How to Start a Poultry Farming Business

By the BizMove.com Team

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1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

This checklist should be useful to you in evaluating a business idea. It is designed to help you screen out ideas that are likely to fail before you invest extensive time, money, and effort in them.

Preliminary Analysis

A feasibility study involves gathering, analyzing and evaluating information with the purpose of answering the question: "Should I go into this business?" Answering this question involves first a preliminary assessment of both personal and project considerations.

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy business ownership/management?

1. Do you like to make your own decisions?

2. Do you enjoy competition?

3. Do you have will power and self-discipline?

4. Do you plan ahead?

5. Do you get things done on time?

6. Can you take advise from others?

7. Are you adaptable to changing conditions?

The next series of questions stress the physical, emotional, and financial strains of a new business.

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?

9. Do you have the physical stamina to handle a business?

10. Do you have the emotional strength to withstand the strain?

11. Are you prepared to lower your standard of living for several months or years?

12. Are you prepared to loose your savings?

Specific Personal Considerations

1. Do you know which skills and areas of expertise are critical to the success of your project?
2. Do you have these skills?
3. Does your idea effectively utilize your own skills and abilities?
4. Can you find personnel that have the expertise you lack?
5. Do you know why you are considering this project?
6. Will your project effectively meet your career aspirations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

7. Do you have the ability to perform the feasibility study?
8. Do you have the time to perform the feasibility study?
9. Do you have the money to pay for the feasibility study done?

General Project Description

1. Briefly describe the business you want to enter.

____

____

2. List the products and/or services you want to sell

____

3. Describe who will use your products/services

____

4. Why would someone buy your product/service?

____

5. What kind of location do you need in terms of type of neighborhood, traffic count, nearby firms, etc.?

____

6. List your product/services suppliers.

____

7. List your major competitors - those who sell or provide like products/services.

____

____

8. List the labor and staff you require to provide your products/services. _______________

____

B. Requirements For Success

To determine whether your idea meets the basic requirements for a successful new project, you must be able to answer at least one of the following questions with a "yes."

1. Does the product/service/business serve a presently unserved need?

2. Does the product/service/business serve an existing market in which demand exceeds supply?

3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

A "Yes" response to questions such as the following would indicate that the idea has little chance for success.

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scare skills, energy, material, equipment, processes, technology, or personnel)?

2. Are capital requirements for entry or continuing operations excessive?

3. Is adequate financing hard to obtain?

4. Are there potential detrimental environmental effects?

5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

1. How much income do you desire?

____

2. Are you prepared to earn less income in the first 1-3 years?

____

3. What minimum income do you require?

____

4. What financial investment will be required for your business?

____

5. How much could you earn by investing this money?

____

6. How much could you earn by working for someone else?

____

7. Add the amounts in 5 and 6. If this income is greater that what you can realistically expect from your business, are you prepared to forego this additional income just to be your own boss with the only prospects of more substantial profit/income in future years?

____

8. What is the average return on investment for a business of your type? _______________

D. Preliminary Income Statement

Besides return on investment, you need to know the income and expenses for your business. You show profit or loss and derive operating ratios on the income statement. Dollars are the (actual, estimated, or industry average) amounts for income and expense categories. Operating ratios are expressed as percentages of net sales and show relationships of expenses and net sales.

For instance 50,000 in net sales equals 100% of sales income (revenue). Net profit after taxes equals 3.14% of net sales. The hypothetical "X" industry average after tax net profit might be 5% in a given year for firms with 50,000 in net sales. First you estimate or forecast income (revenue) and expense dollars and ratios for your business. Then compare your estimated or actual performance with your industry average. Analyze differences to see why you are doing better or worse than the competition or why your venture does or doesn't look like it will float.

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

1. What is the normal markup in this line of business. i.e., the dollar difference between the cost of goods sold and sales, expressed as a percentage of sales?

____

2. What is the average cost of goods sold percentage of sales?

____

3. What is the average inventory turnover, i.e., the number of times the average inventory is sold each year?

____

4. What is the average gross profit as a percentage of sales?

____

5. What are the average expenses as a percentage of sales?

____

6. What is the average net profit as a percent of sales?

____

7. Take the preceding figures and work backwards using a standard income statement format and determine the level of sales necessary to support your desired income level.

____

8. From an objective, practical standpoint, is this level of sales, expenses and profit attainable?

____

ANY BUSINESS, INC.

Condensed Hypothetical Income Statement
For year ending December 31

Item	Amount		Percent
Gross sales	773,888		
Less returns, allowances, and cash discounts	14,872		
Net sales		759,016	100.00
Cost of goods sold		589,392	77.65
Gross profit on sales		169,624	22.35
Selling expenses	41,916		5.52
Administrative expenses	28,010		3.69
General expenses	50,030		6.59
Financial expenses	5,248		0.69
Total expenses		125,204	16.50
Operating profit		44,220	5.85
Extraordinary expenses		1,200	0.16
Net profit before taxes		43,220	5.69
taxes		19,542	2.57
Net profit after taxes		23,678	3.12

E. Market Analysis

The primary objective of a market analysis is to arrive at a realistic projection of sales. after answering the following questions you will be in a better positions to answer question eight immediately above.

Population

1. Define the geographical areas from which you can realistically expect to draw customers.

____

2. What is the population of these areas?

____

3. What do you know about the population growth trend in these areas? _______________

4. What is the average family size?

____

5. What is the age distribution?

____

6. What is the per capita income?

____

7. What are the consumers' attitudes toward business like yours?

____

8. What do you know about consumer shopping and spending patterns relative to your type of business?

____

9. Is the price of your product/service especially important to your target market?

____

10. Can you appeal to the entire market?

____

11. If you appeal to only a market segment, is it large enough to be profitable?

____

F. Competition

1. Who are your major competitors?

____

2. What are the major strengths of each?

____

3. What are the major weaknesses of each?

____

4. Are you familiar with the following factors concerning your competitors:

Price structure?

____

Product lines (quality, breadth, width)?

____

Location?

____

Promotional activities?

____

Sources of supply?

____

Image from a consumer's viewpoint?

____

5. Do you know of any new competitors?

____

6. Do you know of any competitor's plans for expansion?

____

7. Have any firms of your type gone out of business lately?

____

8. If so, why?

____

9. Do you know the sales and market share of each competitor?

____

10. Do you know whether the sales and market share of each competitor are increasing, decreasing, or stable?

____

11. Do you know the profit levels of each competitor?

____

12. Are your competitors' profits increasing, decreasing, or stable?

____

13. Can you compete with your competition?

____

G. Sales

1. Determine the total sales volume in your market area.

____

2. How accurate do you think your forecast of total sales is?

____

3. Did you base your forecast on concrete data?

____

4. Is the estimated sales figure "normal" for your market area?

____

5. Is the sales per square foot for your competitors above the normal average?

____

6. Are there conditions, or trends, that could change your forecast of total sales?

____

7. Do you expect to carry items in inventory from season to season, or do you plan to mark down products occasionally to eliminate inventories? If you do not carry over inventory, have you adequately considered the effect of mark-down in your pricing? (Your gross profits margin may be too low.)

____

8. How do you plan to advertise and promote your product/service/business?

____

9. Forecast the share of the total market that you can realistically expect - as a dollar amount and as a percentage of your market.

____

10. Are you sure that you can create enough competitive advantages to achieve the market share in your forecast of the previous question?

____

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

____

12. Have you been optimistic or pessimistic in your forecast of sales? ________________

13. Do you need to hire an expert to refine the sales forecast?

____

14. Are you willing to hire an expert to refine the sales forecast?

H. Supply

1. Can you make a list of every item of inventory and operating supplies needed?
2. Do you know the quantity, quality, technical specifications, and price ranges desired?
3. Do you know the name and location of each potential source of supply?
4. Do you know the price ranges available for each product from each supplier?
5. Do you know about the delivery schedules for each supplier?
6. Do you know the sales terms of each supplier?
7. Do you know the credit terms of each supplier?
8. Do you know the financial condition of each supplier?
9. Is there a risk of shortage for any critical materials or merchandise?
10. Are you aware of which supplies have an advantage relative to transportation costs?
11. Will the price available allow you to achieve an adequate markup?

I. Expenses

1. Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc?
2. Do you need to know which expenses are Direct, Indirect, or Fixed?
3. Do you know how much your overhead will be?
4. Do you know how much your selling expenses will be?

Miscellaneous

1. Are you aware of the major risks associated with your product? Service Business?
2. Can you minimize any of these major risks?
3. Are there major risks beyond your control?
4. Can these risks bankrupt you? (fatal flaws)

J. Venture Feasibility

1. Are there any major questions remaining about your proposed venture?
2. Do the above questions arise because of a lack of data?
3. Do the above questions arise because of a lack of management skills?
4. Do the above questions arise because of a "fatal flaw" in your idea?
5. Can you obtain the additional data needed?

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2. Starting Your Business Step by Step

A. Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful business. To profit in a manufacturing based business, you need to consider the following questions: What business am I in? What goods do I sell? Where is my market? Who will buy? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my company? How will I get the work done? What management controls are needed? How can they be carried out?

No one can answer such questions for you. As the owner-manager you have to answer them and draw up your business plan. The pages of this Guide are a combination of text and workspaces so you can write in the information you gather in developing your business plan - a logical progression from a commonsense starting point to a commonsense ending point.

It takes time and energy and patience to draw up a satisfactory business plan. Use this Guide to get your ideas and the supporting facts down on paper. And, above all, make changes in your plan on these pages as that plan unfolds and you see the need for changes.

Bear in mind that anything you leave out of the picture will create an additional cost, or drain on your money, when it unexpectedly crops up later on. If you leave out or ignore enough items, your business is headed for disaster.

Keep in mind, too, that your final goal is to put your plan into action. More will be said about this step near the end of this Guide.

What's in This for Me?

Time was when an individual could start a business and prosper provided you were strong enough to work long hours and had the knack for selling for more than the raw materials or product cost. Small store, grist mills, livery stables, and blacksmith shops sprang up in many crossroad communities as Americans applied their energy and native intelligence to settling the continent.

Today this native intelligence is still important. But by itself the common sense for which Americans are famous will not insure success in a business. Technology, the marketplace, and even people themselves have become more complicated than they were 100, or even 25, years ago.

Common sense must be combined with new techniques in order to succeed in the space age. Just as one would not think of launching a manned space capsule without a flight plan, so one should not think of launching a new manufacturing business without a business plan.

A business plan is an exciting tool that you can use to plot a "course" for your company. Such a plan is a logical progression from a commonsense starting point to a commonsense ending point.

