

**UNIVERSITY OF NIGERIA, NSUKKA**

**FACULTY OF AGRICULTURE**

**DEPARTMENT OF HUMAN NUTRITION AND DIETETICS**

**A BUSINESS PLAN PREPARED  
IN PARTIAL FULFILMENT FOR THE REQUIREMENT OF THE  
COURSE, CED 342  
(BUSINESS DEVELOPMENT AND MANAGEMENT)**

**TOPIC:  
KOSI-BEST ICE CREAM PRODUCTION**

**BY**

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**JULY, 2016.**

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**◆ PART I**

**EXECUTIVE SUMMARY**

The following report and recommendation relate to the proposal by ASADU KOSISOCHUKWU QUINTINA to establish an ICE CREAM PRODUCTION BUSINESS AT 501 ROAD, M CLOSE, BLOCK 15, FLAT 13, FESTAC TOWN LAGOS STATE.

The proposed project is to be fully implemented with an investment of ₦987,000 (Nine hundred and eighty-seven thousand naira), made up of ₦822,000 (eight hundred and twenty-two thousand naira only) fixed capital and ₦165,000 (one hundred and sixty-five thousand naira) working capital.

The enterprises vision is “to specialize in production of quality ice cream in the Eastern part of Nigeria particularly Lagos state. The proposed project will be located at 501 ROAD, M CLOSE, BLOCK 15, FLAT 13, FESTAC TOWN LAGOS STATE. This is due to its easy access to target market firm in that location.

The financial projection reveals a good level of liquidity and stability. The projected turn over for year 1, year 2, year 3 respectively ₦3,055,200, ₦3,360,720 and ₦3,696,792. The funding requirement is ₦597,000 since the promoters are committing ₦390,000 to the project.

The competitive edge of the enterprise lies in its ability to produce quality ice cream of all kinds and also in the management strength, technical skills and knowledge of the enterprise. The profitability measures are as shown below

<b>Indicators</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Turnover	3,055,200	3,360,720	3,696,792
Net Operating Profit	2, 144,750	2, 399, 170	2, 676, 942
Return on owners contribution	550	615	686
Return on total investment	217	243	271

**Conclusively**, from the point of view of the analysis of it findings, the proposed project is found to be technically feasible, financially viable and economically desirable. The project offers good investment benefits and is highly recommended for funding and implementation.

## ◆ PART II

### 2.0 BACKGROUND

#### 2.1 INTRODUCTION

The food and drug enterprise is the most established, viable and profitable enterprise a wise man would like to invest in since there is a saying that “Everybody eats or drinks every time”. The enterprise is the prime - mover in the development of any nation and Nigeria being a nation is not exempted. Since the food and drug enterprise is a one-stop shop with many specializations like processing of cassava, selling of pure water, selling of ice-block, fruit juice business. Ice cream production is not exempted.

**ICE CREAM PRODUCTION BUSINESS** is important and need-filling because the business is in a country situated within one of the hottest regions in the world and its economy is such that majority of it people get involved in hard labour to make ends meet. These two important facts necessitate the high intake of ice cream by especially the people who drive the economy at that level. Therefore, one can imagine the amount of ice cream that is taken on a daily basis irrespective

of the season of the years. Most people prefer to take their ice cream thick as this makes the ice cream creamier and better appreciated.

In terms of the 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 180 million people.

## **2.2 VISION AND MISSION**

The vision is “to be the most outstanding producer of quality ice cream for the consuming public precisely in the eastern part of Nigeria

### **MISSION**

- To produce and sale quality ice cream to the general public
- To contribute my quota to reduce unemployment in the nation among our youths.
- To create sustainable economic yield

## **2.3 OWNERSHIP OF THE COMPANY**

The company belongs to KOSI-BEST of 501 ROAD, M CLOSE, BLOCK 15, FLAT 13, FESTAC TOWN LAGOS STATE, NIGERIA.

