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DEPARTMENT: MECHANICAL ENGINEERING

PROJECT: AGRICULTURAL ENTERPRISE BUSINESS PLAN

JAKA FARMS

FARM BUISINESS PLAN

1. IDENTIFICATION/SELECTION (expansion of farm houses and introduction of new fruits)

EXECUTIVE SUMMARY

Jaka Farms LLC is dedicated to sustainable, profitable and unique agricultural products. Our mission is to produce and grow quality, specialty greens vegetables and fruits and a large cocoa farm to supply local restaurants and consumers in Kaduna. Our goals include high quality products to sell both wholesale and retail. Production methods include new technology utilizing sustainable agriculture and best management practices. We hope to increase production by 20% and sales by 30% in the next five years.

Jaka Farms is owned and operated by me, Boumann Khashmn Sule. The farm is 210 acres (85 hectares) and has two farm houses sections for production and to reduce production risk on a grain and dairy farm. The enterprise is a part-time venture since I work off the farm.

I work as a civil engineer, but have been managing the farm for 3 years. Through market research it is evident that consumers are interested in high end specialty products.

There is a move toward health and state that will benefit our operation. Some limitations include time and labor to devote to the operation and being new growers we are still learning. Our advantage is the specialty aspect as well as season extension.

SPONSORSHIP

It is sponsored mainly by the Sule family and is to proceed as a family business headed by Boumann Khashmn Sule. It is located in Kaduna state, Sabo. It was started by Architect Ephraim Sule who grew up in a farm and later decided to put a small farm plan which after two years passed to his son I, Khashmn Sule who expanded it and brought in both foreign and government based investors. Jaka Farms has a net worth of 27 million naira as of now. Over time these are expected to increase with the expansion of farm houses, addition of fruit production and increased fruits and vegetable production. Seasonal or custom help has been hired on an as needed basis.

TECHNICAL ASSISTANCE

From the investment by government it became a large resource to aid in the state's export business due to the large cocoa plantation.

This project expansion was chosen due to:

- Excess unused land space
- High demands for food such as eggs, milk, fish, fresh vegetables and meat
- With the new cocoa farm section we become a huge distributor in the regions
- The large market available will allow the goods to be exported and also consumed quickly
- Government support and legalization
- Employment facility for the state

MISSION

Jaka Farms is a special place. The mission of our farm is to provide unique and wholesome produce that is enjoyable and sustainable. We work harmoniously with nature and the land to grow quality, specialty vegetables and fruit to supply local industries, markets, stores and consumers in Kaduna along with the government cocoa project.

GOALS

- Grow high quality specialty vegetables, fruits, and a large cocoa for wholesale and retail markets.
- Production methods are economically feasible as well as utilizing sustainable agriculture and best management practices.
- Increase production from 30,000 cases a year to 60,000 cases for vegetables and farm products and produce 90,000 pints of cocoa in the next two years as contract extensions may apply. We will also begin a specialty vegetable enterprise
- I, Boumann Khashmn Sule, will attend courses on production and management to increase profitability.

- Hired employees will be the main source of labor. Seasonal help may also be hired for markets or greenhouse.

MARKET SALES

Market orientation: domestic; All round Kaduna

Market Share: 25% cocoa market in all round Kaduna

Users of Products: edible food for human, livestock industry, cocoa products for exportation.

MARKETING PLANS

A detailed marketing budget has been created. We will create a logo, signage and packaging for our products. In order to move forward we will work with a company to design and print our marketing materials. We will also start talking to markets and doing follow ups to generate interest in products.

PRODUCT-

Jakas - Specialty, micro vegetables grown locally, fresh and sold in bunches as a mix. Personal size and bulk size mixes are available. Product is washed and bunched for customers. Marketing strategy is for a differentiated product that provides quality, local and fresh.

PRICE

Specialties will be priced 100% above variable costs for direct sales and 75% above variable costs for wholesale to restaurants. Due to production vegetables will be available early and late and may demand a higher price. We do not intend to compete on price however we cannot exceed 20% above wholesale

SELLING

Sell at a Saturday farmers market in an urban town and increase repeat customers. Sell to high end markets in a 30 mile radius. We will also promote our local delivery of products.

