

UNIVERSITY OF NIGERIA NSUKKA

FACULTY OF THE SOCIAL SCIENCES

DEPARTMENT OF RELIGION AND CULTURAL STUDIES

TOPIC:

A BUSINESS PLAN ON PEPPER PLANTATION

A TERM PAPER

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

BY

IGWE MAUREEN CHINONSO

REG. NO: 2014/192645

LECTURER: DR. MRS. CHINYERE NWAOGA

JULY 2017

PATCOMA is a Framers Based Organisation made up of 144 farmers belonging to the following 5 farmers groups:

Prince Alfred Road Agriculture Project

Ategbah Town Women Agriculture Association

Cole Town Women Agriculture Association

Betts Farm Agriculture Project

Gbatama Farmer Field School Agriculture Project

The groups are all registered with the Western Area Rural District Council in Waterloo. The name PATCOBAMA is an acronym representing Prince Alfred Road project, Ategbah town women's Association, Cole town Women's Association, Betts Farm and Gbatama Farmer Field School.

1.0 Business Idea

The PATCOBAMA business idea is to cultivate red hot Sanda pepper to process and market it in powder form.

Pepper and okra will be cultivated, harvested, dried, powdered, packaged and sold to super markets, restaurants, hotels, boarding homes, police and army training schools, agents and street vendors in small, medium and large plastic sachets/bowls of 15 gm, 40 gm and 100 gm respectively. The main reference market is in Waterloo and Freetown.

1.1 The innovations

Pepper is grown throughout the country. The following innovations will be implemented by this business:

1. Pepper seeds beds will be nursed, and seeds/seedlings transplanted in clean, non contaminated environments
2. Chicken manure and palm kernel cake will be used as fertilizers
3. pepper will be irrigated with water from protected wells.
4. The raw pepper will be passed over hot steam to maintain its red color before drying
5. The pepper will be dried on a drying pad sealed off from wandering animals or human beings
6. The products will be ground in an engine powered machine under safe and hygienic conditions
7. No coloring or additive shall be added as is usually the case with ground pepper sold in the market
8. Workers in the processing room will wear nose masks and hand gloves during the processing
9. The processing room shall be tiled to improve on hygienic conditions
10. The powder will be packed in plastic sachets/bowls. The product will be promoted through television, the radio, drama and skits, jingles, market stalls, sample distribution to the general public and leaflets/fliers
11. The products will be certified by the Sierra Leone Standards Bureau and the Ministry of Health and Sanitation
12. The milling house will be located around the Sierra Leone Red Cross site in Waterloo, away from high human traffic

1.2 Land availability to the groups

The following acres of land are currently available for cultivation by the five groups:

1.3 GROUP SWAMP DRY LAND TOTAL ACRES

Attegbah town 2.2325 0.00677 2.8229

Betts Farm 11.6419 11.2914 22.9333

Gbattama --- 2.1636 2.1636

Prince Alfred Road 1.0123 2.3196 3.9972

Cole Town Women 1.0123 0.9786 1.9909 **Total acres 15.899 16.75997 32.65897**

In order to expand production the business may sub contract to individual farmers in the area in future production cycles.

2. Operational Plan

The operational plan is based on the seasonal calendar during which the crop is usually grown, i.e. from October to May/June in swamps, and from May/June to October for upland cropping. And this is shown in the table below

Key:

P=pepper

1=1st week,

2=2nd week,

3=3rd week.

