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**ORGANIC FARM BUSINESS PLAN
(BUSINESS NAME)**

**(COMPANY NAME)
(STREET ADDRESS)
(CITY, STATE ZIP CODE)**

(CREATION DATE)

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1.0 Executive Summary

Once the humble family vegetable garden, Franks Organic Farm is today a one acre working farm with over 30 varieties of vegetables. When Frank Burns was laid off from his corporate position three years ago, he first he turned to the vegetable garden for money saving / economic reasons. But with the uncertainty of recent events in the Middle East, the energy crisis, the long term effects of reliance on fossil fuels, and his personal philosophies on conservation, Frank Burns and his wife Kathy, turned this family vegetable patch into a thriving certified organic produce business.

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 unique perspective clearly shows in the quality of the produce, the well cared for gardens, and natural friendliness and ease of its owners.

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. 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.

1.1 Business Objectives

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.

1.2 Mission Statement

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 its local community.

1.3 Guiding Principles

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.

1.4 Keys to Success

Below are a Franks Organic Farm's Keys to Success:

- **Superlative Communication** – Franks Organic Farm keeps its members current on all aspects of the farm – through its weekly newsletters and blog updates on what is happening during the winter months such as new and exciting vegetable offerings being planted in the greenhouse. Additionally, Franks Organic Farm encourages member feedback and input and has its members complete surveys and questionnaires regarding how the farm is doing and what can be done to improve operations.
- **Healthier Food Choices** - All vegetables are USDA certified organic. The vegetables are pesticide free and chemical free and no preservatives are used.
- **Support the Local Economy** - Statistically more than 70 percent of the local food supply is grown outside the state. Buying from Franks Organic Farm ensures that its members buy locally and creates jobs that support the local market.
- **Offer Personalized Selections** - Franks Organic Farm strives to be the leading CSA farm supplier of choice by providing customized offerings to its members. If, say a member wants a cucuzzi fruit – Franks Organic Farm will grow this item if the soil and temperatures can accommodate this item. By providing foods the customers want (and will actually eat) cuts down on waste and makes the planet a better place for everyone.

- **Home Delivery.** Franks Organic Farm will establish weekly delivery times that are convenient for its customers. This saves customers time and gas money – making everyone happy. Alternatively customers will also have the option to pick up directly at the farm.

2.0 Company Description

Frank and Kathy Burns run, manage, and operate Franks Organic Farm. The company initially sold farm to market then quickly began supporting local restaurants with surplus (waste) sold at the local farmers market. Frank and Kathy are operating the business as a CSA, a business for the first time this year.

The Burns selected the CSA model, in which both the farmer and the members have a mutual interest in the crop. And because the shares are essentially presold prior to planting, the ‘waste’ factor (or excess crops risk) are eliminated. Based on their success at the farmer’s market and local restaurants, the Burns have already sold 100 percent of their 30 shares.

Franks Organic Farm is located on one of three acres located at the Burns’ primary residence in Plymouth, Wisconsin.

During the off season, the owners of Franks Organic Farm will actively target and market new members, engage in public speaking events, and complete their forthcoming E Books.

2.1 Ownership

Franks Organic Farm is a C-Corporation formed in the State of Wisconsin and is wholly owned by Frank and Kathy Burns.

Frank Burns, a former Human Resources Director at Sargento Cheese, was recently downsized. Not desiring to re-enter corporate America, and concerned about the environment, global issues and the state of the economy, Frank began expanding his family garden. What began as a way for the family to save some money and reduce the carbon foot print, today has grown from its small ¼ acre plot to over 1+ acre with plans for expansion to 12+ acres. A shrewd businessman and well known in the community, Frank initially approached colleagues and friends in the local restaurant community. These connections marked the beginning of business for the startup farm and as word of mouth spread, Franks Organic Farm attracted ten other additional restaurants. All surplus was sold at the local farmer’s market.

Kathy Burns is an elementary school teacher for the Sheboygan Area School District. A graduate of Marquette University in Milwaukee, Kathy has been teaching fifth grade Science for over ten years. Raised on a family dairy farm, Kathy’s family also had a small fruit and vegetable farm and she loved helping the family grow and harvest the crop. Mrs. Burn’s summer schedule is flexible and helps the family maintain the garden during the busy summer growth season.

2.2 Legal Form

Franks Organic Farm is C-Corporation formed in the State of Wisconsin. The entity is wholly owned by Frank and Kathy Burns.

2.3 Start-Up Summary

The Burns have been managing the family farm successfully for the last fifteen years. Recently the owners installed a greenhouse with warming lights for early starts. They also invested in a pickup truck (2005 Ford F150) for delivering vegetables to the members. Most recently they purchased a tractor and borrowed their neighbor's attachments as needed for harvest.

Last year, Franks Organic Farm passed the stringent requirements needed to qualify as certified organic as deemed by the USDA. This allows them to market all produce as organic and can also bring higher margins when surplus produce is sold outside the CSA or to restaurants or market stands. The Burns realized that although consumers may not understand all the requirements associated with the organic label (such as pesticide control and fertilizers), the consumer is comfortable with the label. This, is one of the keys, they believe which will set Franks Organic Farm apart from its peers.

All pre-harvest and harvest supplies have been paid for out-of-pocket. The owners have already spent in excess of \$40,000 to start their farm business.

