



BREEDING A SUCCESSFUL ENTREPRENEUR: THE PREREQUISITE STEPS

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Outline

- Background
- Entrepreneurship (Definitions and Concepts)
- Practical Steps in Entrepreneurship Development
- Potential Agricultural Enterprise for Investment



BACKGROUND

Historical Facts about Nigerian Agriculture

- Agric was once contributed 60% of GDP.
- The sector suffered neglect with the advent of oil.
- Contribution to GDP dwindled over the decades
 - 60% in the 1960s
 - 48.8% in the 1970s
 - 22.2% in the 1980s
 - 34.1% in the 1990s
 - 35.9% in the 2000s
 - 23.9% 2010 -2014



What Has Not Changed

- Still the largest employer of labour (70%)
- Largest Private Sector (Number of players)
- Predominantly smallholder and subsistent largely
- Purely Rainfed
- Market not well developed and organized
- Continued to suffer policy inconsistency
- Attractive for Political promises and policy blueprints
- Organized Private Sector participation still developing
- Productivity still low



The Challenges

- Dwindled earnings from Oil
- Inability of government to finance its obligations
- Vulnerability of Nigeria's mono-commodity economy exposed
- Increasing rate of unemployment
- Unbaiting fall in the value of Naira
- Increasing rate of poverty



The Challenges Contd.

Table 1: Poverty Incidence in Nigeria (1980 – 2010)

Year	Poverty Incidence (%)	Estimated Population (Million)	Population in Poverty (Million)
1980	27.3	65	17.1
1985	46.3	75	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.7
2010	69.0	163	112.47

Source: National Bureau of Statistics, 2010



Table 2: Poverty Profile by Sector and Zones

Sector	Poverty Rate
Rural	66.1
Urban	52.0
National	60.9
Zone	
North Central	59.5
North East	69.0
North West	70.0
South East	58.7
South-South	55.9
South-West	49.8

Source: National Bureau of Statistics, 2010



What needs to be done

- Divarication of the Country Revenue Base
- Focusing on Agriculture as the largest private sector with diversified potential
- Transforming Nigerian agriculture into business
- Growing Entrepreneurship



ENTREPRENEURSHIP

(Definitions and Concepts)



ENTREPRENEURSHIP IN PERSPECTIVE

Entrepreneurship

The capacity and process of identifying, analyzing, organizing, managing and exploring opportunities to make profit.

An Entrepreneur

A person who creates and manages change by the recognition of opportunities (needs, wants, opportunities, problems and challenges), develops and manage resources (human and material) to take advantage of opportunities and creates a profitable business.



Possible Outcomes of Entrepreneurship

- *Organizing resources (human, material, knowledge and information)*
- *Face and Take associated risk and uncertainties*
- *Innovation and newness (turns out new products or services)*
- *Generates Wealth*
- *Generate Employment*
- *Increase the wealth base of the nation*



Entrepreneurial Ecosystem





Major Stakeholders

- (i) **Government:** Creation of 'enabling environment'
- (ii) **Educational Institutions and Research Centres:** Capacity Building (Human and Material) for entrepreneurship in agriculture
- (iii) **Financial Institutions:** Funding and Advisory roles
- (iv) **NGOs:** Funding, Capacity Building, mentorship, market information system.
- (v) **Private Organizations:** Empowerment, Mentorship etc.
- (vi) **Customers:** The largest stakeholder

