

**UNIVERSITY OF NIGERIA**

**FACULTY OF ARTS**

**DEPARTMENT OF MASS COMMUNICATION**

**FURNITURE BUSINESS**

**A BUSINESS PLAN PREPARED IN PARTIAL FULFILLMENT FOR  
THE REQUIREMENT OF THE COURSE; CED 342 (BUSINESS  
CREATION AND GROWTH).**

**BY**

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**2014/194949**

**LECTURER: DR. MRS. C. T. NWOGA**

**JULY, 2017.**

# **ALPHA FURNITURES**

**19ZIKS, ENUGU, ENUGU STATE.**

**EZEUGWU IFEANYI ALPHONSUS**

**07062283584**

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**JULY 2017.**

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## **1.0 Executive Summary**

### **1.11 Name of business:**

The name is ALPHA FURNITURES

**1.12 Legal form of business:**

ALPHA FURNITURES is a sole proprietor business that is on the process of registration with the Corporate Affairs Commission (CAC).

**1.13 Contact address:**

**19Ziks Avenue, ENUGU, ENUGU STATE.**

**1.14**

Telephone: 07062283584. Email: info@alphafurnitures.com.ng

**1.15 Type of business:**

This is a sole proprietorship business.

**1.16 Description of business:**

Alpha Furniture is a company that was born out of the desire to make quality furnitures works available for the enjoyment of the people of this country. Due to the preference for foreign furniture by Nigerians, which is caused by lack of quality furniture in Nigeria. We came into existence to make quality furniture that would be affordable and able to compete with the ones from abroad.

Our customers cover all individual homes, factories, schools, hostels, restaurants, bars, hotels, or any other building that need furniture.

The name of the owner of the business is; Ezeugwu Ifeanyi Alphonsus; he oversees the entire running of the business.

**1.17 Job opportunities:**

It will create 5 jobs directly.

**1.18 Start-up capital:**

It would require a start-up capital of N849,600 comprising of fixed asset of N23,600 working capital of N540,000, and others which amount to N286,000.

Table 1

A	Fixed capital	N23,600
---	---------------	---------

B	Working capital	N540,000
C	others	N286,000

Total-N849,600

### **1.19 Source of capital:**

The capital will be sourced as follows

Table 2

a	Owners capital	N860,000
	<b>TOTAL</b>	N860,000

### **1.20 Profitability:**

The business has the ability of raising above N6 million profits from the third year.

## **2.10 GENERAL INTRODUCTION**

### **2.11 Background**

Alpha Furniture is a Nigerian company that is into the creation, and sell of furniture for homes, offices, schools, hotels etc. the business was born from the desire to produce quality furniture that would be able to compete well with foreign furniture imported and sold in this country. Our products are created with the finest materials so as to meet customers need for quality furniture.

Our customers cover all individual homes, factories, schools, hostels, restaurants, bars, hotels, or any other building.

### **2.12 Vision Statement**

Manufacture furniture can would be exported before the next 10 years.

### **2.13 Mission Statement**

Become the leading furniture company in Nigeria in the next ten years.

### **2.14 The Company**

The name of the company is ALPHA FURNITURE. It is a new business and it is in the process of being registered.

### **2.15 Services Offered**

We are into the creation and sells of furniture.

### **2.16 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;

EZEUGWU IFEANYI ALPHONSUS       -----       100%

### **2.17 Location of the business**

The business headquarters is located at 19Ziks Avenue, Enugu, Enugu State. It is strategically positioned in Enugu at the center of the town. 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.

### **2.18 Industry Trend and Analysis**

The industry is a growing business that has an all year demand for furniture services. 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.

### **2.19 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.

### **2.20 Key success factors**

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



## The Market

### 3.10 Target Market

The main targeted market includes different states in the east and other parts of Nigeria. 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 plumbing.

### 3.11 Sales and market share analysis

The market has the potential of offering us opportunity to sell over 4,000 furniture per year. For now we can control 10 to 15% of the market.

### 3.12 Profile of Competitors

COMPETITOR S	PRODUCTS/SERVICE S	COMPAN Y SIZE	TURNOVE R	ADVANTAGE S	DISADVANTAGE S
Justin Upholstry Nigeria Ltd.	Furniture services.	Employs over 16 workers.	Over N13million yearly	Have been long in the business.	Not located in an easily accessible place, and sales product costly.
Favour Furniture	Furniture	Employs about 12 workers.	Makes over N7million as turnover yearly.	Have competent personnel.	Just started in the business.

## Competitive Advantages

ALPHA FURNITURE 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 they 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.

### 3.13 SWOT Analysis

STRENGTHS	WEAKNESSES
<p>The great experiences of our workers are a plus to us.</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
<p>Ability to expand to great limit, since so many people in the Southern part of Nigeria.</p>	<p>Fluctuating prices of fuel that might increase cost of operation.</p>

### 3.14 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>10,800</b>
<b>Available market</b>	<b>80,000</b>
Less 5% due to error in estimation	<b>28,500</b>
<b>Available demand/qualified market/ demand supply gap</b>	<b>126,800</b>
<b>Initial installed capacity cat most 60% of available demand</b>	

(served market)	
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#### **4.10 Marketing Plan**

#### **4.11 Market segmentation**

Plumbing services belongs to the service sector of the economy. The location of the business was done in relation to the market demand of furniture and where production could be cheap.

