

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF AGRICULTURE
DEPARTMENT OF HOME SCIENCE, NUTRITION AND DIETETICS

A BUSINESS PLAN

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

TOPIC:

EGG RICH BEAN CAKE (AKARA BALLS) PRODUCTION

BY

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TYPICAL EXECUTIVE SUMMARY

1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendations relate to the proposal by IHUOMA PRODUCTIONS to produce egg rich bean cake (akara balls).

1.2The proposed project is to be fully implemented with an investment of N500,000 (five hundred thousand), made up of N300,000 fixed capital and N200,000 working capital.

1.3The company's vision is "to be the most outstanding producer of egg rich bean cake to discerning customers"

1.4 The proposed project will be located at Asaba in Delta State.

1.5A ready market exists for the planned business, based on our market survey.

1.6 The financial projections reveal a good level of liquidity and stability. The projected turnover for 2018, 2019 and 2020 respectively is N1million, N1.5million and N2million. Profit after taxation in 2018 is N600,000 increasing to N1.6million in 2020

1.7 The funding requirement is N350,000, as the promoter is committing N150,000 to the project.

1.8 The company's competitive edge is the management's strong technical skills and knowledge of the industry.

1.9The profitability indicators as extracted from the projections embodied in this plan, are as follows:-

Indicators	2018	2019	2020
Turnover N	1000000	1500000	2000000
Gross margin N	600000	1000000	1400000
Net operating profit N	650000	975000	1300000
Return on equity or owner's contribution %	433	650	867
Return on total investment %	130	195	260

2.0 BACKGROUND OF THE COMPANY

Introduction

The egg rich bean cake production business idea evolved, due to the fact that there is monotony in bean cake production and moreso to increase the protein-calorie intake of the residents in Asaba. There are few selling points of bean cake in Asaba. The few which are prepared and sold are not egg rich, losing some protein-calorie value. In addition, this product will be made with high level of hygiene and customer care service.

2.1 vision statement

To be the most outstanding producer of egg rich bean cake in Asaba, Delta State.

Mission statement

To produce beancake using standard recipe and macheneries

2.2 ownership of the enterprise

The business is a sole proprietorship wholly owned and managed by Ijeoma Ihuoma Faithful

2.3 Location

The bean cake production complex will be located at Asaba, Delta State. What informed the choices of this location are:

- Lack of egg-rich bean cake shops in Asaba
- Asaba indigenes and residents are lovers of beancake especially secondary school students.

2.4 products/services

My product will be named IHUOMA BEAN CAKE which will be egg rich. The product will be a light brownish ball-like food substance with a smooth texture well packaged for customer's consumption with good customer care service.

2.5 Business strategy

My business strategy includes:

- Use of standard recipe
- Use of standard machinerics and equipment
- Good customer care service

2.5.1 Use of standard recipe

Servings-100

Beans flour - 5000kg

Salt – 5 tablespoon

Pepper bell- 10

Onion balls- 10

Egg – 15

Water- 1 litre

Groundnut oil-1/2 liter

2.5.2 Use of standard machineries and equipment

For efficient and effective business, standard machineries and equipment will be used such as:

- Industrial mixer
- Industrial fryer
- Whisker
- Large frying spoon
- Cooking gas

2.5.3 Good customer care service

This entails product packaging with responsible and decent customer care personnels in charge of product sales and delivery.

2.6 Key success factors:

They include:

- The use of standard recipe
- Use of standard equipment and machineries
- Addition of egg
- The main promoter has undergone training in entrepreneurship
- Good customer care
- Existence of reliable market outlets

3.0 MARKET AND CLIENT

The nature of the market I am joining is a open specialized market. The clients I am targeting are all the indigenes and residents living in Asaba, Delta State from different strata of life which may include business tycoons, professionals, politicians, students and so on. The key competitors may include other sellers of bean cake and nearby restaurants selling other snacks for example meat pie, cake, doughnut and so on.

