

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF SOCIAL SCIENCES

**DEPARTMENT OF PUBLIC ADMINISTRATION AND
LOCAL GOVERNMENT**

TOPIC

BUSINESS PLAN ON BLOCK INDUSTRY

A BUSINESS PLAN

**SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE COURSE: CEDR 342**

(BUSINESS GROWTH AND DEVELOPMENT)

BY

UGWU CHISOM PEACE

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LECTURER: DR. MRS. C. NWOGA

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1.0: EXECUTIVE SUMMARY:

- 1.1: The following report and recommendations relate to the proposal of SOMMLICIOUS to establish a Block industry.
- 1.2: The proposed project is to be fully implemented with an investment of ₦400, 000.00 which is made of ₦131, 000.00 working capital and ₦269,000.00 as the fixed cost.
- 1.3: The organizations vision is to establish a sustainable business by the end of the first year, producing net profits, becoming a prime mover in the area of Block production in the next three years and to be a strong employer of labour to help the unemployment situation of my country.
- 1.4: The proposed business will be located at Eluagu Obukpa in Nsukka, Enugu state.
- 1.5: A ready market exists for the planned business based on my market survey.
- 1.6: The financial projections reveal a good level of liquidity and stability. The projected turnover for 2018, 2019 and 2020 is 5,316,000.00, 6,316,000.00 and 6,816,000.00 respectively.

1.7 The PROFITABILITY ANALYSIS is given below

year	2010	2011	2012
Return on owners capital	444.55%	497.25%	497.25%
Return on total investment	177.82%	198.90%	221.89%

- 1.8: The organization's competitive edge is the ability to provide effective packaging system, the full-time and efficient home delivery system, the monthly subscription pattern of business in block Industry as well as the level of dedication I will give the whole processes involved in my business.
- 1.9: From the analysis of my findings, I therefore recommend it for funding and implementation.

PART II

2.1 INTRODUCTION

The following Business Plan has been prepared by the Management team of SOMMLICIOUS block industry and is submitted for approval.

I intend to start a small commercial block industry in the Eastern area of Nigeria. The enterprise does require high input and intensive technologies. It is also high labour intensive and is gender friendly. The Eastern area as I know is well endowed with a lot of big structures both new and old. In terms of nutritional values, it provides instant energy when consumed; it is also a heart stimulant and a useful food supplement, for medicine it is used successfully in treatment of diabetic ulcers, sore throats, cough, skin conditioning, among others. These increase in market demands makes the business a very lucrative and money making venture. Block production is also a product which has no age, sex or regional limitation.

During my market surveys and researches, I found out that many people prefer Block production because it has attractive industrial purposes. Block production has in ages eased the stress of manufacturing blocks at the site of building. Contractors needs easy and efficient delivery of blocks for fast and effective building and it increases the demands of already made blocks and shows high indications of market penetrability.

Production of blocks has a long shelf impact well selected for contractors in and around the eastern part of the nation, it also has high durability which makes it most wanted. Hence, blocks production will contribute immensely to efficient and strong buildings that will pass the test of time. Experience learnt and the income generated (put into a revolving fund) will allow for scaling-up of the project in the in the long run.

2.2.1: MISSION:

To manage the industry as an efficient and profitable family-operated Block industry business, maintain assets in good working conditions, reduce debt and build equity.

2.2.2: VISION:

In providing high quality block industry for the society, SOMMLICIOUS industry hopes to:

- Establish sustainable business by the end of the first year.
- Produce net profits.
- Be a prime mover in the area of block industry production in the next three years.

- Be a strong employer of labour to help the unemployment situation of my country.

2.3: THE OWNERSHIP OF THE ENTERPRISE:

This enterprise is a sole proprietorship kind of venture, owned and managed by Ugwu Chisom Peace.

2.4: LEGAL STATUS:

The business is currently undergoing registration with Company Arise Matters in Act (CAMA), under the name of SOMMLICIOUS.

2.5: LOCATION AND FACILITIES:

According to my research, Eluagu Obukpa is very good to establish block industry, therefore the business will be located in Eluagu Obukpa Junction along Ibagwa road where I have bought a large piece of land. Cement mixer, cement and sand for the molding of the block.

2.6: PRODUCTS AND SERVICES:

- High quality plots for building of all kind
- Transportation of block to the various destination of my customers

2.7: BUSINESS STRATEGY:

SOMMLICIOUS industry will adopt the following business strategies:

- a) **PRODUCT:** My product will come in the form of solid
- b) **PROMPT DELIVERY:** This will serve as a powerful tool to keep customers coming.
- c) **PRICE:** Normally, new business set their initial prices lower than their competitors. In my situation however, the business has higher costs for my delivery service and promotions to increase customers' awareness and establish my brand name. I will set my prices to match those of my competitors. The pricing scheme is based on a "per service" price. Moreover, the business targets working and professional customers who pay less attention to price than the quality block.

