

CHRISTIAN SERVICE UNIVERSITY COLLEGE-KUMASI

DEPARTMENT OF BUSINESS STUDIES

BARCHELOR OF BUSINESS ADMINISTRATION

AFSAMS COMPANY LIMITED

BUSINESS PLAN



BY

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AGNES ADJEI SARPOMAA

DECEMBER, 2011

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AFSAMS 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 PROPOSALS

BY

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STATEMENT OF AUTHENTICITY

I have read the Christian Service University College regulations relating to plagiarism and certify that this Business Plan is all my work and does not contain any unacknowledged work from any other source. I also declare that I have been under supervision for this Business Plan herein submitted.

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EXECUTIVE SUMMARY

AFSAMS Company Limited is a production business entity which produces a range of cereal products to solve the problem of poor weaning of babies, malnutrition and undernourishment of children. The company is into the production of cereal foods which is under the family name **CEREBIT**, thus **Cerebit Maize** and **Cerebit Millet**. AFSAMS Company Limited is a Small Scale Business which seeks to produce only the best quality cereal food with high nutritional value which will give our customers value for their money. There is the need for a plan to guide the business, the plan will set a sense of direction and guide the allocation of resources to accomplish the mission and goals of the company. The plan will also help management of the company to use resources with consistent strategic intent.

Objectives of Business plan

- To produce the best quality and affordable cereal food for our customers.
- To educate the general public on the nutritional values obtained from consuming our product.

AFSAMS Company Limited is there to serve babies and children with nutritious and affordable cereal food. The business is located at Odeneho Kwadaso in Kumasi. We have production facilities such as miller, mixer, packaging machine and sealing machine. Currently the firm will employ competent workers of which five will be at the managerial side and the rest will be at the production and distribution unit. The company was formed on the 20th of September, 2011 and is a partnership business. Our start-up capital is GH¢119,170, which will be a loan from the bank.

AFSAMS seeks to serve the local market in Ashanti Region. Due to the increase in maternal birth rate, there has also been a drastic increase in the population of our target market. This increase in population will help us capture a good portion of the market. The company will enlarge its market to other parts of Kumasi in the next two years and other regions in Ghana in the next three years. AFSAMS Company Limited seeks to achieve 40% of the total market share within the next four years. The company will serve babies from six months to two years who have finished with breastfeeding and children who are in need of nutritious

supplementary food. The main competitors of AFSAMS Company Limited are Nestle' Ghana Limited, Semolina and Care Baby Food.

AFSAMS Company Limited will have revenue of GH ¢120,000 the first year, Net Present Value of GH ¢102975 and breakeven after one year, five months. AFSAMS Company Limited seeks to expand its business by ploughing back 20% of its profit into the working capital of the business and increase its facilities in the future. AFSAMS Company Limited working capital for the business is GH ¢119,170 which is a loan from the bank.

MISSION STATEMENT

AFSAMS aims to offer high quality nutritious and affordable cereal foods for babies and children in Ghana.

VISION STATEMENT

AFSAMS aspires to attain market leadership position in the production of quality cereal food in the next four years in the country Ghana.

CORE VALUES

Team Work: Every member of the company will contribute his/her maximum best for the success of the company.

Time Management: Making good use of time in order to meet targets and demands

Integrity: Giving customers what we promised to give them and treating them fairly. Doing the right things when nobody is around.

Discipline: meet our customers' needs

Customers Care: AFSAMS Company Limited will see the customer as the most important person in the work place and give them value for money so as to build long term customer relationship.

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1.0 ORGANISATION

In recent years, the issue of nutritional values in food were not largely considered by most Ghanaians which led to poor health conditions both in babies and children. Many Ghanaians attributed malnutrition to curses and punishment from the gods. Now there has been a massive campaign by UNICEF, WFO, WHO and other local organizations advising most Ghanaians on balance diet, to take in the right proportion of good nutrients. Medical practitioners and for that matter, Doctors have started deepening the responsiveness and the need for the right amount of nutrients required by the human composition.

