

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF AGRICULTURE

DEPARTMENT OF HOME SCIENCE & MANAGEMENT

TOPIC:

**PRODUCTION OF CLUTCHES AND HANDBAGS USING
ANKARA MATERIAL**

A BUSINESS PLAN

**SUBMITTED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF THE COURSE: CED 342
(BUSINESS DEVELOPMENT AND MANAGEMENT)**

BY

EZEKWE, CHIAGOZIE CHIDIEBERE

2013/186282

LECTURER: DR. MRS. T.C. NWAOGA

AUGUST, 2017

NAME: EZEKWE CHIAGOZIE C

REG NO: 2013/186282

DEPT: HEND

My business plan topics are;

1 Production of clutches and handbags using Ankara materials.

Approved
4/2/17

2 Establishment of a fashion clothing line called 'Cece couture'

3 Production and sale of chin-chin from flour products

Health Bloom

Approved business plan topic

SECTION ONE

1.0 EXECUTIVE SUMMARY

Gozzy clutches and handbags production is located at Plot 16, Ikeja, and Victoria Island Lagos. Nigeria. My aim is to be the best producer of Ankara clutches and handbags in Lagos by establishing long term relationship with my customers, provision of cost-effective and superior quality products with excellent consultative services in a friendly environment focused at satisfying the fashion needs of each customer by placing priority on customer's satisfaction.

Gozzy clutches and handbags production aims at establishing a business entity that operates as a private partnership company (Nicki & co. clothing) comprising of shareholders with equal equity of eight hundred and seventy two thousand, seven hundred and thirty naira only (N872, 730) and six million, four hundred thousand naira (6,400,000), resulting to a grand total of sixteen million naira only as part of the five year plan that is highly profitable and reliable.

1.1 VISION STATEMENT

To be the best producer of Ankara clutches and handbags in Ikeja and Victoria Island as a whole by establishing long term relationship with our customers, provision of cost effective and superior quality products with excellent consultative services in a friendly environment focused at satisfying the fashion needs of each customer by placing priority on customer satisfaction.

1.2 MISSION STATEMENT

We will achieve our goals by:

- Providing the highest customer service to our customers.
- Offering innovative ways of producing quality products with knowledgeable and compassionate/friendly designers.
- Continuing to grow and be profitable in an ever-changing fashion environment.

1.3 AIMS AND OBJECTIVES

Our aims and objectives are:-

- Fostering an environment that promotes the efficacious and good quality production of Ankara products.
- Contributing to and accepting responsibility for any damages including promotion of staff wellness.
- Recruiting and retaining highly qualified designers and supportive personnel.

- Ensuring high quality care through proper training of staff, thereby enhancing their profession.
- Providing fast and reliable delivery services through our efficient delivery network.
- To become the best when it comes to supplying Ankara handbags and clutches.

1.4 BACKGROUND INFORMATION AND DESCRIPTION

Gozzy handbags and cluches production is located in Plot 16, Ikeja and Victoria Island in Lagos, Nigeria. Plot 16 plays a host to custom, immigration, Commence and trade ministry and mobile police quarters which is the main residential area for civil servants working in this organization. Also located in Plot 16 is the Mopol 21 Headquarters, providing security to the resident.

Ikeja also has an extension also known as phase 4 which is known for its beautiful estates, schools, churches. Plot 16 is accessible by roads interconnecting each other and therefore there is a considerable amount of traffic. Ikeja has a current population of approximately 70,000.

ANALYSIS OF LOCATION

The trade area is bounded by plot 16 and 17 to the West, plots 19 and 20 by the East. Five population tracks of this areas totals a population of 70,000 residents.

Population tract	Total population	Household with individual ≥ 25 years	Household with individual ≤ 25 years	Potential sales
Plot 16	10,000		53%	2,000,000
Plot 17	15,000		52%	2,500,000
Plot 18	25,000	10%	40%	4,500,000
Plot 19	15,000	6%	37%	2,500,000
Plot 20	5,000	8%	33%	1,000,000
Total	70,000			12,500,000

The table above estimate potential sales from these areas from their estimated population.

1.5 PRODUCTS & SERVICES

Products

- Ankara clutches.
- Ankara handbags.
- Other products
 - Snacks e.g. cake, meat pie, chin-chin.

- b. Energy drinks e.g. Lucozade, glucose.
- c. Ankara necklaces and bracelets.
- d. Ankara foot wears.

SERVICES

- Bridal make-over.
- Training and consultation.
- Gele tying.
- Home delivery of our products.

