

DEBRE MARKOS UNIVERSITY

College of Natural and Computational science

Department of Biotechnology

Course: Entrepreneurship

Title: Fruit Juice Processing Business PlanPrepared

Ns 36

Group 2

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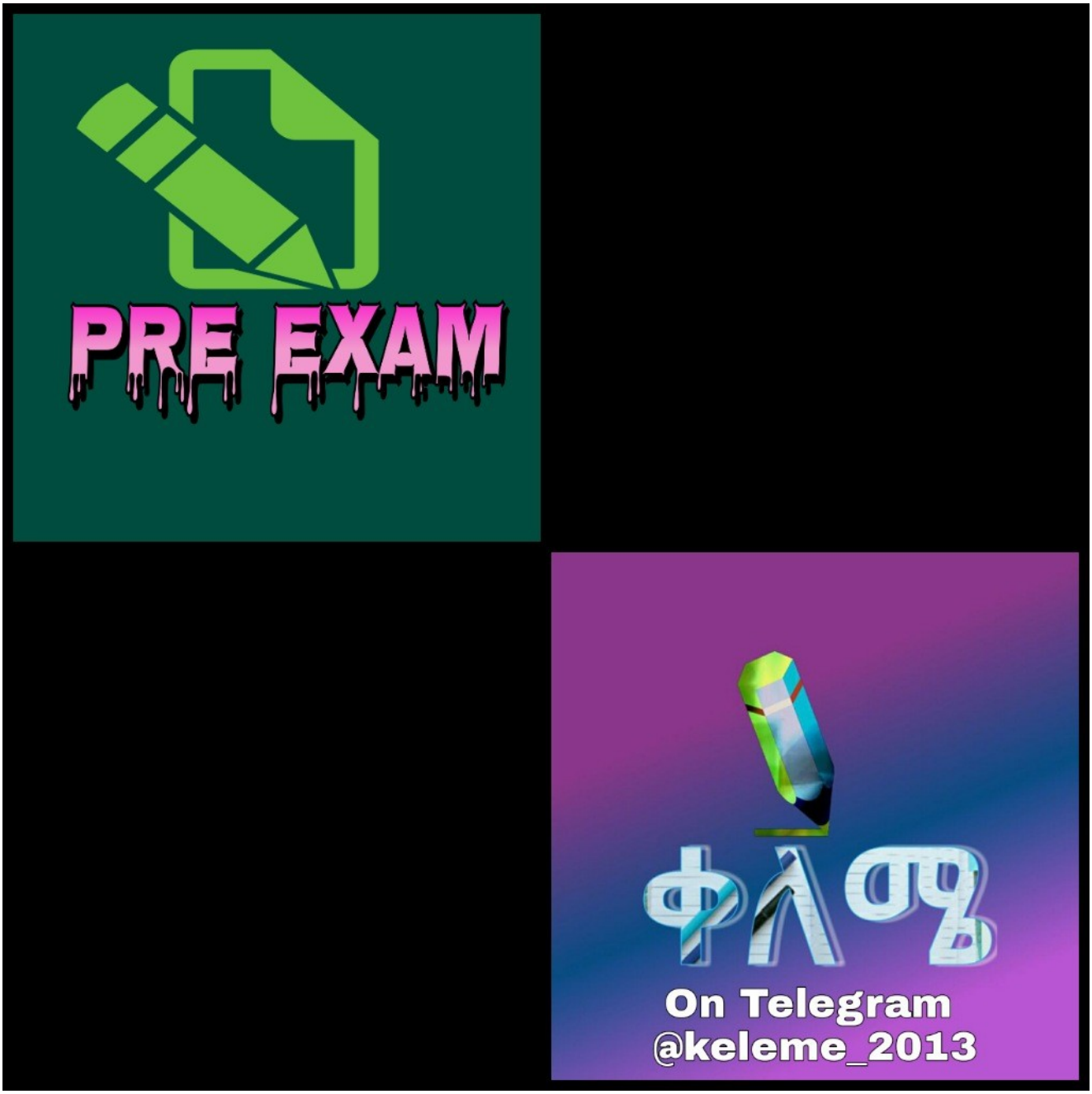

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Type of Business: **Partnership**

1. Executive Summary

Fruit juice processing enterprise business will be run as partnership. The enterprise offer high quality juice for customers. Juice will be available for sale at wholesalers and retailers. The price is affordable should not annoy or exploit customers So that customers are willing to pay. Juice providing enterprises will provide its product at market price by identifying and listing each type of fruit juice with their fair prices.

