

**UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF RELIGION AND CULTURAL STUDIES**

TOPIC:

O.G.B BREAD MAKING

BUSINESS PLAN

**PREPARED IN PARTIAL FULFILLMENT OF THE REQUIRMENT FOR
THE COURSE: CEDR 342**

(ENTREPRENEURIAL DEVELOPMENT AND RESEARCH 11)

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SECTION ONE

1.0 EXECUTIVE SUMMARY

O.G.B Group of Companies is a medium scale company that is located in the growing industrial centre of Anambra State. This is a relatively new business in its start-up phase. The idea of this product was conceived from perceived need for well baked bread and the need for better and cheaper alternative to wheat flour. Majority of the baked bread found in the market are cheaper but usually not well baked and packaged while the wheat flour brands are well processed but expensive and inaccessible to many Nigerians.

It is for the above reasons that the idea to produce well baked bread in such a way as to meet international standard came to be.

We are on the brink of penetrating a lucrative market in a rapidly growing economy. Our product will be of extremely high quality to ensure customer satisfaction, supported by impeccable service to our customers. The product of the company will be served to both local and international markets. The product will be of high quality and at the same time cheaper. The plant will generate income for the government and create jobs to the teeming population. Our primary goal will be to establish and strengthen our license to trade which will be bestowed by the communities in which we function.

We intend to ensure that every policy and procedure, system and process must have the objective of improving the flexibility and response of the whole company. We

also intend to implement a market penetration strategy that will ensure that we are well known and respected in our respective industry. O.G.B Group of Companies will pride itself on its production ability and its adaptability to changes in the market. The vision of the company is to be the largest bread baking company in Africa. The funding requirement of the project is N20m of which N10m will be provided by the owner.

1.1 OBJECTIVES

Our business strategy will revolve around the need to provide quality bread to our target customers. This shall be undertaken through implementation of high quality control standards.

Our objectives will revolve around the following guiding principles:

- ✓ Provision of a great working environment for the employees.
- ✓ Apply high quality standards of excellence to all business processes.
- ✓ To contribute positively to our communities and our environment
- ✓ To continuously formalize and measure cross-functional working communication so as to ensure that the various department work harmoniously towards attainment of company objectives.

- ✓ Fully commit to supporting growth and development in the economy.

Ultimately we intend to create a stable business platform that will create prosperity for all those involved in the business venture at all levels

1.2 KEYS TO SUCCESS

This will involve identification of several niche markets and implementation strategies. The company intends to implement personal selling and direct marketing strategies aimed at the target market.

Hence our key success factors will include the following:

Effective and Efficient distribution network: This will enable us to respond to customer's orders and be available in remote areas that have not been exploited by our competitors.

Loyalty and Dedication: Corporate commitment to success leads to the survival and prosperity of the products.

Marketing Know-how: In an increasingly competitive market there is need to aggressively market our products so as to be continuously at the top.

Adherence to Stringent Values and Principles: The financial and strategic management of the business determines its prosperity and success. Hence we intend to adhere to stringent values and principles that will enable such to be achieved.

1.3 MISSION

- ✓ To produce the best quality of bread in Africa.

- ✓ To make bread available at cheaper rate
- ✓ To meet the demand of bread in Africa
- ✓ To encourage agriculture by getting the raw materials from the locality
- ✓ To create jobs for Nigerian population
- ✓ To process bread that is highly nutritious and aesthetically acceptable.
- ✓ We also intend to provide the best possible value to our customers who care about quality products at affordable prices.

SECTION TWO

2.0 COMPANY SUMMARY

The enterprise is a new company providing high quality bread. It intends to focus on the processes of baking bread and the distribution of the baked bread. The business will also look for additional leverage by establishing relationships and representation with appropriate strategic allies. As it grows, it will take on people and expand into related markets

2.1 START-UP SUMMARY

Total start-up capital and expenses came to approximately ₦20,000,000. start-up assets required and utilized includes machines, pick-ups, office furniture, vehicles for distribution, factory building and other office equipment.

