

18/MHS06/17

COURSE CODE : AFE202

Mikaela's fish farm I would see to the day to day operation of the farm. With God on our side we shall in future so expand the business that our children would look upon it as something that can sustain them after us since fish will always be consumed by man and there is no way everybody would go into fish production.

### **General Company Description**

Our business will basically be hinged on preparing the site, acquiring two mobile ponds, fertilize the ponds within say 2 weeks, buy 500 fingerlings for each of the ponds, feed them two times a day till maturity at 6 months and then sale off as point-and-kill or as dried fish or both. Having sold off, we stock again and repeat the process of brood and sale. We shall also go into hatching over time.

**Mission Statement:** to be self-employed, create employment opportunities for others, provide protein to the populace and help save some foreign exchange for Nigeria.

**Company Goals and Objectives:** Our goal is to have a healthy, successful company that is a leader in customer service and that has a loyal customer following. While our Objective will be to have our dried fish in every pot of soup in Nigeria.

### **Fish Farming Marketing Plan**

The Fishery's marketing operations will be minimal as once the Company solidifies ongoing relationship with fishery coops and wholesalers, very little marketing will be required to maintain these relationships. At the onset of operation, we intend to aggressively develop relationship with local and regional fishery coops that will assist the Fishery in maintaining stringent pricing (through forward and future contacts) so that the Fishery always has a predictable stream of income. However, in the future, we might seek to brand certain fish items that we produce. In this instance, the Company will hire a marketing/advertising firm to properly position the Company's image and brand so that it can directly sell packaged fish to major groceries, supermarkets, farmer's markets, and select retailers.

This Fishery intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market. Below is an overview of the marketing strategies and objectives of the Fishery.

### **Operational Plan**

The daily operation of the business is as simple as manually feeding the fish twice a day, between 6am and 8am and 5pm and 7pm. While doing this we make sure that  $\frac{1}{4}$  volume of water flows out and is replaced every day.

### **Production**

1. The ponds are washed, fertilized and stocked with fingerlings, manual feeding continues for 6 months when maturity is achieved.
2. Aerated water constantly flows through the pond to achieve artificial stream. Depending on the age and size of the fish, correct size of feed, measured in mm, is used in the feeding.
3. Customers are placed on notice when the fish will mature.
4. Daily feed consumption is noted to ensure that we have enough for 1 month before restocking.
5. Our consultant is always handy to assist our product development and general support.

### **Location**

We would prefer a sloppy topography or a location with adequate drainage system, so that discharging our waste water would not waterlog the environment.

Physical requirements of a plot of land, measuring 100 by 100 feet, would be ok for a start. A small office, store, fishponds, overhead tanks, water bore hole and power house. Electricity is very important.

Access to our location is excellent, we have excellent proximity to freeway, airports, railroads and seaport.

The only unavoidable construction needed for a start now is 2 units of 10 feet by 10 feet mobile fishponds.

### **Personnel**

Number of employees shall be 2 for a start, the type of labour shall be skilled, professional input shall be on consultation. We shall get the right employees by personal contact, those staff will receive trainings. Their salary shall be in line with the labour market and as applicable in our industry. Overtime, we shall evolve a schedule and written procedures and job descriptions for employees. Surely, for certain functions, contract workers must be used in addition to employees.

### **Inventory**

Major inventory in this business is fish and the feed, with some fuel to pump water. We shall also keep feed raw materials since we intend to formulate and prepare our own feed. We are looking at inventory investment of N480,000.00 (Four Hundred and eighty Thousand Naira only). The lead-time for ordering is 1 month.

### Suppliers

Key supplier for fish feed is Zyex Nigeria Limited, Obizi, Amakama, Olokoro, Umuahis South LGA, Abia State. You can request for any quantity from them, their credit policy is cash and carry. Their feed is nutritious and highly fortified with vitamins and minerals. It is also noted that supply costs are always on the increase, hence the option to formulate and produce our own feed.

### Credit Policies

We do not plan to sell on credit because it is not customary in this industry and clients would neither be expecting it.

