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## 1.0. Executive summary:

1.1 The following report and recommendation relate to the proposal by vinchy tomato paste company at umuokpu Awka in Anambra state

1.2 The project would require a startup capital of 2, 587,000 made up of 2,000,000 for fixed assets and 587,000 for working capital

1.3 The enterprise vision is to be the best paste in the whole eastern part of Nigeria particularly in Awka

1.4 The project will be located in umuokpu Awka because of its easy accessibility to the farm where the raw material will be gotten easily and also because of its meanness to the market

1.5 A huge market is available for the business especially at Eke Awka main market.

1.6 The financial projections shows that the project would be financially stable and liquid by the time it mature. The sale figures stand at N1,380,000 for year 1, year 2 and year 3 respectively. Also, profit after tax are (800,000), and 2,400,000 and 2,900,000 for year 1, year 2 and year 3 respectively. The cash flow is equally good and encouraging by the second year through the third year

1.7 The competitive edge of the enterprise use in its ability to produce the best quality is rich and cannot be compared to other paste and this is gotten through buying and processing quality and best tomato that is very reddish and thick which can satisfy the taste of the customers.

1.8 The profitability measure are as shown below

	Year 1	Year 2	Year 3
Turn over	1,380,000	2, 400,000	2, 900,000
Profit before int and tax	889,000	2,560,000	2,998,000
Profit after tax	900,000	276,000	2,770,000
Return on sales	N/A	35.03%	42.45%

Return on equity	N/A	102.46%	99.49%
Return on investment	N/A	73.89%	93.16%

From the point of view of the analysis the proposed project (vinchy tomato paste) is found to be technically feasible, financially viable and economically desirable. Thus the project offers good investment benefits and is therefore highly recommended for implementation

## **2.0 Introduction**

It is a known fact that tomatoes are used all over the world and it is cheap and affordable staple for all classes of people. The proposed project is the result of strong industry and needs or desire for a tomato processing company this is because of high demand of tomato paste and also to develop infant industries and reduce the rate which tomato paste is being imported to promote economic development and employment opportunities to the people of Nigeria. The introduction on establishment of tomato paste (venchy tomato paste) can contribute in reducing the dependence of local industry on imported tomato paste.

However, tomato paste business is a viable and profitable business opportunity that is yet to be exploited and that is the reason why I decided to establish tomato paste business.

### **2.1 Vision of**

To become one of the leading venture or company in the tomato processing industry in the whole Nigeria starting from Awka, Anambra state

### **2.2 Mission**

To produce a quality tomato paste whose taste cannot be compared or me assured in Nigeria.

### 2.3 **Key success factors**

- (a) buying and processing a good quality tomato raw materials for making the tomato paste
- (b) employing competent and experience personnel for managing the venture or the business
- (c) existence of reliable market outlets
- (d) The main promoter has under gone training in entrepreneurship
- (e) Good and attractive packaging of the tomato paste

### 2.4 **inherent risks**

- a. Negative and bad weather cum natural disasters (drought and flooding) this make the raw material for the processing of tomato paste not to be adequate enough
- b. Unfavavourable government policies can also affect the business
- c. Faulty machine for packaging and sealing the tomato paste
- d. It will take time to get customer and out brand the product

### 2.5 **business ownership**

The business is also sole proprietorship wholly owned and managed by Obiechina Vivian Chinenye

### 2.6 **Locational factor**

The Tomato paste project is located at Amokpu Awka, Anambra state. What informs the choices of this location are:

- a) Availability of cheap and reliable labour
- b) Existence of good road network and easy of market access
- c) Nearness to the source of raw materials (Tomato farm)
- d) Adequate land for expansion when needed

### 2.7 **Available market**

Information from research has shown that about more than one thousand five hundred tins of Tomato paste are consumed everyday both by individuals and hotels and this necessitated a high demand of tomato paste every year in Awka. While that of the whole of the southern East of Nigeria has been put at 3,500,000. This is because tomato paste is being used for cooking all sorts of food in Nigeria. Example tomato sauce, stew, jellof rice, pizza, ketch up, etc. this therefore brings about an increase in the demand figure of tomato paste within Anambra state. Expert opinion has it that not more than 20% of existing demand of tomato paste are being met by existing suppliers of tomato paste thereby brining about 80% of demand-supply gap, implying a huge market available for new entrance into the business.

