



# Aquafarming as a Business: The Business Plan

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## Topics

- The Business Plan
- Creating an Income Statement

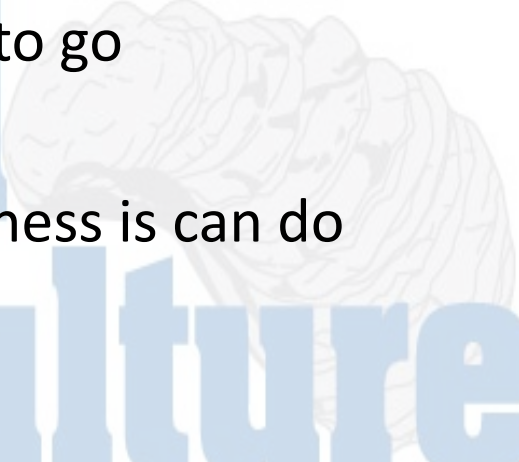
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# The Business Plan

- Tells the story of your business
- Provides a roadmap of where you want to go
- Can be used to help obtain financing
- Demonstrates you know what your business is can do
- Helps measure your progress over time


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Needed to begin

- Production and financial records
  - Sales and marketing information
  - Financial statements

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# Parts of a Business Plan

- **Table of Contents**
- **Executive Summary**
- **Business Description**
- **Products and Services**
- **Production Methods**
- **Market Analysis**
- **Personnel & Management**
- **Financial Information**
- **Appendices and Supporting Documents**

# Table of Contents

- Helps someone locate different parts of your business plan
- Provides you with an outline of what to develop

## BUSINESS PLAN INDEX

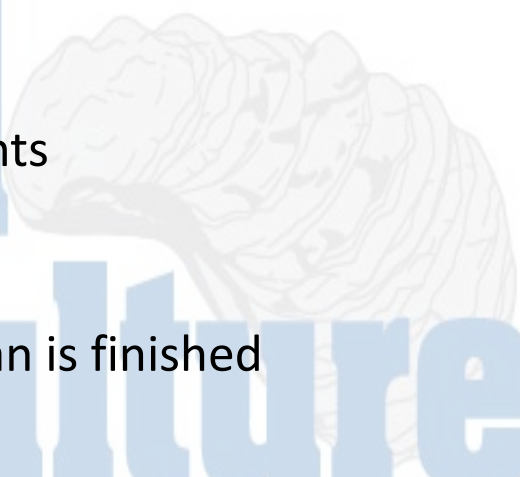
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# Executive Summary

- First section of the business plan
- Provides a summary of the entire plan
- Should not be longer than 1 page
  - Show the strengths and highlights
    - Goals
    - Capital requests
  - Written **after** your plan is finished

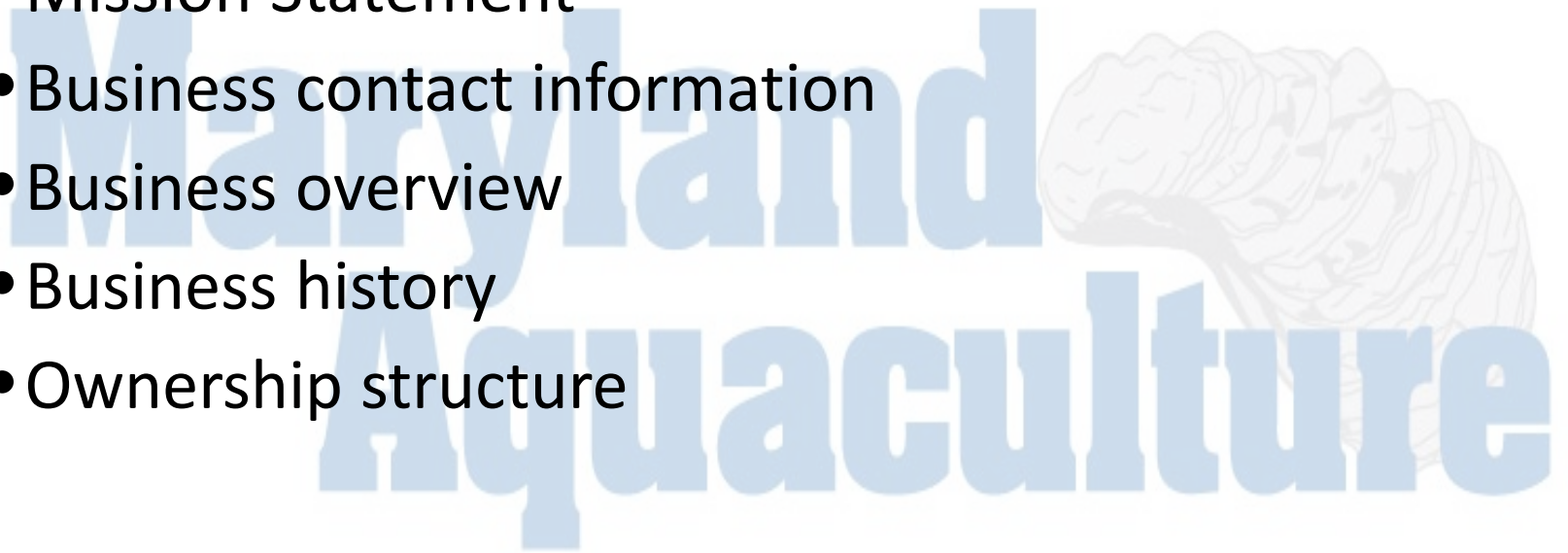
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# Business Description

