

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF SOCIAL SCIENCE

**DEPARTMENT OF PUBLIC ADMINISTRATION AND
LOCAL GOVERNMENT**

TOPIC

PERFUME PRODUCTION

A BUSINESS PLAN

PREPARED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE

COURSE: BUSINESS DEVELOPMENT AND MANAGEMENT (CED 342)

BY

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CHAPTER ONE

1.0 EXECUTIVE SUMMARY

- 1.1 The following report and recommendation relate to the proposal by **Onyenwe Akudo.R.** to establish A **PERFUME PRODUCTION** industry (**ZICHORA PERFUME**) at Ikeja Lagos, Nigeria .
- 1.2 The proposed project is to be fully implemented with an investment of N3million made up of fixed capital of N1 million and N2 million working capital respectively.
- 1.3 The company's vision is "to be the world class producer of designer' s perfume that consumers will always want to buy.
- 1.4 The proposed project will be located at south western part of Nigeria particularly Ikeja, Lagos state.
- 1.5 A ready market exists for the planned business based on my market survey.
- 1.6 The funding requirement of N1.500000 for the project
- 1.7 The company's competitive edge is the production of long lasting perfume for all sexes and that keeps people fresh all day long.

CHAPTER TWO

2.0 BACKGROUND

2.1 INTRODUCTION

The perfume industry is said to be a lucrative revenue generating industry. The industry is one that is highly capital intensive which is due to the manufacturing equipment and machineries. Most larger scale companies in this industry usually have low scale of cost especially as they use an automated system which depends less on labour input. However, capital cost are most usually high during start-up and drastically reduce after the initial investment. Perfume is a fragrant liquid typically made from essential oil extracted from flowers and spices used to impart a pleasant smell to one's body or clothes. Toiletry created to provide a pleasant scent e.t.c. perfume comes in different scents to meet diverse needs; perfumes enhance mood, boost confidence, trigger memories and make one attractive. Perfume functions like an aphrodisiac and works like AROMATHERAPY i.e. help to calm the mind and soothe the body. It helps to treat insomnia.

2.1 Vision and Mission

My vision is to be a world class producer of designer perfume that keeps consumers fresh and happy

My mission is to produce quality products that will suit all classes and sexes and quench consumers' needs.

2.2 Ownership of the Enterprise

Zichora perfume is a business that is owned and managed by one person **Onyenwe Akudo Richie**, a student of UNN that has experience, skills and passion in the perfume and fragrance field of the fashion industry.

2.4 Legal Status

With respect to the legal status of this country, it is a generally accepted business. It is not a contraband product or what is considered harmful or dangerous to health and it will be duly registered and certificate of registration attached.

2.3 Location and Facilities

In any business the site or place plays a supreme role in the success of the business. The location is at Ikeja, Lagos State, the commercial nerve of the state, taking its population and commercial nature into consideration. I am optimistic that this business will thrive effectively and efficiently.

In deciding for the location I considered its nearness to our supply depot. I shall rent structure, buy machines and equipment

2.4 Product/Services

Zichora perfume production LLC is to deal in all sort of fragrances for both sexes. we will ensure that we constantly carry out researches so as to make new rare fragrances that will stimulate the sense of our various clients. For a start, we will be beginning with two (2) different products. They are:

- ❖ Production and sale of Colognes/body sprays
- ❖ Production and sale Perfumes

2.5 Business Strategy

My products had been design in away that it will favour my strategy. One of the ways I will use to enhance sales is to ensure that our product is available always as and when needed.it is also produced to meet different classes we have in the society both in price and quality while ensuring an efficient packaging of the products.

2.6 Key Success Factors

With good strategy, location and quality our product will give energy and vitality price success is guaranteed. Other success factors include availability of products at all times.

2.7 Revenue Base

Zichora perfume intend to generate its income through sales of our fragrance line cater to all segment for men and women of different age group..

CHAPTER THREE

3.0 MARKETING AND CLIENTS

3.1 NATURE AND SIZE

The client of our products is men and women of different ages group. My size of the marketing is appreciably higher big and with such as size, profit will be maximized.

3.2 Target market

I will be interested in the following : men ,women celebrities,businesspeople,corporate executives, sporting personalities, students,perfume line businesses.class,market women and men,teenagers, shops and individuals. I choose this target population because our products at this early stage will be of supreme importance in the cuddling of industries and market at large.

