

18/mhs07/044

Onwughalu Chiamaka Vivian

Afe 202

Assignment: Prepare a business plan on a chosen agricultural enterprise following the guideline in the note. spiral bind and submit upon resumption. Minimum of five pages, times new roman size 12 with double spacing. Send the soft copy to me to view

Answer; agricultural enterprise: rice farming

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Industry Overview

Rice farming cum processing is an important sector of the economy of the Nigeria. Amongst the Nigerian row crop farms, rice farms are the most capital-intensive, and have the highest national land rental rate average. In Nigeria, all rice acreage requires irrigation.

For instance, between 2000 and 2009 approximately 3.1 million acres in Nigeria were under rice production, while an increase is expected in the next decade to approximately 3.3 million acres. It is on record that California rice is grown on approximately 500,000 acres, with the annual crop valued at approximately \$780 million.

The commercial rice farming industry contributes half a billion dollars every year to the economy of the state of California. It is the base for highly skilled, living wage jobs in California and, through exports, all across various countries of the world.

Commercial rice farming is indeed one of many businesses that an entrepreneur who is interested in going into commercial farming can major in. As a matter of fact, there are several commercial rice farms cum rice production companies scattered all around South American and costal states in the United States of America. This is so because rice easily grow and thrive pretty well in water – logged areas.

Establishments in the commercial rice farming industry primarily grow rice, which is then sold to millers for processing. The product is generally then sold to retailers, wholesalers, food processors and food-service establishments to reach the final consumer.

Statistics has it that farming (most especially commercial farming) of which rice farming is a part of employs more than 24 million American workers (which is roughly 17 percent of the total workforce in the United States). For example, in 2006, the average American commercial farmer grew enough food for about 144 other people and also in 1940, the average farmer grew food for about 19 other people (which was close to enough food).

Records has it that in 2007, just 187,816 of the 2.2 million farms in the United States of America accounted for 63% of sales of agricultural products, marking a trend toward the concentration in

agricultural production. Agricultural efficiency has increased over the past century from 27.5 acres/worker in 1890 to 740 acres/worker in 1990.

The performance of the Commercial Rice Farming industry depends to a larger extent on favorable farming conditions, with industry revenue fluctuating in line with production. It is a known fact that rice is a water-intensive crop and decreasing annual rainfall over the past five years negatively affected the cultivation cum harvest of rice hence decline in revenue generation for the industry.

In addition, reduced irrigated water allocations for commercial rice farmers, due to other agricultural industries, have caused production to decline following strong performances in the early stages of the last half – a – decade. Lastly, with the recent advancement in technology, farmers can now comfortably grow crops such as rice in regions where such crops can hardly survive and in places where there are low rainfalls – many thanks to the irrigation.

Executive Summary

Darren Pitcher® Commercial Rice Farms, LLC is a world class and registered commercial rice farm that will be based in the outskirts of Tallahassee, Florida – United States. We have done our detailed market research and feasibility studies and we were able to secure a well – situated and suitable farm land to start our commercial rice farming business.

Our commercial rice farming business is a going to be standard commercial rice farm hence will be involved in both commercial rice cultivation and processing and packaging of rice. We will be involved in both organic commercial rice farming and non – organic commercial rice farming.

We have put plans in place that will help us launch a standard and world – class rice processing and packaging plant within the first three years of officially running Darren Pitcher® Commercial Rice Farms, LLC. We will process and package rice and ensure that they flood the market both in the United States and in other countries of the world.

We want to compete with the best in the industry which is why aside from the fact that we've secured the required farming land and most of the farming equipment and machines, we have also

hired some key employees who are currently undergoing training so as to be able to fit into the ideal picture of the 21st century commercial rice farming and rice processing and packaging workforce that we want to build.

We are in the commercial rice farming business because we want to leverage on the vast opportunities available in the commercial farming industry, to contribute our quota in growing the U.S. economy, in national food production, raw materials production for industries, to export agriculture produce from the United States to other countries and over and above to make profit.

Darren Pitcher® Commercial Rice Farms, LLC is well positioned to become one of the leading commercial rice farms in the United States of America, which is why we have been able to source for the best hands and farm machineries to run the farm with.

