



**AFE BABALOLA UNIVERSITY ADO-EKITI, EKITI STATE**

**NAME: ABUBAKAR HANNY OSHIOZOKHAI**

**MATRIC NO: 18/ ENG05/003**

**DEPARTMENT: MECHATRONICS**

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## **BUSINESS PLAN FOR “ RITE RICE FARM ENTERPRISE ”**



# **INTRODUCTION**

Everyone knows that rice farming is an important sector of the economy of Nigeria. Due to urbanization, change in employment patterns, rapid population growth, change in diets of Nigerians on account of income expansion, rice has become a staple food to the average Nigerian leading to an increase in the demand – standing at an annual growth rate of about five percent.

Annually, Nigerians consume around 5.5 million tonnes of rice, of which 3.6 million tonnes are locally produced – mostly by farmers for personal consumption. Currently, we spend roughly ₦365bn per year importing the remaining 1.9 million tonnes, because local production is unable to satisfy the huge demand for rice in Nigeria. This figure also makes Nigeria the world’s largest importer of rice. So there is a genuine demand, and genuine opportunities for entrepreneurs and businesses in Nigeria.

Considering the fact that Nigeria has a huge market for rice, youths have the chance to invest in the farming, processing, and sale of rice. One can equip business to cultivate and harvest rice, construct rice mills for milling and processing, or working within wholesale distribution. The avenues and opportunities are endless.

# **EXECUTIVE SUMMARY**

Rite Rice Farm Enterprise is a recognized crop production and processing farm to be located in Etsako West, Edo State – Nigeria. We have done our detailed market research and feasibility studies and we were able to secure a well – situated and suitable farm land to start our commercial rice farming business.

Our commercial rice farming business is a going to be standard commercial rice farm hence will be involved in both commercial rice cultivation and processing and packaging of rice. We will be involved in both organic commercial rice farming and non – organic commercial rice farming.

We have put plans in place that will help us launch a standard rice processing and packaging farm within the first three years. We will process and package rice and ensure that they are supplied to Nigerian markets.

We want to compete favorably in the market, which is why we've secured ten (10) acres of farming land. We are looking forward to securing most of the farming equipment and machines and hired experienced farmers so as to be able to fit into the ideal picture of the 21<sup>st</sup> century commercial rice farming and rice processing and packaging workforce that we want to build.

We are in the commercial rice farming business because we want to leverage on the vast opportunities available in the commercial farming industry, to contribute our quota in growing the Nigeria economy, in national food production, raw materials production for industries, to export agriculture produce to other countries and over and above to make profit.

Rite Rice Farm Enterprise is well positioned to become one of the leading commercial rice farms in the Nigeria, which is why we have been able to source for the best hands to work with. We have put process and strategies in place that will help us employ best practices when it comes to commercial rice farming and rice processing and packaging as necessary.

## **PRODUCT OFFERING**

Rite Rice Farm Enterprise is a world class commercial farm that is committed to cultivating both organic and non – organic rice for the Nigerian market and the global market (processed and packaged rice).

We are in business to produce food and raw materials for people and industries in commercial quantities. We will also ensure that we operate a standard rice processing and packaging plant as part of our complimentary business.

We are in this line of business to make profits, and we will ensure that we do all that is allowed by the law of Nigeria to achieve our business goals and objectives. These are the areas we will

concentrate on in our commercial rice farming business. If need arises we will definitely cultivate related crops;

- Cultivation of short-grain rice, medium-grain rice and long-grain rice (organic and non – organic)
- Standard rice processing plant (rice production and packaging)

## **MISSION AND VISION STATEMENT**

- Our Vision is to become one of the leading commercial rice farms and rice processing and packing brand not just in Nigeria but also on the global stage.
- Rite Rice Farm Enterprise is a world class commercial rice farms that is in business to cultivate rice in commercial quantities both organic and non – organic and process and package rice for both the Nigeria market and the international market.
- We want our well – packaged rice to flood every nooks and crannies of Nigeria and other countries of the world.

## **BUSINESS STRUCTURE**

Rite Rice Farm Enterprise is a commercial rice farm that intend starting small in Jattu-Edo state, but hopes to grow big in order to compete favorably with leading commercial rice farms in the commercial farming industry both in Nigeria and on a global stage.

We are aware of the importance of building a solid business structure that can support the picture of the kind of world class business we want to own which is why we are committed to only hiring the best hands in and around Nigeria.

Rite Rice Farm Enterprise, we will ensure that we hire people that are qualified, hardworking, dedicated, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders (the owners, workforce, and customers).

As a matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of five years or more as agreed by the management of the farm. In view of the above, Rite Rice Farm Enterprise have decided to hire qualified and competent hands to occupy the following positions;

- Chief Operating Officer
- General Farm Manager
- Administrator / Accountant
- Rice Cultivation Manager / Supervisor
- Rice Processing and Packaging Manager
- Sales and Marketing Executive
- Field Employees
- Front Desk Officer

## **Job Roles and Responsibilities**

### **Chief Operating Officer:**

- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

### **General Farm Manager**

- Ensures that farming goals desired result are achieved, the most efficient resources (manpower, equipment, tools and chemicals et al) are utilized and different interests involved are satisfied.
- Defines job positions for recruitment and managing interviewing process

### **Administrator / Accountant**

- Responsible for training, evaluation and assessment of employees
- Responsible for preparing financial reports, budgets, and financial statements for the organization

#### **Rice Cultivation Manager / Supervisor**

- Responsible for managing the rice cultivation section of the commercial rice farm
- Supervises other workers within the department

#### **Rice Production Manager / Supervisor**

- Responsible for managing the rice processing and packaging(rice production) section of the commercial rice farm

#### **Sales and Marketing Officer**

- Identifies, prioritizes, and reaches out to new partners, and business opportunities et al
- Responsible for handling business research, marker surveys and feasibility studies for clients

#### **Field Workers / Contract Staff**

- Responsible for preparing farm lands for rice cultivations

#### **Client Service Executive / Front Desk Officer**

- Welcomes guests and clients to the farm by greeting them in person or on the telephone; answering or directing inquiries.

