

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF AGRICULTURE

**DEPARTMENT OF HOME SCIENCE, NUTRITION AND
DIETETICS**

**AN ASSIGNMENT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE
COURSE CED 342 (BUSINESS GROWTH AND
EXPANSION)**

BY

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TYPICAL EXECUTIVE SUMMARY

1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendations relate to the proposal by CHIZZY BAKERY (NIGERIA) to establish a Bread Factory.

1.2 The proposed project would require a startup capital of N1 million (One million), made up of N600,000 fixed capital and N400,000 working capital.

1.3 The company's vision is "to be the most outstanding producer of bread providing quality product in the South East of Nigeria, particularly Enugu.

1.4 The proposed project will be located at Enugu because of its easy access to target market from that location.

1.5 A huge market exists for the planned business to serve, based on our market survey.

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 N1,780,000 for year1, year2, and year3 respectively. Also the profits after tax are: (N858000), N2096000.00, and N2, 650,000 for year1, year2, and year3 respectively. The cash flow position is good and encouraging by the second year through the third year.

1.7 The funding requirement is N800,000, as the promoter is committing N200,000 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:

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

2.0 General Introduction

2.1 Background

The planned bakery project is the result of strong industry and needs assessment studies undertaken in Enugu, Nigeria. The studies reveal that the demand of bread is high due to the high population in the area and because it's one of the fastest and easy to get food. This expanding demand is expected to be sustained in the future.

2.2 Vision Statement

To be known as the most reliable source of bread in the East particularly in Enugu

2.3 Mission

To produce super Quality breads of different prices to meet with customers different needs.

2.4 Key success Factors

- a) The of production of different sizes of bread for different categories of customers.
- b) Production of shape loaves for kids
- c) Production of sliced and normal to meet taste
- d) Existence of reliable market outlets.

2.5 Inherent Risks

- a) Provision of basic utilities like water supply and electricity are not guaranteed.

2.6 Business Ownership

The Business is a sole proprietorship wholly owned and managed by ChukwudeChizoba

2.7 Revenue base

The Bakery is located at Emene Enugu. What informed the choices of this location are:

1. Its nearness to produce markets in Enugu state will make it easy to access the supply for the flour
2. Availability of land to contain expansion of the bakery
3. Existence of good road network and ease of market access.
4. Availability of cheap and reliable labour.

3.0 Products

Chizzy bakery will provide the following services

- shape loaves
- sliced and unsliced bread

3.1 Target Clients

The main target markets of Chizzybakery are supermarkets, provision shops, boarding schools, motor parks etc. in Nsukka and Enugu Metropolis.

The reasons for these markets are because there are always demand for bread at supermarkets, provision shops, motor parks and boarding schools because this where clients come to make their purchases.

3.2 Sales and market share analysis:

The market for the product (Chizzy Bakery) are dominated by other already existing bakeries, however, Chizzy Bakery will compete favourably well with these competitors on account of quality of the bread, our processing and delivery services to customers and also the availability of different sizes for different categories of people.

3.3 Key Competitors and Players :

Chizzy Bakery will possibly face two types of competition as discussed in the section below

3.4 Production Process:

The Chizzy Bakery is into the production of bread of different sizes and shapes to meet target customers interest.

3.5 Quality assurance

To ensure that the quality of this goods are not tempered with, there is usually a superison team who visit at times to make sure there is no foul play and to make sure the quality of these goods are retained.

3.6 Demand for the product

Demand for the product is high due to the presence of many boarding schools in the area which they use this bread for their breakfast, also because of the presence of many markets which include oye market and the presence of many super markets in the area.

3.7 Technology

Chzzy products are produced under the latest technology and fully automated Bakery Machinery in Nigeria and West Africa.

We strive to produce

3.8 Projection of sales

	Sales from retailers (N)	Sales from distributors (N)	Total sales (N)
Year 1	830000	950000	1780000
Year 2	2904000	2970000	5874000
Year 3	3194400	3267000	6461400

4.0 marketing plan

Because there are other bakeries in Enugu already, Chizzy Bakery will market their products by supplying all the boarding schools in Enugu with a discount which will help them have edge over other Bakeries. We will also supply shops and supermarkets at a slightly small difference from other bakeries to gain their interest and it will be a market Leader in no distant time.

Average Product/service			
How much are customers willing to pay?	Highest	Average	Lowest
	850	750	600
Competitors average price	Highest	Average	Lowest
	850	800	750
My average price	750		
Reason for setting my price	To be price competitive, but remain profitable		
Margin for discount	No		

(Using price as a tool)

4.1Promotion and distribution

Chizy Bakery will embark on an awareness campaign to notify the target customers of its existence, expertise and edge over other products and also to notify them of the available places for purchases. To do this, Chizzy plans to use fliers, outreach programs, radio and television programmes. Chizzy Bakery will also give out their special loaves in the outreach.

4.2Awareness and demand stimulation

To maintain the demand supply of Chizzy bread in Enugu and its environs, Chizzy Bakery has decided to flood the market with their special loaves at a highly competitive and affordable price. Moreover the quality department ensures that the loaves are of good quality before distribution without bromate which the type very popular with consumers.

4.3 Alliances

Chizzy Bakery will have allies in major boarding schools in Enugu to retain their demand and also with various shops and super markets in the area. This will be done by given out loaves to them during some supplies, supplying them very early to beat other competitors and by supplying to them at a slightly lower rate.

4.4 Channel of distribution

Chizzy Bakery would utilize the following channels of distribution:

- a. Direct to individual final consumer
- b. Through the retailers and
- c. Through wholesalers.

