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Assignment

Using a company or business of your choice, write a good and customized business plan, covering all relevant aspects and analyses. Your submission should strictly be in the following format and saved as pdf; Times new roman, 12 and 1.5 line spacing. Page limit, minimum of 5 and maximum of 10.

THE TABGATE AGRO ALLIED LTD.

1. INTRODUCTION

Cashew (*Anacardium occidentale*), a native of Brazil, was introduced in Nigeria during the later half of the Sixteenth Century for the purpose of afforestation and soil conservation. From its humble beginning as a crop intended to check soil erosion, cashew has emerged as a major foreign exchange earner next only to tea and coffee. Cashew nut is one of the important nuts grown in the world and ranked first. Among various nuts such as hazelnuts, almonds, etc., cashew nut enjoys an unenviable position and it is an unavoidable snack in all important social functions especially in the western countries.

2. AIM & OBJECTIVE

This business feasibility studies try to show the likelihood of your proposed action succeeding or failing, through a careful look at the costs and opportunities involved. This studies helps to determine if a proposed strategic action makes sense operationally and will produce the desired results.

3. EXECUTIVE SUMMARY

TABGATE AGRO ALLIED LTD and will concentrate on growth of cashew fruit and its by products. We will supply fruits, cashew nut and its other product forms to different quick service in south west Nigeria and our vision is to be one of the known cashew product supplier in Nigeria with a mission to have varieties of cashew products at a very profitable venture. From the research that was carried out it was discovered that the demand for cashew nuts and its byproducts is not fully satisfied in Nigeria, though they are already existing agricultural farms operating around borders of Abeokuta and Ogun state environment, the cashew cultivation plant will be sited at Obafemi Owode Local Government, Abeokuta in Ogun state.

There are high demand in some part of Nigeria majorly Enugu, Lagos, part of Ogun. These legal requirements for the establishment of this venture such as local government revenue (tax) per month and security payment (vigilante) per month have

been inquired and will be carefully complied with. Population: Obafemi-Owode Local Government has an estimated population of 230,000. Land mass: It is made up of about 1,204 towns and villages with a land mass of 104,787.07 hectares of largely agricultural land. Obafemi Owode Local Government is endowed with vast fertile land suitable for the cultivation of rice, kolanut, sugarcane, maize, cassava, tomatoes and a wide variety of vegetables. The Local Government is generally regarded as the land of OFADA rice. The major food crops of the area includes cassava, rice, cocoyam, plantain, maize and vegetable, while palm produce and cocoa form the major cash crops.

Obafemi Owode Local Government has some motorable (graded) roads which are linked by state and federal road network for inter and intra city connections. The Federal roads running through the Local Government area include:

- 1) Lagos-Ibadan Express way
- 2) Abeokuta-Sagamu road
- 3) Sagamu-Papalanto road
- State roads within the area include:
- 4) Owode-Siun-Ofada road
- 5) Siun-Iperu road
- 6) Ogunmakin-Ajebo road
- 7) Ofada-Mowe road.

The venture will help in providence employment to the locals meeting the demand of cashew nuts and making the price affordable in future, **TABGATE AGRO ALLIED LTD** intends to develop into other cashew by products.

3.1 STRATEGY AND IMPLEMENTATION SUMMARY OBJECTIVE

- 1) To increase number of our client by 50% within 5 years of existence.
- 2) To evaluate our strategic marketing by every three months.
- 3) To maximize profit by 50% every year.

4. MARKET ANALYSIS

4.1 TACTICS AND STRATEGY IMPACTS.

TABGATE AGRO ALLIED LTD products will be priced at affordable rate. When a markup is placed on any of our products, customers will be willing to pay because of the affordable price. The business to be established is a cashew plantation that will concentrate on the production of cashew nuts and its byproducts because of the fund required the venture will start as a small scale business in Obafemi Owode Local Government, Abeokuta in Ogun state with 100hectres of land. The farm site will be a permanent land and will need necessary equipment for its operation as it is entirely new firm to start from the scratch.

