

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

TOPIC
PROCESSING AND PRODUCTION OF VEGETABLE
BASED PRODUCT

A BUSINESS PLAN
PREPARED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE COURSE CEDR 342
(BUSINESS CREATION AND GROWTH)

BY

ONAH, NKEMDILIM ANASTASIA

REG. NO: 2013/189787

LECTURER: DR. T.C. NWOGA

JULY 2017.

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY	-	-	-	-	-	-	3
2.0	BACKGROUND	-	-	-	-	-	-	3
2.1	Introductions	-	-	-	-	-	-	3
2.2	Vision and Mission	-	-	-	-	-	-	3
2.3	Ownership of the Enterprise	-	-	-	-	-	-	3
2.4	Legal Status	-	-	-	-	-	-	3
2.5	Location and facilities	-	-	-	-	-	-	4
2.6	Product and Services	-	-	-	-	-	-	4
2.7	Market Strategy	-	-	-	-	-	-	4
2.8	Key Success Factor	-	-	-	-	-	-	4
2.9	Revenue Base	--	-	-	-	-	-	5
3.0	MARKETING AND CLIENTS	-	-	-	-	-	-	6
3.1	Nature and Size	-	-	-	-	-	-	6
3.2	Target Clients/Market	-	-	-	-	-	-	6
3.3	Key Competitors and Players	-	-	-	-	-	-	6
3.4	Service Delivery	-	-	-	-	-	-	7
3.5	Quality Assurance	-	-	-	-	-	-	7
3.6	Demand/Supply Analysis	-	--	-	-	-	-	8
3.7	Technology	-	-	-	-	-	-	8
3.8	Competitive Edge	-	-	-	-	-	-	8
4.0	MARKETING PLAN	-	-	-	-	-	-	9
4.1	Marketing	-	-	-	-	-	-	9
4.2	Promotion and Distribution Strategy	-	-	-	-	-	-	9
4.3	Alliances	-	-	-	-	-	-	9

8.0	RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY								23
8.1	Risk Analysis and Mitigants	-	-	-	-	-	-	-	23
8.2	Contingency Plan	-	-	-	-	-	-	-	23
8.3	Exit Strategy	-	-	-	-	-	-	-	23
9.0	OTHER CONSIDERATIONS, CONCLUSION/RECOMMENDATION								-
9.1	Economic Justifications	-	-	-	-	-	-	-	24
9.2	Commercial Viability	-	-	-	-	-	-	-	24
9.3	Conclusion/Recommendation	-	-	-	-	-	-	-	

1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendation relate to the proposal to establish processing and production of vegetable based products (tomatoe ketchup)

1.2 The proposed project is to be fully implemented with an investment of N935, 400(nine hundred and thirty five thousand four hundred naira), made up of N619, 660(six hundred and nineteen thousand, six hundred and sixty naira) and N315, 740 (three hundred and fifteen thousand seven hundred and forty naira) working capital.

1.3 The vision of our business is to provide steady access to the internet at a reduced price. Our mission is to supply water to p((opulace at a subsidise rate.

1.4 Proposed businesses will be located at No 28 Ebeano plasza lane, Nsukka.

1.5 A ready market exists for the business based on our survey

1.6 The financial projections reveal a good level of liquidity and stability. The projected turnover for year 1, year 2 and year 3 respectively is ₦1, 833,500, ₦2, 016,850, ₦2,218,535

1.7 The funding requirement is ₦560,400 (five hundred and sixty thousand four hundred) as the promoters are contributing ₦375,000 (three seventy five thousand) to the project.

1.8 The company's competitive edge is the strong technical skills and knowledge of the business.

1.9 The profitability indicators as extracted from the projections embodied in the plan are as follows:

PROFITABILITY ANALYSIS

	YEAR 1	YEAR 2	YEAR 3
Turnover	1,833,500	2,016,850	2,218,535
Operating profit(N)	1,008,425	1,139,534.5	1,281,870.75
Return on equity (%)	268.91	3030.88	341.83
Return on total investment (%)	107.81	121.82	137.04

2.0 BACKGROUND

2.1 INTRODUCTION

Information technology has covered almost all activities carried out by man nowadays such as research , rendering of health service (telemedicine), defence, long distance communication via (via e-mail, telephone, facebook etc).

