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## **PLAN OUTLINE**

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- Executive Summary
- Company Summary
- Products
- Market Analysis Summary
- Strategy And Implementation Summary
- Management Summary
- Financial plan

### **Executive Summary**

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 David and Sue Nealon. 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, David 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 David 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.

### **Company Summary**

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.

### **Company Ownership**

Botanical Bounty is an Oregon L.L.C. owned by David and Susan Nealon. The L.L.C. business formation has been chosen as a strategic way to shield the Nealons from personal liability.

### **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.

## **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.

## **Market Analysis Summary**

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.

## **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.

On the other end of spectrum is the megafarm. These farms have a similar range of species cultivated, however they differ greatly in production capacity. These farms are huge, typically not less than 100 acres, peaking at 300 acres. These growers however are few number.

The buying patterns of the different customers are typically based on these variables:

- Price
- Availability
- Ability to deliver consistently on long-term contracts
- Significant % of active ingredients
- Consistency.

### **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.

#### **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.

## 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

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.

### **Management Summary**

The Botanical Bounty management team is made up of the husband and wife team of David and Sue Nealon. David studied at Pomona College, a small liberal arts school in central California. David graduated with a dual major of Business and Philosophy. David worked at a bicycle shop for a year before joining Yahoo! as employee number 34. David was a Project Manager and was in charge some business development activities. His first "home run" was the development, launching, and management of Yahoo!'s driving directions service. David recognized the value of providing people with precise, custom driving directions.

Initially it was a daunting task to develop revenue for this service which the individual users did not pay for, but David was able to generate sufficient advertising dollars specifically for his service. David was ultimately responsible for the entire project, providing him with a wealth of project management and operations skills. After this

direction service became the market leader for this niche, David moved on to other projects at Yahoo! David spent a total of four years at Yahoo! providing him with a wealth of experience.

Sue Derent Nealon is the biology/horticulture manager for Botanical Bounty. Sue studied at the University of Oregon, first receiving her undergraduate degree in biology and later her Master's in Plant Biology. Sue's Master's thesis was a dual thesis in plant fertility and herbal concentrations. The plant fertility topic was a study of different types of compost and the effects on fertility. The second topic explored the interrelationships of nutrients and temperature and the effect that they have on the plants' production of the respective botanicals. The topics of her thesis were chosen based on her desire to continue with her education professionally as a grower.

After school Sue moved down to California to work at one of the largest indoor growing operations in California. Wanting to be closer to her parents, the Sue and David moved to the Willamette River Valley in Oregon in pursuit of Sue's dream of running her own farm. For the first two years she ran the farm as a hobby, just figuring things out without a concern for profits. After several serious conversations, they decided to really make the farm a business.

Playing to their strengths Sue will manage the farming operations and sales, while David handles the business operations.

## Personnel Plan

- **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.

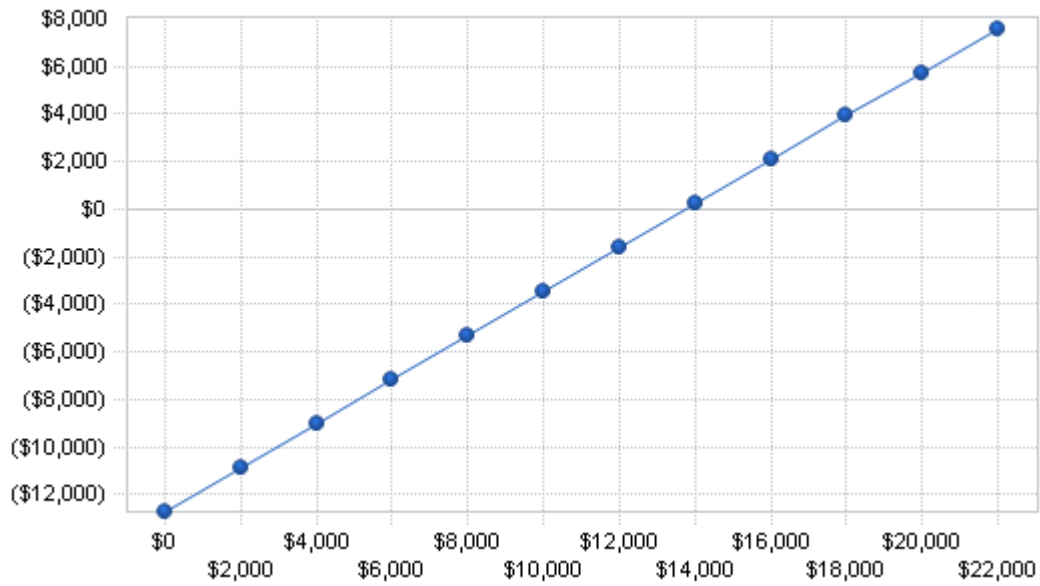
## Financial Plan

The following sections will outline important financial information.

### Break-even Analysis

The Break-even Analysis is shown below.

### Break-even Analysis



### Projected Profit and Loss

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

### Conclusion

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