

PEPPER FARM BUSINESS PLAN

CRYSTAL FARMS

CRYSTAL VENTURES

LAGOS, NIGERIA

EXECUTIVE SUMMARY

Crystal Farms, a subsidiary of Crystal Ventures, is a new agro-allied farm that we in the Mowe-Ibafo area of Ogun State. Our mission at Crystal Farms is to ensure year-round provision of pepper and other vegetable crops in the tomatoes family directly for consumers in Lagos and Ogun State by producing organic and non-organic agricultural foods in large quantities using sustainable and healthy practices.

We plan to build a business that is going to be a standard farm, hence will be involved in pepper cultivation and other vegetable crops in the tomatoes family in commercial quantity. The pepper industry and the agricultural industry as a whole has vast opportunities, and we wish to contribute our quota in growing the Nigeria's economy, national food production, raw materials production for industries, and the from the Unite to other countries and above all to make profit.

Through market research it is evident that consumers are interested in high end speciality products. There is a move toward health and local that will benefit our operation. The major limitation is the money to devote to the operation and production. Our advantage is our well based rapport with a handful of major players (agriculture merchants) in the agro – allied industry; both suppliers and buyers within Ogun and Lagos States, and the specialty aspect as well as season extension.

We have done our extensive detailed market research and feasibility studies and we have started the process of acquiring ½ acre of land for our cultivations and business process. The size of the land has a potential to generate a net profit of N456,000 yearly.

Company Description

Crystal Farms is a start-up farm, a subsidiary of Crystal Ventures, that is owned by Mr and Mrs (Name). Mrs (Name) has been selling pepper, tomatoes and other vegetables for years in Mile 12 Market, Lagos. This has given her a deep knowledge of the intricacies of the business. Crystal Ventures is renowned for its high quality products and uniqueness of service delivery.

- **Our Vision Statement**

The Vision of Crystal Farms is to become one of the leading commercial farms in Nigeria.

- **Our Mission Statement**

Our mission at Crystal Farms is to ensure year-round access to affordable foods in Nigeria by producing organic and non-organic agricultural foods in large quantities using sustainable and healthy practices.

Objectives

- ✓ Grow high quality pepper, tomatoes and vegetables for wholesale and retail markets.
- ✓ Use production methods are economically feasible as well as utilizing sustainable agriculture and best management practices.
- ✓ Produce a minimum of 3 tonnes of pepper and tomatoes in a year from ½ acre of land.
- ✓ Make sales of N1,350,000 sales in a year for pepper and tomatoes.
- ✓ Crystal Farms will attend courses on production and management to increase profitability.
- ✓ Crystal Farms will be the main source of labour. Seasonal help may be hired for markets or farm work.

- **Our Values**

High quality

Consistent freshness and taste

Uniqueness

Ease of ordering

convenient delivery

Year-round availability of products

- **Our Business Structure**

Crystal Farms' agricultural production will involve a range of processes. Hence, we will hire the required numbers of employees that will help us build a farm. We would also be hiring workers at intervals to help us take the agricultural market by storm, giving our customers the best in each stroke.

Outlined below is the business structure of Crystal Farms:

- Chief Operating Officer
- Farm General Manager
- Business Accountant
- Plant Manager / Supervisor
- Marketing and Sales Executive
- Field Employees
- Guards

Roles and Responsibilities

Chief Operating Officer

- Will oversee providing direction for the business
- Will be In charge of Creating, communicating, and implementing the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Will oversee the day to day running of the farm
- Will be in charge of handling high profile clients and deals
- Will be in charge of fixing prices and signing business deals
- Will be in charge of signing checks and documents on behalf of the company
- In charge of calculating the success of the farm at regular interval

Farm General Manager

- Will be in charge of the planning, management and coordinating all farm activities across the various sections on behalf of the organization
- In charge of supervising other section manager
- Ensures compliance during project executions
- Will be Obligated to provide advice on the management of farming activities across all sections

- In charge of carrying out risk assessment
- Should be able to use IT systems and software to keep track of people and progress of the growth of crops, fishes, birds and animals
- Is in charge of overseeing the accounting, costing and sale of farm produce after harvest
- Is charged with representing the organization's interest at various stakeholders meetings
- Makes sure that farming goals desired result are achieved, the most efficient resources (manpower, equipment, tools and chemicals et al) are used and different interests involved are satisfied. In charge of preparing financial reports, budgets, and financial statements for the farm
- In charge of overseeing the smooth running of HR and administrative tasks for the organization
- Is tasked with handling all financial transactions for the farm
- It's obligated to define the job positions for recruitment and managing interviewing process
- Carries out staff induction for new team members
- In charge of training, evaluation and assessment of employees
- In charge of overseeing the smooth running of the daily farming activities across the various farming sections.

