

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF PUBLIC ADMINISTRATION AND
LOCAL GOVERNMENT

TOPIC

POULTRY FARMING

BUSINESS PLAN

SUBMITTED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF THE COURSE: CED342
(BUSINESS DEVELOPMENT AND MANAGEMENT)

BY

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2014/191957

LECTURER: DR. MRS. C. NWAOGA

JULY, 2017

CHAPTER ONE

INTRODUCTION

1.1 CONFIDENTIALITY AGREEMENT

- The name of the Business will be VABFECO Farms Limited. It is expected to provide poultry products such as white table meat, egg, as well as other raw materials to people.
- Our expected customers are visitors that flock the area always mostly especially during festive periods like Christmas, Easter, for birthday parties.
- The owner of the business Nwankwo Joseph Chizoba living at B5 Monastery Avenue behind St Theresa's Catholic Cathedral Enugu State.
- We all have our B. Sc. Degrees. One of the partners will be the CEO of the company.

1. EXECUTIVE SUMMARY

The following report and recommendation relate to the proposal of the establishment of a **poultry farm** business at Ugwu-Awarawa Nsukka, Enugu State. The summary of the poultry business shows that it's an integral part of Agricultural services for poultry products which involves high breeds for desired characteristics or multiple production of things in high demand by the consumers. The establishment of poultry farm is a tedious task that has to do with feasibility phase's study; when considering the types and kinds of poultry farm, one wants to establish. Poultry as a part of agricultural production with an

outstanding core economic objective is field comprising animal husbandry which includes piggery, cattle management for both milk and meat production, sheep, goat, snail rearing, grasscutter, etc.

NAME OF BUSINESS:

The name of the business is **VABFECO POULTRY FARM**. The business is a partnership business with ten members and focus solely on rendering poultry services.

VISION

Our primary strategy is to rear broilers for meat production, turkey for meat and oil production, layers for egg production, for visitors that flock to the area each year for summits, conferences, clubbing, parties and other merry events due to the overwhelming number of executive Hotels in the area.

The proposed project requires a start-up capital of N3,000,000 made up of N2,000,000 fixed assets and N1,000,000 for working capital. most sought after embalming home in Nsukka, Enugu State, Nigeria.

GENERAL BUSINESS OVERVIEW

VABFECO Poultry production company is a growing and flourishing one particularly with the increasing demand for white table meat and egg in the area.

The poultry production company will provide her customers (buyers) with good quality white meat, egg, raw materials like feathers, blood, etc so as to enable them meet enough protein requirements needed in their body as well as provide necessary raw material for industries.

2.2 PROMOTERS

The business promoter is Nwankwo, Joseph who has extensive and reliable experience in Poultry production. He will manage, and work full-time in the business. He is currently employed as a Poultry farm manager where he takes care of poultry birds from day old through hatchery to market size. He has held the position for the past 6 years and as such is well experienced in it.

2.3 ADVISERS

Technical advisers: Phinomar Farms Limited located at 24, Onyeze Street, Ngwo, Enugu State Nigeria. Email: phinomarnigltd@yahoo.com

Legal advisers: Oyiwona & Co. Solicitors of the Supreme court, located at 12, Ebochuo Street, Emene, Enugu Nigeria. Email: richielawyer@gmail.com.
Contact: 09011233445

Financial advisers: AOJ Consults. Located at 40, Mbonuojike Avenue, Obiagu, Enugu State. Email: AOJConsults@gmail.com contact: 08012345678.

2.4 LEGAL ISSUES

The enterprise is still undergoing the process of registration with the Corporate Affairs Commission (CAC).

2.5 LONG TERM AIM AND OBJECTIVES

VISION:Our vision is “to be a well known poultry farm in the area for its professional competence and qualitative service delivery by 2020.”

MISSION:Our mission is “to breed good quality day old chicks so as to meet quality market sizes.

