

IGBE BEEF PRODUCTION UNIT

A Business plan

An assignment for Introduction to Entrepreneurship (GST 212)

Lecturers: Awodiran M. A, Ilugbusi S, Ogundele A, Mr. Akindejoye John.

Student: Igbe Cynthia Doowuese

Matric No: 18/law01/118

Table of Contents

Executive summary	1
Mission and vision statements	1
Business and industry profile	2
Company goals and objectives.....	2
Industry analysis	3
Industry background and overview.....	3
Outlook for the future.....	3
Business strategies	4
SWOT analysis.....	4
Company products and services	5
Feed and fodder resources	5
Marketing strategy	6
Location and layout	6
Human resource management	7
Loan or investment proposals	8
Financial plans	8 and 9

Executive summary

The demand for beef is increasing annually therefore; the establishment of Igbe beef production unit is feasible and economically viable. Due to factors like topography, labor and market accessibility, our beef production unit will be established in the heart of Benue state; Makurdi town. Igbe production unit will be producing beef products like boneless meat, ribs, backbone, legs, dried meat and intestines to meet the local market demands in Makurdi. Our main market will be Makurdi town but will supply to our neighboring like Gboko, Naka, and Otukpo. At the initial stage, we will make contact and deal with meat retailers to sell our products, but gradually have our own shop to sell directly to our customers. We will also launch a delivery system where our services will reach the consumers' destination. We will employ a management team comprising of a manager, marketing officer, accountant, skilled worker, cow herders, and helper.

Mission and vision statement

Mission

We will strive to be a consumer-focused unit while providing safe and quality beef at an affordable price while simultaneously improving and sustaining resources under our care.

Vision

We would turn our produce into a national produce and reduce our dependency on imports.

Business and industry profile

After the inception of our Igbe Beef Production Unit at Makurdi, the stages of growth will be observed in the following years; 2021, 2022, and 2023.

2021

- ✓ A manager, one accountant, a driver, and two experienced cow herders.
- ✓ Development of adequate pasture land for grazing and feeding the beef cattle.
- ✓ Purchase of beef cattle.
- ✓ Installation of water and electricity.
- ✓ Fencing of the whole pasture land.

2022

- ✓ Start the production of beef.

2023

- ✓ Packaging of processed meat.
- ✓ Making the products available to our neighboring districts.
- ✓ Increase the number of cattle for beef production.
- ✓ Provision of 5% increment of salary of employment.
- ✓ Start distributing 25% of annual net income to investors.
- ✓

Company goals and objectives.

Operational

- ✓ Establishment of farm by 2021
- ✓ Start the farm with 25 numbers of cattle beef and 5 numbers of breeder cattle.
- ✓ Start producing quality beef by 2022.
- ✓ Attain self-sufficiency in fodder production through pasture development by 2023.

Financial

- ✓ Must be able to pay the loan by 2024.

Industry analysis

Industry background and overview.

With this establishment, we will be selling quality beef products within Makurdi. The total amount produced in a year will be 7865kgs and the total feed and fodder consumed annually will be approximately 40905kgs including karma feed, oil cake, straw and fodder grasses. The most likely trend that would occur in our beef producing unit during its period of development and establishment will be in the area of local economy, social life and the immediate environment. As our unit will progress, we will be able to adequately handle the local demand of beef products with good quality and brands with better hygiene. We will supply beef products like dried meat and slice packed meat (wet) to local meat shop with demands by people. From the environmental point of view, our beef cattle will be provided with pasture land for semi-grazing purpose. Thus: posing minimum threat to environment. Some fodder trees and grasses along will also be planted in the allocated areas for the sustainability of supply of fodder.

Key success factors in the industry.

Prime factors for smooth and swift operation of our beef producing unit will be main two; quality products and better hygiene.

Outlook for the future.

- ✓ Mechanization of operational strategy.
- ✓ Strive for better quality of beef products production.
- ✓ Popularize our products by designing brands like 'Igbe Brand'
- ✓ Proper and hygienic packaging of products.
- ✓ Quality of beef will be increased for consumer attraction.
- ✓ We will make our products available at places where demand exists.
- ✓ We will create a channel for consumer feedback and contribution.

