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  **Prepare A Business Plan On A Chosen Agricultural Enterprise**

**Making your business plan**

business plan is an absolute necessity for any seed

enterprise. A good business plan is the most important

step in starting a successful enterprise. Therefore, any

person or group that wants to start a small seed enterprise

must be able to prepare a business plan before starting the

enterprise.

**What is a business plan?**

It is a comprehensive document which describes clearly the

commercial goals or objectives of the enterprise and outlines

the following:

􀂃 WHAT resources (human, financial, etc.) will be needed

to achieve the commercial objectives of the business?

􀂃 WHERE will these resources come from?

􀂃 HOW will these resources be utilized?

The business plan is a **road map** to success. It shows you

the direction to follow, which may not always be a straight

road. This means that as you move along, you have to check

periodically whether you are in the right direction or not. You

don’t wait until you get lost. If you are moving in the wrong

direction, take corrective action quickly to get back on the

right track

**Why do you need a Business Plan?**

As an entrepreneur, you need a business plan for the

following reasons:

i. To show the cash flow you expect or how much money

you expect to spend on the business in comparison with

how much you will bring into the business during a

given period of time.

ii. To show which operations you will undertake and how

much money you will spend on such operations.

iii. To show funding or credit agencies how much your

enterprise is worth and how well it will do in the future.

iv. To assess the chance of the enterprise and make

necessary correction before starting the business so as

to increase you possibility of success.

v. To minimize risks by preparing a plan that will guide

the operation of you enterprise and serve as continuous

reference.

vi. To promote and market your enterprise

vii. To show how you will achieve your business goals and

objectives.

**What should your business plan contain?**

Your plan should be simple, but it should detail the

resources you will use, where these will come from, and

how you will operate and manage the enterprise. The

following is a simplified outline of the major components of

a business plan:

**Cover page**

**1. Introduction**

**2. Operating plan**

**3. Financial plan**

**4. Marketing plan**

**5. Management plan**

**6. Conclusions**

**Preparing a simple Business plan for your seed**

**enterprise**

To prepare a good business plan, you should think how

answer the following questions carefully:

**COVER PAGE**

Your cover page should provide essential information:

􀂃 What is the name of your group enterprise?

􀂃 What is the contact address of the enterprise?

􀂃 What are you telephone numbers and e-mail address?

􀂃 What is the logo of the enterprise? (This should be simple)

􀂃 What is your business slogan? (This should be short,

attractive and to the point)

􀂃 When was the business plan prepared? (month and year)

**SMALL-SCALE SEED ENTERPRISE:**

**1. INTRODUCTION**

In preparing your introduction you should attempt to answer the

following questions:

􀂃 What is the name of the enterprise? What is the structure and

ownership of the business and total number of members? What

is the objective of the group coming together to form the

enterprise or start the business? What does the group expect

to achieve by coming together?

􀂃 Why do you select to go into a seed business? For example,

is it based on your long involvement in seed production or on

skills and experience the members would bring to the business

(specify these), or on potential market demand? What are the

advantages your enterprise may have over competing ones? Is

there any other special reason for selecting the seed business?

􀂃 What type of crops varieties and seed will your group

enterprise produce and sell, and what is the potential market

or groups of farmers that will buy it? What will be the possible

advantages of your varieties/seed? (higher yield, shorter

duration, disease tolerant, cheaper, better quality, etc.)

􀂃 What are your perspectives about the profitability, future

growth and success of your group enterprise?

