

**UNIVERSITY OF NIGERIA,  
NSUKKA.**

**FACULTY OF ARTS**

**A BUSINESS PLAN**

**SUBMITTED IN PARTIAL FUFILMENT OF THE  
COURSE CODE: CED 342 (BUSINESS  
DEVELOPMENT & MANAGEMENT)**

**BUSINESS NAME:**

**GRACIOUS POULTRY FARMING**

**BY**

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## **1. Executive Summary**

Gracious poultry is a farm focused on egg production that provides for a large market range. It also produces manure as a by-product. It is based in Isu, Ebonyi State. The founder created a business to meet the increased demand for eggs. We also plan to create utmost satisfaction for our customers. The founder also wants to use this business as a means of creating employment within the community it is based in and to contribute to the economy of the state. This is a one-man business that plans on distributing eggs to restaurants, hotels, schools, bakery and catering businesses and supermarkets. We also plan on doing this at very affordable prices. We will also distribute manure to farmers that are into crop production.

Not only do we offer products, but we offer services as well. We plan on providing home delivery services to customers who order a certain amount of products. This offer will mostly be used by the section of our target market that uses eggs in large quantities like schools and bakeries.

520 chickens would be optimum for the initial operation of the business. Production site is in Isu, plenty open space, cheap labor, road connection, water availability and immediate access to markets like Nkwo market. Revenue for this will be gotten from owner's savings and bank loan. Investment in this business shall be allocated to the following purposes: buying chickens, building pen house, building feed store, hiring the experts and other miscellaneous tasks. Fifty percent gross margin is expected within 6 months of its operations withholding the chances of any accidental or unexpected incidence and we hope to obtain the breakeven point within 2 years.

We have considered the risks, financial, health and technology wisely.

The business requires an investment of N991,000 to be executed.

The profitable measures are as shown below.

	Year 1	Year 2	Year 3
Turnover	2,568,000	3,957,000	4,457,000
Profit Before Int& Tax	1,316,000	1,492,900	1,627,800
Profit After Tax	1,296,000	1,437,300	1,446,700
Return on sales	N/A	35.2%	48.6%
Return on equity	N/A	109.3%	100.7%
Return on Investment	N/A	59.52%	98.34%

## 2. Company Description

Gracious poultry is a small scale poultry farm. The purpose of the establishment is to raise layers for the sole purpose of egg production. The population of Ebonyi state as the target market. The firm is an entirely new firm. The firm will be established at the backyard of the manager.

**Vision Statement:** the business is aimed at producing nutritious eggs, generate employment and create wealth for investors. Within the space of two years the farm would have had an extension for the production of broiler meat and the sale of frozen chicken.

**Mission statement:** at required periods and intervals the birds will be vaccinated and will be diligently taken care of by making sure that their feeds are always available. Also their environments, drinkers and feeders will always be kept clean.

### Ownership:

The business will be owned and managed by one man. Since it is a small scale poultry of 520 layers, there will only be two employees: a cleaner and someone else who would feed, vaccinate the birds and pick the eggs.

**Location and Facilities:** the farm is located at 9, Uchennastreet, off Nkwo, Isu, Ebonyi State. This location is chosen because it is the point where people from neighbouring villages come

to buy and sell. Also, it is very close to the Local government Headquarters. In the same area, their feeds can be gotten without having to go so far.

**Products/Services:** for a start, the farm will be producing chicken eggs that will be gotten from layers to our target market. We plan to take pride in the uncompromising quality of our products. We also offer fertilizer in form of chicken manure. This is mostly used in vegetable farming and as an ingredient for feed in fish farming. Gracious poultry shall produce high quality, contaminant-free eggs to satisfy the taste of our beloved costumers. The products shall be distributed into a number of distributors - supermarkets, public markets, bakeries, restaurants and in the company's own retail space for easy access for marketing agents and consumers. In brief our products are;Eggs and manure. Our future product will be on the supply of live chicken as well as dressed chicken on demand and also to open a cold room outlet for the sale of frozen chicken.

### **Production Plan**

The firm will be a commercial poultry farm therefore it will require a full time labour and geared toward producing on a scale for the sale of egg.

Birds usually starts to lay at around five month (20-21 weeks) of age and continue to lay for 12 month (52 weeks) on average, laying fewer egg as they reach the moulting period.

We are starting with POL (point-of-lay), these are birds in their fourteen to twenty weeks of Age,(birds often start dropping their first egg from 22weeks to 24weeks of age). Advantage of acquiring Point Of Lay birds is the reduced risk. Prices of POL at press time ranges from N1,300 to N1,500/bird. In budgeting for feeding, a bag cost about N4,500today and could feed 100birds for 3 days. 500 birds could generate N120,000/month. At the end of the 54 to 72weeks of lay, the spent layers would be sold for nearly the equivalent amount with which the POL is purchased.

The system of production will be via deep litter system. Here hens are confined in a house with floor space of 8 to 10 birds/m<sup>2</sup> to ensure free movement. The floor will be covered with a 5cm to 10cm deep litter of grain husks (maize or rice), straw, wood shavings or a similarly absorbent (but non-toxic) materials. That's why there is sawdust in the budget. After old litter has been removed out of the house, the floor will be cleaned and disinfected.

**Business Strategy:** Gracious poultry will strive for the production of products with the highest quality and we plan on employing the following strategies. Our location puts us in proximity of restaurant, schools and home deliver food centers we will be supplying to. We would also make contracts with hawkers in markets to sell our eggs. We would also make contracts with retail shops for constant supply of eggs at intervals.

