

1.0 COMPANY HISTORY

Evelyn Oduro, read from the newspaper (Daily graphic) that, the intergraded social development center (ISODEC) an NGO recently commissioned a study on how to re-organize the Shea industry as a means of making profit, creating jobs and also for poverty reduction to grow the economy.

According to the Government, the industry whose potentials are yet to be fully harnessed earners about \$30 million of foreign exchange for the national economy and is no doubt that this amount could triple when the industry is further developed.

The usage and importance of the Shea butter industry is manifold. Apart from eating the raw-nut cover; the oil that is low in cholesterol level is used in cooking and making of soap. It is also used in the cosmetic and pharmaceutical industries.

In this regard, five entrepreneurial friends namely Evelyn Oduro King, Selina Dwomfour, Bertha Ofori Birago, Patrick Osei Tandoh and Ernest Asare decided to come together to form an Enterprise in the Shea butter industry, with the objective of creating awareness, educating people, create employment, promote good health and the preservation of the environment as well as making profit about the importance and the uses of Shea-butter.

1.0.1 NAME OF BUSINESS:

SOBEE SHEA BUTTER ENTERPRISE

1.0.2 DATE AND PLACE OF THE REGISTRATION

SOBEE Enterprise was registered in Tamale on the 19th October, 2010 under The Registration of Business Names Act of Ghana.

1.0.3 DATE ACTUAL OPERATIONS BEGUN

The Enterprise commence actual operations on 1st January, 2011

1.0.4 TYPE OF BUSINESS ORGANIZATION

SOBEE Enterprise is a small scale business owned and managed by five (5) entrepreneurs

All final decisions are made by the five entrepreneurs and implemented by the workers

1.1 THE GENERAL ORGANIZATION

The various units of the Organization which include:

Account Department:

This is concerned with the financial aspect of the organization. This department has the following functions.

- i. It keeps a separate account for all customers e.g. Sales ledger.
- ii. It sends out monthly statements to all the customers.
- iii. It keeps separate accounts for all suppliers e.g. Purchase ledger.
- iv. It helps to set departmental budgets; keeps relevant records on internal spending for each department for budget control purposes.

- v. It keeps proper books of account.
- vi. It deals with the taxation of the business works.

Production / Work Department

This department produces goods with instructions from the Production Manager who is the head of the department; it has the following functions;

- i. To produce goods at the quantity of goods.
- ii. To produce goods at the right time.
- iii. To research and develop new products.
- iv. To control cost of production
- v. Taking charge of the maintenance, repairs or replacement of factory machines.

Marketing/Sales Department:

The goods produced by the production department must be sold; this is done by sales department. It has the following functions:

- i. To make market research, to see what quantities, where how and when they should be sold.
- ii. To identify customer's needs
- iii. To plan the distribution of finish products.
- iv. To advertise the products.
- v. To give a feed-back to the production department on customer needs.
- vi. Taking stock of goods produces and maintaining the warehouse.
- vii. Keeping proper records of all sales revenue and all sale expenses for finance budgeting purpose.

Security

The following are some of the duties performed by the security:

- i. Theft prevention.
- ii. Protection of life and property
- iii. Checking of vehicle movement
- iv. Monitoring closely visitors and customer who enter company's premises.

1.2 BUSINESS STRATEGY AND MISSION

Is the desire of Sobee Enterprise to be recognized as a company of choice, creating awareness of the usefulness of Shea butter, to design our product to meet customer taste and to provide value for money.

1.2.1 BUSINESS STRATEGY

Competitive Strategy

Sobee Enterprises produces unrefined Shea butter which has not being chemically altered and maintains its natural properties.

Refined Shea butter has been chemically altered and its natural properties are lost.

Pricing Strategy

The prices of our Shea butter are price competitive because of the quality it has no additives.

Our pricing strategy is to keep prices affordable and still maintain the quality of our finished product. We can achieve this by keeping the cost at minimum. Example skilled work force to reduce scrap and re work and efficient use of resources.

Distribution Strategy

Our sales personnel will directly deliver the finished products to our customers when we receive the orders, but if for any reason we are not able to deliver them their transportation cost will be bore by Sobee Enterprise.

Promotion Strategy

Our promotion strategy is through public relation events since Sobee Enterprise wants to create awareness of the usefulness of shea butter, we will partake in trade shows, door –to-door promotion to drum home how is it important for every family to have a jar of shea butter in the house.

2.0 PRODUCT IDEA AND REALISATION OF SCHEDULE

2.0.1 Product Idea

Shea butter is a natural plant extract with exceptional moisturizing properties which comes from the karite Shea tree. SOBEE Enterprise produces unrefined virgin Shea butter that maintains its nutty scent, ivory-beige color and all its healing properties, as compare to our competitors who produces refined shea butter which has been chemically altered to remove it nutty scent.

Shea butter is used for cooking, for prevention of stretch marks during pregnancy, wrinkle formation. It is also use as anti-aging against wrinkle, fine line reduction, eliminates dull complexion. Skin peeling, and maintaining a healthy skin.

Industrially shea butter is used for cosmetic production such as moisturizing creams. It is also used medically as a base for medical ointments because of its anti-inflammatory properties. The shelf life of Shea butter is 18 – 24 month when kept in a refrigerator.

People of all ages and skin types utilize shea butter and it has no side effect. It is natural and has no chemical added.

2.0.2 Realization of Schedule

There are eight major stages of processing including sorting, cracking, roasting, grinding, kneading, boiling, filtration and stirring and packing

Sorting: Separating the nut from the unwanted particles (tiny dry leaves, spoiled nuts and grouping the good nut into different grades) – Two days is used.

Cracking: An adjusted surface grinder machine will break the good nuts into desired size/form to ensure even roasting - One day is used.

