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**BUSINESS PLAN FOR ESTABLISHING A POULTRY FARM IN NI-**

**GERIA**

**A General Overview for an Entrepreneur**

**Thesis**

**CENTRIA UNIVERSITY OF APPLIED SCIENCES**

**Business Management**

**December 2019**



# ABSTRACT

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| **Degree programme** Business Management | | |
| **Name of thesis**  BUSINESS PLAN FOR ESTABLISHING A POULTRY FARM IN NIGERIA. A GeneralOverview for an Entrepreneur | | |
| **Language Instructor** Eija Torkinlampi | | **Pages** 29 + 3 |
| **Supervisor**  Katarina Broman | | |
| The aim of the thesis was to develop a complete business template for starting a poultry farm. The intention was to create a guidebook that can be used to start a poultry farm which includes everything it entails to plan to start a poultry business in Nigeria. Also, it was intended to show how profitable poultry farming is as well as some of the potential challenges one could encounter while operating a poultry business in Nigeria. However, this could serve as guidance to anyone who wishes to establish their own poultry business.    The motivation for starting a business started back when I was in Nigeria. Nigeria has a total population of about 200 million people. There are lots of graduates that are either underemployed or unemployed just as the population keeps increasing. The number of unemployed keeps increasing every year. The thought of starting my own business has always been on my mind, to be able to create jobs will be my dream come true.    This thesis has two parts, the first part focused majorly on the components of a business plan and it was based on the theoretical project method, numerous books, internet sources and literature reviews. The second part showed the actual business plan which consisted of an executive summary, start-up capital, a production plan, a marketing plan etc.    Comparison was made between Nigerian poultry and Finnish poultry as regards to productivity in the later part of the thesis. Similarly, PESTLE and SWOT analyses were done in order to understand the business strengths, weakness, opportunities and threats.    The PESTLE and SWOT analyses showed that there are so many things that could be improved in the Nigerian poultry system which would boost the productivity such as technology and availability of loan for investment. It further showed that the poultry business in Nigeria has some promising sides and some downsides. | | |

**Key words**

Broilers, Day old chick, Entrepreneur, Local Government, Poultry farm **CONCEPT DEFINITIONS**

Corporate Affairs Commission (C.A.C) is a body of the Nigerian government that is charged with the responsibilities to regulate and manage companies in Nigeria. C.E.O: Chief Executive Officer.

Entrepreneur: An innovator who is ready to take risks by creating a new business.

Local Government: Administration of a district with representatives elected by the people that are living there.

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# 1 INTRODUCTION

Being an entrepreneur has always been a life-long dream for me. And in order to create a business, it is important that one gets a good business plan which led to the idea of this business plan as my thesis. A business plan is a document or a guide which outlines a proposed business objective. My choice of business is poultry farming. It is right to ask the question why I have chosen poultry farming. To understand this, it is significant to know a few backgrounds on the choice of location for the poultry farm: Nigeria. Being the most populous country in Africa, with a population of over 200 million people, the demand for poultry products outweighs the supply which in turn creates a profitable market for potential entrepreneur. Besides, with recent actions by the Nigerian government to promote local production, what better business can be done than poultry farming***.*** With this, I have come to realize that this could be a business opportunity. For the sake of clarity, poultry farming is the rearing of domesticated birds such as chicken, duck, turkey and goose for meat or eggs. This livestock provides a high, cheap source of animal protein and Nigerians consume a high percentage of this source of protein.

The aim of the thesis is to develop my business plan for starting a poultry farm particularly broilers in Nigeria. The objective is to create a guidebook that can be used to start a poultry farm which includes step by step of everything it entails when planning to start a broilers poultry business in Nigeria. Also, it will include how profitable this business is as well as some of the potential challenges one could face while operating a poultry business in Nigeria. However, this could serve as a guidance to anyone who wishes to establish their own business.

As part of the theoretical framework of this thesis, there will be two parts. The first part will be focused majorly on components of business plan. This will be achieved using existing literature in the field as well as other relevant materials such as previous related projects, numerous books, journals, and a host of reliable internet sources. The goal is to provide a means to understand what a business plan means as well as the necessary component of a professional business plan. In the second part, of the framework, I will be looking at the actual business plan for the topic – poultry farming - which will consist of components such as the executive summary, the start-up capital, the production plan, the marketing and organization plan, and most importantly, the financial plan where I will analyse the goal of the business – to make a profit

For the purpose of this research, it is pertinent to note that poultry farming in Nigeria can generally be classified into two groups, subsistent and commercial. The commercial system can be grouped into small, medium and large scale. With modern technology, this can be differentiated simply by the numbers of birds involved. For instance, small to medium scale business setup is where the number of birds involved ranges between 100 to 20,001 while the large scale is 20,001 and more birds. However, majority of the poultry kept in Nigeria fall under the subsistence system which has contributed to the reason why the country has not been able to meet up with the demand of poultry products. Commercial poultry production on the other hand requires hybrid breeds.

As a part of this thesis, I shall also be discussing some of the considerations which should be taken before a poultry farm can be established. Some of these will include planning, choosing a location, system of housing, water source, lighting among other which I will be discussing in more detail in the following chapters. The earlier stated considerations are very significant to the success of a poultry farm which is why I will be discussing them in detail. For instance, in locating a poultry farm, it is very important to consider the neighbouring houses as well as other environmental issues. In Nigeria, a good site is best when near a big town where the poultry products can be sold off easily. A commercial poultry farm should be located close to highway or a good surface ground where there is constant supply of good quality water just as electricity is important.

As a limitation to this research, only qualitative approach will be applied with relevant reliable materials which relate to the topic. Thus, questionnaire will not be admitted since the business plan is focused on Nigeria and very exclusive to the few entrepreneurs in the business of poultry farming. Additionally, with the limitation in scope of time and space, it is difficult to extensively delve into the scientific aspects of the faming business such as the medical care for the birds. Funding is scarcely available for this research which means that for the purpose of research, it is difficult to travel to Nigeria to do a market research for current prices. However, secondary sources of information will be used to make predictions about the market bearing in mind that this is subject to change from time to time. There are several assumptions, on exchange rate, insurance, equity. Not all costs and financial calculations will be converted to Euro but are presented in local currency.

# 2 DRAWING UP A BUSINESS PLAN

A business plan is a document or a guide which outlines a proposed business objective, goals and aim as well as the method by which it can be achieve. It helps us to predict the profitability, identify the potentials, weakness of the business. it can also serve as a roadmap to keep one focus on the goals and objective. (Haag 2013, 20.).

