

**UNIVERSITY OF NIGERIA, NSUKKA**

**FACULTY OF AGRICULTURE**

**DEPARTMENT OF HOME SCIENCE, NUTRITION AND DIETETICS**

**A BUSINESS IDEA OF "PAWPAW PLANTATION"**

**AN ASSIGNMENT SUBMITTED IN PARTIAL FULFILLMENT OF THE COURSE:**

**CEDR 342 (BUSINESS CREATION AND GROWTH)**

**BY**

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**REG NO**

**2013/186528**

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**JULY, 2017**

**PAWPAW PLANTATION ESTABLISHMENT**

## Part I

### 1.0 Executive Summary

- 1.1 The following report and recommendation relate to a proposal for the establishment of pawpaw plantation at no5 upper new market road Onisha Anambra state.
- 1.2 The proposed project would require a start-up capital of #6,000,000 made up #3,400,000 for fixed assets and #2,600,000 for working capital.
- 1.3 The owner's vision is to make available quality specie of pawpaw to all pawpaw consumers in Anambra State and also to ensure the distribution of this pawpaw to other States.
- 1.4 The proposed farm will be located at upper new market Onisha anambra state
- 1.5 A ready and huge market exists for this business because it is situated in civil servants and educated and learned individuals who know the importance fruit and consumption and the most commonly consumed fruit in that Area is pawpaw and also the market survey carried out confirmed that.
- 1.6 The financial projections reveal a good level of stability and liquidity by the time the business matures. The turnover are #3,000,000, #3,400,000 and #3,900,000 for year1, year 2 and year 3 respectively.
- 1.7 There will be no competition as there is no existent of such plantation in that area
- 1.8 The profitability measures are as shown below:

	Year 1	Year 2	Year 3
Turnover	3,000,000	3,400,000	3,950,000
Net Operating Profit	776,000	963,000	1,241,000
Return on Owner's Capital	31.04%	38.58%	49.68%
Return on Owner's Investment	25.87%	32.1%	41.4%

## Part II

### 2.0 Introduction

The demand for fruit and vegetable consumption is high therefore the need for my pawpaw plantation cannot be over emphasized. This expanding demand trend is expected to be sustained into the future.

### 2.1 Vision

To be a renowned provider/supplier of good and nutritious specie of pawpaw at affordable rate

## **2.2 Mission**

The farm will yield an excellent specie of pawpaw and excellent services will be given at an affordable price.

## **2.3 Ownership/Legal Status**

The farm is owned by one person. The business has been registered under the cooperate affair commission.

## **2.4 Locational Factors**

The business will be located in heart of onisha . What informs the choic of location are:

- i. Its nearness to students' hostels.
- ii. Existence of steady water supply channel for watering
- iii. Availability of reliable labour.
- iv. Availability of land for expansion.
- v. Reduced cost of purchase of land

## **2.5 Products and Services**

The products include:  
Supply and distribution of pawpaw.

## **2.6 Key Success Factors**

Existence of skilled laborers  
Existence of reliable market outlet  
Location of the farm in an accessible area

## **Inherent Risks**

The implementation of this project might attract more establishment of pawpaw plantation farm in the Area.

## **Business Strategy**

- i. 5% discount for customers who purchase pawpaw worth of #10,000 and above.
- ii. Outdoor services.
- iii. Giving of incentives to customers. Any customer that is not fully satisfied will be compensated

## **2.6 Revenue Basis**

Funds shall be generated through collective contribution of the owners family members, owners previous savings and trough bank loan.

## **Part III**

## **3.0 Market**

### **3.1 Nature and Size**

The population is large because it is a business environment and also the market is surrounded by learned personnel's  
Demand for nutritious food and other products/services are high in the environment.

### **3.2 Target Market**

In this type of business, the whole population is the target market.

### 3.3 Key Competitors and Players

Sellers of other types of fruits are major competitors but greater chance exist for me because of the better specie of pawpaw that will be produce and also because from market survey, I was able to find out that pawpaw is the most commonly consumed fruit in the Area. Also the retailers of pawpaw will have to come and buy from my farm at a cheaper rate.

### 3.4 Service/ product Delivery

We do supply delivery of products and services.

### 3.5 Quality Assurance

I am out to provide a good specie of pawpaw that is of high quality therefore customers are assured that they will get the best. A trial will convince each consumer

### 3.6 Technology

- i. POS (Point of Sale Terminal) will be used for payment. This is to enable customers who are not with cash to use their ATM card to pay.
- ii. Customers phone numbers and email account will be collected so that the farm owner will send them messages on their birthdays, on special occasions and any important information.
- iii. Customers will also have the farmer's complimentary card and Facebook account to order for supply and to give their suggestions in order to make the farmer serve them better.