A simple survey conducted by our marketing department in selected towns in Ashanti Region revealed that people prefer cereal foods because of their nutritional value. The recognition of this need has led to the establishment of AFSAMS Company Limited. We seek to help solve the problem of poor weaning of babies, malnutrition and undernourishment of children. The company has come to provide high quality but affordable cereal food for babies and children. AFSAMS Company Limited was incorporated under the partnership 1962(act152) on Monday 26th September 2011. It was given under the hand and official seal of the Registrar General's Department at Adum-Kumasi. The name of the business "AFSAMS Company Limited" is yet to be registered under the business name Act 1962 (Act 151). Registration is intended to be completed on 20th November, 2011. Actual operations will take place on January, 2012.

AFSAMS Company Limited is a small scale enterprise and is a partnership business owned by five partners namely: Seth Frimpong Boamah, Agnes Adjei Sarpong, Mercy Mensah, Sarpong Josephine and Gyambibi Florence but managed by the owners. The various units of the company are: Administration and Finance, Marketing and Sales, and Production Unit.

ORGANISATIONAL CHART

Table 0.1



BUSINESS LOCATION

The company is located at Odencho Kwadaso in Kumasi, the Ashanti Region.

Address:

AFSAMS Company Limited

P. O. Box 2200

Kumasi- Ashanti Region.

E-mail: afsams@yahoo.com

Phone numbers: 0267 628 952, 0248 019 869

BUSINESS STRATEGIES

COST LEADERSHIP

AFSAMS Company will use cost leadership as its main business strategy. Due to the competition in the industry, cost leadership strategy will be used to give our customers the quality they seek at affordable price. AFSAMS will produce a three-in -one cereal mixture including milk powder but at an affordable price over our competitors who only have traces of milk in their products.

MARKETING STRATEGIES

The Company will co-ordinate with doctors, dieticians and nurses in the various hospitals for them to recommend Cerebit to mothers. Regular visits will be paid to the children's hospital and weighing meetings at various hospitals to educate parents especially mothers on the nutritional benefits of our product. As part of its marketing strategy, the company will establish links and partnerships with the doctors, dieticians and nurses at the major hospitals like Komfo Anokye Teaching Hospital and other metro clinics to promote our products because they are the major stakeholders for children's health and fight against malnutrition. The company will sponsor these doctors and nurses on some major radio stations to educate parents on good weaning and feeding of babies and children, about malnutrition and its prevention. They will therefore recommend our product as the best on the market for healthy growth.

OPERATIONAL STRATEGIES

In order to achieve its cost leadership strategy, the company will make use of modern technology like the miller machine, mixer machine, sealing and other machine to be able to produce at the lowest cost. Employees would also be given regular training on how to use

these machines to work efficiently and effectively to cut down unnecessary cost to meet our objectives. The business will cope with flexibility in demand as changes occur in customers demand. AFSAMS Company Limited seeks to give our customers value for their money, on time delivery and ease of access to our product.

FINANCIAL STRATEGIES

AFSAMS Company Limited will invest in different portfolio of assets such as bonds, stocks and in mutual funds in the future; this will be done successful by monitoring our cash flow movement in order to ensure careful use of funds. The company hope to achieve 40% of the market share after four years of operation. The company will plough back 20% of its profit as a way of sustaining the business.

MISSION

AFSAMS Company Limited has come to offer high quality nutritious and affordable cereal foods for babies and children in Ghana.

2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE

2.1 PRODUCT IDEA

AFSAMS Company Limited is into the production of cereal foods for babies and children. The production will be under one family name known as Cerebit. The company has come into business to help solve the problem of poor weaning of babies, malnutrition and undernourishment of children. The company seeks to bring innovation to cereal food production by adding high quantity of milk, millet, groundnut and soya beans to our product. This will enable healthy growth in babies and children, and also help parents to save money. Thus, the company has come to provide high quality but affordable cereal food for babies and children

2.2 REALISATION OF SCHEDULE

Table 0.2

ACTIVITIES	TIME/ YEAR	RESPONSIBILITY UNIT	COST GH¢
Funding	October 2011	Owners	119,170.00
Office location	November 2011	Finance and administrations Manager	1,400
Registration	November 2011	Legal adviser	100.00
Recruitment and Training	November to December 2011	Finance/administrations Manager	200.00
Planning	October to December 2011	Management Team	119,170
Production	January 2012	Production Team	78,950
Launching	February 2012	Management Team	6,000

3.0 MANAGEMENT TEAM

AFSAMS Company Limited will have a management team of four; they are Mr. Seth Frimpong Boamah the General Manager, Josephine Sarpong and Agnes Adjei Sarpomaa the Finance and Administrations Manager, Miss Florence Gyambibi the Production Manager and Miss Mercy Mensah the Marketing Manager. The shareholders of AFSAMS Company Limited will act as managers of the various departments and as time goes on new people will be brought on board to relieve the shareholders of all activities they perform.

