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**COURSE: AFE 202**

**MATRIC NUMBER: 18/SMS09/040**

**DEPARTMENT: INTERNATIONAL RELATIONS AND DIPLOMACY**

**QUESTION: PREPARE A BUSINESS PLAN ON A CHOSEN AGRICULTURAL ENTERPRISE FOLLOWING THE GUIDELINE IN THE NOTE.**

**THE ERNEST FARMS**

**FARMS BUSINESS PLAN**

**CHAPTER ONE**

**EXECUTIVE SUMMARY**

**The Ernest Farms is dedicated to sustainable, profitable and unique agricultural products. Our mission is to produce and grow quality, specialty greens, baby vegetables and fruits to supply local restaurants and consumers in northern Nigeria Our goals include high quality products to sell both wholesale and retail. Production methods include new technology utilizing sustainable agriculture and best management practices. We hope to increase production by 20% and sales by 30% in the next five years.**

**The Ernest Farms is owned and operated by Alpha and Eve Ernest, The farm is 25 acres and has two round style greenhouses for production and to reduce production risk. The Green family has been farming for 4 years and is relatively new to the industry.**

**market research it is evident that consumers are interested in high end speciality products. The Ernest Farms has a net worth of 1.5 million Naira, Our income statement and cash flow for 2011 is negative due to capital expenditures, start-up costs and low production. Over time these are expected to increase with the addition of fruit production and increased greens and vegetable production.**

**The Ernest Farms is a family business that runs on trust, hard work and diligence in order to establish the families farm/business as one of the worlds best if not the best.**

**CHAPTER TWO**

**MISSIONS AND GOALS**

**Missions: The Ernest Farms is a special place. The mission of our farm it to provide unique and wholesome produce that is enjoyable and sustainable. We work harmoniously with nature and the land to grow quality, specialty vegetables and fruit to supply local restaurants and consumers in northern Nigeria.**

**Goals: Grow high quality specialty greens, baby vegetables and fruits for wholesale and retail markets.**

**\* Production methods are economically feasible as well as utilizing sustainable agriculture and best management practices.**

**\* Increase production from 300 cases a year to 600 cases for greens and produce 9,000 pints of raspberries in the next two years. We will also begin a specialty vegetable enterprise.**

* **The Ernests will attend courses on production and management to increase profitability. Seasonal help may be hired for markets.**

**CHAPTER THREE**

**PRODUCTION SITUATION**

**The farm includes 25 acres, 1 acre includes the high tunnels, 7 acres in crop production, 6 acres are in conservation, 2 acres are the residence and 6 are in pastures. There are two separate water sources; one well supplies the residence and one well supplies livestock and high tunnels.**

**The livestock are raised as a hobby and are not currently part of the farm enterprise. The high tunnels are round style high tunnels 26'W x 12'H x 48'L. High tunnels elevate temperatures over a period of time and offer protection from rain, wind, insects, birds and disease. They help to extend our marketing season by having crops early and late in the year.**

**The high tunnels are for growing specialty greens and operating at a 40% production level. Varieties available include baby or micro greens and mesclun mixes. We are also experimenting with baby vegetables, such as squash and mini melons and fruits such as blackberries and raspberries.**

**We continue to research varieties and the market for new varieties and production techniques. We use minimal inputs and utilize our nutrient management plan to be more efficient. We also use scouting and IPM for pest and disease control.**

**CHAPTER FOUR**

**FORMULATION OF A FARMS STRATEGY**

**Step one: information gathering and market research**

**Results of Market Research: Demographic information through the Countrys Census and observation.**

**\* There are approximately 85,000 people in a 60 mile radius of the farm. With an growing population.**

**\* The average family size is 2.5 and the median household income is over 41,000.**

**\* 83% have graduated high school and 27% have a bachelor's degree**

**\* There are over 25 chain grocery stores and 8 specialty grocers**

**\* During market season there are 7 farmers markets (5 are Saturday markets, 2 are Wednesday markets)**

**Key Industry Trends:**

**\* More families are health conscious and seeking healthy foods.**

**\* Salads and specialty salads have become very popular menu items. Demand has also increased for baby vegetables and microgreens.**

