

**UNIVERSITY OF NIGERIA,  
NSUKKA**

**FACULTY OF SOCIAL SCIENCE**

**DEPARTMENT OF PUBLIC  
ADMINISTRATION AND LOCAL  
GOVERNMENT**

**TOPIC**

**Adimora's recharge card printing  
enterprise**

A BUSINESS PLAN

PREPARED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE COURSE: BUSINESS DEVELOPMENT  
AND MANAGEMENT.

**CED 342**

**BY**

**Adimora Toochukwu .E**

**2014/192925**

**LECTURER: Dr. Mrs. Nwaoga C.**

**July, 2017**

# **TABLE OF CONTENTS**

## **CHAPTER 1**

EXECUTIVE SUMMARY

## **CHAPTER 2**

BACKGROUND

- 2.1 Introduction
- 2.2 Vision Statement
- 2.3 Mission Statement
- 2.4 Key success factors
- 2.5 Inherent risk
- 2.6 Business ownership
- 2.7 Location and facilities
- 2.8 Services rendered
- 2.9 Industry trends
- 2.10 Production plan
  - 2.10.1 Facilities
  - 2.10.2 Raw materials
  - 2.10.3 Production process
- 2.11 Business strategy

## **CHAPTER 3**

MARKET

- 3.1 Available market

3.2 Service delivery chart

## **CHAPTER 4**

### MARKETING PLAN

4.1 Promotion and distribution strategy

4.2 Service delivery strategy

4.3 SWOT analysis

4.3.1 Strength

4.3.2 Weakness

4.3.3 Opportunity

4.3.4 Threats

## **CHAPTER 5**

5.0 ORGANIZATION AND MANAGEMENT

5.1 Organizational structure

5.2 Management

5.3 Salary scale

5.4 External support

5.5 Values and norms of the company

## **CHAPTER 6**

6.0 LEGAL AND REGULATORY ISSUES

6.1 Legal issues

6.2 Regulatory issues

## **CHAPTER 7**

7.0 FINANCIAL PLAN

7.1 Summary of project cost

- 7.2 Fixed capital investments
- 7.3 Utilities
- 7.4 Working capital forecast
- 7.5 Total required startup capital
- 7.6 Financing plan
- 7.7 Fixed costs
- 7.8 Loan repayment schedule and interest paid
- 7.9 Schedule of annual depreciation
- 7.10 Forecast of profit and loss
- 7.11 Cash flow projection
- 7.12 Balance Sheet
- 7.13 Profitability Analysis
- 7.14 Break even Analysis

## **CHAPTER EIGHT**

### **Risk Analysis, Contingency Plan and Exit Strategy**

Risk analysis and mitigants

Contingency plan

Exit strategy

## **CHAPTER NINE**

### **Other considerations, conclusions, and Recommendations**

Economic justification

Commercial viability

Conclusion/recommendation

## **CHAPTER 1**

### **EXECUTIVE SUMMARY**

- 1.1 The preceding report relate to the proposal to establish Adimora's recharge card printing business at Anambra, Awka. The business shall require a startup capital of ₦5,000,000 of which ₦3,000,000 for fixed asset and ₦2,000,000 for working capital.
- 1.2 Adimora's recharge card business is bent on establishment of a voucher printing for MTN, GLO, AIRTEL, and ETISALAT in small/large denomination on white soft paper.
- 1.3 The materials used for production are universal printing software, your computer and printer, little of office, generator, paper, orange box etc
- 1.4 The card printing is solely owned by Adimora Touchukwu and registered with the Corporate Affairs Commission. The card business is located at Awka because it is a business town (and individuals are on high demand recharge card to put in their phone for making call) and due to the easy access to the target market from that location. The key operational feature is the dough preparation and processing during which the unique features of the products are added.
- 1.5 The presence of many business outlets, Banks, schools and homes provide a huge available market for the recharge card business. The competitive edge of the enterprise lies in its ability to produce and package the different kind of network recharge card, MTN, 9MOBILE, AIRTEL. MTEL ETC. The Production of this different card give the products an edge over other obtainable ones. The

products will be supplied to Banks, students and outlets in market places and will serve the people there. And eventually everywhere within the state.

