

**UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL
GOVERNMENT**

TOPIC:

POULTRY FARMING

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

BY

**AGBO COLLINS I.
2014/196183**

LECTURER: DR. MRS. T.C. NWAOGA

JULY, 2017

1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendation relate to the proposal by **OMEKANNAYA Poultry Farm** company of Agbo Collins I. to establish a poultry farm business.

1.2 The proposed project is to be fully implemented with an investment of **₦775,000.00** (seven hundred and seventy-five thousand), made up of **₦325,000.00** fixed capital and **₦450,000.00** working capital.

1.3 The business's vision is to improve the production of Poultry Products through the manufacturing of highly nutritious livestock feeds.

1.4 The proposed business will be located at Eha Junction, Obollo Road, Nsukka of Enugu State, Nigeria.

1.5 A ready market exists for the planned business, based on my market 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 are respectively **₦980, 000.00, ₦975, 900.00, and ₦995, 780.00.**

1.7 The funding requirement is **₦775, 000.00** as the promoters are committing **₦400, 000.00** to the project.

1.8 The business's competitive edge is the management's strong technical skills and knowledge of the business; and sales of varieties of livestock feed for different breeds of chicken.

1.1 The profitability measure are as shown

	Year 1	Year 2	Year 3
Turnover	92992000	6846080	10368480
Profit before Int & tax	9589760	11460160	16012160
Net profit/sales	4.03%	4.99%	7.12%

Conclusion

From the analysis of my finding 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.

2.0 INTRODUCTION

Nsukka is a highly populated town that is blessed with a large expanse of very fertile farm land. This made agriculture to be the most lucrative occupation in the area. Analysis has shown that outside those engaged in white collar jobs, the majority of the remaining populace is involved in farming, trading and other menial jobs.

It is evident that poultry farming is fast growing business venture in Nsukka. Besides from little poultry most families make a home, others have taken this poultry farming as a sole business venture.

The increasing demand for chicken, eggs for both domestic and commercial purposes has led to the establishment of this business, **OMEKANNAYA POULTRY FARM.**

2.2 VISION

The vision of the business is to make poultry produce i.e chickens, eggs, manure, e.t.c available in sufficient quantity to all consumers in Nsukka.

2.3 MISSION

The mission of the business is to provide few employment for people contribute to the poverty eradication exercise in Nsukka land through improving poultry farming.

2.4 KEY SUCCESS FACTORS

The key success factors of this business include:

- (i) a very high experience and skills of our workers;
- (ii) being friendly to our customers;
- (iii) a welcoming countenance shown to customers;

- (iv) neatness of the business premises;
- (v) high quality products manufactured;
- (vi) A quality delivery service and customers' care services rendered to customers.

2.4 INHERENT RISK

i. There is a currently lean resource to contain the expansion that is normal with piggeries.

ii. Will the implementation of this project attract more entrants to the business to compete with?

iii. Provision of basic utilities like water supply and electricity is not regular.

2.5 OWNERSHIP OF THE ENTREPRISE

The name of the company is OMEKANNAYA POULTRY FARM. A legal registered business form of ownership and enterprise. The promoter of the business: Agbo Collins Ignatius discovered that the success of poultry industry in Nigeria cannot be over emphasized, following the supply of meat and egg as the main source of animal protein, there by limiting the volume of people. Suffering from kwashiokor deficiency, ensuring that the people are well fed and enhancing the health and efficiency of the masses.

Having gone through the product formulation and development stage, the company now desire to embark on the production poultry domestic chicken for commercialization and it is currently seeking financial support from. Nigerian Bank for Agriculture (Agric Bank).

2.6 LOCATION AND FACILITIES

The business will be located at Eha Junction Obollo Road, Nsukka of Enugu State, Nigeria.

The geographical location of the business is advantageous due to the following location factors.

- (1) The nearest of the markets Ogige community market in Nsukka and Orba Market will enable easy access of suitable feed supply for each category of birds from boiler, starter and finisher for the broiler birds to the chick starter grower and layers feed for the laying birds.
- (2) Availability of land to contain expansion of the poultry farm.
- (3) Existence of good road network for efficiency and effectiveness in distribution.
- (4) Availability of cheap and reliable productive factor input (labour).

