

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF ARTS

DEPARTMENT OF MASS COMMUNICATION

AN ASSIGNMENT WRITTEN IN THE PARTIAL

FULFILLMENT OF THE COURSE

BUSINESS DEVELOPMENT AND MANAGEMENT

(CED 342)

A BUSINESS PLAN ON HAULAGE BUSINESS

BY

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2014/194781

LECTURER:

DR. C. NWAOGA

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PART ONE

EXECUTIVE SUMMARY:

1.11 NAME OF BUSINESS

This business whose summary is below is derived from the raising need of individuals and companies to haul their goods from one location to another. The company will be registered as Pep Haulage Nigeria LTD

1.12 LEGAL FORM OF BUSINESS

Pep Haulage is a private limited liability company and will be registered as such.

1.13 CONTACT ADDRESS

Pep Haulage Nig. Ltd will be located at Target Road, behind 200 Garden Calabar, Cross River State.

1.14 TEL 08100815804 E-mail perpetuachris@yahoo.com

1.15 TYPE OF BUSINESS

Service provider.

1.16 CONCISE DEPRECIATION OF THE BUSINESS IDEA

A.Services

Pep Haulage is a service provider company that will operate in in Nigeria haulage industry.

B.customers

Basically, the customers are various individualists, business men, corporations, individuals who operate in Nigeria haulage industry. Though, there are companies existing already in the industry, but Pep Haulage have identified some lapses which it seek to correct.

C.Owner(s)

Pep Haulage Nig. Ltd. will be owned by Miss Perpetual Chinagorom, an entrepreneur. She lives at 6th Avenue, 14 Road, Plot 915, Festac Lagos. With a B.Sc in Mass Communication. By virtue of having operated in furniture business, helped her to identify various lapses which Pep Haulage seek to correct.

1.17 NUMBER OF JOBS TO BE CREATED

Pep Haulage will create one hundred and fifty jobs (150)

1.18 START UP CARPITAL

(a) investment(Equipment, machinery and others) ₦70,650,000

(b) working capital ₦110,80,000; ₦10,30,000

(c) Total ₦82,760,000

1.19 SOURCE OF CAPITAL

(a) owner's capital ₦66, 208000

(b) Bank loan ₦16, 552000

Total ₦82,760,000

1.110 PROFITABILITY

1. Year 1. ₦136,800,000

2. Year 2. ₦240,000,000

3. Year 3. ₦240,000,000

PART TWO

GENERAL INTRODUCTION:

2.11 BACKGROUND

Due to raising trend of many companies such as sole proprietorship, partnership, private limited liability companies and public liability companies, regardless of weather haul their goods from one location to another. In fact, haulage or trucking business is one of the most lucrative business in Nigeria. Though it is capital intensive, but one can still start with a truck. Pep Haulage, is a safe route with responsible and responsive management to haul your goods from one location to another.

2.12 VISION STATEMENT

To be the best and known risk free haulage company in Nigeria.

2.12 MISSION

To always ensure with international best practices in hauling of goods from one location to another.

2.13 THE COMPANY

The company will be registered with the name Pep Haulage Nigeria Ltd. The initial capital for the start up of the company will be drawn from personal savings and loan. Again the company will start with two trucks and head office in Calabar, Cross River State and branch office at Lagos. It will start with two drivers who see safety as their watch word. Pep Haulage Nigeria Ltd are resolved to give insurance to every goods hauled.

2.14 SERVICES OFFERED

Pep Haulage is a service provision company in Nigerian haulage industry targeted at the raising Nigeria market. Haulage is not new in the Nigeria market but there are identified lapses which Pep Haulage seek to correct. Indeed there is competition in the industry but Pep Haulage have numerous innovations to favorably compete in the market.

2.15 LEGAL FORM AND OWNERSHIP OF THE ENTERPRISE

Pep Haulage will be registered as private limited liability company. The start up capital will come from personal savings and bank loan.

