

Rice Wholesale and Retailing Business in Atok, Benguet, Philippines: An Assessment of Viability

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Executive Summary

The viability and profitability of the proposed rice wholesale and retailing business in Atok, Benguet, Philippines can assume vital play in the sustainability of its target consumers.

Operating as a small and medium enterprise, it can sufficiently satisfy the demand of people living within the vicinity of the target area. With the projected population and income listed from year 1 to year 5 of the proposed operation, it shows that population and income of people of Atok, Benguet increase every year. The yearly increase shows high demand of rice. Also based on supply analysis, expected competitors who are existing retailers in the area cannot completely satisfy the demand of people because they only cater to about less than fifty percent of the total consumption requirement per year (basis of consumption is in cavans) which means, response to demand is too high. It is noted however that the unsatisfied demand by the existing retailers will be satisfied by the prospect rice retailing business.

In the management aspect, the proposed business follows the structure of a single proprietorship and implements direct flow of authority and concentrated responsibility. The management conducts job analysis program to evaluate and check employment qualification, training and development. Remuneration of selected workers is expected to be given in accordance to the law as prescribed in the Labor Code of the Philippines. Personnel policies are to be monitored and strictly implemented. This means that management is maintaining conduct and good governance to meet its stated vision, mission, objectives and values.

Five hundred thousand pesos (P500,000.00) start – up capital can adequately finance all other resources necessary for operation. For the first five years of operation, the proprietor rents a building conducive to consumers. This is to ensure nearness to market. Provided that business meets profitability evidence by its Return on Investment status (ROI) in the succeeding years, construction of a single – storey building follows. The location of business is however characterized by its accessibility and proximity to market because the site is within the central business district of Atok Municipality.

Prior to legal operation, socio – economic desirability is also expected to be promoted. Social responsibility of the business is given the priority equivalent to service and development. This social obligation is expected to promoted public welfare in some varied ways. The local government of Atok, Benguet can increase its revenues from business taxes.

The proposed business can contribute local employment, customers' access to affordable rice products, quality rice grains and immediate services.

Along with the planning and decisions toward effective finance and marketing management, the proposed business is highly recommended for investment.

Key Words: Rice Retail, Small Enterprise, Viability, Market Demand, Financial Feasibility

Chapter 1 INTRODUCTION

Business Background

Business industry is said to be the backbone of the society. It is an institution that contributes to socio – economic development and sustainability of people. In particular, the small and medium scale enterprises play great role in alleviating the life situation especially in responding the unending needs and wants of every individual.

In the case of developing countries like the Philippines, the Government is devoting attention to the promotion and development of small and medium enterprises for building up a local production structure, promoting economic growth, creating employment and generating income.

In the history of the Philippine Commerce and Industry, local and international trades, has developed major business activities in agriculture, manufacturing, production, marketing (wholesaling and retailing), financing and cooperatives. These trading are very evident with an organization composed of qualified professionals, managers, investors and labor forces who bind themselves to common objectives and mission to provide competent services for people and profit.

In response to the need to develop and structure local entrepreneurship, the venture in wholesaling and retailing rice can be one of the businesses with greatest value and contribution to people. In the first place, rice has been the great demand of consumers, the suppliers and retailers are then called to facilitate distribution and make profit out of the business.

Evidently, rice is being majorly grown in Asian countries like China and India; in Middle East; in Russia, South America and USA. Rice (bigas for tagalong) is a staple food and one of the world's most important food crops. It is also considered as a fixed food serving in most Filipino meals.

On the other hand, wholesaling and retailing rice are major marketing activities, which bring together the potential supplier and customer both for purposes of satisfaction. These activities are being roled by middlemen to facilitate and make immediate service to people. Wholesalers and retailers act as agents and product distributors of the manufacturers. They have the ultimate access and immediate link with the target customers.

Like other business operations, rice wholesaling and retailing enterprise is definitely a contributory factor in the sustainability of target consumers who make sure they are adequately supplied with the basic food necessity. With the licensing effort of the National Food Authority (NFA), the business can be regulated ad be assured of its legal operation and functions viewed as aid to promote productive rice dealership and to promote quality and affordable rice products.