4.2 MAJOR COMPETITOR

- 1) Valency Cashew Processing Limited , Abeokuta Unity Estate Off Lagos-ibadan Expressway Ibafo Ogun Cashew Nuts Soy Milk Food Processing Machinery Nuts & Kernels Bean Products

- 2) E.L.O Ngodo Enterprises Limited , 38 Ebenezer Akintunji Avenue
Ikotun Lagos Agricultural Greenhouses Cocoa Beans Chickpeas Agricultural Product
Stock Dried Flowers
- 3) Trinity Agros , Akure Legacy Palace Lodge Ibadan-ileshe Expressway Akure
Soybeans Animal Extract Honey Beans Agriculture
- 4) Vogue Express Nig Ltd, Lagos 20 Church Street Odonguyan Ikorodu Lagos
Cashew Nuts Graphite Powder Lime Graphite Products Nuts & Kernels

4.3. MINOR COMPETITORS

1) Obasanjo farm (Ota farm) company.

The owner of this company is Chief Olusegun Obasanjo, he is also known as a retired army officer, and politician. His farming company is known as Ota farm, but the full name is Obasanjo Farms Nigeria Limited. The company was opened on October 8, 1979. In the beginning, the staff of the company consisted of four bulldozer operators and now the number of workers is about 7,000. Obasanjo farm played an important role in the development of agriculture in Nigeria. The company was a pioneer of mechanization in the industry and this is one of the reasons for its success.

Obasanjo farm considers agriculture as a profitable and vital industry important for all spheres of life. Today a high-class expert manages the company. The territory of the farm is around 30 thousand hectares.

2) Maizube farms

The owner of this company is General Abdulsalami Abubakar, he is also known for his military and political career. Maizube Farms Limited plays an important role in the development of agriculture in the country in this era. The farm is located in Minna, Niger State. It is a 500-hectare multi-product farm that has crop and livestock sections. The company is considered as one of the most stable sources of animal and crop products.

3) Sebore Company

is a multipurpose farm situated in Mayo Belwa, Adamawa State. This is one of the largest mechanized farms in the country. Anandaruya farms the president/CEO of the company is Usman Dantata Jr. The large company is a poultry farm located in Tiga, Bebej, Kano State. The company was founded by Alhaji Usman Sanusi Dantata in the 1960s. Now the company produces above 3, 000 broilers weekly. The company is considered the most viable farm in the country at the present time.

4) Jovana farming company

The Company is situated in Mushin, Lagos. The specialization of the company is farming of animals grass cutters (greater cane rats), quail, rabbits, guinea pigs, antelope, fish, and so on. The CEO of the farm is Prince Arinze Onebunne, he is also a known consultant in the questions of farming.

4.3.1 Cashew Nut Processing Business Plan – MARKET ANALYSIS

a) Market Trends

Cashew nuts have become one of the most consumed nuts amongst other types of nuts; this is because of the positive effects of nuts such as these on the human body.

However in order to meet the growing demand, genetically modified crops have been looked into which will help those in the business to keep up with demand.

Nuts especially those of cashew contain nutrients such as fibre, proteins, folate and several other minerals, and this has encouraged more people to consume this nut daily.

Cashew nuts which come from the cashew tree grow in tropical regions and as such businesses that process these nuts in these regions spend less to get them, as against those that process the nuts in areas where the cashew trees don't grow.

b) Our Target Market

Our processed organic cashew nuts will be one that will be made available to all our customers in our target market. Our target market however at a glance cannot be restricted to just a group of people, which is why we have conducted a market research that will enable us fully determine who we are really going to sell our products to.

The market research we have conducted will enable us have an idea of the market and what we should be expecting from them. We therefore are in business according to research to cater to the following groups of people;

I) Bakeries

II) Confectioneries

III) Households

IV) Celebrities

V) Workout enthusiasts etc

4.3.2 Our Competitive Advantage

Our intention of starting Cashew Cultivation is to ensure that we build a business that will be amongst the top one well known processed cashew nuts brand globally and will be amongst the first top five brands here in the Federal Republic of Nigeria. To achieve this huge vision, we have come up with competitive strategies that will allow us compete favourably against our competitors.

We intend to process cashew nuts, which we know is more difficult to procure but which our clients will prefer. We have therefore set plans in place to ensure that we are able to grow our own cashew so as to fully achieve our vision. Our facility is not only one that is well equipped and fitted with standard equipment but is also conducive and accessible to our employees.

All those who work for us come with vast experience and our management staff are those who are not only highly experienced but understand how to build a business from scratch to becoming a national phenomenon. We have a solid distribution network and an excellent customer service culture that will be of great advantage to our business. Finally, we have great welfare and incentive packages that will ensure that our employees are well paid, and that those who work hard enough get incentives that is intended to boost their attitude.

