**2020**

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**(15/ENG06/009)**

**COURSE:**

**TECHNOLOGY POLICY & PLANNING (ENG 582)**

**SUBMITTED TO:**

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**5/14/2020**

FACE MASK PRODUCTION FEASIBILITY STUDY: A NEW BUSINESS INITIATIVE



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# Project Summary

This study aims at exploring the feasibility of the creation of True Mask Limited: A face production company. The proposed business is to be located at Plot 5 Adetokunbo Layout, Ado Ekiti, Ekiti, Nigeria. The administrative office and the production plant will be sited at the same location. The business’ vision is the promotion of a quality brand with the best customer service.

True Mask Ltd. is an initiative that arose upon the insurgence of the Corona virus (COVID-19), which aims at producing the best face masks to cater for the health industry and the nation’s populace at large. Its initial target is the Afe Babalola University (which is coincidentally the *Alma Mater* of its owner and CEO: Alabo Ugwushichika) and ABUAD Teaching Hospital.

The variety of products to be manufactured by the company include: Homemade, medical, surgical face masks and N95 respirators. In future, there will also be production of face shields, FFPs and other protective equipment used alongside the face masks. The expected initial production capacity is set at five hundred masks per day to subsequently build to up to five thousand masks per day, using non-woven fabrics and plastic. All eight departments in the firm will be under the supervision of the factory manager. The production process is fully mechanized with labour needed for the operation of the machinery, distribution and day to day administration of the company.

On the onset of Corona virus, it has become imperative for every person to be equipped with face mask for protection. It is projected that the demand for surgical hand gloves during this pandemic would be on a rise, causing the demand to outweigh the supply and hence creating a suitable environment to start up a highly profitable face mask manufacturing enterprise. The demand is expected to drop drastically as the pandemic end but demand will still be sufficient due to the rise of surgical apparent industry importance. The price of the face masks will be set at different prices depending on the type and set at cheaper rate for the first six months to attract customers. The salary of workers is considered to rival competitors.

The total cost of completion of project is estimated to be ₦10,000,000 with the capital sourcing restricted to personal savings, soft loans and bank loans. The breakeven point is set to be met after 5 years of operation with a large profit made at the first year due to the pandemic. The startup budget was estimated and projected financial statements and ratios analysed.

# Introduction

Face mask production business is part of the Surgical Apparel Manufacturing industry and players in this industry manufacture sterile surgical apparel such as surgical gowns, drapes, shoe covers and face masks. Surgical apparel is used to reduce the transfer of bacteria from surgical staff to the patient, while also protecting the staff from blood, urine, saline or other chemicals and bodily fluids during surgical procedures.

Research conducted by IBIS World shows that in the United States of America, over the five years to 2019, the Surgical Apparel Manufacturing industry 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 face mask 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 with the outbreak and spreading of infectious diseases.

## Description of Firm

The True Mask Limited will be a Face mask production company, with a proposed location at Ado Ekiti, Ekiti State. The idea of this business surfaced upon the spread of the widely popular pandemic Corona Virus COVID-19 and its effect on the safety of the staff and students of the institutions. It will be owned by Miss Alabo Ugwushichika, a graduate of Mechanical Engineering who will also serve as the Chief Executive Officer (CEO). Its aim is to join the Textile industry through the manufacture of face masks of different varieties including the cloth face masks, surgical masks, medical masks and filtering respirators like the N95 respiratory masks to the University, the ABUAD Teaching Hospital and the nation at large. Its Vision is to be the Nation’s leading face mask producing company with the best customer care.

## Description of Product

True mask Limited will produce standardized face masks that will not only be sold in Afe Babalola University and ABUAD Teaching hospital but also throughout the nation.

The four products the company will be offering include:

1. **Homemade cloth masks:**

The Homemade cloth masks will prevent the spread of the virus between students and non-medical staff members. It will be made from a two layered cotton and flannel cloth of different designs and shape.

1. **Medical face mask:**

These face masks will be worn be medical personnel not performing any surgical procedures. They will be disposable blue coloured rectangular masks with pleats and elastic bands all made from non-woven fabrics.