Vision

“Business in the spirit of commitment and sound service towards profitability and productivity”

Mission

“It is the mission of the Mt. Trail Rice Wholesale and Retail to maintain quality service and competence for profitability, consumers’ satisfaction and sustainability”

Goals and Objectives

It is the primary goal and objective of the Mt. Trail Wholesale and Retail to:

1. Provide quality rice products;
2. Provide sound and competent services for customer's satisfaction;
3. Promote good human and industrial relations; and
4. Maintain competitiveness and productivity for preference and customers' patronage.

Philosophy

“Service through dedication, commitment, interest and education”

The Values

Values of Mt. Trail Rice Wholesale and Retail are guided by the commitment to:

1. Social Responsibility;
2. Professionalism;
3. Honesty and sincerity, and
4. Sound service

The Business Logo



Chapter 2 MANAGEMENT ASPECT

In this aspect, the analysis is focused on the following:

- a. Compliance of some pre – operating requirements such as permits, legal documentation and registration of the business at the Government agency like the Department of Trade and Industry (DTI)
- b. The identification of the following management, executive and working members, organizational structure, form of organization and the realization of the following job descriptions of the involved force.
- c. The personnel decisions on salary administration, benefits, training and related works that are beneficial to the organization.
- d. Other personnel qualifications

A. Pre – Operating Period and Registration

Mt. Trail Rice Wholesale and Retail to assume its legality of operation will be registered at the local Government of Atok, Benguet and the DTI. Pursuant to the Government existing laws, the licensing will be obtained at the Mayor's office paying the corresponding fee there indicated.

Other permits will also be secured as:

- a. Barangay clearance
- b. Police clearance – for peace and order
- c. Fire department clearance – for safety and insurance
- d. Authorization from National Food Authority
- e. Bureau of Internal Revenue for tax purposes

B. Operating Procedures

1. Form of Business Organization

Since proposed plan will be organized as a family owned business, it will be categorized ownership as a single proprietorship and by authority as line type of organization.

The decision of adapting this kind of particular organization is all due to its perspective of not so complex as compared to corporation and business partnership existing throughout the country.

Target workers will undergo recruitment procedures and screening based on their qualifications; although the number of work occupancies will be limited. It is noted however that the project will assume its first operation on January 2008.

2. The Administrative and Working Team - Organization

The following are the members of the management team of the Mt. Trail Rice Wholesale and Retail and the corresponding responsibilities to the organization.

Executive Division

Mr. Stephen S. Guansi – General Manager

Working Team

- a. Cashier
- b. Sales Clerk/Merchandiser
- c. Driver
- d. Stockman/Delivery Helper

3. Personnel Program

As the Mt. Trail Wholesale and Retail Business begin its operation, the General Manager needs to hire and recruit workers on the following criteria:

- a. Applicants will be screened and evaluated based on qualification presented or advertised.
- b. Personal interview will be conducted.
- c. Medical examination and health certificate re to be required

- d. Other documentation from the applicants will be required and provided as instructed by the interviewing officer.

The personnel office however will be strict in implementing personnel guidelines and procedures to ensure that management has cope with the standards as over all objectives.

After the selection process, it is expected that the author will conduct orientation programs to discuss and present with the newly hired workers the policies, standards, conduct and job functions so as to fit competency and efficiency for the whole enterprise.

Chapter 3

MARKETING ASPECT

This marketing aspect deals and concentrates on research and analysis of the following topics such as:

- a. Analysis of Atok Rice Industry
- b. Demand of the Product
- c. Supply of the Product
- d. The Product
- e. Service and Service Strategy
- f. Target Consumers
- g. Competition
- h. Pricing Strategy and Standards
- i. Channel of Distribution
- j. Promotion and Advertising Procedures

A. Analysis of Atok Rice Industry

Based on the market analysis and observations the researcher had with the proposed project location, there are more than fifteen establishments engaged in rice retailing and most of them are categorized under micro and small business enterprises. The said establishments include those owners of sari – sari stores, mini – groceries and consumer cooperatives. Although proposed business is quite relative with some of the existing enterprises, marketing procedures and strategies carry a big difference.

The proposed retailing follows a single product distributorship and it is rice retailing only. The management plans to implement administrative office composed of qualified merchandisers or working team compared to expected competitors that they do not effectively follow strategic management because of the following factors as noted in the survey:

- a. Owners do not have complete marketing education relative to what profession they are engaging in.
- b. Workers or retailers are undergraduates and some even are illiterates.
- c. Capital funding of some establishments is merely in a lack to cater everybody's need of rice grains.
- d. Marketing procedures are less implemented.

