Business Plan

SGR Frozen Seafoods

Providing quality source of viable seafood for the nation

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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# 1.0 Executive Summary

SGR Frozen Seafoods is a Seafood processing company that uses mechanized method in processing and packaging high quality Seafood.

Our main goal is to provide a quality Seafood for our consumers in a way that is more sustainable, and more cost effective than our competitors. We will be able to supply them with Seafood which is much cheaper than competitors through our modern processing and packaging method on a commercial basis rather than adopting the traditional production process of buying up vast expanses of earth pond to convert to Seafood.

Our focus will predominantly be on business to business selling whereby we will work as a manufacturer.

We will operate from Illorin in Kwara state which will encompass multiple large vats and outlying buildings for admin and research purposes. Reasons behind this choice in location are detailed in our Impact Analysis Report. Our major goal is also to rear special bred of Seafood.

Our unique selling point of producing a more environmentally friendly, high quality Seafood that is rich in nutrients and affordable will be the driving force behind generating interest and sales from consumers and manufacturers. Their policies to use more environmentally friendly Seafood will ensure their repeat business, which our business will rely upon.

The plan is based on more than 5 years of experience in Seafood rearing and processing. It is highly focused and promises to follow a path of prosperity for its owners and staff. The projections contained herein are authentic and will be used as the budget for the business. SGR Frozen Seafoods will show a profit within 20 months, and will increase sales and profits each year thereafter.

The marketing research and tailored marketing strategy described in this business plan will result in after-tax profits of $22,806 in Year 1 and increasing to nearly $30,000 in after-tax profits within three years, despite significant new advertising and renovation expenses.

## 1.1 Objectives

We have identified the following objectives to pursue in the upcoming years:

1. Become a major player in the Seafood industry
2. Have our business be the go-to place to purchase cheap, environmentally friendly Seafood
3. Reach profitability within 24 months from when we start full production of our product.
4. Expand our customer base through direct referrals and aggressive direct sales.
5. Expand our product line gradually, based on customer requests.
6. Expand our custom feed mill to meet the growing sales market.
7. Expand the types of services offered to our customers, as their desires are identified.

## 1.2 Mission

Our mission is to meet customers’ increasing demands for Seafood by providing them with clean, more environmentally friendly Seafood. We will offer all of our customers the direct personal attention they deserve. Our commitment to customer service and satisfaction assures us that our customers are 100% satisfied with our products and services.

## 1.3 Keys to Success

Our keys to making this venture a success is:

1. Maintaining our core-values to only provide a more sustainable quality to the Seafood produced by competitors
2. Maintain low operating costs.
3. Keep the supply chain to a minimum number of steps to ensure convenience for our target market.
4. Product freshness and quality.
5. Constant research of industry to keep knowledgeable of market needs.
6. Management: products delivered on time, professional customer service, managing budgets.
7. Constant evaluation of strengths and weaknesses with adjustments made as warranted.

# 2.0 Company Summary

The company is a startup that is be located in Illorin at Kwara state.

The location is vast, measuring about 2 hectares. In the land, we would erect a building which will serve as a hall for the materials. Warehouses/Cold room and other facilities will be built for the storage of the already processed seafoods.

The team has spent, in total, hundreds of man hours in the research and the development of the product and the method of production and that will bring high ROI.

We have studied and developed a fully functional method of producing quality Seafood.

As a team largely composed of personnel who are experienced and educated in the field of Seafood processing and, together we form a powerful unit.

## 2.1 Company Ownership

The company is 100% own by Adbanjo Ojo and Timilehin Olofin.

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## 2.2 Location and facilities

The factory is located at Illorin at Kwara state.

We are trading from this spot because is it a great place to reach our target market. We think the population base is large enough for our business and it has a stable economic base that ensures healthy environment for the products. Also we think it is a spot that could tap a healthy workforce. We also considered pedestrian traffic and we think a large percentage of them are potential customers. The location will help us reach customers in Lagos, Abuja, Port Harcourt and other neighboring states.

## 2.3 Start-Up Summary

This section of the plan shows projected startup costs.