Roasting: The cracked nut is roasted in a rotating drum over controlled heat until the nut fully roasted; care is taken to avoid burning the nuts.- One day is used

Grinding: The roasted nuts are grinded into a paste – the same day.

Kneading: The paste is cooled, kneaded or beaten adding water until the oil (foamy form) - comes up for collection. The collected oil is washed with water until the color becomes light grey – One day is used.

Boiling: The product is boiled under controlled temperature until all excess water evaporates. One day is used for the kneading and boiling.

Filtration and Stirring: The resultant oil is filtered and stored until it becomes a pale yellow/cream or beige. One day is used.

Packing: Products are packaged in plastic line boxes or heavy duty plastic containers in various sizes as per customer specifications. – One day is used.

2.1 RAW MATERIAL

The Shea tree *Vitellaria Paradoxa* produces its first fruit (which resemble large plums) when it is about 20 years old and reaches its full production when the tree is about 45 years old. It produces nuts for up to 200 years after reaching maturity. It usually grows to an average height of about 15m with profuse branches and a thick wax and deeply fissured bark that makes it fire resistant. It is usually harvested between June and August in the Northern region of Ghana. Its harvest coincides with the hunger period and hence serves a very great purpose.

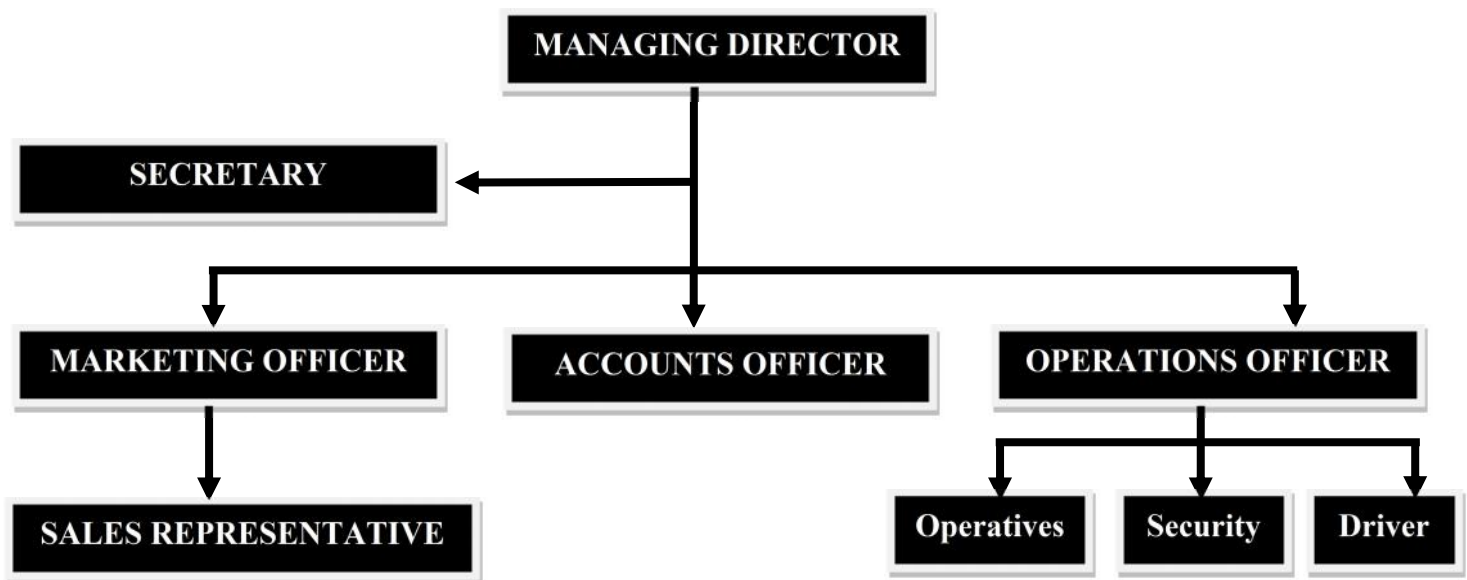
Key Suppliers

Our key supplies are

Suhuyini women's cooperative and A.A. Shea-nut sellers Association all located in Tamale in the Northern Region of Ghana.

Shea nut is sold in sacks, at the price of GH¢32.00.

3.0 THE ORGANIZATIONAL STRUCTURE



MANAGING DIRECTOR

Miss Bertha Ofori Birago, the Managing Director of Sobee Shea Butter Enterprise hold an HND in Hotel Catering and Institutional Management with ten years wealth of experience in the Hotel industry. She is the manageress of Cicero Hotel in Kumasi. Currently, she is a student pursuing a degree programme in business administration (Human Resource Option) at Christian Service University College)

ACCOUNT OFFICER

Miss Evelyn King-Oduro would be the firms finance manager. She holds an HND in Accounting as well as ICA. She is currently a final year BBA Accounting student of Christian Service University College.

MARKETING OFFICER

Mr. Patrick Osei Tandoh shall be the Marketing and sales Manager of the company. He is marketing executive in Ghana Commercial Bank, Kumasi. He holds a Higher National Diploma in marketing from Sunyani Polytechnic He is currently pursuing a degree programme in business administration (Marketing option) at Christian Service University College.

OPERATIONS MANAGER

Miss Selina Peter Dwomfour, the operations manager of the business. She has fifteen years working experience in operation department in the banking industry. She holds a professional Diploma in marketing from Chartered Institute of Marketing and currently a Bachelor of Business Administration (BBA) Banking and Finance student of Christian Service University College

Mr. Ernest Asare who holds Diploma in Basic Education and currently a Student of Christian Service University College pursuing Bachelor of Business Administration (BBA) Accounting option.

