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TOPIC:

BUSINESS PLAN FOR CASHEW (NUT) PRODUCTION (PROCESSING)

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BY

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Business Overview

The nuts market globally is expected to grow from the periods of 2015 to 2021 at 1.7% CAGR. As at 2014, the global nuts market was valued at \$1,137.06 billion and it is expected to reach \$1,279.4 billion by 2021.

Volume wise, nuts and seeds in tons totaled 37.38 million as at 2014 and are expected to reach 41.34 million tons as at 2021 at 1.40% CAGR during the stated periods between 2015 and 2021. The value in kilograms was 4.41 billion as at 2014 but it is expected to reach 7.86 billion by 2021 at 7.70% CAGR during the stated periods.

Product wise, the global nuts market according to its leading position is divided into cashew nuts, peanuts, walnuts, almonds and macadamia nuts. Cashew nut for instance has been leading other nuts globally from 2014 and is expected by 2021 to continue maintaining its leading position.

The past years have seen changes in the consumption patterns of nuts all over the world as it has been found that nuts have a positive effect on the human body by reducing heart disease, preventing diabetes and also reducing blood cholesterol.

This has led to a growing demand for genetically modified crops that will help meet up with the global demand for these nuts.

However, excessive consumption of these nuts can negatively affect the human health as it might cause diarrhea, several bowel disorders as well as weight gain. Also, the high cost in processing the nuts has caused a hindering factor on the global market.

In terms of geography, Africa, Asia Pacific, North America, Europe and the rest of the world has a high share in exporting nuts. As at 2014, the market was dominated by Asia Pacific. In West Africa, Nigeria is leading in terms of exports followed by Ghana and the rest of other West African Countries.

Executive Summary

Ojielo-Best Cashew Nuts Inc is a standard and leading cashew nut processing company that is based in Awka – Anambra State, here in Nigeria and will sell processed cashew nuts to wholesalers and retailers. Our aim is to ensure that we sell processed organic cashew nuts of the highest quality to our various customers all over Nigeria. We also aim to offer other services as well such as franchise and advisory services in line with our revenue generation goals.

Our aim of establishing Ojielo-Best Cashew Nuts Inc is not only to generate revenue and maximize profit but also to favorably compete against similar processed cashew nuts brands both new and existing, and be known as one of the top four cashew nuts processing factories in Nigeria within five years. In order to achieve this, we have gone the extra mile to ensure that we get the best professionals and also the best equipment so that we will run a standard cashew nuts processing factory.

We have been able to procure the necessary licenses and permits from the relevant departments here in Awka Anambra State so that we can carry out our business without breaking or running afoul of any laws. We have structures and processes put in place to ensure that when it comes to hygiene, processing and packaging, we will be on top of our game.

We are set to redefine the processing of cashew nuts not just here in Awka Anambra State but all over Nigeria, which is why we hired the best food technologist who not only ensures that we are doing things the right way but who also looks into using the best ways to get these things done from the processing stage, preservation and on to the packaging stage.

Our facility is located in an area that is not only easily accessible to our employees but also to our clients. We have put in structures to ensure that the facility is conducive at all times for our employees, which is why our employees have come

to see the factory as a home to them and are always eager to come to work and be productive for the good of the firm.

Because of how seriously we take our business structure, we have gone the extra mile to ensure that we source for and hire only the best employees for Ojielo-Best Nuts Inc. Our employees do not only come with the required experience, they also understand the industry we are in and know how best to ensure that from scratch we achieve our intention of becoming a national phenomenon.

Our employees are going to be well paid, and their pay and welfare packages would be better than that of their colleagues in similar start-ups such as ours here in Anambra and even in neighboring states. We will carry out continuous performance appraisals to ensure that hardworking employees are promoted as at when due.

We will also put measures in place to ensure that our employees receive regular training in line with the industry trend so as to make them more productive. To achieve all this, we have hired a very experienced Human Resources and Admin Manager.

Ojielo-Best Nuts Inc is established and owned by OCHIOGU HARRISON OJIELO whose forefathers owned several cashew plantations and who has the required experience and expertise necessary to ensure that the company is able to attain all its goals and objectives.

Our Products and Services

Our aim at Ojielo-Best Cashew Nuts Inc. is to ensure that we are able to sell processed organic cashew nuts – salted and or roasted – to all our customers in Nigeria and to other countries from our location here in Awka Anambra State.

Because we intend to create multiple sources of income so as to boost our bottom line and grow our business, we intend to offer other services such as training and consultancy services. We want to be able to make as much profit as is permitted under the laws of Federal Republic of Nigeria.

