

**UNIVERSITY OF NIGERIA NSUKKA  
DEPARTMENT OF POLITICAL SCIENCE  
FACULTY OF SOCIAL SCIENCES**

**TOPIC:  
CHOCHA PROVISION STORES**

**AN ASSIGNMENT SUBMITTED IN PARTIAL FULFILMENT  
OF THE COURSE  
CED 342: BUSINESS CREATION AND GROWTH**

**BY  
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REG NO: 2014/191984**

**LECTURER: DR. CHICHI NWAOGA**

**JULY,2017.**

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**Name of Business:** Chocha Provision stores

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...providing your essential needs daily...

**Type of Business:** Partnership

**Nature of Business:** sales of provision

### **EXECUTIVE SUMMARY**

This recommendation is in regards to the proposal of the establishment of chocha provision stores at Powa Plaza, Off Police Check Point, Nyanya, Abuja. This project will require a start-up capital of N19 250 000 with which N13 200 000 stock would be bought and a well-spaced shop rented.

The business being a partnership would be managed by a Board-of-Directors who are all shareholders in the business. Its location would be proximal to a few schools and a major market, Nyanya market.

The business has been well planned and expected to break even within the fourth and fifth year as seen in the financial projections. Also, the laid out strategies will aid in distinguishing the business among its competitors within a very short period of time.

### **VISION**

To become the focal point in maintaining and promoting the provision of quality products for the populace.

### **MISSION STATEMENTS**

To establish a first class store that will make available a wide range of products

To set the pace in quality and customers' satisfaction in all the markets we serve.

To provide efficient and cost- effective services.

**OWNERSHIP**

Chocha stores is a partnership owned by five (5) members of board of directors.

**LEGAL STATUS**

Chocha stores will be fully registered under the Corporate Affairs Commission (CAC) license will be obtained upon registration.

**LOCATION**

Chocha provision stores will be located at Powa Plaza, off Police Check point, Nyanya, Abuja. Nyanya is densely populated with a high level of literacy and economic activities.

The potential address has a great advantage because of its proximity to major centres of activities such as Nyanya Market (a major market), Nyanya General Hospital, Mopol Barracks, two primary schools and a Government Secondary School. Security is also at its optimum level in the environment.

**PRODUCTS AND SERVICES**

- Organic foods
- Toiletries
- cosmetics
- Hair products
- Dairy and farm products

**BUSINESS STRATEGY**

Providing quality products and services at optimum prices

Appealing to the customer's sense of value

Creating customer friendly atmosphere

Maintaining one on one buyer-seller relationship

Providing online retail services via [www.chochastoresonline.com](http://www.chochastoresonline.com)

### **SUCCESS FACTORS**

- Presence of government schools
- Presence of a major market
- High standard of living.
- Sales of quality products
- Effective and efficient customer care service.

### **TARGET MARKET**

Nyanya General Hospital and other surrounding schools

All age grades.

### **KEY COMPETITORS**

Dollar Provision outlet

Gamil super markets

Provision sales retailers located within Nyanya main market

Chocha stores maybe new to the environment but possesses a competitive edge over competitors due to our efficient professional services and constant provision of quality products at minimal expense of energy and time.

### **SERVICE DELIVERY**

Public awareness campaigns about dangers of fake products, substandard products, expired provision items. etc.

Free snacks at every purchase made.

### **e-ProvisionStore**

Chochastores runs an on service to enable purchase sales and delivery of products and services through an easy website. ([www.chochastoresonline.com](http://www.chochastoresonline.com)). The online platform allows customers to know about the chochastores, order products from a host of out-listed products and services as well as ask questions and receive answers through a feedback platform.

Terms and conditions apply via this medium which is as follows:

- Product delivery is within a maximum of 3 days after order or the customer gets a 50% discount on product purchased.
- Shipment fee/charge applies to all product/service delivery.
- The platform is not for emergency orders.

## **MARKETING PLAN**

### **Promotion Strategy**

Issuing out customized materials like bags, pens, t-shirts etc.

Organizing rallies and bonanza to advertise our available store items in the major market and surrounding schools.

No shipment fee attached on first order delivery.