3.1 TEAM TO IMPLEMENT PLAN IN THE FIRST YEAR:

3.1.1 MANAGING DIRECTOR

Functions and Responsibilities

1. Make sure operation continuous unabated.
2. Ensures that all departments operate efficiently and effectively.
3. All seminars concerned with our industry will be attended by her

3.1.2 MARKETING OFFICER

Functions and Responsibilities

1. She shall be the chief marketing advisor to management.
2. Developing sales and promotion strategies implement them and evaluate the results.
3. Ensuring that the firm meets its market penetration strategy.
4. Promotion and selling the firm's product.
5. Responsible for coordinating the marketing and sales programmes.

3.1.3 OPERATIONS OFFICER

Function and Responsibilities

1. She shall be responsible for the overall administrative work of the business, ensuring that all procedures and processes are well coordinated and that they operate effectively.
2. Coordinate with the marketing department to make sure the products produced meet the specifications of the customers.
3. Makes sure highly skilled labor will be employed to reduce scrap and rework.
4. Supervises the work of the operatives to make sure the best quality product is produced.

3.1.4 ACCOUNTING OFFICER

Functions and Responsibilities

1. Prepare the firm's budget forecast the need for funds for future use.
2. Instituting prudent financial measures and control.
3. Monitor and control the flow of cash in the firm.
4. Preparation of the firms' financial statements.
5. Design, install and maintain proper books of accounts of the company

3.1.5 OTHER KEY PERSONNEL

Sales Representative

The sales representative is to make sure that the product is delivered to the customer on time, there views on the product taken and feedback given.

Operatives

They will be responsible for the processing of the shea butter which includes sorting, cracking, roasting, grinding, packing etc.

Security

Security to protect the premises against theft and the overall security of the premises

Drivers: To deliver the product at the appropriate time and in good condition.

4.0 MARKETING ANALYSIS

A research into the Shea-butter industry reveals that, the market is a fragmented one. Although there are several manufacturers of Shea-butter products such as body cream, oil etc. The industry has largely been ignored. This provides us with an extraordinary opportunity for market growth.

Currently most Ghanaian has developed interest in locally manufactured products even though they perceive it to be of low quality. SOBEE Enterprise Intends to embark on quality improvement to debunk that perception.

4.1 BUSINESS SYSTEMS & OPERATIONS

To ensure that SOBEE produces the best quality Shea butter. The Shea – nut will be washed well before processing that make it hygienic, after sorting to separate the nut from unwanted particles like spoiled nut and tiny dry leaves.

The production processed will begin from here: cracking, roasting, grinding, kneading, boiling, filtration, stirring and finally packaging.

The finished products are personally delivered to our customers by our sales personnel. Trade discounts are given to higher volume purchasing. Credit facilities are also enjoyed by our customer that is one week after purchasing.

4.2 ENVIRONMENTAL ANALYSIS

These are factors that externally affect our firm of which we have little or no control over. They include Political, Economical, Socio-Cultural and Technological.

4.2.1 Political Factors

These are governmental policies that affect our industry. Our company will enjoy some tax advantages / holidays because of where it is located, (Northern Region – Tamale). Government policy to promote patronage for locally made products motivated the set-up of SOBEE Enterprise.

4.2.2 Economic Factors

The current inflation rate does not reflect in people's income. This has reduced their purchasing power and that affect the company adversely. High unemployment can also have an influence on the firm.

4.2.3 Social Factors

Society shapes beliefs, values and norms that largely define consumer taste and preferences. Ghanaians today are very patriotic and therefore patronize locally made products. Local products have been accepted socially within the country and more than 50% of Ghanaian uses these products day-in and day-out.

The perception Ghanaians have about locally made products especially shea butter with its nutty scent also affect us.

4.2.4 Technological

The world is now a global village where access to the right information at the right time and the use of modern equipments and technology can give a competitive edge. The use of the internet, employing dynamism and effective business processes will

contribute to cost minimization. Investing in research and development will facilitate growth but we do not have enough funds to meet this demand.

4.2.5 Industry Profile and Overview

Industry Analysis: Our Research from the Integrated Social Development Centre (ISODEC), an NGO recently commissioned a study on how to re-organize the shea industry as a means of poverty reduction.

Indeed almost every rural household in the Northern region depend on Shea-nut picking, processing or marketing for survival.

The crop is said to provide over 60 percent of the annual income of most rural folks especially the women.

The usage and importance of the Shea-nut industry is manifold. Apart from eating the raw nut cover, the oil that is low in cholesterol level is used in cooking and making of soap, cosmetic and pharmaceutical industries also use shea butter.

Research conducted by Maki In hee-jee of JICA (2001) showed that 78% of cosmetic products produced in Canada have some content of Shea oil.

The industry whose potentials are yet to be fully harnessed earns about 30 million foreign exchange for the national economy and is no doubt that this amount could triple when SOBEE Enterprise and its competitors further develop the industry.

4.2.6 Major Competitors

Existing Competitors

The pure Company

Pure Company has been key competitor in recent years. They have a large group of people, quality Shea butter product and an excellent sense of value addition but little movement in direct sales.

Widow and Orphans Movement

This is an organization that empowers widows and orphans. They started Shea butter production about 5 years ago. They are one of the main competitors also with promising future and a good financial security. They are a non-profit organization and good relations with distributors.

Kasalgu Shea Butter Company

Kasalgu Shea butter Company has been operating for the past 6 years. They are one of the recent emerging competitors with promising future and formidable financial security. They have good marketing and strong advertising budget. The weakness is seen in light of lesser product quality.

Potential Competitors

Since the industry whose potential are yet to be fully harnessed, foreign based companies with backing from government might set up bigger companies making it difficult to compete with them since they will have wider markets.

4.2.7 Market Trend

Our market has finally grown to recognize the difference between refined and unrefined Shea butter in the market. Sobee is committed to the production of quality unrefined Shea butter which has not being chemically altered.

4.2.8 Market Sizes

With the increasing knowledge of the usefulness of Shea butter especially the unrefined Shea butter our market size is increasing especially our outlets in Kumasi and Accra.

