

**UNIVERSITY OF NIGERIA**

**FACULTY OF ARTS**

**DEPARTMENT OF MASS COMMUNICATION**

**CASSAVA PROCESSING 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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**2014/196099**

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

**JULY, 2017.**

# **HONEYSEA CASSAVA PROCESSING NIGERIA LIMITED**

**292 ENUGU ROAD, ISUOCHI, ABIA STATE.**

**ODIGBO CHIDINMA MARY**

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**JULY 2017.**

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## **1.0 Executive Summary**

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

The name of the business is: HONEYSEA CASSAVA PROCESSING NIGERIA LIMITED

### **1.12 Legal form of business:**

HONEYSEA CASSAVA PROCESSING NIGERIA LIMITED is a sole proprietorship business that is yet to be registered with the Corporate Affairs Commission (CAC).

### **1.13 Contact address:**

**292 Enugu Road, Isuochi, Abia State.**

**1.14 Telephone:** 07062283584. Email: info@honeyseacassava.com.ng

### **1.15 Type of business:**

This is a sole proprietorship business.

### **1.16 Description of business:**

HONEYSEA CASSAVA PROCESSING NIGERIA LIMITED is a company that is into cassava processing business. We process cassava into garri and cassava flour used in making bread. Though Nigeria is a major producer of cassava, still the demand for processed cassava is always higher than its supply. Thus, there is a need for the establishment of more cassava processing companies in Nigeria. So, this business came into existence to bridge this gap, by making more processed cassava to be available in the market.

Our customers cover all households, restaurants, bars, hotels, markets etc.

The name of the owner of the business is;

Odigbo Chidinma Mary

### **1.17 Job opportunities:**

It will create 5 jobs directly.

### **1.18 Start-up capital:**

It would require a start-up capital of N3, 645, 900 comprising of fixed asset of N1, 895,900 working capital of N1, 300,000, and others which amount to N450, 000.

Table 1

A	Fixed capital	N1, 895, 900
B	Working capital	N1, 300,000
C	others	N450, 000

Total-N3, 645,900

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

The capital will be sourced as follows

Table 2

a	Owners capital	N3,000,000
b	Donation from family members	N800,000
	<b>TOTAL</b>	<b>N3,800,000</b>

### **1.20 Profitability:**

The business has the ability of raising above N15 million profits from the third year.

## **2.10 GENERAL INTRODUCTION**

### **2.11 Background**

Garri and cassava flour are the commonest processed product of cassava. Garri is consumed in different ways, while cassava is used in the baking industry. The demand for garri is always there due to it is cheap, easy to make, nutritious, and last long without losing its taste. Garri though consumed by majority of the population, it is mostly consumed by low income earners because it is cheap. The need for garri in Nigeria is always not met due to the supply for it is always less than its supply. This company came up to help reduce the shortage of garri in the market, and also make quality cassava products available in the market.

Our customers cover majority of garri sellers in markets, households, boarding schools, restaurants, bars, hotels etc.

### **2.12 Vision Statement**

Our vision is to make available quality garri to our customer across Nigeria.

### **2.13 Mission Statement**

To be the best food processing company in Nigeria.

### **2.14 The Company**

The name of the company is HONEYSEA CASSAVA PROCESSING NIGERIA LIMITED. It is registered in Nigeria.

### **2.15 Services Offered**

We process cassava tubers to processed products like garri and cassava flour.

### **2.16 Legal form and ownership of business**

The business is a sole proprietorship business that is yet to be registered. The main promoters which are also the owner of the company is;

ODIGBO CHIDINMA MARY ----- 100%

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

The business headquarters would be located at 292 Enugu Road, Isuochi, Abia State. It is strategically positioned on the expressway where there is easy access to the market. 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 touting activities 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 garri is always there all year round. 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 raw materials and market, good location, and highly competitive price.



