**A FEASIBILITY STUDY/BUSINESS PLAN ON POULTRY FARMING**

**PRESENTED BY**

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**AFE 202 FOOD PRODUCTION AND HEALTH AWARENESS**

**EXECUTIVE SUMMARY/PRODUCT DESCRIPTION**

This is a feasibility study on the establishment of a poultry farm based on a research made by Anita Onyinyechi Uzoije, and the business plan owned by Adelas Poultry Farms will concentrate on the sales of eggs, layers and broilers. The eggs, layers and broilers will be supplied to different restaurants and hotels in the North Central of Nigeria (The Federal Capital Territory, Abuja). Our vision is to make the healthy poultry farm products known to many food suppliers in the North Central at a very profitable rate.

Based on the research I carried out, I discovered that many food centers and even the government at the center are always in need of poultry products such as meat and eggs. There are so many other poultry farms situated around the Federal Capital Territory but we are going to make this particular poultry farm unique to attract more customers and we shall also comply with the government legal, environmental and security requirements and approvals to make this poultry farming a successful one.

This subsector is the most commercialized of all Nigeria’s agricultural products and vital to the social-economic development. Poultry contributes about 9-10% of agricultural GDP. Today, it stands as one of the highest investments in agriculture with a net worth of N1.6 trillion in Nigeria.

**SPONSORSHIP**

The sponsorship of this poultry farm will be by Adelas Poultry Farms situated at Kubwa,-Aso-bypass expressway in Abuja. Adelas Poultry Farms is one of the big poultry farms that have been in existence in Abuja since 2008. They have expert knowledge in Agriculture and other Agro-Allied products and they have been working with Cresendo Capitals Limited as their financier. However, Light Agribusiness ventures will be responsible for the management and financial consultancy of the project.

**MANAGEMENT**

The management will comprise of a nominated Board of Directors in the organizational structure. This Board of Directors will be made up of the Chairman (Uzoije Anita Onyinyechi), five members of Cresendo Capital Limited and five members from Adelas Poultry Farms Limited. This is because all these members will contribute greatly to the survival, growth and profitability of the new poultry farm business. All the members of the board are professionals and with proving integrity with long years of experience in the poultry industry. The board will bring some strategic directions and policies that will ensure good success of the new poultry farm. The board will also ensure that the new poultry farm complies with all the standards set by the regulatory authorities in government.

I will serve as the Managing Director/Chief Executive Officer of the poultry farm and will therefore be responsible for the control and coordination of the day to day running of the business. I will also be accountable to the board of directors and will mobilize every necessary resource to achieve set goals, take minimal business risks and also focus on creating maximum wealth.

**TECHNICAL ASSISTANCE**

Adelas Poultry Farms Limited has a good working relationship with the Federal Ministry of Agriculture (FMA) and the Poultry Farmers Association of Nigeria (PFAN). They have six different poultry farms in the North Central and have helped in developing six more poultry farms for others. They will provide technical assistance for this new poultry farm and will always liaise with the Bank of Agriculture and the Bank of Industry. To give further technical and financial assistance in the production of produce in the poultry farm through a loan based on a percentage of interest rate to be given by the Bank of Agriculture.

Adelas Poultry Farms Limited with the help of Cresendo Capital Limited will fund the factory processing and access finance for equipments from Bank of Industry at a rate of 10%. They will also liaise with other agricultural farms in Nigeria to seek for technical support and to form a good relationship that will see them through in the area of production through contract farming or out-grower scheme. We have also started building some working relationships with some industries who will be players in the project area and sale of the products. These industries include: eateries like Southern Fried Chicken (SFC), Kentucky Fried Chicken (KFC), Federal Secretariat Car Park’s Food Court, Abuja Area Council’s Restaurant, etc. The products will be advertised using handbills, fliers and one-to-one marketing will be done to eateries and restaurants that are in need of our products.

**MARKET AND SALES**

There will be orientation and marketing strategies which include; grading quality, promotions, packaging and value, adding these values are essential as they will lead to large volume of sales of products as quickly as possible resulting in increase of income. Eggs will be graded by size and labeled according to its weights. During selection and grading, care must be applied to ensure that weight is uniform to avoid rejection from customers.

