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

Answer:

Chapter 1: Executive summary and brief description of the project

Franks Organic Farm was created to meet the growing needs of a community that shares these
same views and is concerned about what they eat and feed their children. Franks Organic Farm is
based on the sound principles of conserving natural resources, limiting the carbon footprint,
growing, hiring and eating locally grown and prepared foods, and making the world a

better place
to live in. This is a community that is tired of ‘fresh’ tomatoes bought at the local grocery store.
When more than likely the “fresh” tomatoes were picked while still unripe, shipped 3,000 miles
over several days/weeks, and then artificially "ripened" using ethylene gas, thus robbing it of
practically all of its nutritional value.
Franks Organic Farm is a Community Supported Agriculture (“CSA”) Business entity. CSA is
both a marketing strategy and a philosophy. The farmers sell shares (subscriptions) in the next
season’s produce, usually before the season begins.

Each week of the season, the member
receives a ‘share’ of produce from the farm. In some cases the members are involved in decision-making of all aspects of the operation; in others the farmer makes all the decisions.
Each CSA is as unique to the farmer and the community it serves. Members may pick up their
boxes at the farm, at delivery sites, or home delivery may be offered.
The purpose of this business plan is to provide a blueprint for near term and long term goals.
The business plan will be utilized as a tool to gauge how well the farm is doing in the future
compared to their initial goals

and keep them on target. The business plan is also a tool for lenders, explaining the need for initial financing, the source and use of funds, and debt repayment capabilities. Franks Organic Farm has simple objectives: provide healthy and delicious tasting vegetables while simultaneously leaving a minimal carbon footprint. In order to
accomplish this, the farm plans to:

- Sell 60 shares by Year 2 and have full-time income or 90 shares sold by Year 3.
- In Year 4, Franks Organic Farm plans to purchase an additional 9 acres for a total of 12 acres. The initial 3 years of operations will provide the excellent credit
history and track record

necessary for this large purchase.

Franks Organic Farm's mission is to raise the best tasting and finest quality fruits and vegetables for the local community. Franks Organic Farm uses only natural and sustainable farming methods, free from pesticides or fertilizers. Natural foods and natural
farming methods leaves a smaller carbon footprint while simultaneously improves the health of its customers and it's local community. Franks Organic Farm's slogan is simple: "Live life simply and simply live". The owners also believe in contributing to their community and the planet by:

1. Local

Franks Organic Farm believes

that in order for the survival of the planet, we must
rely on local resources. Buying from local farmers supports the local economy
2. Sustainable Living
By reducing reliance on energy is better for the planet and conserves our natural resources
3. Satisfied Customers
Happy members ensure repeat business and their referrals grow the business.

Chapter 2: Sponsorship and Management

The Sponsors of the farm are the owners Mr and Mrs Frank Burns with help of a Commercial loan and a Commercial mortgage. The owners will inject $40,000 of their personal money into the business and take out a commercial loan of $20,000

to support the business. Franks Organic Farm will be wholly owned and operated by Frank and Kathy Burns. Mr. Burns will perform all office and accounting functions such as calculating the initial garden costs, seed costs and planting times. Both owners will harvest the crop. Franks Organic Farm will hire one apprentice farmer for each additional acre that is cultivated.

Over time, they have plans to hire part-time delivery drivers as well as bookkeeper. Frank Burns, will actively manage the farm. Farm management duties will include the creation of a detailed planting guide and building a living soil. Only sustainable and organic farming methods will be used with no reliance on

off-farm inputs and chemical pesticides/fertilizers. Growing methods include crop rotation, planting cover crops, applying finished compost and mulches, and encouraging beneficial insects, weed management, irrigation and harvesting. Mr. Burns will also be responsibility for preparing detailed accounting records for their tax accountant. Kathy Burns will also actively participate in managing the crop during the busy summer months. During the slower winter months, both will work to complete their E-books which will be sold on line and supplement revenue. They will also actively market Franks Organic Farm by speaking to local civic groups, providing tours of the farm, and drafting

the weekly newsletters. Franks Organic Farm will rely on its Tax Accountant to assist with tax reporting.

