

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF AGRICULTURE

DEPARTMENT OF HUMAN NUTRITION AND DIETETICS.

TOPIC: BUSINESS PLAN ON POULTRY FARM

AN ASSIGNMENT SUBMITTED IN PARTIAL FULFILMENT FOR THE

REQUIREMENT OF THE COURSE: CEDR 342 (BUSINESS

DEVELOPMENT AND MANAGEMENT)

BY

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1.1 EXECUTIVE SUMMARY

1.2 The following report and recommendation relate to the proposal by Chukwunosu poultry to establish a poultry farm.

1.3 The project is to be fully implemented with an investment of N1 million made up of ₦700,000 fixed capital and ₦300,000.

1.4 The vision is to become the "best and most hygienic egg and meat (chicken) supplier in the area" complying by the national standards for food and drugs.

1.5 The project will be located at nsukka in Enugu state.

1.6 A ready market exists for the planned business, based on our market survey.

1.7 The financial projections reveal a good level of liquidity and stability. The projected turnover for 2018, 2019 and 2020 respectively are N1.6million, N1.7million and ₦2.2 million.

1.8 The funding requirement is N700,000, as the promoter is committing ₦300,000 to the project.

1.9 The competitive edge of the establishment is to quality affordable chicken and chicken products all year round.

1.10 The profitability indicators as extracted from the projections embodied in this plan, are as follows:

Indicators	2018	2019	2020
Turnover (N)	1,750,000	1,900,000	1,990,000
Gross margin (N)	1,000,000	1,030,000	1,530,000
Net operating profit (N)	250,000	280,000	529,000
Return on equity %	101.3	268.28	386.15
Return on total investment %	21.3	91.5	145.77

1.11 Conclusion and Recommendation

- ❖ 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.
- ❖ The project offers good investment benefits. We therefore, highly recommend it to be funded so that we can ensure its implementation

Poultry is an emerging and important sector that has been contributing progressively to our economy from the past decade. Poultry is one of the fastest growing and most promising industry with the brightest future in our country. Poultry sector is playing a very vital role in the reduction

of poverty, malnutrition and unemployment problem of our country. Venture category of our business will be partnership. It will be distributed by the firm to customers. The most important requirement in any kind of business is purpose. Our purpose is to satisfy the customer by providing quality product. Our business will meet the demand of the restaurant, super shop, hotel, community center, bakery and catering houses. We will also distribute manure to farmers that are into crop production.

Chukwunonso poultry is a farm focused on both egg and meat production that provides for a large market range. It also produces manure as a by-product. It is based in Nsukka, Enugu State. The founders have noticed the health implication of red meat and are creating a business to meet the increased demand for white meat and eggs.

Chickens happen to be a great source of white meat and are also largely known for egg production. The persons who jointly want to start this business are Ozioko Onyekachi and Ozioko Chinonso.

Not only we are interested in meeting the demands of the customer, we also plan to create utmost satisfaction for these customers. The founders also want to use this business as a means of creating employment within the community it is based in and to contribute to the economy of the country. We plan on provide products with quality and maintain this supply efficiently. This business plan for poultry farm is meant to articulate the vision and future of our poultry, and to appeal to investors and external stakeholders to get involved in this business and help with its funding as it is a capital intensive business. We also hope that it will serve as a guideline for the firm's employees to move towards the goal of the poultry. Investment in this business shall be

allocated to the following purposes: buying chickens, building cage house, stocking the pellets, hiring the experts and other miscellaneous tasks..

We have considered the risks, financial, health and technology wisely.

2.1 Introduction

2.2 Vision statement

Our visions of setting a poultry farm include to:

- ❖ become the "best and most hygienic egg and meat (chicken) supplier in the area" complying by the national at standards for food and drugs.
- ❖ turn in profits from the first six months of operations.
- ❖ maintain 50% gross margin ratio.
- ❖ win the hearts and tastes of our beloved consumers and establish a brand image of the company through heavy marketing campaigns in the first one year.