2.2 COMPANY OWNERSHIP

O.G.B Group of Companies is a private limited company incorporated at the registrar of companies through the foresight and vision of Mr. Ogbonna Ibiam. Its fiscal year is the calendar year.

2.3 COMPANY LOCATION AND FACILITIES

At present the company plants and offices are located in the growing industrial centre of Anambra . The business is located at Awka, Anambra State. This is because the area is very suitable for bread baking factory.

2.4 COMPANY VALUES

We intend to conduct our business ethically and transparently respecting all applicable laws

We also intend to fulfil our obligations as an integral member of the society.

We intend to provide well baked bread of uncompromising quality to meet the needs of our customers

We believe that through promotion and implementation of the above stated company values we will be able to attain our goals and objectives for the benefit of all concerned.

SECTION THREE

3.0 PRODUCT

The product of the company will be well destined, well packaged and baked to satisfy the needs of Nigerians and the world at large. It will be baked with the latest technology which retains the nutrition of locally baked bread.

Business Strategy

- ✓ Deployment of high technology in bread making.
- ✓ Price penetration strategy will be adopted in order to gain market share.
- ✓ Improved customer care services will be adopted to ensure customer satisfaction.
- ✓ Improved quality for maximum satisfaction.

Revenue Base

- ✓ Sale of

- ✓ Sale of

SECTION FOUR

4.0 SWOT ANALYSIS

We are in a highly lucrative market in a rapidly growing economy. We foresee our strengths as the ability to respond quickly to what the market dictates and to provide high quality baked bread in a growing market. Our key personnel have a wide and thorough knowledge of the local market and expertise, which will go towards penetrating the market. Below are the summarized strengths, weakness, weaknesses, opportunities and threats:

Strengths

- ✓ Establishment and maintenance of strong capital base
- ✓ An aggressive and focused marketing campaign with clear goals and strategies
- ✓ Reduced cost of production
- ✓ Well packaged products.
- ✓ Products at affordable prices
- ✓ It is easily accessible to Nigerians
- ✓ The product will be presented to suit the taste of Nigerians
- ✓ High quality bread of international standard at competitive price.
- ✓ The plant is close to source of raw materials and so is able to adapt to changes in supply.

Weakness

The business is a new business and so does not have market share
Lack of clear-cut channels of distribution.

Opportunities

- ✓ The demand for bread exceeds the supply in Nigeria
- ✓ Existence of arable land for cultivation
- ✓ Existence of government incentives

- ✓ The new generation of individuals and families has a far greater appreciation of attractive packaging.

Threats

- ✓ Difficulty in securing loans from finance house.

SECTION FIVE

5.0 MARKET ANALYSIS SUMMARY

The current drive and emphasis by the government on diversification of the industrial base away from the mineral sector presents an opportunity for O.G.B Group of Companies to make a valuable contribution towards achieving this goal. Having undertaken a thorough and comprehensive research of the market. We realised that there was need for a manufacturer that focuses on producing well baked bread to satisfy client's needs. The marketing mix of the products has been carefully and strategically put together to position them in the market.

5.1 MARKET PLAN

The company intends to do penetration pricing so as to gain market share.

- ✓ Attention will be paid on improving the quality and packaging.
- ✓ The product will be packaged with the company's trademark.
- ✓ The packaging will be done in such a way as to store the product properly to prevent damage.
- ✓ Customer care centres will be opened to enable customers comment on the product.

Promotion

Awareness for the product will be created through the media-TV, radio, posters and handbills.

Wholesalers will be granted credit facilities in order to enhance sales.

Distribution

Product distribution will start from Anambra State and then to states around Anambra, nationwide and overseas. Products will be supplied to designated depots. The company will also engage in trade fairs organized nationwide.

Alliances

The company will liaise with Oforbuike bags for production of quality bags for packaging. It will also form alliance with Obumneme Motors for distribution of the product.

