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CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BARCHELOR OF BUSINESS ADMINISTRATION

ESTONIA FRUITS DRINK ENTERPRISE

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

ANTHONY AKWASI BOATENG

ESTHER OWUSU APPIAH

DANIEL NSIAH AGYEKUM

CYNTHIA MAC- ANDOH

PATIENCE OWUSU YEBOAH

DECEMBER, 2011

STATEMENT OF AUTHENTICITY

I have read the Christian service university college's regulations relating to plagiarism and certify that this plan is all our work and do not contain any unacknowledged work from any other source. We also declare that, we have been under supervision for business plan herein submitted.

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5.0 Financial Analysis

5.1 The following assumption underpin the financial analysis of Estonia fruits enterprise.

- The plan year used for forecasting is 2012-2014
- The prices of product were GH1 for 250ml and GH0.60p for 150ml.
- It is expected that our projected sales will increased by 10% and 25% in the year 2013 and 2014 respectively.
- That gross profit is estimated @ 20% margin on sales each year.
- That production cost will increased by 40% and 15% in 2013 and 2014 respectively.
- That fixed cost will be 65% of production cost whilst 35% variable cost.
- That selling expense will also increased by 34.9% and 20% in 2013 and 2014 respectively.
- It is the policy of the organization to compute depreciation using the straight line as follows:

-Equipment	20%
-Furniture and Fittings	15%
-Motor Vehicle	20%
-Computer	25%
- That the Net Present Value (NPV) using the discount factor of 25% to test the viability of the project.
- That the corporate tax is 25%.
- That the board of directors will meet every quarter in a year.

5.2**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED**

	2012	2013	2014
	GH	GH	GH
Sales	41610	45771	57213.75
Cost of sale	<u>33288</u>	<u>36616.20</u>	<u>45771</u>
Gross Profit	8322	9154.2	11442.75
Administrative Expenses	2010	2150	2340
Selling & Distribution Cost	630	850	1020
Profit from Operation	3460	5360	6810
Finance Cost	<u>25</u>	<u>30</u>	<u>35</u>
Profit before Tax	5657	6124.20	8047.75
Income Tax	1414	1531.00	2011.9
Profit after Tax on ordinary activities	<u>4243</u>	<u>4593.20</u>	<u>6035.85</u>

5.3 Breakeven Analysis

PROJECTED BREAK EVEN ANALYSIS FOR YEAR 2012

	GH¢
Cost of production	28594
Fixed cost 65%(28594)	18586
Variable cost 35%(10008)	<u>10008</u>
Contribution	31602
 Contribution sales ratio:	 <u>31602</u>
	41610
	75.9%

BREAK EVEN POINT

Fixed cost	<u>18586</u>
Contribution sale ratio	0.759
	24487

5.4 CASHFLOW STATEMENT AS 31 DECEMBER

<u>CASH INFLOW</u>	2012	2013	2014
	GH	GH	GH
Capital	26,000	31,000	36500
Cash Sales	<u>41610</u>	<u>45771</u>	<u>57213.75</u>
Total	67,610	76,771	93,713.75

CASH OUTFLOW

Administration Exp	2010	2150	2340
Selling & distribution	630	850	1020
Finance Cost	25	30	35
Productive Cost	2800	-	-
Office Equipment	2000	-	-
Fruit Extractor	4000	-	-
Computer & Accessories	1000	-	-
Furniture & Fitting	1500	-	-
Distribution Van	5000	-	-
Dispenser/Preserver	<u>3500</u>	-	-
Production Cost	28594	40031.60	46036.3
Total	<u>51059</u>	<u>43061.60</u>	<u>49431.30</u>
	16551	33709.40	44282.45
		<u>16551</u>	<u>50260.40</u>
		<u>50260.40</u>	<u>94542.85</u>