### **3.0 Market**

#### **3.1 Nature and size**

Vinchy tomato paste will market its product to our connected outlet focusing at first on local market and then on international market (export options). There is also a plan to emphasize on the reliable year round output of our processing plant. And hardworking force as well as my ability to produce independent tomato paste. The proposed prospect also understand the need to reach our prospective customer and average all available sources which is why the proposed prospect has eventually seek to develop website and advertise on internet.

#### **3.2 Target market**

The proposed prospect target market is as follows;

- a) Food processors: vegetable and food processors all over Nigeria now purchase quality tomato paste from open market instead of self production, resulting in diversifying gthem into their product line.
- b) Hotel and restaurants
- c) Export market in the western part of Nigeria

- d) Working women and house hold run by working women.
- e) Key competitors and players: there is a modern processing factory of tomato paste in Awka known as Careto tomato paste that is producing quality tomato paste. The paste is solid in cans in many shops. Actually the price is N65 for a can of 850g content.

However, the proposed prospect will fill the gap by becoming one of the rural micro-enterprise by offering smaller quantities for sales as it meets the customer desire 200g and 50kg packaged in attractive polythene bags. These bags have advantage that its content is visible for customer (deep red colour) and they are strong enough to be transported without damaging and they are easy to open by pulling a prepared part of the plastic. By summary the proposal prospect is able to offer good quality tomato paste comparable to the competitive product from Careto tomato paste, the offered package meet the demand of the customer for purchase.

### **3.4 service delivery**

The product will be brought to the towns for commercializing by public transport till the distribution point in the Eke Awka and other markets in Anambra state. The product will be adequately packaged to facilitate transportation and dirt roads without considerable losses.

### **3.5 Quality Assurance**

To produce a quality tomato whose taste and quality is 98% and cannot be compared with other tomato paste in the whole Eastern part of Nigeria.

### **3.5 Demand/supply analysis**

Projected annual demand for tomato paste in Awka and its environs (2016-2018)

S/ N	Years	Annual Growth Rate	Projected Demand And Supply
0	Base year (₦) 2015	0.5%	40,000



1	2016	0.5%	40,200
2	2017	0.5%	40,400
3	2018	0.5%	40,000
	Total	20%	161,200
	Average	0.5%	40,300

The proposed average annual demand for tomato paste in Awka and its environs is about 40,600 tomato consumers and it is expected that this level of demand will continue to increase for the next year.

### Projected demand-supply gap of tomato paste in Enugu and its environment

<b>Advertisement</b>	<b>Demand-supply gap</b>
Estimated average annual demand less 35% of supplies of existing tomato paste in the area	40,600 14,210
Less 20% due to expansion of existing tomato paste venture and establishment of new ones	26,390 5280
Less 5% estimate error	21110 1100
Estimated demand-supply gap anticipated annual production of tomato paste	20010 500

However, the plan is to produce 10,000 tomato paste yearly (the installed capacity). This represent about 3.5% of the total demand-supply gap of tomato paste consumers. Thus, it is assumed that selling the tomato paste will not be a problem.

### 3.7 Technology

The proposed prospect was a process technology in the sense that it requires modern machine for proper packaging of tomato paste. It is complex and easily

obsolete. It is expensive and it is foreign that is imported from other country and therefore needs special training.

### **3.8 Competitive edge**

There is a tomato paste venture in Awaka known as Careto tomato paste that is production a quality tomato paste. The paste is solid in cans in many shops. Actually, the price for their own can is ₦65 of 850g content.

However, the proposed project with the gap by offering smaller quantities for sale as it meets the customers desire. 200g and 50kg packaged in attractive polythene bags. These bags have the advantage that its content is visible for customers (deep red colour) and they are strong enough to be transported without damaging and are easy to open by pulling a prepared part of the plastic. By summary the proposed project is able to offer good quality tomato paste comparable to the competitive product from Careto tomato paste the offered package meet the demand of the customer for purchase.

## **4.0 marketing plan**

### **4.1 promotion and distribution strategy**

Vinchy tinomato paste will embark upon creating awareness on our product through online platforms to promote the business and also for people to enter our website without just a click also we plan to mount our billboard on strategic locations around Awka and also to engage in road show from time to time in order to create more awareness and attracts more customers. Also, to make sure that my officials wear our branded shirts and all our official vehicles will be well branded with my company's logo this will help to enable smooth distribution of Vinchy tomato paste.

### **4.2 Alliance**

The proposed project will also be run by a team of experts in tomato paste production. Also, the enterprise will partner with a Diamond bank in order to give

our customers the best they can ever get in the tomato processing sector in Nigeria by making sure that we sometimes sale on credit to our customer who don't have enough money to pay for a good purchased also to ensure adequate payment of my staff/workers.