4.2.9 Swot Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company and describes the opportunities and threats facing.

4.2.10 Strength

Quality product

Our product no refined Shea butter has not being chemically altered, hence their natural color is preserved.

Workforce

We have well motivated staff who are willing to work in order realize the organization's goal

Responsive in meeting customer wants and expectations

4.2.11 Weakness

- ✓ **Lack of funds:** At the moment we do not have enough funds to operate at full capacity.
- ✓ **Promotion:** The spread of the information technology and computer networks has speed up the delivery of goods which cuts waste, reduces inventory and generally increases productivity. Due to lack of funds we are unable to use this sophisticated form of promotion.
- ✓ The difficulty in developing brand name as a start-up company

4.2.12 Opportunities

Internet potential for selling products to other market.

Growing market: the potential of the Shea butter has not being fully harnessed there is a lot of potential in the industry.

Increasing sales opportunities beyond our target area since people are now aware of the usefulness of shea butter,

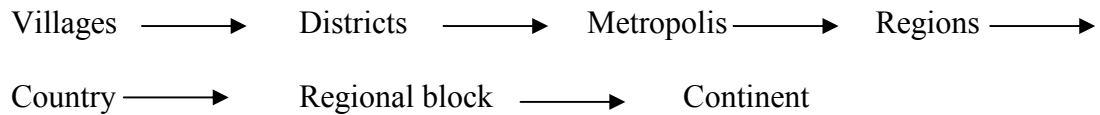
4.2.13 Threat

Competition from foreign markets with greater potential of financing. Local competitors are also emerging and we need to prepare for their entry because the industry's market structure is such that there is pure competition and has no barriers to entry or exit.

4.3 MARKETING STRATEGY

Market Segmentation

The firms market of SOBEE Enterprise will be segmented geographically as shown in the diagram below:



4.3.1 Demographic

Within female and male users, the ratio will be 4:1. Local market research indicates that females have high demand for the use of Shea butter.

Age: Every age group qualifies for the use of Shea butter.

Income: The firm's products will be useful and affordable to people of all income level.

4.3.2 Psychographic

The products will be useful to all social classes, lifestyle and personality types.

4.4 TARGET MARKET

✓ Household

Since some household use Shea butter as their cooking oil. They also use it for the treatment of burns, rashes, dry skin, stretch marks etc

✓ Cosmetics Industries

Cosmetics industries in the country will be targeted because about 78% of cosmetics product has some content of Shea butter.

✓ **Pharmaceuticals Companies**

Pharmaceutical companies and other licensed chemical shops are also our targets market. They use some amount of Shea butter in the production of some medicine.

✓ **Potential Customers**

Beauty Saloons: they are also recognizing the usefulness of Shea butter in their saloons

4.5 MARKETING MIX

Marketing is about satisfying customer needs and wants and the company intends of delivery this value at a point the company would therefore adopt a well-integrated program of marketing mix elements primarily the four Ps (Product, Price, Place and Promotion) tailored to the needs and wants of the target market.

Product

Our product, non-refined Shea butter which has not been chemically altered, maintains its nutty scent, ivory-beige color and all of its healing properties to meet customer's specific demands. The company is primarily concerned with maintain the loyalty of customers by adopting their needs and producing quality products.

Price

Price communicate to the market, the company's intended value positioning of its product or brand. We intend adopting the penetration pricing that is to set our price below the market price, so as to enter the market. This is because the market is very sensitive they already have the product but we intend reaching them with our quality and low price product.

Place

As a start-up business, the company's distribution outlet would be used to reflect on the target market locally, the company will also place its products at the various areas within the country such as saloons, pharmaceutical companies, cosmetics shops etc. This will make the products available to our market.

Promotion

Our promotion is through public relation events since Sobee Enterprise wants to create awareness of the usefulness of Shea butter, we will partake in trade shows, door –to-door promotion to drum home how is it important for every family to have a jar of Shea butter in the house.

RISK ANALYSIS

Risks are losses associated with every business organization which SOBEE is not exempted. Due to the nature of our business; we are likely to face the following risk.

The nature of our business is such that our operatives are likely to be exposed to fierce heat therefore burns and injuries are inevitable.

SOBEE Enterprise will provide a safe working environment for their operatives.

Protective cloths will be provided for them.

First aid box will be kept and maintained.

Human Risk

The Enterprise is likely to face theft and pilfering cause by employees of the business.

Labour Turnover is also likely to affect our operations.

SOBEE will make sure that we employ people who are self motivated and have the success of the business at heart. We will compensate them competitively for them to stay in the organization. The security will be motivated to prevent the company's products being stolen

PROJECTED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER,
2011 – 2013

	31st Dec. 2011		31st Dec. 2012		31st Dec. 2013	
	GH¢	GH¢	GH	GH¢	GH¢	GH¢
NON-CURRENT ASSET						
Property, Plant & Equipment		34400		30300		26200
CURRENT ASSET						
Closing Inventories		4100		9840		9360
Cash at Bank	<u>142166</u>	146266	<u>185372</u>	<u>195212</u>	<u>263384</u>	<u>272744</u>
		<u>180666</u>		<u>225512</u>		<u>298944</u>
FINANCE BY						
Equity and Liability:						
Stated Capital		150000		180666		225512
Income Surplus		<u>30666</u>		<u>44846</u>		<u>73432</u>
		<u>180666</u>		<u>225512</u>		<u>298944</u>

