Business Plan

Poultry Farm

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**MARKETING AND INDUSTRY**

**High population growth and growing income lead to increasing demand for poultry products in Nigeria. The poultry industry has emerged as the most commercialized and fastest expanding segment in the animal husbandry subsector but still faces many problems. Private investment from foreign countries could help to facilitate this market. This paper reveals the opportunities and threats of a market entry for private investors based on a PESTEL analysis and a SWOT analysis**

**Based on the catalogue of PESTEL criteria listed in Table 1, we set up a SWOT matrix for the Nigerian poultry market, making its strengths, weaknesses, opportunities, and threats clearly visible. Specific potential for market entry can be derived through this study.**

**Table 1. Factors used in the PESTEL Analysis of the Nigerian Poultry Market**

**Political Agricultural policy**

**Availability of micro-credits for farmers**

**Corruption**

**Governmental structure**

**Governmental stability**

**Economic Capital base of farmers**

**Economic efficiency of production**

**Economic growth**

**Gross domestic product**

**Importance of agricultural sector**

**Income per capita**

**Inflation**

**Infrastructure**

**Input costs**

**Market price fluctuation**

**Marketing possibilities**

**Profitability**

**Social-cultural Age structure**

**Availability of labor**

**Education level**

**Employment rate**

**Extension and training agency**

**Farming experience**

**Health**

**Household size**

**Innovation adoption**

**Management practice and know-how**

**Membership in co-operative**

**Population growth rate**

**Poverty**

**Religious influences**

**Technological Diseases and parasites**

**Drugs and medication**

**Farm size**

**Flock size**

**Husbandry systems**

**Hygienic conditions of poultry production**

**Level of automation**

**Mortality rate of chickens**

**Quality of day-old chicks**

**Storage facilities**

**Technical efficiency of production**

**Use of modern breeds**

**Vaccination**

**Ecological Availability of Land**

**Availability of energy**

**Availability/Quality of feed**

**Availability of water**

**Climatic conditions**

**Legal Export regulations**

**Import regulations**

**Taxation regulations**

**Results**

**Results of the PESTEL Analysis**

**Political Factors**

**Nigeria has a federal structure, with 36 states and a federal capital territory. Each of the states has its own political administration with a governor at the top. Even though Nigeria claims to be a federal republic, the central government in Abuja holds the majority of the political power, especially because it has exclusive rights to the country’s oil revenues. Moreover, the president is enormously powerful because, in addition to his executive role, he also enjoys additional legislative powers (Agbaje 2004). Despite improvements over the last few years, Nigeria still**

**ranks poorly in regard to corruption—placing 136 of 175 countries surveyed according to Transparency International-the global coalition against corruption (Transparency International**

**2014).**

**Large parts of the population are still very poor due to corruption, even though large oil reserves and the great variety of landscape and biodiversity offer enormous income generation opportunities for the urban population (Falola and Heaton 2008; Bergstresser 2010; Bach 2006).**

**The political system in Nigeria seems to be relatively stable, as noteworthy political and economic reforms have been implemented. At the same time, the government does not effectively react to the threats of terrorism and the violent ethno-religious conflicts that have torn the country apart in recent years. Of course, there have been costly attempts to increase security.**

**But because of the high corruption rate among high-level politicians, security officers, ex-military, and businesspeople, these efforts have triggered hardly any improvement (Bergstresser 2014).**

**Nevertheless, the more recent development of agricultural policies shows that there is a strong will to facilitate agricultural marketing, reduce agricultural production costs, and enhance agricultural product prices as incentives for increased agricultural production. The instruments**

**used for this purpose include agricultural commodity marketing and pricing, input supply and distribution, input price subsidy, land resource use, agricultural research, agricultural extension and technology transfer, agricultural mechanization, agricultural cooperatives, and agricultural water resource and irrigation development (Manyong et al. 2005). Furthermore, several incentives have been implemented to encourage investment in the Nigerian agricultural sector:**

