

CHRISTIAN SERVICE UNIVERSITY COLLEGE

KUMASI

DEPARTMENT OF BUSINESS STUDIES
BACHELOR OF BUSINESS ADMINISTRATION

ADEPA PALM OIL COMPANY LIMITED
BUSINESS PLAN

BY

ODURO LINDA OBENEWAAH
OBENG ASAMOAH MARGARET
NYAMEKYE ADWOA TIWAA
DARKO PATIENCE MINTAA
DICKENS LORDINA

DECEMBER, 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE
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DEPARTMENT OF BUSINESS STUDIES
BACHELOR OF BUSINESS ADMINISTRATION

ADEPA PALM OIL COMPANY LIMITED
BUSINESS PLAN

A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS
STUDIES OF
CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE COURSE
CSAD 443 TEAM BUSINESS PROPOSAL

BY

ODURO LINDA OBENEWAH
OBENG ASAMOAH MARGARET
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DECEMBER, 2011



PALM OIL COMPANY LIMITED

EXECUTIVE SUMMARY

Adepa Palm Oil Company limited is a Small Scale business born out of desire and concern of five main intellectual people to bring out a well packaged palm oil in a hygienic environment and also its distribution.

Adepa Palm Oil Company will be located at Apemso in Juaben near Juaben Oil Mills in Ashanti Region.

Our vision is to become a leader in the packaging and distributing of affordable, quality and accessible palm oil in Ashanti Region and beyond.

The Corporate Objective is to promote our local Palm Oil through creativity and innovative packaging and also to promote healthy living through the consumption of Adepa Palm Oil.

The funding of the business plan will be contributed equally by five members of the Company.

Adepa Palm Oil Company limited is a new business and intends to be registered in January 2012 in Ashanti Region.

Our target market will be Senior High Schools in Kumasi and also super markets and retail shops. We plan to focus more on the Senior High Schools to create awareness for a start, we will then proceed to super markets and other retail shops.

Since our business is new and has huge competition in the local markets, we will try to give good quality at competitive prices and this will help us to increase our market share and achieve higher sales. Once we achieve this objective then we try to charge higher price for our customized

products for value addition. We will advertise through personal selling and also through radios, coupons and flyers.

From our projected financial statements, it shows clearly that Adepa Palm Oil Company will be able to breakeven within the first year. Also ROCE figures are 28.92%, 30.94% and 29.94% respectively for the 3years. A positive Net Present Value is an indication that the business is viable.

MISSION STATEMENT

Our mission is to offer affordable and quality palm oil with its natural taste and to repackage palm oil in a more convenient way.

VISION STATEMENT

To be a leader in distribution of affordable, quality and accessible palm oil in Ghana and even beyond the borders of country by the next three years.

CORPORATE OBJECTIVE

To promote our local Palm Oil through creativity and innovative packaging and also to promote healthy living through the consumption of Adepa Palm Oil.

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ADEPA PALM OIL COMPANY LIMITED

5.2 PROJECTED INCOME STATEMENT FOR A PERIOD OF THREE YEARS

	2012	2013	2014
	GH¢	GH¢	GH¢
Sales	290,400.00	447,216.00	525,926.00
Less cost of sales	<u>199,790.75</u>	<u>329,472.35</u>	<u>378,903.19</u>
Gross profit	90,609.25	117,743.65	147,022.81
Less admin. selling and dist.	<u>32,383.75</u>	<u>33,113.75</u>	<u>36,363.75</u>
Operating profit	58,225.50	84,629.90	110,659.06
Less finance cost	<u>100.00</u>	<u>120.00</u>	<u>200.00</u>
Net profit	<u>58,125.50</u>	<u>84,509.90</u>	<u>110,459.06</u>

ADEPA PALM OIL COMPANY LIMITED

5.3 BREAKEVEN ANALYSIS

Administrative expenses	30,505.00
Fixed Asset	19,787.50
Overhead	<u>715.75</u>
Fixed cost	51,008.25
Production cost	223,990.00

51008.3

7425

6.8698 per 20 litres

223990

7425

30.167 per 20 litres

unit cost

37.0368

Break even = Fixed cost

Contribution

Contribution = Selling - variable cost

51008.3

44-30.167

51008.3

13.833

Break even = 3687 UNITS OF 20 LITRES

Breakeven in sales= 3687*44

GH¢162228

162228 * 12

290400

6.7 months

ADEPA PALM OIL COMPANY LIMITED

5.4 PROJECTED CASHFLOW STATEMENT OF A THREE YEAR PERIOD

	2012	2013	2014
	GH¢	GH¢	GH¢
Sales	290,400.00	447,216.00	525,926.00
Capital	<u>150,000.00</u>	=	=
Total inflows	440,400.00	447,216.00	525,926.00
Less outflows:			
Raw materials	213,840.00	329,313.60	329,313.60
Drect allowances	4,950.00	5,400.00	5,940.00

Direct expenses	5,200.00	6,600.00	6,600.00
Factory overhead	715.75	1,237.75	1,349.75
Admin. selling & dist.	30,405.00	29,085.00	32,335.00
Finance cost	100.00	120.00	200.00
Delivery van	-	-	-
Computer & Equipment	-	5,500.00	-
Plant & Machinery	<u>19,787.50</u>	15,000.00	-
Total outflow	<u>274,998.25</u>	<u>392,256.35</u>	<u>375,738.35</u>
Difference	165,401.75	54,959.65	150,187.65
Bal b/d	-	165,401.75	220,361.40
Difference for the year	165,401.75	220,361.40	370,549.05