1. **Surgical Face masks**

These face masks will be worn be medical personnel in surgical procedures. They differ from medical face in that they will be green in colour.

1. **Respirators:**

These provide better filtering and protection from particles. The respirator to be produced will be the N95. The N95 respirator filters 95% of air particles and will be made from synthetic polymer fibers.

# Management/ Organizational Structure

## Management at Pre-operating Period

The Project in its pre-operating phase will be spearheaded by the project Manager and broken down into the legal and technical team. The legal team will consist of the PR team, business consultants and the lawyers to handle the business registration and public relations headed by the Community Relations Officer (CRO). The technical team would consist of the Civil and Quantity surveyor, architect, financial, engineering, security and procurement teams.

The following are suggestions on companies for contract in Table 1:

**Table 1: Proposed Business Partnership**

|  |  |  |
| --- | --- | --- |
| S/N | DESCRIPTION | COMPANY |
| 1 | Business Consultation | Ejims Global Consultancy Services |
| 2 | Land Survey | Geetee Surveys Consult Nig. Ltd |
| 3 | Building Construction | Mercury Engineering and Construction Co. Ltd. |
| 4 | Building Plan | Chronos Studeos |
| 5 | Procurement | CAKASA (Nig.) Company Limited |
| 6 | Security | Synergy Guards Nigeria |
| 7 | Legal | Osuya & Osuya Law Firm |
| 8 | Insurance | AIICO Insurance Plc. |

## Project Timeline

Upon contracting required companies, the business registration and building construction can be completed in 28weeks (Figure 1).



**Figure 1: Project Timeline**

## Management at Operating Period

During the operating period, as a Limited Liability company with the aim of competing with other face mask brands in the nation will have the appropriate structure to ensure this growth. The management team will consist of the Chairman/Managing Director and board of directors. The business will endeavor to hire people of integrity and right qualification. A profit-sharing plan will be drawn out for senior staff and also pension plan for the employees all dependent on the goal execution. The company will consist of the following departments:

1. Production Department
2. Maintenance Department
3. Accounting Department
4. Human Resources and Administration Department
5. Legal and ER Department
6. Transport and Logistics Department
7. Sales and Marketing Department
8. QA/QC Department

Each department will be headed by a manager. The proposed organizational structure of the company can be seen in Figure 1.

