

**UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF POLITICAL SCIENCE**

TOPIC

PIG PRODUCTION BUSINESS

BUSINESS PLAN

**WRITTEN IN PARTIAL FULFILLMENT FOR THE
REQUIREMENTS OF THE COURSE: CEDR 342
(BUSINESS DEVELOPMENT AND MANAGEMENT)**

BY

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VISION

The vision of pig production enterprise is to be one of the global pig production enterprises in the world which can have a large capacity to employ a large number of people both National and expatriate in order to have viable and efficient and effective leading pig production enterprise in the global

MISSION

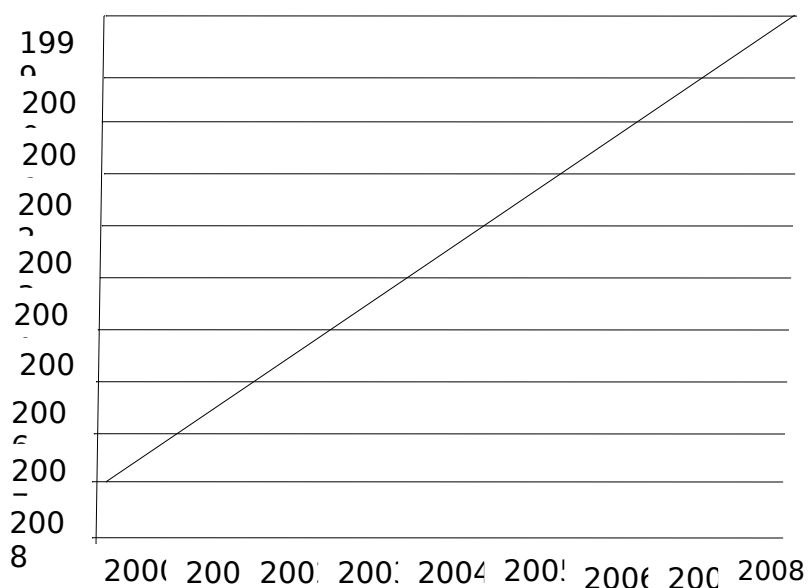
The mission of the pig production business is to be competitive favourable with the foreign counterpart in order to produce a large port meat that can be supplied across the continent of Africa and Asia country in general

INTRODUCTION

Pork production and consumption have risen rapidly in Nigeria over the past decade driven by the population growth urbanization increasing income and changing tastes in 2014 Nigeria had the highest per-capital consumption of pork in the West African (3.4 kg/person per year).

The number of pigs has increased more than tenfold less than 200,000, three decade ago to roughly 3.2 million more than 1 million household in Nigeria raise those pig. The majority of the pigs are kept by women in rural areas with limited access to technology service and market.

Figure 1: Trend (000) in the number of pig in Nigeria 1999-2008



Source: National Livestock Census Report 2008, The Smaller holder pig Value Chain Development Project which aims to improve the live hood of small holder pig producer particular women through increased productivity reduced risk from disease and improved market

access is part of the Research program on livestock and pig led by the International Livestock Research Institute. The project is funded by the International Fund for Agriculture Development and European Commission. A key activity of the project is to strengthen the capacity of women and men pig producer and help them transform subsistence – level, pig – keeping on agriculture for nutrition and health is working to improve pork safely and market access. These efforts in turn should enhance food security help preserve natural resources and reduce poverty in Nigeria currently stands at 37.8 percent (people living on less than USD 1.25 per day). This module is targeted to small and medium – scale pig. Entrepreneur who require knowledge and skill to run their pig enterprise profitable. They may have undergone a capacity assessment to establish their learning need as well as literacy numeracy and computer knowledge and skill prior to enrolling for this course. Targeted participant also should have been involved in a pig enterprise. Other who may benefit from the training modular content include supplier pig producer organization transporters and entrepreneur involved in the sale of live animal pork and other pork product, also has developed training module on pig management control of African swine fever parasite control feeding strategies and marketing to help strengthen the capacity of farmers.

Expected Outcomes

This module is intended to equip participant with the knowledge and business skill necessary to run their pig enterprise profitable. By doing so, the pig value chain in Nigeria should be more competitive and responsive to market demand. It is preferred that participant be trained first in the marketing and institutional strengthening module which provide a foundation for Business planning. Upon successful completion of this module famer and small holder pig entrepreneur should be able to:

1. Prepare a bankable Business plan for their big enterprise
2. Identify potential financial source with the knowledge of the advantage and disadvantage of each.
3. Apply appropriate financial management skill to their pig enterprise

Glossary of Technical Terms used in this Module

Business Plan: Statement of business goal and the process to attain them.

Cooperative: An autonomous association that is voluntarily formed for a mutual purpose.

Limited Liability Company: A company that registered to do business.

Marketing Plan: Effort to be taken to meet the sale target of a product.

Reducing Balance: Interest calculated only on outstanding amount of loan.

Six PS of Marketing: Price product place promotion, policy.

Variable Cost: Cost of input that varies with level of production volume example include feed fertilizer and seed.

Fixed Cost: Cost that remains unchanged irrespective of level of production or revenue. Examples include building rent and taxes.