** A zero duty on agricultural machinery**

** Pioneer status incentive (three years tax holiday) for the agro-processing industry**

** Export incentives available for manufactures in the agrarian sector**

** Food import prohibitions to encourage local production (Nigerian Investment Promotion Commission 2014)**

**Poultry production in Nigeria is still characterized by low production levels due to the limited financing available for the procurement of basic equipment and materials. Many farmers are unable to increase their productivity by moving from small-scale poultry production to largerscale production because they face difficulties in credit and loan procurement. To enhance the commercialization of the poultry industry, it has been suggested that Nigerian government policy tackle the problem of credit procurement through expanding the provision of micro-credits and encouraging the formation of cooperative societies for farmers (Akanni 2007; Aromolaran Adetayo et al. 2013; Aboki et al. 2013; Esiobu 2014). In fact, there are already a few programs that seek to give farmers access to micro-credits (Aboki et al. 2013), representing a positive starting point.**

**Economic Factors**

**Nigeria’s economy is characterized by strong economic growth (The World Bank 2014b).**

**Nonetheless, about two thirds of the population lives on less than US $1 per day. This indicates that economic growth has not cut poverty or created necessary jobs. The inflation rate is comparatively high, but fell from 13.7% in 2010 to at least 8.4% in 2013 (African Economic Outlook 2012).**

**Despite the oil boom, agriculture is still the major sector in the Nigerian economy (Oji-Okoro 2011). Agriculture accounts for 35.2% of GDP and must therefore play a key role in unleashing inclusive economic growth, reducing poverty, and enhancing food security (African Economic Outlook 2012).**

**The agricultural sector is an important employer for the rural population, employing about 70% of the active labor force (Adene and Oguntade 2006).**

**Nigeria has a relatively advanced infrastructure, compared to many other African countries.**

**Roads still lag far behind, but airports and ports have enjoyed considerable investment in recent years, resulting in good international portals. The government has also increasingly advocated the use of public–private partnerships; therefore, infrastructure networks cover extensive areas of the national territory. It is estimated that improving the country’s infrastructure still further could boost annual real GDP growth by around four percentage points (PwC 2014).**

**Ohajianya et al. (2013) examined the economic efficiency of poultry production in parts of Nigeria. Their results show that, from an economic perspective, many producers manage their poultry farms inefficiently and therefore lose highly promising cost savings. As economic efficiency is a product of technical and allocative efficiencies, these factors should be improved to make poultry production even more profitable in the future. To be technologically effective, farmers need to invest in production factors. Inadequate funding hinders farmers from acquiring the necessary resources and technologies to assist them to produce efficiently and remain in production (Esiobu et al. 2014).**

**The costs of medication and vaccination and of feed constitute substantial input costs in production (Esiobu et al. 2014). A number of studies have shown that feed costs constitute one the highest variable costs in the poultry production process (Esiobu et al. 2014; Nmadu et al.**

**2014; Ohajianya et al. 2013; Tijjani et al. 2012). Moreover, in recent years, there has been arapid increase in the price of feed. This constraint makes it difficult for farmers to purchase the quantity of feeds needed for efficient poultry production. Up to now, no solution has been found for this problem, which continues to hinder the growth of productivity in poultry production.**

**Another important economic factor is the fluctuating market prices for poultry products in Nigeria. The price for poultry meat and eggs does not vary proportionately with the rising feed prices and other costs confronting producers. This generates considerable uncertainty for poultry producers (Murtala 2004).**

**In addition, many small-scale farmers suffer from marketing problems since they do not always have market access. Poor infrastructure leaves farmers unable to reach out to market outlets.**

**Therefore, they can only resort to farm gate sales, which reduces their marketing efficiency and marketing margin. The establishment of agricultural co-operative groups could help them achieve better market access and obtain credit from government and other financial institutions (Esiobu et al. 2014; Tijjani et al. 2012).**

