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**AN ASSIGNMENT SUBMITTED IN PARTIAL  
FULFILLMENT FOR THE REQUIREMENT OF THE  
COURSE CED 342  
(BUSINESS DEVELOPMENT AND MANAGEMENT)  
BUSINESS PLAN: PRODUCTION OF ICE BLOCK**

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**JULY, 2017**

# BUSINESS PLAN

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# CHAPTER ONE

## EXECUTIVE SUMMARY

- 1.1 The following report and recommendation relate to the proposal by **PRICELESS ICE BLOCK BUSINESS** to establish an ice block manufacturing company that produces, distributes and delivers ice blocks to various customers in our region.
- 1.2 The project would require a start-up capital of #6,000,000 and made up of #3,400,000 for fixed assets and #2,600,000 for working capital.
- 1.3 The company's vision is to be a renowned manufacturing and distributing ice block company.
- 1.4 The proposal project will be located at 53 Yelwa street, Yelwa Bauchi because of the intense heat from the sun and hot climate leading to the high demand of our commodity (ice blocks)
- 1.5 A huge market is available for the business based on the location region and market survey.
- 1.6 The financial projection reveals a good level of liquidity and stability by the time it matures. The turnover at #3,000,000, #3,400,000 and #3,950,000 for year 1, and year 2 and 3 respectively.
- 1.7 The competitive edge of the firm lies in its ability to be different from mycompetitors by always having a constant power supply and being reliable in the production and distribution of my ice block.
- 1.8 The profitability measures are shown below.

From the analysis of my finding the proposed project is found to be technically feasible, financially viable and economically desirable. Thus, the project offers good investment benefits and is therefore highly recommended for implementation.

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
Turnover	3,000,000	3,400,000	3,950,000
Net operating profit	776,000	963,000	1,241,000
Returns on owner capital	31.04%	38.52%	49.68%
Return on owners investment	25.87%	32.1%	41.4%

# CHAPTER TWO

## BACKGROUND

### 2.1 INTRODUCTION

Nigeria as a nation has always had the problem of constant power supply especially the Northern region of the country which also has a high climate with intense heat. Therefore the need for my product cannot be over emphasized. As a result of these factors there is high demand for our product. **PRICELESS ICE BLOCK COMPANY** is situated in Bauchi state which is located in the Northern part of Nigeria and intends to reach out to my customers by providing constant and stable supply.

### 2.2 VISION AND MISSION

#### 2.2.1 Vision

The company's vision is to be a renowned manufacturing and distributing ice block company.

#### 2.2.2 Mission

To produce and distribute reliable ice block at a faster and subsidized rate.

### 2.3 Ownership of The Enterprise

This enterprise **PRICELESS ICE BLOCK** is owned by MBAH MERIT

### 2.4 Legal Status

This company **PRICELESS ICE BLOCK BUSINESS** is located at 53 Yelwa Street, Yelwa Bauchi state. The business is in the process of being registered with the Corporate Affairs Commission (CAC) and Small and Medium Enterprise (SME).

### 2.5 Location and Facilities

This venture will be located in Bauchi state urban area because of the following:

- i. Availability of good motor able road that connects to the major towns of the state
- ii. Readily available market.
- iii. Availability of labor.
- iv. Availability of good water supply.
- v. Relative availability of power supply.
- vi. Other economic and social amenities.

### 2.6 Product and Services

Product	Services
Ice block	Selling of ice block to customers

### 2.7 Business Strategy

- i. Selling ice block at a more subsidized price.
- ii. Door step delivery (when required).
- iii. Giving of incentives to customers during celebrations.
- iv. Well trained employees with the best ethical standards.

### 2.8 Key success factors includes

- I. Ensuring constant power supply.
- II. Ensuring the use of clean water for production.
- III. Use of efficient and effective employees.

IV. Good packaging of product.

V. Prompt delivery.

## **CHAPTER THREE**

### **3.0 MARKETING AND CLIENT**

#### **3.1 Prospective Customers**

My prospective customers are event/party planners, restaurant/ hotel operators, petty traders, vendors in busy streets and market and laboratory attendant.

#### **3.2 Market Demand**

During the market survey and feasibility study, it was gathered that almost every individual ranging from children or the old are all affected by the intense heat of the region and in great need of chilled drink to reduce dehydration. Also in line with the lack of stable power, people need chilled drink.

#### **3.3 Services Delivery**

My business will not only sell to customers who came to my company to buy, but will also make available at their door step delivery on demand.

#### **3.4 Quality Assurance**

My business will affirm quality by giving the customers a well package and durable ice block.

#### **3.5 Technology**

At the inception of my project, high technological equipment is required with little skills needed for operation of such equipment (power plant and refrigerator).

#### **3.6 Competitive Edge**

I will position the business to have competitive edge over other firms. This would be achieved through the production of quality ice block in terms of cleanliness and durability, prompt delivery and the subsidizing of price.

#### **3.7 Demand and Supply Analysis**

Due to lack of stable power supply and the intense heat in the region, the demand will be high and it will propel priceless ice block business to make at least two thousand to four thousand pieces of ice block per day depending on the level of demand per day which will definitely increase as time goes on.