When the owners announced they were becoming a CSA, the news traveled fast and demand for their products was so great that they have already presold 100 percent of their shares for the upcoming growing season. In order to meet these demands and meet the opportunity for growth, the owners are seeking an operating loan from the USDA's Farm Service Agency, Insurance Company or private investor.

The credit facility will be used to meet operating and cash flow needs for the pre harvest and harvest season. The \$14,500 credit facility will be secured by a first lien position on the 3 acre plot of land, all buildings and improvements (a greenhouse). The land is valued at \$30,000 and is currently owned free and clear by the Burns. The land is adjacent to the Burn's primary residence.

2.4 Location and Facilities

Franks Organic Farm is located in Plymouth, Wisconsin, located in Sheboygan County Wisconsin. Sheboygan County is located in east-central Wisconsin. Sheboygan County is a one-hour drive to Milwaukee and Green Bay, and less than a 3 hour trip Chicago. Interstate 43 and State Highways 23 and 57 make are the main highways.

Sheboygan County's population is 117,566. It has grown 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. Major employers include: Kohler Company, Bemis Manufacturing, Aurora Health Care, Johnsonville Sausage, Rockline Industries, and Sargento Foods. The City

of Plymouth is located in west-central Sheboygan County along State Highways 23, 57, and 67. It is the second largest municipality in Sheboygan County and one of the fastest growing in the County. (Sheboygan County Economic Development Corporation).

3.0 Products

3.1 Products/Services Descriptions

Franks Organic Farm's growing season will start in early May and end in October with the goal of 20 weeks. Shares will be comprised approximately 10-15 different crops every 8 weeks of in-season produce. Here is an example of types of produce throughout the season:

Spring: Beets, Broccoli, Cabbage, Carrots, Garlic, Green Onions, Kale, Lettuce (several varieties), Radishes, Peas, Spinach

Summer: Beans, Carrots, Cucumbers, Eggplant, Green Onions, Leeks, Melons, Onions, Sweet Peppers, Summer Squash, Tomatoes, Zucchini

Fall: Beans, Beets, Broccoli, Cauliflower, Cucumbers, Chard, Lettuce (several varieties), Potatoes, Red Onions, Spinach, Winter Squash.

All share sales are sold in advance.

A Full Share will provide a family of four vegetables for a week. (estimate). Likewise, a Half Share provides a week of vegetables for two people. Full Shares are \$750 and Half Shares are \$375 for the season. (The owners are currently only considering the sale of Full Shares at this time).

The Burns will utilize a detailed planting schedule which historically has helped immensely especially in the hectic summer planting season. The detailed guide begins with the plantings that tolerate the coldest spring and these are started in their greenhouse. Summer crops will be shaded with cloths if necessary (like spinach for instance). The farmers will plant many tomatoes (which are very popular) and only some eggplant which is less popular. Other considerations that are detailed in the planting calendar will be the amount of produce that is needed. One way to plant more is to plant smaller amounts more often. Examples include broccoli, carrots, scallions, and summer squash. The Burns have learned that planting these items two or three times during the growing season yields more crop and the surplus can readily be sold at the farmers market. Picking peas is difficult at harvest time, so the Burns always plan to plant surplus to make harvest time worthwhile. It is expected that any surplus can be sold at the farmers market.

3.2 Competitive Comparison

Plymouth, Wisconsin, reports six CSA entities, of which three represent direct competition for the subject.

3.3 Product/Service Sourcing

All produce will be grown on Franks Organic Farm. Frank and Kathy Burns will both actively work and manage the farm.

Distribution

At Franks Organic Farm, members have the option for home delivery or to travel to the farm on the scheduled pickup day.

The home delivery choice is what most members prefer and allows the Burns to deliver the farm fresh produce directly. This distribution method has the least carbon footprint, with one driver and one truck. It is obviously the most intensive for the Burns and with busy summer season, this can be too time consuming for them. Items are delivered in reusable boxes. This distribution method represents any easy way to deal with any shortfalls in produce the Burns will simply 'mix and match' items for the members.

Alternatively, the members have the option to pick up the produce directly at the farm. The Burns enjoy this option especially during the busy season, because it frees up some of their time. This option requires that the driveway be easily accessible to the members and that the farm appears in good condition at all times. This onsite setup allows members to view firsthand what is growing, the condition of the plants and soil. The members will also be aware of any draught issues for example, and what remediation efforts the farmers are taking to care for the crops. On pickup day, the Burns have setup a stand and a 'buffet-style' layout in which members can pick and choose up to a specific limit of produce for that week. This option creates a 'festive' environment on the farm in which members can interact with each other, the farmers, and exchange recipes. If any shortfalls exist, this mix and match buffet style provides the solution. Just like home delivery, members are given a one box to fill and refill weekly with their selections for the duration of the growing season.

3.4 Inventory Management

N/A. The CSA farm concept is all about freshness. The produce is delivered immediately from the farm to the (member's) table

3.5 Warehousing and Fulfillment

N/A

3.6 Future Products/Services

- The owners of the farm have plans to introduce honey bees the following season and offer honey as another organic product.
- On occasion, Franks Organic Farm partners with its neighboring dairy farm and an organic bakery in town. From time to time members will find fresh cheeses and organic breads in their weekly selection boxes. Franks Organic Farm owners are

currently considering joining forces with a local orchard company as well. The orchard will supply apple butter and jams.