Business Accountant

- In charge of overseeing the smooth running of HR and administrative tasks for the organization
- Tasked with defining job positions for recruitment and managing interviewing process
- Carries out staff induction for new team members
- In charge of training, evaluation and assessment of employees
- In charge of preparing financial reports, budgets, and financial statements for the organization
- In charge of financial forecasting and risks analysis.
- In charge of developing and managing financial systems and policies
- In charge of administering payrolls
- Ensures compliance with taxation legislation
- Handles all financial transactions for the company
- Serves as internal auditor for the company

Plant Cultivation Manager / Supervisor

- In charge of managing the crop cultivation section of the commercial farm
- Tasked with supervising other workers within the department
- Obligated to work closely with the General Manager to achieve the organizations' goals and objectives

Marketing and Sales Officer

- In charge of Identifying, prioritizing, and reaching out to new markets for our agriculture produce, processed food, new partners, and business opportunities within the agro – allied industry
- In charge of Developing, executing and evaluating new plans for expanding increase sales of all our agriculture produce and processed foods
- Tasked with documenting all customer contact and information.
- Represents the company in strategic meetings
- Aids to increase sales and growth for the company

Field Workers / Contract Staff

- In charge of preparing farm lands for crop cultivations
- In charge of feeding fishes, birds and animals as instructed by the supervisor
- In charge of cleaning poultry and cattle ranch
- Tasked with changing the water in fish ponds as instructed by the supervisor on a regular basis
- In charge of handling Sod installation/hydro – seeding
- In charge of Weeding or fertilizer and/or pest control application
- In charge of handling farm implements and machines as instructed by the section manager / supervisor
- Aids in handling the harvest of crops, fishes and birds et al
- Helps in carrying out task in line with the stated job description
- Helps in transport working tools and equipment from the farm and back to the designated store room
- Handles any other duties as assigned my the line manager

Guards

- In charge of protecting the farm and its environs
- Controls traffic and organize parking
- Tasked with giving security tips when necessary
- Patrols around the farm on a 24 hours basis
- Presents security reports weekly

Our Products

Crystal Farms will, through extensive farming practices, cultivate vegetables and market pepper, tomatoes, for Ogun and Lagos states markets, and, as we expand, for South-West and Nigeria. We plan to produce vegetables crops in large quantities and build a standard food processing plant as a branch of our business.

As time goes on, we intend to add a few more in other to achieve our business goals such as building a Food Processing Plant to produce Tomatoes Paste, Chilli Pepper Powder, etc.

All produce will be grown on Crystal Farm. Mr and Mrs (Name) will both actively work and manage the farm.

MARKET ANALYSIS

- **Market Trends**

Pepper is one of the important vegetable or spices all over the world. In Nigeria, no dish seems to be complete without pepper. Apart from serving as spices, pepper is used to decorate food, to give it flavour or colour. Fresh pepper is found to be a good source of vitamin C and calcium.

In the light of the essential needs of pepper in human life, emphasis has been laid on increasing the production level and improving the marketing mechanism.

The basic problems with pepper in Nigeria are in two domains, firstly, those that hamper the production process and secondly, those that hamper marketing process. Pepper has the disadvantage of high perishability. This is more magnified in developing countries like Nigeria, where, due to their low level of technological capacity and lack of serious concern, farmers suffer incredible losses for inadequate preservative measures.

According to the Federal Ministry of Agriculture and Natural Resources, the foods produced mainly in Nigeria include cereals (sorghum, millet, maize, rice and wheat), Legumes-(cowpea, beans and peas) roots and tubers –(yams cocoyam, potatoes and cassava) fruits –(oranges, lime, lemon, mango, pears, apple and banana). They also include vegetables ground-nut, soya-bean, Onions, Okro and pepper.

Among all these food stuffs, one of the most difficult to preserve or perishable is pepper because of this reason, they are very costly and often in bad state after a while on the shed.

Nevertheless, the demand for pepper is so high that farmers hardly meet the demands for it. Therefore, Nigeria still imports pepper.

