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ASSIGNMENT

Prepare a business plan on a given agricultural enterprise

ANSWER

INTRODUCTION

Why Start a Dairy Farming Business?

We all take in dairy foods on a regular basis; in fact there isn't any home that doesn't consume dairy foods. This primarily is one of the reasons why I have built a business around the dairy industry are making a great deal of income on a daily basis. One of the businesses that revolved around the dairy trade is starting a dairy farm.

It pays that one does all that needs to be done in order to start with the right footing. As such one, one can undertake a thorough and exhaustive research. Thereafter think towards getting a firsthand knowledge of the industry by sitting under the tutelage of someone who has a firsthand experience and dealing with the trade.

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Industry Overview

There are several business opportunities available in the agricultural industry and dairy farming is one of them. One good thing about the agriculture industry is that there is market for all the produce from the industry. A dairy farm is of course a thriving and profitable business because of usefulness of beef and milk. People eat beef, drink their milk, and use their fur and skin. With cattle milk, cheese can be made, along with other dairy products.

Companies in the dairy farms industry primarily raise cattle for milk. Although this industry basically engage in the sale of raw milk and excludes the production of drinkable fluid milk and processed dairy products like butter, cheese and powdered milk, some dairy farms can still go ahead to accommodate other related business within the industry as long as they have the capacity to do so. The Dairy Farms Industry is indeed a large industry and pretty much active in countries such as United States of America, Israel, Argentina, Holland, Egypt, China, Germany, Turkey and Nigeria et al. There is no single dairy farm company that has dominate market share in the industry hence smaller dairy farms business can successfully make profits.

Executive Summary

Beulah and co dairy farm is a registered and world class dairy farms company that will be based in the outskirts of Port- Harcourt, Rivers state, Nigeria . We have done our detailed market research and feasibility studies and we were able to secure a hundred acres of land to build our dairy farming business.

Our dairy farms business is a going to be standard one hence will be involved in commercial breeding of cows, oxen, bulls, bullocks, steers, heifers and calf et al for the main aim of producing raw milk in commercial quantities. We will also be involved in boarding services, breeding services, dairy support services, livestock health services, farrier services, and shearing services

Beulah and co Dairy farms is well positioned to become one of the leading brands in the dairy farms industry in Nigeria, which is why we have been able to source for the best hands and equipment to run the business.

We have put process and strategies in place that will help us employ best practices when it comes to producing raw milk in commercial quantities and conforming to the rules and regulation as required by the regulating bodies in the Nigeria.

At Beulah and co Dairy farms our customer's best interest will always come first, and everything we do will be guided by our values and professional ethics. We will ensure that we hold ourselves accountable to the highest standards by meeting our client's needs precisely and completely. We will cultivate a working environment that provides a human, sustainable approach to earning a living, and living in our world, for our partners, employees and for our clients.

Beulah and co Dairy farms is a private registered dairy farms company that is owned and managed by Beulah Ibe and her immediate family members. The company will be fully and single handedly financed by them owner. Before starting Beulah and co Dairy farms, Beulah has worked with some of the leading dairy farms in the United States of America and came to Nigeria to exercise her experience. She has a degree in Agriculture Economics and well over 10 years of experience.

Our Product Offering

These are the areas we will concentrate on in our dairy farms business. If need arises we will definitely add more related animal breeding services to our list;

- Milking dairy cattle
- Dairy support services
- Dairy cattle farming
- Farrier services
- Sale and export of cotton wool and other dairy products
- Sale of Cattle and milk
- Sale of processed meat (beef) / can – beef (Processed Dairy foods, and can beef et al)
- Shearing services
- Dairy farming related consultancy and advisory services

Our Business Structure

Beulah and co Dairy farms is a dairy farms company that intend starting small but hope to grow big.

We are aware of the importance of building a solid business structure that can support the picture of the kind of world class business we want to own. This is why we are committed to only hire the best hands in and around Port- Harcourt.

