

UNIVERSITY OF NIGERIA NSUKKA

FACULTY OF AGRICULTURAL SCIENCES

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

TOPIC

COCONUT MILK PRODUCTION

A BUSINESS PLAN

**PREPARED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE COURSE:**

**CEDR 342 (BUSINESS DEVELOPMENT AND
MANAGEMENT)**

BY

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2013/186610

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JULY, 2017.

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CHAPTER ONE

1.0 EXECUTIVE SUMMARY

1.1 This report and recommendation is about the proposal by Constance coconut milk to produce high quality coconut milk.

1.2 The project requires a start-up capital of 900000, made up of N700000 for fixed assets and N200000 for working capital.

1.3 My company's vision is "to be a leading producer of high quality coconut milk which is low in cholesterol and making quality my hallmark".

1.4 The proposed project will be located near Onitsha market area of Anambra state. The state and people are in dire need of it.

1.5 A massive market awaits the business based on my market survey.

1.6 The funding requirement of 1500000 for the project.

1.8 The competitive advantage of the company's product will include the new packaging styles of the product, technical skills and knowledge, and in its ability to produce high quality coconut milk.

CHAPTER TWO

2.0 BACKGROUND

The high request for milk and its products is increasing day by day. A personal survey made, expose the shocking fact that in the East, any family making use of milk and it products, are either in luxury or else cannot afford the milk, due to the cost. This business will change that. It will make coconut milk which is health promotive and disease preventive effect available both in wet and dry form on every nook and cranny of the state, making the scarcity of dairy milk like Peak, Cowbell, and Olympic milk which contain cholesterol in the state, a history. This project will also show how to run coconut milk business successfully, highlighting those things that must be taking into consideration before setting up a coconut milk factory, also the best strategy to meet the needs of customers, be on the lead, and maximize profits.

The time service of this business will vary; it will start initially as morning to evening business but will shift as the demand for the product rises.

2.1 Vision

My vision is to be the most outstanding producer and distributor of coconut milk in Eastern Nigeria, with particular interest in Onitsha.

2.2 Mission

My mission is to be a first producer of high quality coconut milk that is both health promotive and disease preventive in Anambra.

2.2 Ownership of the Enterprise

The business or enterprise is owned by UGORJI CONSTANCE AMARACHI

3. Legal Status

Constance coconut milk will start off as a sole proprietorship. Coconut milk has no cholesterol unlike dairy milk (cow milk). It is health promotive and disease preventive. It's consumption is not hazardous to health and it has been duly registered and certificate of registration attached.

4. Location and Facilities.

Since location play an important role business, my choice of location is strategic because of its good road network for easy conveying of the coconut milk, easy access to market, availability of cheap manpower and most importantly its location in Anambra State, the commercial nerve of the state, taking its population and commercial nature into consideration. The success of the business is well assured, considering high need of the product in the state.

My target supply depot has been noted. I shall also buy machines and other tools for the product.

5. Product/Services

Since I planned to be different in all areas, it goes down to my products too. Notwithstanding the fact that I am starting small, I have confidence in what I am delivering. I am planning to introduce different packaging styles and canning that will be available in both liquid and powdered form and accessible to all. I am aiming big but I thought it wise to start small. Below are listed some;

7. Constance bottled liquid coconut milk ,
8. Constance tinned powdered coconut milk,
9. Constance tinned liquid coconut milk,
10. Constance sachet powdered coconut milk.

6. Business Strategy

My strategy aligns with my vision, which is producing quality powdered and liquid coconut milk, hence setting the pace. I also device some means which I will use to enhance sales. I intend to strive and ensure that my product is available always as and when needed also to reasonably reduce the general price of the milk and to reduce the demand for diary milk which is expensive and contains cholesterol and also ensuring an efficient packaging and availability of the products.

7. Key Success Factors

It lies on the quality, availability, location and packaging my product .it is also cholesterol free, health promotive and disease preventive effect. Also, obese, diabetic and patients with heart problem that does not need cholesterol containing products. Price success is guaranteed. Other success factors include availability of products at all times.

1. Revenue Base

My revenue will be generated through equity and my quality products.

CHAPTER THREE

3.0 MARKETING AND CLIENTS

3.1 NATURE AND SIZE

My clients are the general public with inclusion of diabetic, obese, lactose intolerance and cardiomyopathy patients. I am aiming at a big market with massive size which will maximize our profit.