### **Market positioning**

Vinchy tomato paste will position itself as the venture leading and most outstanding venture in tomato business in Awka and its environs. The business venture will create peculiar leading edge profile for itself. The following is how the firm will be seen by its customers, competitors and general public.

- a) As a provider of tomato paste with the best quality.
- b) As a firm that has the customers interest in the form of hygiene pricing and delivery at heart.
- c) As a trust worthy provider of continuous dependable quality tomato paste.

### **4.3 service delivery strategy**

Vinchy tomato paste service delivery strategy will be based on offering our customers expert service and product knowledge to build our marketing plan to reach diverse individual and retailers while also maximizing profit.

However, in order to get the right service delivery the proposed prospect we choose a good location for the plant, choose our suppliers wisely, reduce the cost of running our plant to the barest minimum.

### **4.4 SWOT analysis**

Strengths: the strength of Vinchy tomato rest on the fact that it was created and based on a well rapport with a handful of master players in the agro-allied industry both suppliers and buyers within and outside of Anambra state. The project posed venture management team will purchas some of the latest modern machines, tools

and equipments that will help to manage the tomato paste business very well. The proposed venture will have the best hands for the business in the whole industry.

### **Weakness**

the time it will take to gain customers and boost our brand will be the weakness of Vinchy tomato paste. It explained the unimaginable competitive industry and how industry players acknowledge our advertising strategy.

### **Opportunities**

opportunities that Vinchy tomato paste have is the amount of people from its every walks of life that will need and patronize our products in their daily lives and activities.

### **Threats**

One of the threats is the current recession in the country that will bring about reduction in quantity of tomato paste to be purchased and also negative bad weather (drought, flood, epidemic) and also unfavorable government policies, a new competitor in our location and faulty machines.

## **5.0 organization and management**

### **5.1 organizational structure**

The outlines are the portfolios the business with to start with shareholders and directors, chief executive officers, administrative executive accountant, accountant, marketing and sales manager

### **5.2 shareholder and director**

The chief promoter of the business is Mr. Dennison Okoye. The CEO of Nuzin tomato paste who has a good experience in terms of producing tomato paste and also well qualified for the job.

### **5.3 management team**

Some other members of the management team are: the chief accountant, plant manager marketing and sales manager and plant worker. All the management team

helps to plan, organize direct and run optimum day today operations in order to meet up the customers expectations and maintaining current quality standard and also to stay up to date with latest production management best practices and concepts.

#### **5.4 External support**

The external support of the proposed project is through obtaining loans from bank when necessary and also through partnership with successful business meant for example vinchy tomato paste can partner with Dangote.

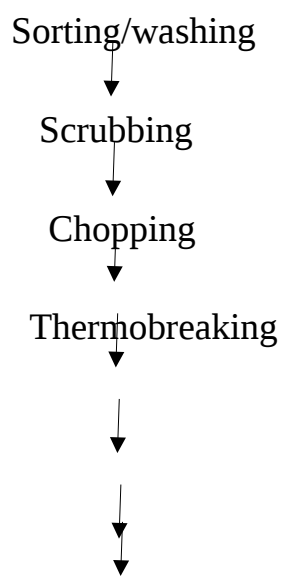
#### **5.5 Personnel plan**

The proposed project will make use of well planned arrangement for skilled personnel, semi-skilled and unskilled manpower, and fix each individual where he/she is capable of performing well. The recruitment policy will be based on interviews and questionnaires. That is what you graduated with from the university level. The total number of employee needed for starting the business is 5,000workers when the market expands.

#### **5.6 value and norms of the company**

The Vinchy tomato paste venture does not tolerate any lateness in terms of coming to work and also all the workers must abide to the rules and regulations guiding the venture. The workers will be promoted or there will be an increase in workers salary if the worker carries out his/her work diligently.

#### **5.7 Tomato paste production flow chart**



Pulping

Mixing with preservatives

Filling

canning

## **6.0 legal, regulatory, social and environmental issues**

### **6.1 legal issues**

The business will be registered in form of a social trade (Vinchy tomato paste). Also, there will be a trade mark and patent for the company also the company will trade a business name.

### **6.2 Regulatory issues**

All the rules of regulatory authority must be kept and obeyed and maintained by the proposed project.

### **6.3 Social issues**

The Vinchy tomato paste will contribute towards employing thousands of jobless youths in the country by employing the youth and also paying them handsomely. This will go along way to improve the standard of living of the people there by bringing about economic development and reduction in poverty in Nigeria.