The market is wide for farmers – from local markets to the big cities like Lagos, Abuja, Port Harcourt, Ibadan, Enugu, Akure, and so on.

- **Our Target Market**

Our initial target markets at Crystal Farms Lagos, being the major recipient of foodstuffs in Nigeria, and Ogun state. Besides selling through middlemen and distributors, our plan is to sell directly to restaurants, guest houses and hotels in metropolis mentioned.

Key Industry Trend

- More families are health conscious and seeking healthy foods.
- Pepper and tomatoes are very popular menu items. Demand has also increased due to increasing population.
- Organic produce are becoming scarce, and due to climate change impact, agricultural products are scarce and the prices are high in the dry season.
- Restaurants and consumers are seeking local and fresh food. Local food movement is the fastest in the country.

SWOT Analysis

Properly explained below is a summary of the result of the SWOT analysis of Crystal Farms:

- **Strength**

Crystal Farms' strength is strategically the fact that we have created a well based rapport with a handful of major players (agriculture merchants) in the agro – allied industry; both suppliers and buyers within Ogun and Lagos States. Crystal Farms also has the necessary expertise and technical tools and equipment that will aid us plant crops in commercial quantities with ease. In addition, the following are our strengths:

Devotion to the farm business

Commitment to quality and success

Land area and capacity with good soils

Attend trainings and workshops for management and production

Ability to extend the growing season

- **Weakness**

Crystal Farms weakness is that it will take time and much more incentives to move the farm into the forefront and close to the heart of the people.

Do not have some of the machinery

Transportation and delivery to consumers is requires time and money

Finances are limited due to property purchase and start-up costs

New growers entering the market

- **Threats**

Local Farms are Competitors

Consumer tastes and preferences vary

Distribution costs

Product liability insurance are required for the farmers markets and by some restaurants

Probability of global economic downturn that will tell negatively on household spending

Bad weather cum natural disasters (draughts, epidemics)

- **Opportunities**

Local food movement is growing

Promotion of Farmers Markets and coupon programs by the government.

There is a high demand for fresh foods by consumers and restaurants.

Lack of quality specialty vegetables at food chains

Chain stores shelf life of fruits are very short and lack flavour

Government policies are becoming more favourable for farmers

Access to financial micro-credits for farmers

- **Our Competitive Advantage**

Since vegetables has a high daily demand, focusing on the cultivation and processing vegetable products is a competitive advantage for the Crystal Farms. There is always a ready market for vegetables.

Also, we plan to focus on restaurants, hotels and guest houses as our target market. We will be able to form marketing relationships with restaurants and consumers earlier by using season extension techniques.

Our season extension plan is to provide a unique product to local consumers and fine dining restaurants in the period of scarcity. Our high-quality products will be available for consumers when those of other farms are not such as early and late in the season. Our products will be fresher, local and of higher quality than distributors.

Our marketing relationship that we create with restaurants will not be easily copied. We will work to provide customer service and prompt delivery to get repeat buyers and brand loyalty.

Strategy Pyramid

Create awareness that Franks Organic Farm delivers a wide variety of quality wholesome and healthy vegetables on a consistent basis.

Create a specific, detailed planting guide, planting several times over the growing season.

Post fliers and brochures at local restaurants, and locally owned and operated organic/natural item stores in town.

Unique Selling Proposition (USP)

Crystal Farms stand out from the competition. The operators are experienced 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.

Crystal Farms will be renowned for its high quality products, consistent freshness and taste, ease of ordering, convenient delivery, and season extension.

Marketing Strategy and Positioning farm.

Crystal 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, Crystal Farm will go above and beyond to maintain and grow its member base.

Positioning Statement

Franks Organic Farm will be the premier vegetable farm that provides Lagos and Ogun Metropolis with the most delicious, mouth-watering, fresh and quality organic vegetables available in the local growing area, by providing exceptional relationships with its members, its community and the planet.

Pricing Strategy

Crystal Farm will utilize a fair price for a fair value. This could be a selling point for attracting new members, however, it is also important to note this is not about cheap food. To get a profitable pricing for our farm produce, we have chosen a good location for the farm with select good breed/seeds that will bring forth bountiful harvest. We will also reduce the cost of running our farm to the smallest minimum. The closeness of the farm to our target market will reduce the cost of transportation and delivery.

