A BUSINESS PLAN FOR THE PRODUCTION OF CASHEW NUTS AT DAVE GARDEN, KUBWA, ABUJA, NIGERIA.

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**Why Start a Cashew Nut Processing Business?**

Cashews are majorly grown in tropical regions and the tree produces the cashew apple which can either be consumed raw or used to produce jam, pickles or beverages like wine and juice; and cashew nuts where the kernel is extensively used in confectionaries and bakeries.

The cashew nut kernels can also be taken after being roasted or salted. The cashew nut kernels have become very popular especially amongst those conscious of what they eat and so any entrepreneur going into this business ought to take advantage of this.

Processing cashew nuts is a time consuming task that includes cleaning, roasting, shelling, separation, drying, peeling, grading and then packaging. The business however can be regarded as lucrative as any enterprising entrepreneur can make a quick buck out of it.

One important aspect that must not be overlooked is getting a business consultant that understands the business thoroughly and also the industry, and will therefore offer insight on how you can run the business. A business consultant will also look through your business concept and determine if you are likely to make it and if you have the attributes that will allow you compete favourably against your competitors.

**Business Overview**

The nuts market globally is expected to grow from the periods of 2015 to 2021 at 1.7% CAGR. As at 2014, the global nuts market was valued at #1,137.06 billion and it is expected to reach #1,279.4 billion by 2021.

Volume wise, nuts and seeds in tons totalled 37.38 million as at 2014 and is expected to reach 41.34 million tons as at 2021 at 1.40% CAGR during the stated periods between 2015 and 2021. The value in kilograms was 4.41 billion as at 2014 but it is expected to reach 7.86 billion by 2021 at 7.70% CAGR during the stated periods.

Product wise, the global nuts market according to its leading position is divided into cashew nuts, peanuts, walnuts, almonds and macadamia nuts. Cashew nut for instance has been leading other nuts globally from 2014 and is expected by 2021 to continue maintaining its leading position.

The past years have seen changes in the consumption patterns of nuts all over the world as it has been found that nuts have a positive effect on the human body by reducing heart disease, preventing diabetes and also reducing blood cholesterol.

This has led to a growing demand for genetically modified crops that will help meet up with the global demand for these nuts.

### *Executive Summary*

Valency Cashew Processing Ltd is a standard and leading cashew nut processing company that is based in Ibafo - Lagos, here in Nigeria and will sell processed cashew nuts to wholesalers and retailers. Our aim is to ensure that we sell processed organic cashew nuts of the highest quality to our various customers all over Nigeria. We also aim to offer other services as well such as franchise and advisory services in line with our revenue generation goals.

Our aim of establishing Valency Cashew Processing Ltd is not only to generate revenue and maximize profit but also to favourably compete against similar processed cashew nuts brands both new and existing, and be known as one of the top five cashew nuts processing factories in Nigeria within five years. In order to achieve this, we have gone the extra mile to ensure that we get the best professionals and also the best equipment so that we will run a standard cashew nuts processing factory.

We are set to redefine the processing of cashew nuts not just here in ibafo - Nigeria but all over Nigeria, which is why we hired the best food technologist who not only ensures that we are doing things the right way but who also looks into using the best ways to get these things done from the processing stage, preservation and on to the packaging stage.

Our facility is located in an area that is not only easily accessible to our employees but also to our clients. We have put in structures to ensure that the facility is conducive at all times for our employees, which is why our employees have come to see the factory as a home to them and are always eager to come to work and be productive for the good of the firm.

We will also put measures in place to ensure that our employees receive regular training in line with the industry trend so as to make them more productive. To achieve all this, we have hired a very experienced Human Resources and Admin Manager.

Valency Cashew Processing Ltd is established and owned by Mr. Sadiku Thadeus whose forefathers owned several cashew plantations and who has the required experience and expertise necessary to ensure that the company is able to attain all its goals and objectives.

**Our Products and Services**

Our aim at Valency Cashew Processing Ltd is to ensure that we are able to sell processed organic cashew nuts – salted and or roasted – to all our customers in Nigeria and to other countries from our location here in ibafo - Nigeria.

Because we intend to create multiple sources of income so as to boost our bottom line and grow our business, we intend to offer other services such as training and consultancy services. We want to be able to make as much profit as is permitted under the laws of Nigeria.

**Our Vision Statement**

Our vision is to produce organic cashew nuts that have been processed through a quality standard. We also intend to be the preferred brand by customers when it comes to buying processed cashew nuts.

**Our Mission Statement**

In order to achieve our vision, we intend to deal in the best business practices and also build a solid business structure that will see us employing competent and dedicated employees that understand our corporate goals and objectives.

**Our Business Structure**

When starting a business, all may not go exactly as planned and this is sometimes due to circumstances that might be beyond the control of the entrepreneur. However, having a solid business structure should be something that should firmly be in the control of the entrepreneur as this would make starting the business have little or no hitches as regards the employees and will also allow the entrepreneur concentrate on other aspects of the business.

