

# **DE WARRIOR FOODS NIG. LTD**

**25, ONITSHA-OTUOCHA ROAD, NKWELLE-EZUNAKA, ANAMBRA STATE**

**ONUkwUE WALTER NKEMAKONAM 07089781126**

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## **1.0 Executive Summary**

### **1.1 Name of business:**

De Warrior Food Nig. Ltd

### **1.2 Legal form of business:**

De warrior foods Nig. Ltd is a sole proprietor business that is on the process of registration with the Corporate Affairs Commission (CAC).

### **1.3 Contact address:**

**25, ONITSHA-OTUOCHA ROAD, NKWELLE-EZUNAKA, ANAMBRA STATE**

Telephone: 07089781166. Email: [dewarriorfoods@yahoo.com](mailto:dewarriorfoods@yahoo.com)

### **1.4 Type of business:**

This is a sole proprietorship business.

### **1.5 Description of business:**

De warrior foods Nig. Ltd is a company that produces and sells custard powder. Custard is a type of food that is consumed as a dessert all around the globe and it is easy to produce and prepare. The main ingredient for producing custard is corn; hence it is highly rich in carbohydrate. The fact that corn is consumed all over the world makes it easier for people to consume custard. Research has shown that custard production is one of the best forms of businesses to do that could stand the test of time under the food industry.

In the hierarchy of human needs, food has always been the number one need. Humans would first seek to solve the problem of hunger before they think of solving other needs. Custard is a stable food that you are likely going to find in the kitchen of an average family in your neighborhood. It is affordable and it is consumed by both the rich and the poor. So therefore, the market for custard is not limited to a section of the community.

### **1.16 Job opportunities:**

It will create 10 jobs directly.

### 1.17 Start-up capital:

It would require a start-up capital of N3, 949, 000 comprising of fixed asset of N2,409,000 working capital of N540,000, and others which amount to N1,000,000.

Table 1

A	Fixed capital	N60,050
B	Working capital	N50,000
C	Others	N100,000

Total-N210,50

### 1.8 Source of capital:

The capital will be sourced as follows

Table 2

A	Owners capital	N50,000
B	Grant	N160,50
	<b>TOTAL</b>	<b>N210,50</b>

### 1.9 Profitability:

The business has the ability of raising above N30 million profits from the third year.



## **2.0 GENERAL INTRODUCTION**

### **2.1 Background**

### **2.2 Vision Statement**

To be a household name in custard powder production.

### **2.3 Mission Statement**

To produce quality and nutritious custard powder suitable for every one's consumption.

### **2.4 The Company**

De Warrior Foods Nig. Ltd is a new business and it is in the process of being registered.

### **2.5 Services Offered**

We produce and sell custard powder.

### **2.6 Legal form and ownership of business**

The business is a sole proprietorship business that is in the process of being registered.

The main promoter which is also the owner of the company is;

ONUKWUE WALTER NKEMAKONAM	-----	100%
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### **2.7 Location of the business**

The business headquarters would be located at 25 Onitsha- Otuocha road, Nkwllle-Ezunaka, Anambra state. It is strategically positioned in Nkwelle-Ezunaka at the center of the town where there is access to road and raw materials for the production. Due to the location of the company's business premises, the business would experience great sales, since it is located at a strategic place where it could access the market easily.

The location has a challenge which is; insecurity experienced in the city, and thus, poses a danger to the growth of the business.

We choose the location despite the challenge because of the great number of customers we would have access to it.

## **2.8 Industry Trend and Analysis**

The industry is a growing business that has an all year demand for custard powder mostly for breakfast. This means that the industry is such that is not seasonal with great potential for sales and generation of income for the business owner and his workers as well.

## **2.9 Business Strategy**

To ensure we remain in business, we would always use cheap price, quality service and good customer relations as our business strategy to attract and keep our customers.

## **2.10 Key success factors**

Our key success factors include; experience workers, easy access to raw material, good location, and highly competitive price.

## PART III

### The Market

#### 3.0 Target Market

The main targeted markets for now are all supermarkets, hotels, restaurants and markets in Onitsha, Nsugbe, Awka, Aguleri, Asaba and other parts of the south eastern states. The size of the market is large, because it comprises of people from all works of life found in different location. The market is bound to increase because of the growing population of people and the demand for custard.

#### 3.1 Sales and market share analysis

The market has the potential of offering us opportunity to sell larger quantity more than 20,000 per year. For now we can control 10 to 15% of the market.

