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**COURSE: INTORSUCTION TO ENTREPRENEURSHIP**

**COURSE CODE:GST 212**

**EXECUTIVE SUMMARY**

Feasibility study and business plan on the establishment of a poultry farm is based on the survey made by Nwadike Chidinma, and the business with by wholly owned by her. The name of the poultry farms will be MONEX FARMS VENTURE and it will concentrate on sales of eggs and table meat (broilers). We supply birds and eggs to different quick service restaurants in South-West Nigeria and our vision is to be one of the known poultry farm product supplier in Nigeria with a mission to raise healthy birds at a very profitable venture.

From the research that has been carried out it has been discovered that the demand for eggs and bird meat is not fully satisfied around some areas of Lagos, though they are already existing poultry farms operating around borders of Lagos and Ogun state environment, the poultry farm will be sited at Ifo local government are in Ogun state a neighbouring environment to Lagos, there are high demand in some part of Ifo, Sango and some part of Lagos. 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.

The venture will help in providence of employment to the locals, meeting the demand for eggs and making the price affordable in future. MONEX FARMS VENTURES intends to develop into other livestock farming structures such as turkey, duck, guinea fowl and quail.

**STRATEGY AND IMPLEMENTATION SUMMARY OBJECTIVE**

* To increase number of our client by 20% within 2 years of existence
* To evaluate our strategic marketing by every three months
* To keep and maintain hygienic farms for healthy eggs and birds

**TACTICS AND STRATEGY IMPACTS**

MONEX FARMS products will be priced at affordable rates. When a markup is placed on any of our products, customers will be willing to pay because of the affordable price. The venture to be established is a poultry farm that will concentrate on the production of eggs and sale of broilers, birds. Because of the fund required the venture will start as a small scale business having the population of 3 L.G.As of Lagos, which are Alimosho, Agege, Ifako-Ijaiye as market target. The farm site will be a permanent land and will need necessary equipment for its operation as it is an entirely new firm to start from the scratch.

**OPERATIONAL PLAN**

The firm will be a commercial poultry farm, therefore it will require a full time labour and geared towards productivity on a scale for the sales of eggs and the sales of broiler birds. For egg production, birds usually start to lay at 18-22 weeks of age and continue to lay for 12 months (52 weeks) on average laying fewer eggs as the new mounting period. The typical production period lasts about 17 months (72 weeks) and involves 3 distinct phases as follows:

**Phase 1:** Pullets or broilers: this phase last from 0-8 weeks during which small chicks are kept separately from broilers.

**Phase 2 (Growers):** the period concerned is between 8-21 weeks of age. Growers are the future laying birds and the way they grow up will largely determine how well they do in the laying house. Therefore management during the growing period is very important.

**Phase 3 (layers):** the laying period is taken to have started when the broilers reach 5% egg production on a daily basis. The laying period continues until the birds are sold at the end of a laying period of normal length or are force mounted. Housing time starts with the beginning of the laying period. The number of birds housed is the number of pullet in the laying house when egg production starts.

**MARKET ANALYSIS**

Most meals in Nigeria are not complete without poultry output like egg or meat. Nigeria has over 200 million growing population that demands for egg and meat on a daily basis. With increasing awareness on health implications of red meat, there is ever increasing demand for white meat and livestock are a source of white meat.

**MARKETING STRATEGY**

As we mentioned earlier, resident and families of 3 local government of Lagos being our target, market awareness will be made by means of advertisement. The advertisement will be made on flyers, handbills and one-on-one marketing will be done at eateries, restaurants and companies that demand our products. Our major market aggression will be supplied to local markets, bakeries, diaries, local restaurants and hotels.

**MARKETING**

Marketing activities include among other grading quality, promotions, packaging and value adding these activities are essentials as they will lead to large volume of sales of product quickly as possible resulting to increase of income.

**GRADING**

Eggs should be graded by size and labeled according to its weight. During selection and grading, care must be taken to ensure that weight is uniformed to avoid rejection from customers.

**COMPETITIVE ANALYSIS**

**Competition**

Competition is not so keen in the markets, however, it still exists. The reasons are:

* Poultry products are not branded products; hence what usually matters is effective positioning and timing.
* Poultry market is not crowded; it is a seller’s market.
* Most poultry products are sold through informal channels.

**Competitive Edge**

Our strength over our competitors is firstly based on the fact that we are not entering the business to make much money. We are entering this industry to solve the present problem that our population is facing. We are here to provide quality affordable chicken products. We saw that some of our competitors are seasonal; they only produce their chicken at a given period of time. We won’t work like that; we will always be ready to provide chicken and eggs.

**RISK ASSESMENT**

**Financial risks**

* Changes in our pricing policies or that of our competitors
* Fluctuation in revenue from distributors and retailers
* Timing of costs related to acquisitions or payments.

**Health risks**

Contagious disease and virus outbreak are very deadly; if one of the chickens should catch the disease, all of them will be affected and if it is not recognized and treated early it will lead to the death of all the chickens which is a great loss for the business. And also some of the diseases are also contagious to human not just between the chickens which will affect the workers and also those that eat it.

**Technological risks**

Technology is good but they also have their disadvantages. These are normally problems involved in using technology; the use of the machine that collects eggs may fail to work or spoil, making the work slow and adding more cost to the business by repairing it. The cost for electricity is also not easy and some electric problems can lead to fire outrage and burn the building causing the loss of assets and perhaps the entire business.

**BUSINESS EVALUATION OF FARM/FINANCE**

This evaluation is based on birds i.e. layers and broilers. Layers are those birds that lay egss while broilers don’t lay eggs. This evaluation will be based on 5% normal loss i.e. at the process of taking care of the day old chicks; it is possible to lose 5% of the birds to sickness. Therefore if we start with 1000 birds, it is possible for us to lose 50 birds at the process of rearing them. While broilers if we start with 40 birds it is possible for us to lose 20 birds to disease at th process of rearing them.

