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**DEPARTMENT; LAW**

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**ENTERPRENEURSHIP**

A TYPICAL BUSINESS PLAN FOR ZAMAN MANUFACTURING COMPANY LIMITED

1. **Cover Page**

Title; Business plan on the production of plastic containers.

Prepared by; Manic Consultants

For; Zaman Manufacturing Company Limited

Note; kindly ensure that the data/ information in these 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**

Zaman Manufacturing Company Limited is a plastic container manufacturing company of over ten (10) years. Due to the amount of pressure from different companies for plastic containers for packing creams, oils, foodstuff and things of that sort, the management decided to start the production of plastic containers in order to meet the anticipated high demand for the product.

1. **Introduction**

Zaman Manufacturing Company Limited is the name of the company, established to produce plastic containers. It is located at 48, Shola Aliyu Way, Ikeja, Lagos. The business is a business owned by a very successful wholesale plastic material merchant.

1. **Descriptive of the Venture**

Zaman manufacturing company limited is poised to produce 30ml, 50ml, 1 liter and 2 liters plastic containers. The target markets for these products are cream manufactures and oil manufactures. The company can make any type/design of plastic containers according to the specification and mould of the customers.

1. **Industry Analysis**

Plastic containers production is not relatively new in Nigeria, but there are still not a lot of companies into it. Currently the demand for plastic containers is for below supplies, leading to down payment for the product by companies that are into the production of creams and other skincare materials and also companies that are into the production of food materials that are packaged in plastic containers.

1. **Market Analysis**

The company would concentrate its marketing efforts on medium and small scale skincare materials companies. Firstly, within Ogun and other parts of Western region of Nigeria. This segment of the market has a high growth rate and market potential because there are daily entrants into plastic containers production.

1. **Strategic Human Resources Planning**;

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

Two plastic molding operators shall be engaged while one packing staff running on seven (7) a.m. to five (5) p.m. shift. A supervisor shall also be engaged to procure plastic containers 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 three years structure is on the table below;

PROJECTED STAFF STRENGTH

|  |  |  |  |
| --- | --- | --- | --- |
| **Title**  | **Year 1** | **Year 2** | **Year 3** |
| Manager/ supervisor | 1 | 1 | 1 |
| Sales/ Marketing officer | 2 | 2 | 3 |
| Accountant  | 1 | 1 | 1 |
| Plastic molding operators | 2 | 2 | 2 |
| Packer  | 1 | 1 | 1 |
| Cleaner  | 2 | 2 | 2 |
| Security  | 2 | 2 | 2 |

**PROJECTED TOTAL COMPENSATION PACKAGE PER ANNUM**

Manager/ supervisor -- 400,000

Sales/ Marketing officer --300,000

Accountant --250,000

Plastic molding operator --100,000

Packer --90,000

Cleaner --70,000

Security -- 65,000

1. **Production Plan;**

The production process involves the heating of the plastic containers by the heating equipment, the compressor pumps air into the blowing machine and then the blowing machine blows the heated plastic container to the shape of the installed mould to the plastic molding machine.

The plastic molding machine must be positioned beside the plastic blowing machine. The compressor can be placed outside the building but connected to the plastic blowing machine through an air pipe. A production line can produce about 10,000 plastic containers daily using two shifts of nine (10) hours each with one (1) hour break.

1. **Marketing Plan;**

The demand for plastic containers currently in Nigeria cannot really be met by plastic containers manufacturers; we would therefore visit companies that are into the production of skincare materials and foodstuffs that are packaged in containers to show them a sample of our products. We would adopt hygienic operation and efficient delivery strategies to win. And so skincare and foodstuff production companies will be invited to our factory to see the hygienic environment in which we’re working in and also the facilities that have been put in place. We would also exhibit a very high level of human relations in the market, with competitive pricing and also show efficiency in all our dealings with our customers.

1. **Organisational 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.

1. **Assessment of Risks and Problems**;

Some of the potential risks in this business according to our research are; raw materials supply, competition, power supply, high rate of labor turnover etc. On the issue of raw materials supply, we are going to build a large network of reliable raw materials suppliers, on the issue of competition, we would use our winning strategies to retain and grow our customers, on the issue of power supply, a 200 KVA generator shall be purchased and lastly on the issue of high rate of labor turnover, the welfare of the workers shall be our top priority and a good succession plan that will take care of any emergency shall be structured out.

1. **Financial Plan;**

Proforma Manufacturing, trading, profit and loss account for two (relevant) year of the three year plan;

 **YEAR ONE**

**Raw materials and components** N’000

Opening stock ----

Purchases 20,000

Carriage on purchase 1,000

Closing stock 21,000

Issued to production 19,800

Direct Labor 650

Other direct expenses 100

Prime cost 20,550

**Work overheads**

Rates 100

Insurance 200

Heat, light, power 1,600

General repairs in the factory 500

Miscellaneous 100

Factory input or works cost of production in year one 25,000

Works cost of finished goods output

Transferred from the manufacturing account 20,000

Opening stock of finished goods ---

Total cost of produced goods 20,000

Closing stock ---

Cost of goods to be sold 20,000

Sales 29,000

Gross profit 5,000

Administrative/selling expenses 1000

Rent 400

Distribution expenses 500 (1900)

Profit before interest and tax 3000

Interest on loan 700

Net profit before tax 2500

Taxation 650

Profit after tax 1700

**Pro forma Balance sheet for (relevant) two years**

 **Year Two**

**Fixed assets** N Costs N Dep N

Factory machine and office equipment 5,000 10,000 3,500

Current Assets

Closing stock (raw materials) 300

Debtors 2,000

Cash 1,000 4,000

Current liabilities

Creditors 900

Loan 2,500 (3,700)

Working capital 300

 4,000

Financed by; 2,400

Capital 1,500

Net profit 3,900

**Proforma Manufacturing Trading, Profit and loss Account**

 **YEAR TWO**

Raw materials & components N

Opening stock 800

Purchases 25,000

Carriage on purchase 720

 26,520

Closing stock (900)

Issued to production 25,500

Direct labor 500

Other direct expenses 70

Prime cost 26,000

Overhead

Rates 100

Insurance 200

Heat, light, power 2,000

General repair in factory 500

Depreciation of factory 1,250

Miscellaneous 200 4,250

Factory input or works cost of production

In year two 30,000

Works cost of finished goods output N

Transferred from the manufacturing account 30,000

Opening stock of finished goods ---

Total cost of produced goods 30,000

Closing stock of finished goods (500)

Cost of goods to be sold 29,500

Sales 36,069

Gross profit 6,569

Administrative/ selling expense 1400

Rent 300

Distribution expenses 500 (2,200)

Profit before interest and tax 4,000

Interest on loan (600)

Net profit before tax 3,400

Taxation 1000

Profit after tax 2,350

Proforma Balance Sheet for Two (relevant) Years

Fixed assets N N N

Factory machine and office equipment 3000 1000 2000

Current assets

Closing stock (raw materials) 900

Closing stock (finished goods) 550

Debtors 2550

Cash 1700 4000

Current liabilities

Creditors 1500

Loan 1700 3200

Working capital 2050

Financed by; 2200

Capital 2400

Net profit 4600

**CONCLUSION**

Looking at the above analysis, the long term efficiency, solvency and stability of the company seems exceedingly promising. The viability and feasibility of the project has been tested from the above evaluation. The project is technically feasible and commercially viable. It is therefore recommended for funding. This project looks viable and is worthwhile to commit resources to it.