A FEASIBILITY STUDY BUSINESS PLAN ON POULTRY FARMING

PRESENTED BY

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**Industry Overview**

The agricultural industry of which poultry farming and egg production is a subset of is no doubt among the leading industry in most countries of the world; it is the industry that produces chicken and eggs for the populace.

Because of the significant role the agriculture sector plays, the government of most countries ensures that they go all the way to subsidize seedlings, fertilizers, and farming implements and machinery for farmers and also encourage entrepreneurs to go into commercial farming (poultry farming inclusive).

Hens, various birds, quails, guinea fowls, ducks et al are all birds that can be comfortably reared in a poultry farm. Chicken and birds are widely consumed in all parts of the world hence there is a large market for poultry farmers. If you are looking towards starting a livestock breeding business, then one of your options is to settle for poultry farming.

Poultry farming is a highly thriving and profitable business venture. Aside from the fact that people consume birds and chickens et al, supply of eggs is also a major source of revenue generation for poultry farmer. Players in the poultry farming and egg production industry basically raise chickens for meat, and egg production. The eggs produced may be sold for use as table eggs or hatching eggs.

The Poultry Farm and Egg Production Company Industry is indeed a very large industry and pretty much thriving in all parts of the world especially in developed countries such as United States of America, Canada, United Kingdom, Germany, Australia and Italy et al.

Statistics has it that in the United States of America alone, there are about 30,000 licensed and registered poultry farm and egg production company directly responsible for employing about 280,800 employees and indirectly responsible for employing roughly 1,339,900

Statistics also has it that an estimate of about 35 companies are involved in the business of raising, processing and marketing chickens on a  commercial level; they export chickens, processed chickens and eggs to other countries of the world.

One thing is certain about starting poultry farming and egg production business, if you are able to conduct your market research and feasibility studies, you are more likely not going to struggle to sell your eggs and chickens because there are always food processing companies and consumers out there who are ready to buy from you.

**Executive Summary**

Feasibility study on the establishment of a poultry form is based on the survey made by Ibe Precious Adanna, and the business with by wholly owned by her. The name of the poultry farm will be **IBEMS FARMS LIMITED.** The importance of poultry farming to the national economy cannot be overemphasized, as it has become a popular agricultural industry for the small holders that have great contribution to the economy of the country. The poultry farming profession has assumed greater importance in improving the employment opportunity and animal food production in Nigeria. The federal government ban on the importation of processed chicken or frozen chicken in Nigeria, without adequate arrangement for alternative source of supply helped increase the prices of processed chicken by over 75% and has since been the driving force behind the successes recorded in the agriculture. **IBEMS FARMS LIMITED** will help in providence employment to the locals meeting the demand of eggs and making the price affordable in future, intends to develop into other livestock farming structures such as turkey, duck, guinea fowl and snail.

Our objective is 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. Our 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 affordable price. The venture to be established is a poultry farm that will concentrate on the production of eggs and sales of broilers, birds because of the fund required the venture will start as a small scale business having the population of three local government area of Lagos. 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

**Our Mission and Vision Statement**

\* Our Vision is to become one of the leading commercial poultry farm and egg production brands not just in Nigeria but also on the global stage.

\* **IBEMS POULTRY FARMS LIMITED** will be committed to raising chickens and producing eggs for both the Nigerian market and the global market.

\* We want our chickens and eggs to flood the nooks and crannies of Nigeria and other countries of the world.

**SWOT Analysis**

**IBEMS POULTRY FARMS LIMITED** do not intend to launch out with trial and error hence the need to conduct a proper SWOT analysis.

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 commercial poultry farm and egg production company that will favorably compete with leading commercial poultry farms and egg production companies.

We engaged the services of a core professional in the area of business consulting and structuring to assist our organization in building a well – structured commercial poultry farm and egg Production Company that can favorably compete in the highly competitive commercial poultry farms and egg production industry in Nigeria and the world at large.