- 1.6 The card business aims to reach market demand by the end of its first quarter in 2019 and also reach its market demand per month at the same period.
- 1.7 The printing business also intends to increase its output market supply for day by upgrading its production machines by the year 2020. By the special grace of God, the loan will be fully liquidated by the end of the second year of the card business's year of operation.



## **CHAPTER 2**

### **BACKGROUND**

#### **2.1 Introduction**

The planned recharge card business enterprise project as a result of the high demands for airtel by students, worker, and ordinary people that will meet the request of their call to family and friends, others for fun, work and other reason. Some companies, industry, banks, caber café, just for data to run internet for their business of the day online.

#### **Vision Statement**

To be a leading producer of high best and fast producer and supplier of different airtel to Anambra and probably the whole Awka community at large.

#### **Mission Statement**

To create a world class business that would produce high fastest means of recharge card products that will satisfy the needs and high demand of products by the target market.

**Key market factors:** The key success factors include:

Printing of recharge vouchers for all networks (MTN, AIRTEL, GLO, ETISALAT, etc.)

Sales of Recharge Cards

Printing of recharge vouchers for all networks (MTN, AIRTEL, GLO, ETISALAT, etc.)

Sales of Recharge Cards

### **Inherent Risks**

There are slim chances of expansion because of limited resources and space.

Provision of facilities like constant power supply to operate the computer and other device.

To checkmate these risks, plans have been put in place to ameliorate the situation.

### **Business Ownership**

The business is a sole proprietorship solely owned by Adimora Toochukwu and it is registered with the Corporate Affairs Commission.

### **Location and Facilities**

The bakery is located in one of the major cities in Anambra State, Awka, precisely Nneoma plaza, 1st floor awka because of the following reasons:

The city is a commercial type and has so many available markets like the students in its environs, banks, business outlets in international markets, hospitals and residential homes.

Existence of good road network to aid in easy distribution of products.

Availability of skilled labour work force because of high population of the area.

Presence of facilities like good power supply.

### **Services Rendered**

Due to high or increase in demand of different recharge card for call and data purchase to run business and fun by individual, company, industry, school, hospital etc then provide this to the large population of Awka people though not estimated could be substantial and bound to increase. Hence the recharge card business is primed to meet up with these demands by supplying her products to the door steps of the consumers. The business over the last few years thrives on volumes and gives one of the fastest turnovers than any other business. The recharge card business typically attracts entrepreneurs who want to enter the market, businesses with established retail distribution channels, and service providers that want to diversify their revenue streams. This business plan will provide details concerning the industry, operation, market and financial analysis.

### **Industry Trends**

Recharge card is one of the fastest selling GSM products in Nigeria, with daily sales of reaching ₦1 billion. The ban on the importation of GSM recharge Cards/vouchers printed in foreign countries has opened up the industry to both big and small sized local companies. Empirical Surveys have shown that recharge card is the third selling product after pure water and bread. However, service providers in the industry are faced with high production cost

resulting from epileptic power supply. New entrant to the industry can expect to face cutthroat competition as most players and competitors in the industry use predatory pricing and heavy promotion to eliminate or undermine their rivals. Despite this, a robust performance is expected from the industry over the period.

### **Production Plan**

2.10 The facilities required for production include:

Generator

Universal printing software

computer

printer

paper

orange box.

Office equipment.

This profile envisages setting up a bakery with a production capacity of 2,000 MTNcard per day, 1000 9mobile per day, 500 other card per day which will accrue the total sum of ₦525, 000 per day from all the production units.

**Raw materials** : This are universal printing software, your computer and printer, little of office, generator, paper, orange box etc.

Production Process consist of:

To generate customer satisfaction so that at least 60% of our customer base is repeat business.

To provide quality product at reasonable prices with exceptional services

To achieve an annual turnover of at least 10million by 2020.

