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**COURSE: AFE 202**

**DEPARTMENT: ITS**

**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.

 **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.

 **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.

 **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.

## 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.

### 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.