Here is a summary from the result of the SWOT analysis that was conducted:

\* Strength

Our strength as a commercial poultry farm and egg production company is the fact that we will have healthy relationships with loads of major players (agriculture merchants) in the industry; both suppliers of poultry feeds and medications and buyers of chickens and eggs within and outside Nigeria.

We have some of the latest commercial poultry farming hatchery, tools and equipment that will help us raise and produce eggs in commercial quantities with less stress.

\* Weakness:

Our weakness could be that we are a new commercial poultry farms and egg production company in the United States, and perhaps it might take us sometime to attract big time customers in the industry. We are aware of this and from our projection will overcome this weakness with time and turn it to a major advantage for the business.

\* Opportunities:

The opportunities that are available to us as a standard commercial poultry farm and egg Production Company cannot be quantified, we know that there are loads of households, and businesses such as hotels and fast food restaurants that can’t do without daily supply of chicken and eggs. We are well positioned to take advantage of this opportunity

\* Threat:

Some of the threats and challenges that we are likely going to face when we start our own commercial poultry farm and egg production company are global economic downturn that can impact negatively on household spending, bad weather cum natural disasters (draughts, epidemics), unfavorable government policies and the arrival of a competitor (a commercial farm that engage in the rearing of chickens and other birds) within same location.

There is hardly anything you can do as regards this threats and challenges other than to be optimistic that things will continue to work for your good.

**MARKET ANALYSIS**

\* Market Trends

The Poultry and Chicken Egg Production industry has greatly benefited from campaigns advertising the health benefits of chickens and eggs as a good source of protein. No doubt, the increased demand of chicken and eggs from households and food related businesses and of course the growing popularity of specialty and processed eggs have rapidly improved revenue growth for the industry.

In the face of this growth, profit margin has suffered from rising feed costs and also regulations regarding animal welfare. As a matter of fact, one of the new trends is that with the recent advancement in technology, poultry farmers can now comfortably predict and produce the quantities of chickens / birds and eggs per time.

Our Target Market

Naturally, the target market of those who are the end consumer of commercial poultry farm produce and also those who benefits from the business value chain of the poultry farming and egg production industry is all encompassing; it is far – reaching.

Every household consumes produce from commercial poultry farms be it chicken or egg. So also almost all hotels and fast restaurants sell chicken and eggs. In essence a commercial poultry farmer should be able to sell his or her chicken and eggs to as many people as possible.

In view of that, we have positioned our business to attract consumers of chickens and eggs not just in Nigeria alone but also other parts of the world. We have conducted our market research and survey and we will ensure that we meet and surpass the expectations we set for the business.

Below is a list of the people and business that we will market our chickens and eggs to;

\* Households

\* Individuals

\* Hotels

\* Restaurants

\* Fast food eateries

\* Agriculture merchants

**Our Competitive Advantage**

We have done our homework and we have been able to highlight some factors that will give us competitive advantage in the marketplace; some of the factors are effective and reliable poultry farming and egg production processes that can help us sell our produce at competitive prices, good network and excellent relationship management.

Another competitive advantage that we are bringing to the industry is the fact that we will have healthy relationships with loads of major players (agriculture merchants) in the industry; both suppliers of poultry feeds and medications and buyers of chickens and eggs within and outside of Nigeria.

We have some of the latest commercial poultry farming hatchery, tools and equipment that will help us raise and produce eggs in commercial quantities with less stress.

Lastly, all our employees will be well taken care of, and their welfare package will be among the best within our category (startups commercial poultry farms and egg production companies in Nigeria ) in the industry. It will enable them to be more than willing to build the business with us and help deliver our set goals and achieve all our business aims and objectives.

**SALES AND MARKETING STRATEGY**

We are quite aware that the reason why some commercial poultry farms and egg production companies hardly make good profits is their inability to sell off their chickens and eggs as at when due.