**OPERATING PROCEDURES**

**The main objective of setting standards for the Nigerian Poultry is to set in motion a procedure of providing wholesome Animal products for human consumption. This procedure shall set minimal standards to minimize the potential food safety hazards associated with livestock production and processing. These Standards recognize the major elements in the production process and identify Food Safety objectives for the different activities along the value chain.**

**The basic principles used in setting these Standards were based on Good Agricultural Practice (GAP) Good Manufacturing Practice (GMP) Hazard Analysis and Critical Points (HACCP) concept Sanitation Standards Operating Procedure (SSOP) Standard Operating Procedures (SOP)**

**These Standards relate to the requirements for starting a Poultry Farm**

**Location of Farms and Facilities,  Lay out of Farm and Facilities, Production Process, Equipment and Machinery, Waste Disposal and Management, Water Quality, Other Inputs; Poultry Products Quality, Records**

**The scope of these standards shall cover procedures, processes and specifications in the Poultry Production and Poultry Feed.**

**By maintaining the benchmark set below, the Nigerian Poultry Industry shall improve capability of providing Nigerians with safe Poultry products produced in a sustainable and environmentally friendly manner.**

**POULTRY INDUSTRY MINIMUM STANDARDS**

**Poultry farming started in Nigeria over five decades ago mainly as back yard enterprises. Over the years, there has been expansion and modernization of facilities and rapid intensification had taken place. Whilst these resulted in better productivity and increased supply of poultry products, it however impacted negatively on the environment and this is due to the fact that corresponding minimum Standard Operating Procedures and controls have not been established for the Industry. The following are minimum standards required for the operation of a Poultry Farm, without prejudice to size of the Farm.**

**Location**

**Poultry farms shall be located at least two kilometers (2km) away from residential development and at least two hundred and fifty meters (250m) away from one another in areas where poultry clusters exist.**

**Applying and enforcing this minimum Standards may require the establishment of dedicated Poultry Production Areas by various levels of Government and approvals shall be required before the commencement of any Poultry project.**

**The two hundred and fifty meter (250m) space between farms must be left fallow and free of vegetation including crops in order to inhibit rodents and other wildlife activity.**

**Specific Location for Poultry Breeder Stock**

**Location of Breeder flocks shall follow the general requirement given for location above but also shall not be located within a poultry cluster (must be located away from poultry activities).**

**Farm lay-out**

**All Poultry Farms must have a Distinct perimeter barrier to forestall unauthorized access of animals and humans; Distinct and nominated gates for traffic control;  Foot disinfection dips at all entrances to the farm; The disinfection system for all vehicles entering the Farm Premises; Foot disinfection dips at the entrances of all pens; Cloak room for toileting, washing and cloth change for all workers.**

**All production pens must be located away from the gates and as far back on the farm land as possible.**

**Production pens must be at least ten meters apart from each other**

**On-Farm Feed Mills, Feed and Product stores, Offices, Generators and Water Systems, must be located close to the entrance gate of farm.**

**Cloak Room must be located close to the entrance gate of the farm.**

**Deep pits or incinerators for disposal of dead birds must be located at the extreme back of the Farm Land.**

**Production Process**

**Production procedures could be very varied depending on the class of birds and size of operation. However, there are critical areas in Poultry operation where minimum standards must be strictly followed in order to produce safe and wholesome Poultry Products for human consumption.**

**Day old birds must be certified healthy and of highest quality by a registered veterinarian.**

**Day old and growing birds must go through certified Vaccination regime.**

**Birds must be fed with the highest quality Feed from day old to cull/cropping.**

**Feed must not be contaminated with chemicals, microbes nor foreign materials.**

**Feed must not contain Growth Hormones, Antibiotics or any other drug (except by prescription of a veterinary doctor and withdrawal periods and other safety precautions must be properly defined and observed for the period of medication).**

**Only Feed Additives such as Enzymes, Acids, Prebiotics and Probiotics etc are allowed in the Feed.**

**Equipment and Machinery**

**The quality and level of sophistication of Poultry Equipment vary widely and the choice of equipment used is dependent on the scale of operation. All equipment must be made from water repellant and chemical resistant materials such as hard plastics. All machines must conform to extant safety regulations.**