- Within one year, Franks Organic Farm plans to utilize an additional acre and add 30 more families to their growing share program. They plan to add 30 more families (shares) by Year Three.
- Franks Organic Farm has long term plans to purchase an additional 9 acres or a total of 360 shares. To support the farm, they will hire apprentice farmers, part-time delivery drivers and a bookkeeper. The Burns would then be able to focus their efforts on crop research, marketing trends and their members. Part of the focus of organic growing is returning back to the community. All employees will earn fair wages for work performed.
- Other future plans include accessing the internet to increase awareness and the importance of local and community farming. Kathy Burns is compiling a recipe E-book which will supplement cash flow during non-productive months. In his spare time, Frank Burns is also compiling an E-Book to sell on Franks Organic Farm website. The book will focus on modern organic farming techniques for the novice farmer. A second book is forthcoming dealing with environmental concerns and social responsibility.
- Additionally, Franks Organic Farm will publish a weekly newsletter to be included in the member's box as well as the website. The newsletter will identify what is in the weekly box, what is happening on the farm and recipes. The newsletter will educate members to seasonal eating and sustainable principles.
- Franks Organic Farm has future plans for constructing a vegetable processing area with electricity and water. The facility will have a walk in cooler, a washing and grading area, stainless steel tables and two scales. Additional capital expenditures will be for the purchase of a newer (used) pickup truck and attachments for their tractor. (Currently they borrow their neighbor's).

4.0 Market Analysis

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.

4.1 Industry Analysis

This analysis is based on the North American Industry Classification System ("NAICS") 111998: Agriculture – All Other Miscellaneous Crop Farming. The US crop production industry includes about 1 million farms with combined annual revenue of about \$205

billion. Major companies include Dole Food Company, Chiquita Brands International, and Sunkist Growers. Crop farming is the growing and harvesting of field crops such as grain, oilseeds, tobacco, dry beans, potatoes, vegetables and melons, fruits and nuts, and floriculture.

Global crop production revenue exceeds \$1 trillion. The US and China are among the top crop producers. Large companies outside the US include Fresh Del Monte Produce (headquartered in Cayman Islands); Total Produce (Ireland); and Amaggi Exportação e Importação (Brazil).

Demand is driven by federal agricultural policy programs, food consumption trends, and the grain and oilseed export market. The profitability of individual companies depends on maximizing crop yield and minimizing disease risk. Large companies have advantages in highly automated technologies and access to the latest in seed and crop technologies. Small operations can compete effectively by harvesting heirloom, non-genetically modified (GM), or specialty products. The industry is capital-intensive: average annual revenue per employee is about \$390,000. (First Research)

The CSA makes the following generalizations/guidelines regarding its industry:

- New entrants should practice farming 2 years prior to making a commitment to the challenge of CSA farming
- In general, 20-30 shares per acre is possible
- 30 shares per farmer or laborer is possible
- To earn full time income 80-100 shares may be necessary
- The share price ranges from \$300-\$800 per share annually (\$15-\$40 per share weekly) (CSA – Michigan 2012)

4.1.1 Market Size

The US crop production industry includes about 1 million farms with combined annual revenue of about \$205 billion. (First Research)

Although the USDA does not have official statistics on U.S. organic retail sales, information is available from industry sources. U.S. sales of organic products were \$21.1 billion in 2008--over 3 percent of total food sales and were expected to reach \$23.0 billion in 2009. (Nutrition Business Journal)

4.1.2 Industry Participants

Major participants include Dole Food Company, Chiquita Brands International, and Sunkist Growers. (First Research)

4.1.3 Main Competitors

Plymouth, Wisconsin reports six CSA entities, of which three represent direct competition for the subject.

Backyard Bounty
W4873 County Hwy U
Plymouth, WI 53073
<http://ljcomerford.wordpress.com/>

This is a 22 acre family owned farm and has been operating as a CSA for several years. In addition to its offerings of organic fruits and vegetables this farm also sells organic poultry and eggs. The farm had mixed reviews by its members.

Eilert's Acres
N5575 County Road ZZ
Plymouth, WI 53073
<http://www.eilertsacres.com/>

Owned by Edward and Kay Eilert, this farm began business as a CSA in 2011. The farm provides many of the same vegetables as the subject as well as providing farm to door delivery service.

Springdale Farms
W7065 Silver Spring Lane
Plymouth, WI 53073
<http://www.springdalefarmcsa.org/>

This CSA farm is the most established in the direct market and has been in existence 20+ years. Springdale Farm has various pick up sites in the greater Sheboygan MSA. Based on the farm's website, members are not given the option to select specialty vegetables and instead members are encouraged to 'trade-in' any unwanted produce back to the community to share and thus avoid waste. This has not proven to be a deterrent for the farm's following. For the most recent growing season, the farm has a waiting list.

The following are CSA businesses that compete indirectly with the subject:

Old Plank Farm
W6028 County Road C
Plymouth, WI 53073
<http://www.oldplankfarm.com/>

This entity only sells its goods at a local farm stand; it does not sell shares. In addition, this indirect competitor sells organic eggs at its farm stand. Based on its limited selection and differing offerings, this indirect competitor attracts individuals who are only seeking small, specialty quantities of produce, but do not want to commit to purchasing shares for a full season.

