

**UNIVERSITY OF NIGERIA,
NSUKKA
FACULTY OF THE SOCIAL SCIENCES**

**DEPARTMENT OF PUBLIC ADMINISTRATION AND
LOCAL GOVERNMENT**

**TOPIC:
BUSINESS PLAN FOR ESTABLISHMENT
OF COMPUTER BUSINESS CENTER
(CYBER CAFÉ)**

**A BUSINESS PLAN
SUBMITTED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF THE COURSE: CEDR 342
(BUSINESS MANAGEMENT AND DEVELOPMENT)**

BY

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CHAPTER ONE

1.0 EXECUTIVE SUMMARY

The following reports and recommendations relate to the proposal by Finkolt Business Centre to establish communication and computer service centre.

The proposed business will be fully implemented with an investment of N587,500 (five hundred and eighty seven thousand, five hundred naira) made up of N100,000 in working capital and N400,000 in fixed capital.

The centre's vision is to be the most leading Business centre rendering computers services and training, focusing on South-East Nigeria as our market base.

The proposed project will be located at 9th mile in Enugu state because of the high population density at 9th mile metropolis.

A ready market exists for the services of the centre as there is currently few Business Centre in the whole of 9th Mile based on survey.

The financial projections show a good level of liquidity and stability. The projected turn over in year 1 (3 months) is at N444,860 increasing to N1,379,440 and N1,677,384 in year 2 and year 3 respectively.

The funding requirement is 500,000 as the promoters have already committed N87, 500 to the project.

The competitive edge the center has is its centralized location within 9th mile metropolis.

The profitability indicators as extracted from the projections embodied in this plan are as follows:

	Year 1	Year 2	Year 3
	3month		
	s		
Turnover Profit (N “000)	444,860	1,379,440	1,677,384
Operating profit (N’000)	277,538	573,860	806,705
% Return on sales	62.39%	41.61%	48.09%
% Return on Equity	227.54%	573.86%	806.71%
% Return on total investment	37.92%	95.64%	134.45%

From the point of view of the analysis of our findings the proposed project is found to be technically feasible, financially viable and economically desirable. The project offers good

investment benefits. We therefore highly recommend the project for funding and implementation.

CHAPTER TWO

BACKGROUND

Introduction

The planned Business Centre is the result of strong industry and needs assessment studies undertaken within the south-east of Nigeria by the promoters of this project. My studies showed that there are just few organized Business Centre in the zone. My needs assessment studies also showed that all organizations using computer services for their businesses only have access to computer services in their offices. My finding also showed that all the Banks, schools, most international agencies, several states and federal agencies, use computer services.

2.1 The Vision of Finkolt business centres is simple

It is “to be the most leading Business centre rendering computer services in South-East Nigeria.

2.2 Mission

Our mission is to render computer services, using cutting edge technologies and well motivated personnel that ensure customer satisfaction, leading to the enhancement of promoter’s value.

2.3 Ownership of the centre

Finkolt Business Centre shall commence business as a partnership business and shall be owned by Ayogu Rosemary, Boniface Marvelous, Essienette Inibehe, Ugwuoke Maureen, Nzeakor Ugochukwu.

2.4 Legal Status

The name of this business Centre shall be Finkolt Business Centre. This business name has already been registered with the corporate affairs commission and the certificate or registration is as attached in the appendix.

2.5 Location and Facilities

Finkolt Computer Centre shall be located in 9th Mile Ngwo, Enugu state. What informed the choice of this location includes:

- Easy accessibility and high visibility
- Regular power supply
- Aesthetic beauty of the environment that should appeal to any customers.
- Security consciousness

These qualities are consistent with the goals of Finkolt Business Centre.

FACILITIES

The facilities of the business shall be: rented building, tables, chairs, computers, generator, machineries and other essential items.

2.6 Product/Services

Finkolt Business Centre will provide computer and photocopy services in the following areas.

