

UNIVERSITY OF NIGERIA NSUKKA

FACULTY OF ARTS

DEPARTMENT OF MASS COMMUNICATION

AN ASSIGNMENT

**SUBMITTED IN THE PARTIAL FULFILMENT FOR THE REQUIREMENT OF
THE COURSE BUSINESS GROWTH AND DEVELOPMENT (CEDR 342)**

TOPIC

BUSINESS PLAN: POULTRY FARM

BY

MADUEKE SOMTOCHUKWU CYNTHIA

2014/195065

LECTURER: DR. MRS. NWAOGA,T.C

JULY, 2017

CHAPTER 1

- 1.1** Executive summary
- 1.2** Vision
- 1.3** General Business Overview
- 1.4** Promoters
- 1.5** Advisers
- 1.6** Legal Issues
- 1.7** Long Term Aim and Objectives

CHAPTER 2

- 2.1** SWOT Analysis
 - 2.1.1** Strength
 - 2.1.2** Weakness
 - 2.1.3** Opportunities
 - 2.1.4** Threats
- 2.2** Location of the Business

CHAPTER 3

- 3.1** Marketing Plan
 - 3.1.1** Hotels/Restaurants
 - 3.1.2** Bakery Industries
 - 3.1.3** Oil Producing Industries

3.1.4 Private Individuals

CHAPTER 4

4.1 Marketing Strategy

4.2 Sales Forecast

4.3 Financial Plan

4.4 Key Financial Indicators

4.4.1 Sales

4.4.2 Gross Margin

4.4.3 Operation Expenses

4.4.4 Inventory Turnover

4.4.5 Collection Days

4.5 Loan Payment Schedule and Interest Payed

CHAPTER 5

5.1 Profitability Analysis

5.2 Projected Cash Flow

5.3 Recommendation and Conclusion

CHAPTER ONE

INTRODUCTION

CONFIDENTIALITY AGREEMENT

The name of the Business will be SOMTO Farms Limited. It is expected to provide poultry products such as white table meat, egg, as well as other raw materials to people.

- My expected customers are visitors that flock the area always mostly especially during festive periods like Christmas, Easter, for birthday parties.
- The owner of the business Madueke somtochukwu cynthia living at B5 Monastery Avenue behind St Theresa's Catholic Cathedral Enugu State.

1.1 EXECUTIVE SUMMARY

The following report and recommendation relate to the proposal of the establishment of a **poultry farm** business at Ugwu-Awarawa Nsukka, Enugu State. The summary of the poultry business shows that it's an integral part of Agricultural services for poultry products which involves high breeds for desired characteristics or multiple production of things in high demand by the consumers. The establishment of poultry farm is a tedious task that has to do with feasibility phase's study; when considering the types and kinds of poultry farm, one wants to establish. Poultry as a part of agricultural production with an outstanding core economic objective is field comprising animal husbandry which includes piggery, cattle management for both milk and meat production, sheep, goat, snail rearing, grass cutter, etc.

NAME OF BUSINESS: The name of the business is **SOMTO POULTRY FARM**. The business is a sole proprietorship business with one person as the manager and focus solely on rendering poultry services.

1.2 VISION

My primary strategy is to rear broilers for meat production, turkey for meat and oil production, layers for egg production, for visitors that flock to the area each year for summits, conferences, clubbing, parties and other merry events due to the overwhelming number of executive Hotels in the area.

The proposed project requires a start-up capital of N3,000,000 made up of N2,000,000 fixed assets and N1,000,000 for working capital. most sought after embalming home in Nsukka, Enugu State, Nigeria.

1.3 GENERAL BUSINESS OVERVIEW

SOMTO Poultry production company is a growing and flourishing one particularly with the increasing demand for white table meat and egg in the area.

The poultry production company will provide her customers (buyers) with good quality white meat, egg, raw materials like feathers, blood, etc so as to enable them meet enough protein requirements needed in their body as well as provide necessary raw material for industries.

1.4 PROMOTERS

The business promoter is Mbah Merit who has extensive and reliable experience in Poultry production. She will manage, and work full-time in the business. She is currently employed as a Poultry farm manager where she takes care of poultry birds from day old through hatchery to market size. She has held the position for the past 6 years and as such is well experienced in it

1.5 ADVISERS

Technical advisers: Phinomar Farms Limited located at 24, Onyeze Street, Ngwo, Enugu State Nigeria. Email: phinomarnigltd@yahoo.com

Legal advisers: Oyiwona& Co. Solicitors of the Supreme court, located at 12, Ebochuo Street, Emene, Enugu Nigeria. Email: richielawyer@gmail.com. Contact: 09011233445

Financial advisers: AOJ Consults. Located at 40, Mbonuojike Avenue, Obiagu, Enugu State. Email: AOJConsults@gmail.com contact: 08012345678.

