

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF ARTS
DEPARTMENT OF MASS COMMUNICATION

TOPIC

HONEY DISTRIBUTION AND PACKAGING

A BUSINESS PLAN

**SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE COURSE: CED 342
(BUSINESS DEVELOPMENT AND MANAGEMENT)**

BY

OBIEFULA PRINCE CHIBUIKEM
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LECTURER:

DR. C.T NWAOGA
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PART I

1.0 Executive summary

1.1 The following reports and recommendations relate to the proposal by Ebony Honey to establish a honey business in Aba.

1.2 The project is to be fully implemented with an investment of ~~₦6,000,000~~ made up of ~~₦4,000,000~~ for fixed assets and ~~₦2,000,000~~ for working capital. The funding requirement is ~~₦3,350,000~~ as the owner is committing ~~₦2,650,000~~.

1.3 The enterprise vision is to be the number one producers of pure honey brands and spiced honey products.

1.4 This project will be located at Aba, Abia State because it is central to the South-south, and south-east regions.

1.5 There is a ready market identified for the business based on our market survey.

1.6 Our financial projection reveals a good level of liquidity and stability by the time the business is mature.

1.7 The competitive edge of our business is based on the quality and taste differentiation of our brand. So far, no brand of honey enjoy trust as a pure natural and unadulterated brand.

1.8 The profitability analysis are shown in the financial section of our business plan comprehensively.

Part II

2.0 Introduction:

The planned honey packaging and distribution project is a response to strong identified marketing and consumer need in South-South and South Eastern Nigeria, Port Harcourt, Aba and Enugu to be precise. The study reveals that there is a great awakening in these regions on the importance of honey and the health benefits thereof. Consumers are buying into the healthy honey alternative to sugar, but sadly, this sudden rise in demand has led to high proliferation of the market with fake honey products which have done more damages than the intended good. This has caused potential customers to withdraw from the brands of the product in the market, leaving a gap for a trust worthy brand to fill.

2.1 Vision

To be the producer of the number one trusted brand of honey in the south-south and south-east regions of Nigeria.

2.2 Mission

To produce the purest undiluted brand of natural and spiced honey adopting a healthy zero chemicals formula.

2.3 Key Success Factors

The key success factors are:

- a. The use of zero additive chemicals in packaging a pure brand of honey
- b. The creation of spiced variety to serve diverse consumer tastes
- c. Existence of ready consumer and business markets
- d. Accessible raw honey products in Enugu
- e. High entrepreneurship training of the main promoter

2.4 Inherent Risks

- a. Potential entrants into the market to compete with our positioning
- b. The already existing bias towards honey products
- c. Limited financial resources to fully embark on the project
- d. There is plan however to check these factors.

2.4 Business Ownership

The business is a sole proprietorship wholly owned and managed by Prince Obiefula

2.6 Location Factors

The Honey Project is located at Aba. The following are the factors that influenced my choice of location:

- a. It is central to the three main target markets; Portharcourt, Aba and Enugu
- b. Availability of land to contain the production factory
- c. Availability of cheap and efficient labour; people of Aba are hardworking and labour is not scarce
- d. Accessibility of raw material, honey. Honey can be accessed from Owerri, Aba and Enugu.

2.7 Available Market

Information from a market research shows that about 500 grams of processed honey are demanded monthly by an individual family on the average. A population report estimates that over 1.5 million families are in the south-south and south east region. Leaving us with a market demand of 750 million grams

of honey. And at a packaging of 750 gram per bottle, that would leave us with 1 million bottles per month. That figure does not include the business market of health professionals who are in huge need of pure unprocessed and unadulterated honey for alternative medical solutions.

PART III

3.0 Products

Ebony Honey will provide the following products:

- Pure natural honey
- Spiced processed honey

3.1 Product Description

Pure Natural Honey:

This is the natural state of honey at the state of extraction. Here, there are plans to package the honey with the combs as well as packaging the pure extracts in bottles. No treatment is given to the honey except the extraction and separation of non honey particles.

Spiced processed honey:

This is processed honey. Still in its undiluted state, but spiced with different natural honey spices such as ginger, garlic, etc. There is the non spiced processed version which will seek to control all form of unhealthy attributes of honey for obese and diabetic patients. These varieties seek to

satisfy the individual needs of our customers while targeting a specialised segment of the business market.

