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18/SMS04/051

COLLEGE OF SOCIAL AND MANAGEMENT SCIENCES.

MEDIA AND COMMUNICATION STUDIES

200 LEVEL

AFE 202 ASSIGNMENT

QUESTION

Prepare a business plan on a chosen agricultural enterprise following the guideline in the note. Spiral bind and submit upon resumption. Minimum of five pages, times new roman size 12 with double spacing. Send the soft copy to me to view.

A BUSINESS PLAN FOR THE DEVELOPMENT OF A THREE HUNDRED HECTARE MULTI-PRODUCT FARM THAT HAS CROP AND LIVESTOCK SECTIONS AT MARIA FARMS LIMITED, MINNA, NIGER STATE, NIGERIA BY ROMA AGRIBUSINESS VENTURES AND CONSULTANCY CONFIDENTIALITY AGREEMENT

The undersigned reader acknowledges that the information provided in this business plan is a confidential intellectual property; therefore the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed business.

It is acknowledged by the reader that information furnished in this business plan is in all respect confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to the promoters of the proposed business.

Upon request, this document is to be immediately returned to the promoters of the proposed business.

Signature:

Name:

Date:

PROJECT DESCRIPTION

This business plan examines the feasibility of and indeed economic viability of the development of a 300 hectares livestock and crop plantation. The farm will produce about 800 tonnes of milk, 1200 tonnes of soya bean, 300 tonnes of beef, and 50 tonnes of egg in a production life cycle. Maria farms is dedicated to sustainable, profitable and unique agricultural products. Production methods include new technology utilizing sustainable agriculture and best management practices. We hope to increase production by 20% and sales by 30% in the next five years. Through market research it is evident that consumers are interested in high end specialty products. There is a move toward health and local that will benefit our operation. Some limitations include time and labors to devote to the operation and being new growers we are still learning. Our advantage is the specialty aspect as well as season extension. Our goals include high quality products to sell both wholesale and retail. Production methods include new technology utilizing sustainable agriculture and best management practices. We hope to increase production by 20% and sales by 30% in the next five years.

SPONSORSHIP

The project is sponsored by nestle Nigeria plc. Nestle Nigeria Plc is a publicly listed food and beverage specialty company headquartered in Lagos. The company has many experts with many years of experience in the project being sponsored. Roma agribusiness ventures and consultancy will be responsible for the management consultancy of the projects.

MANAGEMENT

The management will compromise of a democratically elected board of directors at the apex of the organization structure. This will be made up of shareholders and members of the cooperative who have stake in the survival, growth, and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The managing director/president shall be responsible for the coordination of the day to day management of the cooperative business. He is accountable to the board of directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation.

TECHNICAL ASSISTANCE

The farm has a working relationship with BOA (Bank of Agriculture) and it will provide technical assistance to the enterprise.

Maria farms also has a working relationship with TechnoServe. TechnoServe serves as the manager of the Technical Assistance Facility (TAF), which supports the African Agriculture Fund, a private equity fund, to address food security challenges across Africa. TAF provided technical assistance to small and growing businesses (SGBs) invested in by the African Agriculture Fund, and improved linkages between enterprises and smallholder out growers.

The farm has working relationships with and linkages to industry players in the project area who will off take products through a purchase and sale contract agreement. For example; Animal care, Amo farms etc.

MARKET AND SALES

Market orientation: domestic; South South & North West, Nigeria

Market Share: 8% niche market in South South, North West, Nigeria

Users of products: Human

COMPETITION ANALYSIS

| **Company** | **Competitor 1  LAGOS** | **Competitor 2  KATSINA** | **Competitor 3  OYO** | **My Company** |
| --- | --- | --- | --- | --- |
| Revenues | N 750,000 | N.A. | N 1,500,000 | N 400,000 (year 1 target) |
| Nb. employees | 10 | 5 | 20 | 5 |
| Size | 1500 sq ft | 750 sq ft | 1800 sq ft | 800 sq ft |
| Price | Low | Average | Average | High |
| Quality | Low | Average | Average | Superior |
| Choice | Large | Low | Very large | Average |
| Delivery | No | N 5000 | Free from N 10000 | Free |

**SWOT ANALYSIS SUMMARY**

|  |  |
| --- | --- |
| **Internal strengths**  \* Devotion to the farm business  \* Well known in the community and reputation for quality  \* Commitment to quality and success  \* Off farm income is helpful for start of the farm enterprise  \* Land area and capacity with good soils  \* New high tunnels with technology  \* Attend trainings and workshops for management and production  \* Ability to extend the growing season and control disease | **Internal weakness**  \* Do not have some of the machinery  \* Lack of farm experience and new to farm production  \* Off farm jobs take precedence over farm  \* Time and labor are an issue at peak time  \* Transportation and delivery to restaurants have been an issue of time and money  \* Finances are limited due to property purchase and start up costs  \* New growers entering the market |
| **External opportunities**  \* Local food movement is growing  \* Promotion of Farmers Markets and coupon programs by state  \* Food cooking movement  \* Lack of quality specialty vegetables at chain food stores  \* Chain stores shelf life of fruits are very short and lack flavor | **External threats**  \* Local Farms are Competitors  \* Consumer tastes and preferences vary  \* Disposable income of consumers and what they are willing to pay for fruits and salad mixes  \* Distribution costs  \* Product liability insurance are required for the farmers markets and by some restaurants |

PROFITABILITY

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, and varieties of seed, pests, diseases, price fluctuations and other risks affect yield and profitability. However, technical, scientific and financial based situations will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.

TECHNICAL FEASIBILITY

The projects are technically feasible. In terms of technology which involves things like processing of the milk. The industrial processes are simple and with specialist with more than 10 years in experience it would be done with ease. The needed equipment is readily available and our experts have hand on experience in the usage and maintenance of equipment.

GOVERNMENT SUPPORT AND REGULATION

The project conforms to the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, and improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector.

PROJECT TIMELINE

The project will be completed within 8 months preferably between May, 2020 to December, 2020.

ESTIMATED PROJECT COST AND REVENUE

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Project for Maria Farms** | | | | | | |
| Factor | Budgeted Cost | Estimated Total Cost | Cost Committed | Cost Exposure | Cost To Date | Over or (Under) |
| Labor Material Subcontracts Equipment Other Total | N199,406 188,499 1,198,458 137,543    172,693 1,896,599 | N202,342 188,499 1,196,323 137,543   181,432 1,906,139 | N149,596 142,506 183,352 123,623    149,356 748,433 | --- 145,993 197,832 ---             --- 343,825 | N152,746 --- 115,139 113,920   132,076 513,881 | N35,936 0 (32,135) 0    48,739 116,810 |

FUNDING MECHANISM

NESTLE will provide 200Ha of cleared farmland around the university and lease it to members of the cooperative. NESTLE will also lease 6000 MT capacity silo as equity contribution,

Where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at bank of agriculture, bank of industry and commercial banks

CONCLUSION

The MARIA FARMS project is technically feasible and commercially viable. It is therefore recommended for funding.