Start-up expenses for SGR Frozen Seafoods include initial insurance payments covering both general liability and product liability, pre-launch marketing to cover flyers, a direct mail campaign, and advertisements in local papers, the development of a website for customer interaction, and the normal legal expenses for consultation and permitting. Other current assets include office and store furniture, shelving, a computer, phone system, and tools. Long-term assets include the land, building, equipment, delivery van among others.

We are hoping to get grant/loan or equity investment of N3,000,000 from xxx and the owner, Wealth will contribute N500,000. From our analysis, we are looking at a total startup budget of N3,500,000. Details are provided in the tables below.

### 2.4.1 Required Funds

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **SGR Frozen Seafoods** | | | |  |  |  |
| **Required Start-Up Funds for a New Business or** | | | | | |  |
| **Opening Balance Sheet for an Existing Business** | | | | | |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Required Start-Up Funds** | | | | **Amount** |  | **Totals** |
|  | **Fixed Assets** | | |  |  |  |
|  |  | **Land Property** | | ₦ 600,000.00 |  |  |
|  |  | **Buildings/Facilities** | | 1,000,000 |  |  |
|  |  | **Leasehold Improvements** | | - |  |  |
|  |  | **Equipment** | | 500,000 |  |  |
|  |  | **Furniture and Fixtures** | | 50,000 |  |  |
|  |  | **Vehicles** | | - |  |  |
|  |  | **Other Fixed Assets** | | 140,000 |  |  |
|  | **Total Fixed Assets** | | |  |  | 2,290,000 |
|  |  |  |  |  |  |  |
|  | **Operating Capital** | | |  |  |  |
|  |  | **Pre-Opening Salaries and Wages** | | 150,000 |  |  |
|  |  | **Prepaid Insurance Premiums** | | 10,000 |  |  |
|  |  | **Inventory** | | 10,000 |  |  |
|  |  | **Legal and Accounting Fees** | | 10,000 |  |  |
|  |  | **Rent Deposits** | | - |  |  |
|  |  | **Utility Deposits** | | - |  |  |
|  |  | **Raw Materials** | | 500,000 |  |  |
|  |  | **Advertising and Promotions** | | 50,000 |  |  |
|  |  | **Licenses** | | 30,000 |  |  |
|  |  | **Other Initial Start-Up Costs** | | 400,000 |  |  |
|  |  | **Working Capital (Cash On Hand)** | | 50,000 |  |  |
|  | **Total Operating Capital** | | |  |  | 1,210,000 |
|  |  |  |  |  |  |  |
| **Total Required Funds** | | | |  |  | ₦ 3,500,000.00 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Sources of Funding** | | | | **Amount** |  | **Totals** |
|  | **Owner's Equity** | | | 23.07% |  | 3,000,000 |
|  | **Outside Investors** | | | 76.93% |  | 13,000,000 |
|  | **Additional Loans or Debt** | | |  |  |  |
|  |  | **Commercial Loan** | | 0.00% |  | (13,780,000) |
|  |  | **Commercial Mortgage** | | 0.00% |  | 1,280,000 |
|  | **Credit Card Debt** | | | 0.00% |  | - |
|  | **Vehicle Loans** | | | 0.00% |  | - |
|  | **Other Bank Debt** | | | 0.00% |  | - |
| **Total Sources of Funding** | | | | 100.00% |  | ₦ 3,500,000.00 |
|  |  |  |  |  |  |  |
| **A line of credit is also required in the amount of** | | | | |  | **$ 12,304,369** |

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# 3.0 Product Description

We will offer our customers products and supplies (processed and well-packaged Seafood in various sizes for home usage and for commercial or industrial usage.

We will offer the supply of high quality and well-packaged Seafood to resellers/wholesale and companies in Nigeria.

Our distinctive unique selling point of providing quality Seafood and is well-processed and packaged that will be approved by NAFDAC and endorsed by Standard Organization of Nigeria and a product barcode at affordable price compare to our competitors quality and methods of Seafood production will be sufficient enough to secure our company survival in a competitive market.

We offer all of the above great products, while evaluating the desire and need by our customers for improvement and other products.

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# 4.0 Market Analysis Summary

We are a highly technical niche player offering the supply of strong product that is in great demand. We have identified that our target market are the brokers and distributors who have established relationships with large corporations who order Seafood on mass to be utilized in the production of their own goods for resale.