To open twelve (12) new outlets in 36 months in future.

Constant growth in sales in 12 months.

The products are sent through quality control unit to checkmate for errors in packaging before they are supplied.

### **Business Strategy**

my over 7 years' experience in recharge card printing business Wand numerous exposure to both the scientific and practical aspect of Recharge Card Printing and Sales, I've being able to master the technical requirements, financial management, staff recruitment and organization skills among other things necessary to give the industry good commendation from our customers and employing best qualified staff to help me out. There are also vans ready to supply products to buyers that cannot come to the card in our offices.

## **CHAPTER 3:**

### **3.0 MARKET**

The recharge card printing business is set to serve banks, students, business men and women hospitals and the Awka Community as a whole. The presence of other chard printers around serve as a competing feature but the strategies employed

serves to handle the issue. The use of qualified staff and van to take the product to customers door step and the quality neatness and fast delivery of the products are maintained. This gives the business a competitive edge over others.

**Service delivery chart is below:**

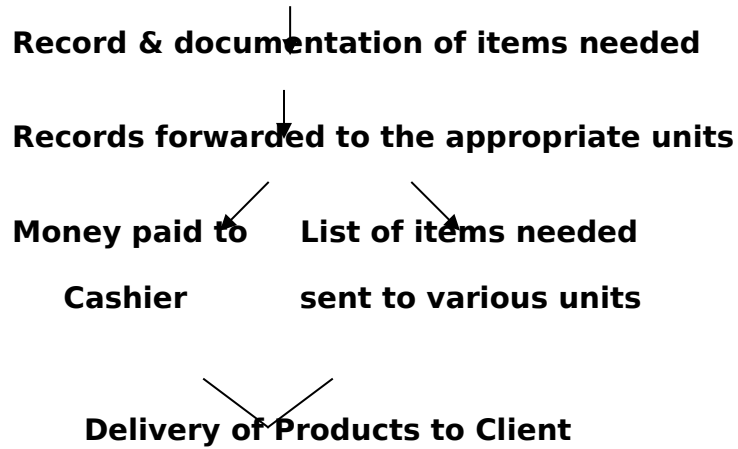
**Client calls at the reception**

**Record & documentation of items needed**

**Records forwarded to the appropriate units**

**Money paid to Cashier**      **List of items needed sent to various units**

**Delivery of Products to Client**



## **CHAPTER 4:**

### **4.0 MARKETING PLAN**

#### **4.1 Promotion and distribution strategy**

The marketing strategy is the delivery and sales agents who will be trained to market the products with best approach and develop customer strategy. They will be given authority for discounts at sales point. For promotion of products, the media - T.V, radio, newspapers, internet ads, fliers, and market women will be used. Also there will be 3% price discount for a given quantity of bread purchased. Then as an innovative venture, customized card. other than the ordinary would be made, and given out freely as a sample promo to customers and work with their critics.

#### **Service delivery strategy.**

The products for distant outlets would be transported to the distribution joints, top places like school and central markets.

#### **SWOT Analysis**

A SWOT analysis carried out on the project reveals

##### **4.3.1 Strengths**

The location of the recharge card makes it have easy access to targeted customers.



The quality, packaging and distribution of products is consistent as to meet customers' demands.

The recharge card business has good plans to contain expansion to other parts of the city to aid in equal dissemination of her products.

### **Weakness**

Inadequate power supply which will delay the rate of production and quantity of output.

Lack of adequate materials for production purposes.

Problems of raising adequate capital for the anticipated project.

The usual problem that comes with getting customers to patronize a new product.

### **Opportunities**

Exceptional quality printing output.

Excellent customer care services.

### Threats

Low initial demand for products

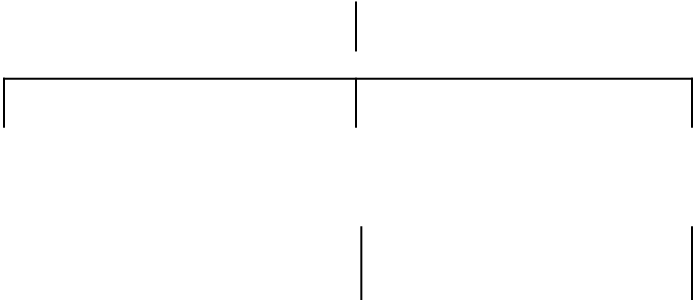
Increased competition due to more card printing springing up.