3.2 Costing

The costing of the honey products is mainly built around two three main items which include:

- a. Spices and treatments
- b. Packaging

□ **Spices and Treatments**

The spices used for the spiced and processed honey category of the product are not produced by the business. They are sourced from the market and their given prices at anytime would influence the price of the honey products they are treated with. For the first category of the product which is natural pure honey, no spice or special treatment is required.

S/N	TYPES OF SPICE	COST PER 1000KG	COST PER KG	QUANTITY OF SPICE PER 1000 gm OF HONEY	COST OF SPICING A BOTTLE (750 gm)
1	GINGER	30000	300	1.5KG	400
2	Garlic	24000	240	1kg	200

□ **Packaging**

There are two modes of packaging, each resulting in a different cost. The economy pack will be in a sachet and a plastic bottle, while the premium package will be in a customised bottle. A breakdown of the resultant costing is given below:

S/N	TYPE OF PACKAGE MATERIAL	COST PER SET	QUANTITY PER SET	COST FOR A PACKAGE	COST PER 1000 gm
1	Sachet	15,000	1000	15 per 50gm	300
2	Plastic	10,000	500	50 per 100gm	500
3	Bottle	24,000	200	120 per 100g	1200

PART IV

4.0 Marketing Plan

We shall adopt the wholesale and direct chain approach to our final consumers.

4.1 Promotional Strategy

Ebony Honey is a new brand in a field marred with distrust and bias, hence there is need for reorientation and attitude change thorough advertising. The campaign would be run through radio jingles, social media platforms such as twitter and facebook, and other media such as handbill, fliers, posters, banners and billboards.

4.2 Marketing Strategy

- Ebony Honey intends to cater for the bulk of south-south and south-eastern families and businesses in Nigeria.
- We have chosen this group for several important reasons and it is our goal to be an extraordinary Honey production company.

- Our secondary target is of all ages. Ebony honey would want to keep the price point at lunch as low as possible to attract the first layers of customers, but also high enough to make a statement of quality.

4.3 Market Positioning

The business is going to offer a wide range of products and services with quality guaranteed. Our Honey options are nutritive and they take cognizance of our consumer's dietary needs as well the cosmopolitan nature of the various cities.

In our desire to keep in touch with their culture, our services include; outdoor services, dining services, waiting services etc. Our products include; pure natural honey, spiced honey, and different packaging options all with guaranteed quality.

4.4 Projected sales

	Sales from natural honey	Sales from spiced honey(₦)	Total Sales (₦)
Year 1	20,000,000	40,000,000	60,000,000
Year 2	50,000,000	20,000,000	70,000,000
Year 3	70,000,000	30,000,000	100,000,000

Note: To push sales, bonus sachet packs is given to regular and large buying customers.

PART V

5.0 Technical Analysis

The business is just emerging, hence all the facilities required are not quite on ground. Over time, Bespoke Shawarma Stand proposes to acquire a lister generator set, more deep freezers, micro wave ovens, and more air conditioning sets, furniture and a grill.

