

***UNIVERSITY OF NIGERIA, NSUKKA***

**FACULTY OF SOCIAL SCIENCES**

**DEPARTMENT OF POLITICAL SCIENCE**

**TOPIC**

**BUSINESS PLAN**

**(Trestle Creek Cabinets)**

**PRESENTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE  
COURSE: CEDR 342 (ENTREPRENEURSHIP II)**

**BY**

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**2014/194548**

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**JULY, 2017.**

**PART I**

## **1.0 Executive Summary**

- 1.1 The following report recommendation relate to the proposal by Trestle Creek Cabinets to establish an enterprises as Ogige Market at Nsukka in Enugu State, Nigeria.
- 1.2 The project would required a start-up capital of ₦1,148,000, made up of ₦48,000 fixed assets and ₦1,100,000 for working capital.
- 1.3 The enterprises vision is to be a cabinet company specializing in custom cabinets for the high-end residential, resort, and commercial market in Nigeria, Enugu State, particular in Nsukka.
- 1.4 The project will be located at Nsukka Daily Market because, most people are looking to erect buildings.
- 1.5 A huge Ogige Market is available for the business to serve.
- 1.6 The financial projections show that the project would be financially stable and liquid by the time it matures. The sales figures and cash flow position is equally good and encouraging from the very first month through the fifth month.
- 1.7 The Competitive edge of the enterprise lies in its ability to use promotions, effective advertising medium and bonanza to its customers. Also supply of quality goods with subsidized prices.

1.8 The profitability measures are as shown below:

	<b>1st month</b>	<b>2nd months</b>	<b>3rd months</b>	<b>4th months</b>	<b>5th months</b>
Profit tax	147,150	126,965	208,530	84,690	121,140
% return on turnover	N/A	37.05%	46.14%	32.04%	40.44%
% return on equity	102.15%	93.50%	99.25%	46.73%	72.08%
% return on investment	N/A	54.68%	66.72%	52.46%	50.24%

From the point of view of the analysis of my 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.

## **PART II**

### **2.0 INTRODUCTION**

The planned marketing enterprise is the result of the needs assessment studies and observations undertaken in Enugu, particularly Nsukka by me (Nwodoh Chukwuka). This studies and observations reveals that a lot of people are ready and willing to erect buildings. So as a result of the new structures that are

begin erected on daily basics; this enterprise is then dim fit to be established din Nsukka.

## **2.1 Vision of the Enterprise**

- To be a top cabinet supplier to luxury homes in the regional market.

## **2.2 Mission**

- To have a showroom within 3 months in a prominent retail space.

## **2.3 Key Success Factors**

- My knowledge of entrepreneurship
- Existence of reliable, open and well positioned Ogige Market

## **2.4 Inherent Risks**

- a. There is currently the same business which would act as a competitor, this is normal with this enterprise.
- b. This competitor may attract other customers
- c. The plans to use reliable strategies to checkmate this identified and unforeseeing competitors.

## **2.5 Business Ownership**

Trestle Creek Cabinets will operate under the umbrella of Trestle Creek, Inc., a construction company sharing staff, office space, and administration costs.

## **2.6 Locational Factors**

The marketing of machine parts enterprises is located at Nsukka. What prompted to the choices of this location are:

- a. Accessible Ogige Market in Nsukka
- b. Existence of good road network for easy important

## **2.7 Available Market**

Results from survey shows most people are looking to erect buildings.

## **PART III**

### **3.0 Products**

Trestle Creek Cabinets is a new company that will provide expertise and quality in the cabinet supplier market while meeting the demanding organizational, scheduling, and quality needs of architects, owners, and construction professionals.

### **3.1 Product Description**

Our product is essentially made with two main components.

1. The boxes and shelves will be ordered from two different suppliers (Cab Parts, Scheers), and will be delivered in kitset form. They can be finished with custom veneers.

The doors, panels, and drawer fronts will come from four different suppliers: Bergmeyer Manufacturing, Homestead Woods, Decore, and Southwest Door Company. We will have 4-6 custom designs, with unlimited different custom finishes, available from Bergmeyer Manufacturing. The other suppliers will provide their stock products

### 3.2 Costing

The costing of these products of cabinets' part is built on (i) importation and supply.

