**BUSINESS PLAN FOR A LIVESTOCK PRODUCTION FARM**

**EXECUTIVE SUMARY**

This business plan is designed specifically for **SADO FARMS LTD.** which will concentrate on the production and sales of eggs and table meat birds (boilers).

**SADO FARMS LTD.** will produce and supply birds and eggs to different quick service restaurants and hotels and other business outlets in the north central Nigeria. Our vision is to be one of best-known poultry farm product supplier in Nigeria with a mission to raise healthy birds at a very profitable and pocket friendly rate.

From a survey that was carried out, it was discovered that the demand for eggs and bird meat is not fully satisfied around some areas in the north, though they are already functioning poultry farms operating around borders of Kaduna and the FCT. Environment, the poultry farm will be sited at Zaria town area in Kaduna state. There are high demands in some part of Zaria, Kaduna and parts of Abuja (FCT). The legal requirements for the establishment of this venture such as local government revenue (tax) per month and security payment (vigilante) per month will be inquired and will be carefully complied with.

The venture will help in providence employment to the locals meeting the demand of eggs and making the price affordable in future, **SADO FARMS LTD.** Intends to expand into other livestock farming structures such as turkey, duck, and quail.

**STRATEGY AND IMPLEMENTATION SUMMARY OBJECTIVE**

* To increase number of our client by 20% within 2 years of existence
* To evaluate our strategic marketing by every three months
* To keep and maintain hygienic farms for healthy eggs and birds

**TACTICS AND STRATEGY IMPACTS**

* **SADO FARMS** products will be priced at affordable rate. When a markup is placed on any of our products, customers will be willing to pay because of the standard quality provided at a pocket friendly price.
* The venture to be established is a poultry farm that will concentrate on the production of eggs and sales of broilers.
* The venture will start as a medium scale business having the population of a few towns and Local Government Area of Kaduna and Abuja, which are Zaria, Kaduna south, jaji, and some areas in the FCT as target market. The farm site will be a permanent land and will need necessary equipment for its operation as it is entirely new firm to start from the scratch.

**OPERATIONAL PLAN**

* The firm will be a commercial poultry farm; therefore it will require full time labor geared towards productivity on a scale for the sales of egg and broiler birds.
* For egg production, birds usually starts to lay at 18-22 weeks of age and continue to lay for Twelve months (52weeks) on average laying fewer egg as the new mounting period. The typical production cycle last about 17 months (72 weeks) and involves three district phases as follows:
* **PHASE 1:** Pullets or broilers: This phrase last from 0 – 8 weeks during which small chicks (pullets) are kept separately from broilers.
* **PHASE 2 (GROWERS):** This period concerned is between 8 – 21 weeks of age. Growers are the future laying birds and the way they grow up will largely determine how well they do in the laying house. Therefore proper management during this growing period is very important.
* **PHASE 3 (LAYERS):** The laying period is taken to have started when the birds reach 5% egg production on a daily basis. The laying period continues until the birds are sold at the end of a laying period of normal length or are force mounted Housing time starts with the beginning of the laying period. The number of birds housed is the number of pullet in the laying house when egg production starts.

**MARKET ANALYSIS**

Most meals in Nigeria are not complete without poultry products like egg or meat in them. Nigeria has over 170 million growing population that demand for meat or egg on a daily basis. With increasing awareness on health implication of red meat, they are ever increasing demand for white meat and livestock are source of white meat.

**MARKETING STRATEGY**

Resident and families of the target towns and local government areas being our target market, awareness will be made by means of advertisement. The advertisement will be made on flyers, handbills, and one on one marketing will be done to Hotels, eateries, restaurants and companies that demand for our product. Our major market aggression will be supplied to local markets makers of Cake and Ice Cream, Local restaurants and hotels.

**MARKETING**

Marketing activities include among other grading quality, promotions, packaging and value adding these activities are essentials as they will lead to large volume of sales of product quickly as possible resulting to increase of income

**GRADING**

Eggs will be graded by size and labeled according to its weight. During selection and grading, care must be applied to ensure that weight is uniformed to avoid rejection from customers

**BUSINESS EVALUATION OF FARM/FINANCE**

This evaluation is based on birds i.e. layers and broilers. Layers are those birds that lay eggs while broilers don’t lay egg. This evaluation will be based on 5% normal loss i.e. at the process of taking care of the day old chicks; it is possible to lose 5% of the birds to sickness or improper management. Therefore if we start with 1000 birds, it is possible for us to lose 50 birds at the process of rearing them. While with broilers, if we start with 400 birds it is possible for us to loss 20 birds to diseases at the process of rearing them.

