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Bontanical Bounty

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. 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, Botanical Bounty will generate over \$216,000 in year three sales.

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 maximized. 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

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; and Ginger - a stomach soother.

Market

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.

Management Team

Botanical Bounty will be lead by the husband and wife team of Ajayi and Sue Eniola Farmpride company. David brings a wealth of business and project management skills to the company.

While working at Yahoo!, David was responsible for the successful launch and market lead capture of Yahoo!'s driving directions section. Utilizing these skills, Ajayi will be responsible for the business operations of the farm. Sue, 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.

Financial Plan

Botanical Bounty began as a hobby for Ajayi and Sue two years ago. Over the last two years they have worked out all of the bugs related to production. Additionally, they 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.

1.1 Objectives

The 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.

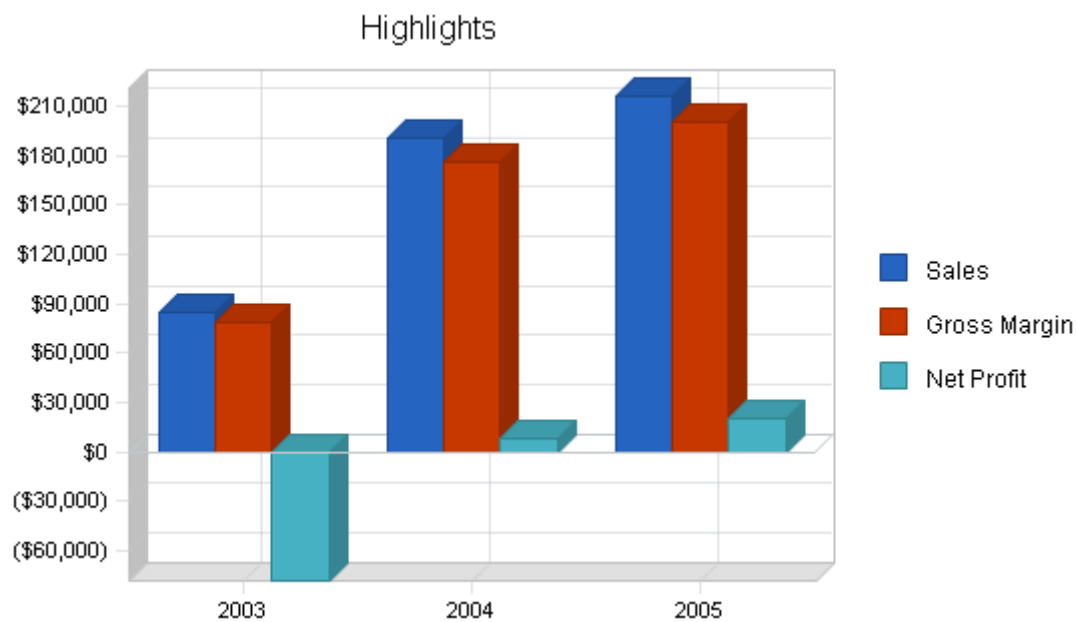
1.2 Mission

It is Botanical Bounty's mission to become the leading provider of botanical perennials to the health/vitamin industry. This will be accomplished by providing quality plants at fair prices while exceeding customer's expectations.

1.3 Keys to Success

Botanical Bounty will adhere to three keys that will be instrumental in its success:

1. Strict financial controls.
2. The never ending pursuit of the highest concentration of botanicals in every plant.
3. Ensuring that all customer's needs are met and they are satisfied with the purchased products.



Botanical Bounty is an Oregon based perennial farm that grows a variety of botanical medicinal perennials. The company has been formed as an Oregon L.L.C. The farm has been in existence for two years now, initially operating as a hobby as rather than a profit producing business.

2.1 Company History

Botanical Bounty has been in operation for two years. Initially it was started as a hobby where Susan could use her plant biology skills while covering some of the costs. The Nealon's were

able to achieve this lifestyle due to a windfall that David received as a result of exercised stock options. After the second year, the Nealon's decided that although they had the money to live on for many years, it would be irresponsible to needlessly spend it so they got serious about the business and made a concerted effort to become profitable.

