

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF AGRICULTURE

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

**AN ASSIGNMENT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE
COURSE CED 342 (BUSINESS GROWTH AND
EXPANSION)**

BY

EZEUGO NGOZI AUGUSTINA

2013/187060

LECTURER: DR (MRS) C NWAOGA

JULY 2017

TITLE PAGE

A BUSINESS PLAN OF N.G DELI CAKES AND PASTRIES SCHOOL

EXECUTIVE SUMMARY

1.1 The following report and recommendations relate to the proposal by N.G DELI

CAKES AND PASTRIES SCHOOL to provide an exceptional experience in production of cakes and pastries

1.2 The proposed project is to be fully implemented with an investment of N1.2 million (One point two million), made up of N700,000 fixed capital and N500,000 working capital.

1.3 The company's vision is "to provide exceptional learning experience in production of standardized cakes and pastries, providing quality product/service to discerning students and customers".

1.4 The proposed project will be located at Ekwulobia in Anambra State.

1.5 A ready market exists for the planned business, based on my 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 N 2million, N 2.4 million and N 2,880,000 million. Profit after taxation in 2018 is N600,000 increasing to N864,000 in 2020

1.7 The funding requirement is N800,000, as the promoter is committing N400,000 to the project.

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

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

INDICATORS	2018 (₦)	2019 (₦)	2020 (₦)
Turnover	2,500,000	3,000,000	3,600,000
Gross margin			
Net Operating Profit	2,069,150	2,529,817	3,068,394
Return on Owner's Capital	% 517	632	767

1.10 Conclusion and Recommendation

• 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.

- The project offers good investment benefits. We therefore, highly recommend it to be funded so that we can ensure its implementation.

INTRODUCTION OF PLANNED BUSINESS

N.G DELI CAKES AND PASTRIES SCHOOL-a company that aims at providing exceptional learning experience in production of standardized cakes and pastries,

providing quality product/service to discerning students and customers. The business offers quality, creative and colorful cakes and pastries options for all age groups as well as impacting the youth to acquire entrepreneurial skills for future. The service offerings are quite a change relative to other existing cake and pastries company. Most people make the incorrect assumption that cakes and pastries are as simple as knowing the recipe and proceeding with the baking or frying proper. This assumption prevails throughout the country so there is not much demand for new offerings. But more to this, N.G DELI CAKES AND PASTRIES SCHOOL aims to teach its students the basics of how to develop and maintain standardized recipe. Also production of adequate cakes and pastries- adequacy in terms of serving size and individualized in terms of different age groups and health status. For instance; pastries and cakes for teenagers may not be adequate for a 50-year old woman with sedentary lifestyle. Also, ingredients of importance in cakes and pastries, their functions as a nutrient and functions in the recipe. It goes further to impact its students with management skills, entrepreneurial skills, cost control and price determination.

This business will inject new life and provide a career for its intakes, leveraging Chef Ngozi's culinary skills to develop creative options. Ngozi's advanced skills, industry insight, and a great market opportunity will allow this business to reach profitability by eleventh month and generate N864,000 in revenues for year three. The company will rent space for the office, kitchen and display area for sales in an industrial area of Ekwulobia

VISION

To provide exceptional learning experience in production of standardized cakes and pastries, providing quality product/service to discerning students and customers

MISSION

Transforming lives with basic knowledge, attitude and skill in the cake and pastry industry

Company Ownership

N.G DELI CAKES AND PASTRIES SCHOOL is a sole proprietorship business owned by Ezeugo Ngozi.

PLANNED LOCATION AND FACILITIES

The company is planned to be located in a good industrial site in Ekwulobia, Anambra State and will incur the following start-up facilities:

- A two-in-one shop
- Two commercial gas cooker with ovens.
- Built-in wash area (big sink)
- Built in work space (formica tables)
- Two display racks with warmer
- Combined refrigerator with freezer
- Two sets of dishware.
- Two set of electric mixer

- Assorted mixing bowls, racks and utensils (spoons, rubber spatula, knives, cutters, rolling pins, cutting boards etc).
- Desk and chair.
- Computer with printer, Microsoft Office, Microsoft Excel and Foxit reader.