The main job in this business is purchasing and processing quality juice, preparing warehouse to store the product, monitoring and auditing sales of business. The main objective of the business is to provide quality of juice in order to get the expected profit and to satisfy the customers, have a claim to create job opportunity, providing complementary and with fruit juice and plans to expand the business in different area and also to expand the initial business in size.

In the beginning year the business forecast some profit. In the second year and third year we expect that there will be increment of profit due to further increases in

the number of customers and get acceptance. The overall and general objectives of the business are mainly to achieve and exceed sales forecasts to enable the business to be operating at capacity, so that the business extended the types of fruit juice that enables the business to meet the customers need.

1.1 Key Success

1. It uses various types of promotional, or inducement mechanism to attract other customers

2. Continuous monitoring of our service and expense.

3. It is by society for society! Provide affordable cost with high quality.

4. by reducing expenditure cost of transportation for the customers.

5. Satisfying customer interests by providing quality service

6. The presence of good market price due to the weakness of competitor in the area.

7. There are many customers, because there is no other provider that gives this service.

8. It gives service for long hour.

1.2 Name and Address of the Business

The name of the enterprise is fruit juice processing. The reason that we assigned this name to the business is to attract our customer by the name of suitability in debre markos gonchia nd to indicate our juice quilt and Fruit juice processing is located in debre markos town. This location is a great opportunity to get different kinds of customer from debre markos town society,debre markos University society,debre markos town dwellers and also from debre markos town society.

1.3. Nature of the Company

As the name of the business center indicates the initial focuses on providing different types of high quality of different fruit juice to the people who come to this fruit juice processing.

fruit juice processing, providing enterprise is established to overcome the absence of such type of fruit juice center in this area. This business center provides different juice for debre markos town society and debre markos university society. It serves as entertainment area for community especially for University student and it also contribute for the development of debre markos town. Basically this business is believed to reduce unemployment by creating job opportunity for many people.

1.4. Statement of Financial Need

fruit juice processing provides enterprise planned to construct and establish a company with capital of 250,000 birr. The business requires means of acquiring this initial capital by borrowing from financial institution like: banks, personal capital, and micro finance institution.

1.5. Statement Of Confidentiality of Report

The owners of fruit juice processing, spends knowledge, money, time, resources, and experience to prepare business plan. For this reason the owner have to have the patent right in order to protect the business plan which is the result of all share holder effort for this reason should not be transferred or copied to another individual or company. If anyone refuse to accept this, the owners have right to accuse individual or the company to bring them in front of the law. “All Rights are reserved”

It is known that many types of business implements in each and every aspect of our area and this comes with interaction of different countries in all aspects of socio-economic and cultural dogmatism with the beginning of fruit juice processing. This is because of comfort ability of various kinds of environment which assist or help people to lead their life in a good manner and encourage a main accent in standard of excellence in their life as well.

The primary purpose of this business plan is to provide qualitative and quantitative amount of various types of fruit juice at affordable price.

2. *The Company Overview*

The fruit juice processing enterprises has special roles for its customers these are serve the customers of fruit juice processing by providing quality fruit juice. Come up with new service which is not available previously.

2.1 Company Vision Statement

To solve the shortage of fruit juice service as well as to promote our business internationally by providing a good quality of fruit juice.

