

PART ONE

1.10 Executive summary

1.1 Name of Business

Uchemelda cake production outlet (U.C.P.O)

1.12 Contact Address

Slaughter road, Nsukka Town, Enugu.

1.13 Tel: +2348133026133

1.14 Type of Business

Retailer

1.15 Description of Business idea

A. Products or Services

Production, packaging and delivery of assorted types of cakes including vanilla, coconut, carrot, plain and chocolate cakes.

B. Customers

The entire public that value quality cakes.

C. Owners

Nnamani Uchenna Emelda who is the manager and is currently still a student.

1.16 Number of jobs to be created

By the time the business is up and running, it is expected that it will create direct jobs for at least 4 – 6 persons.

1.17 Start-up capital

a. Investment (Equipment, machinery and others): 5, 725, 000

b. Working capital: 5, 909, 800

1.18 Source of capital

a. Owner's capital: 6, 864, 800

b. Donations/Grants 2, 500, 00

c Bank loan: 5, 000, 000

1.19 Profitability

1. Year 1: N2, 297, 390

2. Year 2: N11, 463, 697.7

3. Year 3: N 13, 164, 466. 23

PART TWO

2.0 Background

2.1 Introduction

Nowadays, it is quite impossible to see a birthday celebration without a cake or a white wedding celebration without a cake (never heard of one). Cake production business is a lucrative business that has been recognized both in the local areas and developed areas. There are many outlets into the business of cake production in Nsukka town but none strive for quality, variety and consistency. After survey visits to some of the available cake production outlets in Nsukka town I discovered that there is need for improvement and people should see something different. Uchemelda cake production outlet is an outlet that strives for quality, variety and consistency. The outlet aims to create and deliver cakes to people of class in Nsukka since most of them travel all the way to Enugu just to purchase cakes.

2.2. Vision and mission statements

To create a market for people of caliber. To catch the interest of a regular customer base with broad varieties, to build a strong market position in the area regardless of competitors that may emerge and constantly ensuring customer satisfaction.

2.3. Ownership

The business will be owned by a sole proprietor, Nnamani Uchenna Emelda. The project promoters however, will be family and friends.

2.4. Location and facilities

The outlet will be located along Slaughter road in the central market of Nsukka town, Enugu state, Nigeria.

2.5. Production/services

Product name: Shimmer cakes

Description of product: the products will include a variety of cup cakes that will be packaged for distribution, wedding cakes and other celebration cakes. For a start, the cup cakes will be of the following varieties:

Plain cake

Coconut cake with or without toppings

Chocolate cakes with and without toppings

Carrot cakes with and without toppings

The available toppings and icing will include: chocolate toppings, banana flavoured toppings and vanilla and strawberry flavoured toppings, Fondant icing, glaze icing and butter icing.

Services: Uchemelda cakes outlet is not just a production centre, it will serve as a learning centre for young people interested in cake production. Service will include doorstep delivery of products.

2.6. Production plan

Uchemelda products: shimmer cakes have been in existence but due to circumstances surrounding the business, it came to a halt. Now the outlet wants to stand and has a bigger plan. The plan is to create a labour saving and efficient cake production outlet. This will involve the use of some medium size machines like mixer, fridge, oven, electric egg beater, etc.

2.7. Business strategy

The business will not be managed by an ordinary businessman, the business will be managed by a nutritionist and dietician who knows the dos and don'ts in food production. The safety and quality of the products is rest assured. A phone call is enough to do all transactions and what you need will be at your doorstep. The business will employ smart young people that will render cake services to the masses. The packaging will be customized according to client's choice and people will get to choose among varieties.

2.8. Key success factors

Location: The location of the outlet is at the centre of Nsukka which is easy to locate. The outlet is aimed at achieving a recommendable customer care service.

Packaging: It will be in a way that people will prefer to purchase this brand and inscriptions will be customized according to customer's choice.

Distribution: It will be readily available at the point where it is most needed.

Branding: It will be designed in a very unique and attractive way, that will be irresistible to people.

Loyalty and dedication: to be loyal and dedicated to our customers, because we recognize that corporate commitment to success should lead to the survival and prosperity of the business.

