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COURSE: Introduction to Entrepreneurship

BUSINESS PLAN ON A PURE WATER MANUFACTURING INDUSTRY

*‘’Why Start a Sachet Water Production Business?*

*You may not find a sachet water company in developed countries because they may not welcome the idea of a sachet water business. However, in developing countries like Nigeria, it has become a thriving industry’’*

* **EXECUTIVE SUMMARY**

M.O® Sachet Water Production Company is a licensed and standard sachet water production company that will be located in Omisanjana street, Ado Ekiti, Ekiti state, Nigeria. We have been able to secure a long-term lease for a facility in a strategic location with an option of a long-term renewal on agreed terms and conditions that are favorable to us. The facility has government approval for the kind of business we want to run, it is easily accessible and we are deliberate about that to facilitate easy movement of raw materials and finished products.

We are in the sachet water production business to engage in purifying and packaging sachet water. We are also in business to make profit and at the same to give our customers value for their money; we want to give people and businesses who patronize our sachet water the opportunity to be part of the success story of M.O® Sachet Water Production Company.

We are aware that there are several large and small scale sachet and bottled water production companies whose products can be found everywhere in Nigeria, which is why we spent time and resources to conduct our feasibility studies and market survey so as to enable us locate the business in an area that will support the growth of the business. We ensured that our facility is easy to locate and we have mapped out plans to develop a wide distribution network for wholesalers all around Ado Ekiti and environs.

M.O® Sachet Water Production Company will ensure that all our customers (wholesale distributors) are given first class treatment whenever they visit our Depot/Plant. We have a CRM software that will enable us manage a one on one relationship with our customers (wholesale distributors) no matter how large the number of our customer base may grow to. We will ensure that we get our customers involved when making some business decisions that will directly or indirectly affect them.

M.O® Sachet Water Production Company is family business that will be owned by Professor Wole Adebayo and his immediate family members. James Smith who is the Chief Executive Officer of the Company is Graduate of Micro Biology (B.Sc.) and he holds a Master’s Degree in Business Management (MBA) from the University of Lagos, Nigeria.

He has over 5 years’ experience working in related industry as a senior manager prior to starting M.O® Sachet Water Production Company. He will be working with a team of professionals to build the business and grow it to enviable height.

* **INTRODUCTION**

**Our Product**

M.O® Sachet Water Production Company is going to operate a standard and licensed sachet water production company whose products will not only be sold in Ado Ekiti, Ekiti state but also throughout Ekiti State and neighboring states.

We are in the sachet water production business to make profits and also to give our customers value for their money. These are some of the products that we will be offering;

Sachet water

Bottled water (in the nearest future)

Dispensable water (in the nearest future)

**Our Vision Statement**

Our vision is to establish standard sachet water Production Company whose products will be sold not only in Ado Ekiti, but also throughout Nigeria.

**Our Mission Statement**

Our mission is to establish standard and world class sachet water Production Company that in our own capacity will favorably compete with leaders in the industry such as Nestle Foods, Coca Cola Company, and Pepsi Co et al.

**Our Business Structure**

M.O® Sachet Water Production Company is a business that is established with the aim of competing favorably with other leading sachet and bottled water brands in Nigeria. This is why we will put the right structure in place that will support the kind of growth that we have in mind while setting up the business.

We will ensure that we only hire people that are qualified, honest, hardworking, customer centric and are ready to work to help us build a prosperous business that will benefit all our stakeholders. As a matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of five years or more depending how fast we meet our set target.

In view of that, we have decided to hire qualified and competent hands to occupy the following positions;

Chief Executive Officer (Owner)

Plant Manager

Sales and Marketing Officers

Accountants/Cashiers

Distribution Truck Drivers

Production/Machine Operators

Cleaners

Sachet Water Production Business Plan – SWOT Analysis

We are not unaware that there are several sachet and bottled water production companies both large and small all-around Ekiti State which is why we are following the due process of establishing a business so as to compete favorable with them.

We know that if a proper SWOT analysis is conducted for our business, we will be able to position our business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be welled equipped to confront our threats.

M.O® Sachet Water Production Company employed the services of an expert HR and Business Analyst with bias in startup businesses to help us conduct a thorough SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

This is the summary of the SWOT analysis that was conducted for M.O® Sachet Water Production Company;

Strength:

Part of what is going to count as positives for M.O® Sachet Water Production Company is the vast experience of our management team, we have people on board who are highly experienced and understand how to grow a business from the scratch to becoming a national phenomenon. So also, our large distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Weakness:

A major weakness that may count against us is the fact that we are a new sachet water production company and we don’t have the financial capacity to engage in the kind of publicity that we intend giving the business especially when big names like Nestle Foods, The Coca Cola Company and Pepsi Co et al are already determining the direction of the market both in Nigeria and in the globe.