SECTION TWO

MARKET ANALYSIS

2.0 POTENTIAL MARKET

Our trade area, Ikeja described above has an estimated population of 70,000. It is a satellite town with a lot of estate constructions and other projects going on. Hence, we expect a population increase of at least 3,000 new residents a year as a result of influx of people to this area citing affordable house rent as a major reason for this relocation. From this increase in population, the projected annual prescription spending in the area is expected to increase by approximately ₦20,000,000. In summary, our location gives us greater access and visibility to the new residents trooping into Ikeja, Lagos.

2.1 TARGET MARKET

A part of the target market for Gozzy clutches and handbags production includes residents from the higher institutions and other places (at 16, 19 and 20) who seek to get Ankara products from a store that emphasizes a high level of customer services and quality handbag provision at affordable prices.

Another high target market, Gozzy clutches and handbags will focus on the other retail clothing outlets and stores around. We intend to eliminate this obvious competition by being their main suppliers when they are out of stock which is a common and constant pattern in these stores.

Another important target is the General Market and Ikeja shopping mall within close range to Gozzy clutches and handbags production site. The traders in the market constitute a significant part of the population and spend every day there. Lagos State University, a tertiary institution situated close to a proposed site provides a significant part of our target market which includes lecturers and students living there.

2.2 MARKETING STRATEGY

- Regular and steady stocking by running efficient inventory control.
- Building good relationship with customers that visit the store.
- Partnership with fashion houses and schools without proper functioning production units.

- Building strong relationship with students and other people in partnership with us by giving free gifts given by our sales representatives.
- Offering free services like gele tying and consultation services.
- Keeping customers comfortable when waiting by having a well ventilated and conducive environment. Having television set to keep their eyes and ears busy.
- Building trust of customers through the use of barcode reader.
- Giving sachet water with every purchase of clutches or handbags, which will gradually upgrade to bottle water as the business blooms.
- Offering quality cost effective products and services which have superior packaging in customized and attractive bags.
- Sale of clothing related products e.g. necklaces, foot bracelets and energy drinks.
- Longer operating hours 8:00am-10pm.

2.3 ADVERTISING AND PROMOTION

The main groups that will be advertising and promoting to are listed in the market above.

Advertising Strategy

- Large sign.
- Distribution of fliers emphasizing the availability of certain design of handbag and other products.
- Advertise in the local newspapers highlighting events such as our holiday training.
- Distribution of circulars in the trade area emphasizing on services provided.
- Posters on individual apartment buildings highlighting services provided and information/leaflets about the store.

Promotion Strategy

- Contract with Victoria Island fashion school to refer their students to the store.

SECTION THREE

3.0 COMPETITION ANALYSIS

Competition for Gozzy clutches and handbags production will come from

- One General mall (Ikeja shopping mall),
- Bonye fashion and modeling,
- Three Patent Ankara dealers,
- Wholesalers at Surulere and;

All the competition will come from all listed above. The general mall and Bonye fashion are located at the South end of the trade area. The two private production stores (Saffron and Zazi stores) are located at the North end of the trade area.

Two other patent Ankara dealers are located on the West end while the other patent dealer at the East of the trade area. All of the above production stores and patent dealers combined to have an annual estimated sales volume of about N15,250,000 and not all of this volume is generated from sales of Ankara handbags and clutches which are relatively small in size. Also they all go to Ojota a close by town for good quality Ankara fabric.

Assessment of the Competition

Name	Location	Type
Ikeja	Plot 06	Shopping mall
Bonye clothing	Plot 26	Production store
Patent dealer A	Block 152 Room 07	Patent Ankara store
Patent dealer B	Plot 156 Room 12	Patent Ankara store
Patent dealer C	Plot 219 Room 05	Patent Ankara store

Estimated sales volume captured by the existing designers in the trade area is approximately 15,250,000. The table below estimates total sales for each production store and patent dealers in the trade area.

Name	Annual Sales (N)
Ikeja	2,978,200
Bonye clothing	4,432,100
Saffron production firm	1,718,000
Panraf production firm	820,600
Patent dealer A	1,510,400
Patent dealer B	1,200,700
Patent dealer C	1,121,000
General mall	4,68,100
Total	15,250,000

This figure is an estimate of total sales for each production firm that is generated by residents in the trade area.

3.1 SWOT ANALYSIS

Strengths

- Offering quality affordable, cost-effective products and services.
- Always be in stock.
- Maintaining credit worthiness policy with wholesalers.
- Having a cool, condusive, well ventilated environment for customers.
- On-time delivery of products.
- Training of staff.
- Long service time of 8am-10pm.
- Strong relationship with staff and customers.
- Positive reputation in the market.
- Excellent communication skills.
- Offering Point of Sale Service (POS).