- e. Existing retailers in the area cannot completely satisfy rice demands of the growing population.

B. Marketing Research

1. Statement of Demand

Cordillera Administrative Region (CAR) is known to its richest in agriculture industry. Benguet, one of the fast developing provinces is known to its lead in vegetable production. As a matter of fact, it is the first in list among vegetable producers in the region followed by Mt. Province except Baguio City, being the pioneer in industrial business.

As to realization, the supremacy of Benguet Province in vegetable industry is not enough to say that people are completely sustained with. They may be over – satisfied by vegetables and money as exchanged of these vegetables being sold in the market but they may be in a difficulty to sustain other needs.

As expected by the common people, there existed a need to satisfy and sustain lives with other basic needs. One of which is food servings and nutrients known as carbohydrates by the Department of Health.

According to history and survey interview of the present practice of the people living within the vicinity of the project plan area, most of them flock to Baguio City, La Trinidad, Benguet, Pangasinan and even La Union to purchase cavans of rice grains for their consumption. Definitely, this practice makes them travel the long, dusty, winding and risky roads of Halsema highway to reach their market. For sure, transportation expense is one of the burdens that could mean another cost on their part. Time and effort is also being sacrificed which among the tribes, they accorded this as waste and delay on their working part as farmers.

Another reason why they confirm is that there is a great demand of rice in their place even though few own rice fields. It is to note however that even if there are owners of rice fields in the area, rice fields are limited that it cannot adequately supply the needs of rice on neighboring households and the whole community.

Although it is not to be denied that there exist a lot of establishments engaged in rice retailing envisioned at catering immediate consumption by these target market, there are also factors that cause them not to purchase from these enterprise. One is pricing and pricing strategy. Target consumers are sometimes hesitant to buy from these establishments because of high prices imposed on the products.

| Year | Total Population |
|------|------------------|
| 1 | 16,657 |
| 2 | 17,045 |
| 3 | 17,442 |
| 4 | 17,849 |
| 5 | 18,265 |

Projected Population

Source: National Statistics Office - CAR

Note: Based on law of demand, the increase in the number of population of Atok every year can evidence the increase in the demand of rice.

| Year | Income |
|------|---------------|
| 1 | 21,525,320.41 |
| 2 | 18,718,010.91 |
| 3 | 21,525,320.41 |
| 4 | 25,654,203.18 |
| 5 | 27,251,805.61 |

Projected Income

Source: Update Benguet Socio – Economic Profile, 2003

Note: Income is one the factors that determine the demand ability of rice in Atok. Obviously, as the income of Atok consumers increase in the following years, it shows that consumers can buy or purchase more rice, which has a direct response to demand that is high.

According to the records of the licensing division of National Food Authority, there are 20 licensed retailers of Atok Municipality regardless of capital investments. As to rate of consumption per person in a year, NFA is using a standard of 2.1278 cavans and 300 grams per day.

2. Supply of Product

The researcher has decided to engage in rice retailing business affected by this supply criterion. Supply of commercial rice grains will be mainly sourced from San Jose City in Nueva Ecija. Anticipation to this idea is the fact that Region III – Central Luzon is the first in the list among rice producers in the Philippines, thus, giving the belief that there are supplies in this specific locality.

The researcher made used of averaging system in order to get the supply turnover in a year. The formula uses is highest retailer's turnover and lowest retailer's turnover divided by two or

$$Ht/mo + Lt/mo/2$$

Where: Ht/mo= Highest turnover per month

Lt/mo = Lower turnover per month

From the survey, the average turnover is 43 cavans in a month. The output is based on the retailer's turnover of which highest retailer's turnover is 80 cavans in a month and lowest retailer's turnover is 6 cavans

$$\text{Thus: } 80 + 6/2 = 43 \text{ cavans/mo}$$

Therefore: If supply turnover is based per year, the total cavans of rice being sold is computed 43 cavans x 12 x 20 retailers and with a total of 10,320 cavans.