Opportunities:

The opportunities for sachet water production companies are enormous. This is due to the fact that sachet water is far cheaper than bottled water and people can easily afford it. As a result of that, we were able to conduct a thorough market survey and feasibility studies so as to position our business to take advantage of the existing market for sachet water and also to create our own new market. We know that it is going to require hard work, but we are determined to achieve it.

Threat:

We are quite aware that just like any other business, one of the major threats that we are likely going to face is economic downturn and unfavorable government policies. Another threat that may likely confront us is the arrival of a new sachet or bottled water production company in same location where ours is located.

* **MARKET AND MARKET ANALYSIS**

Market Trends

If you are conversant with the trend in the sachet/bottled water production industry, you will agree that there are competitions in different stages of the industry. That is competitions amongst bigger corporations such as Pepsi Co, Coca Cola Company and Nestle et al; and also competitions amongst smaller and medium scale bottled water production companies.

Most bottled water companies are leveraging on creativity in terms of packaging and marketing to continue to stay afloat in the industry. One creativity approach that is common is ensuring that their bottled water conforms to the appropriate PH – level.

As a matter of fact, it is common to find sachet or bottled water production companies especially medium scale and small scale bottled water companies labeling their sachet or bottled water for specific occasions to meet the demand of their clients. For example, a client that is celebrating his or her birthday may strike an agreement with a bottled water company to specially label the bottled water that will be served in the occasion to conform with the occasion.

Lastly, another trend in the bottled water production industry is the adoption of eco – friendly approach towards the production and packaging of sachet and bottled water. As a matter of fact, the industry’s adoption of eco-friendly practices will likely persuade environmentally conscious consumers to buy its products, while increasing operators’ efficiency.

* **PROJECT ENGINEERING**

**Our Target Market**

When it comes to selling sachet or bottled water, there is indeed a wide range of available customers. In essence, our target market ca n not be restricted to just a group of people, but all those who reside in our target market locations. In view of that, we have conducted our market research and we have ideas of what our target market would be expecting from us.

We are in business to engage in wholesale distribution and to retail sachet water to the following groups of people;

Restaurants and Canteens

Event Planners, Parties and Corporate Functions

Students

Everybody in our target market location

Our Competitive Advantage

A close study of the sachet and bottled water production industry reveals that the market has become much more competitive over the last decade. As a matter of fact, you have to be highly creative, customer centric and proactive if you must survive in this industry. We are aware of the stiff competition and we are prepared to compete favorably with other sachet and bottled water production companies in Ado Ekiti and throughout Ekiti state, Nigeria.

M.O® Sachet Water Production Company is launching a standard sachet water brand that will indeed become the preferred choice of residents of Ado Ekiti and every other location where our sachet water will be retailed.

Part of what is going to count as competitive advantage for M.O® Sachet Water Production Company is the vast experience of our management, we have people on board who understand how to grow a business from the scratch to becoming a national phenomenon. So also, our large national distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the bottled water industry, meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

* **MATERIALS, PRODUCTION AND PLANT**

FACILITIES: The facilities we have is as follows-

Factory building comprises of production room, cloak room, finished product room, laboratory room, raw materials room and offices.

EQUIPMENT: Delivery van, 25KVA generator, Overhead tank stand with 3000 liters PVC tanks, water treatment plant, 1 packaging and sealing machine for sachet water, U.V sterilizers pumping machine.

M.O® Sachet Water Production Company is established with the aim of maximizing profits in the sachet and bottled water production industry in Lagos State and environs and we are going to go all the way to ensure that we do all it takes to sell our products to a wide range of customers.

**Startup Expenditure (Budget)**

Starting a standard sachet water production company is capital intensive. The bulk of the startup capital will be spent on leasing or acquiring a facility and also in purchasing water purifying and packaging equipment. Asides from that, you are expected to purchase distribution trucks, pay of your employees and also pay utility bills.

These are the key areas where we will spend our startup capital;

The Fee for registering the business in Nigeria – N15,000

Legal expenses for obtaining licenses and permits as well as the accounting services (software, P.O.S machines and other software) – N30,000

Marketing promotion expenses for the grand opening of M.O® Sachet Water Production Company – N15,000

Cost for hiring Business Consultant – N20,000

Insurance (general liability, workers’ compensation and property casualty) coverage at a total premium – N20,000

Cost for payment of rent for 12 month and renovation inclusive – N250,000

The cost for purchasing and installing water purifying machines – N250,000

Operational cost for the first 3 months (salaries of employees, payments of bills et al) – N150,000

The cost for start-up inventory (supply of well – branded sachets, water purifying chemicals and fueling et al) – N150,000

The Cost for purchasing a distribution truck – N800,000

Cost for store equipment (cash register, security, ventilation, signage) – N10,000

The cost of launching a website – N25,000

The cost for our opening party – N70,000

Miscellaneous – N50,000

We would need an estimate of N2.5 million to successfully set up a medium scale but standard sachet water production business in Ado Ekiti, Ekiti State, Nigeria.

