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**ASSIGNMENT ON: A feasibility study for the set-up of a hand sanitizer production firm at any selected location in Nigeria.**



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7. **ABSTRACT**

A feasibility study was conducted on GEO Pharmaceuticals Nigeria limited, with head office located at KM 8.5 Afe Babalola way, Ado-Ekiti, Ekiti state, Nigeria. Businesses in the Hand Sanitizer Manufacturing industry are involved in the manufacturing hand sanitizers in a variety of forms, including gel, foam, wipes and liquid. Hand sanitizers and hand antiseptics offer alternatives to hand washing with soap and water.

Research conducted by IBIS World shows that in the United States of America, over the five years to 2019, the Hand Sanitizer Manufacturing industry has experienced healthy growth, with total industry revenue expected to rise. This growth can largely be attributed to heightened consumer health consciousness over the past five years leading to a rise in total health expenditure.

Additionally, a renewed focus on product marketing from operators has contributed to revenue growth during the five-year period. However, this heightened interest in hand sanitizers has paved the way for increased competition among industry players.

Operators that leveraged distribution relationships often outperformed their peers during the five-year period, since these players were able to distribute their product across the country with low up-front costs. Over the five years to 2024, the industry is projected to continue its upward trend, as consumers continue to focus on healthy lifestyles and become more aware and concerned of the outbreak and spreading of infectious diseases.

The Hand Sanitizer Manufacturing industry is a thriving sector of the economy of the United States of America and they generate over $74 million annually from more than 23 registered and licensed hand sanitizer manufacturing companies.

The industry is responsible for the employment of over 906 people. Experts project the industry to grow at a 3.9 percent annual rate. Enliven Industries Inc and Purell Laboratories are the leaders in the Hand Sanitizer Manufacturing industry in Nigeria.

Interestingly, the industry revenue has experienced healthy growth, rising from an annualized 3.9 percent to $74.4 million over the five years to 2020, including an increase of 16.6 percent in 2020 alone due to heightened demand as a result of the recent COVID-19 (coronavirus) outbreak.

Due to the high cost of manufacturing, marketing and distribution of hand sanitizers, large corporations dominate the industry and despite the fact that there are big corporations who are into the production of hand sanitizers, the fact remains that small – scale hand sanitizer production businesses have minimal barriers to entry, with low startup capital.

Some of the factors that encourage aspiring entrepreneurs to venture into this business is the fact that the market is pretty huge and not seasonal. This makes it easier for entrepreneurs who are interested in the business to come into the industry at any time they desire; the entry barriers are quite affordable and any serious – minded entrepreneur can comfortably raise the startup capital without collecting loans from the bank.

1. **General Summary**

Geo pharmaceuticals™ Hand Sanitizer Production Company, LLC is a licensed hand sanitizer production company that will be located in Ado-Ekiti, Ekiti state, Nigeria. Headed by George Ogwara, who is the owner and the Chief Executive officer of the company. We have been able to secure a long – term lease for a facility in a strategic location with an option of a long – term renewal on terms and conditions that are favorable to us. The facility has government approval for the kind of production business we want to run and the facility is easily accessible.

The company, LLC is in the industry to produce widely accepted hand sanitizer products in a variety of forms, including foam, gel, wipes and liquid. We are also in the business to make profits and at the same time to give our customers value for their money.

We are aware that there are several hand sanitizer production companies scattered all around Nigeria, which is why we spent time and resources to conduct our feasibility studies and market survey. We ensured that our facility is easy to locate and we have mapped out plans to develop a far-reaching distribution network for wholesalers in Ado-Ekiti, Ekiti, and throughout the whole of Nigeria.

Beyond producing quality hand sanitizers in a variety of forms, our customer care is going to be second to none. We know that our customers are the reason why we are in business which is why we will go the extra mile to get them satisfied when they purchase our hand sanitizers.

1. **Our Products Offerings**

Geo Pharmaceuticals Hand Sanitizer Production Company, LLC is going to run a standard hand sanitizer production company whose products will not only be sold in Ado-Ekiti, Ekiti and other neighboring areas but also throughout the Federal Republic of Nigeria and other Neighboring Nations.

We are in the industry to make profits and also to give our customers value for their money. These are some of the products that we will be offering.