4=4th week of the month

*=1st cropping season

x=2nd cropping season

Table 1

Months	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Pre-production activities 1st and 2nd cropping												
Land preparation for nursing	*P 2	x P 2	x P1	x O1	X O							
nursing	*P 3	*P2	xP2	x P 1								
Compost preparation	*p2	xO1	Xp2									
Transplanting planting and, compost application	xO1,2	xO1	*P1 *O1	xO3	x P 1	x O 3	xO1					
Weeding	xP,O	xP,O	*O *P	*P *O	xO 1 xP1							
Harvesting	xO,P	xO,P	xOP	*O2	*O	*O	*O	O,P,				
*P1	*P	*P	*P									
Processing – Drying Grinding Packaging	O,P	O,P O,P O,P	O,P O,P O,P	O,P O,P	O,P O,P							
Marketing	O,P	O,P	O,P	O,P	O,P	O,P	O,P	O,P	O,P	O,P	O,P	O,P

2.1 Pre-Production

2.1.1. Seed Variety – the Sanda variety is preferred to all others for it is spicy and red and can be grown just about anywhere. The seeds of this variety were got from dealers in pepper, direct from Sanda

2.1.2 Land preparation for nurseries

BEOs from MAFFS and NAFSL are hired to instruct the groups in the construction of beds, nursing of seeds using sand mixture to ensure spacing and healthy seedlings. This will ensure spacing of seeds that will grow into healthy seedlings, hence give good yields.

In addition farmers will be instructed in Integrated Pest Management practices, whereby cultural practices, rather than chemicals are used to control pest and diseases.

2.1.3. Seeds selection

2.1.3. Seeds selection

Pepper

Viable Sanda pepper seeds is procured from dealers and supplied to the groups in a rotational fund to be loaned to individual group members according to need and the land space they intend to cultivate for each crop.

Table ii

PEPPER SEEDS PLANTED IN BUTTER CUPS (wk 3 - Sept 09) Attegbah Town	Cole Town Women's Asso	Betts Farm	Prince Alfred Road	Gbattama	Total cups of seeds

7	6	10	8	8	49
---	---	----	---	---	----

2.2 Production

The groups will be trained in UPFS (Urban Producers Farmer Field School) in best practices of pepper and okra production. Such practices as acclimatizing the seedlings to field temperature prior to transplanting, transplanting when the seedlings are 7-8 cm high for pepper, and good spacing; use of improved farming methods, use of nutrient-rich palm kernel cake and chicken manure, to be applied at planting and 40 days after planting for pepper.

2.2.1 Irrigation

Farmers normally irrigate their crops using available grey water from shallow wells or from running streams around their plots. This is usually polluted, non potable water. The innovation in this business is that there shall be protected and sealed wells constructed mainly for the purpose of irrigating the crops using treadle pumps, once the dry season sets in.

2.2.2 Farm tools /equipment

Tools and equipment will be imported brands and locally fabricated ones. Farmers are used to local tools especially machetes and small hoes. Hard and durable metals like scrap motor springs shall be selected for the fabrication of local tools.

2.3 Harvesting

The ideal time for harvesting both pepper and okra is either early in the morning, or late in the evening, when the temperature has dropped considerably. Pepper will be harvested when it is mature, i.e., partly ripe and firm. Harvesting will be conducted by detaching the pedicel either using the fingers or scissors. Care will be taken to remove undersized, brushed or diseased pepper from the rest to prevent transfer of infectious diseases or contamination.

The first and second harvests, which have larger, firmer and robust fruits, shall be graded together as one grade, while subsequent harvests shall be graded as second and third grades respectively. This will determine price variations of the final products.

2.3.1 Handling

To avoid damaging peppe, harvested crops will be carried in plastic bowls. The fresh fruits shall be gathered in a shaded place until the exercise is complete and the bulk conveyed in a tri-cycle to the drying floor

2.4 Processing

2.4.1 Grinding

The dried products will be ground into fine powder in an engine powered machine. Again this phase of the exercise will be conducted under maximum hygienic conditions. Personnel will use nose and face masks, in addition they will have their heads covered while working.

Grinding of pepper for this business will be done after thorough drying.

2.4.2 Packaging and labelling

The powder will be weighed on a scale to determine the different weight categories. There will be initially packets of 15 gm and 40 gm, and bowls of 100gm and 200 gm. These will be sealed in plastic sachets//bowls, with logo, label, dates of production and date of expiry.