2.8: KEY SUCCESS FACTORS:

- The success factors of SOMMLICIOUS industry include the passion with which I dedicate to my service for higher quality of cement.
- Secondly, owing to the nature of my services, the quality of my product is another key success factor which I intend to exploit, combining health and delicacy.
- I also intend to engage in house delivery system, where I deliver at the doorpost of my esteemed customers whenever they place their orders.
- My good position cite is another factor that contribute to my success.
- All these are the factors which I consider as my key success factors as my competitors do lack in all of these factors.
- Profitability: controlling costs and managing budgets in accordance with company goals, adhering to strategic business plans for growth and expansion and reinvesting in the business and its employees.

2.9: REVENUE BASE:

ITEMS	QTY PER MONTH	QTY PER ANNUM	PRICE (₦)	INCOME (₦)
9 inches block	50(blocks)	600(blocks)	2100.00	1,260,000.00
9 inches hole	100	12,000	200	2,400,000.00
6 inches hole	20(blocks)	240(blocks)	1000	2,400,000.00
6 inches strong	100	1200	500	600,000.00
5 inches hole	2	24	4000	96,000.00
5 inches strong	25 blocks	300 blocks	1000	300,000.00
				5,316,000.00

PART III

3.0: MARKETING AND CLIENTS:

3.1: NATURE AND SIZE:

Block industry is already existing in this country but its increasing demand is owed is the fact that people are running away from blocks that made by medicine men because they are not strong enough but I am determine to produce strong blocks for all kinds of building.

3.2: TARGET CLIENTS:

- Primary target customer:
- Male/female
- Health/quality conscious people
- Middle to upper income bracket located in area
- Secondary customer:
- Cpmtractprs
- Bulk quantity
- Lower but fair price
- Quality conscious
- Located in area .

3.3: KEY COMPETITORS AND PLAYERS:

There are many known competitors in block production venture. These include many registered industries and private individuals who are engaged in the business for one reason or the other. The competitive edge I have is that none of them offer the convenient door-to-door service and delivery that I intend to offer. I therefore believe that I will win more customers for the above-the-line services I offer and my highly esteemed quality.

My product would be high quality, and durable. There are few block production ventures offering this product. My main competitors would be order block production industries industry whose main advantage is production in such a convenient location.

3.4: PRODUCTION PROCESS:

Production History:

- Emphasis has been on block production to produce strong building.
- Average production over 3years – 120.8 pounds per basket

Production Volume

ITEMS	QTY PER MONTH	QTY PER ANNUM	PRICE PER BLOCK (₦)
9 inches block	500	6000	200
9 inches hole	120	1440	1000
6 inches hole	60000	720000	600
6 inches strong	450	5400	4000
5 inches hole	500	6000	1000
5 inches strong	150	1800	100

3.5: SERVICE DELIVERY:

SOMMLICIOUS industry will adopt various delivery patterns like: home service delivery; large scale delivery; subscription delivery service; and 24 hours on the job service.

3.6: QUALITY ASSURANCE:

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In as much as the enterprise is out for maximizing profit opportunities, customers' satisfaction must be ensured. Therefore, the enterprise will not allow the desire and pursuit for profit to overshadow her focus on the quality of service rendered to customers. There will be regular and periodical researches to find out on how best to improve my production process and ensuring quality upgrading.

3.7: DEMAND/SUPPLY ANALYSIS:

In my country today, there is no home that does not require the product – block. This industry will offer block for different usages like building of different structures.

3.8: COMPETITIVE EDGE:

Very few people or business investments in terms of block industry do involve themselves in Home Delivery Service. This is considering the fact that most clients will be much occupied and busy people. The time that they do not have to come to us, they will just place their orders and I will deliver it to them.

I also intend to engage on monthly subscription where my clients will place their orders for the length of months they want and I will make it a point of duty to always deliver it to them.

A lot of my competitors believe that reducing the number of blocks produced per bag of cement has nothing to do with collapsing houses but I intend to exploit weaknesses and then reduce the number of blocks I produce per bag of cement and that will give me an edge above my competitors.

PART IV

4.0: MARKETING PLAN:

SOMMLICIOUS industry has an exciting business opportunity since there is a huge land for building in Nsukka Local Government Area.