1. **Our Business Structure**

Geo Pharmaceuticals Hand Sanitizer Production Company, LLC is established with the aim of competing favorably with other leading brands in the industry. This is why we will ensure that we put the right structures in place that will support the kind of growth that we have in mind while setting up the business.

We will ensure that we only hire people that are qualified, honest, hardworking, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders.

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 ten years or more depending how fast we meet our set target. In view of that, we have decided to hire qualified and competent hands to occupy the following positions;

* 1. **Chief Executive Officer (Owner):** Increases management’s effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results. Responsible for fixing prices and signing business deals, responsible for providing direction for the business, creates, communicates, and implements the organization’s vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization’s strategy, responsible for signing checks and documents on behalf of the company and evaluates the success of the organization
  2. **Plant Manager**: Responsible for overseeing the smooth running of the production plant, part of the team that determines the quantity and quality of hand sanitizers and related products to be produced, creates strategies that will lead to efficiency amongst workers in the plant, responsible for training, evaluation and assessment of plant workers, ensures that the steady flow of both raw materials and other packaging materials to the plant and easy flow of finished products through wholesale distributors to the market, ensures operation of equipment by completing preventive maintenance requirements; calling for repairs, ensures that the plant meets the expected safety and health standard at all times.
  3. **Human Resource and Admin Manager**: Organize and maintain personnel records, update internal databases (e.g. record sick or maternity leave), prepare HR documents, like employment contracts and new hire guides, revise company policies, liaise with external partners, like insurance vendors, and ensure legal compliance, create regular reports and presentations on HR metrics (e.g. turnover rates), answer employees queries about HR-related issues, assist payroll department by providing relevant employee information (e.g. leaves of absence, sick days and work schedules), arrange travel accommodations and process expense forms, participate in HR projects (e.g. help organize a job fair event).
  4. **Merchandise manager**: Merchandise managers are responsible for developing and implementing the visual strategy for displaying products. This involves creating Planograms, performing floor moves and delegating tasks to sales employees. Merchandise Managers keep track of their employer's inventory supply.
  5. **Sales and Marketing Manager**: Sales and Marketing Manager is responsible for researching and developing marketing opportunities and planning and implementing new sales plans. The Sales and Marketing Manager will also manage both the marketing and the sales staff and will perform managerial duties to meet the company's operations goals.
  6. **Machine Operators**: Machine Operators assist in the installation, maintenance, and repair of machinery, operate tools in order to aid in the manufacturing process, perform periodic checks on equipment and solve problems as detected, work with others in order to ensure that equipment is in proper working order, observe and follow company safety rules and regulations.
  7. **Accountants and cashiers**: Accountants and cashiers responsibilities are to greet the customers entering into organization, handling all the cash transaction of an organization, receive payment by cash, cheques, credit card etc, checking daily cash accounts, guiding and solving queries of customer, providing training and assistance to new joined cashier, maintaining monthly, weekly and daily report of transactions.
  8. **Distribution Truck drivers**: Assists in loading and unloading hand sanitizers and related products, maintains a logbook of their driving activities to ensure compliance with federal regulations governing the rest and work periods for operators, Keeps a record of vehicle inspections and make sure the truck is equipped with safety equipment, assists the transport and logistics manager in planning their route according to a delivery schedule, Transports finished goods and raw materials over land to and from manufacturing plants or retail and distribution centers, Inspects vehicles for mechanical items and safety issues and perform preventative maintenance, Comply with truck driving rules and regulations (size, weight, route designations, parking, break periods etc.) as well as with company policies and procedures.

1. **SWOT Analysis**

We are quite aware that there are several hand sanitizer manufacturing companies both large and small in Nigeria which is why we are following the due process of establishing a business so as to compete favorable with them.

We know that if a proper SWOT analysis is conducted for our business, we will be able to position our business to maximize our strength, leverage on the opportunities that will be available to us, mitigate our risks and be equipped to confront our threats.

GEO Pharmaceuticals Nigeria limited, LLC employed the services of an expert HR and Business Analyst with bias in startup businesses to help us conduct a thorough SWOT analysis and to help us create a business model that will help us achieve our business goals and objectives.

This is the summary of the SWOT analysis that was conducted for GEO Pharmaceuticals Nigeria limited, LLC;

* 1. **Strength:**

Part of what is going to count as positives for GEO Pharmaceuticals Nigeria limited is the vast experience of our management team. So also, our closeness to leading collaborative production companies, large national distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.