2.16 LOCATION OF THE BUSINESS

The head office will be at 55. Target Road, behind 200 Garden Calabar, Cross River State. South south Nigeria. The choice of calabar as the head office is due to the raising demand of foreign furniture facilities. Currently, the haulage companies in calabar are operating as part time business. That is, some shop owners do purchase trucks or hire trucks convey their own and other people's goods, basically from Aba and Lagos. This is done on gentleman

agreement which in some cases have resulted in crises, coming from disagreement of prices and goods mix ups.

2.17 INDUSTRY TRENDS AND ANALYSIS

Basically, haulage industry in Nigeria have different facts, some haulage companies base on hauling containers from seaports to the customers warehouse. Some also haul drinks for breweries. Again some haulage companies convey perishable goods from one location to another. The haulage industry in Nigeria since its inception have been in continuous growth with very becoming revenue. Also, it should be noted that some haulage companies have courier services as their subsidiaries. Thus, the size of the market is large and grows as clock tickets.

2.18 BUSINESS STRATEGY

Pep haulage, having critically analysed the haulage industry and identified the existing lapses and will do everything humanly possible that its customer oriented services are known to the potentials customers.(especially in Calabar, Aba and Lagos). Again, Pep haulage will give insurance to goods and provide door to door services. Also, an electronic delivery update will be provided to inform customers about the arrival of goods.

2.19 KEY SUCCESS FACTOR

The key success factor is derived from the fact that; Pep haulage with the right management team , always at the peak of its service, in the safe and right root. Furthermore, factors like goods insurance, swift door to door delivery, with an electronic update information and other innovations geared towards making Pep Haulage the first and last port of call for all the potential customers in the industry.

PART THREE

THE MARKET

The main target market of Pep Haulage is in South south and South east Nigeria. Particularly in Calabar, Aba and Port Hacourt. The reason for targeting this market is basically the population. Again most business men are in need of risk free haulage system and also a company that can insure their goods.

3.11 Competitors

The market for haulage services is dominated by ABC cargo express, chisco haulage and logistics and other privately owned haulage and logistics. Pep Haulage will compete favourably due to invasions it will introduce to the market one is to delivery of goods. Again, an issuance on every goals hauled.

3.12

A. Direct Competition

competitor	Strengths	Weakness	Other attributes
Chisco cargo express	Already in the market	Insensitive to customers plight	Delays in service delivery

C. Competitive positions and specific advantage

Rank	Competitor	Strengths	weaknesses	Your edge over competitor
1)	ABC Cargo express	Multiple routs in various points of the company	Poor customer services	Excellent customer service and swift delivery
2)	Chisco cargo express	Already in the market	Delay in service delivery	Door to door service delivery

3.13 SWOT Analysis

A. Strengths

Pep Haulage have a high articulated marketing plan and provision of insurance to hauled goods. Swift delivery services and adequate customer relations

B. Weaknesses

The major weakness of Pep Haulage is low capital

C. Opportunities

Fast growing market as a result of localization of industries in the major cities. Again high demand for foreign opportunities. Increasing business men in the cities due to large economy of scale

D. Threats

The major threat to every haulage is bad road network. And this could lead to incessant damages in goods.

3.14 Demand and Supply Analysis and Estimating the initial installed capacity

Details	Size (Number)
Potential demand to be served	200,000
Less 30% existing competitors	60,000
Available market in the absence of expansion and very high entry wall)	140,000
Less 10% due to possible expansion and very high entry wall	14000
Available market	126000
Less 5% due to error in estimation	6300
Available demand/ Qualified market/demand supply gap	119700
Initial installed capacity cat most 60% of	71820

available demand (served market)	
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PART FOUR

MARKETING PLAN

4.11 Market segmentation

Giving the lapses discovered in haulage industries my marketing plan will be based on door to door advertisement. Again, Pep express cargo will adapt indirect marketing through the customers which will be based on the customers reliability on our various services.