- Mission Statement
- Business contact information
- Business overview
- Business history
- Ownership structure

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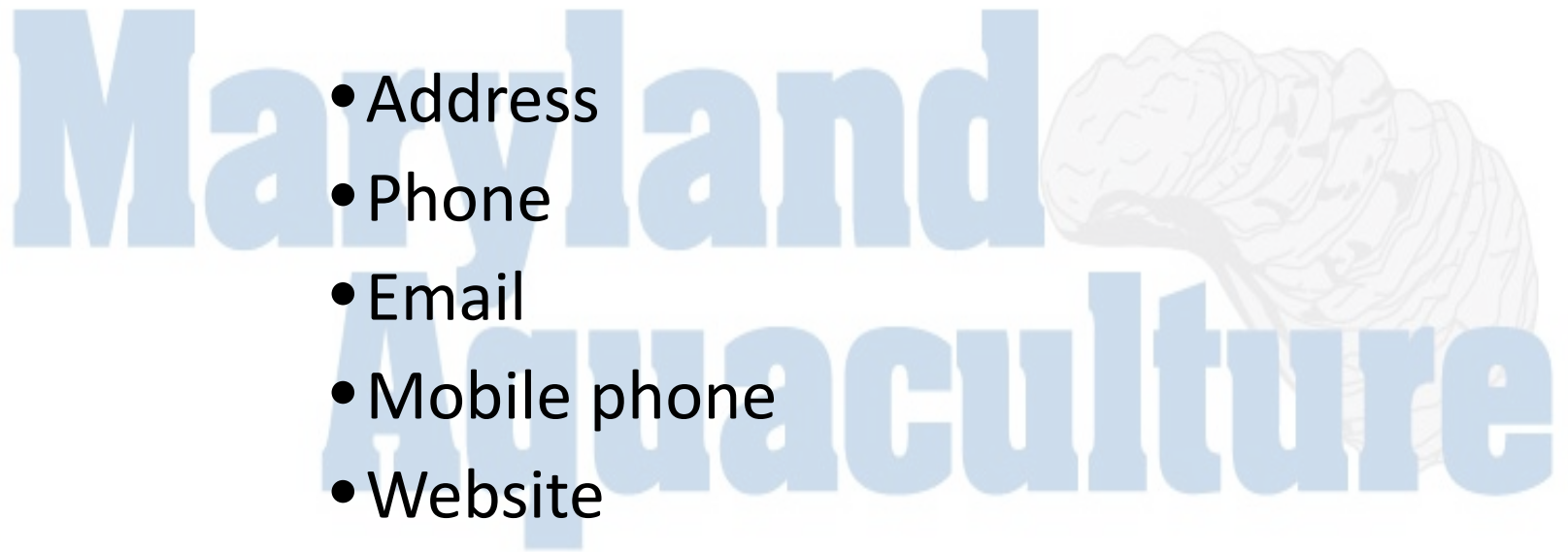
# Mission Statement

