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|  | **2020** |
|  | PATILAD HONEY BEE PRODUCTION**Business Plan****C:\Users\HP\Pictures\830875b40f22d9e3d2fa60a8e980718b.jpg** |

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| **[**PATILAD HONEY**]** |
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Disclaimer

This business plan is intended solely for informational purposes to assist in determining if you with a due-diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are of course not guaranteed. The contents of this plan are confidential and are not to be reproduced with express written consent.

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**Executive Summary**

NATURE OF THE BUSINESS

PATILAD Honey is a commerce and production company, its object being Nigerian honeybee products. We collect, produce, pack, sell and deliver to domestic and external markets high quality honeybee products. The processes of producing and bottling are conducted in up-to date facilities equipped with necessary machinery, managed by skilled staff, in compliance with all appropriate sanitary and health regulations. Our quality assurance procedure guarantees we only produce and distribute from our partner beekeepers, first-class honey. Each type of honey is carefully stored and distributed on the market.

PATILAD Honey’s mission apart from raising its own bee farm is to enable beekeepers in Isheri Oyo South-western area of Nigerian sell their honeybee production by offering an opportunity to sell it at a fair price. The beekeepers will be encouraged to continue their activity and grow their production in order to offer them a profitable business. We are aiming to create wealth for the community we are living in and promote local image on the national and international markets. We focus on creating jobs for the local inhabitants, especially youth.

OBJECTIVES

PATILAD Honey’s objectives are:

- to produce and collect quality honeybee products from the Nigerian beekeepers, distributing up to 12 tonnes in 3 years on domestic and external markets

- to create jobs for Isheri inhabitants

- to breakeven in the 2nd year of activity

OPPORTUNITY

Honey is a healthy product that is used worldwide. Changes in this industry have revealed an

opportunity for Nigerian honey producers to deliver high quality products to external markets. The markets in Western Europe are importing large quantities of honeybee products and lately, large exporters like China have suffered a decline in their preference due to using pesticides. The Nigerian honeybee products are ecological and are beginning to get noticed on those markets.

On the other hand, we consider there’s a good opportunity on the domestic market, as Nigerians are coming to know the benefits of consuming healthy products, such as honey. As the living standard will hopefully grow in following years, the domestic market will absorb more and more honeybee products.

MARKET

The health benefit of Honey is widely spread these days as people are getting to see the danger of refined sugar to people’s health. The market is indeed huge as more households, supermarkets, shopping mall, pharmaceutical companies and the likes are also increasing their demand. We also focused on the international markets, as demands keeps rising for the wild pure honey from wild honey bee colonies. The market has grown from 35% to over 49% between 2015 & 2017 and the gradient is not going to come down soon.

MARKETING

PATILAD Honey will hire a distribution company that will market its products under their brand name, all over Nigeria. For exports it will contact several food importers that will market the products under their brand. The anticipated production is 3 tones within the first 12 months and further expansion as the number of customers increases; production in the 3rd year being three times more. During the first 2 years, emphasis will be given to export sales, which is expected to absorb an increasing proportion of the company’s output.

PRODUCTS

PATILAD Honey will offer to the domestic market and for export high quality honeybee products such as: honey (extracted, comb and chunk), wax and bee glue.

The products will be packed and delivered in different formats from 200 liters metal drums to 200ml jars for honey and 25 ml bottles for bee glue. The product we offer, can be used in many ways, such as: diet supplements, as raw material in the cosmetics industry (lotions, skin creams, lip balms), furniture industry (polishes) and food industry (cookie recipes), etc.

The main element of the product strategy will be the development of a reliable supply chain and consistently high quality production. This will sustain our competitive advantage over our local competitors.

OPERATIONS

Honeybee supplies will be collected from partner beekeepers and produced internally, handled and packed by professionals, being delivered on time. Exports of honey will be in DDU or ExW terms, as the external customer requires. On the domestic market a food distributor will be contracted, thus enabling us to deliver to an increasing number of counties each year.

Our employees will professionally act in order to enable this system to grow profitable from year to year. The capacity of delivery in the 1st year will be up to 7.5 tonnes of honey, all three years together being 52 tones, from which 18 tonnes from internal production. 80 percent of this will be exports, the remaining 20 being delivered to the domestic market.

