

**UNIVERSITY OF NIGERIA NSUKKA**

**FACULTY OF THE SOCIAL SCIENCES**

**DEPARTMENT OF PUBLIC ADMINISTRATION AND**

**LOCAL GOVERNMENT**

**TOPIC:**

**BUSINESS IDEA GENERATION CAKE PRODUCTION  
AND DISTRIBUTION BUSINESS**

**A BUSINESS PLAN**

**SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE COURSE CED 342  
(BUSINESS CREATION AND GROWTH)**

**BY**

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**EXECUTIVE SUMMARY**

- 1.1 This piece of uniting and request is a business plan proposal known as 'KALEST CAKE PRODUCTION', decoration and distribution business which is to be cited at Obollo Afor in Nsukka state.
- 1.2 This business would require a start-up capital of ₦800,000 which is make up of 350,000,000 for fixed assets and 550,000,000 for working capital.
- 1.3 The vision of KALEST CAKE PRODUCTION business is to be a unique cake production decorator and distribution to diverse large population of people in Nsukka the cake will be produced in a clean and sterile environment and will be of a good nourishment to the body.
- 1.4 The proposed project will be located in Obollo Afor, Nsukka Enugu state because of its growing population and civilization on people of Nsukka which makes the demand rate of cake for birthdays, wedding ceremonies/anniversary, and so forth.

- 1.5 The Obollo Afor market would be used for distribution of green cakes to large number of costumers.
- 1.6 There will be financial projections that this business would be financially stable and liquid by the time it matures the sales figures stand at ₦490,000 for year 1, year 2, year 3 respectively. The profits after tax are ₦ 150,000, ₦ 350,000,000, ₦450,000.000 for year 1, year 2 and year 3 respectively from the above profits, there is a sure success in cash flow in the business.
- 1.7 The competitive edge of this business if going to maneuvered by good services in production process at an affordable amount to the community. There would be a fast service to the people.
- 1.8 The profitability indicators as extracted from the projection embodied in this business plan project are as follows.

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Turnover	600,000	670,000	760,000
Profit before interest & tax	200,000	340,000	390,000
Profit after tax	157000	29700	310,000
Return on	Nil	29%	39%

sales			
Return on Equity	Nil	87%	90%
Return on investment	Nil	65%	80%

1.9 From the above view of point of the analysis, the proposed project is found to be technically feasible financially valuable and economically desirable. The project will be highly productive in products & services and it is economically reliable.

## **PART II**

### **BACKGROUND OF THE STUDY**

#### **INTRODUCTION**

This company will mainly focus its production and distribution strategies on the provision of services to the teeming population on who require a good quality cake for consumption, marketing and supply.

**VISION:** Due to the knowledge we have in science as in microbiology per say, we hope to provide a good quality

control and assurance of production of germ free cake for different categories of people.

**MISSION:** To produce goods & services to clients across the Obollo region especially in places with no cake company ownership of the business.

This business would be a sole proprietorship business owned by KALEST industrial limited.

### **Legal status**

KALEST cake production Ltd is in presently undergoing the process of being registered with the corporate affairs commission as it is just established.

### **Location of facilities**

The reason for the choice of location is as follows;

- Its nearness to the centre of Obollo Afor for easy distribution to the customers.
- There is a good working force availability at cheap rate.
- Its nearness to Obollo Afor easy purchase of raw material.

### **Products/services**

These entail the area of products and services by the company.

- Production of wedding cake, birthday cake anniversary cake, congratulatory cake and ceremonial cakes.
- Production of an affordable cake called green cake for the teeming population.
- Help to distribute cake as quick as possible in a retired and technologically way.

### **Business strategy**

- To provide a professional and good quality services on the required time.
- To ensure that there is a persistence after-service relationship with customers to adhere their complains and also to admit the good ones.

### **Key to success**

- Good quality control in the factory.
- Develop a follow-up strategy to gauge performance with all clients.
- Implementation and maintenance of a good quality control and assurance policy.

Item	Revenue	Base price	Total price
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	quantity		
Baking rooms	8	4,000	32,000
Oven	20	6,000	120,000
Butter/sugar turning machine	1	30,000	30,000

### **PART III**

#### Markets and clients

Nature and size of the market with a through analysis of the market about 66% of the Nsukka dwellers lack the access to services of good quality cake. As can be seen, majority of people producing cake illiterate and lack a good knowledge of production of high quality cake. Some do not practice high hygiene in their production scene and with all these put together, we are highly optimistic on our proposed company for a good success.