1.6 LEGAL ISSUES

The enterprise is still undergoing the process of registration with the Corporate Affairs Commission (CAC).

1.7 LONG TERM AIM AND OBJECTIVES

VISION: My vision is “to be a well known poultry farm in the area for its professional competence and qualitative service delivery by 2020.”

MISSION: My mission is “to breed good quality day old chicks so as to meet quality market sizes.

CHAPTER TWO

2.1 SWOT ANALYSIS

A. STRENGTHS

The location of the company in this makes it easy for reduction of cost of transportation. The few competing companies in the area is an advantage for the company to have less challenging in the market. There is good plan to be selling good quality broilers at affordable prices and also eggs at affordable prices.

B. WEAKNESS

This is a challenge of capital in the initial stage of the project. The proprietor has limited experience in the business. The CEO to be might import poor quality daily old chicks which will be a big problem in the future.

C. OPPORTUNITIES.

There is less competitiveness of the service in the market due to a few number of the poultry farms in the Enugu state.

D.THREATS.

There are still the challenges of convincing people to make their choices of patronizing SOMTOFarms.

2.2 Location of the business

The farm will be located at Ugwu-Awarawa Nsukka, Enugu State because of its access to target market from that location. A Large market is available for the business to serve. The financial projection shows that the project would be financially stable by the time it matures. The sales figures stand at N700,000, N1,100,000, N1,700,000, 2,500,000 for year 1, year 2, year 3and year 4 respectively. Also the profits after tax are N400,000, N600,000, N900,000, 1,100,000 for year 1, year 2, year 3 and year 4 respectively. The cash flow position is equally good and encouraging by the first year through the fourth year. The funding requirement is 3,000,000 but the promoter is

committing N2,000,000 to the project, which is completed with a credit the owner gets.

My start-up cost come to 3,000,000.00 (N2,000,000.00 fixed capital and N1,000,000.00 working capital) which is mostly assets, legal costs, consultant fees, first brochures and expenses associated with research and developments. The start-up costs are to be financed by direct owner investment and debt capital. The assumptions are shown in the following table and illustration.

START UP	COST IN NAIRA
Fixed Assets	2,000,000.00
Working Capital	1,000,000.00
TOTAL INVESTMENT	3,000,000.00
TOTAL INVESTMENT BREAKDOWN	COST IN NAIRA
Equity Capital	2,000,000.00
Debt Capital (Loan)	1,000,000.00

CHAPTER THREE

3.1 MARKETING PLAN

The market segments for the Home are divided into three:

- **Hotels/Restaurants:** These are the most active markets because in a year, the demand from Hotels is high because of the enormous numbers of consumers that flock the area who for health reasons demands for white meats. The demand/consumption rate of poultry products is on the high side as it is a source first class protein, oil (turkey) and others. Already existing
- Poultry focuses only on selling their products, but we take our time to render extra services such as: butchering and delivery.
- **BAKERY INDUSTRIES:** This is another segment probably most marketed by existing poultry farms. Most Bakery Industries make use of eggs for the production of confectionaries, though the existing suppliers supply them normal sized eggs at the normal price of egg, but we plan to supply bigger sized eggs from our highbred layers at a lower cost.
- **OIL PRODUCING INDUSTRIES:** Some oil producing industries do use the services of the pre-existing farms for their turkey brand oil production, but I tend to provide them with turkey oil from my highbred turkey birds that yield better oil than that of other farms at a lower cost as a form of creating awareness.
- **PRIVATE INDIVIDUALS:** In the same vein, however, private individuals are good consumers of poultry products, to this I do render extra services to them as killing, processing and packaging, perhaps, other existing farms are not yet acquainted with that and I believe that will take a long way farther than they might have gone.

CHAPTER FOUR

4.1 MARKETING STRATEGY

Because hygiene is the stepping stone to success of a poultry farm, the focus of this farm will be to seek the assistance of a veterinary doctor as people look out for health safety in all that they consume especially poultry product. The choice of location will support this focus. The farm will be sited within the metropolitan area where we have more hotels, restaurants, marriages (traditional and white wedding), and other celebrations of sorts that will demand or require poultry products/ deliveries.