Another writer describes a business plan to be a set of management decisions that includes what a company will be doing to ensure success in the future, in its most basic form it is the process whereby a company makes decisions on what products or services to deliver. where, why and how. (Crego, Schiffrin & Kauss 2003, 1).

## 2.1 Component of a business plan

At a minimum, business plan should contain the following components: an executive summary, description of the business, description of the product or service, a market research, the marketing strategy, operations, management /organization, and a financial data. (Haag 2013, 21.).

An executive summary is a short summary from business plan. It is the first component in the business plan which contains the comprehensive overview of the whole business. This must be written carefully because the investors can make a quick decision on the business by reading this only. The executive summary should contain market analysis, business opportunities and key strategies for success. This is the most important part of the business plan.

When writing the description of the business, it is important to give the legal and corporate name in this section of the business plan if the business is new, it should include the vision and mission statements and objective of the business, financial status of the business, the time of operation.

Description of the product or service, here the intention is to describe the product or services offered in a unique way that this product or service provide a competitive advantage. The advantages of the product or services can also be listed. However, it is vital to mission if any improvement or changes will be implemented on the product or survive over time. In doing this, we must be careful not to reveal the secret that make our product and service unique to prevent imitation.

Market research is a part of the business plan which includes the market research and analysis. Market research basically involves research conducted to investigate what exactly the customer wants, important questions, such as what the demography is, the geographical location, costumer behaviour and potential competitors must be answered. This must be done as accurate and realistic as possible to avoid failure. However, there are several ways to conduct market research, among which are online surveys, phone interviews and internet source. with current data, predicting the future is a challenge because the market is subject to change. After the collection of valuable data, an analysis can be done with the use of SWOT or any other business model tools.

The marketing strategy defines the target market segments and strive to differentiate the products or services from the other pre-existing ones. It also explains how we propose to sell the product or services, the pricing mechanism, promotions and how we intend to reach out to the target market. The strategy must be a match, between the company’s abilities and resources.

Operations is the part of the business plan that explains the day-to-day functions of the company. This section varies, depending on the type of business. for example, a retail establishment Operations involve buying the product, selling, transporting, storing and delivery etc. It may be a little different from manufacturing company which will involve buying of raw materials, production, storage, the product’s quality and reliability etc. The proposed location, operating cost, manufacturing capacity, processes, supply and distribution channels must be mentioned.

Various studies of management and organization that analyse the key factors behind small business failures determine that 98% failure resulted from managerial weakness. Here the investors want to see formal structure of the organization, effective planning, organization control, and leadership. It is important to show who will be in charge and spell out the responsibilities and tasks of each workers. Issues like salaries, duties and responsibilities, related work experience and resources available should be outlined.

The financial data are the most important part of the business plan to many investors, they are regard as the heart of the plan since they include income and expense statements (profit and loss), balance sheet, and cash flow statement. These reports are norm for most companies. they must be realistic. (Haag2013, 21 – 27.)

## 2.2 Benefits of a business plan

A good business plan helps entrepreneurs to concentrate on the necessary steps that will enhance business success, both short-term and long-term objective. (Crego et al. 2003, 2.). It enables the manager to make better business decision in the future drawing up a business plan is a process that require deep thinking, this process requires one to think vigorously about the major components of once’s business before getting started which at the end of this process, it helps to find answers to majority all the important and critical business questions and make decisions ahead of time. for example, marketing strategy and what products, you’ll be selling. However, thinking deeply about the core strategies can also help to understand how the decisions will impact the strategy. A good business plan can anticipate future obstacle that may arise, the process of creating a business plan can help you avoid major mistakes in business by sporting some of those potential critical mistakes before they arise, thereby reducing risk. (Abrams 2003, 34.)

Business plan sets our future goals and are created out of passion and motivation, However, it’s not a good proof point. Drawing out exactly how to turn once’s vision into a successful business is perhaps a better proof point and help you confirm that once idea makes business sense. It also enables a business manager to increase his or her understanding of the company and gain an increased control over success. (Crego et al. 2003.). It can serve as a means of communication to the potential investors or financial institutions to secure credit and educate management on the financial aspect of the company. If one is planning to borrowing money from a bank or seek for financial credit, a business plan can serve as a means to communicate or appeal to anyone that’s interested in investing money into the company, this will show that the business is in good hands, it’s viable in the long term and profitable. Business plans are the most effective ways of proving how profitable the business is, also highlight new and profitable areas that may be available to your company

A business plan draws together in a single document about all the necessary aspects the business, it will cover information such as the industry information and marketing information that is critical to the business operation. A well written business plan is detailed such that it will distinguish you from competitors and give a competitive edge in many situations by saving time and money, its keeps your business operation focus on the area where you enjoy the greatest market advantage. (Abrams 2003, 34.)

# 3 POULTRY FARM AS A FORM OF BUSINESS

This chapter includes business overview, the proposed business in question will be introduced in terms of the location or site of the business, the business name which is Akin’s Poultry, the owner and the promoters of the business. Akins poultry farm is a propose poultry farm that is into the rearing and sale of chicken broilers both live and dressed chicken, manure for crop farmers. Itis intended to start operations by year 2021 with 1000-day old chicken and increase as it grows

Akins poultry farm will be located at 30 0ladipo Street Road safety Osogbo Osun state, target markets is (niche market). immediate environment, household, restaurants hotels, event planners, the business is a limited liability company and the promoter of the business is AKINTILEWA OMISAKIN, hails from Osun state which is located in south west of Nigeria, the vision of the business is to become one of the biggest and successful poultry farms in Osun state and its environments.

Estimated startup capital is ₦2,453 372.00 Naira (approximately €6,000.00). Thebusiness will be financed with loan which amount to about 60% of the startup capital with a sales turnover of ₦24,608

000.00 Naira (€61,062.03) gross profit of ₦14,765 756.00 Naira (€36,639.59) and net profit of ₦13,967 862.10 Naira (€34,659.70).

The business of poultry farm involves some risks which are outbreak of disease, flood, inferior vaccine and fire outbreak. However, the intention is to reduce this risk by giving the birds right proportion of vaccine as well as standard and quality vaccine which will be purchase from a reliable supplier, we will locate our farm on a high land, we will maintain a safety precaution policy by making fire extinguisher available in the farm. This business will meet some societal needs such as improve the standard of living of our employees by creating employment, development of more entrepreneurs and serve as source of encouragement to the youths as well as contributing to the development of the state by paying tax.

