

UNIVERSITY OF NIGERIA NSUKKA

**FACULTY OF THE SOCIAL SCIENCES
DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL
GOVERNMENT**

**TOPIC:
A BUSINESS PLAN FOR A SNAIL FARMING VENTURE**

**SUBMITTED IN PARTIAL FULFILLMENT OF THE COURSE
CEDR (342)**

BY

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LECTURER: DR. (MRS).C. NWAOGA

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BUSINESS PLAN

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PART I

1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendations relate to the proposal by **CHIKASON SNAIL FARMING OUTLET (NIGERIA)** to establish a SNAIL FARMING Outlet.

1.2 The proposed project is to be fully implemented with an investment of N2.5 million (Two million five hundred thousand naira), made up of N1, 600,000 fixed capital and N900, 000 working capital.

1.3 The company's vision is "to be a Snail Farming firm of choice, providing quality/robust snails to discerning customers.

1.4 The proposed project will be located at Nsukka in Enugu State.

1.5 A ready market exists for the planned business, based on our market survey.

1.6 The financial projections reveal a good level of liquidity and stability. The projected turnover for 2010, 2011 and 2012 respectively is N7.02million, N9.015million and N13.518million. Profit after taxation in 2010 is N197, 000 increasing to N712, 985 in 2012

1.7 The funding requirement is N1, 800,000, as the promoter is committing N700, 000 to the project.

1.8 The company's competitive edge is the management's strong technical skills and knowledge of the industry.

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

Indicator	2010 N	2011 N	2012 N
Turnover	7,020,000	9,015,000	13,518,000
Gross Margin	12.82%	15.53%	10.60%
Net operating profit	6,120,000	7,615,000	12,084,000
Return on Equity or Owner's contr. %	340.00%	423.05%	671.33%
Return on Total Investment %	29.41%	23.64%	14.89%

1.10 Conclusion and Recommendation

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 it to be funded so that we can ensure its implementation.

PART II

2.0 BACKGROUND

2.1 Introduction

The planned Agro-allied project - **CHIKASON SNAIL FARMING OUTLET** is the result of strong industry and needs assessment studies undertaken in the South Eastern zone of Nigeria, particularly Enugu State by the promoter of this business (**EZEH, CHIKA THERESA**). The studies reveals that the demand for snail farming outfits and its consequent snail meat product void of calories and fat like the pork and beef; causing cardiovascular problems, by mainly the undergraduates, working class and ultimately families, is high and going by the rapid influx and development of the place coupled with the presence of the University –University of Nigeria, Nsukka, the environment is economically cashable.

2.2 Vision Statement

To be the most outstanding Snail Farming Outlet in the South Eastern part of Nigeria, particularly Enugu.

2.3 Mission Statement

To produce quality/edible Snails using the best agricultural practices possible.

2.4 Ownership of Enterprise

The Business is a sole-proprietorship business wholly owned and managed by **EZEH, CHIKA THERESA**.

2.5 Legal Status

As a sole- proprietorship outlet, it is yet to be registered with the Nigerian government.

2.6 Location and Facilities

The business is sited at No. Shop 321 Nsukka market while the farm is at Hilltop.

Office line: +2348146183070

E-mail: ezehchika75@gmail.com

2.7 Production/Service

Sale of Snail

Sale of Snail excreta for crop farming

2.8 Business Strategy

To be known as the best Snail Farming Outlet that produces edible and robust snail for meat by using best agricultural mechanisms.

To engage in at home delivery service with little or no charges based on the distance of the home.

2.9 Key Success Factors

Enough Snail Meat-driven target markets i.e. students, working class, families; particularly the elder who at their age are advised not to eat beef and pork and eat nutritious snail meat.

Our entrepreneurial qualities of decisiveness, self control, determination, ability to focus and trustworthy character are also our strength.

Our entrepreneurial qualities include; decisiveness, self control, determination, ability to focus and trustworthy character by the business; to keep knowledge of market need and quick ability to respond to them.

Chikason Snail Farming Outlet will introduce the idea of adding excellence to our other customer care services. For instance; friendly reception, smile, proper attention, etc.

PART III

3.0 MARKET AND CLIENTS

3.1 Nature and Size

Our business is solely managed by Miss Ezeh, Chika Theresa and she will employ at least six workers as staff i.e. the snail farm manager, two farm operators, one administrator two, one service deliverer and one accountant doubling as a marketer too. Some of our product will be sold at the industrial area or at Nsukka market where we rented shop for our product sales. The agro-allied industry is a lucrative business; it is one of the most viable business ventures in Nigeria and Nsukka in particular. Our outlet is capable of producing 1000 snails in 3 months hence, a budding business.