PART THREE

3.0. The Market

3.1. Nature, location, size, and attribute analysis

Uchemelda cake production outlet is an outlet where every cake lover will count on to obtain quality, beautifully decorated, well packaged and well delivered cakes with a variety of choices available. The idea behind this is to ensure that people who can afford something unique and who know the worth of quality cakes when they see one can be satisfied and save them the stress of travelling far places just to get one that will suit their class and taste.

Slaughter road will be a perfect location to start up this business as it is close to the dwellers of Nsukka town and University of Nigeria Nsukka which is the education centre of Nsukka town.

3.12Key Competitors and competitive advantage

Direct and Indirect Competition

Competitor	Strengths	Weaknesses	Other attributes
1. Bread	Indirect	Has become monotonous and	They form a daily part of many

producers		has an entirely different product attributes from cakes. Breads are not used for celebrations.	people's meal.
2. Catering service providers	Indirect	Do not usually produce quality cakes because cake production is not their area of specialization.	They are usually more exposed, meet people and are more likely to get people.
3. Available Cake producers	Direct	Most of them do not have the nutrition knowledge to back up the business. They use unskilled labour and most of their products are inconsistent (based on Interactions with customers who patronize cake producers)	People already know them. Products are usually cheap because they do not produce quality cakes.

c. Competitive positions and specific advantage

Rank	Competitor	Strengths	Weaknesses	Your edge over competitor
1.	Bread producers.	Products are widely used. Most people prefer to take them as snacks. Breads are cheaper.	They cannot be used for special occasions like weddings.	Produce cakes in quantities that can serve as a part of daily meals.
1.	Catering service	Have a better contact with	They are not so	Will be managed

	providers	people	knowledgeable about cake production. There is usually no variety and considerations of customer's choice.	by a nutritionist and dietician who knows more about food production. Customers will be amazed at the number of alternatives to choose from.
2.	Available cake producers	They are known in Nsukka		A different exciting taste, a different look, doorstep delivery, customized packaging.

3.13 SWOT Analysis

A. Strengths

1. Closeness to the people who need them
2. Readily available and affordable
3. Hygienically packaged

4. Varieties of cakes under one roof
5. Young people can come to the centre for tutorials

B. Weakness

1. A lot of cake producers available

C. Opportunities

1. Internet marketing and sales though still at the conception stage
2. Individuals and families of this era appreciate luxury easily life and attractive packaging and presentation
3. Increasing population and urbanization of the area will contribute positively to business enterprise.

D. Threats

1. Poor power supply in the area
2. Existence of other local cake producers which may be cheaper.
3. Cost of transportation as a result of far distance of depots

MARKET PLAN

4.11 Market Segmentation

1. Restaurants and eateries like chitis, Marlina etc
2. Cakes for schools and dormitories
3. Door step delivery.

4. Bankers in the area who always demand for ready-to-use services and products, because they barely have time to go to the market.
5. U.C.P.O. will be focusing on the corporate and working class, as well as individuals who appreciate the goodness of perfect cakes.

4.12 Target Market

1. Schools with dormitories
2. Restaurants and eateries
3. Households and individuals
4. Office workers e.g. Bankers
5. Event planners
6. Students of the University of Nigeria, Nsukka

4.13 Description of the edge of product or product range of service

Product/Service	Celebration cakes	Cup cakes
Denomination/product line	Vanilla flavoured, coconut cakes, carrot cakes, chocolate cakes, Type of decoration: fondant, butter icing and glaze icing.	Vanilla and strawberry flavoured.
Specification (i.e. size, colour and quality)	Size 5(largest size), size 4, size 3, size 2 and size 1(smallest size). Shape: rectangle, circle,	Small size and big size

	square, star, teddy bear, calabash, etc.	
Packaging	Packaged with outlet's logo and customized with any description of customer's choice.	Packaged with outlet's logo

4.14 Marketing Plan Price

Product/Service	Wedding cakes	Birthday cakes	Special Orders	Cup cakes
How much are customers willing to pay?	Highest: 15000 Average: 8000 Lowest: 6000	Highest: 8000 Average: 5000 Lowest: 3500		Small size:- N50 per cup cake Big size: N50 per cake Distributor's: N40 per cake
Competitor's price	Highest: 16000 Average: 10000 Lowest: 8000	Highest: 10000 Average: 7000 Lowest: 5000		Small size: N50 Big size: N100 Distributors: N40 per cake
My Price	Highest: 20000 Average: 12000	Highest: 10000		Small size: N50