## 3.1 Description of the Business

The business is proposed to specialize in the rearing and sales of broiler and manure. The proposed target market are families/households, restaurants, hotels, students, and event planners. The mission is to improve on the existing quality of poultry product while ensuring affordability and availability as well as to create an excellent customer relationship.

The objectives are to achieve a sales turnover of approximately ₦24,600 000.00 Naira (€60,000.00) a gross profit of ₦15,000 000.00 (€36,600.00) and a net profit after tax of approximately ₦14,000 000.00 Naira (€35,000.00) from two years of commencement of operation. Another objective is to increase staff salary by 5% by the end of second year of operation as well as to have a customer base of 4000 within the first year of operation and increase to 10,000 before the end of third year in business. Lastly, to provide job for the teeming population.

It is necessary to consider some of the things that will aid the success of the business. The essence of this it to remind the investor of the indispensable value of these factors to the success or otherwise of the business. In the following paragraphs, I will be citing some of the prerequisite to the daily up-running of the business and its success in the long run.

Firstly, availability of capital or fund is like the heart of the business. It should be noted that fund must be available at all time. Also, expertise, training and retraining of staff is necessary. It is crucial for staffs to undergo trainings as a way of reminder as well as means to acquire knowledge on know-how which will eventually contribute to the growth of the company.

For the housing, it is intended to use alternative poultry production which is a form of deep litter system of housing such that the poultry house will be properly ventilated. One must make sure there is enough space to give the birds maximum ventilation and reduce heat in other to improve the overall health of the birds. The space required depend on body weight, climate conditions and type of housing system. In this case, it is approximately about 540 cm (0.6 square feet) per kg. (Prabakaran 2003, 14.).

Additionally, the structure of the poultry house needs to be built to prevent the intrusion of animals. It needs to be surrounded by compacted borders of about 1.20 meters wide. The area must be kept free of weeds, scrap and any other object or obstacle. The farm will be located at about 30 meters or more from a road connecting to the poultry farms and distance of 12 meters from another poultry farm of the same species. It therefore must be located at a distance of at least 12 meters from another house. Fencing of the poultry farm is also necessary. The proposed poultry house will be enclosed with a fence such that it will prevent entering of humans and animals. This fence should reach a height of at least 1.50 meters from the ground. Lastly, the floors of the house will be concrete to enable the ease of cleaning and disinfection and it will be elevated to about 30 cm above the surroundings level. (Sharon 1981.).

Water is an importance aspect of poultry farming. It is intended to provide water for the birds through a water borehole system which should already be made available in the location and ensure proper treatment to the water storage facilities. 1000 capacity poultry requires about 600 liters of water daily (Prabakaran 2003,11). Similarly, feed is important as well, a farm may fail in the attempt to reduce cost of feeding. It is recommended to buy the feed from a reliable distributor of poultry feeds. This will prevent malnutrition as well as make the bird grow fast and heathy. Farm should only venture into self-production of feeds if they have the knowledge.

Managerial skill and technical know-how, the company will be managed by someone who has the knowledge of business, managerial and leadership skills. It is necessary to employ an experience staff who will be charged with the responsibility of feeding the birds. However, experts will be consulted when and where necessary.

The proposed market is a niche market, the farm will be located where the closest poultry farm is some kilometers away which will allow us to focus on our immediate environment. Assurance of market is based on the quality of our product and services, so by having a standard and quality product the marketing is sure. The value propositions are to produce healthy and sizable chicken, rich manure, good customer relationship and goodwill messages.

## 3.2 Current status of business

Akins poultry farm is a start-up business, and it is assumed that a space of about three plot and half is available for construction of the poultry business as well as a borehole water system. Similarly, it is required to have 40 percent of the startup capital which amount to ₦981,348,00 in Naira and 2,435.11 in Euro is available. This business is proposed to commence operation by 2021.

To start a poultry farm business in Nigeria, one must fulfill the following requirement, business registration one must register with the Corporate Affairs Commission (CAC) in Nigeria. Corporate Affairs Commission is a body of the Nigerian Government that is charged with the responsibilities to regulate and manage companies in Nigeria. It was introduced in 1990 with the passing of the companies and allied matters act. It is headed by a chairman and closely assisted by the registrar general/ CEO.

Local Government Food Permit and Business Permit, a food/business permit must be obtained from the Environment Service Department where the poultry farm will be situated. The poultry farm will be inspected by health officers for health and safety compliance. Once the permit is approved, business operations can commence. Evidence of Tax Payment, the payment of tax by all businesses is a requirement in Osun State. it is advisable to have a photocopy of any tax payments for presentation when approached by authorities.

Registration with Associated Industry Body, this is not compulsory, but it is advisable to register with an associated industry body for example; the Poultry Association of Nigeria for information sharing and collaboration. This will be useful to overcome common challenges and it could aid business growth.

TABLE 1. Legal requirement. (Cooperate Affairs Commission2012).

|  |  |  |
| --- | --- | --- |
| **Legal Requirements** | **Budget** | **Details on Frequency of Payment and other**  **Information** |
| Corporate Affairs Registration | 20,000 (€49.62) | Once |
| Local Govt. permit & licensing | 10,000 (€31.25) | Yearly |

The establishment of a poultry farm is a business which has a lot of implications on the economy. The business will positively affect both the host community which could be a primary source of labour as well as the economy of the nation at large. Below are some of the effects which can be generated through the establishments of the business.

Personal income and wealth, through provision of job for teeming population of unemployed in the country, the business is bound to provide a reliable substantial means of income to the employee. This will be ensured by a regular payment of salaries and wages to the workers. Improve standard of living, by contributing to the domestic production of poultry production locally, the multiplier effect is a boost on the national economy which will consequently influence growth of the economy. A progress in economic development of the nation will promote an increase in the standard of living of the people

Providing more skills and self-development, in the daily running of the business, there are lots of tasks which will be generated. Some of these tasks would be carried out with the aim of machinery. As such, training of such employee will promote an opportunity for such individual to be skill and ultimately selfdeveloped. This will also serve as a form of empowerment to the employee to be self-sufficient, enlightening our employee and educate them by means of training. State and nation, this is possible with the regular payment of tax and other levies. Consequently, by paying tax regularly, it will increase the country’s yearly national income.

# 4 RUNNING A POULTRY BUSINESS

In this chapter, I will be discussing some of the aspects which are required to run a poultry business. For this purpose, three core parts of a business activity will be focused on. These three aspects involves the production plan - where equipment as well as the production technique will be discussed, the financial plan – where finances and budget for the farm will be looked at, and lastly the organisational structure – the structure of the business team members and their respective roles will be highlighted. The essence of this is to ensure that there is a clear-cut blueprint which can be referenced to where there is need for when the business finally kicks off.

