parties, are willing to incur debts but will also try to minimize such debts.
- Upper-class clients: this class has higher traditional and natural value throughout their lives and is willing to spend whatever it takes to throw a high end natural uses and processing functions. Typically, this group is characterized by a wealthy one income family where the male works and the female does not. The female of the household typically enjoys the planning of these events.
- Foreign-class clients- this class of people are foreigners of high income with also high natural value for the quality value especially people from the United States of America, London, and Europe etc.

## **3 Key Competitors and Players**

These are other shoes industries that serve the low to middle end of the market such as; the quality and expensive shoes, these are the main areas of service that the industries compete on. People with knowledge of the industry observed that their companies are not a strong competitor because of their overpriced service offerings relative to the service provided. Despite these intense competitions, EMERALD SHOES enterprise intends to become an active player in the industry before the end of 2018 with our innovation of specializing in traditional and foreign production. We will seek quality service at minimal cost, price differentiation, after sales services and other bundles of benefit to obtain market share.

## **4 Service Delivery**

EMERALD SHOES will serve a wide variety of quality shoes. This is offered for due to large selections required because of maintenance of our clients. Much inventive shoes will also be offered to appeal to the higher and more discriminating customers such as: we shall also engage in consultancy services to the general public.

## **5 Quality Assurance**

With our objective at EMERALD shoes enterprise which is to experience an increase in new customers who turned long-term customers, EMERALD will provide her customers with high quality and affordable shoes. The processing service will be for weddings, birthdays and other occasions.

## **6 Demand and Supply**

With the market survey carried out and other information at our disposal, it's estimated that the immediate geographic target is the city of Awka with a population of over 1.6million. A 75mile geographic area is in need of EMERALD SHOES services and the total targeted population is estimated at 700,000 with a household income of 10million naira. EMERALD SHOES industry tends to supply to their clients through innovations and all time service delivery.

## **7 Technology**

On the area of technology, EMERALD SHOES industry will always go for improved technology since change is always constant. The firm will also collaborate with the government policy.

## **8 Competitive Edge**

EMERALD will present its competitive edge as follows:

- EMERALD's competitive edge is based on their customer's attention and inventive approach to wild service.
- EMERALD customer's attention differentiates them in the world of quality and affordable production which is dominated by several companies that have

plenty of demand. The consequence of having a lot of demand is decreased pressure to accommodate customers. When you have a lot of customers, you have to modify your business plans less to deal with them.

## **CHAPTER FOUR**

### **MARKET PLAN**

EMERALD SHOES marketing plan will be based on developing visibility among the south-east community. This will be accomplished through ways. The first method is;

- ❖ A targeted advertising campaign: Advertisement will be placed in various newsletters. Additionally, we will advertise in few specific newsletters. These advertisements should yield a decent amount of service inquires since they are family targeted toward the target population that utilizes quality and affordable shoes.

The other marketing strategy which is less formal is

- ❖ A networking campaign among the population; while the population is to decent size, numbering around, it is a close-knit community where people tend to know each other. We will leverage contacts within the community to raise awareness for our product. It will cost far less and the relationships that it builds will be far stronger because of the trust relationship that has already been established.

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

EMERALD SHOES is comprised of the following approaches to pricing, distribution, advertising, and promotion and customers services:

Company embarks on an aggressive awareness campaign, this will increase the demand, in order to achieve this and EMERALD plans to use means of communication. We will also use a strategic awareness to create our presence to specific potential clients we will capitalize on simple but effective tools like negotiations with our potential clients.

Other strategies to be used are:

- Setting up bill boards
- Distribution of hand bills and flyers
- One on one contact
- Radio jingles

#### **4.2 Alliance**

Other major alliance in business shall be our mentor who gave us help from his many years of experience in the business. Also CBN, CEDR of NAU shall be constantly solicited for. This will contribute in nurturing the business towards profitability and growth.

#### **4.3 Market Position**

EMERALD SHOES INDUSRTY will position itself as the market leader in shoe market in Anambra and its surrounding environments. The following is how the company will want to be seen by its customers, competitors and the public at large.

- As a company that delivers excellent services
- As a company that places customers satisfaction as a priority
- As a company that has the customer's interest at heart by providing good prices.
- As a quality oriented body providing affordable shoes and bags

#### **4.4 Service Delivery Strategy**

EMERALD possesses good information about the market and knows a great deal about the common attributes of our most prized and loyal customers. We will leverage this information to better understand who is served, their specific needs and how EMERALD can better communicate with them.

