

NAME: OGUNDIJO LYDIA DOLAPO

MATRIC NUMBER: 18/SMS01/025

DEPARTMENT: ECONOMICS

BUSINESS OF CHOICE: _Fish farming

GENERAL COMPANY DESCRIPTION

The business plan on fish farming shall begin with the production of catfish but later, tilapia shall be added. We shall sale fresh initially but later, the introduction of drying and packaging also follow. Our customers shall be an open market, restaurant, and grocery. Over time with reasonable expansion, we shall commence exporting the product when the local market is satisfied.

❖ Fish Farming Startup Expenses

The fish farming project would take approximately N1,500,000.00 (One Million Five Hundred Thousand Naira only) to be deployed as follows: please see VI. Startup Expenses and Capitalization. The pelletizing machine and dryer would enable me to prepare my own feed which would be cheaper in the long run, thereby increasing my profit. This is because imported fish feed is expensive and would reduce the profit margin if depended upon throughout the six months grow-out period.

GENERAL COMPANY DESCRIPTION

Our business will basically be hinged on preparing the site, acquiring two mobile ponds, fertilize the ponds within say 2 weeks, buy 500 fingerlings for each of the ponds, feed them two times a day till maturity at 6 months and then sale off as point-and-kill or as dried fish or both. Having sold off, we stock again and repeat the process of brood and sale. We shall also go into hatching over time.

- ❖ **Mission Statement:** to be self-employed, create employment opportunities for others, provide protein to the populace and help save some foreign exchange for Nigeria.
- ❖ **Company Goals and Objectives:** Our goal is to have a healthy, successful company that is a leader in customer service and that has a loyal customer following. While our Objective will be to have our dried fish in every pot of soup in Nigeria.
- ❖ **Business Philosophy:** To earn a good living from what I offer to my customers, while they continue desiring that we serve them always.
- ❖ **Target Customer:** Since there are no religious, cultural or demographic barriers on the consumption of catfish, our customers shall be the open market, restaurants and



grocery shops. Over time with reasonable expansion, we shall commence exporting the product when the local market is satisfied or just to earn foreign currency.

- ❖ **Competition:** Catfish farming industry is still in its infancy in Nigeria, with the commodity very expensive because it is insufficient to go round. Most of the practitioners do it on a small scale in their backyards and near their houses. With enough financing, the country would begin to witness large scale fish farming running into hundreds of million naira. The cost of imported fish feed is very high now because of the high cost of the dollar. This, in turn, makes the fish unaffordable by the common man. With growth over time and encouraging national agricultural finance policy, we desire venturing into commercial local fish feed production as soon as possible so that we can have a first-time advantage.
- ❖ **Strength and Competencies:** Fish farming, though available, requires skilled manpower. To set up a fish farming business, you need to learn how to cater to the fish. The most important strength and competence of the company are based on the fact that the prime mover is a graduate and highly trainable. She can easily adapt to changing situations. Our consultants also have many years' experience in the industry and they are also vast in management and are ever ready to keep supporting us. We shall ensure that our top management personnel has high-level manpower, unlike other fish farming businesses, where you mostly find the uneducated managing the affairs of the business.
- ❖ **Legal ownership:** for now, our Legal form of ownership is Sole proprietorship and is subject to available cash but, we are open to other business structures like Partnership, Limited liability, and even Public Liability as our final destination.

PRODUCT AND SERVICES

This fish farming will basically be hinged on preparing the site, acquiring two mobile ponds, fertilizing the ponds within say 2 weeks, buying 500 fingerlings for each of the ponds, feeding them two times a day till maturity at 6 months and then selling off as point-and-kill or as dried fish or both. Having sold off we stock the ponds again and repeat the process of brooding and selling. At this point, we intend to keep some fish until we can use them for hatching. This would mean constructing another mobile pond as hatchery/nursery ponds, like say 3 numbers of 8 x 8 feet. At the onset of operations, the Fishery will have approximately 2 people to assist with the day to day operations. Another important product and service is the preparation and sales of fish feed. This would, however, require separate capital outlay not covered in this business plan.