2. Target Clients

I will be interested in the following viz: families, yoghurt producers, restaurants and hospitals. I choose these target clients because my products at this early stage will be of utmost importance and a must have for better taste.

3. Key Competitors and Player

Certainly every business has their share of competitors. I am aware of other competitors and players like diary milk industry in the business but the efficiency of any business is partly judged by how well you handle your competitors and any products without competition, its quality will not be known the big names and other key competitors are as follows peak milk, Olympic milk, champion milk, Miksi milk and Cowbell milk. Though they have been in the business for long and have the advantage of name but I will survive in it by providing efficient and quality with low cholesterol, health promotive and disease preventive effect.

4. Production Process

The production process of my product starts through the following sequence. Getting the whole young coconut (flesh and water), sugar and dates, the machine, which includes; dehuller, extractors, Pressers, sifters, dehydrator grinder and packaging machines, cans, sachet, tins ready.

The second stage involves removing the seed coat and husking process referred to as dehulling using the machine known as DEHULLER.

The next step is, clean and dry the seed; this includes removing the chaffs, washing and drying of the seed. Put the washed and dried seeds in a clean big tank and pour warm water into

it and leave for some time, say 10-15mins to soften it. Drain the water and allow the seed to dry once more.

The next step is crushing and grinding of the coconut, pressing and sifting and dates, sugar and water are added in case liquid coconut milk. For powdered coconut milk, after grinding, pressing and sifting of the liquid coconut milk it is dehydrated using a dehydrator to remove water to get unadulterated powdered coconut milk. Finally, the liquid and powdered coconut milk, are packaged using a special machine called packager. Finally, the coconut milk is canned, tinned, bottled added to sachets and is ready for supply.

4. Service Delivery

Sound and timely delivery of my product will be a high area of my concentration. Since, it will be futile to produce a product and then not delivering to the society that needed it. I will serve my customers with my products ensuring proper price control and quality.

5. Quality assurance

Quality is the standard of something when compared to another. Quality of any product is very important and determines the rate at which the product will be needed in the market. I will ensure quality by producing a product that has maximum utility and standard without adulteration.

6. Demand/Supply Analysis

Owing to the fact that the nondairy milk is being demanded by a large chunk of the population, the suppliers are not meeting with the demand of the product and with my quality products and efficient service delivery I am going to fill this gap, that is the demand gap.

7. Technology

To ensure that a quality production is maintained I am going to make use of the best technology of 21st century in both my machinery and choice of variety of coconut milk. This will lead to the sustainability of the quality of my products. I will also be sourcing for information of latest technology as my business progress.

8. Competitive Edge

My company's competitive edge is my packaging styles, the nutritional and health benefit, quality of my product, the management strong technical and knowledge of the industry, reasonable price, and customized products.

CHAPTER FOUR

4.0 MARKETING PLAN

4.1 Promotion and Distribution Strategy

Granted, customers look out for quality before prices, this notwithstanding, my marketing plan will be based in using a good pricing system that is reasonable. The one of the most important consideration is price and availability. It is a critical bottom line in marketing. I have designed my packaging and label in a unique way

The promotion and distribution strategy business will be adequately promoted and distributed. I am going to distribute the products in every nook and cranny of the state, making use of all available techniques at my disposal, I will appoint distributors and suppliers in strategic locations of the commercial cities and its enormous citizens. I will also Create new awareness.

1. Alliances

I am solely on my own and not partnering with any other business. I believe that with the retinue of good managers and promoters I have, my products will be adequately promoted. But will be registered with beneficiary trade union against external forces of my products.

4.4 Market positioning

I am going to establish a strong and formidable network that will help me get to my clients at ease. The widest range of the population will be reached through the proper placement of my products.

4.5 Service Delivery Service.

I planned to introduce a special service delivery strategy to enhance sales. I will achieve this through my supply bus which is always ready to convey customer's goods to their destination, from my survey I found out that most times customers needed my products more in bulk, so they come to buy the products with their vehicle.

4.6 Strength, Weaknesses, Opportunities and Threats (Swot) Analysis

Strengths

1. At my disposal is high quality technologised machinery for effective and neat packaging. Also, my products have been tested and certified. The product is both health promotive and prevents diseases and low cholesterol content than the dairy milk (cow milk).