5.2 MARKET TRENDS

Our target markets are increasingly growing towards recognising the difference between poor qualities baked bread and high quality baked bread. This development is an important trend for us as it represents our target market.

The target clients include.

- ✓ Households;
- ✓ Eateries;
- ✓ Firms that uses bread for lunch and schools.
- ✓ Households buy the product for domestic consumption.
- ✓ Eateries prepare the product in different ways for their customers.

5.2.1 Market Needs

O.G.B Group of Companies will set out to provide good quality baked bread. Well baked bread is consumed not only in local areas but also in different nooks and crannies of our great country. Effective transportation system will also be enhanced to see that this product gets to people in need of it.

5.3 Industry Analysis

Industry analysis information is presented in the following subtopics.

5.3.1 Competition and Buying Patterns

The key element in purchase decisions made at the company's customer level is the availability of an affordable quality product. The most important factor in this market is the distribution network.

5.3.2 Key Competitors

Wheat Flour Producing Companies like Dangote Flour

SECTION SIX

6.0 STRATEGY AND IMPLEMENTATION SUMMARY

Our marketing strategy emphasizes focus. This will be the key. We will first of all focus on the local market and in the remote and previously inaccessible areas where there is a large market for our products. The target customers will include key decision makers in the retail and supermarket chains who often order or recommend on behalf of the company.

We intend to focus on delivering quality product that in turn produces good referrals, which can then generate revenue.

We intend to always have a relatively heavy personal selling component to our marketing strategy.

We intend to be active in personal relationship with clients and strategic allies.

We also intend to achieve growth by creating a more enthusiastic customer culture.

There will be constant strategic measurement of goals that will ensure that the organisation remains focused on its goals and objectives.

6.1 VALUE PROPOSITION

Our value proposition is offering our customers' quality baked bread at reasonable prices. Hence we intend to:

- ✓ Ensure customer satisfaction
- ✓ Market the company
- ✓ Market the benefit, not the product

The value proposition shall be communicated through personal selling and other referrals that emphasize how this company is able to satisfy customers.

6.2 Competitive Edge

- ✓ The baked bread is made in Nigeria and is therefore easily accessible by the Nigerian public.
- ✓ The company is in a better position to satisfy the need of the Nigerian public.
- ✓ It will be cheaper.
- ✓ Unlike locally baked bread, the product will be well baked and packaged.
- ✓ The company will also maintain link with Nigerians by regularly conducting research on the taste of Nigerian populace.
- ✓ Depot will be located nationwide so as to make the baked bread easily accessible

6.3 SALES STRATEGY

We intend to focus on improving our implementation by working on key objectives and better coordination of marketing efforts. For the short term, the selling process will depend on personal selling to lure and inform customers about the quality baked bread that we offer and the benefits of consuming our products.

6.4 MARKETING STRATEGY

In price, we intend to offer extremely reasonable prices and we also need to be able to sustain that.

6.4.1 Service Provision

The service aspect shall constitute an important element in delivering total quality. We also intend our customer service to be the key to retention of our customers. We will also ensure that our customers are satisfied with the desired quality. This is because we intend our customers not to be one time buyers but regular order seekers.

6.4.2 Corporate Social Responsibility

O.G.B Group of Companies intends to be involved in a wide range of social responsibility engagement programs to invest back in to the community in which we operate. Through our social responsibility program we can assist in improving people's lives, if we contribute to development in a sustainable way. We need to support projects that communities bring to us rather than strictly creating our own solutions for communities.

We intend to involve in the following activities:

- ✓ Education

- ✓ Health
- ✓ Environment Issues etc.

6.5 PRODUCTION SUMMARY

Our production system shall strive to attain service excellence in addition to manufacturing safe quality product.

6.6 PRODUCTION PROCESS

The unit operations involved in garri processing technology are:

1. SORTING: The freshly harvested tubers are sorted mainly by visual assessment. Defective tubers and extraneous matters are separated and discarded.

