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| NAME: BEN HORSFALL BOBBY IDEPARTMENT: NURSING 200LEVELMATRIC NUMBER: 18/MHS02/055COURSE CODE: AFE 202 |
| BUSINESS PLAN FOR BENJAMIN’S POULTRY  |
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**EXECUTIVE SUMMARY**

Benjamin’s poultry is a farm focused on both egg and meat production that provides for a large market range. It also produces manure as a by-product. It is based in Rivers State, Port Harcourt. The founders have noticed the health implication of red meat and are creating a business to meet the increased demand for white meat and eggs. Chickens happen to be a great source of white meat and are also largely known for egg production. The persons who have come together to start this business are Benjamin Horsfall, Jewel Horsfall, Uzoamaka Anierobi and Justin Horsfall.

Not only are the founders interested in meeting the demands of the customer, we also plan to create utmost satisfaction for these customers. The founders also want to use this business as a means of creating employment within the community it is based in and to contribute to the economy of the country. We plan on providing products with quality and maintain this supply efficiently. This is a partnership business that plans on distributing eggs and chicken to restaurants, home delivery food centers, hotels, schools, clubs, bakery and catering businesses and supermarkets. We also plan on doing this at very affordable prices. We will also distribute manure to farmers that are into crop production.

Not only do we offer products, but we offer services as well. We plan on providing home delivery services to customers who order a certain amount of products. This offer will mostly be used by the section of our target market that uses eggs in large quantities like schools and bakeries.

1000 chickens would be optimum for the initial operation of the business. Production site is in Port Harcourt city, plenty open space, cheap labors, road connection, water availability and immediate access to markets like rumomasi market. A house with 5 rooms will be rented for the storage of pellets, equipments as well as for the employees to guard the farm. Revenue for this will be gotten from contributions from each partner. Investment in this business shall be allocated to the following purposes: buying chickens, building cage house, stocking the pellets, hiring the experts and other miscellaneous tasks.

We have considered the risks, financial, health and technology wisely

**Poultry farm Objectives**

Benjamin’s poultry will measure its success by its ability to achieve the following objectives:

* Becoming the "Best and most hygienic poultry producer in the area" complying by the national standards for food and drugs.
* Turn in profits from the first six months of operations.
* Winning the hearts and tastes of our beloved consumers and establishing a brand image of the company through heavy marketing campaigns in the first one year.

**Poultry farm Mission**

Benjamin’s poultry’s mission is to provide customers with quality, fresh, and valuable products. To respect all employees and enable everyone to have a say in company affairs. Quality and service are our number one priority. To provide investors with opportunities to receive a nice return on investment and high-quality growth. The nutritious and protein rich products from our farm would always be the first choice of our consumers.

**COMPANY SUMMARY**

**Company Ownership**

Benjamin’s poultry is owned by four persons. They are namely Benjamin Horsfall, Jewel Horsfall, Uzoamaka Anierobi and Justin Horsfall. It is a partnership and each person has an equal share in the business and is also equally liable for any business debts or claims.

**Location and facilities**

At this point in the business, we don’t have an exact point yet but we have narrowed the location down to Rumuomasi, Port Harcourt City. We are trading from this spot because is it a great place to reach our target market. We think the population base is large enough for our business and it has a stable economic base that promotes a healthy environment for the poultry. Also we think it is a spot that could tap a healthy workforce. We also considered pedestrian traffic and we think a large percentage of them are potential customers. We plan on having a good parking space and sufficient security in our working site to create a safe environment for the customers.

Our facilities will include a broiler grow out facility, a layer grow out facility, a hatchery unit and table eggs production unit. The hatchery unit is where the fertile eggs will be incubated to produce day old chicks. The incubation will be done manually. The production cycle will be made up of 50% broilers and 50% layers. It will include the setter incubator and the hatchers incubator. The broilers grow out facility will be a deep litter system and the layer grow out facility will be a battery cage system. Both systems require adequate housing and feeding and drinking equipments. The eggs produced in the table eggs production unit are infertile and the amount produced depends on the layer chickens.

