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Question

Using a company or business of your choice, write a good and customized business plan, covering all relevant aspects and analyses.

A TYPICAL BUSINESS PLAN FOR PEACE ROLINCE HERB COMPANY LIMITED

Title: Business plan on the selling of different herbs through buying in wholesale.

Prepared by: Harper Consultants

For: Peace Rolince Herb Company Limited

Note: Kindly ensure that the data/information in this document are kept confidentially.

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Executive Summary

Peace Rolince Herb Company Limited is an herb farming selling company of over six (6) years. Due to the challenge faced by farmers today in herb growing find it hard to properly water their herbs. This business plan has to do with essentially the Drip/Automatic Irrigation System in farming so as to boost the sales of herbs. This business plan has to do with the planting of herbs and selling them for culinary, medicinal and aromatic use.

Introduction

Peace Rolince Herb Company Limited is the name of the company, established to grow herbs and sell them for culinary, medicinal and aromatic use. It is located at Plot 240 AA2 Intellectual road, Kuje Abuja Nigeria. This business is a singular man business of farming and selling the best quality herbs.

Description of the venture

Peace Rolince Herb Company Limited's business plan examines the practicability of and economic operability of the development of a 500 hectares herb growing plantation and also sales of herbs. There is a huge market for herbs and spices-thanks to rising demand in Asia and Europe so this farm's produce can also be exported to different countries. The target market for these herbs are brands that sell organic products. The company can produce any herb that can be used for culinary, medicinal or aromatic uses.

Industry analysis

Herb growing and sales is not one that one would consider as new because the usage of herbs did not begin today. Although not a lot of people are patient enough to wait for herbs to grow and then sell so there are not a lot of farmers that do this in Nigeria. There are many states in Nigeria which produce herbs which brings about competition in the herb growing business such as; Lagos, Ebonyi, Calabar and so on.

Market Analysis

The customers that this project aims at targeting are wholesale distributors buying for health product manufacturers, grocery chains and restaurants, or the farm can sell directly to these businesses. This project also aims to target other SOHOs like artisans and crafters who work with herbs as well as caterers; makers of beauty, health and skin care products and natural-foods

stores. This business aims to sell herbs throughout Northern and Western states in Nigeria and to other parts of the world like Asia and Europe.

Strategic Human Resources Planning

At the initial stage of the business, it will operate with an automatic drip irrigation system which will water the herbs in the form of drips which will water the herbs and make them grow faster.

The water will move through the pipes at a low flow rate and is released into the root zones slowly to enable the soil effectively absorb all of the water. This is perfect for the herbs as the system will not make it possible to flood the herb's root. The drip irrigation operators shall be engaged in different shifts to monitor the water's dripping system. A supervisor will also be saddled with the responsibility of procuring fertilizers and overseeing the operation of the farm. An accountant shall be employed to be in charge of book keeping in general and also sales and marketing of the herbs.

The compensation package for five-year structure is on the table below:

Title	Year 1	Year 2	Year 3	Year 4	Year 5
Manager/Supervisor	1	1	1	1	1
Sales/Marketing officer	2	2	2	4	4
Accountant	1	1	1	1	1
Drip irrigation operators	2	2	4	4	4
Packer	1	1	3	3	3
Cleaner	1	1	1	1	1
Gate keeper	2	2	2	2	2

PROJECTED TOTAL COMPENSATION PACKAGE PER ANNUM

Manager/Supervisor	380,000
Sales/Marketing officer	300,000
Accountant	260,000
Drip irrigation operators	160,000
Packer	100,000
Cleaner	80,000
Gate keeper	80,000

Production Plan

The production of herbs involves the planting of the herbs in anticipation of its growth and then the irrigation system watering the herbs from time to time. The pipes will be placed on the

ground level in a grid layout to promote accurate and widespread water dissemination. The water would move through the pipes to help the herbs grow has a distinct peculiarity which is that each opening has a pressure compensating dripper which is uniquely, welded into place at predetermined intervals. These inline drippers are particularly designed to only allow a certain amount of water through at a time, while the flow continues to pass through in a cultured manner. This irrigation system can help to grow the herbs very properly. The production line of herbs can produce about fifty stems of herb and the operators have shifts of 12 hours.

Marketing plan

There is a huge market for herbs and spices-thanks to rising demand in Asia and Europe so this farm's produce can also be exported to the aforementioned continents. With regards to our country Nigeria, there are many states which are in high demand of herbs such as Western states and Northern states. When this farm grows, harvests and sells these herbs, they will be used for a great deal because it serves medicinal purposes as well. In addition, this company would invite specialists in the herb growing business to the place where it all begins which is the farm to see the herbs in the growing stage.

Organizational Plan

The form of ownership shall be in the form of private limited liability because most customers that we wish to sell in wholesale too would essentially prefer to deal with the legal aspect separately from its owners. Also, it is a win-win for the company because it enhances the character, personality and also value of the organization. The main operators and principal manager shall give detailed report to the owner of the organization on a weekly basis on the activities of the business. They shall expressly state in their report if they believe the business is going well or not during their supervision shift in the course of the week.

