

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

TOPIC

FRUIT JUICE PRODUCTION

A BUSINESS PLAN

PREPARED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE COURSE CED 342 (BUSINESS DEVELOPMENT AND
MANAGEMENT)

BY

NAME: UGWU NWABUGO EDITH

REG. NO: 2013/188798

LECTURER: DR. MRS. T. C. NWOGA

DATE: JULY 2017.

TYPICAL TABLE OF CONTENTS

1.0 EXECUTIVE SUMMARY

2.0 BACKGROUND

- Introduction
- Short and long term Vision and mission
- Ownership of the Enterprise
- Location and facilities
- Products/Services
- Key Success Factors

3.0 PRODUCTS/SERVICES

- Product description
- Range of products
- Forms of payment
- Product purchases
- Return policy
- Replacement
- Cost

4.0 THE MARKET

- Market size
- Target market
- Product awareness
- Quality services
- Competitive advantages

5.0 MARKETING AND SALES PLAN

- Tracking
- Prospects first target
- Products internet awareness

6.0 RISKS

- Applicable risks
- Risk reduction

7.0 OPERATIONAL PLAN

- Financial plan
- Total projected cost
- Funding plan
- Projected income statement
- Projected cash flow statement
- Projected balance sheet
- Profitability analysis

8.0 BEP ANALYSIS

- Exit strategy
- Business structure
- Roles and responsibility

➤ SWOT analysis

9.0 CONCLUSION

EXECUTIVE SUMMARY

1.0. Executive Summary

1.1 The following report and recommendation relate to the proposal by Eagle Fruit Juice production plant to establish a production plant at Obollo - Afor Udenu L.G.A. Enugu State.

1.2 The project would require a start-up capital of capital of N1,000,000, made up of fixed assets of N600,000 and working capital of N400,000.

1.3 The enterprises vision is to be the most outstanding producer of fruit juices in the South East of Nigeria, particularly Obollo-Afor.

1.4 The project will be located at Obollo-Afor because of its easy access to target market from the location.

1.5 A huge ready market exists for the business to serve based on the survey carried out.

1.6 The financial projections show that the project would be financially stable and liquid by the time it matures. The sales figures stand at N1.5Million, N1.8Million and N2.16Million in 2018, 2019 and 2020 respectively. Profit after taxation in 2018 is N197,000 increasing to N712,985 in 2020.

1.7 The funding requirement is N800,000, as the promoter is committing N200,000 to the project.

1.8 The competitive edge of the enterprise lies in the management's technical skills, knowledge and ability to produce fruit juice of exceptional juice quality, which will be gotten by blending one or more fresh fruit juice together in a more efficient and hygienic way.

1.9 The profitability measures are as shown below:

indicators	2018	2019	2020
Turnover	N1,500,000	1,800,000	2,160,000
Gross margin	N900,000	1,140,000	1,434,000
Net operating profit	N197,000	408,700	712,985
Return on equity %	98.5	204.35	356.49
Return on investment	19.7	40.87	71.29

%			
---	--	--	--

- ❖ From the point of view of the analysis of my findings, the proposed project is found to be technically feasible, financially viable and economically, desirable.
- ❖ The project offers good investment benefits. I therefore, highly recommend it to be funded so that I can ensure its implementation.

2.0 BACKGROUND

➤ Introduction

The name of my business is Eagle Fruit juice enterprise. The name was drawn from the owner's name, Nwabugo. It is a business that will produce and sell high quality fruit juice of all kinds within Obollo-Afor Udenu L.G.A Enugu State. This is because the result of the feasibility study carried out revealed that a huge daily market already exists for the kind of product that the producer is looking forward to establish. The enterprise will offer wide varieties of quality fruit juices which include pure juices, nectars and fruit juice drinks.