4.1: MARKETING PLAN:

I intent to adopt the penetrative pricing system in selling my product. Direct chain to final consumer and the wholesale retail chain is going to be used in distribution. I will also start targeting my expansion from the residents living close to my location and intend to extend my hold in the industry soonest.

These plans will be applied to enable me achieve the following:

- To expand product lines and advertise and promote these to build new markets.
- To expand amount of block sold at SOMMLICIOUS industry
- To add value to products.
- To work with retail outlets to promote product and build customer loyalty for my products.

4.2: PROMOTION AND DISTRIBUTION STRATEGY:

Since it is a new business, I will create awareness of my products in offices, schools, and at every free display arena. I will also employ the following strategies:

I would engage extensively in advertising my products through media organization. To do these, SOMMLICIOUS industry is plans to use fliers, outreach sensitization programs, radio and also television programs.

4.3: ALLIANCES:

My major alliance in the business shall be my mentor who gave me clues from his many years of experiences in the business.

4.4: SERVICE DELIVERY STRATEGY:

I intent to render honest, friendly and efficient services. This will make me customers comfortable and assured of their safety, health-wise. I also intend to offer home delivery service coupled with subscription form of sales.

4.5: SWOT ANALYSIS

A simple SWOT Analysis was undertaken in respect of the industry.

STRENGTHS

- High level of market support
- Great level of passion and dedication on my part
- Wealth of expertise available through market participants
- Favourable public image for the industry and its products

WEAKNESSES

- Modest financial resources
- lack of individual and cooperate investors.

OPPORTUNITIES

- Maintain contributors and increase market support
- Secure production resources
- Increase public awareness of product benefit to community with time
- Amalgamate sector interests via attention to common goals and objectives
- Become a leader in quality, value and service provider when it comes to block production and services.

THREATS

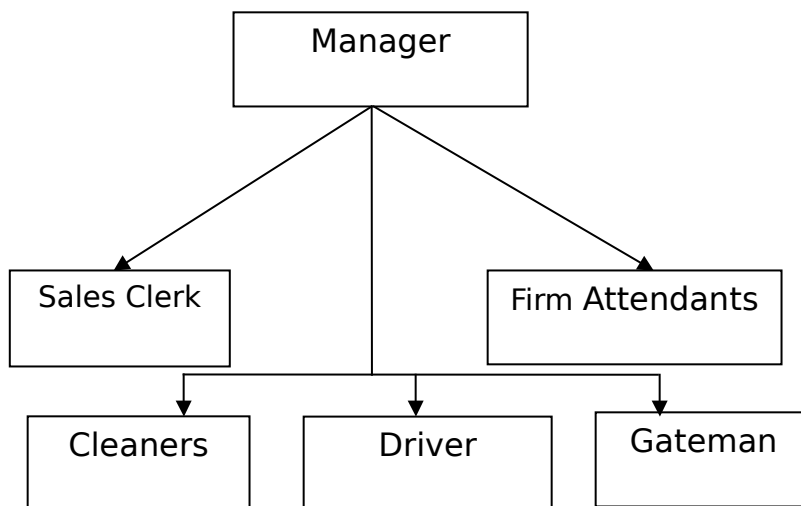
- pest threats
- Reduced access to resources

PART V

5.0: ORGANIZATION AND MANAGEMENT:

5.1: ORGANISATIONAL STRUCTURE:

The structure imbibed by the organization is intended to achieve entrepreneurial objectives. This is also in line with the qualification and skill entrenched in the organization's company.



5.2: SHAREHOLDERS AND DIRECTORS

The industry will have no shareholders and directors as at the moment but hopes to incorporate all of them as the business expands.

5.3: MANAGEMENT TEAM

1. Production manager – Ugwuoke Mark Admin/Act Manager - -B.Sc with 10 years experience
 2. Marketing manager – Ugwu Michael B.Sc in marketing with 8 years experience.
- It is the expectation of project promoters that the business would have rapid growth. If this happens the Administration function would be separated from the accounting function and new but capable hands would be hired to man the vacancies created.

5.4: EXTERNAL SUPPORT

None.

5.5: PERSONAL PLAN

CATEGORY	SALARY(₦)	ANNUAL(₦)
Manager	20,000.00	240,000.00
Sales Clerk	10,000.00	120,000.00
2 Farm attendants	10,000.00 (5,000X2)	120,000.00
2 cleaners	10,000.00 (5,000X2)	120,000.00
Gateman	8,000.00	96,000.00
Total	58,000.00	696,000.00

5.6: VALUE AND NORMS OF THE INDUSTRY

- ❖ Quality service is to be ensured
- ❖ Customer welfare and support will be my primary concern
- ❖ The following values will be upheld by the farm:
 - ✓ Diligence
 - ✓ Honesty
 - ✓ Humility
 - ✓ Determination
 - ✓ Transparency
 - ✓ Hard work
 - ✓ Reliable
 - ✓ Accessible

PART VI**6.0: LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES****6.1: SOCIAL ISSUES**

This business intends to affect the wider society positively by providing job creation and poverty reduction. It also proposes not to cause any social vices in the locality of operation. It will also increase the export rate within and outside the country.

