

UNIVERSITY OF NIGERIA

FACULTY OF ARTS

DEPARTMENT OF MASS COMMUNICATION

PROVISION STORES

**A BUSINESS PLAN PREPARED IN PARTIAL FULFILLMENT FOR
THE REQUIREMENT OF THE COURSE; CED 342 (BUSINESS
CREATION AND GROWTH).**

BY

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2014/196960

LECTURER: DR. MRS. C. T. NWOGA

JULY, 2017.

SHOPY PROVISION STORE

71 LAGOS STREET, UMUAHIA, ABIA STATE.

KELECHI, CHIBUNDOM CHUKWUMA

EMAIL: info@shopyprovisionsstore.com.ng

WEBSITE: [www. shopyprovisionsstore.com.ng](http://www.shopyprovisionsstore.com.ng)

JULY 2017.

TABLE OF CONTENT

THE TITLE PAGE.....	1
TABLE OF CONTENT.....	2
CONFIDENTIALITY AGREEMENT.....	4
1.0 EXECUTIVE SUMMARY.....	5
2.0 COMPANY DESCRIPTION	7
2.1 GENERAL BUSINESS OVERVIEW.....	7
2.2 PROMOTERS.....	7
2.3 ADVISERS.....	7
2.4 LEGAL ISSUES.....	8
2.5 LOCATION AND FACILITIES.....	8
2.6 PRODUCTS AND SERVICES.....	9
2.7 LONG TERM AIM AND OBJECTIVES.....	9
2.8 SWOT.....	10
3.0 MARKET ANALYSIS.....	11
3.1 TARGET MARKET.....	11
3.2 TOTAL MARKET VALUATION.....	11
3.3 TARGET COMPANY REVENUES	11
3.4 MARKET TRENDS.....	11
3.5 PROFILE OF COMPETITORS.....	12
3.6 COMPETITIVE ADVANTAGES.....	12
3.7 BENEFITS TO CLIENTS/CUSTOMERS.....	13
4.0 MARKETING/ SALES STRATEGY.....	14
4.1 MARKETING STRATEGIES.....	14
4.2 REVENUES SOURCES.....	14
4.3 SALE STRATEGY.....	14
4.4 PRICING.....	14
4.5 MARKETING AND COMMUNICATIONS STRATEGY	15
5.0 RESEARCH AND DEVELOPMENT.....	16
5.1 TECHNOLOGY ROADMAP	16
5.2 TECHNICAL PARTNERS	16

5.3	PATENTS, COPYRIGHTS, BRANDS	-----	16
6.0	STAFFING AND OPERATION	-----	17
6.1	MANAGEMENT ORGANOGRAM	-----	
	17		
6.2	STAFFING	-----	17
6.3	STAFFING NEEDS	-----	18
6.4	TRAINING PLANS	-----	18
6.5	OPERATIONS	-----	18
7.0	FINANCIAL PROJECTIONS	-----	20
7.1	KEY ASSUMPTIONS	-----	20
7.2	PROFIT AND LOSS ACCOUNTS	-----	20
7.3	BALANCE SHEET	-----	21
7.4	CASH FLOW	-----	21
8.0	SALES PIPELINE	-----	23
9.0	FUNDING REQUIREMENTS	-----	24
9.1	SOURCES OF FUND	-----	24
9.2	PURPOSE OF FUND	-----	24
9.3	RISKS ANALYSIS AND MITIGANTS	-----	
	24		
9.4	CONTINGENCY PLAN	-----	25
9.5	EXIT STRATEGY	-----	25
10.0	OTHER CONSIDERATION, CONCLUSION AND RECOMMENDATION --		26
10.1	ECONOMICS JUSTIFICATION	-----	26
10.2	COMMERCIAL VIABILITY	-----	26
10.3	CONCLUSION/RECOMMENDATION	-----	26

1.0 Executive Summary

1.11 Name of business:

The name is SHOPY PROVISION STORE NIGERIA LIMITED

1.12 Legal form of business:

SHOPY PROVISION STORE NIGERIA LIMITED is a sole proprietor business that is on the process of registration with the Corporate Affairs Commission (CAC).

1.13 Contact address:

71 LAGOS STREET, UMUAHIA, ABIA STATE.

1.14

Telephone: 08037368022. Email: info@shopyprovisionstore.com.ng

1.15 Type of business:

This is a sole proprietorship business.

1.16 Description of business:

SHOPY PROVISION STORE NIGERIA LIMITED is a company that is into the business of roasted cashew nuts, and packaged for sell.

