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Matric number: 18/SMS11/003

Course Code: Afe 202

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

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**Business Plan for Twinkle Agricultural Management Technologies**

**Executive Summary**

By focusing on its strengths, its key customers and the company's underlying core values, twinkle Management Technology will increase sales to more than ₦10 million in three years, while also improving the gross margin on sales and cash management and working capital

This business plan leads the way by renewing our vision and strategic focus of adding value to our target market segments—the small business and high-end home office users in our local market. It also provides a step-by-step plan for improving our sales, gross margin, and profitability.

This plan includes this summary, and chapters on the company, products & services, market focus, action plans & forecasts, management team, and financial plan.

**Objectives:** salesIncreased to more than ₦10 million by the third year.

1. Bring gross margin back up to above 25% and maintain that level.
2. Sell ₦2 million of service, support, and training by 2022.
3. Improve inventory turnover to six turns next year, seven in 2021, and eight in 2022.

**Mission**

TAMT is built on the assumption that the management of agricultural technology or business is like legal advice, accounting, graphic arts, and other bodies of knowledge, in that it is not inherently a do-it-yourself prospect. Smart business people who arent computer inclined need to find quality vendors of reliable hardware, software, service, and support and they need to use these quality vendors as they use their other professional service suppliers—as trusted allies.

TAMT is such a vendor. It serves its clients as a trusted ally, providing them with the loyalty of a business partner and the economics of an outside vendor. We make sure that our clients have what they need in order to run their businesses at peak performance levels, with maximum efficiency and reliability.

Many of our information applications are mission-critical, so we assure our clients that we'll be there when they need us

We will try too: .

1. Differentiate from box-pushing, price-oriented businesses by offering and delivering service and support—and charging for it accordingly.
2. Increase gross margin to more than 25%.
3. Increase our non-hardware sales to 20% of the total sales by the third year.

**Company Summary**

TAMT is a 10-year-old agricultural farm produce reseller with sales of 7 million per year, declining margins, and market pressure. It has a good reputation, excellent people, and a steady position in the local market, but has been having difficulty maintaining healthy finances.

**Company Ownership**

TAMT is a privately-held business owned in majority by its founder and president, Ezeagwu kosi There are six part owners, including four investors and two past employees. The largest of these (in percent of ownership) are Prebo harry, our lawyer, and Menigbe olas, our public relations consultant. Neither owns more than 15%, but both are active participants in management decisions.

**Company History**

TAMT has been caught in the vise grip of margin squeezes that have affected agric farm produce resellers in the nation

The more detailed numbers in Table 2.2 include other indicators of some concern:  
All of these concerns are part of the general trend affecting farm produce and food stuff resellers. The margin squeeze is happening throughout the agricultural industry, nationwide.

| **Past Performance** | **2015** | **2016** | **2017** |
| --- | --- | --- | --- |
| Sales | ₦3,773,889 | ₦4,661,902 | ₦5,301,059 |
| Gross | 1,189,495 | ₦1,269,261 | ₦1,127,568 |
| Gross % (calculated) | 31.52% | 27.23% | 21.27% |
| Operating Expenses | ₦752,083 | ₦902,500 | ₦1,052,917 |
| Collection period (days) | 35 | 40 | 45 |
| Inventory turnover | 7 | 6 | 5 |

**Balance Sheet: 2018**

**Short-Term Assets**

* Cash—₦55,432
* Accounts receivable—₦395,107
* Inventory—₦651,012
* Other Short-term Assets—₦25,000
* Total Short-term Assets—₦1,126,551

**Long-Term Assets**

* Capital Assets—₦350,000
* Accumulated Depreciation—₦50,000
* Total Long-term Assets—₦300,000
* Total Assets—₦1,426,551

**Debt and Equity**

* Accounts Payable—₦223,897
* Short-term Notes—₦90,000
* Other ST Liabilities—₦15,000
* Subtotal Short-term Liabilities—₦328,897
* Long-term Liabilities—₦284,862
* Total Liabilities—₦613,759
* Paid in Capital—₦500,000
* Retained Earnings—₦238,140
* Earnings (over three years)— ₦437,411, ₦366,761, ₦74,652
* Total Equity—₦812,792
* Total Debt and Equity—₦1,426,551

**Company Locations and Facilities**

We have one location—a 7,000 square-foot brick & mortar facility located in a suburban area conveniently close to the downtown area. Along with sales, it includes our manufacturing area, service department, offices, and showroom area.