3.2 Target Market

The target market of Nsukka is very viable. The presence of the university with consequent influx of people from all parts of the country has provided for the Chikason Snail Farming Outlet a large estimated target market of over 28,000; comprising of children, youths, adults and ultimately families.

3.3 Key Competitors and Players

The key competitors are very few because of the complete neglect of this type of farming resulting from ignorance and self pride, inadequate knowledge in the production of quality snails and the absence of enriching snail feeds and supplements. However, **Ugwu Snail Farm** and **Kene Agro-allied Ltd** are potential competitors.

Competition Analysis

Names of Competitors	UGWU SNAIL FARM	IKYE AGRO-ALLIED LTD
Location of Business	304 Nsukka main Market.	314 Nsukka main Market
Product/services	Sale of snails	Sale of snails
Pricing strategy	5% higher	7% higher
What are their other strength	A good number of employees ranging fr om 10-15	A larger shop hence, two shops merged as one
What are their weakness	Sells immature snails, have no delivery service and negligence to customer care service	No delivery service, incompetent staff, and often selling of immature snails.

3.4 Service Delivery

Use of firm's motorcycle.

3.5 Quality Assurance

The Chikason Snail Farming Outlet promises a retrieval of bad/dead products- snails sold.

3.6 Demand/Supply Analysis

Demand and Supply Analysis and Estimating the Initial Capacity

Details	Size (Number)
Potential Demand of snail meat to be served at the market daily	1000
Less 30% existing competitors	700
Available Market (in the absence of expansion and very high entry wall)	
Less 10% due to possible expansion of competitors and entrant of new ones	900
Available Market	
Less 5% due to error in estimation	950
Available demand/Qualified Market/Demand Supply gap	
Initial Installed Capacity 60% of available demand (served market)	600

3.7 Technology

The technology required here are process technologies like:

Feeds and Supplement rooms

Gestation machines

Snail farm houses

Battery cages/egg carriers/incubators

Borehole facility/cloak room mainly for staff

Generator

While delivery service technology is

Motorcycle

3.8 Competitive Edge

The competitive edges of The Chikason Snail Farming Outlet are as follow:

Service delivery motorcycle

Well equipped and trained staff

Service delivery services

Top notch customer care services

And also the Selling of snail excreta to other farmers

PART IV

4.0 MARKETING PLAN

4.1 Promotion and Distribution Strategy

Distributorship: distributing our products to our potential customers on request basis.

Sales depot: we shall create a room for sales in the university campus for those who may not come to the Nuskka main market.

Open market: our proposal has a vision to have many shops at and outside the market where we shall be marketing our products to increase sale and turnover.

Opening of website for the business promotion

Promotion of the business through our staff promoters

4.2 Alliances

There are no alliances since it is a solo-proprietorship business except for the market union.

4.3 Market Positioning

The market positioning is SQUARE i.e.

Satisfactorily service delivery

Quality product

Unequal Customer friendliness

Activeness

Readily available support system/Reassurance and

Energetic staff

4.4 Service Delivery Strategy

The service delivery strategy is the use of the firm's website and delivery motorcycle in the delivery of products and even services like information on readily available snails, and collection of payments from debtors etc.

4.5 SWOT Analysis

SWOT analysis carried out in the business reveals the following:

Strength:

Delivery motorcycle

New and latest Feed and Supplement

Quality staff

Customer care oriented services

Weakness:

Low running/operating capital due to staff and new arrival to the industry

Negligence, lateness and absence from farm operators due to smell of excreta in the farm.

Opportunities:

Large target market

High-demand for snail from cancerous patients and restaurants and local eateries aka. "Point and Kill"

Market for snail excreta for crop farming

Threats:

Thugs and hoodlums theft and disturbance

Excessive payment of dues and levies at the Nsukka main market

Activities of competitors like Ugwu Snail Farm and KeneArgo-allied Ltd that is already established.

