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INTRODUCTION

Title: business plan on the production of body cream through oil-in-water or water-in-oil emulsion.

Prepared by: Bieber Consultants.

For: A&P Company Limited.

Note: kindly understand and ensure that the information in this document is to be kept confidential and away from the eyes of others.

EXECUTIVE SUMMARY

A&P Manufacturing Company Limited is a body cream and lotion manufacturing company for both men and women, teenagers and adult and also infants and children. It has been in business for the past 20 years so its professionalism can never be questioned. Due to global warming which has melted the ozone layer a great deal, the management decided to add a reasonable amount of SPF to each cream and lotion so as to protect the skin from the high sun rays. Sun burn is really a 'no no' at crucial times like this, so preventing this from happening will not only increase sale but also draw in new investors.

Basically, a child is born every hour, increasing the number of individuals who are in need of both cream and lotion. Although every hour someone dies too, study shows that the birth rate is much higher than the death rate. And the A&P cream and lotion being one that can be used by every gender and all age ranges, makes it a product that obtains profit from everyone. Study has also shown that rubbing body lotion is a day to day activity. Immediately someone gets off the shower and dries him or herself, the next thing that pops up in their head is to run their body cream and lotion. So, we can say body lotion is a necessity today.

For this to progress, we must ensure that we not only think about the lotions for all genders and age range but also the lotion that is compatible with all kinds of skin. These days lotion and cream manufacturing companies never consider those with really dry skin and those with oily skin, they just make lotion for normal skin. Also, it seems that other companies haven't considered global warming as a real threat to the human skin, so adding SPF to the ingredients will help a great deal.

ENVIRONMENTAL AND INDUSTRY ANALYSIS

We know that culture is a rather dynamic concept, however, one thing is that people will always want to be connected to their roots. They'd always want to feel close to their motherland and this can be achieved by using lotions and creams. You may ask 'how?' well, with the inserting of herbs or the scents of certain traditional herbs, these individuals may seem more closer to their culture. In the olden days, there should have been herbs or plants which was used to make the skin glow. Inserting those herbs or the scent of those herbs into some of the creams and lotion can help a great deal. something else we must consider is technology. Technology isn't predictable as well, tomorrow, they can invent flying cars. So, we should make short term marketing decisions as well as be prepared with contingency plans given any net technologic developments that may affect the products.

There's a lot of competition in this industry, but, the main competition is Hailey Company Limited. Their sales are said to have increased the past five years and are currently still increasing. Once the company was taken over by the first son, business started booming for them. Although they are still not close to us in terms of consumers and profits, we shouldn't under estimate their capabilities. The company should concentrate its marketing efforts on the making of the skin specific lotion and creams, also on the reasonable distribution of SPF in each lotion and cream.

DESCRIPTION OF VENTURE

A&P Manufacturing Company Limited is poised to produce 10ml-600ml of cream and lotion so it will be compatible to both carry around and leave at home. The 10ml can easily fit into your hand bag or purse even a school bag and the 600ml is big in size so it will last a month and more. The target market for these products are all individuals regardless of age, gender, complexion and even skin type. The company has no limits in production, anything to help individuals get better skin. We can even take several personal others, especially from those with skin conditions and illnesses.

PRODUCTION PLAN

Products can be either an oil-in-water or water-in-oil emulsion, consisting of emollients and lubricants dispersed in an oil phase, and a water phase containing emulsifying and thickening agents, perfume, colour and preservatives. Active ingredients are dispersed in either phase depending on the raw materials and the desired properties of the end product. A typical manufacturing process would be as follows:

- Flake/powder ingredients, such as cetyl alcohol and stearic acid, sometimes dry blended in advance, are dispersed into the oil phase. Heating may be required to melt some of the ingredients.
- Active ingredients are dispersed in the appropriate phase.
- The water phase, containing emulsifiers and stabilizers such as Vee gum[®] or Carbopol[®], is prepared separately.
- The two phases are then mixed to form an emulsion. This is aided by heating to between 110 - 185°F (45 - 85°C) depending on the formulation and viscosity.
- Mixing is continued until the end product is homogeneous.

