

CATTLE REARING AND CATTLE FATTENING FARMING BUSINESS PLAN

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Following the agricultural business plan project cycle which consists of five distinct stages to develop a cattle rearing and cattle fattening business plan. These five stages include:

- 1. Identification/selection of project:** it involves finding potential projects which will usually arise from investors, promoters, technical specialists and politicians. Ideas for new projects can be a startup or an expansion of existing agribusiness. Sources of potential projects could be the expansion of an existing production, Import substitution, Export promotion etc. Projects are selected based on desirable criteria which may include suitable soil, climatic factors, available raw materials and many others. These identified projects must agree with the national agricultural sector plan, objectives, targets, policies and regulations.
- 2. Project preparation and analysis:** It involves all the work necessary to bring a project to a point where it can be carefully reviewed, appraised and analyzed to determine the suitability of the proposed project for implementation and commitment of scarce resources. Agricultural projects preparation task require the input of technical experts in a multi-disciplinary such as agronomist, agricultural economist, animal scientist, engineers,

financial analyst etc. The first step in the preparation of agricultural project is to carry out a detailed feasibility study that will supply enough information to guide the decision to commit resources to project or otherwise. This involves the **business plan** described below.

3. **Project Appraisal:** This is a critical review of all the assumptions made concerning the project budget undertaken by an independent analyst to ascertain the reality of the assumptions. The review appraise the technical, commercial, environmental and financial aspects of the feasibility report to establish reality of the project. Analyst will review input prices, expected output, output prices, market share, industry structure, competition, production technology, availability of manpower, availability of inputs, effective demand for the products, target market, sensitivity to price change, profitability etc.
4. **Implementation or monitoring:** The stage where scarce resources are committed to a project is that it has been adjudged viable. At this stage implementation is seriously monitored to ensure that actual result reflects the expected result as contained in the blue print or project plan. Budget is closely monitored for variability and deviation since price is a dynamic variable that is determined by prevailing market conditions. A control mechanism should be included in the implementation plan to ensure viability of the project at all time.
5. **Evaluation:** At this stage, the actual achievement is evaluated to learn some lessons as regard the entire project cycle.

Project Selected

Cattle Rearing and Fattening Farming

Project objective

This plan is prepared to provide detailed information about the cattle rearing and fattening business. The pattern, profitability and revenue forecast for the purpose of soliciting funds for the business acquisition.

OVERVIEW OF THE BUSINESS

Product/services

Cattle rearing, also called livestock farming, is all about mass breeding of cattle (cows, oxen, bulls, bullocks and calf et al) for the sole aim of making profit and it is of course a thriving and profitable business because usefulness of beef and other by products from cattle. People eat beef, drink their milk, and use their fur and skin. With cattle milk, cheese can be made, along with other dairy products.

Cattle beef fattening is a livestock production practice that involves reducing the animal activity and feeding of beef cattle with a protein balanced, high-energy diet for a period of 90 days under confinement, thereby fattening the cattle more quickly to increase live weights and improve degree of finish and thus obtain better grades at the abattoir. Beef fattening enables the cattle to express fully their genetic potential for growth. Larger animals could also be sold for more money in the market as they yield more meat.

Cattle for Fattening

The selection of the cattle is based on evaluating the potential for beef fattening of different types of cattle in relation to the market price of different grades of beef. Factors to consider include breed of cattle, gender, maturity, type and age. This is because different types of cattle respond differently to the beef fattening process. Some cattle are more suitable for cattle fattening than others. A major challenge is lack of funds to buy cattle for beef fattening when prices are favorable which is lost opportunity to make profit. If the wrong decision is made, losses would be made before the start of the business.

Feed and nutrition

It's very essential that the right quantity and type of feed is given to cattle. The success of the business depends on the ability of the cattle to gain weight and to produce high quality beef. These factors are affected by the quality and quantity of feed. The proper feeding techniques will ensure that the cattle will grow and utilize the feed efficiently and produce good quality beef. This will maximize the profits of the cattle fattening farming business. Failing to properly feed the cattle will lead to losses. The losses will be due to failure to meet the target slaughter weights and beef quality grade.