ADEPA PALM OIL COMPANY LIMITED

5.5 PROJECTED STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2012,2013 &2014

	2012	2013	2014
	GH¢	GH¢	GH¢
Non-current asset	17,808.75	34,280.00	30,251.25
Current asset:			
Inventory: Finished goods	24,915.00	37,994.00	2,294.16
Cash and Bank	<u>165,401.75</u>	<u>220,361.40</u>	<u>370,549.05</u>
	<u>208,125.50</u>	<u>292,635.40</u>	<u>403,094.46</u>
FINANCED BY:			
Capital	150,000.00	150,000.00	150,000.00
Income Surplus	<u>58,125.50</u>	<u>142,635.40</u>	<u>253,094.46</u>
	<u>208,125.50</u>	<u>292,635.40</u>	<u>403,094.46</u>

APPENDIX

ADEPA PALM OIL COMPANY LIMITED

COMPUTATION OF PURCHASE PRICE

	2012	2013	2014
	GH¢	GH¢	GH¢
List price	20.80	22.00	22.00
Transport and handling	<u>8.00</u>	<u>8.24</u>	<u>8.24</u>
	<u>28.80</u>	<u>30.24</u>	<u>30.24</u>

PURCHASE PRICE OF PALM
OIL

Cost per 20 litres GHC 28.80

2012

MONTH	LITRES	AMT GH¢
Jan-March	16500	23,760.00
April-June	33000	47,520.00
July-Sept	49500	71,280.00
Oct-Dec	<u>49500</u>	<u>71,280.00</u>
	<u>148500</u>	<u>213,840.00</u>

2013

Cost per 20 litres GH ¢30.24

MONTH	LITRES	AMT GH¢
Jan-March	54450	82,328.40
April-June	54450	82,328.40

July-Sept	54450	82,328.40
Oct-Dec	<u>54450</u>	<u>82,328.40</u>
	<u>217800</u>	<u>329,313.60</u>

2014

Cost per 20 litres GH ¢30.24

MONTH	LITRES	AMT GH¢
Jan-March	54450	82,328.40
April-June	54450	82,328.40
July-Sept	54450	82,328.40
Oct-Dec	<u>54450</u>	<u>82,328.40</u>
	<u>217800</u>	<u>329,313.60</u>

PROJECTED SALES

Price per 20 litres GH ¢ 44.00

2012

MONTH	LITRES	AMT GH¢
Jan-March	14667	32,267.00
April-June	29333	64,533.00
July-Sept	44000	96,800.00
Oct-Dec	<u>44000</u>	<u>96,800.00</u>
	<u>132000</u>	<u>290,400.00</u>

2013

5% increase

Price per 20 litres GH ¢46.20

MONTH	LITRES	AMT GH¢
Jan-March	48400	111,804.00

April-June	48400	111,804.00
July-Sept	48400	111,804.00
Oct-Dec	<u>48400</u>	<u>111,804.00</u>
	<u>193600</u>	<u>447,216.00</u>

2014

12% increase

Price per 20 litres GH ¢ 51.744

MONTH	LITRES	AMT GH¢
Jan-March	50820	131,481.50
April-June	50820	131,481.50
July-Sept	50820	131,481.50
Oct-Dec	<u>50820</u>	<u>131,481.50</u>
	<u>203280</u>	<u>525,926.00</u>

PRODUCTION OVERHEAD

	2012	2013	2014
	GH¢	GH¢	GH¢
Rent	120.00	132.00	144.00
Maintenance 2% of F.A	395.75	805.75	805.75
Utilities	<u>200.00</u>	<u>300.00</u>	<u>400.00</u>
	<u>715.75</u>	<u>1,237.75</u>	<u>1,349.75</u>

DIRECT ALLOWANCES

3 Operations staff

2012	2013	2014 10% increase
3*11*150	3*12*150	3*12*165
<u>4,950.00</u>	<u>5,400.00</u>	<u>5,940.00</u>

DIRECT EXPENSES

	2012	2013	2014
Containers and design	5,200	5,500	5,500
Cost of container	<u>1.00</u>	<u>1.20</u>	<u>1.20</u>
	<u>5,200.00</u>	<u>6,600.00</u>	<u>6,600.00</u>

PROJECTED PRODUCTION COST FOR A THREE YEAR PERIOD

	2012	2013	2014
	GH ¢	GH ¢	GH ¢
Direct materials	213,840.00	329,313.60	329,313.60
Direct allowances	4,950.00	5,400.00	5,940.00
Direct expenses	<u>5,200.00</u>	<u>6,600.00</u>	<u>6,600.00</u>
Prime cost	223,990.00	341,313.60	341,853.60
Overheads	<u>715.75</u>	<u>1,237.75</u>	<u>1,349.75</u>
Production cost	<u>224,705.75</u>	<u>342,551.35</u>	<u>343,203.35</u>

TOTAL COST OF PRODUCTION

	2012	2013	2014
Cost	224,705.75	342,551.35	343,203.35
QUANTITY	148,500	217,800	217,800

Cost per litre	1.51	1.57	1.58
20 litres	<u>20</u>	<u>20</u>	<u>20</u>
Cost per 20 litre	<u>30.20</u>	<u>31.40</u>	<u>31.60</u>

VALUATION CLOSING
INVENTORY

2012

MONTH

Jan-March	$1833 \times 1.51 = 2768$
April-June	$3667 \times 1.51 = 5537$
July-Sept	$5500 \times 1.51 = 8305$
Oct-Dec	$5500 \times 1.51 = 8305$

24915

2013

MONTH $6050 * 1.57 = 9498.5$

Jan-March $6050 * 1.57 = 9498.5$

April-June $6050 * 1.57 = 9498.5$

July-Sept $6050 * 1.57 = 9498.5$

Oct-Dec $6050 * 1.57 = 9498.5$

37994

2014

MONTH $3630 * 1.58 = 5735.4$

Jan-March $3630 * 1.58 = 5735.4$

April-June $3630 * 1.58 = 5735.4$

July-Sept $3630 * 1.58 = 5735.4$

Oct-Dec $3630 * 1.58 = 5735.4$

2294.13

COST OF SALES

	2012	2013	2014
	GH¢	GH¢	GH¢
Opening inventory	-	24,915.00	37,994.00
Production cost	<u>224,705.75</u>	<u>342,551.35</u>	<u>343,203.35</u>
	224,705.75	367,466.35	381,197.35
Less closing inventory	<u>24,915.00</u>	<u>37,994.00</u>	<u>2,294.16</u>
	<u>199,790.75</u>	<u>329,472.35</u>	<u>378,903.19</u>

