

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

MAKING AND SEELING/DISTRIBUTION OF PEANUT  
BUSINESS

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

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# MAKING AND SEELING/DISTRIBUTION OF PEANUT BUSINESS

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## **PART I**

### **1.0 Executive Summary**

The business whose summary appears below derives from the fact that the demand for making and distribution of peanut is on the rise due to the need for people to boost or increase their vitamin and oil.

This business is a reaction to the above need. It has planned how to produce and distribute peanut. The market potential of the product of this business is high.

### **1.1 Name of Business**

Peanut making and distribution.

### **1.2 Contact Address**

No. 24. Laz Nwuzor Str Abakaliki, Ebonyi State

Mobile Phone: 0706-2121-801

E-mail: [henryuc4@yahoo.com](mailto:henryuc4@yahoo.com)

### **1.3 Type of Business**

Our Peanut making and distribution is a business that manufactures and distribute peanut.

### **1.4 Concise Description of the Business Idea**

**Products or Services:** Our peanut production and distribution business sells groundnut, groundnut oil; we also sell the products of groundnut which is majorly peanut. It is highly recommended for everyone.

**Customers:** The public and retails.

**Owners:** Our peanut production and distribution business as already hinted is a private limited company with EDEH, UCHENNA HENRY 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 at least 10 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)	900,000
Working Capital and pre-operating expenses	200,000
Total	1,100,000

### **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	800,000
Support from family	300,000
Total	N 1,100,000

### **1.8 Profitability (N)**

Year 1 = 700,000

Year 2 = 850,000

Year 3 = 1,300,000

### **1.9 Level of Liquidity (N):**

The liquidity levels over the years are:

Year 1 = 70,250

Year 2 = 150,450

Year 3 = 120,000

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

## **2.0 Introduction**

Giving the rising or increase in demand of vitamins and oil in urban and rural areas of Nigeria, I have decided to start making and distributions of peanut business so as to provide food for citizens of the country and also to make income from it to attend to my personal needs/problems. The main objective is to make good, nutritious and quality peanut available for people to consume and also for give to retailers in a subsidized rate to enable them to make some extra income, also, my objective is to increase my income and be able to eradicate hunger and financial problems.

Groundnut is a highly nutritious seed and a very important source of edible oil. Nigeria produce over 1.55 million metric tonnes of groundnut annually and presently the largest producers of groundnut in Africa and the fourth largest in the world. Groundnut 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 Quantity of groundnut can be substituted or added in bakery, peanut and groundnut oil manufacturing activities and other products.

This business plan is to examine the financial viability or otherwise of establishing peanut production and distribution in rural and urban areas using as basic raw material which is groundnut to produce peanut, oil, quili quili, etc.

### **2.1 Vision Statement**

To be known as one of the best and reliable producer and distributor of great quality of peanut in Nigeria.

### **2.2 Mission**

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

### **2.3 Product**

We farm groundnut in a very large quantity and also in a very fertile land. We sell groundnuts in bulk for those we would want to harvest and process by themselves.

We produce peanuts for sell and also sell the oil for those who want to use it to cook, fry, etc.

### **2.4 Location of the Business**

The farm will be located in No. 24. Laz Nwuzor Str Abakaliki 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 and at a minimal cost, meeting the demand of the market.

### **2.6 Key Success Factor**

Some of the key success factors derive from the fact that our peanut making and distribution 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 vitamins and oil, which makes the product to be highly sought after.

## **PART III**

### **3.1 The Market**

The target market of our peanut making and distribution business is major markets in South East Nigeria. Also, we intend taking our products to other parts in Nigeria. Like South South, West, etc.

The reasons for targeting these markets are due to the high population in these places and scarcity, their high demand for this product and the high rate or demand for vitamin and oil.

### 3.2 Expected Sales and Market Share Analysis:

The market for the product are dominated by coconut, vegetable oil 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
Coconut	Direct Competition	1,Already established in the market 2,Nation wide channels of distribution	No core market
Vegetable	Direct Competition	1,Already established in the market 2,Nation wide channels of distribution.	No core market

### 3.4 SWOT Analysis

Our peanut making and distribution 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. The cost of equipment
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 coconut, Vegetable, etc.
2. Decrease in quantity of product due to groundnut 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 peanut can be sold in in bulk. Also direct to individual final consumes, through the retailers and through wholesalers.