**Products and Services**

TAMT sells livestock for small business including offsprings and food

We sell reliability and confidence. We sell the assurance to small business people that their business will not suffer loses.

TAMT serves its clients as a trusted ally, providing them with the loyalty of a business partner and the economics of an outside vendor. We make sure that our clients have what they need to run their businesses at peak performance levels, with maximum efficiency and reliability.

**Product and Service Description**

The animals, their feed, their off springs drugs and medicine are all available

In **service and support**, we offer a range of walk-in or depot service, maintenance contracts, and on-site guarantees. We haven't had much success in selling service contracts.

**Competitive Comparison**

The only way we can hope to differentiate effectively is to brand the vision of the company as a trusted farm produce to our clients. We will not be able to compete in any effective way with the chains using boxes or products as appliances. We need to offer a real alliance that feels personal.

The benefits we sell include many intangibles: confidence, reliability, knowing that somebody will be there to answer questions and help at critical times.

These are complex products that require serious knowledge and experience to use, which we have, while our competitors sell only the products themselves.

Unfortunately, we cannot sell the products at a higher price simply because we offer services; the market has shown that it will not support that concept. We must also sell the service and charge for it separately.

**Sales Literature**

Copies of our brochure and advertisements are attached as appendices. Of course, one of our first tasks will be to change the messaging of our literature to make sure we are selling the company, rather than the product.

**Sourcing**

Our costs are part of the margin squeeze. As price competition increases, the squeeze between the manufacturer's price into channels and the end-users ultimate buying price continues.

**Technology**

Mostly the tractors, balers, combiners, plows, mowers, planters, sprayers, seed drill, cultipacker

Harvesting machines by Krishi Jagran, etc

**Market Analysis Summary**

TAMT focuses on local markets, small business, and home office, with a special focus on the high-end home office and the five-to-20 unit small business office.

**Market Segmentation**

The segmentation allows some room for estimates and nonspecific definitions. We focus on a small-medium level of small business, and it's hard to locate data to make an exact classification.

Defining the high-end home office is even more difficult. We generally know the characteristics of our target market, but we can't find easy classifications that fit into available demographics. The high-end home office business is a business, not a hobby.

**Industry Analysis**

Plant dealers

Livestock

General farm produce

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**Industry Participants**

General agricultural producers and top farmers globally

**Distribution Patterns**

Small business buyers are accustomed to buying from vendors who visit their offices. There is usually a lot of leakage in ad-hoc purchasing through local chain stores and mail order. Often the administrators try to discourage this but are only partially successful.

Unfortunately, our home office target buyers don't expect to buy from us. Many of them turn immediately to the superstores to look for the best price, without realizing that there is a better option for them at only a little bit more.

**Competition and Buying Patterns**

The small business buyers understand the concept of service and support and are much more likely to pay for it when the offering is clearly stated.

There is no doubt that we face stiffer competition from box pushers than from other service providers. We need to effectively compete against the idea that businesses should buy computers as plug-in appliances that don't need ongoing service, support, and training.

Our focus group sessions indicated that our target home office buyers think about the price but would buy based on quality service if the offering were properly presented. They think about the price because that's all they ever see. We have very good indications that many would rather pay 10 to 20% more for a relationship with a long-term vendor providing back-up and quality service and support, however, they end up in the box-pusher channels because they aren't aware of the alternatives.

Availability is also very important. The home office buyers tend to want immediate, local solutions to problems.