FINANCING AND COST

The total investment would be up to N5,000,000 and it’ll breakeven in the 2nd year. The initial cost of incorporation is N200,000, in the first year investments of N4,500,000 being made. The two streams of revenue are the external and the domestic markets. The weight of exports will be 80%. The first revenues are expected in 5 months after operations start. Revenue will top N 9,525,000 and profit will reach about N1,869,515 in the 1st year of operation.

## COMPANY OVERVIEW

THE COMPANY

NATURE OF THE BUSINESS

PATILAD Honey Bee is a specialty honey production, processing company, located in the southwestern part of Nigeria. We also deliver carefully selected honey from our partner beekeepers. Our focus is on providing a high quality natural product, at a fair price, delivered on time. PATILAD Honey’s floral source specialty honey is sold in consumer-oriented packaging, gift packs and bulk containers.

We will operate on the domestic market and on the external one, too.

COMPANY’S MISSION

PATILAD Honey’s mission is to enable beekeepers in the remote sides of Ibadan area and some parts of Oyo sell their honeybee production by offering an opportunity to sell it at a fair price. The beekeepers will be encouraged to continue their activity and grow their production in order to offer them a profitable business.

We are aiming to create wealth for the community we are living in and promote local image on the national and international markets. We focus on creating jobs for the local inhabitants, especially youth.

COMPANY’S OBJECTIVES

In the first year of activity PATILAD Honey will focus on sales to external customers. Exported quantities grow from year to year (see the financial forecasts) as we collect and produce more high quality honeybee products. The productivity growth is a result of our experienced employees’ dedicated work.

Another objective is to become profitable in 2 years of activity, the main revenue stream being the external market. We will operate on the domestic market, also; the quantities delivered encounter a slow growth as the honey consumption per capita is improving from year to year.

Socially, PATILAD Honey’s objective is to create wealth, and also create jobs for citizens of Nigeria. During the three years projected up to 5 people will be full time employed and several seasonal.

Another objective is to distribute up to 55 tons of honey in three years, being promoted on the international and domestic market, under customer’s brand.

COMPANY’S OPPORTUNITY

Honey is a healthy product that is used worldwide. Changes in this industry have revealed an opportunity for Nigerian honey producers to deliver high quality products to external markets. There are not many honey bee farms yet in Nigeria, while the demand is very high both locally and internationally. Markets in Western Europe are importing large quantities of honeybee products and in the last time, big exporters like China have suffered a decline in their preference due to antibiotics found in the product’s composition. The Africa honeybee products are ecological and gaining popularity on those markets.

## Name and Structure of Business

PATILAD HONEY BEE Farm is involved in production of quality and affordable honey and honey bee by products targeting consumers first in South-Western Nigeria, other parts of Nigeria, Africa and Europe. We are located in Isheri Oyo State.

PATILAD HONEY BEE is a new business about to start its registration with the Corporate Affairs Commission of Nigeria.

**Form of business:** Limited Liability Company

**Owners of business:** Dayo Adetiloye, Oyebade Adejumobi and Akinyemi Femi.

**State of business:** The business is a new business

**Opening days:** 8am -4pm, Monday to Saturday (night shift inclusive).

**Business Development**

**Consultant:**  Doyin Aderogba (MBA)

Hundred and Five Academy

**Legal Adviser:** Barrister Adejoke Chambers.
**Board of Directors:** Dayo Adetiloye, Oyebade Adejumobi and Akinyemi Femi.

## VISION

To consistently supply the largest volume of honey and honey bee product of high quality, pure, and ecological throughout the world through a collective effort of raising and partnering with other bee farmers in Nigeria.

