

UNIVERSITY OF NIGERIA, NSUKKA
FACULTY OF ARTS
DEPARTMENT OF MASSCOMMUNICATION

TOPIC

**A BUSINESS PLAN ON LADIES AND CHILDREN'S
WEARS**

A BUSINESS PLAN

**WRITTEN IN PARTIAL FUFILMENT OF THE
REQUIREMENT OF THE COURSE: CED 342 (BUSINESS
DEVELOPMENT AND MANAGEMENT)**

BY

OPARAUGO SHALOM CHINWE

REG NO: 2014/195069

LECTURER: DR MRS C.T NWAOGA

JULY, 2017

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PART 1

EXQUISITE LADIES AND CHILDREN'S WEARS (BOUTIQUE)

1.0 Executive Summary

- 1.1 The following report and recommendation relate to the proposal by EXQUISITE LADIES AND CHILDREN'S WEARS to establish a boutique at Port Harcourt.
- 1.2 The project will require a start-up capital of N 3,000,000, made up of 900,000 for fixed assets and N2,100,000 for working capital
- 1.3 The enterprise vision is to be the best and most outstanding dealers of the finest, high quality and durable of ladies and children's wears.
- 1.4 The project will be located at Port Harcourt because it is accessible to sea ports where the containers of cloths from Italy, US, London and will be transported to Nigeria and it is easy to 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 and liquid by the time it matures. The sales figures stand at N1,780,000 for year 1, year2 and year 3

respectively. Also the profit tax are (N858,000, N2,096,000, and N2,650,000) for year1, year2 and year3 respectively. The cash flow position is good and encouraging

1.7 The competitive edge of the enterprise lies in its ability to bring our wears to the door step of our customers and import original and fabulous foreign wears for ladies and children

1.8 The profitability measures are as follows

	Year 1	Year 2	Year 3
Profit after tax	1,295,000	4,836,150	5,157,900
% return on turn over	N/A	36.04	41.43
% return on equity	N/A	101.45	99.40
% return on investment	N/A	72.88	92.14

From the above analysis the project is financially viable and economically desirable. It offers good investment benefits and is therefore highly recommended for implementation

PART II

2.0 INTRODUCTION:

The planned ladies and children wears project is the result of strong industry and needs particularly in Port Harcourt by the promoters of this project. The studies reveal that there is high patronage for ladies and children's wear and it is on high demand especially those of high quality and durability and there is also demand for economy friendly wedding gowns for sale and rental.

2.1 Vision

To be the most outstanding importer and distributor of beautiful and long lasting children and ladies wears and to also promote ladies and children's wears made in Nigeria.

2.2 Mission

To import and deal on original and quality ladies and children's wears. To make sure our customers are satisfied.

2.3 Key Success Factors

The key success factors are;

- a) To sell cloths that are unique and affordable to both the rich and the poor
- b) To be the main promoter of Nigerian made children's and ladies wears.
- c) Existence of reliable market outlets.
- d) Distribution of our wears to our customers door steps.
- e) To sell and rent our fashionable wedding gowns at affordable prices.

2.4 Inherent Risks

- a) Delay or loss of containers in the sea.
- b) Provision of basic amenities and necessities such as electricity and good access roads to distribute to our customers door step
- c) The implementation of this project in this area may attract more entrants to the business to compete with.

2.5 Business Ownership

The business is a sole proprietorship wholly owned and managed by Oparaugo Shalom.

2.6 Location Factors

The boutique will be located at waterline, Port Harcourt. What informed the choices of this location are;

1. Its nearness to the market and offices will make it easy to be recognized and patronized.
2. The existence of good road networks.
3. Availability of cheap and reliable labour.

PART III

3.0 Products

Exquisite ladies and children's wears (boutique) will provide the following products

- Native or traditional wears
- Italian made wears
- Uk made wears
- Wedding gowns

3.1 Product Description

I. Native or traditional wears

We intend to sell native or traditional ladies and children's wears that are made in Nigeria with unique styles and materials. This is to help project our country's rich culture.

II. Italian made wears

We will also sell exotic and fabulous Italian made wears like blouses, tank tops, gowns, dinner gowns, skirts, shorts, trousers etc, for ladies and children.

III. UK made wears

We also intend to import wears from London like fashionable suits, gowns, skirts, shirts, blazers, trousers etc and sell to our customers.

IV. Wedding gowns

We will also import beautiful wedding gowns from US, UK, Italy, and Paris which will be sold or rented to our customers at affordable prices. Nigerian made wedding gowns will also be sold.

3.2 Costing

The costing of the products of the boutique is built mainly around

- The wears
- ✓ **The Wears**

Some of the cloths for the boutique will be imported from US, UK, Italy and Paris, while the rest will be bought from skilled and professional fashion designers in Nigeria. The wears include gowns, skirts, blouses, polo, trousers, wedding gowns, shirts, shorts etc.

