

**UNIVERSITY OF NIGERIA, NSUKKA
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**TOPIC
CAKING MAKING**

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

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CHAPTER ONE

1.0 Executive summary

- The following reports and recommendations relate to the proposal by Great baking services to establish a bakery business in Lagos.
- The project is to be fully implemented with an investment of ~~₦4000000~~ made up of ~~₦3000000~~ for fixed assets and ~~₦1000000~~ for working capital.
- This project will be located on no 51 bode Thomas street, surulere Lagos.
- There is a ready market for the planned business based on our market survey and our financial projection reveal a good level of liquidity and stability.
- The funding requirement is N4, 000000 as the owner is committing ~~₦950, 000~~.
- Cakes that will entice young people to bring their friends and families in our innovative environment.

CHAPTER TWO

2.0 Introduction

Cakes are snacks eaten and could serve as a supplement for food which could be enjoyed by everyone ranging from adult to children. Therefore, ensuring the availability of delicious cakes to everyone , even diabetics are not exempted, this could be achieved in the use of sugar free ingredients in the cake.

2.1 Vision

Our main purpose will be serving tasty and delicious on time and at a great value.

2.2 Mission

Our main goal is to be one of the most successful baking serving outlet in lagos.

2.3 Key Success Factor

To success in this business we must:

- Create a unique, innovative, entertaining menu consisting of a variety of cakes that will differentiate us from the rest of the competition.
- Would maintain a well informed customer service base to meet the needs of our clientele in order to leave a resonating memory.
- Control costs at all times, in all areas and implement a conservative approach to growth policy.

- Provide 100% satisfaction to our customers and maintaining the level of excellent services among the other competition.
- Providing home services to meet clients at their respective destinations.
- Promote good values of company culture and business philosophy.
- Encourage the two most important values in the baking business: brand and image.

2.4 Inherent Risks

While the implementation of this project attracts enacts to the business to compete with.

- a. Provision of basic utilities like water supply and electricity is not guaranteed.
- b. The plan to use reliable mitigates of checkmating the identified risk.

2.5 Business Ownership

The business is owned by Mbajunwa Obinna Charles

2.6 Location Factors

Great baking services would be located at 51, bode Thomas street surulere, lagos. This is a prime location because the

competition in the area is minimal and this would help it serve its customer base more efficiently.

- It is easily accessible to customers and facilities required for the business; like manpower, adequate power supply of electricity and water which are paramount for the smooth sail of the business.

2.6 Available Market

The increasing number of new establishment has shown a significant growth of consumer spending in this sector. Snack spending is around 20% of total consumer spending.

CHAPTER THREE

3.0 Products

Great baking services will provide the following products:

- Birthday cake, wedding cakes, anniversary cake, bridal shower cakes, baby showers cakes, engagement cakes, convocation cakes, matriculation cakes.
- Home (hotel) delivery service, outdoor service, company service delivery and most services.

3.1 Products Description

- Sponge cake
- Apple cake
- Applesauce cake
- Avocado cake
- Banana cake
- Brownie
- Muffin
- Red velvet
- Butter cake

3.2 Costing

Costing the product of best baking services would be dependent greatly on the demand base and the cost of obtaining condiments, Since the inputs are basically perishable.

3.3 Market Demand

Great baking services sees our targeted market group as having many eating Nigerian Naira needs. A recent consumer trend and Analysis by Niger monitor identified the following need among our target markets. Our concentration group:

- Wants variety and flavor in cake.
- Looks for speed of service.
- Wants an entertaining and fun experience.
- Insists upon a clean, friendly and attractive enviroment.
- Adopt a global lifestyle.
- Enjoy eating out.
- Has an active lifestyle.
- Comes from various ethnic background.

3.4 projected Annual Demand

	Year 2017	Year 2018	Year 2019
Turnover	1, 820, 000	2, 200, 000	2, 5000, 000
Profit before Int. and Tax	778, 000	2390000	2995000
Profit after Tax	844000	2055000	2560000
Return on sale	N/A	34.1%	40.4%
Return on equity	N/A	100.50%	98.13%
Return on Investment	N/A	71.90%	91.20%

CHAPTER FOUR

4.0 Marketing Plan

We shall adopt the direct chain approach to our final consumers.

4.1 Promotional Strategy

Great baking services is a fairly new business hence there is need for awareness and thorough advertising. This awareness would be done through radio jingles, pages on social media platforms such as twitter and facebook, handbill, fliers, posters, banners and billboards will also be employed.

4.2 Marketing Strategy

- cakes intends to cater for the bulk of Nigerians and tourists
- We have chosen this group for several important reasons and it is our goal to be the extraordinary fast food place.
- Our secondary target is of all ages . best baking services would want to keep the price point at lunch as fair as possible to keep us in competition with other fast food outlets.