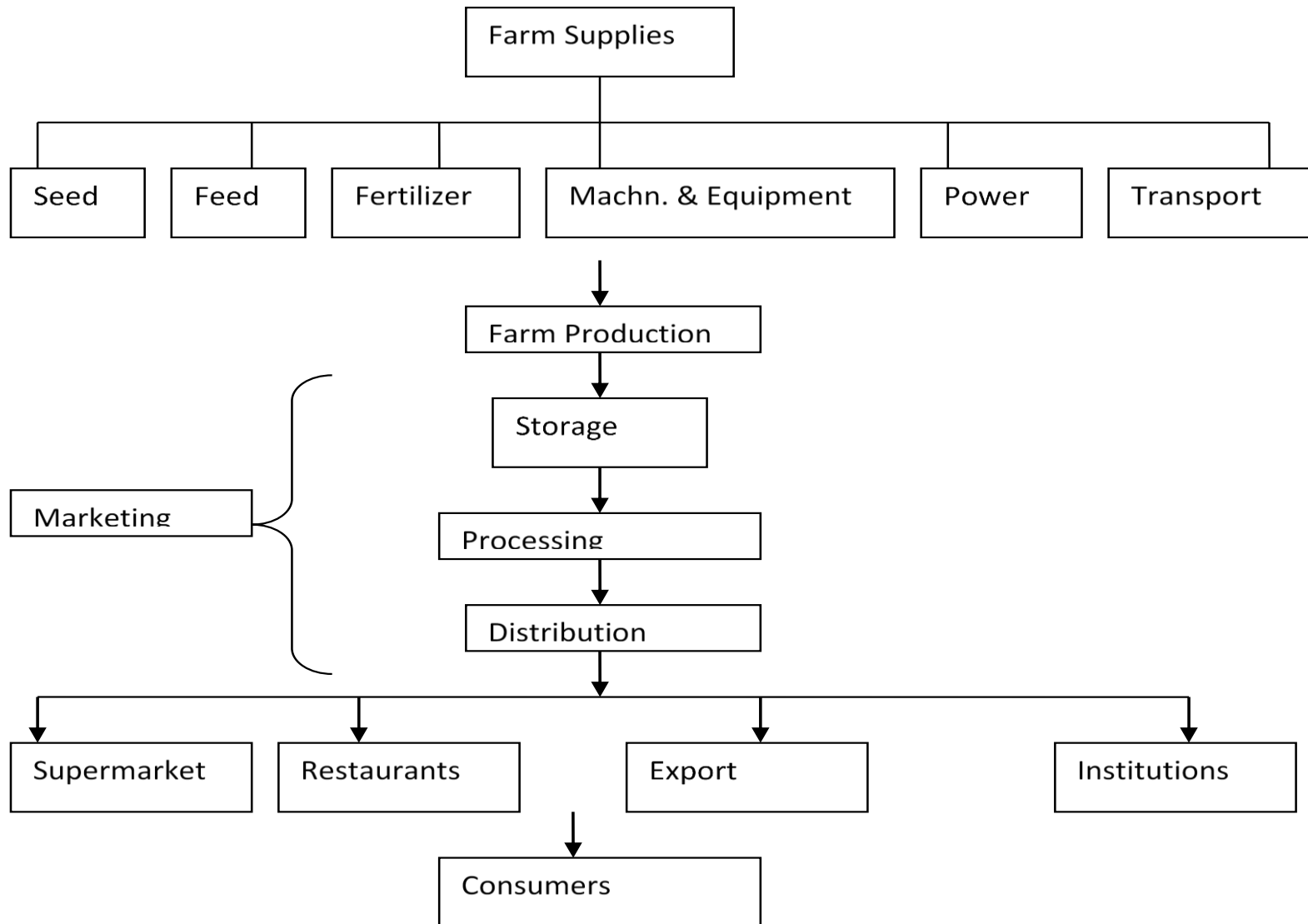


Qualities of a Successful Entrepreneur

- *Initiative*
- *Visionary with Good Analytical Mind (Sees and Act on Opportunities)*
- *Persistence (Not easily Frustrated)*
- *Explorative (Knowledge and Information Seeking and problem solving)*
- *Concern for Quality work and Output (Concerns with efficiency and Productivity).*
- *Systematic and Organize Planning*
- *Self Confidence*
- *Persuasive and Assertive (In negotiation with peers, customers and stakeholders.*
- *Inspirational and Effective Communication skills (with Employees and external organizations).*



Agribusiness





Basic Management functions in Agribusiness

- **Planning:** Gather facts, analyze, forecast occurrences, set goals evaluate actions, potentials and options
- **Organizing:** identify jobs, set up structure, select personnel and establish relationships.
- **Directing:** leading, supervising, motivating, delegating and evaluating operations of an enterprise.
- **Coordinating:** synchronizing and unifying actions of group of functionaries
- **Controlling** monitoring of plans and processes for goal attainment or warning for remedial actions.