3.3 Market Demand

Exquisite boutique is located at waterline which is within easy reach of the ports and markets such as Rumuokoro, Uzuoba, Rumuola, Rumuigbo and rainbow town, where native and foreign made ladies and children's wears are in high demand. Information from other experts and experienced cloth dealers reveal that about 500,000 children's wears and 700,000 ladies wears are patronized and bought yearly in Port Harcourt for the past 6 years. And that this demand figure is expected to increase as the population within the market area being considered increases.

3.4 Projected Annual Demand of ladies and children's wears in Port Harcourt and its environs

A total of about 1,200,000 wears including that of ladies and children are demanded yearly in Port Harcourt for the past 6 years. Since the population growth rate in the area hovers around 3.25% to 4% for about 5 years now.

Table 1: Projected Annual Demand for porkers in Port Harcourt and its environs (2018-2020)

S/n	years	Annual growth rate	Projected demand
0	Base year (0) (2017)	4%	300,000
1	2018	4%	312,000
2	2019	4%	312,480
3	2020	4%	312,500
	Total	20%	1,855,430
	Average	4%	463,900

3.5 projected Demand-Supply gap of ladies and children wears in Port Harcourt

Table 2; Projected Demand-Supply Gap of ladies and children wears

Adjustment	Demand-Supply Gap
Estimated average annual demand	463,900
Less 35% of supplies of existing boutiques	162,360
Less 20% due to expansion of existing boutiques and establishment of new ones	301,150
Less 5% estimate error	60,308
	240,850
	12,050
Estimated Demand supply Gap	228,800
Estimated annual distribution of ladies and children wears	45,760

The plan is to distribute 45,760 ladies and children wears yearly. This represents about 20% of the total demand supply gap of the wears.

PART IV

Market, Customers and Competitors

4.0 Market Analysis

Exquisite boutique is a promising business opportunity since there is a huge market for children and ladies wears in port Harcourt and its environs. There is high patronage and purchase of these wears especially those that are beautiful, affordable and durable.

4.1 Customers/Market Segmentation

The following are the classes of customers for the boutique:

- a. The children both boys and children; their wears will be mainly gowns, skirts, blouses for the girls and suits, trousers, shirts, jackets, shorts etc for the boys.
- b. Young ladies; their wears will be majorly gowns, dinners gowns, skirts, polo, tank and crop tops, maxi gowns, jean trousers, blazers, wedding gowns, traditional attires of different styles, colours and materials etc.
- c. Older women; skirts, gowns, blouses, native and traditional wears, jeans and plain trousers etc.

PART V

5.0 Marketing Plan

Exquisite ladies and children's wear boutique will definitely have competitors therefore our marketing plan is to introduce door step delivery of our products. Here we bring our wears to your homes, also there will be discounts for special days such as Christmas, Easter and Children's day. Most of our competitors do not do these.

5.1 Promotion Strategy

Exquisite ladies and children's wear boutique will embark on an awareness campaign, to do this we plan to use the radio, television, fliers, newspapers, fashion magazines and the internet.

5.2 Marketing Strategy

To maintain a sizable portion of the wears dealers market in port Harcourt, we intend to give our customers the best quality wears, fashionable and original designers wears. The schedule of operation will ensure that the boutique maintains its reputation among our customers as the place where the supplies of children and ladies wears are most assured.

Exquisite boutique will also give trade discounts to drive the market faster. There are plan to distribute calendars, note books and stationeries bearing our brand name to our numerous customers this will help increase the boutique's popularity and patronage of her wears.

5.3 Market Positioning

Exquisite boutique will position itself as the major distributor of beautiful, original and long lasting ladies and children's wears in port Harcourt and its environs. Under stated is how the boutique will want to be seen by its customers, competitors and the general public.

- As a distributors of ladies and children wears of best quality
- As a boutique that has the customers interest at heart
- As a unique distributor of original foreign wears.

5.4 Projected Sales

Table 3: projected sales

	Sales from ladies wear (N)	Sales from children wears (N)	Total sales (N)
Year1	950000	830000	1780000
Year2	2904000	2970000	5874000
Year3	3194400	3267000	6461400

To push sales, 2% discount is given to regular customers

PART VI

6.1 Management and Organization

6.2 Owner/Manager

Exquisite boutique is a sole proprietorship. It is wholly owned by Oparaugo Shalom, who being the sole owner will manage the affairs of the boutique. To help the day to day management of the boutique, some other good hands will be hired. The plan is that the hired hand will compliment Miss Oparaugo Shalom in the sales, distribution and smooth running of the boutique.