1. With my high quality products with affordable price
2. Availability of products at all times.

Weaknesses

Despite these strengths I am not unaware of the enormous challenges facing my business/products

1. The coconut seeds tends to be scarce when off season
2. People are more aware of the dairy milk (cow milk)
3. Epileptic power supply.

Opportunity

The products are every season products but it is consumed virtually all the time. There will be higher desire of my products all the time because people consumes milk almost every day.

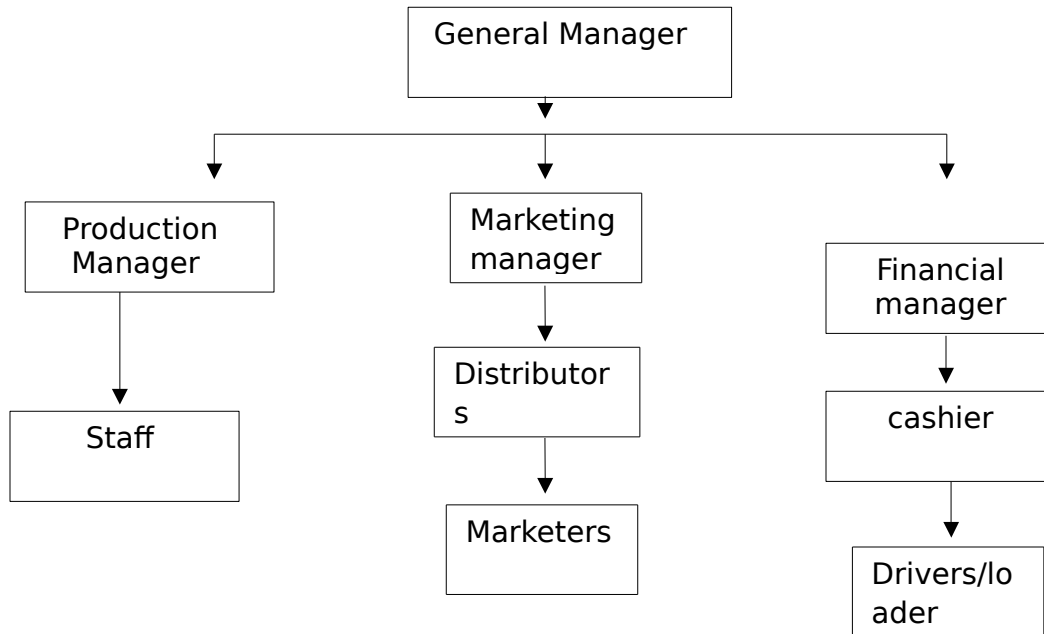
Threats Analysis

My major threat is the seasonality of some of my raw material which tends to be scarce when it is not in season and Bad road network for arrival and conveying of my goods. To put things in check, I have made provisions for bulk buying of the coconut seed and efficient storage. I have also purchased a high jacked vehicle to ensure that my products are conveyed to my distributors without hitch.

CHAPTER FIVE

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational structure – personal plan



5.2 Shareholders and Directors

Since I am starting small but aiming big, in this initial stage I will not put the organization seriously into consideration but I intend to follow it up as sales increases in structure but anyway the following will be used;

At the top of the structure is the General Manager – under him you have production manager and financial Manager/accountant, who will also be in charge of keeping records of the products produced in a day and supplied. Others are members of staff.

5.3 Management Team

My business will not need this category of people now, management and their profile.

5.4 External Support

I am not going to make use of any external management support services for now, with my staff I will deliver.

5.5 Personal Plan

This business will kick off with (20) mans working team, 5 members of management team, 15 member of staff who will be trained as they work and their salaries of workers will be at ₦10,000 only monthly and a weekend allowance of ₦ 500 only..

5.6 Value and norms of the company

The company's values and norms will be treated with the utmost seriousness it deserves to ensure the strict compliance. Indiscipline of any type, will be subjected to serious sanctions. loitering while production is going on, gossip and above all late coming is totally unacceptable. To strive to maintain my business within the ambit of government regulations, to maintain good human relationship between employee and employers. The break time will be one hour (1hour) during which staff get a little rest and eat their food etc.