To build a business plan for your company, an owner-manager needs only to think and react as a manager to questions such as: What product is to be manufactured? How can it best be made? What will it cost me? Who will buy the product? What profit can I make?

Why Am I in Business

If you're like most business people, you're in business to make money and be your own boss. But, few business people would be able to say that those are the only reasons. The money that you will make from your business will seldom seem like enough for all the long hours, hard work, and responsibility that go along with being the boss.

Then, why do so many stay in business?

This is hardly the time for philosophy. If you're starting or expanding a business, you have enough to think about. But, whether or not you even think about it, the way you operate your business will reflect your "business philosophy."

Consider this. An owner-manager inspects a production run and finds a minor defect. Even though in nine out of ten cases the user of the product would not notice the defect, the owner decides to scrap the entire run.

What does this tell you? It shows that he (or she) gets an important reward from doing what is the right thing - in this case, providing a quality product.

The purpose of this section is not to play down the importance of making a profit. Profits are important. They will keep your business going and attract additional capital into your business. But you should be aware that there are other rewards and responsibilities associated with having your own business.

In your planning, you might give some thought to your responsibilities to employees, community, stockholders, customers, product, and profit. Jot these down. Later when you've lined-up your management team, discuss this subject with them. This type of group thinking will help everyone, including yourself, understand the basic purposes for each day's work.

Even though you won't advertise it throughout your market, the way you operate your business will reflect your business philosophy.

What Business Am I in?

In making your business plan, the next question to consider is: What business an I really in? At first reading, this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I'm in." But hold on. Some owner-managers go broke and others waste their savings because they are confused about the business they are really in.

The experience of an old line manufacturing company provides an example of dealing with the question: What business am I really in? In the early years of this century, the founder of the company had no trouble answering the question. As he put it, "I make and sell metal trash cans." This answer held true for his son until the mid-1950's when sales began to drop off. After much thought, the son decided he was in the container business.

Based on this answer, the company dropped several of its lines of metal trash cans, modified other lines, and introduced new products, such as shipping cartons used by other manufacturers and Government agencies.

What business am I in? (Write your answer here)

____

Asking questions like: What does my product do for my customer? Why? Where? How? What doesn't it do? What should it do later but doesn't do now? can lead to the ultimate conclusion of what business you're in and possibly direct you to new lines of products or enterprises.

B. How to Plan Your Marketing

When you have decided what business you're really in, you have just made your first marketing decision. Now you must face other marketing consideration.

Successful marketing starts with you, the owner-manager. You have to know your product, your market, your customers, and your competition.

Before you plan production, you have to decide who your market is, where it is, why they will buy your product, whether it is a growth or static market, if there are any seasonal aspects of the market, and what percentage of the market you will shoot for in the first, second, and third year of operation. Your production goals and plans must be based on and be responsive to this kind of fact finding (market feasibility and research).

The narrative and work blocks that follow are designed to help you work out a marketing plan. Your objective is to determine what needs to be done to bring in sales dollars.

In some directories, marketing information is listed according to the Standard Industrial Classification (SIC) of the product and industry. The SIC classifies firms by the type of activity they're engaged in, and it is used to promote the uniformity and comparability of statistical data relating to market research. When you begin your market research, you may find it useful to have alread / lassified your products according to this code. (The Standard Industrial Classification Manual may be available at your library.)

Product / Sic No.

1. _________ /_________

2. _________ /_________

Market Area

Where and to whom are you going to sell your product? Describe the market area you will serve in terms of geography and customer profile:

____

Who Are Your Competitors?

List your principal competitors selling in your market area, estimate their percentage of market penetration and dollar sales in that market, and estimate their potential loss of sales as a result of your entry into the market.

Name of Competitor and Location	% Share of Market	Estimated Sales	Sales Loss Because of You
1. ___________	___________	___________	___________
2. ___________	___________	___________	___________
3. ___________	___________	___________	___________
4. ___________	___________	___________	___________

How Do You Rate Your Competition?

Try to find out the strengths and weaknesses of each competitor. Then write your opinion of each of your principal competitors, their principal products, facilities, marketing characteristics, and new product development or adaptability to changing market conditions.

____

Have any of your competitors recently closed operations or have they withdrawn from your market area? (State reasons if you know them):

____

Advantages Over Competitors

On what basis will you be able to capture your projected share of the market? Below is a list of characteristics which may indicate the advantages your product(s) enjoy over those offered by competitors. Indicate those advantages by placing a check in the proper space. If there is more than one competitor, you may want to make more than one checklist. Attach these to the worksheet.

Analyze each characteristic. For example, a higher price may not be a disadvantage if the product is of higher quality than your competitor's. You may want to make a wish to spell out the specifics of each characteristic and explain where your product is disadvantaged and how this will be overcome, attach it to this worksheet. Also, the unique characteristics of your product can be the basis for advertising and sales promotion.

Remember, the more extensive your planning, the more your business plan will help you.

Product(s)	**Product No. 1**	**Product No. 2**
Price	___________	___________
Performance	___________	___________
Durability	___________	___________
Versatility	___________	___________
Speed or accuracy	___________	___________
Ease of operation or use	___________	___________
Ease of maintenance or repair	___________	___________
Ease or cost of installation	___________	___________
Size or weight	___________	___________
Styling or appearance	___________	___________
Other characteristics not listed:		
_______________	___________	___________
_______________	___________	___________

What, if anything, is unique about your product?

____

Distribution

How will you get your product to the ultimate consumer? Will you sell it directly through your own sales organization or indirectly through manufacturer's agents, brokers, wholesalers, and so on. (Use the blank to write a brief statement of your method of distribution and manner of sales):

____

What will this method of distribution cost you?

____

Do you plan to use special marketing, sales or merchandising techniques? Describe them here:

____

List your customers by name, the total amount they buy from you, and the amount they spend for each of your products.

____

Market Trends

What has been the sales trend in your market area for your principal product(s) over the last 5 years? What do you expect it to be 5 years from now? You should indicate the source of your data and the basis of your projections. (This is a marketing research problem. It will require you to do some digging in order to come up with a market projection. Trade Associations will probably be your most helpful source of information. The Bureau of Census publishes a great deal of useful statistics). Industry and product statistics are usually indicated in dollars, Units, such as numbers of customers, numbers of items sold, etc., may be used, but also relate your sales to dollars.

____

List the name and address of trade associations which serve your industry and indicate whether or not you are a member.

_________ the name and address of other organizations, governmental agencies, industry and indicate whether or not you are a member.

____

Share of the Market

What percentage of total sales in your market area do you expect to obtain for your products after your facility is in full operation?

Sales Volume

What sales volume do you expect to reach with your products?

Production

Production is the work that goes on in a factory that results in a product. In making your business plan, you have to consider all the activities that are involved in turning raw materials into finished products. The work blocks which follow are designed to help you determine what production facilities and equipment you need.

Manufacturing Operation

List the basic operations for example, cut and sew, machine and assemble, etc., which are needed in order to make your product.

____

Raw Materials

What raw materials or components will you need, and where will you get them?

What amount of raw material and/or components will you need to stock?

____

Are there any special considerations concerning the storage requirements of your raw material? For example, will you use chemicals which can only be stored for a short time before they lose their potency?

____

Equipment

List the equipment needed to perform the manufacturing operations. Indicate whether you will rent or buy the equipment and the cost to you.

Your equipment facilities, and method of operation must comply with the Occupational Safety and Health Act. You may obtain a copy of Standards for General Industry from a field office of the Occupational Safety and Health Administration.

Labor Skills

List the labor skills needed to run the equipment:

____

List the indirect labor, for example: material handlers, stockmen, janitors, and so on, that is needed to keep the plant operating:

____

If persons with these skills are not already on your payroll, where will you get them?

____

Space

How much space will you need to make the product? Include restrooms, storage for raw material and for finished products, and employee parking facilities if appropriate. Are there any local ordinances you must comply with?

____

____

Do you own this space? Yes _____ No _____

Will you buy this space? Yes _____ No _____

Will you lease this space? Yes _____ No _____

How much will it cost you? Yes _____ No _____

Overhead

List the overhead items which will be needed in addition to indirect labor and include their cost. Examples are: tools, supplies, utilities, office help, telephone, payroll taxes, holidays, vacations, and salaries for your key people (sales manager, plant manager, and foreman).

C. How Much Money Will You Need?

Money is a tool you can use to make your plan work. Money is also a measuring device. You will measure your plan in terms of dollars; and outsiders, such as bankers and other lenders, will do the same.

When you determine how much money is needed to start (or expand) your business, you can decide whether or not to move ahead. If the cost is greater than the profits which the business can make, there are two things to consider. Many businesses do not show a profit until the second or third year of operation. If this looks like the case with your business, you will need the plans and financial reserves to carry you through this period. On the other hand, maybe you would be better off putting your money into stocks, bonds or other reliable investments rather than taking on the time consuming job of managing a business.

Like most businesses, your new business or expansion will require a loan. The burden of proof in borrowing money is upon the borrower. You have to show the banker or other lender how the borrowed money will be spent. Even more important, the lender needs to know how and when you will repay the loan.

To determine whether or not your plan is economically feasible, you need to pull together three sets of figures:

(1) Expected sales and expense figures for 12 months.

(2) Cash flow figures for 12 months.

(3) Current balance sheet figures.

Than visit your banker. Remember, your banker or lender is your friend not your enemy. So, meet regularly. Share all the information and data you possess. If the lender is ready to help, he (or she) needs to know not only your strengths but also your weaknesses.

Expected Sales and Expenses Figures

To determine whether or not your business can make its way in the market place, you should estimate your sales and expenses for 12 months.

Projected Statement of Sales and Expenses for One Year

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
A. Net Sales													
B. Cost of Goods Sold													
1. Raw Materials													
2. Direct Labor													
3. Manufacturing Overhead													
Indirect Labor													
Factory Heat & Power													
Insurance and Taxes													
Depreciation													
C. Gross Margin (Subtract B from A)													
D. Selling and Administrative Expenses													
4. Salaries and Commissions													
5. Advertising Expenses													
6. Miscellaneous Expenses													
E. Net Operating Profit (Subtract D from C)													
F. Interest Expense													
G. Net Profit before Taxes (Subtract F from E)													
H. Estimated Income Tax													
I. Net Profit after Income Tax (Subtract H from G)													

Cash Flow Figures - Manufacturing Business Plan How To

Estimates of future sales will not pay an owner-manager's bills. Cash must flow into the business at the proper times if bills are to be paid and a profit realized at the end of the year. To determine whether your projected sales and expense figures are realistic, you should prepare a cash flow forecast for the 12 months covered by your estimates of sales and expenses.