	Lowest: 8000	Average: 7000		Big size: 100
		Lowest: 5000		Distributors: N40 and N90 respectively
Reasons for setting my price	To be price competitive, but remain profitable			

4.15 Market Positioning Strategy

Uchemelda cake production outlet would be known for its unique innovation and excellence in customer satisfaction. However, our strategy is based on serving our markets well, proceeding as a market tester that could become a model of the expanding number of outlets in the future. Concentration will be on maintaining quality and establishing a strong identity in the local market. In the case of the products we would endeavour to always attract customers to try our products, through the provision of a see through service.

The environment will of course be at a point of easy access and conducive too.

4.16 Marketing Mix Implementation Tools

Advertising message: As a start-up business, aggressive market strategy will be adopted in order to win a strong customer base and recognition in the market area.

Pricing: Our price will be unbeatably attractive for the quality of products available.

Packaging: Attractive and hygienic packaging will be our major advantage.

4.17 Channel of Distribution

Individuals

Since the business is a sole proprietorship, it simply means that products and services will be better marketed directly to individuals or final consumers

4.18 Start-up Promotion

Free gifts: for the first three months of start-up, free gifts like pens, wristband, plastic cups with an inscription of the company name will be given to customers.

Discounting: for the first two months of operation, we will give 5% discount to the first set of customers.

Flyers: This is a very active medium of creating awareness. Therefore, flyers will be printed to facilitate publicity.

4.19 Alliances

The business requires a long standing relationship with suppliers as well as partner vendors as earlier stated, the essence being business bonding.

4.20 Marketing Calendar and Budget

Date	Marketing Plan	Evaluation Index	Personnel Involved	Estimated Costs
	Advert on radio	Two times on radio	Outsourced	250, 000
	Road shows in the town	Presence of flyers and posters in the town	Outsourced	300, 000

	Sales promotion through gifts	Free gifts on purchase for 3 months	Outsourced	150, 000
			Total	700, 000

PART FOUR: TECHNICAL ANALYSIS

5.10 Production plan:

5.11 The Project

Just like it has been mentioned earlier, the products and services to be rendered are: cakes of different varieties. Most of the celebration cakes are based on orders but emergency celebration cakes will be available like five every day.

5.12. Production Process

The outlet will receive supply of flour and margarine from Onitsha on a bi-weekly basis or two to three times as the case may be.

5.13. Machinery, equipment, and other requirements

S/N	Investment (Equipment and others)	Qty	Life Span	Other comments
1	Land	½ plot	Yet to be procured	
2	Building	1 bungalow	50 years	Yet to be procured
3	Equipment and Machine			
	i.Deep freezer	3	5 years	Yet to be procured

ii. Kitchen scale	3	5 years	Yet to be procured
iii. Generator (30 KVA)	1	5 years	Yet to be procured
iv. Fans (ceiling fans)	3	5 years	Yet to be procured
v. Mixer	2	3 years	Yet to be procured
vi. Egg beater	2	3 years	Yet to be procured
vii. Oven	2	5 years	Yet to be procured
viii. Cake pans	Two sets	1 year	Yet to be procured
ix. Cake ladles	2	2 years	Yet to be procured
x. Icing set	2	3 years	Yet to be procured
xi. Graduated cylinder	1	3 years	Yet to be procured

5.14. Technology

Production of cake is not quite simple if one wants to achieve consistency in products. For ease of production, certain production processes which some local producers use crude tools to carry out will be done with better technologically improved equipment.

5.15 Quality assurance and Standardization

To ensure quality service and production, Uchemelda cake production outlet will ensure that there is consistency in product attributes and provide services and answer orders timely.

6.0. Management and Organisational Structure

6.10. Shareholders/Directors

Uchemelda cake production outlet is a sole proprietorship. It is wholly owned by Nnamani Uchenna Emelda who will manage the affairs of the outlet.