BREAK-EVEN ANALYSIS

Monthly Revenue Break-even

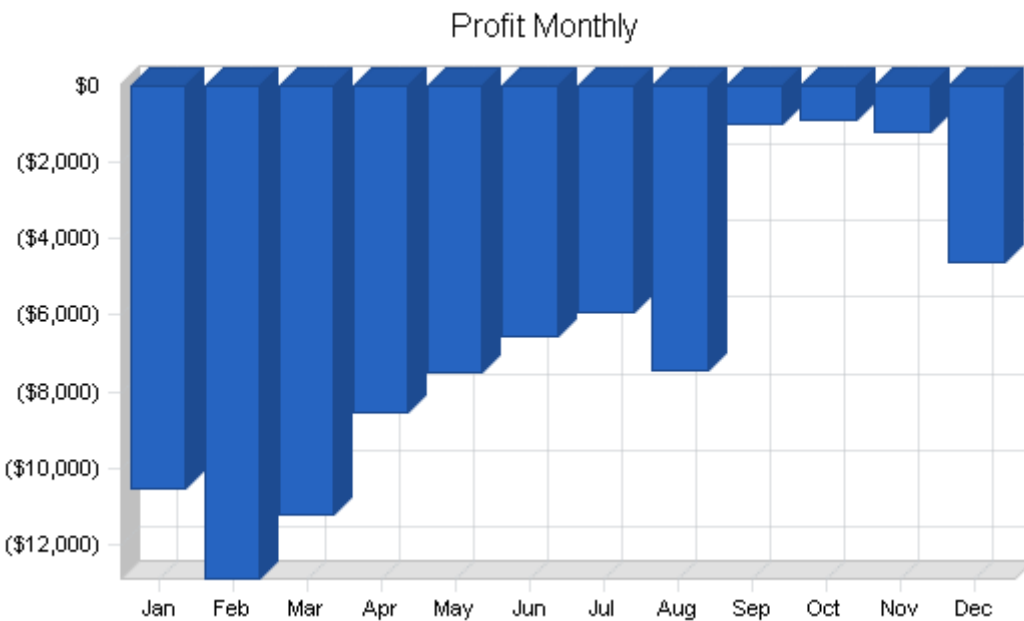
Assumptions:

Average Percent Variable Cost

Estimated Monthly Fixed Cost

7.3 Projected Profit and Loss

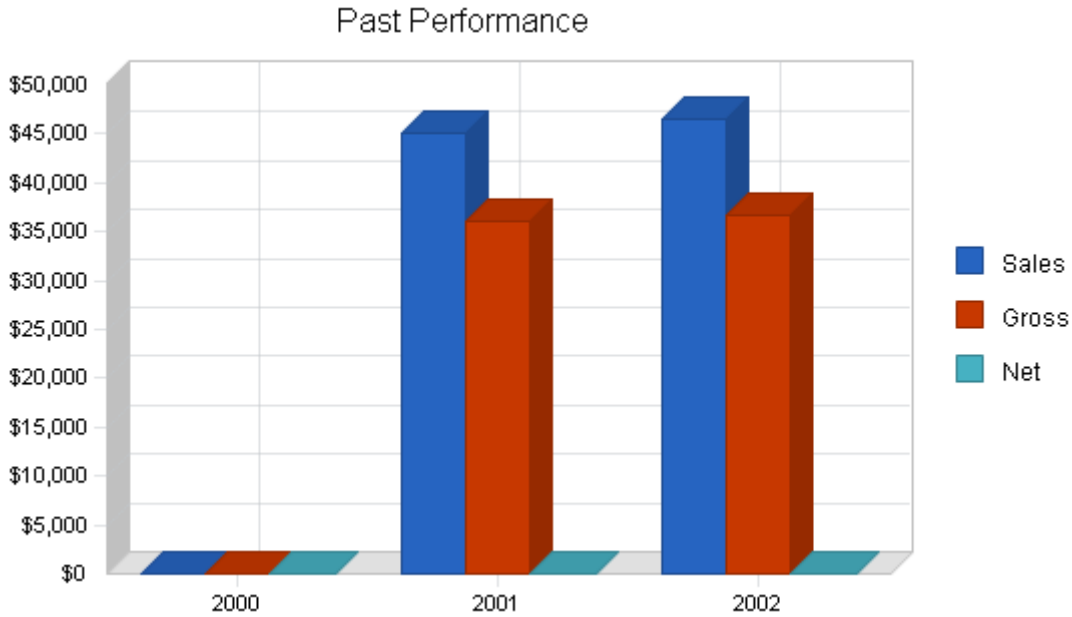
The following table and charts show the Projected Profit and Loss.



Botanical Bounty has chosen the Willamette River Valley as an ideal place to grow perennials.