**Sample Introduction:**

***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

*Best Afghan Seeds (BAS) is a pilot seed enterprise that will be*

*established with the technical assistance of FAO of the United Nations as*

*part of its Seed Industry Commercialization Programme. Ten leading*

*farmers with long years of seed production experience as contract*

*growers will pool their resources together including land and money to*

*establish the enterprise.*

*BAS Seed Enterprise will rely on the proven knowledge, skills and*

*experience of its Leader, Mr.Abdul Rasheed, who brings over a decade*

*of seed company managerial experience to the enterprise. Assisting*

*Mr.Rasheed will be Mr. Mohammad Naweed, who has considerable*

*technical experience in seed production and can meet the high quality*

*standards that BAS Enterprise has set for its seed.*

*BAS Seed Enterprise will be created for the primary purpose of providing*

*high quality seed of the best wheat and rice varieties to farmers in the*

*northern and northeastern regions of Afghanistan, which are considered*

*the bread basket of the country. The enterprise has a potential to gain*

*reputation for offering quality wheat seed that provides great value to*

*farmers in irrigated land. It will take advantage of the growing demand*

*for quality seed of new wheat and rice varieties with outstanding flour*

*and cooking qualities respectively.*

*BAS Seed Enterprise will establish its base of operations at Pulikhumri,*

*the capital of Baghlan Province, which has amongst the largest area of*

*irrigated land in the country and the fastest growing market for*

*improved seed of wheat and rice. Other existing suppliers in Baghlan*

*province produce seed of either traditional varieties, or old improved*

*varieties that no longer perform well. BAS enterprise will therefore be in*

*a good position to capture a significant portion of the local market for*

*wheat and rise seed, since it will introduce new and better performing*

*varieties.*

*BAS Seed Enterprise will differentiate itself from other suppliers through*

*lower pricing and unique promotional techniques. By specializing in just*

*a few of the most popular varieties, BAS Seed Enterprise will gain*

*access to the largest segment of a growing seed market for wheat and*

*rice. This tightly focused approach will also make it easier for BAS Seed*

*Enterprise to establish and attain the position of a seed industry leader.*

*This enterprise is projected to return a profit margin of 46% in its very*

*first year of operations, due in a large part to the size of the market, a*

*competitive price for seed, and the relatively low investment required to*

*begin operations. The first year (2007) sales revenue is projected to*

*exceed $47, 000. The profit that is generated will be used for*

*reinvestment in the enterprise.*

**2. OPERATING PLAN**

Your Operating plan should explain how the enterprise will

function on a day-to-day basis.

􀂃 How will you obtain land for your enterprise to establish

offices and stores, and to produce different types of

seed requiring different agro – ecological conditions?

􀂃 Which equipment, facilities and materials will you need

and what is the estimate of their costs? Why would you

need these specific types of equipment or facilities?

􀂃 What production inputs will be required and how much

will these cost?

􀂃 What will be the production and delivery process of

your seed from the initial to final stages?

􀂃 How much time will be required for the production and

delivery process until the seed finally reaches farmers

for planting?

􀂃 What expertise and skills will be needed for the

production and delivery processes and how will these

be obtained?

**Sample Operating Plan:**

*Based on a survey of farmers in North and Northeastern Afghanistan, it has*

*been determined that the current total annual requirement for wheat seed*

*is about 125,000 tonnes and 10,000 tonnes for rice seed. Most farmers use*

*older varieties and use their own farm-saved seed. This own seed is of poor*

*quality and the varieties are mixed. There is therefore a persistent high*

*demand for quality seed of new varieties, for which the farmers are*

*prepared to pay higher prices.*

*BAS plans to enter the market and sell a total of 10,500 seers and 14,300*

*seers (1 seer = 7 kg seed) of certified seed respectively of new wheat and*

*rice varieties in the first two seasons of operation (20 months starting*

*October in year1) and increasing this gradually to a combined total of about*

*50,000 seers by the fifth year. For this, the owners will contribute some*

*land each and the enterprise will also sign contract with growers and*

*produce most of the seed on their own lands. The enterprise will need initial*

*capital to construct a store with sufficient office space, and buy furniture, a*