There are companies which sell cattle fattening stock feeds. These are complete, balanced feeds, which are designed for fattening cattle in feedlots over 90 days. The stock feeds are high energy fattening meals which contain all the nutrients necessary for ad lib cattle pen fattening. We will also make our own home made cattle beef fattening feeds.

Management and labor

The number of farm workers required depends on the size of the farm. There might be the need for full time employees to manage the herd. There is need for good technical knowledge of cattle fattening techniques for success in the business, and good management skills.

Target Market

Naturally, the target market are those who are the end consumer of livestock farm produce and also those who benefits from the business value chain of the agriculture industry.

Every household consumes produce from livestock farms be it meat, milk, and the skin (leather) used for bags, belts and shoes production et al. So also a large chunk of manufacturing companies depends on livestock farms for some of their raw materials.

Profitability of cattle fattening business

Cattle beef fattening is very profitable when done the right way. The profitability of the cattle fattening farming business depends on the buying price of the cattle, cost of the feed, price margin, feed margin, feed conversion efficiency ratio, unit cost per kilogram when selling. It is important to understand the mentioned margins and conversion ratios so that financial losses are not made by paying too much for the cattle.

Competitive Advantage in the Agricultural Industry

Entrepreneurs are encouraged by the government to embrace commercial farming. This is so because part of the success of any nation is her ability to cultivate her own food and also export foods to other nations of the world. This increase the amount of competition in the industry to far greater heights.

Operational plan

The business is to be carried out all year round. So a lot of feeds will be stocked that will suffice all year round. The feed which include millet/guinea corn hulls, groundnut leaves, maize stalk etc. are mostly cheap in the market and far cheaper when planted in the farm. The mixture of the feed is done in such a way that cattle get the required nutrient for proper weight gain. The cattle will be bought in such a way that the selling interval will be 30 days i.e. a certain number of cattle will be available each month for sale or slaughter. In order to maximize profit, farming of the cattle feed (groundnut, millet, guinea corn) will be done and stocked all year round. The main produce will be sold and the groundnut leaves, millet husk, guinea corn hulls will be kept for cattle consumption.

Management

A good management practice plays a key role in profit maximization. Enlisting people in the technical know-how of the business either by profession or by experience is essential. The staff would include, but not be limited, to the following:

1. Chief Operating Officer: responsible for providing direction for the business and evaluating the success of the organization
2. General Farm Manager: responsible for ensuring compliance during project executions, carrying out risk assessments, ensuring desired goals are achieved and overseeing the smooth running of the daily farming.

3. Administrator / Accountant: responsible for preparing financial reports, budgets and financial statements for the organization. He/she would also develop financial forecast, risk analysis reports and administer payrolls.
4. Cattle Ranch and Animal Manager / Supervisor: responsible for managing the commercial breeding of cattle. He/she would work closely with the General Manager to achieve the organizations' goals and objectives
5. Sales and Marketing Officer: responsible for handling business research, market surveys and feasibility studies for clients. He/she also documents all customer contact and information
6. Field Workers / Contract Staff: responsible for feeding cattle as instructed by the supervisor, cleaning the ranches, changing the water in the water troughs and feeding the cattle on a regular basis.

START-UP EXPENSES AND CAPITALIZATION

The most important expenses is the construction of the cattle ranch / cages / fencing as the case may be.