During the initial phase of our marketing plan development, several focus groups were held to gain insight into a variety of people that observe/demand our services. These focus groups provided helpful insight into decision making processes of potential customers,

An additional source of our service delivery is a feedback mechanism based on a suggestion card system; the suggestion card has several statements that customers are asked to rate in terms of a given product. There are also several open ended questions that allow the customers to freely offer constructive criticism or praise. We will work hard to implement reasonable suggestions in order to improve our production, offering as well as show their commitment to the customer that their suggestions are valued.

#### **4.5 SWOT Analysis**

To ascertain a proper, thorough analysis of this project we have subjected it to SWOT analysis which captures the key strength and weaknesses within the company and describe the threats facing EMERALD SHOES.

#### **4.6 Strength**

- Vehement relationship with many communities
- Excellent staff who are highly trained and very customer attractive
- Quality and affordable offering

- High customer loyalty
- An equipped team with the right skills and experience
- Location of the enterprise
- Marketing strategy

#### **4.7 Weakness**

- The aim to produce quality and affordable equity
- Limited marketing budget to generate awareness
- The problem of finding someone with enough similar skill to support the industry
- The aim to be the best in the eyes of our customers, employees and shareholders

The problem of electricity supply and having fuel for generating sets to power the machine is the obvious challenge. In most part of Nigeria, electricity supply is less than 10 hours a day making cost of doing business to be necessarily high. When the business becomes more stable and profitable one would expect the business to expand, unfortunately capital to fund growth is not readily available but with micro finance banks this is gradually changing for the better.

#### **NB**

This challenge will be solved by providing a standby generator that will serve throughout the period of power outage.

#### **4.8 Opportunity**

- Growing market with a significant percentage of the target market still not aware that EMERALD SHOES exist
- The steep learning curve that EMERALD productive
- The ability to generate many long term customers because of a close-knit community
- The close-knit community generates the ability of many long-term customers
- The opportunity to make better returns and turnover from being exceptionally professional and organized.

#### **4.9 Threats**

- Increase inflow into the market by the other business individuals
- Competition from similar shoes producers in the area
- A decrease in customer's budget as a result of a slump in the economy will decrease the customer's income for social gathering
- Good leathers have inherent high cost of production
- Local and foreign established competitors that wake up and realize that there is a large market in the city

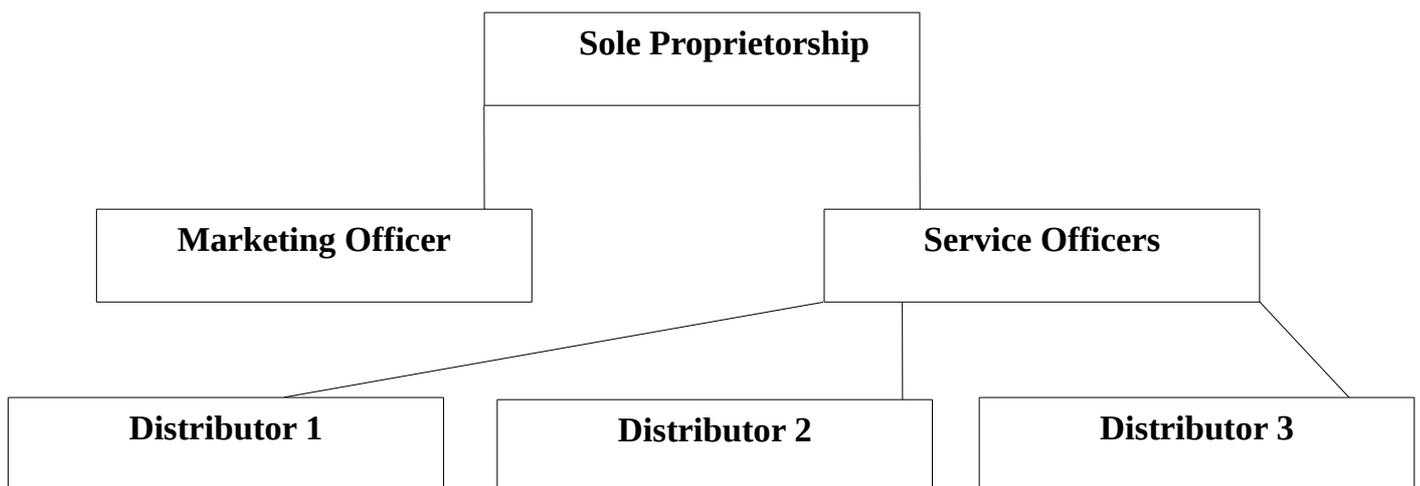
To checkmate these threats, institute will mount aggressive awareness campaign and other promotions

#### **4.10 Exit Strategy**

- No exit is planned, rather diversification will be pursued.

