

**UNIVERSITY OF NIGERIA NSUKKA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL
GOVERNMENT**

TOPIC:

TABLE WATER PRODUCTION/FACTORY

**A BUSINESS PLAN
PREPARED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF THE COURSE: CEDR 342
(BUSINESS CREATION AND GROWTH)**

BY

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EXECUTIVE SUMMARY

The following report and recommendation relate to the proposal by LAWSON and sons for the establishment of Chilaws ventures to establish a Table water production/factory.

The proposed project is to be fully implemented with an investment of ₦987,000 (Nine hundred and eighty-seven thousand naira), made up of ₦822,000 (eight hundred and twenty-two thousand naira only) fixed capital and ₦165,000 (one hundred sixty-five thousand naira) working capital.

The company's vision is "to specialize in Table Water Production/Factory providing quality table water, dairy products and discerning customers"

The proposed project will be located at Ukpeliède Town in Rivers State. A ready market exists for the planned business, based on our market survey.

The financial projections reveal a good level of liquidity and stability. The projected turnover for year 1, year 2, year 3 respectively=₦ 3,055,200, ₦ 3,360,720 and ₦3,696,792. The funding requirement is ₦ 597,000 since the promoter's are committing ₦390,000 to the project.

The company's competitive edge is the management strength, technical skills and knowledge of the industry.

The profitability indicators at extracted from the projections embodies in the plan are as follows;

| Indicators | Year 1 | Year 2 | Year 3 |
|---|-----------|-----------|-----------|
| Turnover | 3,055,200 | 3,360,720 | 3,696,792 |
| Gross margin | | | |
| Net operating profit | 2,144,750 | 2,399,170 | 2,676,942 |
| Return on owner's contribution % | 550 | 615 | 686 |
| Return on total investment % | 217 | 243 | 271 |

1.1 CONCLUSION AND RECOMMENDATION

From the point of view of the analysis of our findings, the proposed project is found to be technically feasible financially viable and economically desirable. The project offers good investment benefits. We recommend it for funding and implementation.

2.0 BACKGROUND

2.1 Introduction

The food and drug industry is the most established, viable and profitable industry a wise man would like to invest in since there is a saying that “Everybody eats or drink food every time”. The industry is the prime-mover in the development of any nation and Nigeria being a nation is not exempted. Since the food and drug industry is a one-stop shop with many specializations like processing of cassava, selling of sachet water, selling of ice-block, ice cream, fruit juice business etc.

Table Water Production/Factory business is important and need-filling because we live in a country situated within one of the hottest as well as the environmental degradation especially from the Niger Delta regions Rivers, Bayelsa, Delta etc in the world and our economy is such that majority of our people get involved in hard labour to make ends meet. These two important facts necessitate the high intake of water. Therefore, one can imagine the amount of water that is taken on a daily basis irrespective of the season we are in. And of course most people prefer to take water as this makes the water better appreciated especially when is purified.

In terms of the population, the business has a lot of population base that the entrepreneur can benefit from since Nigeria is the most populous black nation in the world with over 150 million people as at 2006 census.

2.2 Vision and Mission

The vision is “to contribute my quota to reducing unemployment in the nation among our youths.” While the mission is” to become a leading global player in the food and drug industry.”

2.3 Ownership of the enterprise

This enterprise Chilaws Ventures belongs to Lawson and sons of No II Chief Ihuowo Street, Ukpeliède Town Ahoada West Local government area of Rivers State, Nigeria.

2.4 Legal Status

This business Chilaws Ventures which belongs to Lawson and Sons is located at Ukpeliède Town. It is in the process of being registered with the Co-operate Affairs Commission (CAC).

2.5 Location and Facilities

The Table Water Production/Factory business is located in Rivers State, Nigeria. Due to the abundance of population in the area, cheap labour, cheap rent and good network of roads. The area is connected to the national Agip Flow Station, urban water supply and good security network with a military post and police station located in the area (Ahoada)

2.6 Product and Services

- Home made Table Water Production/Factory
- Sorbet
- Novelty products in supermarket
- Novelty products in grocery stores
- Novelty products in restaurants

2.7 Business strategy

The business strategy to be used will be a direct selling to the consumers and with the use middle men or agent to help penetrate the market very well.