Price instability due to reduction in price by card which use bromate to increase yield.

**CHAPTER 5**

**ORGANIZATIONAL & MANAGEMENT**

**Organizational Structure**



**Management**

Adimora's Recharge card business is a private enterprise owned by Adimora Toochukwu and managed by him and other members of the staff who will see to the affairs of the business. The manager is a trained computer scientist and has a basic knowledge of what it takes to produce a fast service to the people. To help in day to day management of the business, some other good hands will be employed. They will assist in the area of machine maintenance and servicing as regards to the computer and printing machines. The table below shows the salary scale which is subject to amendment as the bakery grows.

### 5.3

	Job Description or Post	Unit	Salary Scale per annum (₦)	Total salary (₦)
I	General Manager or Proprietor	1	400,000	400,000
li	assistants or workers	6	299,000	1,200,000
lii	Typist/Cashier	1	210,000	210,000
lv	Security men	3	50,000	150,000
				<b>1,960,000</b>
	5% fringe benefits			100,000
	<b>Grand Total</b>			<b>2,060,000</b>

### External Support

The bakery will seek for support on technical issues from West computer Development Centre where the proprietor received entrepreneurial training. The services the machine technicians has been planned to be retained.

## **Value and norms of the Company**

The card business adopts the following norms and values

To see her employees as her most valuable asset

To do her best within the federal, state and local government laws

To uphold her integrity always

To offer the best for the customer's benefit.

## CHAPTER 6

### LEGAL AND REGULATORY ISSUES

#### Legal Issues

Adimora card printing business plans to commence operations as a sole proprietorship, hence, the business name is registered with the appropriate department at the Local Government Headquarters and also the state government headquarters.

**Regulatory Issues:** the major federal regulations that govern the bakery include

Nigerian Communications Commission (NCC) and MTN Nigeria: they ever see the standard quality and quantity of recharge produced within the country.

Recharge card and Commerce: they assist and govern the affairs of the manufacturing industries of car business.

- [iii] COTSARCRAN which was registered only on January this year, said it will only revert to the normal prices when MTN and the dealers have removed the added on their bulk purchases.

## CHAPTER 7:

### FINANCIAL PLAN

#### Summary of Project Cost

The total cost of the project is ₦5,000,000 which is made up of ₦3,000,000 in fixed capital and ₦2,000,000 in working capital.

#### Fixed Capital Investments

Adimora Recharge card enterprise is located at Anambra Awka. Nneoma Plaza, 1<sup>st</sup> floor. The site is motorable all year round. The table below shows the fixed capital investment required for the project.

**Table: Fixed Capital Investment**

	Detail	Qty	Unit Price (₦)	Total amount (₦)
1.	Office Building	1	700,000	700,000
2.	Printer	2	10,000	20,000
3.	Delivery Vans	3	500,000	1,500,000
4.	Generator/Lister	1	780,000	780,000
	Total			3,000,000

#### Utilities

The recharge card business faces the challenge of bad road and also fluctuations in electric supply. Hence, it pays uses generator to generate power in the absence of power supply.

### **Expenses on Utilities Projected**

Utilities	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Light	150,000	155,000	160,000
Light	144,000	147,000	150,000
<b>Total</b>	<b>294,000</b>	<b>302,000</b>	<b>310,000</b>

### **Other Expenses**

Other expenses incurred in the process of running the Recharge card business include:

Type of Expenses	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Vehicle maintenance	100,000	105,000	109,000
Business travels	20,000	25,000	29,000
Public relations/advert	50,000	53,000	55,000
Miscellaneous	90,000	95,000	97,000
<b>Total</b>	<b>260,000</b>	<b>278,000</b>	<b>290,000</b>

### **Working Capital Forecast**

The following assumptions are made to arrive at working capital needed for the business.

