

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

TOPIC
A BUSINESS PLAN FOR BEAUTY HAIR WIGS AND WEAVES COMPANY

A BUSINESS PLAN
SUBMITTED IN PARTIAL FULFILLMENT FOR THE REQUIREMENT
OF THE COURSE: CEDR 342
(INTRODUCTION TO ENTERPRENEURSHIP II)

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TITLE PAGE

**A BUSINESS PLAN FOR BEAUTY HAIR WIGS AND WEAVES
COMPANY.**

DEDICATION

This work is dedicated to the almighty god, my siblings and my
parents.

ACKNOWLEDGEMENT

My sincere appreciation goes to God almighty for giving me the wisdom and understanding to be able to run this project. I also want to thank my investors for the faith they had in me, I also want to thank zenith bank of Nigeria for the generous loan they offered me.

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CHAPTER ONE

7.0 EXECUTIVE SUMMARY

The following reports relate to the proposal by to establish a hair wig production company in Lagos. It will require a startup capital of N2876000, made up of N2170000 for fixed assets and N706000 for working capital. The business will be located in Lagos state. A huge market is available for the business to serve. The business will be financially stable by the time it matures. The competitive edge of the business lies in its ability to produce quality hair wigs. The business is very profitable, technically feasible and its economically desirable. The project also offers good investment benefits and is therefore highly recommended for implementation.

CHAPTER TWO

8.0 INTRODUCTION

The planned business project is as a result of strong industry. Studies have revealed that the demand for hair wigs and weaves in the nation as a whole has generally increased. This is due to the recent fashion trends of the new generation. Although an obvious problem will be the high price of the products we will be offering and also awareness, but that will be taken care of as the business progresses.

2.1 VISION STATEMENT

To be the most outstanding producer of hair wigs and weaves in the country.

2.2 MISSION STATEMENT

To produce hair wigs and weaves using the best quality of materials.

2.3 KEY SUCCESS FACTORS

The key success factors are as follows:

- a.** The use of improved and quality materials for the production of the hair wigs and weaves.
- b.** Existence of reliable market outlets.
- c.** Availability of land to contain expansion of the company.
- d.** Availability of cheap and reliable labor.
- e.** Existence of good road networks and ease of market access.

CHAPTER THREE

9.0 PRODUCT DESCRIPTION

The company will be producing hair wigs and weaves of different colors, length and texture.

3.1 AVAILABLE MARKET

From the studies that has been carried out, we have found out that there is a huge market for our product. This is due to the increase in population, and dues to the versatility of recent fashion trends.

Already, about 36% of the populace is being met by the already existing companies which leaves about 64% for new entries into the industry. This is cheering information because there is a large demand gap that will need to be attended to.

CHAPTER FOUR

10.0 MARKET ANALYSIS

The business has an exciting business opportunity since there is a huge market for hair wigs and weaves. Also the increase in population will also be an advantage to the business.

4.1 CUSTOMER/MARKET SEGMENTATION

The following are the classes of customers for the products:

- a. The wholesalers, who buy the products for distribution and reselling to the final consumers and retailers. They buy in bulk and are price sensitive.
- b. The distributors, who also buy in large quantity. They are also price sensitive.
- c. There are also those who buy in small quantities for personal use.

Appropriate plans have been made to make sure that all classes of customers are well satisfied.

CHAPTER FIVE

11.0 MARKETING PLAN

There are no manufacturing companies in the area, hence there is complete absence serious competition. Therefore, if the business project commences operation as planned it will be a market leader in no time.

5.1 PROMOTION STRATEGY

The company will embark on an aggressive awareness campaign to make sure that the public is well informed on the presence of our company. We will make use of fliers, outreach sensitization programs, radio and also television programs.

5.2 MARKETING STRATEGY

Firstly, the products will get to the market at a very competitive and affordable price. The company will also give trade discounts to drive the market faster. Also some little souvenirs will be given to our customers to help increase our popularity.

5.3 MARKET POSITIONING

The company will position itself as the prime mover and market leader in the business line in Lagos and its environs. The farm will create peculiar leading edge profile for itself. The understated is how the company will want to be seen by its customers, competitors and the general public.

- As a provider of the best hair wigs and weaves of high quality.

- As a company that has the best interest of the customers at heart.
- As a trust worthy provider of consistently reliable hair wigs and weaves.

CHAPTER SIX

12.0 BUSINESS OWNERSHIP

The business is a sole proprietorship. It is wholly owned by, who will also manage the affairs of the company. To help in the day to day activities of the of the company some other good hands will be hired.

