

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF AGRICULTURE

DEPARTMENT OF HOME SCIENCE, NUTRITION AND DIETETICS

**AN ASSIGNMENT SUBMITTED IN FULFILMENT OF THE
REQUIREMENTS FOR THE COURSE: CED 324(BUSINESS
DEVELOPMENT AND MANAGEMENT).**

BY

EGWUATU, IFEOMA SUCCESS

REG. NO. - 2013/186604

LECTURER- DR. MRS T.C. NWAOGA

JULY 2017

TABLE OF CONTENTS

PART I

Executive Summary- - - - - 1

PART II

Introduction - - - - - 2

Objectives- - - - - 3

Mission - - - - - 3

PARTIII

Services - - - - - 5

Costing - - - - - 6

PART 4

Marketing Plan - - - - - 8

Promotion Strategy- - - - - 9

Marketing Strategy -- - - - - 9

SWOT Analysis - - - - - 10

Weakness - - - - - 10

Opportunities -- - - - -

Threats - - - - - 11

MIRAYA COUTURE

PART I

1.0 EXECUTIVE SUMMARY

- 1.1 the following report and recommendation relates to the proposal by Miraya couture to establish a fashion designing business in Ikeja, Lagos State.
- 1.2 The project would require a start up capital of N2,300,000 made up of N1,000,000 for fixed assets and N1,300,000 for working capital.
- 1.3 The enterprises vision is to provide exceptional but affordable fashion design outfits and accessories
- 1.4 The project will be located at Ikeja area of Lagos state because of its easy access to target market from that location
- 1.5 The huge market is available for the business to serve.
- 1.6 The financial projections show that the project would be financially stable and liquid by the time it matures. The sales figure stands at 1,000,000, N4,000,000 and 7,000,000 for year 1, year 2, and year 3 respectively.
- 1.7 The competitive edge of the enterprise lies in the fact that the availability of its products is based on current demand and on consumers changing preferences in fashion.
- 1.8 The analysis was shown to be technically feasible , financially viable, and economically desirable. Thus the project offers good investment benefits and is therefore highly recommended for implementation.

PART 2

2.0

INTRODUCTION

The Nigerian fashion industry has come a long way since the pre-colonial times. It has gone from being a trade for the uneducated girl who needed a skill to get by in life. Today, the highly educated are involved in the fashion business and Nigerian fashion brands are being showcased in reputable places around the world. Clothing is an essential for every human being. Fashion is the word for what most people wear or should wear (clothes, shoes, belts, bags, etc) in a society and the way they are designed. Clothes are usually produced and distributed in three categories: Haute Couture (custom made), Pret-a-Porter (ready to wear) and High Street (mass-produced with lower quality fabrics). In Nigeria, many areas of the fashion industry still remains yet untapped. However, with culture as a source of inspiration, the local Ankara fabric (the boldly printed West African Cloth) in particular, and the “lace” are being used used in highly creative brands made mostly in western styles. The use of this Ankara fabrics is gaining so much hype as it is in high demand both nationally and internationally.

Miraya couture is a start-up enterprise that will focus on fusing traditional styles with western styles.. It will focus on harnessing the popularity of this traditionally made fabric. It will be involved in both men and women clothing, targeting both Nigerian and International market. The clothes will be made both on request(haute couture) and not on request (pret-a-porter). Customers will be able to walk into the boutique to purchase ‘off-the-rack’ clothes and provision will be made if there are any adjustments to be made. Eventually, training for individuals interested in fashion designing and hand craft will be available. The business will meet a need and demand to provide a quality well structured fashion design training outfit in my area, the demand for uniuque styles to show the latest trend, the demand for African attire in the international market.

2.1 Objectives

- Establish a fashion line using African prints within 12 months of commencing business
- To provide quality products using African prints at reasonable prices with exemplary services
- To provide training in fashion designing
- To generate customer satisfaction so that at least, 80% of our customer base is repeat business.
- To increase capacity to produce on a large scale in 2years

2.2 Mission

To change the face of the fashion industry by incorporating African prints in the making clothing, shoes, bags and accessories for people of all ages that will be affordable and to also provide training services that will empower individuals to startup up their own enterprises.