- Routine computer and photocopy services
- Major repairs
- Training of computer operators
- Machine repair services

2.7 Business Strategy

As an entrepreneur trained under CBN/EDC training programme at Enugu, we have to ‘think big by starting small’ in order to grow and expand our service line. For initial market penetration, we shall use

- a. Price penetration strategy to achieve healthy market share;
- b. We shall also employ a good customer care principle;
- c. We shall seek to achieve a good customer relationship through customers satisfaction and retention.

2.8 Key Success Factors

The key success factors from Finkolt Computer Centre are:

- The creation of unique, innovative, integrated Business Centre, the first of its kind in south-east Nigeria.
- The deployment of highly skilled and well motivated hands with strong customer care orientation.
- Strong technical support from computer services
- Strong management support form Enugu SME Centre

2.9 Revenue Base

The Centre's revenue bases are as follows:

- Computer and photocopy service charges
- Sale of spare parts
- Computer training fees
- Sales of handbooks produced by the centre

This revenue model is expected to give the business a strong sustainability and profitability profile.

CHAPTER THREE

MARKETING AND CLIENTS

3.1 Nature and Size

The nature and size of the market for computer service in Enugu state and its environs is a large one. It is ever-growing to accommodate oncoming entrepreneurs. There is a wide gap between the supply and demand of the service; hence we seek to move in to help fill the gap.

3.2 Target Customers

I have grouped our target customers into three categories

- a. Corporate organizations, Banks, Schools and International Agencies
- b. High profile individuals who have brand new computers and desire quality computers service and computer maintenance.
- c. General users of computer, photocopier, laminating machines and other accessories, not limited to computer alone.

3.3 Services Delivery

Computer services business nationwide is a thriving business. The players are both structured and organized computer service firms as well as the unstructured and unorganized computer technicians. Finkolt Business Centre is entering the structured and organized market as it is thought out to render innovative world-class communication services focused on computer technology.

3.4 Quality Assurance

The desire for profitability will not overshadow our focus on quality services. To ensure customer retention, beside customers care, the Centre will ensure that each job goes through quality assurance processes before it leaves the Centre.

3.5 Demand/Supply Analysis

The demand for computer and photocopy services has risen from our finding as a result of the economic realities of the nation. Individuals and corporate users of computers are embracing the maintenance culture as the replacement costs of new computers

or even fairly used ones are on the increase. However, most corporate and individuals users of new computers prefer a more organized and structured service outfit with reliable source of spare parts. My findings show that such outfits are seen mainly in Lagos, Abuja and Benin, but not in the South-East States. Finkolt Business Centre is entering the computers services industry to fill this gap and take a competitive advantage.

3.6 Technology

Finkolt Business Centre, with an eye on the computer services market in the South East Nigeria, has invested heavily on high technology facilities for computer services with N100,000. Two sets of computer system will accessories and laminating machine have also been acquired.

3.7 Competitive Edge

Finkolt Business Centre will position itself as a leading Computer services centre in the south east. The winning edge for the centre is the acquisition of highly sophisticated facilities, innovative and corporate customers care culture that will appeal to our high profile individuals and corporate clients. This will pitch

the firm at a vantage position against the artisan computer technicians who in most cases, lack decorum, customers care and operate in customers unfriendly environment.

CHAPTER FOUR

Marketing plan

- The main competitors in the computer services segment in the South East are the few experienced but unstructured self-employed manual and electronic typist as well as quasi printers who contract all manner of computer services without limiting themselves to a particular communication channel. These competitors who spread all over the cities in south east will not be a threat to Finkolt Business Centre for the following reasons.
- They lack the customized facilities/equipment for computer services
- They do not have easy access to genuine computer spare parts.
- They operate in customer unfriendly environment

Finkolt Business Centre will exploit these weaknesses of the competitors to control the computer services market in the South East.

