

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF ARTS

DEPARTMENT OF MASS COMMUNICATION

TOPIC:

BUSINESS PROPOSAL FOR A CASHEW NUT

PRODUCTION

AN ASSIGNMENT

SUBMITTED IN PARTIAL FULFILMENT IN

REQUIREMENT OF THE COURSE (BUSINESS

DEVELOPMENT AND MANAGEMENT) CED 342

BY

NJOKU, ISRAEL KELECHUKWU

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LECTURER:

DR. MRS. C.T. NWAOGA

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CHAPTER ONE

1.0 EXECUTIVE SUMMARY

- 1.1 The following report and recommendations relate to the proposal by LUMINAR FOODS to establish roasted cashew nuts snack production company at Amaechi Enugu, Nigeria.
- 1.2 The project would require a start-up of N50 million. This is made up of a fixed capital of N35 million and a working capital of N15 million.
- 1.3 The enterprise has a vision to be the number one roasted cashew nut producing snack.
- 1.4 The project will be located at Enugu because of its easy access to cashew nut producing farm around Enugu and Ebonyi state as well as a very attractive potential market in the over 2 million inhabitants of both Enugu town and its fringes.
- 1.5 A huge market is available for the business to serve.
- 1.6 The financial projections show that the project would be financially stable and liquid over the time it matures. The sales figures stand at N95 million after three years. Also the profit after anex, N2560 million, N30 million, N35 million for year 1, year 2 and year 3 respectively.
- 1.7 The competitive edge of the enterprise lies in its very innovative offering of roasted cashew and nuts in variant flavours of chocolate, vanilla and milk Coast that are crunchy, as well as nicely packaged unlike those hawked around.

1.8 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. Thus, the project offers good investment benefits, and is therefore highly recommended for implementation.

	Year 1	Year 2	Year 3
Turnover	23,000,000	28, 000,000	33,000,000
Profit before interest and tax	20,000,000	40,000,000	55,000,000
Profit after Tax	17,000,000	32,000,000	40,000,000
Return on sales	N/A	42.04%	55. 2%
Return on equity	N/A	99.2%	82%
Return on Investments	N/A	88.99%	102%

CHAPTER TWO

2.0 INTRODUCTION

This business plan relates to the planned roasted cashew nut snack which is a result of strong industry, and like demand assessment studies undertaken in South Eastern zone of Nigeria, especially Enugu by the promoters of this project. The studies assessed demand for fruit and vegetables processed snacks such as plantain and potatoe chips, fruit drinks and other liked products and discovered the existence of very high demand.

The sale of hawked and poorly packaged and branded plantain chips is particularly high its very unsafe preparation methods. We are going to enter the market as a healthier, better packaged and better alternative to stuffs they hawk on trays.

2.1 VISION

To capture the market in the nearest future and establish Lumin Cashnuts as the leading brand in the country.

2.2 MISSION

To produce quality roasted cashew nuts snack of varying flavours.

2.3 KEY SUCCESS FACTORS

- The innovative and standardised packaging of the cashew nut snack that assures a healthier alternative.
- The never-been-seen before addition of flavours to give our customers a new and exciting experience out of roasted cashew nuts.
- An affordable snack.

2.4 OWNERSHIP

The business is a partnership between Njoku Israel and Chidiebere Njoku.

2.5 INHERENT RISKS

- The difficulty in meeting up with the huge financial outlays needed in setting up the project.
- The project will likely bring about some new entrants as competitors.
- The difficulty in creating visibility awareness and demand for the product.

2.6 LOCATIONAL FACTOR:

The business is located at Amaechi Enugu because:

- It is close to our source of cashew nut in Enugu and Ebonyi state.
- It is close to a very large market in Enugu metropolis
- Availability of road networks
- Availability of cheap labour

2.7 AVAILABILITY OF MARKET

The potential market for the product is incredibly large based on studies like products. We have estimated the potential demand for the product at around N2,000, 000.

CHAPTER THREE

3.0 PRODUCTS

Luminar foods will provide the following products:

- Luminar chocolate cashew nut
- Luminar Vanilla flavoured cashew nut
- Luminar Milk Coated Cashew Nut

3.1 PRODUCT DESCRIPTION

Luminar Chocolate Cashew Nut

A crispy and crunchy roasted cashew nut product that is coated in mesmerising chocolate

Luminar Vanilla

A variant, but with vanilla coating

Luminar Milk Coated Cashew Nut

Another variant coated with milk.

3.2 PRODUCTION AND COSTING

The roasted cashew nuts snacks are produced through the following process. The cashew nuts are roasted and granulated and then sent to a machine that coats the nuts with the requisite flavour and then it is taken to a snack pack that packages them in beautiful pouches.

3.3 MARKET DEMAND

The company is located at Enugu which has a huge potential market given its larger population.

3.4 PROJECTED ANNUAL DEMAND FOR LUMINAR CASHNUTS IN ENUGU AND ITS ENVIRONS

Based on forecasts and information gotten from consumption and demand for like food as earlier stated, the projected yearly demand stands at around 700,000pieces of the product.

S/N	Years	Annual Growth Rate	Projected Demand
1	Base year (2018)	0.7%	600,000
2.	2019	0.8%	605,000
3.	2020	0.9%	700,000
4.	2021	0.9%	700,000
	Total		700,000
	Average	0.8%	

Projected annual demand for Luminar Cashnuts in Enugu and its environs.