The Seafood processing unit has a very good prospect for surviving the market for industries. Firstly, most of the small scale industries in Illorin and its environs will patronize us. Wholesalers, hotels and Seafood sellers in the area can buy directly from us in bulk.

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## 4.1 Market Segmentation

We have identified the following segments which make up our market:

1. Distributors and Wholesalers: Since our major sales objective is business to business, we will sell more to wholesalers and distributors who will then sell to the final consumers.
2. Hotels and Restaurants: our potential customers in this segment include Hotels, Eateries and Restaurants. These companies want quality Seafood for industrial usage.
3. Food/Snack Production Industry: our potential customers in this segment include Bakeries which produce snacks and sausages which require Seafood as one of the major ingredient. Both of these brands have made a commitment to use only sustainable Seafood in their production.

## 4.2 Target Market Segment Analysis

Distributors and Wholesalers: This is potentially our greatest market opportunity. Distributors and Wholesalers buy in bulk and sell to small stores, for home use etc. This is a growing market in terms of its Seafood use. Therefore it seems logical to exploit this opportunity and devote the majority of our time and Seafood supply meeting this demand. This market will potentially be the basis of our growth.

Homes/Family: Seafood is presently needed in over 70% of homes in the locality. The growing demand for fish as a result of the increase in our population has contributed to the high demand of Seafood.

Food/Snack Production Industry: In the food industry, Seafood is used in the production of lots of snacks which include Sausages, Meat pie, Gala etc. About 85 % of the Seafood produced is used in the food industry globally.

## 4.3 Industry Analysis

The Seafood industry is characterized by a multi-step supply chain: Smallholders and large estate holders, traders, manufacturers, retailer. Unlike the end consumer, the big purchasing bodies of Seafood have full visibility of the supply chain.

## 4.4 Challenges Facing the Seafood Industry

The Seafood industry is faced with some challenges. Below are some of the common challenges that are faced by producer:

1. Inadequate storage facilities result in low rearing of Seafood in Nigeria.
2. Agriculture has suffered from years of mismanagement, inconsistent and poorly conceived government policies, and the lack of basic infrastructure.
3. Unavailability/high cost of pig feeds.
4. Outbreak/spread of disease making Seafood unfit for human consumption.

## 4.5 SWOT Analysis

|  |  |
| --- | --- |
| Strengths | Weaknesses |
| * Consistent quality: We will constantly produce Seafood that is of high quality. * Experience: The owner is highly experience with over 3years in the industry * Packaged Seafood: We produce a high ratio of healthy(saleable)Seafood | * Lack of funding: We will need up to N3m in fund to kick-start fully * No reputation yet: We haven’t established ourselves as a reputable firm yet. |
| Opportunities | Threats |
| * Customer Loyalty: Customers are looking company that produce quality and well packaged Seafood * Growing market: The Seafood market is growing and the demand is very high. | * Similar size plant: plant with similar plant have being in business * Weather: poor weather will adversely affect yield. * Power: The source of power is very vital in the sustenance of this business. Lack of power will adversely affect the business. |

## 4.6 External Environmental Analysis

Socio-cultural – habits of our consumers will definitely affect our business. Also, the success of food manufacturing, etc 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.

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.

Political – this will include government policies concerning inspection by the ministry of health and agencies like NAFDAC.

## 4.7 Competition and Buying Patterns

There has been a strong demand (sellers' market) for high quality and uniquely packaged Seafood for several years. Traditional buying patterns in this industry are based on quality, price, reputation of the producer, delivery times and proximity to markets. During such a sellers' market, buying patterns are often more influenced by availability.

The buying patterns of the different customers are typically based on these variables:

* Price
* Availability
* Ability to deliver consistently on long-term contracts
* Consistency.

### 4.7.1 Main Competitors

Currently, there is a shortage of 700,000 metric tons of Seafood in Nigeria, the demand is high and the local producers are unable to meet demand. In Imo state or the whole Nigeria, there are various competitors and will be grouped in three categories: Unregistered small scale piggeries, registered small scale piggeries and established or well-known brand in Nigeria and international. But the demand for Seafood is so high and the market is still buoyant.