PROJECTED INCOME STATEMENT FOR THE YEAR ENDED 31ST
DECEMBER. 2011 - 2013

	31ST DEC.2011	31ST DEC.2012	31ST DEC.2013
Turnover	134000	180000	266400
Cost of sale	<u>(55120)</u>	<u>(78140)</u>	<u>(125580)</u>
Gross Profit	78880	101860	140820
Discount Received	-	<u>840</u>	<u>1200</u>
	78880	102700	142020
Selling, Adm. & Gen. Expense	<u>(48214)</u>	<u>(57854)</u>	<u>(68588)</u>
Income Surplus before tax	30666	44846	73432
Tax 25%	<u>(7667)</u>	<u>(11212)</u>	<u>(18358)</u>
Income surplus after tax	<u>22996</u>	<u>33634</u>	<u>55074</u>

PROJECTED CASH FLOW STATEMENTS FOR THE YEAR

31ST DEC. 2011 – 31ST DEC. 2013

	31 ST DEC. 2011		31 ST DEC. 2012		31 ST DEC. 2013	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
INFLOWS:						
Balance b/f	-			142166		185372
Sales	134000			180000		266400
Stated Capital	<u>150000</u>	284000		-		-
Discount Received	-			<u>840</u>		<u>1200</u>
		284000		323006		452972
OUT FLOWS:						
Purchases	59040		83640		124800	
Rent	-		200		200	
Electricity	144		168		216	
Insurance	420		420		420	
Carriage Inwards	180		240		300	
Staff Cost	43200		49716		59712	
Repair and Maintenance	100		120		150	
Discount Allowance	840		1000		1200	
Bank Charges	100		120		150	
Postage and Telephone	50		50		50	
Advert and Promotion	1000		1200		1500	
Administration Expense	720		720		840	
Medical Expense	40		40		50	
Grinding Machine	11000		-		-	
Crusher	5000		-		-	
Motor Vehicle	10000		-		-	
Building	<u>10000</u>	<u>(141834)</u>	-	<u>(137634)</u>	-	<u>189588</u>
Cash balance equivalent to cash		142166		185374		263384

PROJECTED NET PRESENT VALUE

$$NPV = C_0 + C_1/(1 + r)^1 + C_2/(1 + r)^2 + C_3/(1 + r)^3$$

C₀ = Initial cost of Investment 150000

C₁ = Cash flow for the year 2011 142166

C₂ = Cash flow for the year 2012 185372

C₃ = Cash flow for the year 2013 263384

R = Risk = 18%

$$\begin{aligned} NPV &= -150000 + 142166/(1 + 0.18)^1 + 185372/(1 + 0.18)^2 + 263384/(1 + 0.18)^3 \\ &= -150000 + 120480 + 133131 + 160304 \end{aligned}$$

$$NPV = 263,915$$

The Company Show a Positive NPV OF 263,915.

PROJECTED BREAK-EVEN ANALYSIS

	31/12/11	31/12/12	31/12/113
Fixed Cost:	GH¢	GH¢	GH¢
Insurance	420	420	420
Rent	-	200	200
Depreciation:			
Grinding Machine	1100	2200	3300
Crusher	500	1000	1500
Motor Vehicle	-	1500	3000
Building	-	<u>1000</u>	<u>2000</u>
	<u>2020</u>	<u>6320</u>	<u>10420</u>
VARIABLE COST:			
Carriage Inwards	180	240	300
Staff cost	43200	49716	59712
Electricity	144	168	216
Repairs & Maintenance	100	120	150
Bank Charges	100	120	150
Postage & Telephone	1000	1200	1500
Advert & Promotion	1000	1200	1500
Administrative Expense	720	720	840
Medical Expense	40	40	50
Taxation	<u>7667</u>	<u>11212</u>	<u>18398</u>
	<u>53201</u>	<u>63586</u>	<u>81326</u>

BREAK-EVEN IN VALUE

YEAR- ONE	YEAR - TWO	YEAR- THREE
<u>Fixed Cost x Sale</u>	<u>Fixed Cost x Sale</u>	<u>Fixed Cost x Sale</u>
Contribution	Contribution	Contribution
<u>2020 x 134000</u>	= <u>6320 X 180000</u>	<u>10420 x 266400</u>
134000 – 53201	180000 – 63586	266400 – 81326
<u>270680000</u>	<u>1,137,600,000</u>	<u>2,775,888,000</u>
80799	116414	185074
= GH¢ 3350	= GH¢ 9772	= GH¢14999

FINANCIAL RATIO

	31 st Dec. 2011	31 st Dec. 2012	31 st Dec. 2013
OPERATION PROFIT (%)			
Operating Profit/sales x 100	$\frac{30666}{134000} \times 100$	$\frac{44846}{180000} \times 100$	$\frac{73432}{266400} \times 100$
	22.89%	24.91%	27.56%

GROSS PROFIT MARGIN (%)

Gross profit/sale x 100	$\frac{78880}{134000} \times 100$	$\frac{101860}{180000} \times 100$	$\frac{140820}{266400} \times 100$
	58.7%	56.6%	52.9%

ASSET TURNOVER

	31 st Dec. 2011	31 st 2012	31 st Dec. 2013
Sales/Capital Employed			
	$\frac{134000}{180666}$	$\frac{180000}{225512}$	$\frac{266400}{298944}$
	0.7 Times	0.8 Times	0.9 Times

FIXED ASSET TURNOVER

Sales/Capital Employed			
	$\frac{134000}{34000}$	$\frac{180000}{30300}$	$\frac{266400}{26200}$
	3.9Times	5.9 Times	10.2 Times

SALARY ASSUMPTIONS

Year 1

	Personnel	Monthly	Yearly
		GH¢	GH¢
1	Managing Director	550	6600
1	Marketing Officer	400	4800
1	Operating Office	400	4800
1	Accounts Officer	450	5400
1	Secretary	200	2400
2	Security	200	2400
4	Operations (150 x 4)	600	7200
5	Sales Representatives (120 x 5)	600	7200
2	Drivers (100 x 2)	200	2400
	TOTAL		43200