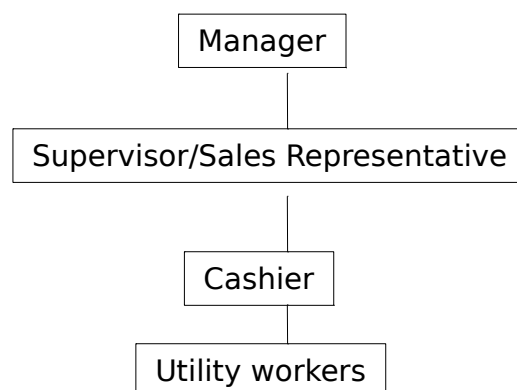
However, to help the day to day management of the outlet, some good hands that are needed will be hired.

6.12 Management Team

- i. Manager: Miss Nnamani Uchenna Emelda(owner)
- ii. Supervisor/Sales representative: Diploma in business administration with minimum of 2 years working experience.
- iii. Cashier: O’level, with minimum of 3 years working experience.

In the future, following expansion, more hands will be needed in the management of the business like an accountant, technician—for servicing and maintenance of the machinery i.e. technical know-how, and also more sales personnel, also drivers for after sales delivery and direct movement of produce from abattoirs and poultry to the outlet.

6.13 Organizational structure



6.14 The Personnel Plan (Staffing and Salary Structure)

S/N	Position	No of Staff	Salary per staff	Total	annual
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			per month	salary
1	Manager	1	100, 000	1, 200, 00
2	Supervisor/Sales representative	1	30, 000	360, 000
3	Cashier	1	10, 000	120, 000
4	Utility workers	2	7, 000	168,000
		Sub-total = 1, 848, 000		
	Add 5% fringe benefits and bonus			92, 400
	Total			1, 940, 400

6.15 External Support (Out sourcing) The capacity of the managing crew and the already envisaged organization as a body might not be adequate to handle all manner of task pertinent to the organization. In this instance, the organization may need to outsource certain roles or tasks.

6.16 Organization's Values and norms

Uchemelda cake production outlet will endeavour to live to its name and slogan never compromising its quality.

Its aim will simply be to provide first class grade cakes to customers and also to show highest level of integrity and honesty.

PART FIVE

7.10 Legal, regulatory, social, and environmental issues

7.11 Legal issues

No special licenses are required for the operation of the business; however, attempts will be made to get all necessary permit and licenses, especially from the local government.

7.12 Regulatory and Environmental Issues

A. Regulatory Issues

- i. will comply with all relevant industry safety regulatory requirements
- ii. This business is not yet registered with anybody, but if when established the need arises, it will comply to any necessary registrations.

B. Environmental issues

This business poses virtually no environmental hazard to the environment. However, the disposal of useless equipments shall be handled carefully.

PART SIX

8.0 Financials

8.11 Equipment, Machinery and others needed to Produce the Products/Service

S/N	Investment (Equipment and others)	Qty	Unit cost (N)	Total Cost (N)
1	Land	½ plot	1, 500,000	1, 500, 00
2	Building	1 bungalo w	2, 000, 000	2, 000, 000
3	Equipment and Machine			
	i. Deep freezers	3	50, 000	150, 000
	ii. Weighing scale	3	2, 000	6, 000
	iii. Generator	1	120, 000	120, 000
	iv. Fans	3	5, 000	15, 000
	v. Mixer	1	4800	4, 800
	vi. Egg beater	2	500	1000
	vii. Oven	2	15500	31000
	viii. Cake pans	2	2500	5000
	ix. Cake ladles	2	250	500

	x. Icing set	2	5000	10000
	xi. Graduated cylinder	1	2500	2500
	vi. Furniture/fixture and		50, 000	100, 000
	vii. Fittings			
	Total investment			3, 895, 800

8.12 Sales Plan=

	Year 1	Year 2	Year 3
Product/Service	Cakes	Cakes	Cakes
Product/Service Quantity (Volume)	33, 000 kg	49, 500	49, 500
Price per unit	850	950	1, 000
Sales	28, 050, 000	47, 025, 000	49, 500, 00

8.13 Cost Plan

	Year 1	Year 2	Year 3
Product/Service	Cakes	Cakes	Cakes
Product/Service Quantity (Volume)	60, 000 kg	120, 000 kg	120, 000 kg
Cost per unit	600	700	800
Cost of raw inputs	36, 050, 000	47, 025, 000	49, 500, 000

