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LEVEL

18/SCI01/075

COMPUTER SCIENCE

GST212

FOOD SECURITY.

## **EXECUTIVE SUMMARY**

Oshoko&Co is an existing farm dedicated to the production of botanical perennials.

Oshoko&Co has been formed as an Nigerian-based Limited Liability Corp. (L.L.C.)

located with 3 separate farm locations in Kaduna state, Benue & Rivers State.

Oshoko&Co is working hard to become a leading producer of botanical plants for the natural supplement industry as well as plant nurseries. By leveraging a well thought out business plan executed by a skilled management team.

### **Keys to Success**

Oshoko&Co has identified three keys that will be instrumental in their success. The first is the implementation of strict financial controls. By having the proper controls, production efficiency will be maximized. The second key will be the never ending pursuit for the industry's highest concentration levels of botanical ingredients in each plant. The third key is the recognition and implementation of the philosophy that 100% customer satisfaction is required to ensure a profitable business. Profits are a by product of satisfying customers, not the other way around.

### **1.1 Objectives**

Oshoko&Co has identified several objectives for the business:

1. Become a leading supplier of botanical perennials for the health/vitamin industry.
2. Reach the point of sustainable profitability.
3. Enjoy work while making a good living.

### **1.2 Mission**

It is Oshoko&Co's mission to become the leading provider of botanical perennials to the health/vitamin industry. This will be accomplished by providing quality plants at fair prices while exceeding customer's expectations.

### **1.3 Keys to Success**

Oshoko&Co will adhere to three keys that will be instrumental in its success:

1. Strict financial controls.
2. The never ending pursuit of the highest concentration of botanicals in every plant.
3. Ensuring that all customer's needs are met and they are satisfied with the purchased products.

### **Company Summary**

Oshoko&Co is a Nigerian based perennial farm that grows a variety of botanical medicinal perennials. The company has been formed as a Nigerian L.L.C. The farm has been in existence for a year now, initially operating as a vacation job as rather than a profit producing business.

### **2.1 Company History**

Oshoko&Co has been in operation for a year now. Initially it was started as a hobby where Akin Ayodele(a colleague of mine) could use his plant biology skills while covering some of the costs.

Oshoko&Co has chosen 3 locations as ideal places to grow perennials. Oshoko&Co has 5 acres of land which they use for production. . Oshoko&Co employs a drip irrigation system for all of the plants.

## **2.2 Company Ownership**

Oshoko&Co is a Nigerian L.L.C. owned I, Oshoko Toby Ashike and Akin Ayodele . The L.L.C. business formation has been chosen as a strategic way to shield us from personal liability.

## **Products**

Oshoko&Co offers a range of botanical perennials (plants where the root structure remains, allowing the plant to regrow every year). Botanical perennials were chosen for two main reasons. The first is the medicinal value that they offer, therefore the plants have a positive contribution to society by improving people's health. The second reason is that the market for medicinal herbs is a very strong industry with excellent growth, ensuring demand for their plants. Oshoko&Co will offer the following excellent:

### **The Horseradish Tree**

Commonly known in the English language as the ben oil tree or the drumstick tree. Its botanical name is *Moringa oleifera*. *Moringa oleifera* belongs to the plant family Moringaceae.

In Nigeria, it is called Ewe ile, Ewe igbale, or Idagbo monoye (the tree which grows crazily) in Yoruba; Gawara, Habiwal hausa, Konamarade, or Rini maka in Fulani; Bagaruwar maka, Bagaruwar masar, Barambo, Koraukin zaila, Shipka hali, Shuka

halinka, Rimin nacara, Rimin turawa, Zogall, or Zogalla-gandi in Hausa; and Odudu oyibo, Okochi egbu, Okwe olu, Okwe oyibo, Okughara ite, Uhe, Ikwe beke in Ibo.

Until now, various laboratory researches have confirmed that Moringa is a natural energy booster, strengthens the immune system, has antibiotic properties, cures headaches, migraines, asthma, and ulcers, reduces arthritic pains and inflammations, and restricted tumour growths.

Moringa flowers boiled with soymilk have always been thought to have aphrodisiac quality.

### Bitter Kola

Botanically known as *Garcinia kola*, Bitter Kola belongs to the plant family Guttiferae. In Nigeria it is called oje in Bokyi, edun or efiari in Efik, efrie in Ejagham-Ekin, cida goro in Hausa, efiat in Ibibio, emiale in Icheve, igoligo in Idoma, aku-ilu or ugolo in Ibo, akaan in Ijo-Izon, okain in Isekiri, and orogbo in Yoruba.

Nigerian scientists have confirmed in clinical settings and in animal models that eating moderate quantities of bitter cola does not just enhance sexual activity but have clinically significant analgesic/anti-inflammatory effects in knee osteoarthritis patients.