2.2 Company Mission Statement

1. Providing qualitative living style to its workers

2. Supplying high quality fruit juice which is good for healthy, vitamins and strength suitable for bodies

3. Using existing resources, and providing the society qualitative service with affordable price.

4. Adopting to the dynamic environment throughout the operation

5. Providing entertainment service for customers who are in different age level.

2.3 Objectives of the company

2.3.1 Short Term Goals

1. To provide work for all members

2. To create job opportunity for local people

3. To raise the life standard of the members by paying them a good salary

4. To increase consumption of fruit juice by giving awareness

5. Promoting our business

6. Increasing quality of juice

7. Increasing profit

2.3.2 Long Term Goals

1. To export juice to foreign country

2. To increase the number of customers in the local as well as International

3. To buy modernized fruit juice processing machine

4. To expand our business to other places

5. To increase the number of employee

6. To own wide fruit production farm

3. Industry Analyses

3.1 Description of Market Plan Place

The fruit juice business enterprise provides fruit from debre markos local market. This product is sold to customer around the debre markos town, debre markos University, Staff members and to other places. This product also sold to small enterprise found around its environment. The product of our business is fruit juice product. So, any individual who has the potential can undertake the activities. The brand of the business is designed to be fruit juice processing providing enterprise; it is named so because its name and the service it gives are much more related and attractive. Since it is natural product the people are willing to use the service. The location of the business is debre markos town.

The location is preferred for the following reasons

- There is no such business enterprise around this area.
- There are many customers for the service.
- Different types of raw materials are available
- Weather condition is comfortable.
- The transportation cost is less.

In order to accomplish the service effectively and efficiently our business hires workers based on the following criteria.

- Experience
- Health
- Conduct
- Educational level
- Age
- Ability

3.2 Office Equipment

The materials needed would be:

- Stainless steel knife
- Spoon
- Fork
- Juice processing equipment
- Glasses with different size and design

- Chopping board
- Chair
- Pulpier
- Balance
- Refrigerator
- Shelf
- Table
- Jar(bottle)

Those mentioned materials will be purchased. The business manager should be experienced at least in business and should have knowledge of entrepreneurship. The special ability of the manager to dominate or have complete power on others is that he/ she can communicate with others, understand technical problem, persistent, self-confident and have good conduct.

The motivational to start this new business is

- ✓ Desire for independency.
- ✓ Desire to exploit opportunity.
- ✓ To turn our hobby into reality.
- ✓ To change previous work experience in to business.
- ✓ Financial incentive.

3.3 Market Segmentation

Actually the business enterprise is not limited to local market or internal market rather than external market. So our fruit juice processing is comfortable to export to other countries. They are profit oriented, gradually involves in the production of different fruit juice.

3.4 Industry Forecast

There is no doubt that the people need to recreate themselves. Because recreation is basic human need.fruit juice processing is a place to recreate peoples, so this type of business is going to expand in the coming year at increasing rate.

For this reason our business paves the way for those who want job opportunity for the society surrounding debre markos town. For those who came from another place it is serving as entertainment area.

We predict that in future our business will be expanded and will have many branches in different places. In the case it will increase the number of customer and this is the cause for the development of the enterprise itself.

4. Customer Analyses

Our target customers are

- The debre markos university society
- debre markos town society
- other fruit juice distributors

Most of our customers need is good quality and sufficient quantity of fresh fruit juice.

5. Analyses of Competitors

Fruit juice processing business is well known and has good profit in other place. But in our area it is not recognized this much. Even if there is no known fruit juice processing in this area, there are some competitors' who competes with us.

Some of our direct competitor's area

1. Variety Cafe

2. Firmoy juice house

Our indirect competitors are

Restaurant service in debre markos,

Expansion of recreational lounge

The strength of our competitors is that they have high initial capital and also have enough man power. In addition they have enough space for producing large number of fruit juice products.

Their weakness

- They provide poor quality
- Their service of time is limited
- They do not respect their customers

5.1 Competitive Advantage

The competitive advantages of our business are listed in the following manner

- We provide quality fruit juice for our customers better than our competitors
- Our business entertain customers who are in different age level
- It address customers need with lower price
- Proximity to suppliers
- Initiated workers

6. Market Plan

6.1 Demand and Supply Analysis

Most of the time demand and supply do not balance each other. To balance Supply with demand we must do a continuous assessment on the number of our customer. We must identify the primary need of our customers. We have to measure the daily, weekly, monthly and yearly consumptions of the customer and compare with our products. By carrying out this process we can balance demand and supply.