* **LOCATION AND SITE**

LOCATION: M.O® pure water company is located at NO 74, Omisanjana street, Ado Ekiti, Ekiti State, Nigeria. We have legally acquired four plots of land worth two million five hundred thousand naira only.

M.O® sachet and table and bottle water company will be the first indigenous water production company in the community(the street). All waste products from the industry will be packed together and disposed off properly every weekend.

M.O® Sachet Water Production Company will generate income by selling the following products;

Sachet water

Bottled water (in the nearest future)

Dispensable water (in the nearest future)

Sales Forecast

* **FINANCIAL AND ECONOMIC EVALUATION**

Before choosing a location for M.O® Sachet Water Production Company, we conducted thorough market survey and feasibility studies in order for us to be able to penetrate the available market in our target locations. We have detailed information and data that we were able to utilize to structure our business to attract the number of customers we want to attract per time and also for our products to favorable compete with other leading brands in Lagos State.

We hired experts who have good understanding of the sachet and bottled water production industry to help us develop marketing strategies that will help us achieve our business goal of winning a larger percentage of the available market in Ado Ekiti and other locations in Ekiti State. In other to continue to be in business and grow, we must continue to sell our sachet water to the available market which is why we will go all out to empower our sales and marketing team to deliver our corporate sales goals. In summary, M.O® Sachet Water Production Company will adopt the following sales and marketing approach to sell our sachet water;

Introduce our sachet water brand by sending introductory letters to residents, restaurants and other stakeholders all around Lagos State,

Open our sachet water production company with a party so as to capture the attention of residents who are our first targets

Engage in road shows in targeted communities from time to time to sell our sachet water

Advertise our products in community based newspapers, local TV and radio stations

Leverage on the internet to promote our sachet water brands

Engage in direct marketing and sales

Encourage the use of word of mouth marketing (referrals)

Despite the fact that our sachet water production plant is a standard one that can favorably compete with other leading brands, we will still go ahead to intensify publicity for our product. We are going to explore all available means to promote M.O® Sachet Water Production Company.

M.O® Sachet Water Production Company has a long term plan of going into bottled water production and distributing, which is why we will deliberately build our brand to be well accepted in Ado Ekiti, Ekiti State before venturing out.

Leverage on the internet and social media platforms like Instagram, Facebook, twitter, et al to promote our sachet water brand

Distribute our fliers and handbills in target areas

Ensure that our sachet water is well branded and that all our staff members wear our customized clothes, and all our official cars and distribution vans are customized

**Our Pricing Strategy**

When it comes to pricing for sachet water, there are two sides to the coin. We are aware of the pricing trend in the sachet and bottled water production industry which is why we have decided to produce various sizes of sachet water.

In view of that, our prices will conform to what is obtainable in the industry but we will ensure that within the first 6 to 12 months our products are sold a little bit below the average price. We have put in place business strategies that will help us run on low profits for a period of 6 months; it is a way of encouraging people to buy into our water brand.

**Payment Options**

The payment policy adopted by M.O® Sachet Water Production Company is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation in Nigeria.

Here are the payment options that M.O® Sachet Water Production Company will make available to her clients;

Payment with cash

Payment via online bank transfer

Payment via mobile money

In view of the above, we have chosen banking platforms that will enable our clients pay us without any difficulty. Our bank account numbers will be made available on our website and promotional materials so that it will be easier for members to pay for products purchased.

Generating Startup Capital for M.O® Sachet Water Production Company

M.O® Sachet Water Production Company is a family business that is owned and financed by Professor Wole Adebayo and his immediate family members. They do not intend to welcome any external business partners which is why he has decided to restrict the sourcing of the startup capital to 3 major sources.

* **CONCLUSION**

Sachet or bottled water as the case maybe is one commodity that is consumed in all parts of the world and of course those that are in the business of producing sachet or bottled water, are known to generate sales year in year out if the business is well managed. The industry is responsible for the employment of well over 14,360 people. Experts project the bottle water production industry to grow at a 4.0 percent annual rate. The Coca Cola Company, Nestle and Pepsi Co are the world leaders in the bottled water industry; they have the lion market share in the United States of America and in most countries of the world. Considering every viable option M.O® sachet will be able to function properly while competing with other existing pure water companies. On a final note M.O® should be able to get all licensed documents in the next two months and start functioning fully.