**Figure 1: Organizational Structure of True Mask LLC.**

## Manager Roles and Responsibilities

1. **Chief Executive Officer (CEO):**
2. Increases Management Efficiency by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results.
3. Responsible for fixing prices and signing business deals.
4. Responsible for providing direction for the business.
5. Creates, communicates and implements the organization vision, and overall direction.
6. Responsible for signing checks and documents on behalf of the company.
7. Evaluates the success of the organization.
8. **Factory Manager:**
9. Responsible for overseeing the smooth running of the face mask production factory
10. Part of the team that determines the types, quantities and quality of face masks that are to be produced.
11. Maps out strategies that will lead to efficiency amongst workers in the plant.
12. Responsible for training, evaluation and assessment of factory workers.
13. Ensures that the steady flow of both raw materials and other packaging materials to the factory and easy flow of finished products through wholesale distributors to the market.
14. Ensures operation of equipment by completing by completing preventive maintenance requirements: calling for repairs.
15. Ensures that the factory meets the expected safety and health standard of all times.
16. **Maintenance Manager**
17. Schedules and delegates routine preventive maintenance measures on machines.
18. Assigns and supervises timely corrective maintenance operations to minimize machine down time and maximize efficiency of operation.
19. **Human Resources and Admin Manager**
20. Responsible for overseeing the smooth running of HR and administrative tasks for the organization.
21. Enhances department and organization reputation by accepting ownership for accomplishing new and different requests: exploring opportunities to add value to job accomplishments.
22. Defines job positions for recruitment and managing interviewing process.
23. Carries out staff induction for new team members.
24. Responsible for training, evaluation and assessment of employees.
25. Oversees the smooth running of the daily office and factory activities.
26. **Merchandize Manager:**
27. Manages vendor relations, market visits, and the ongoing education and development of the organization’s buying teams.
28. Responsible for the purchase of raw materials and packaging materials.
29. Responsible for planning sales, monitoring inventory, selecting the merchandise, and writing and pricing orders to vendors.
30. **Sales and Marketing Manager**
31. Manages external research and coordinates all the internal sources of information to retain the organization’s best customers and attract new ones.
32. Models demographic information and analyzes the volume of transactional data generated by customer purchases.
33. Identifies, priorities, and reaches out to new partners, and business opportunities.
34. Responsible for supervising implementation, advocates for customers’ needs and communicates with clients.
35. Documents all customer contact and information,
36. Represents the company in strategic meetings.
37. Helps to increase sales and growth for the company.
38. **Transport and Logistics manager**
39. Supervises the loading and unloading of facemasks meant for distribution.
40. Ensures that the drivers maintain a logbook of their driving activities to ensure compliance with federal regulations governing the rest and work periods for operators.
41. Ensure that vehicle inspection records are kept and trucks are equipped with safety equipment.
42. Plans the transport route according to delivery schedule.
43. Arranges for finished goods and raw materials to be transported to and from manufacturing plant or retail and distribution centers.
44. Ensures that drivers comply with truck driving rules and regulations as well as company policies and procedures.
45. Supervises vehicle inspection and maintenance; investigates and corrects defects, accidents or violations.
46. **Production Manager**
47. Supervises machine operation for cutting and sewing the face masks and respirators.
48. Supervises the packaging and loading of face masks into distribution trucks.
49. Ensures quality assurance of products.
50. **Accounting Manager**
51. Responsible for preparing financial reports, budget and financial statements for the organization.
52. Provides management with financial analyses, development budgets and accounting reports.
53. Responsible for financial forecasting and risks analysis.
54. Responsible for administering payrolls
55. Ensures compliance with taxation legislation.
56. Handles all financial transaction for the organization.
57. Serves as internal auditor for the organization.
58. **Legal Affairs and Client Service Manager**
59. Responsible for all legal affairs for the organization.
60. Receives parcels/document for the company.
61. Distributes mail in the organization.
62. Consistently stays abreast of any new information on the company’s products.
63. Ensures that all communication with clients is polite, effective and recorded.

# Operational/Technical Considerations

## Production method

The production will be fully mechanized from the tailoring to the packaging with labour mostly involved in with industrial sewing machine operations, logistics, office work and maintenance. Initial production capacity is set at 500 face masks per day. At the beginning of operation, the method of production employed will be “production to order”, with the clientele restricted to Afe Babalola University and ABUAD Teaching Hospital. Subsequently, a combination of batch and continuous production method should be employed upon expansion of product market to include Ekiti State and other states.

## Material for Product

The materials used for the face mask production are FDA certified. The following are the materials that will be used for the different face masks and their potential supplies (Table 2).

**Table 2: Face Mask Materials and Suppliers**

|  |  |  |  |
| --- | --- | --- | --- |
| S/N | Face Mask Type | Material | Supplier |
| 1 | Homemade Face Mask | * Cotton Fabric (Light) * Flannel Fabric (Dark) | Fabricsphere.com |
| 2 | Surgical and Medical Face Mask | * Cotton fabrics * Non-woven filter Media | Thomas™ |
| 3 | Respirators (N95) | * Synthetic Plastic fiber * Polysoprene strap * Steel staples * Polyproylene filter * Polyproylene valve | Honeywell |

Other materials for the production like the sewing machines, sewing kits, sewing thread, scissors, elastic ribbon, elastic band and double faced tapes will be supplied by Thomas™.