6.2 Pricing Strategy

The basis for our fruit juice prices is the market price and cost-benefit analysis. Even if our competitors have no so much strength, we can reduce our price in order to attract and get our customers attention; as a result we can increase our profit from large number of customers. Actually the price of our product is not below the market price; as a result, fruit juice providing business enterprise set the price of juice as the markets that are it fluctuates over the time with market price.

6.3 Distribution Strategy

The distribution of the fruit juice processing to consumers can be distributed in different ways. Like: Wholesalers, End users, Retail services and direct delivery to consumer's house.

6.4 Promotion Strategy

Our promotion strategies are applied using the following methods:-

- ✓ News paper
- ✓ Magazines
- ✓ Business card
- ✓ Notice

- ✓ Sponsorship for short radio programs

7. Organizational Plan

7.1 Legal Form of Ownership

Fruit juice processing providing business enterprises are a type of business in the form of partnership. The reasons for the selection of this form of business are:-

- ❖ Profit gained in the first time it established.
- ❖ Simplicity to establish the firm.
- ❖ Accessibility of raw materials.

The overall operation or function of the business would be governed or administered by the owner. The owner can be manager, and sometimes there may be needed to hire the manager from the outside people that can fulfill the following criteria:

- ✓ Have the knowledge of entrepreneurship.
- ✓ Sociability.
- ✓ Ability to manage others.
- ✓ Risk taker.
- ✓ Experienced.

7.2 Roles and Responsibility of Members of the Organization

The role of the manager will be managing the overall activity of the business. That is:-

- ✓ Making decision regarding the state of business in the future.
- ✓ Controlling the overall activity in the business.
- ✓ Evaluating the quality of the products (juice).
- ✓ Making decision regarding processing.
- ✓ Lift up or move up capital contribution.

.The business will contain the following members:-

- ❖ Owners
- ❖ Employees(Permanent and Temporary)

8. Production Plan

Basic Equipment needed is:

- Raw fruit
- Wear (workers uniform)
- Fruit pulpier
- Processing equipment

Generally the cost of business activity includes the following.

- ❖ Cost for different raw fruit
- ❖ Cost for water
- ❖ Cost for electric power
- ❖ Cost for telephone
- ❖ Cost for labor force
- ❖ Cost for license

8.1 Assessment Risks

The predetermined or expected risks are:-

- ➢ Spoilage of juice.
- ➢ Expiration of fruit juice and contamination.
- ➢ Loss of income from spoiled and expired item.
- ➢ Loss of customers.
- ➢ Natural hazardous.
- ➢ Scarcity of raw fruit from farm.
- ➢ Damage of raw materials from car accident.
- ➢ Fluctuation of market price (devaluation, inflation, deflate)

9. Startup Capital

The supplementary financing is required to being work on site preparation, equipment purchases, and to cover expense in the first year of operations.

No	Item of name	Quanti ty	Unit price	Total cost

1	Mango fruit	5,000kg	10	50,000
2	Papaya fruit	5,000kg	15	75,000
3	Avocado fruit	4,000kg	10	40,000
4	Fruit pulpier	3	1,200	3,600
5	Employees	10	(500*4*12) + (300*6*12)	45,600
6	Processing equipment	1	5,000	5,000
7	Handling materials	10	50	500
8	Miscellaneous cost	-	3,000	3,000
Total				222,700