4.3 Market Positioning

The business is going to offer a wide range of products and services with quality guaranteed. Our cakes are delicious and they take cognizance of our consumer's dietary needs as well as a quick to eat way to meet consumer needs.

4.4 Projected sales

	Sales from cake	Sales from Drinks (N)	Total Sales (N)

Year 1	200000	400000	600000
Year 2	500000	200000	700000
Year 3	700000	300000	1000000

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

CHAPTER FIVE

5.0 Technical Analysis

The business is just emerging, hence all the facilities required are not quite on ground. Over time, best food proposes to acquire a lister generator set, more deep freezers, oven, and more air conditioning sets.

5.1 Management and Organization

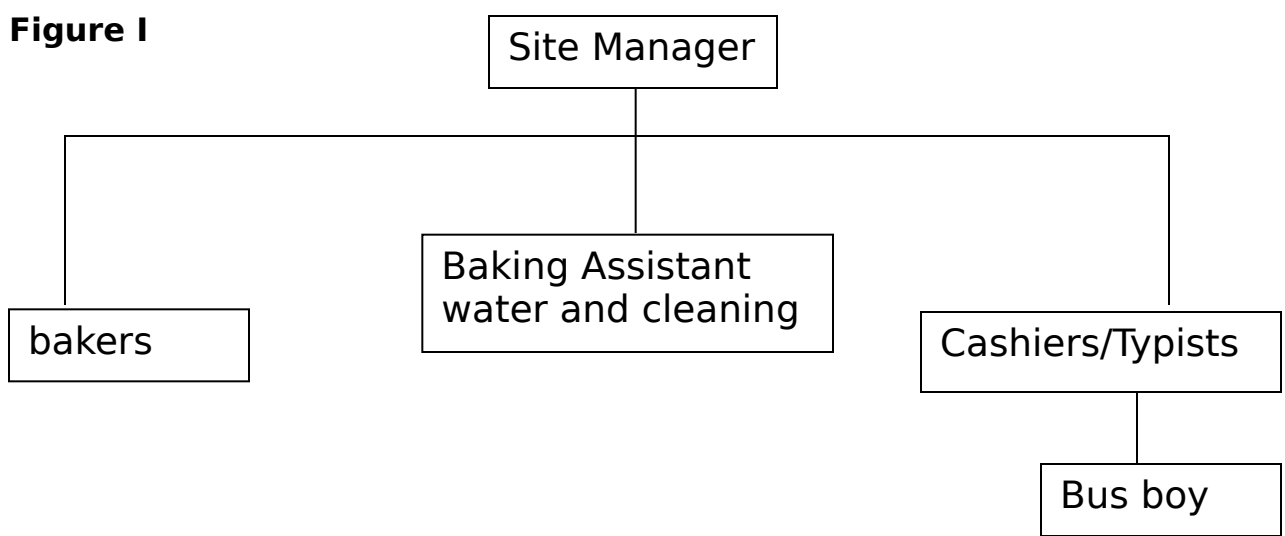
Great Ltd is owned by Mr Mbajunwa Obinna who being the owner of the business will manage the affairs of the bakery. Mr Mbajunwa obinna is a good cook as well as an experienced baker who has enough background knowledge of the needs of his consumer which he is expected to utilize in running the bakery.

To help in the day to day management of the business, some other good hands will be hired. The plan is that the hired hands will compliment Mr Mbajunwa, especially in the area of cooking and preparing the food.

Table 3 shows staff and management of the cakes.

S/n	Positions	No of staff	Annual salary per staff N	Total N
1.	Site managers	1	360,000	360,000
2.	Cashiers	2	72,000	144,000
3.	bakers	3	120,000	360,000
4.	deliveryboy	1	132,000	132,000
	Add 5%			
	Fringe			996,000
	Benefits			50,000
	Grand Total			1,046,000
				0

Figure I below shows the organizational structure of the bakery





delivery boy

5.2 Values and Norms of the Company

Great Ltd plans to adopt the following norms and values.

- a. To always be available to his customers.
- b. To uphold his integrity always.
- c. To see his employees as his most valuable assets.
- d. To offer the best for the benefit of the customers.
- e. To do his business within the Federal state and local government laws.

CHAPTER SIX

6.0 Legal, Environmental, Social and Regulatory Issues

6.0 Legal Issue

Great baking services in the process of being registered with the Food and Drug Administration and Control (NAFDAC) will also be registered with other regulatory bodies. No special licenses are required for the operation of a fast food restaurant; however, every attempt will be made to get all necessary permit and licenses.