At Beulah and co Dairy farms, we will ensure that we hire people that are qualified, hardworking, dedicated, customer centric and are ready to work to help us build a prosperous business that will benefit all the sltake holders (the owners, workforce, and customers).

As a matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of five years or more as agreed by the management of the dairy farms. In view of the above, we have decided to hire qualified and competent hands to occupy the following positions. Below is the business structure of Beulah and co Dairy farms

- Chief Operating Officer
- General Dairy Farm Manager
- Administrator / Accountant
- Sales and Marketing Executive
- Farm / Field Employees
- Front Desk Officer

SWOT Analysis

Beulah and co Dairy farms do not intend to launch out a business on a trial and error platform hence the need to conduct a proper SWOT analysis. We know that if we get it right from the onset, we would have succeeded in creating the foundation that will help us build a standard dairy farms business. As a standard dairy farms business, we look forward to maximizing our strength and opportunities and also to work around our weaknesses and threats.

- **Strength:**

Our strength as a cattle rearing business is the fact that we have healthy relationships with loads of major players (agriculture merchants) in the dairy farms industry; both suppliers and buyers of raw milk in commercial quantity within and outside of the United States.

We have some of the latest cattle rearing machines; tools and equipment that will help us breed our cattle (cows, oxen, bulls, bullocks, steers, heifers and calf et al) in commercial quantities with less stress. Aside from our relationship (network) and equipment, we can confidently boast that we have some the most experienced hands in the dairy farms industry under our payroll.

- **Weakness:**

Our weakness could be that we are a new dairy farms business in the Rivers state and we may not have the required cash to pump into the publicity of our business. We are aware of this and from our projection will overcome this weakness with time and turn it to a major advantage for the business.

- **Opportunities:**

The opportunities that are available to us cannot be quantified. The fact that almost everybody in the world drinks milk and dairy farms products makes the business highly marketable. We know that there are loads of homeowners, businesses and industries that will source for raw milk and other dairy products both in River states and other states. We are well positioned to take advantage of these opportunities as they come our way.

- **Threat:**

Some of the threats and challenges that we are likely going to face when we start our own dairy farms are global economic downturn that can impact negatively on household spending, bad weather, unfavorable government policies and the arrival of a competitor (a dairy farm or even cattle rearing farm that are also into production of raw milk) within same location.

There is hardly anything you can do as regards this threats and challenges other than to be optimistic that things will continue to work for your good.

MARKET ANALYSIS

- **Market Trends**

A close study of the dairy farming industry shows that most dairy farms that has the capacity do not just concentrate in the commercial production of raw milk for households and businesses that are involved in the production of fluid milk products, cheese, dry, condensed and evaporated milk, creamery butter and yogurt.

They go as far as establishing a standard milk and beef processing company in line with their core business. It is a means of maximizing profits and increasing source of revenue generation.

Despite the fact that dairy farm has been in existence since time immemorial, that does not in any way make the industry to be over saturated; dairy farmers are exploring new technology to continue to improve raw milk production processes and also meat and milk preservation and packaging process. The fact that there is always a ready market for raw milk and other dairy products makes the business ever green.

Lastly, one of the notable trends in dairy farms industry is that with the recent advancement in technology dairy farmers can now improve the various breeds of the animals they are breeding so as to increase the quantity of milk they produce per time.

As a matter of fact, it is now easier for dairy farmers to comfortably import the kind of breed of domestic animal they want to breed from any country of their choice and also advancement in technology has made it easier to cross – breed different animal.

Our Target Market

As expected, the target market of those who are the end consumer of dairy farms produce and also those who benefits from the business value chain of the agriculture industry is all encompassing; it is far – reaching. Every household consumes produce from livestock farms be it meat, milk, and the skin (leather) used for bags, belts and shoes production.

So also a large chunk of manufacturing companies depends on dairy farms for some of their raw materials. In essence a dairy farmer should be able to sell his or her raw milk and other dairy products to as many people as possible.