## 4.1 Production Plan

The production plan is a very important aspect of running the business. It is synonymous to the foundation which the business is built on. In this area, two primary aspects of the production plan will be taken into consideration namely; the required production equipment on one hand, and the production technique on the other. In the following paragraphs, these two topics will be discussed at length in light with the poultry business.

### 4.1.1 Required Production Equipment

For this sake of understanding the business in detail, it is significant to state some of the equipment which is required for the business to stay afloat. The most used pieces of farm equipment in broiler houses are feeders, drinkers, crates and weighing scales, flame guns and other cleaning equipment are also used (Prabakaran 2003, 10). This equipment is listed in the table below and the description of this equipment is also stated.

TABLE 2. List of Equipment

|  |  |  |
| --- | --- | --- |
| **S/N** | **Equipment** | **Description/ uses** |
| 1 | Generator | This is us to supply electricity to the poultry house as well as to keep the poultry house gadget running |
| 2 | Feeders | They are device used to feed the birds, some of which are made from plastic or meters. |
| 3 | Lighting gadgets | Bulbs and rechargeable for light |
| 4 | Drinker | This are device use for holding water for the birds to drink. |
| 5 | Waste bin | This is used to trash waste in the poultry farm |
| 6 | Table/chair | The table and chair are for sales representative and customers |
| 7 | Shovel | Will be used to clean up the poultry house |
| 8 | Nose max | This will be use protect and clear the breath of staff when cleaning the poultry house |
| 9 | Gloves | Will be used to protect the staff while working in the farm |

|  |  |
| --- | --- |
| **Material** | **Description/uses** |
| Feeds | Feeds for the birds |
| Water | Water gotten from the borehole |
| Vaccine | Treatments for the birds |
| Saw dust | The dust for the floor of the poultry house |
| Day old chick | These are one day old chicken that will be reared for 8 to 9 weeks |

### 4.1.2 Production Technique

The production technique for this business refers to the processes and stages involved from sourcing the day-old chick up to the time they are grown and ready for the market. Although this is just a business plan, nevertheless, it is relevant to understand how the birds will be made ready for the final market. The system of broiler production adopted by the farmer depends on the number of broilers that will be raised (Prabakaran 2003, 10). It takes about 8-9 weeks for a day-old broiler to reach maturity and all-in all-out technique will be used, under this technic day-old hybrid broiler chick are purchase in one single batch, grown until maturity and sold in one batch to the market. This technic allows the farmer to clean and disinfect the farm before receiving the next batch of broilers, making it easier to control the spread of disease.

PHASE1: day-old chicken is purchased from a reliable source and reared in the brooding facility for

4weeks and then transfer to the broiler’s cub after4weeks.

PHASE2: four-weeks old chicken are continued to be reared for another 4 to 5 weeks, before it’s ready for the market. Production capacity of the proposed farm is One thousand broilers for the start, which is subject to change, it takes 9weeks for a day-old broiler to grow to maturity, and the numbers of broilers will be increased during festive period by 200 because of the high demand. In a period of 1year about 4400 broilers will be reared, so by the end of one session the firm will have recorded 6600 mature broilers because 200 bird has been added every festive period which are Easter (April) and Christmas / new year December.

## 4.2 Financial Plan

Financial planning is the process of estimating the capital requirement. Here the financial plan includes the financial projections for the first 2 years of operation, pre operating and operating expenses, startup capital, funding source, proposed selling price and financial assumptions

### 4.2.1 Required startup capital estimate

For a business to succeed, startup fund plays a huge role. Since the proposal is for a business based in Nigeria, the required capital will be estimated based on the Nigerian currency. However, the euro equivalent for the capital will be stated as wall based on the rate stated above. (1Euro is equal to 403 Naira)

TABLE 3. Required Startup Capital Estimate

|  |  |
| --- | --- |
| **ITEMS** | **AMOUNT** |
| Pre-operating Expenses | ₦1,115,000 (€2,766.74) |
| Opening Stock | ₦27,900.00 (€87.19) |
| Total Operating Expenses -3months | ₦1,310472 (€3,251.79) |
| Total Startup Capital Estimated | ₦2,453,372 (€6,087.77) |

### 4.2.2 Source of funds

The source of fund for the business will be from two origins. The first being from bank, while the other will be from personal means. However, the higher portion of the fund will be sourced from the bank.

The percentage for each of the fund source will be named in the table below.

TABLE 4. Source of Funds

|  |  |  |
| --- | --- | --- |
| **SOURCES OF FUNDS** | **AMOUNT** | **%** |
| Bank loan | ₦1,472,023,20 (€3,652.66) | 60% |
| Personal equity | ₦981,348.80 (€2,435.10) | 40% |
| Total Funds | ₦2,453,372 (€6,087.77) | 100% |

### 4.2.3 Pre-operating activities

This comprises of the cost of land, cost of preparing the land, electricals, cost of equipment’s, cost of preparing the brooding room for day old chicken and cost of registering the business. All of which are cost activity that precede the operation

TABLE 5. Pre-operating Activities

|  |  |  |
| --- | --- | --- |
| Pre-Operating Activities | Amount (₦) | Amount (€) |
| Land acquisition | - | - |
| Land preparation/Building | 700,000 | 1,736.97 |
| Electrical/Plumbing | 15,000 | 37.22 |
| Purchase of equipment | 360,000 | 893.30 |
| Preparing of brooding room | 10,000 | 24.81 |
| Business registration/local gov tax | 30,000 | 74.44 |

TABLE 6. Operating Expense Projection for Period Of two Year in Naira

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 | Period 6 | Period 7 | Period 8 | TOTAL |
| Monthly Expenses | Apr ~ Jun | July ~ Sept | Oct ~ Dec | Jan ~ Mar | Apr ~ Jun | July ~ Sept | Oct ~ Dec | Jan ~ Mar | Total |
| Salary Expenses | 240 000.00 | 240 000.00 | 240 000.00 | 240 000.00 | 240 000.00 | 240 000.00 | 240 000.00 | 240 000.00 | 1,920 000.00 |
| Repair &Maintenance | 3000.00 | 3000.00 | 3000.00 | 3000.00 | 3000.00 | 3000.00 | 3000.00 | 3000.00 | 24,000.00 |
| Feeding  Cost | 689 472.00 | 574 589.00 | 574 589.00 | 689 472.00 | 689 472.00 | 574 589.00 | 574 589.00 | 689 472.00 | 5,056 244.00 |
| Vaccine & Me-  dication |  | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 70,000.00 |
| Purchase of broilers | 360,000.00 | 360,000.00 | 360,000.00 | 360,000.00 | 360,000.00 | 360,000.00 | 360,000.00 | 360,000.00 | 80,000.00 |
| Insurance on  Birds | 18,000.00 | 15,000.00 | 15,000.00 | 18,000.00 | 18,000.00 | 15,000.00 | 15,000.00 | 18,000.00 | 132 000.00 |
| Total Operating  Expenses | 1,310 472.00 | 1,142 589.00 | 1,142 589.00 | 1,310 472.00 | 1,310 472.00 | 1,142 589.00 | 1,142 589.00 | 1,310 472.00 | 9,842 244.00 |