Brief profile of Management of AFSAMS Company Limited

General Manager

In view of analysis, it has been established and mandated that Mr. Seth Frimpong Boamah should take the position as the General Manager of AFSAMS Company Limited; Mr Seth Frimpong Boamah is now a level 400 banking and finance student with managerial experiences from Sinapi Aba Trust. The General Manager's duties include the following

- developing long term production strategy
- manage every individual processes of the company
- Supervising all other managerial affairs.
- Monitoring the day-to-day activities of all the various departments of the company
- Coordinating all the units by preparing work schedules and periodically reviewing of operational performance, controls and monitor activities and directions of the company.

FINANCE AND ADMINISTRATIONS MANAGER

Miss Josephine Sarpong will work hand in hand with Miss Agnes Adjei Sarpomaa to manage the finance and administrative issues of the company. Miss Josephine Sarpong has a rich working experience with Amanano rural Bank. She has an HND in Accounting from Kumasi

Polytechnic. Miss Agnes Adjei Sarpomaa also has a rich experience while working with human resource unit of the Akim North Municipal Assembly. She has a diploma in human resource from Accra Polytechnic and also pursuing a degree in human resource in Christian Service University College. Their duties are:

- Prepare financial report, bookkeeping and ensure effective management of working capital.
- Supervision of all accounting transactions.
- Making regular budgetary auditing of all units and provides administrative support to the day-to-day management of AFSAMS.
- She will also inform members on financial matters of the company.
- Take care of matters relating to employees.
- Provide support for development and training of staff.
- Develop an equitable salary structure that will conform to fair wages and salaries structure, draw up benefits and compensation scheme for employees.

PRODUCTION MANAGER

Miss Florence Gyambibi holds a diploma certificate in purchasing and supply and currently pursuing a degree in Bachelor of Business Administration. Her duties are;

- To draw up production strategies and monitor trend of production.
- To ensure that target for production is achieved.
- She sees to the effective and efficient use of raw materials for us to be able to cut waste and produce at a lower cost so that the company can achieve the aim of affordability.
- To make sure that the needed quality materials and ingredients for production are available.

MARKETING AND SALES MANAGER

Miss Mercy Mensah has a working experience with GLICO. She holds a diploma certificate in marketing and currently pursuing a degree in Bachelor of Business Administration, marketing option. He reports to the manager of the company. She is responsible for;

- Developing a marketing plan for selling and meeting customers demand.
- Setting sales quota for sales force.
- Conducting market research to identify opportunities and threats.
- Guiding and retaining good customer relationships
- Giving marketing advice to the management unit of the company on promotional strategies, distribution channel selection and also monitoring competitors' price.