2.7 AVAILABLE MARKET

Information from survey shows that about 40000 eggs are demanded yearly in Enugu area above while that of the South East of Nigeria has been put at above 1,500,000 eggs per annum. This demand figure is expected to rise as the population within the market area being targeted increases. This is cheering information for promoters whose primary market is in Enugu

Industry trend and analysis

The sector within which this poultry farm business will operate is the agricultural sector that is the primary sector of the economy. Agriculture in Nigeria is generally under developed especially the livestock farming. This is because, animal husbandry required greater skills and experience to succeed successfully. Livestock production depends greatly on crop husbandry. Thus any set back in crop farming will invariably affect successful livestock production.

The challenges faced by this industry include the following

- The use of out dated husbandry technique
- Scarcity and high cost of animal feeds
- Unfavourable local environment for improved exotica breeds

- Weak extension services
- Lack of reliable data bases for livestock planning in adequate credit facilities
- Poor veterinary services
- Prevalence of disease
- Inconsistency government policies on agriculture
- Inadequate marketing infrastructure.

2.8 The Opportunity In The Industry Include The Following:

- Food supply for man
- Feeds for livestock
- Manure for other agricultural purposes
- Livestock for industries e.g. canned meat
- Employment creation i.e. requiring labour intensive a production techniques

Income for farmers from the sale of their farm product

2.9 REVENUE BASE

ITEM	QUANTITY PER MONTH	UNIT PRICE(₦)	QUANTITY PER YEAR	AMOUNT (₦)
Eggs	50 crates	800	600	480,000
Chickens	50 chickens	1000	600	600,000
Total	100	1800	1200	1,080,000

3.1 NATURE AND SIZE

Due to the advent of poultry farms in Nsukka, the demand for Livestock feeds has increased. Both rural and urban poultry keepers are in dire need of these feeds as there is no other food that can be used for this purpose. Its indispensable nature has made Livestock feeds a very lucrative business and hence has a very wide/vast market.

3.2 TARGET CLIENTS

This business is established for all consumers.

3.3 KEY COMPETITORS AND PLAYERS

- (i) King Size poultry, Beach junction, Nsukka.
- (ii) Live Gate poultry farm, New Layout, Nsukka.
- (iii) Eze G. I. poultry farm, Convent Hill, Nsukka.

3.4 SERVICE DELIVERY

- (i) I will be sincere to my customers.
- (ii) I will be polite to them.
- (iii) I will be conscious in delivery so as to avoid shortage in quantity delivered.
- (iv) I will give a free home delivery service to every customer that purchases not less than 20 crates of feeds.
- (v) I will give 5% discount to any purchase below 30 bags, and 10% discount to any purchase above 30 crates.

3.5 QUALITY ASSURANCE

My products are going to observe all quality control measures necessary in this firm approved by the poultry regulating body.

3.6 DEMAND/SUPPLY ANALYSIS

The supply of maize and wheat in the market is dwindling because it is seasonal. This makes the availability of livestock feeds in the market dependent on the season of the year. Meanwhile, there has been an escalating demand for livestock feeds in recent times due to the lucrative nature of poultry business.

3.7 TECHNOLOGY

For a start, I will employ manual technology in all the production process except in the grinding stage where I will make use of an electric mill. As time goes on, I will mechanize the whole process.

3.8 COMPETITIVE EDGE

The competitive edge I have over our competitors includes the following:

- (i) Availability of cheap labour;
- (ii) Availability of large farmland for cultivation of maize and wheat;
- (iii) Availability of power supply from the national grid;
- (iv) Proximity to the source of raw materials;
- (v) A good network of roads for easy transportation;
- (vi) A high working experience of labourers; and
- (vii) A high level of skill.

3.9 PRODUCT/SERVICE

Eggs

Chicken

Business Strategy:

The OMEKANNAYA poultry farm will adopt the following business strategies that will distinguish it from others and also make customers to consider it as an option of first choice. My business strategy include the following;

- To be well known as the company that produces the best quality farm product without endangering the environment.
- A reliable source of product supply of livestock at any point in times
- The player with the best ethical standard,
- Embarking on advertisement which will evening affect the demand for the product through advertisement, the demand for the product will increase.