## **SWOT ANALYSIS**

### **Strength**

- Online provision store platform
- Presence of a knowledgeable manager
- Constant provision of quality products and efficient customer care.
- Low number of competitors

### **Weakness**

- Due to security reasons, curfew restrictions by government restricts night sales.
- Newness to the environment.

### **Opportunities**

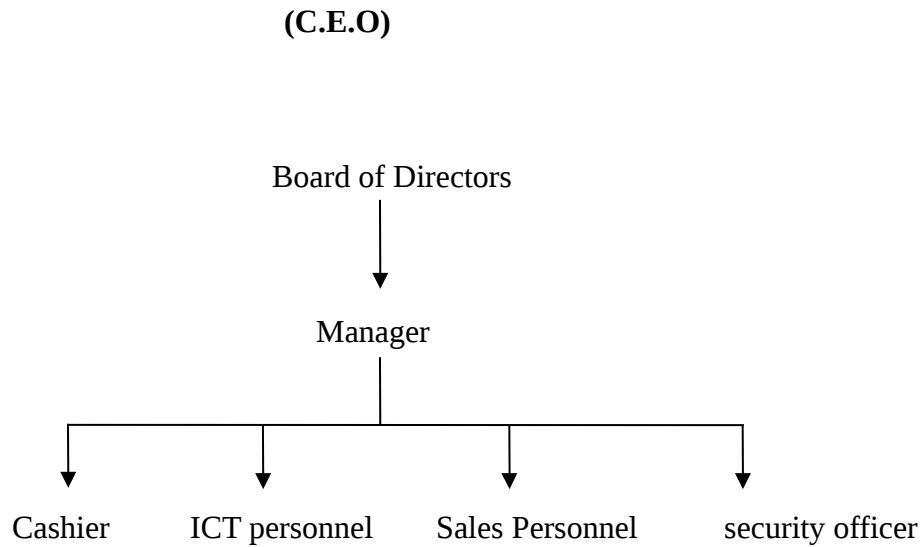
- Large population density
- High standard of living of the masses.
- Prevalence of literates in the environment
- Proximity to the major market (Nyanya market).
- High demand of provision items due to closeness to primary and secondary schools.

### **Threats**

- Political uncertainties
- The two major competitors i.e. the dollar provision outlet and Gamil super market.

## ORGANIZATION AND MANAGEMENT

### Organizational structure



### Organization and Management

The Business will be organized and managed by

1. A Manager
2. A cashier
3. 2 Sales personnel
4. ICT personnel
5. security officer

#### 5.2 Risk management

1. Use of fire Extinguishers in case of fire outbreak
2. Use of CCTV cameras to monitor the activities going on per time.
3. Securing the environment to avoid shop- lifting
4. Proper record of products in stock or sold in registers for easy accountability

5. Filling of available products for future references.

### 5.3. ACTION PLAN

<b>MONTH</b>	<b>ACTION</b>
July-	Acquisition of building, fixtures and stocks, staff – recruitment
September	
October	Official opening of the provision store and staff – training
November	Development of Alliance
December	Advert placements.
January-	
February	Board meetings
March	Personnel Training, Evaluation and feed back
April	Visitation of hospitals, clinics and laboratories to establish and fortify alliance
May- June	Financial Report, Board meeting and Annual Evaluation.

### FINANCIAL PROJECTION

<b>Set up capital</b>	<b>(N)</b>
Equipment	800,000
(Air conditioner, refrigerator, Computer system, water dispenser, Generator, CCTV camera, fire Extinguisher, T.V, Decoder, UPS, pos)	
Sign post	50,000
Motorcycle (for deliveries)	120, 000



e-service equipment (for online sales)	30,000
Total set-up capital	1,000,000

### **Start up capital**

Stock	12,000,000
License	2,500,000 (for 5 years)
Maintenance	50, 000
Salaries for the year	2,112, 000
Insurance premium	-
Rent	1,200,000
PHCN/fuel	180,000
Registration	120, 000
Web site development	50,000
Marketing cost	50,000
Miscellaneous	38, 000
Total start-up capital =	18, 250, 000

**Total start-up and set-up capital            19,250,000**

Contributed capital – 15,000, 000 (77.92%)

Well being venture capitalist – 4,250,000 (22.08%)