2.2 VISION AND MISSION: MY vision is to provide steady supply of vegetable based products and to achieve excellence through hardworking .To ensure that the service are rendered by everyone to get excell

2.3 OWNERSHIP OF THE ENTERPRISE:

This company belongs to an individual

2.4 LEGAL STATUS:

This business of processing and production of vegetable based products by Onah Nkemdilim Anastesia and Ugwu amoge

Contact address of these production of vegetable based products company is located at No 28 ebeano plaza odenigbo lane nsukka.

2.5 LOCATION AND FACILITIES:

This enterprise, processing and production of vegetable based products company is located at 28 Ebeano plaza lane, Nsukka, because of availability of the following facilities; regular power supply, availability of market, nearness to market and security

2.6 PRODUCT AND SERVICES:

we offer the following services; supply of quality of vegetable based products.

2.7 MARKETING STRATEGY:

We are going to sell our products direct to the customers and wholesalers .We shall produce an attractive and quantity of vegetable based products and sell at cheaper price at the beginning.

2.8 KEY SUCCESS FACTOR:

We shall observe the following dress code; black or blue trousers for males and black or blue skirt for the female with our business shirt for all our workers. We shall be polite and friendly to the customers.

2.9 REVENUE BASE:

ITEM	QUANTITY PER MONTH	UNIT PRICE(N)	QUANTITY PER YEAR	AMOUNT(N)
Tomatoes	94	300	1128	338400
Carrot		120 per bag	6936	4000
Cucumber	246	100	2951	295100
Cabbage	7	87	4000	336000
Total				1,833,500

3.0 MARKETING AND CLIENTS:

3.1 NATURE AND SIZE:

Vegetable based products are a necessity since it is used for transportation of goods. These bags can be used in super markets to package good for customers. Manufacturing firms can use these bags to package their goods.

3.2 TARGET CLIENT/MARKET:

We are targeting companys, wholesalers, lecturers, pressmen, bankers, manufacturing companies and businessmen.

3.3 KEY COMPETITORS AND PLAYERS:

The key competitors and players in the production of vegetable based products business at Ofuruonu junction include; salad dressing .

Although these people get these products from the market openly, but still they are not satisfying, the demand due to the population of increase in the area is always high.

3.4 SERVICE DELIVERY:

We shall be friendly, sincere, and respectful in dealing with our customer.

3.5 QUALITY ASSURANCE:

Our business is going to observe all quality control measures necessary in this sector . And try to meet up to the government recycling regulations.

3.6 DEMAND AND SUPPLY ANALYSIS:

Although there are production of vegetable based products already operating at Nsukka but the demand has not been met. This may be attributed to a number of factors such as, the high population density in the area the population constitute mainly of the wholesalers and the costumers that make use of vegetable based products .

Another noteworthy reason for the inability to render a satisfactory of production of vegetable based products services in the area is because of the fact that none of these enterprise run a quality like thickness, flavour, palatable etc which our business is set to offer.

Processing and production of vegetable based products business is the type of business that can be practiced only by people with adequate processing and production of vegetable based products knowledge thereby making it impossible for those without vegetable based products knowledge to run effectively.

3.7 TECHNOLOGY:

As a starter, we going to be employ manual technology but will transform to mechanisation as the business grows.

3.9 COMPETITIVE EDGE:

Our competitive advantage includes; availability of cheap labour, constant and adequate market for our products

4.0 MARKETING PLAN:

4.1 MARKETING:

We going to sell our product direct to the customers and wholesalers in cash but may grant a credit to regular customer of not more than N1000.00

4.2 PROMOTION AND DISTRIBUTION STRATEGY:

We are going to promote our business through personal contact, printing and distribution of hand bills and set in the company website through the use of posters to be pasted in a public places.

4.3 ALLIANCES:

I do not plan any form of alliances until my business is established.

4.4 MARKET POSITIONING:

We not going to be a one stop shop but instead shall specialize in rendering a certain number of services such as, door to door sale. We shall maximise the use of our resources efficiently.

4.5 SERVICES DELIVERY STRATEGY

We are going to sell our product direct to the customers in cash but may grant a credit to regular customer of not more than N1000.00

4.6 SWOT ANALYSIS

S-Strength of this business lies on a number of factors favouring the business in the area. They include such factors as availability of ready market for our products.

