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# EXECUTIVE SUMMARY

Food is the most important need of any man, necessary to sustain a person for his daily activities as it is well known that food is converted into energy which the body utilizes for its routine activities. It is not enough to eat food, food must be ensured that it is made with the right methods and healthy ingredients.

In recent times, agriculture has admitted the use of chemicals to enhance the productivity of the farming activities, these processes do not have an immediate effect, the effects are longtime based. This has been a reason for greenhouse and organic farming, it is safe, healthy and without side effects.

The major challenge of food production has been that lands for agriculture are no longer as abundant as they used to be many years ago due to urbanization, everyone wants to have the feeling of civilization and white collar jobs. This has called for an alternative method for farming and agriculture.

PATILAD FARMS - Hydroponics Farms, is a registered and licensed agro-allied company that will be based in Nigeria, we would construct our facility in a large expanse of land in the outskirt of the city. We are into mass production of fruit and vegetables through hydroponics technology. We also have the intention to build our own processing facility, so we could add value to agricultural products and export to other African states and gain the foreign exchange.

Our production facility would also be used by other agricultural firms that want to produce and add value to their products. We have also hired and trained competent staff to deliver a 21st-century hydroponics farm.

We have put in place marketing strategies to ensure that our brand gets a good notoriety, but we also trust in the free marketing our brand will get as a result of good yield and word of mouth from our existing clients.

The industry is a capital intensive one and therefore we will need funding for the startup. We intend to start with personal savings, loans from friends and family and ultimately a financial institution.

## Objectives

* Our main objective is to have a high-quality producing farm which can serve the local and international markets.
* To build a sustainable farming system where only safe methods are practiced.
* To sensitize the public on the importance of taking hydroponics food to the body and the environment.
* To achieve a 23% net profit in the first year and consistently increase the margin.
* To create a hub for training and equipping farmers with the right knowledge and skills to starting out safe practices for farming.

## Keys to Success

* A quick delivery system which cuts across several regions of our target location.
* Our ability to increase the standard of health and quality food production without adverse effect on human and the environment.
* Hygienic and safe production making use of greenhouses and its equipment.

# COMPANY SUMMARY

PATILAD started in the heart of the CEO a decade ago while he was in the University studying Industrial Chemistry. He loved his course of study but was always captivated by the activities of the agricultural students, often times he meets his friend in the department to explain the processes and activities they were taught that day. His passion grew when he graduated and decided to study more and make research on agriculture and safe practices to ensure a healthy setup on humans and the environment. He discovered a method – hydroponics farming. He gave time, attended pieces of training and got ready for having a farm of his own, today that dream and passion have found expression.

The company is a sole proprietorship business with activities overseen by the CEO, Mr.\_\_\_\_\_\_\_\_\_\_\_\_. The company has a management team who ensures the continuous flow of production.

## Our Services

PATILAD FARMS - Hydroponics Farms, is an agro-allied company that will be involved in the use of hydroponic technology to produce better and safer crops also increasing the yield per unit of effort for the Nigerian and African market. We want to satisfy our customers with organic vegetable and fresh fruits in commercial quantities. We will also note that we operate at a high standard of food processing and packaging plant to serve our customers right.

We would abide by the rules of the federal government of Nigeria concerning hydroponic and other agro-industrial companies, and ensure that profits and business goals are achieved modestly. These are the areas we will concentrate on in our hydroponics crop farms. If the need arises we will definitely add more agriculture produce to our list;

* Pepper
* Cherry Tomatoes
* Watercress
* Lettuce
* Spinach
* Strawberries

## Our Vision Statement

Our Vision is to become one of the best agro-allied based industry using hydroponic technology in the African market.

## Our Mission Statement

Our mission statement as an organization is to ensure production of fresh and safe vegetable and fruit to our consumer and to alleviate the global food problem.

# Our Business Structure

PATILAD FARMS - Hydroponics Farms, is an agro-allied based industry that wants to use hydroponics crop production to increase global food supply. We intend to start in a small property acquired on the company name but hope to grow big in order to achieve our aim and compete favorably as a thriving business in Nigeria and Africa.

