

JULIES VENTURE



PROPOSAL FOR FUNDING – ENTRAPOV GHANA

November, 2023

Executive summary

Julies Ventures offers its quality, stones-free, nutritious yet affordable local rice to consumers in the Ashaiman and Tema Municipalities in the Greater Accra Region. Over the years, the company has been able to reduce the negative impression associated with local rice by consistently providing consumers with quality brand.

The company has a solid *modus operandi*, strong market position and a coherent sales strategy that hinge on an efficient, reliable and strong sales vehicle(s) and has established clear steps to achieve its mission

In spite of the massive improvement in all aspect of the company over the years, the company faced transportation challenges that could hinder its mission to promote the consumption of quality, stones free, nutritious yet affordable local rice in the Tema-west and Ashaiman Municipalities to create demand and boost production of local rice, increase the income of farmers and change the negative impression consumers have about local rice.

Julies Ventures sourced for funds to solve its transportation challenges. Unfortunately, the sources could not assist and this compelled the company to generate funds internally to purchase a new car for sales and distribution.

Even though the new sales car has resolved the transportation challenges, it also affected the financial reserves of the company. It forced the company to reduce its stock from 35 bags to 5 bags in May 2023

The company quickly ploughed back its profits after the purchase of the sales car and this increased stock from 5 bags to 10 bags in September 2023. It has also started negotiations with suppliers to receive stock on credit and pay after sales.

Although these strategies are affective to turn its stock levels around, they are not enough to raise enough funds to increase stock to meet the demand of customers during this Christmas festive season and therefore it seeks for GHC 20,000 to be able to increase stock to 35 bags in December.

Julies Ventures has ten (10) month projection in place which centers on efficient utilization of entrapov grant. In this projection, the company will be able to pay an average of Ghc 2,000 to Entrapov over the period of the projection

By the end of the tenth (10th) month, the company will generate Ghc 20,000 to pay back Entrapov and Ghc 60,039 as net profit. This amount is likely to go up by 1.4% by the end of the same period as the government of Ghana continues to pursue for economic recovery program with the International Monetary Fund (IMF).

Even though the ten-month projection is based on realistic economic and social assumptions, the company has identify two major risk and has proposed strategies to mitigate those risks.

Introduction

Julies Ventures is a sole proprietorship company established with the mission to change the negative perception and increase demand for locally produced rice by promoting the consumption of quality yet affordable local brand through sales and marketing

Mission

To change the negative perception and increase demand for locally produced rice by promoting the consumption of quality yet affordable local brand through sales and marketing.

Julies Ventures is mindful of the plight of rice farmers in Ghana and what consumers want. This is why the company will ensure that the rice it produces are stones-free, organic, tasty, nutritious yet affordable to consumers

Vision

The vision of the company is to promote the marketing, sales and consumption of Julies Local Rice to become the leading local brand in the Ashaiman and Tema municipal Assemblies by the end of 2026.

The company will also venture in rice farming by acquiring its own rice field in the Volta region by the end of 2026

Business Objective

The company's short-term goal is to increase sales by expanding customer base from 541 to 1,000 by the end of June 2022 and to 1,500 by the year end 2022. This will be accomplished through the revised marketing and sales strategy which focus on strong business and product branding for the year 2022.

In addition to this, the company will change it legal entity from a sole proprietorship business to a limited liability company. This is an appropriate legal structure for the type of business the company offers and it fits well with its objectives.

In the long term, it will have its own rice field in the Volta Region and engage return missionaries especially from Ashaiman Stake of Ghana on contract terms. This in the end will help reduce the unemployment rate among return missionaries in the Stake.

Product

The company's primary product is called **Julies Local Rice**. It is produced and milled under a very hygienic condition from the Avalavi rice field in the Volta Region of Ghana. The rice is of high-quality grade, long-grain, organic, stones-free, nutritious, free of debris and easy to cook

Business Model.

Julies Ventures operation is modeled on strong market position and a coherent sales strategy that hinge on an efficient, reliable and strong sales vehicle(s) and has established clear steps to achieve its mission. The sales car is fitted with Public Address System and the sales team move within communities and settlements and call out both households and individuals to patronise our products

Problem Statement

In 2019, Julies Ventures had only 97 regular customers, an average of seven walk-in customers per day. With a daily average sales of 25 kilograms of local rice it was convenient and efficient to convert a 2004 Hyundai Accent which was a family car to sales car.