In the terms of pricing which is an essential part in the business strategy, it is going to use the strategy that involves selling some of the products cheap and using one product to

cover for all of them. This is done to get customers and penetrate the market, with the hope that with this strategy it will help us get into the market effectively.

2.8 Key success factor

The key success factor distinguishes this business from other business ventures operating in the business of selling Table Water Production/Factory products. Even though the competitors say inexperience is our down fall, with the high population and high sunny weather condition, we are determined and focus to overcome the obstacle together with having a good moral, good dressing habit, always giving gratitude and always strive for product quality. With the few attribute of our staff together with our flaws which we will improve, will definitely give us a good key success factor over our competitors

2.9 Revenue Base

The table below gives the revenue base for year 1 of the Chilaws Ventures. It is as follows;

| S/No | Item | Quantity per month | Unit price (₦) | Quantity per year | Amount(₦) |
|------|----------------------------------|--------------------|----------------|-------------------|-----------------|
| 1 | Home made Ice cream | 2232 | 100 | 26784 | 2678400 |
| 2 | Sobert | 30 | 50 | 360 | 18000 |
| 3 | Novelty products in supermarket | 80 | 200 | 960 | 192000 |
| 4 | Novelty products in grocery shop | 5 | 300 | 60 | 18000 |
| 5 | Novelty products in restaurant | 15 | 1000 | 120 | 120000 |
| | Total | | | | 33026400 |

PART III

3.0 MARKETING AND CLIENTS

3.1 Nature and the size

The nature of the market is that it can be used for both raw materials for industries; it can serve for domestication in homes. It can also be used for commercialization.

In terms of the market size, it is enormous when you consider the fact that Nigeria is a populous nation with over 160 million people while Rivers State is among the largest states with over 13 million people. We can therefore say that the market size is adequate good enough.

3.2 Target client

The target client in the Table Water Production/Factory business includes the following;

- School graduation ceremonies
- Amusement parks
- Party people or individuals or groups having one festivity or celebration or the other;
- Shopping malls
- Restaurant and fast food vendors;
- Cafeteria (what some popularly call “bukka”);
- Hawkers who sell Table Water Production/Factory products during traffic.

3.3 Key Competitors and Players

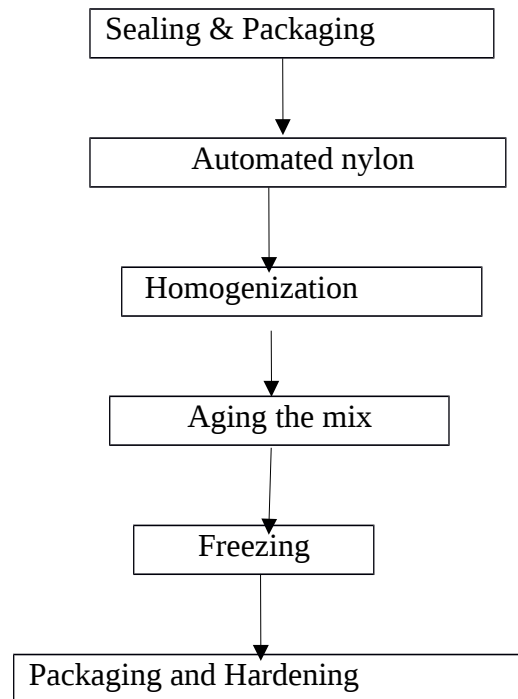
There are many key competitors will shall list some of them;

- ❖ JOSHUA WATER
- ❖ AQUA RAPHA
- ❖ JAMI WATER

❖ BIMO WATER

❖ DELIGHT WATER

3.4 Production process



3.5 Service delivery

The way we are going to handle our client so as not to lose them. They include; having courtesy, being frank, being sincere, smiling, always respecting the integrity, accepting that they are kings and creating a forum for annual interaction.