**INDUSTRY ANALYSIS**

Poultry industry in the last 40 years has shown dramatic changes in both domestic and international environments. Those environmental forces included are classified into 2 categories: the internal forces and external forces. Internal and external forces include:

1. Poultry industry competitors: When the company have few competitors, it is more likely to get more profit. For example in Nigeria, competition is today driven by a cost of manufacturing and the quality of products sold to the customers.

2. Supplier dynamics: Suppliers of raw materials to the poultry companies are the ones the affect the costs of poultry products. If there is development of new market and technology, the price of raw materials will remain low.

**Challenges facing the poultry industry**

Poultry farming has some challenges that need to be attended to with vigor. Below are some of the common challenges that are faced by poultry farmers:

Death of chickens: In poultry, one or many chickens usually die because of their fragile nature and the weather they are living in. Some factors such as heat and overcrowding causing that death can be controllable.

Diseases: Pneumonia and other minor diseases are among problems faced by poultry farmers, but this problem can be solved by seeking a veterinary doctor.

**START-UP SUMMARY**

Start-up expenses for Benjamin’s poultry include initial insurance payments covering both general liability and product liability, pre-launch marketing to cover flyers, a direct mail campaign, and advertisements in local papers, the development of a website for customer interaction, and the normal legal expenses for consultation and permitting. Other current assets include office and store furniture, shelving, a computer, phone system, and tools. Long-term assets include the computer, printers, delivery van.

**Poultry farm start up costs**

|  |  |
| --- | --- |
| Items | Costs |
| Business cards | 2000 |
| Printer | 20000 |
| Leaflets | 1000 |
| Blank invoices | 2000 |
| Computers | 50000 |
| Internet | 50000 |
| Insurance | 50000 |
| Land | 800000 |
| Building | 200000 |
| Advertising / marketing | 10000 |
| Others | 50000 |
| Total | 1235000 |

|  |  |
| --- | --- |
| Equipments | Cost |
| Feeders and drinkers | 8000 |
| Crates | 15000 |
| Lighting system  | 50000 |
| Egg tray | 5000 |
| Cages | 300000 |
| Others | 100000 |
| Total equipment | 478000 |

**POULTRY FARM PRODUCTS**

**Product description**

We offer chicken eggs and chicken meat that will be gotten from layers and broilers to our target market. We plan to take pride in the uncompromising quality of our products. We also offer fertilizer in form of chicken manure. This is mostly used in vegetable farming and as an ingredient for feed in fish farming. Benjamin’s poultry shall produce high quality, contaminant-free chickens and the freshest eggs to satisfy the taste of our beloved costumers. The products shall be distributed into a number of distributors - supermarkets, public markets, bakeries, restaurants and in the company’s own retail space for easy access for marketing agents and consumers. In brief our products are;

* Main products
1. Eggs
2. Live chickens
* By-products
1. Chicken droppings

**Service Description**

We plan on servicing our customers by providing home delivery for customers who are willing t buy at least a certain amount of our products.

**PRODUCTION SUMMARY**

**Production plan**

In our poultry, we are planning to keep 500 chickens for meat, and 500 chickens for eggs. For 500 chickens for eggs, each chicken is expected to lay at least 1 egg per day. For the whole day, 500 eggs will be produced. For every 3 months, 500 adult chickens will be sold. Our production target is to reduce cost of production by at least 20% in the next 3 years.

**Production costs**

Our fixed costs include

* Insurance payments covering both general liability and product liability,
* Rent for the company retail space
* Area of about one plot will be allocated for the farm;
* A house will be rented for the storage of pellets;
* Materials for office and store furniture, shelving, a computer, phone system, and tools.
* Long-term assets including the refrigerator unit for the shop, window displays, a refrigerated delivery van.