2.3 Mission statement

Our missions are to:

- live up to the expectations the consumers by delivering the best quality, fresh and valuable products (eggs and meat) to the end users by adopting the cage-raise flock management style.
- respect all employees and enable everyone to have a say in company affairs.
- provide investors with opportunities to receive a nice return on investment and high-quality growth.
- contribute to the community through physical and social programs.

.2.4 Business ownership

The business is a partnership business that will be managed by my elder brother and I, Ozioko Onyekachi Emmanuel and Ozioko Chinonso Blessing respectively.

2.5 Planned location and facilities

2.5.1 Location

Chukwunonso poultry will be located at Nru Nsukka, along Enugu Express Road. The following informed me of the choices of the location:

- ❖ Its nearness to the main markets (Nsukka main market and Ikpa markets) of Nsukka town.
- ❖ There is available land that will contain expansion of the poultry as well as parking space.
- ❖ Laborers are always available and cheap.
- ❖ Easy access to water and chicken feeds
- ❖ Availability of good roads and quick market access.
- ❖ Already existing security at the site due to the presence of nearby banks and filling stations. This will create a safe environment for the customers.

2.5.2 Facilities

Our facilities will include:

- A broiler grow out facility: This will be a deep litter system.
- A layer grow out facility: It will be a battery cage system. Both systems require adequate housing and feeding and drinking equipments.
- A hatchery unit: The hatchery unit is where the fertile eggs will be incubated to produce day old chicks.
- Table eggs production unit: The eggs produced in the table eggs production unit are infertile and the amount produced will depend on the layer chickens.
- The incubation will be done manually. The production cycle will be made up of 50% broilers and 50% layers. It will include the setter incubator and the hatcher incubator.

2.6 Products and services

Chukwunonso poultry farm will make following products available to customers:

2.6.1 Main products

- ❖ Eggs
- ❖ Live chickens

2.6.2 By products

Chicken droppings (manure)

2.7 Product description

We will offer chicken eggs and chicken meat that will be gotten from layers and broilers to our target market. We plan to take pride in the uncompromising quality of our products. We will also offer fertilizer in form of chicken manure. This is mostly used in vegetable farming and as an ingredient for feed in fish farming.

Chukwunonso poultry shall produce high quality, contaminant-free chickens and the freshest eggs to satisfy the taste of our customers. The products shall be distributed into a number of distributors; supermarkets, public markets, bakeries, restaurants and in the company's own retail space for easy access for marketing agents and consumers.

2.7.1 Future products

We are really planning big for the future. We plan on supplying cracked egg shells to some detergent companies for use. These special detergents are used in washing basins and pots. We also have plans of selling processed chicken meat in the future.

2.8 Service description

We plan on servicing our customers by providing home delivery for customers who are willing to buy at least a certain amount of our products.

2.8.1 Future services

In the future, we plan on creating a restaurant that has eggs as its main menu. It will be like a breakfast restaurant. In the future, if this business gets large enough, we would also like to build our own bakery. A major ingredient in most baked goods is eggs and we will be funding that through the poultry.

2.9 Market strategies

We will use the following strategies to ensure the continuous growth of poultry farm:

reliable source of egg and chicken supply at any point in time.

delivering our products at affordable prices.

2.10 Key success factors

Chukwunonso poultry will follow these principles in order to achieve success in its market:

State of art cage framework accommodating optimum number of chickens with lessened possible hazards.

Market chain management, optimum inventory level and 'customer is king' policy.

Regular visits by veterinary medical workers and hygienic poultry house environment.

3.0 Market, customers and competitors

3.1 Market analysis

Chukwunonso poultry has a great opportunity since there are huge markets such as Ogige market, \Orié Oba, Obollo-Afor, Nkwo-Ibagwa, etc, for eggs chicken meat in Nsukka. The increase in educational levels and thus higher quest for protein sources in our daily diets.

3.2 Target clients/market segmentation

Except for few taboos, religious or cultural practices that will prevent the consumption of poultry produce, nearly everybody eats eggs and meat, so we are targeting the whole market, individuals, homes and firms that use eggs and chicken in large quantities.