We will ensure that we position our business to attract consumers of raw milk and other dairy products not just in Nigeria alone but also other parts of the world which is why we will be exporting some of our dairy farm produce either in raw form or processed form to other countries of the world.

SALES AND MARKETING STRATEGY

It is a known fact that the reason why some dairy farms hardly make good profits is their inability to sell off their raw milk and other dairy products to a larger market. In view of that, we decided to set up a standard meat and milk processing and packing plant to help us maximize profits.

Over and above, we have perfected our sale and marketing strategies first by networking with agriculture merchants and companies that rely on raw materials from the dairy farms industry who are likely to refer become our customers. In summary,

Beulah and co Dairy farms will adopt the following strategies in marketing our cattle rearing produce;

- Introduce our business by sending introductory letters alongside our brochure to stake holders in the agriculture industry, companies that rely on the dairy farms industry for their raw materials, hotels and restaurants and agriculture produce merchant et al.
- Advertise our business in agro – allied and food related magazines and websites
- List our dairy farms on yellow pages ads (local directories)
- Attend related agriculture and food expos, seminars, and business fairs.
- Leverage on the internet to promote our business
- Engage in direct marketing
- Encourage the use of word of mouth marketing (referrals)

Sources of Income

Beulah and co Dairy farms is in the dairy farms industry for the purpose of maximizing profits hence we have decided to explore all the available opportunities within the industry to achieve our corporate goals and objectives.

In essence we are not going to rely only on the sale of raw milk and other dairy products to generate income for the business. Below are the sources we intend exploring to generate income for Beulah and co Dairy farms.

- Milking dairy cattle
- Dairy support services

- Dairy cattle farming
- Farrier services
- Sale and export of cotton wool and other dairy products
- Sale of Cattle and milk
- Sale of processed meat (beef) / can – beef (Processed Dairy foods, and can beef et al)
- Shearing services
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Sales Forecast

From the survey conducted, we were able to discover that the sales generated by a dairy farm depends on the size and capacity of the dairy farms and of course the network of the business.

We have perfected our sales and marketing strategies and we are set to hit the ground running and we are quite optimistic that we will meet or even surpass our set sales target of generating enough income / profits from the year of operations and build the business from survival to sustainability.

We have been able to critically examine the dairy farms industry and we have analyzed our chances in the industry and we have been able to come up with the following sales forecast. The sales projection is based on information gathered on the field and some workable assumptions as well with respect to the nature of dairy farms business that we run.

Below are the projections that we were able to come up with for the first three years of running Beulah and co Dairy farms;

- **First Fiscal Year-:** \$250,000
- **Second Fiscal Year-:** \$650,000
- **Third Fiscal Year-:** \$900,000

- **Our Pricing Strategy**

We are fully aware that some of the key factors that will help us sell our raw milk and other dairy farm products at the right price that will guarantee that us making profits is dependent on our strategy while some of the factors are beyond our control.

The truth is that, if we want to get the right pricing structure for our raw milk and other dairy products, then we must ensure that we choose a good location for our dairy farms, choose a good breed that will guarantee steady and multiple breeding (prolific breeds), cut the cost of running our farm to the barest minimum

And of course try as much as possible to attract buyer to our farm as against taking our raw milk and other dairy products to the market to source for buyers; with this, we would have successfully eliminate the cost of transporting the goods to the market and other logistics that can impact on our operational cost.

We are quite aware that one of the easiest means of penetrating the market and acquiring loads of customers for all our raw milk and other dairy products is to sell them at competitive prices hence we will do all we can to ensure that the prices of our produce are going to be what other dairy farms and even commercial livestock farmers who are into the sale of raw milk would look towards beating.

One thing is certain, the nature of dairy farms business we are involved in makes it possible for farmers to place prices for their raw milk and other dairy products based on their discretion without following the benchmark in the industry. The truth is that it is one of the means of avoiding running into loss. The easier you sell off your raw milk and other dairy products the better for your business.