6.0 LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1 Legal Issues

My company will be registered with Corporate Affairs Commission (CAC) and the approval licenses required by my business will be secured.

6.2 Regulatory Issues

I will also register with NAFDAC. It is a legal business and it is not banned by any law.

6.3 Social Issues

This business will touch the lives of all. It will ensure qualitative job supply hence contributing in curbing the over increasing trend of un-employment. Also as it grows and extends. It will also get people empowered with skills acquisitions and when unemployment is reduced crime will be reduced as well.

6.4 Environmental Issues

I believe that a safe environment starts with cleanliness, owing to the nature of my business, I know that I will be endangering the environment the litters of sachets, tins, cans etc being dropped by my consumers, hence I have put in place some measures that will ensure proper waste management system such as using an incinerator to recycle the waste products. The waste product from coconut seeds is biodegradable so the business can be a sustainable one.

CHAPTER SEVEN

7.0 FINANCIAL PLAN

7.1 The proposed project is to be fully implemented with an initial investment of N900000 broken into fixed capital N 700, 000 of and working capital of N200, 000.

Breakdown of fixed capital

Rented structure	=	15, 000
Machines	=	350,000
Generator	=	50, 000
Land	=	285, 000

Total fixed capital = 700,000

Breakdown of working capital

Raw materials	=	100,000
Miscellaneous	=	100,000
Total working capital	=	200,000
The project cost	=	900,000

7.2 Funding plan and statement

The funding plan is as follows

Personal Savings	=	300,000
Loan from bank,	=	300,000
Grants from Friends	=	300,000

7.3 Funding requirement

The funding requirement for the project is 900, 000 on equity.

7.4 Projected income statement

	2015	2016	2017
Turnover	900,000	910,000	920,000,000
Cost of sales	600,000	625,000	650,000
Gross profit	550,000	600,000	6500000
Operating expenses			
Salaries and allowances	300,000	350,000	400,000
Rent	15,000	15,750	16,500
Electricity	20,000	21,000	22,000
Fuel	20,000	21,000	22,000
Gas	30,000	31,500	33,000
Telephone	20,000	21,000	22,000
Depreciation	13,000	13,650	14,300
Total expenses	804,000	844,200	884,400
Net profit	696,000	730,800	765,600

Note: Turnover is estimated to increase at the rate of 10% while cost of sales and operating expenses are expected to increase at the rate of 5%.

7.5 Projected Cash-Flows Statement

	2014	2015	2016
Owners contribution	300,000		
Total sales (turnover)	900,000	910,000	920,000
Total cash inflows	1,000,000	900,000	940,000
Cash outflows			

Fixed asset acquisition	800,000	840,000	880,000
Cost of sales	500,000	525,000	550,000
Less depreciation	680,000	695,000	705,000
Total outflow	1980,000	2060000	2135000
Net cash flow	19799965	10599978	11349976

7.6 Profitability analysis

Return on owners contribution (equity)

$$\text{Roc} = \frac{\text{Net profit}}{1} \times 100$$

Owners contributions = 232.0%

$$1. \quad \frac{696,000}{3,000,000} \times \frac{100}{1} = 232.0\%$$

$$2. \quad \frac{696,000}{1,500,000} \times \frac{100}{1} = 464.000\%$$

$$3. \quad \frac{765,600}{1,500,000} \times \frac{100}{1} = 51.04\%$$

7.7 Break-Even Analysis

$$\text{Break even analysis for year 2011 formula} = \text{BE. } P = \frac{FC}{1 - VC} \\ S$$

Where FC = fixed costs

VC = Variable costs

S = Sales

1 = Constant

Salary & Allowance	696, 000	
Rent	20,000	
Electricity		20,000
Fuel		20,000
Gas		30,000
Telephone		20,000
Depreciation	13,000	
Total	729,000	90,000

$$BEF = \frac{FC}{1 - VC} \cdot S, FC = 729,000$$

$$1 - VC = 1 - 90,000 = -89999$$

$$S = 500,000$$

$$\frac{-89999}{500,000}$$

$$0.179998$$

$$\frac{729,000}{-0.179998}$$

$$= \underline{4050045}$$

CHAPTER EIGHT

8 RISK ANALYSIS, CONTINGENCY PLAN AND EXIST STRATEGY

8.1 Risk analysis and Mitigants

Risk analysis

S/N	Identified risk	Mitigants
9	Seasonality of raw materials	Buying the seed in bulk, having many supplies proper storage of raw material