6.2: ENVIRONMENTAL ISSUES

Environmental issues and impacts will be taken into consideration. This business will work towards not incurring any environmental hazard in the location where it operates. Block waste will be properly incinerated. The business will also comply with all the environmental laws guiding the society

PART VII

7.0: FINANCIAL PLAN

7.1: PROJECT COST

S/N	FIXED CAPITAL	AMOUNT (₦)
1.	A dyna	10,000.00
2.	Land	2,000.00
3.	Two trailers of cement	500.00
4.	Sand	1,000.00
5.	Shovel	200.00
6.	Wheel barrow	1000.00
7.	Hand glove	400.00
8.	Hoe	100.00
9.	Molder	2,000.00
10.	Book for recording	1,000.00
11.	Office Tables and chairs	7,000.00
12.	Cement	5,000.00
13.	Tanker	5,000.00
14.	Land rentage	60,000.00
15.	Salaries for the first 3 months	174,000.00

16.	Total fixed cost	269,000.00
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S/N	WORKING CAPITAL	AMOUNT(N)
1.	Transportation	10,000.00
2.	Electricity bill	3,000.00
3.	Water bill	5,000.00
4.	Fuel/gas	10,000.00
5.	Repairs/maintenance	10,000.00
6.	Administration expenses	5,667.00
	Total	43,667.00

Total fixed cost	=====	(N)269,000.00
Working capital	=====	(N)43,667.00
Working capital for the first 3 months	=====	(N)131,000.00
Total project cost	=====	(N)400,000.00

7.2: FUNDING PLAN AND STATEMENT

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

<input type="checkbox"/> Owners contribution (10 X 40,000)	=====	₦400,000.00
Total project cost	=====	₦400,000.00

7.3: FUNDING REQUIREMENT:

The business does not need funding requirement for the initial start-up of the business since the whole capital needed for the business will be generated from among the owners.

7.4: PROJECTED INCOME STATEMENT

CATEGORY	2010	2011	2012
Turn over	5,316,000.00	6,316,000.00	6,816,000.00
Rent	60,000.00	60,000.00	60,000.00
Transportation	100,000.00	100,000.00	100,000.00
Maintenance	60,000.00	60,000.00	60,000.00
Salaries	696,000.00	696,000.00	696,000.00
Depreciation	20,000.00	30,000.00	30,000.00
Raw materials	3,000.00	5,000.00	5,000.00
Net operating expenses	1,034,000.00	1,268,000.00	1,296,000.00
Total operating expense	1,277,322	1,339,208	1,411,876

7.5: PROJECTED CASH-FLOW STATEMENT

CASH INFLOWS	2010	2011	2012
Owners contribution	400,000		
Revenue (sales)	5,316,000.00	6,316,000.00	6,816,000.00
Total cash Inflows (A)	5,716,000.00	6,316,000.00	6,816,000.00
Cash outflow			
Fixed assets	1,163, 000		
Operating expenses	1,277,322	1,339,208	1,411,876
Total cash outflows (B)	2,440,322	1,339,208	1,411,876
Net cash flows (A-B)	4,735,296	4,127,464	4,702,760
Opening cash balance		4,735,269	8,862,733
Closing cash balance	4,735,296	8,862,733	14,173,325

7.6: PROFITABILITY ANALYSIS

	2010	2011	2012
Return on owners capital	444.55%	497.25%	554.72%
Return on total investment	177.82%	198.90%	221.89%

7.7: BREAK-EVEN ANALYSIS

$$\begin{aligned}
 \text{BEP} &= \frac{\text{FC}}{\text{1-VC}} & \text{FC= Fixed Cost} &==== & \text{¥1,163,000.00} \\
 & & \text{VC=Variable Cost} &==== & \text{¥1,139,200.00} \\
 & & \text{SS= Sales} &==== & \text{¥5,472,000.00}
 \end{aligned}$$

1 = Constant

$$\begin{aligned}
 \text{BEP} &= \frac{1,163,000.00}{1 - \frac{1,139,200.00}{5,472,000.00}} \\
 &= \frac{1,163,000.00}{1 - 0.208} \\
 &= \frac{1,163,000.00}{0.792}
 \end{aligned}$$