We are committed to recruiting the best hands and training our staffs until the organization achieves its goal, our staffs will always be very committed to serving our customer for a long time

We have decided to hire qualified and competent hands to occupy the following positions;

* Chief Operating Officer
* General Farm Manager
* Administrator / Accountant
* Crop (Vegetable) Cultivation Manager / Supervisor
* Sales and Marketing Executive
* Front Desk Officer

# MARKET RESEARCH

## Industry Overview

There is a looming food crisis about to hit our world as a whole. More than 50% of the world population lives in urban centers and this figure has been forecasted to reach about 80% in 2050. The principal challenge is that lands for agriculture are no longer as abundant as they used to be a few decades ago due to urbanization. Food insecurity is a ticking time-bomb in the modern era if the is a glitch in the supply of food, serious catastrophe and chaos would follow. The problem is more real in this generation as expanding cities are becoming more separated from their food supply. Many third world nations are already in serious food crisis already and forecast from the World Bank states that global food demand would double by 2030. Traditional farming practices use large amounts of resources, such as land and water, and leave a large environmental impact. It is estimated that 550 billion liters of water is wasted annually on crop production, and areas once rich in resources now have limited supplies This is imperative to devise creative solutions to solve this intending disaster about to ravage our world and the social upheaval that will go with it.

Hydroponic technology is the one-stop technology that could be used to cater for the world increasing population; it could also empower third world countries to be able to produce more than enough food to feed its citizens. Hydroponic technology is a method of food production that allows producers to grow plants using nutrient-enriched water in the absence of soil/dirt. The process involves supplying an exact amount of dissolved nutrients, light and gas exposure. The experiment is carried out in a sterile environment without the use of fertilizer, pesticides and other harsh inorganic chemicals. This method produces crops that would not only look visibly identical but would also be cleaner, fresher, healthier, tastier and richer in nutrient content. The crops would also grow faster and bigger because plants would not waste energy in root tissue production because nutrients in pure form will be provided to the plants instead of the plant stressing to search for the nutrients.

Hydroponic technology has a comparative advantage over the traditional method of planting, some of them are;

* the roots of the plant have constant access to an unlimited supply of oxygen, as well as access to water, which cannot be regulated in traditional planting where crops are exposed to over or under-watering
* the ability to better control the plant’s nutrition
* a visible improvement in quantity and yields
* a shortening of the growth interval for many plants, a high propagation success rate,
* savings on fertilizers, pesticides, and herbicides as they would not be put to use
* and a more efficient use of space

Saudi Arabia has a very limited arable making it very difficult to produce food, they import about 95% of their fresh fruit and vegetables, and this recurring investment on food has placed so much burden on their economy. Hydroponics technology and multi-story vertical growing would help countries with unfavorable climate and little arable lands increase their yield to about a hundred time more compared to planting in a conventional way.

This technique is highly sustainable and having a one-time infrastructure investment that would allow high yield production for several decades. Hydroponic technology is a win-win situation for all, with 80 percent less water usage and optimum utilization of land.

## Industry Trend

Hydroponics is an intensive plant production technique; it is believed that this technology can solve the global food problem. With the advent of technology, various method of hydroponics has been created including aquaponics, aeroponics, vertical farming, rural and indoor crop production systems, seawater greenhouses, and many more. These technologies are at advanced levels and some are in full production having the capacity to meet food production demands of the future. Commercial use of hydroponics has spanned for almost a century.

Latest trends in this technology include;

* A rapid increase in urban agriculture, including rooftop greenhouses;
* Seawater greenhouses in which crops are produced using seawater;
* Vertical farms utilizing rainwater and grey water for irrigation,
* Solar energy, energy-efficient LED lighting, and full climate control under sterile conditions to produce crops of the highest quality.

Water as a principal factor to consider in crop production is becoming a scarce commodity, and an aspect of hydroponics, called aeroponics, has techniques that would significantly alter the water and energy consumption for more efficiency in food production. Aeroponics requires very little quantity of water, nutrients, as the plant suspended in air, and dissolved nutrient is sprayed over the root structure. There is maximum control of nutrient and water consumption, diseases, and pests in this method, and water consumption is reduced to about 98%.