Business strategies

Igbe beef production unit is aimed to meet the ever growing demand for beef in Makurdi by providing desired and quality products to consumers. With increase in income level and rising health concern, it has been noticed that of late, there is drastic shift in dietary habit of people towards consumption of beef. To meet this need, Igbe beef imports beef from India annually which leads to overflow of money to other countries. Therefore, to curb this trade imbalance issue, we will create a niche market for the beef with special focus on quality and consistency of products. Furthermore, we will provide customer-based product rather than product oriented marketing strategy. With our product as pioneer beef production unit in Makurdi, we hope to cater for the need of the people with our best while not compromising our personal focus i.e. to make profit. Thus, with our project, we will be able to bring down economic crisis of our country.

SWOT analysis

Strengths: since the project we are going to set up will be the pioneer beef production unit, we are going to have good market with fewer competitors. According to livestock statistics in 2019, Igbe beef produced only 519.78 beef which accounted to just 11.75% of total consumption while we imported 3903 from India. Secondly, the location of our project is selected in such a way that is near to border area from which we can get cheap labor with necessary skills. Thirdly, our business will be easily operable with few skills and the strength lies in the support that we receive from government in the form of moral and financial.

Weaknesses: huge capital investment at the initial stage with lack of financing is major throwback of our project as adequate financial system is prerequisite for the success of any business. We are forecasting that we might run short of animals that are going to be culled since the farm size is too small and people are reluctant to sell cattle for culling purpose.

Opportunity: the success of any product is primarily determined by the availability of market and customer. We have good market with few competitors and the demand for beef is increasing.

Threats: despite the fact that people consume too much beef, some with low income go to buy cheaper and unhealthy beef which pose hurdle on our market success.

Company products and services

Other products such as ribs and backbones (750kg), legs (20kg), 5 numbers of hides and intestine, organs such as liver and lungs (20kg), dry meat (250kg), sliced meat (wet) (150kg) will be made available to customers. The customers will benefit as Igbe beef production unit will sell quality products at reasonable price. The quality will be maintained for meat hygiene and shall provide constant supply of beef from the farm stall and also to the other meat vendors on demand at shortest possible time to avoid the deterioration of the meat quality.

Future potential plan on product or service offerings (long term plan)

- ✓ Market coverage in the entire nation.
- ✓ Expand the company in other regions.
- ✓ Export innovative items to neighboring countries.

Feed and fodder resources

In order to cut down the cost of production, Igbe beef production unit will focus on locally available fodder. Pasture development will be one of the main activities for the first year. In the financial plan, 50,000 have been allocated for that purpose. The green fodder grasses will be fed to cows and excess green grass will be conserved as silage which is good supplement during winter seasons. Fresh green fodder will not only reduce the cost of production, but also provide more nutrients to the animals.

Type of feed	Quantity/head/day(kg)	Quantity/month/herd(kg)
Karma feed	3	2,700
Oil cake	3	2,700
Straw	5	4,500
Fodder	8	7,200

Other grass	7	6,300
Silage	3	2,700

However, karma feed and oil cake will be the main commercial feed we will use.

Marketing strategy

The main target market for Igbe beef production unit would be Makurdi. There will also be supply to other neighbors like Naka and Gboko and with time, we will expand our supply to every nook and cranny of the country. Through market research, we would be learning customer’s preferences in products such cases as selling, how they prefer our products to be sold and by understanding their preferences, we would be in a better position to offer what they demand. We will communicate with our customers both through formal and informal means such as through advertisement, creating public relation by providing necessary tips on preparation of beef curry if our customers are not aware. We will be adopting marketing mix strategies with the focus on product, price, place and promotion. We will focus on quality rather than quantity.