Key Success Factors:

- (a) The use of improved variety of poultry farm species (Gallus gallus domestics).
- (b) Importing the latest and best breeds from Israel
- (c) The main promoter has undergone training in entrepreneurship and has gained the required skill
- (d) Adopting improved techniques of production using battery cage system. .

3.1 Marketing Strategy

My products will be sold through wholesalers, retailers as well as direct to the customers.

3.10 Pricing Strategy

I will make use of **penetrating price strategy**, i.e. selling at a reduced price to attract customers and then gradually increasing it to the appropriate prices. I will also inculcate **price lining** during scarce periods. Discount of 5% will be given on any purchase below 30 crates while a discount of 10% will be given on any purchase above 30 crates.

Distribution Strategy

Any purchase that is up to 20 crates at a go attracts free delivery to customers.

4.0 MARKETING

I will operate a sedentary marketing whereby my products will be marketed in my business premises. I will employ price penetration method in order to attract customers thereby advertising I products.

4.1 PROMOTION AND DISTRIBUTION STRATEGY

I will distribute non-coloured printed handbills and posters to the masses. I will also send announcements to churches, offices and business centers to let them know about I products. The distribution of products will be based on the quantity purchased. 30 bags and above attract a free delivery service while below 30 bags attract delivery at a subsidized amount.

4.2 ALLIANCES

I will establish alliances with pre-existing livestock enterprises in order to connect to contacts. I will also liaise with poultry keepers associations, farmers' cooperatives and livestock cooperatives so as to promote my business.

4.3 MARKET POSITIONING

I will run a specialization aspect of market positioning for a start until I attain to a one-stop shop when I shall delve into poultry facilities, poultry drugs and treatment services, a day old chicks booking services and so on.

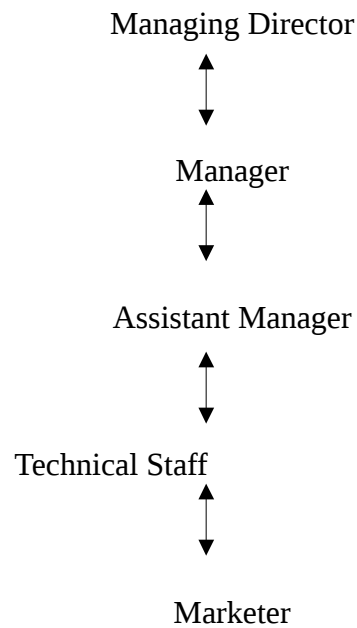
4.4 SERVICE DELIVERY STRATEGY

OMEKANNAYA Poultry Farm will adopt the following strategies in delivering/rendering services:

- (i) Attending to customers as they come (i.e. first come, first serve);
- (ii) Helping customers in decision or choice making;

- (iii) Appropriate weighing of livestock feeds using a standard scale;
- (iv) Being polite to customers in handling transactions.
- (vi) Maintaining the enterprise's injunction of discount and home delivery services.

5.1 ORGANIZATION OF STRUCTURES



5.2 SHARE HOLDERS AND DIRECTORS

I don't have chances for share holders and directors until our business expands.

5.3 MANAGEMENT TEAM

Manager and Assistant Manager

5.4 EXTERNAL SUPPORT

I may seek external supports for special areas like accounting, personnel training, etc.

5.5 PERSONNEL PLAN

NAME	POSITION	QUALIFICATION	SALARY (₦)	AMOUNT (₦)
Victor Nwachukwu	Managing Director	M.Sc(Bus.Admin)	20,000	60,000
UgwuMaduabuchi	Manager	M.Sc(Bus. Admin.)	15,000	45,000
Eke Ijeoma	Asst. Manager	B.Sc(Bus.Admin.)	12,000	36,000
OdoEbuka	Staff 1	HND	10,000	30,000
Amadi Cecilia	Staff 2	OND	8,000	24,000
EkweChinonso	Tech. Staff	WASSCE	6,000	18,000
OmekeChinedu	Tech. Staff	WASSCE	6,000	18,000
AmehIkenna	Driver	WASSCE	6,000	18,000
Total:			83,000	249,000

5.6 VALUES AND NORMS

- (i) The managing director is the highest authority in this enterprise.
- (ii) The hierarchy of staff is as follows:
 - Manager
 - Asst. Manager
 - Staff 1
 - Staff 2
 - Technical staff
 - Driver
- (v) Workers are to treat one another with tolerance and respect.
- (vi) Customers are to be served with uttermost concern. The service will be rendered to the satisfaction of the customers.
- (vii) We will give room for replacement of livestock feeds that are rejected by customers.
- (viii) Discipline must be maintained among the staff.