We have put process and strategies in place that will help us employ best practices when it comes to commercial rice farming and rice processing and packaging as required by the regulating bodies in the United States of America.

Darren Pitcher® Commercial Rice Farms, LLC is a family business that is owned by Mr. Darren Pitcher and his immediate family members. The farm will be fully and single handedly financed by Darren Pitcher and his immediate family members.

Before starting Darren Pitcher® Commercial Rice Farms, LLC, Darren Pitcher has worked with some of the leading commercial farms and food processing plants in the United States of America; he has a degree (B.Sc.) in Agriculture Science from the University of California.

Environmental and industry analysis

Darren Pitcher® Commercial Rice Farms, LLC is a world class commercial farm that is committed to cultivating both organic and non – organic rice for the United States' market and the global market (processed and packaged rice).

We are in business to produce food and raw materials for people and industries in commercial quantities. We will also ensure that we operate a standard rice processing and packaging plant as part of our complimentary business.

We are in this line of business to make profits, and we will ensure that we do all that is allowed by the law of the United States of America to achieve our business goals and objectives. These are the areas we will concentrate on in our commercial rice farming business. If need arises we will definitely cultivate related crops;

- Cultivation of short-grain rice, medium-grain rice and long-grain rice (organic and non – organic)
- Standard rice processing plant (rice production and packaging)

Description of venture

Darren Pitcher® Commercial Rice Farms, LLC is a commercial rice farm that intend starting small in Tallahassee – Florida, but hope to grow big in order to compete favorably with leading commercial rice farms in the commercial farming industry both in the United States and on a global stage.

We are aware of the importance of building a solid business structure that can support the picture of the kind of world class business we want to own which is why we are committed to only hiring the best hands in and around Florida.

At Darren Pitcher® Commercial Rice Farms, LLC, we will ensure that we hire people that are qualified, hardworking, dedicated, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders (the owners, workforce, and customers).

As a matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of five years or more as agreed by the management of the farm. In view of the above, Darren Pitcher® Commercial Rice Farms, LLC have decided to hire qualified and competent hands to occupy the following positions;

- Chief Operating Officer
- General Farm Manager
- Administrator / Accountant
- Rice Cultivation Manager / Supervisor
- Rice Processing and Packaging Manager
- Sales and Marketing Executive
- Field Employees
- Front Desk Officer

Organisational plan

Chief Operating Officer:

- Increases management's effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results; developing incentives; developing a climate for offering information and opinions; providing educational opportunities.
- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for fixing prices and signing business deals
- Responsible for providing direction for the business
- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

General Farm Manager

- Responsible for the planning, management and coordinating all farm activities across the various sections on behalf of the organization
- Supervise other section managers (rice cultivation manager and rice production manager)
- Ensures compliance during project executions
- Providing advice on the management of farming activities across all section
- Responsible for carrying out risk assessment
- Uses IT systems and software to keep track of people and progress of the growth of rice
- Responsible for overseeing the accounting, costing and sale of farm produce after harvest
- Represents the organization's interest at various stakeholders' meetings
- Ensures that farming goals desired result are achieved, the most efficient resources (manpower, equipment, tools and chemicals et al) are utilized and different interests involved are satisfied.
- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Handles all financial transactions for the company
- Defines job positions for recruitment and managing interviewing process
- Carries out staff induction for new team members
- Responsible for training, evaluation and assessment of employees
- Oversees the smooth running of the daily farming activities across the various farming sections.

Administrator / Accountant

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Defines job positions for recruitment and managing interviewing process
- Carries out staff induction for new team members
- Responsible for training, evaluation and assessment of employees
- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Responsible for financial forecasting and risks analysis.
- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensures compliance with taxation legislation
- Handles all financial transactions for the company
- Serves as internal auditor for the company

Rice Cultivation Manager / Supervisor

- Responsible for managing the rice cultivation section of the commercial rice farm
- Supervises other workers within the department
- Works closely with the General Manager to achieve the organizations' goals and objectives

Rice Production Manager / Supervisor

- Responsible for managing the rice processing and packaging(rice production) section of the commercial rice farm
- Supervises other workers within the department
- Works closely with the General Manager to achieve the organizations' goals and objectives

