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COLLEGE: LAW

LEVEL: 200

COURSE TITLE: ENTREPRENEURSHIP

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

### **INTRODUCTION/EXECUTIVE SUMMARY**

Clothing is the basic need of man. Garment-making and sales have become integral part of modern civilization. Our society especially in urban areas has become so busy that people are now more engaged in their daily work life and need to appear well dressed and presentable in their official/business attire. Garments are now made in a more fashionable way by professionals who have been trained. Abuja being the seat of political power and a metropolitan city is resident to over 60% of people who are professional career diplomats, politicians, civil servants, corporate organizations and businessmen and women. Most of these residents often prefer to dress in corporate outfit, both traditional and foreign, hence often require the services of local garment makers and sellers to maintain their wardrobes.

The promoters of **Nikinx Enterprises** having been in garment-making business for over 2 years observed that the demands and prices for garment-making and sales services in Abuja is high and has continued to rise. In contrast, the cost of materials needed to provide these services are relatively low. The major requirement is to have good technical knowledge of the business. The chief promoter of Nikinx Enterprises had made garments for top civil servant, corporate employees and politicians who are willing and able to pay high prices to look good in their official and traditional attires. This situation has presented huge business opportunity for the promoters of Nikinx Enterprises to engage in high quality garment-making and sales services through the acquisition and installation of modern machines and equipment (that uses modern improved technology) and mobilization of human and material resources towards achieving this objective.

This garment-making and sales business which is located at **Apo Resettlement Zone C, adjacent to Friday Mosque, Apo, Abuja**, has ten employees, few machines and equipment. While the demands for services are high, the company cannot take advantage of this high demand because of its inability to employ more people who are experienced in garment making due to inadequate number of machines and equipment. The company is seeking to expand its business by acquiring additional machines and equipment, employ additional three staff and purchase more cloth and working materials, hence this loan request. There are several compelling reasons why the bank should consider lending to Nikinx Enterprises. These include:

a. **High demand for Garment-making services in Abuja metropolis:** Due to the high quality of services delivery, the company has established strong customer relationships and referrals with the political, corporate and business class. There is high demand for the company's services. In over two years of its operation, the company has experienced exponential rise in the demand for garment-making and sales services from customers.

b. **High return on investment:** Given the high prices of garment-making and sales in Abuja, and the low cost of materials required to provide these services, the average return on working capital investment for garment-making and sales services (combined) is at least 60-90% per annum, which is considered very high. This is a very lucrative business.

c. **Equity investment:** Nikinx Enterprises has made some equity investments on acquisition and installation of garment making machines and equipment as well as working capital materials (cloths, needle, thread, etc) valued at over N450,000 (excluding rent). Although, the company's equity investment is below the loan amount, it demonstrates the commitment and resilience of the promoters of the business given that this business has been in existence for over two years. It is not expected that the company will divert the loan and abandon its entire business it has invested substantially and placed so much stake in human, time and material resources.

d. **Reliable sources and low cost of raw materials:** The materials needed to provide garment-making and sales services are cheap in the market compared to the prices of services rendered. This accounts for the high return on working capital.

## **ENVIRONMENTAL AND INDUSTRY ANALYSIS**

A variety of global factors are shaping the future of the clothing industry, from the rise of fast fashion to the growth of direct to consumer selling. Below are the five key factors that are shaping the trend of global apparel in recent years:

a) **Changes in China:** Although China has been the largest exporter of textiles and apparel for years, a significant amount of offshore manufacturing is moving to lower cost countries such as Bangladesh, Pakistan, and certain places in Africa, a trend that is likely to increase over the long term. China is paying more and more to workers, and therefore manufacturing in China itself has become less and less competitive. China will not stop being an apparel or textiles manufacturer, but it will continue to move up-market in the type of products it manufactures.

b) **Fast Fashion Apparel and Manufacturing:** Fast fashion is another powerful force putting pressure on the apparel business. Fast fashion is designing clothing that is very modestly priced, and moving items from the design desk through manufacturing into retail stores around the world in sometimes as little as four or maybe even three weeks. Spain has become a leading manufacturer of fast fashion, as well as Japan to a certain extent. Well-known fast-fashion brands include H&M, Zara, and ASOS. However, critics say that fast fashion may harm the environment and the economy by creating added waste and neglecting worker safety.

c) **Worker's Rights in Garment Industries:** While worker's rights have been a source of concern for some time, a number of tragic disasters in clothing factories including the deadly collapse of a large Bangladesh garment factory burying thousands of workers have led to a new sense of urgency. Big companies are trying to impose new standards on offshore factories where their clothing is made. This, of course, is driving costs up.