Botanical Bounty has 10 acres of land which they use for production. During several of the

winter months, production is moved into their green house for propagation. Botanical Bounty employs a drip irrigation system for all of the plants.



PAST PERFORMANCE

	2000
Sales	\$0
Gross Margin	\$0
Gross Margin %	0.00%
Operating Expenses	\$0
Collection Period (days)	0

BALANCE SHEET

	2000
Current Assets	
Cash	\$0
Accounts Receivable	\$0
Other Current Assets	\$0
TOTAL CURRENT ASSETS	\$0
Long-term Assets	
Long-term Assets	\$0
Accumulated Depreciation	\$0
TOTAL LONG-TERM ASSETS	\$0
Total Assets	\$0
Current Liabilities	

Accounts Payable	\$0
Current Borrowing	\$0
Other Current Liabilities (interest free)	\$0
TOTAL CURRENT LIABILITIES	\$0
Long-term Liabilities	\$0
TOTAL LIABILITIES	\$0
Paid-in Capital	\$0
Retained Earnings	\$0
Earnings	\$0
TOTAL CAPITAL	\$0
Total Capital and Liabilities	\$0
Other Inputs	
Payment Days	0
Sales on Credit	\$0
Receivables Turnover	0.00

Products

Botanical Bounty offers a range of botanical perennials (plants where the root structure remains, allowing the plant to regrow every year). Botanical perennials were chosen for two main reasons. The first is the medicinal value that they offer, therefore the plants have a positive contribution to society by improving people's health. The second reason is that the market for medicinal herbs is a very strong industry with excellent growth, ensuring demand for their plants. Botanical Bounty will offer the following excellent:

Echinacea

Echinacea was used extensively by Native Americans and the early settlers also adopted its use. It has been used for years in alternative medicine to support the immune system, and to purify the blood, especially during season changes and during the cold and flu season. Scientific studies have confirmed the presence of natural chemicals, echinacosides, which increase white blood cell activity.

Ginseng

Ginseng stimulates and increases endocrine activity in the body. Promotes a mild increase in metabolic activity and relaxes heart and artery movements. Stimulates the medulla centers and relaxes the central nervous system.

St. John's Wort

St. John's Wort has been used as a medicinal for thousands of years, but has only recently been studied for its medicinal value. Now proven to have many highly active compounds including rutin, pectin, choline, sitosterol, hypericin and pseudohypericin. The flowers and leaves are medicinal as analgesic, antiseptic, antispasmodic, aromatic, astringent, cholagogue, digestive, diuretic, expectorant, nervine, resolvent, stimulant, vermifuge and vulnerary. Some compounds of the plant have been shown to have potent anti-retroviral activity without serious side effects and they are being researched in the treatment of AIDS.

Skullcap

Skullcap is a powerful medicinal herb, it is used in alternative medicine as an anti-inflammatory, abortifacient, antispasmodic, slightly astringent, emmenagogue, febrifuge, nervine, sedative and strongly tonic. Some valuable constituents found in the plant are scutellarin, catalpol, other volatile oils, bitter iridoids and tannins. Scientific studies are proving this to be a valuable plant in many areas for mental disorders. Skullcap is used in the treatment of a wide range of nervous conditions including epilepsy, insomnia, hysteria, anxiety, delirium tremens, withdrawal from barbiturates and tranquilizers.

Ginger

Ginger roots and dried herb are medicinal and edible, it has a spicy, hot, crispy, taste and can be eaten fresh in small quantities in salads, used as a relish, a condiment, or made into a sauce for meat, especially good on chicken, or used to make ginger candy. Widely used as an alternative

medicine ginger contains the valuable constituent aristolochic acid, scientific study shows it to have anti-inflammatory, antiviral, antitumor activity, cures warts in some cases and is a broad-spectrum antibacterial and antifungal.

Botanical Bounty sells these excellent perennials in plant form for the botanicals to be extracted by their customers. Botanical Bounty concentrates on producing the healthiest plants which have the highest concentration of active botanicals.

Botanical Bounty has identified three main customer groups: supplement companies; botanical processors; and other nurseries. The customer segments are distinct enough to be able to target each one differently. The industry that Botanical Bounty produces for has been undergoing consolidation for several years now. Botanical Bounty will be able to serve the industry by leveraging their competitive edge of healthy, potent plants.