6.1 Environment Issues

We are committed to proper waste disposal and recycling in order to avoid causing environmental problems of any kind.

6.2 Social Issues

This business is aimed at beginning the biggest business of its kind in surulere, and the whole land of lagos. We are committed to creating employment for the inhabitants of the area and promise not to cause any form of social vice or havoc in the location.

6.3 Regulatory Issues

The business in the process of being registered with the National Agency for Food and Drug Administrative Control, will also be registered with any other essential regulatory bodies.

CHAPTER SEVEN

7.0 Risk Analysis

This project has been subjected to risk analysis and some inherent risks identified and appropriate mitigations preferred to avoid the business being disrupted.

Table 4: Identified Risks and their mitigant

Identified	Mitigants
Irregular water supply	A big water reservoir will be constructed to harvest all the rains and will be used during dry season.
Inadequate start up demand	Aggressive promotion and advertising campaigns.

7.1 SWOT Analysis

7.1.1 Strength

- We are efficient, reliable and friendly.
- We have the perfect blend of ethnicity and class.

7.1.2 Weaknesses

- Availability of raw materials and also poor preservation facilities may be a hindrance.
- The site manager has limited experience and expertise in restaurant business.
- Initial problems of raising capital for the project anticipated.

However, we have made contacts with wholesale dealers in the north and west who have assured us of a constant supply of our

raw materials. Also, with the arrival of our lister generating set, the problem of preservation should be solved.

7.1.3 Opportunities

- Also there are usually more wedding, anniversaries, end of year parties etc and these periods provide a window of opportunities for us.

7.1.4 Threats

- Perishability of products does threaten our business and this is due to low patronage on weekdays as a result of the busy lifestyle of our customers.
- Preserving the products till weekend when we have such a rush of customers some times proves to be a challenge.

7.2 Exit Strategy

No exit is planned, rather diversification will be pursued.

CHAPTER EIGHT

8.0 Company Financial

8.1 Summary of Project Cost

The total cost of the project is ₦4, 000, 000. This is made up of ₦3, 000, 000 in fixed capital and ₦1, 000, 000 in working capital.

8.2 Fixed Capital Investments

Best is located at no51, bode Thomas street surulere , Lagos. The site is motor able all year round.

Table 5 shows the fixed capital investment required for the project.

S/n	Fixed Capital	Qty	Unit price (N)	Total amount (N)
1.	Table and chairs (of fuel use)	10	50, 000	500, 000
2.	Table and chairs (customers)	20	25, 000	500, 000
3.	Cylinder	4	10, 000	40, 000
4.	Industrial Cookers	5	10, 000	50, 000
5.	Rolling pin and cutter	4	40, 000	160, 000
6.	Shapes and sizes	10	5, 000	50, 000
7.	Lister Generator Set	2	200, 000	400, 000
8.	Baking pans	5	20, 000	100, 000
9.	Oven	5	20, 000	100, 000
10.	mixers	5	20, 000	100, 000
11.	Kitchen Utensils	2	50, 000	100, 000
12.	Water Tanks	2	100, 000	200, 000
13.	Interior Upholstery	4	25, 000	100, 000
14.	Air conditioners	5	120, 000	600, 000
Total				₦3, 000, 000

8.3 Utilities

The restaurant is located in a place that is not connected to sources of water and electricity, as such will be supplied to the

restaurant by commercial water supply tankers, while hurricane lanterns will be used for lightening

Table 5 shows the estimated expense likely to be incurred for lightening and water.

Utilities	Year 1 (N)	Year 2 (N)	Year 3 (N)
Light	16, 000	16, 500	16, 900
Water	70, 000	71, 300	72, 500
Total	86, 000	87, 800	89, 400

8.4 Other Expenses

There are other expenses expected to be incurred in the course of running the restaurant business.

Table 6 shows other operating expenses

Type of expense	Year 1 (N)	Year 2 (N)	Year 3 (N)
Transportation	150, 000	150, 000	150, 000
Vehicle Maintenance	90, 000	100, 000	100, 000
Public relations	85, 000	90, 000	100, 000
Total	325, 000	340, 000	350, 000

8.5 Working Capital Forecast

Table 7 shows working capital forecast

Working Capital items	Year 1(N)	Year 2 (N)	Year 3 (N)
Food Stuff	300, 000	350, 000	500, 000
Salaries / Wages	350, 000	360, 000	365, 000
Water Bill	70, 000	72, 000	72, 000
Electricity Bill	60, 000	61, 000	62, 000
Repairs / Maintenance	100, 000	102, 000	102, 000
Fuel / Gas / Diesel	80, 000	82, 000	83, 000
Administration	500, 000	500, 000	500, 000
Expenses			
Rent	800, 000	800, 000	800, 000
Provision of utilities and	100, 000	100, 000	105, 000

other expenses			
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8.6 Total Investment Outlay

Table 8 shows the total Investment outlay required to execute the project.

