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## Part one

### 1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendations relate to the proposal by DOVE GAS VENTURE (NIGERIA) to establish a gas distribution enterprise.

1.2 The proposed project is to be fully implemented with an investment of N2 million (two million), made up of N1, 500,000 fixed capital and N500, 000 working capital.

1.3 The company's vision is *"to be the best distributor of unadulterated gas anytime and anywhere within the university of Nigerian Nsukka campus and its environs*

1.4 The proposed project will be located at Nsukka in Enugu State.

1.5 A ready market exists for the planned business, based on our market survey.

1.6 The financial projections reveal a good level of liquidity and stability. The projected turnover for 2017, 2018 and 2019 respectively is N2.5million, 2.8million and 3million. Profit after taxation in 2017 is N1, 027,000 increasing to N1, 338,000 in 2019.

1.7 The funding requirement is N1, 000,000, as the promoter is committing N1, 000,000 to the project.

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

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

<b>indicators</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Turn over	2,500,000	2,800,000	3,000,000
Gross margin	2,000,000	2,200,000	2,280,000
Net operating profit	1,027,000	1,252,000	1,338,000
Return on equity or owners contribution	<b>103%</b>	<b>125%</b>	<b>134%</b>
Return on total investment	<b>103%</b>	<b>125%</b>	<b>134%</b>

### **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.

## PART TWO

### BACKGROUND

#### 2.0: Introduction:

The business shall bear the name, DOVE GAS ENTERPRISES. it is a business which will need the capacity of five (5) persons to operate, which will include manager, the driver, the cashier, and two sale personnel. The business is a sole man business which shall have its location at hilltop environs in University of Nigeria Nsukka Campus.

Dove Gas Enterprises, is a promising business which has come to exploit some of the weakness detected from the few others operating the same type of business in the near-by location: going into provision of some cooking utensils, provision of adequate information and house delivery services and also ultimate use of technology i.e. Use of Point of Sale (POS) as this will help to improve effectiveness and economic viability of the business.

**2.1: Vision statement:** The vision of this company is *to be the best distributor of unadulterated gas anytime and anywhere within the university of Nigerian Nsukka campus and its environs.*

#### **2.2: MISSION STATEMENT**

The business shall employ many strategies to ensure the actualization of the aforementioned visions, such as. The company shall embrace home delivery service in its operation. the business shall ensure adequate

awareness all the time through the social media and fliers to get people acquainted with our business. We will also ensure that quality service and products are delivered.

**2.3: Ownership:** The business is a sole business of Mr. Nwovu, Onyebuchi John.

Phone: 08168777363 or 07010885376

Email: [johndove796@yahoo.com](mailto:johndove796@yahoo.com).

**2.4: Legal status:** Currently the business is not yet registered.

**2.5: Location and facilities:** The business shall have its headquarter located at hilltop area near the Directors lodge and also near brotherly enterprise in Maryland. The location is envisaged as the best as majority of the students living in that area have to walk many miles just to fill their gas cylinder and beside the market opportunity for the business is high in the above mentioned location as consumers of the service are many.

**2.6: Product and services:** The business shall provide the following services.

- Unadulterated gas
- Gas cylinders of different types and categories
- Burners
- Home delivery etc.

By the provision of these equipment and services which my competitors are not providing, I know we will have a business advantage.

**2.7: Business strategy:** Haven lived at hilltop for some years now, I hope to exploit the weakness of my competitors which will be my major business strategy and they are.

- i. Provision of unadulterated gas
- ii. A reliable source of product anytime and anywhere.
- iii. The use of POS in the business
- iv. The introduction of home delivery service.
- v. The use of suggestion box and regular advice for customers.
- vi. Finally dissemination of information especially through social media viz. Facebook, whatsapp, twitter, Skype etc.

**2.8: Key success factors:** The major key success factors here are

- The location of the business as the business will be very close to the consumers who are majorly students,
- its reliable sources
- The inclusion of home delivery services.
- The use of POS to make payments.

**2.9: Revenue base:** The major source of revenue will be the owners' equity.

## PART THREE

### 3.0 MARKETING AND CLIENTS

**3.1: Nature and size:** The business will be located at an urban area; certainly the climate is expected to be favorable.

**3.2: Target clients:** the targeted clients are majorly students in the University of Nigeria Nsukka, and the population is estimated to be 300 clients.