4.12 Target Market

Target market are business men that deals on foreign furniture, cement companies, flour mill, vegetable oil company and other companies that produce and distribute goods that bulky. Again businesses that are involved in buying from Lagos or any other place outside the business location

4.13 Description of the edge of product or product range of services

Product/service	1 (service)	2
Denomination / product line	Pep Haulage	
specification	Quality service delivery	
packaging	Door to door service delivery	
After sales service	Customers daily updates on the arrival of their goods	

4.14 Marketing plan price

Product / service	1	2
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How much are customers willing to pay?	Highest - 800 per kg Average - 700 per kg Lowest - 600 per kg	Highest average lowest
Competitors price	Highest - 800 per kg Average - 750 per kg Lowest - 650 per kg	Highest average lowest
My price	600 per kg of any hauled goods	
Reasons for setting my price	To compete favourably in terms of price and remain in the market	
Margin for discount?	No	

4.15 Marketing positioning strategy

Being a new entrant into the haulage industry, Pep Haulage, will position of marketing strategy in order to be in the market in the faces changes. Customers service will be door to door and updates on the arrival of customer goods so as to attract more markets.

4.16 Marketing mix implementation tools

Advertisement will be captivating, price will be competitive with already market price publicity will be air transmitting, service operation will be door to door and the media also will be effectively used

4.17 Channel of distribution

Pep Haulage services is wide open to all existing and potential customers in various markets. This is so because any company business men, individuals can get our services provided the companies there are kept. Our services will be dual based but will be mostly based on companies and individuals.

4.18 Start-up promotion

Description of the planned actions to inform customers about the high quality services they will get if they haul their goods with the TV advertisement will also be used to attract customers. Another strategic advertisement tool will be poster pasted at eye catching areas and hand to hand sharing of hand-bills

4.19 Alliances:

It is a general knowledge and believe that belong to any trade unions or business associations promotes business. Pep Haulage will have an alliance with two or more transport companies that are not involve in haulage. This will serve as indirect advertisement to Pep cargo express.

4.20 marketing calender and budget

Date	Marketing plan activity	Evaluation index	Personnel involved	Estimated costs
Start Jan 2015 End Feb 2015	Posters and flyers	Presence of posters in strategic positions	outsourced	200,000
Start march 2015 End April 2015	Road shows in target market	Once every week	outsourced	400,000
Start may 2015 End may 2015	Door to door sensitization through marketers	Every Friday for two months	By company's staff	100,000
Start June 2015 End July 2015	Television advertisement	Three times a day	outsourced	300,000
Start August	News papers	Two times a day	outsourced	500,000

2015 End August 2015	advertisement			
Start Sept 2015 End Sept 2015	Sales promotion through discounts	Saturdays and Sundays dailies	outsourced	150,000
Start Oct2015 End Nov 2015	Radio jingles	Once in a month	By company's staff	800,000
Total				2450,000

PART FIVE

TECHNICAL ANALYSIS

5.00 PRODUCTION PLAN

5.11 The project

As already stated, Pep Haulage is a service company that will operate in the haulage industry in Nigeria, basically in Calabar, Aba and Lagos. It is capital intensive. The process of services rendered will be contingent on the goods kg, locations and time.

5.12 Machinery, equipment, and other requirements.

S/n	Investment(equipment and others)	qty	Life span	Other comments
1	Land	5 plots	unlimited	To be purchased
2	Building	4 room bungalow	50 years	To be erected
3	Equipment and machine			
	I trailers	3	10 years	To be purchased
	Ii mini van	5	10 years	To be purchased

	Iii personal computer	10 pieces	5 years	To be purchased
	Iv office table/chairs	10 pieces	5 years	To be purchased
	V fire proof cabinet	10 pieces	5 years	To be purchased
	Vi close circuit T.V	1 piece	5 years	To be purchased
	Vii tow van	1 piece	10 years	To be purchased

5.12 Technology

The technology applied or used is basically heavy trucks for hauling goods, mini vans for goods delivery and internet based computers for customer updates on the arrival of goods. This trucks weigh twenty ton weight and will sourced internationally through local dealers the minivan will be brought locally will officially or staff bus will be purchased locally. Again the heavy trucks are expensive.