### **INCOME STATEMENT**

	Year 1 (N)	Year 2 (N)	Year 3 (N)	Year 4 (N)	Year 5 (N)
Annual sales and services	16,200,000	17,500,000	28,000,000	40,750,500	54,985,670
Cost of goods sold (COGS)	12,000,000	12,427,500	14,002,600	18,751,365	22,142,700.65

Gross Margin	4,200,000	5,072,500	13,997,400	21,999,135	32,842,969.35
Gross margin Ratio (%)	25.92	28.98	49.99	53.98	59.73
Operating Expenses	3,750,000	3,000,000	4,000,000	4,150,000	4,300,000
Net Profit Before Tax (NPBT)	450,000	2,072,500	9,997,400	17,849,135	28,542,969.35
Tax (5% of NPBT)	22,500	103,625	499,870	892,456.75	1,427,148.468
Net Profit After Tax (NPAT)	427,500	1,968,875	9,497,530	16,956,678.25	27,115,820.88
Net Profit Ratio (%)	2.77	11.84	35.70	43.80	51.90
Retained earnings		100%	80%	50%	20%
	427,500	1,575,100	4,748,765	3,391,335.65	-
Dividend	-	393,775	4,748,765	13,565,342.6	-

### CASH FLOW

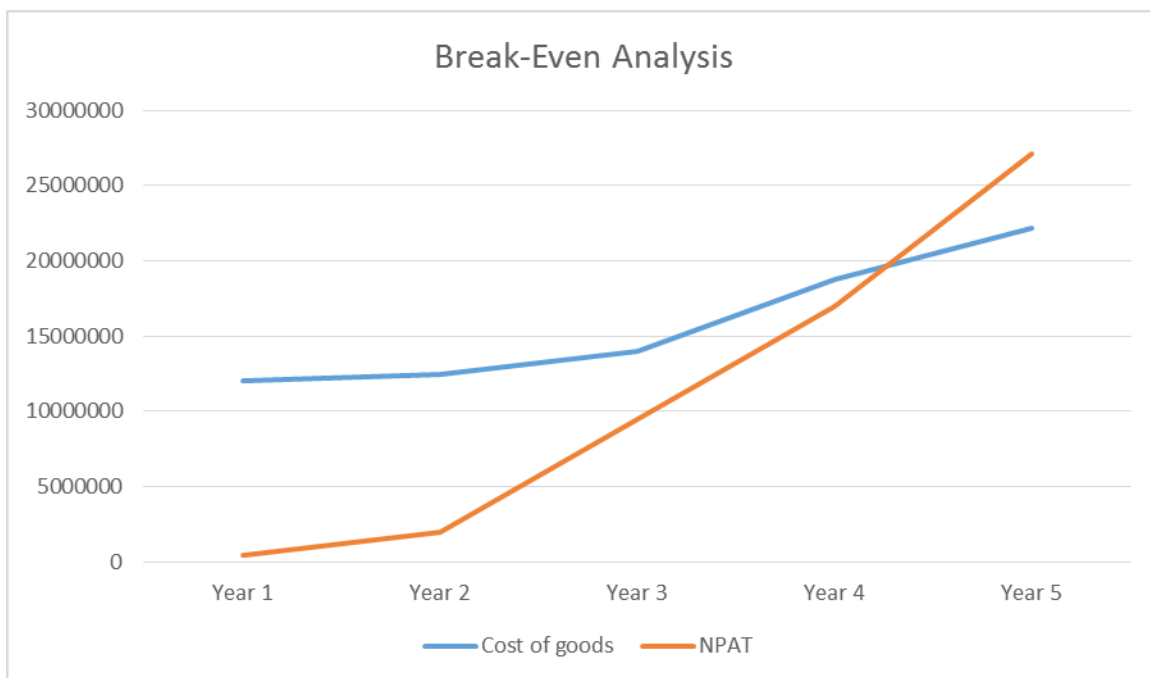
	Year 1(N)	Year 2(N)	Year 3(N)	Year 4(N)	Year 5(N)
<b>Cash in</b>					
Sales and Services	16,200,000	17,500,000	28,000,000	40,750,500	54,985,670
<b>Total Cash in</b>	16,200,000	17,500,000	28,000,000	40,750,500	54,985,670
<b>Cash out</b>					
Salaries	2,112,000	2,112,000	2,337,600	2,337,600	2,500,000
Rent	1,200,000	-	600,000	600,000	600,000
PHCN/Fuel	180,000	184,000	188,000	200,000	200,000
Transportation	90,000	97,000	100,000	118,000	100,000