ADMINISTRATIVE SELLING AND FINANCIAL EXPENSES

	2012	2013	2014
	GH¢	GH¢	GH¢
Allowance	3,300.00	3,600.00	3,960.00
Fuel	-	840.00	1,000.00
Maintenance	-	400.00	600.00

Lubricant	-	100.00	300.00
Registration	150.00	-	-
Recruitment	100.00	-	-
Water expense	120.00	140.00	150.00
Management allowance	20,575.00	21,825.00	21,825.00
Fire extinguisher	500.00	-	-
Office rent	360.00	380.00	400.00
Promotional cost	2,200.00	1,200.00	700.00
Office power	300.00	200.00	200.00
Planning and lunching	1,300.00	-	-
Research and development	-	-	1,000.00
Incentives to staff	-	-	1,800.00
Transportation	1,500.00	-	-
Finance cost: Bank charges	100.00	120.00	200.00
Insurance	-	400.00	400.00
Depreciation: Plant & machinery	1,978.75	1,978.75	1,978.75

Computers & Equipment	-	550.00	550.00
Delivery van	=	<u>1,500.00</u>	<u>1,500.00</u>
		<u>32,483.75</u>	<u>36,563.75</u>

PROJECTED FIXED ASSET SCHEDULE

2012

	Plant Equipment	& Delivery van	Total
	GH¢	GH¢	GH¢
Cost	19,787.50	-	19,787.50
Additions	=	=	=
	19,787.50	-	19,787.50
Disposal	=	=	=
	19,787.50	-	19,787.50
Depreciation 10%	<u>1,978.75</u>	=	<u>1,978.75</u>
NBV	<u>17,808.75</u>	=	<u>17,808.75</u>

2013

Plant & Equipment	Computers & equipment	Delivery van	Total
GH¢	GH¢	GH¢	GH¢
19,787.50	5,500.00	15,000.00	40,287.50
=	=	=	=
19,787.50	5,500.00	15,000.00	40,287.50
-	-	-	-
19,787.50	5,500.00	15,000.00	40,287.50
<u>3,957.50</u>	<u>550.00</u>	<u>1,500.00</u>	<u>6,007.50</u>
<u>15,830.00</u>	<u>4,950.00</u>	<u>13,500.00</u>	<u>34,280.00</u>

2014

Plant & Equipment	Computers & equipment	Delivery van	Total
GH¢	GH¢	GH¢	GH¢
19787.5	5500	15000	40287.5

<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
19787.5	5500	15000	40287.5
0	0	0	0
19787.5	5500	15000	40287.5
<u>5936.25</u>	<u>1100</u>	<u>3000</u>	<u>10036.25</u>
<u>13851.25</u>	<u>4400</u>	<u>12000</u>	<u>30251.25</u>

INVESTMENT APPRAISAL

NET PRESENT VALUE

Year	Net cash flow	Discount factor 25%	Present value
2011	-150000	1	-150000
2012	165401.75	0.8	132321.4
2013	54959.65	0.64	35174.18
2014	150187.65	0.51	<u>76595.7</u>
			<u>94091.28</u>

RETURN ON CAPITAL EMPLOYED

PBIT *100

CAPITAL EMPLOYED

2012	2013	2014
<u>58225.5+1978.75 *100</u>	<u>84629.9+6007.50 *100</u>	<u>110659.06+10036.25*100</u>
208125.5	292635.4	403094.46
<u>60204.25*100</u>	<u>90637.4</u> *100	<u>120695.31*100</u>
208125.5	292635.4	403094.46
28.92%	30.97%	29.94%