Sales and Marketing Officer

- Identifies, prioritizes, and reaches out to new partners, and business opportunities et al

- Identifies development opportunities; follows up on development leads and contacts; participates in the structuring and financing of projects; assures the completion of relevant projects.
- Writes winning proposal documents, negotiate fees and rates in line with company policy
- Responsible for handling business research, market surveys and feasibility studies for clients
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with clients
- Develops, executes and evaluates new plans for expanding increase sales
- Documents all customer contact and information
- Represents the company in strategic meetings
- Helps to increase sales and growth for the company

Field Workers / Contract Staff

- Responsible for preparing farm lands for rice cultivations
- Responsible for watering the rice crop
- Handles weeding or fertilizer and/or pest control application
- Handles farm implements and machines as instructed by the section manager / supervisor
- Assists in harvesting of rice
- Carries out task in line with the stated job description
- Assists in transport working tools and equipment from the farm and back to the designated store room
- Handles any other duties as assigned by the line manager

Client Service Executive / Front Desk Officer

- Welcomes guests and clients to the farm by greeting them in person or on the telephone; answering or directing inquiries.

- Ensures that all contacts with clients (e-mail, walk-In center, SMS or phone) provides the client with a personalized customer service experience of the highest level
- Through interaction with clients on the phone, uses every opportunity to build client's interest in the company's products and services
- Manages administrative duties assigned by the manager in an effective and timely manner
- Consistently stays abreast of any new information on the company's products, promotional campaigns etc. to ensure accurate and helpful information is supplied to clients
- Receives parcels / documents for Darren Pitcher® Commercial Rice Farms, LLC
- Distributes mails in JB Michaels Commercial Farms, LCC

MARKET ANALYSIS

- **Market Trends**

One of the common trends in the commercial rice farming line of business is that most players in the industry are no longer concentrating only on non – organic rice farming. They are now finding it easier to run both organic rice cultivation and non – organic rice cultivation. It is fact that despite that organic food are expensive, the sale for organic food is on the increase and it is indeed profitable.

In spite of the fact that commercial rice farming has been in existence since time immemorial, which does not in any way make the industry to be over saturated; commercial rice farmers are exploring new technology to continue to improve the cultivation processes and also rice processing and packaging processes; mechanized farming has indeed increased the tons of food produced by farmers.

The fact that there is always a ready market for rice makes the business highly thriving and profitable. Lastly, it is a common trend to find standard commercial rice farmers run a rice processing and packaging plant alongside their farm. It is a means of maximizing profits in the

business. With this, it is easier for them to expand the scope of their market beyond the United States of America to other countries of the world.

Target Market

It is a known fact that the target market of those who are the end consumer of rice in any form and also those who benefits from the business value chain of commercial rice farming industry is all encompassing; it is far – reaching.

Almost every household consumes rice. In essence, a commercial rice farmer that also run a rice processing and packaging plant should be able to sell his or her farm produce to as many people as possible including hotels, restaurants and dormitories et al.

We will ensure that we position our business to attract consumers of rice not just in the United States of America alone but also other parts of the world which is why we will be exporting our rice produce either in raw form or processed form to other countries of the world.

Competitive Advantage

The truth is that, it is easier to find entrepreneur flocking towards an industry that is known to generate consistent income which is why there are more commercial farmers in the United States of America and of course in most parts of the world.

For example, Statistics has it that there were 2.2 million farms in the United States of America, covering an area of 922 million acres. These goes to show that there are appreciable numbers of farmers in the United States of America but that does not mean that there is stiffer competition in the industry.

As a matter of fact, entrepreneurs are encouraged by the government to embrace commercial farming. This is so because part of the success of any nation is her ability to cultivate her own food and also export foods to other nations of the world.

Darren Pitcher® Commercial Rice Farms, LLC is fully aware that there are competitions when it comes to selling commercial farm produce including rice all over the globe, which is why we

decided to carry out thorough research so as to know how to take advantage of the available market in the United States and in other parts of the world.

We have done our homework and we have been able to highlight some factors that will give us competitive advantage in the marketplace; some of the factors are effective and reliable rice farming processes that can help us sell our rice at competitive prices, good network and excellent relationship management.