**3.3: Key competitors and players:** the main competitor to the business is Josh Gas distribution which is located about 30km away from the business. Although this Josh has been in the business before now and is located near the school gate which gives it some advantage, I believe that am going to out beat them in the business world because of their weakness which includes: low quality service delivery, unreliable source of product, poor human relation strategy and monopolization of the business and payment by cash alone. Hence Dove Gas enterprises, shall introduce the use of POS in the business, create a good human relation with customers, seek consumers' opinion in other to improve and serve them better, and finally the business will be a reliable source of supply for the product as it will operate in both day time and early hours of the night.

**3.4: Service delivery:** the business upon receiving customer or client, the customer shall register with the cashier of how many liters he or she wants to buy, pay to her, and collect her receipts which she now uses to buy from the sales-attendant

**3.5: Quality service:** the main aim of this business is to provide its customers with high quality and unadulterated gas, thus it has in mind of buying directly from trusted suppliers who cherish integrity than profit.



**3.6: Demand/supply analysis:** from research carried out, it is assumed that the annual average demand for gas in the area is 200,000unit of liters and 30% of this market is already served, it is assumed that 20% of the demand will be served by new entrants into the business and by increase in the output of the existing ones. Therefore the estimated demand supply gap is

Adjustment	Demand-supply gap
Estimated average annual demand	200,000
Less 30% of supplies by already existing business	60,000
	140,000
Less 20% due to expansion and new business	28,000
	112,000
Less 5% estimate error	5,600
Estimated demand-supply gap	106,400
Installed capacity of the business	40,000

**3.7: technology:** the business will employ the use of a simple technology which is the use of a point of sale (POS) device, the use of this device requires little training and it will be use locally.

**3.8: Competitive edge:**

Competitors	Competitive edge
Kerosene retailers, filling stations	the business will provides propinquity of service, as it will go into home service
High pricing	The business will provide quality service at a much reduced price since it will be doing business directly with suppliers and deals on large quantity.
Electrical appliances shop (sales of electric cooker or hot plate)	Considering the low current, epileptic and unsteady power supply at hill top and its environment, the business hopes to provide service at all time.

**4.0 MARKETING PLAN**

4.1: **Marketing plan:** the business plan to win her customer through

- Creation of adequate awareness in the social media, TV, newspapers and radios.
- Maintenance of good customer relationship.
- Use of promotional activities

- Use of fliers to circulate information.

4.2: **Promotion and distribution strategy:** Dove Gas distribution enterprise shall be promoted through

- internet, social media,
- Raffle draws strategy.
- Delivery van.

4.3: **Market positioning:** The business shall maintain quality distribution of gas and the provision of quality gas is the main integrity which the company must maintain. Hence the business shall be known for its excellence, reliability and flexibility.

4.4: **Service delivery strategy:** For efficient and effective distribution of service.

- The use of delivery van for home services.
- Sales at shop
- Online booking.

4.5: **SWOT Analysis:** this analysis talks about the strength, weakness, opportunity and threat which the business will face on the course of its operation, thus.

**Strength:**

- The business strength is based on the strategic places where it is located.
- Dedicated and well trained management team which operates the business.
- Use of POS technology.

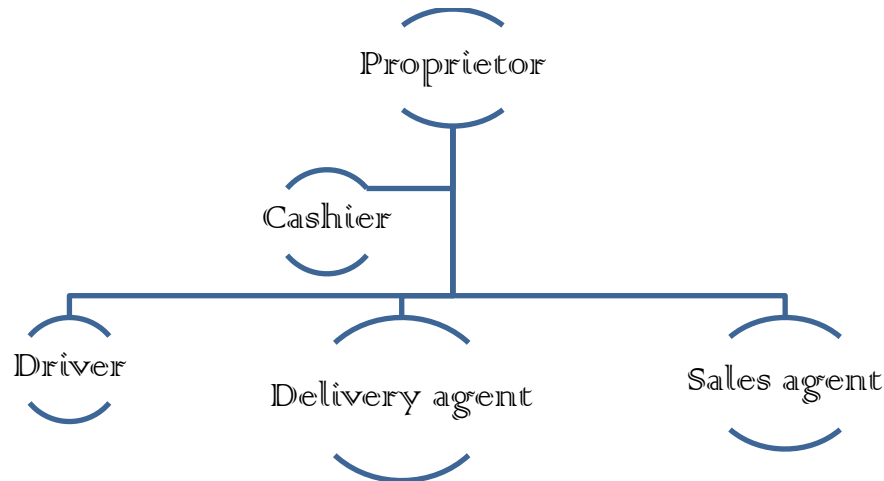
**Weakness:** The business also has some weakness which is the poor source of capital to kick start the business.