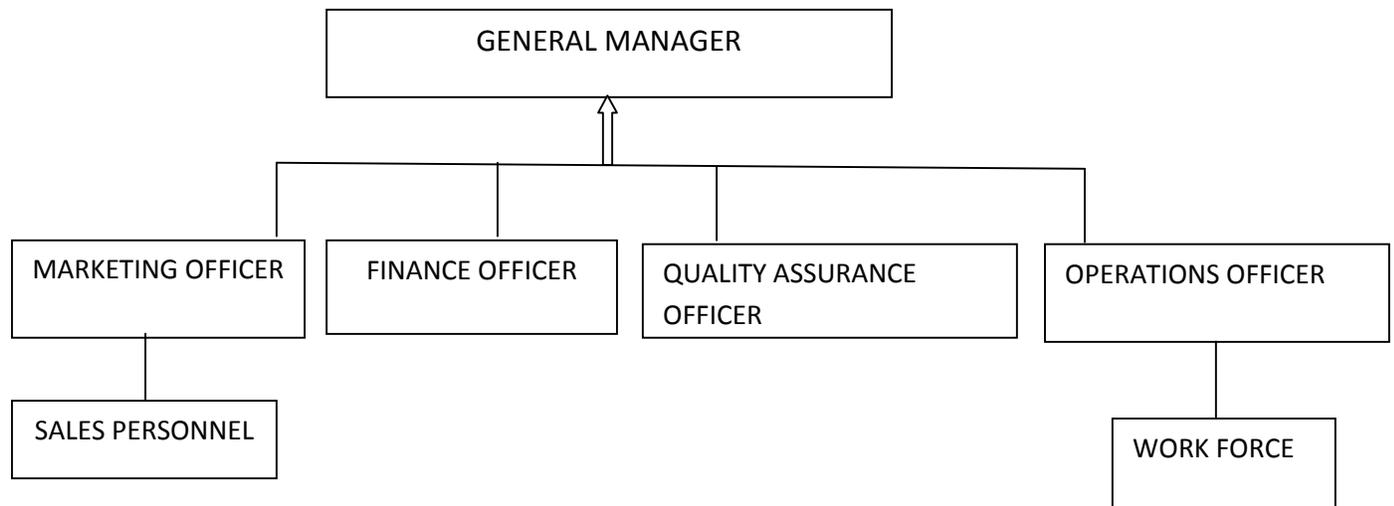
NET PROFIT MARGIN

2012		2013		2014	
		<u>Net profit</u>			
<u>Net profit *100</u>		<u>*100</u>		<u>Net profit *100</u>	
Sales		Sales		Sales	
<u>58125.5</u>	*100	<u>84,509.90</u>	*100	<u>110459.06</u>	*100
290400		447216		525926	
20%		19%		21%	

1.0 ORGANISATION

Adepa Palm Oil Company Limited is a Small Scale Business that we intend to register in January, 2012 in Ashanti Region under the Registrar General's Department before commencement. The proposed date to begin operation is March 2012. The capital start-up will be US \$100,000 which is equivalent to GHc150, 000 and will be contributed equally by members. Adepa Palm Oil Company will be located at Apemso in Juaben near Juaben Oil Mills in Ashanti Region.

Figure 1.1: Organizational Chart of Adepa Palm Oil Company Limited



2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE

2.1 PRODUCT IDEA

The formation of Adepa Palm Oil Company was motivated by our desire to add value to the taste, packaging, distribution and convenient way of handling one of the most nutritious and healthy palm oil Ghana can ever have. Although Ghana has multiple palm species, ranging from local palm nuts to other species locally called agric, it is only marketed locally to consumers in poor quality in terms of taste and package. However, the way many sellers package palm oil are outmoded, unhealthy and very uncomfortable to handle.

We have as well notice the health benefit which many Ghanaians may not be aware of. The main product of this Company is Adepa palm oil which is mainly use for cooking. Adepa palm oil will be package in more hygienic environment with the right percentage of 2% free fat acid (FFA). It will be well package in clean bottles and sachets. The 2% free fat acid in the palm oil has a lot nutritional and health benefits as compared to others sold in the markets. Palm Oil is 15 times richer in beta-carotene than carrots. Beta – carotenes are very important form of vitamin A that help protect our body against many diseases like heart attack, cataracts, cancers, blood disorders and help maintains good skin and fertility.

The vitamin A also helps in ensuing good vision and prevents night blindness and many other types of eye problems. Therefore, we recognize this great potential to improve on the taste, package and distribution of palm oil to the Ghanaian market. Recently, the Ghanaian Market is not supplying the super markets and mini shops with a well packaged palm oil but rather done in an unhygienic way. This is the major problem that the company intends to solve through packaging and distribution of palm oil.

Figure2.1: Realization of Schedule of Adepa Palm Oil Co. Ltd

NUMBER OF SCHEDULES	ACTIVITY	PERIOD	RESPONSIBILITY
1	PLANNING a) Registration b) Office location and equipment set - up. c)) recruitment	January – February 2012	General manager Operation officer Human Resource
2	PURCHASE RAW MATERIALS	January 2012	Operation Officer
3	TEST MARKET	March 2012	Marketing officer
4	LAUNCHING	April 2012	Marketing officer
5	PRODUCT ENTRY	April 2012	Marketing officer

3.0 MANAGEMENT TEAM

3.1 MANAGEMENT CREDENTIALS AND EXPERTISE

Adepa Palm Oil Company Limited intends to use competent staff that will render quality product and services to our target customers and these staff members are discussed as follows.

3.1.1 General Manager

Mrs. Margaret Obeng Asamoah was an Auditor at the Audit Service with eight (8) years working experience. She has ACCA part 1 and she is currently studying a degree in Business Administration with accounting option at Christian Service University College. She is also a legal practitioner.

Roles:

Ensure that procedures or business plan are being followed.

Track schedules, budget and moralize the team plan and decide what to get done.

Prepare financial statement and make financial forecast.

3.1.2 Operations Officer

Adwoa Tiwaa Nyamekye has a diploma in human resource and was an assistant operation manager of Nestle Ghana Limited. Her competence and good public relationship will be the right attitude for the successful running of our business. She is currently studying Business Administration with option in Human Resource in Christian Service University College.

Roles:

To recruit new applicants to the company.

To supervise and manage teams of operations staff and activities.

Making available raw materials (palm oil) for packaging and distribution.

Drawing of compensation programmes and reward systems

3.1.3 **Marketing officer**

Patience Mintaa Darko has a marketing experience with proven record of achieving result over the years as an assistant marketing officer at Wilmar Africa Limited (producer of frytol). She has good tremendous skills and can do attitude. She is currently studying a degree in Administration with marketing option in Christian Service University College.

Roles:

Ensures that target customers needs are integrated in the product design.

Setting the pricing of product, thus maintaining increase or decrease price, set discounts, packaging etc

3.1.4 **Finance Officer**

Linda Obenewaah Oduro holds a diploma in Entrepreneurship and Finance and therefore has knowledge in approving of projects that would be undertaken. She is currently studying a degree in business Administration with Banking and Finance option in Christian Service University College.

Roles:

Responsible for approving various projects that would be undertaken by the firm.

Responsible for allocating funds for administrative duties

Analysis and management of Risk.

3.1.5 **Quality Assurance and Technical Officer**

Lordina Dickens has a diploma in Total Quality Management. She was an assistant quality assurance and technical officer at Juaben Oil Mills. She is currently undergoing a degree

programme in Business Administration with accounting option in Christian Service University College.