4.1 Market Segmentation

Botanical Bounty has identified three different target market segments which they will sell to:

Supplement Companies

This customer group manufactures botanical supplements for their own label products. The companies purchase the plants and extract the active ingredients and transform them into sellable products for their own brand. There are a handful of large companies that operate in this market space. Ten years ago there were many different ones but through consolidation the industry has grown in size but decreased in the number of different players.

Processors

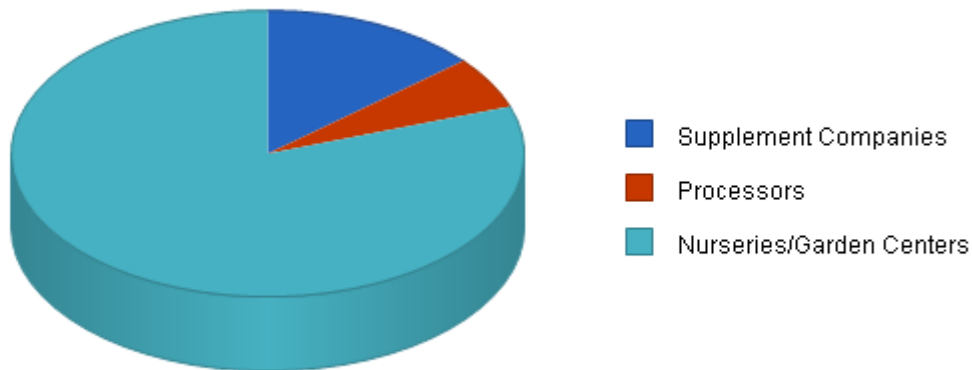
These customers purchase the the plants, extract the botanicals and either sell the concentrated

botanicals to the end producers or they themselves produce the supplement and sell the final product to other companies for their private label products. In essence they are the subcontractor for the supplement companies. These companies therefore are one layer within the manufacturing system and do not sell to the end consumer. They act as a supplier/processor for the retail brands.

Other Nurseries/Garden Centers

This customer group purchases the plants which they in turn sell at retail to the individual end consumer. The typical consumer is a health conscious individual who is interested in either extracting the botanical from the plant immediately or growing the plant in their own garden for future use.

Market Analysis (Pie)



Strategy and Implementation Summary

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.

5.1 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.

5.2 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.

5.3 Sales Strategy

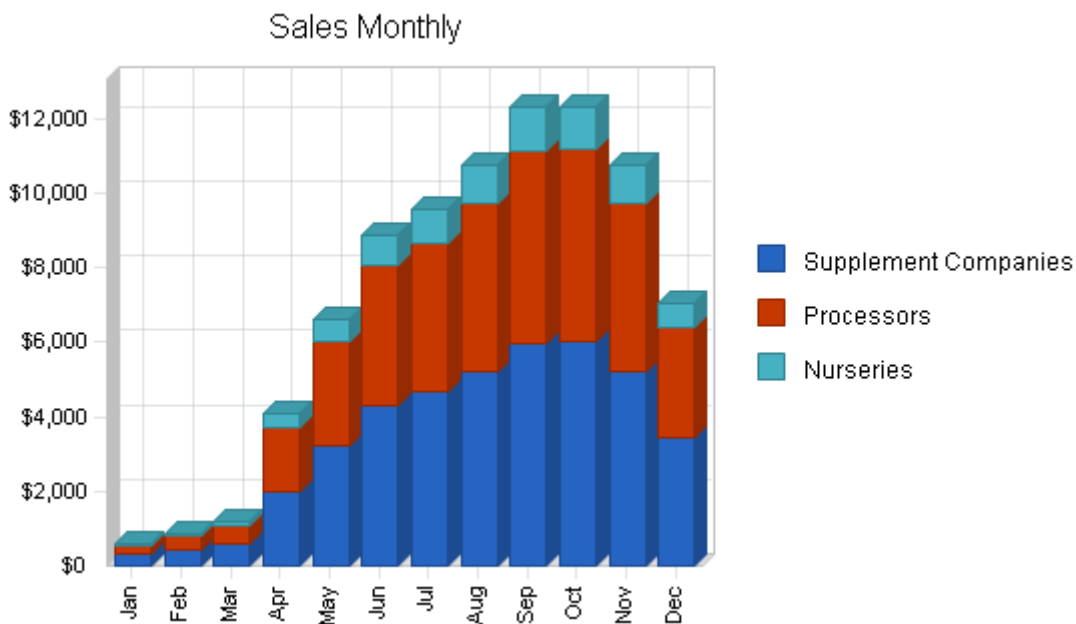
Botanical Bounty's sales strategy efforts will focus on identifying qualified leads and turning them into paying customers. The main sales effort that Botanical Bounty will undertake is the reinforcement of the fact that Botanical Bounty's plants have the industry's highest percentage of botanicals. 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.