Recently, in juice production industry, there are some numbers of competitors competing with each other. Although majority are based in other parts of the state, very few which are based in Obollo. Those based in Obollo offers unrelated services to the services I have planned to offer. I have seen that fruit juice Production Company has an advantage when being located there because it will produce and sell to the wholesalers and retailers in the area and also help boost the development of the place. I have seen this as a window opportunity to improve on the local markets.

2.1 My short term and long term Vision and Mission

- ❖ To become a market leader in the contemporary fruit juice industry in South East of Nigeria, particularly Obollo Enugu State.
- ❖ To become well trusted industry for buying fruit juices of all kinds.
- ❖ To develop the reputation for offering a convenient means of purchasing my product.

- ❖ To have a reputation for reliable delivery all over the country.
- ❖ To confidently, one day, export my products all over the world. Especially in Europe.
- ❖ To make key decisions that need near term & long term resolution.
- ❖ To get financial loan from banks after startup to support initial startup capital from owner, because without financial assistance the running of the business will be delayed as certain operations cannot be performed.

Long Term

In the long term, I may require further financing to increase warehousing and manufacturing, when my business grows because if demand exceeds my financial capabilities this will result in inefficiencies and lost sales. This business plan is part of my regular business planning process. I will raise this plan semi-annually. In the next few years, I will try as much as possible to raise my business into becoming worldwide and being advertised in the selected radio, television, magazine and newspapers to raise awareness about my exceptional fruit juice production.

2.2 Ownership & legal status

The enterprise will be a sole proprietorship business that will be wholly owned and managed by the owner Nwabugo Edith Ugwu. The enterprise will be registered under the body responsible for new venture registration and will obtain a trademark, copyright and patent protection from the Intellectual Property Right. There will also be a distribution license or agreement between the company and the body.

2.3 Location and facilities

The enterprise will be located at Obollo-Afor Udenu L.G.A. Enugu State at first because of the already available market in existence but will later expands to other parts of the country as demands increases.

2.4 Key Success Factors

The key success factors for the enterprise are:

- a. The use of improved technologies and equipments
- b. Improved customer care services
- c. The existence of reliable market outlets
- d. The main promoters training in entrepreneurship and management

3.0 Products/Services

The product to be offered includes pure fruit juices, nectars, syrups and fruit drinks.

3.1 Production description

As the name suggests, pure fruit juice is solely the extracted juice of fruit and should not have any preservative, or any other ingredients (such as sugar) added. Fruit drinks that are not consumed in one go can have preservatives added to help prolong the shelf life once they have been opened. There are several chemical preservatives that can be added to fruit juices. There is need for the Processor to check with local authorities or standards agencies to find the maximum permitted levels. Nectars normally contain 30% fruit solids and are drunk immediately after opening, Syrups Are concentrated clear juices, and they normally have a high sugar content, each of the above products is preserved by a combination of natural acidity, pasteurization and packaging in sealed containers. Some drinks (syrups and squashes) also contain a high concentration of sugar which helps to preserve them.

3.2 Range of Product

My business will provide a convenient state and trustworthy means of purchasing fruit juices online of a wide variety.

3.3 Forms of Payment

Eagle Fruit juice will offer all forms of payment possible including cash that all customers have the opportunity to purchase my products.

Forms of Payment Available

Cheque - a cheque can be sent to my address with a print out attachment of an order from my website. Customers can also call my phone number below:

Company Description

Name: Eagle Fruit Juice Production Company.

Address: N0 28 Abuja Rd Obollo Afor Enugu State

Name to be registered with: Eagle Fruit Juice Nigeria Limited.

Phone number: 07063493010

Domain name: Eagle Fruit Juice Company LTD.

Bank: UBA Bank PLC

Credit card facility: UBA Bank of Nigeria PLC.

Money Order

A money order can be sent to my address with a print out attachment of an order form my website, www.eaglejuice.nig.org

3.4 How Products will be purchased

Customers will fill forms on my website providing me with their name, address, phone number, e-mail, etc. If they choose to pay with credit card, they will select what type of credit card that they are using to provide me with their credit card number and expiring date. Customers will also specify to me the type of juices they need, by entering a code that is positioned with product photo along quantity.