Registration	120,000	80,000	80,000	80,000	80,000
Insurance	-	500,000	650,000	750,000	750,000
Tax (5%)	22,500	103,625	499,870	892,456.75	1,427,148.47
Miscellaneous	48,000	27,000	44,400	64,400	70,000
<b>Total cash out</b>	3,772,500	3,103,625	4,499,870	5,042,456.75	5,727,148.47
<b>Cash balance</b>	12,427,500	14,396, 375	23,500,130	35,708,043.25	49,258,521.52

## BALANCE SHEET

	Year 1(N)	Year 2(N)	Year 3(N)	Year 4(N)	Year 5(N)
<b>Assets</b>					
<b>Current Assets</b>					
Stock/Inventory	12,000,000	12,427, 500	14,002,600	18,751,365	22,142,700.65
Cash	360,000	372,825	420,078	562,540	664,280
<b>Total Current Assets</b>	12,360,000	12,800,325	14,422,678	19,313,905	22,806,980.65
<b>Fixed Assets</b>					
Rent	1,200,000	-	600, 000	600, 000	600, 000
Insurance	-	500, 000	650,000	750,00	750,000
Registration	120,000	80,000	80,000	80,000	80,000
License	2,500,000	-	-	-	-
Motorcycle	120,000	120,000	114,000	105,450	94,94,905
Equipment/fixtures	800,000	800,000	760,000	722,000	649,800
Depreciation (%)	-	-	5	7.5	10
<b>Total Fixed Asset</b>	4,740,000	1,500,000	2,204,000	2,257,450	2,174,705
<b>Total Asset</b>	17,100,000	14,300,325	16,626,678	21,571,355	24,981,685.7
<b>LIABILITIES</b>					
Salaries	2,112,000	2,112,000	2,337,600	2,337,600	2,500,000
Transportation	90,000	97,000	100,000	118,000	100,000
PHCN/Fuel	180,000	184,000	188,000	200,000	200,000
Tax (5%)	22,500	103,625	499,870	892,456.75	1,427,148.47
Miscellaneous	48,000	27,000	44,400	64,400	70,000
<b>Total liabilities</b>	2,452,500	2,523,625	3,169,870	3,432,456.75	4,297,148.47
<b>NET WORTH</b>					
Owners Equity	14,220,000	10,201,600	8,708,043	14,747,562.6	20,684,537.2
Retained Earnings	427,500	1,575,100	4,748,765	3,391,335.65	-
<b>Total Net Worth</b>	14,647,500	11,776,700	13,456,808	18,138,898.2	20,684,537.2

## BREAK-EVEN ANALYSIS



## SCHEDULE OF OPERATIONS

Mondays to Saturdays: 8am – 10pm

Sundays: 12pm – 8pm

## **LEGAL STRUCTURE**

Below is the summary of the partnership agreement as stipulated by the partners and well-being venture capitalist.

1. The partnership will be comprised of maximum number of 5 members at a time.
2. For the first 2 years, a greater percentage of profit is to be ploughed back.
3. Decision-making shall go by two – third majority vote.
4. Profit sharing between chocha provision stores and well-being venture capitalist shall be in the ratio of 75:25 respectively.
5. If the business fails to break even within the first five years, the assets would be sold off and shared based on percentage contributed which is after all debts have been paid off.
6. Embezzlement of funds by any member will incur a penalty punishable by the law court.
7. In the case of death of a partner, the family receives 80% of his equity after the business has broken even.

## **EXIT STRATEGY/PLAN**

With the above plan, the business is expected to make good profit and thrive financially. In spite of that, good and efficient exit strategies have been laid out to arrest uncertain situations e.g.

- a) Failure to break even within first five years
- b) Occurrence of Natural Disaster around the community.
- c) Persistence in high rate of insecurity
- d) Death of more than five members within the first five years.

In the above cases, the Assets will be liquidated and shared in the ratio of 70:30 between Chocha Provision stores and the Well – Being Venture capitalists respectively.

## **CONCLUSION**

Chocha provision stores project is greatly recommended for both funding and investment as it is obviously a good soil to sow in and reap bountifully within a short period of time.