❖ **Industry Analysis**

Each year, the industry generates a lot of money from fish farming through retail fish

sales. These sales also include the receipts generated by restaurants that specialize in the sale of seafood. Among importers and distributors, a lot of money running into billion is recognized annually among market agents. The industry also employs so many people. The growth of the industry is expected to continue as more Nigerians are seeking to add fish and other seafood products to their diets for both the taste and health benefits associated with seafood. One of the most common trends in the fishery industry is that newer technologies are actually increasing the net profit margins of the business while concurrently lessening the ecological impact of fisheries on the environment.

❖ Customer Profile

It is extremely difficult to determine the customer profile of people that will acquire the fish produced by us because fish is consumed by all. The Company intends to do business with farmer's markets, fishery coops, and fish/seafood wholesalers that will acquire the Company's inventories of fish.

❖ Fish Farming Marketing Plan

The Fishery's marketing operations will be minimal as once the Company solidifies ongoing relationship with fishery coops and wholesalers, very little marketing will be required to maintain these relationships. At the onset of operation, we intend to aggressively develop relationship with local and regional fishery coops that will assist the Fishery in maintaining stringent pricing (through forward and future contacts) so that the Fishery always has a predictable stream of income. However, in the future, we might seek to brand certain fish items that we produce. In this instance, the Company will hire a marketing/advertising firm to properly position the Company's image and brand so that it can directly sell packaged fish to major groceries, supermarkets, farmer's markets, and select retailers.

❖ Marketing Objectives

We intend developing relationship with major groceries and fish/seafood wholesalers that will acquire bulk inventories from us and polish ongoing purchase order relationship with cooperatives throughout the target market.

❖ Pricing

	AGE in months	PRICE (#)
Fingerling	Up to 1	30
Juvenile	2	50

Table size	6	1000 per kg
Brood stock	8 and above	2500 per kg

The price of various categories of our fish shall be average prices and compete on quality and service. Our intended customers really make their purchase decisions mostly on price, so we are better off remaining average. Our credit policy shall be cash and carry so that our customers would always come with their money.

❖ Economics

As stated in the executive summary, we intend to develop the Fishery as a multi-fish producing farm that will spawn, grow, and distribute its fish to seafood wholesalers throughout the target market. We already have the potential land, but the equipment that will be used for the Fishery's operations would be sourced. Additionally, it should be noted that we will join a fishery cooperative that will assist with the distribution and sale of the fish.

Facts about our industry:

- The size of the market is as huge as the population of Nigeria because everybody eats catfish but, the only problem is affordability because disposable income is on the decline.
- Our percentage share of this market is as good as 0 because 1,000 pieces of catfish per year means nothing to Nigerian market. The important thing is that we shall finish selling output and continue to grow.
- Current demand in target market is that of the sellers' market because total supply is far below demand.
- Catfish production would grow to such a time when fish processors would also enter the scene. The little that is produced now is just not enough for processing and packaging, it is just consumed.
- Growth potential and opportunity for a business of our size is limitless.
- However, we are faced with the under listed barriers of entry into this market:
 - a. High capital costs
 - b. High production costs
 - c. High marketing costs
 - d. Consumer brand recognition
 - e. Training and skills

f. Unique technology and patents

g. Unions

h. Shipping costs

- To surmount the above barriers however, we have of course plunged into the business and beginning to eliminate them one after the other from our comfort zone.
- Apart from natural disaster, we do not foresee any adverse effect on our business as a result of change in technology since we are currently almost manual in our operations. Change in government regulations most likely would favour us as it must be ban on imported fish. There is no way change in the economy, no matter how bad, would affect total rejection of catfish by man.

❖ Product

We have described our products and services under Products and Services section above as we see them. Now follows their description from our customers' point of view.