5.5 STATEMENT OF FINANCIAL POSITION

Non-Current Assets	2012			2013			2014		
	GH			GH			GH		
	Cost	Dep.	NBV	Cost	Dep.	NBV	Cost	Dep.	NBV
Production Equipment	2800	560	2240	2800	1120	1680	2800	1680	1120
Office Equipment	2000	400	1600	2000	800	1200	2000	1200	800
Fruit Extractor	4000	800	3200	4000	1600	2400	4000	2400	1600
Computer Accessories	1000	250	750	1000	500	500	1000	750	250
Furniture & Fitting	1500	225	1275	1500	450	1050	1500	675	825
Distribution N	5000	1000	4000	5000	2000	3000	5000	3000	2000
DISPENSER/									
Preserver	<u>3500</u>	<u>700</u>	<u>2800</u>	<u>3500</u>	<u>1400</u>	<u>2100</u>	<u>3500</u>	<u>2100</u>	<u>1400</u>
	19800	3935	15865	19800	7870	11930	19800	11805	7995
<u>CURRENT ASSETS</u>									
Stock	2100			2360			1430		
Trade Receivables	2500			4400			4900		
Cash & Cash Equivalent	<u>9778</u>			<u>16903.20</u>			<u>28,210.85</u>		
	15792			25194.20			38217.75		
	<u>30243</u>			<u>35593.20</u>			<u>42535.85</u>		
<u>EQUITY & LIABILITIES</u>									
Capital	26000			31,000			36500		
Income Surplus	4243			4593.20			6035.85		
	<u>30,243</u>			<u>35,593.20</u>			<u>42,535.85</u>		

APPENDIX

NET PRESENT VALUE (NPV) USING ISC. FACTOR OF 25%

YEAR	CASHFLOW	DISC.FACTOR	NPV
Initial Capital			(26000)
2012	16551	0.8(16551)	13240.80
2013	33709.40	0.64(33709.40)	21574.02
2014	44282.45	0.512(44282.452)	22672.61
			31487.47

Projected Sales

250ml of 24 bottles @Ghd.00 each per day x 365 days	8760
150ml of 36 bottles @Gh0.60p each per day x 365 days	32850
Total projected sales for the year 2012	41610
Total projected sales for 2013 is	45771
Total projected sales for 2014	57213.75

DETAILS OF COST OF SALES

Sales	41610
Less gross profit	<u>(8322)</u>
Cost of sales	33288

DETAILS OF PRODUCTION COST

	GH
Purchase of raw materials	18000
Less closing inventory	600
Material consumed	17400
Direct wages	<u>4000</u>
Prime cost	21400
Factory salaries	4000
Add factory overheads	
Fixed variable cost (light & rent)	4834
Depreciation	800
Fruit Extractor	560
Production equipment	10194
Cost of goods manufactured	31594
Less work in progress	3000
Production cost	28594

DETAILS OF ADMINISTRATIVE & GENERAL EXPENSES

GH

Finance Managers allowance		1200
Rent		185
Light		50
Depreciation on F & F		225
Dep. on computer		250
Dep. On delivery Van (5% 1000)		500
Dep. On preserver		700
Selling and distribution expenses:		
Drivers commission		130.00
Depreciation van (5% of 1000)		<u>500.00</u>
		<u>630.00</u>
Production and marketing managers salary	(30% of 4000)	1200.00
Consulting fee	(10% of 4000)	400.00
Other workers	(60% of 4000)	<u>2400.00</u>
		<u>4000.00</u>
Details of factory wages:		
General Managers salary	(30% of 4000)	1200.00
Cashier	(10% of 4000)	400.00
Consultant	(5% of 4000)	200.00
Sales reps commissions	(40% of 4000)	1600.00
Others	(15% of 4000)	<u>600.00</u>
		<u>4000.00</u>

1.0 ORGANISATION

Estonia fruits drink enterprise is a small medium enterprise founded in November 2011 by five members of Christian Service University College. We are the producers of Oramori fruit drink.

BUSINESS STRATEGY AND MISSION

Estonia Fruits Enterprise is a small medium enterprise founded by five business oriented students of Christian Service University College. We are the producers of Oramori, a natural fruit drink made from Orange and Moringa which contains essential nutrients that is required by the human body system and for all.

The company is located at TUC Estates, a suburb of Kumasi in Adiebeba where we have our office, warehouse, and our production site for our business.

Our mission is to produce high quality juice affordable to our target markets which offer them a healthy life. Oramori is a blend of Orange and Moringa to provide a high quality nutritional value drink which has become necessary as the taste and preferences of the market changes from carbonated dilute drinks to natural fruit drink concentrates.

The aim of Estonia Fruits Enterprise is to be a major player in the industry in which we operate.

We intend to Strategize to gain competitive advantage over our competitors through strictly upholding our core competence which is excellent customer relationship management, producing high quality nutritional fruit juice delivered through our unique bottling, price penetration strategy and discounts offered to our cherished customers and intermediaries.

Our products will be promoted through relationship marketing and advertising in both print and electronic. We presently employ 20 staff and expect the number will increase with indicators from our research and development team and projections favorable for expansion.