These are some of the classes of customers for poultry;

Those who buy mature live broilers or layers and slaughter them for the purposes of selling them fresh, cooked, fried or roasted. This group is usually price sensitive but they often buy in bulk and even pay in advance sometimes.

Restaurants/hotels: These classes of customers also buy in bulk for the purpose of selling to the final consumers. They are also price sensitive and can pay in advance too.

Bakeries: they buy eggs in bulk, are price sensitive and are good in paying in advance.

Households: They buy mainly in bits and sometimes not particularly price sensitive. However, they are sensitive to hygienic issues and quality of the egg or chicken they are buying.

Farmers: We also offer fertilizer in form of chicken manure. This is mostly used in vegetable farming and as an ingredient for feed in fish farming. They buy in bulk too.

3.3 Competitive edge

Our strength over our competitors is firstly based on the fact that we are not entering this business to make much money. We are entering this industry to solve the present problem that our population is facing. We are here to provide quality affordable chicken and chicken products. We saw that some of our competitors are seasonal they only produce their chicken at a given period of time. We won't work like that, always ready to provide chicken and eggs. We know the importance of time and know that people have many and varying activities; knowing all that we will be delivering our products to the customer's door. Through our motto "customer is the king" we will have an ever fast delivery. The other factor that will help us to have success over our competitors is to motivate our employees and helping them to improve their way of living, this

will help our employees to be focused on their work and provide better services to their customers.

We expected our business to grow and start working at national level and this will be achieved through hardworking of management team and efficiency and effective use of materials and time is the key to be successful over our competitors.

Marketing plan

Chukwunonso poultry farm shall employ marketers at full capacity. They will would be employed to sell egg/chicken from one egg depot to another or through marketing activities, many clientele base shall be created. These customers will be allocated dates. They either picks from the farm van at a price. All customers shall only be given allocation with a confirmation of a bank payment. To expand the clientele base, advert will be place on different fora online.

Promotion strategy

As we compete with other poultries, we will promote our products through advertisements with the aid of streamers and pamphlets. We can also make our business known through recommendations and connections with well-known businessmen in the locality. We will also make our products and service known in the newspapers. We have created a website too to let the consumers know of our business.

4.2 Marketing strategy/market positioning

Chukwunonso poultry will strive for the production of products with the highest quality and we plan on employing the following strategies. Our location puts us in proximity of major markets

hotels, restaurants, schools with campus in Nsukka and home deliver food centers we will be supplying to. We would also make contracts with hawkers in markets to sell our live chickens and eggs. We would also make contracts with retail shops for constant supply of eggs at intervals.

4.3 SWOT analysis

SWOT stands for strength, weakness, opportunities and threats and we have made an analysis in each case. Our SWOT includes the following:

Strength

- Produce high quality eggs enriched with protein
- Relatively good infrastructure systems
- Good marketing system
- Eggs and chicken are not seasonal products and can be eaten any time of the year

In this area, the poultry business hasn't been over-exploited

Poultry are environmentally friendly

Weakness

- Capital intensive. Starting a poultry business requires a large capital funding.
- Outbreak of disease can ruin entire business in a go
- The smell can be quite disturbing

Opportunities

- Expansion into large scale production of by products(fertilizer and detergent)
- Export to neighboring towns
- A large and successful poultry will ensure food security

Threats

- More competition
- Avian diseases
- High feed ingredients prices
- Threat of import of frozen chicken

4.0 Organization and management

4.1 Shareholder/Director

Ozioko Onyekachi is the key promoter of the project. Below is the shareholding structure:

Mr Ozioko Onyekachi = 75%

Ozioko Chinonso = 25%

5.0 Financial plan

5.1 The total project cost

The total project cost is estimated at N1, 000,000, made up of N600,000 in Fixed Capital and N400,000 in Working Capital.