*seed cleaning plant, a transport van, three motor cycles, ten bicycles, two*

*computers and one printer, and five mobile telephones. In addition, the*

*business will require sufficient working capital to buy necessary inputs*

*(foundation seed, fertilizer, herbicides, packaging material and seed*

*treatment chemical), to purchase raw seed from contract growers, to*

*undertake post-harvest operations and to meet other day-to-day expenses.*

*The owners will contribute 20% of the funds required, and the enterprise*

*will need to raise a long-term bank loan for the rest of the amount required*

*at 15% service charge.*

*In the first year, BAS enterprise will select key farmers who are already*

*knowledgeable in seed production to grow foundation seed of new irrigated*

*wheat varieties on contract. One of the enterprise members is an*

*experienced agronomist who will closely supervise the field operations and*

*coordinate raw seed purchases at harvest time. The owner of BAS has longterm*

*relationships with the area’s best farmers and is confident that each*

*will provide quality service.*

*An intensive training programme will be organized for all selected*

*growers prior to their involvement in the programme. A vigorous*

*campaign will also be mounted to promote the quality of BAS seed in*

*the farming communities so as to capture a good proportion of the seed*

*market and maintain a core of loyal clients.*

*BAS Enterprise will carry out the following key operations:*

*- Purchasing raw certified seed from its contract growers*

*- Cleaning, packaging, treatment and storage of the seed*

*- Seed distribution, marketing and sales*

*The various components of each operation and the estimated costs are*

*outlined in the financial plan.*

**3. FINANCIAL PLAN**

Your Financial Plan should discuss the finances you will need and

expect. As a part of your overall financial plan, are costs, sales

and profit plans, which should show, estimate or discuss the

following:

**Costs element**

􀂃 What will be the total cost of the enterprise or the amount of

initial finance you will require to start the enterprise and

operate it for one year (investment needs)?

- Land and buildings.

- Machinery and equipment.

- Inputs (foundation seed, fertilizer, etc)

- Materials and supplies (packaging, seed treatment,

etc.)

- Administrative costs.

􀂃 Where will you obtain this money?

- Own investment (how much of your own resources will

be put into the enterprise at this stage?)

- Group investment (How much will come from the members’

contribution?)

- Loan (If you are going to look for a loan, how much

money will you be looking for and what collateral security

you will be able to offer for the loan?)

- Grant (What will be the possible sources of grant?)

- Any other sources of funds

- What will be the fixed and working capital (variable cost)

requirements of your enterprise?

- What will be the projection of costs of your business?

**Sales element**

􀂃 What will be the forecast of total sales (benefit) of your

enterprise?

**Profit element**

􀂃 What will be the projection of profitability (size of

profits) of your enterprise?

**Financial statements**

How do you summarize and present the potential

performance of your enterprise?

Having estimated the costs, revenue and profit level in

Chapter 3, you should be able to present these measures in

a summarized form that gives a snapshot of the success of

your enterprise. The following are three ways of doing this:

i) Preparing an operating cash flow

An operating cash flow plan (detail by month for year 1 or

season)

􀂃 On the basis of your operating plan, how much cash will

you expect to come into and go out of your enterprise

each month?

􀂃 How will you ensure that your enterprise does not run

short of cash at any time? Your cash balance in any

one month must not be negative.

ii) Preparing a projected profit and loss statement for your

enterprise.

You should show the potential profitability of your enterprise

and provide a projected profit and loss statement for Year 1.

The profit and loss statement will show what profit or loss

you expect to make at the end of the cropping season. This

statement will summarize expenses (or costs) of your

enterprise and the revenue obtained during the year to give

two totals A and B as follows:

Total A = (opening value of seed stock + expenses during

the year)

Total B = (closing value of seed stock + revenue received

during the year)

Expected profit of your enterprise = (Total B) – (Total A)

A successful seed enterprise should aim at selling all its seed

during the year (no carryover stock) such that both opening

and closing value of seed stock equal zero. The profit during

the year will therefore be determined only by the difference

between the revenue received and the expenses made.

iii) Preparing a net worth or balance sheet for Year 1

iv) Sensitivity (“what if”) Analysis

􀂃 What will be the effect on your enterprise of some key

financial variables?

**Accounting records**

How will you manage and keep your accounting records?

**Sample Financial Plan**

*This plan outlines the amount of money BAS will need to cover both its*

*startup and operating costs, and how much income the enterprise*

*expects to generate after sales of its first batch of wheat and rice seed.*

*The total establishment and first season operational costs of BAS will*

*amount to US$ 177,300 as summarized in the following table:*

**Item Cost**

**(US$)**

**Percentage**

**(%)**

**1. Machinery and equipment costs (fixed costs)**

- Tractor 10,300

- Accessories for tractor 2,500

- Air compressor for tractor 380

- Implements for tractor 2,390

- Thresher 2,000

- Seed drill 500

- Harvester ( Windrower ) 1,700

- Seed cleaner 80,000

- Ridging and ditch machine 240

- Transport van 10,000

- Motor cycle 600

- Store 40,000

- Furniture and fixtures 300

**- Sub total machinery and equipment cost 150,910**

**2. Administration charges (Fixed costs)**

- Office supplies 500

- Salary for cashier/accountant 800

- Salary for tractor driver / operator 800

- Wages for office labor 1,000

- Van operation 2,000

- Promotion and marketing 500

**- Sub-total administration charges 5,600**

**- Sub total fixed costs 156,510 88.3%**

**3. Seed multiplication costs (variable costs)**

- Buying 12,000 seer raw wheat seed @ Afs30 ($0.63)