DUTIES OF THE NON-MANAGERIAL TEAM

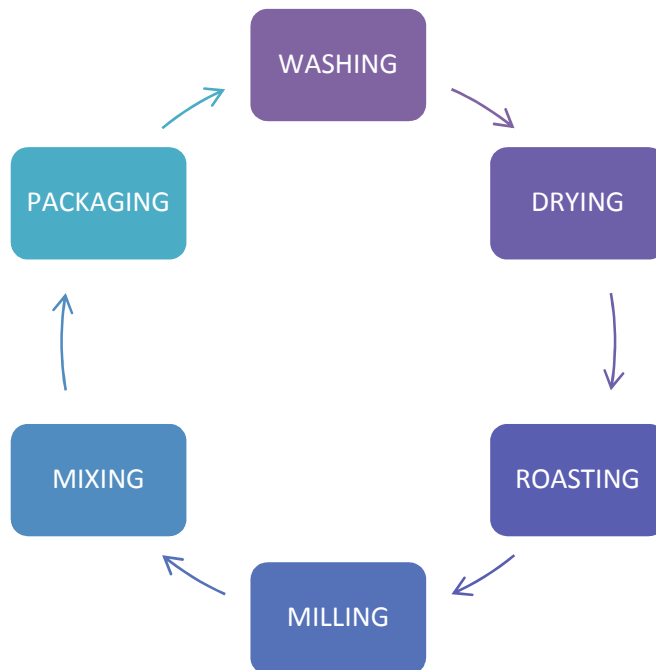
CATEGORIES	NUMBER	QUALIFICATIONS	DUTIES
Sales personnel	4	Diploma in marketing and valid driving license.	<ul style="list-style-type: none"> • Taking orders from customers and making delivery. • Prospecting for customers and building long-term relationship with customers • Updating the marketing and sales manager with current market information
Production workers	6	SHS certificate	<ul style="list-style-type: none"> • They are responsible for production, packaging and packing of product. • Taking orders on what and how much to produce from the production manager. • Keeping the production environment clean.
Legal advisor	1	Degree in law	<ul style="list-style-type: none"> • Responsible for all legal issues of the company.
Dietician, Doctors and nurses		Degree in food and nutrition, degree in medicine and nursing	<ul style="list-style-type: none"> • Responsible for advising management on content of nutrients needed for the production. • Introduction and recommendation of Cerebit to mothers at the hospitals. • Radio talk shows and advertisement

4.0 MARKETING ANALYSIS

4.1 BUSINESS SYSTEM AND OPERATION

PRODUCTION PROCESS

(Table 0.3)



WASHING

The millet, maize, groundnut and soya beans will be washed carefully.

DRYING

The wheat, maize, groundnut and soya beans will then be dried.

ROASTING

They will be roasted in a roasting machine. The temperature for roasting the millet will be 68 to 74 degrees Celsius and the maize approximately 80-90 degrees Celsius to reduce the grain moisture to about 12-14%. The roasting temperature of the groundnut would be below 54 degree Celsius and the soya bean would be roasted at 8% moisture content.

MILLING

The roasted millet, maize, groundnut and soya beans will then be milled separately.

MIXING

The maize, groundnut and soya beans flour will be mixed in the flour mixer, the powdered milk and the sugar will then be added to get the Cerebit Maize.

The millet, groundnut and soya beans flour will be mixed in the flour mixer, the powdered milk and sugar will then added to get the Cerebit Millet.

PACKAGING

The mixture will be packaged in sachets then put in a box and sealed with the sealing machine.

4.2 ENVIRONMENTAL ANALYSIS

4.2.1 MICRO OR INDUSTRIAL ANALYSIS

MAIN PRODUCT, MARKET AND CLIENTS

AFSAMS Company's main product is Cerebit maize and Cerebit millet which is a combination of maize flour, millet flour, and soya beans flour, groundnut, sugar and powdered milk. These products serve as baby food for babies from six months to two years who have finished with intensive breastfeeding and serves as food supplement and breakfast for children from two years and above. The company combines three different cereals into one product in addition to powdered milk which distinguishes Cerebit from other competing products. AFSAMS Company focuses to serve low, middle and high income since there is no distinct income level that consumes the product, almost all the income levels can patronize the product. AFSAMS will satisfy the market with the best quality and affordability. Our marketing research shows that the products will be well received by the market.

AFSAMS Company Limited seeks to achieve 20% of the total market share within the next four years. Based on research, the children under 15 years forms 42% of the total population which shows that the company has a large market share for the production of babies' and children's food. (www.google.com-www.nationsencyclopedia.com> Africa)

SOURCING: MAIN SUPPLIERS

The key suppliers are:

Ama Ataa enterprise.

Amaria Talata enterprise

Mariama Fuseni

Alpha and Omega enterprise

The Gentile enterprise

The cereals (millet, maize, soya beans and groundnut) will be bought from Sekyere Odumasi where they are grown and harvested. Other raw materials and ingredients will be purchased from Alpha and Omega Enterprise and the Gentile Enterprise at the Kumasi central market. These suppliers are chosen because they sell quality stocks in hygienic environment which will support our objective of producing quality food. They also give discount for high purchase which will help us cut down cost of production supporting our objective of affordability. They also never run out of stock.