Decision Making Process in Agribusiness

- Identification and definition of problem
- Collection of Information
- Identifying and Analyzing alternatives
- Making a decision
- Implementing the decision



Attributes of Agriculture that Affects Management Decision

- (i) Production uncertainties
- (ii) Price fluctuations
- (iii) Government Actions and Policies
- (iv) Actions of other people



Practical Steps in Entrepreneurship Development



1. Getting Started

I. Identifying and Dealing with specific challenges

In any business venture, specific challenges need to be addressed. These include:

- Startup capital (seed money)
- Physical location of the business venture
- Construction or other physically demanding work
- Skill Requirement (management, accounting, marketing)
- Acquisition, maintenance of equipment, machinery and premises.

II. Choose the right business

- Low initial start-up cost relative to the ability to generate income
- High gross profit margin
- relatively low maintenance requirements
- High cash flow relative to expenses
- History of high success rates among new enterprises
- High demand, low supply in the current marketplace
- High product distinctiveness
- Relatively size-neutral profit potential



III. Review market demand and the competition

IV. Decide on Business Size

V. Identify the location

VI. Check availability of raw material

VII. Identify funding

VIII. Check feasibility before starting the enterprise

IX. Avoid common mistakes (inadequate knowledge, large capital requirement, Poor record keeping, too much kindness etc)



B. Managing the Enterprise

- Open bank account
- Secure funding
- Identify precise location for the enterprise
- Arrange necessary infrastructure
- Request permits (NAFDARC APPROVAL if necessary)
- Purchase and adapt necessary tools, equipment and assistive devices
- Identify and Contact suppliers of raw material and consumables



- Start production
- Control quality
- Devise marketing and sales strategies
- Keep clear records
- Verify profit and loss
- Manage cash flow
- Maintain tools, equipment and buildings
- Review the market regularly
- *Expand the business wisely*



Expansion Options

- a. Produce more of the same product in the same location?
- b. Produce more of the same product in another location?
- c. Join with others to open outlets or branches?
- d. Produce a similar product that would be complementary and help you corner the market.

Note

Planning for expansion is similar to planning for establishment.



Potential Areas of Investment in Agriculture

Enterprise	Commodity	Driving Factors.
Crop	Rice (Production and Processing)	-Prime focus for import substitution - Tremendous support from Government
	Soybean	- Expanding market due to increasing importance in vegetable oil, baby food and livestock feed industries. -Importation becoming unattractive due to fall in Naira Value -Wide gap between domestic supply and demand
	Oil palm, cocoa, cotton,	Increase industrial demand
	Fruits (Mango, oranges, pineapple)	Increasing demand by fruit juice industry



Enterprise	Commodity	Driving Factors.
Livestock	Poultry Production	Ban on importation of frozen food and intensified enforcement. Importation becoming unprofitable due to fall in value of Naira.
	Piggery	Very prolific animal
	Cattle, Goat and Sheep Fattening	Increased Demand during Festive periods
Fishery	Capture fishery	Increasing domestic market and export potential due to improved processing techniques
Supplies	Agricultural inputs supplies and machinery, water resources development especially for irrigation. Livestock drugs and medication. Veterinary and consultancy services	Increasing support initiatives across sub-sectors.



Enterprise	Commodity	Driving Factors.
Agricultural Machineries	Development and fabrication of appropriate small-scale mechanized technologies for on-farm processing and secondary processing of agricultural produce	Support service for expanded rice production, palm oil and fruit processing at the cottage and industrial level. Small-scale feed mill in the livestock sector



Sources of Investible Fund

- Central Bank of Nigeria: (Nigerian Incentive-Based Risk Sharing in Agricultural Lending (NIRSAL)).
- Bank of Agriculture: <http://www.boanig.com>
- Bank of Industry: www.boi.ng
- Commercial Banks: Commercial Agriculture Credit Scheme, Micro, Small and Medium Enterprises Development Fund etc.
- SMEDAN (<http://www.smedan.gov.ng>)
- Micro Finance Institutions
- Bigger Enterprises: Under Contract Farming Agreements



- (ii) Technical Advisory Services
- Research Institutes
- Universities
- ADPs
- Farmers Associations
- Agro-Input Dealers
- Other Service Providers
- Chambers of Commerce and Industry
- Ministry of Agriculture
- Nigerian Export Promotion Council



GOD BLESS NIGERIA

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