2.5 Labour

Unskilled labour for cultivation, processing and marketing of pepper and okra shall be undertaken by the farmers. In addition, farmers will be instructed in the use of machines. They will take part in the construction of both the mill and the drying pad and any other business related operation. Skilled labour that requires expertise shall be contracted by the management committee in consultation with the farmers.

3. Marketing Plan

3.1 Marketing

The products will be sold first within the localities of Waterloo and Freetown to various potential buyers including restaurants, hotels, supermarkets local cookery sellers, boarding homes, etc.

From market research conducted on potential buyers of pepper:

1) 16,308 grams or 604 cups of powdered pepper were demanded by potential buyers per week, and they offered to pay le 800.00 for a 15 gram packet or le 869,760.00 for the 16,308 grams of pepper

3.2 Promotion

Promotion will be done through jingles and talk shows on radio Vias city in Waterloo; Citizen Radio (FM 103.7), Peace Radio, Kissy town, the national television (SLBS TV), drama, skits, street adverts through mega phone, brochures/fliers and later on weekly markets in Feredugu, and Bamoi Luma and eventually in all parts of the country.

Promotion will also be done through distribution of samples to the general public.

The marketing campaign will focus on the concept of a local product, carrying strong local flavour and being unadulterated and safely packaged.

3.3 Transportation of product to and from production site

A tri-cycle will be used to convey the raw product to the mill; and packed products to stalls and markets as the demand dictates.

4. Financial Plan

4.1 Capital cost

ITEMS	QUANTITY	UNIT COST	TOTAL COST/le
Land for mill construction	5,000,000.00	5,000,000.00	
Farmers' contribution			
Grinding machine	1	5,000,000.00	5,000,000.00
Sealing machine	4	400,000.00	1,600,000.00
Drying floor	1	5,912,000.00	5,912,000.00
Furniture	-	-	2,826,000.00
Tools		10,155,000.00	
Irrigation system-treddie pump	5	4,000,000.00	20,000,000.00
Tricycle	1	10,000,000.00	10,000,000.00
Digital scale	4	75,000.00	300,000.00
TOTAL COST		60,793,000.00	

Description	Unit	Amount
6-0-0	Material cost	28,521.00
6-0-0	Labour cost	8,500,000.00
6-0-0	Transportations cost	1,600,000.00
6-0-0	Contingency	467,000.00
6-0-0	Drying floor	5,912,000.00
39,088.000.00		
TOTAL		46,192,000,000.00

Grand total for construction of one store-house measuring 20x 0 – 15x 0

Construction of the store house costs 39, 088.00

Construction of drying floor 5,912, 00

TOTAL COST = 45,000,000.00

ITEMS	QUANTITY	UNITY COST	TOTAL COST/LE
Rent on land for production (3yrs)	24.5 acres	2,500,000.00	61,250,000.00

Farmer contribution			
Certification – Standards	1	2,000,000	2,000,000.00
Bureau Registration with the Ministry of Trade and Industry	-	-	-
Compensation for committees	3% of total sales	-	3% of total sales
Repairs & maintenance	2% of sale	-	2% of total sales
Tools Replacement	0.3% of sale	-	0.3% of sales
Communication/cell phone bill	9,600 units	326,400.00	
Advertisements			
1.Talk show	2	150,000.00	300,000.00

Variable Costs ITEMS			
QUANT	UNIT	COST	TOTAL
ITY	for	COST/ LE	
Dye	for	400,000.00	400,000.00
printing plastic material	150	18,000.00	270,000.00
in kg Stamp	1	300,000.00	300,000.00
for 50 gram			

material			
Stamp	1	300,000.00	300,000.00
for 100			
gram			
material			
Stamp for 200 gram	1	300,000.00	300,000.00
Labor cost (farmer		52,575,000.00	
contribution)			
Sacs	50	100,000.00	500,000.00
Manure	50	35,000	1,750,000.00
Fertilizer	10	180,000	1,800,000.00
Movements/traveling	-	-	500,000.00
(1) Cyper sect.	2	70,000	140,000.00
Stationery		150,000.00	
TOTAL		58,985,000.00	