3.6 Quality assurance

This business belongs to Chilaws ventures and family. Our business is going to observe all quality control measures necessary and approved by NAFDAC

3.7 Demand/Supply Analysis

The global warming is making the day hotter in the temperate region by the year increasing the demand for cool products. The issue of poor power supply this increases the demand for cool product increase.

3.8 Technology

As a beginner we are going to employ manual technology but as the business grows, we will gradually mechanize the production process definitely in responses to demands.

3.9 Competitive edge

The factor that favours your business include; available of raw material, cheap labour etc.

PART IV

4.0 MARKETING PLAN

4.1 Marketing plan

The marketing plan we are going to use is the enterprising use of the middle men or agents, reducing the price below the market price, migratory (selling on the way), and free transport services for 5km radius from the place of business and so on.

4.2 Promotion and distribution

The promotion strategy we will employ to promote the business include; the use of handbill, personal contact and posters

4.3 Alliance

We do not plan any form of alliance until our business is firmly established.

4.4 Market positioning

Since we want to go into food and drug industry as a one stop shop. For now we will specialize in selling Table Water Production/Factory so as to minimize our resources.

4.5 Service delivery strategy

4.6 Swot analysis

S- Strength of our business: the strength of our business is the creative mindsets we employ.

W-Weakness: the weakness is the epileptic power supply of the PHCN and inexperience in the business, but we improve above it by the use of a standby generator and our mentor who has over 20 years experience in the business.

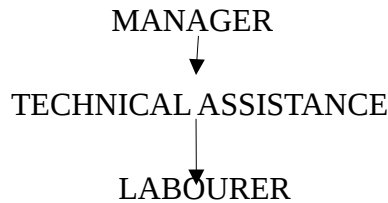
O-opportunity: the increasing demand for cold things during a hot weather is an opportunity to explore.

T-Threats: The major threat to this business is the government policy and we need to keep appraise to government policy.

PART V

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organisation of structures (Organogram)



5.2 Shareholders and directors

We do not have chance for shareholders and directors until our business expand.

5.3 Management team

- ❖ Manager
- ❖ Technical assistance
- ❖ labourers

5.4 External support

We may seek external support in specialist area like accounting, personnel recruitment and so on.

5.5 Personnel Plan

| NAME | POSITION | QUALIFICATION | MONTHLY SALARY | YEARLY SALARY | AMOUNT |
|---------|----------------------|---------------|----------------|---------------|---------|
| CHILAWS | Manager | B. Sc. | 25000 | 300000 | 900000 |
| | Technical assistance | TECH | 15000 | 180000 | 540000 |
| | Labourer | SSCE | 7500 | 90000 | 270000 |
| | | | TOTAL | 570000 | 1710000 |

5.6 Values and norms of the company

Some values and norms of the company include;

- We will not falsify receipt
- We will be honest to our customers
- We will not insult our customers even if they do not buy
- Being able to interact with the customers

PART VI

6.0 LEGAL, REGULATORY, ENVIRONMENTAL ISSUES

6.1 Legal issues

This business Chilaws ventures which belongs to LAWSON AND SONS is located at Ukpeliède Town, Rivers State. It is in the process of being registered with the Co-operative Affairs Commission (CAC)

6.2 Regulatory issues

This business is going to abide by the norms and values of all the regulatory body governing the business that is NAFDAC, SON and so on.

6.3 Social issues

In order to relate with our Neighbours we intend to provide free bore hole and help decrease the demand for water in the area.

6.4 Environment issues

We are going to discharge all efflux properly; we are to make sure all waste is properly disposed not to endanger the environment.

7.0 FINANCIAL PLAN

7.1 Summary of Project Cost

The total cost of the project is estimated at ₦ 1,200,000 broken into ₦1,000,000 in fixed capital ₦ 200,000 in working capital.