COMPETITOR ANALYSIS

The cereal food industry is dominated by few competitors in Ashanti Region but the main frontiers are Nestle' Ghana Limited, Samolina and Care Baby Food. Their main products are maize, wheat and rice. Almost all these companies are into the production of single cereal production. The only company producing different cereal foods is Nestle' Ghana. However, their prices are high and they target the high income level people. Most of these competitors

have similar products with little or no differentiation. Competitive rivalry is not very keen as competitors do not react highly to the market leader, thus Nestle' Ghana. Even though Nestlé Ghana introduced new product thus Cerevita and makes a lot of adverts on Cerelac, the competitors do not react to this.

CEREBIT is highly nutritious with only the best natural elements which provide the baby with the needed amount of nutrients without side effects like obesity at age 5 when it is fed with baby milk product, like lactogen. AFSAMS Company Limited aims to increase our quality base, offer a combination of three different cereals and sell at affordable prices than that of our competitors. The company will strengthen its legal relations to prevent counterfeiting of its product.

COMPARISON TO COMPETITIVE PRODUCT

Competitors: Nestle' Ghana Limited, producer of Cerelac and Cerevita. Cerelac has good quality product but of a high price, Cerevita has attractive packaging but high price with low quality product, Fairly Baby Food also has poor packaging and their quality is moderate. However, AFSAMS Company Limited seeks to bring high quality product and affordable price, attractive packaging, door-to –door delivery service and continuous improvement in our product.

4.2.2 MACRO OR EXTERNAL ANALYSIS

It has been understood that the industry is enjoying a remarkable growth since it is the easiest form of business in Ghana and also there has been a rapid increase in the maternal birth rate due to free maternal care introduced by the government in addition to the national health

insurance scheme to provide the lowest health care cost for all Ghanaians. Competition is high but the company shall use cost penetration to penetrate into the market.

POLITICAL ANALYSIS

Ghana for the past 20 years has enjoyed political stability which has created a favourable environment for businesses and organisation to achieve their objectives and targets. There have been some introductions of tax incentives such as tax rebates for newly established businesses. This means that people can open their businesses provided it is confined in the legal framework of the country. AFSAMS Company Limited will enjoy these benefits to maximize its profits. However, it has been realized that the country will experience an increase in the import taxes to cut down importation; this will have some effects on our production since some of our raw materials will be imported.

ECONOMIC ENVIRONMENT

Ghana's economy has witnessed growth in its per capita income as it has moved from low to middle income status due to a decrease in the inflationary rate. This means that more businesses will want to enter the market to compete with us. This will pose a threat to our profit and market share. Shortage of raw materials is another threat to the company because it is an external factor of which the company has little or no control over. Some of the major economic environment indicators that affect businesses are inflation, exchange rate, interest rate, unemployment and income levels.

SOCIO-CULTURAL ENVIRONMENT

The socio-ideology of the people in Kumasi was that, malnutrition was caused by poverty, wrath of the gods and some traditional beliefs which could have had a negative effect on the

sale of our products. However, due to education by WTO, WHO and other NGOs, the minds of the people have shifted to be health conscious and they now chase after the food which contains high nutritious base. The company in collaboration with the dietician will further educate the people about malnutrition and the benefits of soya beans, milk and other ingredients in our product so as to achieve our objectives.

TECHNOLOGICAL ENVIRONMENT

Technology is at its growth stage in Ghana; people are now using modern technology and are still craving for more improved and sophisticated technology. AFSAMS will use the most current technology in its production and operation to give our customers the best and also cut down cost to be able to achieve our cost leadership strategy. The company will also get assistance from the Centre for Scientific and Industrial Research to frequently improve its product to satisfy its customers.

SWOT ANALYSIS

The following are the major strength and weaknesses within AFSAMS, the opportunities and threats.

Table 0.4

<p style="text-align: center;">STRENGTH</p> <ul style="list-style-type: none"> ➤ Management expertise ➤ Technology ➤ Technical 	<p style="text-align: center;">WEAKNESS</p> <ul style="list-style-type: none"> ➤ AFSAMS main weakness is our location.
<p style="text-align: center;">OPPORTUNITIES</p> <ul style="list-style-type: none"> ➤ Government support through incentives and tax reduction ➤ Tax holidays introduced by the Internal Revenue Service 	<p style="text-align: center;">THREATS</p> <ul style="list-style-type: none"> ➤ Government policies. ➤ Standards set by the Ghana Food and Drugs Board.

