

**BUSINESS PLAN ON
FOOD PROCESSING
BUSINESS, WUSE 2, ABUJA,
FCT.**

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ELECT/ELECT ENGINEERING

**On Assignment GST 212,
Introduction to Entrepreneurship**

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1.00 Executive Summary:

Name of the enterprise is Eryie Foods Processing Company, with interest in food chain business, focusing on food production and food spices, made from locally sources Nigerian and African spices, to be located in Abuja, FCT.

Business activity involves making and distribution of finished food products, both eat-in, outdoor catering and home and office deliveries, and locally sourced and produced spices.

Financial implication is N8,591,121.10 as initial capital. N2,435,671.55 will be used to smoothen the existing operation activities; N1,338,00 will be used to purchase stock and N4,817,449.55 will serve as the operating cost for six months.

The business shall be financed by owners' equity of N2,577,336.33 which amounts to 20% of the capital investment while loan of N6,013,784.77 will be sourced from the financial institutions, and will be paid over a period of 5 years with a negotiated single digit interest of 09%, with a moratorium of 12 months.

1.01 Company Overview:

a. Mission Statement

The mission of the enterprise is to fill the gap in the most sought-after food business in an ever busy city like Abuja, and its environs, while the spices produced will be distributed in the FCT and beyond, at an affordable but competitive price. We will leverage on the ready market for natural food produce, with health benefits.

b. History and Current Status

The business has been in existence for about a year but operating from home as home prepared and office drop off food or on request. However, given that the demands has become huge, we have decided to have a dedicated kitchen for the business, while engaging more hands in the preparation and distribution, so the need for a business plan, to source for funds to expand the business. We have acquired the site and set up the structure for the commencement of the business. We have acquired the necessary knowledge and expertise needed for the smooth operation of the business, but the financing of the business to a complete state where we can start large scale production is the challenge.

c. Markets and Products

Food processing is a great business idea as an increasing number of people are getting busier, working late and over weekends, and would also want to eat healthy and incorporating all the essential nutrients into their daily meals at affordable cost. Food processing business has several advantages, both for the business owners and the customers, such as-

- Customers get access to freshly prepared food using organic ingredients sought from the local market and hygienically obtained following standard processing procedures.
- The prices of the products are reasonable thus making it possible for greater number of customers to purchase the food, which in turn increases the market reach for the business owners.
- Business owners on the other hand also benefit from raising creating its own branded spices, from spices sought from the local market
- Also, the rate of return in the food business is quite good as the products are sold at a good rate and there is a continuous demand for the products.

1.02 Objectives

Our objective is to achieve good quality produce, without compromising the standards. We also aim to achieve a total turnover of N9,799,941, a gross profit of N2,654,174 and a profit after tax of N1,158,657 by the close of our second year of operation, having successfully served approximately 3000 demands for food in close to one year of operating from the home kitchen. There will be constant supply from identified farms so it will be a farm to table food products, with no additives, paying attention to every health need of individual customers.

1.03 RISK ANALYSIS

The risk that may be associated with the business are the following:

- Disease outbreak,
- Fire outbreak,
- Theft/pilfering
- Climate

1.03.1 Mitigation of Risk:

The risks shall be mitigated by taking the following steps

- Regular medical check for staff
- Regular fumigation of the business place and deep cleaning of cooking equipment
- Regular invitation of health and hygiene inspectors to check the premises and give health talk to the staff
- Install fire extinguishers at strategic points in the premises
- Train workers on fire safety measure with regular refreshers
- Take necessary measures, within our powers to mitigate any unforeseen risk, except for force majeure
- Pay workers well and regularly to prevent massive pilfering of produce

- Ensure use of clinically approved hygiene kits by staff

2.00 Product or Service description:

2.01. Description of Products

Eryie Food processing have developed several recipes for different kinds of locally prepared meals, eaten in Nigerian homes, using locally sources spices and creating its unique mix and flavors. They include jollof rice, groundnut soup, sesame seed (Beneseed) soup, Stew, egusi soup, moi-moi, locally spiced and cooked, fried or grilled protein of any type, porridge or plain cooked yam with sources, etc.