2.3 Difficulties and Risks

Assertive, effective initial marketing efforts will be necessary to gain a customer base. The instability of the economy might affect the price of the raw materials which in turn might affect the affordability of some of our products and services. Risks caused by competitors are possible, therefore the business has to monitor and evaluate its performance frequently, and collect customer evaluations and suggestions in order to continually improve.

Worst Case Risks

The worst case scenario would be that the business cannot support itself on an ongoing basis. The costs of doing business may be under-estimated, or sales and profit may be less than expected, making the business difficult in finance. Moreover, in case of social economic recession, political changes, or inflation, the business may perform even worse than has been forecasted.

2.4 Ownership Structure

The proposed legal form of business is a limited liability company, wholly owned by its founder Miss Egwuatu Ifeoma. This is a small business and need not publicly disclose its finances. The registration procedures are quite simple and the business can start operations as soon as possible. The owner/founder will be the director and will initially handle the bookkeeping responsibilities.

2.5 Available Market

As the population within the market area being targeted increases, the demand figure is expected to increase. Clothing is an essential need for all. People also naturally want to look good so if it's affordable, they'll go for it. Also, Africans, love to showcase their culture with what they wear especially if it's stylish and in vogue. This implies that there is a huge market available for the service in the state and beyond.

PART 3

SERVICE INFORMATION

3.0 Services: Miraya Couture will provide the following services:

- Haute couture

- Pret-a-porter couture

- Alteration service

- Sale of fashion accessories

- Sale of African prints

3.1 Service Description: The business will provide ready made clothes, shoes, bages and other accessories that will be displayed in the boutique. The customers can also request for custom made clothes and its accompanying accessories. Training in any of these areas (fashion designing, shoes, bags and other accessories making).

Customers can choose payment by cash or credit card billing.

A large space of about 3,000 square feet will be needed. It will be divided into four main sections as following:

1. Boutique (which will include changing room)

2. Sewing section

3. Accessories section

4. Training school

The whole operation process will be controlled and monitored by heads of department, and generally managed by the business owner.

3.2 Costing

Startup expenses, funded through a combination of owner's equity capital and a commercial loan, are summarized in the table below.

The following machines will be bought:

- 4 industrial sewing machines
- 3 industrial single sewing machines
- 2 electric sewing machines
- One 20u embroidery machine
- 1 whipping machine
- 1 tinko embroidery machine
- 1 Shirt button hole machine
- 1 Suit button hole machine
- 1 Ironing table with steaming vacuum board, integral 2 gallon boiler, iron, water pump and light
- 2 ironing tables with 2 irons
- P.O.S

- Generator

Capital plan: The owner will invest in the business. Additional capital for the business in the amount of will be borrowed from a bank for facilities equipment (computer, telephone, tables and chairs, shelving, work tables, racks, etc.) and buying of machines.

- **Loan:** Lending plan has to be completed and submitted to the bank 6 months before starting the business. Loan will be needed two months in advance. Annual interest of 10% has to be paid on the long-term loans secured with fixed assets.

PART 4

MARKET, CUSTOMERS AND COMPETITORS

4.0 Market Analysis: clothes and shoes are needed by all and sundry both for events and for everyday activities. Hence, there is a budding market for this business. Payment for the service is by cash, check, or credit card. There is no stagnancy as payment is received immediately after each job so it's easy to get instant profit. This service only requires a few staff. The demand for service is increasing due to changing life styles, incomes, and the increase in clothing expenditure.

4.1 Customers/Market Segmentation

Miraya Couture will be primarily targeting customers in Ikeja area. We will start off by offering services Ikeja residents but will also aim at extending our service offering to other residents of Lagos and other places in Nigeria.

We will be targeting both full-time and part-time employed customers who would value the convenience of our service.

PART 5

5.0 MARKETING PLAN

Miraya Couture will rely on customer's recommendation to others by reason of the excellent services we'll offer. Our product will speak for us. Over time, we'll be involved in fashion competitions that will help showcase our fashion line.

5.1 Promotion Strategy:

Miraya Couture will embark on awareness creation through various means such as fliers, fashion shows, outreach sensitization programs especially giving bonanzas to the first customers. The essence of this is to make people aware of the new service and appreciate it.

