

BUSINESS PLAN

Poultry production (Meat Production)



Introduction



The business plan is shared to help you clearly understand the opportunity in the broiler meat production.

Please use carefully after considering the current prices on Afrimash.com as well as market rate for sales of your birds after production.

Executive Summary

The agricultural industry of which poultry farming and egg production is a subset of is no doubt among the leading industry in most countries of the world, Nigeria inclusive. It is the industry that produces chicken and eggs for the populace. Because of the significant role the agriculture sector plays, the government of most countries ensures that they go all the way to subsidize seedlings, fertilizers, and farming implements and machinery for farmers and also encourage entrepreneurs to go into commercial farming (poultry farming inclusive).

Hens, various birds, quails, guinea fowls, ducks et al are all birds that can be comfortably reared in a poultry farm. Chicken and birds are widely consumed in all parts of the world hence there is a large market for poultry farmers. If you are looking towards starting a livestock breeding business, then one of your options is to settle for poultry farming

The Poultry Industry is indeed a very large industry and pretty much thriving in all parts of the world especially in developed countries such as United States of America, Canada, United Kingdom, Germany, Australia and Italy et al and getting more exposure and attention in developing countries like Nigeria. A report released in 2015 stated that the Nigerian poultry industry is estimated at ₦80 billion (\$600 million) and is comprised of approximately 165 million birds, which produced 650,000 metric tonnes of eggs and 290,000 metric tonnes of poultry meat in 2013 which could have increased over the course of 4 years. From a market size perspective, Nigeria's egg production was estimated in 2015 to be the largest in Africa (South Africa is the next largest at 540,000 metric tonnes of eggs) and it has the 2nd largest chicken population after South Africa's 200 million birds. But despite this humongous numbers, the poultry products produced by the country is yet insufficient for the populace.

Executive Summary

This invariably means, we still depend on importation to make ends meet in poultry consumption in the country. According to the Food and Agricultural Organization of the United Nations (FAO), “growing populations, economies and incomes are fueling an ongoing trend towards higher consumption of animal protein in developing countries.” FAO forecasts that Nigerians are expected to consume two thirds more animal protein, with meat consumption rising nearly 73% by 2020. With this projection, we can thus induce that poultry farming is a business of the past, the present and of the future.

The company shall be established for raising and management of commercial meat- type chickens (broiler). This would be achieved by procuring; 1500 broiler Day Old Chicks for broiler production. They would be brooded for 2 weeks, fed and necessary medications administered. The rearing will last for 12 weeks after which they would be sold live to off-takers in bulk, where they will be slaughtered, processed and packaged for resale, sold to supermarkets or processed and grilled for sales. The farm will kick off with 1,500 birds with an estimated total cost of **3,087,500Naira**, yielding a profit of N 1,565,600 Naira respectively per cycle and a cumulative net profit after tax of **N 3,811,400..00** in its first year of operation.

INDUSTRY ANALYSIS

The broiler industry

The plan to venture into poultry is to cause an increment in the meat production and protein consumption. The commencement strategy is to start with 1500 broiler chickens for broiler production. These birds shall be transported by night from hatchery to the farm in Ogun State. They would be housed, fed and watered ad libitum (meaning continuously) day and night for 6 to 8 weeks. The birds at the target maturity shall be harvested by a processing company who will come in with their vehicle, weigh live, issue invoice and pack to transport to their processing plant, sold as chicken cuts or whole to supermarkets, hotels, restaurants. They can also be sold live or slaughtered, packaged and sold as frozen food. The innovation in the broiler production will be organized as follows

Marketing:

The broiler producers will have to produce a quality that is preferred by their potential buyers and that is above usual market standards. There will be need for periodic market research to maintain customer conformity and determine current preferences. The producers will also go out to supermarkets and advertise their special broiler through tasting and giving free samples. Pamphlets will also be distributed at strategic points

.Project description

The project aims to produce 1500 organically raised quality broiler chickens that meet the customers' expected standards. The fowl run space to contain 1500 broilers comfortably will be rented. Clean water supply will be from a good and hygienic water source.

