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BUSINESS PLAN FOR OLAMI RICE MILL PRODUCTION LTD

TITLE: BUSINESS PLAN FOR CULTIVATING, HARVESTING AND PACKAGING OF RICE

FOR: OLAMI RICE MILL PRODUCTION LIMITED

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**INTRODUCTION**

**RICE** is the [seed](https://en.wikipedia.org/wiki/Seed) of the [grass](https://en.wikipedia.org/wiki/Poaceae) [species](https://en.wikipedia.org/wiki/Species) [Oryza glaberrima](https://en.wikipedia.org/wiki/Oryza_glaberrima) (African rice) or [Oryza sativa](https://en.wikipedia.org/wiki/Oryza_sativa) (Asian rice). As a [cereal grain](https://en.wikipedia.org/wiki/Cereal), it is the most widely consumed [staple food](https://en.wikipedia.org/wiki/Staple_food) for a large part of the world's [human population](https://en.wikipedia.org/wiki/World_population), especially in [Asia](https://en.wikipedia.org/wiki/Asia) and [Africa](https://en.wikipedia.org/wiki/Africa). It is the agricultural [commodity](https://en.wikipedia.org/wiki/Commodity) with the third-highest worldwide production (rice, 741.5 million [tonnes](https://en.wikipedia.org/wiki/Tonne) in 2014), after [sugarcane](https://en.wikipedia.org/wiki/Sugarcane) (1.9 billion tonnes) and [maize](https://en.wikipedia.org/wiki/Maize) (1.0 billion tonnes). Rice, a [monocot](https://en.wikipedia.org/wiki/Monocotyledon), is normally grown as an [annual plant](https://en.wikipedia.org/wiki/Annual_plant), although in [tropical](https://en.wikipedia.org/wiki/Tropics) areas it can survive as a [perennial](https://en.wikipedia.org/wiki/Perennial) and can produce a [ratoon](https://en.wikipedia.org/wiki/Ratoon) crop for up to 30 years.[[3]](https://en.wikipedia.org/wiki/Rice#cite_note-3) Rice cultivation is well-suited to countries and regions with low labor costs and high rainfall, as it is labor-intensive to cultivate and requires ample water. However, rice can be grown practically anywhere, even on a steep hill or mountain area with the use of water-controlling terrace systems. Although its parent species are native to Asia and certain parts of Africa, centuries of trade and exportation have made it commonplace in many cultures worldwide. The traditional method for cultivating rice is flooding the fields while, or after, setting the young seedlings. This simple method requires sound planning and servicing of the water damming and channeling, but reduces the growth of less robust weed and pest plants that have no submerged growth state, and deters [vermin](https://en.wikipedia.org/wiki/Vermin). While flooding is not mandatory for the cultivation of rice, all other methods of [irrigation](https://en.wikipedia.org/wiki/Irrigation) require higher effort in [weed](https://en.wikipedia.org/wiki/Weed_control) and [pest control](https://en.wikipedia.org/wiki/Pest_control) during growth periods and a different approach for fertilizing the soil.

The name [wild rice](https://en.wikipedia.org/wiki/Wild_rice) is usually used for species of the genera [Zizania](https://en.wikipedia.org/wiki/Zizania_(genus)) and [Porteresia](https://en.wikipedia.org/wiki/Porteresia), both wild and domesticated, although the term may also be used for primitive or uncultivated varieties of [Oryza](https://en.wikipedia.org/wiki/Oryza).

**EXECUTIVE SUMMARY**

Olami Rice Mill Production Limited is a rice cultivating, harvesting and packaging company which has been in service for about eight (8) years. Due to high demand of rice, especially in Nigeria, the management decided to add smaller packages of rice in order to meet the anticipated high demand for the product. Olami Rice Mill Production Limited is company’s name, established to produce smaller packages of rice. It is located at 20, General Way, Sagamu road, Ikorodu Lagos . It is a family business of a few successful wholesale merchants. Looking at the future, this company should be known in almost all parts of Africa and should already be involved in importing and exporting rice.

**OUR PRODUCTS AND SERVICES**

Olami rice mill production ltd is a company that has a standard license and is also fully registered, and like every other business out there its aim is to minimize cost while maximizing profit and output. Asides, rice production, it will also seek to engage in other services.

The products and services that will be made available to customers include;

* Milling Rice
* Sale of Milled Rice By-products
* Storage Facilities
* Transport facilities

OUR MISSION AND VISION

Our vision is to become the foremost rice milling production plant in states that have rice farms.

* Our mission is to ensure that we deploy the best milling machines in ensuring that our customers get the best service from us.
* We also intend to provide the best customer service so that our customers not only come back, but refer new clients to us as well, thereby giving us an edge over our competitors.

**DESCRIPTION OF THE VENTURE**

Olami rice mill production ltd is poised to produce rice. The target market for these products is local rice manufacturer. The company can package rice in any form according to customers mould.

**SWOT Analysis**

A rice mill production business is a capital and labor intensive business, and so would require huge sums to start up. Our awareness of this fact has created in us a resolve to ensure that the business becomes profitable and breaks even in its second or third year. This is where our experience comes to bear and separates us from newbie entrepreneurs that have no knowledge of the business.

We know how necessary carrying out a SWOT analysis is for any business and while we would attempt to do these ourselves, we also have gotten input from an expert consultant on certain trends. The SWOT analysis that we conducted with input from an external consultant for our Olami Rice Mill Production in Ikorodu is as follows;

* Strength:

Olami Rice Mill Production Ltd is strategically located close to several large rice farms in Ikorodu the location is regarded as strength because of the convenience to several strategic customers.