 Raw materials used include

* Broilers
* Layers
* Water, Feed

**Production labor**

**Cost of labor**

|  |  |
| --- | --- |
| **Labor**  | **Salary in Naira** |
| Cleaners | 20000 |
| Food technicians | 20000 |
| Security guards | 6000 |
| Other | 30000 |
| Total salary | 76000 |

Others include the veterinary doctors, drivers and technician that we pay by the hour.

**Production process**

We are starting with POL (point-of-lay), these are birds in their fourteen to twenty weeks of Age,(birds often start dropping their first egg from 22weeks to 24weeks of age). Advantage of acquiring Point Of Lay birds is the reduced risk. Prices of POL at press time ranges from N750 to N950/bird. In budgeting for feeding, a bag cost about N2,200 today and could feed 100birds for 3 days. A bird at good lay point generate between N6 to N10/day as gross profit. This means that a flock of 100 laying birds could generate N800 profit per day, and about N24,000/month hence by implication 500 birds could generate N120,000/month. At the end of the 54 to 72weeks of lay, the spent layers would be sold for nearly the equivalent amount with which the POL is purchased.

With the broilers, we buy day old chicks that will mature into live chickens in 8 weeks after which another batch of day old chicks will be bought.

**Production systems**

There are two main production systems in Nigeria. That is laying cage and deep litter systems.

a) **Battery cage system**

Here hens are kept throughout their productive life time in cages. However, this system requires high capital investment. Each cage that will cage 50 birds cost N30, 000. Therefore, for 500 birds, it will cost N300, 000. In a battery cage system, hens do not have contact with droppings which reduces infections. Feeding, providing water, egg collection, removal of litter and cleaning are easier for the poultry attendants to perform.



b) **Deep litter system**

Here hens are confined in a house with floor space of 8 to 10 birds/m2 to ensure free movement. The floor will be covered with a 5cm to 10cm deep litter of grain husks (maize or rice), straw, wood shavings or a similarly absorbent (but non-toxic) materials. That’s why there is sawdust in the budget. After old litter has been removed out of the house, the floor will be cleaned and disinfected.

**MARKET ANALYSIS SUMMARY**

**Market segmentation**

Although in the Nigerian populace, there are a few taboos, religious or cultural practices that will prevent the consumption of poultry produce, during the market segmentation, we found out that nearly everybody eats eggs and meat, so we are targeting the whole market, individuals, homes and firms that use eggs and chicken in large quantities. Specifically there is a high demand for live chickens for home consumption or as gifts during festivals like Christmas, Eid-al-fitr, New Year, Easter etc.

**Target market segment strategy**

Individuals are a small sector in the market segmentation. They are a pretty large group but they buy a relatively small amount of eggs.

 The part of the market that we hope to supply large amount of eggs to are the industries that need eggs. We have strategically placed our site close to these industries. They are bakeries, restaurants, boarding schools, home delivery food centers, retail shops and supermarkets.

 Another part of our target market that will order our products in medium quantities are the homes that will require our home delivery as we have a set amount of eggs they need to order for. Homes generally utilize eggs in the preparation of edibles like chicken burger, chicken pie, salads, Scotch egg, omelets, egg soup etc.

The parts of our target market interested in live chickens are small scale poultry farmers and festive individuals. We have considered the needs of each section of the target markets and we plan on meeting these needs effectively.

**Competition**

Competition is not so keen in the markets, however it still exists. The reasons are;

* Poultry products are not branded products; hence what usually matters is effective positioning and timing.
* Poultry market is not crowded, it’s a seller’s market.
* Most poultry produce are sold through informal channels. Competition is usually found within local products and imported ones.

However,this is an increasing business in terms of number of people who are doing it. This is because Nigeria still importing chicken product like eggs from other country. Our competitors include those who sell meat and fish. This means that everything we will be doing is basically to satisfy the needs of our customers.

**Marketing strategy**

Benjamin’s poultry will strive for the production of products with the highest quality and we plan on employing the following strategies. Our location puts us in proximity of a major hotel, restaurant, schools with campuses and home deliver food centers we will be supplying to. We would also make contracts with hawkers in markets to sell our live chickens and eggs. We would also make contracts with retail shops for constant supply of eggs at intervals.

