

UNIVERSITY OF NIGERIA NSUKKA
FACULTY OF ARTS
DEPARTMENT OF MASS COMMUNICATION

TOPIC:

A BUSINESS PLAN ON IVORY LIQUID DISH SOAP
(LIQUID SOAP PRODUCTION)

AN ASSIGNMENT SUBMITTED IN THE PARTIAL FUFILLMENT OF
THE COURSE CEDR 342

BUSINESS DEVELOPMENT AND GROWTH

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1.0 EXECUTIVE SUMMARY

This business proposal report and recommendation is drafted by IVORY PARTNERS ENTERPRISE which belongs to IVORY PARTNERS who are five in number. It is located in Nyanya, F.C.T Abuja, Nigeria and our aim is to establish liquid soap business.

The project would require a start-up capital of N2, 000,000 which is made up of N1, 000,000 for fixed assets and N1, 000, 00 for working capital.

Our vision is to become the major producer of liquid dish washer soap. We also aim to combat the widespread of germs and diseases while maximising profit in the process.

This business is to be located at Nyanya, Abuja for easy access to target market from that location and also because a huge market is available for the business to serve.

The financial projections show that the projection would be financially stable and liquid by the time it matures. The sales figures stand at 21,900,000, 25,000,000, and 30,000,000 for year 1, year 2 and year 3 respectively.

The competitive edge of the business is in its capability to produce liquid soap at a cost effective rate, sell at affordable price and also its proximity to the target market.

The profitability measures are as shown below:

	Year 1	Year 2	Year 3
Turn over	21,900,000	25,000,000	30,000,000

Profit Before Int & Tax	20,763,500	23,863,500	28,863,500
Profit After tax	6,644,320	7,636,320	9,236,320
Return on Sales	0.32	0.32	0.32
Return on Equity	0.02	0.02	0.02
Return on Investment	0.29	0.34	0.41

From the point of view of the analysis of our findings, the proposed project is found to be technically feasible, financially viable, and economically desirable. Thus, the project offers good investment benefits, and is therefore highly recommended for implementation.

2.0. BACKGROUND

2.1. COMPANY DESCRIPTION

IVORY PARTNERSHIP ENTERPRISE is a partnership business which focuses on the production of liquid soap for dish washing.

It was formed by five individuals whose interest is in fighting germs and stain free dishes.

2.2. GENERAL OVERVIEW OF THE BUSINESS

Engaging in the production and sales of liquid soap is a business which gives the opportunity of high patronage and productivity because everyone makes use of these products. In a developing country like Nigeria where the citizens are more prone to diseases, the business will help the country curtail the spread of germs which cause various kinds of diseases especially in the family. When the business commences, the products will help the reduce mortality rate and overall death occurrences in our country.

The products are used extensively in hotels, schools, offices, hospitals, restaurants, banks and other institutions for combating the spread of germs. In particular, they are an essential part of infection control practices and aid in the prevention of infections.

In terms of population, the business has a lot of population base that the entrepreneur can benefit from since Nigeria is the most populous black nation in the world with over 170 million people.

The corporate structure of the business involves the Owners/ Promoters who are referred to as the spark partners in person of Nneka, Elizabeth, Mercy, Barbra and Stephen. The need to employ more hands in the management of the business brought about the existence of a Managing Director, to help in the day to day running of the

business. IVORY PARTNERSHIP ENTERPRISE also has a Secretary who is in charge of communication with our clients.

The company also has an Accountant whose main function is to oversee the financial affairs of the company. Technicians also are the ones who will be operating the machines for effective and smooth running of the business.

We would also employ the services of Distributors who will make our products accessible to the target market. There is also the existence of drivers, security personnel, Cleaners etc.

2.3 ADVISERS

The Centre for Entrepreneurship Development and Research, Wuse, F.C.T Abuja.

2.4 LEGAL ISSUES

The business IVORY PARTNERS ENTERPRISE which belongs to the IVORY PARTNERS is located at Nyanya, F.T.C Abuja. It is in the process of being registered with the Co-operate Affairs Commission (CAC).

Our Enterprises plan to commence commercial operations as a partnership business. We would make efforts to register the business name with the appropriate

bodies in the state and abide by their rules and regulations. IVORY PARTNERS will make sure to get all necessary permit and licences that will allow us operate freely and legally.

Our firm will comply with all environmental regulations, as well as that of Standard Organisation of Nigeria (SON).