#### **4.12 Target market**

The main targeted markets include all the states in the south eastern states.

#### **4.13 description of the edge of service**

service	1
Denominatio n	Furniture
Packaging	No packaging

#### **4.14 Marketing Plan Price**

Consumers are willing to pay highest N 145,000, average of N90,000 and lowest of N25,000 for service.

Our competitors' prices ranges from highest of N125,000, an average of N80,000 and the lowest of N17,000.

The average price for full furniture is N70,000.

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.

#### **4.15 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.

#### **4.16 marketing mix implementation tools**

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

#### **4.17 Channel of distribution**

Customers will deal directly with us.

#### **4.18 Start-up promotion**

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

#### **4.19 Alliances**

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

#### **4.20 Marketing calendar and Budget**

For every six month we would print notebooks that is customized, banners and posters. We would carryout announcement in radio twice every week. All will cost us N36,000 per year.

### **5.00 Production Plan**

#### **5.11 The Project**

The project we are embarking on, is the creation of different designs of quality furniture that would be able to compete with furniture imported into this country.

### **6.10 Management and Organisational structure**

The main promoter is the owner of the company and holds all the share of the company. He is;

EZEUGWU IFEANYI ALPHONSUS	-----	100%
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Our financial adviser is Olumo Financial Advisor Nig Ltd;252 Presidential road Enugu, email: info@olumofinance.com.ng, website: www.olumofinance.com.ng, telephone number: 0803 909 9921

Our legal adviser is Nwakanma solicitors; 07 Ziks Avenue , Enugu, Enugu State.

Email: nwakanmasolicitors@gmail.com. phone number: 0816 344 6767

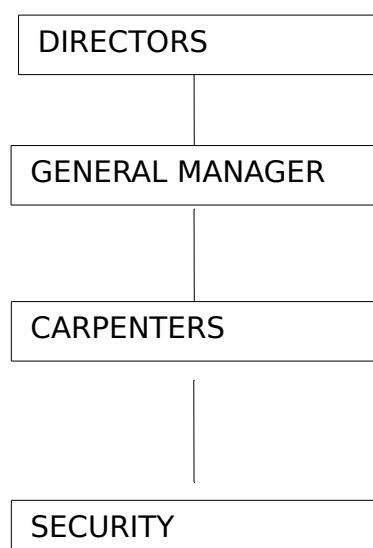
### 6.11 Management team

DESIGNATION	QUALIFICATION	YEARS OF EXPERIENCE	DUTIES
GENERAL MANAGER	HND in accounting	2 years' experience as manager.	Oversees the day to day operation of the business.
CARPENTERS	WAEC	3 to 5 years' experience at different companies	Carry out the creation of furniture.
SECURITY	WAEC	No experience	Safe guards companies properties.

### Our future management needs.

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

### 6.12 Organizational structure



### **6.13 The personnel plan**

S/ N	POSITION	NO. OF STAFF	SALARY PER STAFF PER MONTH	TOTAL ANNUAL SALARY
1.	General manager	1	N45,000	N540,000
2.	Carpenters	3	N30,000	N1,080,000
3.	Security	1	N10,000	N120,000

### **6.14 Organization's values and norms**

Integrity, faithfulness, truth, faithfulness and diligence.

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

#### **7.11 Legal Issues**

There are no legal issues for now.

#### **7.12 Regulatory and environmental issues**

The service is not regulated, but on the process of registration with corporate affairs commission. The farm does not create any environmental hazard.



## 8.0 Financials

### 8.11 Equipments

S/ N	INVESTMENT	QT Y	UNIT COST (N)	TOTAL COST (N)
1.	Shop	1	3000	36,000
2.	EQUIPMENTS			
	i) Dovetail saw			3,700
	ii) Chisel set			2,400
	iii) Hammers	2	1,300	3,600

	iv) Smoothing planes	2	2,100	4,200
	v) Combination square	2	900	1,800
	vi) Bevel gauge	2	1,700	3,400
	vii) Table			4,500
	<b>TOTAL INVESTMENT</b>			<b>59,600</b>

### 8.12 Sales Plan

PRODUCT/SERVICES	YEAR 1	YEAR 2	YEAR 3
Service Quantity	60	100	150
Sales per unit	N70,000	N70,000	N70,000
<b>TOTAL</b>	<b>N4,200,00</b>	<b>N7,000,00</b>	<b>N10,500,00</b>
	0	0	0

### 8.13 General cost of Administration

Item	Current (For existing projects only) (N)
<b>SALARIES</b>	<b>1,740,000</b>
<b>TRANSPORTATION</b>	<b>64,700</b>
<b>TELEPHONE</b>	<b>48,300</b>
<b>ELECTRICITY</b>	<b>14,400</b>
<b>ADVERTISING</b>	<b>36,000</b>
<b>TOTAL EXPENSES</b>	<b>1,903,400</b>