## The Market

### 3.10 Target Market

The main targeted markets for now are Isuochi commodity market, Okigwe markets, and other markets in Abakaliki, Enugu, Aba, Awka and other parts of the south eastern states. 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 garri.

### 3.11 Sales and market share analysis

The market has the potential of offering us opportunity to sell 50kg bags of garri that are more than 20,000 per year. For now we can control 12 to 15% of the market.

### 3.12 Profile of Competitors

COMPETITOR S	PRODUCTS/SERVICE S	COMPAN Y SIZE	TURNOVE R	ADVANTAGE S	DISADVANTAGE S
Isuochi Garri Industry, Isuochi.	Garri production	Employs over 26 workers.	Over N50million yearly	Have been in the business for more than 16 years.	Sales their product costly.
Ndu Garri Processing Plant.	Garri and cassava flour production.	Employs about 12 workers.	Makes over N11million as turnover yearly.	Easy access to cheap raw materials.	Poor quality of garri.

## Competitive Advantages

HONEYSEA CASSAVA PROCESSING NIGERIA LIMITED 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>Prior experience in cassava processing.</p>	<p>The location of the business which makes us to pay much tax.</p>
OPPORTUNITIES	THREATS
<p>Ability to expand to our reach greatly.</p>	<p>Theft of our products.</p> <p>Touting activities in the city.</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>108,000</b>
<b>Available market</b>	<b>300,000</b>
Less 5% due to error in estimation	<b>285,000</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**

Cassava processing belongs to the food processing segment of the agricultural sector of the economy. The location of the business was done in relation to the market demand of garri and where production could be cheap.

#### **4.12 Target market**

The main targeted markets for now are markets in Isuochi, Okigwe, markets in Enugu, Abakaliki, Uyo, Calabar, Awka and other parts of the south eastern states.

But with time, we seek to extend our reach to cities like Port Harcourt, Asaba, Umuahia and other south-south and south west states in Nigeria.

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

service	1
Denominatio n	Garri
Packaging	Packaged in 50kg sack bags

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

Consumers are willing to pay highest N 8,000, average of N6,500 and lowest of N6,200 for every 50kg bags of garri.

Our competitors prices ranges from highest of N8,200, an average of N6,700 and the lowest of N6,500.

The price we charge per 50kg bag of garri is N6,500.

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, or through wholesalers or retailers.

#### **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 months we would print notebooks that is customized, banners and posters. We would carry out announcement in radio twice every week. All will cost us N62,000 per year.

### **5.00 Production Plan**

#### **5.11 The Project**

Cassava processing is the act of turning raw materials (cassava tubers) into formats that are edible; in this, the raw cassava tubers are peeled, grinded, and fried to create a finish product called garri. Garri is consumed by majority of people irrespective of their educational background, economic status, sex, or religion. The project is to create a mill where this raw cassava tubers are processed into garri to help meet the demand for garri in Nigeria.

It is a small scale business and a capital intensive business.

#### **5.12 Production Process**

Cassava tubers are washed, poured into the peeling machine that peels the back, it is then taken to the grater that grinds the tubers. They are then placed in bags and kept in the mechanical screw press to remove unwanted substance. After that, it is sieved, fried and packaged in bags ready for sale.

### 5.13 The Production flow chart

Washing ---- Peeling ---- Grinding---- Placing in screw press ---- sieving ---- Frying  
 ---- Packaging in bags.

### 6.10 Management and Organisational structure

The main promoter of the business who are also the owners of the company hold all the share of the company. They are;