Nigerian scientists have also patented eye drops made with bitter kola for preventing blindness in patients with glaucoma.

### Bitter Leaf

Botanically called *Vernonia amygdalina*, Bitter Leaf belongs to the plant family Compositae. In Nigeria, the Edo calls it oriwo; Hausa, chusar doki (a horse tonic food

containing the leaves), fatefate/mayemaye (a food prepared from the leaves); Ibibio atidot; Igbo, onugbu; Tiv, ityuna; and Yoruba, ewuro.

Researchers say eating more of Bitter leaf soup could be the panacea for diabetes, cancer, liver damage, drug resistant microbial infections; promote safe childbirth, to mention but a few.

Indeed, a Bitter leaf-based herbal anti-diabetic medication has passed human clinical trials and received a United States Patent 6531461 for the treatment of diabetes; even as NIPRD gets set to start a multi-centre human clinical trials of a similar drug, ADI.

Also, a phytochemotherapy (treatment based on plant chemicals) for cancer made from aqueous extracts of leaves of Bitter leaf, collected in Benin City.

### **Market Analysis Summary**

Oshoko&Co has identified three main customer groups: supplement companies; botanical processors; and other nurseries. The customer segments are distinct enough to be able to target each one differently. The industry that Oshoko&Co produces for has been undergoing consolidation for several years now. Oshoko&Co will be able to serve the industry by leveraging their competitive edge of healthy, potent plants.

#### **4.1 Market Segmentation**

Oshoko&Co has identified three different target market segments which they will sell to:

##### **Supplement Companies**

This customer group manufactures botanical supplements for their own label products.

The companies purchase the plants and extract the active ingredients and transform

them into sellable products for their own brand. There are a handful of large companies that operate in this market space. Ten years ago there were many different ones but through consolidation the industry has grown in size but decreased in the number of different players.

### **Processors**

These customers purchase the the plants, extract the botanicals and either sell the concentrated botanicals to the end producers or they themselves produce the supplement and sell the final product to other companies for their private label products. In essence they are the subcontractor for the supplement companies. These companies therefore are one layer within the manufacturing system and do not sell to the end consumer. They act as a supplier/processor for the retail brands.

### **Other Nurseries/Garden Centers**

This customer group purchases the plants which they in turn sell at retail to the individual end consumer. The typical consumer is a health conscious individual who is interested in either extracting the botanical from the plant immediately or growing the plant in their own garden for future use.

| <b>MARKET ANALYSIS</b>   |        |             |             |             |             |             |       |
|--------------------------|--------|-------------|-------------|-------------|-------------|-------------|-------|
|                          |        | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> |       |
| Potential Customers      | Growth |             |             |             |             |             | CAGR  |
| Supplement Companies     | 5%     | 21          | 22          | 23          | 24          | 25          | 4.46% |
| Processors               | 4%     | 9           | 9           | 9           | 9           | 9           | 0.00% |
| Nurseries/Garden Centers | 5%     | 123         | 129         | 135         | 142         | 149         | 4.91% |
| Total                    | 4.58%  | 153         | 160         | 167         | 175         | 183         | 4.58% |

## **4.2 Target Market Segment Strategy**

Oshoko&Co has chosen the three market segments based on the consistent demand for botanical extracts. While there are other potential customers, they are smaller, less consistent in terms of demand, and more difficult to reach. The supplement companies, processors, and to a smaller degree the nurseries are attractive customers due to their consistent demand and typical long-term contract needs. There is significant value to these customers for a grower to consistently offer the same high level of active botanicals in each plant and to be able to meet the needs of large volume, long duration contracts.

## **4.3 Industry Analysis**

The botanical perennial growing market is typically concentrated in several regions around the U.S. which have optimum growing conditions. While there are a couple mega farms, on the whole, 78% of the U.S. production comes from growers with 5-20



acres of land. Approximately 23% of botanical extracts are grown abroad and imported into the United States. Reasons for botanical growth to occur overseas is typically based on the type of herb and its ability to grow better in the respective region.

#### **4.3.1 Competition and Buying Patterns**

As mentioned previously, competition takes two forms, farms similar in size and production capacity to Oshoko&Co. and megafarms. The similarly sized farms range in size from 5-30 acres. The number of different herbs grown varies from a handful to upwards of 50. The choice of plants grown is based on owner preference as well as location and the ability of the local growing conditions to support the different plants.

On the other end of spectrum is the megafarm. These farms have a similar range of species cultivated, however they differ greatly in production capacity. These farms are huge, typically not less than 100 acres, peaking at 300 acres. These growers however are few number.