2.6 SWOT ANALYSIS

A. STRENGTHS

The location of the company in this makes it easy for reduction of cost of transportation. The few competing companies in the area is an advantage for the company to have less challenging in the market. There is good plan to be selling good quality broilers at affordable prices and also eggs at affordable prices.

B. WEAKNESS

This is a challenge of capital in the initial stage of the project. The proprietor has limited experience in the business. The CEO to be might import poor quality daily old chicks which will be a big problem in the future.

C. OPPORTUNITIES.

There is less competitiveness of the service in the market due to a few number of the poultry farms in the Enugu state.

D. THREATS

There are still the challenges of convincing people to make their choices of patronizing VABFECO Farms.

Location of the business

The farm will be located at Ugwu-Awarawa Nsukka, Enugu State because of its access to target market from that location. A Large market is available for the business to serve. The financial projection shows that the project would be financially stable by the time it matures. The sales

figures stand at N700,000, N1,100,000, N1,700,000, 2,500,000 for year 1, year 2, year 3 and year 4 respectively. Also the profits after tax are N400,000, N600,000, N900,000, 1,100,000 for year 1, year 2, year 3 and year 4 respectively. The cash flow position is equally good and encouraging by the first year through the fourth year. The funding requirement is 3,000,000 but the promoter is committing N2,000,000 to the project, which is completed with a credit the owner gets.

Our start-up cost come to 3,000,000.00 (N2,000,000.00 fixed capital and N1,000,000.00 working capital) which is mostly assets, legal costs, consultant fees, first brochures and expenses associated with research and developments. The start-up costs are to be financed by direct owner investment and debt capital. The assumptions are shown in the following table and illustration.

START UP	COST IN NAIRA
Fixed Assets	2,000,000.00
Working Capital	1,000,000.00
TOTAL INVESTMENT	3,000,000.00
TOTAL INVESTMENT BREAKDOWN	COST IN NAIRA
Equity Capital	2,000,000.00
Debt Capital (Loan)	1,000,000.00

CHAPTER TWO

MARKETING PLAN

The market segments for the Home are divided into three:

- **Hotels/Restaurants:** These are the most active markets because in a year, the demand from Hotels is high because of the enormous numbers of consumers that flock the area who for health reasons demands for white meats. The demand/consumption rate of poultry products is on the high side as it is a source first class protein, oil (turkey) and others. Already existing
- Poultry focuses only on selling their products, but we take our time to render extra services such as: butchering and delivery.
- **BAKERY INDUSTRIES:** This is another segment probably most marketed by existing poultry farms. Most Bakery Industries make use of eggs for the production of confectionaries, though the existing suppliers supply them normal sized eggs at the normal price of egg, but we plan to supply bigger sized eggs from our highbred layers at a lower cost.
- **OIL PRODUCING INDUSTRIES:** Some oil producing industries do use the services of the pre-existing farms for their turkey brand oil production, but we tend to provide them with turkey oil from our highbred turkey birds that yield better oil than that of other farms at a lower cost as a form of creating awareness.
- **PRIVATE INDIVIDUALS:** In the same vein, however, private individuals are good consumers of poultry products, to this we do render extra services to them as killing, processing and packaging, perhaps, other existing farms are not yet acquainted with that and we believe that will take a long way farther than they might have gone.

MARKETING STRATEGY

Because hygiene is the stepping stone to success of a poultry farm, the focus of this farm will be to seek the assistance of a veterinary doctor as people look out for health safety in all that they consume especially poultry product. The choice of location will support this focus. The farm will be sited within the metropolitan area where we have more hotels, restaurants, marriages (traditional and white wedding), and other celebrations of sorts that will demand or require poultry products/deliveries.

VABFECO farms will focus so much on their accurate and impeccable production and delivery services which will in future make us the pace setter in poultry services at home and Diaspora. Subject to our initial foreseen plan of being the best we plan to gain a sizeable portion of the market and to this we have decided to put the interest of the customer first.