In addition, Eryie Food processing shall produce spices from locally sourced spices from the market and creating its unique mix that can be used for different kinds of Nigerian food, depending on choice of tastes and flavor. We have produced these spices in medium quantity, and it has sold out the instant it come out into the market. The estimated shelve life for the spices is 2 years stored in a dry cool place.

Eryie intends to market these products in its dry form, sealed and well preserved in a 250g packed containers or on package requirement from customers.

3.00 Industry and Market Analysis

a. Industry analysis

Food processing is a business which is critical to the economy. It is a vibrant business and huge patronage nationwide. It has developed from the very rustic level to technology driven, where food processing can use technology to monitor how the right temperature of preservation and preventing bacteria, from growing in the food. Records have it that food processing and sales contributes over 1.6 trillion Naira to the Nigerian's GDP. Food processing aids the agricultural economy, which accounts for about 30% of the GDP.

d. Customer analysis

There are several food processing businesses in Nigeria and particularly the FCT, but not so many of them are involved in making and selling local dishes sourced from the diverse tradition and culture of Nigeria, from the North to the South, East and West. Besides the ready to eat food that we shall produce, letting customers have food away from home and still savour the home-made food, we shall be involved in home deliveries, both in small and large scale. This will save the ever-busy executives and workers the time spent in the kitchen, trying to fix food after a hard day's work.

Our mixed spices are unique, bringing in the mix of spices that can be used in homes for variety of food which is not readily in the market. It will save the customer the time and energy of trying to think out which spices to put together to achieve that great taste to the food.

Additionally, most spices are imported and packed with some preservatives that may not be healthy when consumed. Eryie spices is 100% natural and home grown.

The pricing as well shall be our strong point. While we strive for good quality and quantity for price, we also take into consideration our variety of customers and their earnings. The prices shall be competitive without compromising quality.

We shall conduct a customer survey, using questionnaires and sampling of opinions. This will give us an idea of the customer needs and expectations.

e. Competitor analysis

Factors	Chrit Ent.	Base Ent	GITs farms	Important
Product	Fast Food	Fast Food	Fast Food	Satisfies customer base
Price	Cost Based	Cost based	Cost based	Customer attraction
Quality	Good	Good	Excellent	Attracts customers
Location	Garki	Maitama	Asokoro	Easy to access
Weakness	Low production capacity	Variety of imported spices used for the preparations	Late delivery to customers	Meet consumption needs and deliver timely and in good condition

4.00 Marketing Strategy

a. Target Market Strategy

Our target market shall include:

- Hotels,
- Restaurants
- Market – both open and chain-stores
- Busy Executives
- Individual and collective families

The enterprise is located in Wuse 2/Maitama axis in FCT, but the produce will reach to all the areas within the Abuja Municipal Area and beyond on demand. Our target is that we will be carrying out both outdoor, eat-in and home deliveries and to be the most sought-after food vendor in the FCT.

b. Product/Service Strategy

The business as a policy will sell its products on cash basis. However, customers who order in large quantities will be considered for credit on their own merit, based on negotiated terms and conditions.

c. Pricing Strategy

We shall take into consideration the market pricing and adjust in such a way that we do not hurt the market and still make profit.

d. Distribution Strategy

We shall employ both wholesale and retail, home deliveries, eat-ins and outdoor catering.

For the Spices: we shall engage distributors and open a sales outlet in areas that we have no distributors. We will also offer self-collection and direct delivery as the need arises. The products will be conveyed to target locations by dedicated personnel, where the order is large. For small deliveries, customers may walk in and take their deliveries or home delivered on agreed terms and conditions. We will however strive to make deliveries, easing the stress on our customers. This will give us leverage over our competitors.

For the food: We shall engage in eat-ins, home and office deliveries and outdoor caterings.

e. Advertising and Promotion Strategy

We will leverage on the fact that they are many busy executives and workers in the FCT, with limited time to go out and have meals or cook meals at home. To capture the audience, we shall place adverts on both print and broadcast media, the social media and passing on leaflets as well as mouth to mouth passing of information on the services.