Estimated Cash Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(1) Cash in Bank (Start of Month)												
(2) Petty Cash (Start of Month)												
(3) Total Cash (add (1) and (2)												
(4) Expected Accounts Receivable												
(5) Other Money Expected												
(6) Total Receipts (add (4) and (5))												
(7) Total Cash and Receipts (add (3) and (6)												
(8) All Disbursements (for month)												
(9) Cash Balance at end of Month in Bank Account and Petty Cash (subtract (8) from (7)*												

*This balance is your starting figure for the next month

Current Balance Sheet Figures

A balance sheet shows the financial conditions of a business as of a certain date. It lists what a business has, what it owes, and the investment of the owner. A balance sheet enable you to see at a glance your assets and liabilities.

Getting the Work Done

Your manufacturing business is only part way home when you have planned your marketing and production. Organization is needed if your plant is to produce what you expect it to produce.

Organization is essential because you as the owner-manager probably cannot do all the work.

You'll have to delegate work, responsibility, and authority. A helpful tool in getting this done is the organization chart. It shows at a glance who is responsible for the major activities of a business. However, no matter how your operation is organized, keep control of the financial management.

In the beginning, the president of the small manufacturing company probably does everything.

It is important that you recognize your weaknesses early in the game and plan to get assistance wherever you need it. This may be done using consultants on an as-needed basis, by hiring the needed personnel, or by retaining a lawyer and accountant.

The workblock below lists some of the areas you may want to consider. Adapt it to your needs and indicate who will take care of the various functions. (one name may appear more than once.)

Manufacturing _________

Marketing _________

Research and Technical Backup

____

Accounting _________

Legal _________

Insurance _________

Other:

____

____

____

Making Your Plan Work

To make your plan work you will need feedback. For example, the year end profit and loss (income) statement shows whether your business made a profit or loss for the past 12 months.

But you can't wait 12 months for the score. To keep your plan on target you need readings at frequent intervals. A profit and loss statement at the end of each month or at the end of each quarter is one type of frequent feedback. However, the P and L may be more of a loss than a profit statement if you rely only on it. In addition, your cash flow projection must be continuously updated and revised as necessary. You must set up management controls which will help you insure that the right things are being done from day to day and from week to week.

The management control system which you set up should give you precise information on: inventory, production, quality, sales, collection of accounts receivable, and disbursement. The simpler the system, the better. Its purpose is to give you and your key people current information in time to correct deviations from approved policies, procedures, or practices. You are after facts with emphasis on trouble spots.

Inventory Control

The purpose of controlling inventory is to provide maximum service to your customers. Your aim should be to achieve a rapid turnover on your inventory, the fewer dollars you tie up in raw materials inventory and in finished goods inventory, the better. Or, saying it in reverse, the faster you get back your investment in raw materials and finished goods inventory, the faster you can reinvest your capital to meet additional consumer needs.

In setting up inventory controls, keep in mind that the cost of the inventory is not your only cost. There are inventory costs, such as the cost of purchasing, the cost of keeping inventory records, and the cost of receiving and storing raw materials.

Production

In preparing this business plan, you have estimated the cost figures for your manufacturing operation. Use these figures as the basis for standards against which you can measure your day-to-day operations to make sure that the clock does not nibble away at profits. These standards will help you to keep machine time, labor man-hours, process time, delay time, and down time within your projected cost figures. Periodic production reports will allow you to keep your finger on potential drains on your profits and should also provide feedback on your overhead expense.

Quality Control

Poorly made products cause a company to lose customers. In addition, when a product fails to perform satisfactorily, shipments are held up, inventory is increased, and a severe financial strain can result. Moreover, when quality is poor, it's a good bet that waste and spoilage on the production line are greater than they should be. The details - checkpoints, reports and so on - of your quality control system will depend on your type of production system. In working out these details, keep in mind that their purpose is to answer one question: What needs to be done to see that the work is right the first time? Will you have to do extensive quality control on raw materials? This is an added expense you must consider.

Sales

To keep on top of sales, you will need answers to questions, such as: How many sales were made? What was the dollar amount? What products were sold? At what price? What delivery dates were promised? What credit terms were given to customers?

It is also important that you set up an effective collection system for "accounts receivable," so that you don't tie up your capital in aging accounts.

Disbursement

Your management controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to be penny-wise and pound-foolish. You need to know that major items, such as paying bills on time get the supplier's discount, are being handled according to your policies. Your review system should also give you the opportunity to make judgments on the use of funds. In this manner, you can be on top of emergencies as well as routine situations. Your system should also keep you aware that tax moneys, such as payroll income tax deductions, are set aside and paid out at the proper time.

D. Break-Even Analysis

Break-even analysis is a management control device because the break-even point shows about how much you must sell under given conditions in order to just cover your costs with No profit and No loss.

In preparing to start or expand a manufacturing business you should determine at what approximate level of sales a new product will pay for itself and begin to bring in a profit.

Profit depends on sales volume, selling price, and costs. So, to figure your break-even point, first separate your fixed costs, such as rent or depreciation allowance, from your variable costs per unit, such as direct labor and materials.

The formula is:

break-even volume =

$$\frac{\text{total fixed costs}}{\text{selling price - variable cost per unit}}$$

For example, Ajax Plastics has determined its fixed costs to be $100,000 and variable costs to be $50 per unit. If the selling price per unit is $100, then Ajax's break-even volume is

break-even volume =

$$\frac{\$100{,}000}{\$100 - \$50} = 2000 \text{ units}$$

Earlier you estimated your expected sales for each product and total sales. Compute the break-even point for each.

Product 1: _________ Product 2: __________ Total Sales: __________

Keeping Your Plan Up to Date

The best made business plan gets out of date because conditions change. Sometimes the change is within your company, for example, several of your skilled operators quit their jobs. Sometimes the change is with customers. Their desires and tastes shift. For example, a new idea can sweep the county in 6 months and die overnight. Sometimes the change is technological as when new raw materials and components are put on the market.

In order to adjust a business plan to account for such changes, an owner-manager must:

(1) Be alert to the changes that come about in your company, in your industry, in your market, and in your community.

(2) Check your plan against these changes.

(3) Determine what revisions, if any, are needed in your plan.

You may be able to delegate parts of this work. For example, you might assign your shop foreman the task of watching for technical changes as reported in trade journals for your industry. Or you might expect your sales manager to keep you abreast of significant changes that occur in your markets.

But you cannot delegate the hardest part of this work. You cannot delegate the decisions as to what revision will be made in your plan. As owner-manager you have to make those judgments on an on-going basis.

When judgments are wrong, cut your losses as soon as possible and learn from the experience. The mental anguish caused by wrong judgments is part of the price you pay for being your own boss. You get your rewards from the satisfaction and profits that result from correct judgments.

Sometimes, serious problems can be anticipated and a course of action planned. For example, what if sales are 25 percent lower than you anticipated, or costs are 10 percent higher? You have prepared what you consider a reasonable budget. It might be a good idea to prepare a "problem budget," based on either lower sales, higher costs, or a combination of the two.

You will also have to exercise caution if your sales are higher than you anticipated. The growth in sales may only be temporary. Plan your expansion. New equipment and additional personnel could prove to be crippling if sales return to a previous lower level.

Keep in mind that few owner-managers are right 100 percent of the time. They can improve their batting average by operating with a business plan and by keeping that plan up to date.

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3. Complete Poultry Farming Business Plan Template

Table of Contents

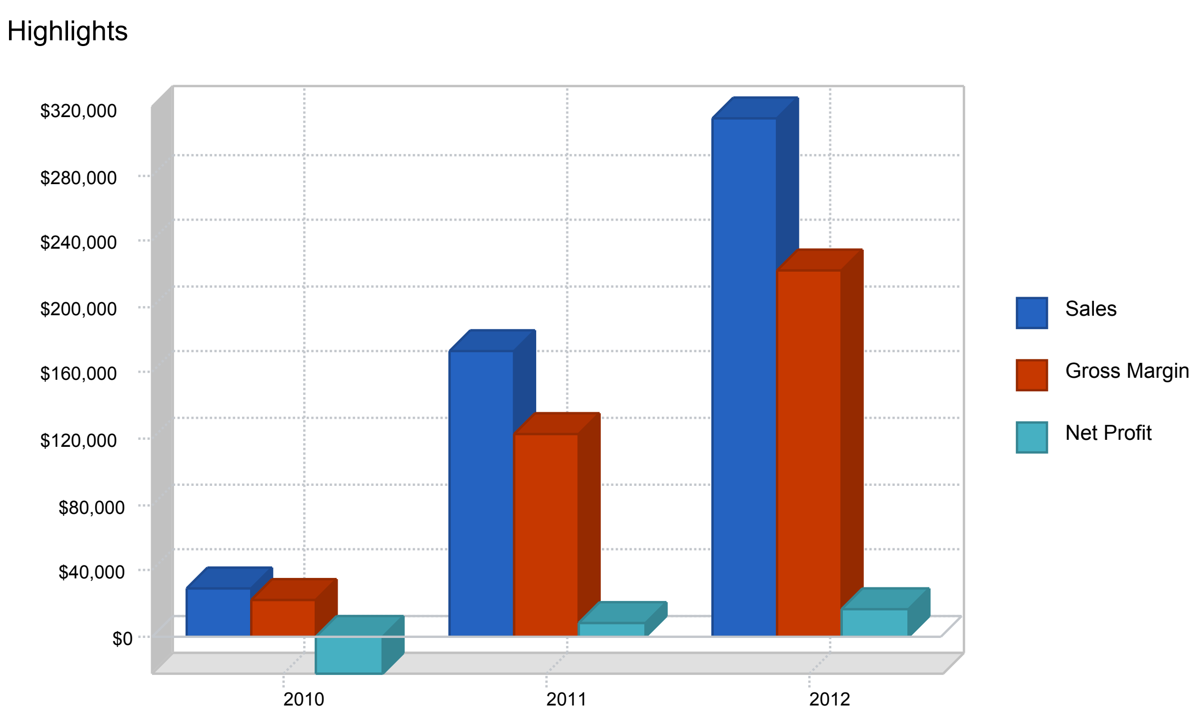
1.0 Executive Summary

COMPANY NAME is a small family owned cattle farm located in Burlision, Tennessee that sells beef calves and hay. OWNER'S NAME. both grew up in families that raised cattle and over the last four years have been slowly building up their own farm to where it now has a total of just under fifty cows and calves.