By the end of December 2022, the company had over 600 regular customers and daily average sales of 250 kilogram. These feats were made possible by a solid modus operandi, strong market position, coherent sales strategy that hinges on an efficient, reliable and strong sales car and considering this growth it was obviously the Hyundai Accent had become too small to meet the rising daily quantities demanded

In view of this, the company sought after funds to purchase a bigger truck that could be used as sales tuck and none of the sources was successful. This compelled the company to generate funds internally to purchase an Opel Astra Estate car for sales and distribution. Even though the new car has help to reduce cost of maintenance and ensure efficiency the acquisition also has affected stock. Presently, the company is not able to purchase much stock to meet the demand of its customers. In May 2023 its stock reduced from 35 bags to 5 bags. However, this increased to 10 bags in the month of September and has been steady until now.

The Solution

The company employed a strategy to plough back its profits to increase stock from 5 bags in May 2023 to 10 bags by September 2023. This strategy has been effective and yielding positive result. It is also at early stage of negotiation with its suppliers to receive stock on credit bases and pay later after sales.

Even though these strategies are effective to increase stock, they are not enough to raise fund to buy enough stock to meet the demand during this festive season. In the light of the above it therefore seek for funds to be able to increase stock to 35 bags in the month of December 2023.

Financial Need.

The company will need a total of Ghc 20,000 to be able to purchase additional 25 bags of rice and other production inputs. during this festive season to meet the demands of its customers. Table below indicates how the funds will be utilised.

Table 1

Items	Quantity	cost/unit	Total Cost (GHC)
Stock	25 bags	700	17,500.00
Labels	250 pieces	2	500.00
Sack	100 pieces	3	300.00
Packaging Rubbers	2 packs	600	1,200.00
TnT from Farm	25 bags	20	500.00
Total Amount			20,000.00

Financial Projection

The ten-month income statement projection shows how sales will perform. The projections have been carefully made and are based upon the economies of the local rice production and marketing sector and realistic micro economic assumptions

In December 2023, the company will achieve net profit of Ghs 7,090 and an amount of Ghc 2,000 will be generated for the payment of the grant. The company net profit is expected fall in the January, February, May and June because these months are the lean seasons in local rice production.

Julies ventures is expected to generate a total net profit of Ghc 60,039 representing 8.71% of total budgeted sales by the end of September 2024. It will also generate Ghc 20,000 to pay back the grant from Entrapov

The figures demonstrate growth in sales during the period of the plan. Evidently, the grant will become profitable in the month of December 2023 and this shows the strength of the company's operation and sales models. The predicted sales and growth are realistic given the strengths of the business and the attractiveness of the market.

Four Year Income Statement Assumptions

1. Cost of goods will reduce by 10 percent
2. Julies Ventures will not reduce its prices even though it anticipates 10% reduction in cost of goods
3. The company will continue to implement its price tiers
4. Monthly Inflation rate will average 2.4 percentage points
5. There will be upward review of prices depending on the prevailing market conditions
6. These figures are realistic given the current market situation and expected trends.
7. There is the potential of unexpected factors.

Risk Assessment/Management

Even though this proposal is based on realistic assumptions, Julies Ventures is mindful of potential unexpected factors that may cause a shortfall in this projection. Table 2 below shows possible risk, its assessment and management.

Table 2

No.	Potential Risk	Assessment /estimate	Risk management
1	Deviations in the assumption	Ghc 65,000	<p>Risk will be accepted. However Julies Ventures has introduced sales of Palm oil in addition to local rice and this is expected to generate over Ghc 50,000 net profit within the same time.</p> <p>The company also has a flexible price determination mechanism that will allows it to change prices to meet the prevailing economic indicator in the assumptions</p>

			This will mitigate the cost involved in this risk
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Conclusion

Julies Ventures has a coherent plan for future success. With this grant, it will be well positioned to meet the demand for all its customers within and outside the Tema and Ashaiman metropolitan Assemblies with the aim of increasing consumption of quality and stone free local rice through awareness and sales.

The financial targets have been shown to be realistic given the strengths of the business and its strategic position. The company is committed to achieve its goals. It has clear plans to realize the potential of the business and generate healthy returns for all stakeholders.