Chapter 3: Market and Sales

Sheboygan County's cost of living is lower than the national average and housing costs are much lower than the national average. At the same time, Sheboygan County personal income is greater than the national average. In other words, this community not only has a high demand for organic items, but it can afford them as well. Sheboygan County's median household in-come was $51,681 and the mean household income was estimated to be $61,889. Nearly 72 percent of

Sheboygan County's housing units are owner-occupied. The median housing value in Sheboygan County is estimated to be $149,700, which is
$43,000 less than the United States estimated median home value. At the same time, Sheboygan County income is higher than the national average, which is the reason for high home ownership rates.

Franks Organic Farm is targeting the households with incomes above $50,000. The target market represents approximately 51.5 percent of the total population, which should easily absorb Franks Organic Farm's entrance.

Sheboygan County's population is 117,566. It grew 4.4 percent between 2000

and
2009. The County is expected to continue to grow by a similar rate until 2015 when it reaches a population of 123,209. Franks Organic Farm is targeting households with earnings in excess of $50,000 in the
greater Sheboygan County. Approximately 51 percent of the population resides in this category. Other farmers have missed this target by focusing on traditional farming methods while Franks Organic Farm has obtained the Certified Organic stamp of approval.
Additionally, Franks Organic Farm will focus its energies primarily on its members and provide services exceeding expectations by offering farm to door delivery service,

providing supplemental local organic products and by providing a festive like atmosphere
at the farm – especially on harvest day and other special occasions. According to a USDA survey of market managers (Organic Produce, Price Premiums,
and Eco-Labelling in U.S. Farmers' Markets, April 2004) found that demand for organic products was strong or moderate in most of the farmers' markets surveyed around the country, and that the managers felt more organic farmers were needed to
meet consumer demand in many states. While consumers may not understand all the requirements associated with

being
certified organic, they are comfortable with the label. Which is why Franks Organic Farm sought the services of the independent certification agency and has earned the distinction to be labelled an organic farm. Comparatively their CSA counterparts that continue to operate by traditional farming methods, Franks Organic Farm holds itself
to a higher standard, which in time, they believe will attract and keep new members. Franks Organic Farm will focus its energies primarily on its members and provide services exceeding expectations by offering farm to door delivery service, providing
supplemental local organic

products and by providing a festive like atmosphere at the farm especially on harvest days and other special occasions. Franks Organic Farm will utilize product differentiation to stand apart from the competition. By growing wholesome organic produce, offering farm to door service, andactively engaging with its members, Franks Organic Farm will go above and beyond to maintain and grow its member base. Franks Organic Farm will utilize a fair price for a fair value. Some research suggests that the CSA farm is usually lower in price than organically grown food from local markets and is often less than foods from the supermarket. This could be a selling

point for attracting new members, however, it also important to note this in not about cheap food. The best strategy is word of mouth advertising. When people are happy with their shares they tell friends. Franks Organic Farm will place brochures with other CSA businesses such as the local organic bakery and neighbouring dairy farm. Franks Organic Farm's website will provide additional marketing information. In addition to its map and location, Franks Organic Farm will be listed with other CSA organizations such as national CSA and the USDA.

In the off season, the Frank Burns will provide lectures to civic and environmental groups.

During harvest time, the farm will be open to the public to browse and purchase surplus from the harvest bounty. They will also host special events such as Earth Day. Franks Organic Farm's website will be a vital key in marketing. In addition to providing its history, location and contact information, the site will also have links to its CSA affiliations, the USDA website and current organic industry topics. The website will also have links to the current weekly newsletter (during season) and off season the owners will maintain a blog of what items are currently going to seedlings
in the greenhouse and what new and exciting produce will be available in the

upcoming season.
Additionally, the site will have links to Kathy and Frank's forthcoming E-books which will provide additional cash flow during the non-production months.
The site will also take advantage of social media and have a Facebook link as well.
Franks Organic Farm's primary sales program is the sale of shares. Additional sales programs will come from the sale of their forthcoming books. Honey production is expected to come online by Year Three.
During the slow winter months, both Frank and Kathy Burns will actively market their Franks Organic Farm, by providing speaking engagements at local events, becoming involved in the local