We shall endeavor to use direct communication method to market our products to the customers. This will involve face to face interactions, phone calls, bulk messaging, etc. We will also use online marketing. This will involve the use of social media platforms (twitter, facebook, yahoo, whatsapp, instagram, etc.)

Uses of products: meat, eggs, feathers (for pillow stuffing, paper, plastics, diapers etc production), manure, etc.

**COMPETITION ANALYSIS**

There is going to be competition in the production of meat in the form of chicken and eggs most especially in the north central Nigeria. For instance, in 2018, Adelas Poultry Farms Limited which is situated in the Federal Capital Territory, Abuja made an output of 35% in the meat and egg production, Awe Poultry Farms Limited situated in a village called Awe in Nassarawa state, made an output of 15% in 2018, while Kwamba Farms Limited in Niger state and Balarabe Poultry Farms Limited in Kaduna made an output of 10% each in the same year, making the production of meat and eggs in the north central of Nigeria 65%. The rest of the 35% was produced by small scale poultry farmers in and around the north central state. This now implies that the emergence of this new poultry farm is going to bring a lot of competition among the poultry farmers in the north central states because of the high technical skills that we plan to embark on to make a production of meat and eggs of around 65% which was the total production made by four large poultry farms in the north central in 2018.

**TARIFF AND IMPORT RESTRICTION**

This new poultry farm will be highly favored in the area of tariff and import restriction because poultry farm equipments are free from import restrictions.

**MARKET POTENTIAL**

There are strong demands for meat (chicken) and eggs in this part of the north central, Nigeria by eateries, restaurants and for household consumption, so this makes it easier for poultry farms to go into production of any quantity they are capable of producing.

**PROFITABILITY**

Technical, scientific and financial consultations and solutions will be carried out to boycott most risks in order to make profit. In poultry farming, what is really important is to consider the climate and environmental factors such as temperature, sunlight, water and diseases that may put the chicken and eggs at risk.

**GOVERNMENT SUPPORT AND REGULATIONS**

Poultry farms in Nigeria have benefited from government support through their intervention fund in the agricultural sector. Most of the equipments used in developing poultry farms are duty free as made by the Federal Republic of Nigeria. This makes it easy for prices in the procuring of poultry equipments to be stable. The project must conform to the economic diversification objective of the government.

**PROJECT TIMELINE**

This new poultry farm will be completed within four months. The land will have to be cleared and equipments will have to be set and ready for production.

**ESTIMATED PROJECT COSTS AND REVENUE**

**Capital Expenses**

**Acquisition of Land**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Items**  | **Cost**  | **Surveying**  | **Government Approval** | **Total**  |
| **Land (3 plots)** | N600,000 | N150,000 | N50,000 | **N800,000** |

**Building/construction of poultry farm**

|  |  |  |
| --- | --- | --- |
| **S/N** | **Items**  | **Cost**  |
| **1.** | Blocks 300pcs (150) | N450,000 |
| **2.** | Cement 100bags (N1,800) | N180,000 |
| **3.** | Woods  | N250,000 |
| **4.** | Roofing sheets/nails/slates | N600,000 |
| **5.** | Nets & doors | N200,000 |
| **6.** | Sand  | N200,000 |
|  | **Total** | **N1,880,000** |

**Tools and Equipments**

|  |  |  |
| --- | --- | --- |
| **S/N** | **Items** | **Costs**  |
| **1.** | Feeders 100pcs (N600 each) | N60,000 |
| **2.** | Drinkers 50pcs (N2500 each) | N125,000 |
| **3.** | Shovel & head-pan | N5,000 |
| **4.** | Thermometer  | N10,000 |
| **5.** | Scale  | N10,000 |
| **6.** | Geepee Tanks (2000 liters) | N76,000 |
| **7.** | Geepee Tanks (1000 liters) | N50,000 |
| **8.** | Nylon 20pcs (N1000) | N20,000 |
| **9.** | Day Old Feeders 50 pcs (N200 each) | N10,000 |
| **10.** | Day Old Drinker 25pcs (N250) | N6,250 |
|  | **Total**  | **N372,250** |