Year 2: 15% Salary Increment across Board

	Personnel	Monthly	Yearly
		GH¢	GH¢
1	Managing Director	633	7596
1	Marketing Officer	460	5520
1	Accounts Officer	518	6216
1	Operation Officer	460	5520
1	Secretary	230	2760
2	Security	230	2760
4	Operations (173 x 4)	692	8304
5	Sales Representatives (138 x 5)	690	8280
2	Drivers (115 x 2)	230	2760
	TOTAL	4143	49716

Year 3: 20% Salary Increment across Board

	Personnel	Monthly	Yearly
		GHC	GHC
1	Managing Director	760	9120
1	Marketing Officer (552 x 2)	552	6624
1	Accounts Officer	622	7464
1	Operation Officer	552	6624
1	Secretary	276	3312
2	Security (138 x 2)	276	3312
4	Operations (268 x 4)	832	9984
5	Sales Representatives (166 x 5)	830	9960
2	Drivers (138x 2)	276	3312
	TOTAL	4976	59712

PROJECTED FIXED ASSETS SCHEDULE

YEAR 1 2011

	COST/VALUATION	DEPRECIATION	NBV
	GH¢	GH¢	
Grinding Machine 10%	11000	1100	9900
Crusher 10%	5000	500	4500
Vehicle	10000	-	10000
Building	<u>10000</u>	<u>-</u>	<u>10000</u>
	<u>36000</u>	<u>1600</u>	<u>34400</u>

YEAR 2 2012

	COST/VALUATION	DEPRECIATION	NBV
	GH¢	GH¢	
Grinding Machine 10%	11000	2200	8800
Crusher 10%	5000	1000	4000
Vehicle 15%	10000	1500	8500
Building 10%	<u>10000</u>	<u>1000</u>	<u>9000</u>
	<u>36000</u>	<u>5700</u>	<u>30300</u>

YEAR 3 2013

	COST/VALUATION	DEPRECIATION	NBV
	GH¢	GH¢	
Grinding Machine	11000	3300	7700
Crusher	5000	1500	3500
Vehicle	10000	3000	7000
Building	<u>10000</u>	<u>2000</u>	<u>8000</u>
	<u>36000</u>	<u>9800</u>	<u>26200</u>

5.2.1 PROJECTED FINANCIAL ASSUMPTIONS PRODUCT

FIRST YEAR

PURCHASE BUDGET

Quantity of Shea-Nut (Sacks)	Month	Year
	GH¢	
Quantity per unit (Shea nut sacks)	120	1440
Price per plastic container	8.00	
Price per label	1.00	
Price per Shea-nut sack	<u>32.00</u>	<u>41</u>
		<u>59.040</u>

SECOND YEAR 2

	MONTH	YEAR
	GH¢	
Quantity per unit (Shea nut sacks)	170	2040
Price per plastic container	8.00	
Price per label	1.00	
Price per Shea-nut sack	<u>32.00</u>	<u>41</u>
		<u>83640</u>

SECOND YEAR 3

	MONTH	YEAR
	GH¢	
Quantity per unit (Shea nut sacks)	200	2400
Price per plastic container	9.00	
Price per label	1.00	
Price per shea-nut sack	<u>42.00</u>	<u>52</u>
		<u>124800</u>

5.2.1 PROJECTED FINANCIAL ASSUMPTION SALES BUDGET

FIRST YEAR

	Yearly
	GH¢
Quantity per Shea nut sold	1340
Selling price	<u>100</u>
Sale value	<u>134,000</u>

SECOND YEAR

	Yearly
	GH¢
Quantity per Shea nut sold	1800
Selling price	<u>100</u>
Sale value	<u>180,000</u>

THIRD YEAR

	Yearly
	GH¢
Quantity per Shea nut sold	2220
Selling price	<u>120</u>
Sale value	<u>266,400</u>

APPENDICES

I. PLANS TO FINANCING THE BUSINESS

The capital of One Hundred and Fifty thousand Ghana Cedi (GH¢ 150,000) is solely contributed by the owners of the company on the following bases.

II. AMOUNT

Bertha Ofori Birago	30,000
Oduro Evelyn King	30,000
Selina Peter Dwomfour	30,000
Osei Tandoh Patrick	30,000
Ernest Asare	<u>30,000</u>
	<u>150,000</u>

III. Bankers

Ghana Commercial Bank Limited

Tamale in the Northern Region

Sobee Shea Butter Enterprise

Closing Inventory for 3 Years

Year One (1)

Shea butter 100 unit at GH¢ 41 = 4100

Shea butter 240 unit at GH¢ 41 = 9840

Shea butter 180 unit at GH¢ 52 = 9360

IV. Opening Inventory

There was no opening inventory for 2011 since the closing inventory of the previous year becomes the opening inventory for the current year.

Year	Inventory
2011	-
2012	4100
2013	9840

Expenses incurred on carriage inwards are as follows

Year 1 = GH¢ 180

Year 2 = GH¢ 240

Year 3 = GH¢ 300

The company period it rent for 2 years

V. The Enterprise allows the following discounts

Year 1 = GH¢ 840

Year 2 = GH¢ 1000

Year 3 = GH¢ 1200

VI. Depreciation charge on fixed Assets

Year One

Grinding Machine	10%
Crusher	10%
Vehicle	-
Building	-

Year Two

Grinding Machine	10%
Crusher	10%
Vehicle	15%
Building	10%

Year Three

Grinding Machine	10%
Crusher	10%
Vehicle	15%
Building	10%

VII. The Administrative Expense:

Year One

Printing and stationery	= GH¢ 300
Incentive Package for Sales Executives	= GH¢ 200
Travelling expense incurred	= GH¢ <u>200</u>
	<u>700</u>

Year Two

Printing and stationery	= GH¢ 300
Incentive Package for Sales Executives	= GH¢ 200
Travelling expense incurred	= GH¢ <u>200</u>
	<u>700</u>

Year Three

Printing and stationery = GH¢ 350

Incentive Package for Sales Executives = GH¢ 240

Travelling expense incurred = GH¢ 210

800

VIII. Part of the profit was ploughed back into the business as an additional capital.

On the first year all our profit was ploughed back to the Business.

