

# **MALEX BEAUTY BAGS BUSINESS PLAN**

## **PART I**

### **1.0 Executive Summary**

- 1.1** The following reports and recommendation relates to the proposal by Malex Beauty Bags to establish a Beauty Bag Enterprise in Wuse Abuja.
- 1.2** The project will require a start-up capital of #850,000, made up of #500,000 for fixed assets and #350,000 for working capital.
- 1.3** The enterprise vision is to be the most outstanding producer and distributor of creative beauty bags in the middle belt and Northern part of Nigeria.
- 1.4** The project will be located at Abuja because of its easy access to target market from that location.
- 1.5** A huge market is very available for the business to serve.
- 1.6** The financial projections show that the project will be financially stable and liquid by the time it gains popularity and matures. The sales figure stands at #550,000 for year 1, year 2, and year 3 respectively. Also the profits after tax are: (#280,000), #620,000 and #1,375,000 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 to produce beauty bags of exceptional creativity and quality, which is got by using different textures of thick leathers, silk and wools.

**1.8** The profitability measures are shown below:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Turnover	550,000	620,000	1,375,000
Profits Before Int. & Tax	250,000	960,000	1,050,000
Profit After Tax	320,000	620,000	1,375,000
Return on sales	N/A	30.01%	35.52%
Return on equity	N/A	98.07%	95.25%
Return on Investment	N/A	75.00%	90.10%

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

## **PART II**

### **2.0 Introduction**

The planned beauty bag project is the result of strong industry and needs assessment studies undertaken in Middle Belts and Northern and other parts of Nigeria, particularly Abuja by the promoters of this project. The studies reveals that the demand for bag product is high, while they are few bags to meet with this demand. Also the bias that has hindered the distribution of bags by the population has gradually waned over the years, that most individuals today make use of beautiful creative bags.

This has made the demand for bag products to rise at an astronomical rate.

## **2.1 Vision**

To be the most outstanding producer and distributor of Beauty Bags in most parts of Nigeria.

## **2.2 Mission**

To produce and distribute Beauty Bags using the best available raw materials.

## **2.3 Key Success Factors**

The key success factors are:

- a) The use of quality materials during production for long lasting use.
- b) Availability of bags when demanded.
- c) The creativity of varieties of designs for versatility.
- d) The production of different types of bags for different uses.

## **2.4 Inherent Risks**

- a) Availability of surplus materials for production.

- b) Cost of product may be too steep for the lower class to afford.
- c) Distribution to the far ends of the country. E.g Southern and Western Nigeria.
- d) Copyright production for cheaper sales. E.g Onitsha market, Aba Market. etc.

## **2.5 Business Ownership**

The business is a sole proprietorship wholly owned and managed by AnaekweOnyinyechi.

## **2.6 Locational Factors**

The bag project will be located at Wuse, Abuja.

Reasons for location placement are:

- a) Nearness to target market in Abuja
- b) Availability of raw materials
- c) Existence of good road network and ease of access to market
- d) Availability of cheap and reliable labour.

## **2.7 Available Market**

Abuja is a land filled with people in the higher class, so therefore the means to sell this products will not be too difficult as it could be affordable to the Middle class and Higher classes all over Nigeria.

## **PART III**

### **Market, Customers and Competitors**

### **3.0 Market Analysis**

Malex Beauty Bags has an exciting business opportunity since there is a huge market for bags in Abuja and its environs.

#### **3.1 Customer/Market Segmentation**

The following are the classes available:

- a) High class; these are the people who can readily acquire the product without bargain in price.
- b) Middle class; these are people who would slightly bargain for the price of the products, but will end up buying it.
- c) Lower class; these are the classes of people who could/may not be able to acquire this products despite bargaining for a beat down in price.

#### **4.0 Marketing Plan.**

There are no major beauty bag in northern part, hence there is complete absence of beauty bags that can really put up commendable competition. Therefore, if malex beauty bags commences operations as planned, it will be a market leader in no distance time.

#### **4.1 Promotion Strategy**

**4.2** Malex Beauty Bags will embark on an aggressive awareness campaign to break the last restage of superstition on usage of bags. This will make the demand for bags to really increase. To do this, Malex plans to use fliers, radio and also television programmes. Malex Beauty bags will sponsor in Beauty and Modelling competitions.

#### **4.3 Market Strategy**

To maintain a sizable portion of bags in Nigeria, Malex has decided that her bags will get to the market at a highly competitive price.

Furthermore, Malex will also give trade discounts to drive the market faster. There are plans to distribute calendars and Almanacs to her numerous customers. There are plans to distribute calendars and Almanacs to her numerous customers. This will help in no small way to increase the bags popularity amongst the middlemen in the bags market.

## **PART V**

### **5.0 Risk Analysis**

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

Some of these risks are;

- Inadequate start-up demands.
- Supply of original raw materials.
- Patronizing of the bags.

## **5.1 SWOT Analysis**

A SWOT analysis carried out on the project reveals the following

### **5.1.1 Strengths.**

- The location of the enterprise makes it to have easy access to its targeted customers.
- The different brands of bags will have a thick and guaranteed assurance of lasting for a long time.
- The enterprise has very good plans to contain expansion which is one of the major challenges of bags business.

### **5.1.2 Weakness.**

- Initial problem of raising adequate capital for the project anticipated.
- The proprietor has limited experience and expertise in Beauty Bags productions.
- The enterprise will have to depend on the services of outside forces for the supply of raw materials.

### **5.1.3 Opportunities.**

- Beauty bags are most cherished by fashionable ladies, therefore it is possible that business might grow in future to process the Bags into other derivatives that could be exported overseas.

#### **5.1.4 Threats.**

- Increased competition due to entries of more bag makers.
- Low initial demand.
- Assurance to guarantee people of the superiority in the Beauty bags.

#### **5.1.5 Exit Strategy**

No exit strategy is planned, rather diversification will be pursued.



## **PART VI**

### **Legal, Environmental, Social and Regulatory issues.**

#### **6.0 Legal Issues.**

Malex beauty bags plans to commence commercial operations as a sole proprietorship. Such it is just enough to register the business name with the appropriate department as the local government Headquarters. No special licenses are required for the operation of a Beauty bag enterprise; however every attempt will be made to get all necessary permit and licenses.

#### **6.1 Environmental**

Beauty bags could pose an environmental challenge if certain precautions are not taken especially with respect to waste disposal. It is the plan of the enterprise to have available a very big waste disposal tank.

#### **6.2 Social**

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

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

#### **6.3 Regulatory**

The Beauty bag enterprise will comply with all environmental regulations, as well as all relevant industrial safety regulatory requirements.



## PART VII

### 7.0 Cash Flow Projections

By the second year of the operation when the business has fully matured the cash flow position is shown below;

<b>Year 2</b>	<b>Year 3</b>
250000	500000

This means that the business will be able to generate enough funds to meet maturity obligations as from the second year operation.

### 7.1 Projected Balance Sheet

For the three years period, it was shown that shareholders fund grew on the average

<b>Years of Operation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Shareholders fund	200000	250000	300000

## PART VIII

## **8.0 Other Considerations and Conclusion**

### **8.1 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. Wealth will be created even as jobs will be created. This are consistent with the Federal and State Government Policy on Entrepreneurship, Wealth and job creation.

### **8.2 Commercial Viability.**

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

### **8.3 Conclusion.**

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