

FARM BUSINESS PLAN ASSIGNMENT

NAME- GURBIR KAUR

STUDENT ID NUMBER-10194768

FARM NAME- NATURE FRESH FARMS

EMAIL- gurbirpannu08@gmail.com

PHONE- 705-464-7025

ADDRESS- Graham Side Road, Kingsville, ON

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EXECUTIVE SUMMARY:

Company Profile: Nature Fresh Farms is a half-acre greenhouse of tomatoes and pepper. This farm will be in Kingsville, ON. It will be a rented Ridge and Furrow Type Greenhouse having plastic sheet on the walls and the roof will be of glass material. The lease will be for one year. I will grow two types of tomato, Campari and Beef, and green colored small peppers. I chose tomato and pepper because they have same growing habits.

Market Research Summary: I will do thorough research about the market that includes key competitors, local market, target market, keys to success, where should I launch my product, how should I introduce my product to the customers, and what I need to improve in my marketing strategies while getting in the market.

Market Summary: I will find appropriate market to sell my product such as wholesale, on-farm sale and farmers' market. Also, I need to focus on how my competitors are dealing with customers in that market, what is the basic price for their products, my potential customers.

Production Summary: The purpose of growing vegetables in the greenhouse are the off-season crops, crops in the shorter period, and round the year production. I selected tomatoes and peppers for greenhouse production due to their similar growing habits. The tomato plants are seeded in the mid of November and pepper plants are seeded from mid to end of October, and harvesting starts approximately at the end of March

to early April for both the crops. Also, we can get fruits continuously till the following November for tomato and peppers as well. It takes nearly four months from seedling to first picking. I will use Integrated Pest Management method for the complete control of pests and diseases that will occur in the greenhouse. Physical, cultural and biological control will be my priority to control the pest on the farm.

Financial Summary: The net income of my farm business for the first year is \$12,554 which will increase by 4%-5% each following year. I will take Line of Credit of \$35,000. My expenses will be nearly \$ 50,000 each year. I will keep my financial projections which can improve my decision-making ability for the future and I can work well on my farm business plan.

Sustainability Indicators: The long-term goal of my business is to maintain social, economic and environmental sustainability by reduced environmental impacts like chemical pollution, soil erosion and greenhouse gas emissions. I will recycle water and fertilizers on my farm to protect the degradation of the surrounding land and environment. Also, I will prepare a water harvesting tank in which I can collect the rainwater, and this water will be used to irrigate the plants. To dwindle the use of water, I will use the drip irrigation system. I will use controlled-release fertilizers, composting the plant waste, conservation of energy, use of biological insect-pest control, and organically grown seeds of tomato and pepper will be used for planting.

COMPANY PROFILE

Business Overview:

I want to develop a tomato and pepper greenhouse of half acre including two varieties of tomato, Campari and Kivu, and orange and green small peppers. This farm will be in Kingsville, Ontario as there are few tomato processing industries due to which, there is high demand for different varieties of tomato. As there is a high number of processing units, I will sell my products to wholesale and Sun-Brite Foods Inc. (Sun-Brite Foods Inc., n.d.), and they will sell processed products under their name. I am focused to feed the local community and to meet the year-round production of tomatoes and pepper on small scale. Also, I am centered towards sustainable agriculture by utilizing natural control measures and recycling the water and fertilizers on my greenhouse with the goal that I can envision the encompassing condition.

Company History:

Nature Fresh Farms has no history as it is not being established. I hail from agriculture background so, I hold great command on agricultural skills and techniques, such as agronomic practices, plant breeding, plant pathology, and marketing strategies. Additionally, I have done my co-op on a tomato and pepper greenhouse which evolved my knowledge of greenhouse production, book-keeping, keeping financial records, teamwork, communication skills and how to treat my co-workers in an effective manner.

Management:

I have derived a complete outlook of the management practices that I want to apply to my greenhouse. My whole family will be involved in my greenhouse operation which will help me in the maintenance of the finances during the initial years as they are coming to Canada next year. I will deal with the record keeping and financial documents along with the greenhouse operations, while rest of the workers will be engaged in the production practices. I will hire 4-5 experienced workers for picking and maintenance of greenhouse from the local community, so they too can find employment opportunities.

Location:

I have selected Kingsville area to open my greenhouse as there is a huge scope of its success due to the high demand for tomatoes and value-added goods in the area. The exact location will be Graham Side Road, Kingsville, Ontario. Also, I have explored so many farmer markets in Kingsville during my internship for about four months, therefore I concluded that the idea of starting a tomato greenhouse in this area would be lucrative. This area is near to States, so greater opportunities for exporting my products too.

Legal Structure:

Nature Fresh Farms will be a sole proprietorship in which all the decisions will be taken by me. This is the one-acre farm in which all the farm operations like preparing growing media, seedling plantation and other practices will be done by me and my family members.