### 4.2.4 Operating expenses

The operating expenses refers to the estimated amount required to keep the business running on a periodic basis. In this case one period represents three month which comprise of 90 days on an average. Thus, in this aspect, the focus is on the general cost including the cost of feed, maintenance as well as salary for the staff.

TABLE7**.** Opening Stock

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Stock/Item | Quantity | Unit Cost (N) | Total (₦) | Total (€) |
|  |  |  |  |  |
| Vaccination |  |  | 10000 | 24.81 |
| Cleaning materials | 3 | 100 | 300 | 0.74 |
| Nose mask | 3 | 200 | 600 | 1.48 |
| Total |  |  | 10900 | 27.04 |

TABLE 8. Proposed Price List

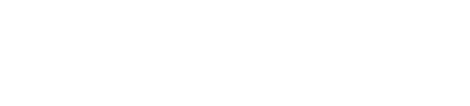
|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **Products** | **Description /details** | **Cost price** | **Proposed**  **Selling price** |
| 1 | BROILER | 1 BROILER |  | ₦3000 (€7.44) |
| 2 | MANURE | 1 BAG OF MANURE |  | ₦200 (€0.49) |

### 4.2.5 Financial assumptions

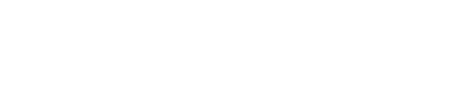
In order to be able to make financial calculation, the following assumptions are considered: assumption for Inflation is 5%, assumption on Interest rate is 9%, assumption on Tax is 5%, assumption on depreciation is based on straight line method, assumption on Salary increment 5%, assumption on Insurance 5%, assumption on exchange rate (1Euro is equal to 403 naira)

## 4.3 Organization Structure

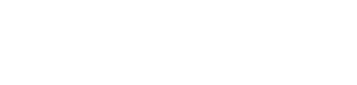
The organization structure refers to the cooperate relationship between the employee and the company. There are sets of roles and responsibilities assigned to each of the employee in the company. The purpose of this is to ensure that each team member understands what is expected of him or her daily. The chart below describes based on hierarchy from the uppermost level in terms of employee responsibility to the labourers.



MANAGER



MARKETER



LABOURS

FIGURES 1. Organization structure.

### 4.3.1 Ownership of the business

The ownership type of AKINS poultry farm is a sole proprietorship business. This type of ownership is selected because they are easy to form, and the owners enjoy sole control of his or her business profits. However, they also have disadvantages, one of which is that the owner is personally accountable for all the business losses and liabilities. This farm is intended to start small and grow gradually with easy and flexible implementation policy, the management team will consist of two men and one regular worker.

Operation is from Monday to Saturday, and opening hour will be 7am and closing time will be 6pm.

### 4.3.2 Key management staff

The key management staff refers to the three levels of employee in the company namely: The manager, the market and the labour. In order to understand the assigned role for each of these employees, the table below is very important, and it creates an opportunity to describe what is expected for each of the team members.

TABLE 9. Key Management Team

|  |  |
| --- | --- |
| **Position** | **Functions and**  **responsibility** |
| Manager | Managing, supervising jobs sorting birds, sales and marketing |
| Marketer | Majorly Marketing the product and making delivery to customers |
| Labourers | Feeding and cleaning of the poultry house change the water and clean the drinkers |

### 4.3.3 Details of salary schedule

In this aspect, a description of the salary structure for each of the employee is analyzed. This analysis is achieved by considering the minimum wage scale of ₦18, 000 which is currently implement in the Nigerian labor force. The euro equivalent for each of the salary is considered in the table below so that it can be understood in a global context.

TABLE 10. Staff Salary Schedule

|  |  |  |  |
| --- | --- | --- | --- |
| **S/N** | **Name** | **Monthly Salary** | **Annual Salary** |
| 1 | Manager 1 | ₦30,000 (€74.44) | ₦360,000 (€893.30) |
| 2 | Marketer | ₦30,000 (€74.44) | ₦360,000 (€893.30) |
| 3 | Staff 1 | ₦20,000 (€49.62) | ₦240,000 (€595.53) |
| Total |  | ₦80,000 (€198.51) | ₦960,000 (€2,382.13) |

# 5. MARKETING RESEARCH/ MARKET ANALYSIS

According to the research made by Sanni (2017,) broiler production is profitable with mean profit of

₦912 (2.26 €) per bird and an average return of ₦1.98 (0.0049€) for every ₦1(0,0024€) invested in Kwara state Nigeria, he further explains that the mean profit efficiency is 74% while the range is 98%.

Similarly, according to Baba, Dabai, Sanchi, Yakubu & Manga (2016) the average total cost of broiler production per bird was ₦1, 085.00 (2.70€), average total revenue was ₦1, 590.00 (3.90€) per bird and net farm income was ₦505.00 (1.20€) per bird. This indicated that smallholder broiler production in the study area is profitable.

For a single broiler nurtured from a day old to maturity had a total cost of ₦1509.80 (3.75€) made up of ₦274.20 (0.7€) as fixed cost and ₦1235.60 (3.10€) as variable cost. The gross revenue per bird was ₦2169.99 (5.40€). The Net profit of ₦660.11 (1.64€) per bird was estimated and this implies that for every ₦1.00 (0.0025€) investment in broiler production would yield 44kobo (0.0012€) in return. This indicates that the broiler poultry estate was profitable in Lagos Nigeria. (Omolayo 2018.)

For single broiler nurtured to maturity had a total cost of ₦942.14 (2.34€) made up of ₦30.40 (0.075€) fixed cost and ₦911.74(2.26€) variable cost. With gross revenue per bird at ₦1334.00 (3.31€), net revenue of ₦391.86 (0.97€)per bird was calculated and this gave a net margin-to-cost ratio of 0.42 which implies that a ₦1.00 (0.0025€)investment in broiler production all things being equal would yield ₦0.42 (0.0010€) in return. (Ike & Ugwumba 2011.)