The INSERT NAME family has been operating the farm on a part-time basis with the help of their son INSERT NAME and is prepared to take the farm to the next level. The family has all the necessary skills, dedication, and experience to do well in the business, but lacks the necessary capital to take the next set in building and running a successful cattle farm.

Therefore, COMPANY NAME is seeking $1,944,390 in grant funding to purchase cows, land, and equipment as well provide for initial start-up capital for operations and building costs.

Chart: Highlights



1.1 Objectives

The Objectives of COMPANY NAME:

- Operate the farm on company owned land
-
  • Build the farm up to 250-500 head of cattle by 2012
-
  • Purchase all necessary equipment to operate cattle farm and cut hay
-
  • Obtain a $1.9 million grant to invest in building desired cattle operation
-
  • Reach profits that allow the whole family to work for the company full-time
- and make sufficient incomes

1.2 Mission

The mission of COMPANY NAME is to own a family operated cattle farm that hires within the community. The company's goal is to raise, breed, and sell top quality cattle, while teaching others how to tend and take care of them.

1.3 Keys to Success

The keys to success for COMPANY NAME are:

- Healthy cattle that have all of their shots, enough food, and clean water
- A good beef market
- Weather conditions
- Low production costs

2.0 Company Summary

COMPANY NAME is currently a small cow/ calf operation with an estimated 50 total calves and cows. The farm sells beef calves to individuals and at the cattle auction. The company is completely operated by the INSERT NAME family which entails checking, feeding, giving shots, weaning, tagging, banding, and paperwork.

COMPANY NAME is looking to significantly increase the farm to 500 calves and 500 cows over the next five years. The farm is looking for grant funding to initiate expansion of the farm through investment in land, cattle, equipment, and operation costs.

2.1 Company Ownership

COMPANY NAME is a private family owned sole proprietorship. The current owners, INSERT NAMES, are planning to put the business in a LLC or S-Corporation structure shortly after receiving grant funding. INSERT NAME don't anticipate adding any additional ownership in the future outside of their son, INSERT NAME.

2.2 Company History

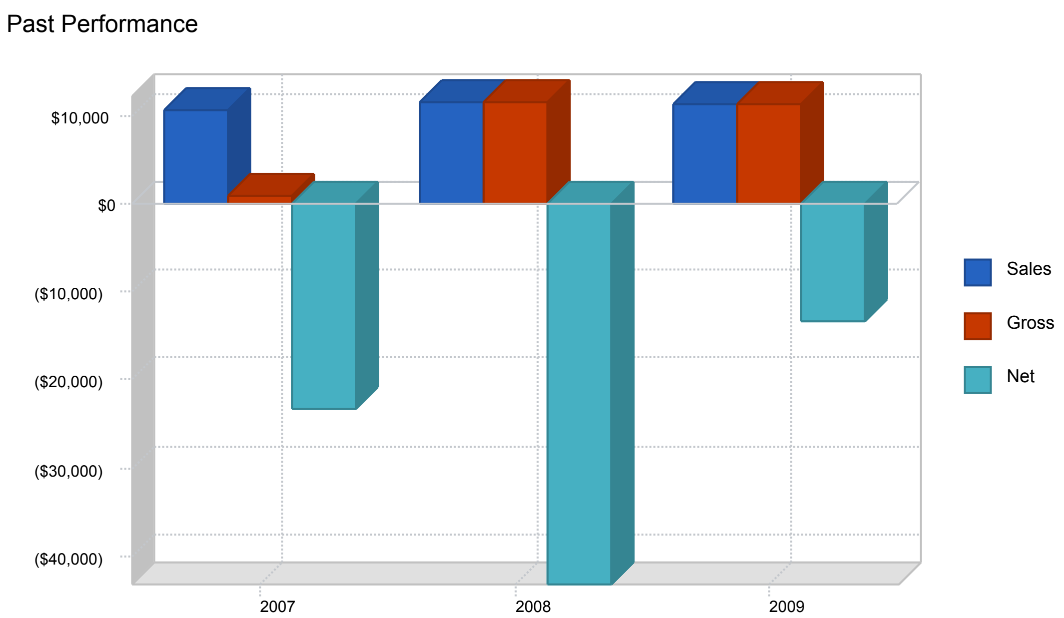
COMPANY NAME is heading into its fourth year of operation. The farm began to purchase cattle and equipment significantly in 2007 and 2009 to put the business in position to grow. Both of INSERT NAME families had cows and calves when they were growing up and they decided to continue a family tradition. COMPANY NAME is now looking to turn the corner and make the farm a full-time operation.

Table: Past Performance

Past Performance			
	2007	2008	2009
Sales	$10,605	$11,587	$11,363
Gross Margin	$860	$11,587	$11,363
Gross Margin %	8.11%	100.00%	100.00%
Operating Expenses	$33,928	$24,184	$43,184
Inventory Turnover	0.00	0.00	0.00
Balance Sheet			
	2007	2008	2009
Current Assets			
Cash	$4,550	$5,500	$9,750
Inventory	$0	$0	$0
Other Current Assets	$13,500	$13,500	$13,500
Total Current Assets	$18,050	$19,000	$23,250
Long-term Assets			
Long-term Assets	$71,046	$94,047	$94,047
Accumulated Depreciation	$6,025	$21,527	$38,700
Total Long-term Assets	$65,021	$72,520	$55,347
Total Assets	$83,071	$91,520	$78,597
Current Liabilities			

Accounts Payable	$654	$343	$540
Current Borrowing	$2,600	$2,300	$2,100
Other Current Liabilities (interest free)		$0	$0
Total Current Liabilities	$3,254	$2,643	$2,640
Long-term Liabilities	$13,500	$45,000	$43,000
Total Liabilities	$16,754	$47,643	$45,640
Paid-in Capital	$0	$0	$0
Retained Earnings	$89,640	$87,061	$46,283
Earnings	($23,323)	($43,184)	($13,326)
Total Capital	$66,317	$43,877	$32,957
Total Capital and Liabilities	$83,071	$91,520	$78,597
Other Inputs			
Payment Days	30	30	30

Chart: Past Performance



3.0 Products

COMPANY NAME sells beef calves. The calves are sold to both individuals with the majority of the cattle going to auction to cattlemen who put them on a feed lot until they are big enough to be sold to the market. The cattle are usually sold at auction in Tennessee. There are very few people in the Burlison, Tennessee community that have cattle, so if they want a calf the farm will sell them what they need at a price per pound basis that is similar to the going rate at the auction.

4.0 Market Analysis Summary

Tennessee’s beef cattle industry is an important part of the state's economy. It is even more important to the Tennessee’s beef agricultural economy. There are cattle produced in every county in Tennessee. The beef industry in the state is primarily made up of locally owned family farmers. According to the National Cattlemen's Beef Association, 97 percent of the nation's cattle farms are family owned, and 42 percent have been in the same family for more than 50 years.

The cattle industry converts locally produced resources, forages, into dollars that are “spent at home” and supports the growth of local economies and jobs. Cattle also contribute to the aesthetic environment of the state in that they help to maintain the "green space" that makes Tennessee attractive to both residents and tourists.

Following are some facts about the Tennessee beef industry that will illustrate its importance to Tennessee and why it has grown to its current level:

- More Tennessean's are involved in beef production than any other agricultural enterprise. There are 79,000 farms in Tennessee and beef cattle are found on 42,000 (53.0 percent) of these.

- Tennessee is one of the top beef-producing states in the nation. Tennessee ranks 9th in the nation in beef cow numbers and 15th in total cattle. Tennessee exceeds all states east of the Mississippi, except Kentucky, in numbers of cattle. Only Texas, Missouri and Oklahoma have more cow-calf operations than Tennessee. More than 2.13 million cattle in Tennessee are valued at slightly more than $1.62 billion. Fifty-one percent of these cattle, or 1.2 million, are beef cows.

- Tennessee's beef cow numbers have increased 360 percent since 1955. This increase can be attributed to several factors: the decline in dairy production; reduction in acres devoted to row crop production; increase in pasture acreage; growth of local manufacturing, resulting in off-farm employment opportunities; age of the operator or farm owner; and the number of farms that have been passed on to the succeeding generation. A large number of the state's cattle producers now reside on this acreage and have employment off the farm.

- Sale of cattle and calves is the number one source of agricultural income in Tennessee. The cattle industry has held this position for a number of years. The cash receipts from the sale of cattle and calves during 2009 totaled $582 million which was 22.5 percent of the state's total agricultural income and 1.2 times greater than the number 2 Agricultural sales. These monies stay in the state's and local economics. National Cattlemen's Beef Association economists report that every dollar made in cattle sales is multiplied or turned four times. This means that the state's cattle industry generates an additional $2.6 billion of business activity for the state's economy. This activity also contributes to the sales tax revenue.

- Beef production in Tennessee is based on producing and marketing feeder cattle. Feeder cattle production starts with cow-calf operations which make up 88 percent of the state's beef operations. The remaining 10 percent are backgrounding or stockering operations. Tennessee annually markets more than 750,000 feeder calves to backgrounding operations and feedlots, primarily in the Midwest and High Plains areas of the country.

- Beef production provides an opportunity for Tennessee agriculture to secure monetary returns from several thousand acres of land not suitable for intensive agricultural production. Beef cattle are ruminants. They have the ability to consume materials such as grass and hay and convert them into a much more valuable, easier-to-market product. Approximately 85 percent of the total feed used in the production of a slaughter beef animal comes from forage, roughages and other by-products that are not edible by humans or other simple-stomached livestock. About five million acres, or 40 percent, of the state's agricultural land is in forage production. Pasture is grown on areas that would otherwise provide little opportunity for agricultural revenue.

- Beef cattle farms contribute to the state's natural beauty. The pasture that cattle graze results in a great deal of "green space" for both tourists and residents to enjoy. The pastures also aid in reducing soil erosion and benefit and encourage development of wildlife.

- Beef cattle fit well with, and complement other agricultural enterprises. As a result, the sale of cattle is not the major source of income for a large percentage of Tennessee farms. A recent survey revealed that tobacco, row crops, other livestock enterprises and miscellaneous agricultural enterprises were also sources of financial support for approximately 60 percent of Tennessee cattle producers.

- A large percentage of beef cattle are owned by producers with off-farm employment. Data collected in the 1996 beef survey indicated that 48.7 percent of beef producers are employed off the farm. Beef cattle production requires less labor and smaller investments in equipment and facilities than do other agricultural enterprises. This makes it attractive to land owners who have off-farm employment. Tennessee's average farm size, 144 acres and the 29.3-cow average size herd also facilitate off-farm employment.