## **PART IV**

### **4.1 Technical Analysis**

#### **Pre-Season**

- ❖ Get a soil test and check with an agronomist prior to ordering your fertilizer.
- ❖ Determine if lime or gypsum is needed.
- ❖ Determine likely chemicals (herbicides, fungicides etc) needed for the season and order in advance.
- ❖ Determine your desired planting date (is it rainy or dry season?)
- ❖ Determine your deadline for planting. If this deadline is reached and it has not rained, pre-water your paddock.
- ❖ Have an irrigation schedule worked out.
- ❖ Ensure all equipment for the season is in good order (planters, boomspray, harvesters, etc.)
- ❖ Calibrate planter and fertilizer rig.
- ❖ Calibrate boom spray. Check nozzles.
- ❖ Determine which variety best suits your conditions and make sure you have enough seed ordered.

#### **Ground Preparation**

- Deep rip your paddock, preferably both ways.

- Prepare an even seed bed - not too cloddy.
- If the pH is acid, apply lime at least 2 weeks prior to planting and lightly incorporate.
- Apply magnesium at least 2 weeks prior to planting.

### **Week 0: Planning**

- ✓ Ensure good moisture for planting (peanuts need to absorb at least 50% of their weight in water to germinate).
- ✓ Use inoculant (keep cool in an esky.)
- ✓ Sprinkle inoculant (dry) into the planter box. Half fill box with seed (gently), sprinkle some more inoculant over the seed. Fill the box up with seed. Sprinkle some more inoculant over the seed.
- ✓ Get off the planter at regular intervals and check seed placement and depth.
- ✓ Apply Dual® Gold at 1 to 2 L/ha as a pre-emergent, within 1 to 2 days of planting.
- ✓ Dual® Gold must be watered in within 10 days of application with either irrigation or rainfall.
- ✓ An irrigation within 5 days of planting will incorporate the Dual® Gold and may help ensure good crop emergence.
- ✓ Keep track of your irrigation scheduling.

### **Week 1: Cracking**

- ❖ Cracking is when the peanuts are just about to emerge - they are starting to push through the soil and you can start to see the rows.
- ❖ If the soil is dry or there is a hard crust, irrigation now can be beneficial to ensure good emergence.
- ❖ If weeds have emerged prior to the peanuts, spray Paraquat Gramoxone® @ 400ml - 1L/ha at cracking.

### **Weeks 2 & 3: Crop Establishment**

- Crop should be fully emerged.
- Check for soil insects and foliar insects, especially heliothis. Check for cutworms (*Agrotis sp.*)
- No irrigation at this stage. It may be beneficial to stress the crop.

### **Weeks 4 & 5: Flowering**

- ✓ Start of flowering.
- ✓ Spray any weeds with post-emergent herbicides.
- ✓ No irrigation as the very first few flowers appear - stress the crop.
- ✓ Apply protective fungicide application.
- ✓ Apply foliar fertilizers (1% solution), especially copper (on very sandy soils) and zinc.
- ✓ Apply gypsum @ 1- 2t/ha.
- ✓ Check for foliar insects, especially jassids, leafhoppers, mites and heliothis.

### **Weeks 6 & 7: Main Flowering**

- ❖ This is the start of the main flowering and the start of the logarithmic (fastest) growth phase when the peanuts start to grow very rapidly.
- ❖ Irrigation is essential at this stage.
- ❖ This is when the crop's yield potential is going to be set, so good conditions are essential.
- ❖ Use your irrigation to try to fill the soil profile at this stage. This may involve two watering in quick succession.
- ❖ Check for foliar insects and foliar disease.
- ❖ Spray appropriate fungicide as needed.
- ❖ If cultivation is needed (eg. hard-setting soil, weeds etc), it is best performed no later than at this stage.

### **Weeks 8 & 9: Pegging**

- Make sure you are following your irrigation schedule (crop stress during pegging and pod setting can be detrimental to yield).
- Pull a couple of bushes up (using a garden fork) and check the pegging and development.
- Scout for foliar insects and diseases.
- Spray appropriate fungicide as needed.
- Spray with foliar fertilizers.
- If Sclerotinia may be a problem, spray a protectant fungicide at this time.

### **Weeks 10 & 11: Pegging and Pod-Setting**

- ✓ Check irrigation schedule.
- ✓ Pull some bushes up and check the development.
- ✓ Check for diseases and insects.
- ✓ Make sure harvesting equipment is properly repaired and maintained.

### **Weeks 12 & 13: Canopy Closure and Pod-Setting**

- ❖ The crop should reach full canopy closure by week 12.
- ❖ The crop should now be setting its peak yield potential.
- ❖ The crop factor in your irrigation schedule should now increase to 1.0 (this means the crop will lose as much water as an open pan of water placed in the sun and wind).
- ❖ Check for diseases and insects and spray as necessary.
- ❖ Spray with foliar fertilizers as required.

### **Weeks 14 & 15: Pod filling**

- Keep the water up to the crop. Check your irrigation schedule.
- Pull some bushes up and check the pod development.

