

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF AGRICULTURE
DEPARTMENT OF HUMAN NUTRITION AND DIETETICS

TOPIC:
BUSINESS PLAN ON FISH FARMING

A BUSINESS PLAN
SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE COURSE: CEDR 342
(BUSINESS MANAGEMENT AND DEVELOPMENT)

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JULY, 2017

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PART I

1.0 Executive Summary

- The following report and recommendation relate to the proposal p~~z~~ fish farming to establish a fish breeder business at Ikeja Lagos.
- The investment start up cost would be ~~N~~4,000,000, made up of ~~N~~150000 for fixed assets and ~~N~~2500000 for working capital.
- Our vision is to be the best provider of fingerlings
- The project will be located at Ikeja-Lagos because of target markets.
- A huge market is assumed with population growing at 5.7%.
- The financial projections show that the project would be financially stable and liquid by the time it matures.
- The competitive edge of the enterprise lies in its ability to produce catch fish fingerlings.

PART II

2.0 Introduction

This proposed project was borne out of assessment studies, carried out in Lagos. The study shows that the demand for livestock is high while there are fewer fish breeders to meet with this demand. Most people now turn to the consumption of fish due to its health benefit. This expected demand is expected to be sustained into the future because of this awareness.

2.1 Vision

To provide the best quality fish livestock in Lagos.

2.2 Mission

To breed catchfish fingerlings

2.3 Key Success

- Efficiently breed several species of tropical fish.
- Quickly and reliably deliver to the customers
- Develop a strong reputation within the fish keeping community
- Existence of reliable market outlets

2.4 Business Ownership

PZ will be a sole proprietorship

2.5 Locational Factors

The project is located at Ikeja Lagos. What informed the choices of this location are:

- 1) Its nearness to produce markets in Ikeja Lagos will make it easy to access feed supply sources for the livestock.
- 2) Availability of land to contain expansion of the livestock.
- 3) Availability of cheap and reliable labour.

2.6 Available Market

Information from surveys shows that about 1.2 million tons are demanded yearly in Nigeria area above while that of Lagos has been put at above 0.5 million per annum. This demand figure is expected to rise as the population within the market area being targeted increases, especially as the awareness of the fish increases.

PART III

3.0 Products

The Pz fish farming will provide rare tropical fish from the family cichlidae. These fish are known for their colourful appearance.

3.2 Feeding

Conventional food like soya-bean cake, groundnut cake or plant residues are available locally.

| Feed | Quantity | Cost |
|-----------------|-----------------|-------------|
| Soya beans cake | 20kg | ₦1000 |
| Groundnut cake | 1kg | ₦100 |

3.3 Market Demand

Nigeria consumes 1.2 million metric tone of fish every year with 85 percent representing 800,0000 metric tons imported Nigeria is once of the word's largest importers of fish. Nigeria spends 97billion on fish importation every year this shows that the market for fish in Nigeria is huge and with population growing at 5.7%.

PART IV

4.0 Market Analysis

Pz fish farming has a big market opportunity since there is a huge retailer in Lagos.

4. 1 Market Segmentation

The majority of our customers will be tropic retailers.

- Internet users.

PART V

5.0 Market Plan

There are no major fish breeders in Ikeja Lagos area hence there is complete absence of structured fish breeders that can really put up commendable competition. Therefore if Pz fish farming commences operations as planned, it will be a market leader in no distance time.

5.1 Promotion Strategy

Pz fish farming will embark on an aggressive awareness campaign on the nutritive value of fish. This will make the demand for fish to really increase. To do this, Pz plans to use fliers, outreach sensitization programs, radio and also television programmes. Pz fish is sponsor breeding competitions to reach out to households.

5.2 Market Strategy

To maintain a sizeable portion of the fish market in Ikeja Lagos and its environs, Pz fish has decided that her fingerlings will get to the market at a highly competitive price.