4.1 Promotion Strategy

Finkolt Centre will adopt an aggressive awareness creation and sensitization programme with our target market, Banks, Multinational organization, International Agencies, Business enterprises, Government establishment, ministries and Agencies, Radio, Television and Print Media will be put to good and positive use. The centre will implement a good strategy in order to build customers awareness and demand.

4.2 Alliances

Our major alliance in business shall be our mentor who gave us advise from his wealth of experience in the business. Also CBN/EDC training centre expertise shall constantly be solicited for. This will contribute in nurturing the business towards, profitability and growth.

4.3 Market Positioning

Finkolt Business Centre will position itself as the prime mover and market leader in computer servicing in South-East. The centre will create a peculiar leading edge profile for itself. This we will aim to achieve through provision of quality service coupled with an effective customers care.

4.4 Service Delivery Strategy

We shall seek to exceed customer expectation through a compliant free service line. We shall also form strong customer bonds through effective customer relationship management (CRM). This will increase customer value, satisfaction and retention.

4.5 SWOT Analysis

To ensure a thorough analysis of this project we have subjected it to a SWOT analysis.

4.6 Strengths

- Finkolt Business Centre is the prime-mover in the structured computer services in the South-East.
- The customized and high-tech equipment of the centre is deploying.
- Centrality of the location to the prospective clients from the south-East

The centre will build on therefore stated strengths.

4.7 Weaknesses

- Computer trainees and users are used to patronizing road side computers technicians.
- The promoters have no rich experience in computer technology

The Centre intends to address these weaknesses through hiring skilled and experienced hands as well as building the technical exposure of the management.

4.8 Opportunities

- There is currently no organized Business centre at 9th Mile in the south east.
- The Centre can diversity in future into distribution of computer systems and accessories in the south-east. The centre hopes to exploit these opportunities.

4.9 Threats

- Increased competition due to the entry of more computer services providers
- Initiate low demands
- Change in technology

To check these threats, the centre will launch out, at start up aggressive awareness and sensitization programme to create huge demand; emphasize continuous high quality services customer care and innovative practice, to retain client and grow the market trend.

CHAPTER FIVE

ORGANIZATION AND MANAGEMENT

5.1 Organizational structure



5.2 Shareholders Directors

Finkolt Business Centre is a sole proprietorship business.

5.3 Management Team

My management comprises the owner-managing director, one Acc/Admin Officer, One office Assistant and one Maintenance Officer.

5.4 External Support

Finkolt Business Centre is discussing with Entrepreneurship Development Centre (EDC) in conjunction with CBN to offer over some years strong management and business support services to the Centre.

5.5 Personal Plan

Besides the machine service Engineer, who will have the overall maintenance role, the centre will hire highly experienced computer technicians. They will also expose to computer service standard practices through pre-take-off training. Our personnel plan is as follows:

Position	No	N per month	N per annum
Managing Director	1	25,000	300,000
Accountant/Admin Officer	1	15,000	180,000
Machine service Engineer	1	15,000	180,000
Office Assistant	1	10,000	120,000
Total			780,000

5.6 Value and Norms of the Company

To ensure strong market output and the spirit of building a world class service outfit with an appealing image. Finkolt Business Centre shall adopt the following values and norms.

- To strive to do the best for the benefit of my client
- To uphold my integrity always
- To see my employees as my most valuable assets
- To be always available to my clients
- To bring value to my income
- To strive to do my business within the ambits of the federal, state and local government laws.

PART SIX

LEGAL REGULATOR, SOCIAL AND ENVIRONMENTAL ISSUE

6.1 Legal Issues

Finkolt Business Centre is a sole proprietorship. The investor chose this type of business because it is the most essential business. It has already been registered with corporate affairs commission. The business we are about to do is legally approved.

6.2 Regulatory Issues

The Center will comply with all relevant industrial safety regulatory requirements. Safety screen will be attached to all the computer monitors to protect the eyes of the computer users. Fire extinguishers will be strategically installed in the centre to forestall fire hazard.