**Importation:** These various cabinets parts will imported from the manufacturing/products in Japan, China and Germany.

**Table 1:** Cost of various parts, quantity and total amount body parts

S/N	Type of Parts	Quantity needed per month	Total (₦)
1	boxes	1,000	800,000
2	shelves	20	300,000

**Supply:** The goods will be supplied regularly to the public. This is related to the importation trend in that when the level of demand increases, the supply increases and the rate of importation increase as well.

### 3.3 Projected Annual Demand of Parts by Motorcyclist

Our sales strategy is to make ourselves known through mailings, print advertising, and personal contact to architects and contractors who are primarily involved with the design/construction of commercial development and luxury homes.

## PART IV

### 4.0 Market, Customers and Competitors

#### 4.1 Market Analysis

Trestle Creek Cabinets will be focusing on architects, owners, and contractors in the regional area who are involved in high-end residential, resort, and commercial development segments.

#### **4.2 Customers/Market Segmentation**

Teton County, Idaho has great potential as three new resort developments, Teton Springs Golf & Fishing Club, Grand Targhee Resort Expansion, and Teton Country Club, come on line.

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### **PART V**

#### **5.0 Marketing Plan**

Trestle Creek Cabinets will be focusing on contacting contractors and architects that deal with the luxury home market. Making ourselves known to these entities will generate some strong leads, along with getting personal recommendations to the home owners.

There are plans to upgrade office space to a showroom in a high visibility location. This will give us exposure to new home builders that are looking for our product.

##### **. 5.1 Promotion Strategy**

Trestle Creek Cabinets planed to grant bounaza to my customers according to the level of patronization

**5.2 Market Strategy**  
Trestle Creek Cabinets will be focusing on architects, owners, and contractors in the regional area who are involved in high-end residential, resort, and commercial development segments.

. Therefore supply will be consistency. The enterprise will also trade with discount to move the market faster. There are also plans to distribute Almanacs to her

numerous customers. This will help to show case the nature of the product, and increase the popularity.

### **5.3 Market Positioning**

Trestle Creek Cabinets can provide high volume work, superior project management, and excellent quality while maintaining a low overhead.

## **PART VI**

### **6.0 Technical Analysis, Management and Organization**

#### **6.1 Technical Analysis**

For every business, is either one lose or gain, and marketing of motorcycle parts is a business that is not seasonal, it either move faster at some time or slower. However, Trestle Creek Cabinets has planned its schedule of operations in such a way as to contain those challenges of fluctuation.

#### **6.2 Schedule Operations**

This marking business has to do with connecting the manufacturers of these parts of boxes and shelves to the final users. As the quality products of the parts needed by the users are produced with subsidized prices.

The products are strong, with fire resistances, bullet resistance, long life span, and colourful. Therefore, as the customer needs the authenticity of these



products, so they will buy them. Also, these products, will be brought to the market for easy access by the customers.

### **6.3 Management and Organization**

Trestle Creek Cabinets is a sole proprietorship. Martin Kribs, President, has 20 years of construction experience, from general contracting, construction management, and having his own cabinet business.

Brent Palmer, V. President, has three years of construction experience and spent the last six years in management within the hospitality industry.

As the company grows, we will take on an administration/showroom assistant.

**Table 2: Management and Employer Compliments**

<b>S/N</b>	<b>Positions</b>	<b>No. of Staff</b>	<b>Annual salary per staff</b>	<b>Total (₦)</b>
1	Proprietor	1	480,000	480,000
2	Carpenters	1	120,000	120,000

### **6.4 External Support**

Teton County, Wyoming and Idaho are experiencing steady growth in the high-end residential markets and there is a general consensus of continued growth in the area. Taking part in this growth, while providing attention to the design development, ordering process, project management, and installation will put us on the road to success.

### **6.5 Value and Norms of the Enterprises**

Trestle Creek Cabinets plans to adopt the following norms and values:

- a. To offer the best quality for the benefit of her customer
- b. To uphold her integrity always
- c. To see her employees as her most valuable assets

- d. To operate her business following the federal, state and local government laws.

