

# 200k Business

TTM:

What business that involves physical goods can give a ROI of about 40% on 200k within 6 months?

VIO:

Fast moving consumer goods.

Salt, sugar, noodles, flour, Maggie, Lipton.

These are things people MUST use. However bad the economy.

Also in the list: soap, clothes.

The thing is, people look at profit margins and not turnover and do not realize that with FMCGs the important thing is the turnover.

Eg: if you sell a packet of basic biscuits with .50k profit and sell 100 a day, that is N50. Multiply by 30 days to see the profit on just that one item, even after you have backed out cost of sales.

Another sure banker: pure water.

TTM:

VIO, if I have 200k, is it better to focus on 1 item or to buy like maybe 6-10 of such FMCGs?

VIO:

Buy complementary items.

For instance if someone comes to buy Lipton from you, what else are they likely to ask for?

The answer may be: sugar, satchet milk, biscuit,

matches, bread, egg. Bread and eggs are perishable and have abominably short shelf lives, so I like to leave them out of FCMGs when advising start ups.

AM:

Food is a sure one. If the person's capital is 200k though, she can work from home, deliver meals to homes and offices.

Another one is female fashion items that are in high demand like clothes and shoes, not bags. Bags don't move as fast as clothes and shoes.

The items should be good quality and prices should be very affordable, the more affordable, the faster it would sell.

I know someone who makes as much as 100k a month from sturdy made-in-naija sandals and slippers she sells for less than 3k. Her profit from each one is little but the turnover is high because of the quantity she sells.

Go with something that people need everyday or that people (females especially) cannot resist and do serious marketing.

TTM:

I guess for the food seller, he/she has to first assess the needs of the people around before they start cooking.

That serious marketing bit is where many of us miss it.

AM:

It also depends on the area, there are some places that provisions and toiletries can sell so well, you can make as much as that.

Competition will determine.

TTM:

Thanks for injecting "competition" into the discussion. When my uncle, a retired Bishop, was transferred to one of the South Western states, he told me he was amazed that almost everyone in the area was selling the same thing and was expecting to make great sales. My uncle was into marketing before he went into ministry.

He said he asked his congregation one day who they were expecting to buy their goods when everyone in the neighbourhood was selling the same thing.

That our conversation transformed my thinking about "competition analysis".

AM:

I always think this when I see people going into the same business within a single neighbourhood, some even side by side.

A lot of times, envy at how much clients the first person seems to have drive the others into doing the same business.

Does common sense not tell you that you should simply look for another line of business that would be

a bestseller in that neighbourhood?

TTM:

One can even start a complementary business. That's what my uncle told his congregation...

CEO:

Clothing business.

IAO:

Agriculture/food business.

AB:

Water. Specifically satchet water.

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