Please note that the following items which are considered assets to be used for more than a year will be labeled long-term assets and will be depreciated using G.A.A.P. approved straight-line depreciation method.

PRODUCTS AND SERVICES

N.g deli cakes and pastries will provide the following services

- Teaching and practical sessions which will equip its students with theoretical and practical knowledge in different courses.
- Production and sell a wide variety of unique cakes and pastries for different purposes ranging from English cakes, muffins, dry cakes, flavored cakes, marble cakes, cakes for celebration and others. Also pastries like bread rolls, doughnuts, cookies, meat pies, danish, croissant (mini and maxi), fancy breads, chicken pie, chicken jacket, etc.
- Production of finger foods for different purposes such as unique and varied kinds chin-chin, pea nuts, cashew flitters, cubed banana and plantain flitters, spring rolls (chicken and vegetables), cake displays etc
- Outdoor services of providing a nice setting and arrangement of some finger foods and cake displays to grace events and occasions with varieties such as coffee breaks for conferences

STRATEGY AND IMPLEMENTATION SUMMARY

N.G DELI CAKES AND PASTRIES SCHOOL will gradually gain market share in the catering market by leveraging its competitive edges. These edges are superior attention to detail and innovative ways of producing and packaging cakes and pastries. The edges that this business has will leverage are areas that have been ignored for some time now. These competitive edges coupled with a targeted advertising campaign and networking will be the company's game plan for increasing their market share.

MARKETING STRATEGY

N.G DELI CAKES AND PASTRIES SCHOOL marketing strategy will be based on developing visibility among Ekwulobia community. This will be accomplished through two ways. The first method is a targeted advertising campaign. Advertisements will be placed in various Local newspapers. There are a couple of Local newspapers which the community patronize. Additionally, the company will advertise in Church newspapers and secondary school year book magazines. These advertisements should yield a decent amount of service inquiries since they are fairly targeted toward the target population.

The other marketing strategy which is less formal is a networking campaign among the Onitsha population. Ngozi has been an active member of the Ekwulobia community for ten years. While the Ekwulobia population is of decent size, numbering around 200,000, it is a fairly close knit community where people tend to know each other. Ngozi will leverage her contacts within the Ekwulobia community to raise awareness for her school activities. While the networking might not cast as large of a net as advertisements will, it costs far less and the relationships that it builds will be far stronger because of the trust relationship that has already been established.

SALES STRATEGY

N.G DELI CAKES AND PASTRIES SCHOOL sales strategy will use a combination of superior customer attention and a comprehensive menu to turn information seekers into customers. Ngozi recognizes when a prospective customer calls to get information about the company, it is Ngozi's main opportunity to turn them into a customer. She will do this by spending as much time on the phone as necessary.

Another benefit that Ngozi will leverage to develop sales is her comprehensive menu. An innovative available menu should be seen as a large benefit. There is no intuitive or logical reason that people who patronize cakes and pastries are any less adventurous when it comes to the makeup of the product.

KEYS SUCCESS FACTORS

The company's key success factors are;

- The God factor, without which a man's labor is unfruitful. "Unless God builds a city, the builders build in vain". He is my first key success factor.
- Acquired knowledge of nutrition by obtaining a B.sc in Human Nutrition and Dietetics in the University of Nigeria Nsukka
- Practical knowledge and skill acquired during industrial training in a hospitality industry- Transcorp Hilton Hotels Abuja
- Close supervision and guidance by executive chef of the hotel and an assistance of a chef of the hotel

The key success is to meet and exceed the students and customer's needs in terms of quality learning experience and excellence of service to customers.