Total start - up capital required

S/n	Capital Items	Amount (N)
1.	Machinery, Equipment and others	3, 000, 000
2.	Working Capital Requirement	1, 000, 000
	Total	4, 000, 000

8.7 Financing Plan

To finance the required investment outlay, the proprietor plan to raise an equity capital of ₦950, 000 while ₦3, 500, 000 will be borrowed from the bank.

See table 8

Source	Amount (N)
Equity Contribution	950, 000
Bank Loan	3, 500, 000

8.8 Loan Repayment Schedule and Interest Paid

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

Table 9: Interest and repayment schedule

Year	Loan	Repayments	Interests	Loan
1	3500000	Nil	84, 000	3500000
2	3500000	900, 000	160, 000	1500000
3	2000000	2000000	60, 000	Nil

8.9 Depreciation

This annual depreciation is calculated using the straight line method.

Table 10: Schedule of Annual Depreciation

S/n	Item	Cost (N)	Life Span	Scrap Value	Amount (N)
1.	Deep Freezers	160, 000	20	140, 000	1, 000
2.	Rolling pin and cutter	100, 000	20	50, 000	25, 000
3.	Mixer	100, 000	10	80, 000	2, 000
4.	Lister Gen. set	400, 000	5	200, 000	40, 000
5.	Cylinder	40, 000	9	23, 000	3, 000
6.	Shapes and sizes	50, 000	12	26, 000	2, 000
7.	Table & chairs (off)	500, 000	10	400, 000	10, 000
8.	Table & chairs (custom)	500, 000	5	400, 000	20, 000
9.	Oven	500, 000	6	26, 000	4, 000
10.	grinder	100, 000	7	30, 000	10, 000
11.	Kitchen utensils	100, 000	9	82, 000	2, 000
12.	Water tanks	200, 000	10	100, 000	10, 000
13.	Air conditioners	600, 000	10	540, 000	6, 000
		Total			108, 900

8.10 Forecast of Profit and Loss

Particulars	Year 1 (N)	Year 2 (N)	Year 3 (N)
Expected Sales	1900000	6000000	7000000
Less % discount	19000	60000	70000
Net Sales	1880000	5940000	6930000
Expenses	1000000	1500000	1500000
Cost of running a restaurant	1200000	1400000	1500000
Utilities	27000	274000	276000
Salaries & wages	100000	100000	100000
Total Expenses	3,700000	3,750000	3850000
Profit before int & tax less interest	800,000	1000000	1500000
Profit after tax less Depreciation	800000	2000000	2000000
Net Profit	600000	1000000	1000000

8.11 Cash Flow Projection

Cash in	Year 1 (N)	Year 2 (N)	Year 3 (N)
Equity	950, 000		
Bank loan	3500000		
Net Profits		1900000	7000000
Depreciation		19000	70000
Total Cash in	4000000	1881000	6930000
Cash out			
Equipment & Others	3, 000, 000		
Working Capital	1, 000, 000		
Increase / Decrease in Cash		70, 000	270000
Loan Repayment			350, 000
Dividends			380, 000
Total Cash Out	4, 000, 000	1881000	1500000
Opening Balance	Nil	Nil	490, 000
Increase / Decrease in Cash	Nil	950, 000	1000000
Closing Balance	Nil	220, 000	349, 000

CHAPTER NINE

9.0 Financial Analysis

9.1 Profitability Analysis

Relevant key profitability for the first three years are shown here under:

	Year 1 (N)	Year 2 (N)	Year 3 (N)
- % Profit after tax	4, 000000	1881000	6930000
- % Return on Turn over	N/A	36.20	38.10
- % Return on Equity	N/A	100.50	98.50
- % Return on Investment	N/A	68.90	98.20

9.2 Cash Flow Projection

By the second year of projection when the business has fully matured the cash flow position is as shown below;

Year 2 (N)	Year 3 (N)
220, 000	349, 000

This means that the business will be able to generate enough funds to meet maturing obligation as from the second year operation.

CHAPTER TEN

10.0 Other Considerations and Conclusion

From the above analysis, it is certain that the promoters of this project will never regret their participation in this project. The bakery will as well offer a great economic contribution to the economy where it operates and spread a greater job opportunities to the nation and also will be consistent with the federal and state government policy for commercial business creation.

10.1 Commercial Viability

The project is believed to be commercially viable from the above stated analysis through projections, sales, profits and cash flow positions.

10.2 Conclusion

The project is highly recommendable for sponsor finding and implementation.