Roles:

Responsible for strategic plan implementation of quality control procedures.

Supervises quality assurance personnel and is responsible for budget and allocating resource for a division or branch.

Provide procedural guidance of various processes within the organization concerning quality control and testing of free fat acid (FFA).

4.0 MARKETING ANALYSIS

4.1 BUSINESS SYSTEMS AND OPERATIONS

Adepa Palm Oil Company Limited will run its business as a main distributor and packaging of palm oil in a hygienic environment. The company will have an agreement in the form of a contract with Juaben Oil Mills where raw materials (palm oil) would be collected and packaged well in order to distribute to the target market.

Adepa Palm Oil Company is located at Apemso which is close Juaben Oil Mills. Juaben Oil Mills is a well known Company that deals in the production of palm oil thus extracting the oil from the palm fruits collected from three main sources namely Juaben farms, Out Growers and private individuals. Their main business is to refine the palm oil in a form of vegetable oil.

Since the peak season for palm fruit is from March – August and also lean season from September – February, raw materials would always be available and enough for the consumption of the two companies.

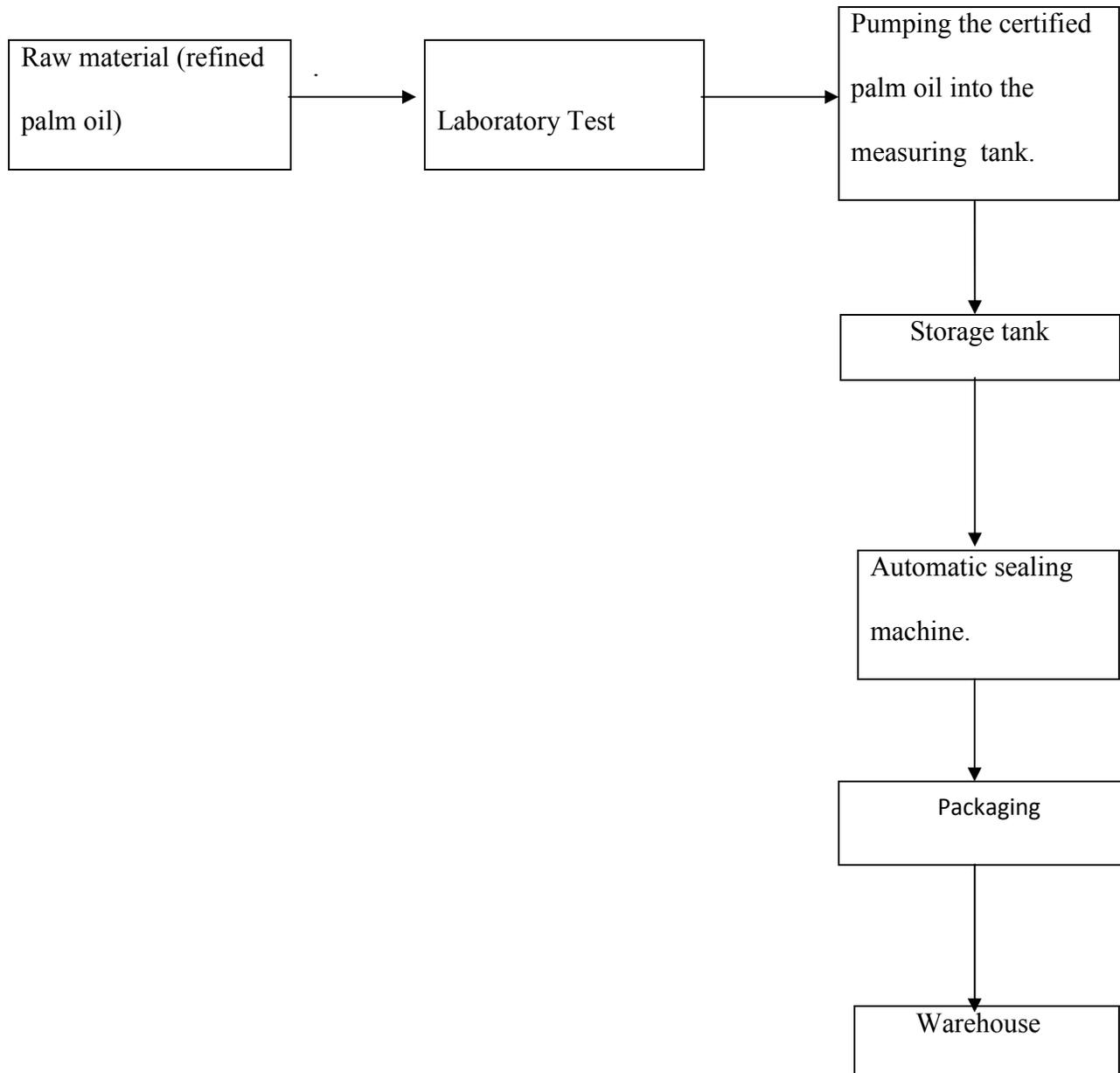
The raw material (palm oil) will be kept in a measuring tank which helps the red oil to settle and also helps to know the number of liters of the palm oil that measuring tank can contain after which the palm oil is pumped into the storage tank.

Palm Oil kept in the storage tank for some time allows water to drain from the oil and settles beneath. The draining of the water from the palm oil in the storage tank is very important because it helps to reduce the free fat acid (FFA). The FFA will be tested by our quality assurance personnel with the right equipment to know if it 2%, if not an increase would have some impact on taste of the oil and therefore makes it uncomfortable to enjoy.