5.1 Management and Organization

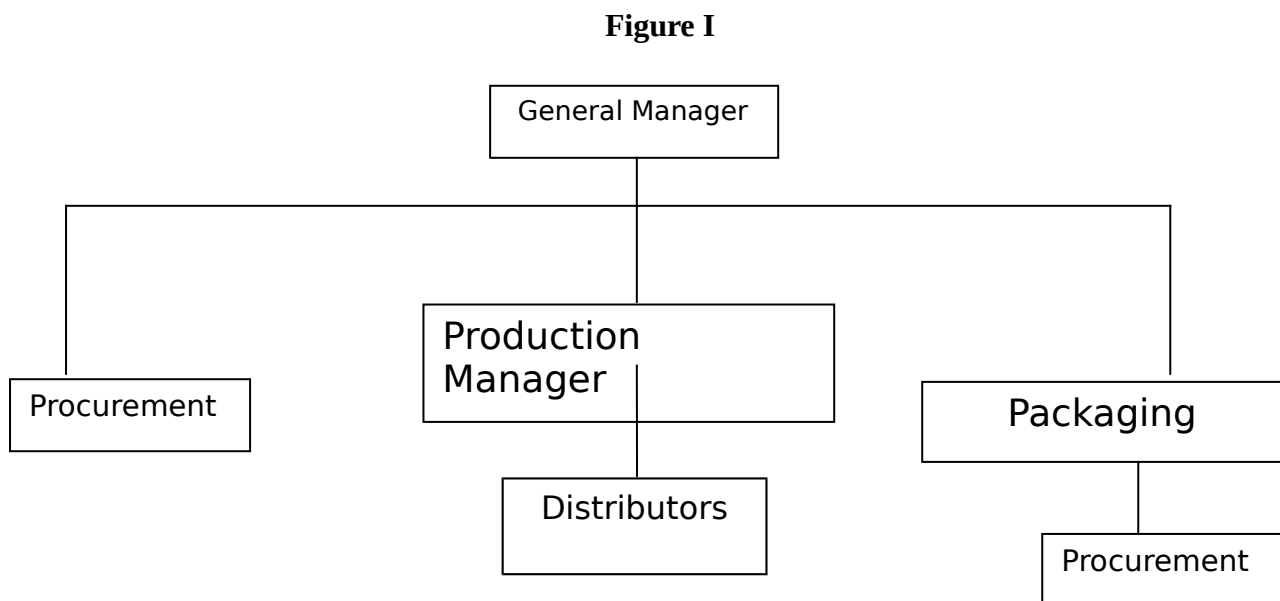
Ebony Honey is owned by Prince Obiefula who being the owner of the business will manage the affairs of the restaurant. Prince Obiefula is a good entrepreneur as well as well as a trained production manager who has enough background knowledge of the tenets of quality which he is expected to utilize in running the Honey production.

To help in the day to day management of the business, some other good hands will be hired. The plan is that the hired hands will compliment Mr. Prince, especially in the area of cooking and preparing the food.

Table 3 shows staff and management of the African food restaurant.

S/n	Positions	No of staff	Annual salary per staff ₦	Total ₦
1.	Site managers	1	360,000	360,000
2.	Cashiers	2	72,000	144,000
3.	Cook	3	120,000	360,000
4.	Busboy	1	132,000	132,000
	Add 5%			
	Fringe			996,000
	Benefits			50,000
	Grand Total			1,046,000

Figure I below shows the organizational structure of the restaurant



5.2 Values and Norms of the Company

Ebony Honey plans to adopt the following norms and values.

- a. To always provide unadulterated quality.
- b. To meet customers individual tastes.
- c. To see her employees as her most valuable assets.
- d. To offer the best for the benefit of the customers.
- e. To do her business within the Federal state and local government laws.

PART VI

6.0 Legal, Environmental, Social and Regulatory Issues

6.0 Legal Issue

Ebony Honey in the process of being registered with the Food and Drug Administration and Control (NAFDAC) will also be registered with other regulatory bodies. No special licenses are required for the operation of a fast food restaurant; however, every attempt will be made to get all necessary permit and licenses.

6.1 Environment Issues

We are committed to proper waste disposal and recycling in order to avoid causing environmental problems of any kind.

6.2 Social Issues

This business is aimed at beginning the biggest business of its kind in Aba, and the whole Lagos metropolis. We are committed to creating employment for the inhabitants of the area and promise not to cause any form of social vice or havoc in the location.

6.4 Regulatory Issues

The business in the process of being registered with the National Agency for Food and Drug Administrative Control, will also be registered with any other essential regulatory bodies.

PART VII

7.0 Risk Analysis

This project has been subjected to risk analysis and some inherent risks identified and appropriate mitigations preferred to avoid the business being disrupted.

Table 4: Identified Risks and their mitigant

Identified	Mitigants
Irregular water supply	A big water reservoir will be constructed to harvest all the rains and will be used during dry season.
Inadequate start up demand	Aggressive promotion and advertising campaigns.