TABLE 1: Management and labor compliments

s/n	Positions	No of staff	Annual salary per staff	Total
1	Proprietor	1	360,000	360,000
2	Sales manager	1	120,000	120,000
3	Receptionists	2	65,000	130,000
4	Security men	2	40,000	80,000
5	Factory workers	10	24,000	240000
6	Cleaners	2	33,000	66,000
				996,000
	Add 5% fringe benefit			50,000
	Grand total			1,046,000

FIGURE 1: below shows the organizational chart of the company

FIGURE 1

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6.1 EXTERNAL SUPPORT

The company is discussing with the Lagos small and medium enterprise (SME) center to offer, over a period of years, strong management and business support services. The company will also access support on technical issues from the entrepreneurship development centers.

6.2 VALUES AND NORMS OF THE COMPANY

The company plans to adopt the following norms and values:

- a. To offer the best for the benefit of her customers.
- b. To uphold her integrity always.
- c. To see her employees as her most valuable assets

- d. To always be available to her customers.
- e. To do her businesses within the federal, state, and local government laws.

CHAPTER SEVEN

7.0 LEGAL ISSUES

The company plans to commence commercial operations as a sole proprietorship. Such it is just enough to register the business name with the appropriate department at the local government headquarters.

Also, every attempt will be made to get all the necessary permits needed to set up the company.

7.1 ENVIRONMENTAL

All precautions will be taken to ensure that the production process does not pose as a hazard to the environment.

7.2 SOCIAL

The implementation of the business project will bring about both social and economic benefits to the society in the following ways:

- a. It will create new jobs.
- b. It will bring about wealth creation and poverty reduction.

7.3 REGULATORY

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

CHAPTER EIGHT

8.0 RISK ANALYSIS

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

TABLE 2: IDENTIFIED RISKS AND THEIR MITIGANTS

Identified risks	Mitigants
Inadequate startup demand	Aggressive promotion and advertisement campaigns
Irregular water supply	A large water reservoir will be constructed to collect water during the rainy season which will be used in the dry season.
Electricity problem	A backup generator will be installed in case of power failure.

8.1 SWOT ANALYSIS

A SWOT analysis carried out revealed the following:

8.1.1 STRENGTHS

Easy access to the target market, high quality of the products and the absence of serious competitions.

8.1.2 WEAKNESSES

Initial problem of raising adequate capital for the project and also the initial problem of creating awareness.

8.1.3 OPPORTUNITIES

Absence of quality hair wig and weaves products in the market, absence of serious competition, the versatility of fashion trend which lead to increase in demand for wigs and weaves.

8.1.4 THREATS

Increased competition due to entry of new companies, low initial demand, there is also the challenge to convince people to abandon other products and start using ours.

8.2 EXIT STRATEGY

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

CHAPTER NINE

9.0 COMPANY FINANCIAL

9.1 SUMMARY OF PROJECT COST

The total cost of the project is N3,160,000.00 this is made up of N2,170,000.00 in fixed capital and N950,000 in working capital.

9.2 FIXED CAPITAL INVESTMENTS

The company is located at town planning way, Ilupeju, Lagos state on a land area of about 6 standard plots of 60ft by 120ft. the site is motorable all year round. The table below shows the fixed capital investment required for the project.

TABLE 3: FIXED CAPITAL INVESTMENTS

s/n	Detail	Qty	Unit price	Total amount
1	Company building	1	800,000	800,000
2	Delivery van	1	200,000	200,000
3	Water reservoir	1	100,000	100,000
4	Reinforced grounds			100,000
5	Office equipment			70,000
6	Machineries			900,000
	Total			N2,170,000

9.3 UTILITIES

Utilities	Year 1	Year2	Year 3
Light	15000	15300	15600
Water	60000	61200	62400
Total	75000	76500	78000

9.4 OTHER EXPENSES

Type of expense	Year 1	Year 2	Year 3
Vehicle maintenance	100,000	105,000	110,000
Business travels	30,000	31,500	33,000
Advertisement	90,000	94,500	99,000
miscellaneous	50,000	52,500	53,600
Total	270000	283500	295,600

9.5 WORKING CAPITAL FORECAST

The working capital forecast is presented below

Working capital items	Year 0	Year 1	Year 2	Year 3
Working capital	706000	774000	893000	1162000
Increase/decrease in working capital		68000	119000	269000