Some of the competitors are

**Local farmers:**

These are local Seafood producers using non-mechanized or highly outdated rearing techniques. There are very common and they are scattered all over Imo State and the whole Nigeria.

**Well-Known Brand and Established Companies:**

1. Veronica Frozen Foods
2. Al-Huddah Frozen
3. Millennium Bamlek

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### Table: Market Analysis

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *Market Analysis* |  |  |  |  |  |
|  |  | 2015 | 2016 | 2017 |  |
| Potential Customers | Growth |  |  |  | CAGR |
| Distributors/wholesalers | 5% | 9,846 | 10,338 | 10,855 | 5.00% |
| Home Users/Family | 2% | 1,450 | 1,479 | 1,508 | 2.00% |
| Food manufacturers | 8% | 20,434 | 22,068 | 23,834 | 8.00% |
| **Total** | 6.63% | 31,730 | 33,885 | 36,197 | 6.63% |

## 4.8 Target Market Segment Strategy

Strategically targeting the entire market segment to increase sales, position our brand and build a good customer base. We will also carry out marketing activities assessments to determine how effective the strategies we will employ is to the success of the business.

From our analysis, we will focus more:

1. Distributors and Wholesalers: from our marketing plan we will have deep commitment to the segment. Base on over 5years experience working in this field, I have discovered that majority of the buyers are those that come from Lagos and Abuja to buy in large quantities and 25tons to go and resell in bulk again to medium scale buyer or directly to retailer. They will make up of our primary customers.
2. Our 2nd segment is Individuals: The demand for seafood by Individual homes is steadily increasing, we will make these segment one of our targets. This is because Seafood and associated products are needed by over 70% of homes and family.
3. The other segment we will target is food/snacks manufacturer.

## 4.9 Sales Strategy

We will use direct sales strategy. We will approach members of our target markets via phone and with direct visits. We will tell them about our current products and services, and then ask them clearly what we need to do to earn their business. We will listen to their desires and individual goals. We will then mirror back to them what they have said to be sure we understand their needs. Finally, we will create an individualized sales proposal with their specific needs (products, volumes, frequency, price, other services) included.

We will present the proposal as a written agreement ready for signature by both parties to begin doing business.

Details for each order will be entered into our customer database. Deliveries will be automatically scheduled through our point of sale/delivery database or base on customer’s specific requirement. Each customer price grid, conditions and all specific comments will be clearly maintained for all to review and to guarantee complete customer satisfaction. Each order will be reviewed by one of the owners prior to delivery to guarantee quality, accuracy and completeness. Terms for payment will be COD and an invoice for each shipment will be faxed or called to each customer the day prior to delivery to ensure payment is ready at the time of delivery. (This will all be part of the agreement terms.)

Follow up calls will go to each customer within 24 hours of each delivery to ensure satisfaction. If for any reason there is an issue, it will be handled immediately by one of the owners directly with the customer.

### 4.9.1 Sales Forecast

The sales forecast indicates that growth will be slow but steady. Growth will be slow because of the time and effort needed to develop the customers and build good customer base. The premier element to our financial plan is initiating, maintaining, and improving the factors that create, stabilize and increase our cash flow

There are a few risks that could have a negative impact on sales. The first is contaminated or bad Seafood. Another risk that could affect sales is some sort of poor packaging, poor quality among others. We have put in place measure to curtail these.

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#### Table: Sales Forecast

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Income | Year one | % | Year two | % | Year three |
| Products/Services | 16,640,000 |  | 28,300,000 |  | 32,875,000 |
| Total Income | 16,640,000 | 100.00% | 28,300,000 | 100.00% | 32,875,000 |

# 5.0 Strategy and Implementation Summary

Emphasize customer service  
We will differentiate ourselves with CUSTOMER SERVICE! We will establish our business as a clear and viable alternative for our target market, from the scores of competitors known for "do-it yourself," "no we don't offer that product," and "no delivery available."

Customer service is paramount in our business and our business plan. The management team will accomplish this goal by training employees and by providing encouragement.

The new management team of SGR Seafood believes that an employee who is happy at work will enjoy working. It is always easier to please customers with staff that cares, a facility that is clean and equipment that is kept in proper working order.