Therefore some of the products and services we intend to offer are;

- ✓ Sale of processed organic packaged cashew nuts – salted and roasted – to all our various clients
- ✓ Franchise
- ✓ Consultancy and Advisory Services
- ✓ Training

Our Vision Statement

Our vision is to produce organic cashew nuts that have been processed through a quality standard. We also intend to be the preferred brand by customers when it comes to buying processed cashew nuts.

Our Mission Statement

In order to achieve our vision, we intend to deal in the best business practices and also build a solid business structure that will see us employing competent and dedicated employees that understand our corporate goals and objectives.

Our Business Structure

When starting a business, all may not go exactly as planned and this is sometimes due to circumstances that might be beyond the control of the entrepreneur. However, having a solid business structure should be something that should firmly be in the control of the entrepreneur as this would make starting the business have little or no hitches as regards the employees and will also allow the entrepreneur concentrate on other aspects of the business.

In view of how serious we regard our business structure, we are willing to go the extra mile to ensure that we source for and hire competent and dedicated employees who understand how our sort of business works and who are willing and committed to ensuring that we are able to achieve all our set goals and objectives. Our management staff for instance are fully identified with our core vision and philosophies and will do all they can to ensure that the non-management staff implement the rules effectively.

Due to the fact that we will not be running a conventional cashew nut processing business, we will be hiring more staff than we ordinarily should to handle all the various tasks and responsibilities that are attached to the roles that we will create at Ojielo-Best Cashew Nuts Inc;

Below therefore is the business structure that we intend to build at Ojielo-Best Cashew Nuts Inc;

- ✓ Chief Executive Officer
- ✓ Human resources and Admin Manager
- ✓ Purchasing Officer
- ✓ Food Technologist
- ✓ Marketing and Sales Team
- ✓ Accountant/cashier

- ✓ Customer Service Executives
- ✓ Delivery Drivers
- ✓ Store Manager
- ✓ Cleaner

ROLES AND RESPONSIBILITIES

Chief Executive Officer

- ✓ Creates the vision and direction for the organization, communicates and ensures that it is effectively implemented
- ✓ Drafts the overall budget and other important documents on behalf of the organization
- ✓ Monitors and evaluates the direction of the business and removes policies that are not regarded as effective

Human resources and Admin Manager

- ✓ Ensures that all the administrative functions of the organization flows smoothly
- ✓ Recruits and carries out orientation for new employees. Also trains and carries out periodic assessment on the employees
- ✓ In charge of the overall welfare and incentive package of the employees

Purchasing Officer

- ✓ Responsible for procuring raw materials on behalf of the firm
- ✓ Sources for vendors and suppliers and ensures that they are reliable, and deals with them on behalf of the organization
- ✓ Drafts and reviews the necessary purchasing contracts for the benefit of the organization

Food Technologist

- ✓ Responsible for ensuring the right preservation of the processed cashew nuts before being packaged and sold to customers
- ✓ Ensures that due process is followed at all times during processing and packaging of the cashew nuts
- ✓ Serves as the quality assurance officer on behalf of Ojielo-Best Cashew Nuts Inc

Marketing and Sales Team

- ✓ Conducts market research in order to discover new target markets on behalf of the organization
- ✓ Responsible for drafting effective marketing strategies and also developing new plans in order to expand and increase sales
- ✓ Helps increase sales of the organization by engaging in direct marketing and sales

Accountant/cashier

- ✓ Prepares financial statements, accounts, reports and budgets on behalf of the organization
- ✓ Manages cash inflow and outflow and also administers payrolls
- ✓ Ensures that the organization complies with tax by preparing accurate tax information and submitting to the tax authorities

Customer Service Executives

- ✓ Works on behalf of the company by taking orders from clients, answers inquiries by passing along accurate information
- ✓ Maintains an accurate and updated customer database on behalf of the organization
- ✓ Stays abreast of industry trends and also organizational policies so as to pass accurate information to customers

Delivery Drivers

- ✓ Drives the company's van to and from several sales location and ensures that all orders are accurately delivered
- ✓ Supervises and assists the loading and offloading of products from the van
- ✓ Ensures that he obeys traffic regulations at all times and keeps a logbook of distances travelled and routes taken

Store Manager

- ✓ Responsible for inventory and monitors to know when replenishment is needed
- ✓ Responsible for the security of the shop
- ✓ Carries out light repairs when necessary

Cleaner

- ✓ Responsible for cleaning the premises and convenience for employees and customers
- ✓ Ensures that cleaning supplies don't run out of stock
- ✓ Carries out any other duties as might be assigned by the human resources and admin manager

SWOT Analysis

In our bid to ensure that we run a standard cashew nuts processing business, we have engaged the services of the finest business consultant here in Awka to look through our business concept and determine how best suited we are to not only run a standard cashew nuts processing business but to also favorably compete with other similar businesses as well.