4.1.1 **Production process**

Our production process will start with a refined palm oil which will be supplied by Juaben Oil Mills. Sample of the oil will be taken to our laboratory to be tested to know if the oil has the correct percentage of free fat acid (FFA) and also does not contain any ingredient that will be harmful to human health before it will be pumped into the storage tank. From the laboratory, the palm oil will be pumped into the measuring tank to know the exact tons and then transferred to the storage tank for the automatic sealing machine to fill the bottle and sachet and seal them. After sealing, the product will be placed in boxes and transferred to the warehouse.

Figure. 4.1: Production Process of Adepa Palm Oil Company Limited



4.2 INDUSTRY OVERVIEW

4.2.1 Industry Background

Our business activity falls under the Food and Beverage Industry. The Food and Beverage Industry in Ghana refers to the manufacturing, processing and the preservation of meat, fish, vegetables, oils and fats, dairy products, grain mill products, starches and starch products, animal feeds and other manufactured food product. (World Bank 2007).

4.2.2 Regulatory Restrictions

The operating standards and the criteria set by Ghana Food and Drugs Board should be met. Since we fall under this industry, our product will meet these criteria.

4.2.3 Barriers to entry and Exit.

There are generally no barriers to entry and exist in the industry. Companies which intend to operate in this industry are free to start business and end freely so long as they meet the legal requirement to operate.

4.3 ENVIRONMENTAL ANALYSIS

4.3.1 Pest analysis

4.3.1.1 Political

Relatively Ghana has enjoyed peace and stability for the past 10 years. This has created an enabling environment for business to grow and realize their short term and long term objectives. These factors will have a positive impact on Adepa palm oil and will help boost our product sales. Again, agriculture is the back bone of the economy and with the Government interest and

policy to boost agriculture and food security, there is available technology and raw materials for our continuous distribution Adepa palm oil.

Government with its fiscal policies statement and laws has introduce a tax regime of reliefs and incentives, such as tax holidays, carry forward loses and tax rebate for only newly established businesses. Adepa palm oil will be in its early stages and therefore will benefit from these tax incentives and reliefs so as to maximize profit.

4.3.1.2 Economic

The key economic indicators such as interest rate and inflation are very important to the consumption pattern of agricultural products and businesses. As a result of these, demand for our product will be high. With the current rate of inflation being a single digit (8.6%) means the prices of goods and services is not all that high and therefore customers will be able to afford our product.

4.3.1.3 Social

In recent times people have become more educative and sensitive to their health needs and as a result Adepa Palm Oil Company Limited will take advantage of this to package and distribute palm oil which is of quality and will also make contribution to the nutrient value of the body.

4.3.1.4 Technological

The rate of technological advancement in the world is very high. There is a lot of advanced packaging equipment, for this reason our company believes in the state of the art technology which helps in saving time, cost and improves on a hygienic production.

4.3.2 SWOT Analysis

Figure 4.2: SWOT Analysis of Adepa Palm Oil Company Limited

STRENGTH	WEAKNESS
<ol style="list-style-type: none">1. Location. Adepa palm Oil Company Limited will be located at Apemso which is near Juaben Oil Mill who will be our supplier of refined palm oil.2. Product uniqueness in terms of taste and package.3. Good marketing skills.4. Adepa palm oil will be affordable in terms of price.5. Availability of competent qualified and experience workforce.6. High quality refined palm oil with the correct free fat acid (FFA) 2%.7. We will use high level technological machines to process and package our product.8. Health benefits of our product. Adepa palm oil has multiple health benefits due to this we have the certainty that	<ol style="list-style-type: none">1. Undefined market share. That is in terms of customers.2. Brand awareness of Adepa Palm Oil Company Limited.

<p>people will buy it.</p> <p>9. Good customer relationship.</p> <p>10. We will have hygienic environment.</p> <p>11. We will have a well built storage tank.</p>	
<p>OPPORTUNITIES</p> <p>1. Government incentives and initiatives for local production especially companies that are into the processing of agricultural product.</p> <p>2. Ready market for our palm oil.</p> <p>3. Growing demand for our company product.</p> <p>4. Politically, there is peace and stability</p> <p>5. Government fiscal policies statement and laws has introduced tax holiday for new businesses.</p>	<p>THREATS</p> <p>1. Competitive rivalry</p> <p>2. The bargaining power of buyers.</p>

4.3.3 Competitor Analysis

4.3.3.1 Existing Competitor

With Adepa Palm Oil Company Limited line of product, our direct competitor will be traditional market sellers. These sellers seek to achieve profit at the end of sales. Though there are challenges, we will accept and bring out quality product at affordable price to face competition from our already existing competitors.

Figure 4.3: Analysis of our competitor strength and weakness.

STRENGTH	WEAKNESS
<ol style="list-style-type: none">1. Already establish distribution chain.2. Establish market for product	<ol style="list-style-type: none">1. The palm oil is not of quality2. The palm oil does not have the right percentage of FFA.3. High product price

4.3.3.2 Potential Competitors

Our potential competitors will be companies who market vegetable oil for instance Wilmar Africa Limited, marketing and distribution of frytol. As the awareness of Adepa Palm Oil increases, we expect that these companies that are into the marketing and distribution of vegetable oil will branch to Adepa Company line of product.

4.3.4 Positioning

Adepa Palm Oil Company Limited will want its customers to perceive its product as fat free palm oil with affordable price and also contains vitamin A and E. These vitamins will add value to their health, giving good eye sight and keeping their skin healthy.

4.3.5 Market Segmentation

Adepa Palm Oil Company Limited intends to segment base on geographic and psychographic segmentation.

4.3.5.1 Geographical Segmentation

Adepa Palm Oil Company Limited will adopt regions and cities, since our business will be located in Ashanti Region. This is due to the fact that cities and regions are densely populated with our targeted market and potential customers who earn descent income and can purchase our product.

4.3.5.2 Psychographic Segmentation

Adepa Palm Oil will adopt lifestyle since our target market product interests are influence by their lifestyle. Adepa Palm Oil Company Limited will be producing for a market that wants quality product and also health conscious.