4.5 COST BUDGET SUMMARY

No	Sub	Total Le
	Heading	
1	Capital	105,793,000.00
	Cost	
2	Fixed	64,601,400.00
	Cost	
3	Variable	58,985,000.00
	cost	
	Grand	229,379,400.00
	Total	

Calculations of Profitability Assumptions Based on the Current/Actual market Prices

pepper

It is assumed that,

1 acre yields 600 kg raw pepper

5 kg raw pepper when dried yields 1 kg dry pepper

Therefore, 600 kg raw will yield 120 kg dry pepper

50 gram powdered pepper sells at le 2,500.00

1000 grams = 1kg.

Therefore 120 kg = 120 X 1000 = 120,000 grams

120,000 /50 = 2,400 X le, 2,500.00 = le 6,000,000.00

Therefore 1 acre or 120 kg dried pepper when ground will make a sale of

Le 6,000,000.00 per season

Determining the break-even point

Based on the above for five acres---

In one year or two seasons of cropping, a total sales turnover is projected at le10,400,000.00 per acre for pepper and le 7,533,000.00 per acre for okra, making a total of le 17,933,000.00

For five acres, (each of the five groups is expected to cultivate at least one acre of crop) the annual gross sales is expected to be Le 52,000,000.00 for pepper and Le 7,533,000.00 making a total of Le 59,533,000.00

With this projection, a break-even point shall be reached with the sale of the second production of the third year that is by April/May 2011.

4.7 Intermediate Loan/ Financial Support

The time of harvest of the current pepper is expected to coincide with scarcity of raw pepper on the market. The temptation on the farmers to sell the produce raw will be great. To prevent such occurrence the farmers should be provided with at least part payment at harvest time.

To this effect, Patcobama farmers association secured a revolving fund of 20,000,000 Le.

The management committee which is responsible for running the business will make a part payment of 40% of current market price of the produce from the revolving fund of Le 20,000,000.00. This amount is meant to cushion off the temptation to sell produce while processing is in progress. The dried produce will be standardized in terms of weight and degree of dryness and be kept in the custody of the group leaders, while awaiting grinding, packaging and marketing. Once accepted for grinding, the payment will be made to the producers. The balance payment will be made as a share of profit from the sales of the packaged product. Sales will replenish the revolving fund which will be use in the next cropping seasons also to contract out new farmers for sanda pepper cultivation.

5. Organisational Plan

The Committee of fifteen

The organizational structure comprises a group of members (three from each group) entrusted with the responsibility of directly running the business on day to day basis. It is an umbrella organ. The members were nominated and elected by the larger individual groups themselves based on integrity and credit worthiness criteria, to represent the groups' interests.

They shall occupy these positions for an agreed period of time. Occupancy of these positions shall be rotational among the general groups unless otherwise stated. All

11 positions are voluntary for the first phase of the process, until when the whole group shall decide what amount of money they would allocate to compensate members of the committee.

Committee Memembers

Name	Group Represented
Aminata Josiah	Ategbah Town Farmers Association
Marie P. Kargbo	Ategbah Town Farmers Association
Dora Sesay	Ategbah Town Farmers Association
Margaret Taylor	Gbatama FFS
Fatmata Bangura	Gbatama FFS
Aminata Kamara	Gbatama FFS
Fatmata Bangura	Betts Farm
George Morgan	Prince Alfred Road
Jestina Koroma	Prince Alfred Road
Sanusie Thomas	Prince Alfred Road
Kadiatu Faiya	Cole Town
Alusine Fullah	Cole Town
Bamba Mansaray	Cole Town

The committee has an executive that shall handle the administration of the business. The members of this executive were elected at a meeting in Waterloo on 17th December 2009.

