

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF THE SOCIAL SCIENCES
DEPARTMENT OF PUBLIC ADMINISTRATION AND
LOCAL GOVERNMENT

CASSAVA FARMING AND PRODUCTION BUSINESS

A BUSINESS PLAN SUBMITTED IN PARTIAL
FULFILLMENT OF THE COURSE, BUSINESS
DEVELOPMENT AND MANAGEMENT (CEDR342)

OKEREKE, NNANNA CHUKWUMA

2014/194554

LECTURER: DR. (MRS) T. C. NWAOGA

JULY, 2017

CASSAVA FARMING AND PRODUCTION BUSINESS

PART I

1.0 Executive Summary

The business whose summary appears below derives from the fact that the demand for cassava products is on the rise due to the hunger situation in the country caused by scarcity of food and also scarcity of its alternatives.

This business is a reaction to the above need. It has planned to use cassava to produce high quality products like Garri, Flour, Alibor, Abacha, etc. The market potential of the product of this business is high.

1.1 Name of Business

Our Cassava Farming and Production Business

1.2 Contact Address

Amaogudu Isiama Onicha, Onicha Local Government Area, Ebonyi State.

Mobile Phone: 08164716632

E-mail: okerekennanna@gmail.com

1.3 Type of Business

Our Cassava Framing and Production Business is a manufacturer operating agro processing sector.

1.4 Concise Description of the Business Idea

Products or Services: Our cassava farming and production business sells raw cassava; we also sell the products of cassava which is majorly Garri. It is highly recommended for everyone.

Customers: The public.

Owners: Our cassava farming and production business as already hinted is a private limited company with Okereke, Nnanna Chukwuma as the proprietor and shareholder.

1.5 Number of Jobs to be created

By the time the business is up and running, it is expected that it will create job for 15 people.

1.6 Start-up Capital

The following are the components of the required startup capital.

Types of Investment	Amount (N)
Investment (Equipment, machinery and others)	830,000
Working Capital and pre-operating expenses	170,000
Total	1,000,000

1.7 Sources of Capital and Shares Holding Structure

Capital requirement for the project will be sourced as showed in the table below.

Sources of Capital	Amount (N)
Owner's capital	250,000
Bank loan	750,000
Total	N 1,000,000

1.8 Profitability (N)

Year 1 = 550,000

Year 2 = 832,000

Year 3 = 1,400,000

1.9 Level of Liquidity (N):

The liquidity levels over the years are:

Year 1 = 51,250

Year 2 = 102,450

Year 3 = 156,960

Based on the fact that the planned business is technically feasible and commercially viable, it is therefore recommended for implementation and funding.

PART II

2.0 Introduction

Giving the rising level of hunger and scarcity of food and money in urban and rural areas of Nigeria, I have decided to embark on a cassava farming and producing business so as to provide food for citizens of the country and also to make income from it to solve my personal problems. The sole objectives are to make cassava available for people who consume it and also for people who use it for other businesses, also, my objective is to increase my income and be able to solve hunger and financial problems.

Cassava is the most important root crop in Nigeria. Apart from being a staple crop in both rural and urban household, cassava is a major source of income to cassava farmers and processors in the rural areas. Cassava contributes to the GDP of the country and also has helped in sustaining people's life in the country.

It has been established through research carried out that High Quality Cassava Flour can be substituted or added in bakery, paperboard and plywood manufacturing activities and other products.

This business plan is to examine the financial viability or otherwise of establishing high quality cassava farming and production in rural and urban areas using as basic raw material which is cassava to produce Garri, Fufu, Abacha, Alibor, Flour, etc.

2.1 Vision Statement

To be known as one of the best and reliable producer of high quality cassava products in Nigeria.

2.2 Mission

To use my intellect, manpower and resource (human, financial and material), to reduce the level of hunger in the country and also to make profit.

2.3 Product

We farm cassava in a very large quantity and also in a very fertile land. We sell cassava in rigs for those we would want to harvest and process by themselves; we sell the cassava stem too for those who want to use it for planting. We produce

Garri for sell and also sell the tube for those who want to use it for Fufu, Abacha, Flour, etc.

2.4 Location of the Business

The farm will be located in Amaogudu Isiama Onicha, Oncha Local Government Area of Ebonyi State.