8.14 General Cost of Administration

Item	Current (for existing projects only) (N)	Proposed (for new/expansion projects) (N)
a. Rents and Rates (Electricity and gas)	120, 000	120, 000
b. Traveling expenses	20, 000	20, 000
c. Stationery and Sundry expenses	10, 000	10, 000
d. Insurance	150, 000	150, 000
e. Other Expenses	50, 000	50, 000
TOTAL	350, 000	350, 000

8.16 Preliminary & Pre-Operating Expenses (For New Projects Only)

Item	Amount (N)
a. Company Incorporation	150, 000
b. Traveling Expenses	50, 000
c. Preparation of Business Plan/F.S.	30, 000
Total	230, 000

8.17 Working Capital Projection (to cover the gestation period)

Working Capital Items	Year 0 (N)	Year 1 (N)	Year 2 (N)	Year 3 (N)
Stock of raw materials #1	3,000,00 0	3,000,000	3,500,00 0	3,800,000
Provision for utilities and others	100,000	100,000	100,000	100,000
Salaries/Wages	2,809,00 0	2,809,000	100,000	100,000
Debtors: 7 days value of annual sales	NIL	567,000	1,000,00 0	1,270,000
Less creditor	NIL	815k	1m	1.6m
Working Capital	5,909,80 0	5,094,800	1,150,00 0	6,379,800
Increase/Decrease in working capital		248,000	6,239,80 0	330,000

8.18 Start up Capital Needed

S/N	Item of Expenditure	Amount
1	Fixed asset investment (Equipt., Machinery and other requirements)	5, 725, 000
2	Working Capital	5, 909, 800

3	Pre-operating expenses	230, 000
	Initial Total Investment Outlay	11, 864, 800

8.19 Financing Plan

S/N	Source of Fund	Amount
1	Owner's capital	6, 864, 000
2	Bank loan	5, 000, 000
	Total	11, 864, 800

8.20 Loan Repayment and Interest Payment Schedule

Year	Loan/Loan Bal B/d	Interest	Annual installment	Loan repayment	Loan Bal c/f
	A	B	C	D	E
	A	$B = r(A)$	C (A value in eqn. 1)	$D = C - B$	$E = A - D$
0	5, 000, 000	N/A	N/A	N/A	5, 000, 000
1	5, 000, 000	1, 000, 000	2,373,626.37	1,373,626.37	3,626,373.62
			5	5	5
2	3, 626, 373. 625	725,294.725	2,373,626.37	1,648,851.65	1,978,021.97
			5		5
3	1, 978, 021. 975	395,605.395	2,373,626.37	1,978,021.97	NIL
			5	5	

An interest rate of 20% was used.

8.21 Schedule of Depreciation

S/N	Item of Depreciation	Initial Value	Scrap Value	Life span	Depreciation
1	Land & Building	3,500,000	2,500,000	50yrs	20,000
2	Equipment & Machinery				
3	Deep freezer	50,000	25,000	10 yrs	2,500
4	Weighing scale	2,000	1,000	10 yrs	2,500

5	Generator	120,000	1,000	10 yrs	100
6	Fans	15,000	7500	5 yrs	700
7	Mixer	800	400	5 yrs	80
8	Egg beater				
9	Oven				
10	Cake pans				
11	Cake ladles				
12	Icing set				
13	Graduated cylinder				
14	Furniture/fixture and	100,000	50,000	10 yrs	5000
Total Depreciation		vii. Fittings			34,380

8.22 Financial Accounts Projection

8.23 Estimate of Profit and Loss Accounts for the first 3 years			
Particulars	Year 1	Year 2	Year 3
Sales	28,050,000	47,025,000	49,500,00
Net Sales	28,050,000	47,025,000	49,500,00
Less Expenses:			
Cost of raw materials	36,000,000	84,000,000	96,000,000
Salaries	1,940,400	1,940,400	1,940,400
Rent (Electricity & gas rates)	120,000	120,000	120,000
Telephone (Travelling expenses)	20,000	20,000	20,000
Electricity (Stationary & Sundry)	10,000	10,000	10,000
Insurance	150,000	150,000	150,000
Legal (Other expenses)	50,000	50,000	50,000
Total Expenses	38,290,400	86,290,400	98,290,000
Profit before Tax/Int	4,360,200	17,180,200	19,280,200
Less Interest	1,000,000	725,274.725	395,605.395