2. WEIGHING: The sorted tubers are weighed with industrial weighing scale. The total weight of the input (raw material) can be recorded.

3. PEELING: The separation of inedible peels from the edible portion of the tubers is accomplished by manual peeling. The peels can be utilized for poultry feed formulation or serve as source of fuel for industrial plants.

4. WASHING: The peeled roots are thoroughly washed with hygienically clean water to remove both physical and biological contaminants, which can adversely affect the quality of the finished product. In addition, free starch is released by the cutting action of the peeling knife or brushing during harvesting. Washing can be accomplished manually or mechanically (using a drum washer).

5. GRATING: After weighing (to calculate the peeling loss) the peeled tubers are subjected to the size reduction unit operation called grating. Ideally, a hammer mill is used to produce a smooth mash which would result in a superior quality product with higher yield.

6. FERMENTATION: The mash is anaerobically fermented in a non-corrosive container for a period of time, (3 to 4 days).i.e 96 hours. From zero hour to the end of the period. This ensures intimate contact of the enzyme (endogenous) with hydrolysis of the cacogenic complex and maximum liberation of the severed hydrogen cyanide. The process is termed detoxification.

7. DEWATERING: Immediately after the fermentation period, the mash detoxified is dewatered from about 75% moisture content to less than 10% using a pressing machine. The resultant product is termed “CAKE.”

8. SIEVING: The caked garri is sieved using a raffia palm sieve separating the chaff and some unwanted by-product from the garri powder. (This is done manually thus creating employment for the teeming populace)

9. FRYING: The sieved garri powder is fried using a frying pan (in this stage, our product is in two types, white and red garri. Red oil is normally added to the garri in this stage while in the white brand, no oil is added)

12. PACKAGING: The processed garri is packaged directly in kilos according to

Brands and sent to our different depots for distribution.

Nigeria consumes about 6m metric tons of garri annually.

This company is projected to produce 10,000 metric tons of garri in the first year of operation and subsequently increase output at the rate of 15% per annum. It is always intended to be exported to oversea countries.

The projected demand is as follows;

Year	estimated Demand
2015	10,000 metric tones
2016	11,500 metric tones
2017	13,225 metric tones
2018	15,209 metric tones
2019	17,491 metric tones

Technology

This company will use the latest technology in garri processing especially as it concerns improving the quality.

SECTION SEVEN

7.0 LEGAL, SOCIAL AND ENVIRONMENTAL ISSUES

7.0.1 Legal Issues

The company will be registered as O.G.B Group of Companies with Corporate Affairs Commission as required by law. The product of the company will be certified by Standard Organization of Nigeria and NAFDAC.

7.0.2 Social Issues

The company will employ eligible people from the community where the business is situated. The company will organize seminars and workshops to empower the youths of the area. It will also organize talents hunt to encourage local talents. It will offer scholarship to some eligible Nigerians.

7.0.3 Environmental Issues

The company is concerned with how its activities affect the environment. Part of things it will incorporate is disposing of wastes in an ecological friendly manner. The company will also engage in recycling where such is possible.

SECTION EIGHT

8.0 RISK AND MITIGANTS

RISKS	MITIGANTS
Power outage	Provision of stand by gen set,
Initial low demand	Aggressive awareness.
Competitors lower price	The product will be offered with improved customer care.

(CONTROLS)

Economic justification

- ✓ The business will provide jobs.

- ✓ Yield tax for the government.
- ✓ Contribute to the GDP of the country.
- ✓ Improve the country's foreign exchange reserve
- ✓ Generate revenue for the investors.

Commercial viability

The business is a viable business. The agricultural sector of Nigeria is still developing; there is high demand for bread. The supply for bread has not met the demand for it in the country.

8.1 EXIT STRATEGY

The owner of the business intends to make the business a going concern and therefore does not intend to sell the business.