2.5 Business Strategy

We shall do everything possible to make sure that our product is available at all times and in the best quality, meeting the demand of the market.

2.6 Key Success Factor

Some of the key success factors derive from the fact that our cassava farming and production business is highly sort in the society as it stands. Also it is price competitive and is backed by an aggressive market force. Also, the product is rich in carbohydrate and others, which makes the product to be highly sought after.

PART III

3.1 The Market

The target market of our cassava product is major markets in Ebonyi State Nigeria. Also, we intend taking our products to major cities in Nigeria. Cities like Portharcourt (PH), Lagos, etc.

The reasons for targeting these markets are due to the high population in these places and their high demand for this product and the product is consumed more in these places.

3.2 Expected Sales and Market Share Analysis:

The market for the product are dominated by Semovita, Wheat, Rice and other products that fall into that category but ours will compete favorably with these on account of its high quality and availability.

3.3 Competition

Our product will possibly face two type of competition as discussed in the sections below:

Business Type	Competition Type	Strengths	Weaknesses
Semovita	Direct Competition	1,Already established in the market 2,Nation wide channels of distribution	No core market
Wheat	Direct Competition	1,Already established in the market 2,Nation wide channels of distribution	No core market
Rice	Indirect	Everywhere	Costlier

3.4 SWOT Analysis

Our cassava farming and production business has some weakness, strength, opportunities and threats. These are:

Strength

1. Land is very fertile for planting.
2. Processors are experienced people with high level of expertise.

Weaknesses

1. Cassava Mosaic Diseases
2. Low Capital

Opportunities

1. Growing demand for the product due to its advantages.
2. Increasing population will impact positively on the product.

Threats

1. Activities of competitors like Semovita, Rice, etc.
2. Decrease in quantity of product due to cassava plant diseases.

3.5 Market Plan Strategy

Market Segmentation: This is important so as to accurately target marketing effort in such a way as to yield best results. Segmentation here considers financial muscle, whereby cognizance is given to different financial capacities of customers; location which considers level of consumption that varies with location as a good segmenting tool, i.e. the choice of distribution channels, also the preferences of customers may vary with their location, etc.

Target Market

1. Markets and Stores
2. Hospitals, Eateries, etc.
3. Schools with dormitories, Hostels, etc.

3.6 Channel of Distribution

Our cassava can be sold raw in the farm sites. Also direct to individual final consumes, through the retailers and through wholesalers.

PART IV

4.1 Technical Analysis

Production Plan: The first thing is to get the place, which is already done, clear the land and cultivate. You get the variety of cassava stem you want to use to plant there. After the planting is done, you also will make arrangement for weeding the farm at intervals, you might also use fertilizer if need be. Normally cassava lasts for about a year plus before we start looking at harvesting, depending on the land. If it's a swampy area, the duration will be shorter.

Production Process: The following processes are to be followed in the production.

1. When the cassava is done for harvesting, we uproot them and remove the back cover to get the substance.
2. After that, we grand with a machine to make it turn to a powdered form, this is for Garri processing. Other processes apply for other forms of cassava products.
3. When the water dries, we fry it and then you get the product.
4. After all these, the product is ready for sell after cooling.

4.2 Machinery, Equipment and other Requirements

S/N	Investment (equipment and others)	Qty	Life span	Other comments
1.	Land			Existing
2.	Building	1		Existing
3.	Human Resource	15	Not sure	Existing
4.	Mill (grinder)	2	5yrs	Not procured yet
5.	Weighing Machine	1	5yrs	Not procured yet
6.	Weighing Balance	1	5yrs	Not procured yet
7.	Dryer (for drying the cassava)	3	5yrs	Not procured yet

4.3 Personnel Plan (Staffing and Salary Structure)

S/N	Position	No. of staff	Salary (N)
1.	Proprietor/Owner	1	Not stated
2.	Laborers	6	2000 day job
3.	Operators	3	2000 day job
4.	Marketers/Drivers	5	3000 day job

4.4 Values and Norms

1. To carry out business on the best ethical standards.
2. To show highest level of integrity and honesty.
3. To maintain high quality and availability at all times.

4.5 Legal, Regulatory and Environmental Issues

Our kind of business is not one that needs too much legal backing. The land is ours. The only place we may need legal regulatory is in finding a house and also for loan, which we are ready to follow accordingly.