### 8.14 Working Capital Projection

### 8.15 Start Up Capital Needed

S/ N	ITEM OF EXPENDITURE	AMOUNT (N)
1.	Fixed asset investment (equipment and machines)	23,600
2.	Working capital	540,000
3.	Pre-operating expenditures	286,000
	<b>TOTAL</b>	<b>849,600</b>

### 8.16 Financing Plan

S/ N	SOURCES OF FUND	AMOUNT (N)
1.	Owners capital	540,000
2.	Donation from family members	210,000
	<b>TOTAL</b>	750,000

### 8.17 Schedule of Depreciation

S/ N	ITEM OF DEPRECIATION	INITIAL VALUA	SCRAP VALUA	LIFE SPAN	DEPRECIATION
1.	Dovetail saw	3,700	200	5 years	700
2.	Chisel	2,400	300	3 years	700
3.	Hammer	3,600	200	5 years	680
4.	Smoothing plane	4,200	400	5 years	760
5.	Combination square	1,800	300	5 years	300
6.	Bevel gauge	3,400	400	5 years	600
					N3,740

### 8.18 Final Accounts projection

PARTICULARS	YEAR 1, AMOUNT (N)	YEAR 2, AMOUNT (N)	YEAR 3, AMOUNT (N)
<b>SALES</b>	<b>4,200,000</b>	<b>7,000,000</b>	<b>10,500,000</b>
<b>OTHERS</b>	-----	-----	-----
<b>NET SALES</b>	<b>4,200,000</b>	<b>7,000,000</b>	<b>10,500,000</b>
<b>LESS EXPENSES:</b>			
<b>SALARIES</b>	<b>1,740,000</b>	<b>1,740,000</b>	<b>1,740,000</b>
<b>TRANSPORTATION</b>	<b>64,700</b>	<b>72,800</b>	<b>78,400</b>
<b>TELEPHONE</b>	<b>48,300</b>	<b>54,200</b>	<b>60,020</b>
<b>ELECTRICITY</b>	<b>14,400</b>	<b>14,400</b>	<b>14,400</b>
<b>ADVERTISING</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>
<b>EQUIPMENTS</b>	<b>23,600</b>	----	-----
<b>BUILDING (RENT)</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>
<b>BUYING OF RAW MATERIALS</b>	<b>250,000</b>	<b>340,000</b>	<b>520,000</b>

<b>TOTAL EXPENSES</b>	<b>2,213,000</b>	<b>2,293,400</b>	<b>2,484,820</b>
<b>PROFIT BEFORE TAX/INTEREST</b>	<b>1,987,000</b>	<b>4,706,600</b>	<b>8,015,180</b>
<b>LESS INTEREST</b>	-----	-----	-----
<b>PROFIT AFTER INTEREST</b>	<b>1,987,000</b>	<b>4,706,600</b>	<b>8,015,180</b>
<b>LESS DEPRECIATION</b>	<b>3,740</b>	<b>3,740</b>	<b>3,740</b>
<b>TAXABLE PROFIT</b>	<b>1,983,260</b>	<b>4,702,860</b>	<b>8,011,440</b>
<b>LESS TAX (10%)</b>	<b>198,326</b>	<b>470,286</b>	<b>801,144</b>
<b>PROFIT AFTER TAX</b>	<b>1,784,934</b>	<b>4,232,574</b>	<b>7,210,296</b>
<b>NET PROFIT</b>	<b>1,784,934</b>	<b>4,232,574</b>	<b>7,210,296</b>

### 8.19 Cash flow Projection

CASH FLOW	YEAR 1. TOTAL (N)	YEAR 2. TOTAL (N)	YEAR 2. TOTAL (N)
<b>CASH IN:</b>			
SALES INCOME	4,200,000	7,000,000	10,500,000
RE-INVESTMENT			
<b>TOTAL CASH IN</b>	<b>4,200,000</b>	<b>7,000,000</b>	<b>10,500,000</b>
<b>CASH OUT:</b>			
SALARIES	1,740,000	1,740,000	1,740,000
TRANSPORTATION	64,700	72,800	78,400
TELEPHONE	48,300	54,200	60,020
ELECTRICITY	14,400	14,400	14,400
ADVERTISING	36,000	36,000	36,000
OTHER EXPENSES	309,600	376,000	556,000
TAX	198,326	470,286	801,144
<b>TOTAL CASH OUT:</b>	<b>2,411,326</b>	<b>2,763,686</b>	<b>3,285,964</b>
<b>NET CASH FLOW</b>	<b>1,788,674</b>	<b>4,236,314</b>	<b>7,214,036</b>

### Risks Analysis and Mitigants

#### 9.10 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 render services 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.

### **9.11 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.

### **9.12 Exit Strategy**

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

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

### **10.11 Economics 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.

### **10.12 Commercial Viability**

Looking at the cash flow projection, the business would be able to generate N1,784,934, N4,232,574 and N7,210,296, 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.

### **10.13 Conclusion/Recommendation**

Based on the above information supplied about our planned furniture 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.