ODIGBO CHIDINMA MARY ----- 100%

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

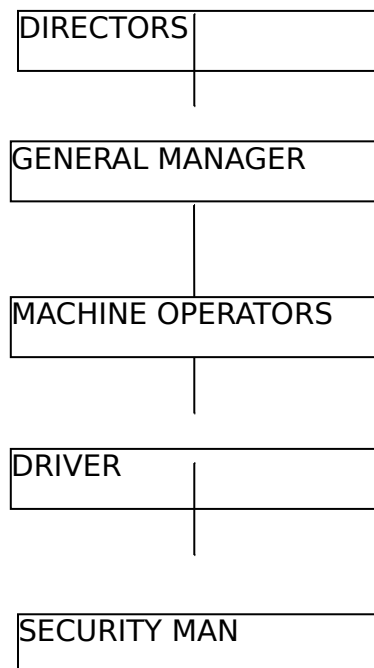
DESIGNATION	QUALIFICATION	YEARS	OF	DUTIES
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		EXPERIENCE	
GENERAL MANAGER	HND in business management	4 years' experience as manager at Akachi Foods Enugu.	Overseas the day to day operation of the business.
MACHINE OPERATORS	OND and WAEC..	Have experience in running the processing machines.	Sees to the processing of the raw cassava to finish products.
DRIVER	WAEC	3 to 5 years' experience at different companies	Driving and maintenance of trucks.
SECURITY	WAEC	No experience.	Safe the company's properties.

### **Our future management needs.**

The company would currently employ 5 persons, and would increase its number of staff to over 12 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	N50,000	N600,000
2.	Farm workers	2	N30,000	N720,000
3.	Driver	1	N25,000	N300,000
4.	Security	1	N20,000	N240,000

#### **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 product is not regulated, but we are registered with corporate affairs commission.

The processing plant does create environmental hazards like noise pollution.



## 8.0 Financials

### 8.11 Equipments

S/ N	INVESTMENT	QTY	UNIT COST (N)	TOTAL COST (N)
1.	Building	2 rooms	9,000	108,000
2.	Van	1	1,500,000	1,500,000
3.	EQUIPMENTS			
	i) Grater	1	65,000	65,000
	ii) Hydraulic press	1	16,000	16,000
	iii) cassava peeler	1	52,000	52,000
	iv) Generator	1	92,000	92,000
	v) Roster	1	68,000	68,000
	vi) Sieving Machine	1	64,900	64,900
	vii) Packaging machine	1	38,000	38,000
	<b>TOTAL INVESTMENT</b>			<b>2,003,900</b>

### 8.12 Sales Plan

PRODUCT/SERVICES	YEAR 1	YEAR 2	YEAR 3
Product/ Service	1,200	2,400	5000
Quantity			
Sales per unit	N6,500	N6,450	N6,400

<b>TOTAL</b>	7,800,00	15,480,00	32,000,00
	0	0	0

### 8.13 General cost of Administration

Item	Current (For existing projects only) (N)
<b>SALARIES</b>	<b>1,860,000</b>
<b>FUELLING</b>	<b>43,500</b>
<b>TELEPHONE</b>	<b>32,000</b>
<b>ELECTRICITY</b>	<b>38,400</b>
<b>ADVERTISING</b>	<b>62,000</b>
<b>TOTAL EXPENSES</b>	<b>2,035,900</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)	1, 895, 900
2.	Working capital	1, 300,000
3.	Pre-operating expenditures	450,000
	<b>TOTAL</b>	<b>3, 645,000</b>

### 8.16 Financing Plan

S/ N	SOURCES OF FUND	AMOUNT (N)
1.	Owners capital	800,000
2.	Grants from Bank of Agriculture	3,000,000
	<b>TOTAL</b>	<b>3,800,000</b>

### 8.17 Schedule of Depreciation

S/ N	ITEM OF DEPRECIATION	INITIAL VALUA	SCRAP VALUA	LIFE SPAN	DEPRECIATION
1.	Generator	92,000	25,000	10 years	6,700
2.	Hydraulic press	16,000	4,000	10 years	1,200
3.	Grater	65,000	18,000	10 years	4,700
4.	Cassava peeler	52,000	21,000	10 years	3,100
5.	Van	1,500,000	450,000	15 years	70,000
6.	Roaster	68,000	23,000	10	4,500
7.	Packaging machine	38,000	8,000	5	6,000
8.	Sieving machine	64,900	15,000	5	9,980
					N106, 180