2.5 LOCATION AND FACILITIES

The liquid soap business will be located in Nyanya Agwangara, F.C.T Abuja due to the abundance of stores in the area, cheap labour, and cheap rent. The area hardly experiences any traffic hold ups, though it has a very large population, which makes it easier to reach the target market.

The location would be spread across two (2) acres of land In order to accommodate vehicles that would be used for shipping and moving our products and also housing the private cars of the staff members.

The place we intend to locate our business is also connected to the national power grid which ensures constant power supply to our factory and helps us cut cost. However, we would put in place a standby 500KVA generator and an inverter in case of any emergency and all the necessary machines such as the mixing machines, packaging machines, incinerator for burning our waste materials.

We would also purchase vans for transporting raw materials and products in and out of the factory with our distributing agents. We would also make available a warehouse for storage of our finished products and raw materials. A power house will also be made available where our electrical connections will be managed from.

2.6. PRODUCT AND SERVICES

-IVORY liquid soap which is used for household use. (Washing dishes)

2.7. VISION AND MISSION/LONG TERM AIM OF THE BUSINESS

Our vision is to contribute our quota to reducing the rate of infections and diseases and also become the leading producer in the market. The mission is to produce the most effective liquid soap with chemicals that have no side effects.

Goals and Objectives

In the next five (5) years we hope to have become a leading brand in the industry, not just within the region but also become a national icon and have an identity in every home in Nigeria.

We intend to achieve these goals by ensuring that our products are of the highest quality and also made available in almost every retail store. We will employ the services of sales agents who will work on commission basis. This we hope will

motivate them into taking the business very personal as the weight of their income lies in their ability to sell more of the products.

We also intend to develop our business through its packaging and promotional campaigns that will have positive effects on the consumers of our products. We will also engage in developing the host community where we operate by providing them with the basic social amenities like pipe borne water, and good road network.

2.8 SWOT ANALYSIS

Strengths	Weaknesses
<p>The location of the firm makes it to have easy access to its targeted customers.</p>	<p>Lack of adequate security measures</p>
<p>The location also makes it possible for us to have limited competitors</p>	<p>Raw materials needed for the production of the products are not easy to get nearby</p>
<p>Dish washers are needed by everybody in the society.</p>	<p>Bad roads that hinders smooth transportation of our products</p>
<p>We also have a product that not only remove stains it also kills germs..</p>	<p>There is also no adequate supply of water in the environment which we would use for our mixtures.</p>
<p>With the site of the business, we would spend less on electricity generation</p> <p>The business is also a partnership thus making capital acquisition easy.</p>	<p>12</p>

4.0 MARKET ANALYSIS

3.1 TARGET MARKET

Hotels, homes, restaurant, schools and hospitals etc. are our major target clients as the individuals that make up these institutions are major consumers of our products.

Our target hotel clients in this region are up to fifteen in number. Bars are about thirty in number. Schools (pre secondary, secondary and post secondary) are more than fifty in number restaurant and fast food joint are up to forty. The area has at least ten hospitals.

All the above clients are growing rapidly in Nyanya and are expected to multiply in coming years.

In hotels and bars, the potential customers are mainly adults. In schools, we have teenagers, infants and kids. In hospitals, everybody could be reached.

3.3 TOTAL MARKET VALUATION

Virtually everybody in Nyanya needs our product- in hospitals, schools, restaurants, etcetera- and they are potential buyers. Outside Nyanya, there are also a large number of people who could be buyers too.

3.3 TARGET COMPANY REVENUE

The table below gives the revenue base for year I of IVORY PARTNERS ENTERPRISE.

	Item	Quantity per month	Unit price () □	Quantity per year	Amount () □
1	IVORY DISH WASHER 1 LITRE	1,000	150	12,000	1,800,000
2	IVORY FIVE LITRE	1,000	500	12,000	6,000,000
3	IVORY 1.5 LITRE	1,000	200	12,000	2,400,000
	IVORY TRIPPLE ACTION TWO LITRE	1,000	500	12,000	6,000,000
	IVORY CONDENCES THREE LITRE	1,000	500	12,000	6,000,000

	TOTAL	5,000	1,850	12,000	22,200,000
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3.5. MARKET TRENDS

In areas of the markets Demand and Supply, there is virtually no individual who does not need liquid soap product because every individual virtually eat three square meal every day, in the process dishes are used in our environment today. Hence, there will be high demand and supply of our services.

