

NAME: DIBIGBO LAURA EZIESHI

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DEPARTMENT: ELECT/ELECT ENGINEERING

AFE 202: INTRODUCTION TO AGRICULTURAL SCIENCE AND FOOD SECURITY

**ASSIGNMENT: PREPEARE A BUSINESS PLAN ON A CHOSEN AGRICULTURAL
ENTERPRISE.**

POULTRY



**A FEASIBILITY REPORT / BUSINESS PLAN FOR THE DEVELOPMENT OF A
POULTRY AND DISTRIBUTION COMPANY AT PORT HARCOURT NIGERIA BY
ANARVIN LIMITED**

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: *DIBIGBO LAURA*

Name: Dibigbo Laura Ezieshi

Date: 28th April 2020

A Business Plan is a formal written document containing business goals, the methods on how these goals can be attained, and the time frame within which these goals need to be achieved. It also described the nature of the business, background information on the organization, the organization's financial projects, and the strategies it intends to implement to achieve the stated targets. In essence, this document serves as a road map that provides direction to the business.

POULTRY LOCATION

A good location is vital to the success and profitability of your poultry farm. An ideal poultry farm should be sited where there's a large availability of cheap land and at the same time; should be close to areas with high population density. It's not advisable to site your poultry farm within a residential area because of the offensive odour it produces.

While it is smart to start your poultry farm in a place where the odor and noise would not disturb other people, you should also consider the security factor. Lands in sparsely populated settlements are cheap and you would have fewer issues with community disturbance and zoning but it may be far from your market and buyers. You need to find a balance, look for a place that is favorable to you and would also be favorable to your customers at the same time.

HOUSING A BIRD

Another important factor to consider is the poultry housing system and fencing options. Poultry housing system determines up to 40% of the rate of success you would achieve in poultry farming. A good housing system is very important for your poultry farm. The housing system commonly used in poultry farming are:-

- Extensive system: Range and fold unit

- Semi Intensive system: Standard semi intensive unit and straw yard

- Intensive system: i. Deep litter, ii. Wire and slated floor, iii. Straw yard, iv. Battery cage

a. Free Range System:- Under free range poultry farming system, chickens are allowed to roam around on their own in search for food. This system cannot be used for commercial poultry farming because of the high level of risks involved.

b. Deep Litter System:- This system involves spreading wood shavings or saw dust on a concrete ground with the chickens placed on the floor and the dust serving as a 'cushion' for them. The dust is changed regularly, either by removing and replacing or by layering.

Deep litter system is used by a lot of poultry farmers because it increases efficiency and makes it easier to manage large flocks of birds but it allows for a faster spread of diseases when there is an outbreak and also makes it difficult to fish out unproductive birds.

C. Battery Cage System:- As for the battery cage system, metal cages are constructed inside a building to house the birds. The cages are usually split into different compartments to house small groups of birds. The cages also contain feeding and water troughs as well as laying nests. Bird droppings fall on the floor and are cleaned mechanically by a scraper. This method is considered to be the most effective for egg production but the major downside of this method is that it is more expensive to construct and maintain compared to other forms of poultry housing systems.

If you are running a poultry farm for commercial purposes and you intend getting the best out of the business; with respect to high birds' productivity and efficiency. Then you should consider housing your birds using the intensive system. Note that each of the three housing system has its own advantages and disadvantages. Lastly, your poultry housing structure should be built at a particular angle; taking sunlight and wind into consideration.

MANAGEMENT

The management will comprise 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 cooperation who have shares 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 primary objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complies with all standards set by the regulatory authorities. The Managing Director or President shall be responsible for the coordination of the day to day management of the cooperative business. She is accountable to the Board of Directors; she will mobilize organization resources to achieve set goals. She will manage business risks and focus on wealth creation.

BUSINESS OVERVIEW

The most popular form of poultry farming business is layers production because egg consumption cuts across all nations. There are different niches in the poultry business. These include broiler, layer, quail, turkey, ostrich, geese, and duck production.

Because of these various forms, it is advisable to focus on one aspect and then add other aspects with time. This is one industry with great potential.

The main things that serve as hindrances in this industry are high-interest rate, lack of electricity, absence of credit, high cost of products and so on. Presently, the demand for day-old chicks, eggs, and broiler meat remains very high.

MARKET AND SALES

Market Orientation: Domestic; South South

Market share: 7% niche market in South South

Users of product: Poultry, like live chickens, killed ones or eggs for humans, restaurants, homes or caterers.

MARKET POTENTIAL

There is strong demand for fresh chickens and egg all over Port Harcourt. There is support of production and trade though out Nigeria And also you have to find a way to reach your customers and this would be done by employing the right marketing techniques. Therefore, before you start a poultry business, you should really consider the marketing strategies which you would use to break into the market.

PROJECTED RETURN ON INVESTMENT.