Log Cabin Orchard
N4797 County Rd E
Plymouth, WI 53073
www.logcabinorchard.com

This indirect competitor is a fruit orchard selling apples, pears, plums, honey, apple and maple syrup, fresh apple cider and apple butter. In the fall, this CSA generally offers U-Pick apples options. Due its differing selection of products, this entity is not a direct competitor.

Red Twig Farm
http://redtwigfarm.wordpress.com/

This entity only sells to Goodside Co-op and Trust Local Foods; because this CSA farm differs in its target client, it is does not represent a direct competitor for the subject.

4.1.4 Market Segments

2008, 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.

4.2 Market Tests

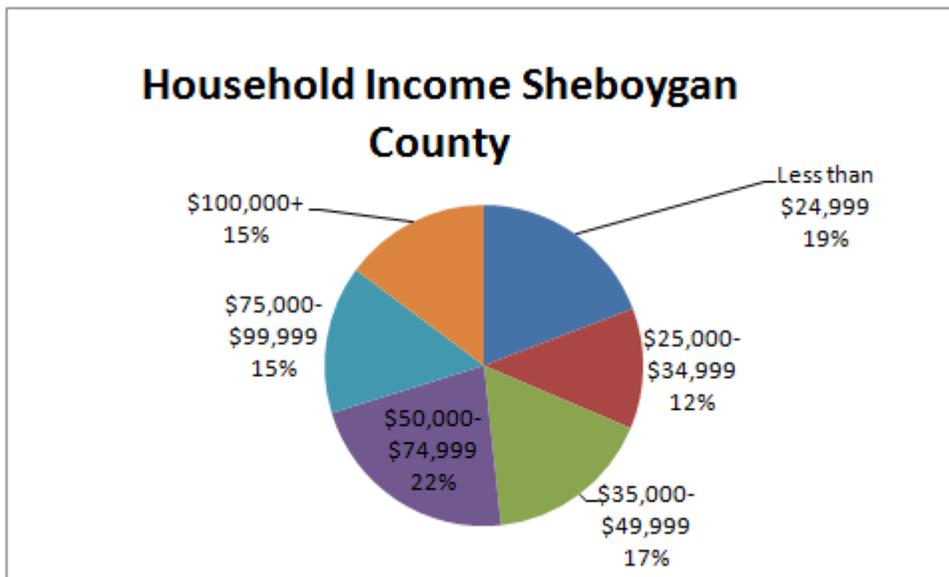
While selling produce to local restaurants, Mr. Burns realized that the CSA option could potentially come to fruition. Historically the restaurant patrons always asked the source of the beautiful and delicate lettuces and quality tomatoes. Realizing the popularity of his produce, Mr. Burns, while continuing on a quest for global carbon footprint reduction, began researching the possibility of beginning a CSA effort. With the help of his restaurant partners, Mr. Burns posted fliers and brochures in their lobbies. By the end of

the summer, Franks Organic Farm had presold 100 percent of the shares for the upcoming growing season.

4.3 Target Market Segment Strategy

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.

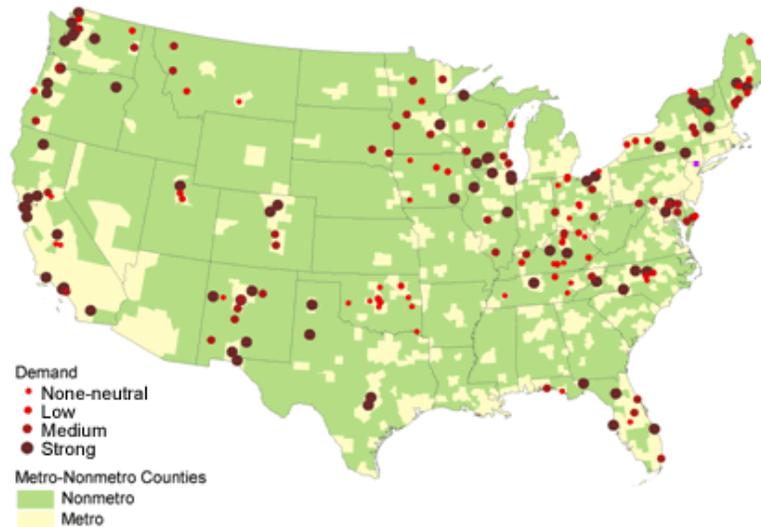
The following chart depicts the target market:



4.3.1 Market Needs

According to a USDA survey of market managers (Organic Produce, Price Premiums, and Eco-Labeling 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. (USDA updated 06/19/12)

Demand for organic products in 210 U.S. farmers' markets, 2005



Source: USDA, Economic Research Service.

As demonstrated on the national map Sheboygan County represents a strong demand for organic produce.

“Organically” grown’ is the key. The term “organic” is now legally defined and can only be used to describe produce that is grown in accordance with the USDA rules and is certified as such by an independent agency.

4.3.2 Market Trends

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 labeled 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.

4.3.3 Market Growth

U.S. sales of organic products were \$21.1 billion in 2008 - over 3 percent of total food sales- and were expected to reach \$23.0 billion in 2009 (Nutrition Business Journal).