**Main Competitors**

* We have Store 1 and Store 2 already within the valley, and Store 3 is expected by the end of next year. If our strategy works, we will have differentiated ourselves sufficiently to avoid competition against these stores.
* Strengths: national image, high volume, aggressive pricing, economies of scale.
* Weaknesses: lack of product, service and support knowledge, lack of personal attention.

Store 4 and Store 5 are both in the downtown area. They are both competing against the chains in an attempt to match prices. When asked, the owners will complain that margins are squeezed by the chains and customers buy based on price only. They say they tried offering services and that buyers didn't care, instead preferring lower prices. We think the problem is that they didn't really offer good service, and also that they didn't differentiate from the chains.

**Strategy and Implementation Summary**

* **Emphasize service and support.**

We must differentiate ourselves from the box pushers. We need to establish our business offering as a clear and viable alternative to the price-only kind of buying for our target market.

* **Build a relationship-oriented business.**

Build long-term relationships with clients, not single-transaction deals with customers. Become their computer department, not just a vendor. Make them understand the value of the relationship.

* **Focus on target markets.**

We need to focus our offerings on small business as the key market segment we should own. This means the five to 20 unit system, connected by a local area network, in a company with five to 50 employees. Our values—training, installation, service, support, knowledge—are more clearly differentiated in this segment.

As a corollary, the high end of the home office market is also appropriate. We do not want to compete for buyers who go to chain stores or buy from mail-order outlets, but we definitely want to be able to sell individual systems to the smart home office buyers who want a reliable, full-service vendor.

* **Differentiate and fulfill the promise.**

We can't just market and sell service and support; we must deliver as well. We need to make sure we have the knowledge-intensive business and service-intensive business we claim to have.

**5.1 Marketing Strategy**

The marketing strategy is the core of the main strategy:

1. Emphasize service and support
2. Build a relationship business
3. Focus on small business and high-end home office as key target market

**Pricing Strategy**

We must charge appropriately for the high-end, high-quality service and support we offer. Our revenue structure has to match our cost structure, so the salaries we pay to assure good service and support must be balanced by the revenue we charge.

We cannot build the service and support revenue into the price of products. The market can't bear the higher prices, and the buyer feels ill-used when they see the same product priced lower at the chains. Despite the logic behind it, the market doesn't support this concept.

Therefore, we must make sure that we deliver and charge for service and support. Training, service, installation, networking support—all of this must be readily available and priced to sell and deliver revenue.

**Promotion Strategy**

We depend on news paper as our main outlet to reach new buyers. As we change strategies, however, we need to change the way we promote ourselves:

* **Advertising**

We'll be developing our core positioning message: "24 Hour On-Site Service—365 Days a Year With No Extra Charges" to differentiate our service from the competition. We will be using local newspaper advertising, and cable TV to launch the initial campaign.

* **Sales Brochure**

Our collaterals have to sell the store and visiting the store, not the specific book or discount pricing.

* **Direct Mail**

We must radically improve our direct mail efforts, reaching our established customers with training, support services, upgrades, and seminars.

* **Local Media**

It's time to work more closely with the local media. We could offer the local radio station a regular talk show on technology for small business, as one example. We could also reach out to local news outlets to let them know we have experts who are able to address issues relating to technology for small business/home offices should the need arise.

**Sales Strategy**

1. We need to sell the company, not the product. We sell TAMT,
2. We have to sell our service and support

**Sales Forecast**

The important elements of the sales forecast are shown in the Total Sales by Month in Year 1 table.

**Startup Summary**

* 93% of startup costs will go to assets.
* The building will be purchased with a down payment of ₦8,000 on a 20-year mortgage.
* Startup costs will be financed through a combination of owner investment, short loans, and long-term borrowing. Other miscellaneous expenses include:
* Marketing/advertising consultancy fees of 10,000 for our company logo and assistance in designing our grand-opening ads and brochures.
* Legal fees for corporate organization filings: 3000.
* Retail merchandising/designing consultancy fees of 32,500 for store layout and fixture purchasing

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