Our customers cover all individual, schools, hostels, restaurants, bars, hotels, etc.

The name of the owner of the business is; KELECHI CHIBUNDOM CHUKWUMA; she oversees the entire running of the business.

1.17 Job opportunities:

It will create 4 jobs directly.

1.18 Start-up capital:

It would require a start-up capital of N571,000 comprising of fixed asset of N195,000 working capital of N70,000, and others which amount to N306,000.

Table 1

A	Fixed capital	N195,000
B	Working capital	N70,000
C	others	N306,000

Total-N571,000

1.19 Source of capital:

The capital will be sourced as follows

Table 2

a	Owners capital	N450,000
b.	Help from family members.	N150,000
	TOTAL	N600,000

1.20 Profitability:

The business has the ability of raising above N800,000 profits from the third year.

2.10 GENERAL INTRODUCTION

2.11 Background

Provisions are household items used by people to meet daily needs.

Our customers cover all individuals that eat roasted cashew nuts, fast food joints, supermarkets, restaurants, hotels and market people.

2.12 Vision Statement

Have over 10 stores in Nigeria in the next 10 years.

2.13 Mission Statement

Become the leading provision store in Nigeria in the next ten years.

2.14 The Company

The name of the company is SHOPY PROVISION STORE NIGERIA LIMITED. It is in the process of being registered.

2.15 Services Offered

We sell provisions.

2.16 Legal form and ownership of business

The business is a sole proprietorship business that is in the process of being registered.

The main promoter which is also the owner of the company is;

KKELECHI CHIBUNDOM CHUKWUMA	-----	100%
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2.17 Location of the business

The business headquarters would be located at 71 Lagos Street Umuahia, Abia State.

Due to the location of the company's business premises, the business would

experience great sales, since it is located at a strategic place where it could access the market easily.

The location has a challenge which is; insecurity experienced in the city, and thus, poses a danger to the growth of the business.

We choose the location despite the challenge because of the great number of customers we would have access to.

2.18 Industry Trend and Analysis

The industry is a growing business. This means that the industry is such that is not seasonal with great potential for sales, and generation of income for the business owner and his workers as well.

2.19 Business Strategy

To ensure we remain in business, we would always use cheap price, quality service and good customer relations as our business strategy to attract and keep our customers.

2.20 Key success factors

Our key success factors include; experience workers, good location, and highly competitive price.

The Market

3.10 Target Market

The main targeted markets Umuahia town. The size of the market is large, because it comprises of people from all works of life found in different location. The market is bound to increase because of the growing population of people and the demand for provision.

3.11 Sales and market share analysis

The market has the potential of offering us opportunity to sell over 2,000,000 provisions per year. For now we can control 10 to 15% of the market.

3.12 Profile of Competitors

COMPETITORS	PRODUCTS/SERVICES	COMPANY SIZE	TURNOVER	ADVANTAGES	DISADVANTAGES
Shiloh foods	Sells snacks and provisions	Employs over 16 workers.	Over N30million yearly	Have been long in the business.	Not located in an easily accessible place, and sales product costly.
Mama fine supermarket.	Sells provision.	Employs about 12 workers.	Makes over N21million as turnover yearly.	Have competent personnel.	Just started in the business.

Competitive Advantages

We enjoy some measures of competitive advantages which are:

The location of our business is very strategic hence gives us great advantage over our competitors since they will access us easily. The cheaper price we present to our customers is also an added advantage.

Our good customer relations are also an added advantage.

3.13 SWOT Analysis

STRENGTHS	WEAKNESSES
The great experiences of our workers are a plus to us. The ability to increase our services in order to meet demand. The location of our company which makes it easy to be accessed. Our cheaper price is also an edge over our competitors.	The location of the business which makes us to pay much tax.
OPPORTUNITIES	THREATS
Ability to expand to great limit, since so many people in the Southern part of Nigeria eats fish.	Theft of our products. Fluctuating prices of fuel that might increase cost of operation.

3.14 Demand and supply analysis and Estimating the initial installed capacity

Details	Size (numbers)
Potential demand to be served	30,000
Less 30% existing competitors	21,000
Available market (in the absence of expansion and very high entry wall)	120,000
Less 10% due to possible expansion of existing competitors and entrant of new ones.	108,000
Available market	300,000
Less 5% due to error in estimation	285,000
Available demand/qualified market/ demand supply gap	126,800
Initial installed capacity cat most 60% of available demand (served market)	

4.10 Marketing Plan

4.11 Market segmentation

Provision store belongs to the service segment of the economy. The location of the business was done in relation to the market demand of cashew nuts and where production could be cheap.