Another competitive advantage that we are bringing to the industry is the fact that we have designed our business in such a way that we will operate an all – round standard commercial rice farms that will be involved in the production of rice i.e. rice processing plant. With this, we will be able to take advantage of all the available opportunities within the industry.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our category (start – ups commercial rice farms) in the industry meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives.

SALES AND MARKETING plan

We are quite aware that in order to expand our market scope, we should go beyond just rice cultivation to rice processing and packaging. In view of that, we decided to set up a standard rice processing plant to help us maximize profits.

Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained on a regular basis so as to be well equipped to meet their targets and the overall goal of the organization. We want to build a standard and world – class commercial rice farms and rice processing and packaging company that will leverage on word of mouth advertisement from satisfied clients (both individuals and rice merchants).

Over and above, we have perfected our sale and marketing strategies first by networking with agriculture merchants and businesses that rely on the supply of rice as part of their menu. In

summary, Darren Pitcher® Commercial Rice Farms, LLC will adopt the following strategies in marketing our commercial rice farm produce;

- Introduce our business by sending introductory letters alongside our brochure to stakeholders in the agriculture industry, rice merchants, hotels and restaurants and rice processing plants et al.
- Advertise our business in agriculture and food related magazines and websites
- List our commercial rice farms on yellow pages' ads
- Attend related agriculture and food expos, seminars, and business fairs et al
- Leverage on the internet to promote our business
- Engage in direct marketing
- Encourage the use of word of mouth marketing (referrals)

Sources of Income

Darren Pitcher® Commercial Rice Farms, LLC is in the commercial rice farming business for the purpose of maximizing profits hence we have decided to explore all the available opportunities within the industry to achieve our corporate goals and objectives.

In essence we are not going to rely only on the sale of our rice to generate income for the business.

Below are the sources we intend exploring to generate income for Darren Pitcher® Commercial Rice Farms, LLC;

- Cultivation of short-grain rice, medium-grain rice and long-grain rice (organic and non – organic)
- Standard rice processing plant (rice production and packaging)

Sales Forecast

We conducted a thorough market survey and feasibility studies and we were able to discover that the sales generated by a commercial farm depends on the size of the farm, the nature of the commercial farm (whether cattle rearing, poultry farming, fish farming and crops cultivation et al).

We have perfected our sales and marketing strategies and we are set to hit the ground running and we are quite optimistic that we will meet or even surpass our set sales target of generating enough income / profits from the year of operations and build the business from survival to sustainability.

We have been able to critically examine the agriculture industry cum commercial rice farm line business and we have analyzed our chances in the industry and we have been able to come up with the following sales forecast. The sales projections are based on information gathered on the field and some workable assumptions as well with respect to the nature of commercial rice farm that we run.

We will be running a standard rice processing plant with a capacity to export well – branded and packaged rice to other countries of the world. Below are the projections that we were able to come up with for the first three years of running Darren Pitcher® Commercial Rice Farms, LLC;

N.B: This projection is done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown that can impact negatively on household spending, bad weather cum natural disasters (draughts, epidemics), and unfavorable government policies. Please note that the above projection might be lower and at the same time it might be higher.

- **Our Pricing Strategy**

Some of the factors that will help you sell your rice at the right price that will guarantee that you make profits is dependent on your strategy while some of the factors are beyond your control.

For example, if the climatic condition is unfavorable and if there are natural disaster in the location where you have your commercial rice farm, then it will directly affect the harvest of plantain and also the prices of your farm produce.

Over and above, if you want to get the right pricing for your farm produce, then you should ensure that you choose a good location for your commercial farm, choose a good breed / seeds that will guarantee bountiful harvest, cut the cost of running your farm to the barest minimum and of course

try as much as possible to attract buyers to your farm as against taking your farm produce to the market to source for buyers; with this, you would have successfully eliminate the cost of transporting your harvest to the market and other logistics.

We are quite aware that one of the easiest means of penetrating the market and acquiring loads of customers for rice is to sell them at competitive prices hence we will do all we can to ensure that the price of our rice are going to be what other commercial rice farmers would look towards beating.