## Industry Growth

In 2016, the global value of the hydroponics market was valued at $21.203 billion; the global market was forecasted to experience a growth of 6.5% during 2018-2023. Europe and Asia-Pacific have been the first and second largest market for hydroponics respectively are been predicted to grow at a steady pace. The world increasing population at an exponential rate is causing an accelerated uprise in the world food demand, also the destruction of crops by pests and diseases leads to about 10-16% loss of crop annually.

This global challenge has led to the development of new innovations and technology to counter the global food scarcity problem like hydroponics, or vertical farming. The increasing awareness of the advantages of hydroponic over traditional farming is a great propellant for the global market. Some of the comparative advantage is the use of space, water, eliminates fertilizer and pesticides use.

# MARKET ANALYSIS

## Market Segmentation

Hydroponic technology in food production would enable families to produce their food at home, communities to produce locally, and organizations to produce large scale within the city centers. The market is based on some factors;

* Depending on the crop the market is classified into tomato, lettuce & leafy vegetables, cucumber, strawberry, pepper, and other crops.
* On basis of input, the market is segmented by growth medium, nutrients.
* Furthermore, growth medium divided into growrock, perlite & vermiculite, rockwool, and others. Based on equipment the market is categorized into communication technology, irrigation systems, LED grow light, heating, ventilating, and air conditioning (HVAC), control systems, material handling, and other equipment.
* By system type, the market is segmented by liquid hydroponic systems, aggregate hydroponic system. Further, liquid hydroponic systems categorized into nutrient film technique (NFT), floating hydroponics, and aeroponics.

## Target Market

Every household meal contains possibly a vegetable that could be from a hydroponic farm; also, a large percent of agro-allied based industry depends on hydroponics farms for most of their raw materials. The scale of delivery is based on the scale of the farm or business.

We will ensure that we position our business so that we could sell to companies that use these raw materials in their production line, we will be seeking to export some of our hydroponics produce either in raw form or processed form to other countries of the world.

32.9% share of the global hydroponics market comes from lettuce

* By vegetable type, the global hydroponic vegetable market is segmented into cucumbers, lettuce, spinach, peppers, tomatoes, and others.
* By distribution channel type, the global hydroponic vegetable market is segmented into modern trade such as a hypermarket or a supermarket), grocery stores, unorganized small stores, whole food and specialty stores, bulk suppliers and distributors and others. Modern trade segment is expected to dominate the global hydroponic vegetable market by the end of forecast period.
* By origin, the conventional segment is expected to continue its dominance in the hydroponic vegetable market over the forecast period. Natural & organic segment is expected to closely follow the conventional segment during the forecast period.

## Market Trend

The market is positioned in a way that hydroponics' technological advantages over the traditional agricultural techniques is its major growth drivers, with the increasing demand for exotic food and overpopulation in urban areas, this technology would always be exploited.

Hydroponics has maintained a positive record over a longer period of time in revenue records. This is so because, in recent time, more individuals are becoming more conscious and aware of the kind of food they eat, preferring organic produce, resulting in high demand. Consumers are neglecting that the fact that organic products are more expensive. In addition, the freshest produce does not last long and super would need to be on a constant supply of food and they turn to the hydroponic farmer, thus increasing the demand.

# SWOT ANALYSIS

## Strengths

The strengths embedded in this technology is obvious; here are a few of them;

* the ability to better control the plant’s nutrition
* a visible improvement in quantity and yields
* a shortening of the growth interval for many plants, a high propagation success rate,
* savings on fertilizers, pesticides, and herbicides as they would not be put to use
* and a more efficient use of space

## Weaknesses

* Lack of scientific knowledge regarding the soil-less agriculture system
* The high setup cost is predicted to restrain the market growth to some extent.

## Opportunities

* The most significant opportunity is the increasing global population and the need to produce more safe food to the environment and humans especially vegetables.

## Threats

* Chances of success or failure could be based on the market variability after incurring huge investment debts, it is a fact that economic downturn affects purchasing/spending power.
* Another threat that may likely confront us is the arrival of a new hydroponics farm in the same location where our target market exists and who may want to adopt the same business model as us.
* If the hydroponics system fails, the damage on the yield is irreversible.