In the future our services will still be needed in the market as no society will stop using dishes and stop eating.

We would meet the higher demands in the future through the establishment of more production outlets all over the country.

3.5 PROFILE OF COMPETITOR

PZ CUSSONS produces morning fresh dishwasher gel, powder, rinse aid, auto – dishwasher liquid capsules and multi-purpose cleaning detergent.

3.6 COMPETITIVE ADVANTAGE

This distinguishes this business from other business ventures operating in the business of producing and selling dish washer products. Our key success factors are:

- The chemicals used in producing our products do not have any side effects on any skin type.

- The products are affordable
- There is the existence of reliable market outlets
- We have an effective labour force with experience and expertise
- The products help to remove stain and kills germs.
- The ingredient used in our products – texapon, sodium laurel sulphate, sulphuric acid, soda ash, caustic soda, nitro sol, Glycerine, fragrance, and colour are mind on the skin.
- We would also ensure to keep to our promises. We base on the clarity and transparency factor. The ingredients used in production will be clearly written at the back of the packet.
- We would also ensure we do not contribute to environmental hazards as our factory will be located far away from residential areas.
- The business would utilize the services of middle men or agents to help penetrate the market very well as we will be supplying on wholesale basis. We would also be supplying on retail basis for customers who would buy in bits.

- Also, as a newly established industry which wants to become the leading producer of the products, it will always give bonanza to its customers. The enterprise will also be noted for its discounts.

- Our industry is also such that will not make use of ingredients that will be harmful. The location of the company is also such that will help us not to contribute to environmental pollution as it is sited far away from homes and schools.

- In terms of price which is an essential part in the business strategy, it is going to use the strategy that involves selling some of the products at cheaper rate. This strategy will help us to get customers and penetrate the market effectively.

3.8 BENEFITS TO THE CLIENTS/ CUSTOMERS

IVORY Enterprise has opted to give our customers guarantee on all our products. We will ensure that we offer our products to them at a very affordable price which will help them get quality cost effectively. The proximity of the business to the target market, which is Nyanya Residents, would also help the customers cut transportation costs in purchasing those products.

The customers will benefit extensively through our numerous promos, sales discount etc. The community interacting and doing business with us would also gain from our various corporate social responsibility.

4.0 MARKETING/ SALES STRATEGY

4.1 MARKETING STRATEGY

Our firm will position itself as the major producer of liquid soap for dishes in Nyanya and its environs within a short period of time.

- We hope to achieve this in the following ways.
- ❖ As the constant producer of liquid dish washer product to its customers.
 - ❖ To be a firm that has the interest of the customer at heart. This will be made feasible in the way we deliver our services.
 - ❖ To make available travel pack dishwasher which would be at a cheaper price compared to buying in bits
 - ❖ To rebrand the packaging of our products once in a while.

4.2 REVENUE SOURCES

For now we do not have other projected revenue sources and profits from the business except through the business sales. However, as we make progress it would be included to future proposals.

4.3 SALES STRATEGIES

There are a limited number of liquid dishwasher producers in Nyanya. Therefore, if IVORY PARTNERS ENTERPRISE commences operations as planned, it will be a major producer within a short period of time. We intend to supply five (5) different liquid dishwasher products to the market 3 months after establishment and increase supply as production and market increases.

Furthermore this firm will deal with wholesalers who will keep in constant touch with different consumers. This is to ensure that business is reaching to everybody door step.

This business will get the support and abide by all regulations guiding all operators in this field, regarding product quality and characteristics to increase goodwill and patronage among customers.

4.4 PRICING

IVORY ENTERPRISE will be such that will offer highly competitive price and this is to ensure constant patronage from target market. We would give discounts to our regular customers. Our pricing would be based on the evaluation of our production cost. We would sell at very affordable and efficient rates which attract constant patronage from our clients.

The ivory liquid dish washer 5liter will cost N500, one litre cost N150, condenses three litres would cost N500, triple action two litres would cost N500, and 1.5 litres would cost N200.

4.5 MARKETING AND COMMUNICATIONS STRATEGY

Our firm will embark on a promotion campaign that will make consumers aware of our presence within the community. To do this, **IVORY PARTNERS** plans to use fliers and stickers to reach the customers within a very short period of time.

We also plan to make use of outreach sensitization programmes on radio and television where we will make it clear to people the reason why they need to purchase our products based on its benefits.

