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Question: prepare a business plan on a chosen Agriculture enterprise

What is a Business plan? A Business plan is a roadmap for your farm or any business enterprise. It is a roadmap that provides direction so a business can plan its future without any obstacles in the way. When writing a business plan you have to develop an overall mission and vision for the business. You have to think about the short term and long term goals of the business. You also define the steps needed to achieve the goals you have set out and set the direction for the business to develop over the years.

A BUSINESS PLAN ON THE EXPANSION OF DAIRY FARM BY IYKE BETHANY GROUP OF COMPANIES LTD

EXECUTIVE SUMMARY AND BRIEF DESCRIPTION OF PROJECT

This Business plan examines the development of a 3.8 acres Dairy farm and the expansion of the Dairy farm here in Trans-Amadi by Iyke Bethany Group of Companies LTD. The new and developed farm will house up to 10,000 cows and over 5,000 goats. The Expansion of the farm will also see the installation of new automatic milking machines. The production of dairy products is popular amongst the northern part of Nigeria. This project will help to create more opportunities for other farmers, as well as produce more dairy products within the southern part of Nigeria. This project will also bring adequate returns for our sponsors.

SPONSORSHIP

This project is sponsored by Mrs Wilson Janet a legal founder of W and J Agro industry which is one of the fastest growing agricultural companies in the country. Mrs Janet is advancing the productivity of dairy products in the country especially in the southern parts of the country. Benedict's Agrobusiness ventures and consultancy will be responsible for the management and consultancy of the projects.

MANAGEMENT

This will be lead by the husband and wife team of Collins and Sharon Okafor. Colins brings a wealth of business and project management skills to the company. While working at DSTV David was responsible for the successful launch and market lead capture of DSTV'S driving directions section. Utilizing these skills, David will be responsible for the business operations of the farm. While Sharon , with a background of pasteurizing planting will be the driving force of the operation, growing the highest active diary farm in the country. Additionally, because of her wealth of knowledge, she will be the leader of the sales department.

TECHNICAL ASSISTANCE

The Afro industry has a working relationship with USDA's beginning farmer and Rancher development grant program(BFRDP) as the national clearing house, makes available several key business planning guides. ITOU has an authority in poultry farming and will provide technical assistance. The industry also has a working relationship with BWA (banking with agriculture) banking with agriculture has agreed to finance the production of 2.4 acres dairy farm through a loan of 7% interest rate given to the cooperative

The industry will fund the processing factory and access bank finance for the diary farming equipments from BOI (bank of industry) at the rate of 7%. The industry has relationships with commercial banks and will approach one for loan to to get the land which will be leased to the members of the cooperative

The industry has a working relationship with the rivers state government, rivers state ministry of agric, farmer's union and agric cooperatives the industry will get technical assistance from this relationship in the area of production through contract farming
The industry also has a working relationship with industry players in the project area who will take over products through a purchase and contract agreements

MARKET AND SALES

It is a known fact that the reason why some dairy farms hardly make good profit is their inability to sell of their raw milk and other dairy products to a larger market. In a view of that we decided to set up a standard milk processing and packaging plant to help us maximize profit We have perfected our sale and marketing strategies first by networking with agriculture merchants and companies that rely on raw materials from the dairy farm industry who are likely to refer become our customers. We can adopt the following strategies in marketing our dairy farming produce

- Advertise our business in Agro allied and food related magazines and websites
- List our dairy farms on yellow pages ads
- Attend related agriculture and food expos, seminars
- Leverage on the internet to promote our business
- Engage in direct marketing
- Encourage the use of referrals

TECHNICAL FEASIBILITY

- Projected milk potential (surplus milk) in the block is about 14,552 litre from the 20 surveyed villages.
- Atleast 40% of the total projected milk can be easily tapped by the proposed unit (about 5800 litres)
 - 5000-ltr capacity bulk cooler can be established
 - To minimise the operational costs in the initial period, it is suggested to start with 3000 litre BCU with scope for 2000 liter expansion

PROJECT ENGINEERING

- Vendors are playing major role in procurement as the dairy unions have stopped procuring milk in the area.
- Dairy Parag and Paras dairy units, which are operating at 60% of their plant utilisation capacity need milk.
- Strategy in the initial period should be to sell required milk to the local institutional buyers and the remaining milk should be sold to the large institutional buyers to optimize the profits.