**Pricing and Promotion strategy**

The price of the chicken would range from N1500 up to N1700 depending on the size and quality. Also, the price for a crate of eggs ranges from N600 to N1000. The price of a wheelbarrow of manure costs about N200. These prices would also vary depending on the existing market price of poultry meat and eggs. As we compete with other poultries, we will promote our products through advertisements with the aid of streamers and pamphlets. We can also make our business known through recommendations and connections with well-known businessmen in the locality.

**Sales strategy**

* Better farm management practices
* Regular visit by veterinary doctors
* Recycling wastes as fertilizer
* “consumer is king” policy
* Keeping up with new technology for production efficiency

**MANAGEMENT SUMMARY**

**Management team**

The management team is simply the partners in this business. They are Benjamin Horsfall, Uzoamaka Anierobi, Jewel Horsfall and Justin Horsfall.

**Personnel**

Apart from the management team, other personnel include

1. Cleaners
2. Security
3. Technician
4. food technician
5. Veterinary doctor
6. Driver

There are 5 cleaners, 2 security, 1 technician, 2 food technicians and a veterinary doctor. There is also a driver to make the delivery services. Except from the veterinary doctor, the personnel are on a monthly payroll and are all in a short time contract with the poultry.

**INTERNAL ENVIRONMENTAL ANALYSIS**

**SWOT ANALYSIS**

SWOT stands for strength, weakness, opportunities and threats and we have made an analysis in each case.

**Strength**

* Produce high quality eggs enriched with protein
* Relatively good infrastructure systems
* Good marketing system
* Eggs and chicken are not seasonal products and can be eaten any time of the year
* In this area, the poultry business hasn’t been over-exploited
* Poultry are environmentally friendly

**Weakness**

* Capital intensive. Starting a poultry business requires a large capital funding.
* Outbreak of disease can ruin entire business in a go
* The smell can be quite disturbing

**Opportunities**

* Expansion into large scale production of by products(fertilizer and detergent)
* Export to neighboring towns
* A large and successful poultry will ensure food security

**Threats**

* More competition
* Avian diseases
* High feed ingredients prices
* Threat of import of frozen chicken

**EXTERNAL ENVIRONMENTAL ANALYSIS**

**Socio-cultural** – Eating habits of our consumers will definitely affect our business. Also, the success of restaurants and other firms that order our products will indirectly affect our business.

**Technological** - A good technical infrastructure would lead to better production and hence lower costs. Technology will also mean more effective business marketing.

**Economic** – economic trends such as demand and supply will determine the sustenance and profitability of the business. Also inflation rates will affect the way we pay our employees and the price of the product.

**Political** – this will include government policies concerning inspection by the ministry of health and organizations like NAFDAC.

**FINANCIAL PLAN**

In every project found. We have to pass through the financed process. This have to do with the starting of business, whether the personal income used or term loans from banks. In our business, the financing structure and ways of doing it is like the path below.

1) Equity contribution: this cover the land we are using for the poultry, and also the facilities in the building. The total income will be store rooms, office and constructions as well as the furnishing part.

2) Personal income of 3 million Naira, which will be used to start-up the operations, the hatchery equipment and other equipment’s needed for the poultry.

Since for a part up business borrowing money from a bank is not advisable for our financing project. Financing by loan becomes our secondary motive if we can get enough income for the start up business. When we borrow and use personal income, it is easier to obtain and quicker than loan. The tax rate is low.