We would also distribute calendars, note books and almanacs with our business name and logo on it. We would also give out customized polo to our customers to help them retain their loyalty to our products.

IVORY PARTNERS would also employ the services of brand ambassadors who will publicize the existence of our products on social media to their friends and family.

5.0 RESEARCH AND DEVELOPMENT

5.1 TECHNOLOGY ROAD MAP

Our business is such that adopts a complex product technology. This is proven in the type of equipment and machineries we utilize. In our bid to provide fast, efficient and excellent services, we have gone for the most advanced technological equipment which does not easily go into extinction.

Also, as business expands and new technology evolves, we will upgrade by training our staff in the use of these machines and also upgrade the equipment.

5.4 TECHNICAL PARTNERS

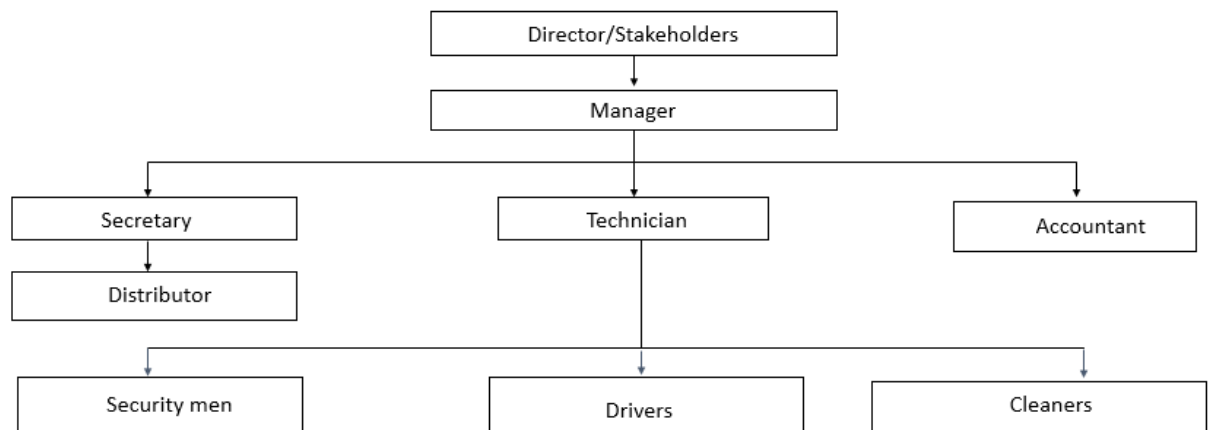
The owners of this enterprise are CHUKWUEKEZIE NNEKA .Q, OGBONNA STEPHEN, OGUJI MERCY, OGUNBAMOWO ELIZABETH, OKAFOR BARBRA. We are all stakeholders as we finance the operations of the company.

5.5 PATENTS, COPYRIGHTS, BRANDS

The enterprise is still in the process of being registered with Corporate Affairs Commission (CAC), hence does not even have a patent or copyright yet.

8.0 STAFFING AND OPERATIONS

6.1 MANAGEMENT ORGANOGRAM:



6.6 STAFFING

MANAGEMENT TEAM.

Positions	Qualification
Manager	B.Sc./M.Sc.
Secretary	B.Sc.
Accountant	B.Sc.
Technicians	HND
Distributors	OND

Security men	FSLC
Drivers	FSLC
Cleaner	FSLC

6.7 STAFFING NEEDS:

We would employ the following people to perform the below stated duties:

Managing Director: He/she would help in the day to day running of the business.

Secretary: He/she would be in charge of communication with our clients. He would also act as the middle man between the client and the managers of the company on many occasions.

Accountant: The Company's accountant would oversee the financial affairs of the company. Technicians also are the ones who will be operating the machines for effective and smooth running of the business.

Distributors: We would employ the services of distributors who will make our products accessible to the target market.

There is also the existence of drivers, security personnel, Cleaners etc.

Positions	Number of staff	salary per staff Annually(N)	Total (N)
Owners	5	40,000	200,000
Manager	1	30,000	30,000
Secretary	1	20,000	20,000
Accountant	1	10,000	10,000
Technicians	8	6,000	48,000
Distributors	5	4,000	20,000
Security man	3	3,000	9,000
Driver	2	2,000	4,000
Cleaner	1	1,000	1,000
Total	27	116,000	342,000

6.8

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RAINING PLAN: After recruiting, our employees would undergo a two week training to teach them, especially the technicians, on how to operate the machines used for production. The training would also encompass the education of the employees on company policies, ethics, and moods of operation.