4.12 Target market

The main targeted market is Umuania town

4.13 description of the edge of service

service	1
Denominatio n	Provisions

Packaging	Packaged in leathers

4.14 Marketing Plan Price

The price average profit for each item sold is N50. This is an assumed figure since it is difficult to calculate the profit on over 100 items sold in the provision store.

This gives us advantage over our competitors because they charge higher than what we are charging. So, we would be able to command great patronage because of our price.

4.15 Market positioning strategy

The firm has not gained more ground in the market. So with good advert and price, we seek to gain more position in the near future.

4.16 marketing mix implementation tools

From time to time we would announce our services on the radio, promote it through the internet, and carry out periodic sales promotion.

4.17 Channel of distribution

Customers will deal directly with us.

4.18 Start-up promotion

For start up promotion, we would print banners and posters.

4.19 Alliances

The alliance we would enjoy from friends and customers would help us enjoy increase in our customer base.

4.20 Marketing calendar and Budget

For every six month we would print notebooks that is customized, banners and posters. We would carryout announcement in radio twice every week. All will cost us N42,000 per year.

5.00 Production Plan

5.11 The Project

The project is the establishment of a company that sells provisions for household usage.

It is a small scale business and a capital intensive business.

5.12 Production Process

Provisions are bought, sorted and arranged in racks and showcases, they are sold to customers and packaged for them when bought.

5.13 The Production flow chart

Buying of provision materials----- Displaying them for sale----- Selling to customers and packaging it.

6.10 Management and Organisational structure

The main promoter is the owner of the company and holds all the share of the company. He is;

KELECHI CHIBUNDOM CHUKWUMA

100%

Our financial adviser is Saint Financial Advisor Nig Ltd; 252 Kaduna street Umuahia., email: saintfinancial@gmail.com; Telephone number: 0803 909 9921

Our legal adviser is Aremu solicitors; 07 Babangida Avenue , Ilorin, Kwara State.

Email: aremusolicitors@gmail.com. phone number: 0816 344 6767

6.11 Management team

DESIGNATION	QUALIFICATION	YEARS OF EXPERIENCE	DUTIES
GENERAL MANAGER	OND in business management	4 years' experience as manager at Reality Fish Farm Enugu.	Overseas the day to day operation of the business.
SALES REP	WAEC.	No experience	Supply products to wholesalers and retailers.

Our future management needs.

The company would currently employ 3 persons, and would increase its number of staff to over 10 persons after 5 years of operation.

6.12 Organizational structure



6.13 The personnel plan

S/ N	POSITION	NO. OF STAFF	SALARY PER STAFF PER MONTH	TOTAL ANNUAL SALARY
1.	General manager	1	N30,000	N360,000
2.	Store workers	2	N10,000	N240,000

6.14 Organization's values and norms

Integrity, faithfulness, truth, faithfulness and diligence.

7.10 Legal, regulatory, social, and environmental issues

7.11 Legal Issues

There are no legal issues for now.

7.12 Regulatory and environmental issues

The service is not regulated, but on the process of registration with corporate affairs commission. The farm does not create any environmental hazard.

8.0 Financials

8.11 Equipments

S/ N	INVESTMENT	QT Y	UNIT COST (N)	TOTAL COST (N)
1.	Rent			36,000
2.	EQUIPMENTS			
	i) Showcase	3	15,000	45,000
	ii) POS	1	45,000	45,000
	iii) Calculators	2	1,500	3,000
	iv) Generator	1	54,000	54,000
	v) Freezer	1	48,000	48,000
	TOTAL INVESTMENT			231,000

8.12 Sales Plan

PRODUCT/SERVICES	YEAR 1	YEAR 2	YEAR 3
Product/ Service	31,000	36,500	42,800
Quantity			
Sales per unit	N50	N50	N50
TOTAL	N1,550,00	N1,825,00	N2,140,00
	0	0	0

8.13 General cost of Administration

Item	Current (For existing projects only) (N)
SALARIES	600,000
TRANSPORTATION	24,000
TELEPHONE	27,500
FUELLING	16,500
ELECTRICITY	18,000
TOTAL EXPENSES	686,000

8.14 Working Capital Projection

8.15 Start Up Capital Needed

S/	ITEM OF EXPENDITURE	AMOUNT
----	---------------------	--------

N		(N)
1.	Fixed asset investment (equipment and machines)	195,000
2.	Working capital	70,000
3.	Pre-operating expenditures	306,000
	TOTAL	571,000

