

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

TOPIC

**SUPPLYING OF TIMBER TREES FOR CARPENTRY
WORKS AND HOUSE ROOFING**

A BUSINESS PLAN

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

BY

ADELEKE ADEMOLA

2014/195689

LECTURER: DR. C. NWAOGA

JULY, 2017

TABLE OF CONTENTS

CHAPTER ONE

1.0 Executive Summary - - - - -

CHAPTER TWO

2.0 Introduction - - - - -

2.1 Vision - - - - -

2.2 Mission - - - - -

2.3 Key success factors - - - - -

2.4 Inherent risks - - - - -

2.5 Business ownership - - - - -

2.6 Location factor - - - - -

2.7 Available markets - - - - -

CHAPTER THREE

3.0 Product - - - - -

3.1 Products description - - - - -

3.2 Costing - - - - -

3.3 Market demand - - - - -

3.4 Projected annual demand - - - - -

CHAPTER FOUR

4.0 Marketing plan - - - - -

4.1 Promotional strategy - - - - -

4.2 Marketing strategy - - - - -

4.3 Market positioning - - - - -

CHAPTER FIVE

5.0 Technical Analysis - - - - -

5.1 Management and Organization - - - -

5.2 Values and Norms of the Company - - -

CHAPTER SIX

6.0 Legal Issues - - - - -

6.1 Environmental - - - - -

6.2 Regulatory- - - - -

CHAPTER SEVEN

7.0 Risk Analysis - - - - -

7.1 SWOT Analysis - - - - -

7.2 PEST Analysis - - - - -

CHAPTER EIGHT

8.0 Company Financials - - - - -

8.1 Summary of project cost - - - -

8.2 Fixed capital Investment - - - -

8.3 Utilities - - - - -

8.4 Other expenses - - - - -

8.5 Working capital forecast - - - -

8.6 Total investment outlay - - - -

8.7 Financial plan - - - - -

8.8 Loan repayment schedule - - - -

8.9 Depreciation - - - - -

8.10 Profit and loss account - - - -

8.11 Cash flow projection - - - - -

CHAPTER NINE

9.0 Financial Analysis- - - - -

9.1 Profitability Analysis - - - - -

9.2 Cash Flow Projection - - - - -

9.3 Conclusion - - - - -

CHAPTER ONE

1.0 Executive summary

- The following reports and recommendations relate to the proposal by Demola Adeleke to establish a timber firm in ijebu-ode
- The project is to be fully implemented with an investment of ₦20, 000,000 made up of ₦5, 000,000 for fixed assets and ₦15, 000,000 for working capital.
- This project will be located in ijebu-ode, Ogun state
- 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 N20, 000,000 as the owner is committing ₦=3, 000, 000.
- The timber firm will entice the regional individuals (i.e. the south-westerners) to bring their friends and families to our innovative environment.

CHAPTER TWO

2.0 INTRODUCTION

It is no doubts that without the presence of timber trees in carpentry workshops, all the wooden furniture made out of planks and wood wouldn't have been in anyway possible. In our individual houses today, we all have innumerable sets of wooden items decorating or serving a particular purpose in the house, therefore, supplying of timber trees to carpenters for the purpose of turning them into finished products which can be useful to mankind can be said to be a very lucrative business that will generate lots of profits and attain huge patronage.

Also, these timber trees can be processed into suitable woods and planks by carpenters for the skeletal roofing of building structures. Hence, establishing a timber firm in Ijebu Ode area of Ogun state is a consideration that will benefit both my industry and the people of Ogun state and beyond.

2.1 visions

I intend to achieve this proposed business project by keeping firm to my determination of always remaining on top of all the competing timber industries in the region. On how to achieve this, I will make sure we have the best of workers in our company and also ensure that the workers are not disgruntled by my harsh or inhumane treatment.

Good and efficient cutting machines shall never be our lack and all government policies on timber cutting will be religiously adhered to so as to keep a good relationship with the government. By the end of 2020, my firm shall be number one among all the timbers suppliers in Nigeria.