**CHAPTER FIVE**  
**ORGANIZATION AND MANAGEMENT**

**5.1 Organizational Structure**



**5.2 Shareholders and Director**

The EMERALD SHOES Industry hopes to welcome shareholders.

**5.3 Management Team**

The management team shall be made up of the manager, a marketing officer, service officer, cleaner and driver

**5.4 External Support**

We are soliciting for help from NERDFUND (National Economic Reconstruction Fund) Centre to give us some period of year's strong management and business support services to our industry. Centre for Entrepreneurship of Development and Research (CEDR) of NAU will also offer a strong support to ensure that the business priorities and milestone are kept in focus.

## **5.5 Value and Norm of the Industry**

To maintain a sustainable strong market presence and in order to drive our vision, our industry will adopt this value and norms

- It will build a good corporate cultural value
- It will build a good management team
- It will lay-down procedure of local condition for the pay system
- It will provide an effective training system
- There will be devotion of carrying out my breeding effectively and in the spirit of cultural lodge.

In many successful businesses enterprise of which ours will not be left out, culture is a paramount, vital factor to be put in place. In breeding business culture, it must give proper attention to the features of breeding enterprises.

## **CHAPTER SIX**

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

#### **6.1 Legal Issues**

EMERALD SHOES Industry is a partnership owned company; the investors chose this type of business because it is the most essential business for a real start up entrepreneurs.

This business is about undergoing regulations with the corporate affairs commission. The business is legally approved.

#### **6.2 Regulatory Issues**

The company will comply with all relevant industrial safe regulatory. It has no stringent regulation. In addition, it discover any regulation policies that will infringe on our business in any way, we will observe it strictly meanwhile, the industry will pay its taxes as at when due, however it's corporate and social responsibility to its host community.

#### **6.3 Social Issues**

The implementation of the project will bring social and economic benefits to the state:

- New job will be created
- It will build both managerial and social skill of manager (mental empowerment)

#### **6.4 Environmental Issues**

Shoe production business is environmental friendly, as no waste shall be generated. The premises of the business will be kept neat and friendly for the customers to explore and access. An incinerator shall be constructed and disposal bin shall be provided to reduce air and environmental pollution.

## **CHAPTER SEVEN**

### **FINANCIAL PLAN**

#### **7.1 Project Cost**

The proposed project will be fully complemented with an investment of approximately #1,000,000.00 (1million) and #600,000.00 (six hundred thousand naira) working capitals

#### **7.2 Break down of the project cost**

Start-up expenses	Amount (#1,000,000)
Legals	#50,000
Consultants	#50,000
Insurance	#500,000
Rent	#100,000
Research and development	#100,000
Expensed equipment	#200,000
<b>Total Start-up expenses</b>	<b>#1,000,000</b>

#### **7.3 Start-up Asset needed**

Cash balance on the starting date	#600,000
Other short term assets	#200,000
<b>Total short term asset</b>	<b>#800,000</b>
Long term assets	#400,000
Totals of the whole	#1,200,000
Start-up requirement	#1,000,000

#### 7.4 Funding plan and statement

The funding plan for that as structured as follows

Owner's contribution (equity) #600,000

Loan capital (Debt) #400,000

Ratio of Equity to Debt (risk) is 60:40

- ✓ Forecast of sales
- ✓ Estimate of costs
- ✓ Working capital projection
- ✓ Start-up capital required
- ✓ Proposed financial structure
- ✓ Depreciation
- ✓ Loan repayment and interest payment schedules
- ✓ Project profit and loss account
- ✓ Cash flow projection
- ✓ Projected balance sheet
- ✓ Financial analysis

## **CHAPTER EIGHT**

### **OTHER CONSIDERATIONS AND CONCLUSION**

#### **8.1 Economic Justification**

From the view point of our study and analysis of the findings made, the project offers good benefits to the promoter and the economy. Wealth will be created even as jobs are also created. There are consistent with the federal and states government policy on Entrepreneurship, wealth and job creation.

#### **8.2 Commercial Viability**

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

### **CONCLUSION**

Therefore, the project is highly recommended both for finding and implementation.