OPPORTUNITIES

Government has assured Ghanaians of support to the private sector to stimulate the growth of the economy. For this reason, tax incentives are made available for emerging businesses and the government will offer a 10% reduction in taxes. The company will also enjoy tax holidays introduced by the Internal Revenue Service such as the corporate tax reduction and capital allowance.

THREATS

Government regulations and standards set by the Ghana Food and Drugs Board to follow the production of food. The company will therefore keep monitoring its product standards and production operations to meet that of the government and will also make sure that the product is accredited and recognised to prevent any legal constraint as far as accreditation is concerned. Also, the management will monitor political trends to prevent any political variable which will have any effect on the company.

STRENGTHS

The strengths of the company are in three main areas:

Technology: The use of new technology in packaging and delivering services. The main strength is our innovation where we have dietician-client marketing strategy. AFSAMS will use technology for production to reduce cost of production. The company will employ the best technology in its production processes to offer our customers only the best product and also introduce database for our major customers and retailers where we use our database to indicate stock level to prevent stock out.

Technical: the company has experienced and skilful workers to handle all its operations and productions. Employees will also be given regular training in order to understand and make use of new equipment and technologies.

Management expertise: the company has Management with different expertise and skills from different angles of work. We have management who are competent and committed to work and time.

WEAKNESS

AFSAMS main weakness is our location. The company is located at Odeneho Kwadaso which is a little far from our main distribution channel, thus the hospitals.

4.3 MARKET SEGMENTATION

AFSAMS recognizes that it cannot appeal to all buyers in one market and all buyers in the same way. The basis for our segmentation is in three categories, thus, geographic, demographic and psychographic segmentation. AFSAMS Company Limited is currently targeting the people in towns such as Bantama, Abuakwa, South and North Suntreso, Agogo, Atonsu, Tafo and Kejetia. The market is divided on the basis of age.

- Our product is for babies who are six months to two years who have finished breastfeeding.
- children who are suffering from malnutrition and are in need of food supplement

The product is also for all people no matter the income level as we offer quality product at affordable prices.

4.4 TARGET MARKET

AFSAMS Company Limited seeks to serve the Ghanaian population to meet its objectives and targets. The following are the main target group:

- Babies from six months to two years who have finished exclusive breastfeeding
- Children from two years and above who are suffering from malnutrition.

ACTUAL AND POTENTIAL MARKET SIZE AND TREND

Due to the increasing rate of maternal birth rate, demand for babies' food has also drastically increased and there is always a demand for new things in the market as we live in the global environment. The demand for quality, nutritional but affordable babies' food has increased due to increase in education in Ghana. Recent study has shown that babies and children need a lot of nutrients to grow well and also prevent sickness and disabilities like kwashiorkor. This has increased the demand for high nutritious food for babies and children. The company seeks to enlarge its market to other parts of Kumasi which are not yet targeted and other regions in Ghana in the next coming years.

4.5 MARKETING MIX

The marketing mix will comprise of the following approaches to product, price, promotion and place (distribution)

4.5.1 PRODUCT

PRODUCT DESCRIPTION

Table 0.5 shows the product package design.



CEREBIT is a three in one cereal mixture that offers quality at affordable price to give our customers value for money. Because of the combination of cereals and other important ingredients, the product aids healthy growth in babies and serves as food supplement for children who are suffering from malnutrition.

CEREBIT contains vitamins and minerals which are very important for the human body, aid growth, tissue repairs and waste removal that are not found in other competing products in the market. They are:

Cerebit Maize is made up of maize, soya beans, groundnut, sugar and milk powder.

Cerebit Millet is made up of millet, soya beans, groundnut, sugar and milk powder.

These are the various cereals and their essential nutrients.

Maize: Carbohydrates, Protein, iron and Magnesium

Soya beans: is the most nourishing grain, healthy for the human body especially growing children because it digest easily and also aids growth and body development. It lowers cholesterol and prevents heart, brain, eyes and kidney complications so it is very good for adults. It also contains lecithin which is a tonic, energizer and food for the brain. It contains high nutrient base of carbohydrates, protein, iron, calories, calcium, potassium and phosphorus.

Millet: contains calcium for strong bones, manganese, phosphorus, fibre, magnesium and B vitamins. Millet helps to develop and repair of body tissues. It also prevents asthma and wheezing in children.