3.1 Production process

Servings-100

Beans flour - 5000kg

Salt – 5 tablespoon

Pepper bell- 10

Onion balls- 10

Egg – 15

Water- 1 litre

Groundnut oil-1/2 liter

Method of Preparation

1. Sieve the flour
2. Pour the flour into a mixing machine and one litre of water
3. Allow to mix for 45 minutes
4. Blend the pepper bells and onion balls keep aside
5. Pour the blended pepper and onion, salt into the flour and mix for 10 minutes
6. Break the eggs into a large bowl and whisk for 30 minutes
7. Pour the whisked egg into the flour mixture and continuously mix slowly
8. Get an industrial fryer and heat the groundnut oil
9. Get a large spoon and carefully pour in the batter into the heated oil in circular shapes and sizes.
10. Allow to fry for 10 minutes until a light brownish egg rich bean cake is obtained.

The quality of this egg rich bean cake is that it has high protein-calorie content which is very good for human consumption. More so, the packaging makes the food hygienic and attractive, making it very healthy

The demand for the product is high in the sense that the price of the product is low thereby leading to a high quantity demand. Since the business is just starting, there is no supply gap to fill.

The technology of the business includes:

- Industrial mixer
- Industrial fryer
- Whisker
- Large frying spoon
- Cooking gas

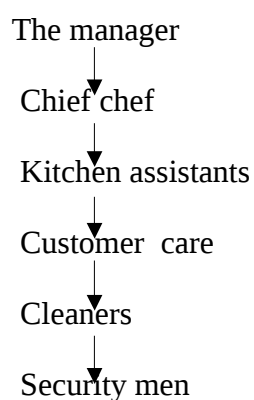
Competitive edge

4.0 MARKETING PLAN

I intend to promote my market through door to door selling, advertising on television and billboards mounted in strategic places in Asaba metropolis. The strength of the business is that it is the only business of its kind. therefore, there are no weaknesses since no much competitors. The opportunities include openness to customers of different social strata and employment to the unemployed. The threat include geographical location and market penetration. Some customers may complain of distance. The product may not really penetrate other markets due to the fact that there is no preservative in it.

5.0 Organization and management

The organizational structure of the firm includes:



The type of staff includes the above and they are seven in number. Below are their stated salaries and allowances

Table 1.1

Staff	Salary	(N)	Allowance	(N)
Manager	100000		10000	
Chief chef	80000		8000	
Kitchen assistants	60000		6000	
Customer care	40000		4000	
Cleaners	20000		2000	
Security men	20000		2000	
Total	320000		32000	

The values and norms of the company include:

- Staff punctuality (8am – 4pm daily)
- No smoking by staff or customers
- Early morning prayers
- Quick delivery of products
- Decency and smartness of staff
- No overdue salaries

6.0 Legal, Regulatory, Social and Environmental Issues

The business will be registered with Corporate Affairs Commission. My business will have social benefits such as:

- Creation of job for the unemployed youths and for those who are skilled and talented
- It will empower youths and adults to become better bean cake producers in quality and quantity
- It will also enable them practice good hygiene while cooking.

The machines and equipment being used for the production will not affect the environment because they are not noisy. The leister generator will be put in an enclosed building to avoid noise and air pollution in the environment.

7.0 The Financial Plan

The Total Project Cost

Project Cost:

The total project cost is estimated at N500,000 made up of N300,000 in Fixed Capital and N200,000 in Working Capital.

Funding Plan:

The total project cost of N500,000 is proposed to be funded in the following structure:

TABLE 2.2

	Owner's contribution	Term loan	Total
	N	N	N
Owner's contribution	150000		150000
Term loan		350000	350000
Grand total	150000	350000	500000

Funding requirement:

The funding requirement for the project is 350,000 while the promoter is committing 150,000 into the project.