5.3 Market Positioning

Pz fish farm will position itself as the prime-mover and market leader in the fish breeding market in Ikeja Lagos and its environs. The farm will create peculiar leading edge profile for itself. The under stated is how the fish will want to be seen by its customers, competitors and the general public.

- As a provider of fingerling with the best quality.
- As a farm that has the customer's interest in terms of varieties
- As a trust worthy provider of constitutently reliable fingerling fish.

5.4 Projected Sales

| | Sales from Fingerlings (N) | Sales from dressed fingerlings (N) | Total sales (N) |
|--------|-----------------------------------|---|------------------------|
| Year 1 | 83,00000 | 950000 | 1780000 |
| Year 2 | 2904000 | 2970000 | 5874000 |
| Year 3 | 3194400 | 3267000 | 6461400 |

PART VI

Technical Analysis, Management and Organization

6.0 Technical Analysis

The fish is a highly prolific animal that is capable of reproducing thousands of fingerlings every 3 months. Therefore, it is a normal problem and challenge among fingerlings to contain expansion. However, Pz has planned its schedule of operations in such a way as to contain these challenges.

6.1 Schedule of Operation

The parent stock of 500 (five hundred) fish has been planned for the breeding farming. It is expected that a total number of 646,000 catfish and 144,000 tilapia bloodstock are being produced.

6.2 Management and Organizations

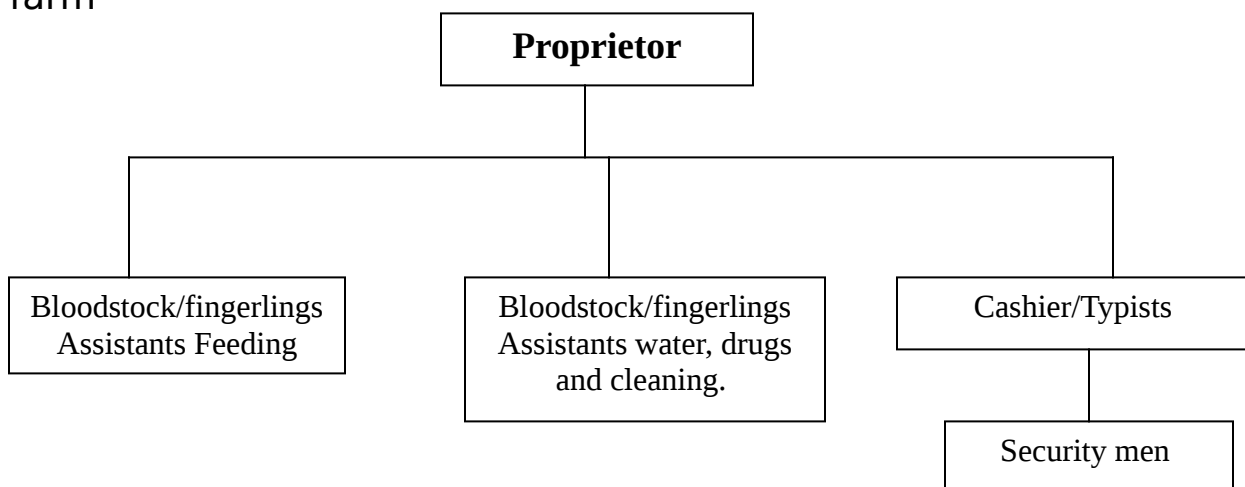
6.2.1 Owner/Manager

Pz fish farming is a sole proprietorship. It is wholly owned by John Anebi, who being the sole owner of the farm will manage the affairs of the fish farming. Mr. John Anebi has B.Sc in fishery .

Table: Management and Labour Complements

| S/N | Positions | No. of Staff | Annual Salary per Staff (N) | Total |
|-----|-----------------------|--------------|-----------------------------|-------------------|
| 1 | Proprietor | 1 | 360,000 | 360,000 |
| 2 | Farm Assistants | 3 | 120,000 | 360,000 |
| 3 | Typist/Cashier | 1 | 132,000 | 132,000 |
| 4 | Security men | 2 | 72,000 | 144,000 |
| | Add 5 fringe benefits | | | 996,000 50,000 |
| | Grand Total | | | 1,046,000 |

Figure 1 below shows that organizational structure of the farm



PART VII

Legal, Environmental, Social and Regulatory Issues

7.0 Legal Issues

Pz fish farming plans to commence commercial operations as a sole proprietorship. Such it is just enough to register the business name with the appropriate department at the State Headquarters.