Table 4; Management and Labour Complements

s/n	Positions	No. of staff	Annual salary per staff (N)	Total
1	proprietor	1	400,000	400,000
2	Sales girls	3	140,000	420,000
3	cashier	1	130,000	130,000
4	Security men	2	74,000	148,000
	Add 5% fringe benefits			1,098,000
				50,000
	Grand total			1,148,000

The Organizational Structure of the Boutique

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6.3 Values and norms of the company

Exquisite boutique plans to adopt the following norms and values

- To offer our customers the best and high quality products
- To ensure that our employees are treated well
- To be reliable to our customers
- To uphold sincerity and honesty in the business
- To obey and work in accordance with a federal, state and local laws

PART VII

7.0 Legal Issues: Exquisite boutique plans to commence commercial operations as a sole proprietorship. This business will be registered under the Corporate Affairs Commission and under the Local Government Headquarters. No special licenses are required for the operation for a boutique however every attempt will be made to get all necessary permit and licenses.

7.1 Social issues; the implementation of this project will bring about social and economic benefits to the society in the following ways;

- It will bring about wealth creation and poverty alleviation
- It will further develop the area of its existence

7.2 Regulatory: the boutique will comply with all environmental regulations, and also participate in clean ups every week.

PART VIII

8.0 Risk analysis; this project has been subjected to risk analysis and some inherent risks identified and appropriated mitigants preferred to avoid the business being disrupted.

Table 5: Identified Risks and their Mitigates

Identified Risks	Mitigates
Loss of containers in the sea	We will have the customs and invite the naval officers to see to the safety of our imported goods into Nigeria.
Inadequate start up demand	Aggressive promotion and advertising campaigns.

8.1 SWOT Analysis

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

8.1.1 Strengths

- The location of the Boutique makes it to have easy access to its targeted customers
- We intend to import original and fabulous foreign wears
- Our wedding gowns will be the latest trends, gorgeous and affordable. The boutique will build on these strengths.

8.1.2 Weakness

- The initial problems of raising adequate capital for the project anticipated
- Skilled fashion designers and sales girls who are abreast with the latest fashion trends and can selectively identify unique and original wears.

Exquisite boutique intends to address these weaknesses through hiring skilled hands.

8.1.3 Opportunities

Currently Native and traditional wears of unique style and taste are highly demanded. Latest trends and fabulous wedding gowns are also highly demanded in the area of operation and its environs, which will be a huge advantage to the boutique. The boutique intends to exploit these opportunities.

8.1.4 Threats

- There is increased competition due to the number of boutique owners in that area

- The transportation of wears to people's homes as at when due can pose as a threat, based on those that live outside Port Harcourt.

To checkmate these threats, the boutique will get its own buses for easy transportation and go into aggressive advertizing.

8.2 Exit Strategy:

No exit is planned, rather diversification will be pursued.

PART IX

Company Financial

9.1 Summary of project cost

The total cost of the project is of N 3,000,000, made up of 900,000 for fixed assets and N2, 100,000 for working capital.

9.2 Fixed capital investments

The boutique is located at WaterLine Port Harcourt in Rainbow shopping Mall. This table shows the fixed capital investment required for the project.

Table 6: Fixed Capital Investment

s/n	Detail	qty	Unit price (N)	Total amount (N)
1	Boutique building	1	700,000	700,000
2	Delivery van	2	750,000	1,500,000
3	Ceiling fans	6	120,000	720,000
	Sub total			2,920,000

9.3 Other Expenses

There are other expenses expected to be incurred in the course of running boutique. Table 7 shows the other expenses to be incurred.

Table 7: Other Operating Expenses

Types of Expense	Year 1 (N)	Year 2 (N)	Year 3 (N)
Vehicle maintenance	100,000	105,000	110,000
Business travels	300,000	350,000	450,000
Public relations/adverts	90,000	95,000	100,000
miscellaneous	50,000	52,500	55,000
Total	540,000	602,500	715,000

9.4 Total required investment outlay (Required start-up capital)

Table 8: Total Start up Capital Required

S/n	Capital items	Amount
1	Building, delivery van and others	900,000
2	Working capital requirements	2,100,000
	Total	3,000,000

9.5 Financing plan

To finance the required investment outlay, the proprietor has to raise an equity capital of N700,000 while N2,300,000 will be borrowed from the bank. See table 8

Table 9: Financing Plan

Source	Amount (N)
Equity contribution	700,000
Bank loan	2,300,000
Total	3,000,000

9.6 Loan repayment schedule and interest paid

It is expected that the loan would attract an interest of 10% and that funds are available to pay monthly interest as well scheduled repayments of the principal amount.

