

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

TOPIC:

BUSINESS PROPOSAL FOR INTERNET /CYBERCAFE BUSINESS

**AN ASSIGNMENT
SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE COURSE: CEDR 342
(BUSINESS DEVELOPMENT AND MANAGEMENT)**

BY

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CHAPTER ONE

1.0 EXECUTIVE SUMMARY

1.1 The following report and recommendations relate to the proposal of Rex Computers to establish an internet and computer business.

1.2 The proposed project is to be fully implemented with an investment of ₦1, 335,000 made up of ₦ 707,000 working capital and ₦ 628,000 fixed capital.

1.3 The firm's vision is to be a renowned internet and computer service provider that will deal on all kinds of computer services and make internet services accessible and affordable for the society.

1.4 The proposed project will be located at the **UNIVERSITY OF NIGERIA, ENUGU CAMPUS.**

1.5 A ready market exists for the planned business mainly because of its location in an academic community.

1.6 The financial projections reveal a good level liquidity and stability. The projection turnover for 2013, 2014, and 2015 respectively are ₦ 1,179,000, ₦1, 800,000, and ₦1, 900,000.

1.7 The funding requirement is ₦500,000 as the promoters are committing ₦835, 000 to the project.

1.8 The firm's competitive edge is the ability to deliver fast and efficient computer and internet services at an affordable price.

	2013(₦)	2014(₦)	2015(₦)
Turnover	1,179,000	1,800,000	1,900,000
Operating profit	485,300	345,300	965,300
Profit after tax	385,300	300,000	865,300

1.9 Th
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profitability indicators as extracted from the projections contained in this plan are as follows:

From the point of view of the analysis of our findings, the proposed project is found to be economically desirable, technically feasible and financially viable. It offers good investment benefits and therefore should be implemented.

CHAPTER TWO

2.0 INTRODUCTION

Our business plan hinges on the need for ICT (information and communication technology) industry as a result of high demand of internet needs. Computer/internet services are widely needed virtually almost all the activities carried out by students revolves around computer and online nothing, indeed, we are truly in the computer age.

Unfortunately, the computer literacy level in Nigeria is not encouraging with the challenging nature of world globalization. This creates a big problem for the society because an undergraduate or graduate without computer knowledge has little or no chance of competing in the world today, especially in the means of earning a living. That is, competition in labour market.

Rex Computers seeks to combine delivering of fast and efficient internet and computer services in a conducive and friendly environment and of course at an affordable rate.

2.1 VISION

Our vision is to be a renowned computer service firm that will deal on all kinds of computer services and make computer/internet service accessible and affordable for the society and precisely the said environment.

2.2 MISSION

Our mission is to make computer and internet services easily accessible and affordable for all teeming youths of the nation, especially graduates and undergraduate by adopting a good customer-employee relationship.

2.3 OWNERSHIP OF THE ENTERPRISE

This business is a partnership business that could attract Co-ownership.

2.4 LEGAL STATUS

This business is called Rex Computers. It is located at University of Nigeria, Enugu Campus. The business will be registered with cooperate affairs commission (CAC) and any other relevant authorities concerned in the verge of the business.

2.5 LOCATION AND FACILITIES

The location of this business was chosen as a result of well acquitted information and customers' demand of the service because all the activities of the students inside campus revolves around internet and online. Therefore, the choice of location is to get the target population for business viability and economic sustenance. And most of students are in dire need of computer/internet services. All facilities and materials needed for this business including manpower are easily attainable and affordable as the economy is faced with about 12% of unemployment.

2.6 PRODUCTS AND SERVICES

Internet services, Photocopying, typing, printing, lamination, and scanning, all forms of on-line registration, etc.

2.7 BUSINESS STRATEGY

Direct chain to final consumers and good pricing system will be adopted.