7.1 Environmental

Fish farming pose no environmental challenge.

7.2 Social

The implementation of the project will bring about social and economic benefits to the society in the following ways:

1. It will create new jobs
2. it will bring about wealth creation and poverty reduction

7.3 Regulatory

The fish farming will comply with all environmental regulations, as well as all relevant industrial safety regulatory requirements.

PART VIII

8.0 Risk Analysis

This project has been subjected to risk analysis and some inherent risks and appropriate mitigants preferred to avoid the business being disrupted.

8.1 SWOT Analysis

A SWOT analysis carried out on the project reveals the following:

8.1.1 Strengths

- The location of the fish farming makes it have easy access to its targeted customers.
- The specie of the fish being breed in the farm is very good.
- The fish farming has very good plan to contain expansion which is one of the major challenges of fish farming.

The fish farming will build on these strengths.

8.1.2 Weakness

- Initial problems of raising adequate capital for the project anticipated.
- The fish farming has very good plant to contain expansion which is one of the major challenges of fish farming.

The fish farming will build on these strengths.

Pz fish farming plans to address these weakness through hiring of skilled farm hands and retaining the services of experts in fish farming.

8.1.3 Opportunities

- Currently, there are few numbers of fish breeders in the market. Therefore, the Pz company is expected to produce exceptional fingerlings.

The fish farming hopes to exploit these opportunities.

8.1.4 Threats

- There is still the challenge to convince people to the nutritious value of fish.

- Low initial demand

To checkmate these threats, the farm will mount aggressive awareness campaign.

8.2 Exist Strategy

No exist is planned, rather than diversification will be pursued.

PART IX

9.0 Company Financial

9.1 Summary of Project Cost

The total cost of the project is N3, 160, 000.00 this is made up of N2, 1700,000.00 in fixed capital and N950,000 in working capital.

9.2 Utilities

The fish farming is located in a place that is not connected to sources of water and electricity; as such water will be supplied to the farm by commercial water supply tankers, while hurricane lanterns will be used for lightening. Table 10 shows the estimated expenses likely to be incurred for lightening and water.

Table 10: Expenses on utilities projected

| Utilities | Year 1 (N) | Year 2 (N) | Year 3 (N) |
|------------------|-------------------|-------------------|-------------------|
| Light | 15000 | 15300 | 15600 |
| Water | 60000 | 61200 | 62400 |
| Total | 75000 | 76500 | 78000 |

9.3 Working Capital Forecast

To arrive at the working capital needed for the business, the following assumptions are made:

- i. Cost prices of items increase annually by 25 except for items mentioned under other operating expenses which grow by 5%.
- ii. Selling prices of stocks increase annual by 10%
- iii. Trade credits are given and taken to and from deserving customers respectively.
- iv. It is expected that goods are disposed off at the market as schedule.

9.4 Total required investment outlay (Required start-up capital). Table 13 shows the total investment outlay required to execute the project.

Table 13: Total Start-Up Capital Required

| S/N | Capital Items | Amount (N) |
|------------|---------------------------------|-------------------|
| 1 | Machinery, equipment and others | 1500,000 |
| 2 | Working Capital Requirement | 2500,000 |
| | Total | 4000,000 |

9.5 Financing Plan

To finance the required investment outlay, the proprietor plans to raise an equity capital of N3000,000 while N1000000 will be borrowed from the bank. See table 14.

Table 14: Financing Plan

| Source | Amount (N) |
|---------------------|-------------------|
| Equity contribution | 3000000 |
| Bank Loan | 1000000 |
| Total | 40000000 |