community primarily its environmental issues, and writing and publishing papers supporting locally grown businesses. This slower time will also be utilized to create the weekly newsletter templates which coincide with the weekly deliveries. Historically the members love the newsletters – which facilitate additional contact between farmer and member. The weekly newsletter summarizes what is included in the weekly delivery, offers recipes and cooking suggestions, and summarizes what activities are transpiring at the farm. (This will be helpful especially during the busy summer months when there is little time available to write the weekly newsletters)

Chapter 4: Technical feasibility, Resources and Environment

Many changes observed in the environment are long term, occurring slowly over time. Organic agriculture considers the medium- and long-term effect of agricultural interventions on the agro-ecosystem. It aims to produce food while establishing an ecological balance to prevent soil fertility or pest problems. Organic agriculture takes a proactive approach as opposed to treating problems after they emerge.

Soil building practices such as crop rotations, inter-cropping, symbiotic associations, cover crops, organic fertilizers and minimum tillage are central to organic practices. These

encourage soil fauna and flora, improving soil formation and structure and creating more stable systems. In turn, nutrient and energy cycling is increased and the retentive abilities of the soil for nutrients and water are enhanced, compensating for the non-use of mineral fertilizers. Such management techniques also play an important role in soil erosion control. The length of time that the soil is exposed to erosive forces is decreased, soil biodiversity is increased, and nutrient losses are reduced, helping to maintain and enhance soil productivity. Crop export of nutrients is usually compensated by farm-derived renewable resources but it is sometimes necessary to supplement organic soils

with potassium, phosphate, calcium, magnesium and trace elements from external sources. In many agriculture areas, pollution of groundwater courses with synthetic fertilizers and pesticides is a major problem. As the use of these is prohibited in organic agriculture, they are replaced by organic fertilizers (e.g. compost, animal manure, green manure) and through the use of greater biodiversity (in terms of species cultivated and permanent vegetation), enhancing soil structure and water infiltration. Well managed organic systems with better nutrient retentive abilities, greatly reduce the risk of groundwater pollution. In some areas where pollution is a real problem, conversion

to organic agriculture is highly encouraged as a restorative measure (e.g. by the Governments of France and Germany).
Organic agriculture reduces non-renewable energy use by decreasing agrochemical needs (these require high quantities of fossil fuel to be produced). Organic agriculture contributes to mitigating the greenhouse effect and global warming through its ability to sequester carbon in the soil. Many management practices used by organic agriculture (e.g. minimum tillage, returning crop residues to the soil, the use of cover crops and rotations, and the greater integration of nitrogen-fixing legumes), increase the return of carbon to the soil, raising

productivity and favouring carbon storage. A number of studies revealed that soil organic carbon contents under organic farming are considerably higher. The more organic carbon is retained in the soil, the more the mitigation potential of agriculture against climate change is higher. However, there is much research needed in this field, yet. There is a lack of data on soil organic carbon for developing countries, with no farm system comparison data from Africa and Latin America, and only limited data on soil organic carbon stocks, which is crucial for determining carbon sequestration rates for farming practices.

Organic farmers are both custodians and users of

biodiversity at all levels. At the gene level, traditional and adapted seeds and breeds are preferred for their greater resistance to diseases and their resilience to climatic stress. At the species level, diverse combinations of plants and animals optimize nutrient and energy cycling for agricultural production. At the ecosystem level, the maintenance of natural areas within and around organic fields and absence of chemical inputs create suitable habitats for wildlife. The frequent use of under-utilized species (often as rotation crops to build soil fertility) reduces erosion of agro-biodiversity, creating a healthier gene pool - the basis for future adaptation. The provision of structures