## MISSION

* To give our customer the very best products and customer service so that we may earn their trust and ensure continued business.
* Higher/Significant share in the rupee earned
* (up to 70%)
* Achieve a 40% growth every year for the next 5years
* To achieve break-even in the 3rd year
* To establish & promote ecologically sound and sustainable processes

**VALUES**

PATILAD Honey’s core values will include but not limited to the following:

* Leadership
* Excellence
* Creativity
* Transparency
* Innovation
* Accountability
* Customer Satisfaction
* Motivation

## BUSINESS OBJECTIVES

* Increase revenue from the sales of packaged honey bee products to N25,000,000 over a period of 2 years.
* To produce and collect quality honeybee products in our farm and also from other network of trained beekeepers in the region
* Distributing up to 12 tonnes in 3 years on domestic and external markets
* - to create jobs for the locals in Isheri
* - to breakeven in the 2nd year of activity

## INDUSTRY ANALYSIS

## Industry Trend and Forces

Honey is a healthy product that is used worldwide. Changes in this industry have revealed an opportunity for Nigerian honey producers to deliver high quality products to external markets. The markets in Western Europe are importing large quantities of honeybee products and lately, large exporters like China have suffered a decline in their preference due to using pesticides. The Nigerian honeybee products are ecological and well seen on those markets. On the other hand, we consider there’s a good opportunity on the domestic market, as Nigerians are coming to know the benefits of consuming healthy products, such as honey. As the living standard will hopefully grow in following years, the domestic market will absorb more and more honeybee products.

The Nigerians consume of honey in the last three years1 is very low (100 grams/ inhabitant),

compared to EU Countries (Germany - 1,5kg)

## Market Overview

In the southern part of Nigeria, Honey farming is kept in commercial quantities because it takes a purposeful determination to rear bees. Though Nigeria has a very suitable climate for the farming of bees, with our forests looming with over 200 plant food ready made for these bees, we are yet to see a massive commercial quantity of this product. Few places in the north and middle belt like Benue, Nasarrawa, Kebbi and the likes have shown serious commitment in this trade while south west is just getting the awakening. The international market is also huge for us, while we have demands locally, we also discover that there are lots of demands outside our country. As regression in different markets has shown up, especially where China was exporting, the potential markets are Great Britain and other European Union countries as well as the domestic one.

PATILAD Honey’s target market consists of EU honey importing countries, especially Germany which is a strong and growing market for pure and genuine honey, Great Britain being another targeted market.

Our goal at PATILAD HONEY BEE Farm is to provide a solid framework where we can raise sufficient healthy and ecological honey that meets the demands of households, hotels and restaurants and other organised and semi-organized commercial consumers. We are a highly technical niche player offering quality products that is in great demand. We have identified our target market and are capable characterized by a severe imbalance prejudicial to this sub-sector.

PATILAD HONEY BEE Farm targets medium and high end income earning households, hotels and restaurants, specialty, organised, semi-organized commercial consumers, food processing companies, drug production and exportation to other countries around the world.

## Market Size and Projections

PATILAD HONEY BEE Farm target quality and hygiene conscious commercial consumers through establishing long-term sales relationship with them thus guaranteeing both them and us a formal and consistent supply and demand of honey products respectively. On the other hand, we consider there’s a good opportunity on the domestic market, as more Nigerians are coming to know the benefits of consuming healthy products, such as honey. As the living standard will hopefully grow in following years, the domestic market will absorb more and more honeybee products.

PATILAD HONEY also target local restaurant, fast food joints, hotels, bars, supermarket, large retail grocery establishments where locally produced specialty products have been growing in popularity.

## Competitor Analysis

Products of high quality for example graded honey are of high value on the market. The existing market consists of squeezed/mixed non graded honey from unmanaged colonies which are low quality on the market. This business is to bring on the market products of high quality as well as new products. With the example of honey, it will get graded based on pollen frequency to reveal and label a honey sample as to the major and minor plant foraging sources that were used by the honeybees and this leads the product much more competitive on the market. This information has important commercial value because consumers prefer honey collected from some plants and those types command a premium price (i.e., Acacia, Eucalyptus honeys, etc.). Even non-premium grades of honey often need to be examined for legal reasons because they must be correctly labelled as to type before being marketed. Another factor generally required by consumers is the determination of the honey geographical origin. Because of trade agreements, import tariffs, and legal trade restrictions, most of the leading honey-producing nations of the world require accurate labelling of honey before it can be sold. New products like comb and chunk honey is also appreciated by many

consumers.

## Competitive Advantage

PATILAD Honey Farm competitive advantage is in the expertise of its founders, its excellent products and services and its affordable prices.