## **2.4 LEGAL STATUS**

This business will be registered with the Co-operate Affairs Commission (CAC)

## **2.5 LOCATION AND FACILITIES**

The ice cream business is located at 501 ROAD, M CLOSE, BLOCK 15, FLAT 13, FESTAC TOWN LAGOS STATE. Due to the abundance of population in the area, cheap labour, cheap rent and good network of roads. The area is connected to the national power grid, urban water supply and good security network with a military post and police station located in the area.

## **2.6 PRODUCT AND SERVICES**

- Homemade ice cream
- Yoghurt
- Sorbet
- Novelty products in supermarket
- Novelty products in grocery stores
- Novelty products in restaurants

## **2.7 BUSINESS STRATEGY**

The business strategy to be used will be a direct selling to the consumers and with the use of middle men or agent to help penetrate the market very well.

In the terms of pricing which is an essential part in the business strategy, it is going to use the strategy that involves selling some of the products cheap and using one product to cover for all of them. This is done to get customers and penetrate the market, with the hope that the strategy will help us get into the market effectively.

## **2.8 KEY SUCCESS FACTOR**

The key success factor distinguishes this business from other business ventures operating in the business of Ice cream production. Even though the competitors say inexperience is its down fall, but the business are determined and focus to overcome the obstacle together with having a good moral, good dressing

habit, always giving gratitude and always strive for product quality. With the few attribute of its staff together with quality product which will improve the business and give a good key success factor over its competitors

## 2.9 REVENUE BASE

The table below gives the revenue base for year 1 of the business. It is as follows;

S/N	Item	Quantity per month	Unit price	Quantity per year	Amount
1	Homemade ice cream	2,232	100	26,784	2,678,400
2	Yoghurt	30	80	360	28,800
3	Sobert	30	50	360	18,000
4	Novelty products in supermarket	80	200	960	192,000
5	Novelty products in grocery shop	5	300	60	18,000
6	Novelty products in restaurant	15	1000	120	120,000

Total = 3,055,200



## ◆ PART III

### 3.0 MARKETING AND TARGET CLIENTS

#### 3.1 NATURE AND THE SIZE

The nature of the market is that it can be used for both raw materials for industries; it can serve for domestication in homes. It can also be used for commercialization. In terms of the market size, it is enormous when you consider the fact that Nigeria is a populous nation with over 150 million people while Lagos State is one of the largest cities in the Nigeria. The business can therefore say that the market size is adequately good enough.

#### 3.2 TARGET CLIENT

The target client in the ice cream business includes the following;

- School graduation ceremonies
- Amusement parks
- Party people or individuals or groups having one festivity or celebration or the other;
- Shopping malls
- Restaurant and fast food vendors;

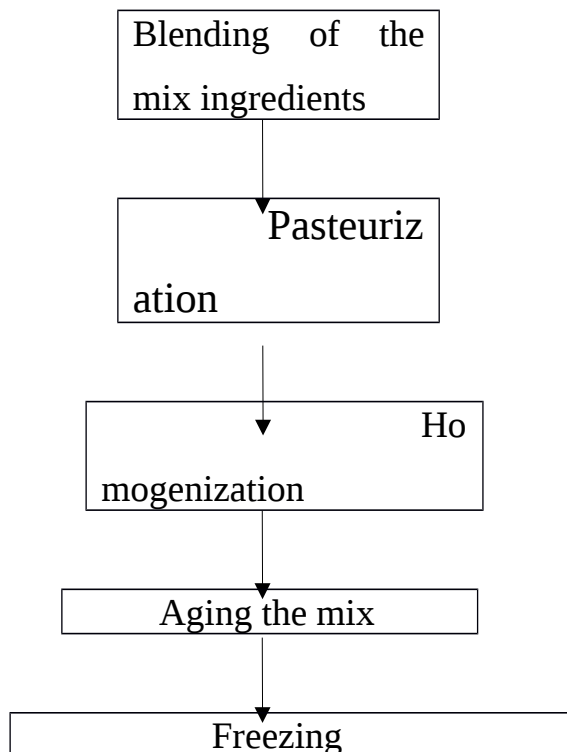
- Cafeteria (what some popularly call “bukka”);
- Hawkers who sell ice cream products during traffic.