Below are some of the basic areas we will spend our start – up capital in setting up our cattle rearing business / cattle ranch:

PROCUREMENT OF LAND FOR FARMING

S/N	MATERIAL	QUANTITY	UNIT COST(₦)	COST(₦)
1	Acquiring and leasing farm			25,000,000

	land			
				25,000,000

PROCUREMENT OF CATTLE

S/N	MATERIAL	QUANTITY	UNIT COST(₦)	COST(₦)
	4 Cattle each month X 12 months (except first month which is 2 cattle)	50	100,000	5,000,000
				5,000,000

CATTLE FEED

S/N	MATERIAL	QUANTITY	UNIT COST(₦)	COST(₦)
1	Groundnut leaves	10 hectares of farm	10,000	100,000
2	Millet husk	50 hectares of farm	5,000	250,000
3	Guinea corn hulls	50 hectares of farm	5,000	250,000
4	Maize stalk	100 hectares of farm	2,000	200,000
				800,000

STORE ROOM

S/N	MATERIAL	QUANTITY	UNIT COST(₦)	COST(₦)
1	6" Vibrated blocks	500	120	60,000
2	Cement	30 bags	2,500	75,000
3	Sharp sand	1 truck	10,000	10,000
4	Gravel	½ truck	18,000	18,000
5	Wood and zinc		137,000	137,000
6	Laborers		75,000	80,000
7	Others			20,000
				400,000

PREPARATION OF LAND AND CATTLE HOUSING

S/N	MATERIAL	QUANTITY	UNIT COST(₦)	COST(₦)
1	Shades	500	3,000	1,500,000
2	3x4 ply-wood	700	200	140,000
3	Labor		600,000	600,000
4	Miscellaneous		5,000	360,000
5	Preparation of land			1,900,000
				4,500,000

MACHINE, WORKING TOOLS AND FENCING

S/N	MATERIAL	QUANTITY	UNIT COST(₦)	COST(₦)
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1	Cattle feeding crushing machine	4	500,000	2,000,000
2	Electrical wiring and lighting			400,000
3	Livestock Trailer	2	3,000,000	6,000,000
4	Water tanks	10	60,000	600,000
5	Manure spreader	1	1,000,000	1,000,000
				10,000,000

PAYMENT FOR 3 MONTHS

S/N	MATERIALS	QUANTITY	UNIT COST(₦)	COST(₦)
1	Chief Operating Officer	1	400,000	500,000
2	General Farm Manager	1	350,000	300,000
3	Administrator/Accountant	1	350,000	300,000
4	Cattle Ranch and Animal Manager	2	200,000	400,000
5	Sales and Marketing Officer	1	200,000	200,000
6	Field Workers	15	60,000	900,000
				2,600,000

INCORPORATING BUSINESS AND INSURANCE

S/N	MATERIALS	QUANTITY	UNIT COST(₦)	COST(₦)
1	Fee for incorporating business in Nigeria			300,000

2	Key insurance policies, permits and business license			1,000,000
				1,300,000

ADVERTISEMENT AND MARKETING

S/N	MATERIALS	QUANTITY	UNIT COST(₦)	COST(₦)
1	Launching an official website			200,000
2	Business cards, adverts and promotions			800,000
				1,000,000

1. Procuring land - ₦25,000,000
2. Procuring cattle - ₦5,000,000
3. Acquiring cattle feed - ₦800,000
4. Building store room - ₦400,000
5. Preparing the land and building cattle housing - ₦4,500,000
6. Acquiring machines and work tools - ₦10,000,000
7. Payment of salaries(for first 3 months) - ₦2,600,000
8. Incorporating business and insurance - ₦1,300,000
9. Advertisement and marketing - ₦1,000,000
10. Miscellaneous - ₦1,400,000

TOTAL=₦52,000,000

FINANCIAL STATEMENTS AND PROJECTIONS

This cattle fattening business will hopefully be financed with a loan/grant from the bank and the payback period is estimated to be three years six months. Though the profit is not fixed, there is a projected profit of 100,000 per head after all expense deductions.

Generating Funding / Startup

No doubt raising start – up capital for a business might not come cheap, but it is a task that an entrepreneur must go through. It is a family owned business and it will be financed by the owners of the cattle ranch.

- Generate part of the start – up capital from personal savings and sale of his stocks
- Generate part of the start – up capital from friends and other extended family members
- Generate a larger chunk of the startup capital from the bank (loan facility).