Subsequently, seminars and workshops would be organized for occasional refreshing of knowledge on all concerning the company.

6.9 OPERATIONS

Premises: A big building with enough space and compound (2 acres of land) for ease of movement and multitasking.

Equipment's: Mixing machine, Packaging machine, Generator, GeePee Tanks, Van and Incinerator

Production Facilities: Company's Building (2 acres of land), Warehouse for storage, Generator, GeePee Tanks, Van, Chemicals and Incinerator

Infrastructure: Company's Building (2 acres of land) and Warehouse for storage

Communication Facilities: Company's intercom, official landline,

Suppliers: Tankers for water, Diesel Suppliers, Raw material suppliers (chemicals), office accessories suppliers,

R546E909DF66 FINANCIAL PROJECTIONS

7.1 KEY ASSUMPTIONS

Summary of project cost

This project will be executed with the estimated sum of 2,000,000 only. Broken into 1,000,000 for fixed assets cost and 1,000,000 for other cost.

FIXED ASSET CAPITAL COST

Mixing Machine	150,000
Generator Set	200,000
Packaging machine	150,000
GeePee tanks	50,000
Telephone intercom	10,000
Van and Incinerator	440,000

WORKING CAPITAL

Purchases of raw materials	300,000
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Work permit and licences cost	200,000
Rent for office space	300,000
Training cost of Staff	100,000
TOTAL WORKING CAPITAL	1,000,000

TOTAL PROJECT PLAN = 2,000,000

DEMAND AND SUPPLY GAP

Adjustment	Demand supply gap
Estimated number of liquid dish washer users per week	250 per week
If one person uses 1 litre per week	1 per week
Estimated current supply of liquid dish washer per week	250 per week
Potential market for liquid dish washer in Enugu	10
Less 10% of those who may not use liquid dish washer every week	25
Less 20% of new entrance	50
Less 5% due to error	13

Estimated demand-supply gap	412
Installed value	N150- N500

INTEREST AND LOAN REQUIREMENT SCHEDULE ASSUME 12% INTEREST RATE.

Yr.	Principal	Loan requirement	Interest	Total payment	Balance
1	500,000		12%	560,000	60,000

DEPRECIATION SCHEDULE

Serial no	Assets Items	Cost(#)	Scrap Value(#)	Life Span	Amount
1	Mixing Machine	150,000	6,000	25 years	144,000
2	Generator	200,000	8,000	25 years	192,000
3	GeePee Tank	50,000	10,000	5 years	40,000
4	Van	440,000	88,000	5 years	352,000
5	Telephone	10,000	2,500	4 years	7,500

TOTAL AMOUNT OF DEPRECIATION = 735,500

7.2 PROFIT AND LOSS ACCOUNTS

IVORY PARTNERSHIP ENTERPRISE PROJECTED INCOME STATEMENT

	Yr 01	Yr 02	Yr 03
Turnover	20,763,500	23,863,500	28,863,500
Less Operating Expenses			
Marketing	20,000	20,000	20,000
Training	100,000	100,000	100,000
Salaries	342,000	342,000	342,000
Rent	300,000	300,000	300,000
Depreciation	114,500	114,500	114,500
Interest on Loan	60,000	0	0
Total Operating Capital	936,500	876500	876500

NET OPERATING PROFIT: YEAR 1 = 19,827,000

YEAR 2 = 27, 987,000

YEAR 2 = 27, 987,000

7.5BALANCE SHEET

IVORY PARTNERS ENTERPRISE Projected balance sheet

Capital employed	Year 1	Year 2	Year 3
Fixed asset	1,000,000	1,000,000	1,000,000
Less depreciation	114,500	229,000	343,500
Fixed asset less depreciation	885,500	771,000	656,500
Cash at hand and in bank	20,849,000	25,694,500	30,580,000
Receivable	2,000,000	2,000,000	2,000,000
Total current asset	22,849,000	27,694,500	32,580,500
Total asset	23,734,500	26,923,500	33,237,000

Equity and Liabilities			
Issued Capital	2,000,000	2,000,000	2,000,000
Retained earnings	21,734,500	24,923,500	31,237,000