Weaknesses

- Possibility of staff slacking even after training.
- Newness to the market.
- Time constraint: possibility of not being able to render 24hours services.
- Need to enhance documentation skills.

Opportunities

- Maintaining credit worthiness policy with wholesalers.
- Use of Bar code reader.
- Industrial sewing machines.

- Operating for longer working hours compared to other producers around.
- Strong relationship with partners such as fashion designers.
- Supplying our own competitors.
- Always being in stock unlike our competitors.

Threats

- Bad road network.
- Wholesalers being out of stock. Possibility of new competitors offering exactly the same services we offer.
- Unforeseen circumstances like accidents, fire.
- If inflation rate continues to rise.
- Already existing Ankara handbag and clutches producers.

3.2 Unique Selling Point

- Never being out of stock in a well populated community.

Risk Management

- In case of a particular wholesaler being out of stock we can have more than one wholesaler from different areas of Ikeja.
- In case of bad road network, there is more than one route to get to the production site/store.
- To handle competition from already existing producers, we should never be out of stock for customers and also maintain quality and cost effective services to customers.
- In cases of new competitors offering exactly the same services we offer, we can review and improve the services currently offered.
- In cases of accident of a personnel, replace with a competent personnel.

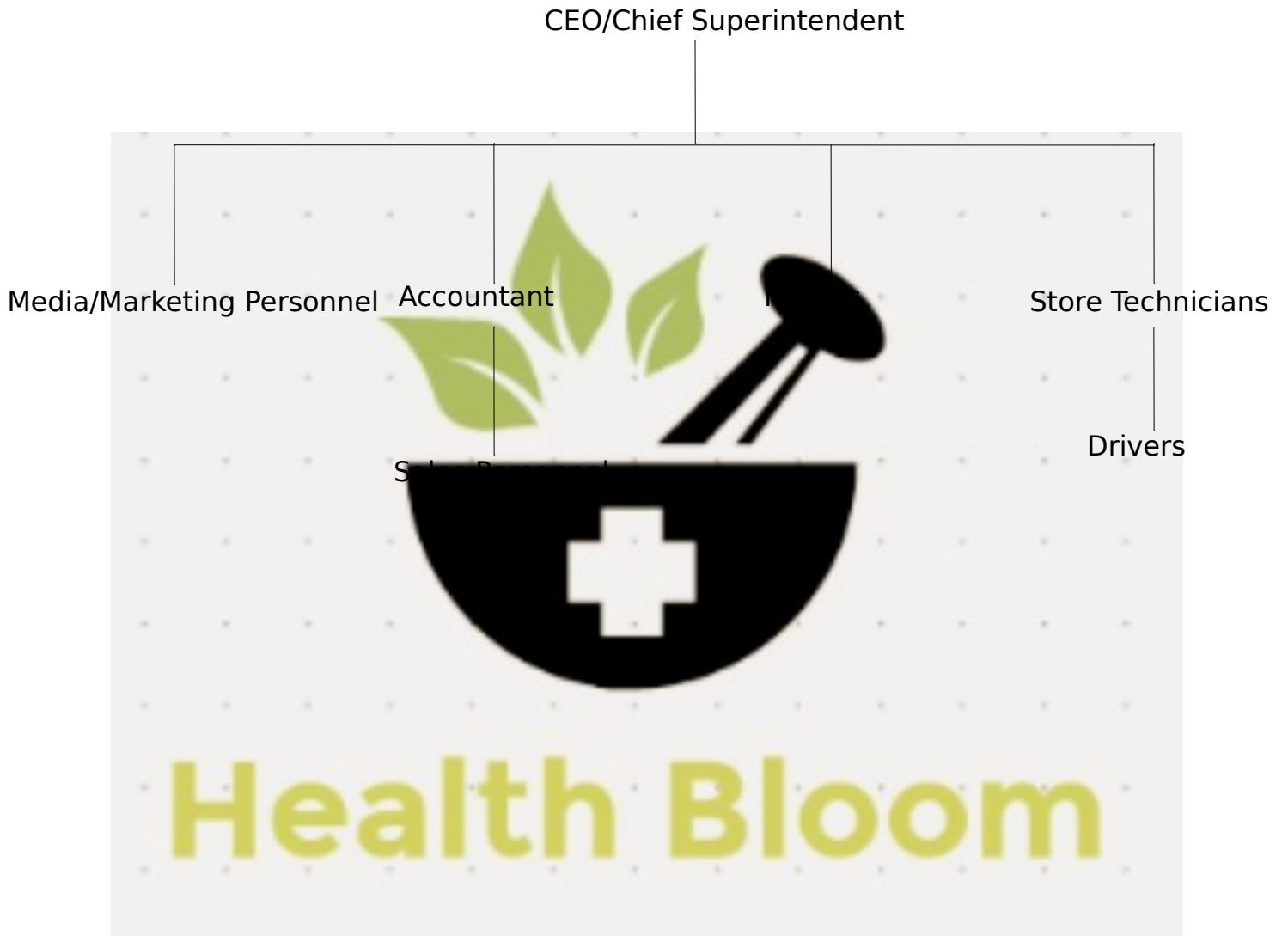


4.0 MANAGEMENT TEAM

- Chief superintendent/ CEO
- Media/Marketing Personnel.
- Accountant.
- Supermodels.
- Store Technicians

- Sales Personnel.

