

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF ARTS
DEPARTMENT OF MASS COMMUNICATION

TOPIC:
BUSINESS PROPOSAL FOR A RESTAURANT AND BAR

AN ASSIGNMENT

**SUBMITTED IN PARTIAL FULFILMENT IN REQUIREMENT OF
THE COURSE (BUSINESS DEVELOPMENT AND MANAGEMENT)
CED 342**

BY
ANORUE, COLLINS ONYEKA
2014/196855

LECTURER:
DR. MRS. C.T. NWAOGA

JULY, 2017

CHAPTER ONE

1.0 EXECUTIVE SUMMARY

- 1.1 The following report and recommendations relate to the proposal by **ANORUE's Petrol Station** at Ikorodu in Lagos state.
- 1.2 The project would require a start-up of N7,800,000.00. This is made up of a fixed capital of N5,000,000 and a working capital of N2,800,000
- 1.3 The vision of this enterprise is to be the best petrol station of in Eastern part of Nigeria particularly Ikorodu in Lagos State.
- 1.4 The project will be located at Lagos because of its easy access to the target market from that location.
- 1.5 A huge market is available for the business to serve.
- 1.6 The financial projections show that the project would be financially stable by the time it matures. The sales figures stand at 4,300, 000; 6,800,000; and 8,100,500 for year 1, 2, and 3 respectively.
- 1.7 The competitive edge of the enterprise lies in its ability to produce top quality cost effective petrol and by employing the services of competent personnel.
- 1.8 The profitability measures are shown below:

	YEAR 1	YEAR 2	YEAR 3
Turnover	2300,000	6,800,000	8,100,500
Profit before Int and Tax	300,000	6,800,000	8,100,000
Profit after Tax	200,000	4,500,000	7.600,000
% Return on turn over	N/A		
% Return on equity	N/A		
% Return on Investments	N/A		

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. Thus, the project offers good investment benefits, and is therefore highly recommended for implementation

CHAPTER TWO

2.0 INTRODUCTION

This business plan relates to **ANORUE's Petrol Station** which is a gas station also called a petrol station, filling station, fueling station, or service station is a business facility which retails gasoline (petrol), diesel and lubricants for motor vehicles. Gas stations offer one of three types of service to their customers: full service, minimum service or self-service.

A full service gas station has attendants who operates the pumps, often wipes the windshield, and sometimes checks the vehicle's oil level and tire pressure, then collects payment and perhaps a small tip and a minimum service gas station has attendants that operates the pumps. This is often required due to laws in some cities that prohibit customers from operating the pumps themselves.

2.1 VISION

Our Vision is to operate chains of gas stations in major cities in Nigeria and across the world.

2.2 MISSION

Our mission is to develop a highly successful and profitable chains of gas station business with state of the art facility and latest technology; a business that will not only meet the needs of her clients but also supersede their expectations.

2.3 KEY SUCCESS FACTORS

- The company will employ the help of skilled labour
- This company will have a good customer care and friendly environment.
- Implementation of strict financial controls

2.4 OWNERSHIP

ANORUE's **Petrol Station** will be a partnership venture with Ogazie Daniel as the owners and major Share holders of the company

2.5 KEY SUCCESS FACTOR

- Selling automotive-related goods
- Providing automotive-repair services
- Providing Wheel Alignment, Wheel Balancing and Vulcanizing Services
- Retailing of Groceries and soft drinks et al

2.6 LOCATIONAL FACTOR:

The gas station will be located inside Ikorodu , Lagos State Nigeria. Reasons are:

1. Because of large population.
2. Availability of labour.

2.7 AVAILABILITY OF MARKET

There is hardly anyone who doesn't have a need for gas, this is why it is really vital that one keys into this industry.

CHAPTER THREE

3.0 PRODUCTS

We have designed products and services that will not only help to meet the demands of the people, but also to put good money in our pockets. These are the products and services that will be made available to our customers;

- Gas
- Diesel
- Automotive services

3.1 PRODUCT DESCRIPTION

Gas

Gas, petrol or fuel as it is commonly called in Nigeria is what cars moves on and what generator sets needs to work.

Diesel

Diesel is also used by cars and generators.

Automotive Services

Car repairs, car washing and general parts

3.3 MARKET DEMAND

There is hardly anyone who doesn't have a need for gas, this is why it is really vital that one keys into this industry. One of the trends in the gas station industry is that, in the bid to stay afloat in the highly competitive gas station industry, owners of gas stations now go the extra mile to ensure that they make their facility welcoming and conducive for customers.

Gas stations now have vulcanizing services, car wash, convenience stores, coffee bars, snack bars, and cigar lounge within their facility so as to leverage on the opportunities around them to generate more income.