3.5 Return Policy

Refunds will not be given on change of mind in purchase at this point. If there is a production fault in type, quantity and quality, a full refund or exchange will be made. An exchange will be offered within 2days of purchase. Receipts must be presented for refunds & exchanges.

3.6 Replacement

If there is a production fault, a replacement will be sent to the customer as soon as possible. My company will pay all postage costs for returns and replacement.

3.7 The major cost in supply of my product.

The major cost is in supplying my products are production and storage, transport and warehousing and regular maintenance of machines and website.

4.0 The Market

My market in the present and future

In the past, there were only a small number of fruit juice production industry that offer the option of buying online in my place, but currently I believe that in the present there will be an increase in the number of competitors competing for customers to buy online. The price of buying online will be affordable because of growing technology.

4.1 The Market in terms of its size

The online and offline juice market is international which has become my target. The juice industry is a considerable one in itself especially for many growing employees.

4.2 My Target Market

Perhaps it will be safe to submit that the fruit juice industry has the widest range of customers; almost everybody on planet earth needs juice in one way or the other; as a beverage, a drink, in home or offices. It is difficult to find households and offices without one form of fruit juice or the other to rejuvenate them.

In view of that, therefore, I have positioned my company to service the people of my residence and every other location where showroom cum outlets will be located all over key cities in Nigeria. I have conducted my market research and feasibility studies and have ideas of what my target market would be expecting from me.

I will be in the business to produce a wide range of fruit juices to the following groups of people and corporate organizations:

- Households

- Bachelors and Spinsters
- Corporate Executives
- Business People
- About to wed couples
- Corporate Organizations / Offices
- Government Offices

4.3 How my prospective customers will find out about me

I will carry out exhibition on my website and customers will also have the opportunity to subscribe to my newsletter through e-mail, which will alert customers of new collections. I will also use print and broadcast media adverts.

4.4. How quickly my customers expect to receive their purchase after online payment.

Customers can expect to receive their purchase within one week after payment. My product can be delivered all over Nigeria.

How am going to meet the delivery expectation of my customers

I will meet the delivery of my expectations of my customers by processing order as I received them. I will hire the software needed to process orders quickly and efficiently.

4.5 My Company's Competitive Advantage

- Production of high quality juices of various varieties.
- Quality customer care service.
- Shorter delivery time deal to company only operating in Enugu State, Nigeria.
- Only a small delivery fee is required. At present, delivery is only within Nigeria.

5.0 Marketing and Sales Plan

- Problems and opportunities.
- Consumers' problems: Buying high quality fruit juices within reliably offline and online platforms.
- Opportunities created by the consumers' problem: allows my business to try to solve this problem by researching the market place and offering a solution. Providing my customers with what they want.

5.1 Tracking

Tracking tools will allow me to observe where my customers/visitors are coming from, the duration of their visits, what they look at and if they are repeat visitors. Through these result, I can determine whether or not my website is successful in meeting my customers' needs. I will use the tracking tools provided to me when I upload my website on to the worldwide web.

5.2. The group of prospects that will be first target for my business:

Middle to high-income earners who do not have the time to leisurely extract their own juices, have moderate knowledge of the internet, own credit cards, have experience with purchasing online.

5.3 How am going to announce my products presence on the internet

I will begin advertising in popular selected business magazines. I have chosen a magazine because it is a high quality print, which suits my intended audience. These magazines are targeted to audience that I will like to capture. My targeted audiences are all classes of people who are sophisticated, educated and enjoy reading articles. As my website increases in popularity, I will be able to afford to advertise in more magazines and explore other media.

6.0 Risks

Summary of risks

- Failure
- Loss of income

- Bankruptcy
- Substantial debts

Estimated Expected Rewards

- High profit
- Large customer base
- High sales
- First-rate reputation

6.1 The Risks That Are Most Applicable To My Business

With any business, the most applicable risk is failure. Other risks include my target market not finding me on internet earning a reputation for unreliable delivery. About 70% new businesses fail due to poor marketing.

