

CHAPTER ONE

1.0 Executive summary

- The following report relates to the proposal by Chummy Foods to establish a plantain flour mill at Nsugbe, Anambra state.
- The project will require a start-up capital of #15,584,000 made up of #6,809,000 for Fixed Assets and #8,775,000 for working capital.
- The enterprise vision is to build a mechanized plantain flour processing plant that is efficient and rewarding, as well as to export plantain flour to other countries.
- The project will be located at Nsugbe owing to availability of cheap labour as well as easy access to the target market.
- A huge market is seen to present itself, needing be served.
- The financial projections shows that the project would be financially stable and liquid by the time it matures. The sales figure stands at 388,000kg, 395,000kg and 15,000kg for year 1, year 2 and year 3 respectively. Also that profit after Tax are #98,327,000, #88,434,135 and #93,468,870 respectively the cash flow is equally good and encouraging by the second year through the third year
- The competitive advantage of the enterprise lies in its ability to produce plantain flour of exceptional quality which is attractively packaged and sold at a competitive price.

From the facts stated in the plan, it is evident that the proposed project is technically feasible, financially viable and economically desirable. Thus the project offers good investment benefits and thus is recommended for implementation.

CHAPTER TWO

2.1 Introduction

Plantain is a food crop, hugely cultivated in Nigeria. It is a staple crop, one which suffices as a cheap source of varying nutrients such as iron, vitamins, and protein. Plantain is a good source of carbohydrate, however, it is low in sodium and fat. Nigeria is the greatest producer of plantain in West Africa, an estimate placed at about 75 million metric tons per annum. Sadly enough, despite the huge figure quoted above as the estimated production capacity of Nigeria, we are yet to meet the demand of plantain in Nigeria.

Plantain can either be used for domestic consumption or used as an input for the production of other finished products such as puff-puff, pancakes etc. As an input to the production of other finished products, plantain fruit is processed into flour. Plantain flour is the product obtained when wholesome raw plantain fruits are peeled, dried, milled and sieved to desired particle sizes. Plantain flour has become a popular food both in local and international markets. In Nigeria, the potential national demand for plantain flour has been estimated to be in excess of 300,000 tons/annum. However, the current supply level is less than 20% which leaves a wide gap in demand and supply.

The planned plantain processing plant will be set up in Nsugbe, Anambra state, Nigeria. Anambra state is one of the few states in Nigeria where plantain is produced in commercial quantity. It equally has a good road network and a few of the basic social amenities such as electricity, water, school, universities etc. Anambra is also known to have in its state a town known for its artisanry, making the fabrication of local machineries a huge possibility.

2.1 Vision statement

- To build a mechanized plantain flour processing plant that is efficient and rewarding.
- To export plantain flour to other countries.

2.2 Mission statement

To produce plantain flour of high quality, create employment opportunities, create wealth for potential investors as well as contribute grossly to the GDP of the economy.

2.3 Key success factors

- Dedication and focus of the member-promoters of the business
- Use of improved cultivar of plantain stalk for quality flour production
- Door step delivery on request of potential customers at a minimal incurred cost basis
- Existence of a reliable market outlet

2.4 Inherent risks

- The available equity capital is not sufficient for the successful establishment of the business.
- Most of the major roads leading to the plant location is in a deplorable state.
- Steady provision of basic social amenities like water, electricity is not guaranteed hence, plant is run at an extra incurred cost.

2.5 Business ownership

The business is a sole proprietorship owned by Miss AdaniChioma, a B.sc holder in Home Science Nutrition and dietetics. However, three other managers in charge of production, marketing/ sales and accounting respectively are needed for the effective running of the business.

2.6 Location

The plantain processing plant shall be located at Nsugbe, Anambra state, Nigeria. The choice for this location was informed by the following

- Available land at a relatively cheap cost.
- Existence of fairly good road network and provision of few social amenities such as electricity and water.
- Availability of local artisan making the fabrication of local machineries possible.

- Availability of fairly cheap labour as well as grounded professional owing to the presence of universities, research institutes, consultancy firms and schools.
- Available market for finish plantain flour

2.7 Available market

2006 census results shows the population status of Anambra to be 4.055 million people. Anambra is a highly urbanized state with several elites, universities, schools, research institute. The state equally host several markets one of which is the largest in West Africa. It is a state known to have adopted in the last few years a wide array of structural plans. It is a state known for its arable lands and is one of the few states in Nigeria where plantain is produced in commercial quantity.