**Workmanship**

|  |  |  |
| --- | --- | --- |
| **S/N** | **Items** | **Cost** |
| **1.** | Carpenter/ Furniture maker | N150,000 |
| **2.** | Mason/ Bricklayer | N200,000 |
| **3.** | Electrician  | N250,000 |
| **4.** | Plumber  | N130,000 |
| **5.** | Miscellaneous  | N150,000 |
|  | **Total**  | **N888,000** |

**Production**

|  |  |  |
| --- | --- | --- |
| **S/N** | **Items** | **Cost**  |
| **1.** | Layers 2000 (N150 each) | N300,000 |
| **2.** | Broilers 1000 (N140 each) 3x in a year | N840,000 |
|  | **Total**  | **N1,140,000** |

**Operational Expenses**

|  |  |  |
| --- | --- | --- |
| **S/N** | **Items**  | **Costs**  |
| **1.** | Feeds, vaccines and upkeep | N2,100,000 |
| **2.** | Salaries and office stationeries | N1,000,000 |
| **3.** | Repairs and maintenance | N500,000 |
| **4.** | Fuel and lubricants | N200,000 |
|  | **Total**  | **N3,800,000** |

**Summary**

**Capital Expenses=** N5,072,250

**Operational Expenses=** N3,800,000

**Total = N8,872,250**

**Sales for one year**

**Layers**

**2000 Layers in production**

Consider 5% risk on 2000=100. 2000-100= 1900. Produce on 90% of 1900= 1710. You will produce 1710 eggs each day. 1710 x 7 days in a week= 11,970. Consider 1% loss of eggs in every week= 1% of 1710=120. Therefore, 11,970-120=11,850. 11,850/30 pieces of eggs in 1 crate= 395 crates every week.

Eggs are sold in sizes (small, medium and large) N700, N800 and N900 respectively. If you sell at medium, it will be: N800 x 395=316,000. N316,000 x 52 weeks= N16,432,000.

Dispose of old layers at N700 each after 52 weeks. N700 x 1900= N1,330,000.

**Broilers**

Broilers do not lay eggs but they grow at a sizable rate to serve as meals (chicken). Just as in layers, we projected for 5% risk of death. However, 1000 broilers-50 possible deaths= 950. So we can sell the broilers every 16 weeks (4 months) at the rate of N2000 per broiler.

N2000 x 950= N1,900,000 for every 4 months.

N1,900,000 x 3= N5,700,000

**Total sales for 12 months**

**Layers**= 16,432,000 + 1,330,000= 17,762,000

**Broilers**= N5,700,000

Total= N23,462,000

**Profit= Sales- Expenses**

During the production of egg, expenses are always half of sales of egg which will go to feeds and other operational cost. Therefore N17,762,000/ 2= N8,881,000.

For broilers, the cost of production till the birds reach table size before disposition in between N900 to N1000. However, if broiler is sold at N900 x 3= N2,700 at the rate of N1,500, it will be N4,050,000-N2,700,000= N1,350,000.

Total profit= N8,881,000 for layer and N1,350,000

N8,881,000+ N1,350,000= N10,231,000.

**Funding Mechanism**

Adelas Poultry Farms will provide three plots of land, production fees and a sizable amount of N5,000,000. The Equity investor is to provide equity for operational expenses and tools and equipments. Where possible, equity investor is to provide equity for working capital or otherwise secure loan at the rate of 10% through government intervention window at the Bank of Agriculture, Bank of Industry and commercial banks.

**Conclusion**

The poultry farm, when in full operation would have tremendous economic and socio-economic well-being of the people in the north central. Poultry and poultry products are an important source of animal protein in Nigeria and modernizing/industrializing poultry farms in West Africa **addresses food security**.

The prices of meat and eggs produced in the farm would be cheap relative to the present supply. This can aid the increased intake of protein by majority of the people in the area as it would be affordable and accessible. The project would provide direct employment for people for this operation. This is a significant contribution to the economic well-being of the people and social improvement of the project environment. The profits from the project would be able to pay the loan and interest within the first 5 years.