SN	Advert/promotional Strategy	Budget	Details of budget
1	Signage	10,000	Once
2	Handbills	50,000	Yearly
3	Complimentary Cards	6,000	Reprinted as need arise
4	Social Media		Use existing group on social media
5	Referrals		Commission paid on customer purchase and referral
	Total	N66,000	

g. Marketing and sales Forecasts

We forecast to sell at least 100,000 packs of the spices each week, delivering to hotels, restaurants, and individual traders. And to feed about 100 individuals each day

5.00 Operational plans

a. Operations Strategy

The food processing will start a purpose build kitchen, with a large hall for eat-ins. Attached to the kitchen and the hall, will be a large spaced room structure, to serve as the office space and another to serve as storeroom. The offices shall be equipped with computers and monitoring equipment to ensure the safety of the customers and employees.

b. Material Needs for Operations

Operating Equipment

SN	Equipment	Description/Uses	Key sources
1	Large cookers with multiple burners with ovens	For cooking	Open Market
2	5 large sized refrigerators	For preservation of food items	Open Market
3	Variety of food severing dishes	For serving food	Open Market
4	Cutleries/Plates		Open market
5	5 Micro-waves ovens	For heating up food when and where necessary	Open Market

Consumables needed operations

SN	Consumable materials	Description/Uses	Key sources
1	Raw food	For preparing variety of dishes	Suppliers - farmers
2	Cooking gas		Supplier
3	Other consumables		Open market

6.00 Financial Projections

The following pages include multi-year projections for income, cash flow, balance statement, as well as estimated financial ratios. These projections are for the spices as well as the food sales.

b. Open Stocking: Spices

Stock/Item	Quantity	Unit Cost	Total
250g	2000	N300	N600,000

Special mix demand	2000	N350	N700,000
Food products (none Perishables)	To be determined		N320,000

c. Pricing Strategy

We will adopt the cost-based price in the sale of our products. It will depend on the needs and order in relation to the cost of market products. However, the spices will be sold at a fixed cost as follows:

Items	Description	Proposed Selling Price (N)
Mixed spices	250g	300
Special order	Per g	100

e. Record/Stock Control Process

SN	Books kept	Reason
1	Sales	Record all transactions for the day
2	Receipt book	For accountability
3	Purchase book	Record of goods bought on credit sales
4	Cash book	Record of all cash transactions

7.00 Management Plan

a. Company Organization

Organizational chart

Manager - Overall head of the factory, see to the daily management of the factory

Factory Supervisor – Reports to the Manager on daily basis

Sales Supervisor – Supervises the sales team and ensure that costumers are satisfied

Accountant – Keeps the account and books.

Attendants – Ensure that the customers are served on demand

Cleaners –Engaged in ensuring that the premise is kept in neat and clean condition.

b. Management Team – Manager, supervisors and accountants

c. Administrative Expenses

Position	No of Staff	Monthly Salary	Annual Salary	Allowances
Manager	1	30,000	360,000	5% of monthly salary

Sales Supervisor	1	20,000	240,000	5% of monthly salary
Factory Supervisor	1	20,000	240,000	5% of monthly salary
Attendants	5	18,000	1,080,000	2% monthly salary
Other Staff	2	15,000	180,000	

8.00 Summary of Financials

a. Financial Assumptions

Inflation: An assumption of 11.5% to the price of equipment and stock has been added to the financial plan, giving room for inflation and other unforeseen factors that may affect the cost of production

Interest rate: An assumption of 0.9% would be made for the interest rate of loans to be obtained from the financial institutions, which is lower than the commercial rate

Insurance: 5% insurance per annum for the equipment has been projected

Depreciation: An assumption of straight-line method has been used in calculating projecting of the depreciation

Tax: 5% has been factored in as tax for the start-up business

Start-up Capital Estimate

Start-up Capital Estimate		
Activities	Period	Amount (N)
Pre-operating Expenses		2,435,671.55
Initial Stock		1,338,000.00
Initial Operating Expenses	6months	4,817,449.55
	Total	8,591,121.10

Sources of Funds

Sources%	%	Amount (N)
Personal Equity	30	2,577,336.33
Loan proceeds	70	6,013,784.77
Total	100	8,591,121.10