2.2 Mission

Our main goal is to be one of the most successful and influential Timber trees supplying Industry in Ogun state and its neighbouring states in the region. Our timber trees shall be the best and proper transportation of timbers to different destinations where they are required will be the easiest of our tasks.

2.3 Key Success Factor

To success in this business we must:

- Invest in a unique, image building and convincing advertising that will portray us as being different from the rest of the competition.
- 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.
- Get a large and well positioned warehouses in all the 6 states in the region (south west) in order to bring our goods closer to the people.
- Promote good values of company culture and business philosophy.

2.4 Inherent Risks

- a. Provision of basic utilities like water supply and electricity is not guaranteed.
- b. The plan to use reliable sources to reduce checkmating of the identified risk.
- c. Will the implementation of this project attract more entrants to this business to compete with?

2.5 Business Ownership

The business is privately owned.

2.6 Location Factors

The Demola Adeleke timber firm is located in ijebu-ode, Ogun state:

- It is easily accessible to customers and facilities required for the business; like machineries, adequate power supply, good working environment, water, enough man power and distribution vehicles which are paramount for the smooth running of the business.

2.6 Available Market

Information from survey shows that carpenters and building construction companies' expenditure for timber trees in Ogun state during the end of the year 2016 has grown drastically, this is because more houses and companies are erected on a monthly bases in the area to fill up the available vacant lands in Ogun state and other parts of the south western region of the country.

The increasing number of new establishment has shown a significant growth in this sector, hence, a high percentage of sales of timber trees has been recorded in the past few years in the area. Therefore, we can be rest assured of an open and profitable market for our goods in the state.

CHAPTER THREE

3.0 Products

Demola Adeleke timber firm will provide the following products:

Oak tree, Iroko tree, Mahoganies, Obeche tree.

3.1 Products Description

Timber trees are the raw materials used by carpenters in constructing the wooden items they sell out for consumption. These timber trees are processed into various types and sizes for the carpentering of different wooden structures. Chairs, tables, cabinets, desks, wooden doors, tissue papers, books etc are all produced from timber trees. More so, the underlying wooden frames built on houses and other types of buildings on which the roofing sheets and roofing slates are attached are all gotten from the finished work of timber trees. Timber trees are very important in the society as they serve many purposes in bettering the lifes of mankind.

3.2 Costing

The products cost of timber is built around the quality and durability of the material.

3.3 Market Demand

A recent consumer trend and Analysis by experienced operators in the business identified the following need among our target markets. Our concentration group:

- Identifies the availability of Timber trees.
- Looks for speed of service.
- Wants a quality material.
- Insists on timber trees that have been processed into finished products.

- Enjoy when timber trees are delivered to their very door steps.

3.4 projected Annual Demand

	Year 2018	Year 2019	Year 2020
Turnover	15,000,000	17,000,000	18,000,000
Profit before regional Tax	10,000,000	12,000,000	15,000,000
Profit after Tax	9,030,000	11,030,000	14,030,000
Return on sale	N/A	34.1%	40.4%
Return on equity	N/A	99.50%	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 every available carpenter and construction company in the state.

4.1 Promotional Strategy

Demola Adeleke timber firm is a fairly new business hence there is need for awareness.

This awareness would be done through bill boards, radio, TV, fliers; complimentary cards will also be employed.

4.2 Marketing Strategy

In an attempt to making our company the most patronized when it comes to timbers supply, we will make sure our products come with a lot of offers such as; discount in the transportation fee of timbers to the wanted destination, promo and bonanza at every end of the year, helping our customers with the processing of the timbers through employing the services of our various timbers refiners which will in turn result to a discount in the amount our customers would be charged as opposed the high cost they might spend if done elsewhere. .

4.3 Market Positioning

The business is going to offer a wide range of products and services with quality guaranteed. The industry will create peculiar leading edge profile for itself.

In our desire to keep in touch with various consumers of our goods, our priority will be to provide strong and high quality timber trees.

CHAPTER FIVE

5.0 Technical Analysis

The business is just emerging and its schedule of operation is planned in such a way as to contain the challenges being encountered.