Groundnut: groundnuts contain protein. It gives smooth skin and prevents obesity.

Milk: contains vitamins A (needed for healthy skin, good eye sight, protection of the eyes from blindness and boosting the body's immune system), B (needed for healthy skin, good eye sight and protects the eyes from blindness. It boosts the body's immune system), C

(builds healthy bones and muscles, manufacture collagen -connect tissue that hold bones together), and E (to slow the ageing process).

4.5.2 PRICING STRATEGY

AFSAMS Company will make use penetrating pricing to enter the market. The company intends to use this pricing strategy for the next three years because the company believes that by the end of that period the company will gain stands in the market.

4.5.3 PROMOTION

The company will co-ordinate with doctors, midwives and nurses in the various hospitals especially those in the children's hospitals who will introduce Cerebit to mothers as soon as they give birth and when they come for anti-natal care. The company will also sponsor some of these doctors, dietician and nurses on major radio stations to educate the public on good weaning of babies and healthy feeding of children and introduce our product as the best on the market for babies and children.

Since the company's main targets are babies and children, the product will be sent to children's hospitals and to weighing meeting by the sales people to promote and sell. Posters shall be placed at the hospitals and vantage points to display the product.

4.5.3 PLACE (DISTRIBUTION)

The product will be made accessible at various outlets, shops, super markets and children's hospitals for the distribution structure to be monitored. Flier will be distributed free of charge by sales force at the hospitals, super market, churches and other shops.

QUALITY ASSURANCE AND CONTROL

AFSAMS Company Limited assures customers of consistency in the quality and taste of Cerebit. The products will constantly be checked to meet the standard of the Ghana Food and Drugs Board. The company will maintain a clean environment to avoid any contamination; the production room with high standard designs will be cleaned daily and kept clean to prevent infection. Employees will be given periodic training to enhance their skills and to use new equipment and also there will also be incentive schemes like vacations and overtime pay to motivate them. This will make employees bring out their best to ensure high quality product.

PATENT AND TRADE RIGHT

The product is yet to be developed. The name of the business “AFSAM Company Limited” is yet to be registered under the business name Act 1962 (Act 151). Registration is intended to be completed on 5th October, 2011. The company will protect its trademark by registering our product with the Copyright Department of Ghana to prevent other competitors from imitating the product in any way or form.

5.0 FINANCIAL ANALYSIS

5.1 RISK ASSESSMENT

AFSAMS Company Limited recognizes that there are risks that the business can be exposed to in its operations. The company identifies these risks and how to manage them.

PURE RISK

The type of pure risk that can affect AFSAMS Company Limited includes the risk of reduction in value of business assets due to physical damage, theft and expropriation.

- The risk of legal liability for damages for harm to customers.
- The risk of paying benefits to injured workers under workers compensation laws and risk of legal of liability for injuries or other harms to employees that are not governed by workers compensation laws.
- There is also the risk of death, illness, and disability to employees of the business for which it has agreed to make payments under employees' payment plans such as obligation to employees under pension and other retirement savings plans.

HOW TO MANAGE PURE RISK

- The business will increase precautions against activities that will be undertaken.
- There will be thorough checks by the production manager at the production area to make sure that the product is of the highest standard and safe for consumption.
- The business will also register all its employees under the National Health Insurance Scheme to reduce its medical cost.

OPERATIONAL RISK

The business can also face operational risk as production can be interrupted which may result from machine breakdown. This can lead to the business not able to meet customers' demand. It can also occur through frequent power outage.

HOW TO MANAGE OPERATIONAL RISK

- There will be frequent maintenance of all machines and vehicle to prevent interruptions in production.
- Also there will be a stand by generator to supply power for production to continue in case of any power outage.

PROPERTY RISK

This is the risk of fire outbreak and other disasters in the company's building which could destroy all its assets. Fire outbreak is the most critical to be analyzed.

HOW TO MANAGE PROPERTY RISK

- The company will undertake insurance policies that will cover fire outbreak.
- The company will also put fire extinguishers at vantage points of the building.

CREDIT RISK

This is the risk that can affect the operation of the company. This occurs when customers to whom goods have been supplied on credit will delay payment or not pay at all.

HOW TO MANAGE CREDIT RISK

- This is done by investing in other ventures to minimize any losses that might occur.