Assessment of risk and problems

In accordance to our research of the risks and problems that may arise in herb growing, they are quite a number but they are the types of risk that can be well managed. Some of these risks are;

- Breakdown of drip irrigation system
- Invasion of herbs by insects
- Planting on infertile land
- Market competition
- High rate of labor turnover

On the issue of the drip irrigation system having a breakdown, it can just suddenly have a breakdown and then the herbs and the company would be running at a loss because the herbs will not be getting enough water to grow which will be bad for business eventually. So, on this same issue, a backup drip irrigation system shall be procured. We would customize insecticides health

enough to spray on the herbs to kill insects that want to invade the herbs. We would try our possible best to purchase a land with fertile soil healthy enough for the herbs to grow.

In the world of agriculture and in herb growing to be precise, competition is one factor that has been there from time immemorial but we shall use our added value strategy to retain and also grow our customers. On the issue of labor turnover, the business even though it is a one-man business, the staff shall be treated like family and it shall be an open business where all suggestions for a brighter future of the business shall be heard

Financial plan and funding mechanism

Mrs. Excel Idahosa Edokpolo will provide the 500 hectares of cleared farmland around a place called Maitama in Abuja and permanently hand over the piece of land to members of the cooperative. Mrs. Excel Idahosa Edokpolo will also lease 7,000MT capacity silo as equity contribution that will be used to keep herbs for a short period.

Equity investors that made investments into the project are to provide equity for equipment and vehicles purchase.

This project also is securing a loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks in an effort to fund the project.

Farming process, trading, profit and loss account for two relevant years of the two years plan.

YEAR ONE

<u>Raw materials and components</u>	₦'000
Opening stock	-
Purchases	21,150
Carriage on purchase	<u>670</u>
	22,650
Closing stock	<u>690</u>
Issued to production	20,450
Direct labor	500
Other direct expense	<u>56</u>
Prime cost	21,250

Work overheads

Rates		120
Insurance		300
Heat, light, power		1,900
General repairs in the farm		600
Miscellaneous	<u>250</u>	<u>4,850</u>
Farm input or works cost of production year one		<u>27,250</u>
Work cost of finished goods output		₦
Transferred from the harvesting account		27,250
Opening stock of finished herbs		_____
Total cost of harvested herbs		27,250
Closing stock		=====
Cost of herbs to be sold		27,250
Sales		<u>45,300</u>
Gross profit		20,000
Administrative/selling expenses		1235
Rent	450	
Distribution expenses	<u>600</u>	<u>(2045)</u>
Profit before interest and tax		4566
Interest on loan		<u>1,000</u>
Net profit before tax		30,780
Taxation		<u>(800)</u>
Profit after tax		<u>1890</u>

Performance balance sheet for (relevant) two years

YEAR ONE

Fixed assets	₦ Costs	₦ Dep	₦
Farm machines and office equipment	4500	12000	4000

Current assets			
Closing stock (raw materials)		500	
Debtors		2500	
Cash		1400	4346
Current liabilities			
Creditors		1500	
Loan		4000	4500
Working capital			500
			5567
Financed by:			2750
Capital			1690
Net profit			5000

Performance farming, making sales, profit and loss account

YEAR TWO

<u>Raw materials and components</u>	₦'000
Opening stock	900
Purchases	25678
Carriage on purchase	<u>890</u>
	27897
Closing stock	(950)
Issued to production	20205
Direct labor	678
Other direct expense	<u>92</u>
Prime cost	27,809
<u>Work overheads</u>	
Rates	120
Insurance	250
Heat, light, power	2,220
General repairs in the farm	550

Miscellaneous	<u>240</u>	<u>4,430</u>
Farm input or works cost of production year one		<u>30,250</u>
Work cost of finished goods output		₦
Transferred from the harvesting account		30,250
Opening stock of finished herbs		_____
Total cost of harvested herbs		30,250
Closing stock		=====
Cost of herbs to be sold		30,250
Sales		<u>46,300</u>
Gross profit		24,000
Administrative/selling expenses		1415
Rent	420	
Distribution expenses	<u>600</u>	<u>(2145)</u>
Profit before interest and tax		4466
Interest on loan		<u>700</u>
Net profit before tax		3634
Taxation		<u>(1070)</u>
Profit after tax		<u>2489</u>

Performance balance sheet for (relevant) two years

YEAR TWO

Fixed assets	₦ Costs	₦ Dep	₦
Farm machines and office equipment	4000	14000	2500
Current assets			
Closing stock (raw materials)		900	
Debtors		650	
Cash		1980	6000
Current liabilities			

Creditors		1900	
Loan		1200	4200
Working capital			520
			4500
Financed by:			2850
Capital			2650
Net profit			5100

Evaluation, recommendation and conclusion

Taking a cursory analysis of the breakdown of the abovementioned analysis, we would see that the long term, stability of the company seems tremendously promising. This business plan is one that would definitely drive investors to want to invest in this business and it also reassures them about the future of the business.

The viability and feasibility of the project has been tested from the above evolution. This project looks very viable and its worthwhile to commit resources to it. This project is technically feasible and commercially viable. It is therefore recommended for funding.