Therefore: The demand of rice in Atok municipality is too high considering that among the 20 retailers, they can only cater about 10,320 cavans per year and that from the unsatisfied demand, the proposed project expects to meet 4,800 cavans per year.

| Year | Total Population | x | Consumption | Quantity | Unsatisfied |
|------|------------------|-----|----------------|----------------|-------------|
| | Consumption Rate | per | Requirement/yr | Supplied by 20 | Demand |

| | persons/yr (cavans) | (cavans) | retailers/yr | (cavans) |
|---|---------------------|----------|--------------|----------|
| 1 | 16,657 x 2.1278 | 35,453 | 10,320 | 25,123 |
| 2 | 17,045 x 2.1278 | 36,268 | 10,320 | 25,948 |
| 3 | 17,442 x 2.1278 | 37,113 | 10,320 | 26,793 |
| 4 | 17,849 x 2.1278 | 37,979 | 10,320 | 27,659 |
| 5 | 18,265 x 2.1278 | 38,864 | 10,320 | 28,544 |

3. Customers and the Target Market

Mt. Trail Rice Retail and its existence for operation is for everybody. It is open for service without limiting the criteria of service extension with regards to sex, age, status, religion, education and profession.

The following list represents the major groups of customers the research is targeting.

Customer by geographical territory (Atok Municipality)

- Sayangan Barangay
- Calasipan Barangay
- Cattubo Barangay
- Bosleng Barangay
- Poblacion Barangay
- Pasdong Barangay
- Naguey/Bonglo Barangay
- Abiang/Caliking Barangay

C. Marketing Variables

1. Product

At any form of business organization, it is imperative to include research and identification of the following product offering relative to kind, brands, class and variety as well as the distinction among these products to ensure intended market has directed with necessary details and information they target for satisfaction.

In case of the Mt. Trail Rice Retail, product offering will all be commercial rice.

2. Price and Pricing Strategy

Price is anything value imposed to a product, commodity or service. In the determination of product price, the researcher identifies the expenses, which could be incurred such as delivery expense, transportation cost, freight and other cost. It will also realize percentage and mark up from which it is where the firm will be deriving its gain and profit.

3. Promotion and Advertising

For purposes of promotion and publicity, the Mt. Trail Rice Retail needs to advertise its products on sale and the whole institution using some media communications.

Since the proposed business is not employing huge capital and is categorized small enterprise, the following appropriate advertising can be tapped:

- Brochures and pamphlets

- Store sign, sign boards and streamers
- Radio communication – DZWT/Bombo Radyo – Baguio

4. Channel of Distribution

Distribution will be through main supplier from San Jose city in Nueva Ecija and then be transported to the business domicile and for distribution to the following geographical locations of the target customers.

5. Competition

It is noted that competitors will mostly compete in service strategy, pricing strategy and product quality.

It is to be noted that there can be an edge and entry of the proposed business in the marketing game of business as demand result shows a high percentage so that even the proponent believes that it can have the place in the business competition.

Chapter 4 TECHNICAL ASPECT

To consider some of the constraints that may arise during the operation and to consider also the nature of the business itself, the author is very positive to engage in rice retailing and wholesaling by renting a building conducive to market. The case will apply upon its first operation until such time business profitability is achieved. The plan is affected with reason that putting up a building regardless of type needs a large investment. The author however anticipated to reduce the risk on his part as proprietor of the proposed business for the first five years of plan.

A. Brief History of Plant Setting/Area

Atok is centrally located in the heart of the province of Benguet. It has a total land area of 10,860 hectares of which great portion of land is mountainous. It is bounded in the south of Tublay, west by Kapangan, east by Bokod and Kabayan and north of Kibungan and Buguias. According to folks and ancient people who discovered this place, it is most likely called as the “Little Alaska” because of its cold weather. Atok engaged and lived through vegetable production. With its growing population of 17,849 listed in the year 2003, it increasingly demands for great development in social – economic needs like commerce, education, services, infrastructures, health aids and security.