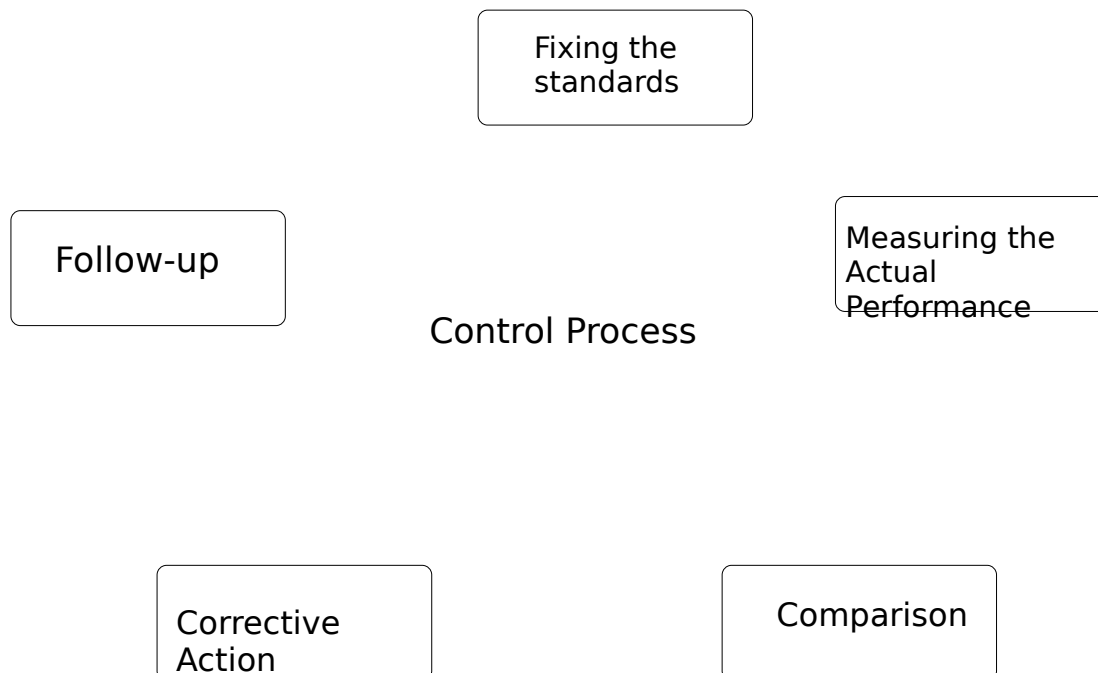
4.1 ORGANIZATIONAL STRUCTURE



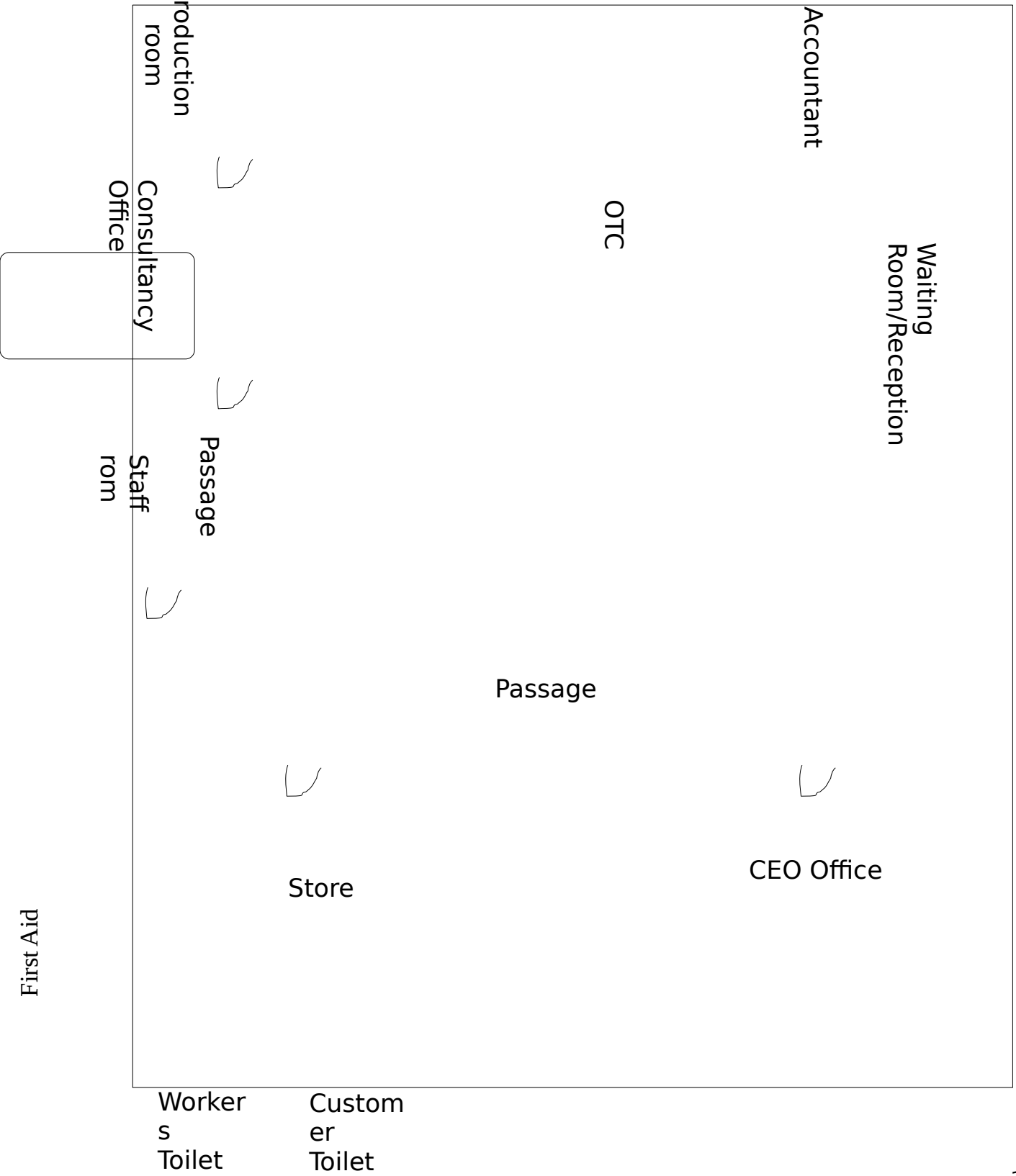
4.2 Action Plan

S/ n	Activities	Performed by	Months												
			1	2	3	4	5	6	7	8	9	10	11	12	
1	Redesigning the Layout	Staff Members	X												
2	Budget planning	CEO						X							X
3	Advertising	Media/Marketing Personnel	X						X						
4	Buying equipments and stocks	Staff Members	X			X			X			X			
5	Train staff	CEO	X					X							
6	Marketing	Media Personnel	X	X	X	X	X	X	X	X	X	X	X	X	X
7	Equipment Maintenance	Store Technician						X							X
8	Board Meeting	CEO/Board Members	X			X			X			X			
9	Staff Appraisal	CEO/Chief Superintendant			X			X			X				X
10	Financial Audit	Accountant													X
11	Financial Reporting	Accountant	X			X			X			X			

1.4 Control Processes



4.3 Building Layout/Plan



SECTION FIVE

5.0 FINANCIAL ANALYSIS

Internal generated funds	=	9600,000
Venture capitalist	=	6400,000
Total start up	=	16,000,000

28% additional interest of 6,400,000 to be paid back to the venture capitalist after 5 years.

CAPITAL DISTRIBUTION IN PERCENTAGE

Fixed Asset	=	30.86%
Annual salary	=	17.25%
Variable factor	=	1.8438%
Stock	=	46.875%
Reserved capital	=	3.169%

5.1 WORKERS ANNUAL PAYMENT SCHEME

S/n	Positions	No. of Staff	Amount Per month (₦)	Amount per year (₦)
1	Chief superintendent	1	-	-
2	Accountant	1	65000	780,000
3	Media/Marketing Personnel (supermodel)	1	40000	480,000
4	Store Technician	1	75000	840,000
5	Sales/Personnel	2	25000	300,000
6	Driver	1	15000	360,000

5.2 CAPITAL EXPENDITURE ANALYSIS

S/n	Fixed Asset	Quantity	Unit Price (₦)
1	Store on lease	1	3,000,000
2	Bus	1	850,000
3	Industrial machine	1	33,5000
4	Refrigerator	2	72,000
5	AC	1	82,000
6	Furniture and equipment		360,000
7	Computer	2	352,000
8	Television	1	45,000