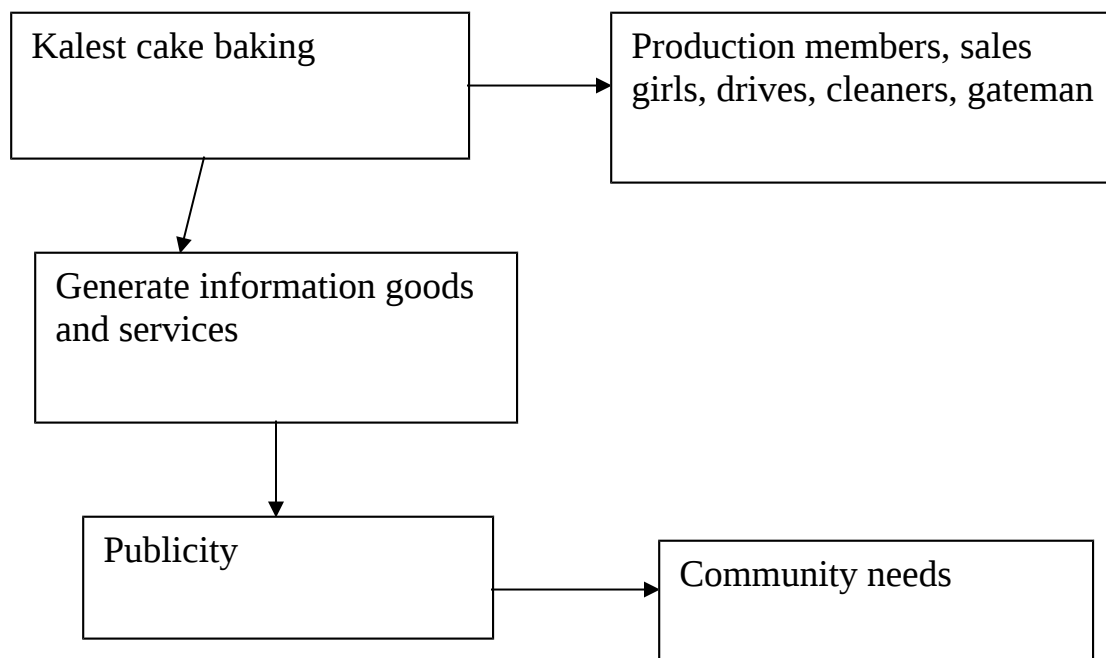
#### **Target market**

The upper class and the high class citizens that are in need of high quality cakes of any type that would be consistency in quality.

## Key competitors

In the whole Obollo Afor region, both urban and rural settlement, the only depended cake produce is KALEST cake production. This enterprise with a clear indication is not a reliable one due to the low quality of products, cost of service and delay in service delivery moreover they are not able to satisfy the teeming population at Obollo settlement.

## Production process



The above charts states the module operandi of our organization from idea generation to the meeting the needs of our clients.

## Service delivery



For the fact that our existence and survival solely depends on our customers patronage, we will do it takes to satisfy our customers and also render service to them at an affordable price. This will sustain our relationship with our customers which help us in the future benefits and for us to boost interest from the public.

### **Quality assurance**

We will abide by the quality control measure according to National agency for food, drug association commission our company would be guided in the mode of operation and services by the government for proper working and to prevent our industry from being banned.

### **Demand and supply analysis**

Cake is a product that is very necessary among the people of the 21<sup>st</sup> century it makes an event lively and superb. Hence, it is an inevitable thing that goes hand in hand with ceremony. Due to been of expertise and illegibility of good quality cake production.

### **TECHNOLOGIES**

We will apply the latest technology in the production process like using an automated machine for turning and homogenizing of butter. This helps the workers to use computers in some workers.

## **COMPETITIVE EDGE**

The advantage to our company here is the fast service delivery and high quality product in a sterile environment.

## **PART IV**

### **Marketing plan**

#### **Marketing strategy**

We will employ the new marketing strategies like that of technology based, use of radio in advertisement, television, and even through notice on sign boards.

#### **Promotional strategy**

We will focus our limited advertising budgets to promote community sponsored events when traveling to remote communities we will contact the local school headmaster and principals in elementary and high school respectively offering them a speaker on environmental engineering as a career choice we will utilize a network of

cake service companies these companies will be carefully chosen for their quality of service.