#### **3.8 Production Process**

Ice block are prepared with the use of pans and a refrigerator. Clean water is poured into the ice block making machine and are set for freezing which is done by the freezer. With a constant supply of power by the power plant, it gets frozen quick enough and is set for delivery.

## CHAPTER FOUR

### 4.0 MARKETING ANALYSIS AND SUMMIT

#### 4.1 Market Segmentation

Here, I will segment the company into three departments which follows:

- a. The production unit that produces the ice block under the supervision of the production manager.
- b. The sale unit in charge of sale and distribution under the supervision of the sales manager.
- c. The technical unit in charge of supervising, monitoring and servicing the equipment under the supervision of the technical manager.

#### 4.2 Market Means and Dynamics

Painstaking effort will be taken to ensure product's uniqueness and dynamics. I intend making sure the ice blocks are well frozen and well packaged to prevent melting before delivery. The main competitive edge we intend using over our competitors will be unique packing and swift delivery.

#### 4.3 Product Supply Analysis

For me to distribute my product effectively around Yelwa and environs, I will have deposits in the different marketable parts of the town. I would bring to the notice of my customers, vendors, event planners, restaurants e.t.c., the availability of a cooling van that will enhance the supply and delivery of my products to them in time.



## **CHAPTER FIVE**

### **5.0 Market Plan**

#### **5.1 Production Strategy**

For promotion, priceless ice block business shall make available free water supply for people within and around the company premises and make use of radio giggle to create awareness. We shall also make use of price penetration strategy.

For distribution, I will start by giving incentives to customers and door step delivery with my cooling vans to customers that order in large quantity.

I shall ensure that demand requirements of our clients are met timely. I shall also compensate for any melted ice block. This will help maintain the good will of firm with the customers thereby enhancing sustainability and growth

The business will have diverse sizes of the product which will be offering a wide range of choice to customers. My company will be prepared in such a way that it will serve the needs of my target customers, making it their number one choice.

## CHAPTER SIX

### 6.0 ORGANISATION AND MANAGEMENT

#### 6.1 Organization Structure

- Production manager
- Marketing manager
- Technical manager
- Staff

#### 6.2 Shareholders and Directors

The major shareholder in this business is Mbah Merit

#### 6.3 External Support

Priceless ice block business is discussing with Bauchi Small and Medium Enterprise (SME) center to offer some financial and management services. Also, Priceless Block will access support on technical issues from Samsung House where the proprietor intends to acquire gadgets.

#### 6.4 Personnel Plan

This basic personnel plan is myself with the employment of ten other hands

POSITIONS	NUMBER OF STAFF	PER MONTH	PER ANNUM
Myself	1	80,000	960,000
Production Manager	1	10,000	120,000
Marketing Manager	1	10,000	120,000
Technical Manager	1	10,000	120,000
Staff	7	6,000	72,000
<b>TOTAL</b>			<b>1,392,000</b>

**NB: Personnel salaries for the subsequent years will increase as our profit margin increases.**

#### 6.5 Firm's value and Norms

The value and norms of my company include the following:

- To do my business within the limit of government regulations (legal requirement).
- To satisfy my customers.
- To produce quality products and.
- To carry out my social responsibility to the community.

## **CHAPTER SEVEN**

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

#### **7.1 Legal Issues**

This enterprise plan to commence commercial operation as a cooperative firm. It will be registered with the corporate affair commission (CAC) Bauchi State and Small Medium Enterprise (SME). This will confer a legal status on the company.

#### **7.2 Regulatory Issues**

This business will abide by all regulation guiding all operations in the field regarding product quality.

#### **7.3 Social and Economic Issues**

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

- I. It will create new jobs.
- II. It will reduce rate of dehydration.
- III. It will enhance poverty alleviation.

## CHAPTER EIGHT

### 8.0 FINANCIAL PLAN

#### 8.1 Summary of Project Cost

This project will be executed with the total sum of ₦6,000,000 only. Broken down, ₦3,400,000 fixed capitals and ₦2,600,000 working capital.

##### 8.1.1 Fixed capital

ITEMS	AMOUNT N
Rent of 1 year	450,000
Generator and borehole	900,000
Cooling van	1,500,000
Ice block machine	400,000
Freezer	50,000
Furniture fitting	50,000
Electrical fitting	50,000
Packaging materials	50,000
<b>TOTAL</b>	<b>3,400,000</b>

##### 8.1.2 WORKING CAPITAL

ITEMS	AMOUNT (#)
Salaries	1,392,000
Nylon	20,000
Receipt paper	20,000
Electricity bills	50,000
Administrative expenses	50,000
Transportation and others	60,000
<b>TOTAL</b>	<b>1,592,000</b>

#### 8.2 Funding Plan

To finance the required investment outlay, from my personal savings #4,000,000 while #2,000,000 will be borrowed from bank making it total of #6,000,000

SOURCE	AMOUNT (#)
Personal savings	4,000,000
Bank loan	2,000,000
<b>TOTAL</b>	<b>6,000,000</b>

### 8.3 Fund Requirement

The fund requirement for this project is #2,000,000 since am providing #4,000,000 into the business

#### 8.3.1 Interest and loan repayment schedule (10%)

YEAR	PRINCIPAL	LOAN REPAYMENT	INTEREST ON LOAN 10%	TOTAL PAYMENT	LOAN BALANCE
First	2,000,000	1,000,000	200,000	1,200,000	1,000,000
Second	1,000,000	1,000,000	200,000	1,200,000	1,000,000

#### 8.3.2 Depreciation Account

Knowing fully that most assets will tend to depreciate in quality as time goes on, we will plan towards their regular as stated in our working plan and eventually replaced as our profit increases.