6.1 LEGAL ISSUES

This enterprise, OMEKANNAYA Livestock Feeds, located at Eha Junction, Obollo Road Nsukka of Enugu State, Nigeria. It is in the process of being registered with the Cooperate Affairs Commission.

6.2 REGULATORY ISSUES

My products(varieties of livestock feeds), are subject to test and recommendation by the Regulatory body on livestock feeds and quality control measures are to be exercised with respect to the recommendation.

6.3 SOCIAL ISSUES

This enterprise will establish a cordial relationship with neighbouring enterprises, especially those that deals in poultry products.

6.4 ENVIRONMENTAL ISSUES

The wastes that will come out during the production of our livestock feeds are going to be properly disposed in other to avoid environmental pollution.

7.0 SWOT ANALYSIS

Strength- My strength lies in the facts that I have well-trained and experienced workers in all level of management of poultry farm. I am also strengthened by my strategic location.

Weakness- The major weakness will come from the fact that I have not yet mechanized all the production process. This will lead to a smaller output in any given time.

Opportunities- I have the opportunity of becoming one of the highest suppliers of poultry products in Nsukka and Orba town. This is as a result of my location and potentials (skills and experience) which give me the edge over my competitors.

Threat- there will be increased competition due to more poultry farms.

Low initial demand.

7.1 EXIT STRATEGY

No exit is planned, rather diversification will be pursued.

8.0 SUMMARY OF PROJECT COST

The total cost of this project is estimated at ₦ 775,000.00 and is broken into ₦325,000.00 fixed capital and ₦450,000.00 working capital.

FIXED COST

Generator	-	-	-	-	-	-	-	-	-	₦80,000
Palm Kernel Cracker (machine)	-	-	-	-	-	-	-	-	-	₦130,000
An Electric Mill	-	-	-	-	-	-	-	-	-	₦110,000
Two Shovels	-	-	-	-	-	-	-	-	-	₦4,000
Thermoplastic Bowls	-	-	-	-	-	-	-	-	-	₦1,000
Total	-	-	-	-	-	-	-	-	-	₦325,000

WORKING CAPITAL

Fuel	-	-	-	-	-	-	-	-	-	₦30,000
Raw Materials	-	-	-	-	-	-	-	-	-	₦190,000
Bags for Packaging	-	-	-	-	-	-	-	-	-	₦20,000
Thread for sealing	-	-	-	-	-	-	-	-	-	₦5,000
Shop Rent (for 3 years)	-	-	-	-	-	-	-	-	-	₦90,000
Electricity Bill (for 3 years)	-	-	-	-	-	-	-	-	-	₦45,000
Vehicle Rental (for 3 years)	-	-	-	-	-	-	-	-	-	₦60,000
Maintenance	-	-	-	-	-	-	-	-	-	₦10,000
Total	-	-	-	-	-	-	-	-	-	₦450,000

8.2 FUNDING PLAN

The total project cost is planned to be funded as follows:

Owners' Contribution - - - - - ₦400, 000

Loan Capital - - - - - ₦375, 000

8.3 FUNDING REQUIREMENT

The funding requirement for this project is ₦375, 000 since the promoter is going to commit ₦400, 000 to the business.

8.4 INTEREST AND LOAN REPAYMENT

Assume 10% Interest in 3 years.