On the second year and the third year part of our profit was ploughed back into the Business

IX. One of us is a Dormant Partner - who has contributed financially but takes no part in the management of the Enterprise.

Future addition:

Board of Directors

Human Resource Manager

Account Clerk

Supervisor

Payroll Officer

Cashier

X. The Company shows a positive NPV 263915

EXPENSES SHOW IN THE PROJECTED INCOME STATEMENT

	31 st Dec. 2011	31 st Dec. 2012	31 st Dec. 2013
Staff cost	43200	49716	59712
Rent	-	200	200
Electricity	144	168	216
Insurance	420	420	420
Repair and maintenance	100	120	150
Discount allowed	840	1000	1200
Bank charges	100	120	150
Postage and Telephone	50	50	50
Advertise and Promotion	1000	1200	1500
Administration expenses	700	700	800
Medical expense	60	60	90
Depreciation:			
Grinding machine	1100	1100	1100
Crusher	500	500	500
Motor vehicle	-	1500	1500
Building	-	1000	1000
Tax 25%	<u>7667</u>	<u>11212</u>	<u>18358</u>
	<u>48214</u>	<u>57854</u>	<u>68588</u>

SALARY INCREMENT FOR YEAR TWO AND YEAR THREE

Year 2

1. $15/100 \times 550 = 82.5$

2. $15/100 \times 40 = 60.8$

3. $15/100 \times 450 = 67.5$

4. $15/100 \times 200 = 30$

5. $15/100 \times 100 = 15$

6. $15/100 \times 150 = 22.5$

7. $15/100 \times 120 = 18$

Year 3

$20/100 \times 633 = 127$

$20/100 \times 460 = 92$

$20/100 \times 518 = 104$

$20/100 \times 230 = 46$

$20/100 \times 115 = 23$

$20/100 \times 138 = 28$

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EXECUTIVE SUMMARY

Sobee Shea Butter Enterprise is a local production enterprise of Shea butter sited in Tamale in the Northern Region with sales outlets in Kumasi and Accra. It was incorporated in 2010 under the Registration of Business Names Act of Ghana. The company was formed by five (5) member management teams with experience. Knowledge and skills to realize the vision of the firm. The company is financed by five members who have an initial of GH¢ 150,000. Sobee Enterprise have a mission of producing and selling the best quality shea butter products to both local and foreign market to satisfy customers specific demands, thus is to promote a natural, chemical free healthy Shea Butter.

The industry is highly competitive but Sobee shea butter emphasized the quality of product by producing unrefined shea butter which maintains its nutty scent, ivory-beige colour and all of its healing properties once applied to the skin. The scent with start to fade and becomes very faint in about 20 – 30 minute as compared to our competitors who sell refined shea butter that has been chemically altered as 100% pure. Bleaching, which is used to remove shea butter natural scent, causes it to retain only a small portion of its natural healing properties.

This product is used in cosmetics, pharmaceuticals, saloon households and in confectionary and chocolate industry as a cocoa butter substitute.

People of all ages and skin types utilize shea butter because of its many uses. Every house should have a jar of shea butter for smoother skin or for treatment of minor, skin injuries around the house – Shea butter can be used to treat various skin problems including dry skin, psoriasis, burns, blemishes, eczema, wrinkles and sketch marks.

Other uses: Adds and maintain moisture to dry and brittle hair.

Using the mixed competitive strategy that allows us to use cost leadership and differentiation strategy, we will be able to satisfy our target market and increase our market shea.

SOBEE SHEA BUTTER as a small company need about GH¢ 200,000.00 cedis. SOBEE enterprise has only come up with 150,000.00.financial assistance not less than 50,000.00 will be needed in order to increase our market share, engage in research and development to improve our product and acquired multi-processing machine that is faster and save time in operation.

Risk is inevitable in business and SOBEE Enterprise will face the following risk, price risk, credit risk and any form of accident in the course of processing. The company will adopt the following to manage its risk.

- Provide our employees with protective clothing such as gloves and boots to reduce the rate of accidents in our enterprise.
- Shall come out with good safety policy that will guide employees
- Sobee will also invest in information whereby the company will consult analysis to help us with more information about the market.
- Sobee will purchase insurance policy.

PROJECTED PROFIT AND LOSS

	2011	2012	2013
	GH¢	GH¢	GH¢
Total income	134000	180000	266400
Cost of Production	55120	78140	125580
Gross profit	78880	101860	140820
Discount Received	-	840	1200
Total Income	78880	102700	142020
Expenditure	48216	57854	68588
Income Surplus before tax	30666	44846	73432
Taxation (25%)	7667	11212	18358
Income Surplus	22996	33634	55074

VISION

The corporate vision of SOBEE SHEA BUTTER ENTREPRISE is to be recognized as the number one best producers of Shea butter in Ghana and beyond its boundaries.

MISSION STATEMENT

To provide the best quality Shea butter product to satisfy customers specific demand within and outside Ghana so as to educate people and create awareness of the medical benefit of Shea butter.

CORPORATE OBJECTIVES

1. The ultimate objective of SOBEE Enterprise is to create awareness and educate the populace about the usefulness of Shea butter
2. To provide a high quality none refined Shea butter.
3. To keep our production cost as low as possible.
4. To offer prompt service to our clients.