d) **Growing Competition among Apparel Retailers:** Retailers have long faced significant challenges, such as high competition, high real estate costs and rent, and high advertising costs. Increasingly, brick-and-mortar clothing stores are also losing business to the Internet. E-commerce behemoths like Amazon and Zappos have taken convenience to the next level, and offer discounted prices and detailed product reviews to boot. Another key challenge for clothing retailers, consumers aren't as interested in spending large amounts of money on clothing. People appear to have reprioritized their spending since the recession.

e) **The Rise of Direct-to-Consumer Selling:** New websites hire manufacturers to have their clothing made and then sell it directly to consumers online at prices of about half of what shoppers are accustomed to seeing in retail stores. Direct-to-consumer selling allows companies like Everlane to maintain low overhead and bypass wholesale distributors and retail stores. There is likely to be rapid growth in this segment over the long term.

## **COMPETITION ANALYSIS**

### **• Strength**

- i. Suitable location within Abuja metropolis for easy patronage by high-income class
- ii. Ability to produce high quality garments
- iii. Trained and experienced management and operations team
- iv. Thorough knowledge of target market and their peculiar needs

### **• Weakness**

- i. No brand name, no brand awareness
- ii. Inadequate equipment with garment-making machines and equipment
- iii. No investment in research and development
- iv. The business is relatively new in the industry, and the future is always uncertain for new businesses.
- v. The initial stages of the business expansion require an enormous amount of investment.

### **• Opportunity**

- i. Rising demands and expanding markets for garment-making and sales services in Nigeria
- ii. Nigeria's garment-making and sales services industry is still not fully tapped.
- iii. Fast growing middle class population within Nigeria

### **• Threat**

- i. Being a new entity, there is a threat from new business entrants
- ii. Erratic power supply and high cost of diesel for power generation.

- iii. There is a threat of other more established garment-making companies within and outside Abuja leading to stiff competition that the company might not be able to cope with.

## **MARKETING PLAN**

Nikinx Enterprises places emphasis on the high-quality services delivery to its numerous customers based on Universal Standards maintained by competitors and provide information that will assist its customers in making effective business decisions. The customer service section has in place, effective measures to ensure that garments and cloths are properly identified as passes through the entire services procedures. Customers' requests are closely monitored against the collection deadline given to customers to avoid service failures that could lead to disappointment. There are mechanisms for communicating customers on the progress of service delivery and getting a feedback from customers. Home services delivery are also available at payment of additional service charges.

Given the income level diversity of its numerous customers, Nikinx Enterprises applies discriminatory pricing strategy by offering high quality services at affordable prices commensurate to customers' income level or social status. This enables the business to retain its customers and maintain customers' loyalty. For new customers, the business tends to apply price penetration strategy by offering prices that are slightly lower than the industry average. This strategy helps increase the demand for the business's services, build customers' loyalty and enhance the business's share in the market.

## **PRODUCTION PLAN**

a) **Material receiving, inspection and storage:** To ensure receive the right material in the right quantity and in the right quantity as well, and then storage in the proper condition.

b) **Fabric Spreading and Cutting:** To cut the fabric properly fabric is spread in lay form. Fabric Spreading is done by manually or by using computerized method. Fabrics must cut here according to marker of garments. Fabric Cutting process is done by using manual method or computerized method here, cutting parts must sort out or make bundling to send these easily into the next process. This process is done by manually.

c) **Embroidering, Printing, Bonding/Molding, Heat Transfer, Fusing.**

d) **Sewing:** All the parts of a garment are joined here to make a complete garment. Sewing process is done by manually.

e) **Inspection:** Inspection activity is done along with all the process both in-line and final inspection, after completing sewing, inspection should be done here to make fault free garments. Garments Inspection is done by visually and measurement along with BOM.

f) **Finishing and Ironing:** Here garments are treated by steam; also required finishing should be completed here. This process is done by using manual method. Finally, the complete garments are inspected here according to the buyer's specification. Final Inspection is done by manual method.

g) **Packing:** Complete garments are packed here by using buyers instructed poly bag. Garments packing are done by using manual method. After completing all the required processes it's finally sent to the buyer.

Nikinx Enterprises runs one shift of 8-10 hours per day and work for a maximum of 300-320 days in a year. This will ensure that the capacity of the machines and equipment are adequately utilized and there will be ample time of at least 40-60 days for repairs and maintenance.

## **CONCLUSION**

The milestone of Nikinx Enterprises has been assessed and observed that it has embarked on the establishment of garment making and sales services business to produce and deliver high-quality garments and materials. The company has put in place all the relevant fixed assets including garment-making machines and equipment. The desire of the company to approach the bank for a term loan for procurement of additional machines and equipment and working capital to meet its operational needs in its expansion programme has been assessed and observed to be viable, with a buoyant cash flow that will enable the company to liquidate the loan facility within the three year tenor.