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.

5.3.1 Sales Forecast

The sales forecast indicates that growth will be slow but steady. Growth will be slow because of the time and effort needed to develop the customers. Production is not the slowing element as Botanical Bounty has been in production for a couple of years. Granted they were not producing at the same level, or for that matter with the same goal of business efficiency, but nonetheless they will be able to reasonably raise production to meet the sales needs. During the wet months of the year, the forecast reflects a tapering of sales as production will fall during these months. There will however be some sales and production which will be moved inside to the greenhouses.

There are a few risks that could have a negative impact on sales. The first is weather. Plants are dependant on the weather. A poor growing season will have a serious effect on production. This risk is spread amongst all of the producers of the specific region meaning the weather risk is imposed on everyone, generally not a specific farmer. Another risk that could effect sales is some sort of pest that could unexpectedly negatively effect the crops. By planting multiple botanicals and choosing them based on their heartiness relative to the growing climate, Botanical Bounty is able to minimize these risks as much as possible.



Financial Plan

The following sections will outline important financial information.

7.1 Important Assumptions

The following table details important Financial Assumptions.

GENERAL ASSUMPTIONS		
	2003	
Plan Month	1	
Current Interest Rate	10.00%	10.
Long-term Interest Rate	4.00%	4.
Tax Rate	30.00%	30.
Other	0	

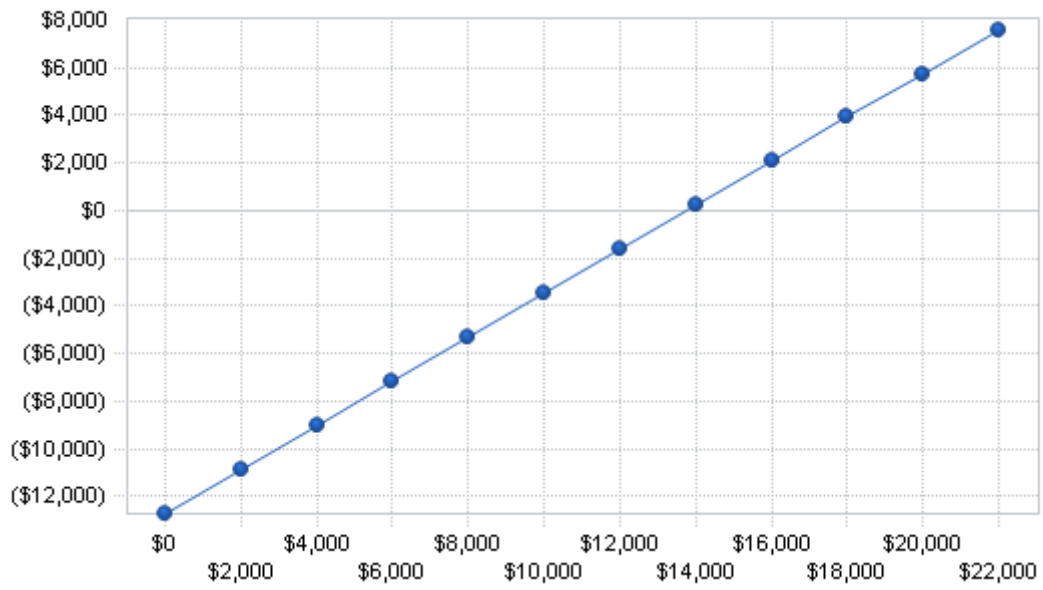
Need real financials

We recommend using LivePlan as the easiest way to create automatic financials for your own business plan.

