

**NAME: ANAVHE MARIA ALEYE**

**MATRIC NUMBER: 18/LAW01/038**

**COLLEGE: LAW**

**DEPARTMENT: LAW**

**COURSE CODE: GST 212**

# HALIMS VENTURE

## BUSINESS PLAN PROPOSAL ON THE DISTRIBUTION OF CEMENT BUSINESS IN NIGERIA

PREPARED FOR: ALL CEMENT BUSINESSES ACROSS NIGERIA

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# TABLE OF CONTENTS

1. Introduction
2. Executive Summary
3. Description of the Venture; Vision and Mission
4. Purpose of the Business Proposal
5. Market Analysis
6. Strategic Human Resources Planning
7. Promotion Plan
8. Marketing Plan; Marketing Objectives and Marketing Strategies
9. Milestone
10. SWOT Analysis including the Assessment of Risks and Problems
11. Financial Plan
12. Conclusion

## INTRODUCTION

This proposal is for the establishment of cement Distribution Company, details of its startup operation and the raising of additional ₦4,000,000 for its operations. In fact, the high demand for cement in Nigeria for both private, industrial and government infrastructural development needs entails that there has always been a continual need for cement distributors all over the country at all times. In addition, the problem of inadequate housing for the teeming population of approximately 180 million Nigerians is getting even more complicated as the years go by. The housing deficit at the moment is put at about 17 million units. In summary, HALIMS VENTRE is going to be a wholesale distributor in this market. Its marketing strategy entails that it does not stock the commodity for more than two days

## EXECUTIVE SUMMARY

This project is to establish a cement distribution outfit/business in Kawo, Kaduna North LGA, Kaduna State, Nigeria for HALIMS VENTURE. The purpose of this business proposal is to raise additional ₦4,000,000 for the establishment of the said Cement Distribution outlet. The major product to be marketed is the Dangote brand cement. This business proposal which incorporates both the Business Plan and Feasibility studies will show the expected financials and operations over the next four years.

## DESCRIPTION OF VENTURE

HALIMS VENTURE is a wholesale distributor whose primary object clause of the company is cement distribution “to carry on business of trading, marketing, sales and distribution of general goods, such as cement and blocks, tipper haulage, commission agents, manufacturers’ representatives, general suppliers and general contractors”. The company intends to commence business in cement distributorship in once location in Kawo for the next four years, thereafter it will establish additional two warehousing locations within Kaduna North for expansion purposes.

**VISION:** To become a household name in cement distribution in Kawo, Kaduna North LGA of Kaduna State, Nigeria. Achieve sales and services and profit growth goal of 30% in the next four years.

**MISSION STATEMENT:** HALIMS VENTURE mission is to become recognized leader in its targeted local market in cement distribution, and to give customer optimum satisfaction, through its innovative. Quality and timely service delivery

### **PURPOSE OF THE BUSINESS PROPOSAL**

The aim of the plan is to set up HALIMS VENTURE using only 55% loan from the investors and 45% equity. The plan is to liquidate the loan with the interest within the first four years. It is hoped that by this time, HALIMS VENTURE would have been able to generate enough fund to stand by itself at this capacity of operation.

### **MARKET ANALYSIS**

We identify cement distribution as non-gender sensitive. What we have found out is that every human needs a house to live in. we have identified everyone from the age of twenty upwards wants to own a personal house. There are six factors that drive the demand for cement in Kawo:

- 1- Every grown up person, ages 20 and above needs to have his/her own house
- 2- Every family needs a roof above their heads
- 3- Estate investor continue to build more houses
- 4- Urban growth has continued to grow and develop all round
- 5- Governments embark on infrastructural developments efforts regularly
- 6- Social Organizations like Churches, Mosques, Multipurpose centers etc. build regularly

Our target market is therefore segmented into seven subgroups:

- 1- Construction firms- 25%
- 2- Retailers- 7%
- 3- Government agencies- 15%
- 4- Households- 8%

5- Social Organizations- 10%

6- Block modeling forms- 20%

7- Estate owners and managers- 15%

### STRATEGIC HUMAN RESOURCES PLANNING

There will be a Supervisor/ Manager will be engaged to supervise the everyday distribution of cement. An accountant shall be employed as well as a sales person.

#### PROJECTED STAFF STRENGTH:

TITLE	Year 1	Year 2	Year 3	Year 4
Supervisor/ Manager	1	1	1	1
Sales Person	2	2	3	5
Accountant	1	1	1	1
Drivers	3	3	3	3
Security	4	4	4	4

#### PROJECTED PROJECT COMPENSATION PACKAGE PER ANUM:

Supervisor/ Manager – ₦400,000

Sales Person – ₦320,000

Accountant – ₦280,000

Drivers – ₦98,000

Security – ₦85,000

#### PROMOTION PLAN

The long-range goal is to gain enough visibility to leverage upon so that HALIMS

VENTURE will be able to expand with additional three warehouses in other parts of Kawo within its four years of existence. The unique marketing approach analysis using the word of mouth, free gifts, loyalty cards, special offers will be applied. A special awareness contact marketing will be carried out by a dedicated staff within the first three months of the start-up of the business.

