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TOPIC:
A BUSINESS PLAN (RENTAL BUSINESS AND OUTDOOR
COOLER SERVICE) WRITTEN IN PARTIAL
FULFILLMENT OF THE REQUIREMENT OF THE
COURSE: CED342
(BUSINESS MANAGEMENT AND DEVELOPMENT)

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PART ONE

1.0 Executive Summary

The following report and recommendation below shows the proposal by Udorji Rentals and Outdoor cooler Service to establish a rental business at Agbani Enugu.

The project would require a start-up capital of ₦2,730,000 made up ₦2,640,000 for fixed assets and ₦90,000 for working capital.

The business vision is to make it standard by delivering a neat plastic seats, tables, plates with spoons, traditional (dancing materials, chieftaincy title gowns), canopies with drink of your choose at the required time.

The contact address for the business is located at Agbani because it is a new developed town in Enugu metropolis.

The nature of this business dose not require a special market, because the details of the enterprise will be written boldly both on the cooling van with a mighty signpost that will be at the store, these will serve as an advertising media any place the vehicle is located.

The financial analysis shows that the project will be financially stable and liquid by the time it is fully established.

The competitive edge of the business lies on its ability to provide materials that is neat and very cold drinks within a short period of time.

The profitability measures are shown below;

Profitability analysis

	Year 2016	Year 2017	Year 2018
Turn over[₦]	3,840,000	4,224,000	46,464,000
Net profit[₦]	839,000	1,087,400	3,299,050
Return on sale%	21.5	25.74	71.04
Return on equity%	41.95	54.37	164.95
Return on Investment	30.73	39.83	120.84

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.

PART TWO

2.0 Background

2.1 Introduction

The rental business and outdoor cooler services is a very newcreative, viable and profitable business of which anybody would like to invest on. The purpose of writing this plan was to encourage event programmed, such as, birthday, burial ceremony, wedding and other activities that requires rental service within Enugu metropolis. It will be of important in the location of this business because, here in Agbani there is a high ceremonial activities and the need to progress in the business is at high tendency. No one has been on the business around there and also the geographical location of Enugu is at high temperate and there will be high demand of chilled drinks during ceremonial programmed.

Provision of temporal shelter within the period of the occasion cannot be overemphasize, because statistics has it that about 80% of people who wish to host occasion do not have shelter and enough seats that will accommodate their guest, and this has led to high demand of seats and canopies, in the state and I have to incorporate it in my business in other to salvage the situation.

2.2 Vision statement

My vision is to render standard but neat materials any compliant from my potential customer.

2.3 Mission Statement

My mission is to provide an edge in the already existing rental service by proper packaging of my service.

2.4 Key Success Factors

The key success to factors is as follows;

- a. The use of galvanized iron which can withstand heavy wind storm.
- b. The use of canopies with black and white colour, the black colour should be for inside in other to facilitate easy washing and the white colour should be use for the outside to enhance its sparkling in other to attract customer from afar and to reflect light at a greater rate in other to maintain a serene atmosphere for my customer.
- c. Arrangement for the drinks to be chilled should be made available a day prior to the day of the occasion.
- d. The cooling system should be tested/serviced before it zooms off for remote work.
- e. The seats, canopy, table, wears and the van should be washed before using it for work.

2.5 Inherent Risks

- a.** The cooling system may fail to work on the day of an event.
- b.** Heavy wind storm can fall the canopy, resulting to the damage of the iron used for its construction.
- c.** The van may also fail to work resulting to delay in service delivery.

2.6 Legal Form and Ownership of the Enterprise

Udorji rentals and outdoor cooler service is a sole proprietorship own and manage by Miss Asogwa Edith Chiamaka

PART THREE

3.0 The Market

3.1 Nature and size of the market

The nature of the business does not require a special market before it will function; but due to the fact that it is mobile and the detailed information of the enterprise is written boldly on the van, the location of the van and the signpost will serve as its market place.

3.2 Target client

My aim is to render quality service to customer that resides both in rural and urban area irrespective of the location of my office.

3.3 key competitors

a. Ice bucket rentals: This group of rental poses challenge to cold van because they use container filled with ice block to chill drinks at reduced price when compared with cold van.

b. Hotels: Some hotel has conference hall filled with seats for event programmed and it reduces demand for canopy, seat, and table.

3.4 Quality assurance:

a. The use of galvanized iron will prevent the threat pose by heavy wind storm.

b. Making arrangement for the drinks to be chilled a day prior to the day of the occasion will reduce the risk of procrastination.

PART FOUR

4.0 Marketing plan

4.1 Marketing plan to be adopted

I will write my contact address boldly on the van and also on the signpost in front of my store so that it will stand as a marketing strategy where ever it is located.

4.2 Start-Up Promotion

I will use posters, fliers, church announcement in awareness creation in other to inform customers about the business.

4.3 Promotion and distribution strategy

I will use the van to carry the seats, canopy and table serving my customer the stress of searching for vehicle that will do that.

I will set, dismantle both the canopy, table, and seat and also evacuate the load after the occasion.

I will give a discount to my customer who hires a large quantity of goods.