The buying patterns of the different customers are typically based on these variables:

Price

Availability

Ability to deliver consistently on long-term contracts

Significant % of active ingredients

Consistency.

#### **Strategy and Implementation Summary**

Oshoko&Co will leverage their competitive edge in order to gain significant market share. Their competitive edge is their ability to consistently produce plants with high active botanical percentages as well as a high ratio of healthy plants (sellable).

The marketing strategy will have the objective of raising awareness and visibility of their industry-leading percentages of active botanicals. The strategy will communicate the fact that Oshoko&Co's plants will yield a significantly higher amount of botanicals measured per plant.

The sales strategy, in addition to reinforcing the competitive edge, will seek to qualify leads by concentrating on Oshoko&Co's ability to perform reliably on long-term contracts, becoming a stable supplier to the larger companies that need a steady supply stream.

### **5.1 Competitive Edge**

Oshoko&Co has a dual competitive edge:

#### **Healthy Plants**

The healthier the plant, the faster it will grow, the more botanicals that can be extracted from it. This means an increase in production efficiency due to a larger percentage of plants that are sellable. Other characteristics of healthy plants which are important on the production side is: lower pest counts, more established root structures, and high biomass.

#### **High Concentration of Active Botanicals**

This is beneficial to the purchaser because they are buying the plants precisely for the active botanicals. High concentration levels are valuable to Oshoko&Co because they

increase the amount of botanicals produced per plant or per acre, increasing the production capacity of a given amount of land, thereby increasing their return on investment and increasing the attractiveness of Oshoko&Co's plants relative to the competition.

## **5.2 Marketing Strategy**

The marketing strategy will be based on generating awareness and visibility of Oshoko&Co and their ability to produce the highest percentages of botanicals. The strategy will rely on several different forms of communication. The main form is participation in the numerous trade shows for the industry. The trade shows are where everyone from the industry gathers to meet and transact business. It is a wonderful place to network as well as learn about new developments in the industry. The second form of communication will be the use of advertisements. The main venues for advertisements will be industry trade magazines. The trade magazines are a well read source of information that buyers and sellers refer to for many different transactions.

## **5.3 Sales Strategy**

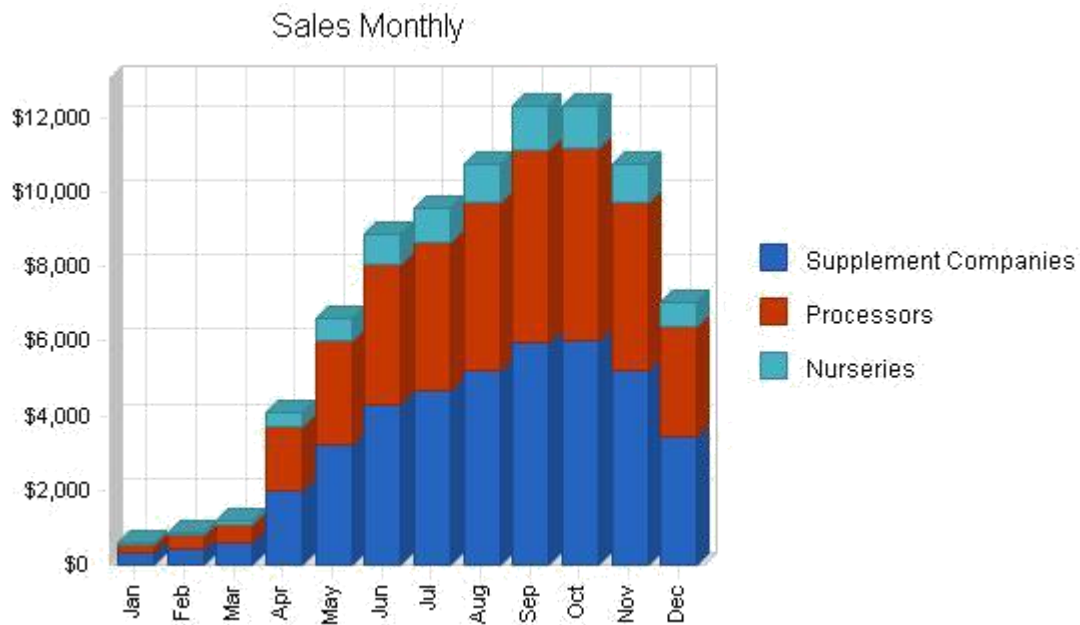
Oshoko&Co's sales strategy efforts will focus on identifying qualified leads and turning them into paying customers. The main sales effort that Oshoko&Co will undertake is the reinforcement of the fact that Oshoko&Co's plants have the industry's highest percentage of botanicals. This will be quite appealing to the buyers as this is exactly what they want, more botanicals per plant. In addition to selling the buyers on Oshoko&Co's competitive edge of potent plants, there will be an emphasis on Oshoko&Co's ability to perform on long-term contracts.