**LAYERS**

When layers are been reared, it takes about 18 weeks to start laying egg “plus or minus”. So if we start with 1000 birds and we loss 5% of it, we have 950 surviving layers. And with proper management of feeding and other maintenance of the bird, it is possible to get a 90% egg production, i.e. 855 per day and 5985 pieces of egg every week. If we loss 1% of the egg, that is 60 pieces every week, so we have 5925 pieces per/weeks which is equivalent to 197 crates of eggs every week. Each crate of egg is sold accordingly to its size.

* Small size N500
* Medium N600
* Big size N700

Assuming we use medium size, that is N600 which result to **N118500** sales of egg every week.

After laying eggs for 52 weeks (12months), we dispose of the layer birds which will be sold at the rate of N700 per bird.

Therefore, before changing the stock we might have made about **N6,162,000** plus or minus from sales of eggs and about **N665,000** from the disposal of old layers, making a sum total of **N6,827,000** for the period of 52 weeks (one year)

**BROILERS**

Broilers do not lay eggs, but they grow to table size when they are reaching about 8 weeks old upward. If we are to project for **400** birds of broilers and we have 380 surviving birds sold at the rate of **N1, 500** each, making a total sales of **N570, 000** for the period of rearing the broilers. Making it total sales of **(570,000 x 3) N1, 710,000** for the period of 12 months

*Total Sales expected for 12 months*;

**Layers**  **N6, 162,000**

**Broilers N1, 710,000**

 **N7, 872,000**

**CAPITAL EXPENSES**

2 plots of land @ N150, 000 N300, 000

Block 2000 pcs @ 110 N220, 000

Cement 60 bags @ N1800 N108, 000

Cement Carriage N3, 000

Woods N151, 700

Roofing Sheets N126, 000

Roofing Slate N25, 000

Ceiling Slate N15, 000

Reggie’s N7, 500

Nails N12, 000

Net 15 bundles @ N4000 N60, 000

Iron door N43, 000

 **N1, 071,200**

**SANDS**

Stone Big 2 tipper @ N25, 000 N50, 000

Sharp sand (Mayans) N20, 000

Soft Sand N22, 000

 **N92, 000**

**TOOLS COST**

|  |  |
| --- | --- |
| Day old feeders 30pcs @ N120 | N3, 600 |
| Day old Drinker 15pcs @ N200  | N3, 000 |
| Feeders 60pcs @ N550  | N33, 000 |
| Drinkers 12pcs @ N2500 | N30, 000 |
| Shovel & Head pan  | N2, 000 |
| Thermometer (Digital)  | N8, 000 |
| Scale (Digital)  |  N10, 000 |
| Geepee Tank 1500litres  | N23, 000 |
| Geepee Tank 500 liters  |  N14, 000 |
| Nylon 7 pcs @ N700  |  N4, 900 |

**WORKMANSHIP**

Carpenter N65, 000

Bricklayer N80, 000

Miscellaneous N130, 000

 **N275, 000**

Business Registration N20, 000

**PRODUCTION**

1000 pullets @ 140 N140, 000

400 broilers @ 130 N52, 000

 **N192, 000**

**OPERATIONAL EXPENSES**

Feeds, Vaccines & upkeeps N1, 330,000

Salaries and stationeries N240, 000

 **N1, 570,000**

**SUMMARY**

Capital expenses N1, 781,700

Operational expenses N1, 570,000

**TOTAL EXPENSES N3, 351,700**

**TOTAL SALES FOR PERIOD OF 12 MONTHS**

Layers N6, 162,000

Broilers N1, 710,000

TOTAL N7, 872,000

**PROFIT = SALES – EXPENSES**

For layers during egg production, the expenses are half of the sales of egg will go in for feeds and other operational expenses,

 i.e. **N6, 162,000** divide by 2

 **6162,000** **= 3,081,000**

 **2**

For broilers, the cost of production till the bird’s reaches table size before disposition is between N900 to N1000. So therefore, let’s put the bench mark to N1000. If N1140 broiler is sold at the rate of N1500

**1,710,000 – N1140, 000 = N570, 000**

The profit of layers for the period of 12 months = **N3, 081,000**

The profit of broilers for the period of 12 months = **N570, 000**

Total profit = **N3, 081,000** (layer)

 **N571, 000** (broiler)

 **N3, 651,000**

**USING PAY BACK PERIOD**

This method talks about the number of period that a business investment will pay back amount invested on it. It is usually shows the number of years it would take an investor to recover the initial cost of investment from the expected streams of cash flows. The payback period can be calculated as thus;

PBP = Total Investment

Initial Capital

Using Payback Period of loan generating a profit of N3, 651,000,

2 years and 8 months will be the payback period