6.2 How am going to reduce the risks that are most likely to apply to my business

With the help of my website, this will be optimized to its full potential using every key word and term possible so that my target audience will find me. I will also have a team dedicated to monitoring and organizing the delivery made and I will offer to incur the delivery cost for the customers.

7.0 Operational Plan

Summary of the Requirements for the Following Resources.

Personnel: I will require an adequate number of staff to perform my business functions including maintaining of my website and customers service mobile lines. As my business grows, I will hire more staff as needed on a part-time and full time basis.

Technology: I will require a reliable system that will organize orders and safe payment. Mobile phone and land line for staff to communicate with other staff, delivery business services that require computers, laptops and service providers.

Finance: I will need a reputable delivery business to assist me in gaining a reputation in reputable delivery. I will be working through established distributors or producers' agents.

Promotion: I will begin to advertize my products via magazine and other media to reach my initial target audience. As I grow, I will explore other media and increase promotional activities.

Products: I will provide a wide selection of high quality industrial and household fruit juices

Services: I will ensure high quality services when dealing with my customers through my customers' care service.

7.1 Financial Plan Costs

Fruit Juice Production requires finance growth through a combination of equity/debt investment and internally generated cash flow. Because of the cost of establishing a market presence, my business will be financed primarily by a financial loan in the early stages and is expected to burn cash. It is expected that additional investment will be required within the first year, until I break even.

7.2 The Total Project Cost

Project Cost:

The total project cost is estimated at N1,000,000, made up of N600,000 in Fixed Capital and N400,000 in Working Capital.

7.3 Funding Plan:

The total project cost of N1,000,000, is proposed to be funded in the following structure:

	Owner's contr. N	Term loan N	Grand total N
Owners contr.	200,000		200,000
Term loan		800,000	800,000
Grand total	200,000	800,000	1,000,000

Funding Requirement:

The funding requirement for this project is N800,000, as the promoter is committing N200,000 into the project.

7.4 Projected Income Statement

	2018	2019	2020
	N	N	N
Turnover	1,500,000	1,800,000	2,160,000
Cost of sales	600,000	660,000	726,000
Gross margin	900,000	1,140,000	1,434,000
Less: operating expenses			
Salaries & Allowances	480,000	504,000	529,200
Electricity	20,000	21,000	22,050
Transport & Travelling	30,000	31,000	33,075
Interest loan	80,000	80,000	40,000
Telephone & postage	36,000	37,000	39,690
Depreciation	57,000	57,000	57,000
Total operating expenses	703,000	731,000	721,015
Net operating profit	197,000	408,700	712,985

7.5 Projected Cash Flow Statement

Cash Inflows	2018	2019	2020
	N	N	N
Equity	200,000	-	-
Bank loan	800,000	-	-
Sales Revenue	1,500,000	1,800,000	2,160,000
Total Cash Inflow	2,500,000	1,800,000	2,160,000
Cash outflows			
Fixed asset acquisition	600,000	-	-
Cost of sales	600,000	660,000	726,000
Operating expenses	646,000	674,000	664,015
Loan repayment	-	400,000	400,000
Total Cash Outflows	1,846,000	1,734,300	1,790,015
Net Cash flows (A-B) = C	654,000	65,700	369,985
Opening Cash Balance = D	-	654,000	719,700
Closing Cash Balance = D	654,000	719,700	1,089,685

7.6 Projected Balance Sheet

Capital Employed	2018	2019	2020
Fixed Assets	600,000	600,000	600,000
Less: Depreciation	57,000	114,000	171,000
Net Book Value A	543,000	486,000	429,000
Current Assets			
Balance at hand & in bank B	654,000	7,197,000	1,089,685
Less current liabilities C	800,000	400,000	-
Net current Asset B-C = D	146,000	319,700	1,089,685
Net Asset E	397,000	805,700	1,518,685
Financed by:			
Owner's capital F	200,000	200,000	200,000
Retained profit G	197,000	605,700	1,318,685
Owner's fund F	397,000	805,700	1,518,685
+ G = H			

