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MATRIC N0: 18/SMS09/076

DEPARTMENT: INTERNATIONAL RELATIONS AND DILPOMACY

LEVEL: 200

COURSE: AFE 202

ASSIGNMENT

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

ANSWER

JOSSY RICH COW MILK AND RANCH

Jossy rich cow milk and ranch will offer rich and health milk to people of any age because it is filled with contents that is beneficial for both the young and old and is avoidable by all. It is located in a strategic point adjacent to the George Washington forest. Our primary strategy is to produce milk that cures 90% of the ailments found I our world today and that is why it is useful for all age at the most convenient and affordable price.

Once underway we will expand our scope and take advantage of high-margin new equipment sales and leverage our existing labour force to sell and service those products. Within three years we intend to reach out to more than half of the globe.

Jossy rich cow milk and ranch will be located at 321 mountain drive, a location providing extremely high visibility as well as direct entry and exit. The owner of this company has over twenty years’ experience in rearing and milking of cattle, having served as a product manager in ACME and also owns one of the biggest ranch.

Because of her extensive industry contacts, initial equipment inventory will be purchased at significant discounts from OEM suppliers as well by sourcing excess inventory from shops around the world.

Due to the nature of the business, skilled employees will be employed to help in the well management of the business. These employees will be attracted through competitive wages as well as discounts products and services.

MARKET OPPORTUNITY

Over 400,000 people visit the ranch during the last three months. To either make purchase in bulk or other ways of both milk and beef. The ranch expects its visitor to grow over the next few years as more land will be acquired in readiness for this growth. The ranch has added to its self a lodging facility that should attract an increase in the number of visitors from across the world. The ranch has also opened additional areas for students in the field of studying animals to come and explore and gain the knowledge they need, leading to an increase in the number of visitor.

The market potential inherent in those visitors is substantial. According to third perty research data, approximately 50% of the population will prefer to take fresh cow milk rather any other sources of milk these days, especially those that take serious caution about their health and most persons these days have started to put more attention to that.

COMPETITIVE ADVANTAGES

The milk producing factories located in Harrisburg, VA, are direct and established competitor. Our two primary competitive advantages will be location and lower costs. We will also use online tools to better engage customers, allowing them to reserve and pay online as well as create individual profiles regarding sizes, preferences and special needs.

FINANCIAL PROJECTIONS

Jossy rich cow milk and ranch expects to earn a modest profit by year two based on projected sales. Our profits are based on the following key assumptions:

1. Initial growth will be moderate as we establish awareness in the market
2. Initial equipment purchase will stay in service for an average of three to four years; after two years we will begin investing in new equipment to replace damaged or obsolete equipment
3. Marketing costs will not exceed 15% of sales.
4. Residual profit will be reinvested in expanding the product and service line.

We project first year revenue of £720,000 and a 20% growth rate for the next two years. Direct cost of sales is projected to average 60% of gross sales, including 50% for the purchase of equipment and 10% for the purchase of ancillary items. Net income is projected to reach £105,000 in year three as sales increase and operation becomes more efficient.

HISTORY AND VISION

Jossy rich cow milk and ranch is a new venture that will be located at 321 mountain drive, directly adjacent to an extremely cycling destination. Our initial goal is to become the premier provider for fresh cow milk. We will then leverage our customer base and position in the market to offer new equipment sales as well as comprehensive maintenance and service, custom equipment fittings and expert trail advice.

OBJECTIVES

1. Achieve the largest market share fresh cow milk in the area
2. Generate a net income of £234,000 at the end of the second year of operation
3. Minimize rental inventory replacement costs by maintaining a 7% attrition frate on existing equipment (industry average is 12%)

KEY TO SUCCESS

1. To provide high quality milk, sourcing that equipment as inexpensive as possible through existing relationship with equipment manufactures and other milk producing shops.
2. Use signage to attract visitors travelling to the national forest, highlighting our cost and service advantage.
3. Create additional customer convenience factors to overcome a perceived lack of convenience for customer planning to hit the road to other milk shops or factories away from our shop.
4. Develop customer incentive and loyalty programs to leverage customer relationship and create positive word of mouth.

PROUCT DECRIPTION

Jossy rich cow milk and ranch will provide a comprehensive line of well and healthy line of milks for all ages and level of ability. Since the typical customer seeks medium quality equipment and excellent services at competitive prices, we will focus on providing brands like chocolate flavoured, vanilla flavoured, strawberry flavoured, sweetened and unsweetened flavoured. These manufacturers have a widespread reputation as mid-to high-level quality, unlike others found in other markets.

The following is a breakdown of anticipated price points, per day and per week:

1. Cows £30 £ 120
2. Horse £60 £ 80

Jossy rich cow milk and ranch will have clear advantage over its primary competitors, the milk shops located in Harrisonburg, VA:

1. Newer equipment inventory with higher perceived quality
2. Price points 15% below the competition
3. Online renewals offering greater convenience
4. A liberal return grace period that will reinforce our reputation as a customer friendly experience.

FUTURE PRODUCTS

Expansion will allow us to move product offering into new sales. We will also explore ice cream production and burgers as beef is part of our services, leveraging our existing maintenance staff to provide value added services at a premium price.

MARKET SUMMARY

Consumer spending on production equipment reached £9,250,000 in the states of VA, WV, MD, and NC last year. While we expect sales to rise for the purpose of performing a conservative analysis we have projected a zero growth rate for the next three years.

In those states 2,500,000 people visited a national forest last year. Our target market incudes visiting the Shenandoah national forest, last year 120,000 people visited the area during spring, summer and fall months.

Over time, however, we do expect equipment and sales to increase as the popularity of milk intake continues to rise. In particular we forecast a spike in demand in 2022 since the national horse racing championship will be held in Richmond, VA.

MARJET TRENDS

Participation and population trend favour our venture:

1. Recreational sports in general and both family oriented and extreme sports continue to gain in exposure and popularity.
2. Western VA and eastern WV have experienced population growth rates nearly double that of the country as a whole.
3. Industry trends show that horse racing has risen at more rapid rate than most other recreational activities.

MARKET GROWTH

According to the latest studies, recreation spending in our target market has grown by 15% per year for the past three years. In addition, we anticipate greater than industry norm growth rates for milk intake and horse racing in the area due to the increase in popularity of horsing events like the alpine loop gran fondo.

MARKET NEEDS

Our target has one basic need: the availability to get milk at a competitive price. Our only other competition are the milk shops in Harrisonburg, VA and our location will give us a competitive advantage over those and other companies who try to serve our market.

RISKS

Renting horses and milk production equipment may be perceived by some of our target market as a commodity transaction. If we do not differentiate in terms of quality, convenience and service, we could face additional competition from other entrants to the market.

One of the milk shops in Harrisonburg is a subsidiary of a larger corporation with significant financial assets. If we as hoped carve out a significant market share, the corporation may use those assets to increase services improve equipment quality, or cut prices.