One thing is certain, the nature of commercial farming makes it possible for farmers to place prices for their farm produce based on their discretion without following the benchmark in the industry.

The truth is that it is one of the means of avoiding running into loss. The easier you sell off your harvested rice the better for your business.

- **Payment Options**

The payment policy adopted by Darren Pitcher® Commercial Rice Farms, LLC is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of the United States of America.

Here are the payment options that Darren Pitcher® Commercial Rice Farms, LLC will make available to her clients;

- Payment via bank transfer
- Payment with cash
- Payment via online bank transfer
- Payment via check
- Payment via mobile money transfer
- Payment via bank draft

In view of the above, we have chosen banking platforms that will enable our client make payment for farm produces purchase without any stress on their part. Our bank account numbers will be

made available on our website and promotional materials to clients who may want to deposit cash or make online transfer for our rice and processed rice (well – branded and packaged rice).

Management and structure

Any business that wants to grow beyond the corner of the street or the city they are operating from must be ready and willing to utilize every available means (both conventional and non – conventional means) to advertise and promote the business. We intend growing our business which is why we have perfected plans to build our brand via every available means.

We know that it is important to create strategies that will help us boost our brand awareness and to create a corporate identity for our commercial rice farm business. Below are the platforms you can leverage on to boost our commercial rice farm brand and to promote and advertise our business;

- Place adverts on both print (newspapers and magazines) and electronic media platforms
- Sponsor relevant community based events / programs
- Leverage on the internet and social media platforms like; Instagram, Facebook, twitter, YouTube, Google + et al to promote our product
- Install our Bill Boards on strategic locations all around Tallahassee – Florida
- Engage in road show from time to time in targeted neighborhoods
- Distribute our fliers and handbills in target areas
- Contact hotels, restaurants, agriculture produce merchants and residence in our target areas by calling them up and informing them of Darren Pitcher® Commercial Rice Farms, LLC and the farm produce we sell
- List our commercial rice farms in local directories / yellow pages
- Advertise our commercial rice farms in our official website and employ strategies that will help us pull traffic to the site.
- Ensure that all our staff members wear our branded shirts and all our vehicles and trucks are well branded with our company logo et al.

Financial Plan

When it comes to calculating the cost of starting a commercial rice farm with rice processing plant, there are some key factors that should serve as a guide. Factor such as the capacity of rice processing plant you want to own and the size of the commercial rice farm.

Besides, in setting up any business, the amount or cost will depend on the approach and scale you want to undertake. If you intend to start a world – class commercial farm, then you would need a good amount of capital as you would need to ensure that your employees are well taken care of, and that your farm is conducive enough for workers to be creative and productive.

This means that the start-up can either be low or high depending on your goals, vision and aspirations for your business. The tools and equipment that will be used are nearly the same cost everywhere, and any difference in prices would be minimal and can be overlooked.

As for the detailed cost analysis for starting a commercial rice farm; it might differ in other countries due to the value of their money. Below are some of the basic areas we will spend our start – up capital in setting up our commercial rice farm;

- The Total Fee for incorporating the Business in Nigeria – **N265,000.**
- The total cost for payment of insurance policy covers (general liability, workers' compensation and property casualty) coverage at a total premium – **N3,290,000**
- The amount needed to acquire / lease a farm land – **N2,000,000**
- The amount required for preparing the farm land – **N15,000,000**
- The cost for acquiring the required working tools and equipment / machines / fencing et al– **N3,500,000**
- The amount required for purchase of the first set of rice seedlings et al – **N15,000,000**
- The amount required to set up a standard rice processing plant within the farm facility – **N15,000,000**

- Operational cost for the first 3 months (salaries of employees, payments of bills et al) – **N14,000,000**
- The Cost of launching an official website – **N200,000**
- The amount required for payment of workers for a period of 3 months – **N30,000,000**
- Additional Expenditure (Business cards, Signage, Adverts and Promotions et al) – **N700,000**

Going by the report from detailed research and feasibility studies conducted, we will need an average of **N170,000,000** to start a standard commercial rice farming with rice processing plant business in Nigeria. These are some of the equipment that we would need to fully launch our commercial plantain farm,