

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF SOCIAL SCIENCES

**DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL
GOVERNMENT**

TOPIC

CASHEW JUICE PRODUCTION

A BUSINESS PLAN

**WRITTEN IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE COURSE CEDR 342[BUSINESS
DEVELOPMENT AND MANAGEMENT]**

BY

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AUGUST, 2017.

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PART I

1.0 EXECUTIVE SUMMARY

1.1 The following recommendation relate to the proposal by Candidus Cashew Drink Company to establish a cashew factory at No. 26 Afor market Eha-Alumona Nsukka, Enugu State.

1.2 The financial projections show that the project would be financially stable and liquid by the time it matures. The project will require a start-up capital of N1, 196,000 made up of N992,000 for fixed assets and N204,000 for working capital.

1.3 The enterprise was establish to produce refreshing Juice drink extracted from the cashew apple which is approximately 85%, and, as Nigerian researchers have shown, at least 65% of this juice can be extracted with efficient, locally manufactured equipment. However, this juice contains tannins (approximately 0.35%), giving an astringent taste and a dry-mouth feel, making it less attractive in comparison to other fruit juices. On the plus side, cashew apple juice contains 219 mg of Vitamin C per portion of 100 ml, which are 5 times that of the orange and 12 times that of the pineapple. This juice also contains more magnesium (260 mg) than the orange, the banana or the pineapple. Its potassium

content, at 565 mg, is twice that of the orange, 4 times that of the mango and 5 times that of the pineapple.

1.4 The factory will be located at Enugu state for ease of access to the raw materials from the location.

1.5 Huge market is available for the business to serve because of the research have proven that with clarifying agents like gelatin powder and many other local materials have this tannins dissolved and eliminated and astringent removed.

1.6 The competitive edge of the enterprise is the ability to produce juice that will attract buyers since most company is into citrus juice production.

PART II

2.0 INTRODUCTION

Cashew is produced and harvested on a commercial basis in West Africa from Senegal to Nigeria. The estimated production for the year 2007 by the African Cashew Alliance organization was set at 465,000 tons of raw nuts. Given the weight ratio of the apple to the nut, at 8 :1, the annual production of cashew apple would surpass 3.7 million tones, most of which is left to rot in the fields because of a lack of knowledge on how to process it. Apparently cashew can be harvested in large quantity here in Nigeria especially in Enugu, [Akwari, Eha-Alumona, Amala Obollo an Opi Agu.] Benin and Markurdi. The cashew juice cottage industry in lieu is to be located at No. 26 Afor market, Enugu State for access to the harvest of the fruits.

Years research have shown that most juice industries have only concentrated in making mostly citrus juice other than cashew. The innovation will be the first of its kind ever that will shake the citrus industry.

Akwari, (most cashew producing community), Opi Agu and Amala Obollo is widely known for its cashew plantation that is rich in yellow and red apple juice. This fruit is seasonal in that it comes in between mostly September to march.

Another reason is that Enugu State has cheap labour in terms of people that will help to pluck and remove the nuts from the fleshy part of the juice. The juice for a start will be the mixture of both red and yellow fruits, subsequently will have sweetened and sour taste cashew juice drink.

The research carried around the metropolis showed that many of the consumers are not familiar with handling cashew in its fresh form because of the tannins it contains, however the increasing demand for fresh fruits over the years may be attributed to consumers education and better quality control and to improve packing techniques and product movement.

Research also found out that customers find bottle ones easier to handle than the fresh, although some still prefer the fresh because of the nuts.

Yet, most of these citrus companies like CHIVITA, HAPPYHOUR, HOLLANDIA, RIBENA FIVE ALIVE DANSA juice are located in the west. This, been a new juice industry down in the east, will be an open market with high quality .

2.1 BACKGROUND of THE INDUSTRY

The cottage industry of cashew juice is a new innovation that wants to make a difference in the juice industry by introducing an exotic cashew juice.

2.2 VISION STATEMENT

The vision of this project is to make cashew drink affordable and easy to get both in an out of season. Pure and satisfying juice with no preservative added.

2.3 MISSION STATEMENT

To produce cashew juice that as the natural fruit without the tannins that cause mouth sour using clarifying agents.

2.4 OWNERSHIP AND LEGAL STATUS

The business is. personal business owned and run Mr Ugwu Candidus Chika, it is established and it is going to be called Kachi Cashew Juice.