7.1 SWOT Analysis

7.1.1 Strength

- We are efficient, reliable and friendly.
- We have the perfect blend of ethnicity and class

7.1.2 Weaknesses

- Availability of raw materials and also poor preservation facilities may be a hindrance.
- The site manager has limited experience and expertise in restaurant business.
- Initial problems of raising capital for the project anticipated.

However, we have made contacts with wholesale dealers on the Island and Mainland who have assured us of a constant supply of our raw materials. Also, with the arrival of our lister generating set, the problem of preservation should be solved.

7.1.3 Opportunities

- Holdings and festive periods like Christmas, Easter, and New year are great market opportunities for us.
- Also there are usually more wedding, anniversaries, end of year parties etc and these periods provide a window of opportunities for us.

7.1.4 Threats

- Perishability of products does threaten our business and this is due to low patronage on weekdays as a result of the busy lifestyle of our customers.
- Preserving the products till weekend when we have such a rush of customers sometimes proves to be a challenge.

7.2 Exit Strategy

No exit is planned, rather diversification will be pursued.

CHAPTER EIGHT

8.0 Company Financial

8.1 Summary of Project Cost

The total cost of the project is ₦5, 000, 000. This is made up of ₦4, 000, 000 in fixed capital and ₦2, 000, 000 in working capital.

8.2 Fixed Capital Investments

Ebony Honey will be located Aba, Ikoyi, Lagos. The site is motorable all year round.

Table 5 shows the fixed capital investment required for the project.

S/n	Fixed Capital	Qty	Unit price (N)	Total amount (N)
1.	Industrial Mixer Machines	10	50, 000	1,000, 000
2.	Packaging Material	20	25, 000	500, 000
3.	Cylinder	4	10, 000	40, 000
4.	Industrial Packs	5	10, 000	50, 000
5.	Deep Freezers	4	40, 000	160, 000
6.	Industrial Pots	10	5, 000	50, 000
7.	Lister Generator Set	2	200, 000	400, 000
8.	Blenders	5	20, 000	100, 000
9.	Microwave Ovens	5	20, 000	100, 000
10.	Grill	5	20, 000	100, 000
11.	Kitchen Utensils	2	50, 000	100, 000
12.	Water Tanks	2	100, 000	200, 000
13.	Interior Upholstery	4	25, 000	100, 000
14.	Air conditioners	5	120, 000	600, 000
Total				₦4, 000, 000

8.3 Utilities

The factory is located in a place that is not connected to sources of water and electricity, as such will be supplied to the restaurant by commercial water supply tankers, while hurricane lanterns will be used for lightening

Table 5 shows the estimated expense likely to be incurred for lightening and water.

Utilities	Year 1 (N)	Year 2 (N)	Year 3 (N)
Light	16, 000	16, 500	16, 900
Water	70, 000	71, 300	72, 500
Total	86, 000	87, 800	89, 400

8.4 Other Expenses

There are other expenses expected to be incurred in the course of running the restaurant business.

Table 6 shows other operating expenses

Type of expense	Year 1 (N)	Year 2 (N)	Year 3 (N)
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Transportation	150, 000	150, 000	150, 000
Vehicle Maintenance	90, 000	100, 000	100, 000
Public relations	85, 000	90, 000	100, 000
Total	325, 000	340, 000	350, 000

8.5 Working Capital Forecast

Table 7 shows working capital forecast

Working Capital items	Year 1(N)	Year 2 (N)	Year 3 (N)
Food Stuff	300, 000	350, 000	500, 000
Salaries / Wages	350, 000	360, 000	365, 000
Water Bill	70, 000	72, 000	72, 000
Electricity Bill	60, 000	61, 000	62, 000
Repairs / Maintenance	100, 000	102, 000	102, 000
Fuel / Gas / Diesel	80, 000	82, 000	83, 000
Administration	500, 000	500, 000	500, 000
Expenses			
Rent	800, 000	800, 000	800, 000
Provision of utilities and other expenses	100, 000	100, 000	105, 000

8.6 Total Investment Outlay

Table 8 shows the total Investment outlay required to execute the project.

Total start – up capital required.

S/n	Capital Items	Amount (N)
1.	Machinery, Equipment and others	4, 000, 000
2.	Working Capital Requirement	2, 000, 000
	Total	6, 000, 000

8.7 Financing Plan

To finance the required investment outlay, the proprietor plan to raise an equity capital of ₦950, 000 while ₦3, 500, 000 will be borrowed from the bank.