CHRISTIAN SERVICE UNIVERSITY COLLEGE

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

SOBEE SHEA BUTTER ENTERPRISE

BUSINESS PLAN

BY

EVELYN ODURO KING

PATICK OSEI TANDOH

BERTHA OFORI BIRAGO

SELINA PETER DWOMFOUR

ERNEST ASARE

DECEMBER, 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE

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

BY

EVELYN ODURO KING

PATICK OSEI TANDOH

BERTHA OFORI BIRAGO

SELINA PETER DWOMFOUR

ERNEST ASARE

DECEMBER, 2011

STATEMENT OF AUTHENTICITY

We have read the Christian Service University College's regulations relating to plagiarism and certify that this Business 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 this Business Plan herein submitted.

NAME OF STUDENT	INDEX NUMBER	SIGNATURE	DATE
1. EVELYN ODURO KING	10135242	.....	.....
2. PATICK OSEI TANDOH	10140764	.....	.....
3. BERTHA OFORI BIRAGO	10135243	.....	.....
4. SELINA DWOMFOUR PETER	10135324	.....	.....
5. ERNEST ASARE	10135259	.....	.....

Certified by;

.....

Supervisor

Signature

Date

.....

Head of Department

Signature

Date

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The company seeks to invest an estimated amount of GH¢150,000.00 through equal contribution of GH¢ 30,000.00 by the five Shareholders of the impact and outline our resources by using a natural chemical free healthy and unrefined Shea Butter.

Sobee Enterprise has a mission of producing and selling the best quality Shea butter products to both local and foreign market to satisfy customer's specific demands, and to promote a natural, chemical free healthy Shea Butter.

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To educate people and create awareness of the medical benefit of the Shea butter with objective of increasing Shea butter usage and to promote sales in order to maximize the profits.

CORPORATE OBJECTIVES

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SOBEE SHEA BUTTER ENTERPRISE



BUSINESS PLAN

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CHRISTIAN SERVICE UNIVERSITY COLLEGE

**DEPARTMENT OF BUSINESS STUDIES
BACHELOR OF BUSINESS ADMINISTRATION**

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PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE COURSE CSAD
443 TEAM BUSINESS PROPOSAL.**

**BY
EVELYN ODURO KING
PATRICK OSEI TANDOH
BERTHA OFORI BIRAGO
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ERNEST ASARE**

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CHRISTAIN SERVICE UNIVERCITY COLLEGE

BUSINESS PLAN FOR SOBEE SHEA BUTTER ENTERPRISE

UNDER THE INITIATIVE OF:

EVELYN ODURO KING	10135242	30,000
PATICK OSEI TANDOH	10140764	30,000
BERTHA OFORI BIRAGO	10135243	30,000
SELINA DWOMFOUR PETER	10135324	30,000
ERNEST ASARE	10135259	<u>30,000</u>

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INTERNAL ENVIRONMENT

SWOT ANALYSIS

Strengths

The internal strength of the company includes:

Quality Product – our finished products are of good quality, it maintains its nutty scent, natural colour and all its healing properties and the product is well packaged into container instead of calabashes.

Highly trained – we intend to have training and development programs to train and equip out staff so as to become task and goal oriented.

Responsive in meeting customer wants, expectation, and predicting market trends

Weakness

- **Lack of funds:** At the moment we do not have enough funds to operate at full capacity.
- **Promotion:** The spread of the information technology and computer networks has speed up the delivery of goods which cuts waste, reduces inventory and generally increases productivity. Due to lack of funds we are unable to use this as a form of promotion.
- The difficulty in developing brand name as a start-up company

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EXTERNAL ENVIRONMENT

Opportunities

- Internet potential for selling products to other market.
- Growing market: the potential of the Shea butter has not been fully harnessed there is a lot of potential in the industry.
- Increasing sales opportunities beyond our target area since people are now aware of the usefulness of Shea butter,

Threat

- Competition from foreign competitors with greater potential of financing.
- Local competitors are also emerging and we need to prepare for their entry because the industry's market structure is such that there is pure competition and has no barriers to entry or exit.

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PROJECTED NET PRESENT VALUE

$$NPV = -C_0 + C_1 / (1 + r)^1 + C_2 / (1 + r)^2 + C_3 / (1 + r)^3$$

C_0 = Initial cost of Investment 150000

C_1 = Cash flow for the year 2011 142166

C_2 = Cash flow for the year 2012 185372

C_3 = Cash flow for the year 2013 263384

R = Risk = 18%

$$\begin{aligned} NPV &= -150000 + 142166 / (1 + 0.18)^1 + 185372 / (1 + 0.18)^2 \\ &\quad + 263384 / (1 + 0.18)^3 \\ &= -150000 + 120480 + 133131 + 160304 \end{aligned}$$

$$NPV = 263,915$$

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FINANCIAL RATIOS

	31/12/11	31/12/12	31/12/13
Net profit Margin	22.89%	24.91%	27.56%
Asset Turnover	0.7Times	0.8 Times	0.9 Times
Fixed Asset Turnover	3.9Times	5.9 Times	10.2 Time

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OTHER FINANCIAL INFORMATION

	2011	2012	2013
Cash flow Balance	142,166	185,374	263,384
Net profit	22,996	33,634	55,074

The impressive increase net profits realized over the years is a good news for the investors.

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BREAK-EVEN

YEAR ONE

BREAK-EVEN IN VALUE

Fixed Cost x Sales

Contribution

$$= 2020 \times 134000$$

$$13400 - 53201$$

$$= \underline{270680000}$$

$$80799$$

$$= \text{GH¢ } 3350$$

YEAR TWO

BREAK-EVEN IN VALUE

Fixed Cost x Sales

Contribution

$$= 6320 \times 180000$$

$$180000 - 63586$$

$$= \underline{1,137,600,000}$$

$$116414$$

$$= \text{GH¢ } 9772$$

BREAK-EVEN IN VALUE

Fixed Cost x Sales

Contribution

$$= 10420 \times 266400$$

$$266400 - 81326$$

$$= \underline{2,775,888,000}$$

$$185074$$

$$= 1498.80$$

=

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