In view of how serious we regard our business structure, we are willing to go the extra mile to ensure that we source for and hire competent and dedicated employees who understand how our sort of business works and who are willing and committed to ensuring that we are able to achieve all our set goals and objectives. Our management staff for instance are fully identified with our core vision and philosophies and will do all they can to ensure that the non-management staff implement the rules effectively.

Due to the fact that we will not be running a conventional cashew nut processing business, we will be hiring more staff than we ordinarily should to handle all the various tasks and responsibilities that are attached to the roles that we will create at Valency Cashew Processing Ltd;

#### SWOT Analysis

In our bid to ensure that we run a standard cashew nuts processing business, we have engaged the services of the finest business consultant here in Lagos to look through our business concept and determine how best suited we are to not only run a standard cashew nuts processing business but to also favourably compete with other similar businesses as well.

Due to this we have taken stock of our strengths, weaknesses, opportunities and threats and used this to understand how we are likely to survive not only in our industry here in Florence but also all over Nigeria as well. The result we got after conducting the SWOT analysis for Valency Cashew Processing Ltd are;

**Strengths**

Our strength lies in the fact that the cashew nuts we process are organic which will be able to meet the dietary needs of our various clients. We have the best equipment in place that will be able to handle a large batch of processing without getting spoilt.

**Weaknesses**

We are a new company and as such do not have the necessary finance and staff strength needed to compete against already established cashew nuts processing businesses, which means that it will be hard for us to break into the industry here in Florence and all over Nigeria. We however have plans in place that will help us overcome this.

**Opportunities**

There are several opportunities available to us in this industry as there are lots of people who understand the dietary benefits of cashew nuts and are convincing others to consume cashew nuts.

**Threats**

Every business faces threats every now and then and so the arrival of a new competitor to our same location, offering the same services is a threat as well as stringent government policies regarding the agro processing industry.

### MARKET ANALYSIS

**Market Trends**

Cashew nuts have become one of the most consumed nuts amongst other types of nuts; this is because of the positive effects of nuts such as these on the human body. However in order to meet the growing demand, genetically modified crops have been looked into which will help those in the business to keep up with demand.

Nuts especially those of cashew contain nutrients such as fiber, proteins, folate and several other minerals, and this has encouraged more people to consume this nut daily.

Cashew nuts which come from the cashew tree grow in tropical regions and as such businesses that process these nuts in these regions spend less to get them, as against those that process the nuts in areas where the cashew trees don’t grow.

**Our Target Market**

Our processed organic cashew nuts will be one that will be made available to all our customers in our target market. Our target market however at a glance cannot be restricted to just a group of people, which is why we have conducted a market research that will enable us fully determine who we are really going to sell our products to.

The market research we have conducted will enable us have an idea of the market and what we should be expecting from them. We therefore are in business according to research to cater to the following groups of people;

* Bakeries
* Confectioneries
* Households
* Celebrities
* Workout Enthusiasts
* Sports men and Women
* Health and diet enthusiasts

**Our Competitive Advantage**

Our intention of starting Valency Cashew Processing Ltd is to ensure that we build a business that will be amongst the top ten well known processed cashew nuts brand globally and will be amongst the first top five brands here in Nigeria. To achieve this huge vision, we have come up with competitive strategies that will allow us compete favourably against our competitors.

We intend to process organic cashew nuts, which we know is more difficult to procure but which our clients will prefer. We have therefore set plans in place to ensure that we are able to grow our own cashew so as to fully achieve our ‘organic’ vision. Our facility is not only one that is well equipped and fitted with standard equipment but is also conducive and accessible to our employees.

All those who work for us come with vast experience and our management staff are those who are not only highly experienced but understand how to build a business from scratch to becoming a national phenomenon. We have a solid distribution network and an excellent customer service culture that will be of great advantage to our business.

Finally, we have great welfare and incentive packages that will ensure that our employees are well paid, and that those who work hard enough get incentives that is intended to boost their attitude.

#### SALES AND MARKETING STRATEGY

**Sources of Income**

Valency Cashew Processing Ltd is established with the aim of generating revenue and maximizing profit in the agro processing cum food industry here in Nigeria. To maximize this profit, we are going to do all that we can to ensure that a large percentage of our target market gets our products.

Valency Cashew Processing Ltd will therefore generate income by selling the following products and services;

* Sale of processed organic packaged cashew nuts – salted and roasted – to all our various clients
* Franchise
* Consultancy and Advisory Services
* Training

**Marketing and Sales Strategy**

Marketing is a very important part of any start-up business as this section not only has to understand what the target market wants but also know the right strategies that will be needed to be applied on this target market in order to bring forth results – revenue. The revenue gotten from marketing a business is what is being used to continue to run the business after the capital must have been exhausted. Marketing therefore is very paramount to the growth of a business.

In view of this, we intend to first conduct a thorough market research that will allow us understand our target market and what to expect from them. Also the market research will allow us draft effective marketing strategies that will allow us have a huge share of the market and also be able to compete favourably against our competitors, not only here in ibafo - Nigeria but all around Nigeria. We will also look for new target markets so as to gain grounds and have a large share market.