2.10 KEY SUCESS FACTOR

- Our key success factor is our ability to deliver fast and efficient computer services at an affordable rate.
- The high demand for computer and internet services is another factor.
- There is availability of cheap and reliable labour

2.11 REVENUE BASE

ITEMS	QTY PER MONTH	QTY PER ANNUM	PRICE(₦)	INCOME(₦)
Internet services				

30 minutes	125	1,500	50	75,000
1 hour	129	1,550	80	124,000
All night	75	900	300	270,000
On-line registration	166	2000	100	200,000
Typing and printing	250	3000	30	90,000
Photocopying	1666	20,000	5	100,000
Lamination	25	300	100	300,000
Scanning	20	250	80	20,000
TOTAL				1,179,000

CHAPTER THREE

MARKETING AND CLIENTS

3.1 NATURE AND SIZE

Computer service is enormous. It is widely and variously needed in our everyday life. In fact, in this our present day academic community, it's something people can't do without. Lecturers and students alike need to type their lecture note, do researches, photocopy materials, laminate certificates, scan and attach their passports to documents, do assignments, send and receive e-mails, register courses, apply scholarships, etc. All these jobs need computer.

In fact, the size of the market is almost the university community, since everybody needs computer or photocopy for one thing or the other.

3.2 TARGET MARKET

The target clients of this business are students and lecturers and other people that require computer and internet services.

3.3 KEY COMPETITORS AND PLAYERS

There are many competitors and players. Presently, there are much computer service firms in the university. This business will adopt strategies that will help it provide better and more efficient services than the others.

3.4 SERVICE PLAN

S/N	ITEM	QTY	COST(₦)	AGGREGATE(₦)	TOTAL(₦)
01	Computer set	10	30,000	300,000	300,000
02	Tables and chairs		50,000	50,000	50,000
03	Photocopy machines	2	40,000	80,000	80,000
04	Generator	1	80,000	80,000	80,000
05	Printer	2	15,000	30,000	30,000
06	Electricity bill	12 months	1,500	18,000	18,000
07	Rent	1 year	50,000	50,000	50,000

08	Repairs and maintenance		25,000	25,000	25,000
09	Labour			384,000	384,000
10	Sign post	1	20,000	20,000	20,000
11	Payment for server	12 months	10,000	120,000	120,000
12	Scanner	1	8,000	8,000	8,000
13	Laminating machine	2	10,000	10,000	10,000
14	Fuel/diesel	12 months		60,000	60,000
15	Administration expenses			40,000	40,000
16	stationeries			60,000	60,000
TOTAL					1,335,000

On the moment provision of internet services, laminations, typing and printing, scanning, photocopying.

All service deliveries will be fast and efficient using safety guidelines of relevant authorities. There will be proper disposal of waste materials.

3.5 DEMAND / SUPPLY GAP

There is virtually no academic exercise that does not require the computer, internet, or the photocopy. There will be high demand for our services and supply of services will be constant since issues like poor power supply, slow network, etc have been taken care of.

Projected Demand-Supply Gap of Computer Services Provider

ADJUSTMENT ANALYSIS	DEMAND-SUPPLY GAP
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Estimated average annual demand	20000
Less 15 % of supplies of existing computer service provide	17000
Less 5% due to expansion of the existing computer service centres.	16150
Less 3% estimate error	485
Estimated demand-supply gap	15665
Anticipated annual computer service provision	11748

In conclusion, **Rex Computers** expects to cover 75% of the demand-supply gap of computer services in the University of Nigeria, Enugu Campus.

3.6 TECHNOLOGY

Our business is a technology dependent one. In our bid to provide fast, efficient and excellent services we have gone for the most advanced technological equipment. However as business expands and new technology evolve, we will upgrade.

3.7 COMPETITIVE EDGE.

Our competitive edge is our affordable prices. We render services at cheaper rates and yet ensure to make such services efficient and fast.

CHAPTER FOUR

4.0 MARKETING PLAN

We will adopt the penetrative pricing system (reduction in prices) in providing our services and also direct chain distribution to our consumers.

4.1 PROMOTION AND DISTRIBUTION STRATEGY

Since it is a new business, we will create awareness by making advertisements and sharing fliers. We will also do bonanzas and offer discounts.

4.2 ALLIANCES

This business will be registered with all beneficiary unions so as to guard against external forces.

4.3 MARKET POSITIONING

This business is going to offer the widest range of products with high quality guaranteed. We are going to offer all kinds of computer services, our services will consider the academic and financial needs of our customers, making it everyone's choice.

We may even go out of our way to offer discounts and undertake bulk services. We will certainly make our services accessible and affordable.