Places like churches will be visited to offer them the service of cake supply in their occasional events. This will help in the bringing of new customers, through different individual demands for the product and services for personal use.

### **Alliances**

This comes in the form of the relationship between dealership and cake production companies. These service production companies have an extensive customers base. Most of the customers have needs such as birthday ceremonies, need queen cake for family use, cakes for social activities etc however many dealership customers have cake supply needs as well. Hence, will be a tangible relationship between cake production firm and the mentioned dealerships. This will help the company to be positively inched economically and this will result in increase profitability.

### **Market position**

The market of the product will be positioned in an exposed area in such a way that the public will be duly attracted on the mode of operation of the company. The firm will surely be an outstanding one and will win the heart of the customers. The areas of service deliveries are:

- Response to any demanded service as fast as possible.
- Good prices
- Customers satisfaction
- Excellent service delivery.

### **Service delivery strategy**

We will be sure that our products are free of germs by maintaining the highest hygiene as far as possible. Germ free products is not offered by any other company in the region and this will prompt the large population especially the educated ones and high class individuals to request for our services.

### **SWOT ANALYSIS**

In order to carryout a deep study of this project we have to carryout SWOT analysis on the process.

### **Strengths**

- Location of the company
- Marketing strategy

### **Weakness**

- seasonal problem like weather
- out break of diseases eg from interested products.
- Security.

### **Opportunities**

- The available market during ceremonial period.
- Opportunity to open other branches of the company.

### **Threats**

- Great rise in competitors in to the business
- Disappointment from workers by not rendering required service for the company development.
- Difficulty to convince people in the production it produced and low initial demand.

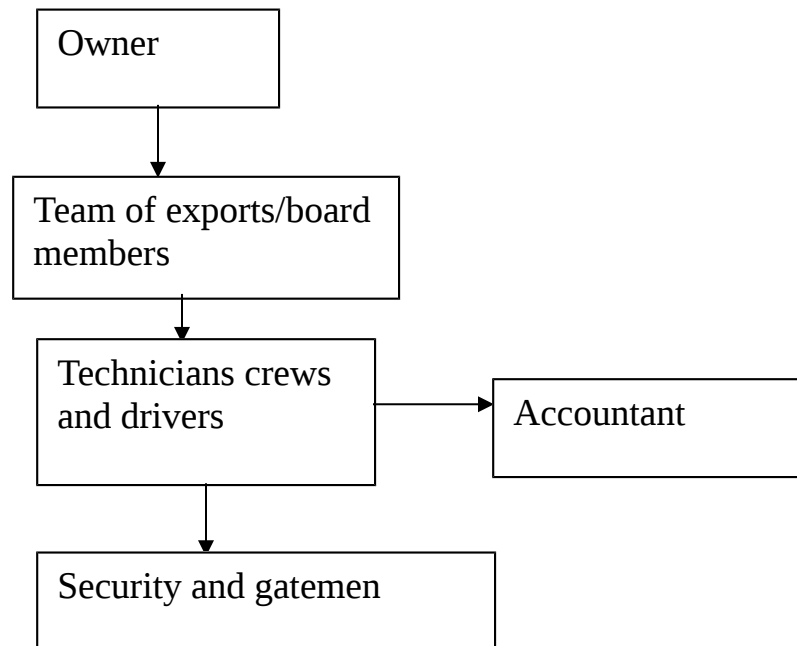
### **Exit strategy**

We do not plan any exit in the business instead diversification is highly pursued.

### **Organization and management**

The management of cake production and distribution business is made up of individual shareholders with extensive expertise in the cake production business.

### **Organizational structure**



### **Management team**

This business project comprises highly qualified workers in their specialized field. The owner of the business, Chioma has an experience in cake production and distribution business I had worked with a big cake production company for a long period of time. The people that will be quality to be employed in the business must hold at least SSCE. Hence the teams are shown in the table below

## Management Team

<b>Name</b>	<b>Position</b>	<b>Qualification</b>
Kalu Ezioma	Executive director	B. Sc Biochemistry
John Paul	Food Technologist	B. Sc FST
Blessing Sam	Food Scientist	B. Sc FST
Oliver Jude	Accountant	HNDS
Ada Obi	Sales girl	SSCE
David Ugwu	Driver	SSCE
Cletus Eke	Gateman	SSCE

## External support

We will solely seek advice from those that are more experienced than us and we will build our expertise from theirs. This will help us to discharge our goods and services efficiency.