### **Pricing and Promotion strategy**

The price for a crate of eggs ranges from N1000 to N1300. The price of a wheelbarrow of manure costs about N500. As we compete with other poultries, we will promote our products through advertisements with the aid of streamers and pamphlets

**Key Success Factor:** the location is the key success factor to the business in that it is very accessible to customers and as well has a large market.

### **3. Market**

**Market Size:** virtually everybody consume egg, so we are targeting the whole market which include: individuals, homes and firms that use eggs in large quantities. The demand for poultry (egg) is ever increasing. It is one business that the opportunity for growth ever remains large. Continuous exploitation and expansion will be the status of the industry for a long time. There are few people in the state already carrying out this business though on a

very small scale. The demand for egg has been fully satisfied that is why we have scarcity of it in some area. Some of the eggs consume in Ebonyi state come from Enugu state. There is high demand for that for that for both domestic and industrial uses.

### **Target Market**

Naturally, the target market of those who are the end consumer of commercial poultry farm produce and also those who benefits from the business value chain of the poultry farming is all encompassing; it is far – reaching. They include

- Households
- Individuals
- Hotels
- Restaurants
- Fast food eateries
- Agriculture merchants

The geographic location of the business is a suburban area. Notwithstanding, the area has a large population of potential buyers.

### **Competitors**

Competition is not so keen in the markets, however it still exists. The reasons are;

Poultry market is not crowded; it is a seller's market. Most poultry produce are sold through informal channels. Competition is usually found within local products and imported ones.

Competitors include those who sell meat and fish as well as the seasonal sellers.

### **Competitive Edge**

Our strength over the competitors is firstly based on the fact that we are not entering this business to make much money. We are entering this industry to solve the present problem that our population is facing. With the knowledge that people may not always have all the time to come and make purchases we will always deliver their demands at their door steps on demand for home delivery.

### **Demand and Supply Analysis**

It has been observed that there is a very large market with little supply of egg in Isu, Ebonyi State. Such markets include: households, individual, schools, restaurants, eateries as well as the Local Government Headquarters.

### **Marketing and sales plan:**

For the fact that the business is starting on a small scale, the marketing plan will be mainly through words of mouth. This will have to do with going to households, schools, eateries and retail shops to inform them on the availability of egg. Also bills will be pasted at strategic places informing the populace about the new business. The awareness will start at the commencement before the purchase of the point-of-lays.

## **4. Financial Plan**

### **Required Start-up Assets**

<b>S/n</b>	<b>Items</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Amount</b>
1	Pen House	1	45,000	45,000
2	Store	1	25,000	25,000
3	Charcoal stove	5	2,000	10,000
4	Manual drinker	20	1,000	20,000



5	Feeder	12	2,500	30,000
6	Rake	2	1,200	2,400
7	Electricity	---	---	10,600
8	Point-of-lay	520	1400	624,000
	Total			871,000

### Working Capital Projection

Working Capital Item	Year 0 (Wk 1)	Year 2	Year 3	Year 4
Stoke of feeds, vaccination	80,000	4,160,000	4,576,00	4,992,000
Provisionfor utilities and other expenses	20,000	240,000	264,000	300,000
Salary/wages	20,000	360,000	396,000	432,000
Working Capital	120,000	4,760,000	5,236,000	5,724,000
Increase/Decrease in Cash		4,690,000	476,000	488,000

### Total Start-up Capital Required

Capital item	Amount
Machinery, equipment and others	767,000
Working capital required	120,000
Total	991,000

### Sources of start-up capital

1 Holder's equity-----491,000

2 Loan from bank-----500,000

### Depreciation Schedule

Item	Initial value	Scrap value	Life span	Depreciation value
Pen house	45,000	30,000	5	3,000
Feed store	25,000	15,000	5	2,000
Charcoal stove	10,000	Nil	5	2,000
Manual drinker	20,000	Nil	5	4,000
Feeder	30,000	Nil	5	6,000
Rake	2,400	Nil	2	1,200
Electricity	10,600	Nil	2	5,300
Total				23,500

### Loan and interest repayment schedule

Year	Loan	Repayment	Interest	Loan balance
1	500,000	Nil	20,000	500,000
2	500,000	300,000	41,000	200,00
3	200,000	200,000	20,400	Nil

### Cash flow projection

Particulars	Year 0	Year 1	Year 2	Year 3
Cash in:				
Equity	491,000			
Bank loan	500,000			
Net profits		1,272,500	1,413,800	1,423,200
Depreciation		23,000	23,000	23,000
Total cash in (A)	991,000	1,295,500	1,437,300	1,446,700
Cash out:				
Equipments and others	871,000			
Working capital	120,000			
Increase in cash		4,640,000	476,000	488,000
Loan principal repayment			300,000	200,000
Total cash out (B)	991,000	4,640,000	976,000	688,000
Net cash flow (A-B)	991,000	4,640,000	976,000	688,000
Opening cash balance			4,325,000	456,000
Closing cash balance		2,435,000	4,342,000	4,321,000

### SWOT ANALYSIS

SWOT stands for strength, weakness, opportunities and threats and we have made an analysis in each case.

#### Strength

- Produce high quality eggs enriched with protein
- Relatively good infrastructure systems
- Good marketing system
- Constant availability of eggs
- In this area, the poultry business hasn't been over-exploited
- Poultry are environmentally friendly

#### Weakness

- Capital intensive. Starting a poultry business requires a large capital funding.
- Outbreak of disease can ruin entire business in a go
- The smell can be quite disturbing

### **Opportunities**

- Expansion into large scale production of broiler meat and by products(fertilizer and detergent)
- Export to neighbouring towns
- A large and successful poultry will ensure food security

### **Threats**

- More competition
- Avian diseases
- High feed ingredients prices

### **Exit Strategy**

No exit is planned, rather diversification will be pursued.