4.4 SERVICE DELIVERY STRATEGY

We will render honest, friendly, fast and efficient services to make our customers comfortable, happy, and satisfied. There will be a high and good customer-employee relationship.

4.5 SWOT ANALYSIS

- **STRENGTH:** Our services are offered at cheaper rates, we've taken note of the market ruling price. Our computer systems are fast and our workers all have friendly dispositions.
- **WEAKNESS:** Low rate of turnover due to our reduction in prices. We will overcome this in the long run because we will have more customers.

Also lack of constant power supply may increase our cost of operation.

- **OPPORTUNITY:** Whenever the university is in session creates enormous opportunity for us.
- **THREAT:** The issue of ASUU strikes and riots will be a big threat to this business.

We intend to reach out to other customers apart from lecturers and students to combat this threat.

CHAPTER FIVE

5.1 MANAGEMENT TEAM

NAME	SALARY	QUALIFICATION
Umecherechi C.C	₦20,000	WASSCE
Udeogu nnanna (Clerk 1)	₦6000	FSLC
Chukwumaife V.O (clerk 2)	₦6,000	FSLC

5.2 EXTERNAL SUPPORT

The help of a prominent business Adviser will be sought, also they will provide support on technical issues because of the good rapport the centre has with the proprietor.

5.3 PERSONAL PLAN

CATEGORY	SALARY(₦)	ANNUAL(₦)
Manager	20,000	240,000
Clerk 1	6,000	72,000
Clerk 2	6,000	72,000
TOTAL		384,000

5.4 VALUES AND NORMS OF THE FIRM

Our norms and values will be a standard. There will be strict adherence to rules and regulations. Negative social and ethical (office) vices will be seriously frowned at. There will be hierarchy and chain of command and authority.

CHAPTER SIX

LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1 LEGAL ISSUES

The name of this business is **Rex Computers**. It is located inside **University of Nigeria, Enugu Campus**. It is a partnership business.

6.2 SOCIAL ISSUES

This business will seek to improve the lives of people especially undergraduates by providing accessible and affordable computer services to them. This business will not cause any form of social vice.

6.3 ENVIRONMENTAL ISSUES

This business will not cause any form of environmental hazard. Waste products will be efficiently disposed as at when due. This business will also keep its business environment and environs clean.

CHAPTER SEVEN

FINANCIAL PLAN

7.1 PROJECT COST

The total cost of this project is ₦1,335,000 broken down to ₦628,000 fixed capitals and ₦707,000 working capital.

REQUIRED FIXED INVESTMENT

S/N	FIXED CAPITAL	AMOUNT(₦)
01	Computer sets	300,000
02	Tables and chairs	50,000
03	Photocopying machine	80,000
04	Generator	80,000
05	Printers	30,000
06	Rent	50,000
07	Sign post	20,000
08	Scanner	8,000
09	Laminating machine	10,000
TOTAL		628,000

WORKING CAPITAL

S/N	WORKING CAPITAL	AMOUNT(#)
01	Electricity bill	18,000
02	Repairs and maintenance	25,000
03	Salaries	384,000
04	Payment for server	120,000
05	Fuel/gas	60,000
06	Administration expense	40,000
07	Stationeries	60,000
TOTAL		707,000

Total fixed capital = ₦628,000

Total working capital = ₦707,000

Total project cost = ₦1,335,000

7.2 FINANCIAL STRUCTURE

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

Owner's contribution = ₦835, 000

Loan capital = ₦500, 000

Total project cost = ₦1, 335,000

The funding requirement for this project is #500,000 since the owner is committing ₦835, 000 to the business.

7.3 INTEREST AND LOAN REPAYMENT SCHEDULE.

YEAR	PRINCIPLE(₦)	REPAYMENT(₦)	INTEREST(10%)(=₦)	LOAN BALANCE(₦)
1	500,000	150,000	50,000	400,000
2	400,000	250,000	25,000	175,000
3	175,000	200,000	20,000	