7.7 Profitability Analysis

Indicators	2018	2019	2020
Turnover	N1,500,000	1,800,000	2,160,000
Gross margin	N900,000	1,140,000	1,434,000
Net operating profit	N197,000	408,700	712,985
Return on equity %	98.5	204.35	356.49
Return on investment %	19.7	40.87	71.29

Formula (a) Return on Equity or Owner's Contribution = $\frac{\text{Operating Profit}}{\text{Owner's Contribution}}$

8.0 Break-Even Point (BEP) Analysis

	Fixed Costs (N)	Variable Cost (N)
Salaries and Allowances	480,000	-
Electricity	-	20,000
Transport & Travelling	-	30,000
Loan Interest	80,000	-
Telephone & Postages	-	36,000
Depreciation	57,000	-
Total	617,000	86,000

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

N617,000

1 - VC

86,000

S

S = Sales or Turnover

1,500,000

1 = Constant

86,000

1,500,000 = 0.057

1 - 0.057 = 0.943

BEP = N617,000

0.943

= **N654,295**

8.1 Exit Strategy

My business aim is to provide employment in part time and full time rates. As my business grows, I will consider taking on silent financial partners, or financial partners that have the skill and ability to take on an active role to help me reach my goals. I have no prospects to sale my business unless I fail. My aim is for the business to be a full time job for my management team.

8.2 My Business Structure

Eagle Fruit Juice Nigeria LTD has intention of starting a fruit juice production company in order to build a standard and one stop juice producing company in Nigeria.

Although my company might not be as big as some other juice Industries, but I will ensure the right structure that will support the kind of growth that I have in mind while setting up the business will be put in place.

I will ensure that I hire qualified, honest, customer centric people that are ready to work to help me build a prosperous business that will benefit all the stakeholders (the owners, workforce, and customers). In fact, profit-sharing arrangement will be made available to all my senior management staff and it will be based on their performance for a period of ten years or more.

In view of that, I have decided to hire qualified and competent hands to occupy the following positions:

- Chief Executive Officer (Owner)
- Workshop Manager
- Human Resources and Admin Manager
- Merchandize Manager
- Sales and Marketing Manager
- Accountants / Cashiers
- Customer Services Executive
- Cleaners

8.3 Roles and Responsibilities

Chief Executive Officer - CEO:

- Increases management's effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers;

communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions; providing educational opportunities.

- Creates, communicates, and implements the organization's vision, mission, and overall direction - i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for fixing prices and signing business deals.
- Responsible for providing direction for the business.
- Creates, communicates, and implements the organization's vision, mission, and overall direction - i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for signing cheques and documents on behalf of the company.
- Evaluates the success of the organization.
- Reports to the board.

Admin and Human Resource Manager

- Responsible for overseeing the smooth running of Human Resource and administrative tasks for the organization.
- Maintains office supplies by checking stocks; placing and expediting orders; evaluating new products.
- Ensures operation of equipment by completing preventive maintenance requirements; calling for repairs.
- Updates job knowledge by participating in educational opportunities; reading professional publications; maintaining personal networks; participating in professional organizations.

- Enhances department and organization reputation by accepting ownership for accomplishing new and different requests; exploring opportunities to add value to job accomplishments.
- Defines job positions for recruitment and managing interviewing process.
- Carries out staff induction for new team members.
- Responsible for training, evaluation and assessment of employees.
- Responsible for arranging travel, meetings and appointments.
- Oversees the smooth running of the daily office activities.

Workshop Manager:

- Responsible for managing the daily activities in the workshop
- Ensures that proper records of apparels are kept and warehouse does not run out of finished goods.
- Ensures that the workshop is in tiptop shape and easy to locate.
- Interfaces with third - party suppliers (vendors) of raw materials (textiles, fabrics, leather, nails and accessories etc).
- Controls distribution and supply inventory.
- Supervises the workforce in the workshop.