**Layers**

If layers are being reared, it takes 18 weeks to start laying eggs. If we start with 1000 birds and lose 5% of it so we have 950 surviving layers and with proper management of feeding and other maintenance of the bird it is possible to get 90% egg production that is 855 per day and 8985 eggs every week. If we lose 1% of the eggs that is 60 pieces every week so we have 5925 eggs p/week. 197 crates of eggs every week and crate of egg is sold according to its size. Small size is ₦500, medium is ₦600 and big size is ₦700. Assuming we use medium size, that is ₦600 which results to ₦118,500 sales of egg every week.

After laying eggs for 52 weeks (12 months) we dispose the layer and it will ne sold at the rate of ₦700 per layer.

Therefore, before chaning the stock we might have made ₦6,162,000 from sales of eggs and ₦665,000 from the disposal of old layers making a sum total of ₦6,827,000 for the period of 52 weeks (1 year).

**Broilers**

Broilers do not lay eggs but grows to table size when they are from 8 weeks upward. We are projecting for 400 birds of broilers and if we have 380 surviving birds sold at the rate of ₦1,500 each making a total sale of ₦570,000 for the period of rearing the broilers. It then makes it a total sale of (570,000 x 3) ₦1,710,000 for period of 12 months.

Total sales expected for 12 months

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| --- | --- |
| Layers | ₦6,162,000 |
| Broilers | **₦1,710,000** |
| Total sales | **₦7,872,000** |

**CAPITAL EXPENSES**

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| --- | --- |
| CAPITAL EXPENSES | ₦ |
| 2 plots of land at ₦150,000 | ₦300,000 |
| Block 2000 pcs at ₦110 | ₦220,000 |
| Cement 60 bags at ₦1,800 | ₦108,000 |
| Cement carriage | ₦3,000 |
| Woods  | ₦151,700 |
| Roofing sheets | ₦126,000 |
| Roofing slate | ₦25,000 |
| Ceiling slate | ₦15,000 |
| Reggie’s  | ₦7,500 |
| Nails | ₦12,000 |
| Net 15 bundles at ₦4,000 | ₦60,000 |
| Iron door | ₦43,000 |
| TOTAL | ₦1,071,200 |

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| SANDS |  |
| Stone Big tipper at ₦25,000 | ₦50,000 |
| Sharp sand (Mayans) | ₦20,000 |
| Soft sand | ₦22,000 |
| TOTAL | ₦92,000 |

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| --- | --- |
| TOOLS |  |
| Day old feeders 30pcs @ ₦120 | ₦3,600 |
| Day old drinker @ ₦200 | ₦3,000 |
| Feeders 60pcs @ ₦550 | ₦33,000 |
| Drinkers 12pcs @ ₦2,500 | ₦30,000 |
| Shovel and head pan | ₦2,000 |
| Thermometer | ₦8,000 |
| Scale | ₦10,000 |
| Geepee Tank 1500l | ₦23,000 |
| Geepee tank 500l | ₦14,000 |
| Nylon 7pcs @ ₦700 | ₦4,900 |

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| WORKMANSHIP |  |
| Carpenter | ₦65,000 |
| Bricklayer | ₦80,000 |
| Miscellaneous | ₦130,000 |
| TOTAL | ₦275,000 |

Business registration = ₦20,000

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| PRODUCTION |  |
| 1000 pullets @ 140 | ₦140,000 |
| 400 broilers @ 130 | ₦52,000 |
| TOTAL | ₦192,000 |

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| OPERATIONAL EXPENSES |  |
| Feeds, vaccines & upkeep  | ₦1,330,000 |
| Salaries & stationeries | ₦240,000 |
| TOTAL | ₦1,570,000 |

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| --- | --- |
| SUMMARY |  |
| Capital expenses | ₦1,781,700 |
| Operational expenses | ₦1,570,000 |
| TOTAL EXPENSES | ₦3,351,700 |

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| TOTAL SALES FOR PERIOD OF 12 MONTHS |
| Layers | ₦6,162,000 |
| Broilers | ₦1,710,000 |
| TOTAL | ₦7,872,000 |

PROFIT (SALES – EXPENSES)

For layers during egg production, the expenses are half of sales of egg will go in for feeds and other operational expenses i.e. ₦6,162,000 divided by 2

$$\frac{6,162,000}{2}=3,081,000$$

For broiler the cost of production till the birds reach table size before disposition is between ₦900-₦1,000. So therefore let us put the bench mark to ₦1,000. If ₦1,140 broiler is sold at the rate of ₦1,500 then the profit will be ₦1,710,000 - ₦1,140,000 = ₦570,000

The profit of layers for the period of 12 months = ₦3,081,000

The profit of broilers for the period of 12 months = ₦570,000

|  |  |
| --- | --- |
| TOTAL PROFIT |  |
| Layer | ₦3,081,000 |
| Broiler | ₦570,000 |
| Total  | ₦3,651,000 |

**PAYBACK PERIOD**

This method talks about period that a business investment will pay back the amount invested in it. It usually shows the number of years it will take for an investor to recover back the initial cost of investment from the expected streams of cash flow. The payback period can be calculated as thus

$$\frac{Total Investment}{Initial Capital}$$

Using payback period formula, to payback loan while generating a profit of ₦3,651,000, will take 2 years and 8 months.

Looking at the above analysis, the long term efficiency and stability of the firm seems to be promising. The viability and feasibility of the project has been tested from the above evaluation. The project looks very viable and is worthwhile to commit resources to it.