#### 3.2 Competitive Advantages

De warrior food Nig. ltd enjoys some measures of competitive advantages which are:  
The location of our business is very strategic hence gives us great advantage over our competitors since customers will access us easily. The cheaper price we present to our customers is also an added advantage.

Our good customer relations are also an added advantage.

#### 3.3 SWOT Analysis

STRENGTHS	WEAKNESSES
<p>The great experiences of our workers.</p> <p>The ability to increase our services in order to meet demand.</p> <p>The location of our company which makes it easy to be accessed.</p> <p>Our cheaper price is also an edge over our competitors.</p>	<p>The location of the business which makes us to pay much tax.</p>

OPPORTUNITIES	THREATS
Ability to expand to great limit, since so many people in Nigeria consume custards.	Insecurity. Fluctuating prices of fuel that might increase cost of operation.

### 3.4 Demand and supply analysis and Estimating the initial installed capacity

Details	Size (numbers)
Potential demand to be served	<b>30,000</b>
Less 30% existing competitors	<b>21,000</b>
<b>Available market (in the absence of expansion and very high entry wall)</b>	<b>120,000</b>
Less 10% due to possible expansion of existing competitors and entrant of new ones.	<b>108,000</b>
<b>Available market</b>	<b>300,000</b>
Less 5% due to error in estimation	<b>285,000</b>
<b>Available demand/qualified market/ demand supply gap</b>	<b>126,800</b>
<b>Initial installed capacity cat most 60% of available demand (served market)</b>	



## PART IV

### **4.0 Marketing Plan**

#### **4.1 Market segmentation**

Custard powder production belongs to the manufacturing segment of the economy. The location of the business was done in relation to where production could be cheap.

#### **4.2 Target market**

The main targeted markets for now are all supermarkets, bars, hotels, restaurants and markets in Onitsha, Nkwelle-ezunaka, Awka, Nsugbe, Aguleri, Asaba and other parts of the south eastern states.

But with time, we seek to extend our reach to cities in Nigeria

#### **4.3 Marketing Plan Price**

Consumers are willing to pay highest N1,380, average of N1,280 and lowest of N300 for our various packs.

Our competitors' prices ranges from highest of N1,400, an average of N1,300 and the lowest of N350.

This gives us advantage over our competitors because they charge higher than what we are charging. So, we would be able to command great patronage because of our price.

#### **4.4 Market positioning strategy**

The firm has not gained more ground in the market. So with good advert and price, we seek to gain more position in the near future.

#### **4.5 marketing mix implementation tools**

From time to time we would announce our services on the radio, promote it through the internet, do personal selling and carry out periodic sales promotion.

#### **4.6 Channel of distribution**

Customers will either deal directly with us or get our products from authorized distributors.

#### **4.7 Start-up promotion**

For start up promotion, we would print banners and posters.

#### **4.8 Alliances**

The alliance we would enjoy from friends, customers and marketers would help us enjoy increase in our customer base.

#### **4.9 Marketing calendar and Budget**

For every year, we would print calendar, notebooks that is customized, banners and posters. We would carry out announcement in radio and television. All these will cost us average of N50,000 per year.

## **PART V**

### **5.0 Production Plan**

#### **5.1 The Project**

Custard powder is produced for the purpose of providing quality meal for consumption. Custard is consumed as a dessert by majority of people especially in Nigeria due to its easy preparation nature. But the demand for custard had always been far greater than the supply over the years. Not just only that; there had also been need for the supply of healthy and nutritious custard powder. This project came up to address this issues and help to provide solutions.

It is a small scale business and not capital intensive business.

#### **5.2 Production Process**

Raw materials like corn flour, flavor, milk, eggs, preservatives etc are mixed using the various equipment/machine by our experience work, packaged and sealed in different containers and distributed to our customers for either sales or consumption

#### **5.3 The Production flow chart**

Acquiring of raw materials -----production of the custard -----distributions of packaged custard powder.