REVENUE BASE

School Revenue for A Three Term Programme

NO. OF STUDENTS PER TERM	PRICE PER TERM (₦)	NO. OF TERMS	AMOUNT (₦)
10	15,000	2 (₦30,000) each	300,000
5	15,000	3 (₦45,000) each	225,000
TOTAL			525,000

Sales Revenue

ITEMS	Qty Per Month	Qty Per Annum	Price (per portion/piece) (₦)	Amount(₦)
English Cake	7	84	1,500	126,000
Muffins	20	240	200	48,000
Dry cake	5	60	1,500	90,000
Marble cake	7	84	1,500	126,000
Flavored cakes(Carrot, coconut,lemon,vanilla,etc)	10	120	2,500	300,000
Doughnut	40	480	100	48,000
Meat pie	30	360	300	108,000
Chicken pie	40	480	300	144,000
Croissant (mini)	20	240	150	36,000
Fancy bread	5	60	600	36,000
Bread roll	7	84	500	42,000
Plantain flitters	5	60	300	18,000
Spring rolls	5	60	1,000	60,000
Chin-chin	10	120	100	12,000
Pea nut	10	120	100	12,000
Total				1,206,000

Grand Total of all Revenue	1,731,000
-----------------------------------	------------------

MARKET AND CLIENTS

The nature of the school serves teenagers and young adults who wish to pursue a career or have a detailed experience in the baking industry. It will also serve the corporate, and non-profit events with finger foods and cake displays. Events are generally held by clients in order to celebrate, communicate, or both. It will as well sell its products to the general public who patronize cake and pastry products.

TARGET CLIENTS

The target population will be majorly teenagers and youth who wish to obtain skills in cakes and pastry business. They may be described as JAMBITES seeking for admission or some others who have little or no funding to further their academic pursuit in the university. Also people of all age groups to patronize the products for sales as well as people planning for occasions who need an exceptional touch in their occasion with finger foods and cake displays.

KEY COMPETITORS/PLAYERS

The key competitors are the caterers with catering school who also includes cakes and pastries in their curriculum. Also so many snack shops or fast food restaurants who incorporates cakes and pastries in their menu.

PRODUCTION PROCESS AND DESCRIPTION

The ingredient for production of cakes and pastries will be bought in the market, mixed with the mixing machine and kept in the refrigerator 1-2 days before use, from which the portion to be produced for sale will be taken from. The course curriculum

handout will be prepared by the instructor (Ngozi), printed and given to the students.
The courses will include:

COURSE CODE	COURSE TITLE	DURATION
CP-NG 101	Introduction to the company and to cakes and pastries.	2 weeks
CP-NG 102	Concept of adequacy in cakes and pastries; complementation from different food sources to achieve adequacy with practical	6 weeks
CP-NG 103	Understanding the whys in cakes and pastries; purpose of some ingredients addition with practical	6 weeks
CP-NG 104	Standardization and recipe development; recommended servings and production standards with practical	6 weeks
CP-NG 105	Cost control and price determination in cakes and pastries business	4 weeks
CP-NG 106	Cakes and Pastries finishing; displays, packaging and customer care relationship	2 weeks

QUALITY ASSURANCE

Quality is determined through standardization of recipe, strict supervision, termly examination of students for excellence in theory and practical and through tastings of the product. Basic quality and consistency in taste or improvement to better ones is a must as well as customer satisfaction. Also quality and assessment of product will be assessed through a four-monthly questionnaire shared to customers.

DEMAND / SUPPLY ANALYSIS

There is virtually no day that people do not request for cakes and pastries either for snacks or as breakfast compliment. Also most event and occasion experience challenges in sharing pastries, cakes or finger foods. This business will offer services in decorative display of these items in such a way that they are easily accessible during event like conference or meeting coffee breaks, birthday, wedding, anniversary and other formal and informal parties. Our services are going to be offered in unique style, and fulfill the demands of our clients at highly competitive prices. Since our products will be needed in occasions, companies, conferences and even churches, there will be high demand of our products and services, and supply appears to be static.

TECHNOLOGY

This is a new business and so less technology will be employed but as business begins to expand, full involvement of some sophisticated machines will be achieved. We will acquire lister generator, chiller, slicing machine, deep fryer and so on, to enhance production and offer effective services to our customers.