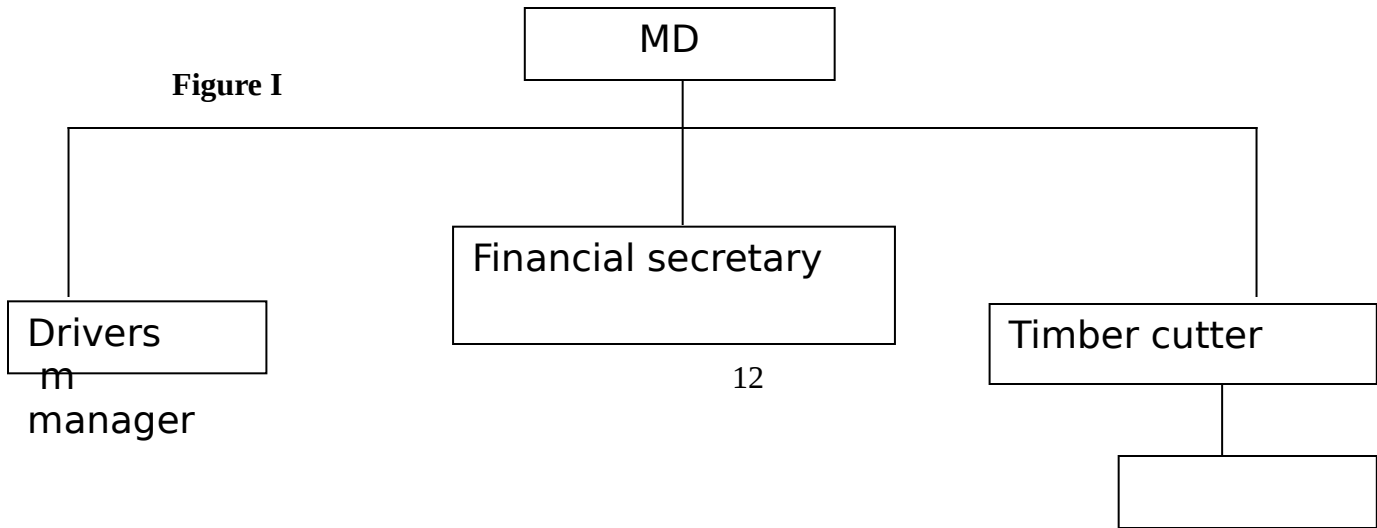
5.1 Management and Organization

Demola Adeleke is a private ownership business. The management of the organization will be carried by the CEO and the other hands which will be employed.

Table 3 shows staff and management of Demola Adeleke’s timber industry.

S/n	Positions	No of staff	Annual salary per staff ₦	Total ₦
1.	MD	1	600,000	600,000
2.	Financial secretary	1	300,000	300,000
3.	Timber cutters	10	200,000	2,000,000
4.	Drivers	5	120,000	600,000
	Add 5% Unforeseen Expenses			500,000
	Benefits			1,000,000
	Grand Total			5,000,000

Below shows the organizational structure of the timber industry



5.2 Values and Norms of the Company

Demola Adeleke timber firm intends 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 quality and durable timber trees to his customers.
- e. To abide by the provided laws as regards timber cutting in Nigeria

CHAPTER SIX

6.0 Legal, Environmental, Social and Regulatory Issues

6.0 Legal Issue

Demola Adeleke timbers firm intends to register the business name with the appropriate agency responsible for cutting and supply of all sorts of timber trees in the forest both regionally and nationally.

6.1 Environment Issues

The organization will ensure proper waste disposal and recycling in order to avoid environmental hazards.

6.2 Social Issues

The existence of this industry will bring about the social, cultural and economic benefits to the people of Ijebu Ode by creating job opportunities for their youth, organizing special workshops and trainings for the recruited workers to enable them know more about trees and their uses as regards the best finished materials that could be made out of them and also, we shall be sponsoring any perceived programme that could foster the culture and values of the community.

6.4 Regulatory Issues

The organization will comply with all stipulated regulations both regional and national.

CHAPTER SEVEN

7.0 Risk Analysis

This business is bound to encounter certain risks and there are certain measures to avoid the business being ruined. We have an action timetable and issues management plan for crisis should any comes up.