## PART VI

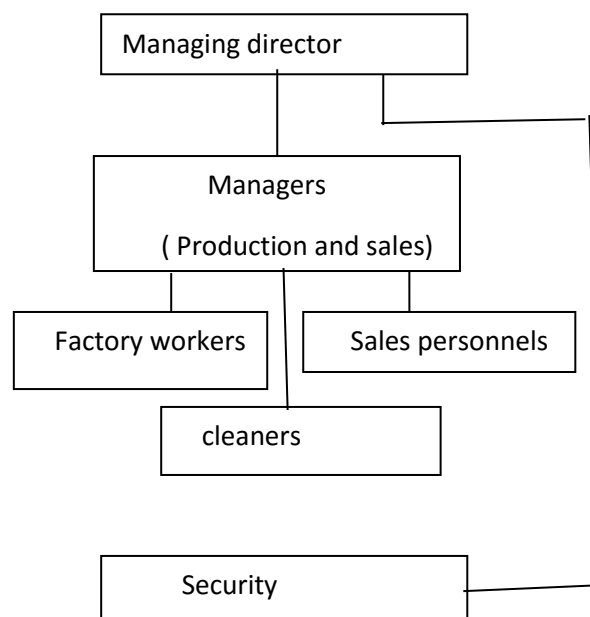
### 6.1 Management and Organizational structure

The main promoter, WALTER NKEMAKONAM ONUKWUE is the owner of the company and will manage the affairs of the factory. Mr . Walter Onukwue will use his vocational training in industrial manufacturing and financial management experience in running the company.

### 6.2 Our future management needs.

The company would currently employ 10 persons, and would increase its number of staff to over 15 persons after 5 years of operation.

### 6.3 Organizational structure



### 6.4 The personnel plan

S/N	POSITION	NO. OF STAFF	SALARY PER STAFF PER MONTH	TOTAL ANNUAL SALARY
1.	Managers	2	N50,000	N1,200,000
2.	Factory workers	5	N20,000	N1,200,000
3.	Sales personnel	1	N20,000	N240,000
4.	Cleaner	1	N15,000	N180,000
5.	Security	1	N20,000	N240,000

### 6.5 Organization's values and norms

Integrity, faithfulness, truth, faithfulness and diligence.

## PART VII

### **7.0 Legal, regulatory, social, and environmental issues**

#### **7.1 Legal Issues**

There are no legal issues for now.

#### **7.2 Regulatory and environmental issues**

The service is not regulated, but on the process of registration with corporate affairs commission. The company does not create any environmental hazard as all wastes will be properly disposed.

## PART VIII

### 8.0 Financials

#### 8.1 Equipments

S/N	INVESTMENT	QTY	UNIT COST (N)	TOTAL COST (N)
1.	Land	5 acres	160,000	800,000
2	NAFDAC registration		30,000	30,000
3	Bus	1	450,000	450,000
4.	EQUIPMENTS			
	i) mixer	3	1,300	2,600
	ii) weighing machine	1	650	650
	iii) filling and packaging machine	1	1,800	1,800
	iv) table	6	500	3,000
	v) generator	1	52,000	52,000
	<b>TOTAL INVESTMENT</b>			<b>134,0050</b>

#### 8.2 Sales Plan

PRODUCT/SERVICES	YEAR 1	YEAR 2	YEAR 3
Product/ Service Quantity	500	1,200	2500
Sales per unit	N30,000	N30,000	N28,000
<b>TOTAL</b>	<b>5,000,000</b>	<b>6,000,000</b>	<b>9,000,000</b>

### 8.3 Start Up Capital Needed

S/N	ITEM OF EXPENDITURE	AMOUNT (N)
1.	Fixed asset investment (equipment and machines)	60,050
2.	Working capital	50,000
3.	Pre-operating expenditures	100,000
	<b>TOTAL</b>	210,50

### 8.4 Financing Plan

S/N	SOURCES OF FUND	AMOUNT (N)
1.	Owners capital	50,000
2.	Grant	160,50
	<b>TOTAL</b>	210,50

### 8.5 Schedule of Depreciation

S/N	ITEM OF DEPRECIATION	INITIAL VALUATION	SCRAP VALUATION	LIFE SPAN	DEPRECIATION
1.	Generator	52,000	12,000	10 years	5,000
2.	Mixing machine	2,600	2,000	5 years	950
3.	Weighing machine	650	400	5 years	150
4.	Filling and packaging machine	1,800	1,600	3 years	850
5.	Table	3,000	2,500	3 years	1,000
6	Bus	450,000	300,000	10	150,000