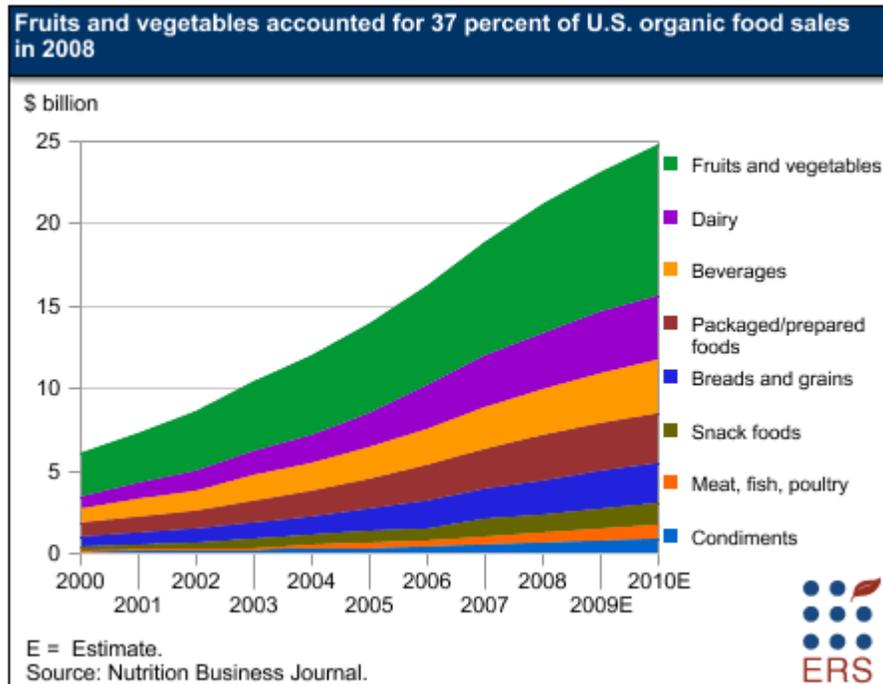


chart data

4.4 Positioning

Franks Organic Farm is aware that its members are crucial to its survival and growth. The owners will make certain each member feels that Franks Organic Farm is indeed his/her farm! After all, they do own a portion of the farm! The Burns will encourage its members to stop by to see operations. In addition the owners will host an open house at harvest time to celebrate the season’s bounty.

To further ensure its members are satisfied and encourage retention, the owners will use surveys and questionnaires as tools to gauge member satisfaction. The surveys/questionnaires will allow members to express feedback and also represent additional opportunities to communicate with Franks Organic Farm.

5.0 Marketing Strategy and Implementation

Franks Organic Farm is targeting households with earnings in excess of \$50,000 in the greater Sheboygan County. 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.

5.1 SWOT Analysis

SWOT stands for strengths, weaknesses, opportunities and threats. The following is the SWOT analysis for Franks Organic Farm.

5.1.1 Strengths

- Franks Organic Farm receives share proceeds prior to start of the season which helps to pay for seeds, supplies and inputs
- During the off-season the owners of Franks Organic Farm can market and recruit new members and complete their E Books
- Franks Organic Farm will establish long term relationships with its members lasting at least one season
- Members share in the financial risks of the farm
- Low capital requirements, relatively inexpensive startup business

5.1.2 Weaknesses

- As many as 30 or more different crops must be grown to provide diversity to members throughout the season
- Location-if the farm is not close to its customers, it becomes burdensome for the farmer to make deliveries
- Labor intensive – during the season, crops are continually being planted, harvested, cleaned, sorted and packed – leaving little extra time for the farmer
- Member retention is key – if the member is not happy the likelihood of returning next season or providing a good recommendation is not good.

5.1.3 Opportunities

- The greater Sheboygan County is a prime location for organic produce with an historically high demand.
- Because many farmers still utilize traditional farming methods (pesticide and herbicide applications) Franks Organic Farm stands out from the crowd with its Certified Organic stamp of approval

5.1.4 Threats

- New entrants to the market pose a threat. Partially mitigating this risk is the recommended 2-3 year trial farming period – which would give Franks Organic Farm the necessary ‘heads-up’ to go against (said) competitors.
- Weather, storms, pests – can damage or even destroy crops.
- The farm is economically tied, and in inflationary times, consumers could revert back to traditional methods of buying fruits and vegetables at the local grocery store.

5.2 Strategy Pyramid

Strategy	Create awareness that Franks Organic Farm delivers a wide variety of quality wholesome and healthy vegetables on a consistent basis.
Tactics	Create a specific, detailed planting guide, planting several times over the growing season.
Programs	Post fliers and brochures at local restaurants, and locally owned and operated organic/natural item stores in town.
Strategy	Create a community of awareness to think globally, act locally.
Tactics	Constant communication with members will foster the awareness who in turn will relate these ideals to the local community.
Programs	Host open house events at Franks Organic Farm for special events such as Harvest Time and Earth Day.

5.3 Unique Selling Proposition (USP)

Kathy and Frank Burns stand out from the competition: They are experienced operators and have demonstrated ability to grow large quantities of many different vegetables. They have demonstrated their ability to manage the crops, harvest, pack and deliver to their customers. They are doing business as a CSA. And unlike their conventional farming peers, Franks Organic Farm has met the stringent requirements to be designated Certified Organic.

5.4 Competitive Edge

CSA farming differs greatly from traditional farming due to the fact that members have ownership shares in the farm. Bearing this in mind, Franks Organic Farm will wholeheartedly focus on this vital aspect to retain members. The owners will constantly stay in touch with their members and encourage them to come and visit 'their' farm.