Fixed Capital Cost

| | | |
|----------------------------|----------|----------|
| Table Water | ₦475,000 | |
| Production/Factory machine | | |
| Generator set | ₦100,000 | |
| G.P Tank | ₦30,000 | |
| Refrigerator | ₦8,000 | |
| Distribution Van | ₦65,000 | |
| Rent for 3 years | ₦144,000 | |
| Total fixed capital | | ₦822,000 |
| Working capital | | |
| Gas and oil | ₦70,000 | |
| Water charges | ₦15,000 | |
| Electricity charges | ₦10,000 | |
| Maintenance | ₦70,000 | |
| Total working capital | | ₦165,000 |
| Total project plan | | ₦987,000 |

7.2 FUNDING PLAN

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

| | |
|---------------------------------|-----------------|
| Owners contribution | ₦390,000 |
| Loan capital (Bank) | ₦597,000 |
| Total project cost | ₦987,000 |

7.3 FUNDING REQUIREMENT

The funding requirement for the project is ₦597,000 since the owner's contribution is ₦390,000 into the business.

7.3.1 INTEREST AND LOAN REPAYMENT SCHEDULE

Interest =10%

| Year | Principal | Repayment | Interest | Total repayment | Loan payment |
|------|-----------|-----------|----------|-----------------|--------------|
| 1 | 597,000 | 199,000 | 59,700 | 258,700 | 398,000 |
| 2 | 398,000 | 199,000 | 39,800 | 238,800 | 199,000 |
| 3 | 199,000 | 199,000 | 19,900 | 218,900 | - |

7.3.2 DEPRECAITIAN SCHEDULE

| Serial No | Assets items | Cost (₦) | Scrap value(₦) | Life span | Amount (₦) |
|-----------|--|----------------|----------------|-----------|---------------|
| 1 | Table Water Production/Factory machine | 475,000 | 150,000 | 5 | 65,000 |
| 2 | Generator set | 100,000 | 40,000 | 4 | 13,750 |
| 3 | G.P .Tank | 30,000 | 5,000 | 5 | 5,000 |
| 4 | Distribution Van | 65,000 | 10,000 | 5 | 9,000 |
| 5 | Refrigerator | 8,000 | - | - | |
| | Total | 678,000 | | | 92,750 |

Total annul depreciation N92,750

7.4 PROJECT INCOME STATEMENT

CHILAWS VENTURES PROJECTED INCOME STATEMENT

| | Year 1 (₦) | Year 2 (₦) | Year 3 (₦) |
|-------------------------------|------------|------------|------------|
| Turnover | 3,055,200 | 3,360,720 | 3,696,792 |
| Less operating expense | | | |
| Utility gas oil | 70,000 | 77,000 | 84,750 |
| Maintenance | 70,000 | 77,000 | 84,750 |
| Salaries | 570,000 | 627,000 | 689,700 |

| | | | |
|---------------------------------|-----------|-----------|-------------|
| Rent | 48,000 | 48,000 | 48,000 |
| Depreciation | 92,750 | 92,750 | 92,750 |
| Interest on loan | 59,700 | 38,900 | 19,900 |
| Total operating expenses | (910,450) | (961,550) | (1,019,850) |
| Net operating profit | 2,144,750 | 2,399,170 | 2,676,942 |

7.5 CHILAWS VENTURES PROJECTED CASH FLOWS STATEMENT

| Cash – inflow | Year 1 (₦) | Year 2 (₦) | Year 3 (₦) |
|---|-------------------|-------------------|-------------------|
| Owner’s contribution | 390,000 | - | - |
| Loan from bank | 597,000 | - | - |
| Revenue (sales) | 3,055,200 | 3,360,720 | 3,696,792 |
| Total cash inflows (A) | 4,042,200 | 3,360,720 | 3,696,792 |
| Cash outflows | | | |
| Equipment & rent(less year 1 rent) | 774,000 | - | - |
| Operating expenses (less depreciation& rents year1 and year 2) | 817,000 | 820,800 | 879,100 |
| Loan repayment | 199,000 | 199,000 | 199,000 |
| Total cash outflow(B) | 1,790,700 | 1,019,800 | 1,078,100 |
| Net cash flow (A-B) | 2,251,500 | 2,340,920 | 2,618,692 |
| Opening cash balance | - | 2,251,500 | 4,592,420 |
| Closing cash balance | 2,251,500 | 4,592,420 | 7,211,112 |

