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**A TYPICAL BUSINESS PLAN FOR MARVIE MANUFACTURING COMPANY LIMILTED**.

1. **Cover page**.

Title: Business plan on the production of PERFUME BOTTLES through the bottle blowing technology.

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For: Marvie Manufacturing Company Limited

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

1. **Table of contents**

This is a comprehensive listing of the items in the pages of the document (i.e. the feasibility report)

1. **Executive Summary**

Marvie manufacturing Company Limited is a bottle manufacturing company of over twelve (12) years. Due to pressure from bottled perfume producers for plastics bottles for packaging of perfume oils, the management decided to add plastic bottle blowing technology to their line for the production of fancy plastic bottles in order to meet the anticipated high demand for the product.

1. **Introduction**

Marvie manufacturing company limited is the name of the company, established to produce fancy perfume oil bottle. It is located at 1, Olawade Olaniyi Close, Ojuore, Ota, Ogun State. The business is a family business of a successful wholesale merchant in plastic materials.

1. **Description of the Venture**

Marvie manufacturing company limited is poised to produce 10cl, 40cl, 1 liter and 2 liters of fancy perfume bottle. The target markets for these products are perfumes, body mists, perfume oils, and liquid soaps manufacturers. The company can make any design of perfume plastic bottles according to the specification and mould of the customers.

1. **Industry analysis**

Perfume bottle blowing technology is relatively new in Nigeria, with few indigenous companies in the business, with government efforts to stamp out glass bottles because of its environmental hazards, plastic bottled perfume oil would be the dominant perfume oil packing approach for perfume oil companies in the nearest future. Currently the demand for plastic bottles is for below supplies, leading to down payment for the product by perfume oil bottlers.

1. **Market Analysis**

The company would concentrate its marketing efforts on medium and small scale perfume bottling companies. Firstly within Lagos and others parts of Western region of Nigeria. This segment of the market has a high rate and market potential because there are daily entrants into plastic bottled perfume oils production.

1. **Strategic Human Resources Planning**

At take off, the business will operate on a single line; comprising of the heater, the plastic blowing machine and the compressor.

Two (2) plastic blowing operators shall be engaged while one (1) packing staff running on eight (8) a.m. to eight (8) p.m. shift. A supervisor shall also be engaged to procure plastic bottles and supervise the operation of the factory. An accountant shall be engaged while a sales/marketing officer shall equally be employed.

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

PROJECTED STAFF STRENGTH

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 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 | 6 |
| Accountant | 1 | 1 | 1 | 1 | 1 |
| Plastic blower operators | 2 | 2 | 4 | 6 | 6 |
| Packer | 1 | 1 | 4 | 6 | 6 |
| Cleaner | 1 | 1 | 1 | 1 | 1 |
| Security | 2 | 2 | 2 | 2 | 2 |

**PROJECTED TOTAL COMPENSATION PACKAGE PER ANNUM**

Manager/supervisor – 400,000

Sales /marketing officer – 350,000

Accountant – 300,000

Plastic blower operators- 250,000

Packer- 200, 000

Cleaner- 100, 000

Security -100, 000

1. **Production plan**

The production process involves the heating equipment of the plastic bottles by heating the equipment; the compressor pumps air into the blowing machine and the blowing machine blows the heated plastic bottles to the shape of the installed mould to the plastic bottles to the plastic bottle machine.

The plastic blowing machine must be positioned beside the plastic heating machine. The compressor can be placed outside the building but connected to the plastic blowing machine through air pine. Furthermore, the plastic bottles are procured locally from plastic bottle manufacturers that abound Lagos and other parts of Nigeria. A production line can produce 12,000 bottles daily using two (2) shifts of 12 hours each with 1 hour break

1. **Marketing plan**

The demand for plastic bottles currently in Nigeria cannot be met by the number of plastic bottle manufacturers, we would therefore visit perfume oil and perfume manufacturers, showing them sample of our productions. We would adopt delivery efficiency and hygienic operation as a winning strategy. Perfume oil company representative shall come to our factory to see the kindof facilities installed and the clean environment in which we operate. In addition, which we would enter the market with competitive pricing and exhibit high level of human relations and efficiency in our dealing with our customers.