### 3.3 KEY COMPETITORS AND PLAYERS

There are many key competitors as listed below.

- LAMBAT ICE CREAM FACTORY
- UZI BEST VENTUR
- CLEAR CONCEPT LIMITED
- PEOPLES CHOICE NIGERIA PLC

### 3.4 PRODUCTION PROCESS





### **3.5 SERVICE DELIVERY**

I will deliver my services in such a way that my customers will be satisfied and will not think of patronizing other companies. They include; having courtesy, being frank, being sincere, smiling, always respecting the integrity, and treat them like royalty.

### **3.6 QUALITY ASSURANCE**

This business belongs to KOSI-BEST INTERNATIONAL. The business is going to observe all quality control measures necessary and approved by NAFDAC

### **3.7 DEMAND/SUPPLY ANALYSIS**

The global warming is making the day hotter in the temperate region by the year, increasing the demand for cool products. The issue of poor power supply also increases the demand for cool product.

### **3.8 TECHNOLOGY**

As a beginner, the business is going to employ manual technology but as the business grows, it will gradually mechanize the production process.

### **3.9 COMPETITIVE EDGE**

The factor that favours the business include; availability of raw material, cheap labour etc.

## ◆ PART IV

### **4.0 MARKETING PLAN**

#### **4.1 MARKETING PLAN**

The marketing plan the business will use is the involvement of the middle men or agents, reducing the price below the market price, migratory (selling on the way), and free transport services for 5km radius from the place of business and so on.

#### **4.2 PROMOTION AND DISTRIBUTION**

The promotion strategy the business will employ include; the use of handbill, personal contact and posters

#### **4.3 ALLIANCE**

The business will not play any form of alliance until the business is firmly established.

#### **4.4 MARKET POSITIONING**

With all the plans made for KOSI-BEST ICE CREAM PRODUCTION to be the leader in quality ice cream in Enugu environs, as it positions itself as the prime mover and market leader in the market.

Below are the attributes which this business wants the target customer, market and general public to recognize.

- As an outstanding ice cream producer with highest quality.
- As a trust worthy producer of quality ice cream in Enugu metropolis.

#### 4.5 SWOT ANALYSIS

**S- Strength of the business:** the strength of the business is the creative mindsets the business will employ.

**W-Weakness:** the weakness is the epileptic power supply of the PHCN and inexperience of some employees in the business, but the business will improve by the use of a standby generator and the manager who has over 20 years' experience in the business.

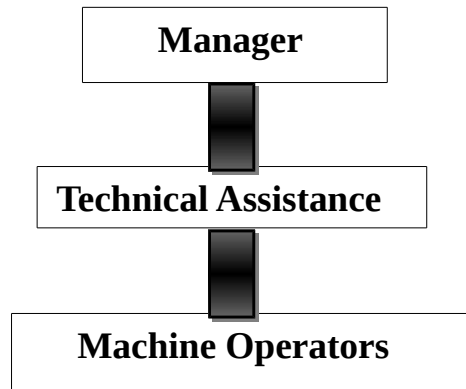
**O-Opportunity:** the increasing demand for cold things during a hot weather is an opportunity to explore.

**T-Threats:** The major threat to this business is the government policy and the business needs to keep to government policy.

## ◆ PART V

### 5.0 ORGANIZATION AND MANAGEMENT

#### 5.1 Organization of structures (Organogram)



#### 5.2 SHAREHOLDERS AND DIRECTORS

The business does not have the need for shareholders and directors until it expands.

#### 5.3 MANAGEMENT TEAM

- Manager
- Technical assistance
- Machine Operator

#### 5.4 EXTERNAL SUPPORT

The business may seek external support in specialized area like accounting, personnel recruitment and so on.