BEP = 146,843.43

PART VII**8.0: RISK ANALYSIS, CONTINGENCY PALN AND EXIT STRATEGY****8.1: RISK ANALYSIS AND MITIGANTS:**

RISKS	MITIGANTS
Rainfall	Pesticides, smokers and supers
Block breakage	Use of air-tight containers
Theft	Security
Fire outbreak	Use of non-flammable materials
Bad debts	Low volume of credit sales
Perishability	Preservation

8.2: EXIT STRATEGY:

No exit is planned, rather diversification will be pursued

PART X

COMPANY FINANCIAL PLAN:

10.2: FORECAST OF SALE:

I forecast that that there will be ready market on daily basis and as such, there will be constant supply.

10.4: FIXED ASSET COST:

The fixed assets or establishment cost for the business is ~~(N)~~269, 000.00 while the working capital is ~~(N)~~131,000.00. The sum total now results to the sum of ~~(N)~~400, 000.00.

10.5: WORKING CAPITAL PROJECTION:

With time, I believe that if the working capital is raised by the future stakeholders and aids from some financial institutions that my business will grow as well.

I am looking at a situation where the working capital will be raised from the present ~~(N)~~131,000.00 to ~~(N)~~500,000.00 to enable me achieve my expansion plans by the next three years.

10.6: START UP CAPITAL REQUIRED:

The start-up capital required for the business is four hundred thousand naira, ~~(N)~~400,000.00) which is necessitated by the values from the requirements of fixed capital and working capital for the first three months of establishment.

10.7: DEPRECIATION SCHEDULE:

S/N	ITEM	COST (₦)	SCRAP VALUE	LIFE SPAN	AMOUNT (₦)
1.	Tables & Chairs for offices	7,000.00	2,000.00	5	1,000.00
2.	Sieve	200.00	50.00	1	150.00
3.	Handgloves	1,000.00	300.00	2	350.00
4.	Scooping spoons	400.00	70.00	3	110.00
5.	Foam	100.00	20.00	2	40.00
6.	Overall	2,000.00	1,000.00	2	500.00
7.	Protective gear	1,000.00	450.00	3	184.00
8.	Pesticide applicator	5,000.00	2,000.00	2	1,500.00
9.	Containers for storage	5,000.00	1,500.00	2	1,750.00
TOTAL ANNUAL DEPRECIATION =====					5,584.00

10.8: PROJECTED PROFIT AND LOSS ACCOUNT:

SOMMLICIOUS industry if financially empowered will penetrate the block industry market within one year of its establishment and record huge levels of profit and consumer acceptance. The factors that will bring about losses despite all odds will be effectively minimized to attain greater aim and objective which is to break even.

10.9: CASH FLOW PROJECTION:

After three months of establishment of blocks and other fixed materials put in place, SOMMLICIOUS industry firm should be expected to generate its funds (cash) that will be used in running the business without recourse to bad loans. After three years, it is expected that I would be reaping from my hard work with full remuneration and expansion of the industry and interest.

10.10: FINANCIAL ANALYSIS:

SOMMLICIOUS industry financial analysis on daily supplies and distributions are as follows:

1 block N650.00 10 blocks per day

Giving us N6,500.00 or more per day, giving rise to give or take 20 bottles in a month and that means an average revenue of N1,560,000.00 all things being equal per year. Others includes:

ITEMS	QTY PER MONTH	QTY PER ANNUM	PRICE (₦)	INCOME (₦)
9 inches block	1000	12,000	200	2,400,000.00
9 inches hole	30(blocks)	360(blocks)	1000	360,000.00
6 inches hole	100	1200	500	600,000.00
6 inches strong	2	24	4000	96,000.00
5 inches hole	25(block)	300(block)	1000	300,000.00
				5,316,000.00

PART XI

11.0: OTHER CONSIDERATIONS, CONCLUSIONS AND RECOMMENDATIONS:

10.1: ECONOMIC JUSTIFICATION:

This business will create employment opportunity as it expands. Economic development will also be attracted to the location of operation. The positive benefits of this business to the society at large will be immeasurable over time.

10.2: COMMERCIAL VIABILITY

The product of this business – block is easily marketable because of the increase in demand of the main product and its auxiliary products. The pricing of block product is achieved through the principle of Price Penetration Strategy which adds to its market acceptability.

10.3: CONCLUSION/ RECOMMENDATIONS:

From the foregoing analysis of my findings, the proposed project is found to be technically feasible, financially viable and economically desirable. However, block production is a very good venture to embark in as it gives profit, low capital intensive and risk. SOMMLICIOUS industry firm will offer a good investment.