### 3.7 Competitive Edge

The sale of freshly harvested and tasty specie of pawpaw and also the closeness of the farm to the market and use of modern technology like POS gives me an edge over others.

### 3.8 Estimate of Demand and Supply Analysis

The population in upper new market road onisha Anambra state and entire onisha is up to 1,000,000 and 60% of them consumes pawpaw. In an interaction with 20 different fruit sellers in relief market onisha, I found out that the most easily and frequently sold fruit is pawpaw. Thus the number of females that will need our services are 600,000. The demand figure is expected to increase with the population increase.

Below is an estimate of demand and supply gap analysis:

Adjustment	Demand – Supply Gap
Estimated average demand for services	600,000
Less loyal customers 20%	200,000
Less new entrants 20%	24,000 4,800
Less 5% estimate error	19,200 960
Anticipated monthly paw sale	18,240 651

## Part IV

### 4.0 Marketing Plan

There is complete absence of pawpaw or even other fruit plantation in that area therefore, if I establish my own pawpaw farm as planned, it will be a market leader in no distant time.

### 4.1 Promotion and Distribution Strategy

We will distribute fliers, handbills and put advert on Radio.

### 4.2 Market Positioning

An efficient service provider and dealers of fresh and nutritious pawpaw at an affordable price.

A farmer that has the customers interest (nutrition) at heart.

### 4.3 Market Strategy

Discount will be given to first 20 customers.

Organizing of promos.

Giving of gifts to customers at the end of the year.

## Part V

### 5.0 Organization and Management

#### 5.1 Organizational Structure

Manager

Management Team

Cashier

#### 5.2 Shareholders and Directors

The major shareholder in the business for now is the farm owner. The promoter and director of the business is Mr idoko Arinze because he is a crop scientist. He is experienced and has been in the field in kogi state for a long time.

#### 5.3 Management Team

Mr idoko Arinze, Mr Ugwuanyi mathin, and Mrs omeh chinyere are members of the management team.

#### 5.4 Personnel Plan

The skills needed are expertise in handling the farm. Securities and farm attendant will be recruited to pay constant visit to the farm to check out for development. The salary display is as follows.

Category	Number of Staff	Salary per month	Salary per annum
Manager	1	10,000	120,000
Management Team	4	80,000	960,000
Farm attendant	2	18,000	216,000
Security	1	8,000	96,000

<b>Total</b>		116,000	1,392,000
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NB: Personnel salaries for the subsequent year will increase as our profit margin increases.

## **Part VI**

### **6.0 Legal, Environmental, Social and Regulatory Issues.**

#### **6.1 Legal Issues**

The business is a sole proprietor and it will be registered under the cooperate affair commission.

#### **6.2 Environmental Issues**

The business will not cause any hazard to the environment.

#### **6.3 Social Issues**

The business will provide employment opportunity to youths and also serve as an eye opener to the people of onisha about plantation business.

#### **6.4 Regulatory Issues**

The business will abide by all the regulation of the cooperate affair commission.

## **Part VII**

### **7.0 Financial Plan**

#### **7.1 Summary of Project cost**

The project will be executed with the total sum of #6,000,000 only. Broken down #3,400,000 fixed capital and #2,600,000 working capital.

#### **7.2 Fixed Capital Investment**

<b>Items</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total #</b>
Purchasing of land	3 plots		1,000,000
Fencing the farm			900,000
Preparing the land			120,000
Purchasing of manure	60 bags	17166	1030000
Planting of pawpaw nusery			100,000
transplanting			100,000
Hiring of tractor for farming			150,000

<b>Total</b>			<b>3,400,000</b>
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### 7.3 Working Capital and other Operating Expenses

<b>Items</b>	<b>Amount (#)</b>
Salaries	1,392,000
insecticide	36,000
Cost of Licensing	50,000
Administrative Expenses	42,000
manure	1,080,000
<b>Total</b>	<b>2,600,000</b>

### 7.4 Funding Plan

To finance the required investment outlay, the farmer plan to raise an equity capital of #4,000,000, from the contribution of four members of her family. each member will contribute the sum of #1,000,000 while #2,000,000 will be borrowed from the bank making it a total of #6,000,000.

<b>Source</b>	<b>Amount (#)</b>
Equity Capital	4,000,000
Bank Loan	2,000,000
<b>Total</b>	<b>6,000,000</b>

### 7.5 Funding Requirement

The fund requirement for this project is #2,000,000 since four family members are contributing #1,000,000 into the business.