## Machinery

The production process of the face masks will be fully mechanized. The following machines to be purchased can be seen in table 3.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S/N | MACHINE | UNIT | PRICE | AMOUNT | VENDOR |
| 1 | Sewing Machines | 10 | 10,000 | 100,000 | Thomas™ |
| 2 | Face Mask Machines | 1 | 400,000 | 400,000 | YCHAUTO |
| 3 | N95 Mask Machine | 1 | 400,000 | 400,000 | YCHAUTO |
| 4 | Face Mask Packing Machine | 1 | 100,000 | 100,000 | YCHAUTO |

## Site location

The proposed location for the business is at Plot 5 Adetokunbo Layout, Ado Ekiti, Ekiti, Nigeria. This site was chosen due to easy accessibility, proximity to the institution. Strategically located at the state’s capital, it will be easier to establish a far-reaching distribution network throughout all parts of the state. Also there is availability of cheap labour as well as these basic utilities: Power supply, Electricity and Water supply.

## Labour

The workers must have a basic requirement of o’level qualification and a prior experience in the production sector. There will be yearly recruitment and recruits must undergo a 6 month training period. Employees will be entitled to training courses, attractive salaries and other benefits.

## Plant layout

The plant layout is an important factor to note to aid favourable working environment, and efficient utilization of workspace. Due to the size of the proposed location, the administrative building will be close to the factory. The proposed layout of the company can be seen in Figure 2.



**Figure 2: Proposed Plant Layout**

## Schedule

The proposed working hours for the business is 7:30am to 4:30pm for six working days (Monday – Saturday) every week. A morning toolbox will be held daily and a walk-through the plant to check that machines are in good working condition before production starts by 8:00am with a lunch break from 12:00pm to 1pm.

# Marketing

Business to business marketing strategy is being used. Marketing practices and strategies have been put in place in order to be ahead of the market and such includes; Paid advertising, relationship marketing, internet marketing, transactional marketing.

According to the latest trends as released by IBISWorld, their analysts constantly monitor industry impacts of current events in real-time – here is an update of how this industry is likely to be impacted as a result of the global COVID-19 pandemic.

Manufacturers are likely to prioritize supplies for institutional customers, particularly healthcare providers, over retail locations. Lastly, the CDC and NDDC are working with manufacturers of surgical masks and tailoring companies to increase or speed production to prevent shortages in Nigeria during the COVID-19 outbreak.

## Market Potential

The market potential has risen of this commodity market has risen ever since the onset of the coronavirus. Due to the high cost of manufacturing, marketing and distribution of surgical apparels, large corporations dominate the surgical apparel manufacturing, marketing and despite the fact that there are big corporations who are into the production of different types of face masks, the fact remains that starting a small-scale face mask production business has minimal barriers to entry, with low startup capital. During this corona virus pandemic, most new entrants into the face mask production line of business are small to medium-sized establishments that cater to the local community. Some of the factors that encourage aspiring entrepreneurs to venture into starting a face mask production company is the fact that the market for face masks and similar products is pretty huge, even though it is seasonal.

That makes it easier for entrepreneur 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.

## Market size

As per the world economic growth rate of the past four years, market size is estimated from 500 million in 2015 to 1 billion in 2019 and recently, the market covers the entire world population due to the pandemic COVID-19. The initial targeted market size consists of Afe Babalola University and ABUAD Teaching Hospital, summed up to a population of 10,000. The Face Masks Market is expected to exceed 100,000 by 2024 at a CAGR of 20% in the given forecast period.

## Market Segmentation

The global disposable medical masks market is segmented based on type, end user, and region. On the basis of type, the market is bifurcated into facemasks and respirators. Based on application, it is categorized into hospitals & clinics, industrial, individual and others. By region, the market is analyzed across North America, Europe, Asia-Pacific, and LAMEA. The global surgical face mask market can be segmented based on distribution channel, end- user, and region. Healthcare professionals or the general public are the end users of surgical face masks. Surgical face masks are widely available through all distribution channels, and owing to the rise in number of outbreaks, the usage of surgical masks is expected to increase considerably in the near future. In terms of distribution channel, the global surgical face mask market can be segregated into independent pharmacies, online sales, hospital pharmacies, retail stores, and others.

The surgical face mask market in Latin America and Middle East & Africa is anticipated to expand at a significant pace during the forecast period. Due to rise in requirement for cutting down health care costs, several health care professionals have begun to evaluate traditional methods of infection control, the prominent one of them being the usage of surgical facemask.