5.13 Quality assurance and standardize

Here, all the machines to be purchased will be done through the right source by purchasing all the machines through the known companies in the industries.

PART SIX

MANAGEMENT

6.10 management and organizational structure

6.11 Shareholders/directors

Pep Haulage will be managed by the manager appointed by the owner. For a start, there will be no shareholders or board of directors, rather there will be admin manger, marketing manager and truck drivers and other complimentary staff. The major promoter will be Miss Perpetual Ugwu.

6.12 Management team

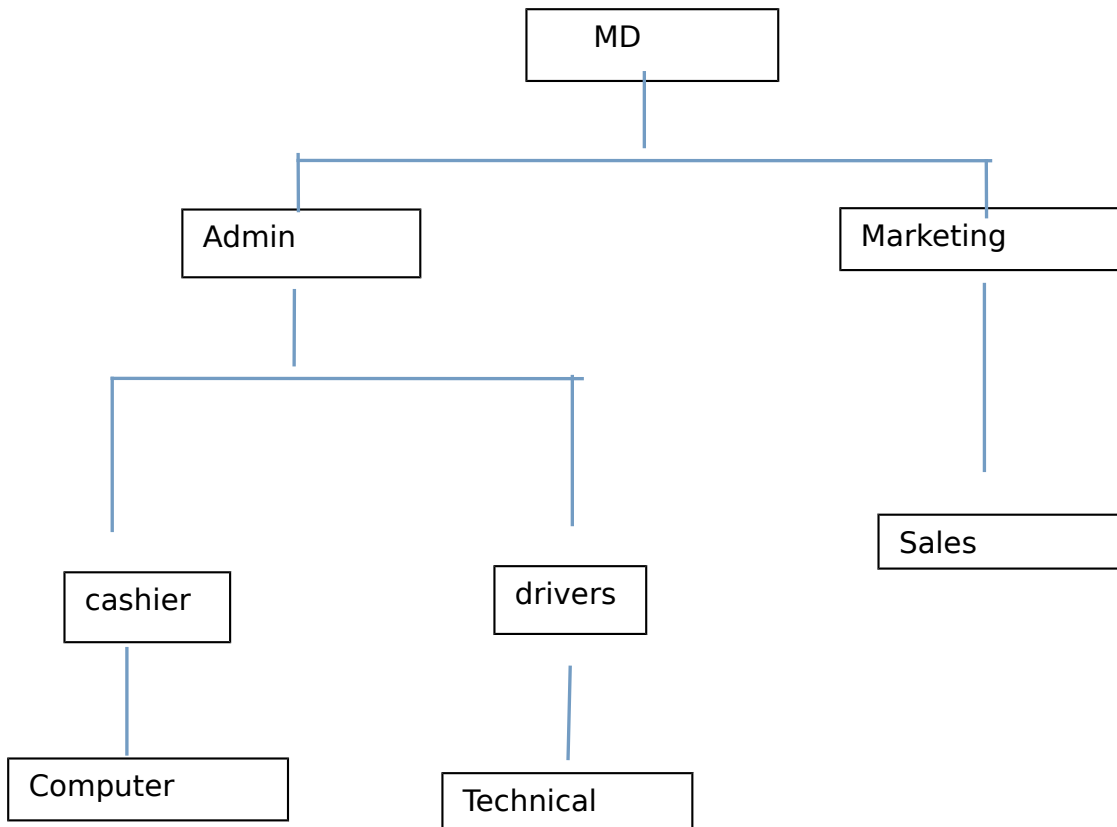
I. Managing director will be a B.A holder in business management with diploma in risk management. Again with five years experience. Admin manager will be a B.A holder in

marketing with 5 years experience, the truck drivers will be 40 years and above with 5 years experience and an ND holder.