The key personnel who will be responsible for operating the business operations are Mr. Akwasi Boateng, the general manager who has 5 years experience with versatile managerial skills in the business world to effectively and efficiently manage Estonia fruits enterprise to achieve its set objectives.

Mr. Daniel Agyekum possesses three years experience in the sales marketing. He will assist the general manager in the implementing strategies of the smooth running of the business.

The business will start with an initial capital of GHC 26,000 which will be raised through equitable contribution of 20% each by the founders of the business. We hope to break even in the first quarter of our second year and enjoy profits afterwards.

2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE

2.1 PRODUCT IDEA

The gradual shift of people from drinking high calorie drinks to the consumption of drinks with low calorie which has health advantages has caused us to come out with Oramori.

The rapid expansion the market in developing countries. The so called “new-age’ beverages such as tea based beverages and natural fruits juice is considerably stimulating the development of soft drink industry and also creating a major challenge in the carbonated beverage market.

Our products will have the following health benefits to our customers

1. Improvement in eye sight
2. Fighting heart diseases
3. Natural and health skin restoration
4. Fight hypertension
5. Improving sexual performance and weakness

RAW MATERIALS

1. Orange
2. Moringa
3. Sodium Benzoate
4. Water
5. Flavor

DESCRIPTION OF PRODUCTION PROCESS

Sorting of fruits to separate the ripped ones from the unripped ones.

1. Thoroughly washing fruits to remove dirt
2. Wash fruits again with warm water in addition with vinegar and chlorine to kill bacteria
3. Finally wash fruit with water again

Peeling and cutting of orange to extract the puree with our multi fruit extractor
Blending of Moringa leaves to extract its concentrate

Mixing the two concentrates (Orange and Moringa) in the right proportions with water by our team of experts to make the right composition.

Doing a review of the above process to ensure quality in production process

Final testing of products by our food standards scientist

Packaging of drinks into their various packages and sealing them for distribution

2.2 REALISATION OF SCHEDULE

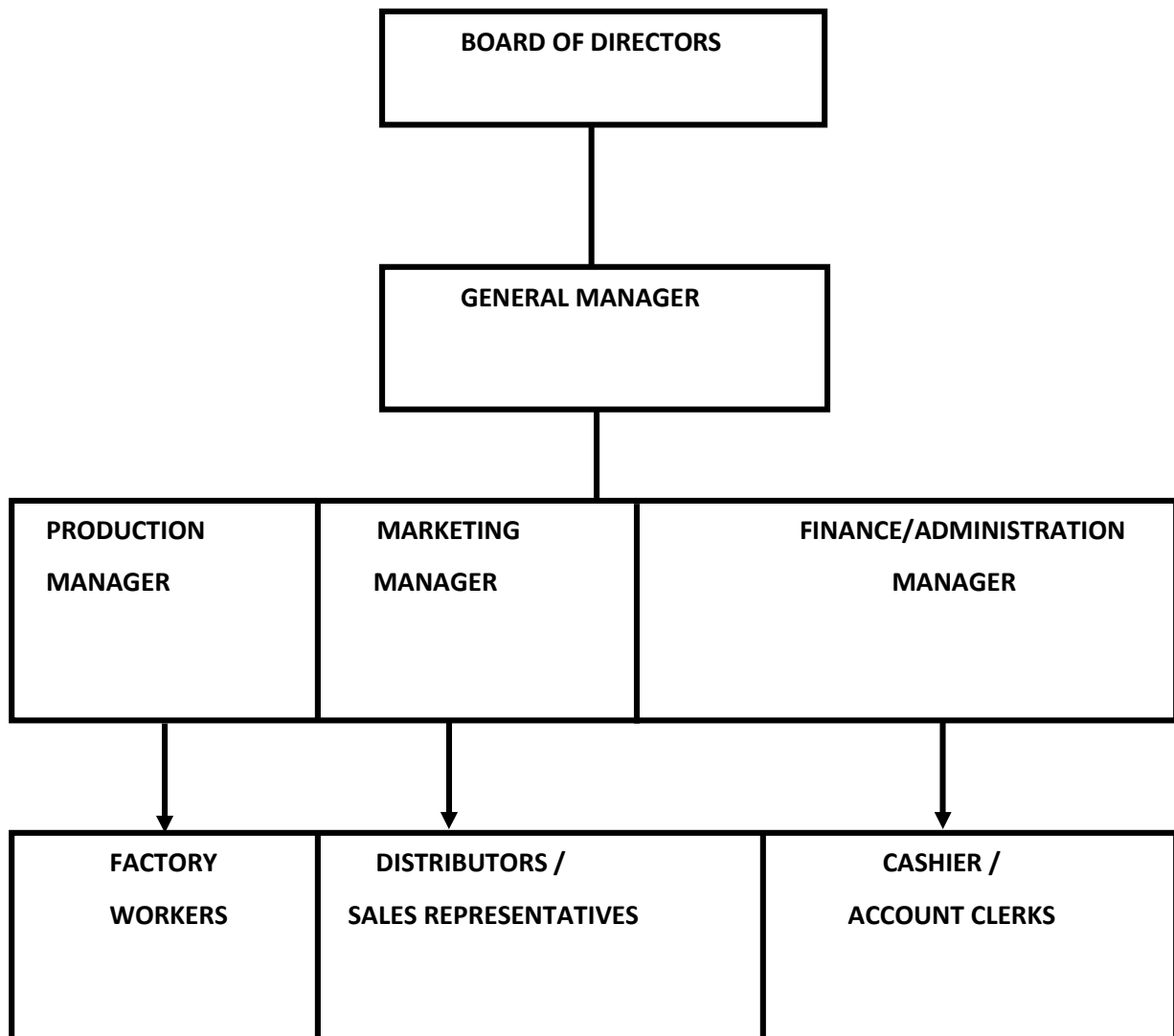
Number Schedule	Of	Activity	period	RESPONSIBILITY
1		funding	february 2011	accountant
2		locating of office	March 2011	Operations manager
3		Installation of equipments	April 18 th 2011	Operations manager
4		Licensing	May 20 th 2011	General manager
5		Recruitment of staff	June 15 th 2011	Human resource manager
6		Launching	July 1 st 2011	All staff members
7		Commencement of business	November 28 th 2011	All staff members