3.3 Key Competitors and Players

I am not unaware of other competitors and players in the business but the efficiency of any business is partly judged by how well you handle your competitors and any products without competition its quality will not be known the big names and other key competitors. Though they have been in the business for long and have the advantage of name but i will survive in it by providing efficient and better product/service.

3.4 Process

Materials/Machinery

1. Perfume/ essential oils and synthetic oil
(blue sea, deep blue, banana, lemon, tahoe, 8212,Avalon rose, almond oil)
2. Menthol
3. Water for dilution

4. colour
5. Empty cans/plastic containers/ glass bottle
6. Mixer chamber/machines
7. Measuring cylinder
8. Stirrer
9. Methanol
10. A discerning nose
11. Glass jar
12. Glycerine
13. Funnel
14. GP tank
15. Delivery van

3.5 Service Delivery

Efficient delivery of our product will be a high area of my concentration. This because it is of no use to produce when it can not be delivered to the area where it will be needed in the society. I will serve my customers with the products ensuring proper price control.

3.6 Quality assurance

Quality is the standard of something when compared to another. Quality of any product is very important and determines the rate at which the product will be needed in the market. I will ensure quality by producing a product that has maximum utility and standard my product will be void of skin irritation.

3.7 Demand/Supply Analysis

Owing to the fact that the product is being demanded by a large chunk of the population, the suppliers are not meeting with the demand of the product and with my quality products and efficient service delivery I am going to fill this gap that is the demand gap.

3.8 Technology

To ensure that a quality production is maintained I am going to make use of the best technology of 21st century. This will lead to the sustainability of the quality of our products. I will also be sourcing for information of latest technology as our business progress.

3.9 Competitive Edge

The company's competitive edge is the management and strong technical and knowledge of the industry, reasonable price, product that do not cause irritation or disorder on the skin of people like most perfume does and customized products.

CHAPTER FOUR

4.0 MARKETING PLAN

4.1 Promotion and Distribution Strategy

Our marketing strategies for **ZICHORA perfume** is

1. Ensuring that our perfume business is adequately advertised in beauty magazines, local newspapers as well as on radio and television stations.
2. Make use of our official website to market our business as well as advertise our business on other relevant website like Face-book, Twitter, LinkedIn and Google plus..
3. List our perfume business in on-line and off-line directories and empowering worker to engage in direct marketing.
4. Launch our pageantry show that will attract clients and generate interest for our company.
5. Give out free sample any time we create a new fragrance.

PRICE SYSTEM: In any business, consumers sometimes considers quality before knowing the price, my marketing plan will be based in using a good pricing system that is reasonable and cut cross different classes of people both upper and middle class. **ZICHORA perfume** intends to ensure that pricing packages are categorised so that it would be affordable to the client that fall into all category one of the most important consideration is price. I am going to distribute the products making use of all available techniques at our disposal, we will appoint distributors in strategic locations of the commercial cities and its enormous. we have ensure that customers do not get inconvenienced whenever they decide to pay for a product through the use of P.O.S, Bank transfer, payment via check or on-line transfer e.t.c.

4.2 Alliances

I am not partnering with any other business. I strongly believe that with the retinue of good managers and promoters I have, my products will be adequately promoted. But will be registered with beneficiary trade union against external forces of my products.

4.4 Market positioning

I am going to establish a strong and formidable network that will help us get to our clients at ease. The widest range of the population will be reached through the proper placement of my products.

4.5 Service Delivery Service.

I am going to introduce a special service delivery strategy to enhance sales. I will achieve this through my supplies bus is always ready to convey customers goods to their destination, from my survey I found out that most times customers come to buy products with their vehicle.

4.6 Strength, Weaknesses, Opportunities and Threats (Swot) Analysis

Strengths

- a. We have employed professional hands who have specialist skills added to vast experiences..
- b. We have product that keeps our clients intrigued especially as fragrance development department constantly churn out fragrances that can not be ignored
With our high quality products with affordable price
- c. Availability of products at all times.
- d. We have excellent customer service in top notch
- e. We have conducive environment with welfare packages that are second to none in the whole industry for our workers.

- f. We give our workers continuous trainings that ensure that their efficiency and productivity rate are at top notch.

Weaknesses

Despite these strengths we are not unaware of the enormous challenges facing our business/products

- a) Epileptic power supply
- b) Rise cost of production and financial resources
- c) Lack of established reputation. To combat this, we would need to roll out effective publicity and advertising strategies that will ensure that we garner positive attention

Opportunity

The internet is one of the opportunities we intend to explore for our perfume business and use in penetrating the market. We have boundless opportunity in the business aspect, as important personalities and celebrities are looking to create a fragrance line as a venture for themselves. Nigeria has a lot of such people and we are poised to take our share of these market.

