NAME: BOLAJI ESTHER OKIKIJESU

MATRIC NUMBER: 18/SMS10/001

DEPARTMENT: PEACE AND CONFLICT STUDIES

COLLEGE: SOCIAL AND MANAGEMENT SCIENCES

COURSE: GST 212 – ENTREPRENEURSHIP

ASSIGNMENT - BUSINESS PLAN OF POULTRY FARM

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INTRODUCTION

Poultry Farming is one of the form of animal husbandry which raises domesticated birds such as chickens, ducks, turkeys and geese to produce meat or eggs for food which serve as protein for the human body. Poultry is mostly classified as chicken are farmed in great numbers as many individuals tend to consume chicken. It has been discovered that more than 60 billion chicken are killed for consumption annually. Chickens are usually raised for their eggs and those chickens which produce eggs are called Layers, while chickens raised for meat are called Broilers. Poultry farming is one of the most lucrative ventures especially in Nigeria as there is high demand for chicken, meat and eggs in the country. The business of rearing chicken and producing eggs has created opportunities for young graduates, retired civil servants and others to earn regular income and also provided employment opportunity for countless number of Nigerians. In recent times, there has been an increase in major investment in poultry farming.

Several benefits of poultry farming include:

1. It requires less investment compared to rearing other livestock. It requires only around Rs. 10,000/- on fixed capital and rearing of about 100 chickens. This means that small and marginal farmers and even agricultural laborers can start farming on a small scale. While chicken will start laying eggs in 8 to 10 weeks, broilers can be sold after 6 weeks by which time they would have grown to 1.25 kg weight.
2. It gives rapid return on investment. Chicken start laying eggs in 8 to 10 weeks and broilers can be sold for meat between 6 and 10 weeks.  The interval between generations is very small and hence, production can be phenomenally increased within a short period.
3. Broilers intake of feed is comparatively very low while it produces maximum possible amount of food for us. Poultry is capable of utilizing as its feed large quantities of byproducts like bran, substandard grains, vegetables etc. which normally go as waste, thus saving for the farmer a portion of his expenses towards poultry feed.
4. Poultry farming is a continuous source of income. It is not seasonal and can produce income for the entire year.
5. Poultry farming requires very little water for both drinking and cleaning.
6. Poultry droppings are rich in nitrogen and organic material and hence, are considered valuable as fertilizers for farming and also planting crops in one’s home or farm which helps reduce cost on buying manures and fertilizers.
7. Poultry feathers are also used for making pillows, fancy articles and curios.
8. Poultry offers good full time or part-time employment opportunity to farmers.
9. Poultry products like egg and meat have high nutritional value. Among all edible meat, broiler meat has the least fat content. It can also be cooked in its own fat and does not require any from outside. Poultry meat contains more protein and essential amino acids than other meats and are low in its cholesterol content c in comparison.

BUSINESS PLAN OF POULTRY BUSINESS

Having a clearly laid out business plan is one of the most important thing to consider when going into poultry farming. Poultry business plan is like a road map leading you to where you are going in your business. It will help you know where you are at any point in time.

Your business plan should contain the following:

1. LAND/ LOCATION: This has a direct effect to your startup cost. A location in a very remote rural area will cost far less than the one close to the urban area. Remote rural area with good road is the ideal location as you will be free from regulatory agencies and drive down the cost of labor too. Apart from this, those who rear poultry in urban areas tend to receive complaints from those living around the area, this is why location of land is very important before starting any business.

2. CAPITAL: with location in mind, you now have clearer idea of the capital required of one’s budget. Write down your detailed capital and investment requirements for your poultry farming in Nigeria venture and set out to source for it. Like every other farming projects, the bigger you plan to start, the more investment required. You need to decide on the level of capital investment you are willing to commit into this business before starting. You can develop the capital from various sources, for example, a loan from the bank, your personal savings, capital from friends and family etc.

* Small scale – You will need around ₦70, 000 to begin rearing chicken on small scale (around 50 birds) and keeping them in cages at your residence backyard or the location of your poultry farm.
* Medium scale – You need about ₦500, 000 – ₦5 million to start a mid-scale poultry farm, which needs housing and other materials over land spreading 1-2 plots.
* Large scale – Around ₦10 million is needed for this type of intensive project.  This will involve a high degree of planning, sophistication, professionalism and the use of advanced poultry farming techniques.

3. The type of poultry to invest in: This will ensure high level of focus, specialization and professionalism.

* *Layers Breeding*which is egg production by *Layers*
* *Broilers breeding*which referrers to the chicken meat production by *Broilers*
* *Hatchery*which has to do with breeding chicken for the purpose of *Hatching new chicks*

4. Build a suitable Structure:  House is very important for chicken rearing and effective keeping and management. Poultry housing are classified according to the scale and the management system.