**Waste Disposal and Management**

**There are many Public Health issues attached to solid waste and runoff water from Poultry facilities because of their highly pathogenic nature. They may also contain highly toxic chemicals that are not easily degraded and may contaminate the environment for a long time. Poultry Farm Waste must therefore be carefully handled, contained, processed and stored. Where it is to be transported for disposal or processing, a properly equipped and certified waste transporter must be employed in order to avoid spillage and environmental contamination.**

**Prior to washing and disinfection of poultry house, litter from deep litter operations, growing pens and broiler houses must be swept, packed, sterilized and moved in an enclosed form.**

**If Litter shall be used as organic manure it must undergo treatment or dumped in dedicated dump sites approved by Local Government.**

**If used for feeding ruminants, litter shall not be transported from one poultry farm to another farm.**

**Droppings from caged layers must be channeled/ transported from each house to a collection point.**

**Droppings must be contained in a soak away which is evacuated as soon as it is full.**

**Soak away size must be 103 meter in size for every ten thousand layers on the farm.**

**Runoff water must not be drained into public water source but contained in a septic tank/soak away system.**

**All Staff handling manure/droppings shall have the following protective clothing:- Overall, Rain Boots, Gloves, mackintosh Apron and Nose Masks**

**WATER SUPPLY**

**Water used in poultry production must be clean and potable. It must meet the minimum standards for drinking water, devoid of heavy metals, harmful chemicals and**

**PERSONNEL QUALITY AND HUMAN CAPACITY REQUIREMENT.**

**The quality of persons managing a poultry farm is key to having a successful poultry operation. It is therefore important that the services of the right personnel in terms of level of education, relevant training and experience should be engaged to run the**

**.All small scale Poultry Farms should engage the services of a Registered Animal Scientist.**

**All medium to large scale poultry Farms must employ the services of a resident Registered Animal Scientist**

**Poultry Farm Supervisors and Pen Attendants must have basic training in Animal Husbandry and Production**

**All farm workers must undergo certified training in relevant areas of poultry management yearly.**

**All Poultry Farms must engage the services of a consultant veterinarian (DVM)**

**All Poultry Farms must be registered with the State Ministry of Agriculture and Nigerian Institute of Animal Science.**

**Poultry Product Quality**

**Quality refers to inherent properties of products that determine the relative degree of excellence and value. Some properties that have been determined as desired by consumers and processors of poultry meat will include high meat to bone percentage, adequate skin covering, absence of feathers and freedom from discoloration.**

**For table eggs, it will include, egg size, shell integrity, albumen and Yolk quality. The following specifications are based on industry realities. It is different from an earlier work done by Standards**

**CHICKEN MEAT**

**Four classes of Chicken Meat have been identified as presented as Ready-To-Cook Products in the Nigerian market.**

**Broiler or Fryer: these are processed chickens (usually less than 10 weeks of age) of either sex, with tender-meat, soft and pliable smooth-textured skin. They have flexible breast bone cartilage.**

**Roasters: these are processed chickens of either sex (usually 12 to 14 weeks of age). They have soft pliable, smooth-texture skin with soft meat but harder than those of fryers. They also have flexible breast bone cartilage**

**Hen or Fowl: these are processed adult female chickens (usually more than 10 months of age). The meat is hard and the breast bone cartilage not flexible.**

**Cock or Roosters: these are processed adult male chickens (usually more than 6 months of age) they have coarse skin toughened and dark meat.**

**CHICKEN MEAT QUALITY**

**For all these classes of Chicken, the Standards should be as follows:**

**There shall be no fecal contamination  
There shall be no deformities like curved or dented breastfeeding and back bones**