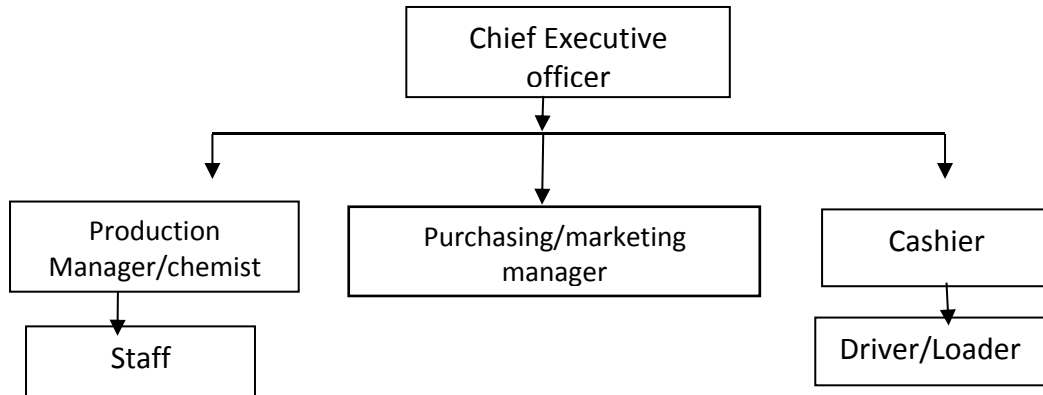
Threats (Swot) Analysis

The arrival of new competitors to same location, the emergency of irritation and a downturn in the economy are all threatening factors that are likely to affect our business. My major threat is the seasonality of some of my raw materials. Bad road network, to stem this tide we have purchased a high jacked vehicle to ensure that our products are conveyed to our distributors without hitch. The major raw material is essential oil and synthetic oil. For the essential oil I source it by myself but the synthetic oil I will strike deal with an industry that produces it to ensure that we have the raw materials when we need it and the quantity we need.

CHAPTER FIVE

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational structure – personal plan



5.2 Shareholders and Directors

Because I am starting small but aiming big, in this initial stage I am not going to pay attention to this organization structure but anyway the following will be used.

At the top of the structure is the chief executive officer – under him you have production manager/chemist, Marketing Executive/Customer service and financial Manager/accountant, who will also be in charge of keeping records of the products produced in a day and supplied. Others are members of staff.

5.3 Management Team

My business will not need these categories of people now, management and their profile.

5.4 External Support

I am not going to make use of any external management support services, with our staff we will deliver.

5.5 Personal Plan

This business will kick off with (10) man working team, 3 members of management team, 7 members of staff who will be trained as they work and their salaries of workers will be at ₦10,000 only monthly and a weekend allowance of ₦ 500 only.

5.6 Value and norms of the company

It will be clearly stated, which will be subject to revisit so as to ensure the strict compliance. The company will abhor indiscipline of any type, loitering while production is going on, gossip and above all late coming is totally unacceptable. to strive to maintain our business within the ambit of government regulations, to maintain good human relationship between employee and employers. The break time will be one hour (1hour) during which staff get a little rest and eat their food e.t.c.

CHAPTER SIX

6.0 LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1 Legal Issues

The business is registered with Corporate Affairs Commission (CAC) and other relevant authorities to protect her trade name/mark. Hawking permit should be obtained from local government authorities.

6.2 Regulatory Issues

It is a legal business and it is not banned by any law.

6.3 Social Issues

Simple training will be enough and can be improved on the job depending on interest innovative ability. So therefore, it creates employment opportunities for the unemployed youths and also increase their skills.

6.4 Environmental Issues

Our production will affect the environment with its production packets and bottles. it may litter the environment but we have put some measures in place to ensure proper waste management system. I will try and gather the bottle and recycle them for further use

CHAPTER SEVEN

7.0 FINANCIAL PLAN

7.1 Project cost

The proposed project is to be fully implemented with an investment of N3million made up of N1 Million, fixed capital and N2 million working capital respectively.

Breakdown of fixed capital

Rented structure = 15, 000

Small delivering VAN = 585000

equipment = 200,000

Total fixed capital = 800,000

Breakdown of working capital

Raw materials = 600,000

Miscellaneous = 100,000

Total working capital = 700,000

The project cost = 1,500000

7.2 Funding plan and statement

The funding plan is as follows

Personal Savings = 300,000

Loan from bank, = 600,000

Grants from Friends = 600,000

7.3 Funding requirement

The funding requirement for the project is 1.5, 000, 000 on equity.

