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 **MATRIC NO**:18/LAW01/213

**COLLEGE**: LAW

**DEPARTMENT**: LAW

 **COURSE TITLE**: INTRODUCTION TO ENTREPRENEURSHIP

 **COURSE CODE**: GST 212

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

**References/Bibliography**:

<https://articles.bplans.com>

Dr. Olutoye Adebayo. *Fundamentals of Enterpreneurship* ( 1st Edition). Ikorodu, Lagos. St. Halis Multibuz Concepts.

<https://nevegetable.org>

Before writing a business plan, what can we say a business plan is? A business plan may be defined as a formal written document containing business goals, the methods on how these goals can be attained, the time frame within which these goals need to be achieved. It is simply a written description of a business future. A business plan refers to a written document that comprehensively outlines what your business is, where it is going and how you will get there**[[1]](#footnote-1)**.

 Why does one have to write a business plan in other words what are the reasons for writing a business plan, some of the reasons for writing a business plan are**2**:

1. It acts as a dynamic blue print for running and expanding your business
2. A business plan helps in maintaining focus
3. It helps to streamline and determine financing
4. A business plan enlightens executive talent on your business to know if its worth risking their resources for.

There are certain things that a business plan must contain therefore the outline of a business plan is: (1) Introductory page (2) Executive summary (3) Environmental Analysis; Culture, Technology, Legal Concerns (4) Industry Analysis; Industry Demand, Analysis of competitors, Market Analysis (5) Description of venture (6) Production Plan or Operational Plan (7) Marketing Plan (8) Organisational Plan (9) Assessment of Risk (10) Financial Plan (11) Appendix (contains backup materials)

 A BUSINESS PLAN FOR THE DEVELOPMENT OF A 20 HECTARES MAIZE PLANTATION AT SUNNYVILLA ESTATE, LAGOS STATE, NIGERIA BY ***OceanicAgro Limited*** PREPARED BY Hillcrest Consultancy.

 ***OceanicAgro*** LIMITED

**Chapter 1: Cover page**

Title: Business Plan for the development of 20 hectares maize plantation

Prepared by: HillCrest Consultants

For: OceanicAgro Limited

Note: This business plan is for company’s use only and should not be dispensed to the public, hence it should be kept confidential except in special circumstances.

**Introduction**;

 When talking about this agricultural project it involves large production of maize to be able to increase food availability and accessibility. The production will take place over the space of about 60 to 100 that is 2 to 3 months before harvesting. Maize is a crop by the binomial name- Zea mays. Maize is a staple food consumed by many people in different parts of the world. Maize although consumed directly by humans is also used for corn ethanol, animal feed, corn starch and corn syrup and other maize products. Maize is the most widely grown grain crop in the world. By the end of this project the corn will be harvested and will be divided to be used for the different purposes mentioned above. Per hectare of land about 52,000 cobs of maize can be harvested and the project will be covering 20 hectares of land which means the harvest of maize by the end of production will be vast.

**Chapter 2: Feasibility Report**

 The feasibility report refers to the table of contents. This is an arrangement of all the different things contained in the feasibility report. The Contents include:

* Cover Page
* Feasibility Report
* Executive Summary
* Environmental and industrial analysis
* Description of venture
* Production and operational plan
* Marketing plan
* Organizational plan
* Assessments of risks
* Financial plan

**Chapter 3: Executive Summary**

 Here, when talking about the business plan. It will explain the feasibility and outcome of the establishment of the 20 hectares maize plantation at Sunny Villa Estate. The estate will be the best place to establish such large plantation since it is secluded and there is no water issue so the plants will not be choked up and will be able to grow well. Lately the demand for maize is alarming which is about 7 million people in Nigeria alone. With such a project the agriculturist can do a lot in solving the food issues we have in Nigeria. In our country a lot of people don’t have food but this project could help a bit. Maize production in Nigeria is a lot, it was 11,000 tonnes in 2019 and it keeps growing at an annual rate of 6.89%**3**. The propo[[2]](#footnote-2)sed project will complement the number of maize producers.