Unlike its traditional farm stand competitors, Franks Organic Farm will offer a variety of selections - up to 30 different types of produce during season. It should be noted that variety is a double edged sword: Many members will join a CSA because of the variety of offerings. It is important to have plenty of the basics like green beans, tomatoes and carrots. Conversely, too little a selection will be disappointing. To meet this balance, the Burns have created a questionnaire asking members what they prefer.

The Burns also provide weekly recipes and meal planning tips to coincide with the weekly boxes. Customers like the convenience of knowing how to prepare the items they are picking up from 'their' farm.

5.5 Marketing Strategy and Positioning

Franks Organic Farm will utilize product differentiation to stand apart from the competition. By growing wholesome organic produce, offering farm to door service, and

actively engaging with its members, Franks Organic Farm will go above and beyond to maintain and grow its member base.

5.5.1 Positioning Statement

Franks Organic Farm will be the premier organic CSA in the greater Sheboygan County by offering at least 30 of the most delicious and mouth watering organic vegetables available in the local growing area and by providing exceptional relationships with its members, its community and the planet.

5.5.2 Pricing Strategy

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.

5.5.3 Promotion and Advertising Strategy

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 neighboring 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.

5.5.4 Website

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.

5.5.5 Marketing Programs

Franks Organic Farm will actively work to engage its members and local community by:

- Creating fliers and brochures and posting in community gathering places such as churches, community centers, farmers markets and other environmentally centric business.
- Franks Organic Farm’s website with emphasis on its USDA Certified Organic stamp of approval; the website will also have links to the USDA website and the national CSA website.
- Word of Mouth will play an important role

5.6 Sales Strategy

Franks Organic Farm has already sold all 30 of its shares for the upcoming season with future plans to sell 60 shares in Year Two and 90 shares in Year Three. In order to meet these goals, the farmers will continue to rely on advertising fliers, its online presence and most importantly word of mouth. The word of mouth recommendation from a satisfied member not only generates an opportunity for repeat business, but also is beneficial in recruiting new members.

5.6.1 Sales Forecast

The following table represents the annual sales forecast for the initial three years of operations:

Table 5.6.1 Annual Sales Forecast

Annual Sales Forecast	Year 1	Year 2	Year 3
Full Share	\$23,250	\$46,500	\$69,750
E Books and Cookbooks	\$100	\$100	\$550
honey	\$0	\$0	\$320
Gross Margin	\$23,350	\$46,600	\$70,620

5.6.2 Sales Programs

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).

5.7 Legal

Franks Organic Farm is a C-Corporation doing business in the State of Wisconsin.

5.8 Milestones

The following chart depicts the Milestones Franks Organic Farm anticipates achieving:

Table 5.8 Milestones

Milestone	Date
Obtain Certified Organic Seal of Approval	02/20XX
Pre Sell 80% of shares	03/20XX
Complete E Books and Sell on Website	11/20XX
Pre Sell all 60 shares	Year 2
Pre Sell all 90 shares	Year 3
Establish excellent credit record and qualify for commercial loan to purchase additional 9 acres	Year 4

5.9 Exit Strategy

In the event that Franks Organic Farm will cease operations, all assets (farm equipment, tools, scales) will be sold at auction. Proceeds from the sale will be first be used to pay off the financial obligation to the operating capital loan and the remaining proceeds will be paid to the members (if any obligations remain).

6.0 Organization and Management

6.1 Organizational Structure

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.

6.2 Management Team

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 responsible 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.

6.3 Management Team Gaps

Franks Organic Farm will rely on its Tax Accountant to assist with tax reporting.

6.4 Personnel Plan

The following is a summary of Franks Organic Farm's Personnel Plan.

Table 6.4 Personnel Plan

Position	Year 1	Year 2	Year 3
Farmers (Owners)	10,800	10,800	10,800
Apprentice		14,400	31,200
Apprentice			14,400
Total Personnel Costs	10,800	25,200	56,400

6.5 Board of Directors

N/A

7.0 Financial Plan

The financial plan will cover the following:

- Required Cost of Start-Up
- Profit and Loss
- Cash Flow
- Balance Sheet
- Financial Ratios

7.1 Important Assumptions

- Revenues increase 50% Year One and 33% Year Two
- The following variable expenses are tied to volumes and will increase the same amount as revenue: salaries, fuel charges, postage, repairs and maintenance and supplies
- The loan example is based on traditional lending – with a collateralized working capital loan, fully amortizing with a three year pay down.
- The loan interest rate is based on the Prime Lending Rate plus 4.00%; Wall Street Journal Prime at this writing is 3.25%

7.2 Start-Up Costs

The following chart summarizes start-up expenses:

Table 7.2 Start-Up Costs

Start-Up Expenses	Amount
Operating Capital	\$ -
Salaries and Wages	\$ 1,100
Insurance Premiums	\$ 1,200
Beginning Inventory	\$ 5,000
Legal and Accounting Fees	\$ -
Rent Deposits	\$ -
Utility Deposits	\$ -
Supplies	\$ 1,200
Advertising and Promotions	\$ -
Licences	\$ -
Other Initial Costs	\$ 1,000
Working Capital (cash on hand)	\$ 10,000
Total Start-Up Expenses	\$19,500
Start-Up Assets	
Real Estate	\$ 25,000
Buildings	\$ 3,000
Leasehold Improvements	\$ 2,100
Equipment	\$ 500
Furniture and Fixtures	\$ -
Vehicles	\$ 5,000
Other Fixed Assets	\$ -
Total Start-Up Assets	\$35,600
Total Required Start-Up Costs	\$55,100