Marketing strategy

The findings from the market analysis revealed that some customers do not like the taste of imported chickens. They were described as fatty and tasteless. This finding underscores a need to augment efforts of the local broiler producers and to increase the supplies of home grown broilers. In addition, this establishment has to take an additional step to produce a quality broiler that their potential buyers want.

ABUBAKAR Bosedede Emeka – CEO of Abubakar and Sons Enterprises.

Please insert short Bio

EMEKA Abubakar Bosedede – Adviser on farm matters

Please insert short Bio

BOSEDE Emeka Abubakar – Veterinary doctor

Please insert short Bio

MEMBERS OF THE BUSINESS TEAM

PROJECTED FINANCIAL STATEMENTS

1. List of consumables

S/N	CONSUMABLE	DESCRIPTION/ USES	KEY SUPPLIER/SOURCES
1	Broiler Starter and grower Feed	Broilers eat starter feed from day old to 3 or 4 weeks of age	Commercial feed company
2	Broiler Finisher feed	Broilers eat finisher feed from 3 or 4 weeks to 6 or 8 weeks of age	Commercial feed company
3	Vaccines & Drugs	Vaccination is done for prevention of diseases and drugs are to control diseases	Veterinary stores

2. Product equipment/Capital expenses

List of capital equipment and their depreciation table

	ITEMS	QTY. REQUIRED	UNIT VALUE	PRICE
1	Big plastic	4	1000	4,000
2	Elepeaq Constant 4.5KVA Key Start Generator	1	45,000	45,000
3	Energy saving bulb	10	800	8,000
4	Switch	4	500	2000
5	Plastic drum (180L)	2	12,000	24,000

6	COLMAN Wire , clip, lamp holder	200 X 50 yards	10,000, +1200+2000	12,600
7	Jato Knapsack sprayer	1	10,000	10,000
8	Workmanship (electrical installation)		10,000	10,000
9	Pen Rent	1	120,000 per year	120,000
10	Chick tray feeders	60	250	15,000
11	Plastic hanging feeders	50	1200	60,000
12	Chick drinkers	60	250	15,000
13	Adult drinkers (10 L)	50	1000	50,000
14	Rechargeable torchlights	4	1500	6,000
15	Top loading digital scale (150kg)	1	35,000	35,000
16	Big coal pots	3	45000	45,000
17	Farm boots	4	1500	6000
18	Bathroom slippers	3 pairs	300	900
19	Shovel, wheel barrow	5 pairs	5000 + 10,000	15,000
	TOTAL			483,000

PROJECTED FINANCIAL STATEMENTS

A. Initial Operating Cost (Procurement, Feeding and Medications) (JAN –APRIL) (OCT- DECEMBER)

S/N	Item	Description	Units required	Unit cost	Total value
1.	Chicks	Broiler DOC	1500	250	375,000
2.	Feed stock	Starter: Week 1 to Week 4= 2 kg/bird Grower/Finisher: Week 4 to Week 10 = 6 kg/bird	Starter: 2 x1500=3000kg. 3000kg/25kg = 120 bags Finisher: 2.5x1500=900kg. 9000kg/25kg = 360 bags	Starter/bag (formulated)=3800; 3800x120bags= 456,000 Finisher/bag (formulated)=3500; 3500x360= 1,260,000	456,000 1,260,000
3.	Medication	Estimated lump sum for medications and vaccinations			120,000
4.	Charcoal	For brooding	10 bags	2000	20,000
5.	Moriguard	Disinfectant	1 (5L)	10000	10,000
6.	Miscellaneous				50,000
7.	Insurance	National Agricultural Insurance Commission (NAIC) at 2.5% premium		37,500	37,500
8.	Shaving, petrol				40,000
	TOTAL				2,368,500

NB:

** Prices of DOC vary. It sometimes goes as high as 390 naira per bird, and can be as low as 150 naira per bird.*

**Feed prices increase and decrease based on current market prices of feed ingredients.*

A. Personnel

S/N	Position	No	Salary/month	Remuneration/phase (8 weeks)
1.	CEO	1	20,000	60,000
2.	Veterinary doctor	1	20,000	30,000
3.	Pen attendant	2	15,000	90,000
4.	Security	1	15,000	45,000
	TOTAL			225,000

NB: The Veterinary doctor will be paying a visit thrice per production cycle (#10,000 per visitation).