### 8.18 Final Accounts projection

<b>PARTICULARS</b>	<b>YEAR 1, AMOUNT (N)</b>	<b>YEAR 2, AMOUNT (N)</b>	<b>YEAR 3, AMOUNT (N)</b>
<b>SALES</b>	<b>7, 800,000</b>	<b>15, 480,000</b>	<b>32, 000, 000</b>
<b>OTHERS</b>	-----	-----	-----
<b>NET SALES</b>	<b>7, 800,000</b>	<b>15, 480,000</b>	<b>32, 000, 000</b>
<b>LESS EXPENSES:</b>			
<b>SALARIES</b>	<b>1, 860, 000</b>	<b>1, 860, 000</b>	<b>1, 860, 000</b>
<b>FUELLING</b>	<b>43,500</b>	<b>43,500</b>	<b>43,500</b>
<b>TELEPHONE</b>	<b>32,000</b>	<b>32,000</b>	<b>34,000</b>
<b>ELECTRICITY</b>	<b>38,400</b>	<b>38,400</b>	<b>38,400</b>
<b>ADVERTISING</b>	<b>62,000</b>	<b>62,000</b>	<b>62,000</b>
<b>EQUIPMENTS</b>	<b>303,900</b>	----	-----
<b>BUILDING (RENT)</b>	<b>108,000</b>	<b>108,000</b>	<b>108,000</b>
<b>VAN</b>	<b>1,500,000</b>	-----	-----
<b>MAINTENANCE</b>	<b>65,000</b>	<b>77,000</b>	<b>78,000</b>
<b>TOTAL EXPENSES</b>	<b>3, 925, 800</b>	<b>2, 220, 900</b>	<b>2, 223, 900</b>
<b>PROFIT BEFORE TAX/INTEREST</b>	<b>3, 874, 200</b>	<b>13, 259, 100</b>	<b>29, 776, 100</b>
<b>LESS INTEREST</b>	-----	-----	-----
<b>PROFIT AFTER INTEREST</b>	<b>3, 874, 200</b>	<b>13, 259, 100</b>	<b>29, 776, 100</b>
<b>LESS DEPRECIATION</b>	<b>106, 180</b>	<b>106, 180</b>	<b>106, 180</b>
<b>TAXABLE PROFIT</b>	<b>3, 768, 020</b>	<b>13, 152, 920</b>	<b>29, 669, 992</b>
<b>LESS TAX (30%)</b>	<b>1, 130, 406</b>	<b>3,945,876</b>	<b>8, 900, 997.6</b>
<b>PROFIT AFTER TAX</b>	<b>2, 637, 614</b>	<b>9, 207,044</b>	<b>20,768, 994.4</b>
<b>NET PROFIT</b>	<b>2, 637, 614</b>	<b>9, 207,044</b>	<b>20,768, 994.4</b>

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### 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	7,800,000	15, 480,000	32,000,000
RE-INVESTMENT			
<b>TOTAL CASH IN</b>	<b>7,800,000</b>	<b>15, 480,000</b>	<b>32,000,000</b>
<b>CASH OUT:</b>			
SALARIES	1, 860, 000	1, 860, 000	1, 860, 000
FUELLING	43,500	43,500	43,500
TELEPHONE	32,000	32,000	34,000
ELECTRICITY	38,400	38,400	38,400
ADVERTISING	62,000	62,000	62,000
OTHER EXPENSES	1,976,900	185,000	186,000
TAX	1,130,406	3,945,876	8,900,997.6
<b>TOTAL CASH OUT:</b>	<b>5,143,206</b>	<b>6,166,776</b>	<b>11,124,897.6</b>
<b>NET CASH FLOW</b>	<b>2,656,794</b>	<b>9,313,224</b>	<b>20,875,102.4</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 sell our products 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 N2,656,794, N9,313,224 and N20,875,102.4, 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 cassava processing 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.