4.4 SWOT Analysis

(a) Strength

Location of my office at Agbani which is the center of Enugu makes easy to access customer.

The use of canopy with pointed pin will prevent waterlogging; thus preventing fall.

(B) Weaknesses

Fund raising is a challenge to the business start up.

(c) Opportunities

The adoption of discount will attract customer.

The marketing strategy will be limelight for the growth of the business.

(d) Threats

Customers to already existing rental company may be difficult to convince.

PART FIVE

5.0 Organization and Management

5.1 Shareholder/Directors

As a sole proprietorship business, the key promoter of the project is Miss Asogwa Edith Chiamaka as a sole proprietorship.

5.2 Management Team.

Director – BSc. Home Science Nutrition And Dietetics

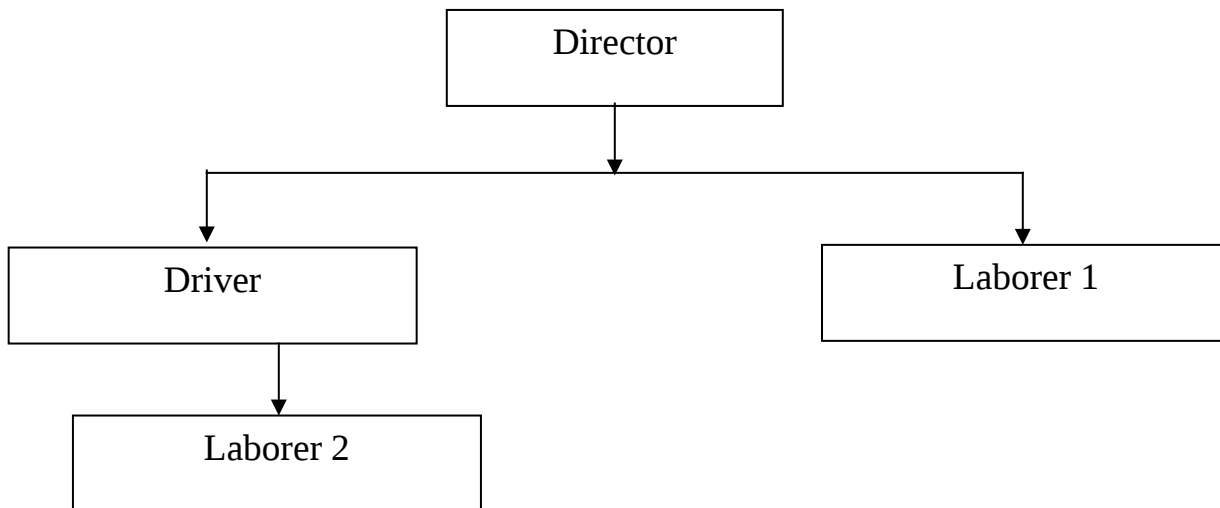
Driver – WAEC with 5 years experience.

Laborers – FSLC/WAEC with 6months experience at least

5.3 Organizational Structure

This shows the hierarchy in the management using an organizational chart.

Organizational Structure



5.4 The Personnel Plan (Staffing and Salary Structure)

s/n	Position	No of Staff	Salary per staff per month[₦]	Total Annual salary[₦]
1	Director	1	80, 000	960,000
2	Driver	1	20, 000	240,000
3	Laborer 1	1	15, 000	180,000
4	Laborer 2	1	15, 000	180,000
	Grand Total		130,000	1,560000

5.5 Organization's Value and Norms

Udorji rentals and outdoor cooler service ethics is enumerated below;

- a. To be honest and trustworthy.
- b. To be available at all times.
- c. To maintain punctuality in every occasion.

PART SIX

6.0 Legal, Regulatory, Social and Environmental Issues

6.1 Legal Issues

Udorji Rentals and outdoor cooler service is not registered but plans are made toward registering the business name with the appropriate institution.

6.2 Regulatory and Environmental Issues

a. Regulatory Issues

The service is not regulated by any regulatory body because it does not have any registration number but plans to do so as the business progresses.

b. Environmental Issues

The service rendered does not produce by-product which may pose danger to the environment, but it may generate noise pollution during the loading of the iron in the van, thus the business will not cause environmental hazard in the location.

PART SEVEN

7.0 Financial analysis

7.1 project cost

S/N	Fixed cost	Qty	Unit cost [₦]	Total cost [₦]
1	Store/warehouse	1	30,000per month	360,000per annum
2	Cooling van	1	1,500000	1,500000
3	Double canopy	7	40,000	280,000
4	Single canopy	5	20,000	100,000
5	Bride & Groom Canopy	1	10,000	10,000
6	Seat	300	1,200	360,000
7	Table	20	1,500	30,000
	Total			2,640000

S/N	Working capital	Amount[₦]
1	Cash at hand for salary	50,000
2	Cash for diesel	30,000
3	Cash for servicing car	10,000
4	Total Working capital	90,000
6	Total project Cost	2,730,000

7.2 Funding plan

To raise the start-up capital, the table below shows how the capital requirement will be funded.