* Extensive system: range or fold unit
* Semi-intensive system: standard semi intensive unit and straw yard
* Intensive system: deep litter, wire and slated floor, straw yard and battery cage.

The most common types of poultry housing used for poultry farming in Nigeria are:

* Deep litter- While the deep litter system involves rearing the chicken on the floor covered with saw dust as a cushion for them.
* Free range system: the chickens are allowed to roam around on their own search for food.
* Battery cage system: The battery cage system of rearing chicken involves putting your birds in cage.

Items Needed for Poultry Farming and their Uses

1. Feeders: Feeders is an equipment used in feeding poultry birds. The food is deposited in the feeder and the birds feed from it. The amount of feeders provided for a poultry farm should be according to the amount of birds available. It is important that you always keep the feeders clean to ensure the health safety of the birds.

2. Heaters or Brooders: It is essential that the temperature of the poultry farm be regulated especially during cold weather. The heater or brooder is an equipment used in regulating and increasing the temperature of the poultry farm. These helps to keep the birds warm when the weather is cold.

3. Incubator: This is an instrument used in hatching eggs. Egg hatchery with an incubator can be described as a means of hatching of eggs in an unnatural way. These means can be employed when there are many eggs to be hatched.

4. Chick box: The chick box is an equipment where the poultry birds are kept for egg laying. It has a roll away egg tray attached to it so that when eggs are laid, they roll away and the birds will not trample on the eggs. This particular equipment helps in preventing egg damage.

5. Fly Tray: Fly trap is an equipment used in controlling the number of flies around a poultry farm. It helps to poultry farmer reduce the number of flies in the poultry.

6. Poultry Plücker Rubber Finger: This is an equipment applied to chicken dressing machine. These rubber fingers are fixed to the bottom and side plate of the of the dressing machine in order to produce many dressed chicken in a short period.

7. Egg Tray: This is an equipment used in setting the eggs. Just like the name, it is a tray-like equipment where the eggs are place for sampling.

8. Poultry Incubator Controller: Poultry incubator controller is an equipment used for controlling the incubator and timer counter. It displays the temperature and humidity condition of the incubator.

9. Laying Nest: Laying nest is another equipment that help the birds for laying of eggs. One of the advantages of this equipment is that it increases the egg productivity of the poultry birds.

10. Egg Scale: This is an equipment used in weighing the weight of the eggs. It helps the poultry farmer know the eggs that are fertile enough for hatchery because it is assumed that an under-weight egg does not have what it takes to form a chick.

11. Egg Washer: Egg washer is an equipment that makes use of a powder called the egg washing powder. Water is added into the egg washer and then the egg washing powder is added also. It is used for washing the eggs before delivery.

12. Water Pots and Drinkers: Neat water is required for growth and digestion in poultry birds just like in humans. Therefore, the drinker is an equipment used for supplying water to the birds. You must ensure that the drinkers are washed regularly to avoid disease.

13. Cages and Coops: This poultry equipment is used for keeping poultry birds. Coops and cages are poultry equipment’s which are suitable for small scale poultry farming

ESSENTIAL FACTORS IN SETTING UP A POULTRY FARM

* 1. LAND SELECTION: It is the crucial point to established a new layer & broiler farm. The farm should be contacted well-equipped road which easily connects to the town area where egg consumption much higher
	2. THE STARTUP CAPITAL: this has been explained earlier. For example, assuming there’s an available land. Poultry farming in Nigeria costs:
		+ 500 birds (point-of-lay layers): N675,000
		+ 5 cages (96 birds-per-cage) to house the 500 birds: N250,000
		+ Cage house or pen construction: N400,000
		+ 18-months’ worth of feeding (using packaged feeds): N4,522,500

Total startup capital for 500 birds (layers): N5, 847, 500.

 3. POULTRY HOUSING: Poultry housing depends on the climate, location of land, country’s natural resources, costing, selection of area of farm installation, etc.

 4. OPERARTION AND MAINTENANCE: Poultry farming requires a very high level of O&M because the quality of their production depends on how well you manage them. You have to feed them 2 to 3 times a day. You have to make sure you give them quality water to drink. And from time to time, they’ll be visited by a veterinary doctor who will administer drugs and injections to them in order to keep them healthy. Failure to do this will expose your birds to all manner of diseases and flus. Also, you’ll need to hire one farm labor to help you with the O&M. Hire someone who lives close to your farm so that you won’t have to pay him or her too much. The current wages of a farm labor for poultry farming in Nigeria is between N10, 000 to N20, 000 a month.