**Cash flow analysis**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No |  Particulars  | Year 1 | Year 2 | Year 2 |
| I | Costs: |  |  |  |
| 1 | Capital cost | 3,000,000 | 0 | 0 |
| 2 | Recurring Costs: |  |  |  |
| a | Land and building | 1,601,000 | 0 | 0 |
| b | Cost of chicks | 975,000 | 975,000 | 985,000 |
| c | Cost of feed | 2,640,000 | 2,640,000 | 2,772,000 |
| d | Insurance | 50,000 | 50,000 | 50,000 |
| e | Labor  | 912,000 | 912,000 | 900,000 |
| f | internet | 50,000 | 50,000 | 50,000 |
| g | Business card | 2,000 | 2,000 | 2,000 |
| h | Advertising | 10,000 | 10,000 | 15,000 |
| i | consultancy | 60,000 | 60,000 | 60,000 |
| j | Other expense | 100,000 | 200,000 | 120,000 |
|  | Total  | 7,240,000 | 5,739,000 | 4,919,000 |
|  | benefits |  |  |  |
| 3 | Sale of manure | 41,600 | 41,600 | 50,000 |
| 4 | Sale of eggs | 5,292,000 | 5,292,000 | 6,372,000 |
| 5 | Sale of live chickens  | 4,704,000 | 4,704,000 | 4,754,000 |
| 6 | Depreciated value of  |  |  |  |
| a | Cages  | 25,800 | 25,800 | 25,800 |
| b | Computer and printer | 6,430 | 6,430 | 6,430 |
| c | Other equipment | 11,600 | 11,600 | 11,600 |
| d | building | 6,000 | 6,000 | 6,000 |
| 7 | tax | 379760 | 379760 | 379760 |
|  | Total benefit | 2,668,010 | 3,256,410 | 5,227,410 |

Tax to be paid is 10% of the net profit. Depreciation on cages is 8.3% of the money we bought them. Depreciation on computer and printers is 9.2% of the money we purchased them. Depreciation on building is 3% of the money used to build. Depreciation on other equipment is 15% of the money we purchased them.

**Records management**

As to records management, each project will have a record book on which information on the number of stocked live birds, slaughtered and deaths are recorded. Record keeping will help us to budget accurately and make informed decisions about the poultry. The records will contain information such as

* All feeds consumed and purchased
* Number of hens purchased
* Deaths and causes
* Vaccination and other veterinary requisites expenses
* Labor and other variable costs
* Number of eggs collected daily
* Number of eggs sold and used for home consumption
* Number of eggs damaged and
* Water and feed intake daily.

**RISK ASSESSMENT**

**Financial risks**

* Changes in our pricing policies or that of our competitors
* Fluctuation in revenue from distributors and retailers
* Timing of costs related to acquisitions or payments

**Health risks**

Contagious disease and virus outbreak is very deadly; if one of the chickens should catch the disease, all of them will be affected and if it's not recognized and treated early it will lead to the death of all the chickens which is a great loss for the business. And also some of the diseases are also contagious to human not just between the chickens which will affect the workers and also those that eat it.

Disease prevalence varies from one area to the other. The problems that may trigger disease conditions are direct sunlight on egg trays or nests, poor ventilated houses and very high temperatures in and outside the poultry house, which may weaken egg shells resulting in poor egg quality. All these conditions will be avoided to the best of our abilities.

Another thing we considered during the risk assessment is the mortality of the chickens which is inevitable since we are dealing with living things. This can be managed with good management and has been calculated to range between 5-10%.

**Technological risks**

Technology is good but they also have their disadvantages. There are normally problems involved in using technology; the use of the machine that collects eggs may fail to work or spoil, making the work slow and adding more cost to the business by repairing it. The cost for electricity is also not easy and some electric problems can lead to fire outrage and burn the building causing the loss of assets and perhaps the entire business.

**Contingency plans**

As we considered these risks we have also made contingency plans for unprecedented events or occurrences. As per the health risks, we will have plans with a veterinary doctor that will have regular checkups with the chickens while giving them the best environmental conditions. Another contingency plan we will make is insurance that will protect our assets. One of the risks we have to face mentioned earlier, the occurrence of a fire outrage will be curbed by placing fire extinguishers at strategic places. And in case of financial crises, we may have to resort to getting loans.