6.3 Social Issues

The implementation of the project will bring social and economic benefits to the state in the following ways:

- New job will be created

- It will build the technical, managerial and social skills of the management
- It will advance wealth creation and poverty alleviation in line with the Millennium Development Goal (MDGs), the National Economic empowerment and development strategy (NEED) as well as the state economic empowerment and development strategy (SEEDS)

6.4 Environmental

Business Centre is environmental friendly as no threatening wastes shall be generated. The customized equipment and facilities to be deployed as the centre will be kept neat as refuse disposal bins and an incinerator are made available. All wastes papers will be assembled and sold to toilet tissues producers as raw materials.

CHAPTER SEVEN

FINANCIAL PLAN FOR FINKOLTBUSINESS CENTRE

7.1 Project Cost

The total cost of the project is estimated at N587,500. This is made of N400,000 in fixed capital and N187,500 in working capital.

Break down of fixed capital

Description	Cost
Office Block	N60,000.00
EQUIPMENTS	
2 sets of computer system	N82,000.00
1 SHARP al 1217 Photocopier	N100,000.00
1 laminating machine	N30,000.00
1 computer printer	N22,000.00
Office furniture/equipment	N35,000.00
Summe firemen Spg 6599e	N60,000.00
Generator	
Spiral binding machine	N11,000.00

BREAK DOWN OF WORKING CAPITAL

Description	Quantity	Amount
Stock of Toner ink and cartridge	1 each	24,000
Flash drive (N2,500 each)	10	25,000

CD Rome @1100 per pack	10	11,000
Laminating film I.D @ N300 per pack	20	6,000
Laminating film A4 @ 1000 per pack	10	10,000
Stock of paper @ N550	20	11,000
Spiral binding rings @ N1,000 per pack	5	5,000
Rims of card board sheet @ N2,000 per pack	4	8,000
Total		N100,000

7.2 Financing Plan

The total project cost estimated at N587,500 is proposed to be financed as follows:

Source	Equity (N)	Bank Loan (N)	Total (N)
Proprietors	N87,500	-	87,500
Bank loan	-	500,000	500,000
Total	85,500	500,000	587,000

7.3 Funding Requirement

The Bank loan of N500, 000 and the proprietor's outlay of 87,500 constitute the fund required to get the project fully implemented.

7.4 Projected Income Statement

In the first year of operation, the turnover estimated at N444,860 is only for 3 months. The income statement for the three years is based on conservative considerations. The income model is based on the three expected income streams: computer and photocopy service charges, margin on spare parts and training fees form computer trainees.

Operating Expenses

It is estimated that operating expenses will increase by 10% annually.

7.5 Depreciation Schedules

Asset	Initial value	Scrap value	Depreciation value	Life span
Computer system	82,000	10,000	72,000	4 years
Photocopier	100,000	20,000	80,000	5 years
Laminating machine	30,000	Nil	30,000	5 years
Computer printer	22,000	2,000	20,000	5 years
Furniture/equity	35,000	Nil	35,000	7 years
Spiral binding machine	11,000	1,000	10,000	5 years
Generator	60,000	20,000	40,000	4 years

7.6 Profitability Analysis

The estimated and projections for the first three years of profit and loss account are summarized hereunder.

	Year 1 3months	Year 2	Year 3
Net profit	277,538	573,860	806,705
% Return on sales	62.39%	41.61%	48.09%
% Return on Equity	227.54	573.86%	806.71%

	%		
% Return on total investment	37.92%	95.64%	134.45%

7.7 Finkolt Cash Flow Statements

	Year 0 (N)	Year 1 (N)	Year 2 (N)	Year 3 (N)
A. CASH INFLOS				
Equity	87,500	-	-	-
Bank Loan	500,000	-	-	-
Revenue	-	44,860.00	1,379,40.0 0	1,677,384.0 0
Total cash in flows	N587,500	444,860.00	1,379,40.0 0	1,677,384.0 0
B. Cash out flows				
Asset Acquisition	487,500.00			
Working capital	100.000.00			
Depreciation	-	17,322.00	55,580.00	90.679.00
Staff salaries and wages	-	150,000.00	600,000.00	600,000.00
Operating costs	-	50,000.00	100,000.00	145,000.00
Interest on loan	-	50,000.00	40,000.00	15,000.00