5. MARKET: There’s a very good market for poultry products. Eggs are always in demand from both individuals and companies. Companies such as bakeries, restaurants, hotels etc. use eggs for making scotch eggs, cakes etc. While individuals love using eggs to eat bread, yam and to bake as well. The good thing about poultry (layers) is that after they’ve spent 18 months laying eggs for you, you can sell them off at a higher price than you bought them. If you can time the sales of your old layers (that’s what they call layers that have reached the end of their laying cycle) to coincide with a festive period like Christmas or Easter, people will fight among themselves just to buy your chickens. The excretion of poultry can also be bagged as organic manure and sold to vegetable farmers as well. There’s a very good market, all-year-round, for everything that your poultry farm produces. Selling any of your products will never be a problem. Poultry farming in Nigeria is a business with a very strong cash flow.

6. PROFITABILITY: I’ll exclude the O&M costs from these calculations because the variables can’t be accurately forecasted generally. They are specific to each person’s situation. Your birds, if well raised and managed, have the capacity to produce 8,670 crates of eggs for you over an 18month period i.e. 17 crates a day from the 2nd month to the 18th month. You can conveniently sell one crate of egg for N800. So, for 18 months, eggs alone will generate N6, 936,000 (8, 670 X N800) for you. At the end of their production cycle, assuming you have a death rate or mortality rate of 5% (this means 5% of your 500 birds, 25 birds, die during their production cycle) you should have about 475 birds left in your farm after 18 months. Depending on what time of the year you choose to sell them (prices of chicken are highest during festive periods like Christmas and Easter) you can sell each old layer for a minimum of N1, 500 per chicken. So your 475 birds can generate N712, 500 (475 X N1, 500) for you. From egg and bird sales alone over an 18month period, you will generate a total sale of N7, 657,500. There’s also money to be made from selling their excretion as manure but the cash generated from this is insignificant compared to the eggs and chicken sales. This is an aspect of poultry farming in Nigeria whose potential isn’t being properly harnessed.

With an invested capital of N5, 847, 500 and total sales of N7, 657,500, your gross profit margin is 30.9%. Note that most of the things you spent your money on like the cages and poultry pen to house the cages are fixed assets in nature. You will be able to use them for future layer productions and you don’t have to recover their cost in one production. In poultry farming, the tanks and most of the structure you put in place are fixed assets in nature and their costs would be recovered over several productions.

CHALLENGES OF POULTRY FARMING

1. The funding of the poultry business has been the major problem for those who wish to go into the business as poultry farming requires quite a lot of money depending on the scale of the business one is investing in and the cost of land to rear the animals.
2. Health issues of the poultry and even the poultry farmers: Mortality is a daily consideration for poultry farmers, and the [carcasses](https://en.wikipedia.org/wiki/Carrion) must be disposed of in order to limit the spread of disease and the prevalence of pests. There are a variety of methods of disposal, the most common being burial, [composting](https://en.wikipedia.org/wiki/Compost), [incineration](https://en.wikipedia.org/wiki/Incineration), and [rendering](https://en.wikipedia.org/wiki/Rendering_%28animal_products%29). Environmental concerns surrounding each of these methods deal with [nutrient pollution](https://en.wikipedia.org/wiki/Nutrient_pollution) into the surrounding soil and [groundwater](https://en.wikipedia.org/wiki/Groundwater) – because of these concerns, in many countries and US states the practice of burial in pits is heavily regulated or disallowed. Farmers may construct their own facilities for composting, or purchase equipment to begin incineration or storage for rendering.
3. Marketing of poultry farm produce: the marketing of poultry depends largely on the economic factors or state of an economy. One must consider this when also choosing the location for the business, as the farmers must have easy access to the consumers. Therefore, employing the right marketing technique or strategy is critical
4. Lack of storage: this also goes down to the fund of the business. One must not put so much poultry together and their feeding, maintenance and care must not be mixed together. A poultry farmer must invest the right proportion into the storage space available as the presence of cross ventilation for the poultry just as humans is needed or will cause the poultry to fall sick and other harm to the environment and even the community.
5. Lack of knowledge and training of the poultry farmers: even though the poultry business is a lucrative business, many tend to go into the art without proper knowledge of the process of poultry farming as it invests a lot of time and effort for it to succeed. Many poultry farmers have failed due to this ignorance and this has led to the failure of their business and death of the poultry and even the break-out of diseases if not handled effectively.
6. High cost of poultry food: poultry food is generally expensive and this has led to the decision of some poultry farmers to develop their own feed for the poultry. However, this involves proper knowledge which some do not have thereby making it one of the challenges of poultry farming.

CONCLUSION

Poultry farming is a good business to go into and it has unique strong points and weak points. The trick in poultry farming is to know the techniques and practices that will reduce mortality (or death rate) and boost growth and production. The analysis above is not 'cast in stone' or fixed. It's meant to give one a general overview of cost implications for a medium/large scale business. You can decide to do away with some items in order to reduce cost and boost profitability. For example, you can decide not to use cages and you can opt to manufacutre your own feeds instead of buying already manufactured feeds.

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