Below are the names of the different positions and holders:

- A) Chair person Fatmata Bangura Betts Farm
- B) Secretary Marie P. Kargbo Ategbah town

C) Treasurer Aminata Bangura Gbattama

D) Financial Secretary Alusine Fullah Cole town

Production Committee

This committee will perform the following functions:

Ensure that groups secure good seeds for cultivation

Ensure that land preparation for cultivation by the rest of the individual groups commences on time

Monitor the operations of the other groups

Make sure that harvesting of crops is done timely

Visit all farms regularly, especially during critical stages like beds construction, transplanting/planting, weeding, mulching and harvesting to ensure that all processes are conducted according to standards

Ensure hygienic standards are maintained throughout the different stages

Oversee the harvesting; ensures that the harvested fruits are properly handled and taken to the drying floor

Processing Committee

The processing committee will perform the following duties, among other functions:

In the first place, any group that brings in pepper or okra for grinding will pay an agreed sum of Le 5,000.00. Per bag (about 35 kg) as processing fee for that produce. This amount will go into PATCOBAMA account to sustain the business, for repairs, fuel, oil and spare parts purchase as wells as general maintenance.

Receive the pepper/okra once it is brought to the mill

Record the quantity of the produce

Help in the drying process of the product jointly with group representatives

Ensures that the produce is dried to perfection

Issues receipt to any group that brings in produce

Makes sure that the processing machine is in order

Purchase all materials for packaging ahead of time

Ensures that at least two members from each group are trained in operating the packaging machines

Ensures that one person from each group is trained in operating the grinding machine

Record processed product in the record book of any group once their produce has been processed together with marketing committee

Pack the product in the store and give the key to the marketing committee

Sales committee

Lead the group of sellers drawn from the five groups

It shall recruit sellers when the need arises

It shall establish contacts with potential buyers

It shall promote the products through agreed media

It shall deduct, together with group representatives, that part of the money that should go into the PATCOBAMA account

It shall report to the groups on all sales transactions

The sales committee shall receive the packaged product, cross check the quantity with the processing committee to ascertain figures

6. PARTNER STRATEGY

The business will work with a host of partners, chief among these are the following:

- 1) The Western Area Rural District Council
- 2) The National Association of Farmers in Sierra Leone
- 3) The Ministry of Agriculture, Forestry and Food Security
- 4) The Ministry of Health and Sanitation
- 5) Banks in and outside Waterloo
- 6) Traders Association
- 7) The Ministry of Trade and Industry
- 8) Sierra Leone Investment and Export Opportunities Agency (SLIEPA)
- 9) Sierra Leone Indigenous Business Association (SLIBA)
- 10) Standards Bureau

Pattern of partnering

1) The Western Area Rural District Council is the legitimate local government representative in the District and thus possesses the mandate to regulate, moderate and monitor activities of organizations in the area. In this business, the WARDC shall nominate three persons of repute to act as auditors for the business.

2) The National Association of Farmers in Sierra Leone NAFSL will provide technical training for the five groups whenever the need arises. NAFSL will protect land tenures for the farmers where there might be problems.

3) The Ministry of Agriculture Food Security and Forestry is expected to implement land policies especially in respect of wet lands and other Agricultural resources. It will provide Block Extension Officers for the farmers.

4) The Ministry of Health and Sanitation shall conduct regular site visits to ensure that production and processing meet acceptable health standards.

5) The business will have accounts with bank/banks of the groups' choice. Banks and other financial institutions will be expected to provide loan facilities and technical training/ advice and suggestions whenever it is necessary.

6) As a farmer business, the groups will work in amicable relationships with existing trader groups to share experience and cooperate for the common good.

7) Ministry of Trade and Industry

The business has to be registered under the **New Business Registration Act (2009)** of the ministry of Trade and Industry in order to have a patent rights protection against piracy. In addition, the ministry will assist in promoting the business to higher standards and bigger market.

8 and 9 SLIEPA and SLIBA will provide necessary technical support, as well as information on opportunities for the business and how these can be accessed. It will create linkages with other related enterprises, locally and internationally.

10. The Standards bureau shall be contacted to assess the quality standards of the products.