* 1. **Weakness:**

A major weakness that may count against us is the fact that we are a new hand sanitizer production company and we don’t have the financial capacity to engage in the kind of publicity that we intend giving the business especially when big names like Enliven Industries Inc and Purell Laboratories et al are already determining the direction of the market.

* 1. **Opportunities:**

The opportunities available to hand sanitizer manufacturing companies are enormous. This is due to the fact that people all over the world make use of hand sanitizers and related products especially in this period when is a global pandemic.

As a result of that, we were able to conduct a thorough market survey and feasibility studies so as to position our business to take advantage of the existing market to create our own new market. We know that it is going to require hard work, and we are determined to achieve it.

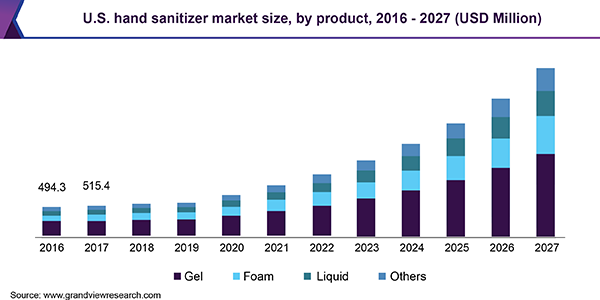
* 1. **Threat:**

We are quite aware that just like any seasonal business, once the corona virus pandemic is over, sales might drop sharply. Revenue for the Hand Sanitizer Manufacturing industry is anticipated to decline slightly, since revenue started out at an artificially inflated level due to the ongoing pandemic.

Operators will likely spend more on marketing efforts due increased market saturation and that is part of the threats we are likely going to face. Another threat that may likely confront us is the arrival of a new hand sanitizer production company in same location as ours.

1. **Economic Summary**

The global hand sanitizer market size was valued at USD 2.7 billion in 2019. Shifting consumer preference towards convenient hygiene products is expected to drive the market. In addition, recent COVID-19 pandemic in the beginning of 2020 have spurred the market for hand sanitizer. The demand for hand hygiene products have been exceeding the supply in both online as well as brick and mortar sale channels worldwide owing to the global outbreak of the virus in a short time span. The outbreak has reinforced the significance of regular hand sanitizing and cleaning practices among consumers and is among the prominent factor driving the market.



Hand sanitizers have an advantage over conventional hand washing products as they can be applied directly without water. Also, renowned manufacturing companies such as Henkel Corporation, Unilever, and Procter and Gamble have been offering hand sanitizers in convenient packaging such as sachet and mini bottles, which can easily be carried in a bag or a pocket by the consumers. These factors have widened the scope for the market.

According to findings, there is a preference for using hand sanitizer by 77.0% of the population covered in a survey, while 23.0% claim to not to use the product. The 77.0% population in the favor of using hand sanitizer is comprised of 37.5% male users and 62.5% of female users. Moreover, key manufacturers are adding to their product line in order to increase their market share with increasing awareness. For instance, as per findings, 62.0% of population surveyed in 2017 claims to use Dettol hand sanitizer, 21.0% use Lifebuoy hand sanitizer, and 17.0% use Himalaya hand sanitizer.

Increasing awareness towards hand hygiene is gaining prominence on account of being an important measure to restrict the occurrence of nosocomial infections. Therefore, hand hygiene forms the most important element of personal care, thereby driving the popularity of hand sanitizers. In addition, government further promotes the usage of [hand care](https://www.grandviewresearch.com/industry-analysis/hand-care-market) products in order to increase awareness as well as avoid health issues among consumers. For instance, WHO, FDA and NAFDAC have taken initiatives in order to make people aware about hand hygiene and the risks associated with not maintaining the hygiene.

Moreover, rising influence of social media and online advertisements have exposed people to the recent trends of personal care and hygiene which is also accelerating the usage of hand sanitizers among consumers. These advertisements also allow people to get exposed to information regarding cleansers and healthy lifestyles. Key companies such as Reckitt Benckiser Group plc and Hindustan Unilever are also leading among consumers with their initiatives on spreading awareness about basic hand hygiene.