9	Stabilizer	2	28,000
10	Water dispenser	1	41,000
11	Barcode reader	1	8300
12	Generator	1	95,000
13	Electrical installation		40,000
14	CCTV	3	65,000
15	Fan	4	10,400

5.3 RUNNING EXPENSES (VARIABLE FACTOR)

S/n	Expenses	(N) Year 1	(N) Year 2	(N) Year 3	(N) Year 4	(N) Year 5
1	Salaries	276000 0	276000 0	276000 0	324000 0	324000 0
2	Maintenance	50000	50000	60000	50000	60000
3	Utility	30000	35000	40000	40000	40000
4	Advertisemen t	70000	40000	40000	80000	85000
5	Miscellaneous	50000	55000	60000	60000	50000
6	Fuel	90000	93000	95000	100 000	100 000
7	Staff appraisal	5000	5000	5000	15000	15000

5.4 PROFIT AND LOSS STATEMENT

Expenses	(N) Year 1	(N) Year 2	(N) Year 3	(N) Year 4	(N) Year 5
Sales	1000000 0	1500000 0	1500000 0	2400000 0	3200000 0
Cost of Goods	7500000	9000000	10000	1500000 0	1700000 0
Gross Margin	2500000	4000000	5000000	9000000	1500000 0
GMR (%)	25.0	30.7	33.3	37.5	45.88
Services	1900000	2000000	2100000	3000000	4000000
Total Revenue	4400000	6000000	7100000	1200000 0	1900000 0
EXPENSES					
Salaries	2760000	2760000	2760000	324000	3240000
Staff Appraisal	5000	5000	5000	15000	15000
Maintenance	50000	50000	60000	50000	60000
Utility	30000	35000	40000	40000	40000
Advertisement	70000	40000	40000	80000	85000

Miscellaneous	50000	55000	60000	60000	50000
Fuel	90000	93000	95000	100000	100000
Total Expense	3055000	3038000	3060000	3585000	3590000
NPBT	1345000	2962000	4400000	8415000	1864100 0
5% Tax	67250	148100	202000	414750	932050
NPAT	1277750	3110100	4019800	8000250	1770895 0

Note: We increased our GMR from 25.0% in years 1 to 30.7% in year 2 by increasing our stock.

From year 2 to year 3, our GMR increased only by 2.6% in the fourth year, there was a 6.8% increase (from 30.7% in the third years to 37.5% in fourth year). We did it by increasing the salaries of all our workers by 10%, offering discounted services to all our loyal customers, employed a driver for easy and cost effective transportation, increased the incentive given to the best staff of the year based on thorough assessment (staff appraisal), improved on our packaging, offering free production tips, increased our advertisement and promotion, using the media and printing out cards with our store name on it.

Below is the breakdown of the 10% increase of salary

S/n	Position	No. of staff	Month	Year(₦)
1	Chief superintendent	1	-	-
2	Accountant	1	71500	858000
3	Media/Marking Personnel	1	77000	924000
4	Supermodels	1	44000	528000
5	Store Technician	1	27500	418000
6	Sales Personnel	2	16500	396000
7	Driver	1	10000	120000

PROFIT SHARING

Retained earnings, 50% to be ploughed back to the business. 60% of the remaining profit, to be given the venture capitalist yearly and 40% of the remaining to be shared among the Board Members.

- By represent Board members – VC represents venture capitalist

First year
Profit = 1277750

Second year
Profit = 2962000

R.E = 766650
 VC: 60% of shared profit = 306660
 BM: 40% of shared profit = 459990

R.E. = 1481000
 VC: 60% of shared profit = 888600
 BM: 40% of shared profit = 528900

Third year

Profit = 4019800
 R.E. = 2009900
 V.C: 60% of shared profit = 1205940
 B.M: 40% of shared profit = 803960