4.5 SWOT

Chizzy Bakery has some weaknesses, strengths, opportunities and threats. These are discussed below:

A. Strength

1. Delivery and processing services
2. Well-articulated marketing plan

B. Weakness

1. Low Capital
2. Yet to Establish customers

C. Opportunities

1. Growing demand for bread for breakfast in schools and more people resorting to a fast food that does not consume time so as to meet up with daily activities.
2. Increasing population will impact positively on the demand for bread.

D. Threats

1. The existence of other bakeries that are already established.
2. Fluctuations in the prices of flour and other things used in bread production

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational structure

Manager/Owner

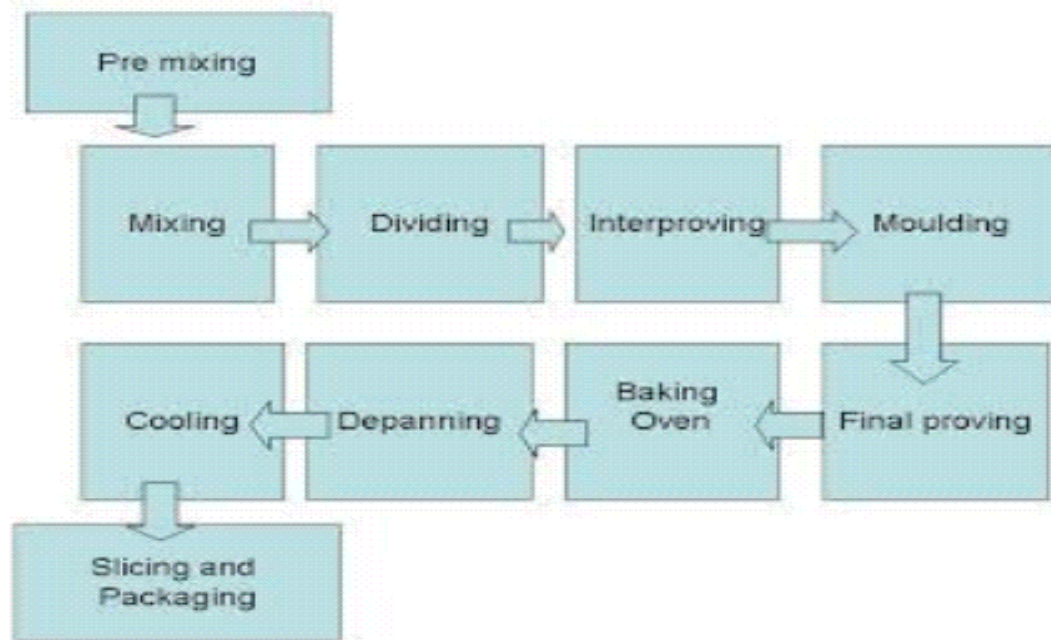


Production Assistant



Sales representative

Flow chart for bread manufacturing process



7.0 The Financial Plan

7.1 Total project cost and give the breakdown

Equipments -300,000

Rent – 150,000

Tables, pans etc for mixing – 20,000

Bus for distribution – 300,000

Nylon and print out for packaging – 50, 000

Flour, sugar and other materials for production – 100, 000 for two months

Transportation of all these materials – 40, 000

Total = 960,000

Capital = 1,000,000

Balance = 40,000

7.2 Indicate funding plan and funding requirement

The funding will come from the owner though a contribution was made by family members to help grow the business.

Owner – 800,000

Contribution from family – 200, 000

However this contribution was not refundable as it was given to help grow the company

7.3 Projected profit and loss Account:

	Sales from retailers (N)	Sales from distributors (N)	Total sales (N)	Gain/Loss
Year 1	830000	950000	1780000	Gain
Year 2	2904000	2970000	5874000	Gain
Year 3	3194400	3267000	6461400	Gain

7.5 3 years projected cash inflow

	Total expenditure	Total sales	Balance	Gain/Loss
Year 1	1200000	1780000	580000	Gain
Year 2	1300000	5874000	4574000	Gain
Year 3	1450000	6461400	5014000	Gain

From this we can see that there is an increase in the cash flow yearly resulting to more income.

7.6 projected balance showing that the shareholders' funds are growing.

	Total expenditure	Total sales	Balance

Year 1	1200000	1780000	580000
Year 2	1300000	5874000	4574000
Year 3	1450000	6461400	5014000

7.7 Profitability,

The business is highly profitable even though it involves huge capital to start.

8.0 Risk Analysis/Contingency Plan

The risk involved include

Rain entering the factory and destroying the floor or the equipments

Risk of the distribution bus spoiling and making distribution impossible

Risk of any equipment damaging

8.1How to mitigate or manage these risks

To avoid these risks from occurring, we ensure that the equipment's and the floor are kept where rain cannot reach it. Which means it will be placed on a height.

The bus will be serviced monthly to avoid sudden breakdown

The equipment's will also be serviced monthly to ensure proper functionality

9.0 Other Considerations and Conclusion

9.1 Economic Justification

The location of the business is in a place where there are markets around and with the increase in the number of boarding schools that make use of this product on a regular basis for the feeding of their students usually in the morning.

It is also economical to shop owners, super market who buy and sell the products. Building this business will also provide job opportunities for some individuals.

9.2 Commercial Viability

The business is commercially viable as many individuals can start distributing these products on their own and make a living from this. Apart from this, it provides some of income to market owners who patronize these goods.

9.3 Conclusion

This business is a high yield business and also a very lucrative one. It doesn't take all the time one has and is very productivity especially when the quality goods are marketed well. Chizzy Bakery is one and only and will always continue to pave way for others to follow because of the good quality and interest of consumers at heart.