Hand sanitizers come across as a beneficial product to consumers in various aspects. The extent to which it is easy to use as well as portable and convenient has made the product popular among consumers. According to studies, this product also minimizes the risk of gastrointestinal and respiratory infections among consumers. Moreover, hand sanitizers also contain ingredients which help in reducing skin dryness and irritation compared to hand washing. Furthermore, according to studies, classroom application of hand sanitizers is expected to reduce absenteeism of students due to illness by 20%. However, growth of the market can be hampered by the usage of chemical ingredients associated with the product causing allergies to some people. While product innovation and new product development strategies adopted by the companies to introduce organic and natural ingredients in the manufacturing of hand sanitizers, which will gain the trust of consumers.

* 1. **Our Competitive Advantage**

A quick preview of the Hand Sanitizer Manufacturing industry reveals that the market has become much more intensely competitive in recent time. As a matter of fact, you have to be highly creative, customer centric and proactive if you must survive in this industry especially after this corona virus pandemic in the world.

We are aware of the stiff competition and we are prepared to compete favorably with other hand sanitizer production companies in Western Nigeria and all over Nigeria.

Geo pharmaceuticals™ Hand Sanitizer Production Company LLC is launching a standard hand sanitizer brand that will indeed become the preferred choice for residents of North Platte – Nebraska and every city where our hand sanitizers will be retailed.

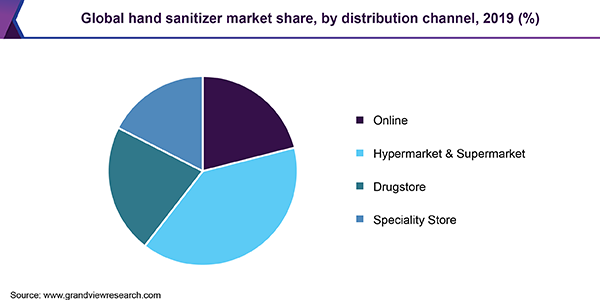
Part of what is going to count as competitive advantage for Geo pharmaceuticals™ Hand Sanitizer Production Company, LLC is the vast experience of our management team, we have people on board who are highly experienced and understand how to grow business from the scratch to becoming a national phenomenon.

So also, closeness to some of the largest raw materials producers, our large and far reaching national distribution network and of course our excellent customer service culture will definitely count as a strong strength for us.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category in the industry, meaning that they will be more than willing to build the business with us and help deliver our set goals and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

* 1. **Distribution Channel Insights**

Hypermarket and supermarket channel accounted for the largest share of more than 39.3% of the market in 2019. Increasing number of hypermarkets and supermarkets across various region shave experienced surge in the distribution of hand sanitizers in the market. However, this channel provides the consumers with an advantage of scanning the product before buying which helps them choose the right product. Moreover, this channel also supplies quick access to the product compared to online channels where consumers are made to wait for the delivery of the product.



Online distribution channel is projected to witness a CAGR of 23.2% from 2020 to 2027 owing to increasing influence of digital media and marketing. Increasing internet penetration in various countries such as India, China, Mexico, and Brazil has developed the market for online sales channel from the last three to four years. Moreover, online retailers including Amazon, Walmart, Alibaba and other such service providers are focusing on continuous availability of personal care products across the globe. Online retail channels are widely used in developed countries such as U.S., Germany, and U.K., for purchasing consumer goods and unique personal care products. It is poised to emerge as a steady revenue generating source for these product categories over the forecast period. Promising growth exhibited by e-commerce platforms in emerging countries, including India and China, is compelling manufacturers to reorient their retail strategies for these countries.

* 1. **Regional Insights**

Lagos and F.C.T dominated the market and accounted for revenue share of 42.2% in 2019. Growing concern for health and hygiene maintenance by majority of the population in the region is expected to drive the market. Wider product availability with increased penetration of online as well as offline channels is driving the growth of the market in the region. This region with greater number of market players’ witnesses’ highest penetration of different forms of hand sanitizers such as gel based, foam based, spray, and wipes. Moreover, Lagos dominates the market with more willingness of consumers to spend on personal care and hygiene products.

Dettol is expected to witness the fastest CAGR of 23.5% from 2020 to 2027.  The growth is attributed to the growing awareness about hygiene among consumers and we hope to be worthy competition for Dettol in the market. Therefore, innovative and different types of personal care and hygiene products are available in the market stressing on convenience factor for consumers. The increasing dominance of online shopping has reshaped the growth of the market in the region and is expected to fuel the demand for hand sanitizers in the future years. For instance, online websites such as Amazon, Jumia, Konga and other such online delivery service firms are offering different types of hand hygiene products.