❖ Features and Benefits

Fingerling production shall be within one-month order. This will enable us produce and supply any number demanded by our customers. We shall not be selling the last grade of fingerlings to our customers rather, we will grow them ourselves for dried fish purposes only. We must use daphnia or artemia to raise our fingerlings, for 2 weeks at least, to enable our fish longevity. What we have said so far also apply to our juvenile, which are grown with balanced rations. When you feed animals regularly with balanced rations, they grow out having more density and are testier because they had all they needed. Our table size shall be after 6 months, weighing between 1 and 3kg. As for the brood stock, we must make sure they stay up to 8 months and their eggs brown, before declaring them for sale.

❖ Customers

Our customers base cuts across all religion, ages, gender, location, social class, educational level and occupation. However, point-and-kill catfish is for middle and high income levels, while the dried one would readily be available to the low income earners. For business customers, we have open market, restaurants and grocery shops. Nigeria is yet to witness the entry of fish processing factories, so we are not thinking of them for now, especially with our small capital base: N1.5m.



❖ Competition

Most fish farmers around us depend on imported fish feed with its huge overhead cost. We intend to formulate our own feed which will be nutritive enough but cheaper, translating into higher profits even when we sale cheaper. Although all the fish farmers put together cannot yet saturate the market because all of us are currently very small scale farmers. So competition is too early to be given consideration in catfish production in the Nigerian contest, but we shall prepare ourselves in readiness. Imported frozen fish is not catfish and tests different. Of cause, we still envisage indirect competition, from meat, example beef, pork, chicken, snail, goat meat, frozen fish, stock fish. Again, meat tests different from fish. Other fish farmers are excluded because, put together, we cannot produce enough for now. The competition is only on certain customers because a customer who wants point-and-kill must have catfish or nothing at all. Competitive Analysis would have been necessary had it been that fish farming business has become institutionalized in Nigeria, but the reverse is the case.

❖ Niche

Our unique corner of the market is just to start producing table size catfish for resellers, restaurants etc.

❖ Strategy

Our strategy shall be phone call and messaging and personal contacts to inform our readiness to sale at maturity and average prices.

❖ Promotion

Advertising: phone calls, short text messages, posters and handbills.

We shall also use other methods such as dealer incentives, word of mouth and network of friends or professionals. We want to project success to our customers so that they would see us as successful catfish farmers. In addition to advertising, we plan to have graphic image support. This would include things like logo design, cards and letterhead, brochures, signage, and interior designs for customer visits. We would computerize our operations, identify repeat customers and then systematically contact and reward them accordingly.

❖ Promotional Budget

We have budgeted N150,000.00 (One Hundred and Fifty Thousand Naira) for promotions.

❖ Proposed Location

We do not yet have a precise permanent location picked out yet. That is why we are starting to run from home for a while with mobile fish ponds, before pinpointing a permanent location and concrete/earthen ponds. Our current location is motor able and highly accessible, convenient with enough parking space. Whether rain or sunshine the compound has enough shade.



❖ Distribution Channels

Our distribution channel shall be retail for families, wholesale for resellers, agents and independent representatives who might want some commission are also welcome.

❖ Sales Forecast

Except for 10% mortality, which is provided for in any animal husbandry outfit, we forecast 95% sales of our output. We therefore predict an annual growth rate of 45%. The loan would have 2-year term with 10% interest rate.

OPERATIONAL PLAN

The daily operation of the business is as simple as manually feeding the fish twice a day, between 6am and 8am and 5pm and 7pm. While doing this we make sure that $\frac{1}{4}$ volume of water flows out and is replaced every day.

❖ Production

The ponds are washed, fertilized and stocked with fingerlings, manual feeding continues for 6 months when maturity is achieved.

- Aerated water constantly flows through the pond to achieve artificial stream. Depending on the age and size of the fish, correct size of feed, measured in mm, is used in the feeding.
- Customers are placed on notice when the fish will mature.
- Daily feed consumption is noted to ensure that we have enough for 1 month before restocking.
- Our consultant is always handy to assist our product development and general support.