SGR Seafood will also work toward establishing community involvement programs that will demonstrate how the business can contribute to a better quality of community life. Community project groups such as

Focus on target markets  
We need to focus our offerings on specific population groups as the key market segment we should own. We definitely want to be able to sell to smart, quality conscious customers.

## 5.1 Competitive Edge

SGR Seafood has two competitive edges that will help them maintain strong growth rates, increasing their market penetration. The first edge is quality. SGR Seafood prides itself on the high quality Seafood that is well-processed with modern techniques and well-packaged. The products are produced from facility that is hygienic and any Seafood that does not meet high standards of quality are rejected as imperfects. SGR Seafood 's second competitive edge is their affordability. Affordable will be the driving force behind generating interest and sales. What also makes us unique is that we delivery on time at our customer’s location helping them to save time and money.

# 6.0 Marketing Strategy

Wealth Seafood will implement the following Marketing Strategies upon the business transfer in the following order:

1. Direct Marketing: we will personally market (sell face to face) our products to various Seafood dealers, companies etc
2. Customer Referral: we will provide customer incentives for direct referrals, in the form of price discounts.
3. Website Marketing: we will implement our web plan and review the outcome to determine the efficiency it has on our customer base.
4. Event Marketing: we will visit area agro events to hand out flyers, business cards, and product catalogs, and to meet potential customers face to face.

Through marketing our products in these ways, we project that SGR Frozen Seafoods’s will almost double its business within the first 2 years of new ownership.

## 6.1 Web Plan Summary

SGR Frozen Seafoods's website will enable us to offer customers current information on special sales, promos, new product releases, events, and public service announcements. We also plan on utilizing the Web to sell and market our products and services. An e-store will also be implemented into our web design, allowing customers to place orders for the feed they need right on our website. We will be able to accept and process check and credit card orders immediately online. Our customers will still have the options of paying by cash, check or money order as well.

## 6.2 Website Marketing Strategy

Our website will be promoted through the use of sponsor listings and affiliate memberships. Our site will be registered with all of the major search engines. We will also share links with our distributors and manufacturers.

## 6.3 Development Requirements

SGR Frozen Seafoods's website will be initially developed with few internal technical resources

# 7.0 Management Summary

The company's management is highly experienced and qualified, with seasoned investors. The company strives to hire qualified people who take pride in their work. The company's management philosophy is based on responsibility and mutual respect. SGR Frozen Seafoods Company maintains an environment and structure that encourages productivity and respect for customers and fellow employees.

The following subtopics outline both the management team, and its team of employees.

## 7.1 Organizational Structure

The Organizational Structure of Wealth’s Seafood is planned to be a simple and traditional one. All production and manufacturing operations will report to the COO. All administrative and finance functions will report to the CFO. Both the COO and CFO will report to the CEO, who will also have the responsibility for Sales and Marketing.

## 7.2 Management Team

Adbanjo Ojo: Chief Executive Officer:

As the top manager, the CEO, he is responsible for the entire operations of the company. It is his responsibility to implement decisions and initiatives and to maintain the smooth operation of the company, with the assistance of the management team

Timilehin Olofin: Chief Financial Officer:

Also reporting directly to the CEO, she is responsible for analyzing and reviewing financial data, reporting financial performance, preparing budgets and monitoring expenditures and costs. The CFO routinely checks the corporation's financial health and integrity.

## 7.3 Personnel Plan

SGR Frozen Seafoods is responsible to its employees, the men and women who work with the company throughout the state. At SGR Frozen Seafoods, everyone is considered as an individual; the company respects their dignity and recognizes their merit. Employees are encouraged to have a sense of security and pride in their jobs. Additionally, employees are free to make suggestions and complaints. The company affords equal opportunity for employment, development, and advancement for those qualified

# 8.0 Financial Plan

## 8.1 Important Assumptions

This business plan was developed for SGR Frozen Seafoods assuming the following:

* Steady growth from good management, barring any unforeseen local or national disasters such as...
* An adequate loan amount to allow for initial implementation of plans.
* Competition and buying patterns remain similar to those used for forecasting.
* Existing customer base maintained.
* Market research is on target and current (received from different state organizations).
* New customers will be gained through direct sales and advertising.
* VAT is 5%.

## 8.2 Break-even Analysis

Break-even is based on fixed costs of approximately…