High cost of snail feeds, drugs and supplement and other accessories for designing

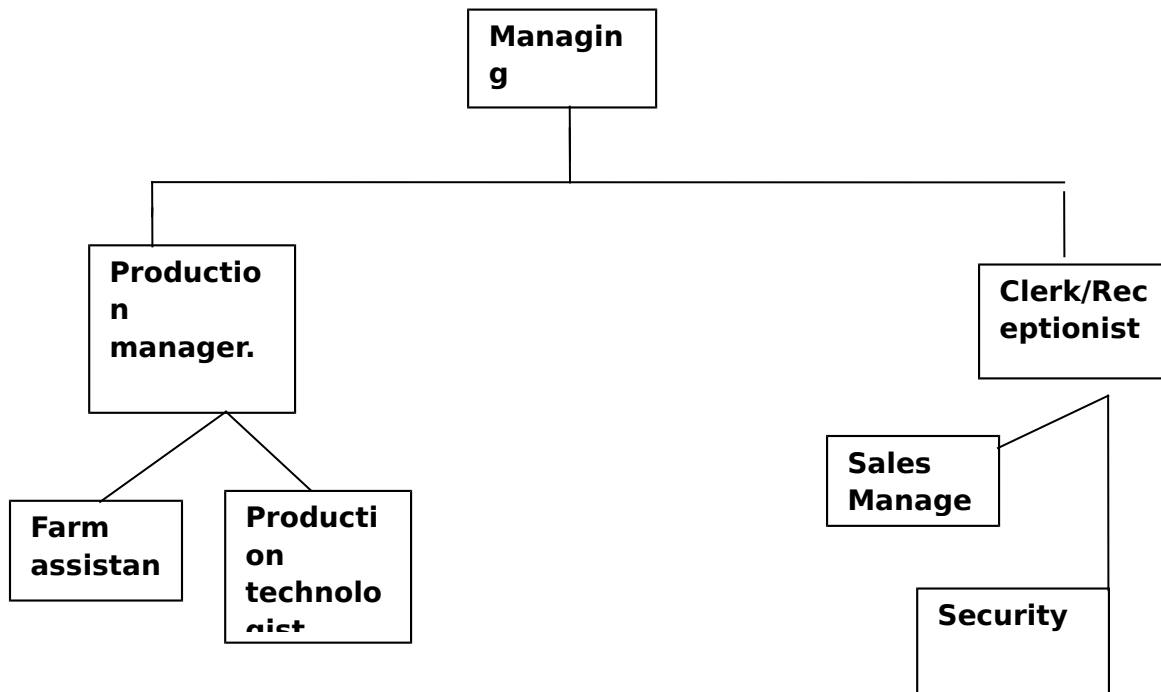
Diseases Outbreak/Epidemic

PART V

5.0 ORGANISATION AND MANAGEMENT

5.1 Organizational Structure

ORGANIZATIONAL STRUCTURE FOR CHIKASON SNAIL FARM VENTURE



5.2 Personal Plan

My personal plan is to see to the adherence of this business plan by every aspect and unity of this firm in order to ensure productivity and materialization of the written and estimated goals and objectives.

5.3 Shareholders and Directors

From the time commencement, there will be neither shareholders nor directors

5.4 Value and Norms of the Company

Chikason Snail Farming Outlet has the following Value and norms upon which she chooses to thrive on:

To offer the best of snail to customers

To uphold high integrity

To uphold qualitative standards in all aspects

To see to her employees as her most valuable assets

To give out-of –the world customer care services.

5.5 Management Team

The management of the outfit is relatively small since it is a budding business and a sole-proprietorship. I, Miss. Chika will remain the manager of the firm until further expansion.

5.6 External Support

Chikason Snail Farm Outlet will be discussing with the Enugu small and medium Enterprise (SMEs) centers to offer, over a period of years, strong management and business support service. Also, the outfit will access support on technical issues

from the Entrepreneurship Development Centre where the proprietor received training on entrepreneurship.

PART VI

6.0 LEGAL REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1 Legal Issues

Chikason Snail Farm Outlet plans to commence commercial operations as a sole proprietorship. At such, it is will embark on registering the name with the appropriate department of the Nsukka Local Government. No special licenses are required for the operation of the snail farm outlet; however, every attempt will be made to get all the permits and licenses.

6.2 Regulatory Issues

The regulatory issues are:

Activities and operations are supposed to be halted during the burial of a trade unionist at the market.

Time-consuming sanitation every Wednesday and Friday.

Excessive union levy in times of wedding, death, birth, etc.

6.3 Social Issues

Although Enugu state happens to be my state, there seems to be some form of discrimination from those of Nsukka LGA towards other non-Nsukka dwellers like myself.