**Opportunities:** The business has many opportunities as a result of quality service delivery.

**Threat:** nevertheless it is faced with some threat such as adversely changing demographic attributes as most students vacate the school during holidays, theft and court clashes in the area. Etc.

## 5.0 ORGANIZATION AND MANAGEMENT

### 5.1: Organizational structure -



**5.2: Personal plan:** the business shall provide employment to 4 persons while the 5<sup>th</sup> person is the proprietor of the business: the workers are expected to possess the skills needed at the different level of their needed jobs.

They are.

S/N	POSITION	SALARY	2017	2018	2019
1	manager	20,000	240000		

2	cashier	15,000	180,000		
3	driver	14,000	168,000		
4	Delivery agent	10,000	120,000		
5	Sales agent	10,000	120,000		
	Total.		828,000		

5.3 **Shareholders and directors** – the main promoter of this business is prof. Ananeh the Ted- fund chairman of the University of Nigeria Nsukka, he is contributing 45% of the investment capital.

#### 5.4: Value and norms of the company

The business is a legal one which operates under the ambits of the law, adopts best practices and maintains its integrity.

5.5: **Management team.** This business is a sole proprietor business and therefor does not have management team, as the sole proprietor reserved the whole right of the business, nevertheless the business will have four other persons who will walk under the proprietor.

#### 6.0 LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1: **Legal Issues** The business will be legally registered as a sole trade with CAMD. The business shall have a trade mark of "Dove" finally the business will operate on its own.

#### 6.3: Regulatory Issues

6.4: **Social Issues:** The business is going to be economically viable as it will help to reduce the rate of unemployment in our society through the creation of jobs to 5persons.

6.5: **Environmental Issues:** The business is environmental friendly as it does not pollute the environment in any form, thus it complies with the environmental laws and regulations.

## 7.0 FINANCIAL PLAN

7.1: **Project Cost:** The total project cost is estimated at N2, 000,000, made up of N1500, 000 in Fixed Capital and N500, 000 in Working Capital.

**Funding Plan:** The total project cost of N2, 000,000, is proposed to fund in the following structure:

	<b>Owner's Contr.</b>	<b>Term Loan</b>	<b>Total</b>
	<b>-N-</b>	<b>N-</b>	<b>N</b>
Owner's contribution	1,000,000		1,000,000
Term Loan		1,000,000	1,000,000
<b>Grand Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>2,000,000</b>

## 7.2: Funding Requirement:

The funding requirement for this project is N1000, 000, as the owner is committing N1000, 000 into the project.

7.3: **Funding plan and statement** the total project cost of N1, 000,000, is proposed to fund in the following structure:

## 7.4 Projected income statement

### DOVE GAS VENTURES (NIGERIA) PROJECTED INCOME STATEMENT

	2017	2018	2019
Turn over	2,500,000	2,800,000	3,000,000
Cost of sales	500,000	600,000	720,000
Gross margin	2,000,000	2,200,000	2,280,000
<i>Less: Operating expenses</i>			
<i>Salaries and wages</i>	828,000	830,000	833,000
<i>Electricity</i>	30000	20000	10000
<i>Transport and travelling</i>	40000	30000	40000
<i>Depreciation</i>	20000	15000	15000
<i>Loan interest</i>	50000	50000	40000
<i>Telephone bill.</i>	5000	3000	40000

Total Operating Expenses                   (973,000)                   (948,000)                   (942,000)

Net Operating Profit:                           1,027,000                   1,252,000                   1,338,000