5.2 Marketing Strategy:

Place: Dealing directly with customers, conveniently in the customers' houses in Nsukka. We are choosing to rent a shop in the town center because of the population and it is an area primarily known for shopping.

Product: Making of our products will be in line with the latest styles in vogue and based on customer's preference. We will provide high quality but affordable products

Price: We will set our prices to match those of our competitors unlike the usual trend of new businesses setting their prices lower than their competitors. The pricing scheme is based on a per service price.

Promotion: we will adopt the following strategies:

- Advertise our new service on the Internet using social media platforms like facebook, instagram and so on. We will eventually grow to having a fashion and lifestyle blog and a then a website.

- Offer percent discount as incentives for customers who have a certain level of patronage.

5.3 Sales Strategy

Our prices will be matched with that of our competitors. We will closely monitor our finance to make sure we develop a sustainable business. Our employees will be properly trained in the art of customer service to ensure customer satisfaction and loyalty. Extra care will be taken to ensure that products delivered are of excellent quality and that the customer's are satisfied. We will offer limited discounts to our customers with large recurring orders and also provide incentives for new customer referrals periodically.

5.4 Market Needs

As indicated earlier, clothing is always a major need among individuals and there's a current budding market for stylish clothing. The business will meet a need and demand to provide a quality well structured fashion design training outfit in my area, the demand for unique styles to show the latest trend, the demand for African attire in the international market.

5.5 Projected Sales

Total Sales	
Year 1	1,000,000
Year 2	3,000,000
Year 3	7,245,000

PART 6

TECHNICAL ANALYSIS, MANAGEMENT AND ORGANIZATION

6.0 Technical Analysis: Most of the fashion designing businesses around make just clothes and probably sell fabrics and offer training services. None of them offer already made clothes with the African print edge to it with free alteration services ,making of shoes and bags with the option to train and sale of fabrics together. Miraya couture intends to tailor her operations to close this gap. The area is located in a very accessible area where most of the people located there are interested in the kind of services we offer . Business is bound to very lucrative.

6.1 Management Summary

The owner of the business will be director/manager and accountant, working full time. Other experts in designing, shoe making and bag making will be employed. Other domestic duties will be shared by employees.

6.1 Personnel Plan

A cobbling expert will be employed to handle the shoe and bag making section. A sales personnel will be employed to handle the boutique section of the business so other personnel can handle production.A fashion designer will be employed in the long run as the need arises to accommodate the increase in demand.

6.2 Management and Organization

Owner/Manager: Miraya Couture is a private business and will be managed by Miss Egwuatu Ifeoma, who has acquired skills on financial management which will enable her to run the firm. To help in the daily running of the firm, Miss Ezeugwu will hire good and skilled hands to assist in the operations of the company. Apart from her normal share in the profit from the business, the company will pay her for managing the company. Table 5 shows the staff and management compliments of the cleaning services.

Table 1: Management and Labour Compliments

Description	-	No of people	Working hours/week	Annual Salary per worker	Total
Owner	Full-time	1	40	600,000	600,000
Cobbling expert	Full-time	1	40	360,000	360,000
Sales person	full-time	2	48	300000	600,000
Security total	full time	1 5	48	300000	300,000
					1,860,00
					0

Organizational-Structure

O
 N
 B
 B
 P
 P
 R
 R
 S
 O
 N
 (S)

6.2 Value and Norms of the Company: Miraya couture will adopt the following values and norms

- a. excellence in service delivery
- b. honesty and transparency in dealings with customers

c. to be fair to employees

d. to comply with all federal, state and local government laws in business

PART 7

LEGAL, ENVIRONMENT, SOCIAL AND REGULATORY ISSUES

7.0 Legal Issues: Miraya couture plans to obtain the necessary licenses for the establishment of the business and to register the business name with corporate affairs commission (CAC).

7.1 Environment: The business poses no major threat to the environment other than improper disposal of scrap fabrics and materials. Since there are efficient waste disposal in the state, the business will just pay her dues and the waste disposal department will do the rest.

7.2 Social: The implementation of this project will yield social and economic benefits to the society in the following ways.

- i) Creation of new jobs.
- ii) Creation of wealth and reduction of poverty
- iii) Promotion of cleanliness

7.3 Regulatory: The firm will obey all environment regulations and all relevant industrial safety regulatory requirements.