N.B: We have been able to generate about ₦16,500,000 (Personal savings ₦13,000,000 and soft loan from family members ₦3,500,000) and we are at the final stages of obtaining a loan facility of ₦35,500,000 from our bank. All the papers and document has been duly signed and submitted, the loan has been approved and any moment from now our account will be credited.

Sales/maturity

The sale of the fattened cattle will be sold monthly likewise the purchase of more cattle in order to keep uniform format revenue and purchase flow.

Buyers/demand

The demand for beef is a continuous and essential one. It's a necessity and as vital as grains and vegetables in every household. This makes the business more inviting and less stressful. The buyers will be local butchers and market men from the local and modern markets. The selling point will be in the local market or abattoir with competing bid for higher prices.

Profitability

The profit is usually 100% of the original buying price of each fattened cattle. A cattle bought at a 100,000 would be sold in between 240,000 and 260,000 depending on the nature of the market. So the excess 40,000-60,000 will be for the feeds and other expenses. The profit will be 100,000.

Payback period

The payback period will be between three and half years. The first two months will not count because it takes three months to transform a malnourished cattle to a healthy fattened cattle. However the profit generated will be ₦5,000,000 at the 30th month of the commencement of the business at a net profit of ₦100,000 by 4 cattle monthly. In addition to the first two months that are excluded from the revenue projection, additional 3 months are included in case of any shortfall or unforeseen circumstances on the monthly projected revenue.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

The need to conduct a proper SWOT analysis cannot be over emphasized for the success of the business. We know that if we get it right from the onset, we would have succeeded in creating

the foundation that will help us build a standard cattle rearing and fattening business that will favorably compete with leading cattle rearing / livestock farms in Nigeria.

As a cattle rearing business, we look forward to maximizing our strength and opportunities and also to work around our weaknesses and threats. Here is a summary from the result of the SWOT analysis conducted:

STRENGTHS	
Location	The cattle house will be located in the central area of the FCT which is easily accessible to nearby markets and abattoirs
Contacts in business (Suppliers, Buyers, Merchants)	Healthy relationships with loads of major players (agriculture merchants) in the livestock farming industry; both suppliers and buyers within and outside of Nigeria.
Enthusiasm	The owner is so energetic and passionate about the business and willing to do whatsoever to make sure it succeeds. The closeness and commitment creates a large positive driving force towards it success.
Latest technology in cattle rearing and fattening	Possession of the latest cattle rearing machines, tools and equipment that will help us breed our

	cattle (cows, oxen, bulls, bullocks, steers, heifers and calf et al) in commercial quantities with less stress.
Professional staff/workers	Experienced hands in cattle rearing / livestock farming industry in the payroll.
WEAKNESSES	
Limited financial resources	Relatively large debt will have to provide the funding for adequate start up but projections indicate that the loans can be serviced in good time without any issues
OPPORTUNITIES	
Rising beef demands	As the population is rising, so also the demand of beef.
Government support	The government's campaign on promoting indigenous farm output is an added advantage
Easy access to market	The proximity to market will play a key role in the success of the business
Large demand for other cattle products apart from beef	Homes source for milk and its by-products and industries also source for the raw materials from the livestock farms
THREATS	
Theft	With the current rise in cattle rustling, a close

	vigil and security will be insured
Foreign exchange	The weak exchange against the Naira might have a negative effect on the business
Economic Downturns	The current state of economy might reduce the purchasing power of most intending buyers or unfavorable government policies
Weather and natural disasters	Bad weather and natural disasters (draughts, epidemics) that could greatly affect the cattle
Increased competition	A new competitor (i.e. a commercial farm that rear same animals) as our cattle ranch within same location.

Risk Plan

The cattle house is fenced and secured in such a way that criminals cannot gain easy access. A veterinary expert would always be consulted at every stage to ensure proper welfare and healthy being. Additional 3 months are added to the payback period of the loan/grant in order to stay on track with the payback time.