- Short, concise, memorable
- *“Matt’s Oyster Farm, LLC produces high quality oysters for raw bars and shucked products and targets local, national and international markets while accentuating the sustainability of its foods.”*

# Business Contact Information

- Address
- Phone
- Email
- Mobile phone
- Website

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# Business Overview

- What you grow?
  - *Seed, half-shell oysters, shucking oysters, hard clams, other products*
- How much you grow?
  - *e.g., 100,000 oysters; 10,000 bushels*

Where do you sell?

- *Wholesale buyer; Local seafood markets; restaurants; farmers market*
- Do you have employees?
  - *Full-time labor; part-time or seasonal labor*

# Business History

- When did you start?
  - *1997*
- Why did you start?
  - *Wild harvest declined, crab harvest unstable*
- How did you start?
  - *Worked for another grower for two years*
- Was the business passed down through family?
  - *No, begun from scratch*
- Important changes?
  - *Increased demand for oysters; strong prices*
- Biggest challenges over the last 5 years
  - *Cash flow while waiting for first crop*

# Ownership Structure

- Single Owner
- Multiple Owners
  - *How much is owned by each?*
- Family Owned
- Licensed as a business entity
  - *Cooperative; corporation; LLC*
- Why did you choose this structure?
  - *To utilize resources more efficiently among small farmers*
  - Minimize tax liability

# Products and Services

- Describe what you are growing and selling.
  - *Seed, shellstock, shucking product*
- Do you provide services for other growers?
  - *Custom planting and harvesting*
- Do you make equipment for other growers?
  - *Upwellers and bottom cages*
- Who do you sell your products to?
- Are you planning new products or services?



# Production Methods

- Describe in detail how you produce your product.
  - *Hatchery; nursery; growout system*
- Describe your farm
  - *4 leases, 50 acres each = 200 acres total*
- Describe your harvest methods
  - *Dredge, tong, float, cage*
- Why were these harvest methods chosen?
  - *Most efficient for the business model*

# Production Methods

- List equipment required
- Explain how you control the quality of your product
  - *Purchase quality seed or larvae*
  - *Storage and handling*
    - *Refrigeration; follow HACCP procedures*
- Inventory
  - How many oysters are on your leases?
  - How do you determine your inventory?
  - Do you have multiple year classes?
  - Expected inventory over the next few years

# Market Analysis

- Industry Analysis
  - Customer Analysis
    - Market Size and Trend
    - Location of Business

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# Industry

- Describes the industry as a whole
  - *How many shellfish farms are in the area and what they grow; total production*
- Describes your competition
  - *Big or small farms; locations*
- Shows how you fit into the industry with your products and services
- Describes market trends and outlook
  - *i.e., “Prices have remained stable for 3 years”*

# Customer Analysis

Identify the characteristics of the customers you are trying to reach with your sales campaign


## Retail

- Age
- Gender
- Location
- Income Level
- Education

## Wholesale

- Industry segment
  - Restaurant
  - Seafood market
  - Other
- Location
- Firm or business size
- Product preferences

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# Market Size and Trends

- How many potential customers?
  - *Population of your target market*
  - *% you feel may eat shellfish*
- Seasonal consumption patterns?
  - *Holidays or festivals that may increase consumption?*
  - *Time of year or reason consumption decreases?*
- What products are most desired?
- Historical pricing