• Environmental Feasibility

- To make the plant location environmentally feasible one, proper effluent disposal system should be developed at the site.
- Clearance from the Pollution control board

• Resource

Formation of Milk Producers Groups (MPGs) Preliminary visits to the selected villages
Exposure visit to dairy to members Follow up meeting of the Exposure visits Promotion Meeting in the village Registration meeting in the village
Establishment of Dairy Plant and Infrastructure Recruitment and training to the Staff Capacity building of the Members Establishment of External Linkages

GOVERNMENT SUPPORT AND REGULATION

The government supports foreign exchange and reduces import conservation of government. It creates economic opportunities , market access, improved income for farmers and support food security.

The project will contribute significantly to employment and output increase, stable price and stable exchange rate.

TIMELINES OF PROJECTS

The Expansion of the Dairy Farm will take 4-8 Months. With Adequate help provided from our sponsors, we believe we can achieve our goal. Below are the various Dairy Animals we are currently housing in the farm:

Class of Animal	No. Animal	LW	Au/Animal	Au/Class of Animal
Calves Heife 4	100	0.22	0.88	
Bull 4	100	0.22	0.88	
Yearling Heifer 4	250	0.56	2.24	
Steers & bulls 3	250	0.56	1.67	
2 yrs Heifer 4	450	1	4.0	
Steers & bulls 3	450	1	3.0	
3 - 7 yrs Milking cows 10	500	1.11	11.1	
MA steers 5	500	1.11	5.55	
MA bulls 2	700	1.56	3.12	
Old dryCows 3	450	1	3	
TOTAL42 [Animals]		35.44 [au]		

After the various changes we intend to make, we project to start housing more Dairy Animals. Below are the Plans:

	Before	After	
Calves Heife 4	20		+0.22
Bull 4	50		+0.22
YR 1 Heife 4	45		0
Bulls 3	0		-1.68
YR 2 Heifer 4	48		0
Bull 3	0		-3
Milking Cows 10	100		+3.33
MA Steers 5	0		-5.55
Herd Bulls 2	100		-1.56
Old Cows 3	0		-3
Young Bulls 0	70		+0.56

New Total: 433

ESTIMATED PROJECT COSTS&REVENUE

Mean Herd Size	33	88	313	955	
Output Per Cow	14,932	16,157	17,420	17,326	
Total Operating Cost	11.61		9.75	8.49	8.63
All Feed	8	7	6	6	

Total Labour Cost	11.9	6.04	2.77	1.86
Hired Labour	0.32	1.01	1.45	1.41
Unpaid Labour	11.58	5.03	1.32	0.45
Total Ownership Costs	6.88	5.08	3.89	1.9
Housing Facilities	1.57	1.31	1.14	0.48
Milking Facilities	1.33	0.66	0.1	0.06
Machinery	2.26	1.43	0.54	0.26
Total Costs	30.39	20.87	15.15	12.39
Gross Value of Production	15.74	14.68	14.06	14.41
REVENUE				
I. Total Revenue	45862		44440	43292
II. Total Production Costs		27614	26899	26271
III. R/C ratio	1.66		1.65	1.65

FUNDING MECHANISM

Since the Farmland is already established and ready for Expansion,
The Sponsor will provide Quality Equipments for the use of the farmers
The Sponsor will provide Vehicles

The Sponsor will also provide fairness for working capital and will look to secure a loan at the rate of 10% through Government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

CONCLUSION

The project is Technically Feasible and commercially manageable, therefore it is recommended for funding.