

ADEMOLA ANOINTING OLUWAFUNMILOLA

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LAW

ENTREPRENUERSHIP

GST212 ASSIGNMENT

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Question

Using any company or business of your choice, write a good and customized business plan

# **A BUSINESS PLAN FOR MONTANA VENTURES COMPANY LIMITED**

Title: Business plan on the production of Montana Skin Glow body cream through Montana technology

Prepared by: Beauty spark consultants

For: Montana Ventures Company Limited

Note: Kindly ensure that the data and information in this document is kept confidential

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## **Executive summary**

Montana Ventures Company Limited is a skin care producing company of over twelve (12) years. Due to the strong demand and desire of consumers to get a skin product that will be effective, refine their skin and make it sparkle, the management board decided to produce Montana Skin Glow body cream through Montana technology to meet this high demand.

## **Introduction**

Montana Ventures Company Limited is the name of the company, established to produce Montana Skin Glow body cream. It is located at 29 Trans Amadi Road, Port Harcourt, Rivers State.

## **Description of venture**

Montana Ventures Company Limited is poised to produce skin care products such as body cream, moisturizers, lotions, spray, facial cleanser and powder. The target market for these products is everyone including young and old persons. The company will make the Montana Skin Glow body cream based on the specification and mould of the customers.

## **Industry analysis**

Montana technology is relatively new in Nigeria. With government efforts to ensure the production of good and high quality of body creams and other deodorants, Montana glow body cream will be the dominant skin care approach for skin care companies in the nearest future.

## **Market Analysis**

The company would concentrate its marketing efforts on medium and small scale skin care companies within Rivers state and other parts of the Southern region of Nigeria. The segment of the market has high growth rate and market potentials because there are daily entrants into Montana Skin Glow body cream production.

## **Strategic human resource planning**

At the take off, the business shall comprise of a single line. Three Vacuum emulsifier operators shall be engaged during the production process. A supervisor shall also be

engaged to procure the Montana Skin Glow body cream and supervise the operation of the factory. An accountant and a sales and marketing officer shall equally be employed.

The compensation package will be provided as seen in this table

#### PROJECTED STAFF STRENGTH

Title	Year one	Year two	Year three	Year four	Year five
Manager/ Supervisor	1	1	1	1	1
Sales/marketing officer	2	2	2	4	4
Accountant	1	1	1	1	1
Vacuum emulsifier operators	3	3	3	4	4
Cleaner	1	1	1	2	3
Security	2	2	2	2	2

#### PROJECTED TOTAL COMPENSATION PACKAGE PER ANNUM

Manager/ Supervisor- 300,000

Sales/marketing officer-270,000

Accountant-250,000

Vacuum emulsifier operators- 200,000

Cleaner-50,000

Security-50,000

### Production plan

The Vacuum Emulsifier Homogenizer machine is widely used to make cream, ointment, lotion, cosmetics, food and pharmaceutical. The Vacuum Emulsifier Homogenizer utilizes the many significant functions of vacuum to improve the performance of mixing and product handling and the best mixing results. Controlling the mixing environment into a vacuum state will not only prevent aeration which will lead to mixing blade degradation but will attain void free end product mixtures. The combination of high shearing and expanding forces in the mixing heads allows for very fine droplets which would be used in making the Montana Skin Glow body cream. The production line can produce 300 Montana Skin Glow body cream with the three operators of the machine.

### Marketing plan

The demand for Montana Skin Glow body cream is high and the number of production personnel would be increased to meet demand. We would adopt delivery efficiency and hygienic operation as a winning strategy. In addition, we would enter the market with competitive pricing and exhibit high level of human relations and efficiency in our dealing with our customers.

### 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.

### Assessment of risks and problems

In research efforts, some of the noted potential risks are raw materials supply, power supply, competition and high rate of market turnover. On the issue of power supply, a 100 KVA generator shall be bought. A network of reliable raw materials suppliers would be built. Competition is inherent in business and we would make use of our added value strategy to retain and grow our customers. On labour turnover, we shall operate the business like a family and workers welfare shall be the prime attention of management. We shall structure a good succession plan that will take care of any exigencies.

## Financial plan

Proforma manufacturing, trading, profit and loss Account for a year out of the two years plan.

### YEAR ONE

#### Raw materials and components

#### Opening stock

Purchases		30,000
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Carriage of purchase		<u>500</u>
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30,500

Closing stock		<u>700</u>
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Issued to production		29,800
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Direct labour		500
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Other direct expenses		<u>50</u>
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Prime cost		30,350
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#### Work overheads

Rates	100	
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Insurance	200	
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Heat, light and power	1,900	
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General repairs in the factory	600	
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Depreciation of factory	1200	
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Miscellaneous	<u>150</u>	<u>4,150</u>
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Factory input or works cost of		<u>34,500</u>
Production in year one		
Works cost of finished goods output		
Transferred from the manufacturing account		34,500
Opening stock of finished goods		
Total cost of produced goods		34,500
Closing stock		
Cost of goods to be sold		34,500
Sales		<u>38,000</u>
Gross profit		3,500
Administrative/ selling expenses	1000	
Rent	200	
Distribution expenses	<u>400</u>	<u>1600</u>
Profit before interest and tax		1,900
Interest on loan		<u>600</u>
Net profit before tax		1,300
Taxation		<u>400</u>
Profit after tax		900

Proforma balance sheet for a Year

	Year one		
Fixed assets	N	N	N

	Costs	Dep	
Factory machine and	4000	10,000	2000
Office equipments			
Current assets			
Closing stock (raw materials)		700	
Debtors		3000	
Cash		2600	6,300
Current liabilities			
Creditors		2500	
Loan		3000	<u>5,500</u>
Working capital			<u>800</u>
			<u>2,800</u>
Financed by			1900
Capital			<u>900</u>
Net profit			2,800

### **Evaluation, Recommendation and conclusion**

In conclusion, this business plan is economically feasible as it looks very viable and is worthwhile to commit resources to it.



## Reference

- Adedayo, O. Fundamentals of Entrepreneurship. St Halice Multibuz concepts. Lagos.