Detail	Amount[₹]	Percentage[%]
Equity	2,000000	73.26
Term Loam	730,000	26.74
Total	2,730,000	100

7.3 Funding Requirement

The funding required for the project is 2,730,000 and I wish to commit 2,000000 into the project.

7.4 Project Income Statement

Details	2016	2017	2018
Capital utilization	50%	60%	70%
Turn over	3840,,000	4,224,000	4,646,400
Less cost sale	850,000	935,000	1,028,500
Gross profit	2,990,000	3,289,000	3,617,900
Less operating expenses			
Salary and wages	1,560,000	1,716,000	1,887,600
Depreciation	246,000	246,000	246,000
Advert and promotion	10,000	11,000	12,100
Electricity	5,000	5,500	6,050
Telephone	10,000	11,000	12,100
Insurance	20,000	22,000	24,200
Total operating expenses	1,851,000	2,001,600	2,188,050
Profit before interest	1,139,000	1,287,400	33,999,050
Less interest	300,000	200,000	100,000
Net profit	839,000	1,087,400	3,299,050
Retained earnings	839,000	939,000	1,0390,000

7.5 Projected Cash flow Statement

Detail	2016	2017	2018
Cash inflow A			
Equity	2,000,000	-	-
Term loan	730,000	-	-
Sales	3,840,000	4,224,000	4,646,400
Total Cash inflows A	6,570,000	4,224,000	4,646,400
Cash out flow B			
Acquisition of fixed asset	2,640,000	-	-
Cost of sales	850000	935,000	1,028,500
Operating expenses [less	1851000	2,001,600	2188050

depreciation]			
Loan payment	360,000	360,000	-
Interest on loan	150,000	100,000	-
Total Cash outflow B	5,001,000	3,396,600	3,216,550
Net cash flow{A-B}	1,569,000	827,400	1,429,850
Opening cash balance	-	1,569,000	2,396,400
Closing cash balance	1,569,000	2,396,400	38,262,550

7.6 Project balance sheet

Capital Employed	Year 2016	Year 2017	Year 2018
Fixed asset	2,640,000	2,640,000	2,640,000
Less accumulated depreciation	246,000	492,000	738,000
Netbook value	2,394,000	2,148,000	1,902,000
Cash at hand	1,569,000	827,400	1,429,850
Less current liabilities	360,000	-	-
Net Current Assets	1,209,000	827,400	1,429,850
Net Assets	2,778,000	1,654,800	2,859,700
Represented by			
Equity	2,000,000	2,000,000	2,000,000
Retained earning	839,000	939000	10,390,000
Owner's fund	2839000	2939000	12,390,000

7.7 Profitability analysis

	Year 2016	Year 2017	Year 2018
Turn over[₦]	3,840,000	4,224,000	46,464,000
Net profit[₦]	839,000	1,087,400	3,299,050
Return on sale%	21.5	25.74	71.04
Return on equity%	41.95	54.37	164.95
Return on Investment	30.73	39.83	120.84

7.8 Brake even analysis [using year 2016]

Details	Fixed cost	Variable cost
Salaries and wages	1,560,000	-
Depreciation	246,000	-
Interest on loan	150,000	-
Telephone	-	10,000
Electricity	5,000	-
Insurance	20,000	-
Advert and promotion	-	10,000
Total[₦]	1,981,000	20,000

Brake even analysis

$$\text{BEP} = \text{FC} / (1 - [\text{VC}/\text{S}])$$

Where; **BEP**=Brake Even Point

FC=Fixed Cost

VC=Variable Cost

S=Sale

1= Constant.

By substituting

$$\mathbf{BEP} = 1981000 / 1 - [20,000 / 3840000],$$

$$1 - 0.0052 = 0.9948,$$

$$1981000 / 0.9948 = 1,991,355.05$$

Thus **BEP = ₦1,991,355.05**

PART EIGHT

8.0 Risk Analysis Contingency Plan & Exit Strategy

Udorji Rental and outdoor cooler service has identified some of the risk it may encounter in the business and suggest the possible solution to the problem in the table below;

s/n	Risk	Solution
1	Poor demand of services	Advertisement and location of office will encourage demand
2	Accident	Insurance will guard against such occurrence
3	Too much competitors	Quality service and giving customers discount will salvage the situation

8.1 Exit strategy

The business will continue to stay, due to its profitability and I will also diversify by incorporating interior decoration due to its high demand in the business.

PART NINE

9.0 Other Considerations, Conclusions and Recommendations

9.1 Economic Justification

This business will give room for employment not just for me but other people as well, as I hope that other business will develop alongside my own in the community where it is located. This will invariably contribute to the economy of the community as well as the country at large.

9.2 Conclusion/Recommendation

From all the business analysis carried out in the course of establishing this business, I have been able to see that it is both economically, technically and financially able and viable business to engage in. I also know that I the partner is mentally, and physically able and ready to carry out this business and not let it fail in the near future but develop it to become a national and if possible global name. The project offers good investment benefits. We therefore highly recommend it to be funded so we can ensure its implementation

PART TEN

10.0 Appendix

Assumption behind the Figures

All the estimations and figures used for these and the projections in this plan are strictly based on prevailing market