4.4 TARGET MARKET

Adepa Palm Oil Company Limited will be targeting Senior High Schools in Kumasi, supermarkets in Kumasi and other retail shops in Kumasi. This market growth is fueled by a more quality conscious consumers. That is consumers in this target market are more particular

about the package of a product and want value for their money. Therefore, they are better informed about the effects associated with the consumption of palm oil to their health.

We plan to focus more on the senior high schools who consume more palm oil, and also use them to create awareness of Adepa palm oil. We will then proceed to supermarkets and other retail shops since this is where the household do their purchase. Our potential market will be Senior High Schools in other regions including Ashanti Region.

4.5 MARKETING MIX

4.5.1 **Product**

The current status of palm oil is not well package. The local market sellers do not endeavor to take note of correct percentage of FFA and also the way it is packaged. The product of Adepa Palm Oil Company Limited will be palm oil. Adepa Palm Oil Company Limited intends to sell palm oil which will be packaged in a more hygienic environment to its target market. This will be the main activity of the company.

Adepa palm oil will have a well designed label with eye catching colours. The palm oil will be in a very attractive bottles, gallons, drums and sachets which will be easy to handle. Adepa palm oil will have an expiry date and natural orange to red colour of palm oil with a distinctively delicious flavor which will not curdle. In the past palm oil was erroneously referred to and grouped together with palm kernel oil and coconut oil as a "tropical oil," a contributor to high cholesterol levels, or even as a trans-fat which is not true. Adepa Palm Oil will have different sizes ranging from sachet (300ml), bottle (1 liter), gallons (5liters and 20 liters) and drums (250 liters).

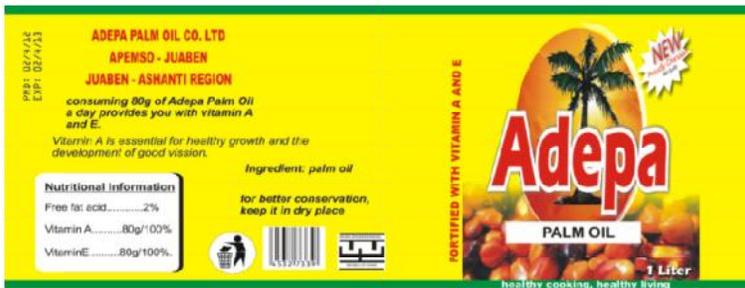
Figure 4.4: Adepa Company's products and labels.



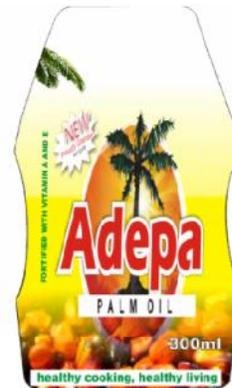
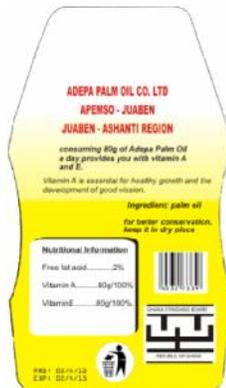
20 liters



300 mL



1 liter



300ml

Adepa Palm oil is different and contains the following benefits;

1. Adepa Palm Oil is trans-fat free.
2. Adepa palm oil is 15 times richer in bête-carotene than carrot. Bête-carotene is vitamin A that helps protect against diseases such as heart attack, blindness and cataracts by acting as anti- oxidants.
3. Adepa Palm Oil also contains other natural source of vitamins like vitamin E.
4. Adepa Palm Oil is a quality guaranteed products.
5. Adepa Palm Oil gives the normal percentage of free fat acid (2%).
6. Adepa palm oil contains high density lipoprotein (HDL) which is the good type of fat that helps protect against cholesterol.

4.5.2 Pricing

Adepa Palm Oil Company Limited has realized that it will be serving the same market as its competitor, it has clearly defined its target markets and has differentiated itself by offering a unique solution to its customer needs.

Therefore since Adepa target market is price sensitive it will use price penetration strategy in order to penetrate the market. With this strategy Adepa Palm Oil Company Limited intends to differentiate its product by quality and affordable price.

4.5.2.1 Discount

As the company progresses, there will be discounts offered to our customers, in order to maintain their loyalty to the company's product.

4.5.3 Promotion

4.5.3.1 Personal Selling

Adepa Palm Oil Company Limited intends to use personal selling as its main promotional tool to promote the product. We will use this strategy because it is the only way to develop strong brand awareness, personal relationship with our target market, send message about Adepa Palm Oil specifically to the target customers and receive immediate feedback, to know what they need and provide a mirror of their desires. To make the personal selling successful we will adopt direct marketing which will enable us to reach the workers in the various corporate bodies.

With personal selling it entails face-to-face contact which will enable us to engage directly with our customers, have a flexible targeting (well-defined the target market) and also cost effective which is far cheaper than the mass communication.

4.5.3.2 Advertising

Advertisement in Ghana can be done in many ways ranging from TV, radio, posters billboards and newspapers. Therefore in order for Adepa Palm Oil Company Limited to reach the other target market, we will use these advertising strategies which include radio, posters and billboards to create awareness of the product. The billboards and posters which will feature Adepa Palm Oil and contacts of the company will be placed at potential areas to attract attention. This will be supported by radio advert for the unreached customers to be captured.