Working Capital: Fund required for a short period in business normally less than a year.

Fixed Capital: Fund required for financing long term asset of the Business e.g. construction of a piggery unit or slaughter houses.

Training Methods

This module is to be delivered mainly by presentation made by the facilitator while punctuated with participatory demonstration discussion role plays and group task. The participants are to be encouraged to asked question on aspect which may not be clear. The facilitator should be an agribusiness expert a champion of agribusiness skill or someone who has been trained to teach this topic.

Proposed Training Schedule

Session 1: Business Plan (2^{1/2} hours)

What is a business plan and why is it important (1 hour)

Business structure (30 minutes)

Component of a business plan (1 hour)

Session 2: Financial Planning and Management (6 hours)

Basic record keeping (2^{1/2} hours)

Managing financial resources (2^{1/2} hours)

Session 3: Development of a Business Plan.

What are the key steps in developing a business plan?

- Practical application of knowledge to develop a business.
- Tool and material (prepare in advance)
- Ring binder for each participant containing an outline of the training program
- Training handout (see below)
- Notebook and pens
- Calculator (1 per group)
- Flip chart and market for facilitator and participant.

Background

The transformation of farming in Nigeria require farmer to understand that they will be more successful if they run their farms as a business. When farming is done as a business farmer plan investment and implements them in such a manner that they are more likely to generate profit that improves their livelihood. Business Planning is a vital component of a Business – a decision – making tool representing all aspect of a business i.e. vision finance operation and human resource. A business plan can be prepared before beginning a business or even when a business is up and running. A business plan guild the entrepreneur on the decision and direction they should take in order to reach the desired result.

Session 1: Business Plan

Objective: Equip participant with the skill they need to write business plan that can attract investment for business opportunities. Participant should be able to use this business plan to manage their enterprise better or to acquire financial credit to start up big enterprise or expand existing one currently in Nigeria bank such as the First Bank, Union Bank, and Microfinance Bank such as FINCA, Vision fund and pride have developed credit products targeting small – to Medium Agriculture enterprise qualifying for such product may required a business plan.

What is Business Planning

Why it is important to run a farm as a business and what they learnt for the marketing. The kind of plans they make as a family. What may happen if you do not plan your day? As in

making plan as an individual or family you can also plan for a business – referred to as business plans.

Business Planning Reflect

What you want to do in the future

What you have to do to achieve those goals.

Although not all plans are written down, a good business plan should be written down. The process of planning includes;

- **Goal:** This is what you want to do in the future
- **Task:** this is what you need to do now to reach you eventual goal
- **Resource:** this is what you need to order to carry out a task.

A business plan therefore is a written statement of business goal and the process of attaining them. It is a strategic document that describes all aspect of a market opportunity and include a projection of the expected profitability of the business venture once implemented. A business plan should present all aspect of a new existing business in a simple comprehensive way for potential investor.

A Business Plan also is a decision – making tool representing all aspect of a business finance marketing operation and human resources.

Business Structures

Before making a business plan it is important to figure out how the business will operate in term of ownership capitalization production marketing and targeted customer. It is also important to understand its structure as well as how it operates in terms of production and sale.

The following question may be asked;

- Shall this business be a sole proprietorship partnership association cooperative or limited liability company.
- Shall the business have centralized production or decentralized production with collective marketing for example farmer may agree to rear pigs on their individual premises then jointly see them as an association.

Presentation by Facilitator

Explain the different business structure to the participant so that they can adopted the one that is most appropriate to their venture.

TYPES OF FORMAL BUSINESS STRUCTURE

One – Person Business (Sole Proprietorship): This is a business owned and controlled by an individual. It may be run by the individual or their family member or friend. All major decision is made by this individual. The individual may borrow money and employ assistant but he/she along is responsible for the results of the business. He/she receive all the business profit or bear all losses. Even though one – person Business are the simplest of business structure, they are required to comply with registration requirements tax laws, business license and or permit laws to make them legitimate.

ADVANTAGES: The owner has all the power, the business is easy to set up, there is privacy, it is easy to change the legal structure of the business and it easy to close the business.

DISADVANTAGES: The business may easily collapse due to the owner bad decisions and indiscipline. The life of the business and the day to day management of the business are

dependent on the owner. The owner is responsible for all business debt which may threaten his/her private asset as well. Money capital to put into the business is usually quite limited.

Partnership: A partnership is an agreement amongst two or more person to do business together and to share profit. The maximum number of people in a partnership is 10 for a banking business and 20 in other business. The business must be registered and each partner jointly owns all the business asset and liabilities. Each partner should know their right responsibilities and obligation.

ADVANTAGES: Two head are better than one which implied more ideas and Business connection more capital can be raised. The business is separated from your private matter.

DISADVANTAGES: Partners are responsible for the debt of the business partner may disagree on key issues separation of a partner is costly and so is winding up a business.

Cooperation: A cooperation or co-operative is an autonomous association of person who voluntarily operate together for their mutual social economic and culture benefit. Cooperative are regulated by some state law - for cooperative profit may not be the main guiding force but having a voice and bargaining power are some of the objective as well as promotion of cooperation not competition amongst member.