- Also, by obtaining enough information from our customers in order to assess their credit background.

PRICE RISK

The business may face commodity pricing due to increase in production materials, this may deter customers from making purchase. The power of buyers can cause a reduction in the price of the products which can also affect the company and its profitability. Also the suppliers form a cartel; they can also cause an increase in the prices of raw materials which can affect our cost of production. The interest rate risk can affect AFSAMS Company Limited when the company wants to seek for loans for expansion in the future. Changes in interest rate can affect its cost of borrowing and go a long way to affect its profitability level.

HOW TO MANAGE PRICE RISK

The company will hedge its purchases when;

- It senses any future price increase.
- The company will diversify a percentage of its profit into different asset portfolios such as bonds and stocks in order to offset any changes in the interest rate.

AFSAMS COMPANY LIMITED
PRODUCTION COST AND COST OF SALES AS AT 2014

	2012	2012	2013
	GH¢	GH ¢	GH¢
Opening inventory	-	11,200.00	15,180.00
Add purchase	72,000.00	85,320.00	101,784.00
Less closing stock	<u>-11,200.00</u>	<u>-15,180.00</u>	<u>-6,362.00</u>
	60,800.00	81,340.00	110,602.00
Direct labour	<u>14,400.00</u>	<u>14,400.00</u>	<u>17,280.00</u>
Prime cost	75,200.00	95,740.00	127,882.00
Factory overheads	2,950.00	3,420.00	3,941.00
Depreciation	<u>800.00</u>	<u>800.00</u>	<u>800.00</u>
Production cost	78,950.00	99,960.00	132,623.00
Add opening inventory of finished goods		1,900.00	8,400.00
Less closing inventory of finished goods	<u>-1,900.00</u>	<u>-8,400.00</u>	<u>-12,000.00</u>
Cost of sales	77,050.00	93,460.00	129,023.00
Adminstrative and general expense			
Rent	420.00	480.00	540.00
Electricity	240.00	280.00	320.00
Insurance	350.00	350.00	490.00
Repaires and mantainance	15.00	20.00	23.00
Salaries	12,600.00	12,600.00	15,120.00
Cost of training personel	200.00	150.00	100.00
Telephone bills	200.00	220.00	250.00
sationary	100.00	100.00	150.00
Registration	100.00	-	-
Depreciation			
computer	60.00	60.00	60.00
Furniture and fittings	600.00	600.00	600.00
Total	14,885.00	14,860.00	17,653.00
Selling and distribution			
Sales representative	7,200.00	7,200.00	11,520.00
Fuel	2,080.00	2,240.00	2,400.00
Advert and promotion	6,000.00	6,200.00	6,400.00
Repaires and mantainance	45.00	60.00	68.00
Depreciation			
Motor van	1,200.00	1,200.00	1,200.00
Total	16,525.00	16,900.00	21,588.00
Financial charges			
Bank charges	30.00	35.00	40.00

AFSAMS COMPANY LIMITED

FIXED COST

	2012
	GHC
COMPUTERS	300.00
PLANT & MACHINERY	8,000.00
FURNITURE & FITTINGS	3,000.00
MOTOR VAN	6,000.00
WATER	120.00
BANK CHARGES	30.00
REGISTRATION	100.00
TELEPHONE BILL	200.00
SALARIES	22,200.00
INSURANCE	350.00
ELECTRICITY	240.00
RENT	420.00
DIRECT LABOUR	<u>14,400.00</u>
	<u>55,360.00</u>

VARIABLE COST

REPAIRS & MAINTAINENCE	15.00
COST OF TRAINING PERSONEL	200.00
STATIONERY	100.00
ADVERTIZEMENT & PROMOTION	6,000.00
FUEL	2,080.00
PURCHASE	<u>72,000.00</u>
	<u>80,395.00</u>

SALARIES

	2012	2013	2014	
Managing (300×12)	3600	3600	(360×12)	4320
Administr: (250×12)	3000	3000	(300×12)	3600
Marketing 250×12)	3000	3000	(300×12)	3600
Productioi (250×12)	3000	3000	(300×12)	3600
Sales Repr(200×12×4)	9600	9600	(240×4×12)	11520
Factory Ov(200×6×12)	14400	14400	(240×6×12)	17280