1. Selling price of stocks increase annually by 10%

2. It is expected that goods are disposed off at the market as scheduled.

	Working capital items	Year 0 (₦)	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
1	Stock of raw materials	900,000	910,000	920,000	920,000
2	Provision for utilities and other expenses	300,000	300,000	305,000	305,000
3	Salaries/wages	600,000	600,000	602,000	605,000
4	Less creditor: 1 month need of stock of raw materials	200,000	200,000	210,000	210,000
5	Working capital	2,000,000	2,010,000	2,037,000	2,040,000
6	Increase/decrease in working capital	-	10,000	37,000	40,000

### Total required start up capital

	Capital items	Amount (₦)
1	Machinery, Equipment & others	3,000,000
2	Working Capital Requirements	2,000,000
	Total	5,000,000

### Financial Plan

To finance the required investment outlay, the proprietor plans to raise an equity capital of ₦1,000,000 while ₦4,000,000 will be borrowed from the bank.

Source	Amount
Equity contribution	1,000,000
Bank loan	4,000,000
Total	5,000,000



Source	Amount

### 7.7 Fixed estimated costs of items

<b>S/N</b>	<b>Materials</b>	<b>Cost of materials (N)</b>
1	Oven	24,000
2.	Printer	2,600
3	Generator	1,200
4	computer	40,000
5	universal printing software	22,000
6	paper	5,000
7	fuel	10,000
8	orange box	11,000
<b>Total</b>		<b>11,58000</b>

### Loan Repayment Schedule and Interest Paid

It is expected that the loan would attract an interest of 5% and that funds are available to pay annual interest as well as scheduled repayment of the principal amount.

### Interest and Repayment Schedule

Year	Loan	Repayment	Interests	Loan Balance
1	4,000,000	Nil	200,000	4,000,000
2	4,000,000	2,000,000	200,000	2,000,000
3	2,000,000	2,000,000	200,000	Nil

### Schedule of Annual Depreciation

	Capital items	LS	IV	SV	Depreciation
1	Building	20	700,000	500,000	10,000
2	Printer	10	20,000	10,000	1,000
3	Delivery Van	10	1,500,000	1,000,000	50,000
4	Generator/Lister	20	780,000	700,000	8,000
	<b>Total</b>				<b>69,000</b>

### Forecast of Profit and Loss

Particulars	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Expected sales	1,800,000	3,500,00	5,000,000
Less 1% discount in price	18,000	35,000	50,000
Net sales	1,782,000	3,465,000	4,950,000
Expenses			
Cost of printing Operations	1,200,000	1,210,000	1,225,000

Particulars	Year 1 (₹)	Year 2 (₹)	Year 3 (₹)
Utilities	294,000	302,000	310,000
Other expenses	260,000	278,000	290,000
Salaries/wages	600,000	602,000	605,000
Total Expenses	2,354,000	2,120,200	2,430,000
Profit before Int. & Tax	572,000	1,344,800	2,520,000
Less Interest	200,000	200,000	100,000
Profit before Tax	772,000	1,144,800	2,420,000
Less 5% Tax	Nil	114,480	242,000
Profit after Tax	772,000	1,030,320	2,178,000
Less Depreciation	69,000	69,000	69,000
Net Profit	841,000	961,320	2,109,000
Retained Earnings	841,000	961,320	2,000,000
Dividend	Nil	Nil	109,000

### Cash Flow Projection

Ash in	Year 0 (₹)	Year 1 (₹)	Year 2 (₹)	Year 3 (₹)
Equity	1,000,000	-	-	-
Bank loan	4,000,000	-	-	-
Net profit	-	841,000	961,320	2,109,000
Depreciation	=	910,000	1,030,320	2,178,000
Total Cash in	5,000,000	910,000	1,030,320	2,178,000
Cash out				
Equipment and others	3,000,000			
Working Capital	2,000,000			
Increase or decrease in cash		10,000	37,000	40,000
Loan Repayment	-	-	2,000,000	2,000,000