7.5 Projected income statement

	Yr 1	Yr2	Yr3
Turnover	2,000,000	2,200,000	2,400,000
Cost of sales	1,500,000	525,000	550,000
Gross profit	1,500,000	1,475,000	1,145,000
Salaries and allowances	696,000	730,800	765,600
Rent	15,000	15,750	16,500
Electricity	20,000	21,000	22,000
Fuel	20,000	21,000	22,000
Launching of website	30,000	31,500	33,000
Telephone	20,000	21,000	22,000
Depreciation	13,000	13,650	14,300
Total expenses	804,000	844,200	884,400
Net profit	696,000	730,800	765,600

Note: Turnover is estimated to increase at the rate of 10% while cost of sales and operating expenses are expected to increase at the rate of 5%

7.4 Projected Cash-Flows Statement

	Yr1	Yr2	Yr3
Owners contribution	1,500,000		
Total sales (turnover)	2,000,000	2,200,000	2,400,000
Total cash inflows	3,500,000	2,200,000	2,400,000
Cash outflows			
Fixed asset acquisition	800,000	840,000	880,000
Cost of sales	500,000	525,000	550,000

Less depreciation	680,000	695,000	705,000
Total outflow	1980,000	2060000	2135000
Net cash flow	19799965	20599978	21349976

7.5 Profitability analysis

$$\text{ROC} = \frac{\text{Net profit}}{\text{Owners contributions}} \times 100 = 232.0\%$$

$$1. \frac{696,000}{3,000,000} \times 100 = 232.0\%$$

$$2. \frac{696,000}{1,500,000} \times 100 = 464.000\%$$

$$3. \frac{765,600}{1,500,000} \times 100 = 51.04\%$$

7.6 Break-Even Analysis

$$\text{Break even analysis for year 2011 formula} = \frac{\text{BE. P} = \text{FC}}{1 - \text{VC}} \times \text{S}$$

Where FC = fixed costs

VC = Variable costs

S = Sales

1 = Constant

Salary & Allowance	696,000	
Rent	20,000	
Electricity/License/Permit		20,000
Fuel		20,000
Launching website		30,000
Telephone		20,000
Depreciation	13,000	
Total	729,000	90,000

$$\text{BEF} = \text{FC} = 729,000 - 90,000 = 639,000$$

$$S = 500,000 - 500,000$$

$$\frac{-89999}{500,000}$$

$$= 0.179998$$

$$\frac{729,000}{500,000}$$

$$= 1.458 + 0.179998 = 1.637998$$

CHAPTER EIGHT

8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIST STRATEGY

8.1 Risk analysis and Mitigate

S/N	Identified risk	Mitigate
1.	Emergence of limitation and a downturn in the economy.	Trying not to incur expense or get involved on irrelevant activities that will not generate revenue
	Short supply of raw material	Buying in bulk and having good cordial relationship with different supplier

8.2 Contingency Plan

I will ensure my industry have constant power supply by meeting with the manager in charge of electricity in our area to enter agreement to ensure constant power supply to maintain our business. In case of unforeseen contingencies in our business such as fire break, and also change in business environment such total black out or absence of electricity will procure a good generator to check the effect.

8.3 Exit Strategy

These will be an alternative source of income for instance I can start another business like marketing of soap and cosmetics should the business not be viable any longer.

CHAPTER NINE

9.0 OTHER CONSIDERATIONS, CONCLUSIONS, AND RECOMMENDATIONS

9.1 Economic Justification

From the point of view of my study and analysis of the findings embodied in this plan, the profit offers good benefit to the economy, as it create job and wealth, is consistent with the spirit of vision 20:20:20 and Millennium Development Goals (MDG)

9.2 Commercial Viability

I have found this project to be commercially viable, having shown through our financial projections, a conservative but impressive turnover, cash flows, profit line and investment appraisal techniques.

9.3 Conclusion/Recommendation

Having found this project technically feasible, commercially viable and economically desirable, we therefore strongly recommend it for funding and implementation.

APPENDIX

- Certificate of Registration -----AWAITING
- Approval -----AWAITING
- Licenses -----AWAITING
- Performa Invoice -----AWAITING
- Assumption behind the figures -----AWAITING
- **Organizational structure**

As a sole proprietorship business “ZICHORA perfumes” shall have the following personnel ordering 10 man working team, 3 members of staff 7 members of management team.