## 5.5 PERSONNEL PLAN

Name	Position	Qualification	Monthly salary	Yearly salary	Amount
Amaechi Francisca	Manager	B.Sc	25, 000	300, 000	900, 000
Nonso Iwu	Technical assistance	OND	15, 000	180, 000	540, 000
Okon Edet	Operator	SSCE	7, 500	90, 000	270, 000

Total =1, 710, 000

## 5.6 VALUES AND NORMS OF THE COMPANY

Some values and norms of the company include;

- The business will offer the best for the benefit of her customer.
- The business will uphold her integrity always
- The business will be honest to its customers
- The business will not insult its customers no matter what
- Being able to interact with the customers one on one

## ◆ PART VI

### 6.0 LEGAL, REGULATORY, ENVIRONMENTAL ISSUES

#### 6.1 LEGAL ISSUES

This business KOSI-BEST INTERNATIONAL ICE CREAM PRODUCTION plans to commence commercial operation as proprietorship. It will still be registered with the Co-operate Affairs Commission (CAC).

## **6.2 REGULATORY ISSUES**

This business is going to abide by the norms and values of all the regulatory body governing the business including NAFDAC, and so on.

## **6.3 SOCIAL ISSUES**

One of the major aims of this business firm is to enhance the socio-economic standard of the people and its environs, creating self-employment opportunity for individuals and to bring wealth creation and poverty reduction. In order to relate with its Neighbours, the business intend to provide free bore hole and help decrease the demand for water in the area.

## **6.4 ENVIRONMENT ISSUES**

The business will discharge its effluent properly; the business will make sure that all waste is properly disposed in order not to endanger the environment.

# **◆ PART VII**

## **7.0 FINANCIAL PLAN**

### **7.1 SUMMARY OF PROJECT COST**

Fixed Capital Cost



Ice cream machine	475, 000
Generator set	100, 000
Refrigerator	8, 000
Distribution van	65, 000
Rent for 3 years	144, 000
Total fixed capital	822, 000
Working capital	165, 000
Gas and oil	70, 000
Water changes	15, 000
Electricity charges	10, 000
Maintenance	70, 000
Total working capital	165, 000
Total project plan	987, 000

## 7.2 FUNDING PLAN

The total project cost is planned to be funded as follows:

Owners contribution .....	₦390,000
Loan capital (Bank) .....	₦597,000
<b>Total project cost .....</b>	<b>₦987,000</b>

## 7.3 FUNDING REQUIREMENT

The funding requirement for the project is ₦597,000 since my contribution as the owner is ₦390,000 into the business.

### 7.3.1 INTEREST AND LOAN REPAYMENT SCHEDULE

Interest =10%

Year	Principal	Repayment	Interest	Total repayment	Loan payment
1	597, 000	199, 000	59, 700	258, 700	398, 000
2	398, 000	199, 000	39, 800	238, 800	199, 000
3	199, 000	199, 000	19, 900	218, 900	-

### 7.3.2 DEPRECIATION SCHEDULE

Serial no	Assets items	Cost	Scrap value	Life span	Amount
1	Ice cream machine	475, 000	150, 000	5	65, 000
2	Generator set	100, 000	40, 000	4	13, 750
3	G.P tank	30, 000	5, 000	5	5, 000
4	Distribution van	65, 000	10, 000	5	9, 000
5	Refrigerator	8, 000	-	-	-

Total annual depreciation are: ₦ 678, 000 and ₦ 92, 750

### 7.4 PROJECTED INCOME STATEMENT

	Year 1	Year 2	Year 3
Turnover less	3, 055, 200	3, 360, 720	3, 696, 792

operating expense			
Utility gas oil	70, 000	77, 000	84, 750
Maintenance	70, 000	77, 000	84, 750
Maintenance salaries	570, 000	627, 000	689, 000
Rent	48, 000	48, 000	48, 000
Depreciation	92, 750	92, 750	92, 750
Interest on loan	59, 700	38, 900	19, 900
Total operating expenses	910, 450	961, 550	1, 019, 850
Net operating profit	2, 144, 750	2, 399, 170	2, 676, 942