Oshoko&Co recognizes that the transactions should not be thought of as individual sales, but as long-term relationships. This is a reasonable assumption based on the fact that the customers are in the business of utilizing botanicals, that they will continually have the need for the botanicals, and that it is far less expensive to establish a relationship with one vendor than to continually have to find new vendors that can meet their needs.

### **5.3.1 Sales Forecast**

The sales forecast indicates that growth will be slow but steady. Growth will be slow because of the time and effort needed to develop the customers. Production is not the slowing element as Oshoko&Co has been in production for a couple of years. Granted they were not producing at the same level, or for that matter with the same goal of business efficiency, but nonetheless they will be able to reasonably raise production to meet the sales needs. During the wet months of the year, the forecast reflects a tapering of sales as production will fall during these months. There will however be some sales and production which will be moved inside to the greenhouses.

There are a few risks that could have a negative impact on sales. The first is weather. Plants are dependant on the weather. A poor growing season will have a serious effect on production. This risk is spread amongst all of the producers of the specific region meaning the weather risk is imposed on everyone, generally not a specific farmer. Another risk that could effect sales is some sort of pest that could unexpectedly negatively effect the crops. By planting multiple botanicals and choosing them based on their heartiness relative to the growing climate, Oshoko&Co is able to minimize these risks as much as possible.



### Management Summary

Oshoko&Co is just an idea that I and Akin Ayodele have hoped to put it motion as soon as we are done with our youth service.

#### **6.1 Personnel Plan**

Oshoko: Operations including vendor relations, accounting, and some growing responsibility.

Ayodele: Head grower and sales. As head grower he is responsible for supervising, scheduling plant production, the cutting schedules, crop selection, growing schedules, fertilizer selection and application schedules, irrigation system development, and pest control. Because Akin has the technical knowledge regarding the plants and their industry leading botanical concentrations, he will be

in charge of sales which will include qualifying leads as well as participating in the final negotiations and account management.

Grower: Akin will have the assistance of a full-time grower in order to allow her to meet her sales responsibilities.

**Laborers:** The laborer positions will be seasonal as there is more work required in the summer months, however, there will always be some laborers on staff throughout the year. Some of the responsibilities of the laborers are soil tilling, compost distribution, plant collections and trimming.

### Appendix

| SALES FORECAST                |    |              |              |                |                |                |                |                |                 |                 |                 |                 |                |
|-------------------------------|----|--------------|--------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|
|                               |    | JAN          | FEB          | MAR            | APR            | MAY            | JUN            | JUL            | AUG             | SEP             | OCT             | NOV             | DEC            |
| Sales                         |    |              |              |                |                |                |                |                |                 |                 |                 |                 |                |
| Supplement Companies          | 0% | \$300        | \$432        | \$565          | \$2,002        | \$3,222        | \$4,323        | \$4,655        | \$5,232         | \$5,989         | \$6,000         | \$5,232         | \$3,433        |
| Processors                    | 0% | \$258        | \$372        | \$486          | \$1,722        | \$2,771        | \$3,718        | \$4,003        | \$4,500         | \$5,151         | \$5,160         | \$4,500         | \$2,952        |
| Nurseries                     | 0% | \$57         | \$82         | \$107          | \$380          | \$612          | \$821          | \$884          | \$994           | \$1,138         | \$1,140         | \$994           | \$652          |
| <b>TOTAL SALES</b>            |    | <b>\$615</b> | <b>\$886</b> | <b>\$1,158</b> | <b>\$4,104</b> | <b>\$6,605</b> | <b>\$8,862</b> | <b>\$9,543</b> | <b>\$10,726</b> | <b>\$12,277</b> | <b>\$12,300</b> | <b>\$10,726</b> | <b>\$7,038</b> |
| Direct Cost of Sales          |    |              |              |                |                |                |                |                |                 |                 |                 |                 |                |
| Supplement companies          |    | \$23         | \$32         | \$42           | \$150          | \$242          | \$324          | \$349          | \$392           | \$449           | \$450           | \$392           | \$257          |
| Processors                    |    | \$19         | \$28         | \$36           | \$129          | \$208          | \$279          | \$300          | \$337           | \$386           | \$387           | \$337           | \$221          |
| Nurseries                     |    | \$4          | \$6          | \$8            | \$29           | \$46           | \$62           | \$66           | \$75            | \$85            | \$86            | \$75            | \$49           |
| Subtotal Direct Cost of Sales |    | \$46         | \$66         | \$87           | \$308          | \$495          | \$665          | \$716          | \$804           | \$921           | \$923           | \$804           | \$528          |

