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**Course: GST 212**

**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](http://www.fao.org/fileadmin/user_upload/suistainability/pdf/11_11_28_OA_biodiversity_Rahmann.pdf) 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](http://www.fao.org/DOCREP/003/X9602E/X9602E00.htm)".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](https://www.ams.usda.gov/grades-standards/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.

**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**