CHAPTER FOUR

4.0 MARKET ANALYSIS

There is hardly anyone who doesn't have a need for gas, this is why it is really vital that one keys into this industry. One of the trends in the gas station industry is that, in the bid to stay afloat in the highly competitive gas station industry, owners of gas stations now go the extra mile to ensure that they make their facility welcoming and conducive for customers.

Gas stations now have vulcanizing services, car wash, convenience stores, coffee bars, snack bars, and cigar lounge within their facility so as to leverage on the opportunities around them to generate more income.

4.1 CUSTOMERS / MARKET SEGMENTATION

Before choosing a location for our gas station business, we conducted our feasibility studies and market survey and we were able to identify the location that will benefit greatly from our products and service offerings which is why we decided to settle for Ikorodu, Lagos

Essentially those who will benefit from our service offering are automobile owners / drivers and they are of course busy corporate executives, business owners, households, students and travelers / visitors / tourist et al. They are the category of people that we intend marketing our gas station services to.

CHAPTER FIVE

5.0 MARKETING PLAN

Marketing Strategy includes

- Penetration pricing

- Availability/ nearness of the product to the consumer.

5.1 PROMOTION STRATEGY

ANORUE's Petrol Station will embark on extensive awareness campaign so that the public can be aware of the existence of a Petrol Station within their vicinity. This can be done through radio stations like Wazobia FM, television programs, use of fliers, outreach sensitization programs. Sponsorship of the Mayor's cup which is a football competition played annually in Ikorodu will also be one of the promotion strategies.

5.2 MARKETING STRATEGY

- ❖ The marketing strategy for **ANORUE's Petrol Station** going to be driven basically by making available standard and safe gasoline and diesel et al, excellent customer service and provision of complimentary services. We will work hard to build a loyal customer base; customers that will always patronize us over and over again and as well help us use word of mouth publicity to get their friends and acquaintance to patronize us.

We want to drive sales via making available easy to use fuel pumping machines (for self - services) et al. We are quite aware of how satisfied customers drive business growth especially businesses like gas station which is why we will always ensure that our customer service and facility are top notch. Some of our strategies includes;

- Adopt direct mailing coupon marketing approach
- Position our signage / flexi banners at strategic places
- Create a loyalty plan that will enable us reward our regular customers
- Engage on road shows within our neighborhood to create awareness

5.3 MARKET POSITIONING

The company will position itself as the market leader in Petroleum services in Lagos and its environs. The company will create peculiar leading edge profile for itself. Shown below is how the company will want to be seen by its customers, competitors and the general public:

- As the major producer and supplier of petroleum
- As a company with the customer's interest at heart in the forms of hygiene, pricing and delivery.

5.4 PROJECTED SALES

	Sales from Petroleum (N)	Sales from automotive services	Total
Year 1	500,000	800,000	1,300,000
Year 2	650,000	1,000,000	1,650,000
Year 3	800,000	1,350,000	2,150,000

CHAPTER SIX

TECHNICAL ANALYSIS, MANAGEMENT AND ORGANIZATION

6.0 TECHNICAL ANALYSIS

Petroleum makes account for 75 percent of Nigeria's revenue. So it is a very lucrative business to embark on.

6.1 SCHEDULE OF OPERATION

We have incurred the services of car wash manager who wash and thoroughly clean cars (exterior car washing, interior cleaning, and waxing services), trucks and bikes et al, pump attendants who mans the various gas pump machines (in fully services gas stations) and other required work forces.

6.2 MANAGEMENT AND ORGANIZATION

6.2.1 OWNER

ANORUE's Petrol Station is a partnership business of which Ogazie Daniel is the major shareholder. To help in the day to day management of the business to complement the partners since most of them are not active partners. The table below shows the staff and management of **ANORUE's Petrol Station**.

Table 4 Management and Labour Compliments

S/ N	Positions	No. Of Staff	Annual Salary Per Staff (N)	Total
1.	Partners	1	250,000	250,000
2.	Car Wash Manager	1	100,000	100,000
3.	Pump Attendants	8	50,000	400,000

4.	Cashier	2	40,000	80,000
5.	Drivers	6	80,000	480,000
6.	Security guard	3	30,000	90,000
				1,400,000
	Add 5% fringe benefits			200,000
	Grand total			1,600,000

6.3 EXTERNAL SUPPORT

The company will access support on technical issues from experts from Lagos state ministry of petroleum , where the Partners received training on entrepreneurship. The services of experts as stated earlier will be employed at regular intervals.

6.4 VALUE AND NORMS OF THE COMPANY

The company will plans to adopt the following norms and values:

- a. To offer the best for the benefits of her customers
- b. To see her employees as her most valuable assets.
- c. To uphold her integrity always.
- d. To remain faithful to our visions and missions
- e. To always be available to her customers.
- f. To do her business within the federal, state and local government laws.
- g. To pay taxes as at when due.