3.0 MANAGEMENT TEAM

Estonia fruit drink enterprise will comprise of three member management who will work as a team to ensure effective and efficient operation of the company.

The organizational structure of Estonia fruits drink enterprise is presented below:

ORGANOGRAM/ORGANIZATIONAL CHART



3.1 BREIF PROFILES OF MEMBERS OF ESTONIA FRUIT DRINK ENT

GENERAL MANAGER

1. The general manager will report to the board on issues pertaining to the company and suggest ways for improvement
2. The general manager will be in charge of the total operations of the company with versatile knowledge and will coordinate all the workers of the functional managers.
3. The general manager will also ensure that all formalities are adhered to as to work patterns of the company.
4. He will also oversee all the administrative function, legal issues and represent the company on issues pertaining to the company.
5. The general manager will exercise the duty of taking care of financial information and human resource management to assist the general operations of the management team.
6. The general manger will report to the board of directors on the implementation of policies outlined by the board of directors.
7. He will supervise the operations of the heads.

QUALIFICATION OF THE GENERAL MANGER

Mr Anthony Akwasi Boateng is the general manager and associate member of the chartered institute of accountant (ACCA) and holds:

1. ACCA L 200 accounting
2. A final year student at Christian Service Unicersity College offering BBA Accounting
3. HND in accounting

WORK EXPERIENCE

1. Operations Manager – Offinso Rural Bank. From 2008 To Date
2. Asokore Rural Bank Branch Manager. From 2004 To 2007

PRODUCTION MANAGER

The production manager will be in charge of the production processes and workers at the factory,

1. He will ensure that the production process are adhered to in relation to specification and set standards.
2. He is responsible for the replacement of and maintenance of machinery and equipments used.
3. Ensures that raw materials are adequate and are in good condition for production
4. Plans new methods of production and keeps inventory of finished goods as well.

QUALIFICATION OF THE PRODUCTION MANAGER

Mrs Esther Owusu is the production manager and holds:

1. Diploma In Business Studies (Accounting)
2. A Final Year Student at CSUC Offering BBA Accounting.

WORK EXPERIENCE

1. Credit Officer – Multi Credit (2006 To Date)
2. Employee At Center For National Culture (2004 To 2005)

MARKETING MANAGER

Mr. Daniel Nsiah Agyekum is the marketing manager of Estonia fruits and has the responsibility of:

1. Planning marketing strategies to ensure the best media channels are chosen to promote, sell and create customer awareness.

2. Handle customer complaints and ensure on time delivery of goods to the buyer.
3. He is in charge of monitoring the sales force
4. He also recruits and selects the sales for the enterprise.