#### 7.5.1 Interest and Loan Repayment Schedule (10%)

<b>Year</b>	<b>Principal</b>	<b>Loan Repayment</b>	<b>Interest on Loan (10%)</b>	<b>Total Payment</b>	<b>Loan Balance</b>
First	2,000,000	1,000,000	200,000	1,200,000	1,000,000
Second	1,000,000	1,000,000	200,000	1,200,000	1,000,000

### 7.5.2 Depreciation Account

Knowing fully that most assets will tend to depreciate in quality as time goes on, we will plan towards their regular repairs as stated in our working plan and eventually replaced as our profit increases.

### 7.6 Projected Income Statement (assuming schedule 10%)

Item	Year 1	Year 2	Year 3
Turnover	7,200,000	8,000,000	8,900,000

### 7.7 Operating Expenses

<b>Rent (3 years)</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>
Salaries	1,392,000	1,500,000	2,000,000
Materials	50,000	65,000	75,000
Bills	50,000	80,000	95,000
Depreciation	30,000	30,000	30,000
Total Operating Expenses	1,522,000	1,675,000	2,200,000
<b>Net Operating Profit</b>	<b>4,350,000</b>	<b>6,000,000</b>	<b>65,000,000</b>

### 7.8 Projected Cash Flows Statement

Inflows	Year 1	Year 2	Year 3
Owners Capital	1,000,000	-	-
Bank Loan	2,000,000	-	1,000,000
Revenue	3,000,000	3,400,000	2,708,040
<b>Total Cash Flow</b>	<b>6,000,000</b>	<b>3,400,000</b>	<b>3,950,000</b>
Outflow	Year 1	Year 2	Year 3
Machinery	200,000	-	
Fixed Cost year 1 depreciation	50,000	-	
Interest	50,000	28,33.4	88,334.6
Operating Expenses	2,224,000	2,436,400	2,708,040
Loan Repayment	166,666	166,666	166,667
Total Outflow	2,690,666	2,631,399.4	2,963,041.6
Net Cash Flow	3,309,334	768,600.6	986,958.4
Opening Cash Balance	-	3,309,334	4,077,934.6
<b>Closing Cash Balance</b>	<b>3,309,334</b>	<b>4,077,934.6</b>	<b>5,064,0893</b>

### 7.9 Projected Balance Sheet



<b>Capital Employed</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Less Depreciation			700,000
Fixed Asset less Depreciation			150,000
Cash at hand or in bank			550,000
Prepayment			5,064,893
<b>Total Current asset</b>			-
Less Creditors			5,064,893
Net Currents Asset			-
Net Asset			5,614,893
Financed by Owners Capital			2,500,00
<b>Retained Profit</b>			<b>5,064,893</b>
<b>Owners Fund</b>			<b>5,614,893</b>

### 7.10 Profitability Analysis

<b>Items</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Return on Owners Capital	31.04%	38.52%	49.68%
Return on Total Investment	25.87%	32.1%	41.4%

## Part VIII

### 8.0 Risk Analysis

The inherent risks were identified and appropriate measures generated to prevent the business from being disrupted are shown in the table below:

<b>Identified Risks</b>	<b>Measures</b>
Animal invasion	Fencing of the farm
Competitors	Quality products, services and incentives.
Fire outbreak	Provision of fire extinguisher.
Initial low demand	Advert and promos.
Labour Migration	Care for employees and increment of salary.

### 8.1 SWOT Analysis

#### 8.1.1 Strengths

- The ability to satisfy customer needs.

- Location of our business makes it easy for customers, they don't have to stress themselves paying huge amount of money for transportation.

### **8.1.2 Weaknesses**

- Inability to meet up with daily target.
- Irregular turn up of harvesters

### **8.1.3 Opportunities**

- Large number of retailers and individual to patronize us.
- Since there is other fruits available, freshness, tastiness, and affordability of my pawpaw fruits gives me more opportunity.

### **8.1.4 Threats**

- Competition from other fruit farmers
- Initial low demand.

To checkmate these threats, we will use incentives like giving out gifts to first 20 customers, adverts and promotion.

## **8.2 Exit Strategy**

No exit is planned, but the use of diversification will be employed.

## **Part IX**

### **9.0 Other Consideration and Conclusion**

#### **9.1 Economic Justification**

From the study, findings and analysis made, the project offers good benefit to the farmer and to the economy. There will be wealth creation and it will train young people to be independent and be job creators.

#### **9.2 Commercial Viability**

The business is commercially viable as can be seen in the projections, an impressive sales, profits and cash flow position.

### **9.3 Conclusion**

The business is highly recommended for implementation.