CHAPTER THREE

3.0 Products and services

The name of the business entity will be Chummy Foods. The business is a production oriented and will provide the following products

- Quality plantain flour
- Dried plantain peel

3.1 Product description

- Quality plantain flour

A quality plantain flour is one of uniform particle size, containing only desirable nutrients and one that is attractively packaged with appropriate labelling. In Chummy flour mills, efforts will be geared towards producing plantain flour of the above quality characteristics.

- Dried plantain peel

The peel of plantain will be dried, bagged and sent to farms either to be used as feed for farm animals or as a manure

3.2 Costing

The cost of the finished product of the mill is built around the following

Cost of plantain stalks

Cost of running plants

Cost of labour input

Cost of water and electricity

3.3 Market demand

Chummy Foods is located at Nsugbe, Anambra state, Nigeria. Nsugbe is a town in Anambra that hosts the popular Federal College of Education. It is a town with considerable number of elite who understands the food value as well as the health benefits of plantain.

Nsugbe is equally bordered by other towns like Onitsha which thrives the biggest market in West Africa. Other towns with considerable physical market structure include Nnewi, Awka, Nkwelle, thus causing a consumedly large market to suffice. The total estimated demand for plantain flour in Nsugbe and its environs is placed at 200,000 per annum. Facts from studies conducted previously shows that not more than 30% of this demand is met by existing suppliers in Nsugbe and its environs. However, demand increases as the population within the market area being considered increase

3.4 Projected Annual demand for plantain flour in Nsugbe town and its environs.

The over-emphasized importance and benefits of plantain and plantain flour has placed it as a top priority for people of all age bracket. Total estimated annual demand of plantain flour in Nigeria is placed at over 300,000 tonnes. However, only about 20% of this demand is met by existing suppliers, thus the rest 80% in demand is left unsatisfied. Anambra is the 8th largest state in Nigeria with a population figure of 4.055 million people. Thence a huge market for the production and supply of plantain flour presents greatly. As stated previously, the demand for plantain flour in Anambra is over 200,000 and increases as the population of people increases within the target market.

Table 1: Projected Annual demand for poultry products in Nsugbe town and its environs for the next three years

S/N	Year	Annual growth rate (%)	Projected demand
0	Base year (0)2017	0.5	200, 000
1	2018	0.5	201,000
2	2019	0.5	202,005
3	2020	0.5	203,015
	Total	20	806,020
	Average	0.5	201,505

3.5 Projected Demand- Supply gap of plantain flours in Nsugbe and its environs

As is previously stated. Only about 30% of the demand for plantain flour is met by existing suppliers. Thus the demand supply gap of plantain flour in Nsugbe and its environs is shown in table2 below

Table 2: Projected Demand-Supply Gap of plantain flour in Nsugbe and its environs

Adjustment	Demand-Supply Gap
Estimated average annual demand	201,505
Less 30% of supplies by existing producers of plantain flour in the area	60,451 141,054
Less 20% due to expansion of existing suppliers of plantain flour and establishment of new ones	28, 210 112,844
Less 5% estimate error	5,642
Estimated Demand-Supply Gap	107, 201
Anticipated annual production of plantain flour	100,000

However this plan is to supply about 100,000 packaged plantain flour yearly. This represents about 49% of the estimated demand-supply gap of plantain flour in Nsugbe and its environs.

CHAPTER FOUR

Market, customers and competitors

4.0 Market Analysis

Chummy foods has an exciting business opportunity owing to the fact that there is a huge market for the plantain flour in Nsugbe town and its environs. The increasing adoption of the provision of basic infrastructure and amenities in the town and in Anambra state as a whole as well as the seemingly educated individuals scattered all over the town and its environ presents a huge market for this product.

4.1 Customers/Market segmentation

- Households: They buy in bits for consumption. They employ plantain flour either as an additive for other pastry products or to make semolina
- Pastry shops: These category of customers purchase plantain flour in quite large amount for use in baked and fried products suitable for diabetic patients as well as people with other health impairing conditions.
- Restaurants: They buy in fairly large quantity, for the singular purpose of utilizing the flour in the making of semolina which is suitable for people with special health cases
- Open markets: organized physical market such as main market Onitsha, Nkwonnewi, etc provide a large convening ground for the buying and selling of plantain flour

CHAPTER FIVE

5.0 Marketing Plan

As was mentioned earlier, there is a huge gap in the demand and supply of plantain flour in this part of Nigeria. Indigenous mechanized plantain flour mill is seen to be non-existent and most demand are met by products processed and packaged in other states. This in turn causes an unusual hike in the price of plantain flour owing to additional cost of transportation. Therefore if chummy foods is established as

planned, it wont only run a mechanized production line but will chiefly meet most of the demand in Nsugbe and its environ.