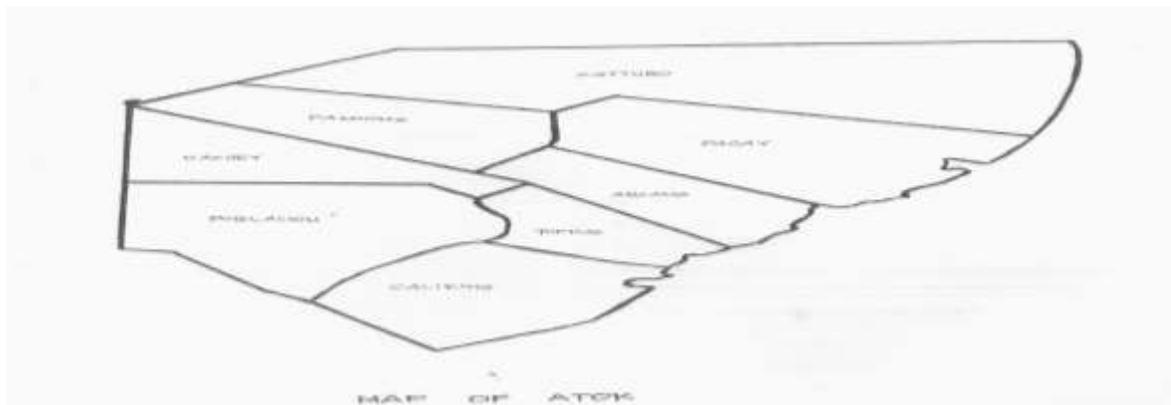
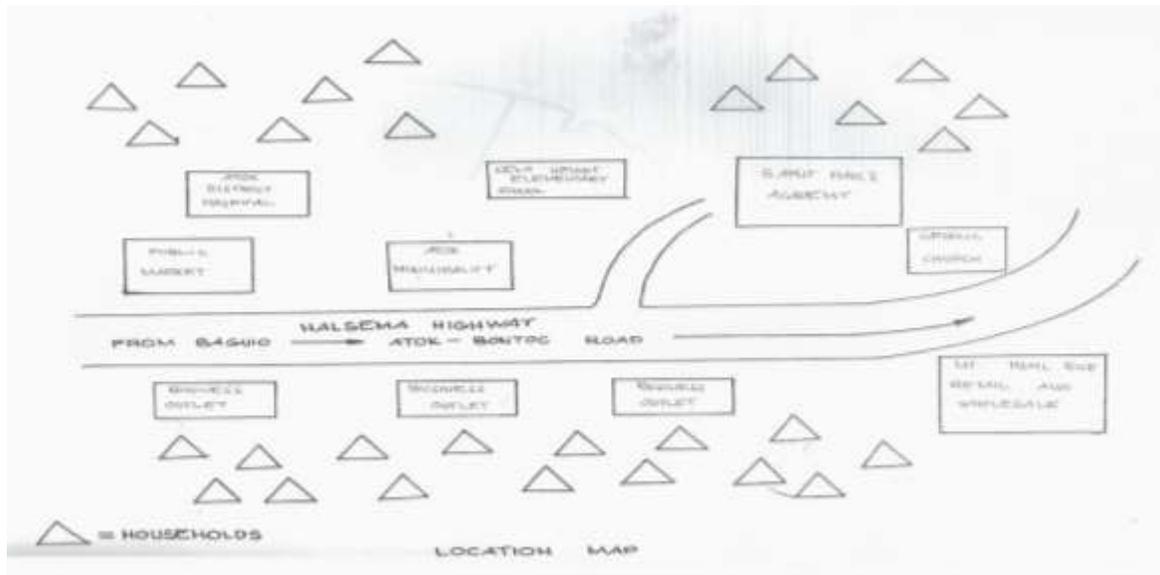
As Atok looks forward to its vital play in alleviating the lives of its town people, it is guided by its mission to social progress and development.

B. Target Location

Target location of the Mt. Trail Rice Wholesale and Retail will be at Km. 50, Sayangan, Atok, Benguet. It can be reached two hours travel from Baguio City, one – hour travel from Buguias, and half hours from Kabayan and approximately four hours from Mt. Province.

Sayangan is the commercial center of Atok Municipality situated along the national highway of Halsema Bontoc Route. With its glamorous environment affected by its coolest temperature, there is no doubt that people flock in this area and settle for a living. It is surrounded with establishment such as stalls, 'kubo displays'. Sari sari stores, vegetables outlets along the road, a number of mini groceries, snack house, carenderias and even a gasoline station.