On environmental issues, the bye-products of this business which are chaffs are used to do many other things or even given to animals. For the water that will be coming out during the milling process, we have channeled it to a hole where it will not disgust anyone. So the bye-product virtually has no adverse no effect on the environment.

PART V

5.0 Financials

Our cassava farming and production business would need the following equipment, machinery and others to operate. The cost implications of these are shown in the table below.

S/N	Investment (Equipment and others)	Qty	Unit cost	Total cost(N)
1.	Land		20,000	20,000
2.	Building	1	40,000	40,000
3.	Electric Sieving Machine	1	100,000	100,000
4.	Mill (grinder)	2	200,000	400,000

5.	Weighing Machine	1	15,000	15,000
6.	Weighing Balance	1	10,000	10,000
7.	Dryer (for drying the cassava)	3	80,000	240,000
	TOTAL INVESTMENT		N 825,000	

5.1 Sales Plan

Year	Year 1	Year 2	Year 3
Product	Cassava product	Cassava product	Cassava product
Product quantity	11 bags	16 bags	20 bags
Price per unit	50,000	54,000	70,000
Sales	550,000	832,000	1,400,000

5.2 Cost Plan

Year	Year 1	Year 2	Year 3
Product	Cassava product	Cassava product	Cassava product
Labour	55,000	63,000	69,000
Maintenance	10,000	14,000	20,000

5.3 Start up Capital Needed

The fund needed for fixed asset investments, working capital and pre-operating expenses add up to give us the initial outlay for our cassava farming and production business.

S/ N	Item of Expenditure	Amount(N)
1.	Fixed asset investment (Equipment, Machinery and others)	830,000
2.	Working Capital	95,000
3.	Pre-operating Expenses	75,000
	Initial Total Investment Outlay	N1,000,000
		0

5.4 Financing Plan

To raise the startup capital, the table below shows how capital requirement will be funded.

S/ N	Sources of Fund	Amount (N)
1.	Owner's Capital	250,000
2.	Bank Loan	750,000
	Total	N 1,000,000

5.5 Loan Repayment and Interest Payment Schedule

Year	Loan/Loan bal B/d	Interest	Annual Installment	Loan Payment	Loan Bal c/f
Year1	A	B	C	D	E
Year2	A	B-r(A)	C (A value in eqn. 1)	D-C-B	E-A-D
Year3	698,200	N/A	N/A	N/A	952567
Year4	698,200	449210	546738.96	496,371	NIL

Note:

$$PV - \frac{A(1+r)^n}{r} \dots\dots\dots (1)$$

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

PART VI

6.1 Risk Analysis and Contingencies Analysis

In our Cassava Farming and Production Business, we have identified the risks discussed in the table below.

S/ N	Risks	Mitigates
1.	Inadequate start-up demands	Aggressive promotion and advertising campaigns.
2.	Unexpected adverse events	Appropriate insurance policy will be taken.
3.	High unexpected entrance of many competitors due to the fact that the business is profitable.	Use of trade secret to keep product formulation formula secret from potential competitors. Also, continuous aggressive marketing will be sustained.

6.2 Exit Strategy

We do not foresee a situation where this our business will fail because it is needed in season and out of season. However, if the scenario tends to failing, the business can easily be sold off or closed entirely since the equipment can be used to do some other things, but we are hoping that this business succeeds highly.

PART VII

7.1 Other Considerations and Conclusions

To open up the cassava industry for real dynamic growth, local and international companies need more awareness rising on financial benefits of using cassava-based raw materials e.g. in snacks and biscuits production, the beverage, seasoning, and pharmaceutical industries.

Investors are also required to restructure smallholder farmer groups to operate like profitable business ventures that will have the ability to attract funding and partners from within and outside Nigeria.

7.2 Economic Justification

The project can incense benefits like job creation, reduce the rate of hunger in the country, contribution to GDP, gross capital formation, gross domestic product (GDP).

7.3 Commercial Viability

Our Cassava Farming and Production Business is very profitable as it will generate more than 2million naira in the next three years.

7.4 Conclusion and Recommendation

In view of the technical feasibility and commercial viability of the project, it is highly recommended for implementation and funding.