5.1 Promotion Strategy

Chummy foods plans on the usage of fliers, posters, radio jingles to announce her entrant into plantain flour producing business.

We plan to reach our customers too through sales on wholesale, retail, as well as direct delivery to customers on demand at a minimal transportation cost.

5.2 Marketing strategy

To assume the leading supply of plantain flour in Nigeria, Chummy foods plan on running a fairly mechanized production plant which will turn a 29000kg of plantain flour per month. It plans on adopting good manufacturing practice during production as well as attractive packaging of product with appropriate labelling.

Chummy foods equally aims at offering products at a very competitive price. The schedule of production would ensure that the flour mill maintains a reputation amongst their customers as the place where the prompt supply of quality plantain flour is guaranteed.

5.3 Market positioning

Chummy Foods will position herself as the prime-mover and market leader of plantain flour production in Nsugbe town and its environs. The understated is how the firm wants to be seen by its customers, competitors and the general public

- As a supplier of plantain flour with the best quality and grade.

- As a firm that has customers' satisfaction as its utmost priority, in the form of adopting good manufacturing practices, competitive pricing and prompt delivery.
- Chummy Foods will also use a low penetration price of #300 per kg of flour in the foremost year to drive the market faster

Table 3: Projected Sales of plantain flour in Nsugbe and its environs

S/N	Sales from packaged plantain flour(kg)	Sales from bagged plantain peel(kg)	Total sales(kg)
Year 1	348,000	40,000	388,000
Year 2	350,000	45,000	395,000
Year 3	365,000	50,000	410,000

CHAPTER SIX

6.0 Technical Analysis

Plantain flour business is a highly rewarding venture as plantain are grown chiefly in Nigeria and with a considerable amount being turned out in farms that are situated in the south east. However, it may happen that availability of plantain may fluctuate during the year. Thus in Chummy foods, plans are being made for a step

down into having a plantain plantation. This will go a long way in ensuring that only the best of raw materials are utilized in the flour production.

6.1 Schedule of Operation

Plantain flour production follows the basic steps of sorting, weighing, blanching, peeling, slicing drying, milling, sieving and packaging. Chummy foods plans on adopting a fairly mechanized production line at such few routine workers are needed in the processing and packaging of plantain flour. However few professional workers will be employed to assume the position of production manager, sales/marketing manager and accounts manager respectively. Other miscellaneous workers such as a receptionist, a driver and cleaners will be employed for the smooth running of the firm.

6.2 Management and Organization

Chummy foods is a sole proprietorship business, owned and managed by Miss ChiomaAdani, a Bachelor in science holder in Home Science Nutrition and Dietetics.

Thence the thing about food is what she has trained for, for four years in the university. Decisions regarding the helm of affair is made by her, however the opinions of her member manager and staff is highly appreciated.

Table 4: Management and Labour Compliments

s/n	Positions	No. of staff	Annual salary per staff(N)	Total(#)
1	Managers	2	600,000	1,200,000
2	Routine workers	5	240,000	1,200,000
3	Receptionist	1	96,000	96,000
4	Driver	1	120,000	120,000
5	security men	1	96,000	96,000

	Total		2,712,000
--	--------------	--	------------------

6.3 External Support

Chummy Foods has the intention of writing to National Economic Empowerment Development Strategy (NEEDS) on the possible provision of technical as well as financial assistance to enable us cope with demand requiring heavy financial involvement from our customers.

6.4 Value and Norms of the company

Chummy Foods plans to adopt the following norms and values

- To ensure the adoption of good manufacturing practices during the production and packaging of plantain flour.
- To see her employees as her most valuable asset.
- To ensure prompt delivery of product to customers.
- To ensure her customers get the maximal value for their pay.

CHAPTER SEVEN

7.0 Legal Issues

Chummy Foods intends to begin commercial operations as a sole-proprietorship. Hence the business will be owned and managed by one person. The owner-promoter of the business intends to register her business with the Corporate Affairs Commission of Nigeria and will obtain necessary permits and licenses from National Agency for Food and Drug Administration and Control (NAFDAC).

7.1 Environmental Issues

Running a successful flour mill posits such problem as waste water disposal problem, plantain peel disposal issues, discard of all synthetic materials, dust hazard. In this effect Chummy Foods has put in place a huge septic tank were all liquid waste are to be collected for subsequent discharge. It equally has installed a dust cyclone to

ameliorate dust accidents in the factory. Plantain peels are bagged and sold to animal farms for use as feed, and the synthetic material are collected and sent to plastic industries for recycling.

7.2 Social Issues

The successful startup of this business will bring about social and economic benefits to the society in the following ways

- It will create new jobs.
- It will bring about wealth creation and a drastic drop in level of poverty.
- It facilitates food security and ameliorates hunger in the society.