2.5 LOCATION AND FACILITIES

The cottage industry is located at No. 26 Afor Market Eha-Alumona, Nsukka, Enugu State.

What informed the choices of the location is the

Nearness to the cashew plantation

Availability of cheap and reliable labour

Availability of land for future expansion of the industry.

PART III

3.0 PRODUCTS AND SERVICES

The industry wants to produce an exotic cashew juice that will meet the nutritional need of the consumers.

3.1 PRODUCTION PLAN

The production plan will be in small scale using a combination of treatment processes such as microfiltration and gelatin powder for the clarification of the tannins, for the processing of extracted cashew juice.

The industry needs to purchase a delivery pick up van for mobility purposes and carriage of raw material from the field to the warehouse and movement of other facilities. The three GP tanks of 1500 liters each has been mounted and filled with water for adequate water supply for all the necessary water needs. Nevertheless, during raining water can be collected in big bowls and basin for supplement

3.2 MARKET DEMAND

From the research carried out it was discovered that juice is in high demand because it serves as one of the contents of lunch packs, parties, for weddings for eateries .because of the nutritional content and newness of the product consumers would want to buy.

3.3 KEY SUCCESS FACTOR

The company will succeed because of its location to the raw material markets and super shops like One stop shop, Mr Biggs, Big treat and the university community especially during ceremonies like graduation, convocation matriculation birthday parties and weddings.

3.4 MARKET SIZE

The market size for the cashew juice is not that large because it is a new product it is still growing. However, with high adverts in bill boards and fliers the consumers will be enlightened adequately.

3.5 SERVICE DELIVERY

After the production and packaging is completed, the goods will be distributed by the driver and sales girl[s] to the shops and markets in the environs, however the first outing | launching will be to promote the goods by giving out free packs to interested consumers while the fliers are shared.

After this the goods can be distributed to retail shops and eateries.

3.6 QUALITY ASSURANCE

The quality of the juice will be such that, anybody that tastes it for the first time will want to have again. It will be natural with no preservative once open, must be consumed under 24 hours. Hence the packs will be in small size of 50liters each .

PART IV

4.0 DEMAND AND SUPPLY ANALYSIS

The cashew cottage industry is a new product about to be introduced into the market, however adequate advert will be done to enlighten the consumers on the nutritional value of the product. Before the product hits the market, there will be school to school distribute of the product as to awaken the interest of the consumers.

4.1 TECHNOLOGY

The technology in this business is filtering sheets and the squeezers machine, bottle cork machine. This requires training and technical know how.

4.2 COMPETITIVE EDGE

Kachi juice as a product has other competitive products like chi vita, Dansa mixed juice, Hollandia milk. However Fantasy Cashew juice has advantage over other juice because it is cheaper and it contains more nutritional value.

PART V

5.0 MANAGEMENT ORGANIZATION AND OWNERSHIP

The Kachi cashew juice is owned and managed by Mr. Ugwu, Candidus Chika.

Personnel plan

The personnel plan is drawn by the manager and approval is by the family member in charge .the basic criteria applicants must possess is a least credit in home economics or food and food and nutrition.

5.1 ORGANIZATION STRUCTURE



Admin manager

Production manager

Receptionist and computer operator

Technician

PART VI

6.0 LEGAL ISSUES

The Kachi Cashew Juice cottage industry wish to be registered as sole proprietary company.

The family lawyer will attend to the legal matters. The business permit has been paid to the local government in charge of the area.

6.1 ENVIRONMENTAL

The industry is environmental friendly, all the liquid waste have proper drainage system and the place is arable in case of the smoke emitted from the generator set, and any other environmental issues will be put in check.

6.2 SOCIAL

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

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

6.3 REGULATIONS

The cottage will comply with all the environmental regulations as well as all relevant industrial safety regulatory.

PART VII

7.0 RISK ANALYSIS

Taking risk is risk itself therefore the business is open to risk in that the juice, if not well clarified might taste sour, and the consumer might withdraw, also the powder might run short since it is not found in shop because it is usually for big wines companies .Consequently bad weather might cause late harvest and low yield resulting in low production and small output .

Nevertheless precautions shall be put in place for risk prevention and reduction.

7.1 SWOT ANALYSIS

Strength Weakness Opportunities Threats

A SWOT analysis carried out on the projects reveals the following;

Strengths

The location of the cashew juice industry along the cashew plantation makes it easy access to its raw materials.