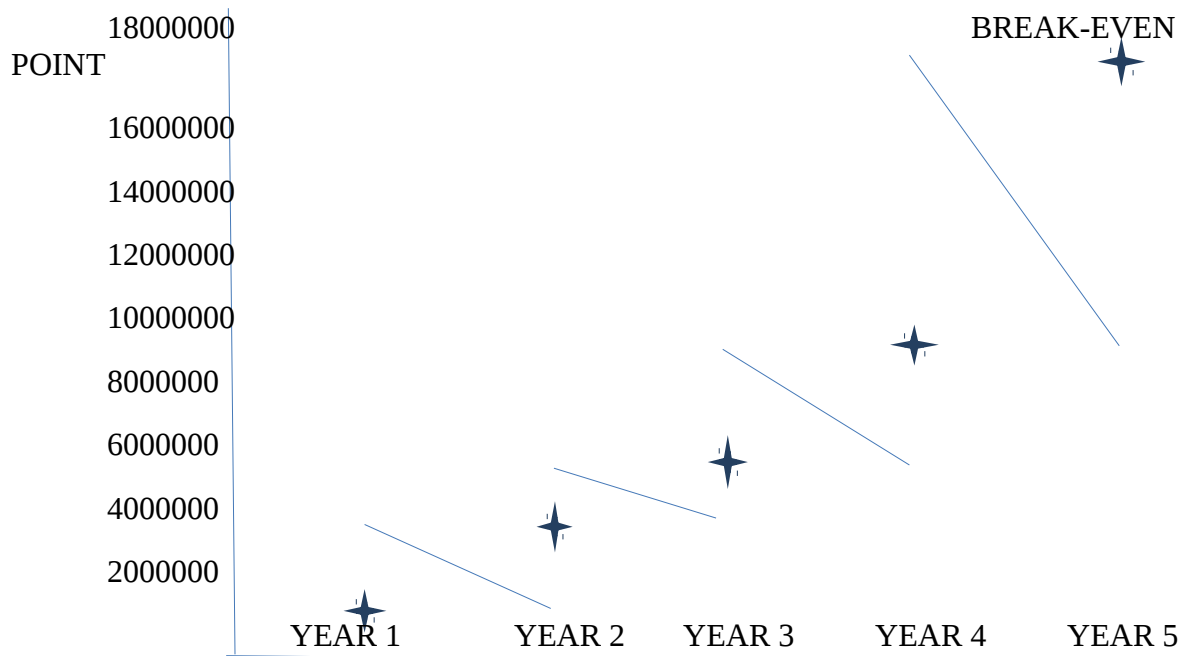
Fourth year

Profit = 8000250
 R.E. = 4000125
 V.C: 60% of shared profit = 2400075
 B.M: 40% of shared profit = 1600050

Fifth year

Profit = 11455500
 R.E. = 5727750
 B.M: 60% of shared profit = 2291100
 V.C: 70% of shared profit = 3436650

5.6 BREAK EVEN ANALYSIS CURVE



5.7 BALANCE SHEET

	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Equipment/Fixtures	1,938,000	1,938,000	1,938,000	1,938,000	1,938,000
Building (on lease)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000

Total	4,938,000	4,938,000	4,938,000	4,938,000	4,938,000
CURRENT ASSETS					
Reserved capital	507,000	507,000	507,000	507,000	507,000
Inventory	7,500,000	9,000,000	10,000,000	15,000,000	17,000,000
			0	0	0
Total	8,007,000	9,507,000	10,507,000	15,507,000	17,507,000
			0	0	0
Total Assets	12,945,000	14,445,000	15,445,000	20,445,000	22,445,000
	0	0	0	0	0
LIABILITIES					
Salaries	2,760,000	2,760,000	2,760,000	3,240,000	3,240,000
Staff appraisal	5,000	5,000	5,000	15,000	15,000
Maintenance	50,000	50,000	60,000	50,000	60,000
Utility	30,000	35,000	40,000	40,000	40,000
Advertisement	70,000	40,000	40,000	80,000	85,000
Miscellaneous	50,000	55,000	60,000	60,000	50,000
Fuel	90,000	93,000	95,000	100,000	100,000
Total Liability	3,055,000	3,038,000	3,606,000	3,585,000	3,590,000
Total Net worth	9,890,000	11,407,000	12,385,000	16,860,000	18,855,000
			0	0	0
Contributed Capital	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
	0	0	0	0	0
Retained Earning	766,650	1,481,000	2,009,900	4,000,125	5,727,750

5.8 CASH FLOW PROJECTION

	Year 1	Year 2	Year 3	Year 4	Year 5
CASH FLOW					

Net Sales	2,500,000	4,000,000	5,000,000	9,000,000	15,000,000
Services	1,900,000	2,000,000	2,100,000	3,000,000	4,000,000
Initial Cash Flow	4,400,000	6,000,000	7,100,000	12,000,000	19,000,000
CASH OUTFLOW					
Salaries	2,760,000	2,760,000	2,760,000	3,240,000	3,240,000
Staff appraisal	5,000	5,000	5,000	15,000	15,000
Maintenance	50,000	50,000	60,000	50,000	60,000
Utility	30,000	35,000	40,000	40,000	40,000
Advertisement	70,000	40,000	40,000	80,000	85,000
Miscellaneous	50,000	55,000	60,000	60,000	50,000
Fuel	90,000	93,000	95,000	100,000	100,000
Total Cash Outflow	3,055,000	3,038,000	3,060,000	3,585,000	3,590,000
CASH INCOME	1,345,000	2,962,000	4,400,000	8,415,000	18,641,000