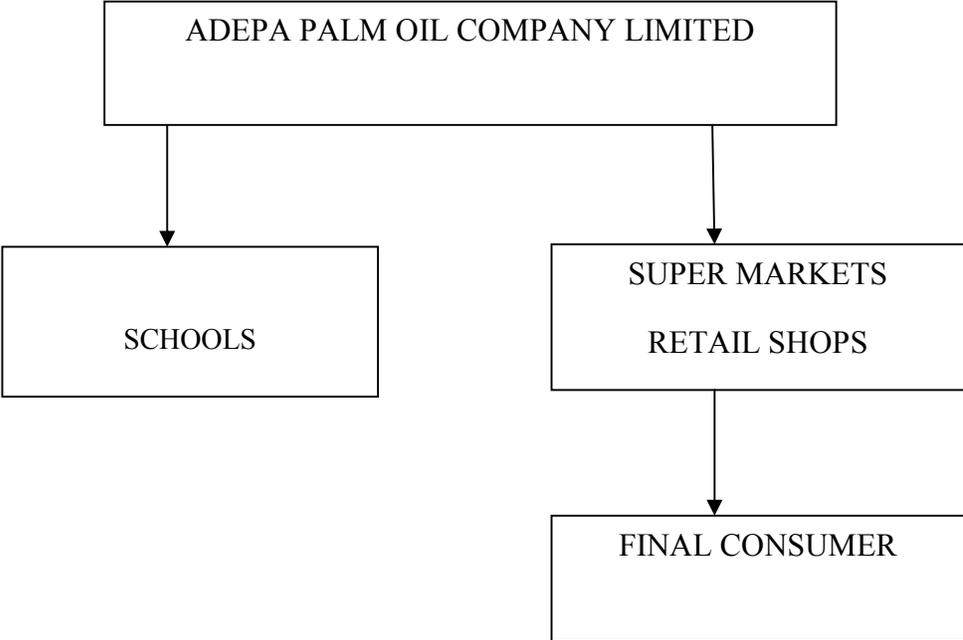
4.5.3.3 Public Relations

In order for our customers to know more about Adepa palm oil, we intend to add public relations to our promotional tools. With this tool we will buy air time on radio to explain to customers the benefits they will get when they purchase our product. The air time will be bought on radio and programmes (such health issues programmes) that a lot of people listen to.

4.5.4. **Place Strategy**

Since Adepa Palm Oil Company is targeting senior high schools, supermarkets and other retail shops, we intend to use an appropriate distribution channel which will give us the best result for our product. Therefore we will use intensive distribution as this will give Adepa Palm Oil maximum exposure and since some of our customers will be workers and students who shop mostly in the supermarket and other retail shops. This distribution will be done directly to the schools by our sales force while the distribution for the household will be done through the supermarket and other retail shops. We will also open our doors to any customer who will walk to our premises to make order.

Figure 4.5: Adepa Palm Oil Company distribution channel



4.6 SALES STRATEGY

Adepa Palm Oil Company Limited sales strategy is relatively straightforward. Get the word out about our product to our customers, educate them about value added product through the promotion tools above. Our present management team will become the main sales force when operations begin. In the first six to twelve months of operations, our sales team will focus on target market, with which the team will promote the products based on the distribution channel. Adepa palm oil Company limited will use other channels of distribution after the first year.

4.7 SALES FORCE COMPENSATION.

Adepa Palm Oil Company Limited will regard its staff as part of the resources of the organization. They will be the internal customers and we believe that when they are satisfied, it will automatically be reflected in the external customers leading to an increase in the sales we desire.

Compensation is an extremely important managerial decision which will be taking by Adepa Palm Oil Company. This is because the compensation plan helps attract potential sales people and impact a sales person's motivation. The company will adopt a straight commission as a method of rewarding its sales force.

5.0 FINANCIAL ANALYSIS

5.1 ASSUMPTIONS AND RISK ANALYSIS

5.1.1 Assumptions

1. Depreciation of fixed asset is 10% on straight line basis.
2. For a processing business in Ghana, its income is exempted from tax for the period of three (3) years.
3. Closing inventory is valued on cost.
4. For the second and third year, sales will increase by 5% and 12% respectively.

5.1 Risk Analysis

The uncertainty about what outcome will occur in any situation is risk. Every business in one way or the other stands the chance of being exposed to risk, Adepa Palm Oil Company Limited is not left out. We have made analysis and identified the risk factors which may jeopardize our success, and have come out with measures to successfully handle these mitigating uncertainties when they occur. The main risks faced by Adepa Palm Oil Company Limited are:

5.1.1 Pure risk

Pure risk refers to reduction in value of business asserts due to physical damage, theft and expropriation. The pure risk faced by us includes:

The risk of reduction in the value of business asset due to physical damage, fire outbreak and theft.

The risk of legal liability for damages to customers due to the harm caused. Thus if the consumption of the product(palm oil) causes any adverse health reactions to customers, injured users would take legal action against the company, and this brings in legal liability claims.

The risk of death, illness and disability to employees for which the business have agreed to make payments under employee benefit plans.

5.1.2 Price risk

Is the uncertainty over the magnitude of cash flows due to possible changes in input and output prices. Output price risk refers to the risk of changes in the prices that a firm can demand for its goods and services, on the other hand, input price risk is the risk of changes in the prices that a firm must pay for labor, raw materials and other inputs. The main output and input price risk faced by Adepa Palm Oil Company Limited is commodity price risk.

The commodity price risk which arises from fluctuations in the prices of the raw material used is a very big problem, since we do not process our own raw material, we depend solely on a supplier (Juaben Oil Mills), if they change their price, it will definitely affect our cost of processing in the form of packaging and distributing and eventually our output price will change.

5.1.3 Risk Management

5.1.3.1 Price risk

Bulk purchases:

Management has decided to buy most of our raw material (refined palm oil) in bulk, to reduce the changes of commodity risk.

5.1.3.2 Pure risk

Increasing precautions:

Machines and equipments will be inspected every morning before processing start, to make sure it is in good shape.

Security personnel will be employed to guard when work is not in session against theft.

Fire extinguishers will be stationed at vantage points to combat any fire outbreak.

We will purchase insurance for our vehicle (third party insurance), factory buildings and the company's plant, equipment and other assets.