## **TARGET MARKET AND SALES PROJECTION**

With the large market for rice both domestically and internationally, our target scope is considerably wide. Apart from those along the rice value chain we will be targeting domestic consumers that include households, eateries, hotels, schools and also export these to rice consuming countries across the world.

We have come up with a 3 year projected sales from research conducted. The results show promising growth for our sales. This uses current economic realities. It, however, discounts unforeseen factors such as sudden inflation and natural disasters. The chart below summarizes the findings of the research conducted on our sales projection;

## **COMPETITIVE ADVANTAGE**

Our competitive advantage is the world-class marketing department established at Abro farms. This department is manned by experts in marketing with years of experience in the agro-industry. With the vital contribution they will make, our rice farming business will be propelled into the big league within the shortest possible time.

Also, this rice farming business will have a highly motivated workforce that will be regularly given incentives to get the best from them. In addition to this, a work-friendly environment will be provided to enhance productivity.

## **MARKET POTENTIAL**

One of the common trends in the commercial rice farming line of business is that most players in the industry are no longer concentrating only on non – organic rice farming. They are now finding it easier to run both organic rice cultivation and non – organic rice cultivation. It is fact that despite that organic food are expensive, the sale for organic food is on the increase and it is indeed profitable.

In spite of the fact that commercial rice farming has been in existence since time immemorial, which does not in any way make the industry to be over saturated; commercial rice farmers are exploring new technology to continue to improve the cultivation processes and also rice processing and packaging processes; mechanized farming has indeed increased the tons of food produced by farmers.

The fact that there is always a ready market for rice makes the business highly thriving and profitable. Lastly, it is a common trend to find standard commercial rice farmers run a rice processing and packaging plant alongside their farm. It is a means of maximizing profits in the business. With this, it is easier for them to expand the scope of their market beyond Nigeria to other countries of the world.

There is strong demand for rice across the country. The state of infrastructure supports production and trade within Nigeria.

## **PROJECT TIMELINE**

The project will be completed within 11 months between February and December for benefits of low humidity that aids land clearing during that period.

## **FINANCIAL PROJECTIONS AND COSTING**

Rite Rice Farm Enterprise would need a good amount of capital to ensure that your employees are well taken care of, and that your farm is conducive enough for workers to be creative and productive.

This means that the start-up is high depending on our goals, vision and aspirations for your business. The tools and equipment that will be used are nearly the same cost everywhere, and any difference in prices would be minimal and can be overlooked.

As for the detailed cost analysis for starting a commercial rice farm; it might differ in other countries due to the value of their money. Below are some of the basic areas we will spend our start – up capital in setting up our commercial rice farm;

- The Total Fee for incorporating the Business in Nigeria– **N75000**.
- The total cost for payment of insurance policy covers (general liability, workers’ compensation and property casualty) coverage at a total premium – **N94,000**
- The amount needed to acquire / lease a farm land – **N50,000,000**



- The amount required for preparing the farm land – **N70,000,000**
- The cost for acquiring the required working tools and equipment / machines / fencing et al– **N10,000,000**
- The amount required for purchase of the first set of rice seedlings et al – **N50,000,000**
- The amount required to set up a standard rice processing plant within the farm facility – **N100,000,000**
- Operational cost for the first 3 months (salaries of employees, payments of bills et al) – **N40,000,000**
- The Cost of launching an official website – **N300,000**
- The amount required for payment of workers for a period of 3 months – **N50,000,000**
- Additional Expenditure (Business cards, Signage, Adverts and Promotions et al) – **N200,000**

## **Equipment**

Going by the report from detailed research and feasibility studies conducted, we will need an average of **N50,000,000** to start a standard commercial rice farming with rice processing plant business in Nigeria. These are some of the equipment that we would need to fully launch our commercial plantain farm,

- Tractor
- Soil cultivator
- Plough
- Planter
- Plastic mulch layer
- Transplanter
- Sprinkler system irrigation
- Mower
- Sickle
- Wheel Barrow

- Truck

Basically, the nature of commercial rice farms does not require an office space; most people that run commercial farms operate directly from their farms. But we have decided to open a small liaison office; a place where administrative jobs will be carried out on behalf of the business.

## **SOURCE OF REVENUE**

Our source of revenue generation will come from our income-generating activities which include the commercial cultivation of rice, in addition to the processing of the same which will be sold to the open market consisting of both domestic and international.

## **FUNDING MECHANISM**

We have been able to generate about **N100,000,000** (Personal savings N80,000,000 and soft loan from family members N20,000,000) and we are at the final stages of obtaining a loan facility of N400,000 from our bank. All the papers and document has been duly signed and submitted, the loan has been approved and any moment from now our account will be credited. The 500Ha of land, silos, and other heavy machinery will be bought with money from the Abubakar family, money from investors and loans at the rate of 8.75% from the Bank of Agriculture, Bank of Industry and commercial banks. Part of the start-up capital required will also be obtained through sale of shares.

## **CONCLUSION**

This business plan sample has made available a rice farming business plan sample, targeting specifically entrepreneurs with little to no experience in writing a good business plan. This sample provides the necessary guidance, and although it can be used as a guideline, the contents should solely consist of the farmers/entrepreneur's unique business realities.