Loan payment	-	-	200,000.00	300,000.00
Total cash out flow	587,500.00	267,322.00	995,580.00	1,165,79.00
Net cash flow	-	117,538.00	383,860.00	511,705.00
Opening cash flow	-		117,588.00	501,398.00
Closing cash balance	-	117,538.00	501,389.00	1,013,103.00

7.8 Projected Balance Sheet

CAPITAL EMPLOYED	Year 0 (N)	Year 1 (N)	Year 2 (N)	Year 3 (N)
Fixed Assets				
Equity machine and others	487,500	487,500	487,500	487,500
Loss depreciation	-	67,300	134,600	201,900
Net Book value	487,500	420,200	352,900	285,600
Current Assets	-	-	-	-
Cash at hand/bank	-	117,538	501,398	1,013,103
Working capital	100,000	-	-	-
Less current liabilities	-	-	-	-
Loan repayment	-	-	200,000	300,000
Net current assets	-	117,538	301,398	713,103
Total asset	587,500	537,738	654,298	998,703
FINANCED BY				
Owners capital	87,500	87,500	87,500	87,500
Returned profit	-	49,762	366,798	611,203
Total owner fund	87,500	37,738	454,298	698,703
Loan	500,000	500,000	200,000	300,000
Total finances	578,500	537,738	654,298	998,703

7.9 Break-Even Analysis for year 1

	Fixed cost	Variable cost
Salaries and allowance	150,000	-
Utilities	-	40,000

Advert and publicity	20,000	-
Maintenance	20,000	-
Insurance	10,000	-
Admin expenses	30,000	
Financed charge	50,000	-
Depreciation	17,322	-
Rent	60,000	-
Audit and accounting fee	10,000	-
Total	367,322	40,000

Sales N444,860

Break-Even Point (BEP)

FC

1-VC

S

= 367,322

= 1-40,000

444,860

= 367,322

1-0.09

= 367,322

0.91

= 403,651.

The project will break even at the sales point N403, 651

CHAPTER EIGHT

8.1 Risk analysis, contingency plan and exit strategy

8.2 Risk Analysis

The project has been subjected to risk analysis and inherent risk identified. Appropriate litigants have been put in place to avoid the business being disrupted.

s/n	Identified risk	Litigants
1.	Power outage	Sumec Firman SPpg6500e Generator will be produced
2.	Inadequate starting	A multiple revenue model has been adopted
3.	Poor access to computer parts	This has been checked as the Centre is entering into an arrangement for direct spare sourcing form major computer importers in Nigeria.
4.	Competition	Continuous high quality services innovation, customers-care and comely environment.

8.3 Exit Strategy

The promoters of the project do not plan to take exit from the venture rather diversification strategy will be pursued.

However, the Centre management will endeavour to service the bank loan and make repayment of the loan promptly so as to avoid friction with the lender.

CHAPTER NINE

OTHER CONSIDERATION, CONCLUSION/RECOMMENDATION

9.1 Economic Justification

From the point of view of our study and analysis of the findings herein stated, the project offers good benefits to computer industry, encourages maintenance culture and creates wealth and job. It is consistent with the Federal and Enugu state Government Policy on entrepreneurship wealth and creation.

9.2 Commercial Viability

The commercial viability of the project needs no over emphasis. We have found the project to be commercially viable. Having shown through the projections, a conservative but impressive turnover, profit line and cash flows are recorded.

9.3 Conclusion/Recommendation

From the point of view of our study and analysis of our finding, the proposed project is found to be technically feasible, commercially viable and economically desirable.

We have therefore no hesitation in recommending the proposed project for funding and implementation.