- Fifteen purebred cattle breed associations are leaders in breeding and marketing seed stock. These purebred breeders annually provide the Tennessee beef industry more than 14,000 bulls which annually provide half the genetic makeup of the state's calf crop.

- Thirty-eight weekly livestock auction markets allow producers the opportunity to market cattle year-round. In addition, several local feeder cattle marketing associations and marketing alliances carry out in-barn cooperative feeder calf sales, tele-auctions, video and board sales. Cattle grading and marketing assistance are provided by the Tennessee Department of Agriculture.

- The beef industry is well served and represented by the Tennessee Cattlemen's Association, Tennessee Beef Cattle Improvement Association, Tennessee Beef Industry Council and the Tennessee Farm Bureau Federation. Feed, health products, equipment, veterinary services and production inputs are accessible in all areas of the state. The Tennessee Department of Agriculture aids in marketing, health, and regulatory programs. Educational and research support are provided by the University of Tennessee Extension, UT AgResearch and College of Veterinary Medicine of the University of Tennessee.

- Beef cattle fits well with the life style. People enjoy working with beef cattle and it fits well with the rural life style people are seeking.
- The beef industry is the most important agricultural enterprise in the state. More people are involved than in any other agricultural enterprise and it is the greatest source of agricultural income. The Tennessee beef industry will continue to grow. Beef cow numbers will remain at 1.0 to 1.2 million and the backgrounding of feeder calves is expected to increase. The greatest opportunity for increased income to Tennessee agriculture is in beef production. Because of its climate, topography and other changes in agriculture, Tennessee will continue to produce acreage of pasture and forage, contributing to beef cattle continuing as the agricultural enterprise of choice.

4.1 Market Segmentation

The cattle market is a commodities based market. Prices are determined on market demand basis. According to the United States Department of Agriculture Economic Research Service, the retail equivalent value of U.S. beef industry as remained between $70-75 throughout the last five years and beef production has reduced slightly to just over 26 billion pounds annually (2009).

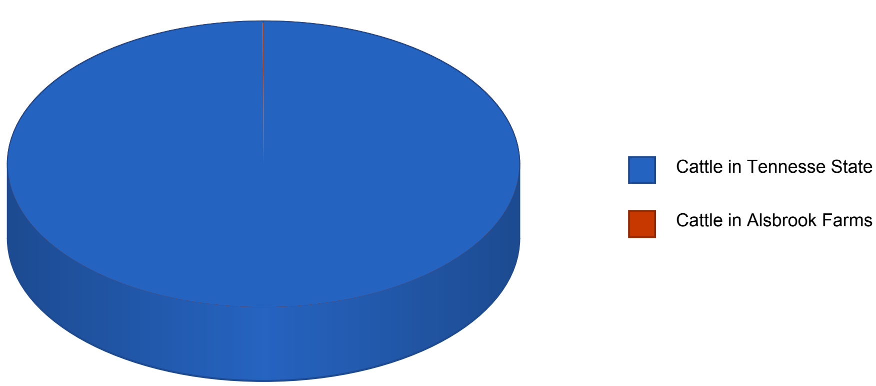
The cattle market constantly fluctuates, but is and will continue to be a staple commodity with steady demand. Large cattle farms face the most uncertainties, due to the effect price drops and increase in feeding costs have on their return that is based on a low margin/ high demand basis.

Table: Market Analysis

Market Analysis							
		2010	2011	2012	2013	2014	
Potential Customers	Growth						CAGR
Cattle in Tennessee State	1%	1,000,000	1,010,000	1,020,100	1,030,301	1,040,604	1.00%
Cattle in Alsbrook Farms	10%	500	550	605	666	733	10.04%
Total	1.01%	1,000,500	1,010,550	1,020,705	1,030,967	1,041,337	1.01%

Chart: Market Analysis (Pie)

Market Analysis (Pie)



4.2 Target Market Segment Strategy

COMPANY NAME will focus on selling beef calves from the farm and hay production. These are optimal revenue producing streams for the farm and will utilize the family's operating resources. The farm will maximize the use of running the farming operation on land that will be purchased by the far to minimize operating costs and create an asset for the farm.

The INSERT NAME come from a family in the cattle business and will only be expanding the volume previous performed by the family. Additionally the farm will have their son, INSERT NAME involved on full-time basis cutting and baling hay, which will be the farms secondary revenue source.

4.3 Industry Analysis

Beef cattle production in Tennessee is based on inventory of beef cows. Tennessee is one of the top producing states in the nation. Tennessee ranks ninth in beef cow numbers and is one of the top four states in cow-calf operations. Of the states of the Mississippi River, only Kentucky has more cattle.

Beef cattle are produced on 51% of the farms in Tennessee. Of 42,000 plus beef cattle farms most are small operations: 37,000 farms have 1-49 beef cows, 4100 have 50-99, 1375 have 100-500 and 25 have more than 500 beef cows.

4.3.1 Competition and Buying Patterns

COMPANY NAME sells beef calves and hay of high quality to various buyers. In the last few years no one predicted the severity of the market correction and certainly no one predicted all of the ramifications across world economies and markets. US consumers do not have as much disposable income to spend on beef steaks. Consumers saw their 401K plans lose 40% of its value and many saw the value of their homes decrease. Some suddenly found themselves in the unemployment lines. Many were forced to cut back on their purchases. This reduced the demand for beef. More uncertainty in markets tended to lower prices. Retailers were and continue be unsure of what consumers will buy, and so they tend to reduce their purchases from wholesalers. Processors do not want to be stuck with large inventories that they might not be able to sell, so they tend to cut back on large purchases of commodities. This uncertainty in the marketing channel furthers reduces demand for most commodities.

The reality is that the beef industry has lost a tremendous amount of equity in the last few years. All of the factors that got us in the present condition are still with us. We may be reaching a time when many lenders will cease to finance these struggling operations and they will be forced to liquidate.

5.0 Strategy and Implementation Summary

The focus on delivering high quality is the farms strategy. Its method of implementation is simply a reliance on the farm’s reputation for delivering the best quality in a forthright manner.

5.1 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the farm, and describes the opportunities and treats facing COMPANY NAME.

5.1.1 Strengths

- COMPANY NAME has strength in that it sells a high quality beef calves and hay of high quality to various buyers
- Family owned and operated
- High level of experience in industry
- Selling stable commodity
- Have local market and commodity market to sell to

5.1.2 Weaknesses

The cattle market is based on the commodities market. It’s a guess what the market will do. Speculation is based on past years. If the demand for beef drops, imports increase or dairy industry reacts to the market pressure, beef prices will drop dramatically. The assumption is the demand for beef will continue.

5.1.3 Opportunities

The focus on delivering high quality is an opportunity for the COMPANY NAME in that there is always a market for the very best. There is also opportunity within its reputation for delivering the best quality in a forthright manner.

5.1.4 Threats

If the demand for beef drops, imports increase or dairy industry reacts to the market pressure, beef prices will drop dramatically. The assumption is that the demand for beef will continue.

5.2 Competitive Edge

With high input cost, COMPANY NAME continually refines and evaluates how resources are allocated. The farm is family owned and operated, which allows for fluctuation and latitude in duties and operation assignments.

Additionally, farm will utilize its own land to reduce expensive rent costs and have an asset that gives the farm additionally value and equity.

5.3 Marketing Strategy

The marketing strategy is to deliver high quality beef and a reliance on the COMPANY NAME reputation for delivering the best quality in a forthright manner.

5.4 Sales Strategy

COMPANY NAME will continue to sell beef cattle to locals as well as to the commodities auction market. The farm will have beef calves sold at the INSERT NAME in Tennessee. Additionally, the farm will utilize whole sale buyers that will come to the farm to buy cattle at auction pricing. There are also additional auctions throughout Tennessee that can be utilized to sell cattle.

Pricing is dependent upon the commodities market and subject to the law of supply and demand.

5.4.1 Sales Forecast

COMPANY NAME anticipates a sharp increase in sales in 2011 and 2012. The farm is currently focusing on scaling up the size of the farm in 2010 and preparing for productive years ahead.

Table: Sales Forecast

Sales Forecast			
	2010	2011	2012
Sales			
Cattle Sales	$23,428	$160,000	$300,000
Hay Sales	$5,709	$12,500	$15,000
Total Sales	$29,137	$172,500	$315,000

Direct Cost of Sales	2010	2011	2012
Cattle	$6,499	$50,000	$93,000
Other (processing materials)	$300	$350	$600
Subtotal Direct Cost of Sales	$6,799	$50,350	$93,600