Due to this we have taken stock of our strengths, weaknesses, opportunities and threats and used this to understand how we are likely to survive not only in our industry here in Awka but also all over Nigeria as well. The result we got after conducting the SWOT analysis for Ojielo-Best Cashew Nuts Inc are;

Strengths

Our strength lies in the fact that the cashew nuts we process are organic which will be able to meet the dietary needs of our various clients. We have the best equipment in place that will be able to handle a large batch of processing without getting spoilt.

We have the best preservation unit that will see our nuts lasting as long as possible without going bad. Our employees are the best in the field and have the experience necessary to ensure that we achieve all our corporate goals and objectives. Finally, our Chief Executive Officer has vast experience and the necessary expertise that will ensure that we achieve all that we set out to.

Weaknesses

We are a new company and as such do not have the necessary finance and staff strength needed to compete against already established cashew nuts processing businesses, which means that it will be hard for us to break into the industry here in Awka and all over the Nigeria. We however have plans in place that will help us overcome this.

Opportunities

There are several opportunities available to us in this industry as there are lots of people who understand the dietary benefits of cashew nuts and are convincing others to consume cashew nuts.

Threats

Every business faces threats every now and then and so the arrival of a new competitor to our same location, offering the same services is a threat as well as stringent government policies regarding the agro processing industry.

MARKET ANALYSIS

Market Trends

Cashew nuts have become one of the most consumed nuts amongst other types of nuts; this is because of the positive effects of nuts such as these on the human body. However in order to meet the growing demand, genetically modified crops have been looked into which will help those in the business to keep up with demand.

Nuts especially those of cashew contain nutrients such as fiber, proteins, foliate and several other minerals, and this has encouraged more people to consume this nut daily.

Cashew nuts which come from the cashew tree grow in tropical regions and as such businesses that process these nuts in these regions spend less to get them, as against those that process the nuts in areas where the cashew trees don't grow.

Our Target Market

Our processed organic cashew nuts will be one that will be made available to all our customers in our target market. Our target market however at a glance cannot be restricted to just a group of people, which is why we have conducted a market research that will enable us fully determine who we are really going to sell our products to.

The market research we have conducted will enable us have an idea of the market and what we should be expecting from them. We therefore are in business according to research to cater to the following groups of people;

- ✓ Bakeries
- ✓ Confectioneries
- ✓ Households
- ✓ Celebrities

- ✓ Workout Enthusiasts
- ✓ Sports men and Women
- ✓ Health and diet enthusiasts

Our Competitive Advantage

Our intention of starting Ojielo-Best Cashew Nuts Inc is to ensure that we build a business that will be amongst the top ten well known processed cashew nuts brand globally and will be amongst the first top four brands here in the Nigeria. To achieve this huge vision, we have come up with competitive strategies that will allow us compete favorably against our competitors.

We intend to process organic cashew nuts, which we know is more difficult to procure but which our clients will prefer. We have therefore set plans in place to ensure that we are able to grow our own cashew so as to fully achieve our ‘organic’ vision. Our facility is not only one that is well equipped and fitted with standard equipment but is also conducive and accessible to our employees.

All those who work for us come with vast experience and our management staff are those who are not only highly experienced but understand how to build a business from scratch to becoming a national phenomenon. We have a solid distribution network and an excellent customer service culture that will be of great advantage to our business.

Finally, we have great welfare and incentive packages that will ensure that our employees are well paid, and that those who work hard enough get incentives that is intended to boost their attitude.

SALES AND MARKETING STRATEGY

Sources of Income

Ojielo-Best Cashew Nuts Inc is established with the aim of generating revenue and maximizing profit in the agro processing cum food industry here in Nigeria. To maximize this profit, we are going to do all that we can to ensure that a large percentage of our target market gets our products.

Ojielo-Best Cashew Nuts Inc will therefore generate income by selling the following products and services;

- ✓ Sale of processed organic packaged cashew nuts – salted and roasted – to all our various clients
- ✓ Franchise

- ✓ Consultancy and Advisory Services
- ✓ Training

Sales Forecast

The use of processed cashew nuts have spread from commercial purposes to personal purpose, which means there will always be a demand for processed cashew nuts.

Since cashew nuts grow majorly in tropical regions, our location here in Awka Anambra means that we are well positioned to meet the demands of our target market all over Nigeria in not only generating enough income but also making enough profit in our first year and breaking even in our second year.