Merchandize Manager

- Manages vendor relations, market visits, and the ongoing education and development of the organizations' buying teams.
- Helps to ensure that consistent quality of raw materials are purchased and used for the production.
- Responsible for planning sales, monitoring inventory, selecting the merchandise, and writing and pricing orders to vendors.
- Ensures that the organization operates within stipulated budget.

Sales and Marketing Manager

- Manages external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones.
- Models demographic information and analyze the volumes of transactional data generated by customer purchases.
- Identifies, prioritizes, and reaches out to new partners, and business opportunities etc.
- Identifies development opportunities; follows up on development leads and contacts; participates in the structuring and financing of projects; assures the completion of development projects.
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with clients.
- Develop, execute and evaluate new plans for expanding increase sales.
- Document all customer contact and information.
- Represent the company in strategic meetings.
- Help increase sales and growth for the company.

Accountant / Cashier:

- Responsible for preparing financial reports, budgets, and financial statements for the organization.
- Provides managements with financial analyses, development budgets, and accounting reports; analyzes financial feasibility for the most complex proposed projects; conducts market research to forecast trends and business conditions.
- Responsible for financial forecasting and risks analysis.
- Performs cash management, general ledger accounting, and financial reporting.

- Responsible for developing and managing financial systems and policies.
- Responsible for administering payrolls.
- Ensures compliance with taxation legislation.
- Handles all financial transactions for the organization.
- Serves as internal auditor for the organization.

Client Service Executive

- Ensures that all contacts with clients (e-mail, walk-in center, SMS or phone) provide the client with a personalized customer service experience of the highest level.
- Through interaction with customers on the phone, uses every opportunity to build client's interest in the company's products and services.
- Manages administrative duties assigned by the human resources and admin manager in an effective and timely manner.
- Consistently stays abreast of any new information on the organizations' products, promotional campaigns etc. to ensure accurate and helpful information are supplied to customers when enquiries are made.

Cleaners:

- Responsible for cleaning the workshop facility at all times.
- Ensures that toiletries and supplies do not run out of stock.
- Cleans both the interior and exterior of the workshop.
- Handles any other duty as assigned by the workshop manager.

8.4 SWOT Analysis

8.4.1 My Strengths:

My core strength lies in the high quality of my finished product, the power of my team and the state of the art and well - equipped fruit juice production factory that I own. I will have a team of highly trained and experienced fruit juice producers and support staff members that can go all the way to produce top-notch fruit juice of wide varieties.

8.4.2 My Weaknesses:

A major weakness that may count against me is the fact that I am a new fruit juice production company and I do not have the financial capacity to compete with multi - million dollars producer already in existence. Therefore, I may not have enough cash reserve to promote my juice producing company the way I would want.

8.4.3 My Opportunities:

The fact that I am going to operate my fruit juice producing company in one of the developing town in Enugu provides me with unlimited opportunities to sell my products to a large number of individuals and corporate organizations. I have been able to conduct thorough feasibility studies and market survey and I know what my potential clients will be looking for when they visit my workshop and outlet; I am well positioned to take on the opportunities that will come my way.

8.4.4 Threat:

Just like any other business, one of the major threats that I am likely going to face is economic downturn. It is a fact that economic downturn affects purchasing / spending power. Another threat that may likely confront me is the arrival of a new juice producing company in same location. In addition, unfavorable government policies may also pose a threat for businesses such as mine.

9.0 CONCLUSION/RECOMMENDATION

My fruit juice production company will be a business that will produce and sell high quality fruit juices of different kinds; pure juices, fruit drinks, nectars and so on. Therefore, this business will ensure meeting the need of the customer to achieve their satisfaction, not just mainly for profit making. It is therefore, recommended for any person interested for the business to buy or for partnership.