5.9 BUSINESS PARAMETERS

Year	Net Income	Owner's Equity	Return on Investment (%)	Sales (N)	Net Profit ratio (%)
1	1277750	9890000	12.9	10000000	12.76
2	3110100	211407000	27.26	13000000	23.92
3	4019800	12385000	32.46	1500000	26.80

				0	
4	8000250	16860000	47.45	2400000 0	33.33
5	17708950	18855000	60.76	3200000 0	55.34

SECTION SIX

6.0 EXIT PLAN

The business is commercially viable having shown through the projections, impressive sales, profit and cash flow position but if any of the following happens;

- Decreasing profit leading to failure to break-even after 5 years.
- Inability to pay off venture capitalist or investors after 5 years.
- If we make 50% loss of our current assets after the first 3 years of operation.
- Ethno-religious or Ethno-political unrest.
- Disasters such as fire outbreak, flood, bomb blast etc.

The following are our exit plan strategies

1. **Merger and Acquisition:** This involves merging with a bigger Ankara production company and acquisition. This merging and acquisition will enable us generate the resources to pay off the venture capitalist.
2. **Liquidation and close:** This involves selling off the remaining inventory and giving the venture capitalist 30% of the money and 70% to be shared among board members.

6.1 LEGAL DOCUMENTATION

Registration of business

The registration of the company is governed by the Cooperate Affairs and Traders' Council of Nigeria (TCN).

PARTNERSHIP AGREEMENT

THIS PARTNERSHIP AGREEMENT was made and entered into 8th August, 2017.

BETWEEN:

Ezekwe Chiagozie C., Emejulu Chijioke A., Iloh Chinonye N. and Idoko Collins I.

BACKGROUND

- A. The Partners wish to associate themselves as partners in business.
- B. This Agreement sets out the terms and conditions that govern the partners within the partnership.

IN CONSIDERATION OF and as a condition of the partners entering into this agreement and other valuable considerations, the receipt and sufficiency of which consideration is acknowledged, the parties to this agreement agree as follows:

- The firm name of the Partnership will be Gozzy clutches and handbags production.
- The Partnership will begin on August 16th, 2017 and will continue until terminated as provided in this Agreement.
- Each of the Partners has contributed to the capital of the Partnership, in cash or property in agreed upon value, as follows (the "Capital Contribution"):

Partner	Contribution	Agreed Value
Partners	60%	N872, 730 each
Venture capitalist	40%	N 6, 400, 000

All Partners will contribute their respective Capital Contributions fully and on time.

No Partner will withdraw any portion of their Capital Contribution without the express written consent of the remaining Partners.

- **Additional Capital:** Capital Contributions may be amended from time to time, according to the requirements of the Partnership provided that the interests of the Partners are not affected, except with the unanimous consent of the Partners. No Partner will be required to make Additional Capital Contributions. Whenever additional capital is determined to be required and an individual Partner is unwilling or unable to meet the additional contribution requirement within a reasonable period, as required by Partnership business obligations, remaining Partners may contribute in proportion to their existing Capital Contributions to resolve the amount in default. In such case the allocation of profits or losses among all the Partners will be adjusted to reflect the aggregate change in Capital Contributions by the Partners,
- Decisions regarding the distribution of profits, allocation of losses, and the requirement for Additional Capital Contributions as well as all other financial matters will be decided by a unanimous vote of the Partners.

- Subject to any other provisions of this Agreement, the net profits and losses of the Partnership, for both accounting and tax purposes, will accrue to and be borne by the Partners in equal proportions (the "Profit and Loss Distribution").
- **Annual Report**: As soon as practicable after the close of each fiscal year, the Partnership will furnish to each Partner an annual report showing a full and complete account of the condition of the Partnership.
- **Management**: Except as all of the Partners may otherwise agree in writing, all actions and decisions respecting the management, operation and control of the Partnership and its business will be decided by a unanimous vote of the Partners.
- **Contract Binding Authority**: Each Partner will have authority to bind the Partnership in contract.
- **Distribution of Property on Dissolution of Partnership**: In the event of the dissolution of the Partnership, each Partner will share equally (the "Dissolution Distribution") in any remaining assets or liabilities of the Partnership.

IN WITNESS WHEREOF the partners have duly affixed their signatures under hand and seal on this 8th day of August, 2017.

Ezekwe Chiagozie C.

Idoko Collins I.

Emejulu Chijioke A.

Iloh Chinonye N.

Barr. Anakwe Justin O.
For Gozzy clutches and handbag production firm.
Ikeja Lagos.