COMPETITIVE EDGE

The business's competitive edge is its attention to servicing customers and inventive approach to cakes and pastries. The company's customer attention differentiates them in the world of cakes and pastries which is dominated by several companies that have plenty of demand. The school is approaching the market as if there was significant competition between the different service providers. By making customer satisfaction a priority, over time, local customers will come to appreciate the attention that their needs are given and form a long lasting relationship with the company. The Company's other competitive edge is the new approach to cakes and pastries. Traditionally, cakes and pastries has remained stable and unimaginative for a long

time. Most people believe that there are large compromises that must be made when serving cakes and pastries especially in occasions. These compromises need not be made however, and N.G Deli Cakes and Pastries School is changing these misperceptions through teaching its students, productions, sale displays and out-door services. N.G DELI CAKES AND PASTRIES SCHOOL is taking their knowledge of new approaches to creating inventive, colorful, and delicious cakes and pastries alternatives.

MARKETING PLAN

We will adopt the penetrative pricing system in selling our products. Direct chain to final consumer and the wholesale retail chain is going to be used in distribution.

PROMOTION AND DISTRIBUTION STRATEGY

Since it is a new business, we will create awareness the about school in school career day event, school magazine and our products in offices, schools, meetings. Fliers will be used in passing information to the public.

ALLIANCES

The business will be registered in all beneficiary unions like trade union and so on, so as to guide against external forces.

MARKET POSITIONING

This business is going to offer the widest range of variety of cakes and pastries products and detailed courses for the students with quality guaranteed. We are going to offer all kinds of catering services including decoration.

SERVICE DELIVERY STRATEGY

The company is going to create a good teacher-student relationship to enhance learning and full comprehension. Also honest, friendly and efficient services to make our customers comfortable and happy all the time.

SWOT ANALYSIS

Strength: The company's ability to create a good teacher-student relationship and efficient services in combining recipe to suit individualized cases and health status (adequacy). Also accessing customer's acceptance for improvement through the use of structured questionnaires given out every months.

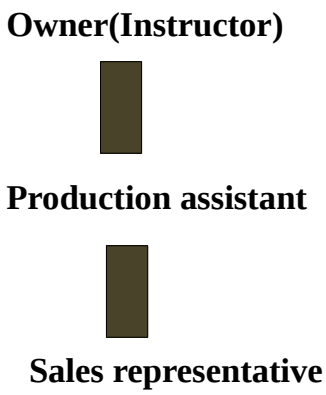
Weakness: Lack of constant power supply may weaken this business as most of the activities of the business will make use of electricity. However, alternative power supply like the use of generator will minimize the problem that will be encountered by lack of constant power supply.

Opportunity: Long vacation periods will offer great opportunity to this business to expand. There will be high intake of students into the school who are either on vacation or out of secondary school waiting for admission into the University. Also festive period, like Easter and Christmas period when many people engage in ceremonies like weddings, End of the year parties, anniversaries and other formal and informal parties, will offer good opportunity to our out-door services and the business at large. Also sales of the product does not have any special period as most people take pastries and cakes for mid lunch or snacks.

Threat: Most product of this company is perishable when there are no preservative added or efficient storage facilities. This can be caused by low patronage and when this occurs, it may lead to fall of the business. To avoid the products from perishing, storage systems will be put in place to preserve them.

ORGANISATION AND MANAGEMENT

Organizational structures



SHAREHOLDERS AND DIRECTORS

There are none for a start but as business begins to expand, it will have shareholders and directors.

MANAGEMENT TEAM

<u>Name</u>	<u>Qualification</u>	<u>Salary(₦)</u>
Anis Caleb Chudi	ND holder	18,000
Nwafor Chinonso	WASSCE	8,500

EXTERNAL SUPPORT

None

PERSONNEL PLAN

Name	Position	Qualification	Salary(₦)	Amount(₦) × 3
Anis Caleb Chudi	Production assistant	ND	18,000	54,000
Nwafor Chinonso	Sales representative	WASSCE	8,500	25,500

VALUE AND NORMS OF THE COMPANY

There will be standard norms and values. Negative norms will not be allowed. There is going to be company principles. The most important value will be on food safety and sanitation practices to ensure safe and nutritious cakes and pastries production.

LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES.