SECTION NINE

9.0 FINANCIAL PLAN

We want to finance growth mainly through cash flow

9.1 IMPORTANT ASSUMPTIONS

Some of the important underlying assumptions are:

- ✓ We assume strong economy without major recession.
- ✓ We assume that there are no unforeseen changes in economic policy to make our products immediately obsolete.

Project Cost

The project will cost ₦15million of which ₦9million will be used to finance fixed capital and ₦6million will be used to finance the working capital.

	₦ million
Fixed capital	10
Working capital	10
PROJECT COST	20

Funding Plan

	₦ million
Owners' contribution	10
Loan	10
PROJECT COST	20.0

Funding Requirement

The funding requirement is ₦10million as ₦10million out of the money needed will be provided by the owner.

Projected Income Statement

	2014	2015	2016
	₦' million	₦' million	₦' million
Turnover	8.5	9.775	11.24125

Cost of sales	5.3	6.095	7.00925
Gross profit	3.2	3.66	4.232
Less Expenses;			
Salaries and wages	1.2	1.35	1.5
Electricity	0.30	0.37	0.4
Depreciation	0.9	0.9	0.9
Loan interest	0.3	0.3	0.3
Transport	0.1	0.115	0.125
Other expenses	0.05	0.07	0.09
Net profit	0.35	0.575	0.917

9.2 Cash Flow Projection

	2014	2015	2016
	₦' million	₦' million	₦' million
Cash inflow;			
Equity	7.5	-	-
Bank loan	7.5	-	-
Sales revenue	7.0	8	9.8
Total cash inflow	22	8	9.8
Cash outflows;			
Fixed asset acquisition	9	-	-
Cost of sales	5.3	6.095	7.000925
Operating expenses	1.95	2.205	2.415
less depreciation			
Total cash outflow	16.25	8.3	9.42425
Net cash flow	5.75	(3)	0.37575
Opening cash balance	-	5.73	2.73
Closing cash balance	5.75	2.73	3.10573

Break Even Point (BEP) Analysis

Our break-even analysis will be based on running costs which will include rent, wages, electricity, insurance etc. We will aim to ensure that our sales level are running comfortably above break even.

	Fixed cost	Variable cost
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Salaries and wages	1.2	0.3
Electricity		0.3
Depreciation	0.9	
Loan interest	0.3	
Transport		0.1
Other expenses		0.05
Total	2.4	0.45

Break-even point

$$BEP = \frac{2.4}{1 - \frac{4.5}{8.5}}$$

Interpretation

Out of the ₦8.5 million sales, the company will break even at ₦2.5363.

Projected Statement of Financial Position

	2015	2016	2017
Capital employed;			
Fixed assets	9000000	9000000	9000000
Less, depreciation	900000	1800000	2700000
Net book value	8100000	7200000	6300000
Current asset;			
Balance at bank	5750000	2730000	310575
Debtors	100000	2730000	0.78
Total current asset	6750000	3930000	3885750
Less current liability	500000	4570000	6014250
Net current asset	6250000	8500000	99000000
Total asset	14350000	187000000	16200000

Less, loan	7500000	7500000	7500000
Net asset	7850000	8200000	8700000
Financed by;			
Owners capital	7500000	7500000	7500000
Retained profit	350000	700000	1200000
Owners fund	7850000	8200000	8700000

SECTION TEN

10.0 OTHER CONSIDERATIONS

CONCLUSION/RECOMMENDATION

10.1 ECONOMIC JUSTIFICATION

From our assessment, it is clear that the planned project is economically justifiable in that for a start, we intend employing 17staffs, hence reducing poverty and uplifting people.

10.2 COMMERICAL VIABILITY

The project is highly viable as it is glaring in our projections, the conservation but impressive cash flows turnover and profit line.

10.3 CONCLUSION/RECOMMENDATION

We have no doubt, that the proposed project is technically feasible, financial viable and economically desirable in stock or both the promoter and investors. Hence, we cannot relent in recommending the project for immediate funding and implementation.