Chart: Sales Monthly

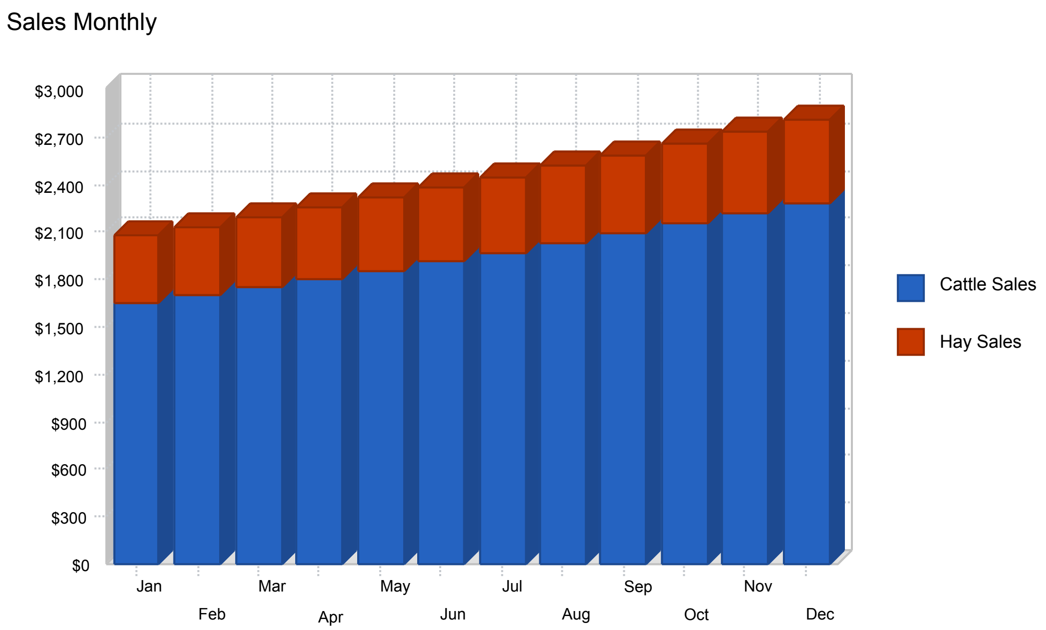
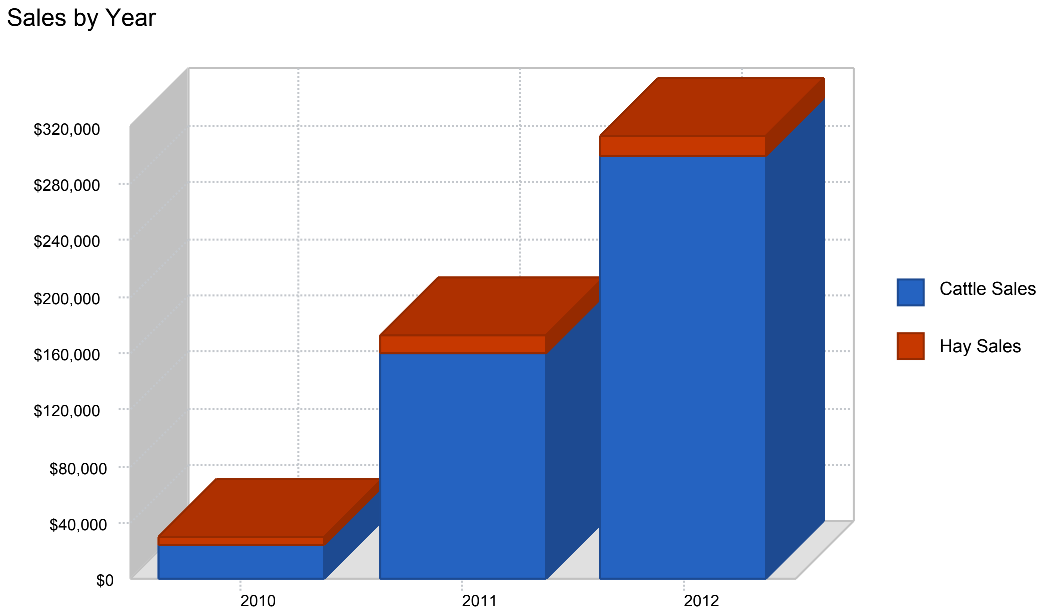


Chart: Sales by Year



5.5 Milestones

The accompanying table shows the specific milestones, with responsibilities assigned, dates, and budgets represented in this plan are those which have determined to be the most important.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Secure Grant Funding ($1,944,390)	10/1/2010	12/1/2010	$0		Accounts
Land Purchase	10/1/2010	12/31/2010	$480,000		Purchasing
Main Cattle Barn and accessories	11/1/2010	12/1/2011	$285,920		Purchasing
Personnel	1/1/2010	12/31/2011	$125,000		Personnel

Existing Operating Expenses	11/1/2010	12/31/2011	$45,100	Accounts
Cows & Calves	11/1/2010	11/1/2012	$297,990	Purchasing
Equipment & Accessories	11/1/2010	12/31/2012	$710,380	Purchasing
Totals			$1,944,390	

Chart: Milestones

Milestones

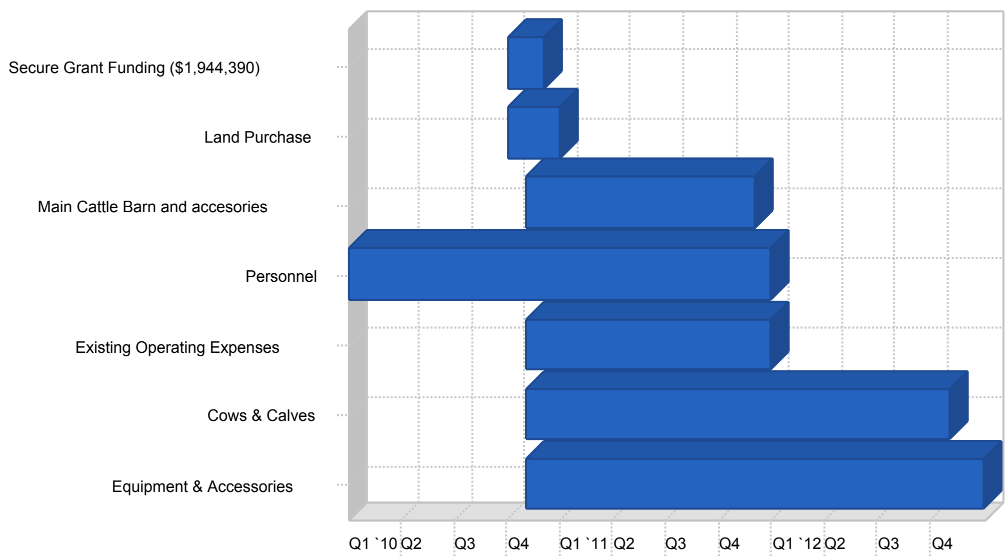


Table: Detailed Budget

Land (192 acre farm, 3 pastures (already fenced), 5 ponds)	$ 480,000.00
Cattle Barn (60' x 150' x 20')	$ 125,000.00
Electrical	$ 15,000.00
Water & Sprinkler System	$ 10,000.00
Security System	$

		10,000.00
Phone Office	$	1,200.00
Head Shuttle & Corral (for checking cows)	$	15,000.00
Loading Shuttle	$	1,000.00
Scale (for weighing cows)	$	1,200.00
Water Well	$	7,500.00
Drainage System (for barn)	$	10,000.00
Fans (10 @ $500)	$	5,000.00
Bio-Security Mats (prevent cows from getting foot rot. 20 @ $250)	$	5,000.00
Barrel Fans (4@$300)	$	12,000.00
Automatic Water trough (5@150)	$	750.00
Panels (16' -corral and inside cattle barn. 400@$100)	$	40,000.00
Gates (16' @ $164)	$	9,840.00
Treated Post (500 @ $15)	$	7,500.00
Misc. Tools & Equipment (shop brooms, wheel barrows, scoops, and ext.)	$	1,430.00
Septic System	$	2,500.00
Computer System (lab top and desktop computer)	$	6,000.00

TOTAL:	**$ 765,920.00**

Table: Detailed Budget

Personnel Budget	
INSERT NAME	$ 45,000.00
INSERT NAME	$ 45,000.00
INSERT NAME	$ 30,000.00
Health Insurance	$ 5,000.00
Operating Expenses	
Existing Vehicles	$ 32,000.00
Cattle Loans	$ 11,000.00
Parts & Supplies	$ 2,100.00
Cows & Calves	
Feed, Mineral, & Protein	$ 15,000.00
Wormer	$ 1,140.00
Vet, Medicine, & Supplies	

	$ 2,000.00
Mineral Twister Feeder (10 @ $145)	$ 1,450.00
Hay Rings (25 & $500)	$ 7,500.00
Cattle Rubs	$ 2,200.00
Creep Feeders (10 @ $490)	$ 4,900.00
Cabinets (for medical supplies)	$ 1,000.00
250 broad cows (intent to eventually buy 500 head of broad cows)	$ 250,000.00
Bulls (8 @ $1500)	$ 12,000.00
Refrigerator (for meds)	$ 800.00
TOTAL:	**$ 468,090.00**

Table: Detailed Budget

Equipment	
Tractor (John Deer 6115 4x4 100hp w/cab. 2 @ $48,000)	$ 96000.00
Loader (for tractor. 2 @ $7,000)	$ 14000.00
John Deere 568 Round Hay Baler	$ 38900.00
John Deere Square Hay Baler	$ 16350.00

John Deere Hay Cutter	$ 6000.00
John Deere Hay Rake	$ 3750.00
John Deer 17' Hay Tedder	$ 3750.00
John Deer Feed Grinder	$ 31000.00
Woods 20' Bush Hog	$ 8000.00
Super C Round Hay Bale Hauler	$ 3000.00
New Holland H7230	$ 23000.00
Buhler Farm King	$ 3500.00
Cat 277B Track Loader	$ 30000.00
Utility Truck (Dodge 3500)	$ 45000.00
100 Gallon Diesel Tank	$ 300.00
Diesel Pump	$ 300.00
Cutting Torch	$ 7300.00
Welding Helmet	$ 150.00
Coxreels	$ 300.00
Generator	$ 3100.00
Drive Air Impact	$ 550.00

Table: Detailed Budget

Truck Box	$ 600.00
Big Tool Box	$ 500.00
Honda Air Compressor	$ 900.00
Battery Charger	$ 260.00
Suzuki Carry Mini Truck	$ 10000.00
Case 580M 4x4 Extended Backhoe	$ 50000.00
Tye Pasture Pleaser Drill	$ 7000.00
Cattle Trailer	$ 13000.00
Utility Trailer (Kaufman)	$ 8500.00
Horse Trailer	$ 20000.00
Dump Trailer	$ 5000.00
Utility Trailer	$ 2000.00
Honda 4 Wheeler	$ 13800.00
Manuear Spreader	$ 7000.00
Fertilize Spreader	$ 350.00
Pressure-3.5 GPM @	1000.00

4000 PSI	$	
Kuhns 1834 Accumulator	$	50000.00
Kuhnns 618 Grabber	$	7000.00
Shed (for housing farm equipment)	$	30000.00
Water & Sprinkler System	$	1000.00
Electrical	$	5000.00
Security System	$	10000.00

Table: Detailed Budget

Diesel Fuel	$	15000.00
1000 Gallon Diesel Tank	$	1500.00
Pump	$	1000.00
Auger	$	3500.00
Feed Bin	$	2220.00
Horse Bard	$	30000.00
Hay Shed	$	29000.00
Additional Lease Payments	$	1000.00
Fertilizer	$	20000.00

Lime	$ 20000.00
Gravel	$ 10000.00
TOTAL:	$ 710380.00

6.0 Management Summary

INSERT NAME will act as the managers of all operations.

Duties with include:

Checking, feeding, putting out hay, doctoring, giving shots, weaning, putting tags on ears, banding, and paperwork

6.1 Personnel Plan

The personnel plan includes INSERT NAME as well as their son INSERT NAME, who will be responsible for cutting, raking, baling hay, putting out hay, taking calves to sell, and help working with calves.

All additional staff will be paid on a part-time subcontract basis.

Table: Personnel

Personnel Plan			
	2010	2011	2012
INSERT NAME	$2,000	$35,000	$45,000
INSERT NAME	$2,000	$35,000	$45,000
INSERT NAME	$1,000	$20,000	$30,000
Total People	3	3	3
Total Payroll	$5,000	$90,000	$120,000

7.0 Financial Plan

The financial plan is based on conservative estimates and assumptions. The company's investments in salaries, operating costs, equipment, land, and cattle are based on receiving grant funding of $1,944,390.