4.4 Cashew Nut Processing Business Plan – SALES AND MARKETING STRATEGY

a) Sources of Income

TABGATE AGRO ALLIED LTD is established with the aim of generating revenue and maximizing profit in the agro processing cum food industry here in Nigeria. To maximize this profit, we are going to do all that we can to ensure that a large percentage of our target market gets our products.

TABGATE AGRO ALLIED LTD will therefore generate income by selling the following products and services;

I) Sale of processed packaged cashew nuts – salted and roasted – to all our various clients

II) Franchise

III) Consultancy and Advisory Services

IV) Training

V) Processing of Cashew Fruits Juice- In nearest Future

b) Sales Forecast

The use of processed cashew nuts have spread from commercial purposes to personal purpose, which means there will always be a demand for processed cashew nuts.

Since cashew nuts grow majorly in tropical regions, our location here in Abeokuta means that we are well positioned to meet the demands of our target market all over Nigeria in not only generating enough income but also making enough profit in our Third year and breaking even in our forth to Sixth year.

Our optimism stems from the fact that we carried out critical examination of the agro processing industry cum the food industry in order to analyze our chances and know how we were likely to fare not only in this industry but from the environment where we are operating from. Data and information that was used to forecast our sales projection were taken from similar start-ups such as ours here in Abeokuta and all over Nigeria.

4.5 Marketing and Sales Strategy.

Marketing is a very important part of any start-up business as this section not only has to understand what the target market wants but also know the right strategies that will be needed to be applied on this target market in order to bring forth results – revenue. The revenue gotten from marketing a business is what is being used to continue to run the business after the capital must have been exhausted. Marketing therefore is very paramount to the growth of a business.

In view of this, we intend to first conduct a thorough market research that will allow us understand our target market and what to expect from them. Also the market research will allow us draft effective marketing strategies that will allow us have a huge share of the market and also be able to compete favourably against our competitors, not only here in western side of Ogun but all around the Federal Republic of Nigeria. We will also look for new target markets so as to gain grounds and have a large share market in centre side of Abeokuta Nigeria.

We intend to ensure that our marketing and sales team are not only empowered to monitor the marketing strategies drafted but also review and remove the ones thought to be ineffective or ones that will not fully achieve what we intend it to. Our marketing and sales team will also make use of technology and other means in ensuring that our processed cashew nuts are marketed to our target audience.

Therefore, the marketing and sales strategies that we intend to adopt at TABGATE AGRO ALLIED LTD in selling and marketing our business are;

- i) Ensure that we introduce our cashew processing nuts business formally to high level and corporate clients as well as other stakeholders in the industry.
- ii) Throw a unique party before declaring the business open, to generate interest amongst our target market.
- iii) Place advertisements in local newspapers and food and lifestyle magazines as well as on local radio and television stations.
- iv) Use our social media platforms such as Facebook, Twitter and Instagram to market and sell our processed cashew nuts.

4.6 Our Pricing Strategy

Setting the right price for our cashew nuts and juice is very important especially as we intend to make profit from our business. It is important therefore that we identify all the factors necessary so that we would be able to offer fair prices to our customers whilst also not running at a loss as a business ourselves. The factors that we will consider are what our overhead and running costs are, what our competitors are offering and what the industry determines as fair without causing a price war.

In order therefore for us to attract the number of customers that will allow our business to grow as it should, we will be offering a discount on our processed cashew nuts for the period of three months. We have carried out a careful study of this period and have determined that even though we will be running at a low gross margin for this period, we will not be incurring any loss whatsoever for our business.

Payment Options

Due to the all-inclusive payment plans we intend to adopt at TABGATE AGRO ALLIED LTD that will accommodate all our different customers and their diverse preferences, we have carefully studied several payment options and come up with the best.

Some of the payment options that we therefore will make available in every of outlets include;

- a) Payment via cash
- b) Payment via Point of Sale (POS) machine
- c) Payment via Credit Card
- d) Payment via online payment portal
- e) Payment via bank draft

5.0 Cashew Nut Processing Business Plan – SWOT Analysis

In our bid to ensure that we run a standard cashew nuts processing business, we have engaged the services of the finest business consultant here in Ogun to look through our business concept and determine how best suited we are to not only run a standard cashew nuts processing business but to also favourably compete with other similar businesses as well.