## **PART II**

### **7.0 Legal, Environmental, Social and Regulatory Issues**

#### **7.1 Legal Issues**

Trestle Creek Cabinets plan to commence commercial operations as a sole proprietorship. This is enough to register the business name with the appropriate department at the local government headquarters. However, every attempt will be made to get all necessary permit and licenses.

#### **7.2. Environmental**

Marketing of cabinets has no major environmental challenges that affect it and it will not constitute any environmental threat to the Nsukka community.

#### **7.3 Social**

The existence of this enterprise will bring social and economic benefit to the society in the following:

- i. Provision of job to the sales boy
- ii. It will bring about wealth creation
- iii. It will cause poverty reduction

## 7.4 Regulatory

The enterprise will comply with all the association regulations as well as all relevant environmental safety regulatory requirements.

## PART VIII

### 8.0 Risk Analysis

This enterprise has been subjected to risk analysis and some inherent risks identified and appropriate measures preferred to avoid the business being disrupted.

**Table 3:** Identified Risks and Control Measures

<b>Identified Risks</b>	<b>Control Measures</b>
Inadequate start-up demand	Aggressive promotion and advertising campaigns
Possibility of fire outbreak	Provision of fire extinguishers

### 8.1 SWOT Analysis

A SWOT analysis carried out on the project reveals the following

#### 8.1.1 SWOT Strengths

- The location of the enterprise makes it to have easy access to its targeted customers
- The quality and authenticity of the products will increase its market strength
- The enterprise has very good plans to many expansion as a result of increase in customers patronage

- The enterprise will build on these strength

### **8.1.2 Weaknesses**

- Problems of raising adequate capital for the start-up of the enterprise
- limited experience and expertise of the proprietor
- The enterprise will have to depend on the external expertise for its management in terms of sales boy.

These weaknesses will be contained by the enterprise by proper entrepreneur training to the proprietor and the sales boy

### **8.1.3 Opportunities**

- The business is opened to many customers
- As there few dealers of cabinets; the business will have many customers that will patronize it.

### **8.1.4 Threats**

- Customers may not easily switch to this start-up abandoning the already existing ones.
- This above effect may lead to low initial demand.
- To checkmate these threats, the enterprise will mount overwhelming awareness campaigns and other promotions to ensure continuity.

## **8.2 Exist Strategy**

No exist, instead plans for expansions will be made and pursued.

## **PART IX**

### **9.0 Enterprise Financial**

#### **9.1 Summary of Project Cost**

**The total cost of the project is ₦ 1,148,000. This is made up of ₦ 48,000 in fixed capital and ₦ 1,100,000 in working capital.**

#### **9.2 Fixed Capital Investments**

**Trestle Creek Cabinets is located at Ogige Market in Nsukka. A shop is rented within the market at the rate of ₦ 4,000 per month and ₦ 48,000 per a year.**

#### **9.3 Working Capital**

**This is a start-up business. This business plan is just for one year before any further expansion. Therefore, to start the business, the total working capital is ₦ 1,100,000**

#### **9.4 Total Required outlay (required start-up capital)**

**Table 4: Below shows the total investment outlay required to execute the project**

**Table 4: Total start-up capital required**

<b>S/N</b>	<b>Capital items</b>	<b>Amount (₦ )</b>
<b>1</b>	<b>Rent/light and others</b>	<b>48,000</b>
<b>2</b>	<b>Working capital requirement</b>	<b>1,100,000</b>
	<b>Total</b>	<b>1,148,000</b>

To finance the required investment outlay, the owner/proprietor plans to raise an equity capital of ₦500,000 while ₦648,000 will be borrowed from the bank.

**Table 5: Financing Plan**

<b>Source</b>	<b>Amount (₦ )</b>
Equity contribution	500,000
Bank loan	648,000
<b>Total</b>	<b>1,148,000</b>

## 9.6 Loan Repayment Schedule

Loan repayment schedule and interest paid. It is expected that the loan would attract an interest of 5% and that funds are available to pay monthly interest as well scheduled repayment of the principal amount.