Our optimism stems from the fact that we carried out critical examination of the agro processing industry cum the food industry in order to analyze our chances and know how we were likely to fare not only in this industry but from the environment where we are operating from. Data and information that was used to forecast our sales projection were taken from similar start-ups such as ours here in Awka and all over Nigeria.

Below therefore are the sales projections for Ojielo-Best Cashew Nuts Inc and based on several assumptions and data gotten from the market;

- ✓ First Fiscal Year-: ₦16,000,000
- ✓ Second Fiscal Year-: ₦18,050,000
- ✓ Third Fiscal Year-: ₦ 20,500,000

N.B: The above sales projections were carried out based on what we obtained from the industry for the stated period. The assumptions used were that there won't be an economic meltdown and that we won't have to battle with the arrival of a major competitor offering same services during the stated period. Should there be any change whatsoever in the above assumptions used, it would affect our sales projections and might cause an increase or decrease in the figures.

Marketing and Sales Strategy

Marketing is a very important part of any start-up business as this section not only has to understand what the target market wants but also know the right strategies that will be needed to be applied on this target market in order to bring forth results – revenue. The revenue gotten from marketing a business is what is being used to continue to run the business after the capital must have been exhausted. Marketing therefore is very paramount to the growth of a business.

In view of this, we intend to first conduct a thorough market research that will allow us understand our target market and what to expect from them. Also the market research will allow us draft effective marketing strategies that will allow us have a huge share of the market and also be able to compete favorably against our competitors, not only here in Awka Anambra State but all around Nigeria. We will also look for new target markets so as to gain grounds and have a large share market.

We intend to engage the services of a reputable marketing consultant who has experience in this industry and environment to help draft effective marketing strategies that will allow us stand out in the market place. We will also empower the marketing consultant to ensure that he or she works with our marketing team to incorporate our corporate marketing and sales goal and help us achieve our goals and objectives.

We intend to ensure that our marketing and sales team are not only empowered to monitor the marketing strategies drafted but also review and remove the ones thought to be ineffective or ones that will not fully achieve what we intend it to. Our marketing and sales team will also make use of technology and other means in ensuring that our processed cashew nuts are marketed to our target audience.

Therefore, the marketing and sales strategies that we intend to adopt at Ojielo-Best Cashew Nuts in selling and marketing our business are;

- ✓ Ensure that we introduce our cashew processing nuts business formally to high level and corporate clients as well as other stakeholders in the industry
- ✓ Throw a unique party before declaring the business open, to generate interest amongst our target market
- ✓ Place advertisements in local newspapers and food and lifestyle magazines as well as on local radio and television stations
- ✓ Use our social media platforms such as Facebook, Twitter and Instagram to market and sell our processed cashew nuts
- ✓ Ensure that we are listed in yellow pages as well as on online directories
- ✓ Engage in direct marketing to all our clients

Publicity and Advertising Strategy

Ensuring that a brand has constant and positive awareness is very important and all brands know the essence of this, whether new or already established. Publicizing a brand is also a means of advertising the brand to ensure that not only the target market are aware of the brand, but that more people patronize the brand by either

buying its products or paying for its services. Publicity also ensures that the image of the brand is positively communicated as well as its corporate values.

In view of this, we intend to engage the services of a brand expert who not only understands the business thoroughly but the environment we are operating from and what strategies would best be applied that will allow more people to be attracted to us.

Also, the publicity strategies that would be proffered will be one that will allow us compete favorably against our competitors – new or already existing. The platforms that we intend to use therefore in promoting and advertising Ojielo-Best Cashew Nuts are;

- ✓ Create an interactive website and do all we can to publicize our cashew nuts and other products
- ✓ Place advertisements on local newspapers and lifestyle magazines as well as on radio and television stations
- ✓ Place flexi banners in strategic locations in and around the environs of Awka and other parts in Anambra
- ✓ Distribute our handbills and fliers in target areas
- ✓ Use social media platforms such as Facebook, Twitter and Instagram to vigorously promote our brand
- ✓ Participate in local community programs by sponsoring programs that would promote our cashew nuts processing business

Our Pricing Strategy

Setting the right price for our cashew nuts is very important especially as we intend to make profit from our business. It is important therefore that we identify all the factors necessary so that we would be able to offer fair prices to our customers whilst also not running at a loss as a business ourselves. The factors that we will consider are what our overhead and running costs are, what our competitors are offering and what the industry determines as fair without causing a price war.