Invest in signage at the farmers market. Focus on fresh, sustainable and local. Participate in local food promotion. Create crops, fruits and specialty ideas for consumers. Provide samples at the market for new varieties. Work one on one with executives at companies to maintain and gain more interest.

PROFITABILITY

Environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks e.g. crop diseases affect the farm. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure double cycle of production in a year.

2. PREPARATION AND ANALYSIS

- There is a total population of 83,000 people who live around the farm area, mostly unemployed and some unskilled. These people will be brought in as hired labor while those that are skilled or educated will be put in charge as foremen or as skilled workers.
- There are over 25 chain grocery stores and 8 specialty grocers, during market season there are 7 farmers markets (5 are Saturday markets, 2 are Wednesday markets). These shops will serve as our retail distributors and a specific budget will be allocated to them for expansion as well as other branch opening.
- A large cocoa plant was recently built to support the other six around the state a contract was acquired as of last year to secure our position as the current suppliers along with an advance payment to begin our work.
- Project timeline 8 months preferably 4th April till early November as contractors for building and labor has been arranged by the government

3. APPRAISAL AND EVALUATION

Acct. Veronica Victor will review the business financial plans as the hired Chartered accountant as follows:

(A) Land Activities

Activity	₦
Land Clearing	460,000
Soil adjustments	500,000
Farm buildings	1,000,000
Cocoa plantation	2,000,000
Total	3,960,000

(B) Equipment

Name	QTY	₦
Tractor	4	32,000,000
Poultry house	23	1,250,000
Working equipment (spades, wheel barrow etc.)	--	170,000

Cocoa seedier	1	785,000
Sprinkler system	--	400,000
Harvester	5	7,000,000
Borehole	3	1,500,000
Disinfectant sprayer	1	500,000
Miscellaneous	--	360,000
Sub total		42,465,000

(C) Vehicle

Type	QTY	₦
Pick-up Truck	10	32,000,000
Shipment Trailer	4	55,500,000
Total		87,500,000

Operating Cost

Working Capital	
	₦
Poultry house	1,500,000
Harrowing	1,000,000
Cocoa seeding and plantation	2,855,000
Fruit seedlings	1,350,000
Salaries	1,200,000
Mechanization and storage facilities	1,105,000

Maintenance	420,000
Fruit and crop sheds	905,000
Foremen and staff quarters	6,750,000
Area yield insurance	123,500
Water bill	550,000
Electrical bill	450,000
Other bills	230,000
Interest	300,500
Total	18,739,000

4. EVALUATION (SWOT ANALYSIS)

STRENGTHS

- Devotion to the farm business
- Off farm income is helpful for start of the farm enterprise as the government provided
- Well known in the community and reputation for quality
- Commitment to quality and success
- Land area and capacity with good soils
- New high tunnels with technology
- Attend trainings and workshops for management and production
- Ability to extend the growing season and control disease

WEAKNESS

- Do not have some of the machinery
- Lack of farm experience and new to farm production
- Off farm jobs take precedence over farm
- Time and labor are an issue at peak time
- Transportation and delivery have been an issue of time and transport routes
- Finances are limited due to property purchase and startup costs
- New growers entering the market

OPPORTUNITIES

- Local food movement is growing and more food is required in large demands
- Promotion of Farmers Markets and coupon
- Program is somewhat Funded by the state government
- Lack of quality specialty vegetables at chain food stores
- Availability of large market nearby allows perishables to be quickly sold off

- Due to the 25% cocoa market in all round Kaduna chances of developing into a large country exporter are available, if business flourishes.

THREATS

- Local Farms are Competitors that can resort in short changing the business
- Consumer tastes and preferences vary
- Distribution costs
- Product liability insurance are required for the farmers market
- Consumers or regular customers may be hard to attain at first
- Product rejection in some areas due to dominance of competitor
- Due to being on a cocoa contract other products may suffer

5. CONCLUSION OR EXIT STRATEGY

We would like to retire in 15 years and turn the farm over to our family as stated before it being a family business. We have decided not to put more than ₦10,000,000 of our cash reserves at risk at any time in the farm business. We want to work as a family unit for decision making regarding crops, enterprises, marketing and finances.

We plan to invest in the farm business and hope to have a positive cash flow in 5 years. If not we will reevaluate our business practices, market and product. At that time we will decide to keep the farm in production or not.