

UNIVERSITY OF NIGERIA, NSUKKA

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TOPIC:

**BUSINESS PLAN
TAILORING BUSINESS**

**AN
ASSIGNMENT SUBMITTED IN PARTIAL FULFILLMENT
FOR THE REQUIREMENT FOR THE COURSE CEDR 342
(BUSINESS DEVELOPMENT AND MANAGEMENT)**

BY

**SALIFU OJONE HEPHZIBAH
REG. NO: 2014/195996**

LECTURER: DR. .C.T NWAOGA

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ZIBAH'S TAILORING VENTURE

PART I

2.0 Executive Summary

- 1.1 The following report and recommendation relate to the proposal by zibah's tailoring Venture at Port Harcourt.
- 1.2 The project would require a start-up capital of ₦ 1438000, made up of ₦ 1085000 for fixed assets and ₦ 353000 for working capital.
- 1.3 The enterprises vision is to be the most outstanding tailoring service in south-south part of Nigeria, particularly Port Harcourt.
- 1.4 The project will be located at Port Harcourt because of its easy access to market from that location.
- 1.5 A huge market like mile one market and big schools like University of Port Harcourt, University of science and technology and others 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 figures stand at ₦ 890,000 for year 1, year 2, and year 3 respectively. Also the profits after tax are: ₦ 429000, ₦ 1,048000.00 and ₦ 1,325,000 for year 1, year 2 and year 3 respectively. The cash flow position is equally good and encouraging by the second year through the third year.

1.7 The competitive edge of the enterprise lies in its ability produce wonderful clothe styles of exceptional quality.

1.8 The profitability measures are as shown below:

	Year 1	Year 2	Year 3
Turnover	890,000	1,048,000	1325,000
Profit before investment & tax	389,500	1,245,000	1,497,000
Profit after tax	426,500	1,048,000	1,325,000
Return on sales	Not available	38.04%	39.43%
Return on equity	Not available	88.45%	99.40%
Return on investment	Not available	72.88%	92.14%

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. Therefore, the project offers good investment benefits and is therefore highly recommended for implementation.

PART II

2.0 Introduction

The planned tailoring project is the result of strong sense of garment making in south-south of Nigeria, particularly Port Harcourt by the promoters of this project. The studies reveal that the demand for a good tailor is high while there are few good tailors that can deliver.

2.8 Vision

To be the most outstanding tailor in south-south of Nigeria, particularly Port Harcourt.

2.9 Mission

To make the best styled clothes in Port Harcourt.

2.10 Key Success Factors

- a. The use of latest clothing styles out there.
- b. This tailoring business would create a difference in the tailoring world.
- c. The main promoter has undergone training in entrepreneurship
- d. The main promoter has undergone training in entrepreneurship

2.11 Inherent Risks

- a. Provision of basic utilities like transportation and electricity is not guaranteed.
- b. There are plans to use reliable mitigants to checkmate these identified risks.

2.12 Business Ownership

The business is a sole proprietorship wholly owned and managed by Salifu Ojone Hephzibah.

2.13 Locational Factors

1. Its nearness to target markets in Port Harcourt, Rivers state will make it easy to supply.
2. existence of good road network and ease of market access
3. availability of cheap and reliable labour

2.14 Available Market

Information from survey shows that about 5000 students are admitted into UNIPORT and about 4000 out going student yearly. This is applicable to other school in Port Harcourt. This demand figure expected to rise as the population within the targeted increases, especially as the superstitious surrounding demand of cloth for different occasions by both incoming and outgoing student and the lecturers. This is good information for the promoters whose primary market in the Port Harcourt area.

PART III

3.0 Products

Zibah's tailoring venture will provide the following services:

- Traditional and wedding clothing
- Students clothing

3.1 Product Description

- Traditional and wedding clothing

There are plan to supply highly stylish clothes like traditional marriage clothing and chieftaincy clothing or hiring the clothing.

- Student target

To supply student and lecturers clothe during matriculation and convocation ceremony. To also supply student cloth during cold weather like harmathan and rainy season.

3.2 Costing

The costing of the tailoring venture is mainly built around two major cost items, they are:

1. Buying
 2. Transport and shop rent.
- Buying

The amount of money paid to the machines supplied by the companies will determine the amount that it will be sold.

➤ Transport and shop rent

Also the cost of transportation and shop rent will determine the profit made from the business.

3.3 Market Demand

Zibah's tailoring venture supply service located at Port Harcourt which is easy reach to of some markets like mile three, igwuruta and schools like UNIPORT, University of science and technology where stylishly designed clothes would be on demand. Information from experience operators in the business reveals that about 500,000 cloths are demands yearly in Port Harcourt and its environs for the past 20 years. And that this demand figure is expected to increase as the population within the market area being considered increases.

