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MATRIC NUMBER:18/SCI01/016

DEPARTMENT: COMPUTER ENGINEERING

COURSE TITLE: FOOD PRODUCTION AND HEALTH AWARENESS

QUESTION

Prepare a business plan on a chosen agricultural enterprise following the guidelines 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.

EXECUTIVE SUMMARY

The Alanzas' Botanical Bounty is an existing farm dedicated to the production of botanical perennials. Botanical Bounty has been formed as an Oregon-based Limited Liability Corp. (L.L.C.) located outside of Albany, Oregon.

Alanzas' Botanical Bounty is working hard to become a leading producer of botanical plants for the natural supplement industry as well as plant nurseries. By leveraging a well thought out business plan executed by a skilled management team, Alanzas' Botanical Bounty will generate over \$216,000 in year three sales.

The Alanzas' Botanical Bounty have listed out three keys to successes that they follow strictly;

Keys to Success

Botanical Bounty has identified three keys that will be instrumental in their success. The first is the implementation of strict financial controls. By having the proper controls, production efficiency will be maximised.

The second key will be the never ending pursuit for the industry's highest concentration levels of botanical ingredients in each plant. The third key is the recognition and implementation of the philosophy that 100% customer satisfaction is required to ensure a profitable business.

Profits are a by product of satisfying customers, not the other way around.

Products

The Alanzas Botanical Bounty is a 10 acre farm that concentrates on the growing of botanical medicinals. Botanical Bounty has chosen five plant species that have significant market demand as well being well suited for growth in the Willamette River Valley.

Botanical Bounty will feature:

- Echinacea – an immune system booster
- Ginseng – a source of energy
- St John's Wort – for mild depression
- Skullcap- for inflammation
- Ginger – a stomach soother.

SPONSORSHIP, MANAGEMENT AND TECHNICAL ASSISTANCE

FINANCIAL PLAN

The Alanzas' Botanical Bounty began as a hobby for my family two years ago. Over the last two years we have worked out all of the bugs related to production. Additionally, we are now quite hungry to succeed, creating one of the premier botanical perennial farms in the country.

To finance our growth and full-time production, we need to purchase \$35,000 worth of new equipment as long-term assets. To that end, we are seeking a \$100,000 10-year loan.

Sales forecasts conservatively indicate that \$190,000 revenue will be generated in year two, rising to \$216,000 the following year.

The Alanzas' Botanical Bounty has identified several objectives for the business:

1. Become a leading supplier of botanical perennials for the health/vitamin industry.
2. Reach the point of sustainable profitability.
3. Enjoy work while making a good living.

MANAGEMENT TEAM

Alanzas' Botanical Bounty will be led by the husband and wife team of Mr&Mrs David and Sue. Alanza brings a wealth of business and project management skills to the company. While working at Yahoo!, Mr Alanza was responsible for the successful launch and market lead capture of Yahoo!'s driving directions section. Utilising these skills, Alanza will be responsible for the business operations of the farm.

His wife, with a background of plant biology will be the driving force of the operation, growing the highest active ingredient content plants in the country. Additionally, because of her wealth of knowledge, she will be the leader of the sales department.

TECHNICAL ASSISTANCE

- **David:** Operations including vendor relations, accounting, and some growing responsibility.
- **Sue:** Head grower and sales. As head grower she is responsible for supervising, scheduling plant production, the cutting schedules, crop selection, growing schedules, fertilizer selection and application schedules, irrigation system development, and pest control. Because Sue has the technical knowledge regarding the plants and their industry leading botanical concentrations, she will be in charge of sales which will include qualifying leads as well as participating in the final negotiations and account management.
- **Grower:** Sue will have the assistance of a full-time grower in order to allow her to meet her sales responsibilities.
- **Laborers:** The laborer positions will be seasonal as there is more work required in the summer months, however, there will always be some laborers on staff throughout the year. Some of the responsibilities of the laborers are soil tilling, compost distribution, plant collections and trimming.