SOMTO farms will focus so much on its accurate and impeccable production and delivery services which will in future make me the pace setter in poultry services at home and Diaspora. Subject to my initial foreseen plan of being the best I plan to gain a sizeable portion of the market and to this I have decided to put the interest of the customer first.

4.2 SALES FORECAST

SALES	Year 1	Year 2	Year 3	Year 4
January	-----	45,000	75,000	155,000
February	-----	30,000	60,000	140,000
March	50,000	75,000	110,000	190,000
April	75,000	155,000	185,000	265,000
May	65,000	125,000	150,000	230,000
June	125,000	120,000	150,000	2300,000
July	75,000	145,000	175,000	215,000
August	45, 000	155,000	215,000	255,000
September	65,000	180,000	210,000	290,000
October	55,000	70,000	105,000	185,000
November	65,000	85,000	140,000	180,000
December	145,000	115,000	145,000	185,000
TOTAL	N700,000	1,300,000	N1,700,000	N2,500,000

4.3 FINANCIAL PLAN

Sequel to the market research, I expect the farm to begin growing at 45% per month for the first 12 months, then at a yearly rate of 90% for the next two years. Due to my low initial investment costs, we can maintain the operations of the business with the cash buffer I will have from start up. In addition, I will almost immediately have a positive cash flow, allowing me the flexibility to cover any unforeseen expenses.

4.4 KEY FINANCIAL INDICATORS

Sales: Mysales are projected to grow at a consistent rate of 75% yearly, and I believe this accurately reflects the realistic growth my product would be capable of attaining if I can maintain our existing channels of distribution and marketing strategy.

Gross Margin: As I grow, become more efficient, and gain economies of scale I begin to see a slight growth in my margins.

Operating Expenses: In 2019 and 2020 I foresee an increase in the number of operating expenses that I will incur. I begin incurring larger costs involving advertising, promotion, marketing and payroll expenses.

Inventory Turnover: I will begin operations with a preliminary purchase of N3,000,000 worth of goods. My preliminary forecast suggests that for us to be flexible in meeting customer demand I will need to maintain a minimal inventory stock at a rented warehouse. I estimate that, on average, we will keep two weeks' worth of inventory on land.

Collection days- I will collect our accounts receivable on an average of 45 days. In 2019 and 2020 I will have the cash to cover unexpected costs or expenses so that I may decide to allow a longer collection period.

To finance the required investment outlay, the business plan to raise an equity capital of N2,000,000.00 while N1,000,000.00 will be borrowed from the bank.

S/N	Working capital	Amount
1	Equity contribution	2,000,000.00
2	Bank loan	1,000,000.00
	Total	3,000,000.00

4. 5 LOAN REPAYMENT SCHEDULE AND INTEREST PAID

Year	Loan (N)	Repayment	Interest 10%	Loan balance (N)
1	1,000,000	Nil	nil	1,000,000
2	1,000,000	300,000	30,000	700,000
3	700,000	500,000	50,000	200,000
4.	200,000	200,000	20,000	Nil

CHAPTER FIVE

5. 1 PROFITABILITY ANALYSIS

Description	Year 1	Year 2	Year 3	Year 4
Turnover	500,000	700,000	1,300,000	1,700,000
Gross margin	650,000	1,150,000	1,400,000	
Net operating profit	450,500	675,000	925,150	
Return of Equity or owners contribution (%)	150.2	225	308.4	

5.2 PROJECTED CASH FLOW

Overall, my business is expected to generate sufficient cash-flows. My cash balance will, among other things, depend on the level of inventory i've decided to keep at a rented warehouse. At the moment, my projections in this respect are preliminary and I

expect to fine-tune them as the demand for my products grow. In year 5 of operations, I will begin looking at my ability to begin paying back my initial investors the N250,000. Although the terms of the additionally sought investment are yet to be agreed upon, I believe that my investors will provide us with a buffer of some years before expecting a return on their investment, allowing me the capital and time to expand and grow at an appropriate or desired rate. Nevertheless, for planning purposes, I have made provisions to start paying out a modest dividend from the third year of my operations. Currently, I set dividend payments to be equal to 5% of net profits.

5.3 CONCLUSION AND RECOMMENDATION

From the point of view of the analysis, the proposed project is found to be technically feasible, financially viable and economically desirable

Therefore, proposal represents a lucrative opportunity and as such is highly recommended for both funding and implementation.