The incubation period of the domestic fowl is 21 days. You can start selling off your birds as early as 8 – 12 weeks but full maturity is reached between 20 – 24 weeks. The payback period of a poultry farming business is between 3 – 5 years.

GOVERNMENT SUPPORT AND REGULATION

The project conforms to the economic diversification objective of the government. It creates economic opportunities, market access, and improved income for poultry farmers, and supports the food security objective of the government. The project will benefit from government intervention fund in the agriculture sector and will also benefit from the favorable policy of zero duty for agricultural equipment import. The project will contribute significantly to employment, output increase, and stable price.

EQUIPMENT

- Heaters or Brooders
- Incubator
- Chick box
- Fly Tray
- Poultry Pluckier Rubber Finger
- Egg Tray
- Poultry Incubator Controller
- Ventilation Fan
- Laying Nest
- Egg Scale

EXECUTIVE SUMMARY

Raising poultry birds involves the production of broiler meat and chicken eggs. It's one lucrative and wide industry that has attracted millions of investors over the years. Niches related poultry farming include

- setting up a hatchery

- raising broilers
- egg production through layer birds
- marketing and distribution of table eggs
- production of poultry farm equipment like drinkers, feeders, debeakers, etc.
- sales of poultry vaccines, drugs, feeds, and supplements
- feed mill operation
- the construction of poultry pen and battery cage installation

This facility will only produce layer birds to prevent an overlap of ideas and due to the limited resources available. Meaning that in the future, Goody Poultry Farm might decide to bring in more ideas.

It is expected that in the first year of production, the farm should be able to produce about 60 crates of egg daily and generate more than 1 million as revenue. Spent layers should be sold at the end of a year of lying and the money should be used in getting replacement birds.

The business has decided to collaborate with experts and investors because the business involves bringing together all available industrial facilities that a single business might not be able to provide.

MARKETING STRATEGY

Goody Poultry farm will as a marketing strategy employs a marketer at full capacity, the marketer will be employed to sell the eggs produced in the farm from one egg depot to another. Through this marketing activity, many clientele bases will be created.

To make the marketing easier and more efficient, we will allocate a date for all our customers so each customer will have a day when they will be supplied eggs either by picking up

the eggs or have it delivered to them at a price. Also, adverts will be placed on several online media which will also serve as a form of marketing.

BUSINESS REQUIREMENTS

The poultry business will need several equipment and tools for the smooth management of the business and they include:

- A shop in town will be needed to serve as the warehouse and egg depot, this helps in reducing the number of people who goes to the farm which in turn reduces the risk of a break of security and bio-security.

- Semi-automatic battery cages of good quality will be purchased and installed for the birds.

- Other equipment needed for the business are feed (grower mash and layer mash), point of lay, different medications and vaccinations.

CASH FLOW ANALYSIS

The market has been surveyed to determine the cash flow level of the industry. This helps in knowing if the poultry business is worthwhile or not. Analysis has shown that positive net cash balances are realized at the end of the second year the chicken farm started and this indicates profitability in the industry.

Also, it may not be possible to generate a net return in the first year of production due to the large capital requirements but subsequently, the farm would break even, generating significant profit.

ESTIMATED PROJECT COSTS AND REVENUE

Breakdown of Use of funds

Acquisition:		
Property	N5,000,000	00
Equipment system	N4,000,000	00
Sub-total	N9,000,000	00
Operating Expenses:		
Salaries	N3,000,000	00
Marketing and promotion	N2,000,000	00
Other operational expenses	N1,000,000	00
Sub-total	N6,000,000	00
Total	N15,000,000	00

START UP EXPENSES

Start-up Expenses to Fund \$684,600

Start-up Assets to Fund \$1,145,400

TOTAL FUNDING REQUIRED \$1,830,000

Assets

Non-cash Assets from Start-up \$900,000

Cash Requirements from Start-up \$245,400

Additional Cash Raised \$0

Cash Balance on Starting Date \$245,400

TOTAL ASSETS \$1,145,400

Liabilities and Capital

Liabilities

Current Borrowing \$400,000

Long-term Liabilities \$400,000

Accounts Payable (Outstanding Bills) \$30,000

Other Current Liabilities (interest-free) \$0

TOTAL LIABILITIES \$830,000

Capital

Planned Investment

Investor 1 \$250,000

Investor 2 \$250,000

Investor 3 \$250,000

Investor 4 \$250,000

Other \$0

Additional Investment Requirement \$0

TOTAL PLANNED INVESTMENT \$1,000,000

Loss at Start-up (Start-up Expenses) (\$684,600)

TOTAL CAPITAL \$315,400

TOTAL CAPITAL AND LIABILITIES \$1,145,400

Total Funding \$1,830,000

Currency conversion rate: ₦360 to 1USD

FUNDING MECHANISM

Anarvin will be fully funded by Valeslie ventures and its various shareholders. It has been given 1000Ha of land has been fully leased by the government due to interventions from NIHORT.

CONCLUSION

The project is technically visible and commercially viable and is therefore recommended for funding.