- **Payment Options**

The payment policy adopted by Beulah and co Dairy farms is all inclusive because we are quite aware that different customers prefer different payment options as it suits them but at the same time, we will ensure that we abide by the financial rules and regulation of Nigeria.

Here are the payment options that Beulah and co Dairy farms will make available to her clients;

- Payment via bank transfer
- Payment with cash
- Payment via online bank transfer
- Payment via check

- Payment via bank draft
- Payment via mobile money

In view of the above, we have chosen banking platforms that will enable our client make payment for farm produces purchase without any stress on their part. Our bank account numbers will be made available on our website and promotional materials to clients who may want to deposit cash or make online transfer for our raw milk and other dairy products.

Publicity and Advertising Strategy

We intend growing our business which is why we have perfected plans to build our brand via every available means. We know that it is important to create strategies that will help us boost our brand awareness and to create a corporate identity for our cattle rearing business. Below are the platforms we want to leverage on to boost our dairy farms brand and to promote and advertise our business;

- Place adverts on both print (newspapers and magazines) and electronic media platforms
- Sponsor relevant community based events / programs
- Leverage on the internet and social media platforms like; Instagram, Facebook , twitter, YouTube, Google to promote our business
- Engage in road show from time to time in targeted neighborhoods
- Distribute our fliers and handbills in target areas

- Contact corporate organizations and residence in our target areas by calling them up and informing them of Beulah and co Dairy farms and the dairy farm produce we sell
- List our dairy farms in local directories / yellow pages
- Advertise our dairy farms in our official website and employ strategies that will help us pull traffic to the site.
- Ensure that all our staff members wear our branded shirts and all our vehicles and trucks are well branded with our company logo.

Financial Projections and Costing

- The Total Fee for incorporating the Business (dairy farm) in United States of America – **\$750.**
- The amount needed to acquire / lease a dairy farm land – **\$50,000**
- The amount required for preparing the farm land (cattle ranch / dairy farm) – **\$50,000**
- Legal expenses for obtaining licenses and permits as well as the accounting services (software, P.O.S machines and other software) – **\$3,300.**
- Marketing promotion expenses for the grand opening of Columbus & Sons Dairy Farms, LLC in the amount of **\$3,500** and as well as flyer printing (2,000 flyers at \$0.04 per copy) for the total amount of **\$3,580.**
- The total cost for hiring Business Consultant – **\$2,500.**
- The total cost for payment of insurance policy covers (general liability, workers' compensation and property casualty) coverage at a total premium – **\$9,400**

- The amount required for the purchase of the first set of cattle – **\$10,000**
- The cost for acquiring the required working tools and equipment and milking machines et al– **\$50,000**
- Operational cost for the first 3 months (salaries of employees, payments of bills et al) – **\$60,000**
- The Cost of Launching an official Website – **\$600**
- Additional Expenditure (Business cards, Signage, Adverts and Promotions et al) – **\$2,000**

Sustainability and Expansion Strategy

The future of a business lies in the numbers of loyal customers that they have the capacity and competence of the employees, their investment strategy and the business structure. If all of these factors are missing from a business (company), then it won't be too long before the business close shop.

One of our major goals of starting Beulah and co Dairy farms is to build a business that will survive off its own cash flow without the need for injecting finance from external sources once the business is officially running.

We know that one of the ways of gaining approval and winning customers over is to sell our raw milk and other dairy products a little bit cheaper than what is obtainable in the market and we are well prepared to survive on lower profit margin for a while.

Beulah and co Dairy farms will make sure that the right foundation, structures and processes are put in place to ensure that our staff welfare are well taken of. Our company's corporate culture is designed to drive our business to greater heights and training and re – training of our workforce is at the top burner.

As a matter of fact, profit-sharing arrangement will be made available to all our management staff and it will be based on their performance for a period of 5 years or more. We know that if that is put in place, we will be able to successfully hire and retain the best hands we can get in the industry; they will be more committed to help us build the business of our dreams.