* Objectives;
1. The[[3]](#footnote-3) project will help to solve the problem of unavailability of food we have in our nation.
2. The project will help create job opportunities especially for local farmers
3. It will add as a source of revenue to the government
4. It will create market access

**Chapter 4: Environmental and Industrial Analysis**

*Environmental analysis*

This refers to all exter[[4]](#footnote-4)nal and internal elements that can affect the organization’s performance**4**. Here, we will ascertain our environmental factors through the internet.

* Culture: When we say culture, in a country like Nigeria there is diversity in culture since there are over 250 ethnic groups. Culture could affect the relationship of staff within the company. We will try to ensure culture does not encroach in our analysis. Almost all cultures in Nigeria eat maize therefore our market will not be targeted at any tribe or ethnic group in particular.
* Technology: Since our production is a vast and large one, using manual farming methods will not yield to good result. Therefore, our production will be using recent technological methods and equipment like tractors, ploughs, harvesters, etc. There may be other changes in the technology.
* Legal concerns: There are certain laws that control every aspect of life be it business or school, etc. Our business should be well equipped and be ready for any legal issues that might come up. There might be new price regulations, restrictions on advertising and some safety regulations. Our business will try its best to follow the legal regulations so it doesn’t have huge effect on the government.

*Industrial Analysis*

When we say industrial analysis it refers to the specific industrial trends. Our company will be able to understand its position relative to other companies that produce similar products.

* Industry demand: The demand for maize as has been mentioned above is alarming and in order to meet this demand we have to out show and outrun our competitors, we’ll be looking at our competitors below. Lately, the maize market has been growing rapidly and our goal to cover more than half of it.
* Analysis of competitors: It will be unwise of OceanicAgro not to realise and mention that there are threats to the business as well as a lot of competitors. One of the most pressing competitors is the Elephant Group Plc which is seen as the highest producers of maize in Nigeria. Some other competitors are Nigerian Grains Industry, Clustered Seeds Companies, etc. It cannot be ruled out that the companies that have been mentioned are doing well but one thing is that our company will do it’s best to be outstanding.
* Future Economic Outlooks and trends: In Nigeria Agricultural sector contributes to about 40% of the economy therefore it is no surprise that in the future our company would have realised a lot of income.

**Chapter 5: Description of Venture**

The company has its mission statement as ‘ensuring agricultural availability for people here and beyond’. The vision of OceanicAgro limited is to ensure that every person is provided with food and to see to the food scarcity in the nation while providing employment opportunities. Our mission and vision will aid us in decisions that will be made long term. The OceanicAgro company is an agricultural company aimed at aiding the agricultural sector in every means possible. Here, the company has decided to set up a 200 hectares maize plantation since it has been proved and shown that the demand for maize is on the high side. It will produce raw maize and alongside it some maize products will be produced by its side factory.

* Products: Raw Maize and certain finished maize products like corn oil, corn meal, corn syrup
* Size of business: It will be a 20 hectares maize plantation
* Office equipment and personnel: In order to ensure optimum production level, a lot of technical equipment like tractors, ploughs, harvesters, etc will be used. Qualified and experienced personnel will be employed in order to achieve our aim.
* Sponsors: The project will be sponsored by Olusegun Obasanjo. He has been known to be one richly interested in helping the agricultural sector. He owns Ota Farm which formally opened on October 8, 1979. The farm is known as Obasanjo Farms Limited. He makes about N34 million dollars per day. Clearly from the above, he is not a novice farmer having been in the business for a long time so he will be able to sponsor the project efficiently.

**Chapter 6: Production Plan or Operational Plan**

 The production of maize as seen above is a mass production seeing as it will be done on 20 hectares of land.

* Technical machinery and equipment

Since it is a big project and one that cannot be done manually or even if done manually would slow down the work and not yield good result. There are certain technical equipment that will be needed which will be addressed below as well as their uses.

* Planter

This is an agricultural equipment which we will use to perform the task of properly inserting or putting seeds in the ground so they can grow well although a human being can do this….OceanicAgro will prefer using this equipment so the farming will be profitable and productive.

* Sheller( Maize sheller)

It is used for removing the outer covering( skin, bark or husk) of harvested crops. It performs the first processing work on harvested crops making them suitable for human consumption and the production will involve using this equipment.