9.1 Sources of Start-up Capital

Additional financing has already been secured in the form of:-

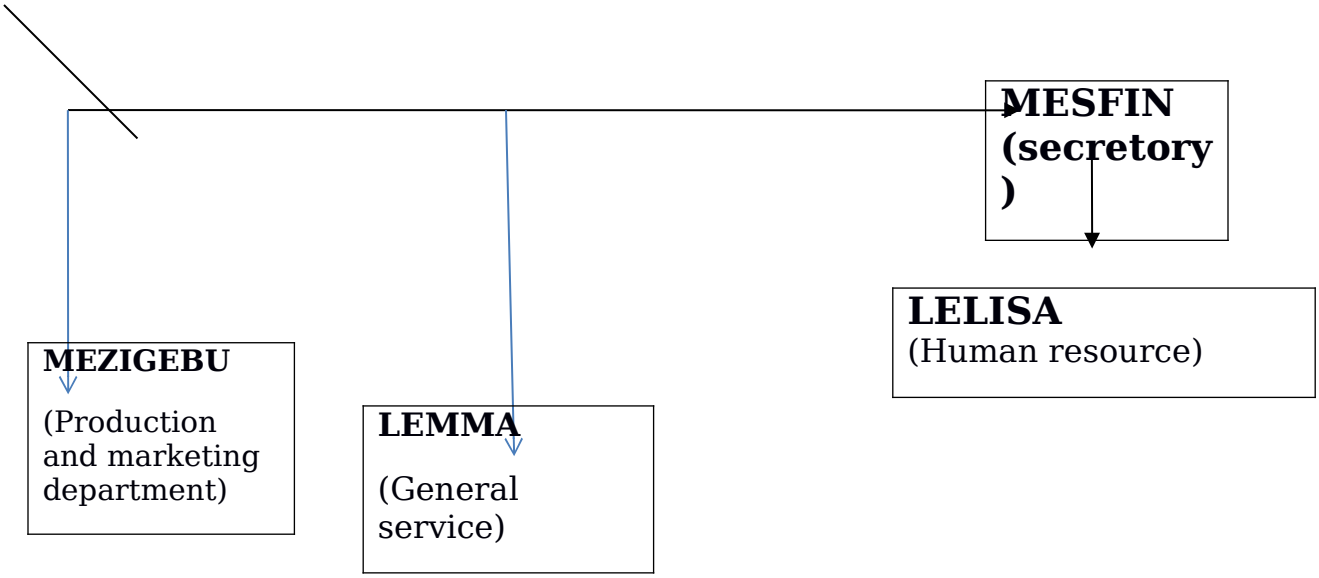
- The business plan is prepared to obtain funds amounting 80,000 birr.
- Birr 22,700 personal capital and
  Birr 120,000 from closed relatives, government, and NGOs.
  Form Income Statement

The sale of revenue of fruit juice is expected to be calculated daily the price of each type of juice we take, the approximation of the sales of monthly on average to be 19,000 birr. Hence there are 12 months in business year total annual revenue is calculated as follows

Total revenue= 19,000*12=228,000 birr

9.2 Organization and staff

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(GM)



9.2.1 Salary Expense

We have ten employees out of them, four permanent workers and the remaining six are temporary workers.

Each of the four permanent workers out of the ten earns 1500birr and remaining six workers earn 1000 birr per month:

Total salary for workers= (1500*4*12) + (1000*6*12) =144000birr

This is a salary for these permanent workers per a year plus a salary for the remaining temporary workers person per a year

Total salary expense= 144000birr

9.2.2 Depreciation Expense

The fruit juice processing enterprise has some depreciation expense. And it expected to be 2000 birr.

Total depreciation cost (Expenses) = 2000birr

Interest Expense= principal*interest rate

=19,000*10%*12

=22800

9.2.3 Miscellaneous Expense

Items	Quantity	Unit price	Total price
Agenda book	5	10	50
Electric power			200
Pen	12	4	48
Uniform cloth	5	50	250
Telephone			60
Water cost			100
Total			708

Titem income statement as of year 1

Revenue
Sales----------228000
Expense
Total Salary Expense----------144000
Depreciation Expense----------2,000
Interest Expense----------22800
Miscellaneous Expense----------708
Total Expense----------169508
Gross Profit ----------58492

In the second year of operation it is assumed that the business will increase the provision of juice and overall sales from 19000 birr/month to 25000 birr/month on average.