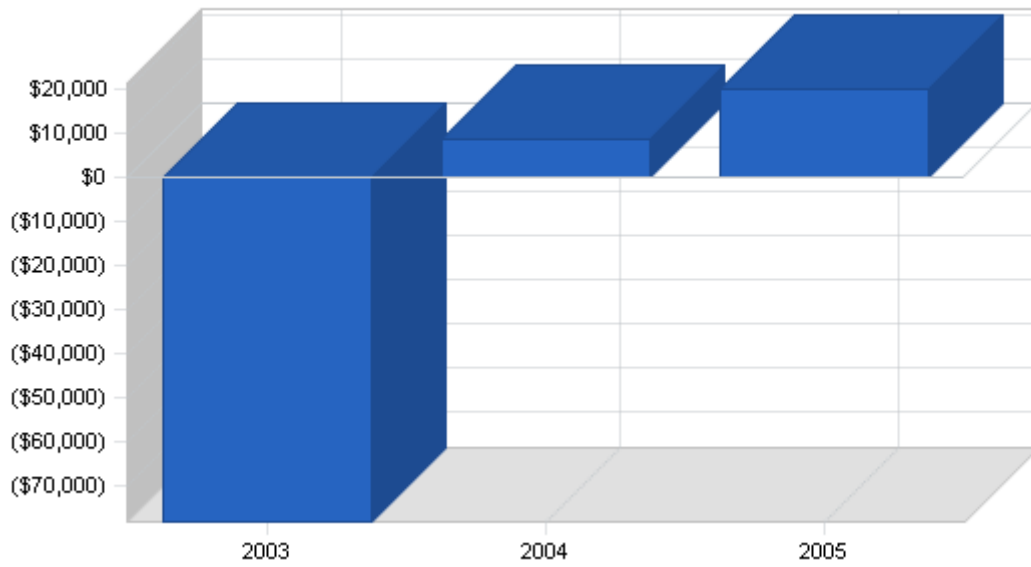
7.2 Break-even Analysis

The Break-even Analysis is shown below.

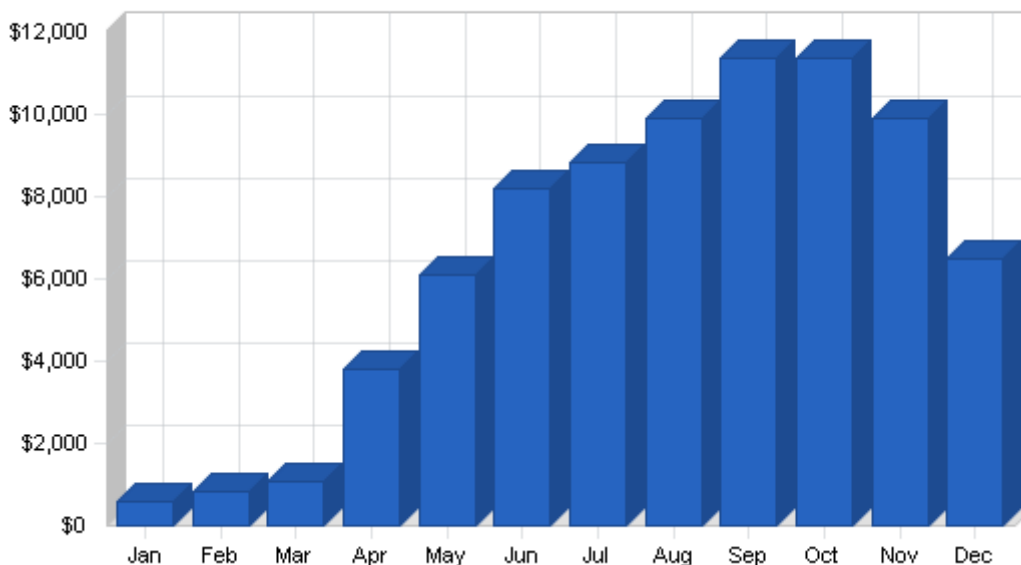
Break-even Analysis



Profit Yearly



Gross Margin Monthly



RO FORMA PROFIT AND LOSS

	2003	
Sales	\$84,839	\$
Direct Cost of Sales	\$6,363	
Other Costs of Goods	\$0	
TOTAL COST OF SALES	\$6,363	
Gross Margin	\$78,476	\$
Gross Margin %	92.50%	
Expenses		
Payroll	\$87,000	
Sales and Marketing and Other Expenses	\$10,000	
Depreciation	\$6,996	
Mortgage	\$24,000	
Utilities	\$7,000	
Insurance	\$2,400	
Payroll Taxes	\$13,050	
Other	\$2,400	
Total Operating Expenses	\$152,846	\$
Profit Before Interest and Taxes	(\$74,370)	
EBITDA	(\$67,374)	
Interest Expense	\$3,908	
Taxes Incurred	\$0	
Net Profit	(\$78,278)	
Net Profit/Sales	-92.27%	

7.4 Projected Cash Flow

The following table and chart display the Projected Cash Flow, including our purchase of new equipment, and the loan (and principal repayment) related to the farm's expansion.