W-Weaknesses of this business, processing and production of vegetable based products in the area where eateries, business and seasonality of demand as the most of the customers are wholesalers. which imply that the demand will be high

O-Opportunities that are available to this business include; increased disposable income and availability of ready market.

5.1 SHAREHOLDERS AND DIRECTOR

We don't have room for shareholders and directors as the business have not been registered in Nigeria stock exchange

5.2 MANAGEMENT TEAM

Manager and technical assistant

5.3 PERSONAL PLAN (quarterly)

NAME	POSITION	QUALIFICATION	SALARY(N)	AMOUNT(*3)N
Ukoh Rosemary A	MANAGER	B.ED BUSINESS EDUCATION	16,250	48,750
Ugwuanyi, Jennifer K.C	TECHNICAL ASSISTANT	B.A Linguistic	16,250	48,750
Ushi, Juliet N	MACHINE CONTROLLER	B.ED BUSINESS EDUCATION	16,250	48,750
Umeobiaeri, Gloria E	ACCOUNTANT	B.Sc Economics	16,250	48,750
Ugwuasadu, Scholastica I	PERSONNEL	B.ED RELIGION	16,250	48,750
TOTAL				243750

5.4 VALUE AND NORMS OF THE BUSINESS

The value and norms of our business are honesty and customer oriented service

6.6 LEGAL, REGULATORY, SOCIAL AND ENVIROMENTAL ISSUES

6.0 LEGAL ISSUES:

The name of our business is processing and production of vegetable based products company . It is about to be registered with corporate affairs commission.

6.1 REGULATORY ISSUES:

Our business is going to abide by all regulatory policies as directed by the regulatory authority.

6.3 SOCIAL ISSUE:

. Our business is going to contribute in improving the social standards of the people in the area through provision of access to relevant packaging, provide necessary services to industries in the area etc.

6.4 ENVIROMENTAL ISSUES:

The bye-products of this service-based business are scraps, which are sold to generate income through low but better than waste it.

7.0 FINANCIAL PLAN:

7.1 SUMMARY OF PROJECT COST:

The total cost of this project expected at ₦ 935,400.00. It is broken into ₦619660.00 fixed capital and ₦315740.00 working capital.

Fixed Capital Cost:

Generator	₦92500.00
Rent for 3 years	₦9000.00
Bow	₦25,000.00
Spoon	₦25,000.00
Blender	31,000.00
Pot	₦11,760.00
Fridge	₦45,400
TOTAL FIXED CAPITAL	₦619,660.00
TOTAL WORKING CAPITAL	₦315,740.00
TOTAL PROJECT COST	₦935,400.00

7.2 FUNDING PLAN:

Owner’s contribution -----375,000
 Loan capital (bank) -----560,400
 Total project cost -----N935, 4000

7.3.0 FUNDING REQUIREMENT:

The funding requirement for this project is N560, 400 since the owner’s is contributing N375, 000

7.3.1 INTEREST AND LOAN REPAYMENT SCHEDULE:

YEAR	PRINCIPAL	REPAYMENT	INTEREST	LOAN BALANCE
1	560400	186800	56000	373600

2	373600	186800	37360	186800
3	186800	186800	18680	0

7.3.2 DEPRECIATION SCHEDULE:

ASSET ITEMS	COST (N)	SCRAP VALUE(N)	LIVE SPAN (yrs)	AMOUNT(N)
Generator	92,500	48,000	10	4,450
Fridge	250,000	152,000	8	12,250
Printer	25,000	10500	8	1812.5
Turner	18500	8000	8	1312.5
Pot	13400	7000	10	640
Spoon	35000	12000	8	2875
Stabilizers(×2)	25000	11500	5	2700
Relay box	32000	13500	10	1850
Tables	26000	15000	10	1100
Plastic chairs	12260	5,150	20	711
Total	529,660			29,701

7.4 PROJECTED INCOME STATEMENT:

	2015	2016	2017
Turnover	1833500	2016850	2218535
Less operating expenses			
Utility and gas oil	70800	77880	85668
turner	24000	26400	29040
Pot	13000	14300	15730
blender	2000	2200	2420
Maintenance	20000	22000	24200
Rent	30,000	30,000	30,000
Depreciation	29701	29701	29701
Interest on loan	56040	37360	18680
Salaries	429,000	471900	519090
Administrative expenses	30525	33577.5	36935.25
Recharge(of dish)	120000	132000	145200
Total operating expenses	825,075	877,315.5	936,664.25
Net operating profit	1,008,425	1,139,534.5	1,281,870.75