9.6 TOTAL STARTUP CAPITAL REQUIRED

s/n	Capital items	Amount
1	Machinery, Equipment and others	2,170,000
2	Working capital requirements	706,000
	Total	2,876,000

9.7 FINANCING PLAN

The table below shows the company's financing plan;

Source	Amount
Equity contribution	666,000
Bank loan	2,210,000
Total	2,876,000

9.8 LOAN REPAYMENT SCHEDULE AND INTEREST PAID.

The loan will attract an interest of 10%. The repayment of the loan and interest is shown in the table below;

Year	Loan	Repayments	Interests	Loan balance
1	2210000	Nil	74000	2210000
2	2210000	810000	161000	1400000
3	1400000	1400000	50000	Nil

9.9 DEPRECIATION

The depreciation is calculated using the straight line method. It is shown in the table below;

s/ n	Capital items	LS	IV	SV	Depreciation
1	Company building	20	800000	600000	10000
2	Water reservoir	20	100000	50000	2500
3	Office equipment	10	70000	Nil	7000
4	Delivery van	10	200000	38000	16200
5	machineries	10	900000	350000	55000
	Total depreciation				90700

CHAPTER TEN

10.1 PROFIT AND LOSS FORECAST:

Particulars	Year 1 (N)	Year 2(N)	Year 3 (N)
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Expected sales	1780000	5874000	6461000
Less 1% discount	19000	59000	65000
Net sales	1761000	5815000	6396000
Expenses			
Cost of operation	75000	77000	78000
Utilities	270000	284000	296000
Other expenses	2195000	2964000	3028000
Total expenses	2540000	3325000	3402000
Profit before int& tax	(779000)	2490000	2994000
Less interest	74000	161000	50000
Profit before tax	(853000)	2329000	2944000
Less 10% tax	Nil	233000	294000
Profit after tax	(853000)	2096000	2650000
Less depreciation	91000	91000	
Net profit	(944000)	2005000	2559000
Retained earnings			
Dividend	(944000)	2005000	2000000
	Nil	Nil	Nil

Note that the loss for first year was due to the fact that sales was for a period of four months.

10.2 CASH FLOW PROJECTION

Cash in	Year 0 (N)	Year 1(N)	Year 2 (N)	Year 3 (N)
Equity	666000			
Bank loan	2210000			
Net profits		(944000)	2005000	2559000

depreciation		91000	91000	91000
Total cash in	2876000	(853000)	2096000	2650000
Cash out				
Equipment and others	2170000			
Working capital	706000			
Increase/decrease in cash		68000	119000	269000
Loan repayment			810000	1400000
Dividend			1167000	559000
Increase/decrease in cash				822000
Total cash out	2876000	(853000)	2096000	2650000
Opening balance	Nil	Nil	(921000)	246000
Increase/decrease in cash	Nil	(921000)	1167000	422000
Closing balance	Nil	(921000)	246000	668000

10.3 BALANCE SHEET PROJECTION

	Year 0 (N)	Year 1 (N)	Year 2 (N)	Year 3 (N)
Fixed assets:				
Machinery, equity and others	2170000	2170000	2170000	2170000
Less com Dep.		91000	182000	273000
Net fixed assets	2170000	2079000	1988000	1897000
Current assets			632000	647000
Stock of material	383000	383000	(921000)	246000

Opening balance				
B/F				
Debtors	462000	68000	225000	248000
Cash in hand/bank		(436000)	317000	1805000
Total of current assets	845000	15000	3106000	2946000
Total assets	3015000	2094000	5094000	4843000
Long term liabilities:				
Capital(equity)	666000	666000	666000	666000
Retained earnings		(921000)	2005000	2000000
Bank loan	2210000	2210000	1400000	Nil
Total of long term liabilities	2876000	1955000	4071000	2666000
Current liabilities				
Loan repayment			810000	1400000
Creditors	139000	139000	213000	218000
Dividend				559000
Total of current liabilities	139000	139000	1023000	2177000
Total liabilities	3015000	2094000	5094000	4843000

CHAPTER ELEVEN

11.0 OTHER CONSIDERATIONS AND CONCLUSIONS

11.1 ECONOMIC JUSTIFICATION

From the viewpoints of the studies that have been made, the project offers good benefits to the me, the investors and the economy as a whole. Wealth will be created just as jobs will also be created.

11.2 COMMERCIAL VIABILITY

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

11.3 CONCLUSION

The project is highly recommended both funding and implementation.