Nevertheless, Mt Trail Rice Retail's location feels its most convenience in consideration that it will be within the central business district of Atok Municipality.



| | |
|---|------------|
| E. Tooling and Equipment | |
| All equipment will be purchased locally, they are enumerated as follows: | |
| This will be used for the filing of documents, reports and other important papers for easy access of information. | |
| Unit Cost | P2,950.00 |
| Specifications | |
| Insulated Four-Drawer Vertical File | |
| 25" Deep | |
| Letter size parchment | |
| 546 lbs. Weight | |
| Phone Set | |
| This will be used telecommunication services | |
| Unit Cost | P 640.00 |
| Installation Cost | P 2,000.00 |
| Total Cost | P 2,640.00 |
| Computer Set | |
| This will be used to support personal computer system | |
| Unit cost | P 7,150.00 |
| Specifications | |
| Corner fit | |
| Shaped in gray color | |
| Finish with monitor shelf | |
| Sliding keyboard drawer | |
| Frame with particle wood top dimension | |
| (70"L x 23"W x 29"H) | |
| Office Table | |
| This will be used in the administrative office. | |
| Unit Cost | P 1,000.00 |
| Specifications | |
| Sherwood Office Table | |
| Dimension 900 L x 600mm W x 735mm H | |

Chapter 5 FINANCIAL ASPECT

One of the most important factors the proprietor should anticipate and realize is the financing functions of the proposed plan. In this aspect, the following are reviewed and analyzed prior to operation of said business, these are:

- Capital funding
- Basis of sales
- Major assumptions
- Projected cash flow
- Income statement
- Balance sheet

A. Capital Funding

Capital is said to be the life – blood of the firm. It is most referred to as the resource of management that encompasses liquid assets of cash, money and legal tender with a unit value.

In case of the proposed project, capital funding will be taken out from the personal money of the researcher and his family.

The amount of 500,000.00 Philippine peso is anticipated adequately to finance the beginning operation of the business such as the purchase of merchandise, rents, salaries, advertising, operating equipment and other miscellaneous.

However, in such cases that the capital may assume shortage, loaning from some recognize lending institution will be possible as alternative to fit capital sufficiency.

B. Basis of Sales

Gross Sales: 4,800 cavans/year at P900.00

Where:

1. Warehouse price per cavan is P720.
2. Selling price per cavan is P900.
3. Target sales in cavans is yearly increased by 20%.
4. Every year warehouse price is increased by 2%

| Year | Quantity (cavans) x Selling Price | Sales | Warehouse Price (Yearly increase by 2%) | Selling Price (Yearly increase by 2%) |
|------|-----------------------------------|-----------|---|---------------------------------------|
| 1 | 4,800 x 900 | 4,320,000 | 720 | 900 |
| 2 | 5,760 x 918 | 5,287,680 | 734.5 | 918 |
| 3 | 6,912 x 936.50 | 6,473,088 | 750 | 936.5 |
| 4 | 8,294 x 955 | 7,920,770 | 765 | 955 |
| 5 | 9,952 x 974 | 9,694,222 | 780 | 974 |

Major Assumptions:

1. Salaries are yearly increased by 10%.
2. Rent expense is yearly increased by 10%.
3. Advertising is yearly increased by 10%.
4. Transportation expense is yearly increased by 10%.
5. Office supplies at constant P5,000.
6. Communication expense is yearly increased by 10%.
7. Depreciation is based on the estimated life of the asset.
8. Tax imposed is 35% common.
9. Permits and licenses are yearly increased by 10%.

| DEPRECIATION SCHEDULE | | | |
|----------------------------------|----------------|----------------|-----------------------|
| Depreciation | Estimated Cost | Estimated Life | Depreciation per year |
| Renovation/building Improvements | 75,000 | 10 | 7,500 |
| Retail Appliances/Equipment | 25,000 | 5 | 5,000 |

| | | | |
|--------------|---------|---|--------|
| Delivery Car | 275,000 | 8 | 34,375 |
| Total | | | 46,875 |

