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Department of Agriculture and the Nova Scotia Farm Loan Board Preparing an Agri-Business Plan

TABLE OF CONTENTS THE BUSINESS OVERVIEW 1MARKETING PLAN 9HUMAN RESOURCES PLAN 15PRODUCTION PLAN 20FINANCIAL PLAN 23GLOSSARY OF BUSINESS FINANCE TERMS 31

Department of Agriculture  Nova Scotia Farm Loan Board Page 1Preparing anAgri-Business

Plan Planning for Profit The Business Overview Introduction Why do you need a business plan?

A business plan allows you to create a business operation on paper and manipulate and

evaluate scenarios without the risk of investing a lot of time and money. Dry run planning

reduces the possibility of the venture failing, by identifying your proposals, strengths and

weaknesses, and developing a plan of action to cope with them. Financial institutions, business

partners, and investors will all require that you have a proper business plan to prove your ideas

are viable and that you have adequate knowledge of your chosen area of business. Whether

you are starting a new business, buying an existing one, or expanding your present operation, a

business plan will help you prepare for the unexpected and help set the goals for your future

business success. There is no replacement for a well thought out business plan. Be realistic in

your projections, honest in your evaluations, and thorough in your research. Why do you want

to operate an agri-business? An overwhelming fondness for plants, animals and nature is not a

sufficient reason to want to own and operate an agri-business. In business, your primary goal is

to make your company a profit so it will be able to survive and prosper.

Department of Agriculture  Nova Scotia Farm Loan Board Page 2Getting started in an agri-

business will require the following: ÎGeneral knowledge of the agriculture industry. ÎRecognition

of your business opportunity or advantage. ÎA market for your product and a thorough

understanding of that market. ÎTechnical knowledge of crop production practices and/or

livestock production. ÎFinancial resources to develop your operation. ÎThe necessary business

management skills.Where do I get the information to prepare my business plan? To prepare a

plan, you need to research your proposed business. The following sources of information will

be helpful in developing your plan: ÎInterviews With Other Producers ÎExtension Specialists

ÎPersonal Work Experience ÎIndustry Consultants ÎLibrary Research ÎTrade Suppliers ÎTrade

Magazines and Journals ÎDemographic Studies ÎIndustry Associations ÎNewspaper Articles, etc.

Remember a plan is just a plan and must be continually adjusted to the changing conditions of

your business. If something is not working, adapt it until it works. Business Advisors (Informal

Board of Directors): These are people with specific areas of expertise useful to your business.

All business managers can take advantage of the resources and expertise other specialists have

to offer. The cost of this expert advice is moderate when compared to the cost to your business

of making uninformed decisions. It has been well proven that a business will grow much faster

with the help of an experienced group of advisors. Search out all the expertise you require!

Department of Agriculture  Nova Scotia Farm Loan Board Page 3Industry OverviewThe

foundation of your business plan is your research or ground work. Every idea or concept should

be challenged to determine whether or not it has a reasonable chance of success. An

assessment of pertinent issues for the industry will enable you to develop a more credible plan.

Consider these questions as you challenge your idea: 1.(a) Are there global or international

issues that will affect my business? (b) Are there national or interprovincial issues that should

be focused on? 2.Are there regulations or restrictions that can positively or negatively impact

on my project? 3.Identify major trends affecting the industry. Try to determine strengths,

weaknesses, opportunities, and threats in the industry that will impact on your agri-business.

What is a Business Plan? A business plan is an effective management tool that outlines how you

intend to run your business. As a management tool, a business plan will help you determine the

 goals you need to achieve in order to operate your business successfully. Normally, a business

plan is made up of the following sections: 9Business / Industry Overview 9Production Plan

9Market Plan 9Financial Plan 9Human Resources Plan Each individual plan (section) contributes

to the resulting overall business plan giving you a document to access the progress of your

business.

Department of Agriculture  Nova Scotia Farm Loan Board Page 9Preparing anAgri-Business

Plan Planning for Profit Marketing Plan Introduction A major aspect of any business plan is the

section dealing with marketing. Marketing is the process of understanding the customer’s

needs, producing a product to meet those particular needs, and making a profit for the

business. If you are planning to start a new business or expand an existing one, it is essential to

prepare a "marketing strategy". Your target market must be well defined before any action is

taken on production. There is little sense in going through the steps of producing a product only

 to find out after the fact that there is a limited or no market for that product or service. Know

Your Customer!Know Your Market!Since it is very difficult to be everything to everyone,

individual businesses should focus on a specific segment or niche of the intended market.

Quality, service, and price are the factors underlying customer satisfaction. It is not a choice of

the best two out of three, you mustexcel in all three areas. Focusing on your particular

customer's wants and then delivering the goods will be the key to the successful marketing of

your products and your subsequent business profitability. No Customers! = No

Business!Marketing goes well beyond selling and is often described in terms of the 4 P's. The 4

P's affect every decision made within a business from production to the final product delivery.

Product What you make! Pricing What you charge for it! Promotion How you let people know

about it! Place Where and how you distribute it! Answering the following questions will be

helpful in developing a marketing strategy for your business:

Department of Agriculture  Nova Scotia Farm Loan Board Page 10Who What WhereWhen

How... 1.What are the capabilities of my business? 2.What products do I produce? 3.Who are

my customers and what do they want? 4.Why would customers buy my products? 5.What

market advantages do I have? 6.How can I profitably afford to produce for this market? 7.How

will I distribute my products to the customer? 8.How long do I have a market advantage?

9.Who is my competition and what are they up to? 10.What price can I charge for my product

and for how long? 11.What are my long term business and marketing goals? In an agri-business

 you are either selling a product or a service (convenience, knowledge, installation) to your

customers. A detailed marketing plan outlines the path of your products and services to

market. The plan is a continuous loop where ideas are implemented, evaluated and adapted

and then retried and re-evaluated over and over. The process never stops! Preparing a

Marketing PlanWhere are we now? Where do we want to go? How do we get there?As

mentioned earlier, every business big or small should have a marketing plan. A plan reminds

you and informs your staff of your business vision and the goals to be achieved. Everyone

knows where the business is headed. A marketing strategy will help you be competitive with

other producers that have their own individual marketing strategies. The following examples

will give you an idea of the kind of information you need to gather and put down on paper to

develop your own path to marketing success.

Department of Agriculture  Nova Scotia Farm Loan Board Page 11What Products or Services

do you Intend to Sell? You must be very clear on exactly what you are producing and the

advantages and disadvantages of each product. Describe the benefits of your products and why

someone should buy them. Who are Your Existing and Potential Customers and What are Their

Profiles? Customers are the reason you are in business. They buy your products! (To fully

understand your customers you need to survey them and study the demographics of their

particular population base. Demographic information is available from Statistics Canada as well

as other sources). You will need to profile your existing customers (if you have them) as well as

your potential customers. What is the total existing and potential market available to your

business for the products you are selling? You must look at tailoring your product mix to the

customer base you have chosen to target. Otherwise, you risk producing a product no one

wants to buy. Who is Your Competition and What are They up to? Why should customers buy

from you when the market is already being serviced by other producers? How will you obtain

market share? What advantages do they have? Can you determine any weaknesses they may

 have? Assess the competition. How will new Technology Affect Your Future Business

Operations? Technology Result Transplanting Machines May force me to make a large capital

investment to keep up with my competitors Improvements in Bench Construction More plants

can be grown per sq. ft. of greenhouse