* Cutter

The project will involve using a cutting equipment for removing or levelling grass, weed and it will be used to clear the land. A lawn mower will be used in this case.

* Plough

A plough will be used for digging and turning over the soil before seeds are planted. Since the project plans on surpassing its competitors….it needs to use this equipment to ensure the nutrients can come from the soil.

* Harvester

A harvester will be among the instruments that will be used in the production and it will be used for cutting off ripe crops or plants and for gathering them. Since harvesting is a very tedious work and we want utmost result we’ll use a harvester.

* Fertilizer Broadcaster

This will be used for spreading fertilizer( nitrogen fertilizer will be used being the most efficient on maize) evenly across the farm in an effective and efficient manner.

* Boom spray

It will be used doing production to spray pesticides and herbicides. We cannot have insects and pests eating up out production. Herbicides will be used to kill weeds because weed infestation can reduce maize production by 30%.

 These technical equipment mentioned although expensive is just what we need for effective and profitable production.

Apart from technical equipment we need to look at some other things like:

* The Location

 The farm will be located at Sunny villa estate in the Ajah area of Lagos State. Most people are of the opinion that Lagos State will not have enough land to take such mass production of Maize however the site that has been picked is not a developed area so there are no threats to the plants to be grown. About half of the estate has been purchased for this production. The location is suitable for efficient production, processing and marketing.

* The Raw Materials

 Since the production is not one that involves going through rigorous means to get raw materials so much money need not be put into it. The maize seedlings will be bought in large quantity to be planted. These seeds will be local ones so they are not corrupted with westernized mechanisms.

**Chapter 7: Marketing Plan**

Every business or product has the market it targets. This describes how you plan generating profit and creating exposure to best sell your product. There are certain things that the sole owner will consider which are:

* Unique value proposition

 The market need to be met by the project is to ensure no gaps are left in the demand for maize throughout Nigeria. As mentioned before the demand for maize is high so OceanicAgro Limited has it as its aim to meet this demand in the west, north, east and south.

* Pricing strategy

 The price of a product depends on the demand for it, in order for the venture to deliver it will make its prices to be at the middle, it will not be too high nor will it be shallowly low. Its prices will be affordable to customers. One thing is that the business will ensure that its price will be one that will make it different and ideal compared to its competitors.

* Sale/Distribution plan

 The firm plans to distribute its products to customers versatilely meaning that its products will be available in shops, online, through mail orders, through other companies and any other distribution plan possible. Although it will focus mainly on retail outlets before expanding to the others.

* Marketing Plan

 The business will use different strategies to get customers to patronize it. It will have a lot of advertisements. The branding will be interacting from its colours to texts of the business letterhead, the business cards will give an overall welcoming image.

**Chapter 8: Organizational Plan**

 The farm will be managed by a board of directors since although it is in the line of a sole proprietorship, it is seen as a corporation. A large part of the company that is about 70% will be held by the sole owner that is Miss Eseosa Uwagboe, the remaining 30% will be shared between the board of directors.

 The basic businesses categories of sale, marketing, administration and production are the main categories for medium scale businesses like the above project. The board of directors will be made up of shareholders, owners of cooperative agro businesses, agro consultants, etc. The Managing director will be responsible for coordinating everything that goes on daily from carrying business risks and focusing on wealth creation.

* Form of ownership: Partnership
* Partners or principal shareholders: Dr. Ajao Aliyu, Mr. Ayerebe Ayanfe, Prof Ehi Ihedioha, Olusegun Obasanjo, Mr. Mike Adenuga
* Roles and responsibilities: Miss Eseosa Uwagboe will be the Managing Director and the head of the board of directors. A general manager will see to the daily activities of the company. There will be a sales manager in charge of the sale’s department. There will also be a human resource manager. There will be a technical officer.