## Demand

The consumption of surgical hand gloves has been on the rise for the last 10 years and the major consumers are Hospitals but they are also used by food industry, medical clinic, households for protection purposes, medical and chemical laboratories and chemical industry.

For the next 10 years surgical gloves consumption is projected to be on a rise as the valuation of the industry will exceed 4 billion USD by 2026 and this is due to the increase in the number of surgical procedures across the globe, the rise in research and development activities by major competitors to manufacture high quality and premium surgical gloves for medical practitioners being exposed to large number of pathogens, the emergence of some virus like corona virus and SARS and the increase in the ageing population as they are more susceptible to chronic diseases

## Supply

The supply for the last 10 years has been on the rise due to the factors listed above. The surgical gloves are imported as finished goods and sold to major hospitals in Nigeria and the most common brand being Ansell surgical face masks.

For local production of medical and surgical face masks:

1. The supply is set to be increasing gradually as medical services especially surgeries have seen a slight increase in Nigeria.
2. The factors affecting the production would be adverse weather conditions slowing down the production of the rubber industry, unstable government policies and the emergence of deadly viruses would see the supply of the products increase.

## Pricing Strategy

Due to the recent outbreak of the covid-19 virus there is a surge in the demand for gloves for the protection of medical practitioners but this has been made difficult as the prices of rubber has increased due to its increase in demand and hence affecting the prices of hand gloves. The selling price would be ₦100 (Homemade), ₦150 (surgical and medical) and ₦300 (Respirator) per piece for the first six months. These prices are set below average selling price (200) in order to attract customers, making low profit at start of business. The price will subsequently return to normal selling price that is still affordable.

## Packaging

The different types of face masks to be produced will be packaged differently and distributed in bulk in cartons. The different packaging can be seen in Table 4.

**Table 4: Product Packaging**

|  |  |  |
| --- | --- | --- |
| S/N | FACE MASK TYPE | PACKAGING |
| 1 | Home made | Pouch |
| 2 | Surgical and Medical | Paper Box |
| 3 | Respirators | Zip lock bags |

## Distribution Strategy

The mode of transportation will involve direct delivery the use of vans to transport finished products to the targeted locations (ABUAD and ABUADTH). Upon expansion, retail and wholesale channels will be developed. The goods will be stored at the company’s warehouse on site before delivery.

## Competitors

The key competitors and prominent players in the Face Mask market in Nigeria considered in this report are 3M, CM, Peter Ventures ltd., the Lillie’s Integrated Service, EEZEE Plastics, Bright Face ltd., Midopeachexpress, Kaibo International Nigeria Ltd. and Honeywell. The competition in this market is high as entry is easy and demand is high but with the creation of an active R&D Department, True Mask Ltd. can be a driving force in the Face Mask industry.

## Marketing Strategy

At the beginning of operation, Ejims Global Consultancy Services can be hired to set up a marketing strategy for the company with the sales and marketing department. The following sales and marketing approach can be employed to sell the face masks;

1. Introduce our face mask brand by sending introductory letters to hospitals, residents, merchants, retailers and other stakeholders in Ado Ekiti-Ekiti.
2. Engage in roadshow in targeted communities from time to time to sell our product.
3. Advertise our products in community – based newspapers, local TV and radio stations.
4. List our business and products on yellow pages’ ads (local directories).
5. Leverage on the internet to promote our face mask brands.
6. Engage in direct marketing and sales.
7. Encourage the use of word of mouth marketing (referrals).

## Sales Projection

At the end of the first batch of production, sales of 10,000 homemade face masks, 5,000 surgical face masks, 5,000 medical face masks and 2,000 respirators are expected. Annual volume of sales is set to soar as demand and supply for the next 10 years would be on a rise because the nation would be preparing its medical sectors with all necessary equipment to combat the next wave of pandemic. Sales contract are in place with various hospitals, clinics, labs and food industries.