The location is also close to the primary markets and consumers {school children and adults}

The selection will be primarily on the freshest and tastier fruits since industry is close to the raw materials.

The clarification agents is are cheap and easy and affordable

The industries is located close to cheap labour and reliable hands

The first experiment was tested and certified by NAFDAC officials

WEAKNESS

Initial problem of raising adequate capital since the family have other investment and establishment that are capital intensive.

Electricity shortage as a result of faulty transformer

However, the industry plan to address the weakness through steady supply of electricity and other ends meet.

Opportunities

Currently the citrus industries have always been in the market and people want a change because monotony kills, they long for another fruit juice.

Cashew fruit, given its exceptionally high content of Vitamin

C and its comparatively higher content of Vitamin A, Magnesium and

Potassium, with respect to the orange, for example, one can expect that this juice will eventually be considered as the

Next exotic ingredient in *Energy* drinks or *Sports* drinks.

Threats

There is still the challenge that cashew taste sour and that the tannins can cause temporary damage to the floor and lasting damage to the fabric.

Competition from other energy drinks already in existing in the markets

PART VIII

8.0 COMPANY FINANCIAL ANALYSIS

Fixed Capital Investment

The cottage industry is located at Enugu State. The site is motor able all year round .the building is already constructed since is a family property proposed site for another project but was converted.

s/n	Detail	Qty	Unit price	Total amt
1	Water tanks{1500litres}	3	45,000	135,000
2	Delivery van	1	500,000	500,000
3	Generator	1	130,000	130,000
4	Deep freezer	1	150,000	150,000
5	Micro filters	2	25,000	50,000
6	Basket for harvesting	10	150	1500
7	Hand gloves	5 packs	50	250
8	Bacteria hand wash	2 packs	500	1000
9	Transparent vessels with lids	5	1750	8750
10	Disposable bottles	500	25	12500
11	Blender for grinding	1	1,500	1500
12	Nets wire gauze[yards]	10	100	1500
	Total			992,000

UTILITIES

The Cottage industry is located in a place that is experiencing temporary problems as a result of the faulty transformer, so we will be using generator set, also water for production and other domestic things.

Utilities	Year 1	Year 2	Year 3	Year 4
Water	60,000	61,200	62,400	65,000
Fuel	25,000	32,000	36,000	40,000
Total	85,000	93,200	98,400	105,000

Other Operating Expenses

Type of expenses	Year 1	Year 2	Year 3	Year 4
Vehicle maintenance	9,500	10,000	10,500	11,000
Advert Bill	45,000	35,000	30,000	30,000
Total	54,500	45,000	40,500	41,000

Working capital forecast

Working capital items	Year 1	Year 2	Year 3	Year 4
Purchase of cashew fruits	35,500	40,000	48,000	50,000
Salaries and wages	30,000	33,000	37,000	42,000
Provision for utilities and other expenses	139,000	137,300	138,400	146,000
Working capital	204,000	210,300	223,400	238,000
Increase or decrease in working capital	–	5,800	7,100	8,700

Total start-up capital required

s/n	Capital items	Amount[n]
1	Machinery ,equipment and others	992,000
2	Working capital requirement	204,000
	Total	1,196,000

Financing plan

Source	Amount
Equity Contribution	500,000
Bank Loan	696,000
Total	1,196,000

Interest and Repayment Schedule

Year	Loan	Repayment	Interest	Loan balance
1	696,000	=	10%	626400
2	626400	62640	10%	563760
3	563760	56376	10%	507384
4	507384	507384	10%	-

PART IX

9.0 EXIT STRATEGY

Since new business is subjected to the criticism and scrutiny of the general public .incase the business did thrive well as presumed the exit strategy is to switch over to another business like confectionary or better sell off all the whole equipments. And invest the money in some other business.

9.1 CONCLUSIONS

Cashew apple juice, being the highly nutritious food product that it is, merits closer attention because of its health obvious benefits and its economic potential for farmers, entrepreneurs and consumers. Given the annual tonnage of apples produced in West Africa – more than 3 million tones – it is vital that entrepreneurs, government officials and international development organizations begin working to put an end to this wastage and make this natural product available to families and consumers.

Cashew apple juice can be successfully clarified at the household level, for a highly-nutritious juice during the dry season, or at a Commercial level for supplying urban and regional markets. Efforts at both levels will result in new value added to the cashew supply chain.