We intend to engage the services of a reputable marketing consultant who has experience in this industry and environment to help draft effective marketing strategies that will allow us stand out in the market place. We will also empower the marketing consultant to ensure that he or she works with our marketing team to incorporate our corporate marketing and sales goal and help us achieve our goals and objectives.

We intend to ensure that our marketing and sales team are not only empowered to monitor the marketing strategies drafted but also review and remove the ones thought to be ineffective or ones that will not fully achieve what we intend it to. Our marketing and sales team will also make use of technology and other means in ensuring that our processed cashew nuts are marketed to our target audience.

Therefore, the marketing and sales strategies that we intend to adopt at Valency Cashew Processing in selling and marketing our business are;

* Ensure that we introduce our cashew processing nuts business formally to high level and corporate clients as well as other stakeholders in the industry
* Place advertisements in local newspapers and food and lifestyle magazines as well as on local radio and television stations
* Use our social media platforms such as Facebook, Twitter and Instagram to market and sell our processed cashew nuts
* Ensure that we are listed in yellow pages as well as on online directories
* Engage in direct marketing to all our clients

**Our Pricing Strategy**

Setting the right price for our cashew nuts is very important especially as we intend to make profit from our business. It is important therefore that we identify all the factors necessary so that we would be able to offer fair prices to our customers whilst also not running at a loss as a business ourselves. The factors that we will consider are what our overhead and running costs are, what our competitors are offering and what the industry determines as fair without causing a price war.

In order therefore for us to attract the number of customers that will allow our business to grow as it should, we will be offering a discount on our processed cashew nuts for the period of three months. We have carried out a careful study of this period and have determined that even though we will be running at a low gross margin for this period, we will not be incurring any loss whatsoever for our business.

* **Payment Options**

Due to the all inclusive payment plans we intend to adopt at Valency Cashew Processing Ltd that will accommodate all our different customers and their diverse preferences, we have carefully studied several payment options and come up with the best.

Some of the payment options that we therefore will make available in every of outlets include;

* Payment via cash
* Payment via Point of Sale (POS) machine
* Payment via Credit Card
* Payment via online payment portal
* Payment via bank draft

In view of this, it should be noted that we carried out careful deliberations on each payment option before adopting it. The above payment options will be advantageous to both our company and our clients as well.

* **Start–Up Expenditure (Budget)**

When starting a cashew nut processing business, there are certain aspects where one is expected to spend the bulk of the generated capital on, and most of the bulk of this capital is usually used for stuffs that are majorly under overhead expenses like renting a facility, procuring equipment and getting a vehicle. Others may be running expenses such as paying the salaries of employees as well as utility bills.

The key areas where we will be spending our start-up capital on are;

* Total fee for registering the business in Nigeria– **#750**
* Obtaining of licenses and permits as well as accounting software and other legal expenses are – **#1,250**
* Cost of hiring a business consultant – **#2,000**
* Insurance coverage (general liability, workers’ compensation and equipment insurance) – **#2,000**
* Marketing promotion expenses – for general marketing expenses as well as for the grand opening of Valency Cashew Processing Ltd– **#3,000**
* Operational cost for the first 3 months (paying of employee salaries and payment of utility bills) – **#120,000**
* Cost of start-up inventory (raw cashew nuts and packaging materials) – **#7,000**
* Cost of cashew processing equipment and machineries – **#15,000**
* Cost of administrative expenses (stationery, phones, computers and furniture) – **#5,000**
* Cost of storage hardware (rack, preservation unit, shelves and bins) – **#5,000**
* Cost of purchasing store equipment (cash register, ventilation and signage) – **#5,000**
* Cost of purchasing a distribution/delivery van – **#20,000**
* Cost of leasing a facility for at least two years and carrying out renovations – **#100,000**
* Cost of launching an interactive website – **#500**
* Cost of throwing an opening party – **#3,000**
* Miscellaneous – **#5,500**

From the above break down, it is obvious that we need the sum of **#295,000** in order to start and run our cashew nut processing business successfully here in Lagos. The bulk of the sum will be going into paying of salaries and utility bills for at least 3 months, purchasing a delivery van, leasing a facility and also getting the necessary equipment that will be used to run the business and get the cashew nuts processed.

#### Sustainability and Expansion Strategy

We know how valuable how customers are to us because without them we will not be able to generate the needed revenue that will not only sustain our business but allow us grow and expand at the pace we want. Due to this we intend to give our customers’  utmost priority especially when it comes to ensuring that accurate orders get to the right destination and that complaints if any are handled as quickly as possible.

Customers want to know that a brand not only listens to them but acts also. We will also give out incentives every once in a while to all our loyal customers and have loyalty discount programs in place for those who refer us to others.

Finally, we intend to ensure that we retain a certain percentage of our earnings back into our capital base. This will ensure that we have a sustained bottom line that will allow us run our business and also expand it when we deem fit. These strategies we have listed will be enough to boost and expand our cashew nut processing business.