The projected annual average demand for the product in Enugu and its environs is about 700,000. It is expected that this level of demand will subsist for the next years.

CHAPTER FOUR

4.0 MARKET ANALYSIS

Lumin cashew nut has an existing business opportunity since they exist in a huge market for the product in Enugu.

4.1 CUSTOMERS / MARKET SEGMENTATION

- Wholesalers around Enugu
- Large retail shops and supermarkets
- Individual buyers

CHAPTER FIVE

5.0 MARKETING PLAN

There's almost no local competition as the only roasted cashew nuts snacks available are those produced outside the country, and this are not widely available. The plan is to steadily establish a market that would make us market leaders before any competition sets in giving us a very important head start and competitive edge.

5.1 PROMOTION STRATEGY

Luminar cashew nut will embark on an aggressive awareness campaign to establish visibility and awareness for the product. We will run mainly print and broadcast commercials as well as road show awareness around Enugu where we would distribute samples of the product free.

5.2 MARKETING STRATEGY

The product will hope to break the market first by entering it at a very affordable but profitable price.

5.3 MARKET POSITIONING

Luminar cashew nut will position itself as the healthier, more attractive and tasteful alternative to the locally made hawked around roasted cashew nuts.

5.4 PROJECTED SALES

Number of Years	Sales from vanilla cashew nut	Sales from chocolate flavoured cashew nut	Sales from milk coated cashew nut	Total Sales
Year 1	7,000,000	8,000,000	6,000,000	N 20,000,000
Year 2	10,000,000	10,000,000	10,000,000	N30,

				000,000
Year 3	13,000,000	17,000,000	10,000,000	N40, 000,000

CHAPTER SIX

TECHNICAL ANALYSIS, MANAGEMENT AND ORGANIZATION

6.0 TECHNICAL ANALYSIS

An analysis of operations.

6.1 SCHEDULE OF OPERATION

The production factory is stocked up with about 500,000 tones monthly of cashew nuts. These nuts are roasted and peeled at the granulator. It is then coated with the requisite flavour (vanilla, chocolate, milk) and packaged with beautiful pouches.

6.2 MANAGEMENT AND ORGANIZATION

6.2.1 OWNER/MANAGERS

Luminar cashew nut is produced by Luminar Foods which are partners owned by both Njoku Israel and Chidiebere Njoku.

To help in management, some other good hands would be hired. The plan is that the hired hands complements the efforts of the owners.

Table 7 shows the staff and management compliments at the production house

S/N	Positions	No. Of Staff	Annual Salary Per Staff (N)	Total
1.	Owners	2	10 million	20,000,000
2.	Managers	10	1 million	10, 000,000
3.	Factory Workers	300	600,000	15,.000,000
4.	Delivery/Salesmen	12	20,000	2,000,000

5.	Account Dept	4	416,000	5,000,00.
6.	Security Men	7	142,800	1, 000,000
	Fringe Benefits			2,000,000

CHAPTER SEVEN

LEGAL, ENVIRONMENTAL, SOCIAL AND REGULATORY ISSUES

7.0 LEGAL ISSUES

Lumin cashew nut plans to commence commercial operation as a partnership. As such it is just enough to register our business under The Corporate Affairs Commission.

7.1 ENVIRONMENTAL ISSUES

The business will try as much as possible to properly dispose of refuse and control noise generated from the factory.

7.2 SOCIAL ISSUES

The implementation of the project will bring about 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

7.3 REGULATORY ISSUES

The production factory will comply with all environmental regulations as well as all relevant industrial safety regulatory requirements.

CHAPTER EIGHT

8.0 RISK ANALYSIS AND MITIGANTS

This project has been subjected to risks analysis and some inherent risks identified and appropriate mitigants proffered to avoid the business being disrupted

	Risks	Mitigants
1	Entrants of competitor	Fast paced establishment of leading position and market leadership before entrants of competition.
2	Inadequate Start Up Demand	Aggressive promotion and advertising campaign.

8.1 SWOT ANALYSIS

A SWOT analysis carried out on the project reveals the following:

8.1.1 Strengths

- ✓ Easy access to raw materials
- ✓ Availability of nice potential market
- ✓ Competitive head start

8.1.2 Weaknesses

- ✓ Initial problems of raising adequate capital for the project anticipated
- ✓ Limited experience in the owners

8.1.3 Opportunities

- ✓ A wide market outside Enugu that could be exploited in time.

8.1.4 Threats

- ✓ Increased local competition
- ✓ Competition from imported foreign brands

CHAPTER NINE

9.1 SUMMARY OF PROJECT COST

The total cost of the project is N50, 000,000 with N35, 000,000 in fixed capital and N15, 000,000 in working capital.

9.2 FIXED CAPITAL INVESTMENTS

The production factory is located at Amaechi Enugu on a land of ten standard plots of 120x90. The site is motorable all year round.

9.3 UTILITIES

The production house is to be supplied all year round by water, as well as generator, in case of power failure in the country.

CHAPTER TEN

10.1 OTHER CONSIDERATIONS AND CONCLUSIONS

There are various considerations to be considered. It also offers conclusions.

10.2 ECONOMIC JUSTIFICATIONS

From the view point of our study and analysis of the findings made, the project offers good benefits to the promoter and the economy. Wealth will be created even as jobs are also created.

These are consistent with the federal and states governments policy on entrepreneurship, wealth and job creation.