## **MARKETING PLAN**

Since cement business is a standard price market, that is to say, a price taker, HALIMS VENTURE will adopt service delivery strategies to attract and sustain customer loyalty. These will be in form of:

1. Making bulk delivery direct to customers sites
2. Making flexible purchase plan for customers
3. Use of the business vans to deliver goods to customers

Our **MARKETING OBJECTIVES** are to: create customers, attract buyers, increase turnover, and create customer satisfaction.

**MARKETING STRETEGIES:** HALIMS VENTURE will apply a lot of marketing strategies which will aim at increased turnover. These will include: Good public relations, Advertising methods (distribution of fliers, use of banners and so on), Sales incentives like free delivery service, advisory services etc.

## **MILESTONE**

Activities are scheduled as follows:

- Start-up capital to be ready by 7<sup>th</sup> March 2019
- Every preparations to be concluded by 28<sup>th</sup> March 2019
- The business to start off 3<sup>rd</sup> August 2019
- Acquisition and disposal of six truck load of cement each week

- Opening of three other branches within or after four years
- Sales promotion activities at construction sites

### **SWOT ANALYSIS (STRENGTH, WEAKNESSES, OPPORTUNITIES AND THREATS)**

A SWOT Analysis carried out in the project reveals the following:

#### **STRENGTHS:**

The project is situated in a commercial city, giving it the opportunity of having substantial demands. Shops situated in Kawo, Kaduna North LGA are sited within construction areas, they have products that are on high demand and products there do not expire. The venture will capitalize on its strengths to advance.

#### **WEAKNESSES:**

- 1- HALIMS VENTURES is a new comer in the business
- 2- The source of product supply is Dangote factory
- 3- The choice of selling only Dangote cement for now

#### **OPPORTUNITIES:**

The external analysis reveals certain new opportunities for profit and growth of the business. Some examples of such opportunities include:

- 1- The market trends favors Dangote cement brand
- 2- Market trends reveals all-year round demand

#### **THREATS (ASSESSMENT OF RISKS AND PROBLEMS):**

Changes in the external environment present threats to the business. Some examples of such threats includes:

- a- The presence of other variety of products in the market
- b- Environment and Health Regulations Agency threats



c- Lack of market entry barriers

d- Tendency of existence/emergence of price war

### FINANCIAL PLAN

In order to carry out this project, plans on how to raise the venture capital are stated below:

#### FINANCING PLAN:-

SOURCE	AMOUNT (₦)	PERCENTAGE
<b>EQUITY CONTRIBUTION</b>		
Authorized Share Capital	2,000,000	11%
Directors Venture capital introduced	4,000,000	30%
<b>TOTAL EQUITY FINANCING</b>	<b>6,000,000</b>	<b>45%</b>
<b>BANKS AND LENDERS (DEBT FINANCING)</b>		
Investors/Debt	3,000,000	14%
<b>TOTAL FINANCING</b>	<b>9,000,000</b>	<b>100%</b>

#### REQUIRED START UP CAPITAL:

Required startup capital is 5,000,000. 4,000,000 of this is the loan fund being sought.

S/N	CATEGORY OF EXPENDITURE	AMOUNT (₦)
1.	Initialized shop lease payment deposits	400,000
2.	Administration Expenses	3,000,000
3.	Furniture, Fixtures, and Equipment (FF & E)	50,000

4.	Opening Supplies (first 3 trucks)	2,500,000
5.	Company Vehicle and Lease Deposit	500,000
6.	Marketing Budget	90,000
7.	Miscellaneous and unforeseen cost	2,460,000
	<b>TOTAL STARTUP EXPENSES</b>	<b>9,000,000</b>

#### FIXED CAPITAL INVESTMENT

S/N	DETAILS	QTY	UNIT PRICE (₦)	AMOUNT (₦)
1.	A pick-up delivery van	2	400,000	800,000

#### EXPENSES: - UTILITY

TYPE OF UTILITY	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)	Year 4 (₦)
Electricity Bills	70,000	74,000	82,400	84,000
Water Bills	50,000	50,000	50,000	50,000
Environmental Bills	38,000	38,000	38,000	38,000
<b>TOTAL</b>	<b>158,000</b>	<b>162,000</b>	<b>170,400</b>	<b>172,000</b>

#### OPERATING EXPENSES:

TYPE OF EXPENSES	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)	Year 4 (₦)
Payroll	1,900,000	2,130,000	2,300,000	2,560,000
General and Admin.	166,000	170,000	172,000	174,000

Marketing Expenses	90,000	125,000	142,000	150,000
Insurance	35,000	35,000	35,000	35,000
Travel and Vehicle Cost	83,000	90,000	99,000	105,000
Rent	600,000	600,000	600,000	600,000
Payroll Taxes (5%)	100,000	120,000	120,000	140,000
Miscellaneous	120,000	130,000	150,000	165,000
<b>TOTAL EXPENSES</b>	<b>3,094,000</b>	<b>3,400,000</b>	<b>3,618,000</b>	<b>3,929,000</b>

### CONCLUSION

Based on the projections of HALIMS VENTURES above, the project has a very good chance to be financially successful. More importantly is the positive economic it will have in the lives of the people of Kawo and its inhabitants. The management is free to make their expansion decisions after four years of operation.