Month	Loan ₦	Repayment ₦	Interest ₦	Loan balance
1	648,000	Nil	32,400	648,000
2	648,000	150,000	32,400	498,000
3	498,000	200,000	24,900	298,000
4	298,000	200,000	14,900	98,000
5	98,000	98,000	4,900	0

Note that a month moratorium period is required on loan, since sales start at the very beginning of the year (i.e 1st month), therefore the interest

would be paid starting from the 1st month, while loan repayment starts/commences b the second months.

## 9.7 Depreciation

The cabinets does depreciate. But there is also some form of fluctuations in prices as a result of new inventions and innovation of cabinets

**Table 7:** Annual depreciation schedule

Assets items	Cost ₦	Scrap value ₦	Lifespan ₦	Amount ₦
Cabinets	800,000	15,000	8 years	81,250
Order Sample	300,000	80,000	8 years	27,500
Doors				

## 9.8 Forecast of Profit and Loss

Particulars	1st month ₦	2 <sup>nd</sup> month ₦	3 <sup>rd</sup> month ₦	4 <sup>th</sup> month ₦	5th month ₦
Expected sales	950,000	985,000	990,000	1,050,000	1,100,000
Less 1% discount	950	9,850	9,900	10,500	11,000
Net sales	949,050	975,150	980,100	1,039,500	1,089,000
Expenses					
Rent/light	4,500	4,500	4,500	4,500	4,500
Operations	15,000	20,000	24,000	26,000	30,000
Others expenses	700,000	740,000	645,000	850,000	865,000
Salaries and wages	50,000	50,000	50,000	50,000	50,000
Total expenses	769,500	814,500	723,500	930,500	949,500
Profit before Int & Tax	179,550	160,650	256,600	109,000	139,500
Less interest	32,400	32,400	24,900	14,900	4,900
Profit before Tax	147,150	128,250	231,700	94,100	134,600

Less 10% Tax	Nil	12,825	23,170	9,410	13,460
Profit after Tax	147,150	126,965	208,530	84,690	121,140
Less depreciation	54,000	54,000	54,000	54,000	54,000
Net Profit	93,150	72,965	154,530	30,690	67,140
Retained earnings	93,150	72,965	154,530	30,690	67,140
Dividend	Nil	Nil	50,000	Nil	Nil

## 9.9 Cash Flow Projection

<b>Cash in:</b>	1st month ₦	2 <sup>nd</sup> month ₦	3 <sup>rd</sup> month ₦	4 <sup>th</sup> month ₦	5th month ₦
Equity	500,000	-			
Bank loan	648,000	-			
Net profit	93,150	72,965	154,530	30,690	67,140
Depreciation	54,000	54,000	54,000	54,000	54,000
<b>Total cash in:</b>	1,189,150	18,965	100,530	23,310	13,140
Cash out					
Rent/light	48,000				
Working capital	1,100,000				
Increase/decrease in cash					
Loan repayment	Nil	150,000	200,000	200,000	98,000
<b>Total cash out</b>	1,148,000	150,000	200,000	200,000	98,000

## 10.1 Financial Analysis

The project starts at the very first month of establishment and even by that time the sales for the month stood at ₦950,00. By the end of the year, which include the rest of the eleven months there will be an increase in the sales.

## 10.2 Profitability analysis

Relevant key profitability ratios for the first five months are shown below

	1st month ₦	2 <sup>nd</sup> month ₦	3 <sup>rd</sup> month ₦	4 <sup>th</sup> month ₦	5 <sup>th</sup> month ₦



Profit after Tax	147,150	126,965	208,530	84,690	121,140
% return on turnover	N/A	37.05	46.14	32.04	40.44
% return on equity	102.15	93.50	99.24	46.73	72.08
% return on investment	N/A	54.68	66.72	52.46	50.24

## **11.0 Other Considerations and Conclusion**

### **11.1 Economic Justification**

From the view point of our study and analysis of the findings made the project offers good benefits to the promoters, and the economy; jobs and wealth will be created. These are consistent with the federal, states and government policy on entrepreneurship, wealth and job creation.

### **11.2 Commercial Viability**

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

### **11.3 Conclusion**

Therefore, the project is highly recommended both finding and implementation.

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