YEAR	PRINCIPAL (₦)	REPAYMENT (₦)	INTEREST (₦)	TOTAL REPAYMENT (₦)	LOAN BALANCE(₦)
1	375, 000	125, 000	37, 000	162, 000	250, 000
2	250, 000	125, 000	25, 000	150, 000	100, 000
3	100, 000	125, 000	10, 000	135, 000	

8.5 DEPRECIATION SCHEDULE

S/N	ASSET ITEM	COST (₦)	SCRAP VALUE (₦)	LIFE SPAN	AMOUNT (₦)
1	Generator	80, 000	45, 000	10 yrs	3, 500
2	Palm kernel Cracker	130, 000	90, 000	10 yrs	4, 000
3	Electric Mill	110, 000	60, 000	10 yrs	5, 000
4	Shovels (2)	4, 000	2, 000	10 yrs	200
5	Thermoplastic Bowls	1000	200	10 yrs	80
Total:		325, 000	197, 200		12, 780

8.6 PROJECTED INCOME STATEMENT

ITEM	YEAR 1 (₦)	YEAR 2 (₦)	YEAR 3 (₦)
Turnover	980, 000	975, 900	995, 780
Less: Operating Expenses			
Fuel	9, 000	12, 000	9, 000
Raw materials	70, 000	60, 000	60, 000
Baggage Materials	7, 000	9, 000	9, 000

Shop Rent	30, 000	30, 000	30, 000
Electricity Bill	17, 000	13, 000	15, 000
Vehicle Rental	20, 000	20, 000	20, 000
Maintenance	3, 000	3, 500	3, 500
Salaries	249, 000	260, 000	285, 000
Depreciation	197, 200	197, 200	197, 200
Interest On Loan	37, 000	25, 000	10, 000
Miscellaneous	5, 000	6, 000	5, 500
Admin. Expenses	23, 000	27, 000	34, 000
Total Operating Expenses	667, 200	662, 700	678, 200
Net Operating Profit	312, 800	313, 200	317, 580

8.7 PROJECTED CASHFLOWS STATEMENT

ITEM	YEAR 1 (N)	YEAR 2 (N)	YEAR 3 (N)
CASH INFLOWS			
Owners' Contribution	400, 000	-	-
Loan from Bank	375, 000	-	-
Revenue (sales)	980, 000	975, 900	995, 780
Total Cash Inflows (A)	1, 755, 000	975, 900	995, 780
CASH OUTFLOWS			
Equipment and Rent (less year 1 rent)	385, 000	-	-
Operating Expenses (less depreciation & Rents Yr 2 & Yr 3)	607, 200	602, 700	618, 200
Loan Repayment	125, 000	125, 000	125, 000
Total Cash Outflows (B)	1, 117, 200	727, 700	743, 200
Net Cash Flows(A-B)	637, 800	248, 200	252, 580
Opening Cash Balance	-	637, 800	886, 000
Closing Cash Balance	637, 800	886, 000	1, 138, 580

8.8 PROJECTED BALANCE SHEETS

ITEM	YEAR 1 (N)	YEAR 2 (N)	YEAR 3 (N)
CAPITAL EMPLOYED			
Fixed Assets	325, 000	325, 000	325, 000
Less: Depreciation	197, 200	216, 920	238, 612
Net Fixed Assets	127, 800	108, 080	86, 388
Current Assets			
Balance at Bank and in Hand	637, 800	886, 000	1, 138, 580

Prepayment (Rent)	60, 000	30, 000	-
	697, 800	916, 000	1, 138, 580
Less: Creditors (Bank Loan)	250, 000	100, 000	-
Net Current Assets	447, 800	816, 000	1, 138, 580
Net Asset = Net Fixed Asset + Net Current Asset	575, 600	924, 080	1, 224, 968
FINANCED BY:			
Owner's Capital	400, 000	400, 000	400,000
Retained Profit	175, 600	524080	824, 968
Owner's Fund	575, 600	924, 080	1, 224, 968

9.1 ECONOMIC JUSTIFICATION

This enterprise, OMEKANNAYA poultry farm, has the capacity of providing/generating economic activities such as cheap eggs and cheap labour, constant power supply as well as making the neighbouring enterprises to progress.

9.2 COMMERCIAL VIABILITY

Since poultry business has become a very prolific business, importance of poultry cannot be over-emphasized. Because of the indispensable nature of this, its demand has increased drastically. Hence, there is a very large market for the sales of my products.

10.0 CONCLUSION / RECOMMENDATION

This business, **OMEKANNAYA POULTRY FARM**, will improve the production of poultry farms and invariably promote the standard of living of the people of Nsukka land through wealth creation, job creation, improved skill acquisition and poverty eradication. It is therefore recommended as a successful business plan for a developing community like Nsukka.