II. Predict Future management needs

Accountant general with B.A in accountancy, technical officer, that is mechanical engineer

6.13 organizational structure



6.14 The personal plan (staffing and salary structure)

S/N	Position	No. Of staff	Salary per staff/per month	Total annual salary
1	Manager	1	200,000	2400000
2	Marketing manager	1	180,000	2160000
3	Admin manager	1	150,000	1800000
4	Drivers	5	120,000	7200000
5	Cashiers	2	50,000	120000
	Sales marketers	5	100,000	6000000

	Technical officers	3	80,000	2880000
	Computer operators	2	40,000	160000
N				
	Add 5% fringe benefits and bonus			
	TOTAL			246,00000

6.15 External support (out sourcing):

Basically, the gas to run the basic trucks will be out sourced and the scratch cards for customers to know when their goods arrives. As the company progress if may out source many task or rates

6.16 Organization's values and norms

Pep Haulage will adapt international practices in its service delivery, it will also maintain highest ethical value in its operations

PART SEVEN

LEGAL, REGULATORY, SOCIAL, AND ENVIRONMENT ISSUES

7.11 legal issues

Pep Haulage will obtain major licenses for its vans and also get heavy truck license from federal road safety commission (FRSC). This memorandum will done as explained above

7.12 Regulatory and environmental issues

A. Regulatory issues

Pep Haulage company will be registered with federal corporate affairs commission

ii is the product/service registered with the regulating body?

It will be registered before we start

B. Environmental Issues

I. Gas emission from the carbon mono-oxide from the heavy trucks

PART EIGHT

FINANCIAL PLAN

8.11 Investment

S/n	Investment(equipment and others)	Qty	Unit cost	Total cost
1	Land	5 plots	1000000	5000000
2	Building	4 room bungalow	1000000	1000000
3	Equipment and machine			
	I trailers	3	2000000	6000000
	Ii mini van	5	200000	1000000
	Iii personal computer	10 pieces	50000	500000
	Iv office table/chairs	A set	400000	400000

	V fire proof cabinet	10 pieces	50000	500000
	Vi close circuit T.V	1 piece	150000	150000
	Vii tow van	1 piece	2000000	2000000
	Total investment			70650000

8.12 Sales plan

	Year 1	Year 2	Year 3
Product / services	Fabulous haulage		
Product / services quantity (volume)	144,000	240,000	240,000
Price per unit	950	1000	1000
Sales	136800,000	2400000000	2400000000

8.13 Cost Plan

	Year 1	Year 2	Year 3
Product / services	Fabulous haulage		
Product / services quantity (volume)	240,000	260,000	260,000
Cost per unit i.e by average	350	360	365
Cost of raw inputs	84000000	93600000	94900000

8.14 General cost of administration

Item	Current (for existing projects only)	Proposed (for new/.expansion projects)
Rents and rates	1500000	1500000
Traveling expenses	800000	200000

Stationery and sundry exp.	250000	100000
Vehicle roaming expenses	700000	700000
Insurance	800000	800000
Professional fee	200000	200000
Other expenses	500000	500000
Total	4750000	4000000

8.15 Preliminary and Pre-operating expenses (for new projects only)

Item	Amount
Company incorporation	250000
Increase in authorize share capital	400000
Traveling expenses	300000
Preparation of business plan/F.S	80000
Others (please specify)	Nil
Total	1030000

8.16 Working capital projection (to cover gestation period)

Working capital items	Year 0	Year 1	Year 2	Year 3
Stock of raw materials 1(diesel for six months)	1800000	1800000	2200000	250000 0
Stock of raw materials 2(engine oil for six months)	600000	600000	800000	850000
Stock of raw materials 3(maintenance for six months)	400000	400000	450000	550000
N				

Provision for utilities and other: n.....months needed	80000	800000	900000	950000
Salaries/wages (4 months provision)	820000	8200000	8800000	9200000
Debtors: one month	nil	7500000	8000000	8500000
Less creditor: n....days need of raw materials	nil	6000000	6500000	6800000
Working capital	11080000	12580000	5920000	7470000
Increase/ decrease in working capital				

8.18 Start up capital needed

S/n	Item of expenditure	Amount
1	Fixed asset investment(equity, machinery and other requirements)	70650000
2	Working capital	11080000
3	Pre-operating expenses	1030000
	Initial total investment outlay	82760000