Location and layout

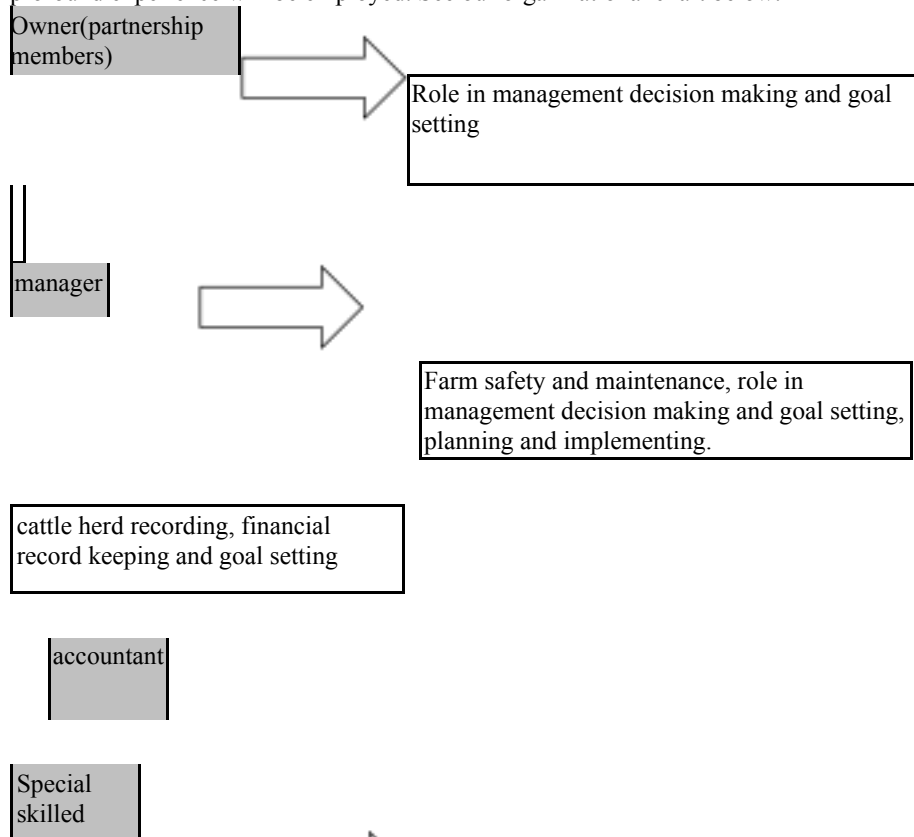
Igbe Beef Production Unit will be established in Makurdi since it is the business hub of Benue State considering factors like labor force, raw material availability, market size and accessibility, topography and climate conditions. Currently, the land is used by few farmers to graze their cattle in winter. It has good accessibility to electricity from wadata and water from Benue River. The proposed site is about 20-25 km away from our main market. For the land to be hired on lease, special permit can be obtained from the Land Commission of Makurdi for approximately 20 years.

Description	requirement	Salary
Manager	1	15,000
Accountant	1	10,000
Driver	1	8,500
Marketing	1	12,000
Skilled worker	1	6,000
Helper	1	4,500
Cow herder	2	4,500

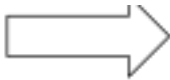
According to the livestock department, the average land required to raise one cattle is one acre.

Human resource management

At the inception of Igbe Beef Unit, we will employ ourselves to do all the functions from rearing till management and marketing. But when the unit gets established and full starts, we will employ one manager who has 3-5 years experience in working at small projects and corporations. One marketing officer for gathering issues and information relating to marketing will be employed, one skilled worker and helper will be employed, and two cow herders with profound experience will be employed. See our organizational chart below:



worker



Culling, cleaning

Herder
and
helper



Loan or investment proposal

Investment will be made by the business partners, financial institute banks, and from private investors. Amount taken for investment by different sources from above

sources of finance	Available amount for investment
Personal investment	1, 674,101
Investment from banks	8,344,103
Investment from private investors	7,456,101
Total amount	17,474,305

Types of investment

1. salary
2. working capital
3. license fee
4. raw materials
5. operational expenses

Financial plans

The first year would be dedicated to buying cattle, constructing buildings, pasture development and more.

Igbe Beef Production Unit income statement (2021-2023)

	2021-2022	2022-2023
Gross revenue		
expenses		
Raw materials(supplies)	815,400	815,400
Employee salaries	51000	882000
lease	1,800	1,800
License fees	3100	3100
Operational expenses	175,000	175,000
Cost or replacement	0	247,500
Electricity and water bill	8,400	8,400
truck	0	150000
Cattle tax	150	150
Loan repayment and interest	264295.56	264295.56
Total expenses	1778145.56	2547645.6
Net income	-1778145.56	872804.44