Profit After Interest	3,360,200	16,454,925.28	18,884,594.61
Less Tax 30%	1,008,060	4,936,477.583	5,665,378.382
Profit After Tax	2,352,140	11,578,447.7	13,209,216.23
Less Depreciation	34,380	34,380	34,380
Net Profit	2,297,390	11,463,697	713,164,466.23
Appropriation	Year 1	Year 2	Year 3
Dividend	1,148,695	5,731,848.85	6,582,233.115
Retained Earnings	1,148,695	5,731,848.85	6,582,233.115

8.24 Cashflow Projection			
	Yr 1 Total (N)	Year 2 Total (N)	Year 3 Total (N)
Cash In			
Bank loan	5,000,000		
Sales Income	27,230,000	48,150,000	60,900,000
Total Cash In	11,864,800	27,230,000	48,150,000
Cash Out			
Cost of Goods	19,500,000	27,550,000	38,200,000
Interest Expenses	1,000,000	725,274.725	395,605.395
Loan Repayment	1,373,626.375	1,648,851.65	1,978,021,975
Tax	1,008,060	4,936,477.583	5,665,378.382
Dividend	1,148,695	5,731,848.85	6,582,233.115
Salaries	2,809,800	2,809,800	2,809,800
Total Cash Out	11,864,800	26,890,181	43,402,252
Net Cash Flow	339,818.625	4,747,747.19	5,268,961.133
Opening cash Bal	NIL	339,818.625	5,087,565.815
Closing Cash Bal	339,818.625	5,087,565.815	10,356,526.95

8.25 Balance of Sheet

Balance Sheet Assets	Start Date	Year End	Year 2	Year 3
	Year 0	i.e., Year 1		
<i>Fixed Assets:</i>	5,725,000	5,725,000	5,725,000	5,725,000
Less Cum.Dep	NIL	54,750	109,500	164,250
Total Fixed Assets (A)	5,725,000	5,670,250	5,615,500	5,550,750
<i>Current Assets</i>	3,139,800	4,591,245	7,258,022	6,404,305
Debtors	NIL	567,000	1,000,000	1,270,000
Stock	3,000,000	3,000,000	3,500,000	3,800,000

Total Current Assets (B)	11,864,800	13,828,495	17,378,550	17,025,055
TOTAL ASSETS (C)	6,139,800	8,158,245	11,758,022	11,474,305
Liabilities	815,000	1,150,000	1,600,000	
Short Term Loan	1,373,626	1,648,851	1,978,021	
Total Current Liabilities (D)	2,188,626	2,798,851	3,578,021	
Capital Employed (A – D)	5,000,000	5,000,000	5,000,000	
Long Term liabilities	3,626,373	3,626,373	3,626,373	
Long Term Loan	1,978,021	1,978,021	1,978,021	
Long + Short Term Liability. (F)	5,000,000	5,815,000	4,776,873	3,578,021
Shareholders' Equity (C – F)	6,864,800	8,013,495	12,596,648	13,447,033
Shareholders' Equity:				
Capital (Shares)	6,864,800	6,864,800	6,864,800	6,864,800
Retained Profits	1,148,695	5,731,848	6,582,233	
Total shareholders' fund (G)	6,864,800	8,013,495	12,596,648	13,447,033
TOTAL LIABILITIES (F+G)	11,864,800	13,828,495	17,373,522	17,025,055

10.12 Contingency Plan and Exit Strategy

No exit is planned; rather diversification and expansion will be pursued.

PART SEVEN

11.10 Other considerations and Conclusion

S/N	Risks	Mitigants
1	Unexpected events	Adequate and appropriate insurance policy will be taken
2	Low start-up demand due to unawareness on the part of customers	Aggressive advertising and promotion strategies
3	Existence of competitors both existing and new	Continuous advertising and maintenance of a high standard at competitive price

11.11 Economic Justification

This business has the following economic justifications—it will create employment opportunities to at least four persons at startup, and more subsequently.

11.12 Commercial Viability

The business of cake production to the consumer is viable, as individuals will never stop to order cakes for birthdays neither will weddings ever cease to happen and cakes will always be used to celebrate.

11.13 Conclusion and Recommendation

My recommendations is that this business entity, Uchemelda cake production outlet is highly recommended for implementation and funding since it proves to be commercially viable, and of course of no environmental harm.

