BISOLA DAVIES, MICROBIOLOGY, 18/SCI05/004…GST 212 ASSIGNMENT QUESTION;- PREPARE A BUSINESS PLAN OF YOUR CHOICE

A BUSINESS PLAN ON POULTRY FARMING

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INTRODUCTION

Bibi's poultry is a business enterprise that is being launched into the food market to facilitate the distribution of a variety of birds to consumers both at the wholesale and retail levels. Also, it is the desire of this enterprise to provide poultry feeds to meet the demands of the retail market. The enterprise hopes to breed birds of different types ranging from broilers to layers to cater for the commercial needs of meat and egg production.

In almost all countries of the world, a large market for poultry products is generally obtainable, since poultry products are regarded as healthy meals. The profitability of a poultry business is not debatable since it is already a known fact that the business is profitable. Whether you run into profit or loss depends on how the business is ran. Our poultry farm is located in an isolated area away from commercial and residential areas to reduce the risk of environmental pollution. Also we had to put into consideration: road network, availability of utilities/amenities like; electricity and water supply to prevent running into unexpected in the event of the absence of these utilities.

In view of an expansion in mind, we ensured that our site was large enough to give room for expansion. For instance, it is our intention to start with a total population of 200 birds and gradually grow the population to over a thousand birds. We also intend to grow the feed production line from production on a retail level to bulk/wholesale production. It is expected that in about five years from now, the company will delve into the line of secondary poultry products, for instance, we strive to kick-off the sales of frozen chicken, eggs and subsequently, the production and packaging of chicken susages.

Finally, financial analysis shows that if all things go as planned, the company is expected to run into a profit of about 10% in the first year.

INDUSTRY ANALYSIS

For the purpose of analyzing our business, we are going to employ an assessment tool called “The Competitive Forces Model”, commonly known as ‘Porter’s five forces’. This is in an attempt to closely examine the factors that can affect our business and how we intend to address them. These factors would now be discussed:

* Competitive Rivalry: This business line is quite competitive, both for existing and upcoming businesses. A lot of companies involved in poultry farming are readily available and some of these companies operate the business on a large scale, for instance, God’s own poultry supplies poultry products to most eateries and grocery stores. The strength of these companies is their reputation an d the partnerships they have with these businesses. Over the years, they have developed a strong relationship with customers and sometimes even when their services are not satisfactory, these businesses still end up coming back due to the standing relationship.

On the other hand, their weakness is the lack of variety. During a particular period, only a specific breed of birds are available and their focus is solely on poultry production and sales. It is our aim as a company to target this weakness and make it out strength. We intend to not only produce and sell birds but also process further into frozen form, we also intend to make available a variety of birds of different sizes and age-range ranging from day old chicks to parent stock of about 18 weeks.

* Threat of new entrants: Seeing as the poultry business is not one necessarily hard to start up. The threat of new entrants in the business can be considered to be high. Although it might be difficult for these new businesses to obtain land, implements and other facilities, the capital required can be easily obtained and business take-off can be generally hitch-free.

It is our hope that when our business kicks-off we would be able to make a name for ourselves in the market, we would not be concerned with upcoming rivalry and our products would speak for us.

* Bargaining Power of Supplier’s: This force examines how much power and control a company’s supplier’s (market of inputs) has over the potential to raise its price or to decrease the quality of purchased goods and services. In our case, our market of inputs are our supplier’s of day old chicks and feeding implements like troughs, e.t.c.

We intend to have a reasonable number of supplier’s for these goods and services thereby creating various options for purchase. If the number of supplier’s is not limited it is easier to obtain these goods at prices that are relatively moderate and avoid the chances of exploitation.

* Bargaining Power of Buyer’s: The bargaining power of buyer’s can be described as the market of output. It analyzes the extent to which the customers are able to put the company under pressure. The customers have a lot of power when there are many alternatives to buy from.

The company intends to carry out a market survey on other businesses, take note of the price range, put in place adequate price regulation and strike a balance in prices that ultimately makes the customers happy.

* Threat of a substitute Good: The existence of substitute goods increases the propensity of customers to switch to an alternative. In order to discover these alternatives, on should look beyond similar products that are branded differently by competitors. For instance, red meat is not usually considered a competitor for chicken. However, since both chicken and meat fulfill a similar need (i.e, nutritional requirement of protein), customers might be willing to switch from one chicken to beef if they feel that the price of chicken has become outrageous.

To tackle this problem, price control and and regulation would also come to play.We would ensure that our customers get what they want at affordable prices.

FINANCIAL PLAN

The financial plan below is a summary of the estimated financial budgets of our business, prepared to help potential lenders estimate how much cash would be needed and when and how these funds would be disbursed to ensure maximum productivity. Since the business would start off on a small-scale, capital would be obtained from personal savings and monetary gifts from family and close associates and our work force would consist of just five individuals.

CAPITAL REQUIRED TO KICK-START THE BUSINESS……………..200,000.00

Day old chicks…………………………………..................................100,000.00

Poultry feed…………………………………………………………....20,000.00

Feeding implements and other tools…………………………………....50,000.00

To generate the capital that has been indicated above that would be needed to start the business, we intend to obtain it from the following sources:

Personal Savings………………………………………………………100,000.00

Monetary gifts from family……………………………………………100,000.00

Other operational assumptions include;

Working days per month……………………………………………………….26 days

Stock turnover rate…………………………………………………………….7 days

Debtors collection period………………………………………………………20 days

Creditors payment period……………………………………………………….25 days

Revenue growth…………………………………………………………………10%

Rate of lay………………………………………………………2 eggs every 3 days per layer bird

Total eggs laid per annum……………………………..………..24,000 eggs(2,000 dozens)

Feed consumption………………………………………………..120g-150g per bird

Weight of feed per bag per kg……………………………………25kg

Average selling price of eggs per dozen………………………….400.00

Average selling price of eggs per crate……………………………1000.00

Sales of poultry feed by 25kg bag…………………………………3,750.00

Sales of manure and litter per 25kg bag…………………………… 5,000.00

Sales of unproductive layer……………………………………..2,500.00 per 2kg weight bird

Sales of broilers……………………………………………….....2,500.00 per 2kg weight bird

RECOMMENDATIONS

After analyzing our business with the porter’s five forces and providing our financial projections of our dealings in the first year of our business, it is suitable to focus on competition, customer service and threat of new entrants. To address the problem of competition, we intend to employ strong marketing strategies, to our customers we intend to improve the quality of our products and to counteract the threat of new entrants, we intend to maintain high performance despite the saturation in the market.

It can also be assumed that we focus more on layer production since it appears to be more profitable.

GROUP MEMBERS

Oyindamola Davies 25%

Bisola Davies 50%

Kunle Davies 10%

Gbolahan Davies 15%