See table 8

Source	Amount (₦)
Equity Contribution	950, 000
Bank Loan	3, 500, 000

8.8 Loan Repayment Schedule and Interest Paid

It is expected that the loan would attract an interest of 10% and the funds are available to pay monthly interest as well schedule repayment of the principal amount

Table 9: Interest and repayment schedule

Year	Loan	Repayments	Interests	Loan
1	3500000	Nil	84, 000	3500000
2	3500000	900, 000	160, 000	1500000
3	2000000	2000000	60, 000	Nil

8.9 Depreciation

This annual depreciation is calculated using the straight line method.

Table 10: Schedule of Annual Depreciation

S/n	Item	Cost (₦)	Life Span	Scrap Value	Amount (₦)
1.	Deep Freezers	160, 000	20	140, 000	1, 000
2.	Microwave	100, 000	20	50, 000	25, 000
3.	Blenders	100, 000	10	80, 000	2, 000
4.	Lister Gen. set	400, 000	5	200, 000	40, 000
5.	Cylinder	40, 000	9	23, 000	3, 000
6.	Industrial pots	50, 000	12	26, 000	2, 000
7.	Table & chairs (off)	500, 000	10	400, 000	10, 000
8.	Table & chairs	500, 000	5	400, 000	20, 000

	(custom)				
9.	Industrial cooker	500, 000	6	26, 000	4, 000
10.	Grill	100, 000	7	30, 000	10, 000
11.	Kitchen utensils	100, 000	9	82, 000	2, 000
12.	Water tanks	200, 000	10	100, 000	10, 000
13.	Air conditioners	600, 000	10	540, 000	6, 000
Total					108, 900

8.10 Forecast of Profit and Loss

Particulars	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Expected Sales	1900000	6000000	7000000
Less % discount	19000	60000	70000
Net Sales	1880000	5940000	6930000
Expenses	1000000	1500000	1500000
Cost of running a restaurant	1200000	1400000	1500000
Utilities	27000	274000	276000
Salaries & wages	100000	100000	100000
Total Expenses	3,700000	3,750000	3850000
Profit before int & tax less interest	800,000	1000000	1500000
Profit after tax less Depreciation	800000	2000000	2000000
Net Profit	600000	1000000	1000000

8.11 Cash Flow Projection

Cash in	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Equity	950, 000		
Bank loan	3500000		
Net Profits		1900000	7000000
Depreciation		19000	70000
Total Cash in	4000000	1881000	6930000
Cash out			
Equipment & Others	3, 000, 000		
Working Capital	1, 000, 000		
Increase / Decrease in Cash		70, 000	270000
Loan Repayment			350, 000
Dividends			380, 000

Total Cash Out	4, 000, 000	1881000	1500000
Opening Balance	Nil	Nil	490, 000
Increase / Decrease in Cash	Nil	950, 000	1000000
Closing Balance	Nil	220, 000	349, 000

CHAPTER NINE

9.0 Financial Analysis

9.1 Profitability Analysis

Relevant key profitability for the first three years are shown here under:

	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
- % Profit after tax	4, 000000	1881000	6930000
- % Return on Turn over	N/A	36.20	38.10
- % Return on Equity	N/A	100.50	98.50
- % Return on Investment	N/A	68.90	98.20

9.2 Cash Flow Projection

By the second year of projection when the business has fully matured the cash flow position is as shown below;

Year 2 (₦)	Year 3 (₦)
220, 000	349, 000

This means that the business will be able to generate enough funds to meet maturing obligation as from the second year operation.

CHAPTER TEN

10.0 Other Considerations and Conclusion

From the above analysis, it is certain that the promoters of this project will never regret their participation in this project. The restaurant will as well offer a great economic contribution to the economy where it operates and spread a greater job opportunities to the nation and also will be consistent with the federal and state government policy for commercial business creation.

10.1 Commercial Viability

The project is believed to be commercially viable from the above stated analysis through projections, sales, profits and cash flow positions.

10.2 Conclusion

The project is highly recommendable for sponsor finding and implementation.