## Personnel plan

<b>Name</b>	<b>Position</b>	<b>Monthly salary</b>	<b>Annual salary</b>
Kalu Ezioma	Sole proprietor	30,000	360000
John Paul	Technologist	20,000	24,0000
Blessing Sam	Scientist	20,000	240000
Oliver Jude	Accountant	15,000	180000
Ada Obi	Sales girl	7,000	144000
David Ugwu	Driver	9,000	108000
Cletus Eke	Bateman	5,000	60

Total		106,000	1272060
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## **Legal, Regulatory, social and environmental legal issues**

The company is fully being registered with the corporate Affairs commission.

### **Regulatory issue**

We will endeavour to abide by all regulation of guiding operators in this industry regarding quality and effective service.

### **Social issues**

On the social aspects, our company will help the society in social matters like production of employment to the community. There will be an over all development in the society.

### **Environmental issues**

There will be no adverse effect that our operation will cause in the environment. On the case of waste disposal,



there would be proper handling of waste in the standard that is generally acceptable by the society.

## **FINANCIAL PLAN**

### **Summary of project cost**

The project will be executed with the total amount of ₦800,000 broken into 350,000 as fixed capital and 550,000 as the working capital.

### **FIXED COST**

<b>Item</b>	<b>Amount</b>
Flour	40,000
Batter and sugar	35,000
Eggs	8,000
Purchase of one Tanker of water	6000
Preservatives	6000
Rent for 2 years	50,000
Total	145000

Working capital

<b>Item</b>	<b>Amount</b>
Wages & salary for 1 year	1272060
Transportation	30,000
Vehicle repair	9,000
Fuel and oil for vehicle	40,000
Printing and postage	7000
Telephone expenses	55,000
Payroll taxes	40,000
Total	327000

## Funding plan

The total project cost is planned to be funded as follows;

Sole proprietors contribution = ₦350,000

Loan sought after = ₦550,000

Total = ₦800,000

## Funding requirement

The fund required for the project is 550,000 since I am contributing the sum of ₦350,000.

## Interest and loan repayment

Year	Loan	Repayment	Interest	Loan balance
1	550,000	400,000	55,000	150,000
2	150,000	90,000	15,000	60,000
3	60,000	60,000	6,000	-

Depreciation schedule

S/N	Item	Cost	Life span	Depreciating
1	Office equipment	45,000	10 years	6,000
2	Batter/saga turning machine	30,000	30 years	8,000

	Total			14,000
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Projected income statement

Item	Year 1	Year 2	Year 3
Turn over	120,000	200,000	245,000
Less	90,000	120,000	150,000
operating expenses			
Raw materials	300,000	340,000	350,000
Total	510000	580000	745000

### Projected expenses

	Year 1	Year 2	Year 3
Utility	95,000	120,000	145,000
Salaries	300,000	335,000	355,000
Rent	10,000	20,000	40,000
Depreciation	18,000	20,000	22,000
Interest	57,000	30,000	20,000
Payroll taxes	100,000	115,000	130,000`
Total	310000	640,000	712000

Projected cash flow

Inflow	Year 1	Year 2	Year 3
Owners cash	350,000		
Bank loan	550,000		
Revenue	120,000	150,000	80,000
Total cash	1020000	150,000	80,000
flow			

### OUT FLOWS

<b>Equipment</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Depreciation	144000	120,000	100,000
Expenses	450,000	420,000	440,000
Loan repayment	440,000	90,000	60000
Total cash out flow	1034000	630,000	600,000

## **RISK ANALYSIS, CONTINGENCY PLAN & EXIT STRATEGY**

### **Risk Analysis**

A lot of risk has been analyzed and appropriate precaution will be taken to avoid the risks.

### **Risk and their mitigants**

<b>Risk</b>	<b>Mitigants</b>
Scarcity of product	Import from other countries
High rate of competitors	Use of discount rates
Contamination of the products	Use technological based method.

### **CONTINGENCY PLAN**

In the terms of bankrupt the company will have about ₦300,000 as savings.

## **ECONOMIC JUSTIFICATION**

From the view point of our study and analysis of the findings made the project offers good benefits to the owner and the economy. The project will lead to the well being of the citizens and the development of the community. It reduces unemployment rate and build our nation. So its funding is reliable enough.

## **COMMERCIAL VIABILITY**

It is clearly shown that the project is financially viable. From the cash flow in the table it is shown that the business is viable.

## **CONCLUSION**

Based on the research and findings of this business plan, the business is reliable for funding.