8.16 Financing Plan

S/ N	SOURCES OF FUND	AMOUNT (N)
1.	Owners capital	450,000
2.	Help from family members	150,000
	TOTAL	600,000

8.17 Schedule of Depreciation

S/ N	ITEM OF DEPRECIATION	INITIAL VALUA	SCRAP VALUA	LIFE SPAN	DEPRECIATION
1.	Showcase	45,000	5,000	5 years	8,000
2.	Generator	54,000	12,000	10 years	4,200
3.	POS	45,000	10,000	5 years	7,000
4.	Calculator	3,000	400	5 years	520
5.	Freezer	48,000	8000	10 years	4,000
					N23,720

8.18 Final Accounts projection

PARTICULARS	YEAR 1, AMOUNT (N)	YEAR 2, AMOUNT (N)	YEAR 3, AMOUNT (N)
SALES	N1,550,000	N1,825,000	N2,140,000
OTHERS	-----	-----	-----
NET SALES	N1,550,000	N1,825,000	N2,140,000
LESS EXPENSES:			
SALARIES	600,000	600,000	600,000
TRANSPORTATION	24,000	28,000	31,900
TELEPHONE	27,500	27,500	27,500

FUELLING	16,500	19,200	22,500
ELECTRICITY	18,000	18,000	18,000
EQUIPMENTS	195,000	----	-----
RENT	36,000	36,000	36,000
BUYING OF PROVISIONS	270,000	310,700	400,100
PACKAGING MATERIALS	18,500	21,700	32,500
TOTAL EXPENSES	1,213,000	1,071,400	1,179,000
PROFIT BEFORE TAX/INTEREST	337,000	753,600	961,000
LESS INTEREST	-----	-----	-----
PROFIT AFTER INTEREST	337,000	753,600	961,000
LESS DEPRECIATION	23,720	23,720	23,720
TAXABLE PROFIT	313,280	729,880	937,280
LESS TAX (10%)	31,328	72,988	93,728
PROFIT AFTER TAX	281,952	656,892	843,552
NET PROFIT	281,952	656,892	843,552

8.19 Cash flow Projection

CASH FLOW	YEAR 1. TOTAL (N)	YEAR 2. TOTAL (N)	YEAR 2. TOTAL (N)
CASH IN:			
SALES INCOME	N1,550,000	N1,825,000	N2,140,000
RE-INVESTMENT			
TOTAL CASH IN	N1,550,000	N1,825,000	N2,140,000
CASH OUT:			
SALARIES	600,000	600,000	600,000
TRANSPORTATION	24,000	28,000	31,900
TELEPHONE	27,500	27,500	27,500
FUELLING	16,500	19,200	22,500
ELECTRICITY	18,000	18,000	18,000
OTHER EXPENSES	527,000	378,700	479,100
TAX	31,328	72,988	93,728
TOTAL CASH OUT:	1,244,328	1,144,388	1,272,728
NET CASH FLOW	305,672	680,612	867,272

Risks Analysis and Mitigants

9.10 Risk Contingent Analysis

S/ N	RISKS	MITIGANTS
1.	Bad debts	To curtail the effect of losing money as a result of debt, we have resolved not to sell our products on credit.
2.	Theft	To tackle the issue of theft, we have made provision for maximum security of our properties, and also employed security personnel.
3.	Accident	To checkmate the incidence of accident, we have made adequate provision for safety and would implement all preventive measures.

9.11 Contingency Plan

To tackle negative events that may happen unexpectedly and affect the smooth operation of the business, we have agreed to invest in insurance as the business grows so as to cater for unforeseen circumstances that may occur.

9.12 Exit Strategy

In the case where the business is experiencing steady loss, the exit strategy to employ may include; bringing in new investors or selling the business off.

10.0 Other Consideration, Conclusion and Recommendation

10.11 Economics Justification

The benefits that are attached to the business make it of paramount importance. It will provide jobs to people, serve as a source of income, serve the need of the entire populace, and serve the good of the community where it is located.

10.12 Commercial Viability

Looking at the cash flow projection, the business would be able to generate N281,952, N656,892 and N843,552, as profits after 1st, 2nd and 3rd year of production. Thus, we are very optimistic that the business is a very commercially viable one.

10.13 Conclusion/Recommendation

Based on the above information supplied about our planned provision store business, we greatly believe that the business would grow and expand greatly within the next five (5) years of production, thus, we recommend that the business be sponsored.