7.1 SWOT Analysis

7.1.1 Strength

Our strongest points of strength could be attributed to the quality of employees that we have in our firm. Also, our distribution service is awesome because enough vehicles and man power are available for that.

7.1.2 Weaknesses

A major weakness that may count against us is the fact that we are a new timber firm and we don't have the financial capacity to compete with multi- million naira timbers industry when it comes to controlling the market.

7.1.3 Opportunities

One thing is certain, whether rich or poor, people will always need furniture in their houses, roof over their buildings, desks and chairs in their offices, books and tissue papers etc, therefore, timber trees are practically inseparable from the basic needs of humanity. Hence, our product is needed by all members of the society to fulfill certain purposes. . The opportunity for timbers industry is massive and we hope to leverage on these opportunities.

7.1.4 Threats

One of the major threats that we are likely going to face is economic downturn. It is a fact that economic downturn affects the purchasing power. Another threat that may likely confront us is the arrival of a new and bigger timbers firm who may want to adopt same business model like us.

7.2 PEST Analysis

7.2.1. Political aspect

An industry will not be able to gain success, good reputation and trust if it will not consider legal and political sector as part of their strategy. These political and legal aspects are; tax policy, employment law, political stability, environmental regulations, and trade and traffic restrictions.

7.2.2 Economic aspect

It is important that the firm gives enough attention to economic stability. These economic aspects are; economic growth and stability, interest rates, inflation rates and exchange rates.

7.2.3 socio-cultural aspect

Society and culture is an important factor that must be given emphasis by any business especially those operating in the global areas. It is important that the firm must operate in compliance with the social systems in order to gain good reputation and effective public image and on the other hand, cultural aspects is equally essential, in order to understand the various needs of different individuals that belong to various cultures.

7.2.4 Technology aspect

The complexities of achieving business success through increased efficiency, effectiveness, and competitiveness, combined with innovative applications of modern technology, has heightened the awareness of both technology and business managers towards more strategically approaches for planning and management of the industry. Hence, it is essential that the industry must be able to give considerations to the technological aspects. This could be in the area of new and efficient machines that can quicken the task of cutting down timbers in the forest.

CHAPTER EIGHT

8.0 Company Financial

8.1 Summary of Project Cost

The total cost of the project is ₦20, 000, 000. This is made up of ₦5, 000, 000 in fixed capital and ₦15, 000, 000 in working capital.

8.2 Fixed Capital Investments

Demola Adeleke timber firm is located in Ijebu Ode, Ogun state.

8.3 Other Expenses

There are other expenses expected to be incurred in the course of running the timber firm.

Below shows other operating expenses

Type of expense	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Transportation	150, 000	150, 000	150, 000
Facilities Maintenance	90, 000	100, 000	100, 000
Public relations and advertising	85, 000	90, 000	100, 000
Total	325, 000	340, 000	350, 000

8.5 Working Capital Forecast

The table below shows working capital forecast

Working Capital items	Year 1(₦)	Year 2 (₦)	Year 3 (₦)
Salaries / Wages	3,500,000	3, 500, 000	3, 500, 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
Rent	800, 000	800, 000	800, 000
Provision of utilities and other expenses	100, 000	100, 000	105, 000

8.6 Total Investment Outlay

This table shows the total Investment outlay required to execute the project.

Total start – up capital required

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

8.7 Financing Plan

To finance the required investment outlay, the proprietor plan to raise an equity capital of ₦200, 000 while ₦2, 500, 000 will be borrowed from the bank.

See table below

Source	Amount (₦)
Equity Contribution	200, 000
Bank Loan	2, 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 .

8.9 Depreciation

This annual depreciation is calculated using the straight line method.

8.10 Forecast of Profit and Loss

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

Net Profit	600000	1000000	1000000
------------	--------	---------	---------

CHAPTER NINE

9.0 Financial Analysis

9.1 Profitability Analysis

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

	Year 1 (R)	Year 2 (R)	Year 3 (R)
- % 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 operation when the business has matured fully the business will generate enough funds to meet certain obligation as from the second year of operation.

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

Conclusion

This Timber trees business is highly lucrative and recommended for implementation and funds.