Competitors for PATILAD Honey Farm includes Godson Farms and Agro-allied Services, Zenefar Nigeria Limited, Lenby Angiama Farmers’ Cooperative Society Limited, Kogeru Integrated Services Limited. PATILAD Honey Farm will establish its competitive edge through the expertise of its founders, its excellent products and services and its affordable prices.

Competitors for PATILAD Honey Farm are as follows:

* 1. **Funday Enterprises**

 Plot 5, Balogun Amosu, Egbeda, Oyo, Nigeria

* 08034017972
* Funday is mainly into Agricultural Product, Agriculture & Farms, Manufacturing and offering Farmers, Beekeepers, Palm Oil, Bee Keeping. They have a lot of farming business and not very focused on the bee farm.
	1. **Oyin Kan Sola Bee Keeping And Pure Honey Centre**

  Add: Academy Road Owode Ibadan South East Oyo Nigeria

 Tel: 08066563726

 Oyin Kan Sola is mainly into Agricultural Product, Agriculture & Farms, Food Processing Companies and offering Honey, Bee Farming. They are more prolific in the honey bee business and a good competitor but won’t be able to make in very large volume like we can.

**3.** [**Honey**](http://www.finelib.com/listing/Obasanjo-Farms-Nigeria-Limited/6288/) **Rain Limited**

 **Add**: JMR Building Bodija Market Bodija Ibadan South West Oyo Nigeria

: **07033573939**

Honey Rain Limited is located in JMR Building,Bodija Market, Bodija, Ibadan South West, Oyo. Our company is mainly into Agricultural Product, Agriculture & Farms, Babies & Kiddies Products and offering Babies Diapers, Beans, Cashewnut, Bee Keeping, Making of T Shirts, Training On Bee Keeping. They are our big competitor as they also partner with trainees to sell their honeys. They offer large scale honey sales and well known in the origin.

**SWOT**

Strengths of the project are greater than the weaknesses and that the opportunities outweigh threats.

**STRENGTHS**

* good linkages with the honey suppliers
* consistent supply of good quality honey
* relatively low prices for the honey supplies from beekeepers
* an ideal climate for honey production in the southern regions
* road access to the key regional markets in Europe relatively low local labor costs
* strong practical experience in beekeeping and honey production

**WEAKNESSES**

* limited contacts outside of the Nigerian market
* no current local supply of hives, frames or foundations
* inexperienced management team
* inadequate honey supply at present (which has constrained the company’s marketing)

**OPPORTUNITIES**

* relatively weak local competition
* excellent overseas market potential for high quality honeybee products
* domestic distributors that would market the products all over Nigeria
* ongoing demand from external markets
* eagerness of local beekeepers to secure additional cash income

**THREATS**

* ΑCA (Association of apiarists) is working on disposing commercial honey intermediaries
* possibility of new, efficient competitor establishing in the area
* inadequate extension services by that leads to inconsistent supply or disease/pests in the hives

## CRITICAL SUCCESS FACTORS

1. Financial stability for purchase of feed and low operating cost.

3. Having a good retail location in a high-shopping area

4. Hygienic and neat processing facility.

5. Quality processed product, and good relationships with vendors.

6. Outstanding customer service and faster processing duration.

7. Power supply – locating too far from power infrastructure might make power supply difficult.

8. Ensuring increased and reliable supplies of honey through an extension service to the suppliers

9. Developing increased production facilities and the maintenance of high quality assurance procedures

10. Introduction of improved retail packaging and labelling

*With sufficient financial support and professional management, all of these key success factors can be assured and a profitable long-term business is developed.*

## MARKETING AND SALES STRATEGY

**OVERALL OBJECTIVES**

PATILAD Honey will become an important producer and supplier of honeybee products, on the domestic and external markets. PATILAD Honey is going to deliver 10 tonnes of products on the domestic market and up to 45 tonnes to external markets in the first three years of existence.

**OVERALL STRATEGY**

PATILAD Honey will hire a distribution company that will market its products under their brand name, all over Nigeria. For exports it will contact several importers that will market the products under their brand.

**POSITIONING STRATEGY**

PATILAD Honey will position itself towards high quality honeybee products, being perceived as high value by its customers.

**PROMOTION STRATEGY**

There will be a requirement for a modest promotional program in both domestic and international markets.