Below are the sales projections for True Mask Ltd. It is based on the location of our business and other factors as it relates to small and medium scale face mask production startups in the Nigeria;

1. First Fiscal Year (FY1): ₦2,000,000
2. Second Fiscal Year (FY2): ₦1,500,000
3. Third Fiscal Year (FY3): ₦1,000,000

Note that this projection was done based on what is obtainable in the industry and with the assumption that there won’t be any major economic meltdown and there won’t be any major competitor offering same products as we do within same location. Please note that the above projection might be lower and at the same time it might be higher.

## Customer Feedback

True Mask Ltd. will ensure that all customers (wholesale distributors) are given first class treatment whenever they visit our factory. The CRM software will be employed to allow a one on one relationship with our customers no matter how large they may grow to. It will be ensured that we get the customers involved when making some business decisions that will directly or indirectly affect them. Questionnaire will be handed out periodically to analyse product quality and customer service, while quarterly meetings will be held for performance evaluation.

## Advertisement Strategy

The long term plan of True Mask Ltd. is to distribute face masks in various locations all around Nigeria, starting with its brand promotion in Ado Ekiti. The following are potential advertisement methods that can be employed:

1. Place adverts on both print (community – based newspapers and magazines) and electronic media platforms.
2. Sponsor relevant community programs.
3. Leverage on the internet and social media platforms like; Instagram, Facebook, twitter, et al to promote face mask brand.
4. Install Bill Boards on strategic locations all around major cities in Nigeria.
5. Engage in roadshow from time to time in targeted communities.
6. Distribute fliers and handbills in target areas.
7. Position Flexi Banners at strategic positions in the location where we intend getting customers to start patronizing our products.
8. Ensure that our products are well branded and that all our staff members wear our branded face mask, customized clothes, and all our official cars and distribution vans are customized and well branded.

# Financial Projections

## Total Project Cost

The total cost for the project and initial startup cost is estimated to ₦10,000.

## Sources of Fund

As True Mask Ltd. will be a sole proprietorship with a relatively small scale startup, the initial capital will be restricted to these sources:

* + 1. Personal savings - ₦2,000
    2. Investors/Sponsors - ₦1,000
    3. Soft loan from Family and friends - ₦2,000,000
    4. Loan from bank - ₦5,000,000.

## Conditions of financing

The interest rate to be charged for bank loans must not be more than 3.5%. A moratorium period of 1 year will be negotiated before payment of loan.

## Financial Statement

In Table 5, the startup budget for the construction and three months of production can be seen.

**Table 5: Startup Budget**

|  |  |  |
| --- | --- | --- |
| S/N | FACTOR | AMOUNT |
| 1 | Business Registration | 50,000 |
| 2 | Land | 2,000,000 |
| 3 | Machinery | 1,000,000 |
| 4 | Business Consultancy | 200,000 |
| 5 | Construction | 4,000,000 |
| 6 | Raw materials | 1,500,000 |
| 7 | Labour | 200,000 |
| 8 | Utility bill | 100,000 |
| 9 | Stationery | 30,000 |
| 10 | Security | 100,000 |
| 11 | Legal | 50,000 |
| 12 | Marketing Promotion | 60,000 |
| 13 | Insurance | 50,000 |
| 14 | Distribution Vans | 500,000 |
| 15 | Transportation | 60,000 |
| 16 | Furnishing | 200,000 |
| 17 | IT | 30,000 |
| 18 | Miscellaneous | 100,000 |
|  | **Total** | 10,000,000 |

Note: The projected Net income statement, cash flow and balanced sheet for the next 10 years of the business will be presented upon request and start of business plan.

## Financial Ratio

The projected financial ratios of the proposed business for 5 years can be seen in Figure 3.



**Figure 3: Projected Financial Ratio for Five Years**

# Conclusion

At the end of the study, the technical, market and financial feasibilities for True Mask Limited were analyzed. It can be concluded that the face mask manufacturing business is a profitable one when all suggested variables are put in place. The Startup should be hastened to take advantage of the higher profit potential posed by the pandemic period.

# ANNEXURE I

**SWOT Analysis of True Mask Limited**