**\* Restaurants and consumers are seeking local food. Local food movement is the fastest in Nigeria**

**Step 2: S.W.O.T. Analysis**

**Strengths(s)**

**Weaknesses(w)**

**Opportunities (o)**

**Threats(T)**

**Internal Strengths:**

**\* Devotion to the farm business**

**\* Well known in the community and reputation for quality**

**\* Commitment to quality and success**

**\* Off farm income is helpful for start of the farm enterprise**

**\* Land area and capacity with good soils**

**\* New high tunnels with technology**

**\* Attend trainings and workshops for management and production**

**\* Ability to extend the growing season and control disease**

**Internal Weaknesses:**

**\* Do not have some of the machinery**

**\* Lack of farm experience and new to farm production**

**\* Off farm jobs take precedence over farm**

**\* Time and labor are an issue at peak time**

**\* Transportation and delivery to restaurants have been an issue of time and money**

**\* Finances are limited due to property purchase and start up costs**

**\* New growers entering the market**

**External Opportunities:**

**\* Local food movement is growing**

**\* Promotion of Farmers Markets and coupon programs by state**

**\* Food cooking movement**

**\* Lack of quality specialty vegetables at chain food stores**

**\* Chain stores shelf life of fruits are very short and lack flavor**

**External Threats:**

**\* Local Farms are Competitors**

**\* Consumer tastes and preferences vary**

**\* Disposable income of consumers and what they are willing to pay for fruits and salad mixes**

**\* Distribution costs**

**\* Product liability insurance are required for the farmers markets and by some restaurants**

**Step 3: Selecting the best plan that fits your overall farm mission.**

**Overall The Ernest Farm's will produce high quality local products that will become known for their freshness and taste. We will keep with industry trends and grow the newest varieties of specialty greens and baby vegetables for restaurants and farmers markets. Our farm will also expand our fruit production growing raspberries and blackberries to extend the market season. We will offer niche products capitalizing on the local movement and interest in unique crops.**

**We are committed to the farm business and a quality product. Greenway Farms is limited by time and labor. Delivery schedules will have to be well planned due to one vehicle and cost of fuel. Mary and Julie will provide much of the marketing (Mary is a teacher and has summers off).**

**The market is currently interested in local products and there is a lack of specialty items in chain stores. Greenway Farms will capitalize on this market trend. We will have to price carefully due to disposable income of consumers and distribution costs.**

**CHAPTER FIVE**

**MARKETING PLAN**

* **Greens - Specialty, micro vegetables grown locally, fresh and sold in bunches as a mix. Personal size and bulk size mixes are available. Product is washed and bunched for customers. Marketing strategy is for a differentiated product that provides quality, local and fresh.**
* **Product: Specialty greens will be priced 100% above variable costs for direct sales and 75% above variable costs for wholesale to restaurants. Due to production greens will be available early and late and may demand a higher price. We do not intend to compete on price however we cannot exceed 20% above wholesale**
* **Price: Sell at a Saturday farmers market in an urban town and increase repeat customers. Sell to high end restaurants in a 30 mile radius. We will also promote our local delivery of products.**
* **Promotion:Invest in signage at the farmers market. Focus on fresh, sustainable and local. Participate in local food promotion. Create recipes and specialty salad ideas for consumers. Provide samples at the market for new varieties. Work one on one with chefs at restaurants to maintain and gain more interest.**
* **Berries - They will be sold by the pint. Marketing strategy is for a differentiated product that provides quality, local and fresh. Berries do not ship and store well therefore quality can be an issue. Our ability to pick the product the same day will be a direct advantage.**
* **Promotion: Invest in signage at the farmers market to draw busy consumers in. Focus on fresh, sustainable and local. Participate in local food promotion. Provide samples at the market. Work one on one with chefs at restaurants to maintain and gain more interest.**
* **Product: Baby Vegetables - Will be sold by the case, quart or per piece depending on the market. The products will be washed and graded with a strategy of uniqueness and quality.**

**CHAPTER SIX**

**IMPLEMENTATION STRATEGY**

**Production: In order to implement this business plan Greenway Farms will follow 3 year production plan which details production and marketing details for each month. See attached timeline. We will also need to purchase product liability insurance.**

**Management: Management decisions will be made by John and Mary. Mary has primary responsibility for managing the marketing to restaurants and farm markets. John focuses on production aspects including the high tunnels. As the farm expands Julie will be more involved in the farm operation. Julie and Mary will also attend a local community college workshop on QuickBooks and business management.**

**Marketing: A detailed marketing budget has been created. We will create a logo, signage and packaging for our products. In order to move forward we will work with a local company to design and print our marketing materials. We will also start talking to restaurants and doing follow ups to generate interest in products.**

**Human Resources: Primary labor will be provided by the immediate family. We have access to neighborhood youth that we can recruit to help on a seasonal basis. We may need to hire part time labor as the business expands. Were needed we have the ability to custom hire major machinery or tillage operations.**

**Finance/Accounting: A projected cash flow and income statements have been completed. We will meet with our bank and establish a separate farm account and line of credit for input purchases. The farm accounts will be kept through QuickBooks software.**

**CHAPTER SEVEN**

**BUILDING AND FACULTY REQUIREMENTS**

**Land: The farm includes 25 acres, 1 acre includes the high tunnels, 7 acres in crop production, 6 acres are in conservation, 2 acres are the residence and 6 are in pastures. The soil types are very good for agricultural production and we are zoned Ag.**

**Livestock: We have 4 horses and 8 cows that are raised as a hobby.**

**Equipment:We have a 44 horsepower tractor that is used for mowing, tilling and work around the farm. Attachments to the tractor include a mower, tiller, spray equipment and loader. We also own purchased a used air blast sprayer and irrigation equipment. As the farm expands we would like to purchase a delivery van, walk in refrigerator box and a packing line for the greens.**

**Facilities:We have a horse barn with 4 stalls and a small livestock run in shed. We have 2 high tunnels for production and a pole building for storage and packing.**

**Transportation: We currently have a 2004 pick up that is used for farm work, deliveries and farmers markets. We hope to purchase a delivery van in the next 2 years.**

**Expertise: The Ernests have expertise in the farm operation and have been following new research. Mary has expertise in business management skills and organization. Julie has expertise in marketing, pricing, selling to consumers and web development.**