providing food and shelter, and the lack of pesticide use, attract new or re-colonizing species to the organic area (both permanent and migratory), including wild flora and fauna (e.g. birds) and organisms beneficial to the organic system such as pollinators and pest predators. The number of studies on organic farming and biodiversity increased significantly within the last years. A Recent Study Reporting On A Meta-Analysis Of 766 Scientific Papers concluded that organic farming produces more biodiversity than other farming systems.The use of GMOs within organic systems is not permitted during any stage of organic food production, processing or

handling. As the potential impact of GMOs to both the environment and health is not entirely understood, organic agriculture is taking the precautionary approach and choosing to encourage natural biodiversity. The organic label therefore provides an assurance that GMOs have not been used intentionally in the production and processing of the organic products. This is something which cannot be guaranteed in conventional products as labelling the presence of GMOs in food products has not yet come into force in most countries. However, with increasing GMO use in conventional agriculture and due to the method of transmission of GMOs in the environment (e.g. through

pollen), organic agriculture will not be able to ensure that organic products are completely GMO free in the future. A detailed discussion on GMOs can be found in the FAO publication "Genetically Modified Organisms, Consumers, Food Safety And The Environment".The impact of organic agriculture on natural resources favours interactions within the agro-ecosystem that are vital for both agricultural production and nature conservation. Ecological services derived include soil forming and conditioning, soil stabilization, waste recycling, carbon sequestration, nutrients cycling, predation, pollination and habitats. By opting for organic products, the consumer through his/her

purchasing power promotes a less polluting agricultural system. The hidden costs of agriculture to the environment in terms of natural resource degradation are reduced.

Chapter 5: Government support and regulation

Organic farmers, ranchers, and food processors follow a defined set of standards to produce organic food and fiber. Congress described general organic principles in the Organic Foods Production Act, and the USDA defines specific organic standards. These standards cover the product from farm to table, including soil and water quality, pest control, livestock practices, and rules for food additives. The Farm Service Agency (FSA) can help you with the cost of transitioning

to organic, organic certification, real estate, buildings, repairs, insurance, field buffers, routine operating expenses, storage and handling equipment, crop losses, soil and water conservation, mapping field boundaries, and acreage reporting. The Noninsured Crop Disaster Assistance Program provides financial assistance for 55 to 100 percent of the average market price for organic crop losses between 50 to 65 percent of expected production due to a natural disaster. New farmers, and traditionally underserved or limited resource farmers are eligible for free catastrophic coverage and discounted premiums on higher coverage. Marketing assistance loans are available

that provide interim financing to help organic producers meet cash flow needs without having to sell crops during harvest when market prices are low. Deficiency payments are also available to producers who forgo the loan in return for a payment on the eligible commodity. For more information on commodity loans and deficiency payments. Farm Storage Facility Loans provide low-interest financing to build or upgrade storage facilities for organic commodities, including cold storage, grain bins, bulk tanks and drying and handling equipment. For more information on facility loans.

Chapter 6: Timelines of Projects

Starting an organic farm is no

small feat as you won't have the help of artificial enhancers like fertilizers, pesticides, etc. So it was s estimated that an organic farm should be up and running in about Thirty six months (three years) and after this, it should take about six to ten weeks for your farm to be certified as Organic.

Start up expenses	**Amount($)**
Operating capital	-
Salaries and wages	1500
Insurance premiums	1200
Beginning inventory	5000
Legal and accounting fees	-

Rent deposit utility deposit	-
Utility deposits	-
Supplies	1200
Advertising and promotion	-
Licenses	-
Other initial cost	1000
Working capital	10000
Total start up expenses	19900

Start up Assets	**Amount ($)**
Real estate	25000
Buildings	3000
Lease hold improvement	2000

Equipment	500
Furniture and fixture	-
Vehicles	5000
Other fixed assets	-
Total start up assets	35500
Total required start up costs	55400

Chapter 7: Estimated Project Cost and Revenue

Chapter 8: Funding Mechanism

The land is provided for by using mortgage payments and investors are encouraged as there are shares to be bought. Any funding that is not from the purse of the owners, is gotten through loans sourced by the owners at a reasonable

interest percentage.

Chapter 9: Conclusion

The project is Technically feasible and Commercially viable. It is therefore recommended for funding.

References: Franks farm .co