### **6.4 environmental issues**

some of the environmental issues that will be encountered in the proposed project are pollution especially land pollution. That is reckless refuse disposal and sometimes draught and flooding.

## **7.0 financial plan**

### **7.1 Initial**

the outline below is the sales projections of vinchy tomato paste

First year: 1,380,000

Second year: 2,400,000

Third year: 2,900,000

## 7.2 total startup capital required

S/N	Capital items	Amount (₦)
1	Machinery, equipment and others	2,000,000
2	Working capital requirement	587,000
	<b>TOTAL</b>	<b>2,587,000</b>

To finance the required investment outlay, the proprietor plans to raise an equity capital of ₦2,000,000 while the remaining ₦587,000 will be borrowed from the bank

## 7.3 financing plan

Source	Amount
Equity contribution	2,000,000
Bank loan	587,000
<b>Total</b>	<b>2,587,000</b>

## Fixed capital investment

S/N	Details	Quantity	Unit price (₦)	Total amount
1	Fresh ripe tomato	14 bags	10,000	140,000
2	Electric mixer	7	10,000	70,000
3	Launching of official website	1	15,000	15,000
4	Payment of workers	100	5,000	500,000
5	Evaporators	12	10,000	120,000
6	Tomato processing lines	18	20,000	360,000

7	Blending and selling machine	8	30,000	160,000
	Sub total (A+B)		20,000	1,365,000
				2,000,00

### 7.5 Working capital projection for a hypothetical tomato paste

Working capital	Year 0 (₦)	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Salaries/wages	100,000	100,000	100,000	1,050,000
Working capital	587,000	590,000	628,000	679,000
Stock of ripe tomato and packaging	233,000	233,000	532,000	600,000
Provision for utilities and other expenses: 4 months	2,084,000	2,084,000	296,000	300,000
Debtors: 14 days value of annual sales		680,000	225,000	248,000
Less creditor: 33 days need of ripe tomato	139,000	139,000	2,130,000	218,000
Increase/Decrease in working capital		68,000	1,190,000	269,000

### Loan repayment and interest payment schedule

Year	Loan	Repayment	Interest	Loan Balance
1	587,000	Nil	78,000	587,000
2	587,000	712,000	163,000	140,000
3	1,390,000	1,390,000	40,000	Nil

### 7.6 Forecast Of Profit And Loss

particulars	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Expected sales	1,380,000	2,400,000	2,900,000
less 1% discount	1,400,000	29,000	2,904,000



<b>Net sales</b>	<b>1,378,000</b>	<b>2,371,000</b>	<b>2,870,953</b>
Expenses cost of land	1,149,000	1,897,000	194,000
Operations	75,000	770000	780,000
Utilities	270,000	284,000	296,000
Other expenses	1,046,000	1,067,000	1,088,000
Salaries and wages	1,296,000	1, 500,000	1,800,000
<b>Total expenses</b>	<b>3,836,000</b>	<b>4,825,000</b>	<b>4,925,000</b>
Profit before int and tax	(779,000)	2,490,000	2,994,000
less interest	74,000	161,000	500,000
Profit before tax	(853,000)	2,329,000	2,94400
less 10% tax	Nil		
Profit after tax less depreciation	(853,000) 910,000	2096,000 91,000	2,650,000
<b>Net profit</b>	<b>944,000</b>	<b>200,500</b>	<b>255,900</b>
Retained earning	944,000	200,500	2,000,000
dividend	nil	Nil	559,000

## 8.0 Risk analysis, contingency plan and exit strategy

### 8.1 risk analysis and mitigants

This proposed project has been projected to risk analysis and some inherent risks identified and appropriate mitigants preferred to avert the business being disrupted.

S/N	Identified risks	Mitigants
1	Inadequate Startup-demand	Aggressive promotion and advertising campaigns
2	Possibility of theft	Adequate security in the firm environment
3	Inadequate raw materials	Purchasing enough raw materials for the tomato paste

**8.2 Exit strategy: no exit is planned rather diversification will be pursued.**

## 9.0 other considerations, conclusions and recommendations

### 9.1 Economic justification

It is important to know that the, proposed project will deliver benefit to the economy such benefit could be inform of job creation, improvement of export

potentials of an economy or reducing the dependence of a given economy on import, contribution to GDP improvement etc.

## **9.2 Commercial viability**

the proposed project is viable commercially and is worthy to be invested upon.

## **9.3 conclusion and recommendation**

In view of this proposed project I am recommending it for investors to invest on it because it will yield more profit.