7.1 Important Assumptions

The primary assumption made in this plan is that INSERT NAME will receive grant funding. All interest payment assumptions have been made at 10% to give a conservative margin in interest rate fluctuations.

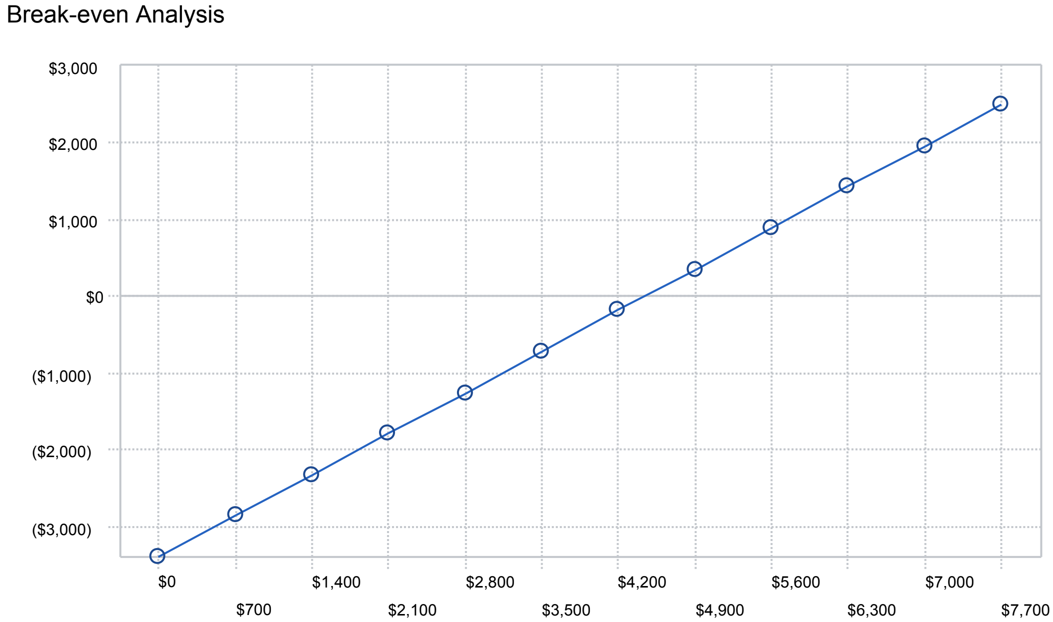
7.2 Break-even Analysis

The Break-even analysis for INSERT NAME assumes an estimated monthly fixed cost of $3,402 with the assumption that the average percent variable cost estimate is 23%; the monthly revenue break-even is $4,438.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	$4,438
Assumptions:	
Average Percent Variable Cost	23%
Estimated Monthly Fixed Cost	$3,402

Chart: Break-even Analysis



7.3 Projected Profit and Loss

As the Profit and Loss table shows the farm expects to have rapid growth in sales revenue and an increase in net profit over the next three years of operations.

Table: Profit and Loss

Pro Forma Profit and Loss

	2010	2011	2012
Sales	$29,137	$172,500	$315,000
Direct Cost of Sales	$6,799	$50,350	$93,600
Other Costs of Sales	$0	$0	$0
Total Cost of Sales	$6,799	$50,350	$93,600
Gross Margin	$22,338	$122,150	$221,400
Gross Margin %	76.67%	70.81%	70.29%
Expenses			
Payroll	$5,000	$90,000	$120,000
Marketing/Promotion	$180	$300	$400
Depreciation	$6,000	$15	$45,000
Building Expense	$804	$400	$800
Equipment Expense	$3,000	$0	$0
Utilities	$5,719	$8,000	$15,000
Phone/ Fax	$1,266	$1,500	$1,800
Legal	$500	$250	$250
Rent	$3,996	$0	$0
Repair Maintenance	$3,798	$1,500	$4,500
Inventory	$966	$1,000	$2,500
Auto/ Truck Expense	$9,600	$5,000	$5,000
Total Operating Expenses	$40,829	$107,965	$195,250

Profit Before Interest and Taxes	($18,491)	$14,185	$26,150
EBITDA	($12,491)	$14,200	$71,150
Interest Expense	$5,778	$4,877	$3,077
Taxes Incurred	$0	$2,792	$6,922
Net Profit	($24,269)	$6,516	$16,151
Net Profit/Sales	-83.29%	3.78%	5.13%