QUALIFICATION

Mr. Daniel Nsiah Agyekum is a member of the Chartered Institute of Marketing London and holds the following qualifications:

1. Diploma In Business Administration- ICM
2. Diploma In Basic Education -Wesley College
3. Certificate In Procurement And Material Management- H.A International
4. Certificate In Project Management- HA International

WORK EXPERIENCE

1. C.E.O Danak Consult And Associate 2008 To Date
2. Head Of Integrated Science – Ghana Education Service 2005 To Date
3. Marketing Manager – C.C's Cosmetology Institute 2006 To 2007
4. Counselor Ghana Aids Commission 2004 – 2005

OTHER PERSONNEL

The company will employ the services of a food scientist consultant, a cashier, sales personnel's factory workers and a driver to assist in the distribution and conveyance of raw materials to and from the factory.

FUTURE ADDITIONS TO MANAGEMENT TEAM

As research and development response indicators depict a favorable trend for expansion, the company will add on its management team whose role will be different from the general manager and additional sales personnel to boost activities.

BOARD OF DIRECTORS

The four business investors constitute the board with 4 business promoters namely:

1. Mr. Paul Adomako-Mensah; C.E.O P-Sam Ventures
2. Dr. Eric Nsiah Boakye; S.M.O Ghana Health Service
3. Kofi Amponsah Boateng; Bakana Group Companies
4. Moses A Arthur; General Offinso Rural Bank

4.0 MARKETING ANALYSIS

4.1 Business Systems And Operations

With our business system, Tribolic Company limited located in china will be the main suppliers of our equipments for our production. In today's world, they are the largest suppliers of fruit juice equipments.

4.2 Environmental Analysis

Estonia fruit drink enterprise will first consider the environment in looking into the analysis of the market. These analyses are the micro and macro environments.

a. Macro environment

1. Political stability: people in Ghana are no more afraid to own property or companies because of our political stability as opposed in the early 70's.
2. Economic factors: the current inflation of the country is between 5% and 8% making income levels of people to rise and to buttress this is also the single digit inflation which has affected the buying behavior positive enhancing them to buy more.
3. Socio- cultural: people want to take in drink that are more nutritious and also have a positive impact on their health and can also boost their immune system to help fight diseases.
4. Technology: people in this global world want to see production of thing under a highly state of the art technology which Estonia fruit is in through the use of state of the art technology in our production process.

b. Micro environment

1. To provide affordable and quality fruit juice to our customers through the proper use of the company's quality raw materials.
2. To be customer oriented in order to ensure that customers are always satisfied with our products.
3. Increase sales considerably over the next two years
4. Create awareness about the health benefits of Orange and Moringa to our potential customers and target market.
5. We intend to establish our own farm to serve our business with the raw materials that needed for average production over the next three years.

4.2.1COMPETITION/COMPETITIVE ANALYSIS

4.2.2Existing competitors

The companies that have been identified to strongly compete with Estonia fruits limited are Coca Cola Company Limited, Papso Ghana Limited, Allafrikan Plant, Eastwest Ltd And Fexim Ghana Ltd.

Competitor's strength

1. Strong brand loyalty and recognition.
2. International exposure
3. Market access and strong distribution coverage

Competitor's weakness

1. They do not have any combination of fruits juices as Oramori
2. Their packaging does not include a 250ml and a 150ml

Potential Competitors

Our major competitors will be Coca Cola, Papso Ghana, and New Age Fruits.

SWOT ANALYSIS

This capture the major strength, weakness, opportunities and threats of Estonia fruits drink enterprise

Strength of Estonia fruits

1. Skilled and knowledgeable management team with the requisite qualifications to run the business effectively and efficiently.
2. High quality product with the best nutritional value added for healthy life

Weakness of Estonia Fruits

1. Vehicles are not adequate to support distribution in terms of achieving product presence and visibility.
2. Personal farms are not ready to supply continuous raw material needed.

Opportunities

1. There is no fruit juice in the market made with the unique combination of Moringa and Orange.
2. The rapid increase in consumption of natural fruits provides a ready and potential market for our products.

3. Raw materials are purchased with ease and directly from the farmer so as to produce our products at a lower cost.

Threats

1. Government policies on trade liberalization pose a greater danger to us because of its free market entry by foreign products.
2. Larger rivals such as coca cola may try to move into the production of similar products to compete with us.

4.3 MARKET SEGEMENTATION

The geographic segmentation strategy will be adopted to segment our market. Here we intend to focus on the regional capitals to be specific Kumasi metropolis and gradually extend it to other regional capitals in the country so that we can reach out to other effectively and efficiently to our target market.