Due to this we have taken stock of our strengths, weaknesses, opportunities and threats and used this to understand how we are likely to survive not only in our industry here in Ogun but also all over Federal Republic of Nigeria as well. The result we got after conducting the SWOT analysis for TABGATE AGRO ALLIED LTD;

1) Strengths

Our strength lies in the fact that the cashew nuts we process are organic which will be able to meet the dietary needs of our various clients. We have the best equipment in place that will be able to handle a large batch of processing without getting spoilt. We have the best preservation unit that will see our nuts lasting as long as possible without going bad. Our employees are the best in the field and have the experience necessary to ensure that we achieve all our corporate goals and objectives. Finally, our Chief Executive Officer has vast experience and the necessary expertise that will ensure that we achieve all that we set out to.

2) Weaknesses

We are a new company and as such do not have the necessary finance and staff strength needed to compete against already established cashew nuts processing businesses, which means that it will be hard for us to break into the industry here in Abeokuta and all over Nigeria. We however have plans in place that will help us overcome this.

3) Opportunities

There are several opportunities available to us in this industry as there are lots of people who understand the dietary benefits of cashew nuts and are convincing others to consume cashew nuts.

4) Threats

Every business faces threats every now and then and so the arrival of a new competitor to our same location, offering the same services is a threat as well as stringent government policies regarding the agro processing industry.

6.0 MARKETING PLAN

Therefore, the marketing and sales strategies that we intend to adopt at Tabgate Agro Allied Ltd. in selling and marketing our business are;

- Ensure that we introduce our cashew processing nuts business formally to high level and corporate clients as well as other stakeholders in the industry
- Throw a unique party before declaring the business open, to generate interest amongst our target market
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7.0 Funding

Agricultural Credit

1) Agricultural Credit Guarantee Scheme Fund (ACGSF)

The ACGSF was established by Decree No. 20 of 1977, and started operations in April, 1978. Its original share capital and paid-up capital were N100 million and N85.6 million, respectively. The Federal Government holds 60% and the Central Bank of Nigeria, 40% of the shares. The capital base of the Scheme was increased to N3 billion in March, 2001. The Fund guarantees credit facilities extended to farmers by banks up to 75% of the amount in default net of any security realized. The Fund is managed by the Central Bank of Nigeria, which handles the day-to-day operations of the Scheme. The Guidelines stipulate the eligible enterprises for which guarantees could be issued under the Scheme.

Between 1978 and 1989 when the government stipulated lending quotas for banks under the Scheme, there was consistent increase in the lending portfolios of banks to agriculture, but after the deregulation of the financial system, banks started shying away by reducing their loans to the sector due to the perceived risk.

2) Agricultural Credit Support Scheme (ACSS)

The ACSS is an initiative of the Federal Government and the Central Bank of Nigeria with the active support and participation of the Bankers Committee. The Scheme has a prescribed fund of N50.0billion. ACSS was introduced to enable farmers exploit the untapped potentials of Nigerias agricultural sector, reduce inflation, lower the cost of agricultural production (i. e. food items), generate surplus for export, increase Nigerias foreign earnings as well as diversify its revenue base. At national level, the scheme operates through a Central Implementation Committee (CIC) while at the Federal Capital Territory (FCT) and State levels, the Scheme operates through State Implementation Committees (SICs) instituted to ensure that the objectives of the scheme is realized without hindrance.

To access loans under ACSS, applicants (practicing farmers and agro-allied entrepreneurs with means) are encouraged to approach their banks for loan through the respective state chapters of farmers associations and State Implementation Committees. However, large scale farmers are allowed under the scheme to apply directly to the banks in accordance with the guidelines.

ACSS funds are disbursed to farmers and agro-allied entrepreneurs at a single-digit interest rate of 8.0 percent. At the commencement of the project support, banks will

grant loans to qualified applicants at 14.0 per cent interest rate. Applicants who pay back their facilities on schedule are to enjoy a rebate of 6.0 per cent, thus reducing the effective rate of interest to be paid by farmers to 8.0 per cent.

The Implementation Guidelines will be determined administratively as soon as a decision is taken on the proposed fund.

8.0 Conclusion

Cashewnut cultivation is a technically feasible, financially viable and bankable activity in the areas identified suitable for it based on agro-climatic conditions