3.4 Project Annual Demand of Tailors in port-harcourt and its environs (2010 – 2012)

As earlier stated about 500,000 cloth were demanded yearly in Port Harcourt and It's for the past 20 years. This figure is expected to grow with the growth in population. This population growth rate in the area hovers around 2.5% to 3.25% for about 4 years now, it seems rational to expect that

the demand for clothes will grow with at least a growth rate ½ % for the next three years.

Table 2: Projected Annual Demand for tailors in Port Harcourt and its environs.

S/N	Years	Annual growth rate	Projected demand
0	Base year (0) (2009)	0.5%	500,000
1	2010	0.5%	500,400
2	2017	0.5%	5000,600
3	2012	0.5%	5000,000
	Total	20%	2001
	Average	0.5%	5000,500

This project average annual demand for tailors in Port Harcourt and its environs is about 500,600 clothes. It expected that this level of demand will subsist for the next year.

3.5 Project Demand – Supply Gap of Clothes in Port Harcourt and its Environs

As earlier stated that of the total demand figure of stylishly styled clothes only about 35% of the demand are met in the existing tailors. Thus the demand supply gap clothes in port-harcourt and it’s environ is shown in table 3.

Table 3: Projected Demand-Supply Gap of Clothing.

Adjustment	Demand – Supply Gap
Estimate average annual demand less	500,600

35% of supplies of quantity clothes	104,210
Less 20% due to expansion existing clothes seller and establishment of new ones	206,390
Less 5% estimate error	52,800
Estimate Demand – Supply Gap	211,100
Anticipated annual supply of stylishly sewn clothes.	200,100
	12,500

However, the plan is to supply about 12, 500 clothing yearly. This represent about 2.5% of total demand-supply gap of clothing. Thus, it is assumed that sewing the clothes will not be a problem.

PART IV

4.0 Market ANALYSIS

Zibah's tailoring venture has an exciting business opportunity since there is a huge market for clothing in Port-Harcourt and its environs. The increase in the population and need of latest sewn clothes by today's youth will help this market to grow.

4.1 Customer/Market Segmentation

The following are the classes of customer for clothing

- a. Youths: They are usually sensitive but can ask for their materials to be sewn and even pay in advance. They are price sensitive.
- b. Households: The house-hold mainly sew family clothes and would be in demand of good tailors.
- c. Celebrity: This include wedding and traditional supply.

Zibah's tailoring venture plans to articulate appropriate marketing strategy for each class of customer.

PART V

7.0 Marketing Plan

There are no major tailoring ventures in Port Harcourt area hence there is complete absence of tailors that can really put up commendable competition. Therefore, if Zibah's tailoring venture operations as planned, it will be market leader in no distance time.

5.1 Promotion Strategy

Zibah's tailoring venture will embark on an aggressive awareness campaign to break the market. This will make the demand for tailors to really increase. To do this, Zibah's plans to use theirs, outreach sensitization programs, radio and also television programmes. Zibah's tailoring venture plans to sponsor fashion parade competition to reach out to public.

5.3 Marketing Strategy

To maintain a sizeable market in Port Harcourt and its environs, Zibah's tailoring venture has decided that her buyers will get to the market at a highly competitive price.

it will also give trade discounts to drive market faster. There are plan to distribute calendars and almanac to her numerous customers. This will help in small way to increase the firm popularity amongst the middle men in the market. To push sales, 2% discount is given to regular customers.

PART VI

8.0 Management and Organization

6.1 Owner/Management

Zibah's tailoring venture is a sole proprietorship. It is wholly owned by Salifu Ojone Hephzibah, who being the sole owner of the firm will manage the affairs of the business. Miss Salifu Ojone Hephzibah is a trained stylist and as such has enough basic knowledge of tailoring which she is expected to utilize in running the firm.

To help in the business, Some other good hands will be hired. The plan is that the hired hands will compliment 1, especially in the area of distribution.

6.4 **External Support** is discussing with Hephzibah's Bank (KMFB) to offer, over a period of years, strong management and business support service. Also the office will access support of technical issues from the Entrepreneurship Development Centre where the proprietor received training on entrepreneurship.

6.5 Value and Norms of the Firm

Zibah's tailoring venture plans to adopt the following norms and values:

- a. To offer the best for the benefit of her customer

- b. To uphold her integrity always
- c. To see her employee as her most valuable assets
- d. To always be available to her customers.