ORGANIZATIONAL PLAN

The form of ownership shall be private liability because most of our customers would prefer to deal a legal entity separate from its owners. Also, limited liability enhances the personality of the organization. Principal managers shall report to owners on a weekly basis on the activities of the business.

ASSESSMENT OF RISKS

After several research efforts, we have come to realize that the potential risks are:

- i. Raw materials supply/ ingredients

- ii. Design of lotion and cream bottles
- iii. Competition

On the issue of raw materials and ingredients, we would build a network of reliable raw materials suppliers. In business, competition is unavoidable, we would use our strategy to retain and grow customers. For the designs, we would call in creative minds which will give unique designs.

FINANCIAL PLAN

Performa Manufacturing and closing Trading, Profit and Loss Account.

Year One	
<u>Raw materials and components</u>	N
Opening stock	-
Purchases	21,150
Carriage on purchase	600
	21,750
Closing stock	(846)
Issued of production	20,940
Direct labor	486
Other direct expense	65
Prime cost	21,455

Work over heads

Rates	120		
Insurance	250		
Heat, light, power	1875		
General repairs in the factory	500		
Miscellaneous	200	4195	
Factory inputs		25,650	
Production year one			
Works cost of finished good output			N
Transferred from the manufacturing account		25,650	
Opening stocks of finished goods		-	
Closing stock		25,650	
Cost of goods to be sold		25,650	
Sales		31,200	
Gross profit		5,550	
Rent			350

Proforma Balance Sheet for Two years

Year One

Fixed assets	N	N	N
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	Costs	Dep	
Factory machine and office equipment	5,200	13,000	3,900
Current assets			
Closing stock (raw materials)		346	
Debtors		2,500	
Cash		1,500	4,846
Current liabilities			
Creditors		1,300	
Loan		3,000	(4300)
Working capital			546
			4446
Financed by;			2650
Capital			1796
Net profit			4446

Performa Manufacturing and closing Trading, Profit and Loss Account.

Year Two

<u>Raw materials and components</u>	N
Opening stock	846
Purchases	25,380

Carriage on purchase		720	
			26,946
Closing stock		(931)	
Issued of production		26,015	
Direct labor		535	
Other direct expense		78	
Prime cost		26,706	
<u>Work over heads</u>			
Rates	120		
Insurance	250		
Heat, light, power	2195		
General repairs in the factory	600		
Miscellaneous	1550	4715	
Factory inputs		31421	
Production year one			
Works cost of finished good output			
Transferred from the manufacturing account		31421	
Opening stocks of finished goods			
Total cost of produced goods		31421	

Closing stock	550
Cost of goods to be sold	30,871
Sales	37,440
Gross profit	6,569
Rent	350

Proforma Balance Sheet for Two years

Year Two

Fixed assets	N	N	N
	Costs	Dep	
Factory machine and office equipment	3900	1300	2600
Current assets			
Closing stock (raw materials)	931		
Closing stock (finished goods)	550		
Debtors	2688		
Cash	1750	5919	
Current liabilities			
Creditors	1800		
Loan	2000	3800	
Working capital		2119	

	4719
Financed by;	2246
Capital	2273
Net profit	4719

APPENDIX

A research showed that only 5% of companies are actually putting SPF in their creams therefore giving us an upper hand with our plan.

Also, several letters from customers have opened up the probability that we might have to reduce the prices of some of our lotions. Especially the ones that don't really sell, so as to encourage the customers to buy them.

Price list from suppliers

Water	5000
SPF	10,000
Glycerin	7000
Petrolatum	20,000
Peptides.	15,000
Ceramides	5,000
Sodium PCA (sodium pyroglutamic acid)	6000
Essential fatty acids	12,000

Vitamin E	20,000
Fragrance	10,000
Benzyl alcohol	20,000