6.4 Environmental Issues

From the feasibility study engaged, business in the Nsukka main market is always halted particularly when it comes raining; customers are left with no means of entrance to the market hence, flooded with dirty water and outrageous smell of rubbish.

PART VII

7.0 FINANCIAL PLAN

7.1 Project Cost

The total cost of the business is N2500000. This is further divided into 1800000 as fixed capital and 700, 000 as working capital.

7.2 Funding Plan and Statement

LIST OF CAPITAL EQUIPMENT

Equipment	Description/Uses	Supplier
Shop/Land	Single room size/ two plot of land (leased)	Capital/self
Generator	Source of power supply	Benbella Afor ltd
Delivery motorcycle	To deliver snail meat and excreta to customers/farmers	Jekwu automobile
Water dispenser at the market	To show customer care	Nalex home appliances
Feed and Supplement	For rearing snail	Obado snail farm
Iron gate	To guard the shop and farm against theft.	Edumaco welding and construction Enugu Ezike

Sales Plan

	Year 1	Year 2	Year 3
Product/Service	Sale of snail meat and snail excreta	Sale of snail meat and snail excreta.	Sale of snail meat and snail excreta.
Quantity(estimated)	2000	3000	4500
Cost per unit N	450	65	70
Cost of raw inputs N	260,000	320,000	465,000

Local raw materials and other inputs

Quantity required/Annum

Items	Unit Cost ₦	Current (Existing)	Proposed (After Expansion)
Snail feeds	50/55	20,000	60,000
Petrol	150/Liter	10,000	30,000
Others	Drugs/Consultancy	50,000	85,0000

Sources of Raw Materials

Item	
Drugs for Snails	Enugu (Nsukka), Benue,
Gestation machine	Lagos
Remnants from Restaurant	Nsukka
Water, cassava and pawpaw feeds	Nsukka

Contractual arrangements have been made for raw materials procurement?

General cost of Administration

Item	Current (for existing projects only) (₦)	Proposed (for new/expansion projects)(₦)
a. Rents hire purchase and Rates	50,000	50,000
b. Travelling Expenses	10,000	50,000
c. Stationery and Sundry Exp.	30,000	30,000
Delivery motorcycle Running Expenses	500,000	500,000
e. Insurance	150,000	150,000
f. Professional Fee	10,000	10,000
Other Expenses	80,000	80,000
TOTAL	920000	920000

Preliminary and Pre-Operating Expenses (for New Projects Only)

Item	Amount (₦)
a. Company Incorporation	10,000
b. Travelling Expenses	9,500
c. Preparation of Business Plan/F.S	2,500
d. Others (Micellaneous)	1,500
Total	23,500

Start -Up Capital Needed

Financing Plan

S/N	Source of Fund	Amount
1	Owner's capital	700,000
2	Bank loan	1,200,000
3	Donation From Friends	600,000
	Total	2,500,000

Loan Repayment and Interest payment schedule

Year	Principal(N)	Interest(N)	Loan Repayment
	A	B	C
0	1200000	120000	Nil
1	1200000	240000	800000
2	400000	40000	200000

Note

$$PV = A(1-(1+r)^{-n})$$

$$r \dots\dots\dots(1)$$

Where PV= Loan amount; A= Annual installment; r=rate of interest per annum and n= tenure of loan in years.

DEPRECIATION SCHEDULE

S/N	Item	Unit	Cost per Unit	Scrape Value	Life Span Estimation per year	Monthly Depreciation
2	Generator	1	100000	50000	10	5,000.00
4	Barrow	1	18000	9000	10	900.00
5	Delivery motorcycle	1	100000	50000	10	5,000.00
9	Wire guards	1	3500	1750	10	175.00
					Total	11,075.00

7.3 Projected income statement

Estimate of Profit and Loss Account for the first 3 years

Particulars	Year 1	Year 2	Year 3
Sales	4800000	9000000	1350000
Others			
Net Sales	4800000	9000000	1350000
Less Expenses			
Cost of raw materials	6060000	13752000	6048000
Salaries	6120000	6120000	7120000
Rent	50,000	50,000	50,000
Telephone/travelling	100,000	100,000	100,000