7.5 PROJECTED CASH FLOWS STATEMENT:

CASH INFLOWS	2015	2016	2017
Owners contribution	375,000	—	-
Loan from bank	560,400	—	-

Revenue (sales)	1,833,500	2,016,850	2,218,535
Total cash inflows(A)	2,768,900	2,016,850	2,218,535
CASH OUTFLOWS			
Equipment and rent (less 1 year rent)	589,660	-	-
Operating expenses (less depreciation and rents 2012 and 2013)	765,374	817,614.5	876,963.25
Loan repayment	186,800	186,800	186,800
Total cash flows(B)	154,183.4	100,441.5	106,376.25
Net cash inflows(A-B)	1,227,066	1,012,435.5	1,154,771.75
Opening cash balance	-	1,227,066	2,239,501.5
Closing cash balance	N1,227,066	N2,239,501.5	N3,394,273.25

7.6 PROJECTED BALANCE SHEET:

	2015	2016	2017
CAPITAL EMPLOYED			
Fixed asset	529,660	529,660	526,660
Less depreciation	29,701	59,402	89,103
	499,959	470,258	440,557
CURRENT ASSET			
Balance at Bank and in hand	1,227,066	2,239,501.5	3,394,273.25
Repayment (rent)	60,000	30,000	
	1,287,066	2,269,501.5	3,394,273.25
Less creditors (bank loan)	373,600	186,800	
Net current assets	913,466	2,082,701.5	3,394,273.25
Net current	1,413,425	2,552,959.5	3,834,830.25
FINANCED BY:			
OWNER'S CAPITAL	375,000	375,000	375,000
RETAINED PROFIT	1,038,425	2,177,959.5	3,459,830.25
OWNER'S FUND	N1,413,425	N2,552,959.5	N3,834,830.25

7.7 PROFITABILITY ANALYSIS:

	2015	2016	2017
Turnover	1,833,500	2,016,850	2,218,535
Operating profit(N)	1,008,425	1,139,534.5	1,281,870.75
Return on equity (%)	268.91	3030.88	341.83
Return on total investment (%)	107.81	121.82	137.04

7.8 BREAK EVEN ANALYSIS

$$\text{BEP} = \frac{\text{FC}}{1 - \frac{\text{VC}}{\text{S}}}$$

Where;

BEP - break even point

FC - fixed cost

VC - variable cost

S - Sales

FOR YEAR 1

FC =619,660, VC =315,740, S =1,833,500

$$\text{BEP} = \frac{619660}{1 - \frac{315740}{1833500}} = \frac{619660}{1 - 0.17221} = \text{N}748,571.5$$

FOR YEAR 2

FC= (YEAR 1 fixed Asset-YEAR 1 RENT) =619660-30000=589660

VC=347,314, S=2016850

SO, BEP=589660/ (1-347314/2016850) =N712,321.82

FOR YEAR 3

FC= (YEAR 1 FIXED Asset- YEAR1&YEAR2 RENT) =559660

VC=382045.4, S=2218535

So, BEP = 559660/(1-382045.4/2218535)=N676081.18

8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY:

8.1 RISK ANALYSIS AND MITIGANTS:

RISK	MITIGANTS
Thief	Highly armed security
Fire	Instillation of fire extinguishers and also proper wiring of the entire shop to avoid short circulating of electricity.

8.2 CONTINGENCY PLAN:

CONTINGENCY	PLAN
Stronger competitor	Change of strategy
Reduction in sales	Use of promotion
Loss of information	Back up systems
Power failure	Stand by generator

8.3 EXIT STRATEGY:

In the case of exit from business the strategy could be moving into another business like establishing packaging company.

9.0 OTHER CONSIDERATION, CONCLUSION AND RECOMMENDATION:

9.1 ECONOMICS JUSTIFICATIONS:

The business is economically justifiable because it will provide employment opportunity to the youth and also promotes industries around it especially the banks

9.2 COMMERCIAL VIABILITY:

The business has already developed market for its products

9.3 CONCLUSION/RECOMMENDATION:

From the analysis so far, it could be seen that processing and production of vegetable based products is economically viable, financially viable, and technically feasible. Thus, the business offers good investment benefit and is therefore, highly recommended for funding /financial assistance.