The crucial success factors will be the product and pricing strategy, but the retailers would welcome some promotional support.

The limited program would incorporate:

* the preparation of a brochure on the pure nature of the honey
* selective advertising in the daily press supported by newspaper articles on its products
* promotion in the overseas markets will be the responsibility of the importers and/or retailers who sell the honey under their brand name.

**SELLING AND DISTRIBUTION**

PATILAD Honey will empower the distribution company to sell and distribute honeybee products, under their brand. No agents will be appointed in any region, as access will be achieved through sales to the nationwide retailers.The first approach is to sell in high end markets in Ibadan, which will be the most receptive to a satisfactory locally produced honey. This area is likely to absorb most of PATILAD Honey’s production over the first nine months. Ongoing sales support to the customers will be a very important factor in setting the business apart from the competition. As the customer base expands, the additional sales/administrative staff will be allocated particular customers to provide effective follow-up service.

The export selling process will involve an initial visit to the target markets to select an appropriate importer. This will be followed by annual visits to work with the distribution for increased market penetration.

PRICING STRATEGY

The pricing strategy for the domestic market will be based on offering a quality product at a fair price. With the improved packaging and labelling, this will be an attractive offer to the supermarket chains.

Honey sales on the domestic market will be quoted at N1000 – N2000 per litre. The packaging costs are included. Export sales will be quoted on a different basis. While exports will be in bulk quantities, the overseas customers would be prepared to pay up to USD 3.40 - USD 3.50 per kg. Sales to the importers in Europe will be on a 30-60 days’ account basis.

## Marketing strategies

* Direct mail of flyers to a select list of 5,000 high income households.
* Establish contractual sales relationships with organized and semi-organized commercial customers.
* Utilize specialize referrals reward system to build traffic and make sales.
* Word of mouth from satisfied customer.
* Signing Agreement with food and restaurant companies.
* Online marketing though company website with a blog, social media marketing like Facebook page and ads, Google ads.
* Advertisements in local newspapers and magazines.

## Product and Services

## Bee keeping has been carried out on in Nigeria for few decades now, but the industry still has a high potential for further development. Initially, honey production was and remains an important source of revenue. In the most recent times, the pollination of specific fruits and field crops has become increasingly important; Nigeria having good locations for maximizing bee’s production potential.

## PATILAD Honey will offer to the domestic market and for export high quality honeybee products such as: honey (extracted, comb and chunk), wax and bee glue.

## Honey:

## extracted honey: bottled, liquid honey that has been extracted from the combs. Extracted honey can be used as a colouring agent, for example bread, or as a dressings fruit beverages, glazes, spreads and jellies, frozen desserts, baked goods and low – fat snacks.

## comb honey: honey still in its natural comb

## chunk honey: a bottled combination of extracted and comb.

## Wax: can be used for candles, furniture polishes, wood finishes, in cosmetics etc.

## Bee glue: is becoming widely known and accepted as an ingredient in cosmetics, body creams, lip balms, pharmaceutical product and even as a tonic, etc.

##  PRODUCT STRATEGY

## PATILAD Honey’s product strategy will concentrate on the following:

## The maintenance of high quality, pure honey

## Development of different retail packaging options (including a clear plastic bottle for the smaller retailers and jars of 200 to 800 ml (350 grams to 1200 grams)

## Provision of 300 kg. metal drums for bulk sales to the commercial customers

## A better quality retail pack is required to secure volume sales to the distributor; professional labels being essential and required, too. The main elements of the product strategy will be the development of a reliable supply chain and consistently high quality production. This will sustain our competitive advantage over our local competitors.

## Honey is composed primarily of the sugars glucose and fructose; its third greatest component is water. Honey also contains numerous types of sugars, as well as acids, proteins and minerals.

## Carbohydrate Composition of Honey

## Carbohydrate in Honey Average Range Standard Deviation

## Fructose (%) 38.38 30.91-44.26 1.770

## Glucose (%) 30.31 22.89-40.75 3.040

## Reducing Sugars (%) 76.65 61.39-83.72 2.760

## Sucrose (%) 1.31 0.25-7.57 0.870

## Fructose/Glucose Ratio 1.23 0.76-1.86 0.126

## Honey Classification

## The honey in Nigeria is classified into three colour types:

## Extra light amber

## Amber

## Dark amber

## Colour is an important characteristic of which honey is classified by honey producers, packers, and end-users. As this plan considers natural Nigerian honey it was considered that average calculations would be made, without detailing all types of honey PATILAD Honey will be operating with.