MARKET AND SALES

Alanzas' Botanical Bounty has three distinct customers: Supplement companies, processors of botanicals for supplement companies, and nurseries that resell the plants. The first two customers purchase the plants for use in their products which they ultimately sell to the end consumer.

The market for natural supplements is quite exciting. Surveys show that over 158 million consumers (over 55% of U.S. population) use dietary supplements. An estimated 115.3 million consumers buy vitamins and minerals for themselves, and 55.8 million purchase them for other members of their family, including children.

Consumer surveys consistently find that nearly half of all Americans now use herbs – a statistic that is particularly remarkable when we realize that today’s herbal products industry is just over a quarter century old.

MARKETING STRATEGY

The marketing strategy will be based on generating awareness and visibility of Botanical Bounty and their ability to produce the highest percentages of botanicals. The strategy will rely on several different forms of communication. The main form is participation in the numerous trade shows for the industry. The trade shows are where everyone from the industry gathers to meet and transact business. It is a wonderful place to network as well as learn about new developments in the industry. The second form of communication will be the use of advertisements. The main venues for advertisements will be industry trade magazines. The trade magazines are a well read source of information that buyers and sellers refer to for many different transactions.

Sales Strategy

Alanzas’ Botanical Bounty's sales strategy efforts will focus on identifying qualified leads and turning them into paying customers. The main sales effort that Botanical Bounty will undertake is the reinforcement of the fact that Botanical Bounty's plants have the industry's highest percentage of botanicals. This will be quite appealing to the buyers as this is exactly what they want, more botanicals per plant. In addition to selling the buyers on Botanical Bounty's competitive edge of potent plants, there will be an emphasis on Botanical Bounty's ability to perform on long-term contracts.

Alanzas' Botanical Bounty recognizes that the transactions should not be thought of as individual sales, but as long-term relationships. This is a reasonable assumption based on the fact that the customers are in the business of utilizing botanicals, that they will continually have the need for the botanicals, and that it is far less expensive to establish a relationship with one vendor than to continually have to find new vendors that can meet their needs.

PROJECT IMPLEMENTATION TIMELINES

Botanical Bounty will leverage their competitive edge in order to gain significant market share. Their competitive edge is their ability to consistently produce plants with high active botanical percentages as well as a high ratio of healthy plants (sellable).

The marketing strategy will have the objective of raising awareness and visibility of their industry-leading percentages of active botanicals. The strategy will communicate the fact that Botanical Bounty's plants will yield a significantly higher amount of botanicals measured per plant.

The sales strategy, in addition to reinforcing the competitive edge, will seek to qualify leads by concentrating on Botanical Bounty's ability to perform reliably on long-term contracts, becoming a stable supplier to the larger companies that need a steady supply stream.

Competitive Edge

Botanical Bounty has a dual competitive edge:

Healthy Plants

The healthier the plant, the faster it will grow, the more botanicals that can be extracted from it. This means an increase in production efficiency due to a larger percentage of

plants that are sellable. Other characteristics of healthy plants which are important on the production side is: lower pest counts, more established root structures, and high biomass.