**There shall be no bruised skin**

**There shall be no discolored skin**

**There shall be no feathers on skin**

**The product shall be free of chemical preservatives or drug residues**

**The product shall be growth hormone free**

**The product shall be free of microbial contamination e.g. Campylobacter, Clostridium, Listeria, Salmonella, E. coli  
etc**

**The product shall be clearly and appropriately labeled and tagged.**

**RECORDS**

**The following records shall be kept in a poultry farm:**

**Pen/House Number, Type of birds (e.g. broiler, layers, breeder and cockerel), Breed /source of birds, Stock population, Daily temperature, Date of delivery/age of birds, Transfer date (for layers), Daily feed intake, Brand of feed and date of delivery, Daily mortality, Daily production records, Vaccination records, Average weekly weight gain (broilers), Veterinary Medical Record**

**BIOSECURITY FOR POULTRY FARMS**

**Biosecurity is what you do to reduce the chances of a disease being carried onto your farm or to your backyard by people, animal’s equipment or vehicles. Good biosecurity helps keep diseases from spreading to your poultry or birds.**

**Restrict Access to poultry through the use of fences and enclosures create a barrier between clean areas where the poultry are kept.**

**Wild Birds resident fowl or migratory birds should not be allowed contact with the poultry flock through the use of screens or overline nets.**

**New Birds should be separated from the general flock for 7-14days**

**Practice good sanitation procedures before working with other flocks wash hands, disinfect boots.**

**Visitors that wish to see poultry should wash their hands, change shoes use footwear provided by the owner such as rubber boots that can be disinfected**

**Keep the area of the flock clean from trash and garbage.**

**Clothes and boots should be disinfected upon exiting poultry areas.**

**Wash hands with soap before and after entering poultry houses.  
All equipment used with poultry should be cleaned and disinfected.**

**Sick or dead chickens must be removed quickly and the community animal health workers or veterinarians should be informed of such  
Billness or deaths**

**Dead birds should be burned and buried.**

**Egg crates / trays, cages, shovels should not be shared between family and neighbours.**

**Early reporting of all bird disease is important.**

**Personnel**

# Poultry Farm Worker

**A poultry farm employee assists in daily operations on the farm. This can include checking birds, collecting eggs and feeding. Additionally, they also perform routine maintenance on the house and watering/heating system as needed. They also utilize proper biosecurity standards when entering and exiting houses.**

**WHATWHAT RESPONSIBILITIES WILL I HAVE?:**

* **Ensure birds have access to food and water**
* **Walk through the house to identify sick or injured birds**
* **Utilize proper biosecurity standards when entering and exiting houses**
* **Assist with egg collection, washing and sorting (on a layer farm)**
* **Assist with putting eggs in cartons (on a layer farm)**
* **Control temperature of houses for ultimate bird comfort**
* **Conduct maintenance on the house and watering/heating system as needed**
* **Control house lighting to meet bird needs**
* **Maintain high standards of animal welfare**

**RECOMMENDED HIGH SCHOOL COURSES:**

**The following high school courses are recommended: agricultural education, animal science, biology, mathematics and chemistry.**

**EDUCATION/TRAINING REQUIRED:**

**A high school diploma is required. Although it is not always required, an associate degree in animal science or animal husbandry would be recommended.**

**Financial Data**

**CAPITAL: with location in mind, you now have clearer idea of the capital required of you. Write down your detailed capital and investment requirements for your poultry farming in Nigeria venture and set out to source for it. Like every other farming projects, the bigger you plan to start, the more investment required. You need to decide on the level of capital investment you are willing to commit into this business before starting.**

**Small scale – You will need around ₦70, 000 to begin rearing chicken on small scale (around 50 birds) and keeping them in cages at your residence backyard.  
•    Medium scale – You need about ₦500, 000 – ₦5 million to start a mid-scale poultry farm, which needs housing and other materials over land spreading 1-2 plots.  
•    Large scale – Around ₦10 million is needed for this type of intensive project.  This will involve a high degree of planning, sophistication, professionalism and the use of advanced poultry farming techniques.**

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