Legal Issue

The name of this business is N.G DELI CAKES AND PASTRIES SCHOOL. It is located at Ekwulobia–Awka road Ekwulobia, Anambra State. It is owned by Ezeugo Ngozi Augustina.

REGULATORY ISSUES

This business is going to be registered with Corporate Affairs Commission (CAC), National Agency for food and Drug Administration Commission (NAFDAC) and

other essential regulatory bodies as the products will carry a NAFDAC registration number.

SOCIAL ISSUES

This business will be one of the biggest cakes and pastries business in Ekwulobia and as such will create employment opportunity for the inhabitants. It is not going to cause any form of social vices in the location.

ENVIRONMENTAL ISSUES

This business will not cause any form of environmental hazard in the location. Wastes are going to be disposed properly. There will be good and working drainage system, to avoid pollution of the environment.

FINANCIAL PLAN

PROJECT COST

The total cost of this business is ₦1,200,000 broken down into ₦700,000 fixed capital and ₦500,000 working capital.

FIXED CAPITAL COST

S/N	ITEM	AMOUNT(₦)
1	Shop	200,000
2	Table & Chair(for Office use)	20,000
3	Oven	50,000
4	Mixer	50,000
5	Generator	100,000
6	Refrigerator	100,000

7	Signpost	3,000
8	Burners	4,000
9	Pots	3,000
10	Rolling Pins	1000
11	Baking pans	5,000
12	Bowl	1,500
13	Whiskers	500
14	Cooking Utensils	5,000
15	Construction of tables and racks	40,000
16	Printer	30,000
17	Snacks warmer/ show case	40,000
18	Stepper racks for display	47,000
	Total	700,000

WORKING CAPITAL

S/N	ITEM	AMOUNT (₦)
3.	Flour	40,000
5.	Other Baking Items	40,000
6.	Salaries	300,000
9.	Water Bill	8,000
10.	Electricity Bill	12,000
11.	Transportations	30,000
12.	Fuel/Gas	30,000
13.	Repairs/Maintenance	10,000
14.	Administration Expenses	30,000
	Total	500,000

Total Fixed Capital = ₦700,000

Total Working Capital = ₦500,000

Total Project Cost = **₦1,200,000**

FUNDING PLAN AND STATEMENT

The total project cost is planned to be funded as follows:

Owner's Contribution (equity) = ₦400,000

Loan Capital = ₦800,000

Total Project Cost = ₦1,200,000

FUNDING AND REQUIREMENT

The funding requirement for this project is ₦800,000 since the promoters are committing ₦400,000 into the business.

Year	Principle(₦)	Repayment(₦)	Interest(₦)	Total Repayment(₦)	Loan Balance(₦)
1	800, 000	266,666	80,000	346,666	533,334
2	533,334	177,778	53,333	231,111	355,556
3	355,556	118,519	35,556	154,075	

DEPRECIATION SCHEDULE

S/N	ITEM	COS T(₦)	Scrap value(₦)	Life span	Depreciation cost (₦)	Depreciation (₦)
1	Table & Chair(for Office use)	20,000	5,000	10	15,000	1,500
2	Oven	50,000	30,000	10	20,000	2,000
3	Mixer	50,000	35,000	10	15,000	1,500
4	Generator	100,000	65,000	10	35,000	3,500
6	Refrigerator	100,000	60,000	10	40,000	4,000
7	Signpost	3,000	1,000	5	2,000	400

8	Burners	4,000	2,500	5	1,500	300
9	Pots	3,000	1,700	5	1,300	260
10	Rolling Pins	1000	400	5	600	120
11	Baking pans	5,000	3,000	5	2,000	400
12	Bowl	1,500	800	5	700	140
13	Whiskers	500	350	5	150	30
14	Cooking Utensils	5,000	3500	5	1500	300
15	Tables and racks (for production)	40,000	30,000	10	10,000	1,000
16	Printer	30,000	25,000	5	5,000	1,000
17	Snacks warmer/show case	40,000	30,000	5	10,000	2,000
18	Stepper racks for display	47,000	35,000	5	12,000	2,400
TOTAL						20,850