# COMPETITION

## Bicfarms Concepts

They are Africa's premier Agribusiness company solving problems in agriculture and ensuring food availability as a way through efficient farming and food production methods thereby raising agribusiness models.

They help set up farm models in Hydroponics, Aquaculture, Livestock, and Raise Business and Innovation Role Model.

## Fresh Direct Nigeria

Fresh Direct Nigeria has multiple active divisions, so they don’t just farm, they create low-tech affordable technologies, like the stackable container farm, to simplify agriculture in Nigeria – and eventually, the world.

Angel Adelaja, the co-founder has created a revolutionary stackable container farm, using shipping containers, that is the most affordable in the world – and just one container can do about an acre and a half of vegetable production.

Born out of the need to make urban farming accessible to everyone, Angel co-founded We Farm Africa and founded Fresh Direct Produce and Agro-Allied Services, a social enterprise that has pioneered hydroponic agriculture in Nigeria.

# SALES AND MARKETING STRATEGY

Most agri-businesses encounter many problems especially when they are unable to clear off the first set of harvest, and most time the produce are perishable. In view of that, we want to ensure we add value to our harvest to limit the loss, and increase revenue and efficiency for the company. A good and vibrant sales team with vast experience with hydroponics would be recruited and trained regularly to meet sales target. We would also network with companies that depend on raw materials from hydroponics farms and make them long-standing clients. In summary, we will adopt these strategies in marketing our farm produce;

1. Network with industry leaders and companies that rely on hydroponics farm produce
2. Advertise our business in agro-allied and food related magazines and websites
3. Attend related agriculture and food expos, seminars, and business fairs et al
4. Leverage on the internet to promote our business, online marketing
5. Engage in direct marketing, encourage the use of word of mouth marketing (referrals)

## PUBLICITY AND ADVERTISING STRATEGY

We would engage strategies that will help us boost our brand awareness and to create a corporate identity for our hydroponics business. Below are the platforms you can leverage on to boost our hydroponics and advertise our business;

* Place adverts on both print
* Sponsor relevant community based events / programs
* Leverage on the internet and social media platforms
* Install our Bill Boards on strategic locations
* Engage in roadshow from time to time in targeted neighborhoods
* Distribute our fliers and handbills in target areas
* Contact corporate organizations and residence in our target areas
* List our hydroponics crops farm in local directories / yellow pages

# FINANCIAL PROJECTIONS AND COSTING

## Generating Funds / Startup Spring

The CEO would be the sole financial support of the business which is why they decided to restrict the sourcing of the start-up capital for the business to just three major sources.

These are the areas we intend generating our start-up capital;

* Generate part of the start-up capital from personal savings and sale of his stocks
* Generate part of the start-up capital from friends and other extended family members
* Generate a larger chunk of the startup capital from the bank (loan facility).

## Sources Of Income

We would explore all the available opportunities to acquire a lot of capital for the business; in essence, we are not going to rely only on the sale of our farm produce to generate income for the business, we would also seek soft loans for family and friends, grants, awards, and a bank loan.

## Sales Forecast

Sales in a hydroponics farm are dependent on the scale of the business and type of crop planted. We have perfected our sales and marketing strategies and we are set to hit the ground running and we are quite optimistic that we will meet or even surpass our set sales target of generating enough income/profits from the year of operations and build the business from survival to sustainability.

We have been able to analyze our chances of survival and the sustainability of the business and we believe we will make sales during the first fiscal year. The sales projections are based on information as well with respect to the nature of hydroponics crops that we will be operating.

**N.B**: This projection is done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown that can impact negatively on household spending, bad weather cum natural disasters (droughts, epidemics), and unfavorable government policies. Please note that the above projection might be lower and at the same time, it might be higher

## Payment Options

The payment policy adopted is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of Nigeria. Here are the payments options that we would make available to our clients;

* Payment via bank transfer
* Payment with cash
* Payment via online bank transfer
* Payment via mobile money
* Payment via Point of Sales Machines (POS Machines)
* Payment via check
* Payment via bank draft