MT. TRAIL RICE WHOLESALE AND RETAIL
PROJECTED CASH FLOWS
FOR THE YEAR 1-5

| Source of Funds | Pre-operation | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---------------------------|----------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Cash Beginning | 500,000 | 125,000 | 266,580.25 | 529,613.15 | 899,822.39 | 1,408,383.88 |
| Sales | 0 | 4,320,000 | 5,287,680 | 6,473,088 | 7,920,770 | 9,694,222 |
| Total Cash Inflows | 500,000 | 4,445,000 | 5,554,260.25 | 7,002,701.15 | 8,820,529.39 | 11,102,605.88 |
| Uses of Funds | | | | | | |
| Renovation/ Improvements | | | | | | |
| Of Building | 75,000 | 0 | 0 | 0 | 0 | 0 |
| Appliances/Equipment | 25,000 | 0 | 0 | 0 | 0 | 0 |
| Delivery Car | 275,000 | 0 | 0 | 0 | 0 | 0 |
| Rent Expense | | 72,000 | 79,200 | 87,120 | 95,832 | 105,415.20 |
| Advertising/Promotion | | 10,000 | 11,000 | 12,100 | 13,310 | 14,641 |
| Office Supplies | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Transportation Expense | | 150,000 | 165,000 | 181,500 | 199,650 | 219,615 |
| Communication Expense | | 7,200 | 7,920 | 8,712 | 9,583.20 | 10,541.82 |
| Salaries | | 345,840 | 380,424 | 418,466.40 | 460,313.04 | 506,344.34 |
| Electricity | | 6,000 | 6,600 | 7,260 | 7,986 | 8,784.60 |
| Permits and Licenses | | 20,000 | 22,000 | 24,200 | 26,620 | 29,282 |
| Tax | | 70,000 | 116,783.10 | 174,520.36 | 249,004.27 | 317,496.67 |
| Merchandise (Purchases) | | 3,492,000 | 4,230,720 | 5,184,000 | 6,344,910 | 7,763,340 |
| Total Cash Outflow | 375,000 | 4,178,419.75 | 5,024,647.10 | 6,102,878.76 | 7,412,208.51 | 8,980,460.33 |
| CASH BALANCE | 125,000 | 266,580.25 | 529,613.15 | 899,822.39 | 1,408,383.88 | 2,122,145.55 |

MT. TRAIL WHOLESALE AND RETAIL
PROJECTED INCOME STATEMENT
FOR THE YEAR 1-5

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| GROSS SALES | 4,320,000 | 5,287,680 | 6,473,088 | 7,920,770 | 9,694,222 |
| Less: Cost of Good sold | 3,466,000 | 4,229,995 | 5,183,225 | 6,344,160 | 7,840,590 |
| GROSS PROFIT | 864,000 | 1,057,685 | 1,289,863 | 1,576,610 | 1,853,632 |
| Less: OPERATING EXPENSES: | | | | | |
| Salaries Expense | 245,840 | 380,424 | 418,466.40 | 460,313.04 | 506,344.34 |
| Rent Expense | 72,000 | 79,200 | 87,120 | 95,832 | 105,415.20 |
| Advertising Expense | 10,000 | 11,000 | 12,100 | 13,310 | 14,641 |
| Office Supplies | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Electricity | 6,000 | 6,600 | 7,260 | 7,986 | 8,784.60 |
| Transportation Expense | 150,000 | 165,000 | 181,500 | 199,650 | 219,615 |
| Communication Expense | 7,200 | 7,920 | 8,712 | 9,583.20 | 10,541.82 |
| Permits and Licenses | 20,000 | 22,000 | 24,200 | 26,620 | 29,282 |
| Depreciation | 46,875 | 46,875 | 46,875 | 46,875 | 46,875 |
| Total Operating Expense | 662,915 | 724,019 | 791,233.40 | 865,169.24 | 946,498.66 |
| NET INCOME BEFORE TAX | 201,085 | 333,666 | 498,629.60 | 711,440.76 | 907,133.34 |
| Less: NET INCOME | 70,379.75 | 116,783.10 | 174,520.36 | 249,004.27 | 317,496.67 |
| NET INCOME | 130,705.25 | 216,882.90 | 324,109.24 | 462,436.49 | 589,636.67 |

INCOME STATEMENT
Year 1

| | | |
|-----------------------------------|-----------|--------------|
| GROSS SALES (4,800 x 900) | | # 4,320,000 |
| LESS: COST OF GOODS SOLD | | |
| BEGINNING INVENTORY | 0 | |
| ADD: PURCHASES (4,850 x 720) | 3,482,000 | |
| AVAILABLE GOODS FOR SALES | 3,482,000 | |
| LESS: ENDING INVENTORY (50 x 720) | 36,000 | 3,446,000 |
| GROSS PROFIT | | 84,000 |
| LESS: OPERATING EXPENSES | | 52,915 |
| NET PROFIT BEFORE TAX | | 201,085 |
| LESS: TAX 35% | | 70,379.75 |
| NET INCOME | | # 130,705.25 |