PART VII

LEGAL, SOCIAL AND REGULATORY ISSUES

7.0 Legal Issues

Zibah's tailoring venture plans to commence commercial operations as a sole proprietorship. It just enough to register the business name with the appropriate department at the Local Government Headquarters. No special licenses are required for the operation of clothing.

7.2 Social

The implementation of the project will bring about social and economic benefits to the society in the following ways.

1. It will create new jobs
2. It will bring about wealth creation and poverty reduction

7.3 Regulatory

The tailoring venture will comply with all environmental regulations as well as all relevant industrial safety regulatory requirements.

PART VIII

8.0 Risk Analysis

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

Table 4: Identified Risk and their Mitigants

Identified Risks	Mitigants
1. Inadequate start-up demand	Aggressive promotion and advertising campaigns
2. Aesthetic and ego demand	Following the Aesthetic update.

8.1 SWOT Analysis

SWOT analysis carried out on the project reveals the following:

- The clothing material have very good quality
- The location of the tailoring centre makes it to have easy access to its targeted customer.

8.1.5 Weakness

- Initial problems of raising adequate capital for the project anticipated.
- The proprietor has limited in clothing line.

Zibah's tailoring venture plans to address these weakness through hiring of skilled trader.

8.1.6 Opportunities

Currently, different clothes are always worn on different occasion and weather. Therefore to be following calendar of different happening occasion will be necessary.

8.1.7 Threats

There is still the challenge to convince people to abandon their old cloth.

- Low initial demand
- Increased competition due to entry of more cloth supplies.

To checkmate this threats, the firm will mount aggressive awareness campaign and other promotions.

PART IX

9.1 Summary of Project

The total cost of the project is ₦450, 000 in work of ₦1,085,000.00 in fixed capital and ₦450,000 in working capital.

9.2 Other Expenses

There are other expenses expected to be incurred in the course of running the tailoring venture. Table 5 shows the other expenses expected to be incurred

Table 5: Other Operating Expenses

type of Expense	Year 1 (N)	Year 2 (N)	Year 3 (N)
(1) Vehicle Maintenance	50,000	52, 500	55, 000
(2) Business Travels	50,000	51500	53,000
(3) Advert	45,000	47,250	49,500
(4) Miscellaneous	50, 000	52,500	53,600
(5) Total	195,000	203,750	211,100

9.4 Cash flow Projection

Cash in	Year O (N)	Year (N)	Year 2 (N)	Year 3 (N)
(1) Equity	333000			
(2) Bank loan	1,105,000			
(3) Net profits		(472,000)	1,002,500	1,279,500

(4) Depreciation		45,500	45,500	45,500
Total cash in	1,438,000	(426,500)	1,048,000	1,355,000
Cash out				
1 Equipment and others	1,085,000			
2 working capital	353,000			
3 Increase/Decrease		34,000	59,500	134,500
In cash				
4 Loan Repayment		405,000	700,000	
5 Dividend		583,500	279,500	
6 increase and decrease in cash				
Total cash out	1,438,000	426,500	1,048,000	1,325,000
Opening balance	Nil	Nil	460,500	123,000
Increase/Decrease in cash				
Closing balance	Nil	(460,500)	123,000	334,000

12.0 Financial Analysis

The projects comes out of ceremonial period like Christmas, matriculation, convocation, Ester and others, by that time sales for the month start at ₦ 222, 500.00 by the end of the first year (of which there was only 6 months of selling activities) the sales was ₦ 89,000, and this is expected to grow to ₦ 293,700,000 and ₦ 323,100,000 respectively for the second and third years

12.1 Profitability Analysis

Y	Year 1 (6 months)	Year 2	Year 3
Profit after tax	(426,500)	1,048,000	1,325,000
% return on turn over	N/A	36.04	41.43
% Return ON Equity	N/A	101.45	99.40
% Return on investment	N/A	72.88	92.14

Relevant key profitability ratios for the first three years are shown above.

10.2 Cash flow Projection

Cash by the second year of operation when the business has fully matured the cash flow position is as shown below

Year 2	Year 3
123,000	334,000

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

10.3 Projected balance Sheet

For the three years period, it was shown that share holders found grew on the average

Years of operation	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Shareholders fund	(127,500)	1,335,500	1,333,000

PART II

13.0 Other Consideration and Conclusion

11.1 Economic Justification

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

11.4 Commercial Viability

The commercial viability of the project is very clear. The project has been found to be commercially viable, having shown through projection, and impressive sales, profits and cash flow positions.

11.5 Conclusion

Therefore, the project is highly recommended both finding and implementation.