Electricity	40,000	40,000	40,000
Advertising	500,0000	600,0000	700,0000
Entertainment	70,000	70,000	70,000
Insurance	150,000	150,000	150,000
Legal	10,000	10,000	10,000
Office supplies	20,000	20,000	20,000
Vehicle maintenance	500,000	500,000	500,000
Total Expenses	13620000	21412000	14808000
Profit before Tax/Int	7,020,000	9,015,000	13518000
Less Interest	702000	901500	8113500
Profit After Interest	6318000	8113500	12166200
Less Tax	315900	405675	608310
Profit After Tax	6002100	7707825	11557890
Less Depreciation	21950	21950	21950
Net Profit	5980150	7685875	11535940
Appropriation	Year 1	Year 2	Year 3
Dividend	1674400	2152045	3230060
Retained Earnings	4305750	5533830	8305880

7.4 Projected balance sheet

The Balance sheet combines the results from the profit and loss statement and the Cash Flow Statement

Balance Sheet Assets				
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Fixed Assets:				
Land(hire purchase) Machinery, Generator, Water dispenser, Delivery motorcycle and others				600,000
Less Cum. Dep. Of 5%	30,000			30,000
Current Assets:				570,000
Cash(use as balancing item)				
Debtors	--	---	---	----
Stock				
Total Current Assets (B)				
TOTAL ASSETS (C)				
Liabilities				
Current liabilities				
Creditors	----	-----	----	-----
Accrued Expenses	-----	-----	----	-----
Overdraft	-----	-----	----	-----
Short Term Loan				800,000
Total Current Liabilities(D)				
Capital Employed (A-D)				200,0000
Long Term liabilities	----	-----	----	-----
Long Term loan	-----	-----	----	-----
Others (specify)	-----	-----	----	-----
Total long Term liabilities(E)	-----	-----	----	-----
Long + Short Term Liab.(F)				800,000

Shareholders Equity(C-F)	-----	-----	----	-----
Shareholders Equity:	-----	-----	----	-----
Capital(Shares)				1,000,000
Retained Profits				457,0000
Total shareholders fund (G)				

7.6 Projected cash-flows statement

Cash flow Projection

	Yr 1 Total (₦)	Yr 2 Total (₦)	Yr 3Total (₦)
Cash In			
Bank Loan	1200000	Nil	Nil
Sales Income	5800000	9000000	13500000
Other Income (state)	20000	15000	18000
Total Cash In	7020000	9015000	13518000
Cash Out			
Admin .Outgoings/salaries	600,000	712,000	712,000
Marketing	350,000	350,000	350,000
Cost of Goods	100,000	100,000	100,000
Interest Expenses	100,000	100,000	100,000
Loan Repayment	10,000	10,000	10,000
Other Payments	50,000	50,000	50,000
Total Cash out	673000	672000	773000

Opening cash Bal	290000	2295000	5788000
Closing cash Bal	63447000	8343000	12745000

7.5 Profitability Analysis

The project comes out of the gestation period in 12 months and even by that time the sale for the months stood at N1,500,000. By the end of the first year (of which there was only 11 months of selling activities) the sales were N1,800,000 and this is expected to grow in the subsequent years.

Indicator	2010 N	2011 N	2012 N
Turnover	7,020,000	9,015,000	13518000
Gross Margin (%)	12.83%	15.53%	10.60%
Net operating profit	6,120,000	7,615,000	12,084,000
Return on Equity (%)	340.00%	423.05%	671.33%
Return on Total Investment (%)	29.42%	23.64%	14.89%

7.6 Break-Even Analysis

There is no estimated break-even point hence; the firm is believed to be making more income in her various financial periods.

PART VIII

8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY

8.1 Risk Analysis

The project has been subjected to risk analysis and some inherent risks identified and appropriate mitigants preferred to avoid the business being disrupted

Inadequate start-up demand ----Aggressive promotion and advertising campaigns

8.2 Contingency Plan

Sourcing of resort-funds from family and friends in times of emergency.

8.3 Exit Strategy

The firm- Chikason Snail Farm Outlet has no plan for exit but expansion.

PART IX

9.0 OTHER CONSIDERATIONS CONCLUSION/ RECOMMENDATION

9.1 Economic Justification

From the view of our study and analysis of the findings made, the project offers a good benefit to the promoter- Ezeh, Chika Theresa and to the economy. Wealth will be created and employment opportunities created. These are consistent with the Federal and State Government policy on entrepreneurship, wealth and job creation.

Commercial Viability

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

Conclusion/Recommendation

Therefore, the project- **Chikason Snail Farm Outlet** is highly recommended for both funding and implementation.

APPENDIX

- This business proposal is a medium scale investment/venture and hence has not met meet up with the conditions to be registered under the federal government of Nigeria, except for the Enugu state development levy this business acknowledges.