Other strengths of Olami Rice Mill Production Ltd include the offering of additional but related services such as storage facilities, sale of milled rice by-products as well as transport facilities for customers. We also consider our excellent and prompt customer service to be a strength as it offers us a competitive advantage.

* Weakness:

Our perceived weakness stems from the fact that we seem to be operating regionally, as it could take a while for us to be seen as a national business instead of a regional business.

* Opportunities:

Without an iota of doubt there are loads of opportunities in Ikorodu. The market is a very big one and we would also have the opportunity to market our good to other parts of the United States of America as well as other parts of the world. Our nearness to the big market will be of great advantage while also work critically at converting potential consumers to actual clients.

* Threat:

There are several threats that face every business and this is the downturn of the economy as well as the arrival of close competitors to the market.

**MARKET ANALYSIS**

The company would concentrate its marketing efforts on medium and small scale rice packaging. The goal is there are thousands of people who rely on rice. Some even have it more than once a day. Making it in smaller quantities and at cheaper prices will go a long way in helping those who cannot afford them in bags. Also, rice is sold locally in measurements such as cups, mudus, etc. Some individuals do not trust this process. So Olami’s company will make a huge profit by putting considerable measurements of rice in clean, portable and sufficient packages.

**PRODUCTS AND/ SERVICES**

We plan to cultivate, harvest and package our rice personally. However, we would include medium and small packages. These would be sold depending on the cost of production. A definite price has not been fixed yet, but we’re working within the range of one thousand two hundred (1200) – one thousand five hundred (1500) naira for medium packages and five hundred (500) - eight hundred (800) naira for small packages. We would partner with various super markets to help sell our products while we give them a cut in the income. Also, we could have an online platform where customers contact us when they are in need of our services. The price of each package will be inscribed in them. Also, there would be delivery, but it won’t be free. This will help us gain some extra revenue and also provide an easy way for our customer’s access.

**MARKETING PLAN**

Our business plan considers the following factors:

**Our Customers**: This is one of the most important factors that should be considered because without them, our business will obviously crumble. We must make sure that our goods/ services are easily accessible to our customers. That’s why we’re partnering with super markets as said earlier. We could also have government permitted kiosks in estates, junctions, and other local areas.

**Our Competitors**: Well, there are various rice sellers, especially in Nigeria. However, most of them do not have the online selling idea. The world is changing day by day and most things, these days are done via the internet.

Our advertising: These days, advertising is not as hard as it seems. We could start small by making fliers and sharing it to individuals directly and also placing them in front of cars when they are parked. Also, we advertise online: Instagram, twitter, whatsapp, facebook, etc. We could contact public relations officers to help boost our popularity also.

**Our sales strategy**: At first, we would start by giving individuals free samples of our product and of course, after having a sample, they’ll definitely come back for more. As time goes on, we would stop the free samples, but we would then engage in promos. For example, “buy five medium packages and get one free small package”. Our promos would improve as our business improves.

**Our face**: Of course, for identification, our business needs to have a logo, slogan, and even a website.

**MANAGEMENT ORGANISATION**

Well our business organization includes:

**Mr Olami**: The head/principal owner who are in charge of overseeing the whole business and ensuring that all officials do what is needed.

**Farm supervisor**: The farm supervisor is in charge of making sure that cultivation and harvest goes on properly and the right amount is cultivated and harvested at the right time. He also makes sure that the farmers are paid their salaries.

**Farmers**: Farmers are the workforce. They work efficiently to ensure that raw materials are produced at the right time and of the right quantity. Actually they are the most important workers because without them, our business will be nothing.

**Public relations officer**: This individual(s) is in charge of promoting the business and also, giving it the popularity it needs to acquire enough customers.

**Factory workers**: These are the individuals involved in processing and packaging of the rice.

**ASSESSMENT OF RISKS AND PROBLEMS**

In our research efforts, some of the noticed potential risks are:

• Power supply

• Raw materials supply

• Competition

• High rate of labor turnover, etc.

On the issue of power supply, a 100 KVA generator shall be procured. We would build a network of reliable raw materials suppliers, just in case there is a fault on the part of our farmers. In business, competition is inevitable and we shall use our added value strategy to retain and grow our customers. We shall structure out a good succession plan that will take care of any exigencies.

**FISCAL PLANNING**

This plan will not be complete without a fiscal or financial plan.

START-UP FUNDING

Start-up expenses to fund N 1,127,000

Start-up Assets to fund N150,000

TOTAL FUNDING REQUIRED N1,277,000

Assets

Non-cash Assets from start-up N 20,000

Cash Requirements from start-up N 800,000

Additional cash raised N 0

Cash balance on starting date N2,000,000

TOTAL ASSETS N 2,820,000

Liabilities and capital

Liabilities

Current borrowing N0

Long-term liabilities N0

Accounts payable (outstanding bills) N500,000

Other current liabilities (interest free) N150,000

TOTAL LIABILITIES N650,000

Capital

TOTAL CAPITAL N2,00,000

TOTAL LIABILITIES AND CAPITAL N2,650,000

|  |  |
| --- | --- |
|  | PROJECTED TOTAL COMPENSATION PACKAGE PER ANNUM (start up year) |
| Supervisor | 500,000 |
| Farmers (12) | 120,000 |
| P.R.O | 360,000 |
| Factory equipment | 150,000 |
| Sales persons (5) | 75,000 |
| Cleaner | 72,000 |