Our sales and marketing team will be recruited based on their vast experience in the poultry farming and egg production industry and they will be trained on a regular basis so as to be well equipped to meet their targets and the overall business goal of **IBEMS POULTRY FARMS LIMITED.**

Over and above, we have perfected our sale and marketing strategies first by networking with agriculture merchants and businesses that rely on daily supply of chicken and eggs from the poultry farms and egg production industry that are likely to become our customers.

In summary, We will adopt the following strategies in marketing our commercial farm produce;

\* Introduce our business by sending introductory letters alongside our brochure to stake holders in the agriculture industry, households, hotels and restaurants and agriculture produce merchants et al.

\* Advertise our business in agriculture and food related magazines and websites

\* List our commercial poultry farms and egg production business on yellow pages ads

\* Attend related agriculture and food expos, seminars, and business fairs et al

\* Leverage on the internet to promote our business

\* Engage in direct marketing

\* Encourage the use of word of mouth marketing (referrals)

**Our Pricing Strategy**

Some of the factors that will help you sell your farm produce at the right price that will guarantee that you make profits is dependent on your strategy while some of the factors are beyond your control. For example, if the climatic condition is unfavorable and if there is natural disaster in the location where you have your commercial poultry farm, then it will directly affect the prices of your chicken and eggs.

Over and above, if you want to get the right pricing for your chicken and eggs, then you should ensure that you choose a good location for commercial poultry farm, choose a good breed that will guarantee bountiful harvest, cut the cost of running your poultry farm to the barest minimum and of course try as much as possible to attract buyers to your poultry farm as against taking your eggs and chickens to the market to source for buyers; with this, you would have successfully eliminate the cost of transporting the goods to the market and other logistics.

We are quite aware that one of the easiest means of penetrating the market and acquiring loads of customers for all our eggs and chickens is to sell them at competitive prices hence we will do all we can to ensure that the prices of our poultry farm produces are going to be what other commercial poultry farmers would look towards beating.

One thing is certain; the nature of commercial poultry farming makes it possible for poultry farmers to place prices for their eggs and chicken based on their discretion without following the benchmark in the industry. The truth is that it is one of the means of avoiding running into loss.

**Publicity and Advertising Strategy**

Any business that wants to grow beyond the corner of the street or the city they are operating from must be ready and willing to utilize every available means (both conventional and non – conventional means) to advertise and promote the business. We intend growing our business which is why we have perfected plans to build our brand via every available means.

We know that it is important to create strategies that will help us boost our brand awareness and to create a corporate identity for our commercial poultry farm and egg production business. Below are the platforms we will leverage on to boost our commercial poultry farm and production brand and to promote and advertise our business;

\* Place adverts on community based newspapers, radio stations and TV stations.

\* Encourage the use of word of mouth publicity from our loyal customers

\* Leverage on the internet and social media platforms like; YouTube, Instagram, Facebook ,Twitter, LinkedIn, Snapchat, Badoo, Google+  and other platforms to promote our business.

\* Ensure that our we position our banners and billboards in strategic positions all around Lagos.

\* Distribute our fliers and handbills in target areas in and around our neighborhood

\* Contact corporate organizations, households, landlord associations and schools by calling them up and informing them of **IBEMS POULTRY FARMS LIMITED** and the poultry produce we sell

\* Advertise our business in our official website and employ strategies that will help us pull traffic to the site

\* Brand all our official cars and trucks and ensure that all our staff members and management staff wears our branded shirt or cap at regular intervals.

**Financial Projections and Costing**

When it comes to calculating the cost of starting a commercial poultry farm, there are some key factors that should serve as a guide. The different type of birds to be raised in a commercial poultry farm determines the total cost of setting up the business.

Our Startup Budget and Expenditure

Besides, in setting up any business, the amount or cost will depend on the approach and scale you want to undertake. If you intend to go big by renting / leasing a big facility, then you would need a good amount of capital as you would need to ensure that your employees are well taken care of, and that your facility is conducive enough for workers to be creative and productive.