Revenue 25000*12=300,000

Titem income statement of year 2

Revenue
Sales----------300,000
Expense
Total Salary Expense----------144000
Depreciation Expense----------2,000
Interest Expense----------30000

Miscellaneous Expense----------708 Total expense----------176708 Gross profit ----------123292

In the third year of operation it is assumed that the business will increases the operation of by volume from 25,000 birr to 30000 birr per month, using full capacity at efficiency. Therefore Revenue annually= 30000*12=360,000

Titem income statement of 3rd year

Revenue Sales----------360000 Expense Total Salary Expense----------144000 Depreciation Expense----------2,000 Interest Expense----------36000 Miscellaneous Expense----------708 Total Expense ----------182708 Gross profit ----------177292

9.3 Cash-flow projection

Cash flow statement for year 1

Cash Budget	Total
Beginning cash balance----------	222700
Cash collected from customers----------	228000
Total cash available for need----------	450700
Total Expense----------	169508
Total cash needed ----------	169508
Cash Excess deficit ----------	281192

Cash flow statement for year 2

Cash Budget	Total
Beginning cash balance----------	281192
Cash collected from customers----------	300000
Total cash available for need ----------	581192
Total Expense----------	176708
Total cash needed ----------	176708
Cash Excess deficit ----------	404484

Cash flow statement for 3rd year

Cash Budget	Total
Beginning cash balance---------- 404484	
Cash collected from customers----------360000	
Total cash available for need ----------764484	
Operating Expense----------182708	
Total cash needed----------182708	
Cash Excess deficit ----------581776	

9.4 Operating Balance sheet

Titem Balance Sheet at the end of 1st year

Asset	Liability
Cash ---------- 281192	Account payable---------- 144000
Fixed asset---------- 177100	Note payable---------- 19000
Depreciation---------- 2000	Interest payable---------- 22800
Total asset---------- 460292	Total liability---------- 185,800
	Capital---------- 274492
	Total liability and capital--------- 460292

Titem Balance sheet as the End of 2nd year

Asset	Liability
Cash ---------- 404484	Account payable---------- 144000
Fixed asset---------- 177100	Note payable---------- 25000
Depreciation---------- 2000	Interest payable---------- 30000
Total asset---------- 583584	Total liability……199000
	Capital---------- 384584
	Total liability and capital ------ 583584

Titem Balance sheet as the end of 3rd year

Asset	Liability
Cash ---------- 581776	Account payable---------- 144000

Fixed asset----------177100 Depreciation----------2000 Total asset----------760876	Note payable----------30000 Interest payable----------36000 Total liability……210000 Capital……5 50876 Total liability and capital-------760876

9.5 Break-Even Analysis

Break-Even Analysis for 1sr year

Total sales of juice on average----------birr 228000

Total cost of each juice----------birr 169508

Gross profit (GP) ----------58492

Gross profit margin (GPM) =GP/SALES *100= (58492/228000)*100=25.65%

Overhead (fixed cost) for first year ----------177100birr

Breakeven turn over= overhead/GPM *100

=birr 177100/25.65%*100%= 690448.34birr

Breakeven Analysis for year 2

Total sales of juice ----------birr 300000

Total cost of juice ----------birr17608

Gross profit (GP) ----------282392

Gross profit margin GPM= (282392/300000)*100=94.13%

Overhead (fixed cost) for 2nd year ---------- 177100birr

Breakeven turn over=177100/94.13%*100%=188144.056birr

Breakeven Analysis for year 3

Total sales of juice----------360000birr

Total cost of juice----------birr 182708

Gross profit (GP) ----------177292

*Gross profit margin GPM= (177292/360000)*100=49.25%*

Overhead (fixed cost) for 3rd year----------177100

Breakeven turn over =177100/49.25%*100%=359593.91birr

10. Appendix

The total area we provide for fruit juice processing plant is 20x30 (600 square meters).The area is divided in to small partitions for each different fruit juice.

The total production area of our business is 600 square meters including the area of storage areas.