PART 8

8.0 Risk Analysis: Some inherent risks were identified in the course of risk analysis and appropriate actions have been employed to protect the business from disruption. See table 8.

Table 8: Identified Risks and their Mitigants

Identified Risks	Mitigants
Inadequate start-up demands	Aggressive promotion and advertising campaigns.
Irregular supply of raw materials	A big ware-house to buy raw materials in bulk and keep

8.1 SWOT Analysis: The following reveals a SWOT analysis carried out on the project:

8.1.1 Strengths:

- The location of the business makes it possible to have more customers
- We offer a relatively new combination of services (clothing, accessories and training) in one place.
- The ready made clothes and other services provided save the time and energy of customers. Most people go for convenience especially when they can afford it.

8.1.2 Weaknesses:

- Competition from already established competitors in Ikeja
- Starting at no market share at all.

8.1.3 Opportunities:

- Expenditures on clothing is increasing, including accessories
- There is a need to provide a quality well structured fashion design training outfit in my area

- There is a high demand for unique styles to show the latest trend.
- There is a demand for African attire in the international market
- There is a high likelihood of repeat business.
- The ability to decrease the fixed costs as the sales volume increases.

8.1.4 Threats:

- If the business is successful, there will be new competitors who supply the same kind of service.
- The economic situation of the country makes the availability and affordability of raw materials unpredictable.

8.2 Exit Strategy

No exit is planned, rather diversification will be pursued.

PART 9

COMPANY'S FINANCIAL ANALYSIS

9.1 Summary of Project Cost: The total cost of the project is N2,300,000, which is made up of N1,000,000 in fixed capital and N1,300,000 in working capital.

9.2 Fixed Capital Investments:

S/ N	Detail	Qt y	Unit Price	Total
1	Equipments		400000	400000
2	Fittings		250000	250000
3	Raw materials		350000	350000
	Total		1,000,000	1,000,000

9.3 Utilities: The firm spends money on electricity, water bills and rent

Table 3: Expenses on Utilities Projected

Utilities	Year 1(N)	Year 2(N)	Year 3(N)
Electricity	25000	26000	28000
Rent	1,200,000	1,200,000	1,200,000
Water	12,000	12,000	12,000
Total	1,237,000	1,238,000	1,240,000

9.4 Other Expenses:

This table shows other expenses that might be incurred in the running of this business.

Table : Other Operating Expenses

Type of Expense	Year 1(N)	Year 2(N)	Year 3(N)
Public relations/advert	30000	40000	50000

Maintenance of machines	20000	30000	40000
Miscellaneous	10000	15000	20000
Total	60,000	85,000	110,000

9.5 Working Capital Forecast

The following assumptions are made in order to arrive at the working capital needed for the business:

- a) Cost prices of items increase annually by 25% except for items mentioned under other operating expenses which grow by 5%.
- b) Selling prices of stocks increase annually by 10%.
- c) Trade credits are given and taken to and from deserving customers.
- d) It is expected that goods are disposed off at the market as scheduled.

Table 5: Working Capital Forecast

Working capital items	Year 0(N)	Year 1(N)	Year 2(N)	Year 3(N)
Stock of materials for production	350000	385000	423500	465850
Provision for utilities and other expenses (4 months needed).	420000	420000	420000	450000
Salaries/Wages	1860000	1860000	1860000	1860000
Working capital	1,300,000	1,450,000	1,600,000	1,800,000
Increase/decrease in working capital.		150,000	150,000	200,000

Table 6: Total Start-up Capital Required

S/N	Capital items	Amount(#)
1	Machinery	500,000
2	Working capital requirement	200,000
	Total	800000

9.6 Financial Plan: The manager plans to raise an equity capital of N300,000, while N500,000 will be borrowed from the bank (See table 14)

Table 7: Financial Plan

Source	Amount (#)
--------	------------

Equity contribution	300,000
Bank loan	4650000
Total	6150000

9.7 Loan Repayment Schedule and Interest Paid: The expectation is that the loan will attract 10% interest and that funds are available to pay monthly interest as well scheduled repayments of the principal amount. (See table 15)

Table 8: Interest and Repayment Schedule

Year	Loan(#)	Repayments(#)	Interest(#)	Loan balance(#)
1	500,000	Nil	100,000	600,000
2	600,000	400,000	100,000	300,000
3	300,000	400,000	100,000	Nil