INCOME STATEMENT
Year 2

| | | |
|--------------------------------------|-----------|--------------|
| GROSS SALES (5,760 x 918) | | # 5,287,680 |
| LESS: COST OF GOODS SOLD | | |
| BEGINNING INVENTORY (50 x 720) | 36,000 | |
| ADD: PURCHASES (5,760 x 734.50) | 4,230,720 | |
| AVAILABLE GOODS FOR SALES | 4,266,720 | |
| LESS: ENDING INVENTORY (50 x 734.50) | 36,725 | 4,229,995 |
| GROSS PROFIT | | 1,057,685 |
| LESS: OPERATING EXPENSES | | 724,019 |
| NET PROFIT BEFORE TAX | | 333,666 |
| LESS: TAX 35% | | 116,783.10 |
| NET INCOME | | # 216,882.90 |

INCOME STATEMENT
Year 3

| | | |
|------------------------------|-----------|--------------|
| GROSS SALES (6,912 x 936.50) | | # 6,473,088 |
| LESS: COST OF GOODS SOLD | | |
| BEGINNING INVENTORY | 36,725 | |
| ADD: PURCHASE (6,912 x 750) | 5,184,000 | |
| AVAILABLE GOODS FOR SALES | 5,220,725 | |
| LESS: ENDING INVENTORY | 32,500 | 5,188,225 |
| GROSS PROFIT | | 1,289,863 |
| LESS: OPERATING EXPENSES | | 791,223.40 |
| NET PROFIT BEFORE TAX | | 498,629.60 |
| LESS: TAX 35% | | 174,920.36 |
| NET INCOME | | # 324,109.24 |

INCOME STATEMENT
Year 4

| | | |
|-----------------------------------|-----------|--------------|
| GROSS SALES (8,294 x 955) | | # 7,920,770 |
| LESS: COST OF GOODS SOLD | | |
| BEGINNING INVENTORY | 37,500 | |
| ADD: PURCHASE (8,294 x 765) | 6,344,910 | |
| AVAILABLE GOODS FOR SALES | 6,382,410 | |
| LESS: ENDING INVENTORY (50 x 765) | 38,250 | 6,344,160 |
| GROSS PROFIT | | 1,576,610 |
| LESS: OPERATING EXPENSES | | 865,165.24 |
| NET PROFIT BEFORE TAX | | 711,440.76 |
| LESS: TAX 35% | | 249,004.27 |
| NET INCOME | | # 462,436.49 |

INCOME STATEMENT
Year 5

| | | |
|-----------------------------------|-----------|--------------|
| GROSS SALES (9,953 x 974) | | # 9,694,222 |
| LESS: COST OF GOODS SOLD | | |
| BEGINNING INVENTORY | 38,250 | |
| ADD: PURCHASE (9,953 x 780) | 7,763,340 | |
| AVAILABLE GOODS FOR SALES | 7,801,590 | |
| LESS: ENDING INVENTORY (50 x 780) | 39,000 | 7,840,590 |
| GROSS PROFIT | | 1,853,632 |
| LESS: OPERATING EXPENSES | | 946,498.66 |
| NET PROFIT BEFORE TAX | | 907,133.34 |
| LESS: TAX 35% | | 317,496.67 |
| NET INCOME | | # 589,636.67 |

The proposed project is under the management of the researcher. The proposal was made along with the plan and interest to put up this kind of business despite the fact that it had already been existed in the target area.

The plan anticipates the need to operation of the retailing and supply for the growing population of the local market and to access supply to the neighboring barangays of Abiang, Caliking, Paoay, Poblacion, Naguey and Cattubo. The enterprise can be evaluated on the context of its vital role in providing greater access and proximity to target consumers in terms of rice supply. Price and other services will be an advantage considering that consumers will be benefiting from it. Marketing procedures and standards of operating certain business will also be monitored and emphasized so said enterprise will achieve its mission and objectives, and lastly, the management team are qualified by profession that they are intellectually capable of supervision and administration whatever will be the constraints and risks encountered.

Socio – Economic Desirability

A. Government

The operation of Mt. Trail Rice Retail can augment the income of the local Government of Atok Municipality. With business taxes to be imposed for the years of operation, it is expected that Atok Government can raise revenues for its projects and economic development.

B. Workers

Classified as medium scale enterprise, the retailing business can offer employment for some deserving individuals. At least five workers will be employed and benefits will be granted in accordance to what the law requires.

C. Customers

Regardless of dialects, profession and income status, the enterprise is expected to provide service that is due to customers.

D. Environment

With the permit and authorization to operate the business, the firm is expected to be pollution – free and environmentally friendly.

E. Competitors

The proposed business will be working with the existing rice retailers in the area.

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