## **7.5 DEBBIE INTERNATIONAL PROJECTED CASH FLOWS STATEMENT**

Cash inflow	Year 1	Year 2	Year 3
Owners contribution	390, 000	-	-
Loan from bank	597, 000	-	-
Revenue (sales)	3, 055, 200	3, 360, 720	3, 696, 792
Total cash inflow (A)	4, 042, 200	3, 360, 720	3, 696, 792
Cash outflows			
Equipment &rent (less year I rent)	774, 000	-	-
Operating expenses (less	817, 000	820, 800	879, 100

depreciation&rents year 1 and year 2)			
Loan repayment	199, 000	199, 000	199, 000
Total cash outflow (B)	2, 251, 500	2, 340, 920	2, 618, 692
Net cash flow (A-B)	2, 251, 500	2, 340, 920	2, 618, 692
Opening cash balance	-	2, 251, 500	4, 592, 420
Closing cash balance	2, 251, 500	4, 592, 420	7, 211, 112

## 7. PROJECTED BALANCE SHEET

	Year 1	Year 2	Year 3
Capital employed			
Fixed assets	678, 000	678, 000	678, 000
Less depreciation	92, 750	102, 025	112, 227.50
	585, 250	575, 975	565, 772.50
Current assets			
Balance at bank and in hand	2, 251, 500	4, 592, 420	7, 211, 112
Prepayment (rent)	96, 000	48, 000	-
	2, 347, 500	4, 640, 420	7, 211, 112
Less creditor (bank loan)	398, 000	199, 000	-
Net current assets	1, 949, 500	4, 441, 420	7, 211, 112
Net assets	2, 534, 750	5, 017, 395	7, 776, 884.50
Financed by	390, 000	390, 000	390, 000

owners capital			
Retained profit	2, 144, 750	4, 627, 395	7, 386, 884.50
Owners funds	2, 534, 750	5, 017, 395	7, 776, 884.50

## 7.7 PROFITABILITY ANALYSIS

➤ Aspect on the total investment  $\hat{i} \frac{\text{operating profit}}{\text{Total investment}} \times 100$

Indicators	Year 1	Year 2	Year 3
Turnover	3, 055, 200	3, 360, 720	3, 696, 792
Gross margin			
Net operating profit	2, 144, 750	2, 399, 170	2, 676, 942
Return on owners contribution	550	615	686
Return on total investment	217	243	271

## 7.8 BREAK EVEN ANALYSIS

$$\text{Break Even Point (BEP)} = \frac{\hat{i} \text{ cost}}{1 - \text{variable cost}}$$

Fixed cost = fixed capital cost = ₦822,000

Variable cost = total operating cost = ₦910,450

Total revenue = sales = ₦3,055,200

$$\text{BEP} = \frac{\text{₦ } 822,000}{1 - \frac{\text{₦ } 910,450}{\text{₦ } 3,055,200}}$$

BEF = ₦ 1,170,940.20

## ◆ PART VIII

### **8.0 OTHER CONSIDERATION, CONCLUSION AND RECOMMENDATION**

#### **8.1 ECONOMIC JUSTIFICATION**

“From the point of view of the study and analysis of the findings embodied in this plan, the project offers good benefit to the economy as it creates job and wealth, is consistent with the spirit of Vision 2020 and the Millennium Development Goals.”

#### **8.2 COMMERCIAL VIABILITY**

“The business is commercially viable, having shown through its financial projections, a conservative but impressive turnover, cash flows, profit line and investments appraisal metrics.”

#### **8.3 CONCLUSION AND RECOMMENDATION**

“Having found this project technically feasible, socially acceptable, commercially viable and economically desirable, financially sound, with good managerial backing, it is therefore strongly recommended for funding and implementation.”