9.8 Depreciation

Table 9: Schedule of Annual Depreciation

S/N	Capital Items	LS	IV	SV	Depreciation
1	Building	20	3000000	1000000	100000
2	Water tanks	20	60000	55000	5500
3	Equipment	20	1120000	590000	55000
	Total				210500

9.9 Forecast of Profit and Loss

Particulars	Year (#)	Year(#)	Year(#)
Expected sales	1,000,000	4,000,000	7,000,000
Less 1% discount	100,000	400000	70,000
Net sales	900,000	3,600,000	6,300,000
Expenses			

Cost of production	100,000	200,000	400,000
Utilities	1,300,000	1,300,000	1,300,000
Other expenses	200,000	250,000	300,000
Salaries and wages	1,300,000	1,300,000	1,600,000
Total expenses	2,900,000	3,050,000	3,600,000

9.10: Cash Flow Projection

Cash in:	Year 0 (N)	Year 1(N)	Year 2(N)	Year 3 (N)
Equity	300,000			
Bank loan	500,000			
Net profits		1,000,000	2,650,000	3000000
Depreciation		107000	107000	107000
Total cash in	6150000	1433000	2543000	2833000
Cash out				
Equipment & others	4550000			
Working capital	1600000			
Increase/decrease in cash		79000	125000	287000
Loan repayment			2325000	2325000
Dividend			1990000	940000
Increase/decrease				997000
Total cash out	6150000	1433000	3543000	2833000
Opening balance	Nil	Nil	1045000	454000
Increase/decrease in cash	Nil	1045000	1950000	556000
Closing balance	Nil	1045000	485000	867000

9.11 Balance Sheet Projection

	Year 0 (N)	Year 1(N)	Year 2 (N)	Year 3(N)
Fixed Assets:				
Machinery, Equipment & Others	4550000	4550000	4550000	4550000
Less com. Dep.		107000	214000	321000

Net fixed assets	4550000	4443000	4336000	4229000
Current assets			830000	857000
Stock of material	420000	420000	1045000	485000
Operating bal B/F:				
Debtors		72000	192000	225000
Cash in hand/ bank	560000	530000	3980000	2876000
Total of current assets	980000	25000	4990000	3100000
Total assets	5530000	4468000	9326000	7329000
Long term liabilities				
Capital(equity)	300,000	1500000	1500000	1500000
Retained earnings		1045000	2650000	2000000
Bank loan	4650000	4650000	2325000	Nil
Total of long term liabilities	6150000	2545000	6475000	3500000
Current liabilities				
Loan repayment			2325000	2325000
Creditors	120000	120000	215000	230000
Dividend				940000
Total of current liabilities	120000	120000	254000	3495000
Total liabilities	6270000	2665000	90150000	6995000

9.12 Financial Analysis: By the end of the first year, of which there was only seven months of delivery activities, the sales were N3550000 and this is expected to grow to N8748000 and N9950000 respectively for the second and the third years.

9.13 Profitability Analysis: The profitability ratios of the first three years are shown below.

	Year 1 (7 months)	Year 2	Year 3
Profit after tax.	1140000	2424000	3010000
% Return on turnover	N/A	40.8	43.50
% Return on equity	N/A	126.46	110.45
% Return on investment	N/A	83.7	91.5

PART 10

10.0 Cash Flow Projection

By the second year of operation, when the business has fully matured, the cash flow position is as shown below.

Year 2	Year 3
485000	867000

The implication is that the business can generate enough funds to meet maturing obligation from second year operation.

10.1 Projected Balance Sheet

For the three years period, it was shown that shareholders fund grew on the average. (See table below.

Years of operation	Year 1 (N)	Year 2 (N)	Year (N)
--------------------	------------	------------	----------

PART 11

11.0 OTHER CONSIDERATION AND CONCLUSION

11.1 Economic Justification:

From the projections made, this business will meet current needs. It will also create jobs and help empower people to be financially independent

11.2 Commercial Viability:

This project is commercially viable in as much as its sales, profits and cash flow positions are impressive.

11.3 Conclusion

Therefore, the project deserves recommendation, both in funding and implementation.