### Fish Farming Startup Expenses

The fish farming project would take approximately N1,500,000.00 (One Million Five Hundred Thousand Naira only) to be deployed as follows: please see VI. Startup Expenses and Capitalization. If you want to set up a fish farming business with less amount, say, N500,000 or N1,000,000 then you will not include some equipment.

The pelletizing machine and dryer would enable me to prepare my own feed which would be cheaper in the long run, thereby increasing my profit. This is because imported fish feed is expensive and would reduce the profit margin if

upon  
the six  
period.

depended  
throughout  
months  
grow-out

	PRICE	QTY	AMT
10 X 10 feet Mobile Ponds	₦ 40,000.00	2	₦ 80,000.00
Fingerlings	₦ 40.00	1,000	₦ 40,000.00
Feed	₦ 400.00	1,000	₦ 400,000.00
Pelletizing Machine	₦ 70,000.00	1	₦ 70,000.00
Dryer	₦ 60,000.00	1	₦ 60,000.00
Power Generator	₦ 160,000.00	1	₦ 160,000.00
Power Generation	₦ 80,000.00	1	₦ 80,000.00
Salaries	₦ 15,000.00	24	₦ 360,000.00
Contingencies	₦ 178,000.00	1	₦ 178,000.00
<b>TOTAL</b>			<b>₦ 1,428,000.00</b>

## Financial Plan

Our financial plan consists of a 12-month cash-flow projection and a break-even calculation. Together they constitute a reasonable estimate of our company's financial future. More importantly, we hereby present the financial insight into the inner financial workings of our company.

### 12-Month Profit and Loss Projection

As is evident in our 1 year Cash Flow in the table below, with a loan of N1.5m we will be able to generate 2,052,000 . We project 2 sales within the year, that is every 6 months. After the sales we restock our ponds and the cycle is repeated. We assume that each fish will grow out into 2 kilograms. This is not generally the case as the weights vary between 1kg and 3kg at grow out.

From the above projection it can be seen that we will be able to repay the N1.5m (One Million Five Hundred Thousand Naira) loan within one year but, we prefer the repayment spread over 2 years with 1-year moratorium.

### Business Plan Projected Cash Flow

The profit projection is the heart of our business plan, cash flow is the blood that the heart pumps.

12 MONTHS CASHFLOW	Month1	Month2	Month3	Month4	Month5	Month6	Month7	Month8	Month9	Month10	Month11	Month12	TOTAL
<b>Cash Paid Out</b>													
10 X 10feet Mobile Ponds	80,000												80,000
Fingerlings	40,000						40,000						80,000
Feed	400,000						400,000						800,000
Pelletizing Machine	70,000												70,000
Dryer	60,000												60,000
Power Generator	160,000												160,000
Power Generation	80,000						80,000						160,000
Salaries	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
Contingencies	14,833	14,833	14,833	14,833	14,833	14,833	14,833	14,833	14,833	14,833	14,833	14,833	178,000
<b>Total Cash Out</b>	<b>934,833</b>	<b>44,833</b>	<b>44,833</b>	<b>44,833</b>	<b>44,833</b>	<b>44,833</b>	<b>564,833</b>	<b>44,833</b>	<b>44,833</b>	<b>44,833</b>	<b>44,833</b>	<b>44,833</b>	<b>1,948,000</b>
<b>Cash Receipts</b>													
Sales						2,000,000						2,000,000	4,000,000
<b>Total Cash In</b>													
<b>Cash Position (end of month)</b>	<b>(934,833)</b>	<b>(979,667)</b>	<b>(1,024,500)</b>	<b>(1,069,333)</b>	<b>(1,114,167)</b>	<b>841,000</b>	<b>276,167</b>	<b>231,333</b>	<b>186,500</b>	<b>141,667</b>	<b>96,833</b>	<b>2,052,000</b>	<b>2,052,000</b>

The preliminary expenses are shown in the TOTAL under month1 934,833 Naira, plus recurrent monthly expenditure bringing it to (1,114,167) for the first five months before sales in the following month.

We want to stop at the above explanation until we start having live operating data and then a real Cash Flow.