## PEST Analysis

Political – this will include government policies concerning inspection by the ministry of health and organizations like National Agency for Food and Drug Administration and Control (NAFDAC), SON and ISO.

Economic – economic trends such as demand and supply will determine the sustenance and profitability of the business. Also inflation rates will affect the way we pay our employees and the price of the product.

Socio-cultural – Eating habits of our consumers will definitely affect our business. Also, the success of restaurants and other firms that order our products will indirectly affect our business.

Technological - A good technical infrastructure would lead to better production and hence lower costs. Technology will also mean more effective business marketing.

## OPERATIONS

## *Key processes*

**OPERATIONS**

OVERALL OBJECTIVES

PATILAD Honey’s objective is to develop a reliable system that can permit bee-keeping and bee supplies collection, processing and distribution, enabling Romanian beekeepers market their production and growing profitable from year to year.

**THE STRATEGY**

PATILAD Honey will utilize its own production equipment (pavilions with 40 beehives each, extractors, facility etc.) controlled by experienced beekeepers. Also we will collect high quality honeybee supplies from partner beekeepers offering them a fair price. The internal production and the collected supplies will be delivered to the target markets in the requested forms.

**FLOW OF OPERATIONS PROJECTED**

The main operations are that of bee keeping, extracting, collecting, processing, packing, distributing and exporting bee products. The products will be packed in the required form (as seen in the products segment). At first no packing machine is utilized, only when the quantity of products to be packed exceeds 5 tones/year, such machine will be purchased. Until that quantity is reached, the operations employee will do the packing manually. He will heat the honey no more than 40 degrees Celsius and then pour it in jars one by one, weighting them on the electronic scale.

The products already packed or bottled will be deposited in the warehouse. When term of delivery is due the goods will be delivered to the buyer by the hired truck, either to the importer in DDU terms or to the domestic wholesaler.

The internal production is described as follows:

* the purchased pavilions (40 beehives each) will be placed in strategic locations in Isheri Nigeria, in order to offer a proper environment to maximize bees’ potential (areas reach in flowers)
* the pavilions will be taken to the desired locations by a hired truck/tractor
* the full time employee (experienced beekeeper) will be responsible for the pavilion(s) during its’ placement
* in the extraction period we will hire one seasonal employee in order to help in the extraction process
* at the end of the first extraction period a hired truck/tractor will take the pavilion(s) to another location and bring the extracted honey to the facility (in 25 liters drums ~ 37.5 kg each)
* at the end of the last extraction and placement, the hired truck will bring the pavilion back and the extracted honey to the facility

**The honey supply collection process is described as follows:**

* selective advertising in the daily press to promote PATILAD Honey’s and its’ operations
* honey supplies will be brought to PATILAD Honey’s facility by its producers in 25 liters drums, payment being cash or in 30 days.

Bottling process:

* both internal production and collected supplies will be deposited and bottled at the facility

## MANAGEMENT STRUCTURE

## Organizational Structure

**Dayo Adetiloye**

I have 15 years’ experience in Integrated Agriculture and I have B. Agric from Obafemi Awolowo University Ile-Ife. I have master in business administration MBA from same school. I am in charge of strategy planning for the business.

**Oyebade Adejumobi**

I have worked with my father for 15 years from childhood in which I helped to keep the bees, sheep and snail meat in the farm. I attended training and organized workshops where I learnt how to run an Integrated Agriculture business. I am highly experienced in the business. I have a graduate animal scientist (GAS). I am a Project Management Professional and a certified business consultant.

We will manage the business to profitability by strategic production, marketing and sales. We will provide quality assurance in the business by always upgrade our product and services to the taste of time. We will ensure proficiency by employing more people with production and marketing skills.