from growers 7,500

- Buying 16,000 seer raw rice seed @ Afs35 ($0.70)

from growers 11,667

- Processing 12,000 seer (84 tons) wheat seed @ $3.7 per ton 311

- Processing 16,000 seer (112 tons) rice seed @ $2.8 per ton 314

- Seed treatment, bags and storage costs for 84 tons wheat seed 482

- Seed treatment, bags and storage costs for 112 tons rice seed 516

**- Sub total variable costs 20,790 11.7%**

**GRAND TOTAL COSTS (Initial Costs for Year 1) 177,300**

*As regards revenue BAS intends to clean and sell up to 10,500*

*seers of wheat and 14,300 seers of rice seed from 20 hectares*.

**Item Amount**

**(US$)**

**Percentage**

**(%)**

**1. Sale of processed seed**

- 10,500 seers wheat seed @ Afs 80/seer or US$ 1.66/seer 17,430

- 14,300 seers rice seed @ Afs 100/seer or US$ 2.07/seer 29,601

**Total sale of processed wheat and rice seed 47,031**

*On the basis of annual production cost of $32,285 including*

*depreciation, BAS will earn a net profit of US$ 14,746 equivalent*

*to a margin of 46%.*

*The cash flow on the next page is planned on the basis of the*

*operational plan of BAS during the first two cropping seasons (20*

*months starting from October) of wheat and rice seed production:*

**Cash flow plan of BAS Enterprise for the first two cropping seasons (20 months)**

**Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Total**

**Beginning cash position** 20000 19599 19198 18798 18396 17995 17594 176711 12160 8609 7558 2907 2256 8927 10290 9789 9288 8773 18272 32771

**Cash received**

**Sale of wheat seed** 0 0 0 0 0 0 0 0 0 0 0 5000 10000 2430 0 0 0 0 0 0 17430

**Sale of rice seed** 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 10000 15000 4601 29601

**Total cash received 0 0 0 0 0 0 0 0 0 0 0 5000 10000 2430 0 0 0 10000 15000 4601 47031**

**Cash paid out**

**Buy wheat seed from**

**growers**

0 0 0 0 0 0 0 4000 3000 500 0 0 0 0 0 0 0 0 0 0 7500

**Buy rice seed from**

**growers**

0 0 0 0 0 0 0 0 0 0 4000 5000 2667 0 0 0 0 0 0 0 11667

**Processing** 0 0 0 0 0 0 0 0 0 0 100 100 1110 1001 0 0 114 0 0 0 625

**Seed treatment, bags, etc** 482 516 998

**Office supplies** 42 42 42 42 42 42 42 42 42 42 42 42 42 42 42 42 42 42 42 42 840

**Salaries and wages** 217 217 217 217 217 217 217 217 217 217 217 217 217 217 217 217 217 217 217 217 4340

**Van operation** 100 100 100 100 100 100 100 250 250 250 250 250 250 250 100 100 100 200 170 170 3320

**Promotion and marketing** 42 42 42 42 42 42 42 42 42 42 42 42 41 42 42 42 42 42 42 42 840

**Total cash paid out 401 401 401 401 401 401 883 4551 3551 1051 4651 5651 3329 1067 501 501 515 501 501 471 30130**

**Net cash in hand** -401 -401 -401 -401 -401 -401 -883 -4551 -3551 -1051 -4651 -651 6671 1363 -501 -501 -515 9499 14499 4130 16901

**Cash at month end 19599 19198 18797 18396 17995 17594 16711 12160 8609 7558 2907 2256 8927 10290 9789 9288 8773 18272 32771 36901**

BAS will record and present all its financial transactions in suitable and

acceptable manner that will be used for monitoring and control. Account

statements will be prepared periodically to measure performance in terms of

profit or loss that is being generated and what actions could be taken.