Ash in	Year 0 (₺)	Year 1 (₺)	Year 2 (₺)	Year 3 (₺)
Dividends				109,000
Total Cash out	5,000,000	10,000	2,937,000	2,149,000
Opening Balance	Nil	Nil	1,320,000	950,000
Increase/Decrease in Cash	Nil	1,320,000	1,000,000	700,000
Closing Balance	Nil	1,320,000	180,000	1,650,000

## 7.12 BALANCE SHEET

	Year Zero	Year one	Year two	Year Three
Fixed assets				
Machinery, equity and others	389,000	389,000	389,000	389,000
Less com. Dep		- 15,472	- 30,944	- 46,416
Net fixed assets	389,000	373,528	358,056	342,584
Current assets			16,575	238,803
Computer	100,000	100,000	150,000	120,000
Debtors		480,000	300,000	450,000

	Year Zero	Year one	Year two	Year Three
Cash in bank	350,000	400000	550000	450000
Total current assets	100,000	580,000	666,575	808,803
Total assets	489,000	953,528	1,021,631	1,255,168
Long term liabilities				
Capital/ equity	1,200,000	1,200,000	1,200,000	1,200,000
Retained earning		1,102	524,756	949,744
Bank loan	328,500	328,500	14,925	Nil
Total long term liabilities	1,528,500	1,528,500	1,819,681	2,149,744
Current liability	50000	50000	50000	50000
Loan repayment			250,000	4,746

	Year Zero	Year one	Year two	Year Three
Creditors	50,000	50,000	150,000	100,000
Dividend				50,000
Total current liabilities	50,000	50,000	300,000	154,746
Total liabilities	1,578,500	1,728,500	2,119,681	2,304,490

### 7.13 PROFITABILITY ANALYSES

	YEAR ONE	YEAR TWO	YEAR THREE
Profit after tax	16,575	540,228	1,015,216
% Return on turnover	0.09	20.10	35.10
% Return on equity	1.36	45.15	85.31
% Return on investment	0.12	51.40	79.70

### 7.14 Break-Even Analysis

Break even analysis for year 2014 formula =  $BE. P = FC$   
 \_\_\_\_\_

1-VC

S

Where FC = fixed costs VC = Variable costs

S = Sales 1 = Constant

$$BEF = FC = 729,000 \quad 1-VC = 1-90,000 = -89999$$

$$\frac{729,000}{S} = \frac{500,000}{500,000}$$

-89999

$$\frac{-89999}{500,000} = -0.179998$$

$$729,000 - 0.179998 \times S = 4050045$$

## CHAPTER EIGHT

### RISK ANALYSIS, CONTINGENCY PLAN AND EXIST STRATEGY

#### Risk analysis and Mitigants

Risk analysis

<b>S/N</b>	<b>Identified risk</b>	<b>Mitigants</b>
	Power supply	Buying of enough stand-by generators.
	Emerging competition	Continuous high quality products, special delivery packages

### **Contingency Plan**

We will insure my business and effect a merger with NBC, in Enugu state to ensure constant power supply in order to maintain my business.

### **Exit Strategy**

There will be an alternative source of income for instance we can start another business like manufacturing of sachet water should the business not be viable any longer.



## **CHAPTER NINE**

### **OTHER CONSIDERATIONS, CONCLUSIONS, AND RECOMMENDATIONS**

#### **Economic Justification**

From the point of view of our study and analysis of the findings embodied in this plan, the profit offers good benefit to the economy, as it create job and wealth, is consistent with the spirit of vision 20:20:20 and Millennium Development Goals (MDG)

#### **Commercial Viability**

we have found this project to be commercially viable, having shown through my financial projections, a conservative but impressive turnover, cash flows, profit line and investment appraisal techniques.

#### **Conclusion/Recommendation**

Conclusively this project technically feasible, commercially viable and economically desirable, we therefore strongly recommend it for funding and implementation.