Going by the various research carried out by different researcher, from different part of Nigeria, it shows that poultry farming is profitable. However, comparing Nigeria to other developed countries in the aspect of agricultural productivity level, productivity in Nigeria are still extremely low. To protect local production, for instance, in the Nigerian poultry sector there is a total ban on importation of poultry product, either dead or alive. (Heise, Crisanb & Theuvsenc 2015, 3.) Although there is vast opportunity to increase the productivity, the technical and economic efficiency of poultry product in Nigeria, poultry production is already highly profitable for Nigerian farmers. it can be argued that even more farmers can improve their financial situation through poultry farming. (Heise et al 2015, 3.)

Innovation is very important, to addressing relatively low production, understanding how innovation takes place and developing policies, institutions which facilitate innovation are key to progress of agricultural development. this can create new ideas, expertise, and services needed for improve productivity. (Heise et al 2015, 3.)

## 5.1 Poultry Farm in Finland

In order to understand the state of poultry farming in Finland, reference to the Natural Resources Institute Finland (Luke) is very important. This is a leading non-profit organization which conducts researches in bio economy in Finland. According to Luke, about 71 million eggs are produced annually and about 117 million kilograms of poultry meat. Most of the said production is consumed in Finland. Similarly, in the research of the Finnish broilers Association, about 73 million broilers are slaughtered in Finland each year having an average slaughter weight of 1.7 kg. Chicken consumption and production have grown steadily in recent years. Finns already eat more than 23 kilos of broiler meat a year. (Finnish Broilers Association 2019.) The figure below shows how the rate of the consumption of poultry product has changed over the years.

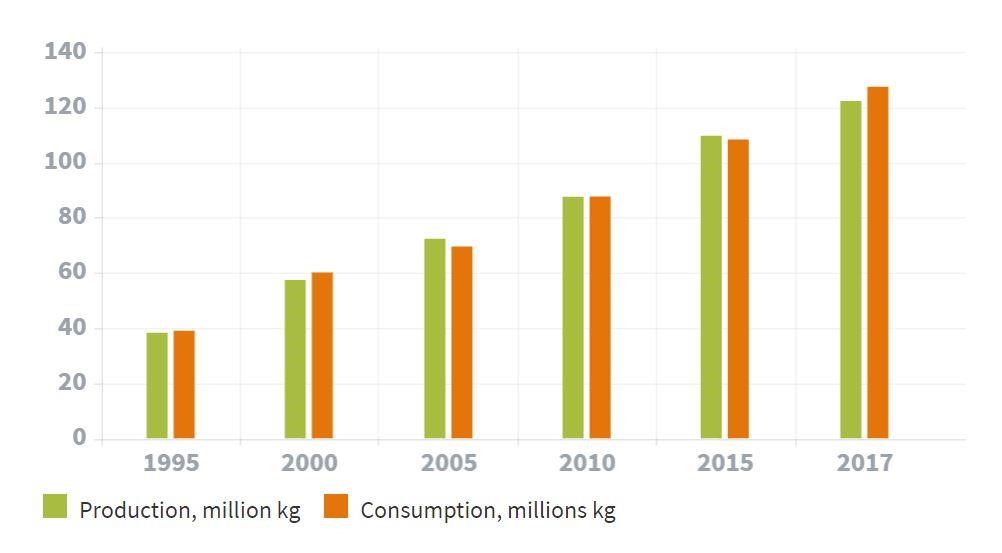


Figure 2: Broiler production and consumption in Finland (adapted from the Finnish Broilers Association,

2109)

In other words, Finland can meet its local demand for poultry products and even produced beyond that. The reason behind this is that there are over 400 poultry farms in Finland. Luke writes that, the production of poultry meat is concentrated near slaughterhouses in Southwest Finland, Satakunta, Southern

Ostrobothnia and Pirkanmaa. Eggs are produced throughout Finland. (Luke 2016.)

When compared with Nigeria, using advance technologies in agriculture, Finland can boost production with the adoption of regular, and organic among other methods. For instance, according to the research conducted in 2016, egg production amounted to 73.5 million kilograms, one per cent more than in 2016. Production increased by four per cent during the first half of the year and decreased by one per cent during the second half of the year. The number of eggs produced in enriched cages decreased by three per cent. The amount of eggs produced in barn and free-range hen houses increased by eight per cent, and in the amount produced organic poultry farms increased by 16 per cent. (Luke 2016.)

The price of birds varies due to the demand and season of the year in Nigeria. Demands for chickens is always high during the Easter and Christmas festivals so the price is affected and the price for eggs is almost constant, it can only change as regards to sizes although our focus is not on egg production.

## 5.2 Pestle of Poultry Farm Market in Nigeria

The alphabet P in Pestle stand for political factors. Nigeria is a democratic state, the federation comprises of 36 states and one Federal Capital Territory. The constitution defines Nigeria as a democratic state. Despite improvements over the last few years, Nigeria is still poorly rank as regard to corruption, Nigeria is the 144 least corrupt nation out of 175 countries, according to the 2018 Corruption Perceptions Index reported by Transparency International. Corruption Rank in Nigeria averaged at 121.48 from 1996 until 2018 (TransparencyInternational 2018).

The political system in Nigeria is relatively stable. However, the government has intensified its effort in fighting corruption and terrorism which as affect few parts of the country. but the government has developed favourable agricultural policies in other to facilitate agricultural marketing, enhance agricultural productivity and prices. several steps has been taken by the government, some of which are price subsidy, land resource use, agricultural research and technology, zero duty on agricultural machinery, three years tax exception for the agricultural processing industry, export incentives available for manufactures in the agricultural sector, food import prohibitions to encourage local production. (Heise et al 2015.)

Poultry production in Nigeria is characterized by low productivity, due to the limited availability of finance to acquire basic equipment and materials. Many farmers are unable to increase their productivity by moving from small-scale poultry production to larger scale, because they are unable to secure credits and loans. (Adeyemo & Onikoyi. 2012, 388 - 389).