A forecast profit and loss account for BAS at the end of Year 1 indicates a

good pre-tax profit of $14,746 from its operations. The cash flow forecast

analyzed on a monthly basis shows cash balance of $36,901. These

statements show that BAS will have more than sufficient cash that will be

required to put its planned operations into effect and to also meet its

capital needs.

*Opening valuation (US$) Closing valuation (US$)*

*-Wheat seed 0 -Wheat seed 0*

*-Rice seed 0 -Rice seed 0*

*General expenses -*

*-Depreciation 5895 -*

*-Raw wheat seed purchase 7500*

*-Raw rice seed purchase 11667*

*-Wheat seed processing 311*

*-Rice seed processing 314*

*-Seed treatment 998*

*-Administrative overheads 5600*

*Profit 14746*

*Total 47031 Total 47031*

*Receipts (US$)*

*Wheat seed sales 17430*

*Rice seed sales 29601*

***Profit and loss account of BAS Enterprises as at 31 December of year 1***

The financial transactions outlined in the profit and loss account and the cash

account are supplemented by a projected balance sheet, which shows the

assets and liabilities of BAS or its financial viability at the end of Year 1. BAS

will have nil accounts payable, since raw seed and other direct material

purchase will be paid for fully during Year 1. Similarly, accounts receivable

will be nil because all seed will be sold by end of Year 1. The balance sheet

also indicates a healthy net worth or owner’s equity of $180,106. This is what

the enterprise will be worth in financial terms at the end of Year 1.

*Fixed Assets (US$) Long-term liabilities (US$)*

*-Machinery, equipment, store, etc, 149,100 Bank Loan 0*

*-Accumulated depreciation 5,895 Sub total 0*

*Sub total 143,205*

*Current Assets (US$) Current Liabilities (US$)*

*-Cash in hand(end Year 1) 36,901 Accounts payable 0*

*-Accounts receivable (Wheat seed stock) 0 Taxes payable 0*

*-Account receivable (Rice seed stock) 0 Sub total 0*

*Sub total 36,901 Net Worth (owners equity) 180,106*

*Total 180,106 T otal 180,106*

***Balance sheet of BAS Enterprises as at 31 December of Year 1***

*As a cost control measure, BAS will monitor causes of variation in its gross*

*margin or gross profit (value of output minus the variable cost) and take*

*corrective actions. The main causes of variance are normally changes in sales*

*price of seed and prices of inputs. The following Table presents a sensitivity*

*analysis, which assesses how net income or profit generated by BAS could be*

*affected by specified changes in some key variables such as a 15% reduction*

*in revenue resulting from lower sales price of seed or 15% rise in variable*

*costs arising from increase in price of inputs. In both cases, although the*

*business will be sensitive to these changes in terms percentage changes in*

*gross and net margins, it will remain profitable in dollar terms.*

Item Reference Scenario A Scenario B

$ $ % $ %

Total revenue

Total variable cost

Fixed overhead cost

47,031

20,790

11,495

39,976

20,790

11,495

-15

47,031

23,909

11,495

+15

Gross margin 26,241 19,186 -27 23,122 -12

Net margin 14,746 7,691 -48 11,627 21

*Given the current costs and prices, another sensitivity analysis is to show the*

*output level at which BAS can breakeven. The breakeven point in seers for*

*BAS is calculated using the following equation:*

*Breakeven point = Total fixed cost/ (Selling Price per seer) – (Variable Cost*

*per seer)*

*Total Fixed Cost = $11,495*

*The average selling price per seer for wheat and rice seed could be taken as*

*Afs90=$1.88*

*Variable cost per seer =$20,790/24,800 seers =$ 0.84 per seer*

*Therefore breakeven point = $11,494/($1.88 - $0.84) = 11,053 seers*

*The analysis above shows BAS needs to produce a combined total of about*

*11,053 tonnes of wheat and rice seed such that the revenue from sales*

*equals exactly the total costs incurred. The planned combined output level of*

*24,800 tonnes is about twice the estimated breakeven point, again indicating*

*BAS as a potentially cost-effective enterprise.*

**4. MARKETING AND SALES PLAN**

Any marketing strategy comprises four basic elements

referred to as the four ‘Ps’ namely PRODUCT, PRICE, PLACE

and PROMOTION.