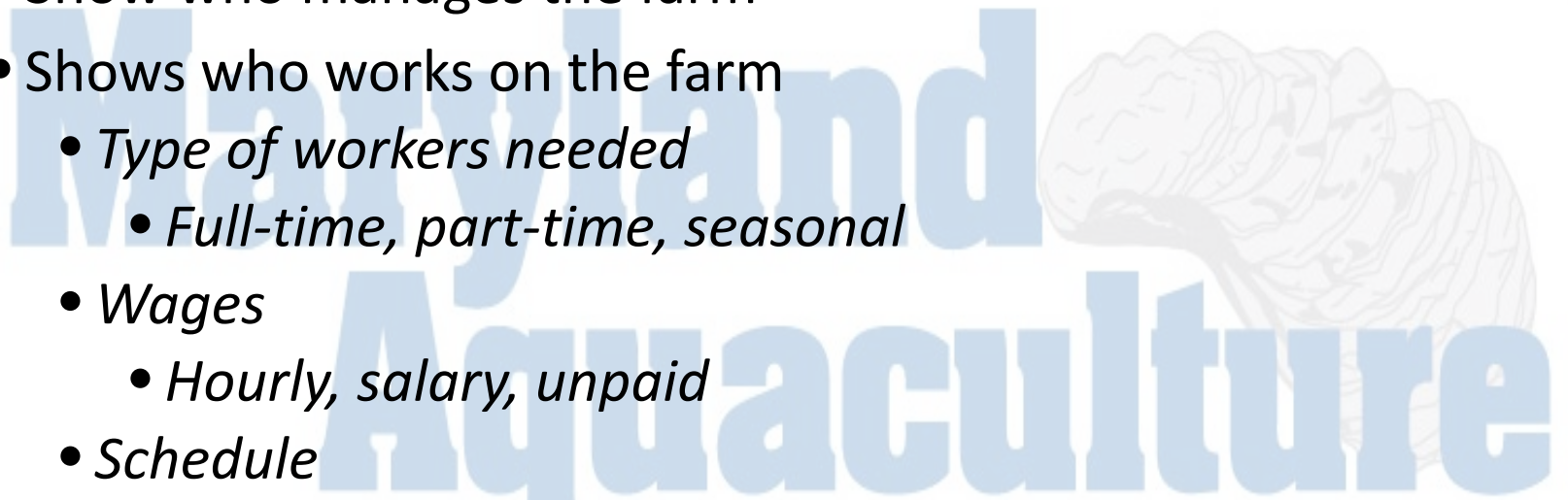


# Location of Your Business

- How far are you located from the customers you want to purchase your products?
  - *20 miles from Jessup Wholesale Market*
  - *5 miles from two local seafood markets*
- How will you transport your products?
  - *Trucked on ice or picked up by buyer*
  - *Refrigerated*
- Will traffic or buyer criteria affect delivery?

# Management & Personnel

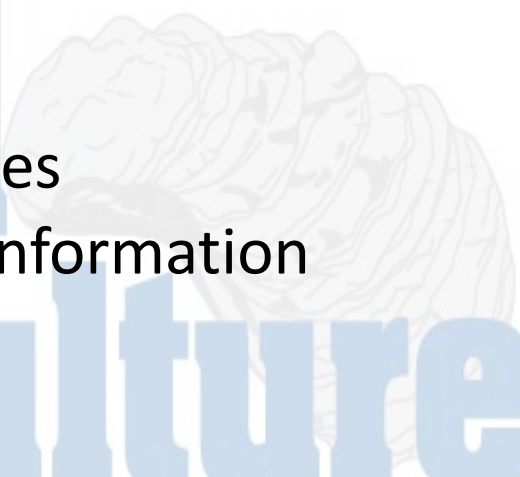
- Show who manages the farm
- Shows who works on the farm
  - *Type of workers needed*
    - *Full-time, part-time, seasonal*
  - *Wages*
    - *Hourly, salary, unpaid*
  - *Schedule*
- Other key support personnel



# Owners and Management

- Name and Position
- Duties and Responsibilities
- Address and Contact Information


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# Personnel Responsibilities and Duties

- Name and Position
  - Duties and Responsibilities
  - Skills and Talents
  - Salary and Wages
  - Work Schedule

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# Support Personnel

- Title – for example:
  - *Attorney*
  - *Accountant/Bookkeeper*
  - *Insurance Agent*
  - *Real Estate Agent*
  - *Consultants/Advisors*
- Name
- Contact information



# Financial Information

- Balance Sheet
- Income Statement
- Cash Flow Statement
- Source of funds
  - *Personal Savings*
  - *Loans*
- Include the statements, and describe what they tell you based on the ratios we calculated