10	Emerging competition	Consistency in high quality delivery, and special delivery packages.
11	Fire outbreak	Provision of fire extinguishers: provision of fire alarms, fire insurance policy shall be taken. cordial arrangement with competent fire extinguishing services

8.2 Contingency Plan

I will get my business insured and liaise with PHCN, in Anambra state to ensure constant power supply to maintain my business. In case of unforeseen contingences my business such as fire break, and also change in business environment such total black out or absence of electricity, we will procure a good generator to put things in order.

8.3 Exit Strategy

Opting out, is not what I intend to do, in case of unproductivity, rather I can start another business like distributing and marketing of sachet, tinned and bottled liquid and powdered coconut milk should the business not be viable any longer.

CHAPTER NINE

9 OTHER CONSIDERATIONS, CONCLUSIONS, AND RECOMMENDATIONS

9.1 Economic Justification

With the critical study and analysis of the findings embodied in this plan, its great to note that the profit offers good benefit to the economy, as it create job and wealth, is consistent with the spirit of vision 20:20:20 and Sustainable Development Goals (SDG)

9.2 Commercial Viability

This project proved to be commercially viable, having shown through my financial projections, a conservative but impressive turnover, cash flows, profit line and investment appraisal techniques.

9.3 Conclusion/Recommendation

Through my unwavering efforts, I have been able to found this state clearly the nitty gritty of this project and having been found environmental friendly, technically feasible, commercially viable and economically desirable, I therefore strongly recommend it for funding and implementation.

APPENDIX

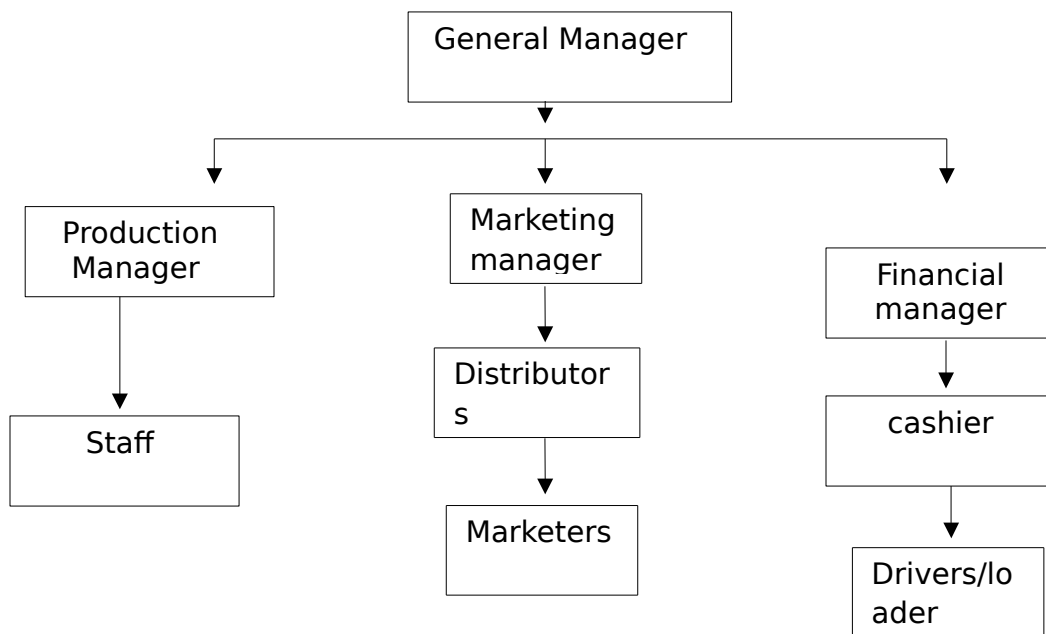
10 Certificate of Registration -----AWAITING

11 Approval -----AWAITING

12 Licenses -----AWAITING

13 Organogram

Since my business some persons, "CONSTANCE coconut milk" shall have the following personnel ordering 20 man working team, 5 members of staff 15 members of management team.



14 Performa Invoice -----AWAITING

15 Assumption behind the figures -----AWAITING