7.6 CHILAWS VENTURES PROJECTED BALANCE SHEET

| | Year 1 (₦) | Year 2 (₦) | Year 3 (₦) |
|------------------------------------|-------------------|-------------------|-------------------|
| Capital employed | | | |
| Fixed assets | 678,000 | 678,000 | 678,000 |
| Less depreciation | 92,750 | 102,025 | 112,227.50 |
| | 585,250 | 575,975 | 565,772.50 |
| Current assets | | | |
| Balance at bank and in hand | 2,251,500 | 4,592,420 | 7,211,112 |

| | | | |
|----------------------------------|-----------|-----------|--------------|
| Prepayment (rent) | 96,000 | 48,000 | - |
| | | | |
| | 2,347,500 | 4,640,420 | 7,211,112 |
| Less creditors(bank loan) | 398,000 | 199,000 | - |
| Net current assets | 1,949,500 | 4,441,420 | 7,211,112 |
| Net assets | 2,534,750 | 5,017,395 | 7,776,884.50 |
| | | | |
| Financed by | | | |
| Owner's capital | 390,000 | 390,000 | 390,000 |
| Retained profit | 2,144,750 | 4,627,395 | 7,386,884.50 |
| | | | |
| Owner's funds | 2,534,750 | 5,017,395 | 7,776,884.50 |

7.7 PROFITABILITY ANALYSIS

- Aspect on the owner's investment

$$\frac{\text{Operating profit}}{\text{Owner's investment}} \times 100$$

- Aspect on the total investment

$$\frac{\text{Operating profit}}{\text{Total investment}} \times 100$$

| TOTAL INVESTMENT | | | |
|---|---------------|---------------|---------------|
| Indicators | Year 1 | Year 2 | Year 3 |
| Turnover ₦ | 3,055,200 | 3,360,720 | 3,696,792 |
| Gross margin ₦ | | | |
| Net operating profit ₦ | 2,144,750 | 2,399,170 | 2,676,942 |
| Return on owner's contribution % | 550 | 615 | 686 |
| Return on total investment % | 217 | 243 | 271 |

7.8 BREAK EVEN ANALYSIS

$$\text{Break Even Point (BEP)} = \frac{\text{fixed cost}}{\text{contribution margin}}$$

1-variable cost

Sales

Where

Fixed cost=fixed capital cost= ₦ 822,000

Variable cost=total operating cost=~~₦~~ 910,450

Total revenue = sales=~~₦~~ 3,055,200

BEP= ₦ 822,000

₦ 1-910,450

₦ 302,6400

₦822,000 = ₦ 1,170,940.20

₦ 1-0.298

8.0 OTHER CONSIDERATION, CONCLUSION AND RECOMMENDATION

8.1 Economic justification

“From the point of view of our study and analysis of the findings embodies in this plan, the project offers good benefit to the economy as it creates job and wealth, is consistent with the spirit of Vision 2020 and the Millennium Development Goals.”

8.2 Commercial Viability

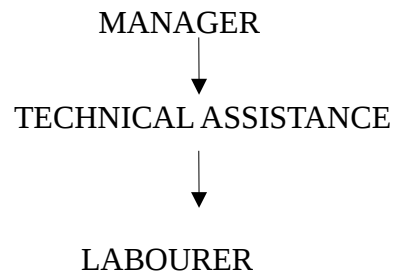
“We have found this project to be commercially viable, having shown through our financial projections, a conservative but impressive turnover, cash flows, profit line and investments appraisal metrics.”

8.3 Conclusion and Recommendation

“Having found this project technically feasible, commercially viable and economically desirable, we therefore strongly recommend it for funding and implementation.”

10.0 APPENDIX

10.1 Organogram



10.2 Assumption behind the figures

- Constant government policy
- Constant market price
- Constant interest rate regime