				years	
					N157,950

### 8.6 Final Accounts projection

<b>PARTICULARS</b>	<b>YEAR 1, AMOUNT (N)</b>	<b>YEAR 2, AMOUNT (N)</b>	<b>YEAR 3, AMOUNT (N)</b>
<b>SALES</b>	<b>6,000,000</b>	<b>7,000,000</b>	<b>9,000,000</b>
<b>OTHERS</b>	-----	-----	-----
<b>NET SALES</b>	<b>6,000,000</b>	<b>7,000,000</b>	<b>9,000,000</b>
<b>LESS EXPENSES:</b>			
<b>SALARIES</b>	<b>3,060000</b>	<b>3,060000</b>	<b>3,060000</b>
<b>FUELLING</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>TELEPHONE</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>
<b>ELECTRICITY</b>	<b>38,400</b>	<b>38,400</b>	<b>38,400</b>
<b>ADVERTISING</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>EQUIPMENTS</b>	<b>60,050</b>	----	-----
<b>LAND</b>	<b>800,000</b>	----	-----
<b>BUS</b>	<b>450,000</b>	-----	-----
<b>MAINTENANCE</b>	<b>50,000</b>	<b>70,000</b>	<b>75,000</b>
<b>RAW MATERIALS</b>	<b>950,000</b>	<b>1,200,000</b>	<b>1,500,000</b>
<b>TOTAL EXPENSES</b>	<b>5,522450</b>	<b>3282400</b>	<b>3287400</b>
<b>PROFIT BEFORE TAX/INTEREST</b>	<b>5,000,00</b>	<b>6,000,000</b>	<b>9,000,000</b>
<b>LESS INTEREST</b>	-----	-----	-----
<b>PROFIT AFTER INTEREST</b>	<b>4,069,100</b>	<b>5,603,100</b>	<b>8,169,200</b>
<b>LESS DEPRECIATION</b>	<b>157,950</b>	<b>157,950</b>	<b>159,950s</b>

<b>TAXABLE PROFIT</b>	<b>985,660</b>	<b>519,660</b>	<b>185,760</b>
<b>LESS TAX (30%)</b>	<b>395,698</b>	<b>455,898</b>	<b>525,728</b>
<b>PROFIT AFTER TAX</b>	<b>4,589,962</b>	<b>5,063,762</b>	<b>8,560,032</b>
<b>NET PROFIT</b>	<b>4,589,962</b>	<b>5,063,762</b>	<b>8,560,032</b>

### 8.7 Cash flow Projection

CASH FLOW	YEAR 1. TOTAL (N)	YEAR 2. TOTAL (N)	YEAR 2. TOTAL (N)
<b>CASH IN:</b>			
SALES INCOME	6,000,000	6,000,000	9,000,000
RE-INVESTMENT			
<b>TOTAL CASH IN</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>9,000,000</b>
<b>CASH OUT:</b>			
SALARIES	3,06000	3,06000	3,06000
FUELLING	43,500	43,500	43,500
TELEPHONE	24,000	24,000	24,000
ELECTRICITY	38,400	38,400	38,400
ADVERTISING	42,000	42,000	42,000
OTHER EXPENSES	203,000	169,000	102,900
TAX	395,968	455,898	525,728
<b>TOTAL CASH OUT:</b>			
<b>NET CASH FLOW</b>	<b>5, 673, 132</b>	<b>5, 147, 202</b>	<b>8, 643, 472</b>

## **PART IX**

### **9.0 Risks Analysis and Mitigant**

#### **9.1 Risk Contingent Analysis**

S/N	RISKS	MITIGANTS
1.	Bad debts	To curtail the effect of losing money as a result of debt, we have resolved not to sell our products on credit.
2.	Theft	To tackle the issue of theft, we have made provision for maximum security of our properties, and also employed security personnel.
3.	Accident	To checkmate the incidence of accident, we have made adequate provision for safety and would implement all preventive measures.

#### **9.2 Contingency Plan**

To tackle negative events that may happen unexpectedly and affect the smooth operation of the business, we have agreed to invest in insurance as the business grows so as to cater for unforeseen circumstances that may occur.

#### **9.3 Exit Strategy**

In the case where the business is experiencing steady loss, the exit strategy to employ may include; bringing in investors or selling the business off.

## PART X

### **10.0 Other Consideration, Conclusion and Recommendation**

#### **10.1 Economic Justification**

The benefits that are attached to the business make it of paramount importance. It will provide jobs to people, serve as a source of income, serve the need of the entire populace, and serve the good of the community where it is located.

#### **10.2 Commercial Viability**

Looking at the cash flow projection, the business would be able to generate N5,000,000, N6000,000 and N9000,000, as profits after 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year of production.

Thus, we are very optimistic that the business is a very commercially viable one.

#### **10.3 Conclusion/Recommendation**

Based on the above information supplied about our planned custard powder production business, we greatly believe that the business would grow and expand greatly within the next five (5) years of production, thus, we recommend that the business be sponsored.