In order therefore for us to attract the number of customers that will allow our business to grow as it should, we will be offering a discount on our processed cashew nuts for the period of three months. We have carried out a careful study of this period and have determined that even though we will be running at a low gross margin for this period, we will not be incurring any loss whatsoever for our business.

Payment Options

Due to the all inclusive payment plans we intend to adopt at Ojielo-Best Cashew Nuts Inc that will accommodate all our different customers and their diverse preferences, we have carefully studied several payment options and come up with the best.

Some of the payment options that we therefore will make available in every of outlets include;

- ✓ Payment via cash
- ✓ Payment via Point of Sale (POS) machine
- ✓ Payment via Credit Card
- ✓ Payment via online payment portal
- ✓ Payment via bank draft

In view of this, it should be noted that we carried out careful deliberations on each payment option before adopting it. The above payment options will be advantageous to both our company and our clients as well.

Start-Up Expenditure (Budget)

When starting a cashew nut processing business, there are certain aspects where one is expected to spend the bulk of the generated capital on and most of the bulk of this capital is usually used for stuffs that are majorly under overhead expenses like renting a facility, procuring equipment and getting a vehicle. Others may be running expenses such as paying the salaries of employees as well as utility bills.

The key areas where we will be spending our start-up capital on are;

- ✂ Total fee for registering the business in Nigeria – ₦20,000
- ✂ Obtaining of licenses and permits as well as accounting software and other legal expenses are – ₦50,000
- ✂ Cost of hiring a business consultant – ₦100,000
- ✂ Insurance coverage (general liability, workers' compensation and equipment insurance) – ₦100,000
- ✂ Marketing promotion expenses – for general marketing expenses as well as for the grand opening of Ojielo-Best Cashew Nuts Inc – ₦200,000
- ✂ Operational cost for the first 3 months (paying of employee salaries and payment of utility bills) – ₦1,020,000
- ✂ Cost of start-up inventory (raw cashew nuts and packaging materials) – ₦600,000
- ✂ Cost of cashew processing equipment and machineries – ₦1,500,000

- ✍ Cost of administrative expenses (stationery, phones, computers and furniture) – ₦800,000
- ✍ Cost of storage hardware (rack, preservation unit, shelves and bins) – ₦800,000
- ✍ Cost of purchasing store equipment (cash register, ventilation and signage) – ₦800,000
- ✍ Cost of purchasing a distribution/delivery van – ₦2,000,000
- ✍ Cost of leasing a facility for at least two years and carrying out renovations – ₦3,500,000
- ✍ Cost of launching an interactive website – ₦50,000
- ✍ Cost of throwing an opening party – ₦300,000
- ✍ Miscellaneous – ₦800,500

From the above break down, it is obvious that we need the sum of ₦ 12,640,500 in order to start and run our cashew nut processing business successfully here in Awka. The bulk of the sum will be going into paying of salaries and utility bills for at least 3 months, purchasing a delivery van, leasing a facility and also getting the necessary equipment that will be used to run the business and get the cashew nuts processed.

Generating Funding/Startup Capital for Ojielo-Best Cashew Nuts Business

Ojielo-Best Cashew Nuts Inc is a business owned and run by OCHIOGU HARRISON OJIELO and his immediate family members. The Ojielo family took over the business from their grandfather and therefore have no intention whatsoever of inviting any external partners to own a share of their business. This has led to the restriction of the capital sourcing to just three major sources.

Therefore the areas where we intend generating our start-up capital from are;

- ✓ Getting part of the capital from personal savings
- ✓ Sourcing for soft loans from family members
- ✓ Applying for loan from the bank

N.B: We were able to generate the sum of ₦2, 640,000 from personal savings. We got the sum of ₦1,000,500 as soft loan from our family members, and we recently got the sum of ₦9,000,000 approved for us by the bank after all documents were signed and conditions met. The loan is to be repaid in 10 years at an interest rate of 3% or less if we are able to pay back before the end of the stipulated period.

Sustainability and Expansion Strategy

We know how valuable how customers are to us because without them we will not be able to generate the needed revenue that will not only sustain our business but allow us grow and expand at the pace we want. Due to this we intend to give our customers' utmost priority especially when it comes to ensuring that accurate orders get to the right destination and that complaints if any are handled as quickly as possible.

Customers want to know that a brand not only listens to them but acts also. We will also give out incentives every once in a while to all our loyal customers and have loyalty discount programs in place for those who refer us to others.

Finally, we intend to ensure that we retain a certain percentage of our earnings back into our capital base. This will ensure that we have a sustained bottom line that will allow us run our business and also expand it when we deem fit. These strategies we have listed will be enough to boost and expand our cashew nut processing business.