**Chapter 9: Assessment of Risks**

Every business has risks including our business, there will be risks in production, distribution, marketing, etc. Some of the most pending and possible risks to our maize productions are,

* Output being lower than expected: Since our business is agricultural predicting our yield may be wrong so we may get lower output than expected. This might be as result of weather conditions. The solution we can infer is that we have to follow recommended production practices. We will adopt mitigation practices like deep irrigation, etc. We will engage in very intense growing practices.
* Marketing risks: There are risks of our products not selling out by reason of the price or the competitors in the market. Some strategies we’ll put in place to manage these risks are, developing a marketing plan, increasing direct marketing efforts, conducting essential market research in order to understand the market.
* Financial risks: We are prone to financial risks and as a result of a decline in meeting the aspired obligations. We will prevent such by developing a strategic business plan, ensure our sponsors are reliable, control key expenses.
* Legal and environmental risks: There are a lot of risks like tort negligence( if a worker gets injured) and environmental concerns like water quality, erosion and pesticide. Preventions will be like understanding the business structure, developing good relationship with the workers, using good agricultural practices to limit environmental risks.
* Human Resource management risks: There are risks associated with individuals and their relationships with each other. The way to manage such risks are evaluating sources of labour, recognizing good performance by our workers, we will increase worker’s pay and bonus.

**Chapter 10: Financial Plan**

**Proforma Manufacturing, Trading, profit and loss account for one (relevant) year out of the five years plan**

Year one(1)

**Raw Materials & Components( maize seeds)** N’000

Opening stock -

Purchases 180,000

Carriage on purchases 15,000

 195,000

Closing stock (5,000)

Issued to production 190,000

Direct labour 6,000

Other direct expense 1,200

Prime cost 197,200

**Work overloads**

Rates 15,000

Insurance 30,000

Heat, light, power 500,000

General repairs of technical 230,000

Miscellaneous 10,000

Work costs of production in year 1 785,000

Work costs of finished goods output N

Opening stock -

Total costs of produced goods 785,000

Closing stock -

Cost of goods to be sold 785,000

Sales 1,500,000

Gross Profit 715,000

Selling expenses 17,000

Distribution expenses 7,000 ( 24,000)

Profit before interest and tax 691,000

Interest on loan (50,000)

Net profit before tax 641,000

Taxation (34,550)

Profit after tax 606,450

Year one(1)

Proforma Balance Sheet for( Relevant) one year

Fixed assets N N N

 Costs Dep

Agricultural machines 200,000 50,000 150,000

Current assets

Closing stock (raw materials) 40,000

Debtors 15,000

Cash 7,500 62,500

Current liabilities

Creditors 21,000

Loan 23,000 (44,000)

Working capital 18,000

 168,000

Financed by: 280,000

Capital 200,000

Net profit 480,000

Now let’s analyse the financial statement using financial ratios:

(A ) Liquidity ratio

(i ) Current ratio = Current assets Year 1 62,500 = 1:1.4

 Current liabilities 44,000

(ii ) Acid Test Ratio = Current assets- stock Year 1 62,500-40,000 = 1:0.51

 Current liabilities 44,000

 (B ) Profitability ratio

(i ) Gross Profit Ratio = Gross Profit x 100 Year 1 = 715,000 x100 = 47.7%

 Sales 1,500,000

(ii) Net profit margin = Profit before Interest and tax x100 Year 1 691,000 x100 = 46.7%

 Sales 1,500,000

(C ) Long term solvency, efficiency and stability ratio

(i ) Fixed Interest Cover = Profit before Interest and tax Year 1= 691,000 = 13.8:1

 Fixed Interest 50,000

(ii) Return on total assets = Profit before Interest and tax x 100 Year 1= 691,000 x100 = 323%

 Total assets 212,000

(iii ) Total Assets Turnover = Sales Year 1 = 1,500,000 = 7.1:1

 Total assets 212,000

Looking at the financial plan of the first year the project is feasible, stable and efficient and seems very promising. Investors can be rest assured that this agricultural business is one that could be relied on to make huge profits. In conclusion the project is very viable and feasible and resources can be put into it confidently.

1. Dr. Olutoye E. Adebayo *Fundamentals of Entrepreneurship*

2 <https://smallbusiness.chron.com> [↑](#footnote-ref-1)
2. 3 <https://www.iiata.org>

4 <https://pestleanalysis.com> [↑](#footnote-ref-2)
3. [↑](#footnote-ref-3)
4. [↑](#footnote-ref-4)