The alphabet E in pestle represent economy factor. According to World bank, the volatile nature of oil price continues to influence Nigeria’s growth performance. Between 2000 and 2014, Nigeria’s gross domestic product (GDP) grew at an average rate of 7% per year. Following the collapse of oil price between 2014-2016, the gross domestic product (GDP) growth rate dropped to 2.7% in 2015 which force Nigeria into recession in 2016, the economy contracted by 1.6%, growth averaged of 1.9% was recorded in 2018 and remain stable at 2% in the first half of 2019, this growth is too low to lift half of the population out of poverty. The government claim to have respond to this by its effort to diversify the country’s economy by investing on constructions of infrastructures, by import restrictions and agricultural food policy. The costs of medication, vaccination and feeding contribute substantial amount to costs of production, studies shows that feed costs constitute one of the highest variable costs in the poultry production process. (Heise et al. 2015.)

The alphabet S in pestle represent socialcultural factors. Nigeria is the most populated country in Africa with the population of about 200 million people, composed of more than 250 ethnic groups. Majority of Nigerian population are between two main religious groups, Muslims and Christians. However, small percentage of the population are followers of other religious beliefs such as indigenous religions. (Worldatlas 2019.) because of the diversity in ethnics and religious groups, it sometimes led to conflicts. Poor socioeconomic conditions, high unemployment rate, and poverty may have contributed. Over the past decade, the northern region of Nigeria has experienced terrorist related violence and religious activism which is threatening the country’s security and economic development. Majority of the Nigeria poultry farmers lack good managerial knowledge, disease prevention and modern husbandry practices, such as adequate feeding, housing, proper wastes disposal. (Heise et al. 2015.)

The alphabet T in pestle stand for Technologicalfactors in Nigeria, Poultry production system in Nigeria can generally be classified into two groups, subsistent and commercial. The commercial system can be group into small, medium and large scale. With modern technology this can be differentiated simply by the numbers of birds involved. Small to medium scale is between 100 to 20,001 and large scale 20,001 and more. However, majority of the poultry kept in Nigeria fall under the subsistence system, this require little or no veterinary inputs. (Adeyemo & Onikoyi 2012, 388 - 389.) Commercial poultry systems are industrialized require modern hybrids of poultry birds. They require more capital input and technology. majority of farmers still practice the conventional poultry farming, for example farmers house their birds in an open sided coop and employ the deep litter system which exposes poultry to the vagaries of climate and weather. (Heise et al. 2015.) Technology in poultry farming involve disease control measures, development of better chick breeds, efficient storage method, better feeds, and better ways of sales promotion (Mamun 2019,6).

The alphabet E in pestle represents Ecological factors. Nigeria climatic conditions in characterized by dry/hot season, raining/wet season. Throughout the year temperature is mostly above 30 degrees Celsius. The amount of rainfall varies from one part of the country to the other as well as the temperature. About 40% of Nigeria land mass can support agriculture, meanwhile only 50% of this land are used for agricultural purpose. Nigeria has more than enough water resources but due to its inadequate water distribution and management infrastructure the country still experiences water shortage most especially in the north. However, the government has developed a way to overcome these challenges by investing on irrigation.

The alphabet L in pestle represents Legal factors. Nigerian government is promoting investment in agriculture, this sector is important for economic growth and poverty reduction. Companies engaged in agriculture related businesses are not liable for minimum tax. Furthermore, new companies are exempted from income tax for the first three years with a possibility of two-year extension.

TABLE 11. SWOTS Analysis

|  |  |
| --- | --- |
| **STRENGTH** | **WEAKNESS** |
| Agricultural policy  Population growth  Low cost of machinery importation  Profitability  Low taxes | High start-up capital  Disease outbreak  Mortality rate  Market price  High cost of feed  Innovation |
| **OPPORTUNITY** | **THREAT** |
| Importance of agricultural sector  Low labour cost  Availability of land  Favourable climatic condition | Existing market  High cost of energy  Corruption  Health/Disease outbreak  Poor infrastructure: road, water |

The above listed factors are factors that could possibly influence poultry Business in Nigeria either positively or negatively, there are about 20 factors that are identified. however, these factors are distributed between 4 quadrants depending on weather is strength, opportunity or weakness, strength. If a factor affects the poultry business positively it is regarded as strength and if a factor has the potential to possibly affect the business positively in the future, such factor is regarded as opportunity. more so if a factor can affect the poultry business negatively such factor is regarded as weakness and if it has capacity to affect the business negatively in the future it is regarded as strength. The swot analysis shows that poultry business in Nigeria has some promising side and some downside

### 5.2.1 Target market

The proposed poultry farms target markets are Families/household, restaurant, hotels, student, and event planner.

TABLE 12. Marketing strategies

|  |  |  |
| --- | --- | --- |
| **Advert/promotional**  **Strategies** | **Budget per**  **annum (# / €)** | **Details on Frequency and justification of budget** |
| Social network | Facebook/twitter |  |
| Bulk sms | 5,000 (€12.41) | To remind our customer of our existence |
| Complimentary card | 2,000 (€4.96) | Once in 2year |
| Banners and signage | 10,000 (€24.81) | Once |
| **Total** | **17,000 (€42,18)** |  |

### 5.2.2 Distribution strategies/sales method

There are numerus distributors around Osun state, we intend to use their service and knowledge of distribution within our vicinity as well as the use of our own direct sales force from our outlet. There will be discount for bulk purchase, free delivery and payment method will be through cash and online payment. Promotion strategies are the strategy that will be adopted to promote or market the business. Example are social network such as Facebook, Twitter, and Instagram. Sending of bulk text messages, complimentary cards and printing of banners / billboard. Other note on advertising and promotional strategies discount sale, low cost pricing.

# 6. CONCLUSIONS

In this project predictions and conclusions about the market were based on secondary data however, the aim and objective of this project was achieved. Firstly, a business plan was created which contain basic structure of a business plan, such as Business overview, marketing planning and financial calculations, marketing strategy, operational plan and financial plan. Secondly, starting a poultry business is Nigeria is demanding and requires close monitoring. However, the financial aspect of this project was able to show from the profit and lost projection that the business is profitable in Nigeria. Nevertheless, the PESTLE and SWOT analyses show that there are so many things that could be improved in Nigeria poultry system which will boost the productivity such as the technology and availability of loan for investment, the pestle and swot analyses show that the poultry business in Nigeria has some promising side and some down side. The calculated Total Startup Capital was based on the preoperational expenses, Opening Stock and total Operating Expenses. The calculation was made by estimated data. SWOTanalysis was used to show the strength and weakness, as well as opportunity and threat, the risk and risk management was also analyzed. Detail account was given on the cost of operation which includes cost of feeding, insurance per bird and tax. This project also includes comprehensive calculations of aspects such as equipment, suppliers, employee salaries, depreciation and general regulations of how to start and register a poultry business in Nigeria**.**

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[RFqxHr7EC&printsec=frontcover&hl=fi&source=gbs\_ge\_summary\_r&cad=0#v=onepage&q&f=false](https://books.google.fi/books?id=uYnRFqxHr7EC&printsec=frontcover&hl=fi&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false) . Accessed: 14 November 2019.