SALES FORECAST

SALES	Year 1	Year 2	Year 3	Year 4
January	-----	45,000	75,000	155,000
February	-----	30,000	60,000	140,000
March	50,000	75,000	110,000	190,000
April	75,000	155,000	185,000	265,000
May	65,000	125,000	150,000	230,000
June	125,000	120,000	150,000	2300,000
July	75,000	145,000	175,000	215,000
August	45, 000	155,000	215,000	255,000
September	65,000	180,000	210,000	290,000
October	55,000	70,000	105,000	185,000
November	65,000	85,000	140,000	180,000
December	145,000	115,000	145,000	185,000
TOTAL	N700,000	1,300,000	N1,700,000	N2,500,000

FINANCIAL PLAN

Sequel to the market research, we expect the farm to begin growing at 45% per month for the first 12 months, then at a yearly rate of 90% for the next two years. Due to our low initial investment costs, we can maintain the operations of the business with the cash buffer we will have from start up. In addition, we will almost immediately have a positive cash flow, allowing us the flexibility to cover any unforeseen expenses.

KEY FINANCIAL INDICATORS

Sales: Our sales are projected to grow at a consistent rate of 75% yearly, and we believe this accurately reflects the realistic growth our product would be capable of attaining if we can maintain our existing channels of distribution and marketing strategy.

Gross Margin: As we grow, become more efficient, and gain economies of scale we begin to see a slight growth in our margins.

Operating Expenses: In 2019 and 2020 we foresee an increase in the number of operating expenses that we will incur. We begin incurring larger costs involving advertising, promotion, marketing and payroll expenses.

Inventory Turnover: We will begin operations with a preliminary purchase of N3,000,000 worth of goods. Our preliminary forecast suggests that for us to be flexible in meeting customer demand we will need to maintain a minimal inventory stock at a rented warehouse. We estimate that, on average, we will keep two weeks' worth of inventory on hand.

Collection days-we will collect our accounts receivable on an average of 45 days. In 2019 and 2020 we will have the cash to cover unexpected costs or expenses so that we may decide to allow a longer collection period.

To finance the required investment outlay, the partnership plan to raise an equity capital of N2,000,000.00 while N1,000,000.00 will be borrowed from the bank.

S/N	Working capital	Amount
1	Equity contribution	2,000,000.00
2	Bank loan	1,000,000.00
	Total	3,000,000.00

LOAN REPAYMENT SCHEDULE AND INTEREST PAID

Year	Loan (N)	Repayment	Interest 10%	Loan balance (N)
1	1,000,000	nil	nil	1,000,000
2	1,000,000	300,000	30,000	700,000
3	700,000	500,000	50,000	200,000
4.	200,000	200,000	20,000	Nil

CHAPTER FOUR

PROFITABILITY ANALYSIS

Description	Year 1	Year 2	Year 3	Year 4	Year 3
Turnover	500,000	700,000	1,300,000	1,700,000	1,300,000
Gross margin	650,000	1,150,000	1,400,000		1,400,000
Net operating profit	450,500	675,000	925,150		925,150
Return of Equity or owners contribution (%)	150.2	225	308.4		308.4

PROJECTED CASH FLOW

Overall, our business is expected to generate sufficient cash-flows. Our cash balance will, among other things, depend on the level of inventory we've decided to keep at a rented warehouse. At the moment, our projections in this respect are preliminary and we expect to fine-tune them as the demand for our products grow. In year 5 of operations, we will begin looking at our ability to begin paying back our initial investors the N250,000. Although the terms of the additionally sought investment are yet to be agreed upon, we believe that our investors will provide us with a buffer of some years before expecting a return on their investment,

allowing us the capital and time to expand and grow at an appropriate or desired rate. Nevertheless, for planning purposes, we have made provisions to start paying out a modest dividend from the third year of our operations. Currently, we set dividend payments to be equal to 5% of net profits.

CONCLUSION

Therefore, proposal represents a lucrative opportunity and as such is highly recommended for both funding and implementation.