This means that the start-up can either be low or high depending on your goals, vision and aspirations for your business. The tools and equipment that will be used are nearly the same cost everywhere, and any difference in prices would be minimal and can be overlooked.

As for the detailed cost analysis for starting a commercial poultry farm and egg production business; it might differ in other countries due to the value of their money. Below are some of the basic areas we will spend our start – up capital in setting up our commercial poultry farm;

\* The Total Fee for incorporating the Business (commercial farm) in Nigeria – N270,000

\* The amount needed to acquire / lease a farm land  – N18,000,000

\* The amount required for preparing the farm land (poultry fencing et al) – N5,000,000

\* Legal expenses for obtaining licenses and permits as well as the accounting services (software, P.O.S machines and other software) – N1,118,000

\* Marketing promotion expenses for the grand opening of Bill The Carpenter™ Furniture, Inc. in the amount of N1,260,000 and as well as flyer printing (2,000 flyers at N14.4 per copy) for the total amount of N1,288,800

\* The total cost for hiring Business Consultant – N900,000

\* The total cost for payment of insurance policy covers (general liability, workers’ compensation and property casualty) coverage at a total premium – N3,384,000

\* The amount required for the purchase of the first set of chickens – N3,600,000

\* The cost for acquiring the required working tools and equipment- N5,000,000

\* Operational cost for the first 3 months (salaries of employees, payments of bills et al) – N21,600,000

\* The Cost of Launching an official Website – N216,000

\* Additional Expenditure (Business cards, Signage, Adverts and Promotions et al) – N720,000

Going by the report from detailed research and feasibility studies conducted, we will need an average of N180,000,000 to start a standard commercial poultry farm and egg production business in Nigeria.

**Financial Projection**

\* Sources of Income

**IBEMS POULTRY FARMS LIMITED** is in the poultry farms and egg production line of business for the purpose of maximizing profits hence we have decided to explore all the available opportunities within the industry to achieve our corporate goals and objectives.

Below are the sources we intend exploring to generate income:

\* Raising, processing and marketing chickens on a commercial level; we export chickens, processed chickens and eggs to other countries of the world.

\* Table eggs produced by battery chickens (white)

\* Table eggs produced by battery chickens (brown)

\* Hatching eggs

\* Specialty eggs

\* Table eggs produced by free-range chickens

**Sales Forecast**

From the survey conducted, we were are able to discover that the sales generated by a commercial poultry farm and egg production business depends on the size of the poultry farm, the types of birds available in the poultry and of course the size of their marketing network.

We have perfected or sales and marketing strategies and we are set to hit the ground running and we are quite optimistic that we will meet or even surpass our set sales target of generating enough income / profits from the year of operations and build the business from survival to sustainability with the shortest period of time.

We have been able to critically examine the poultry farms and egg production business and we have analyzed our chances in the industry and we have been able to come up with the following sales forecast. The sales projection is based on information gathered on the field and some workable assumptions as well with respect to the nature of commercial poultry farm and egg production business that we run.

Below are the projections that we were able to come up with for the first three years of running;

\* First Fiscal Year-: N90,000,000

\* Second Fiscal Year-: N216,000,000

\* Third Fiscal Year-: N324,000,000

N.B: This projection is done based on what is obtainable in the industry and with the assumption that there won’t be any major economic meltdown that can impact negatively on household spending, bad weather cum natural disasters (draughts, epidemics), and unfavorable government policies

Generating Funding / Startup Capital for **IBEMS POULTRY FARMS LIMITED.** No matter how fantastic your business idea might be, if you don’t have the required money to finance the business, the business might not become a reality. Finance is a very important factor when it comes to starting a business such as commercial poultry farming. No doubt raising start – up capital for a business might not come cheap, but it is a task that an entrepreneur must go through.