High Concentration of Active Botanicals

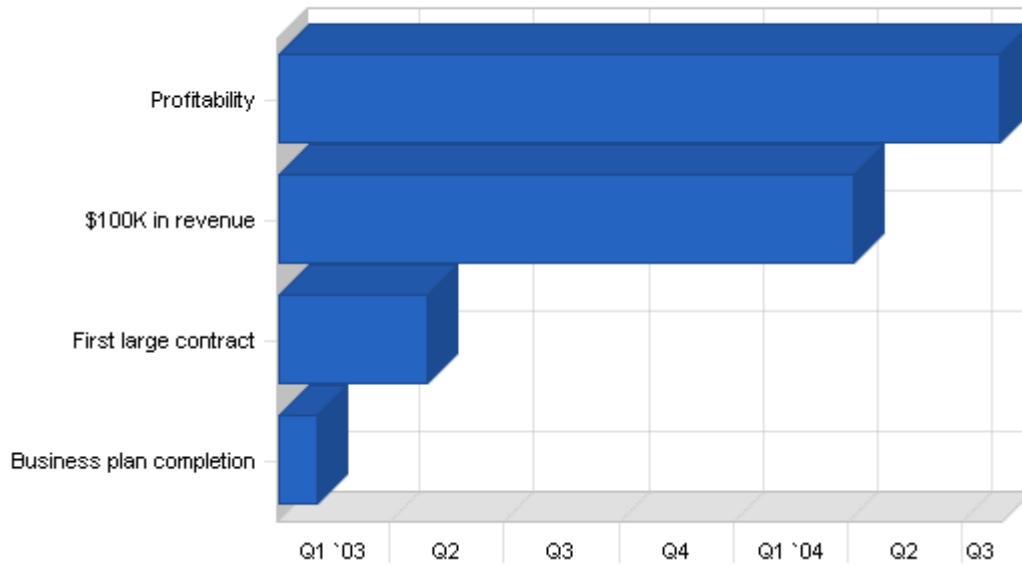
This is beneficial to the purchaser because they are buying the plants precisely for the active botanicals. High concentration levels are valuable to Botanical Bounty because they increase the amount of botanicals produced per plant or per acre, increasing the production capacity of a given amount of land, thereby increasing their return on investment and increasing the attractiveness of Botanical Bounty's plants relative to the competition.

TIMELINES OF PROJECTS

Milestones

The value of Botanical Bounty's milestones is in creating a set of measurable activities that will be achievable goals. The achievement of the milestones will be closely monitored and the assigned person will be held accountable for hitting the milestones.

Milestones



MILESTONES

Milestone	Start Date	End Date	Budget	Manager
Business plan completion	1/1/2003	2/1/2003	\$0	David
First large contract	1/1/2003	4/30/2003	\$0	Sue
\$100K in revenue	1/1/2003	4/4/2004	\$0	Sue
Profitability	1/1/2003	7/30/2004	\$0	David
Totals				

ESTIMATED PROJECT COSTS AND REVENUE

TOTAL COST OF SALES		\$46	\$66	\$87	\$308	\$495	\$665	\$716	\$804	\$921
Gross Margin		\$569	\$819	\$1,071	\$3,796	\$6,110	\$8,197	\$8,827	\$9,921	\$11,357
Gross Margin %		92.50%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%
Expenses										
Payroll		\$6,000	\$6,000	\$7,000	\$7,000	\$8,000	\$9,000	\$9,000	\$9,000	\$7,000
Sales and Marketing and Other Expenses		\$400	\$3,000	\$400	\$400	\$400	\$400	\$400	\$3,000	\$400
Depreciation		\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583
Mortgage		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Utilities		\$500	\$500	\$500	\$600	\$700	\$700	\$700	\$700	\$600
Insurance		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Payroll Taxes	15%	\$900	\$900	\$1,050	\$1,050	\$1,200	\$1,350	\$1,350	\$1,350	\$1,050
Other		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Total Operating Expenses		\$10,783	\$13,383	\$11,933	\$12,033	\$13,283	\$14,433	\$14,433	\$17,033	\$12,033
Profit Before Interest and Taxes		(\$10,214)	(\$12,564)	(\$10,862)	(\$8,237)	(\$7,173)	(\$6,236)	(\$5,606)	(\$7,112)	(\$676)
EBITDA		(\$9,631)	(\$11,981)	(\$10,279)	(\$7,654)	(\$6,590)	(\$5,653)	(\$5,023)	(\$6,529)	(\$93)
Interest Expense		\$333	\$333	\$332	\$330	\$328	\$327	\$325	\$323	\$322
Taxes Incurred		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit		(\$10,547)	(\$12,897)	(\$11,193)	(\$8,567)	(\$7,502)	(\$6,562)	(\$5,931)	(\$7,435)	(\$998)
Net Profit/Sales		-	-	-966.40%	-	-	-74.05%	-62.15%	-69.32%	-8.13%
		1715.03%	1456.32%		208.74%	113.57%				

CONCLUSION

The project is technically feasible and commercially viable. It is therefore recommended for funding.