In the case of marketing by seed enterprises, certain

questions need to be answered in relation to these four

elements as follows:

**(i) Product (the seed you sell)**

To sell your seed, you must assess effective demand for it

and what farmers would like or may not like about it. You

should compare your seed with that of other suppliers and

justify why farmers would prefer your seed over those of

your competitors.

􀂃 What will be unique about your seed? (e.g., type of

varieties, quality status)

􀂃 Which agencies, traders or farmers will be your major

customers and where will they be located?

􀂃 What will be the relative size of their purchases?

􀂃 Why will they prefer to buy your seed?

􀂃 What type of packaging material, sizes seed treatment

will you use and why?

**(ii) Place**

The relative locations of the production fields, seed

conditioning and storage facilities, and the sales points are

important in terms of transportation costs and access to

customers.

􀂃 Where will you locate your enterprise offices, storage and

conditioning facilities, and why?

􀂃 Where will you locate your sales points and why?

􀂃 Who are your competitors and where are they located?

􀂃 What is their relative market share at present in the seed

you wish to offer?

􀂃 What types of marketing channels are available and

where are these located (e.g, traders, agri input dealers,

marketing cooperatives, etc.)

􀂃 What are the strengths and weaknesses of these various

channels for selling your seed?

 **(iii) Price**

The price of your seed will be based on your production

costs, the willingness of your customers to pay as

determined by prices charged by other suppliers, and your

perceived profit margin. This may depend on the nature of

seed and the demand for it.

􀂃 If different, what will be your price per unit for agencies,

traders or farmers and why?

􀂃 How will you determine the final price? (e.g., as your

group’s decision, in consultation with local government,

as your association’s decision)

􀂃 What price range are other suppliers charging for the

same kind of seed?

􀂃 How stable is your price or is it subject to change? If so,

what factors would influence the change in price?

􀂃 Why do you think your customers will afford and will be

willing to pay the price you charge?

􀂃 Is there any possibility for discount on large orders or

purchases?

**(iv) Promotion**

You should use a variety of methods or strategies to inform

different categories of customers about the seed you offer

and convince them to buy.

􀂃 How will you promote your seed before and after

harvest to different categories of potential buyers?

􀂃 What accompanying service will you provide your

customers besides just selling seed to them?

􀂃 What are the strengths and weaknesses of your

competitors?

􀂃 How do you intend to cope with this competition and

influence the perception of buyers?

􀂃 What will be your marketing or seed selling strategy?

(e.g., brand image, pricing, product mix, customer

oriented selling approach, after sales service, etc.)

**Sample Marketing and Sales Plan**

*BAS Enterprise will offer the same or better quality seed than other*

*suppliers in the market, but sell at a more reasonable price of $1.66*

*per seer or $237 per tonne for wheat seed and $2.07 per seer or $296*

*per tonne for rice seed in comparison with the prevailing price of $240*

*and $300 per tonne respectively. The enterprise will charge*

*significantly less for its seed than other companies because of its lower*

*overhead expenses and fewer employees it will engage.*

*As part of this strategy, BAS will promote its seed in the farming*

*communities using a preferred mode of word-of-mouth advertising.*

*This is also in line with a recent survey by the Agricultural Extension*

*Department, which shows that most of the seed-buying farmers in the*

*area typically prefer close and direct relationships with the seed*

*supplier. BAS sales staff will, therefore, approach the farmers in*

*person in order to identify their seed needs and how to satisfy them.*

*BAS will sell most of its seed through dealers in strategic rural*

*locations who have direct dealings with farmers. The preferred dealers*

*will, therefore, be traders selling general goods, agro-chemicals and*

*farm tools, and who also provide farmers with credit facilities.*

*The enterprise will popularize its brand image in the form of three*

*attractive spikes of wheat and the associated slogan of “You Reap*

*What You Sow”, which will be promoted vigorously.*

**5. MANAGEMENT P LAN**

Your Management Plan should explain the organizational and

management structure of the enterprise, the hiring and

personnel procedures, and how the business will be managed on

a day-to-day basis.

􀂃 What are the names and responsibilities of the group

enterprise members?