## Key Roles and Functions

The business will employ experienced and professional operational and sales personnel

* Chief Operating Officer/Managing Director 1
* General Farm Manager 1
* Accountant 1
* Operation Staff / Field Employees 2
* Sales and Marketing Executive 1
* Sales Associates 1

**TOTAL 7**

**FACILITY AND EQUIPMENT PROJECTED**

PATILAD Honey will function in its facility, placed in a forest farm Isheri Egan village. The estimated farm lease of 10 acre is N10, 000 per month, while the set-up for enabling operations will take about 2 months. The operating employee will work along with the director at the facility. There will be an office with a workstation, internet and telephone. The costs are up to N250,000.

Other equipment required includes 6 equipped pavilions, each having 40 beehives, 2 extractors and smokers and other bee keeping specific tools. The director will be provided with a mobile phone.

**COST OF OPERATIONS**

Costs of operation – production, collecting and distribution costs - includes:

* employees’ wages for full time beekeepers and seasonal employee as well for the operating employee
* pavilions and beehives
* specific equipment
* hire of truck/tractor to relocate pavilions
* purchase of supplies
* packaging, labelling and warehousing
* hire transportation to the external customer

Cost of operations is estimated at 60 % of revenues.

**HUMAN RESOURCES**

STAFFING PROJECTION

PATILAD Honey will start with only one employee: the director whom will incorporate the company, locate the facility and purchase equipment along with employing the staff projected. By the end of the year PATILAD Honey will have a director, one operating employee and one beekeeper. Staff will increase to 12 in the second year, at the end of the third year being 15.

JOB DESCRIPTIONS

We will hire only suitable employees. In the following tables we describe the responsibilities and what is considered when hiring.

The director

The director may well be a management graduate in top Nigerian institutions. It is required of him to have demonstrated that he/she has the ability to incorporate, start the business up and run it with dedication. The graduate should be self-motivating, task and people oriented with abilities in marketing, communication, accounting, finance and management.

have produced successful future business leaders.

Responsibilities:

* run the business
* take care of all economics and legal issues
* implement marketing strategy
* manage the employees and facility

To be considered when hiring:

* economics graduate or 3 years administrative experience
* good relational skills
* economic thinking
* PC literate
* Driving license B
* Basic accounting, public relations knowledge
* Strong marketing, HR and finance knowledge

**The beekeepers**

The operations employee

The seasonal employees

To be considered when hiring:

* bee keeping experience
* passionate in bee keeping
* able to lift up to 50 kilograms
* available to be away from home up to 4months yearly
* trustworthy
* proactive attitude and decision making

Responsibilities:

* take good care of beehives and bees
* collect honey from beehives
* deposit the honey and deliver
* direct seasonal employees
* be away with the pavilion for up to 4months yearly

To be considered when hiring:

* clean and careful with fragile things
* able to lift up to 50 kilograms
* trustworthy
* able to make tests
* decision making
* proactive attitude

Responsibilities:

* run day to day activity
* melt honey + fill jars up + put labels +deposit
* help downloading the supplies from the truck
* packing and depositing

To be considered when hiring:

* able to lift up to 50 kilograms
* trustworthy
* some experience in bee keeping
* eager to succeed

Responsibilities:

* help beekeepers extract honey
* be available for the extraction period
* upload and download supplies

## Financial Plan and Projections

## Financial Plan

PATILAD HONEY Farm seeks N5 million in long-term financing to cover start-up costs, equipment, building expenses, and working capital. Funding for the launch of the business is provided primarily by equity from the partners and investors. PATILAD Honey will continually invest in production capacity, the second year doubling it and in the third year the increase would be 50 % of the second’s year capacity. The domestic honey market will gradually come closer to its potential and the external market will continue importing high quality honeybee products from other countries, Nigeria being one example.

The purchase price of the honey from partner beekeepers over the first three years will be around 3000 naira/kg.

Bulk purchases of packaging and labels will be required, enabling the company to meet the

projected expenses in packaging.

## Key Assumptions

The business will reach positive cash flow in its 11th month of operation, allowing for expedited repayment of its loan obligations, as well as for dividends to be paid to the owners.  Revenue will top N 9,525,000 and profit will reach about N1,869,515 in the 1st year of operation.