5.2 Funding plan

	Owners' contribution (₦)	Term loan (₦)	Total (₦)
Owners' contribution	800,000		200,000

Term loan		200, 000	800, 000
Grand total	800,000	800, 000	1, 000 000

Funding requirement

The funding requirement for this project is N800 000 as we will be committing N200, 000.

Projected income statement

	2018 (₦)	2019 (₦)	2020 (₦)
Turnover	1, 600, 000	1, 700, 000	2, 260, 000
Cost of sales	600,000	670, 000	730, 000
Gross margin	900, 000	1, 140, 000	1, 150, 000
Less (operating expenses)			
Salaries and allowances	560, 000	504, 000	505, 000
Advertisement	25, 000	21, 000	22, 000
Business cards	19, 000	22, 000	23, 000
Loan interest	80, 500	80, 000	80, 000
Telephone and postages	37, 000	38, 000	39, 000
Depreciation	56, 000	56, 000	56, 000
Total Operating Expenses	713,000	731, 000	721,010
Net Operating Profit	195,000	408,700	712, 980

Projected cash flows statement

	2018	2019	2020
Cash inflows	(₦)	(₦)	(₦)
Equity	200, 000	900, 000	-
Bank loan	800, 000	400, 000	-
Sales revenue	1, 500, 000	500, 000	2,160, 000

Total cash inflows (W)	2, 500, 000	1,800, 000	2,160, 000
Cash outflows			
Fixed assets	600, 000	-	-
Cost of sales	600, 000	660, 000	726, 000
Operating expenses	646, 000	674, 300	664, 015
Loan repayment	-	400, 000	400, 000
Total cash outflows (X)	1, 846, 000	1,734, 300	1,790, 015
Net cash flow (W-X)	654, 000	65, 000	369, 985
Opening cash balance	-	654, 000	719, 700
Closing cash balance	654, 000	719, 700	1,089, 685

Projected balance sheet

	2018	2019	2020
Capital employed	(N)	(N)	(N)
Fixed assets	500, 000	500, 000	500, 000
Less: Depreciation	57, 000	114, 000	171, 000
Net book value	443, 000	386, 000	329, 000
Current assets			
Balance at bank and in hand (X)	654, 000	719, 700	1,089, 685
Less: Current liabilities (Y)	800, 000	400, 000	-
Net current assets (X-Y)	146, 000	319, 700	1, 089, 685
Net assets	397, 000	805, 700	1, 518, 685
Financed by:			
Owners' capital (Q)	150, 000	150, 000	150, 000
Retained profit (R)	197, 000	605, 700	1,318, 685
Owners' fund (Q+R)	347, 000	755, 700	1,468, 685

Profitability analysis

Indicators	2018	2019	2020
Turnover (N)	1,750, 000	1,900, 000	1990, 000
Gross margin (N)	1, 000 000	1,030 000	1, 530 000
Net operating profit (N)	250 000	280, 000	529, 000
Return on equity %	101.3	268.28	386.15
Return on total investment %	21.3	91.5	145.77

Break-even point analysis

	Fixed cost (₦)	Variable cost (₦)
Salaries	560, 000	-
Advertisement	-	25, 000
Business cards	-	19, 000
Loan interest	80, 500	
Telephone postages		25, 000
Depreciation	56, 000	
Total	696, 500	69, 000

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

$$\frac{\text{S}}{1 - \text{VC}}$$

$$\text{S}$$

FC = Fixed cost

VC = Variable cost

1 = Constant

S = Sales or Turnover

Therefore, BEP = $\frac{696, 500}{1 - \frac{69, 000}{1, 750, 000}}$

$$1 - \frac{69, 000}{1, 750, 000}$$

$$1, 750, 000$$

$$\text{BEF} = \frac{696, 500}{0.394}$$

$$0.394$$

$$= 1,767,$$

Other considerations and conclusion

Economic justification

This project can deliver benefits like job creation, contribution to gross capital formation as well as gross domestic product.

Conclusion and Recommendation

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. The project offers good investment benefits. We therefore, highly recommend it to be funded so that we can ensure its implementation