Chart: Profit Monthly

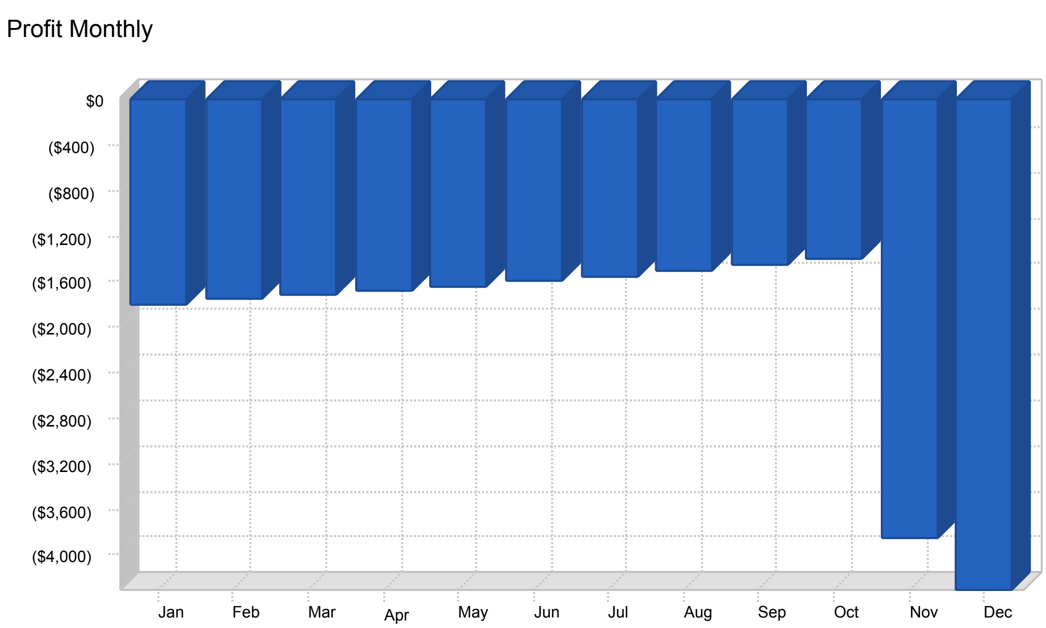


Chart: Profit Yearly

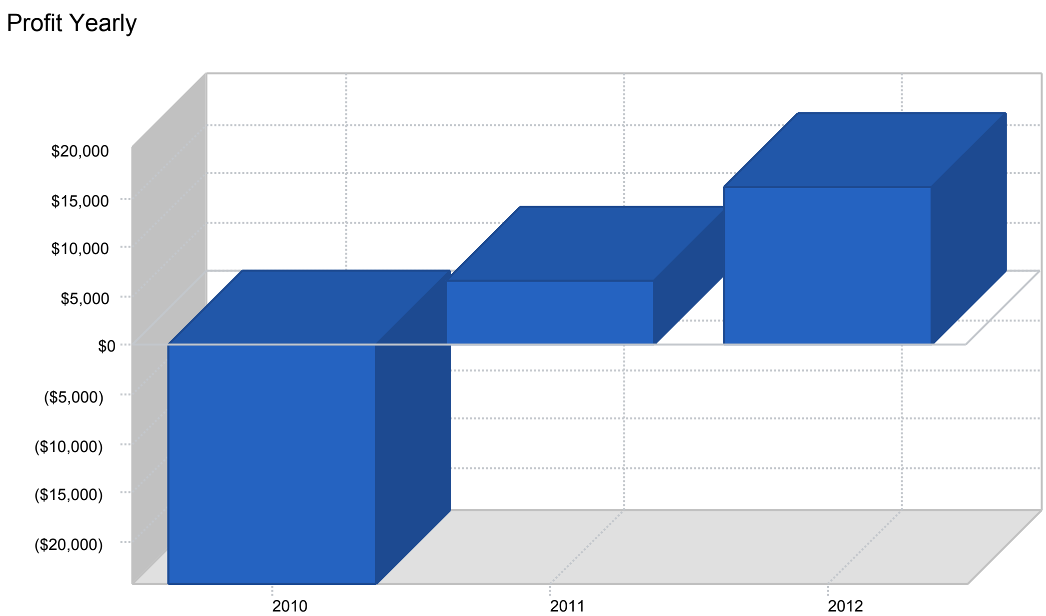


Chart: Gross Margin Monthly

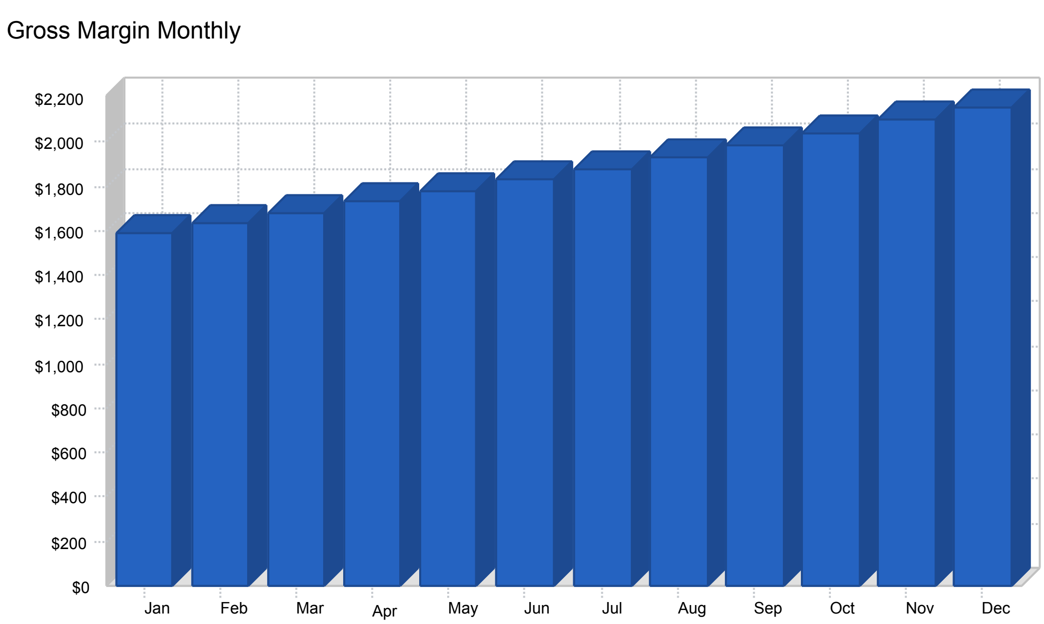
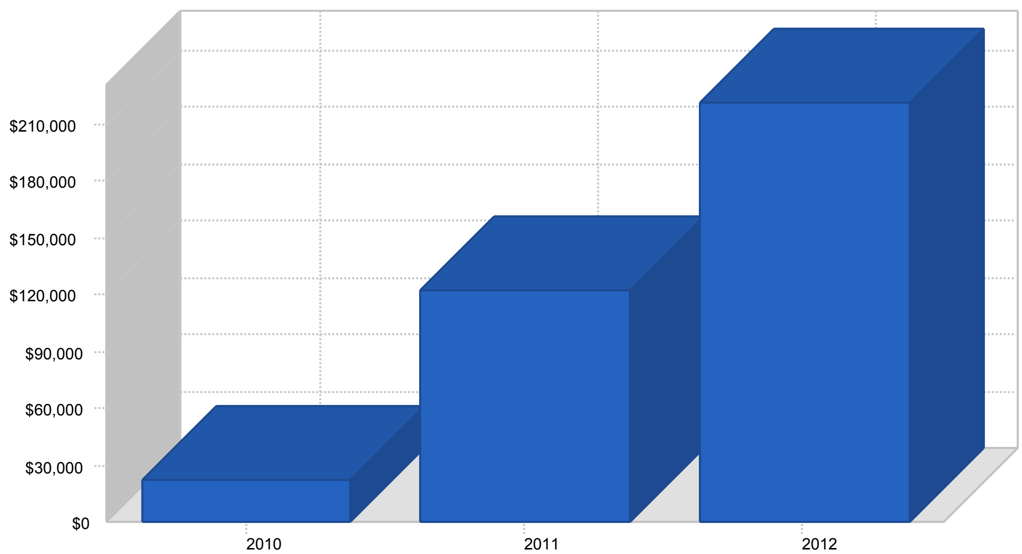


Chart: Gross Margin Yearly

Gross Margin Yearly



7.4 Projected Cash Flow

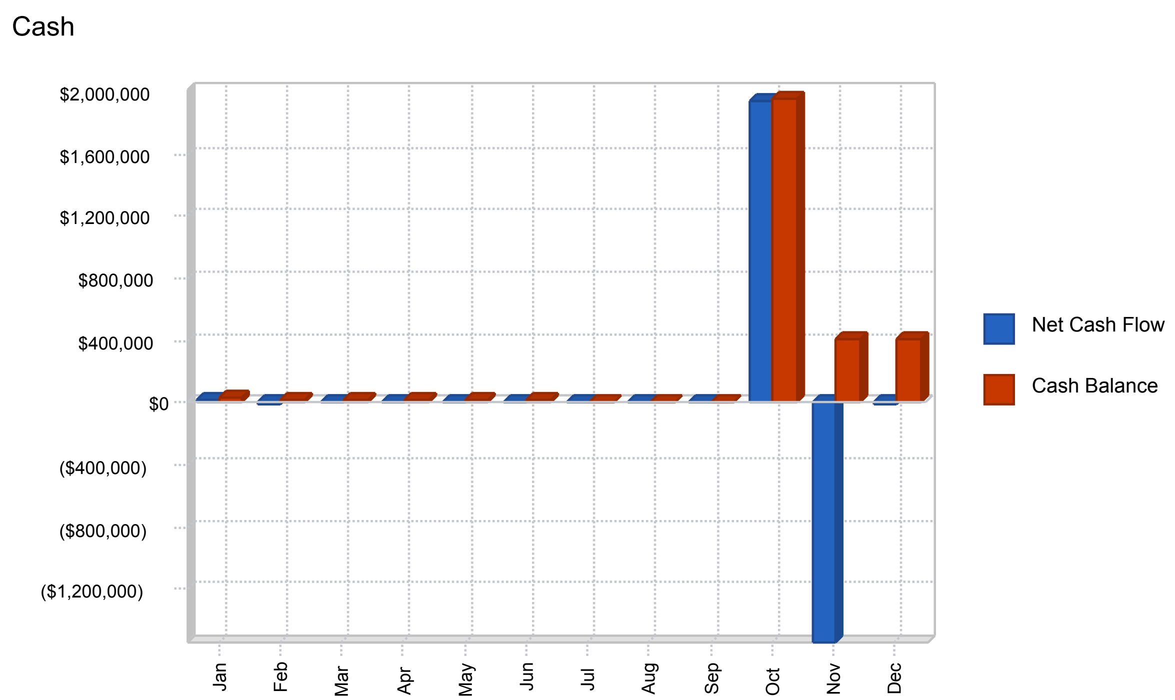
INSERT NAME shows a positive cash flow and the analysis is outlined in the following table. The investment of grant funding along with the disbursements of it, were primarily accounted for in one month to simplify cash flow assumptions.

Table: Cash Flow

Pro Forma Cash Flow			
	2010	2011	2012
Cash Received			
Cash from Operations			
Cash Sales	$29,137	$172,500	$315,000
Subtotal Cash from Operations	$29,137	$172,500	$315,000
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$0	$0	$0
New Current Borrowing	$15,000	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0
New Long-term Liabilities	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$1,944,390	$0	$0
Subtotal Cash Received	$1,988,527	$172,500	$315,000
Expenditures	2010	2011	2012
Expenditures from Operations			

Cash Spending	$5,000	$90,000	$120,000
Bill Payments	$47,111	$432,961	$75,327
Subtotal Spent on Operations	$52,111	$522,961	$195,327
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$1,932	$2,000	$2,000
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$2,400	$12,000	$20,000
Purchase Other Current Assets	$40,000	$10,000	$10,000
Purchase Long-term Assets	$1,500,000	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$1,596,443	$546,961	$227,327
Net Cash Flow	$392,084	($374,461)	$87,673
Cash Balance	$401,834	$27,373	$115,047

Chart: Cash


Cash
$2,000,000
$1,600,000
$1,200,000
$800,000
$400,000
$0
($400,000)
($800,000)
($1,200,000)
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Net Cash Flow
Cash Balance

7.5 Projected Balance Sheet

The balance sheet shows healthy growth of net worth, and strong financial position.

Table: Balance Sheet

Pro Forma Balance Sheet			
	2010	2011	2012
Assets			
Current Assets			
Cash	$401,834	$27,373	$115,047
Inventory	$8,480	$399,543	$305,943
Other Current Assets	$53,500	$63,500	$73,500
Total Current Assets	$463,814	$490,416	$494,489
Long-term Assets			
Long-term Assets	$1,594,047	$1,594,047	$1,594,047
Accumulated Depreciation	$44,700	$44,715	$89,715
Total Long-term Assets	$1,549,347	$1,549,332	$1,504,332
Total Assets	$2,013,161	$2,039,748	$1,998,821
Liabilities and Capital	2010	2011	2012
Current Liabilities			
Accounts Payable	$4,315	$38,386	$3,308
Current Borrowing	$15,168	$13,168	$11,168

Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$19,483	$51,554	$14,476
Long-term Liabilities	$40,600	$28,600	$8,600
Total Liabilities	$60,083	$80,154	$23,076
Paid-in Capital	$1,944,390	$1,944,390	$1,944,390
Retained Earnings	$32,957	$8,688	$15,204
Earnings	($24,269)	$6,516	$16,151
Total Capital	$1,953,078	$1,959,594	$1,975,745
Total Liabilities and Capital	$2,013,161	$2,039,748	$1,998,821
Net Worth	$1,953,078	$1,959,594	$1,975,745

7.6 Business Ratios

The table below presents the business ratios for Alsbrook Farms. The Industry Profile comparisons for “**Beef Cattle Ranching and Farming**” used for reference in this table.

The Standard Industrial Classification (SIC) Code 0212 and the North American Industrial Classification Standard (NAICS) 112111 were used as subset options matching the industry of this business.

Table: Ratios

Ratio Analysis				
	2010	2011	2012	Industry Profile

Sales Growth	156.42%	492.03%	82.61%	1.50%
Percent of Total Assets				
Inventory	0.42%	19.59%	15.31%	5.51%
Other Current Assets	2.66%	3.11%	3.68%	38.63%
Total Current Assets	23.04%	24.04%	24.74%	47.47%
Long-term Assets	76.96%	75.96%	75.26%	52.53%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.97%	2.53%	0.72%	19.01%
Long-term Liabilities	2.02%	1.40%	0.43%	79.98%
Total Liabilities	2.98%	3.93%	1.15%	98.99%
Net Worth	97.02%	96.07%	98.85%	1.01%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	76.67%	70.81%	70.29%	71.78%
Selling, General & Administrative Expenses	159.96%	67.03%	65.16%	12.72%
Advertising Expenses	0.62%	0.17%	0.13%	0.36%
Profit Before Interest and Taxes	-63.46%	8.22%	8.30%	5.06%
Main Ratios				
Current	23.81	9.51	34.16	1.46
Quick	23.37	1.76	13.02	1.17
Total Debt to Total Assets	2.98%	3.93%	1.15%	98.99%

Pre-tax Return on Net Worth	-1.24%	0.48%	1.17%	936.59%
Pre-tax Return on Assets	-1.21%	0.46%	1.15%	9.43%

Additional Ratios	2010	2011	2012
Net Profit Margin	-83.29%	3.78%	5.13%
Return on Equity	-1.24%	0.33%	0.82%
Activity Ratios			
Inventory Turnover	0.93	0.25	0.27
Accounts Payable Turnover	11.79	12.17	12.17
Payment Days	27	17	189
Total Asset Turnover	0.01	0.08	0.16
Debt Ratios			
Debt to Net Worth	0.03	0.04	0.01
Current Liab. to Liab.	0.32	0.64	0.63
Liquidity Ratios			
Net Working Capital	$444,331	$438,862	$480,013
Interest Coverage	-3.20	2.91	8.50
Additional Ratios			
Assets to Sales	69.09	11.82	6.35
Current Debt/Total Assets	1%	3%	1%
Acid Test	23.37	1.76	13.02
Sales/Net Worth	0.01	0.09	0.16
Dividend Payout	0.00	0.00	0.00

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