7.6 CASH FLOW

IVORY PARTNERSHIP ENTERPRISE PROJECTED CASH FLOW STATEMENT

CASH-FLOW	YEAR 1	YEAR 2	YEAR 3
Owners	2,000,000	2,000,000	2,000,000

contribution			
Loan from bank			
Revenue(sales)	21,900,000	25,000,000	30,000,000
Total cash inflows	22,100,000	27,000,000	32,000,000
CASH			
OUTFLOWS			
Equipment and rent (less depreciation & rents year 1 and year 2)	114,500	229,000	343,500

Operating expenses	1,076,500	1,076,500	1,076,500
Loan payment	60,000	0	0
Total cash outflow (B)	1,251,000	1,076,500	1,076,500
Net cash flow (A-B)	20,849,000	25,694,500	30,580,000
Opening cash	-----	20,849,000	25,694,500

balance			
Closing cash balance	20,849,000	25,694,500	30,580,000

8.0 SALES PIPELINE

Names of Customer	Size of Deal	Date P.O. Expected	Probability % of Getting sales
Zenith hotels and suites Nyanya	Supply of ivory liquid dish washer	1/9/16	85%
Mater mesericodia nursery, primary and secondary school, Nyanya	Supply of ivory liquid dish washer	20/11/16	75%

10.0 FUNDING REQUIREMENTS

9.1 SOURCES: Partners will contribute 1,500,000 amounts to the business. Bank loan; the enterprise would borrow 500,000 amount from GT bank.

We also plan to get the support and counselling of the Centre for Entrepreneurial Development Research (CEDR) on technical entrepreneurial issues.

9.6 PURPOSE OF THE FUND

The fund raised would be used for purchasing of **equipment and machineries** such as mixing machine, packaging machine, and incinerator. These machines are complex and very costly to acquire, therefore, we need enough support from outside parties to purchase them.

In the area of **Marketing** we need funds to achieve our marketing strategies such as bonanzas, sales promotion etc. in order to acquire and retain a good customer base.

We also need funds for our campaigns and the payment of brand ambassadors who would market the products among their immediate environment.

9.7 RISK ANALYSIS AND MITIGANTS:

S/N	Risk	Mitigants
1	<p>The areas we intend to locate our business lack the supply of some basic amenities. There is the absence of good road network and water supply. This will make us spend more on carriage and also the purchase of water which we use in our mixtures.</p>	<p>We would contract a tanker who would supply water at our disposal at a discounted rate.</p>
2	<p>The area also lacks good security system. Our factory is prone to attack from hoodlums as it is located far away from any security base within Nyanya.</p>	<p>We intend to employ the services of Security men who are well trained and experienced.</p>

3	Furthermore, the commencement of this business in Nyanya will attract more competitors which might kick the enterprise out of business.	We would ensure we keep our customers loyal to the company. We plan to do this through product repackaging and rebranding.
4	Purchase of the ingredients to be used in production takes more time and money as we would have to go a long distance to get them.	We would ensure to pre-order before the last batch runs out.

9.8 CONTINGENCY PLAN

We intend saving 30% of our profit from each year in case of any unexpected hazards.

9.9 EXIT STRATEGY

IVORY PARTNERSHIP ENTERPRISE plans to sale up to the best buyer should the business become unprofitable, we also intend to diversify to other products of liquid dish washer to keep us afloat in the market.

11.0 OTHER CONSIDERATIONS, CONCLUSIONS AND

RECOMMENDATIONS

11.1 ECONOMIC JUSTIFICATION

From the view of our study and analysis of the findings made, the project offers good benefits to the promoters and the economy. Wealth will be created even as jobs are also created. These are consistent with the federal and state, policy on entrepreneurship wealth and job creation.

11.2 COMMERCIAL VIABILITY

The commercial viability of the product is very clear from the analysis the ratio of the per year income for 3 years is in proportion of 1:3:5, return on per year owner's capital for the three year is proportion of 8:10:11 and finally return on per year total investment for the year is proportion of 2:3:4.

Hence the project has been found to be commercially viable, having shown through projections, an impressive sales profit and cash flow positions.

11.3 CONCLUSION AND RECOMMENDATION

From the point of view of our analysis, the proposed project is found to be technically, viable, financially viable and economically desirable. The project offers good investment benefit. We therefore highly recommended it for funding and implementation.

Business will be established and managed in F.C.T Abuja to satisfy the numerous demands due to the poor environmental condition we are living in.