7.3 Regulatory Issues

Chummy Foods will comply with all environmental regulations, as well as standing industrial safety regulatory requirements.

CHAPTER EIGHT

8.0 Risk analysis

To avoid business disruptions, solutions and care is taken to avoid inherent risks. Every project ought to be subjected to risks assessment, thus this very venture will be no exception. Appropriate mitigants have been put in place to help ameliorate the associated risks.

Table 4: Identified Risks and their mitigants

Identified Risks	Mitigants
Threatened availability of plantain fruit all year round	Incorporation of a plantain plantation in the milling business
Irregular water supply	Bore-hole water will be dug and channeled appropriately
Intermittent power supply	A standby generator will be purchased

	and installed
--	---------------

8.1 SWOT Analysis

A SWOT analysis carried out on the project reveals the following

8.1.1 Strengths

- Location of the flour mills confers an advantage of easy access, large physical market structure.
- Entrepreneurial skills.
- Incorporation of a plantain plantation
- Adoption of good manufacturing practices during production.

8.1.2 Weaknesses

- Initial problem of raising adequate capital for the anticipated project.
- Problem of management and decision making.
- Distribution issues

Chummy Foods plans to address these weaknesses through obtaining grants from NEEDS, employing a competent driver, and engaging consultants.

8.1.3 Opportunities

Currently, there is an alarmingly increase in the demand for plantain flour in Nsugbe town and its environs. However, a minimal percentage of this demand is being met by existing plantain suppliers. Chummy Foods plans on exploiting this opportunities.

8.1.4 Threats

- Increased competition due to the entry of more plantain flour producers.
- A lowly demand line than initially anticipated.
To checkmate this threats, the promoters of Chummy Foods will engage in aggressive awareness creation and publicity to promote further the incomparable health benefits of plantain flour

8. 2 Exit strategy

No exit is planned rather diversification will be pursued.

CHAPTER NINE

Company Financial Report

9.1 Summary of Project cost

The total cost of the project is 15,584,000 this is made up of 8,775,000

Fixed capital and 6,809,000 working capital.

9.2 Fixed capital investment

Chummy Foods is located at Nsugbe, Anambra state, Nigeria on a land area of 50m by 100m. The site is motorable and thus confers the advantage of ease of distribution. Table 9 shows the fixed capital investment required for the project.

Table 5: Fixed Capital Investment

s/n	Details	Total amount(#)
1	Facilities(Building for machines, ware/storage house)	500,000
2	Office equipment and furniture	700,000
3	Land	1,200,000
4	Factory materials(plastic containers, stoops, etc)	175,000
5	Machinery costs (logistics, installation etc)	4,000,000
6	Computer gadgets and	50,000

	telecommunication equipment	
7	Generator	350,000
8	Digging of borehole	300,000
9	Vehicle	1,500,000
	Total	8,775,000

9.3 Utilities

Table 6: Expenses on utilities projected

Utilities	Year 1 (#)	Year 2 (#)	Year 3 (#)
Light/water	400,000	420,000	440,000
Total	400,000	420,000	440,000

9.4 Other Expenses

Table 7: Other Operating Expenses

Type of expenses	Year 1(#)	Year 2 (#)	Year 3(#)
Vehicle maintenance	80,000	84,000	88,000
Insurance	500,000	500,000	500,000
Computer and telephone gadgets maintenance	27,000	28,350	29,700
Packaging costs	600,000	630,000	660,000
Running cost	60,000	63,000	66,000
Miscellaneous	50,000	52,500	55,000
Total	1,317,000	1,357,850	1,398,700

9.5 Working capital Forecast

Table 8: working Capital Forecast

Working capital items	Base year(#)	Year 1(#)	Year 2(#)	Year(#)
Cost of plantain fruit	2,400,000	2,400,000	2,760,000	3,120,000
Provision for utilities	400,000	400,000	420,000	440,000
Provision for other expenses	1,317,000	1,317,000	1,357,850	1,398,700
Salaries and wages	2,712,000	2,712,000	2,712,000	2,712,000
Debtors: 14 days value of annual sales	-	100,000	150,000	150,000
Less creditor	120,000	120,000	125,000	130,000
Working capital	6,709,000	6,809,000	7,274,850	7,690,700

9.6 Total required investment outlay(Required start-up capital)

Table 9: total Start-up Capital Required

s/n	Capital items	Amount (#)
1	Machinery, Equipment and others	8,775,000
2	Working Capital Requirement	6,809,000
	Total	15,584,000