❖ Location

We would prefer a sloppy topography or a location with adequate drainage system, so that discharging our waste water would not waterlog the environment. Physical requirements of a plot of land, measuring 100 by 100 feet, would be ok for a start. A small office, store, fishponds, overhead tanks, water bore hole and power house. Electricity is very important. Access to our location is excellent, we have excellent proximity to freeway, airports, railroads and seaport. The only unavoidable construction needed for a start now is 2 units of 10 feet by 10 feet mobile fishponds.

❖ Legal Environment

We shall register our business with CAC (Corporate Affairs Commission) and affiliate with appropriate cooperative in Umuahia South LGA. Affiliation with NASSI (Nigerian Association of Small Scale Industrialists) and AFAN (All Farmers Association of Nigeria) will be also pursued. There is no law prohibiting fish farming and so no permit is required to practice. The loan amount shall be insured by NAIC (Nigerian Agricultural Insurance Corporation).

❖ Personnel

Number of employees shall be 2 for a start, the type of labour shall be skilled, professional input shall be on consultation. We shall get the right employees by personal contact, those staff will receive trainings. Their salary shall be in line with the labour market and as applicable in our industry. Overtime, we shall evolve a schedule and written procedures and job descriptions for employees. Surely, for certain functions, contract workers must be used in addition to employees.

❖ Inventory

Major inventory in this business is fish and the feed, with some fuel to pump water. We shall also keep feed raw materials since we intend to formulate and prepare our own feed. We are looking at inventory investment of N480,000.00 (Four Hundred and eighty Thousand Naira only). The lead-time for ordering is 1 month.

❖ Suppliers

Key supplier for fish feed is Zyex Nigeria Limited, Obizi, Amakama, Olokoro, Umuahis South LGA, Abia State. You can request for any quantity from them, their credit policy is cash and carry. Their feed is nutritious and highly fortified with vitamins and minerals. It is also noted that supply costs are always on the increase, hence the option to formulate and produce our own feed.

❖ Credit Policies

We do not plan to sell on credit because it is not customary in this industry and clients would neither be expecting it.

MANAGEMENT AND ORGANIZATION

LYDIA FISHERY ENTERPRISES will manage the business on a day-to-day basis. She has pre NYSC experience coupled with the trainings she received from Zyex Nigeria Limited, who are also in constant consultation and SEEDC (South East Entrepreneurship Development Centre). She has distinctive competencies in accounting, management, communication and marketing.

The plan is to train everyone in the family/company as a way of ensuring continuity.

OGUNDIJO LYDIA DOLAPO is the owner. She is obtaining her Bsc. Economics in Afe Babalola University. She is a Christian and a Nigerian. She is also an ICAN student.

Professional and Advisory Support

Board of directors

Attorney

Accountant

Insurance agent

Banker

Consultants

Mentors and key advisors

PERSONAL FINANCIAL STATEMENT

Stockholder	Asset	Liabilities
30%	1,500,000	100,000
50%	500,000	0
20%	150,000	0

FINANCIAL PLAN

Our financial plan consists of a 12-month cash-flow projection and a break-even calculation. Together they constitute a reasonable estimate of our company's financial future. More importantly, we hereby present the financial insight into the inner financial workings of our company.

❖ 12-Month Profit and Loss Projection

As is evident in our 1 year Cash Flow in the table below, with a loan of N1.5m we will be able to generate 2,052,000 . We project 2 sales within the year, that is every 6 months. After the sales we restock our ponds and the cycle is repeated. We assume that each fish will grow out into 2 kilograms. This is not generally the case as the weights vary between 1kg and 3kg at grow out.

From the above projection it can be seen that we will be able to repay the N1.5m (One Million Five Hundred Thousand Naira) loan within one year but, we prefer the repayment spread over 2 years with 1-year moratorium.

❖ **Business Plan Projected Cash Flow**

The profit projection is the heart of our business plan, cash flow is the blood that the heart pumps. The preliminary expenses are shown in the TOTAL under month1 934,833 Naira, plus recurrent monthly expenditure bringing it to (1,114,167) for the first five months before sales in the following month.

We want to stop at the above explanation until we start having live operating data and then a real Cash Flow.