7.3 Source and Use of Funds

To date, the owners have come out of pocket approximately \$40,600 or 74 percent of the project's total costs. The following chart summarizes the source and use of funds:

Source and Use of Funds		Column?
Sources of Funds		
Owner's Injection	\$ 40,600	
Commerical Loan	\$ -	
Commerical Mortgage	\$ -	
Inventory and Working Capital Loan	\$ 14,500	
Total Source of Funds	\$ 55,100	
Use of Funds		
Fixed Assets	\$ 35,600	
Operating Capital	\$ 19,500	
Total Use of Funds	\$ 55,100	

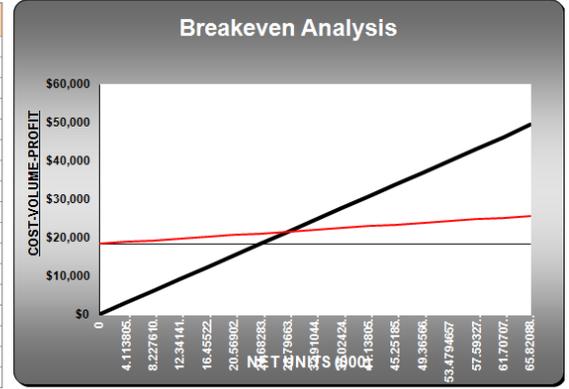
7.4 Break-Even Analysis

Total fixed costs are estimated to be \$18,437. The variable costs (salaries, fuel charges, postage, repairs and maintenance, and supplies) are estimated to be \$109.74 per unit (full share). Units are considered full shares for analysis purposes and do not consider half shares. Based on the assumption of \$750 as the average share price, the breakeven revenue then is \$21,597 or 4 units (shares). This is further depicted in the Table Below and the Graph that follows:

BREAK-EVEN ANALYSIS

FIXED COST	\$ 18,437.48
VARIABLE COST	\$ 109.74
NUMBER OF UNITS	4
UNIT PRICE	\$ 750.00

NET UNITS	NET REVENUE	FIXED COST	VARIABLE COST	TOTAL COST	TOTAL PROFIT
0	\$0	\$18,437	\$0	\$18,437	-\$18,437
4	\$3,085	\$18,437	\$451	\$18,889	-\$15,804
8	\$6,171	\$18,437	\$903	\$19,340	-\$13,170
12	\$9,256	\$18,437	\$1,354	\$19,792	-\$10,536
16	\$12,341	\$18,437	\$1,806	\$20,243	-\$7,902
21	\$15,427	\$18,437	\$2,257	\$20,695	-\$5,268
25	\$18,512	\$18,437	\$2,709	\$21,146	-\$2,634
29	\$21,597	\$18,437	\$3,160	\$21,597	\$0
33	\$24,683	\$18,437	\$3,611	\$22,049	\$2,634
37	\$27,768	\$18,437	\$4,063	\$22,500	\$5,268
41	\$30,854	\$18,437	\$4,514	\$22,952	\$7,902
45	\$33,939	\$18,437	\$4,966	\$23,403	\$10,536
49	\$37,024	\$18,437	\$5,417	\$23,855	\$13,170
53	\$40,110	\$18,437	\$5,869	\$24,306	\$15,804
58	\$43,195	\$18,437	\$6,320	\$24,757	\$18,437
62	\$46,280	\$18,437	\$6,771	\$25,209	\$21,071
66	\$49,366	\$18,437	\$7,223	\$25,660	\$23,705



7.5 Projections

7.5.1 Projected Profit and Loss

Franks Organic Farm’s estimated profit and loss for the initial three years of operations is reflected below:

Table 7.5.1 Pro Forma Profit and Loss

Pro Forma Profit and Loss	Year 1	Year 2	Year 3
Income			
Full Share	\$23,250	\$46,500	\$69,750
E Books and Cookbooks	\$100	\$100	\$550
Honey	\$0	\$0	\$320
Total Income	\$23,350	\$46,600	\$70,620
Cost of Sales			
Full Share	\$0	\$0	\$0
E Books and Cookbooks	\$0	\$0	\$0
Honey	\$0	\$0	\$0
Total Cost of Sales	\$0	\$0	\$0
Gross Margin	\$23,350	\$46,600	\$70,620
Expenses			
Salaries and Wages			
Owners Compension	\$10,800	\$10,800	\$10,800
Apprentice	\$0	\$14,400	\$14,400
Apprentice	\$0	\$0	\$14,400
Total Salaries and Wages	\$10,800	\$25,200	\$39,600
Business Expenses			
Advertising	\$600	\$600	\$600
Car and Truck Expense and fuel	\$1,320	\$2,640	\$4,000
Credit Card Charges	\$0	\$0	\$0
Insurance	\$792	\$792	\$792
Legal and Accounting	\$900	\$900	\$900
Office Expenses	\$0	\$0	\$0
Postage and Shipping	\$400	\$800	\$1,212
Rent on Business Property	\$0	\$0	\$0
Rent on Equipment	\$0	\$0	\$0
Repairs	\$1,320	\$2,640	\$4,000
Supplies (plus seed)	\$1,440	\$2,880	\$4,364
Telephone	\$800	\$800	\$800
Travel	\$0	\$0	\$0
Utilities	\$800	\$800	\$800
Miscellaneous Expenses	\$0	\$0	\$0
Amortized Start-Up Expenses	\$0	\$0	\$0
Depreciation	\$1,521	\$1,521	\$1,521
Total Business Expenses	\$9,893	\$14,373	\$18,989
Less Interest Expense			
Commerical Loan	\$0	\$0	\$0
Commerical Mortgage	-	\$0	-
Inventory and Working Capital Loan	\$904	\$568	\$206
Total Interest Expense	\$904	\$568	\$206
Net Operating Income	\$1,753	\$6,459	\$11,825
Less Income Taxes	\$0	\$0	\$0
Net Profit (Loss)	\$1,753	\$6,459	\$11,825