Promotion and Advertising Strategy

The best strategy is word of mouth advertising. When people are happy with their shares they tell friends.

We will make use of the internet and social media platforms like; Instagram, Google+, LinkedIn, Badoo, Facebook, twitter, et al to promote our commercial farm business. We plan to distribute our fliers and handbills in target areas, restaurants, farmers' markets at regular intervals.

High end restaurants will be reached through marketing and samples provided to the restaurants. Targeted restaurants will be fine dining locations. We will make personal visits to the restaurant to show the product and discuss options for sales and delivery. Sales will begin with 3 - 5 restaurants due to labor and time constraints. We will travel to restaurants within 30 miles of the farm provided that it is financially feasible.

The Farm will also be listed with relevant farmers' organisations and online directories to boost the presence of the farm in the area.

FINANCIAL PLAN

The financial plan will cover the following:

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

Assumptions

1. For all seasons, average price per ton is 450,000
2. Estimated yield for a year period is 3 tons
3. Interest rate on loan is 10%
4. Loan is paid back within a period of 3yrs
5. Assumed fixed cost is 667,500
6. Assumed variable cost is 116,250

SALES FORECAST FOR 1 YEAR

ESTIMATED YIELD FOR THE FIRST YEAR	Total sales at N450,000 per ton
3 TONS PER 1/2 ACRE	1,350,000.00

START-UP COST

SALARIES AND WAGES	67,500.00
LAND PREPARATION	15,000.00
PEPPER AND TOMATO SEEDS	18,000.00
NURSERY	180,000.00
POLYTHENE 4500 X 20	
BUSINESS REGISTRATION	50,000.00
FERTILIZER	9,000.00
MANURE	10,000.00
LABOUR	30,000.00
MISCELLANEOUS	97,900.00
WORKING CAPITAL	200,000.00
TOTAL START-UP EXPENSES	677,400.00

START-UP ASSETS

3 PLOTS OF LAND	750,000.00
DRIP-IRRIGATION SYSTEM	400,000.00
FARM TOOLS AND IMPLEMENTS	65,000.00
FARM WELL DIGGING	70,000.00
FENCING (BAMBOO TREE)	50,000.00
TOTAL START-UP ASSETS	1,335,000.00
TOTAL REQUIRED START-UP FUNDS	2,012,400.00

SOURCES OF FUNDS

OWNER'S INJECTION:	50,000.00
COMMERCIAL LOAN:	1,962,400.00

Uses of funds

Fixed Assets:	1,335,000.00
Operating Capital:	677,400.00

Break Even Analysis

Assumed Fixed Cost:

667,500.00

Assumed Variable Cost:

116,250.00

Price:

450,000.00

Volume of Sales Required: 2 tons

Break Even sales amount:

900,000.00

Projected Profit and Loss

Sales	1,350,000.00
Less Cost of Sales:	
Pepper and Tomato Seeds	18,000.00
Nursery Polythene 4500 x 20	180,000.00
Gross profit	1,152,000.00
Expenses:	
Land Preparation	15,000.00
Fertilizer	18,000.00
Promotional Materials	20,000.00
Business Cards	5,000.00
Telephone / Communications	7,000.00
Business Registration	50,000.00
Manure	20,000.00
Transportation	40,000.00

Labour:	
Nursery Planting	135,000.00
Weeding	40,000.00
Harvesting	30,000.00
Carriage of Produce	35,000.00
10% Loan Interest	70,000.00
Depreciation	60,000.00
Repairs	35,000.00
Miscellaneous	116,000.00
Total Expenses	696,000.00
Net Profit	456,000.00

Projected Cash Flow

Beginning Cash balance	50,000.00
Income from Sales	1,350,000.00
Total Inflows	1,400,000.00
Loan Repayment	666,666.67
Expenses	636,000.00
Owner's Draw	80,000.00
Total Outflows	1,382,666.67
Operating cash balance	17,333.33

PROJECTED BALANCE SHEET

CURRENT ASSETS:	
CASH	684,000.00
INVENTORY	577,000.00
	1,261,000.00
FIXED ASSETS	1,335,000.00
LESS DEPRECIATION	60,000.00
	1,275,000.00
TOTAL ASSETS	2,536,000.00
LOAN	2,000,000.00
DRAWINGS	80,000.00

RETAINED EARNINGS	456,000.00
LIABILITIES:	2,536,000.00