PROJECTED INCOME STATEMENT

ITEM	YEAR 1 (₦)	YEAR 2 (₦)	YEAR 3 (₦)
Turnover	2,500,000	3,000,000	3,600,000
Cost of sales	(1,731,000)	(2,077,200)	(2,492,640)
Gross margin	769,000	922,800	1,107,360
Less: Operating Expenses			
Salaries/ allowances	300,000	360,000	432,000
Interest on loan	80,000	53,333	35,556
Telephone and postages	30,000	36,000	43,200
Depreciation	20,850	20,850	20,850
Total Operating Expenses	(430,850)	(470,183)	(531,606)
Net Operating Profit	2,069,150	2,529,817	3,068,394

PROJECTED CASHFLOWS STATEMENT

ITEM	YEAR 1 (₦)	YEAR 2 (₦)	YEAR 3 (₦)
CASH-IN FLOWS			
Owner's Contribution	400,000	-	-
Loan from Bank	800,000	-	-
Revenue(sales)	2,500,000	3,000,000	3,600,000
Total Cash Inflows(A)	3,700,000	3,000,000	3,600,000
CASH OUT FLOWS			
Fixed Assets	700,000	-	-
Operating Expenses (less depreciation)	410,000	449333	510,756
Loan Repayment	266,666	177,778	118,519
Total Cash outflows(B)	1,376,666	627111	629,275
Net Cash Flows(A-B)	2,323,334	2372889	2,970725
Opening Cash Balance	-	2,323,334	4,696,223
Closing Cash Balance	2,323,334	4,696,223	7,666,948

PROJECTED BALANCE SHEET

	YEAR 1	YEAR 2	YEAR 3
CAPITAL EMPLOYED			
Fixed Assets	700,000	700,000	700,000
Less: Depreciation	20,850	41,700	62,550
Net book value	679,150	658,300	637,450
Current Assets			
Balance at Bank and in Hand	2,323,334	4,696,223	7,666,948
Less: current liabilities			-
	2,323,334	4,696,223	7,666,948
Less Creditors(Bank Loan)	533,334	355,556	-
Net Current Assets	1,790,000	4,340,667	7,666,948
Net Assets	459,000	470,800	484,960
BALANCED BY:			
Owner's Capital	400,000	400,000	400,000
Retained Profit	59,000	70,800	84,960
Owner's Fund	459,000	470,800	484,960

PROFITABILITY ANALYSIS

INDICATORS	YEAR 1 (₦)	YEAR 2 (₦)	YEAR 3 (₦)
Turnover	2,500,000	3,000,000	3,600,000
Net Operating Profit	2,069,150	2,529,817	3,068,394
Return on Owner's Capital	% 517	632	767
Return on Total Investment	% 172	211	256

BREAK EVEN POINT (BEP) ANALYSIS.

	FIXED COST(₦)	VARIABLE COST(₦)
Fixed Assets	700,000	-
Working Capital	-	500,000
Loan interest	80,000	
Depreciation	20,850	
Total	800,850	500,000

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

where FC= Fixed Cost =800,850

$$\text{VC} = \text{Variable Cost} = 500,000$$

$$\text{S} = \text{Sales or Turnover} = 1,731,000$$

$$\text{BEP} = \frac{800,850}{1 - \frac{500,000}{1,731,000}}$$

$$= \frac{800,850}{1 - 0.29}$$

$$= \frac{800,850}{0.71}$$

$$= 1,129,366.19$$

$$= 1,129,366.19$$

= 800,850

0.71

BEP= ₦1,127,957.75

OTHER CONSIDERATIONS, CONCLUSION/ RECOMMENDATION

ECONOMIC JUSTIFICATION

This business as it expands will be a huge employer of labor. It will attract economic development to the area of location through the localization of other industries for marketing, distribution or other purposes of economic interest.

COMMERCIAL VIABILITY

The products and services of this business are easily marketable because of the increase in demand of the products and services.

CONCLUSION/ RECOMMENDATION

This project from the point of view the analysis of our findings, the proposed project is found to be technically feasible, financially viable and economically desirable. The project offers good investment benefit. We therefore highly recommend it for funding and implementation.