4.4 TARGET MARKET

Our target market will be target students, children, nursing homes, hospitals, social event organizers and the general public. We will also ensure our products are present in all shops and other retail outlets.

4.5 MARKETING MIX

i. PRODUCTS

Our product is expected to meet customer requirements because it contains the best concentrates of natural fruits and Moringa which also help fight most sickness in their body.

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ii. PLACE

Our products will be found in all shelves across the region which we are starting our production and then extend it to the regional capitals because about one fifth of the cost of a product is spent getting it to consumers through our distribution channels and sales representatives across our various outlets.

iii. PROMOTION

Promotion will also be one of our elements that will be used in the marketing of our products.

Among our promotions strategies will be;

- a. Telemarketing
- b. Advertising (through radio and television)
- c. Sponsorship
- d. Flyers
- e. Print media

iv. PRICE

One of our main objectives is to produce at a relatively low price so that all and sundry can patronize our product and benefit from its health benefits. Therefore our main pricing strategy will be the penetration pricing. Since our firm brings out a new product into a new or existing market, it we feel that we needs to make a lot of sales very quickly in order to establish ourselves and to make it possible to produce larger quantities. We therefore want to start off by offering the product at quite a low price. When market penetration has been achieved, prices can be raised.

APPENDICES A



TRIBOLIC- RINSER FILLER CAPPER BOTTLING MACHINE



22835 SPIRAL JUICE

EXTRACTOR



IR5 – 1500 FILLING MACHINE



FRUIT JUICER

EXECUTIVE SUMMARY

Estonia Fruits Enterprise is a small medium enterprise founded by five business oriented students of Christian Service University College. We are the producers of Oramori, a natural fruit drink made from Orange and Moringa which contains essential nutrients that is required by the human body system and for all.

The company is located at TUC Estates, a suburb of Kumasi in Adiebeba where we have our office, warehouse, and our production site for our business.

Our mission is to produce high quality juice affordable to our target markets which offer them a healthy life. Oramori is a blend of Orange and Moringa to provide a high quality nutritional value drink which has become necessary as the taste and preferences of the market changes from carbonated dilute drinks to natural fruit drink concentrates.

The aim of Estonia Fruits Enterprise is to be a major player in the industry in which we operate.

We intend to Strategize to gain competitive advantage over our competitors through strictly upholding our core competence which is excellent customer relationship management, producing high quality nutritional fruit juice delivered through our unique bottling, price penetration strategy and discounts offered to our cherished customers and intermediaries.

Though the industry is proliferated with many players such as Coca Cola, Pepsi, Papso, Allafrika, New Age and the others, our products will be targeted at students in the tertiary institutions in the Ashanti region, hospitals, nursing homes, social events and gathering with our unique packaged variety of our products.

Our products will be promoted through relationship marketing and advertising in both print and electronic. We presently employ 20 staff and expect the number will increase with indicators from our research and development team and projections favorable for expansion.

The key personnel who will be responsible for operating the business operations are Mr. Akwasi Boateng, the general manager who has 5 years experience with versatile managerial skills in the business world to effectively and efficiently manage Estonia fruits enterprise to achieve its set objectives.

Mr. Daniel Agyekum possesses three years experience in the sales marketing. He will assist the general manager in the implementing strategies of the smooth running of the business.

The business will start with an initial capital of GHC 26,000 which will be raised through equitable contribution of 20% each by the founders of the business. We hope to break even in the first quarter of our second year and enjoy profits afterwards.

MISSION STATEMENT

1. To produce a high quality affordable fruit drink that our customers see as refreshing and essential for healthy life.
2. Estonia Fruits Enterprise seeks to use the best quality management system to promote healthy life by offering the best and nutritional value for our customers.

VISION STATEMENT

Our goal is to become the leading fruit drink producer in the country that produces the highest quality fruit drink that will refresh our cherished customers and meet their needs.

CORPORATE OBJECTIVES

1. To provide affordable and quality fruit juice to our customers through the proper use of the company's quality raw materials.
2. To be customer oriented in order to ensure that customers are always satisfied with our products.
3. Increase sales considerably over the next two years
4. Create awareness about the health benefits of Orange and Moringa to our potential customers and target market.
5. We intend to establish our own farm to serve our business with the raw materials that needed for average production over the next three years.
6. We hope to break even within the eleventh month period of our operations and reap profits in the ensuing years with intensive sales and marketing activities.

CORE VALUES

1. Customer satisfaction will be our passion and priority.
2. Motivated professional staff and team to accept and respond quickly to customers.