## 7.5 Projected cash-flows statement: DOVE GAS VENTURES CASH FLOW STATEMENT

	2017	2018	2019
<b><u>Cash inflows</u></b>	<b>N</b>	<b>N</b>	<b>N</b>
Equity			-
Bank loan	1,000,000	-	
Sales revenue	1,000,000	-	-
<b>Total cash inflow</b>	<b><u>2,500,000</u></b>	<b><u>2,800,000</u></b>	<b><u>3,000,000</u></b>
	<b>4,500,000</b>	<b>2,800,000</b>	<b>3,000,000</b>
<b>Cash outflows</b>			
Fixed asset acquisition	1,500,000	-	-
	500,000	600,000	720,000
Cost of sales			
Operating expenses (less depr)	400,000	500,000	450,000
Loan repayment	-	400,000	600,000
<b>Total cash outflows</b>	<b>2,400,000</b>	<b>1,500,000</b>	<b>1,770,000</b>
<b>Net cash flows=</b>			
<b>Opening cash balance</b>	2,100,000	1,300,000	1,230,000
		2,100,000	3,400,000
<b>Closing cash balance</b>	2,100,000	3,400,000	4,630,000

## 7.6 Projected balance sheet



	2017	2018	2019
<b>Capital employed</b>	<b>₦</b>	<b>₦</b>	<b>₦</b>
Fixed assets (at cost)	1,000,000	1,000,000	1,000,000,
Less: depreciation	20,000	15,000	15,000
Net book value	<b>880,000</b>	<b>885,000</b>	<b>885,000</b>
<b><u>Current assets</u></b>			
Balance at bank and in hand	2,100,000	3,400,000	4,630,000
Less: current liabilities	1,000,000	400,000	-
Net current assets	(1,100,000)	(3,400,000)	(4630,000)
Net assets			
<b><u>FINANCED BY</u></b>			
Owners capital	<b>1,000,000</b>	1,000,000	1,000,000
Retained profit	<u>1,027,000</u>	<u>1,252,000</u>	<u>1,338,000</u>
Owners' fund	<b><u>2,027,000</u></b>	<b><u>2,252,000</u></b>	<b><u>2,338,000</u></b>

## 7.7: Profitability analysis

<b>indicators</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Turn over	2,500,000	2,800,000	3,000,000
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**Formula for returns on equity**       $\frac{\text{operating profit}}{\text{Owner's contribution}}$

## 7.7: Break-Even Analysis

### Break-Even Point (BEP) Analysis

	<b>Fixed Costs</b>	<b>Variable Cost</b>
	<b>N</b>	<b>N</b>
Salaries and Allowances	828,000	-
Electricity	-	30,000
Transport & Travelling	-	40,000
Loan Interest	50,000	-
Telephone & Postages	-	20,000
Depreciation	5,000	-
<b>Total</b>	<b>883,000</b>	<b>90,000</b>

**BEP=**

Where FC = Fixed Cost

$$\frac{FC}{1 - \frac{VC}{S}}$$

VC = Variable Cost 1  
S = Sales or Turnover  
1 = Constant

$$\frac{883,000}{1 - \frac{90,000}{2,500,000}}$$

$$\frac{90,000}{2,500,000} = 0.036$$

$$1 - 0.036 = 0.964$$

$$\text{BEP} = \frac{\text{N}883,000}{0.964} = \text{N}915,975$$

## 8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY

8.1: **Risk Analysis and mitigates:** Based on our analysis the business is open to fire hazard and vandalism, thus the business has been registered under fire insurance scheme and also many measures has been put in place to prevent theft and vandalism.

8.2: **Contingency plan:** Knowing fully well the dynamic nature of the environment, the business will switch its operations strategy and also downsizes if the unexpected happens.

8.3: **Exit strategy:** the business provided room for exit in case of colossal damages. Investors will be repaid through either the sales of the fixed assets or sale of the business, with the business name to another.

## 9.0 OTHER CONSIDERATIONS, CONCLUSION/RECOMMENDATION

9.1: **Economic Justification:** Dove Gas enterprises acts as a catalyst in improving the economy since it contribute to the reduction of poverty in the society through the creation of employment opportunities.

### 9.2: **Commercial Viability:**

Based on our research, the business is found to be economically viable and commercially trust worthy and feasible

9.3: **Conclusion/Recommendation:** in view of what we have seen after a rigorous business research, we seen that the business is economically viable and commercially feasible, hence it is recommended as a nice business to be invested upon, as investors has absolute nothing to be afraid of since the business is a promising one.

## 10.0 APPENDIX

-Photocopy of certificate of incorporation or Registration

-Approvals

-Licenses

-Organogram

-Proforma Invoice

-Assumption behind the Figures.