Year	Loan	Repayments	Interests	Loan Balance
1	2,300,000	nil	74,000	2,300,000
2	2,300,000	810,000	161,000	1,490,000
2	1,490,000	1,490,000	50,000	Nil

9.7 Depreciation

The annual depreciation is calculated using the straight line method. See table 10

Table 10: Schedule of Annual Depreciation

s/n	Capital items	LS	IV	SV	Depreciation
1	Delivery van	5	500,000	200,000	60,000
2	Ceiling fan	10	250,000	200,000	5,000
					N65,000

9.8 Forecast of Profit and Loss

Particulars	Year 1 (N)	Year 2 (N)	Year 3 (N)
Expected sales less 1% discount	1,780,000 19,000	5,874,000 59,000	6,461,000 65,000
Net sales	1,761,000	5,815,000	6,396,000
Expenses			
Other expenses	490,000	552,500	615,000
Salaries and wages			
Total expenses	540,000	602,500	715,000
Profit before Int & Tax	1,221,000	5,212,500	5,681,000
Less Interest	74,000	161,000	50,000
Profit before Tax	1,295,000	5,373,500	5,731,000
Less 10% Tax	Nil	537,350	573,100
Profit after Tax	1,295,000	4,836,150	5,157,900
Less depreciation	100,000	100,000	100,000
Net profit	1,195,000	4,736,150	5,057,900
Retained Earnings	1,195,000	4,736,150	5,057,900
Dividend	Nil	Nil	557,900

9.9 Cash Flow projection

Cash in	Year 0 (N)	Year 1 (N)	Year 2 (N)	Year 3 (N)
Equity	700,000			
Bank loan	2,300,000			
Net profits		1,195,000	4,736,150	5,057,900
Depreciation		100,000	100,000	100,000
Total cash in	3,000,000	1,095,000	4,656,150	4,957,900
Cash out				
Working capital	2,100,000			
Increase/decrease in cash		120,000	150,000	200,000
Loan repayment			900,000	1,400,000

Dividend			1,116,000	557,000
Increase/decrease in cash				822,000
Total cash out	2,100,000	120,000	2,166,000	2,579,000
Opening bal	Nil	Nil	921,000	246,000
Increase/decrease in cash	Nil	921,000	1,116,000	422,000
closing	Nil	921,000	246,000	668,000

9.10 Balance sheet projection

	Year 0(N)	Year 1 (N)	Year 2(N)	Year 3 (N)
Building, equity and others	2,100,000	2,100,000	2,100,000	2,100,000
Less com dep		91,000	182,000	273,000
Net fixed assets	2,100,000	2,191,000	2,282,000	2,373,000
Current assets			632,000	647,000
Stock of material	383,000	383,000	921,000	246,000
Operating bal B/F	462,000	68,000	225,000	248,000
Debtors				
Cash in and bank		436,000	317,000	180,000
Total of current Assets	845,000	15,000	3,106,000	2,946,000
Total assets	3,015,000	2,094,000	5,409,000	4,843,000
Long term liabilities				
Capital (equity)	700,000	700,000	700,000	700,000
Retained earnings		(921,000)	2,005,000	2,000,000
Bank loan	2,300,000	2,300,000	1,400,000	Nil
Total of long term liabilities	3,000,000	3,921,000	4,005,000	3,000,000
Current liabilities				
Loan repayments			900,000	1,400,000
Creditors	139,000	139,000	213,000	213,000
Dividend				557,900
Total of current liabilities	139,000	139,000	1,113,000	1,810,900
Total liabilities	3,015,000	2,094,000	6,094,000	5,843,000

10.0 Financial Analysis

The project sales are expected to grow from N178,000,000 to N587,400,000 and 646,200,000 respectively for the second and third years

10.1 Profitability Analysis

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

	Year 1	Year 2	Year 3
Profit after tax	1,295,000	4,836,150	5,157,900
% return on turn over	N/A	36.04	41.43
% return on equity	N/A	101.45	99.40
% return on investment	N/A	72.88	92.14

10.2 Cash flow projection

By the second year of operation when the business has fully matured the cash flow position are as follows

Year 2	Year 3
246,000	668,000

This means the business will be able to generate enough funds to meet its operations

10.3 Projected balance sheets

For the average of three years period, it was shown that share holders funds grew on the average

Years of operation	Year 1 (N)	Year 2 (N)	Year 3 (N)
Share holders funds	255,000	2,671,000	2,666,000

PART XI

11.0 Other considerations and conclusions

11.1 Economic justification

From the view point of our study and analysis of the findings made, the project offers good benefits to the promoter and the economy. Wealth will be created even as jobs are created. These are consistent with the federal and state Government policy on entrepreneurship, wealth and job creation.

11.2 Commercial viability

The commercial viability of this project is very clear. The project has been found to be commercially viable, having shown through the projections, an impressive sales profit and cash flow positions

11.3 Conclusion

Therefore the project is highly recommended both finding and implementation