CHAPTER SEVEN

LEGAL, ENVIRONMENTAL, SOCIAL AND REGULATORY ISSUES

7.0 LEGAL ISSUES

The business will be a legal tender and hence have the right to sue and to be sued. The partners will be guided by a deed of partnership which will be written by the partners in the presence of a legal practitioner

7.1 ENVIRONMENTAL ISSUES

Petroleum service could pose little environmental hazard if certain precautions are not taken care of especially with respect to waste disposal. It is therefore part of our plans to site huge septic tanks for effluent disposal and catalytic converters will be used to reduce the amount of toxic gases released to the atmosphere as well as the use of recycling machines to recycle the unused or damaged cans. If this is done, the company will not constitute any form of environmental threat to the community.

7.2 SOCIAL ISSUES

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

1. Creation of new jobs.
2. Help alleviate poverty.
3. Improve the economy through payment of taxes

7.3 REGULATORY ISSUES

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

CHAPTER EIGHT

8.0 RISK ANALYSIS AND MITIGANCE

	Risks	Mitigates
1	Pipeline vandalization	Employment of security men
2	Increased competition	Re-branding, change in packaging and also attractive to customers.
3	Fire outbreak	Insure the company

8.1 SWOT ANALYSIS

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

8.1.1 Strengths

ANORUE's Petrol Station is centrally located along one of the busiest highways in Ikorodu, Lagos ; our location is in fact one of our major strength. Aside from the basic service that we offer, we also offer complimentary services that most of our competitors are not offering

8.1.2 Weaknesses

Our perceived weakness could be the fact it is a new gas station business which is owned by two people and we may not have the financial capacity to sustain the kind of publicity that can give us leverage and start operating chains of gas stations in various cities in the Nigeria as planned.

8.1.3 Opportunities

We are centrally located in one of the busiest highways in Ikorodu, Lagos and we are open to all the available opportunities that the city has to offer. Our business concept also positioned us to attract people who like doing their shopping, washing and servicing their automobile in gas stations. Ikoridu is one of the densely populated cities in lagos and indeed populations translate to opportunities.

8.1.4 Threats

One of the major threats that confront businesses all over the world is economic downturn; when the economy is bad it affects consumers spending which in turn impacts businesses negatively. Another threat that we are likely going to face to confront us is the emergence of a new gas station within the same location where ours is located.

8.2 EXIT STRATEGY

Below are some ways through which the company will get its money back in the event of exit.

- (1) The company may decide to seek fund and ownership from the public by issuing an initial public offer (IPO).
- (2) Liquidation, calling it quit and selling the assets to pay off creditors and Share holders.

These strategies are exit strategies lined up in the case of company failure.

CHAPTER NINE

9.1 SUMMARY OF PROJECT COST

The total cost of the project is N7,800,000.00. This is made up of N5,000,000 in fixed capital and N2,800,000 in working capital.

9.2 FIXED CAPITAL INVESTMENTS

ANORUE'S petrol station is located inside Ikorodu, Lagos, State, Nigeria on a land area of about 3 plots. Table 9 shows the fixed capital investment required for the project

Table 9: Fixed capital Investment

S/N	DETAIL	QTY	PRICE (N)	TOTAL
1.	Renting of building that has about 2 sections for production and administrative purposes.	2	200000	400,000
2.	Stand-by generator	1	300000	300,000
3.	30,000 litres truck	5	200,000	1,000,000
	TOTAL			1,700,000

9.3 PROFITABILITY ANALYSIS

Relevant key profitability ratios for the first three years are shown here under

	Year 1 (4 months)	Year 2	Year 3
Profit after Tax	(2,000,000)	4,000,000	8,000,000
% Return on turn over	N/A	40.02	52.61
% Return on equity	N/A	89.76	100.20
% Return on Investments	N/A	65.44	81.05

CHAPTER TEN

10.1 CASH FLOW PROJECTION

By the second year of operation when the business has fully matured, the cash flow position is as shown below

Year 2	Year 3
1,500,000	3,000,000

10.2 PROJECTED BALANCE SHEET

For the three years period, it became apparent that the fund available in the company grew on the average (see table below).

Years of operation	Year 1 (N)	Year 2 (N)	Year 3 (N)
Shareholders fund	(20000)	365500	233400

CHAPTER ELEVEN

11.0 ECONOMIC JUSTIFICATION

ANORUE's Petrol Station is economically justified in that it creates food and jobs for the youth in the community it's established, create wealth therefore lending to poverty alleviation.

9.2 COMMERCIAL VIABILITY

The Establishment is commercially viable because it will enable fund circulation in the society and especially for the people working in company and also for the people living in the community where the company is located.

9.3 CONCLUSION/RECOMMENDATION

From the point of view of our analysis, the proposed business is found to be technically feasible, commercially viable and economically desirable. Therefore, the project is very lucrative and it offers good investment benefit. Therefore highly recommend it for funding and implementation.