9.7 Financing plan

To finance the required investment outlay, the proprietor plans to raise an equity capital of #10,000,000 while #6,000,000 will be got when NEEDS is written

Table 10: Financing plan

Source	Amount (#)
Equity capital	10,000,000
Loan from NEEDS	5,000,000
Total	16,000,000

9.8 Loan repayment Schedule and interest paid

Interest on borrowed funds is 10%

Table 10: Interest and Repayment Schedule

Year	Loan	Repayment	interests	Loan balance
1	6,000,000	-	600,000	6,000,000
2	6,000,000	4,000,000	1,200,000	2,000,000
3	3,200,000	3,200,000	-	-

9.9 Depreciation

s/n	Details	IV	SV	Depreciation
1	Facilities(Building for machines, ware/storage house)	500,000	475,000	2,500
2	Office equipment and furniture	700,000	665,000	35,000
3	Factory materials (plastic containers, stoops, etc)	175,000	166,250	8,750
5	Machinery costs (logistics, installation etc)	4,000,000	3,800,000	200,000
6	Computer gadgets and telecommunication equipment	50,000	47,500	2,500
7	Generator	350,000	332,500	17,500
8	Vehicle	1,500,000	1,350,000	150,000
	Total			# 416,000

9.10 Forecast of Profit and Loss

Particulars	Year 1(#)	Year2 (#)	Year 3(#)
Expected sales	104,400,000	105,000,000	109,500,000
Less 1% discount	1,044,000	1,050,000	1,095,000
Net sales	103,356,000	103,950,000	108,405,000
Expenses			
Utilities	400,000	420,000	440,000
Other expenses	1,317,000	1,357,850	1,398,700
Salaries and wages	2,712,000	2,712,000	2,712,000
Total expenses	4,429,000	4,489,850	4,550,700
Profit before Int.& tax	98,927,000	99,460,150	103,854,300
Less interest	600,000	1,200,000	-
Profit before tax	98,327,000	98,260,150	103,854,300
Less 10% Tax	9,832,700	9,826,015	10,385,430
Profit after Tax	98,327,000	88,434,135	93,468,870
Less Depreciation	416,000	416,000	416,000
Net profit	88,078,300	88,018,135	93,052,870

9.11 Cash flow Projection

	Year 0(#)	Year 1(#)	Year 2(#)	Year 3(#)
Cash in				
Equity	10,000,000	-	-	-
Loan from NEEDS	6,000,000	-	-	-
Net profit	-	88,078,300	88,018,135	93,052,870
Total cash in	16,000,000	88,078,300	88,018,135	93,052,870
Cash out				
Equipment and others	8,775,000			
Working capital	6,809,000			
Loan repayment			4,000,000	3,200,000
Depreciation		416,000	416,000	416,000
Total cash out	15,584,000	416,000	4,416,000	3,616,000
Final balance	416,000	87,662,300	83,602,135	89,436,870

9.12 Balance sheet projection

	Year 0 (#)	Year 1(#)	Year 2(#)	Year 3(#)
Fixed Assets				
	8,775,000	8,775,000	8,775,000	8,775,000
Less Depreciation		416,000	416,000	416,000
Net Fixed Asset	8,775,000	8,359,000	8,359,000	8,359,000
Current assets				
Working capital				
Cost of plantain fruit	2,400,000	2,400,000	2,760,000	3,120,000
Operating balance before debtors	416,000	87,662,300	83,602,135	89,436,870
Total current Assets	2,816,000	90,062,000	86,362,135	92,556,870
Long term liability				
Capital(Equity)	10,000,000	10,000,000	10,000,000	10,000,000
Bank loan	6,000,000	6,000,000	3,200,000	
Total of long term liabilities	16,000,000	16,000,000	13,200,000	10,000,000
Current Liabilities				
Loan repayment creditors			4,000,000	3,200,000
	120,000	120,000	125,000	130,000
Total of Current Liabilities	120,000	120,000	4,125,000	3,330,000
Total liabilities	16,120,000	16,120,000	17,325,000	13,330,000

CHAPTER TEN

Other considerations and conclusion

11.1 Economic justification

From the detailed plan above it is almost conclusive that the project offers good benefits to the promoters, and the economy. Wealth will be created as even jobs will be available for the teeming unemployed youths. These are consistent with the Federal and State Government policy on entrepreneurship, wealth and job creation.

11.2 Commercial viability

The commercial viability of the project is very clear. The project has been found to be commercially viable, having shown through projections an impressive sales, profits and cash flow positions.

11.3 Conclusion

It is worth recommending that projects as such should be given necessary attention by the government in terms of funding to ensure effective implementation.