7.5.2 Projected Cash Flow

The statement of cash flow shows the incoming and outgoing cash of Franks Organic Farm:

Table 7.5.2 Pro Forma Cash Flow

Pro Forma Cash Flow	Year 1	Year 2	Year 3
Beginning Cash Balance	\$10,000	\$9,251	\$12,872
Cash Inflows			
Income from Sales	\$23,350	\$46,600	\$70,620
Accounts Receivables	-	-	-
Total Inflows	\$23,350	\$46,600	\$70,620
Total Cash Outflows	\$24,099	\$42,979	\$61,995
Operating Cash Balance	\$9,251	\$12,872	\$21,497

7.5.3 Projected Balance Sheet

The following chart depicts the proforma balance sheet:

Proforma Balance Sheet	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$9,251	\$12,872	\$21,497
Accounts Receivable	\$0	\$0	\$0
Inventory	\$5,000	\$5,000	\$5,000
Prepaid Expenses	\$2,400	\$2,400	\$2,400
Other Current	\$1,000	\$1,000	\$1,000
Total Current Assets	\$17,651	\$21,272	\$29,897
Fixed Assets			
Improvements	\$2,100	\$2,100	\$2,100
Furniture and Fixtures	\$0	\$0	\$0
Equipment	\$500	\$500	\$500
Real Estate	\$25,000	\$25,000	\$25,000
Buildings	\$3,000	\$3,000	\$3,000
Other Fixed	\$5,000	\$5,000	\$5,000
Total Fixed Assets	\$35,600	\$35,600	\$35,600
Less Accumulated Depreciation	\$1,521	\$3,043	\$4,564
Total Assets	\$51,730	\$53,829	\$60,933
Liabilities and Owner's Equity			
Accounts Payable	\$0	\$0	\$0
Notes Payable	\$0	\$0	\$0
Mortgage Payable	\$0	\$0	\$0
Inventory and Working Capital	\$10,012	\$5,187	\$0
Total Liabilities	\$10,012	\$5,187	\$0
Owner's Equity			
Common Stock	\$40,600	\$40,600	\$40,600
Retained Earnings	\$1,119	\$8,042	20,333
Total Owner's Equity	\$41,719	\$48,642	\$60,933
Total Liabilities and Owner's Equity	\$51,730	\$53,829	\$60,933

7.6 Business Ratios

The following ratios are based on the North American Industry Classification System (NAICS) code 111998– All Other Miscellaneous Crop Farming. The ratio analysis compares the subject to industry peers based on similar asset size and revenues.

Table 7.6 Ratio Analysis

Ratio Analysis	Year 1	Year 2	Year 3	Industry Profile
Financial Ratios				
Quick Ratio	0.92	2.48	na	0.5
Current Ratio	1.76	4.10	na	1.3
Current Liabilities to Net Worth	0.19	0.11	0.00	1.35
Current Liabilities to Inventory	2.00	1.04	0.00	2.89
Total Liabilities to Net Worth	0.24	0.11	0.00	1.60
Fixed Assets to Net Worth	0.85	0.73	0.58	2.70
Collection Period	0.00	0.00	0.00	0
Inventory Turnover	0.00	0.00	0.00	N/A
Sales to Total Assets	0.45	0.87	1.16	0.6
Sales to Working Capital	1.32	2.19	2.36	14.8
Accounts Payable to Sales	0	0	0	0.026
Return on Assets	0.03	0.12	0.19	2.4
Return on Equity	0.04	0.13	0.19	5.600
Interest Coverage	2.94	12.38	58.42	2.20
Income Statement				
Net Sales	100%	100%	100%	100%
Gross Profit	100.00%	100.00%	100.00%	84.6%
Operating Income	7.51%	13.86%	16.74%	15.40%
Net Profit Before Tax	7.51%	13.86%	16.74%	7.70%
Balance Sheet				
Cash	17.88%	23.91%	35.28%	9.40%
Accounts Receivable	0.00%	0.00%	0.00%	4.70%
Inventory	9.67%	9.29%	8.21%	10.60%
Total Current Assets	34.12%	39.52%	49.07%	28.00%
Total Fixed Assets	68.82%	66.14%	58.42%	61.30%
Other Non-Current Assets	9.67%	9.29%	8.21%	9.20%
Total Assets	100%	100%	100%	100%
Accounts Payable	0.00%	0.00%	0.00%	2.60%
Total Current Liabilities	19.35%	9.64%	0.00%	30.60%
Total Long Term Liabilities	19.35%	9.64%	0.00%	46.70%
Net Worth	80.65%	90.36%	100.00%	22.70%

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Organic Farm Business Plan

Many articles to assist in guiding you through the writing of your business plan are available at:
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