Key indices include

* + - 1. The farm will stock 550 hives and assumes a 90% swarm rate.
			2. An average of 6 litres will be produced in the first year of operations with a 25% growth over 3 years.
			3. The average price for a litre will be N3000.
			4. Harvesting will be done twice in a year (April – June and September – November).
			5. Wax, bee glue and other by products will be sold.

## FINANCIAL HIGHLIGHTS

|  |  |  |  |
| --- | --- | --- | --- |
| **Required Start-Up Funds** | **Amount** |  | **Totals** |
|  | **Fixed Assets** |  |  |  |
|  |  | **Land** |  ₦ 500,000.00  |  |  |
|  |  | **Farm Utensils** |  150,000  |  |  |
|  |  | **Bee Hives** |  2,500,000  |  |  |
|  |  | **Generator** |  150,000  |  |  |
|  |  | **Borehole** |  200,000  |  |  |
|  |  | **Vehicles** |  150,000  |  |  |
|  |  | **Other Fixed Assets** |  350,000  |  |   |
|  | **Total Fixed Assets** |  |  |  4,000,000  |
|  |  |  |  |  |  |  |
|  | **Operating Capital** |  |  |  |
|  |  | **Pre-Opening Salaries and Wages** |  250,000  |  |  |
|  |  | **Prepaid Insurance Premiums** |  10,000  |  |  |
|  |  |  |  |  -  |  |  |
|  |  | **Legal and Accounting Fees** |  10,000  |  |  |
|  |  | **Rent Deposits** |  -  |  |  |
|  |  | **Utility Deposits** |  10,000  |  |  |
|  |  | **Supplies** |  30,000  |  |  |
|  |  | **Advertising and Promotions** |  10,000  |  |  |
|  |  |  |  |   |  |  |
|  |  | **Other Initial Start-Up Costs** |  30,000  |  |  |
|  |  | **Working Capital (Cash On Hand)** |  200,000  |  |   |
|  | **Total Operating Capital** |  |  |  550,000  |
|  |  |  |  |  |  |   |
| **Total Required Funds** |  |  |  ₦ 4,550,000.00  |

|  |  |  |
| --- | --- | --- |
| **Financial Diagnostics** |  | **Value** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **General Financing Assumptions** |  |  |
|  |  | **Owner's Cash Injection into the Business** | **22.0%** |
|  |  | **Cash Request as percent of Total Required Funds** | **4.4%** |
|  |  |  |  |  |  |  |
|  | **Loan Assumptions** |  |  |
|  |  | **Commercial Loan Interest rate** |  | **0.0%** |
|  |  | **Commercial Loan Term in Months** |  **84**  |
|  |  |  |  |  |  |  |
|  |  | **Commercial Mortgage Interest rate** | **0.0%** |
|  |  | **Commercial Mortgage Term in Months** | **240**  |
|  |  |  |  |  |  |  |
|  |  | **Loan Payments as a Percent of Projected Sales** | **0.4%** |
|  |  |  |  |  |  |  |
|  | **Income Statement** |  |  |
|  |  | **Gross Margin as a Percent of Sales** | **73.7%** |
|  |  | **Owner's Compensation Lower Limit Check** |  **N 1,200,000**  |
|  |  | **Owner's Compensation Upper Limit Check** | **64.2%** |
|  |  | **Advertising Expense Levels as a Percent of Sales** | **0.3%** |
|  |  | **Profitability Levels** |  |  **N 1,869,515**  |
|  |  | **Profitability as a Percent of Sales** | **19.6%** |
|  |  |  |  |  |  |  |
|  | **Cash Flow Statement** |  |  |
|  |  | **Desired Operating cash Flow Levels** |  **N 907,423**  |
|  |  | **Line of Credit Drawdowns** |  |  **N 907,423**  |
|  |  | **Accounts Receivable Ratio to Sales** | **0.0%** |
|  |  |  |  |  |  |  |
|  | **Balance Sheet** |  |  |
|  |  | **Does the Base Period Balance Sheet Balance?** |  **-**  |
|  |  | **Does the Final Balance Sheet Balance** |  **-**  |
|  |  | **Debt to Equity Ratio** |  | **139.3%** |
|  |  |  |  |  |  |  |
|  | **Breakeven Analysis** |  |  |
|  |  | **Breakeven Levels** |  |  **N 3,368,657**  |