- Check for insects especially armyworms (*Spodoptera*) which stay at or just below ground level during the day, but feed on pegs during the night.
- Check for disease, especially rust. Look carefully for raised coppery pustules on the back of leaves.

### **Weeks 16 & 17: Pod Filling and Early Maturity**

- ✓ Keep the water up to the crop.
- ✓ Check for disease.
- ✓ By the end of Week 17, check for signs of maturity. Pull some bushes up and check for maturity.
- ✓ Remember early maturing varieties may be fully mature by this time in some environments.

### **Weeks 18 & 19: Start of Maturity**

- ❖ Actual water use of the crop may start to lessen during this phase, but dig around under some plants and check the moisture status.
- ❖ You still need to keep the crop moist to avoid aflatoxin and to help fill out any later setting pods.
- ❖ Check for maturity.
- ❖ Check for any signs of disease.

### **Weeks 20 & 21: Maturity and Digging**

- Check maturity using the Hull Scrape Test and double check any pods you are unsure of by using the shell-out technique.
- Test maturity in the paddock by running some strips with the digger. Check for losses and maturity.
- Make sure the digger is working properly. The elevator chain speed should be slightly faster than the forward speed of the digger.

- Get off the tractor regularly and check under the windrow for losses. Try to get good inversion.
- Keep in mind it may be best to dig initially what you can comfortably harvest with the thresher if you are dealing with large areas.

### **Harvest**

- ✓ To avoid aflatoxin contamination, peanuts should remain in the windrow for no more than three days.
- ✓ The ideal moisture content for threshing to avoid losses and damage to the kernels is approximately 18 %.
- ✓ Take samples from the windrow and check the moisture content.
- ✓ The speed of the pick-up head should match the forward speed. This allows the windrow to be picked up without separating or over-running the inverted bushes.
- ✓ Check cylinder speeds regularly - this may have to be adjusted as windrow conditions change during the day.

### **Pre-Cleaning**

- ❖ Pre-clean your peanuts to remove dirt, sticks, weeds and other extraneous matter. Pre-cleaning will also remove many LSKs and immature pods and so decrease the risk of aflatoxin contamination.

### **Curing**

- Ensure peanuts are adequately pre-cleaned.
- Start drying within 4 hours of threshing to prevent aflatoxin development.
- Make sure air temperature in the plenum does not exceed 11°C above ambient temperatures (up to a maximum of 35°C).
- Check the moisture removal rate does not exceed 0.5% per hour.
- Check the relative humidity of the drying air should be between 50% to 65%.

- Make regular checks of the temperature and relative humidity in the air tunnel.
- Regularly check the moisture content of the peanuts.

#### 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	10	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	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	10	2000day job
3.	Operators	5	2000day job
4.	Marketers/Drivers	20	3000day 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 oil that will be coming out during the processing, will be channeled it to the market.

## PART V

### 5.0 Financials

Our peanut making and distribution 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	3	50,000	150,000
3.	Electric Sieving Machine	1	100,000	100,000
4.	Mill (grinder)	2	200,000	400,000
5.	Weighing Balance	1	10,000	10,000
6.	Dryer	4	80,000	320,000
	<b>TOTAL INVESTMENT</b>		<b>N 1, 000,000</b>	

### 5.1 Sales Plan

Year	Year 1	Year 2	Year 3
<b>Product</b>	<b>Peanut making and distribution</b>	<b>Peanut making and distribution</b>	<b>Peanut making and distribution</b>
<b>Product quantity</b>	<b>1800 cups</b>	<b>2200 cups</b>	<b>3000 cups</b>
<b>Price per unit</b>	<b>100</b>	<b>120</b>	<b>150</b>
<b>Sales</b>	<b>130000</b>	<b>138000</b>	<b>500000</b>

### 5.2 Cost Plan

Year	Year 1	Year 2	Year 3
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Product	Peanut making and distribution	Peanut making and distribution	Peanut making and distribution
Labour	50,000	73,000	80,000
Maintenance	8,000	10,000	14,000

### 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)	900,000
2.	Working Capital	700,000
3.	Pre-operating Expenses	200,000
	<b>Initial Total Investment Outlay</b>	<b>N1,800,000</b>
		<b>0</b>

### 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	800,000
2.	Bank Loan	300,000
	<b>Total</b>	<b>N 1,100,000</b>

### 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	D-C-B	E-A-D

			<b>in eqn. 1)</b>		
<b>Year3</b>	<b>698,200</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>952567</b>
<b>Year4</b>	<b>698,200</b>	<b>449210</b>	<b>546738.96</b>	<b>496,371</b>	<b>NIL</b>

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 peanut making and distribution 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 set up the peanut industry for real dynamic growth, local and international companies need more awareness rising on financial benefits of using groundnut-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 peanut making and distribution Business is very profitable as it will generate over 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.