IHUOMA BEAN CAKE (NIGERIA)
PROJECTED INCOME STATEMENT

	2018	2019	2020
	N	N	N
Turnover	1000000	1500000	2000000
cost of sales	400000	500000	600000
Gross margin	600000	1000000	1400000
Less: operating expenses			
Salaries & allowances	320000	500000	700000
Electricity	48000	49500	50000
Transport and travelling	50000	51000	52000
Loan interest	60000	61000	61000
Telephone & postages	30000	29000	20000
Depreciation	45000	45000	45000
Total operating expenses	553000	735500	928000
Net operating profit	650000	975000	1300000
	97000	239500	372000

IHUOMA BEAN CAKE
PROJECTED CASH FLOW STATEMENT

	2018	2019	2020
CASH IN FLOWS	N	N	N
Owner's capital	150000		
Bank loan	350000		

Sales revenue	1000000	1500000	2000000
Total cash inflows	1500000	1500000	2000000
(A)			
CASH OUTFLOWS			
Fixed asset acquisition	300000		
Cost of sales	400000	500000	600000
Operating expenses (less depreciation)	508000	690500	883000
Loan repayment		200000	200000
Total cash outflows (B)	1208000	1390500	1683000
NET CASH FLOW (a-b)=c	292000	109500	317000
Opening cash balance (D)		292000	401500
CLOSING CASH BALANCE (D)	292000	401500	718500

IHUOMA BEANCAKE (NIGERIA)
PROJECTED BALANCE SHEET

	2018	2019	2020
CAPITAL EMPLOYED			
Fixed assets	300000	300000	300000
Less: depreciation	57000	60000	67000
Net book value A=	243000	240000	233000
CURRENT ASSETS			
Balance at bank and			

in hand= B	292000	401500	718500
Less: current liabilities C	300000	400000	
Net current assets B-C=D	8000	1500	718500
Net assets E	800000	1125000	1800000
Financed by:			
Owner's capital F	150000	150000	150000
Retained profit G	650000	975000	1300000
Owner's fund F+G	800000	1125000	1800000

PROFITABILITY ANALYSIS

Indicators	2018	2019	2020
Turnover N	1000000	1500000	2000000
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FORMULA (A) Return on Equity or Owner's Contribution =

Operating Profit

Owner's Contribution

FORMULA B

TURNOVER=GROSS MARGIN-COST OF SALES

Cost of sales is 400000, 500000 and 600000 respectively for 2018, 2019 and 2020

FORMULAR C

NET OPERATING PROFIT = OPERATING INCOME X (1-TAX RATE)

NB: TAX RATE=35%

Formula D

Return on equity=operating profit/owner's contribution x 100

Return on total investment= net operating profit/start up capital x 100

BREAK EVEN POINT (BEP) ANALYSIS

	FIXED COST	VARIABLE COST
	N	N
Salaries and allowances	320000	
Electricity	-	48000
Transport & Travelling	-	50000
Loan Interest	60000	
Telephone & Postages		30000

Depreciation	45000	-
Total	425000	128000

$$\text{BEP} = \frac{\text{FC}}{1 - \text{VC}} \times \text{S}$$

Where, FC=fixed cost

VC=Variable cost

S=sales or turnover

1=constant

$$\text{BEP} = \frac{\text{N}425000}{1 - \frac{128000}{1000000}}$$

$$= \frac{128,000}{1000000}$$

$$= 0.128$$

$$= 1 - 0.128$$

$$= 0.872$$

BEP=N425000/0.872

=N487385

8.0 RISK ANALYSIS

The risk this business is prone to include:

1. Supply of raw materials is strenuous and difficult to obtain
2. Provision of basic amenities like water, electricity is not guaranteed.
3. Will the implementation of this project attract more entrants to the business to compete with.

9.0 EXIT STRATEGY

No exit is planned, rather diversification will be pursued.

10.0 OTHER CONSIDERATIONS, RECOMMENDATION AND CONCLUSION

10.1 ECONOMIC JUSTIFICATION

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

10.2 Commercial Viability:

“We have found this project to be commercially viable, having shown through our financial projections, a conservative but impressive turnover, cash flows, profit line and investments appraisal metrics.”

10.3 Conclusion and Recommendation:

“Having found this project technically feasible, commercially viable and economically desirable, we therefore strongly recommend it for funding and implementation.”