1. **Organizational plan**

The form of ownership shall be private limited liability because most of our customers would prefer to deal with a legal entity separate from its owners. Also, limited liability enhances the personality of the organization. Principal Managers shall report to owners on a weekly basis on the activities of the business.

1. **Assessment of Risks and Problems**

In our research efforts, some of the noticed potential risks are

* Power supply
* Raw materials supply
* Competition
* High rate of labor turnover etc.

On the issue of power supply, a 100 KVA generator shall be procured. We would build a network of reliable raw materials suppliers. In business, competition is inherent and we shall use our added value strategy to retain and grow our customers. On labor turnover, we shall operate the business like family and worker’s welfare shall be the prime attention of management. We shall structure out a good succession plan that will take care of any exigencies.

1. **Financial plan**

MARVIE Manufacturing, Trading, Profit and Loss Account for two (relevant) years of the three years plan

YEAR ONE

**Raw materials & components N’000**

Opening stock -

Purchases 21, 150

Carriage on purchase 600

21, 750

Closing stock (846)

Issued production 20,904

Direct labor 486

Other direct expense 65

Prime cost 21, 455

**Work overheads**

Rates 120

Insurance 250

Heat, light, power 1,875

General repairs in the factory 500

Miscellaneous 200

Factory input or works cost of 4,195

Production in one year 25,650

Work cost of finished good output N

Transferred from the manufacturing account 25,650

Opening stock of finished goods -

Total cost of produced goods 25,650

Closing stock -

Cost of goods to be sold 25,650

Sales 31,200

Gross profit 5,550

Administrative / selling expenses 1234

Rent 350

Distribution expenses 500 (2048)

Profit before interest and tax 3466

Interest on loan (900)

Net profit before tax 2566

Taxation (770)

Profit after tax 1796

**Marvie Balance Sheet for (relevant) two years**

**Year one**

Fixed assets N N N

**COSTS DEP**

Factory machine and

Office equipments 5200 1300 3900

Current assets

Closing stock (raw materials) 346 S

Debtors 2500

Cash 1500 4846

Current liabilities

Creditors 1300

Loan 3000 (4300)

Working capital 546

4446

Financed by: 2650

Capital 1796

Net profit 4446

**Marvie balance sheet for two (relevant) years**

**Year two**

**Fixed assets**  N N N

Factory machine and

Office equipment 3900 1300 2600

Current assets

Closing stock (raw materials) 931

Closing stock 550

Debtors 2688

Cash 1750 5919

Current liabilities

Creditors 1800

Loan 2000 3800

Working capital 2119

4719

Financed by: 2246

Capital 2473

Net profit 4719

1. **Evaluation, recommendation and conclusion**

To be able to make an objective and scientific recommendation and conclusion, we shall analyse the financial statement using financial ratios.

1. Liquidity Ratio

* Current ratio = Current assets

Current liabilities

Year 1 Year 2

4846=1:1:3 5919=1:5:5

4300 3800

* Acid Test Ratio= Current Assets- stocks

Current liabilities

Year 1 Year 2

4846 – 846= 1:0:93 5919 -1481 = 1:1:17

4300 3800

Although, the liquidity position of this company might not look too impressive, but looking at the improvement from year one to year two, this liquidity positions of the company looks very promising.

1. Profitability Ratio:

Gross profit margin= Gross profit × 100

Sales

Year one Year two

550×100 6569×100

31200 37440

= 11.1% = 11.1%

Although, the profit margin seems not impressive, but looking at the expenses incurred through power generation, if government efforts in infrastructural development improves, particularly power, the sky is the limit for this venture.

1. Long term solvency, Efficiency and stability ratio

* Fixed Interest Cover = PBIT

Fixed interest

Year one Year two

366 = 3:9:1 4200 × 6:3:1

90 667

* Return on Total Assets = PBIT ×100

Total assets

Year one Year two

366 = 100 4200 × 100

8764 8519

=39.6% = 49.3%

* Total Assets Turnover = Sales

Total assets

Year one Year two

31200 = 3:6:1 37440 = 4:4:1

8746 8519

Looking at the above analysis, the long term solvency, efficiency and stability of the firm seems exceedingly promising. These are set of ratios that re-assure investors of the sustainability of the venture.

The viability and feasibility of the project has been tested from the above evaluation. This project looks very viable and is worthwhile to commit resources to it.