#### 8.4 Projected Income Statement (assuming 10% growth rate)

ITEM	YEAR 1	YEAR 2	YEAR 3
<b>TURNOVER</b>	<b>7,200,000</b>	<b>8,000,000</b>	<b>8,900,000</b>

#### 8.5 Operating Expenses

RENT(3Years)	450,000	450,000	450,000
Salaries	1,392,000	1,500,000	2,000,000
Materials	50,000	65,000	75,000
Bills	50,000	80,000	95,000
Depreciation	30,000	30,000	30,000
Total Operating Expenses	1,522,000	1,675,000	2,200,000
Net Operating Profit	4,350,000	6,000,000	65,000,000

#### 8.6 Projected Cash flows statement.

Inflows	Year 1	Year 2	Year 3
Owner's Capital	1,000,000	-	-
Bank Loan	2,000,000	-	1,000,000
Revenue	3,000,000	3,400,000	2,708,040
Total Cash Flow	6,000,000	3,400,000	3,950,000

Outflow	Year 1	Year 2	Year 3
Machinery	200,000	-	-
Fixed cost Year1	-	-	-
Depreciation	50,000	-	-
Interest	50,000	28,333.4	88,334.6
Operating expenses	2,224,000	2,436,400	2,708,040
Loan repayment	166,666	166,666	166,667

Total outflow	2,690,666	2,631,399.4	2,963,041.6
Net cash flow	3,309,334	768,600.6	986,958.4
Opening cash balance	-	3,309,334	4,077,934.6
Closing cash balance	3,309,334	4,077,934.6	5,064,0893

### 8.7 Protected balance sheet

	Year 1	Year 2	Year 3
Capital employed			
Less depreciation			700,000
Fixed asset less depreciation			150,000
Cash at hand or in bank			550,000
Prepayment			5,064,893
Total current asset			-
Less creditors			5,064,893
Net current asset			-
Net asset			5,614,893
Finance by owner's capital			2,500,00
Retained profit			5,064,893
Owner's fund			5,614,893

### 8.8 Profitability analysis

Item	Year1	Year2	Year3
Return on owner's capital	31.04%	38.52%	49.68%
Return on total investment	25.87%	32.1%	41.4%

## CHAPTER NINE

### 9.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY

#### 9.1 Risk analysis and mitigates

I have the risk analysis for the venture to identify the imminent risk associated with it. After identifying the risk, I generated measures to reduce the negative effect of the risk on the business.

Identified risks	Measures
Power outage	Standby power plant.
Water scarcity	Bore hole.
Competitors	Use of competitive and persuasive advertising, delivery and packaging.
Fire outbreak	Provision of fire extinguisher.
Initial law demand	Use of price strategy and good customers relations.
Transportation issues	Use of sound cooling van for swift delivery.
Labour migration	Use of relevant motivational tools and care for the employees.

#### 9.2 SWOT Analysis

**Strength:** The ability to satisfy customer's needs. Use of clean waters for our production, unlike that of our competitors.

**Weakness:** Inability to meet up with daily target and irregularity of profit rate.

**Opportunity:** there are great opportunity in the region . The presence of extreme hot climate and lack of stable power supply hence the need of my product widens the opportunity i have in the region.

**Threat:** some of the threats of ICE BLOCK BUSINESS include the following

- Competitors from similar business.
- Extreme cold season.
- Few available labors at the initial stage.

#### 9.3 Contingency plan

In case of any contingency in the first few months after the business has taken off, I will use the following procedures

- Broaden distribution horizon.
- Aggressive advertising.
- Increase incentives to customers.
- Improve strong customer relationship and
- Effective customer care and retention.

#### EXIT STRATEGIES

No exit is planned, rather diversification will be pursued.

## **CHAPTER TEN**

### **10.0 OTHER CONSIDERATIONS AND CONCLUSIONS**

#### **10.1 Economic justification**

From all research, projected and findings analyzed, this project offers a good economic benefits to the cooperative owner. It will also help improve the economy by creating more job opportunities. It will create employment, wealth, aid poverty alleviation, youth empowerment and aid satisfaction. All these benefits are in requirement for the economic growth and development.

#### **10.2 Commercial viability**

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

#### **10.3 Conclusion and Recommendation**

From the point of view of the analysis, the proposed project is found to be technically feasible, financially viable and economically desirable. Therefore, the project offers good investment benefits. I therefore highly recommend it both for funding, investment and implement.