AA. TOTAL REQUIRED STARTUP CAPITAL ESTIMATE
(A year pen rent calculation)

	Item	Description	Total Amount
1	Fixed Expenses (Equipment)	Value of equipment from Item C.	483,000
2	Fixed Expenses	Legal requirements	11,000
3	Initial operating expenses	Procurement, Feeding and Medications	2,368,500
4	Salary expenses	Staff Logistics	225,000
	Total		3,087,500

AB. SUMMARY OF TOTAL REQUIRED STARTUP CAPITAL ESTIMATE

Total operating cost (Articles 3 and 4 in AA)	2,593,500
Total fixed expenses (Articles 1 and 2 in AA)	494,000
Total cost	3,087,500

COST BENEFIT ANALYSIS (JAN–APRIL) (OCT- DECEMBER).

Cost and revenue analysis for PHASE 1 and 4

*NB: maturity in this write- up depicts birds that are up to 10 - week- old,
unless otherwise stated*

Mortality is a normal occurrence in livestock business.

Assuming a mortality rate of 3 %, $0.03 \times 1500 = 45$ birds is estimated to be lost due to mortality, thereby remaining 1455 birds estimated to attain maturity.

At the beginning, we will be partnering with a bigger breeder pen who packs at the end of the 10th week at the rate of 750 naira per kg.

It is estimated that the birds will attain an average weight of 4 kg/bird at maturity, thereby accruing a sale of 3,000 naira per bird.

Therefore, Revenue = $1455 \times 4 \times 750 = 4,365,000$ Naira

Total operating expenses = **2,593,500 Naira**

Gross profit = **4,365,000 Naira - 2,593,500 Naira = 1,771,500 Naira**

Fixed expenses = **494,000 Naira**

Depreciation on fixed cost is spread over 4 production phases (1 year). Therefore, depreciation per phase = $494,000 / 4 = 123,500$ Naira

Net profit (before tax) = Gross profit – Depreciation = **1,771,500 Naira – 123,500 Naira = 1,648,000 Naira**

Income tax at 5 % of profit = **5 % of 607,875 Naira = 82,400 Naira**

Net profit (After tax) = **607,875 Naira - 82,400 Naira = 525,475 Naira**

Therefore, Net profit/ cycle = 525,475 Naira

A. Initial Operating Cost (Procurement, Feeding and Medications) (June - Aug)(Aug-Sept)

B.

S/N	Item	Description	Units required	Unit cost	Total value
1.	Chicks	Broiler DOC	1500	250	375,000
2.	Feed stock	Starter: Week 1 to Week 3= 1.5kg/bird Grower/Finisher: Week 4 to Week 6 = 2.5kg/bird	Starter: 1.5x1500=2250kg. 2250kg/25kg= 90bags Finisher: 2.5x1500=3750kg. 3750kg/25kg = 150 bags	Starter/bag (formulated)=3800; 3800x90bags= 342,000 Finisher/bag (formulated)=3750; 3750x150=350,000	342,000 562,500
3.	Medication and vaccination	Estimated lump sum for medications and vaccinations			80,000
4.	Charcoal	For brooding	12 bags	2000	24,000
5.	Moriguard	Disinfectant	1 (5L)	10000	10,000
6.	Miscellaneous				30,000
7.	Insurance	National Agricultural Insurance Commission (NAIC) at 2.5% premium		37,500	37,500
8.	Shavings and petrol				50,000
	TOTAL				1,551,000