8.19 financial plan

S/n	Source of fund	Amount
1	Owner's capital	66208000
2	Loan	16552000
	Total	82760000

8.20 loan repayment and interest payment schedule

Year	Loan/loan bal B/d	Interest	Annual	Loan	Loan Bal c/f
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			installment	repayment	
	A	B	C	D	E
	A	$B = r(A)$	$C(A \text{ value in eqn. 1})$	$D = C - B$	$E = A - D$
0	16552000	N/A	N/A	N/A	1655200
1	16552000	750000	4500000	3750000	12802000
2	12802000	740000	4500000	3780000	9042000
3	9042000	720000	4500000	3780000	5262000
4	5262000	700000	4500000	3800000	1462000
5	1462000	600000	2062000	1462000	nil

8.21 schedule for depreciation

S/n	Item of depreciation	Initial value	Scrape value	Life span	depreciation
1	Land	1000000	1800000	50	600
2	Building	1000000	1900000	15	50000
4	Trailers	60000000	55000000	20	800000
5	mini van	10000000	9000000	10	400000
6	Computers	700000	650000	10	25000
7	Furniture	500000	480000	10	15000
8	close circuit T.V	150000	140000	8	10000
9	tow van	2000000	1900000	10	50000
N					
Total depreciation					1356000

8.22 final account projection

estimate of profit and loss account for the first 3 years			
particulars	Year 1	Year 2	Year 3
Sales	136800000	240000000	240000000

Net sales	136800000	240000000	240000000
salaries	24600000	24600000	25600000
Rent	1500000	1500000	1600000
Telephone	50000	60000	650000
Electricity	60000	60000	70000
advertising	2250000	2300000	2450000
Insurance	800000	850000	900000
Motor vehicle maintenance	700000	750000	800000
Total expenses	29960000	30060000	32070000
Profit before tax/Int	136800000	240000000	240000000
Less interest	750000	740000	720000
Profit after interest	136500000	239260000	239280000
Less tax (20%)	273000000	47852000	47856000
Profit after tax	109200000	191408000	191424000
Less depreciation	1356000	1356000	1356000
Net profit	107844000	1900522000	190068000
appropriation	Year 1	Year 2	Year 3
dividends	43137600	762020800	76027200
Retained earnings	64706400	114031200	114040800

8.23 cash flow projection			
	Yr 1 Total(₦)	Yr 2 Total(₦)	Yr 3 Total(₦)
Cash in			
Bank loan	16552000		
Sales income	136800000	240000000	240000000
equity	66208000		

Total cash in	219560000	240000000	240000000
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Cash out

Admin. outgoings	4750000	4000000	103000
Marketing	2450000	2450000	2450000
Cost of goods			
Interest expenses	7500000	740000	720000
Loan repayment	37800000	3800000	1462000
Initial investment	82760000		
Salaries	24600000	24600000	24600000
Dividends	43137600	76020800	76027200
Truck maintenance	700000	700000	700000
Total cash out	196947600	112310800	106989200
Net cash flow	22612400	127689200	133010800
Opening cash Bal	Nil	22612400	150301600
Closing cash Bal	22612400	150301600	283312400

8. 24 Balance sheet

Balance sheet assets	Start date year 0	Year end i.e year 1	Year 2	Year 3
Land machinery and others	70650000	70650000	70650000	70650000
Less cum. Dep.	Nil	1356000	2712000	4068000
Total fixed assets(A)	70650000	69294000	67938000	66581999
Current assets				

Cash (use as balancing item)	Nil	Nil	22612400	150301600
Debtors	Nil	7500000	8000000	8500000
Total current assets(B)		7500000	30612400	158801600
TOTAL ASSETS (C)	141300000	156300000	202524800	458903199
Creditors	Nil	2000000	3000000	4000000
Short term loan	16552000	12802000	9042000	5262000
Total current liabilities(D)	16552000	14802000	1242000	9262000
Retained profits		64706400	114031200	114040800