ADVANTAGES: Owners (also called shareholder) have an equal vote and are not responsible for the debt of the cooperative. The owners of a cooperative are more powerful than those investing in it.

DISADVANTAGES: Profit may not be the main motivation but instead service delivery may be the goal. Member requires constant education about the functioning of the cooperative. Some

non-member with political influence may interfere with the cooperative. Cooperatives are also vulnerable to mismanagement.

Limited Liability Company (Ltd Co.): This is a company that is registered to do business. It contains some aspect of a partnership. A limited liability company is required to register with the Nigeria Cooperate Affair Commission and also with the other license body.

ADVANTAGES: Can raise more money to put into the business. Business is separated from private matter and so are the Business debt ownership is by shares which are easier to transfer.

DISADVANTAGES: Establishing a limited company is costly, there is less privacy regarding, the financial status of the business winding up, the business is costly and the activities of the director are not watched by the government.

Component of a Business Plan

Business plan can be made for all kinds of business structure. Making a business plan is as simple as writing an ideas on paper. It involves writing about the different component in a manner that should persuade a Bank or individual to invest in the business venture. Now discuss the different component of a business plan.

Business Goals: This section contain clearly defined goal for the business plan and the time horizon. Business is formed to achieve something. Goals are the target to be achieved. Tow question are key when establishing Business goal.

- Where does the enterprise want to go in terms of product customer profit return on investment?
- For existing business what change must be made in order to get to the goals?

Example of a business goal: to increase pig sale by 1,00,0001 – in the next 6 months. The participant can discuss other goal for their pig business.

Description of the Business

With this component mention, the name of the Business current or proposed with a brief description of the product. The production and distribution process the target consumer and the important of the product. You should also clearly state the vision, mission and philosophy (values) of the Business. Example the OKECHUKWU PIG PRODUCER ASSOCIATION (OPPA) was established in 2017 and comprises 40 smallholder pig farmer engaged in pig breeding and fattening. The association sells pig let and fattened pig let and fattened pig to individual and institutional buyer (OPPA) also operate a slaughter slab which is used by the pig farmer and trader in Nsukka town.

Analysis of the Business Environment

The business environment refers to all factors that are external and beyond the control of the individual Business enterprise and their management but can greatly affect operation. These factors may be local national and international and or legal political social economic or cultural for example pork consumer are outsider the business but greatly affect the success of the business industry background.

This component involves identifying pig industry trend as it will help you determine if the pig business you are engaged in or aspiring to enter is in an industry that is prospering, stabilizing or declining. You should also note pig business with a similar product. Their market share and how you think you can complete with them.

Market Analysis: It is critical as a business person to understand the market in which you operate. This can be achieved through market research to understand potential customer and their characteristic and reviewing expected product/service preference. Insert into the Business plan, the types and number of potential customer targeted and the estimated sale per month or year and the potential marketing share if possible. A simple price analysis reflecting past current and forecasted price can strengthen your business proposal. You also may mention something about consumer preference and seasonal fluctuation in demand for the product which month sale are expected to fluctuate.

Gender Equality Analysis

Gender is an important aspect of many of the development partner and funding agencies so it should be corporate to make the business plan more competitive. In this component you should describe the role played b women, men and youth outline potential benefit to each gender categories. You should also offer an explanation or argument which portrays how the business plan would bring benefit to the marginalized or vulnerable society group in.

Management and Operation Plan

In this component you should outline how many employee the business is to have (or already has) with a brief description of role responsibility and required skill set. It may be necessary to mention the wage structure too. It also involved establishing which kind of equipment and physical structure are required and when they should be in place. Also note what additional investments are required to reach the business objective.

Financial Plan

Financial plan provides the financial strategy for the business. It includes financial data which help investors determine the feasibility of the plan, the size of investment required and the ability of the business to repay the debt. The financial plan should include an indication of the total capital required for the Business, source of the capital and forecasted cash flow statement. For business already in existence, the financial data are constructed using information in the record book. However, for a Business yet to begin, figures may be obtained from those who know more about the enterprise and also from the marketing. Financial analysis takes time to do and may require assistance from an expert. One may use a simple calculator or a Microsoft Excel spreadsheet, if computer literate.

BUDGETING

A budgeting is the estimation of revenue, expenses and net income. Revenue simply refers to the money received from the sale of products or by-products of an enterprise (such as piglets, pig for slaughter, manure). Net income is the profit after netting out expenses.

There are several types of budgets such as enterprise, partial and whole farm. More detail on the budgets is found below. For the targeted participants in this module, an enterprise budget likely is the most appropriate because of its usefulness in calculating profitability and the break-even point of a business.

An enterprise budget is a statement of what is generally expected when producing a specified amount of product. It consists of the revenues and the expenses incurred in the production and sale of a particular product, and documents variable and fixed costs. Variable costs are the costs of such input as seed, feed, fertilizer, repairs, custom operations and equipment operating expenses. Fixed costs are the costs associated with buildings, machinery and equipment such as building rent and taxes.