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APPENDIX I

Feeding - chat for 1000 birds (Prabakaran, 2003,18).

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Month of the Year | Age of  Birds  (Weeks) | Number of Birds | Mortality | Actual Number of Birds | Daily consumption per bird  (g) | Weekly consumption per bird (kg) | Weekly consumption of  all Birds (kg) | Total Num-  ber of  Bags/Week | Average cost of  feed/Bag  (₦) | Cost of  Feed/  Week  (₦) | Total  Cost of Feed/Mo  nth (₦) | Total Cost of  Feed/Month  (€) |
|  | Week 1 | 1000 |  | 1000 | 30 | 0.21 | 210 | 8.40 | 3600 | 30240 |  |  |
|  | Week 2 | 1000 |  | 1000 | 40 | 0.28 | 280 | 11.20 | 3600 | 40320 |  |  |
|  | Week 3 | 1000 |  | 1000 | 50 | 0.35 | 350 | 14.00 | 3600 | 50400 |  |  |
| Month 1 | Week 4 | 1000 | 5.00% | 950 | 69.7 | 0.44 | 418 | 16.72 | 3600 | 60192 | 181152 | 449.50 |
|  | Week 5 | 1000 |  | 950 | 73.7 | 0.52 | 494 | 19.76 | 3600 | 71136 |  |  |
|  | Week 6 | 1000 |  | 950 | 84.2 | 0.59 | 561 | 22.42 | 3600 | 80712 |  |  |
|  | Week 7 | 1000 |  | 950 | 84.2 | 0.59 | 561 | 22.42 | 3600 | 80712 |  |  |
| Month 2 | Week 8 | 1000 | 2.00% | 931 | 86 | 0.60 | 559 | 22.34 | 3600 | 80438 | 312998 | 776.66 |
|  | Week 9 | 1000 |  | 931 | 86 | 0.60 | 559 | 22.34 | 3600 | 80438 |  |  |
| TOTAL |  |  |  |  |  |  |  |  |  |  | 574588 | 1425.77 |

APPENDIX II

Feeding - chat for 1200 birds (Prabakaran, 2003,18).

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Month of the Year | Age of  Birds  (Weeks) | Num-  ber of Birds | Morta-  lity | Actual  Num-  ber of Birds | Daily consumption per bird  (g) | Weekly consumption per  bird (kg) | Weekly consump-  tion of all Birds | Total Number of  Bags/Week | Average cost of feed/Bag  (₦) | Cost of  Feed/Week  (₦) | Total Cost  of  Feed/Month  (₦) | Total Cost of  Feed/Month (€) |
|  | Week 1 | 1200 |  | 1200 | 30 | 0.21 | 252 | 10.08 | 3600 | 36288 |  |  |
|  | Week 2 | 1200 |  | 1200 | 40 | 0.28 | 336 | 13.44 | 3600 | 48384 |  |  |
|  | Week 3 | 1200 |  | 1200 | 50 | 0.35 | 420 | 16.80 | 3600 | 60408 |  |  |
| Month 1 | Week 4 | 1200 | 5.00% | 1140 | 69.7 | 0.44 | 502 | 20.06 | 3600 | 72230 | 217382 | 539.41 |
|  | Week 5 | 1200 |  | 1140 | 73.7 | 0.52 | 593 | 23.71 | 3600 | 85363 |  |  |
|  | Week 6 | 1200 |  | 1140 | 84.2 | 0.59 | 673 | 26.90 | 3600 | 96854 |  |  |
|  | Week 7 | 1200 |  | 1140 | 84.2 | 0.59 | 673 | 26.90 | 3600 | 96854 |  |  |
| Month 2 | Week 8 | 1200 | 2.00% | 1117 | 86 | 0.60 | 670 | 26.81 | 3600 | 96509 | 375581 | 931.96 |
|  | Week 9 | 1200 |  | 1117 | 86 | 0.60 | 670 | 26.81 | 3600 | 96509 |  |  |
| TOTAL |  |  |  |  |  |  |  |  |  |  | 689472 | 1710.84 |

APPENDIX III

Akins Poultry Farm's Profit and Lost Projection for two Years.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 | Period 6 | Period 7 | Period 8 | TOTAL |
| COMPONENTS | Apr ~ Jun | July ~ Sept | Oct ~ Dec | Jan ~ Mar | Apr ~ Jun | July ~ Sept | Oct ~ Dec | Jan ~ Mar | Total |
| Total Sales | 3,355 000.00 | 2,797 000.00 | 2,797 000.00 | 3,355 000.00 | 3,355 000.00 | 2,797 000.00 | 2,797 000.00 | 3,355 000.00 | 24,608 000.00 |
| Operating Expenses | 1,310 472.00 | 1,142 589.00 | 1,142 589.00 | 1,310 472.00 | 1,310 472.00 | 1,142 589.00 | 1,142 589.00 | 1,310 472.00 | 9,812 244.00 |
| Gross Profit | 2,044 528.00 | 1,654 411.00 | 1,654 411.00 | 2,044 528.00 | 2,044 528.00 | 1,654 411.00 | 1,654 411.00 | 2,044 528.00 | 14,795 756.00 |
| Depreciation | 45,000.00 | 45,000.00 | 45,000.00 | 45,000.00 | 45,000.00 | 45,000.00 | 45,000.00 | 45,000.00 | 360,000.00 |
| Miscellaneous | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 80,000.00 |
| Total  Expenses | 55,000.00 | 55,000.00 | 55,000.00 | 55,000.00 | 55,000.00 | 55,000.00 | 55,000.00 | 55,000.00 | 440,000.00 |
| Net ~Profit Before Tax | 1,989 528.00 | 1,599 411.00 | 1,599 411.00 | 1,989 528.00 | 1,989 528.00 | 1,599 411.00 | 1,599 411.00 | 1,989 528.00 | 14,355 756.00 |
| Income Tax |  |  |  |  |  | 5% | 5% | 5% | 259,418.10 |
| Net ~Profit After Tax | 1,989 528.00 | 1,599 411.00 | 1,599 411.00 | 1,989 528.00 | 1,989 528.00 | 1,519 440.45 | 1,519 440.45 | 1,890 051.00 | 14,096 337.90 |
|  |  |  |  |  |  |  |  |  |  |