􀂃 Which additional skilled staff will the enterprise hire, for

which tasks and why?

􀂃 How will you recruit these personnel?

􀂃 How much salary will you pay these staff?

􀂃 What will be the organizational structure of the enterprise?

􀂃 How will the enterprise’s accounts and records be kept?

**Sample Management Plan**

*BAS Enterprise plans to keep wage and salary expenses low, at least*

*initially. To achieve this objective, all management positions will be*

*occupied by the group enterprise members who fortunately possess the*

*relevant qualifications and experience. The remaining staff will be dailywaged*

*workers, and casual labourers who will be hired during the busy*

*periods.*

*Mr. Rasheed's long experience and good personal skills will be vital in*

*leading BAS in the right direction, in capable partnership with Mr.*

*Naweed. Another member of the group enterprise, Mr. Mohammad Khan,*

*a retired certified accountant with valid financial management experience*

*will handle the enterprise's finances. This position will be vital to*

*continued financial viability of the business.*

*With a small number of employees, BAS will encourage dynamic*

*teamwork and open access with no bureaucratic hindrance. The business*

*will use its profit to provide attractive working conditions and appropriate*

*incentives that will keep its dedicated staff in the enterprise.*

**(vi) CONCLUSIONS**

The Conclusions once again should summarize your goals and

objectives and express your commitment to the success of your

business, discuss your future plans and perspectives, reinvestment

plans and your plans for expansion in the near

future. Your conclusions should explain how you expect to realize

these plans.

**Sample Conclusions**

BAS Enterprise will endeavour to attain leadership in the supply of

improved wheat and rice seed in Afghanistan. The pursuit of high quality

will be the driving force in the business. To achieve this, the enterprise

will use the dedication, experience and skill of its members in key

technical and management positions. Extensive promotional activity will

help to ensure that BAS's customers perceive that they are receiving the

best quality seed, on time, and at a reasonable price.

The future of the improved wheat and rice seed industry in Afghanistan

looks bright, and BAS is poised and positioned to take advantage of this

commercial opportunity.

*CHAPTER* 5

**Planning your seed production**

Having made your business plan and obtained the

funds needed, the next step is to decide on your

seed production strategy.

To begin with, plan your production carefully so that you

produce seed according to the prospect and pattern of real

demand by farmers.

**Meet and interview farmers, traders, etc., to find out**

**which crops and varieties are in need.**

Decide on which proportion of the enterprise's output will

be produced by the group members and which will be

allocated to contract growers. Select your growers carefully

by looking for characteristics such as trustworthiness,

honesty, experience and knowledge of agriculture, and

willingness to follow advice. In situations where individual

land holdings are small, using contract farmers may be the

only means of expanding your seed production. It could

also be a way of involving or associating other farmers with

your business. Furthermore, allocating seed production to

contract farmers could relieve the enterprise of the day-to-day

concern about crop husbandry care so that the enterprise

could focus on the seed specific post-harvest issues.

Seed production follows normal agronomic practices that are

required for growing a good crop. However, in addition to

these practices, there are some specialized activities needed

for growing a crop specifically for the purpose of seed:

**Organize meetings to select the best farmers as**

**contract seed growers.**

**Select a piece of land that has been either under fallow**

**or under rotation with other crops. This will ensure**

**reduction in the incidence of volunteer plants, weeds and**

**diseases. Ensure good isolation requirements in the case**

**of cross-pollinated crops.**

**Maintain your crop well using normal agronomic**

**practices. In addition, do proper roguing to remove**

**off-types of other varieties and crops.**

As part of the certification process, all seed fields will be

inspected by independent and official inspectors who will

verify whether these fields meet the minimum field

standards for the class of seed grown. Only those fields that

meet these requirements will be recommended for

harvesting as seed.

**Keep your field clean so that it meets the minimum**

**field standards and passes the field inspection test.**

**Harvest your crop and maintain the identity of your**

**variety and class of seed.**

**Choose a clean area for threshing your seed. Ensure**

**that your threshing machine is well cleaned and does**

**not contain any seed from a previous operation. Put**

**your threshed seed into clean unused bags and label**

**them with full details about your seed.**

**Maintain the identity of your seed during transportation**

**to the seed cleaning centre.**