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Course code: Afe 202

Question:. Prepare a business plan on a chosen agricultural enterprise following the guideline in the note.

EXECUTIVE SUMMARY

JA Farms LLC 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 on the Eastern Shore of Maryland. 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. JA Farms is owned and operated by Akinola Olajumobi. The farm is 25 acres and has two round style greenhouses for production and to reduce production risk. Through market research it is evident that consumers are interested in high end speciality products. There is a move toward health and local that will benefit our operation. Some limitations include time and labor to devote to the operation and being new growers we are still learning. Our advantage is the specialty aspect as well as season extension. JA Farms has a net worth of $154,484. Our income statement and cash flow for 2009 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. JA Farms is a family business. Seasonal or custom help has been hired on an as needed basis.

MISSION

JA 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 on the Eastern Shore of Maryland.

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. \* Increase sales from $4,000 to $8,000 for greens and begin marketing raspberries at $3 a pint in the next two years.

BACKGROUND INFORMATION

Business Name: JA farms

Email Address: jafarms@gmail.com

Web Address: www.jafarms.com

Type of Ownership:

Accountant Attorney Bank Other (i.e. Insurance Agent Etc) Business Phone: 08023467857

Home Phone: 09087645354

Fax:

Name: Akinola Olajumobi

Position: Owner

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. See the Production Plan in the Appendix.

FORMULATE A FARM STRATEGY

Step 1: Information Gathering and Market Research

Step 2: S.W.O.T. Analysis Strengths Weaknesses Opportunities Threats Strengths and Weaknesses - Evaluation of the Internal Environment

Internal Strengths of the Farm Business:

\* Devotion to the farm business

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

\* Well known in the community and reputation for quality

\* Commitment to quality and success

\* 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 of the Farm Business:

\* 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 flavour

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: Creating alternative plans of action and identifying areas of competitive advantage

. Plan of Action - Internal Strengths and External Opportunities:

Options

* Wholesale - Advantages are committed buyer, set price and product. Disadvantages are price, labor and quantity.
* Pick your own - Advantages are more income and less labor needed. Disadvantages are liability and privacy.
* Restaurants - Advantages are dedicated buyer and large quantities. Disadvantages are labor, delivery and
* preferences of the restuarant.
* Community supported agriculture - Advantages are money received early, risk is spread and customers are
* known. Disadvantages are the need for diverse crops, delivery and labor.
* Farmers markets - Advantages are more income, little preparation to sell and market. Disadvantages labor
* and competition.

Step 4: Selecting the best plan that fits your overall farm mission.

IMPLEMENTATION STRATEGY

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

Management: Management decisions will be made by Jumobi . jumobi has primary responsibility for managing the marketing to restaurants and farm markets. And focuses on production aspects including the high tunnels. As the farm expands her husband will be more involved in the farm operation.

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.