7.4 DEPRECIATION SCHEDULE

S/N	ITEM	COST(₦)	SCRAP VALUE(₦)	LIFE SPAN	AMOUNT(₦)
01	Computer sets	300,000	200,000	10	10,000
02	Tables and chairs	50,000	20,000	5	6,000
03	Photocopying machines	80,000	60,000	10	2,000
04	Generator	80,000	60,000	10	2,000
05	Printers	30,000	20,000	10	1,000
06	Sign post	20,000	5,000	5	3,000
07	Scanner	8,000	5,000	10	300
08	Laminating machine	10,000	6,000	10	400
TOTAL					24,700

Total Annual Depreciation = ₦24, 700

7.5 PROJECTED PROFIT AND LOSS STATEMENT

	2013(₦)	2014(₦)	2015(₦)
Turnover less operating expenses	1,179,000	1,800,000	1,900,000
Rent	50,000	50,000	50,000
Stationeries	60,000	75,000	90,000
Fuel/diesel	60,000	70,000	85,000
Maintenance and repairs	25,000	35,000	50,000
Administration expenses	40,000	50,000	65,000

Salaries	384,000	450,000	550,000
Depreciation	24,700	24,700	24,700
Interest on loan	50,000	25,000	20,000
Total operating expenses	(693,000)	(1,454,7000	(934,000)
Net operating profit	485,000	345,300	965,300

7.5 PROJECTED CASH-FLOWS STATEMENT

	2013(₦)	2014(₦)	2015(₦)
CASH INFLOWS			
Owner's capital	835,000		
Loan from bank	500,000		
Revenue(sales)	1,179,000	1,800,000	1,900,000
Total cash inflows(A)	2,514,000	1,800,000	1,900,000
CASH OUTFLOWS			
Fixed assets	628,000		
Operating expenses(less depreciation)	669,000	1,430,000	910,000
Loan repayment	150,000	250,000	200,000
Total cash outflows(B)	1,447,000	1,680,000	1,110,000
Net cash flows(A)-(B)	1,067,000	120,000	790,000
Opening cash balance	–	1,067,000	1,187,000
Closing cash balance	1,067,000	1,187,000	1,977,000

7.6 PROJECTED BALANCE SHEET

	2013(₦)	2014(₦)	2015(₦)
CASH INFLOWS			
Fixed Assets less Depreciation	628,000	628,000	628,000
	24,700	49,000	74,100
Net fixed assets(A)	603,000	578,600	553,900
Current assets			
Balance at hand	1,067,000	1,187,000	1,977,000

Less: bank loan	400,000	175,000	—
Net assets(A)+(B)	1,270,300	1,590,600	2,530,900
Financed by			
Owner's capital	835,000	835,000	835,000
Retained profit	1,000,000	1,550,000	1,800,000
Owner's fund	1,835,000	2,385,000	2,635,000

7.7 BREAK-EVEN POINT ANALYSIS

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

WHERE; F = Fixed cost = ₦628,000, VC = Variable cost = ₦707,000, S = Sales = ₦1,179,000, 1 = Constant.

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

$$= \text{₦}628,000/1-707,000/1,179,000$$

$$= \text{₦}628,000/1-0.599$$

$$= \text{₦}628,000/0.401 = \text{₦}1,566,084.8$$

CHAPTER EIGHT

RISK ANALYSIS, CONTINGENCY PLAN, AND EXIT STRATEGY

7.9 RISK ANALYSIS AND MITIGATES

RISKS	MITIGATES
Theft	Provision of security
Fire outbreak	Provision of fire extinguishers and orderly and neat wiring.
Bad debts	Low volume of credit sales

7.10 CONTINGENCY PLAN

Investments will be made to avoid the fall of the business. If the internet service does not work out, we can focus fully on photocopying services.

7.11 EXIT STRATEGY

There will be alternative sources of income. We can move into just teaching computer programming and applications, should this business not be viable any longer.

CHAPTER NINE

OTHER CONSIDERATIONS, CONCLUSION AND RECOMMENDATIONS

8.1 ECONOMIC JUSTIFICATION

This business will create employment opportunities as it expands. It will attract economic development to the area of location through localization of industries.

8.2 COMMERCIAL VIABILITY

The services of this business are easily marketable because of the increase in demand of its services.

8.3 CONCLUSION AND RECOMMENDATION

From our analysis and findings, the proposed project is found to be technically feasible, financially viable, and economically desirable.

The project offers good investment benefit. We therefore highly recommend it for funding and implementation.