Professional Advisors:

I was placed on a tomato and pepper greenhouse for my internship through which I got to know about the different operations of the greenhouse. My employer provided me with the pragmatic knowledge of greenhouse preparation and its maintenance. Also, I was given deep comprehension about the financial documentation that are necessary to keep track of our budgets and for the smooth run of the greenhouse. So, I will consider my co-op employer as my professional advisor.

Jerry Capussi – Greenhouse Managing Director

Natalie Capussi – Human Resource Manager

Vision:

Nature Fresh Farms intends to give customers the best in best quality and safe delivery, across the community. I want to go long for environmentally friendly development without jeopardizing the natural environment. I will try to plan a solid foundation that will be useful in winning reliable profit through modernization, versatility and devotedness that outcomes in consistently enduring associations with the customers.

Mission:

Nature Fresh Farms will be committed to directing our shoppers with exceptional greenhouse products deliver consistently. Our greenhouse production will be best in class to ensure the best and proficient item yield. Our tomatoes and peppers will be developed and dealt with by our committed staff to give prime review A create. Our central goal goes for developing, offering and controlling for a helpful and thriving network.

Goals:

- To keep up the most extreme supportable yield of high esteem tomatoes and peppers for the benefit.
- To create round the year tomato and pepper production.
- To uplift the standard of the local community.

Objectives:

- To mitigate the risk of food security.
- To develop selective plant, deliver without hurting the biological community so we can meet the wants of our clients.
- To maintain cordial relations with the customers to expand the business.

MARKET RESEARCH

Industry Profile and Outlook:

I would like to involve the local community in my greenhouse operation as there are numerable advantages of building the network, for example, it can upsurge our clients, give assistance in tough occasions, share proficient and significant theories that can produce a way more benefit than anticipated in our business. Moreover, I will conduct on-farm workshops to educate people regarding the newest techniques and aspects of greenhouse productions as well as its marketing.

Local Market:

I would like to sell my produce in Community Farmers' Market and Kingsville Farmers' Market. Both the markets are in Kingsville and are well established. Also, I want to sell products to the restaurants, small grocery stores, warehouse and processing units. On-farm sale of tomatoes will be a powerful move for generating better revenue (Nixon, 2016).

SWOT Analysis:

Strengths:

- Location and geographical conditions of the greenhouse
- Knowledge of agricultural skills and techniques
- Family involvement
- More innovative handling of the operating process

Weaknesses:

- Lack of competitive strengths and experience
- New business requires more funds (financial strains)
- Visionary and business skill gaps
- Lack of coordination

Opportunities:

- The seasonal demand of the product
- Modern technological advantages
- Increased product range such as value-added goods
- Growing interest in healthy products

Threats:

- Established growers/competitors
- Novice distribution channels
- Increased taxes on profits
- Market saturation

Target Market:

My target market will be on-farm market and the major proportion of the customers will be among the local community. This will increase the sale due to the fresh produce within the reasonable price of the product. I will sell packed tomatoes and value-added products like sauce, tomato puree, tomato juice and tomato pickle. I would like to do on-farm marketing on a large scale due to the less competition in the nearby areas.

Keys to Success:

- Experienced workers
- Deep knowledge of greenhouse production and its marketing
- Reliable record keeping
- Developing a support network
- Always ready to grab knowledge of modern production methods
- Executing the plan before getting into it
- Offering superior quality at an affordable price
- Marketing maximization

OPERATIONS:

Land Management: Land management is considered an important factor in the success of the greenhouse. I will grow tomatoes and peppers on raised beds. I will divide half acre greenhouse into four parts that are North, South, East and West, out of which three parts will occupy tomato and one part will occupy green peppers. I will grow three varieties of tomato that are Campari, Kivu and Touchee in North, South and East part respectively. Small peppers will be grown in the West portion. North, South, East and West parts will be named as Zone 1, Zone 2, Zone 3 and Zone 4 respectively. In the corner of Zone 1, there will be a water reservoir through which water could be provided to the plants by using a drip irrigation system. In the middle of Zone 2 and Zone 3, a fertilizer tank will be located, from which fertilizers can be given to the plants through fixed pipes after mixing the fertilizers of required quantity in the tank. The small area will be allocated for handling, packaging and storage of the produce next to the greenhouse in which I can store and pack my produce on time as tomato and pepper are the perishable product.

Legal Issues: There are numerous regulations that we must consider while operating a greenhouse. Firstly, we must register our business with the Ontario government. This will help me for taking grants for government and resolving my various issues that will come up with time (Ontario Business Registration, n.d.).

Also, we should follow the Environmental Protection Agency for the safety of the environment, Ontario Water Resources Act, Nutrient Management Act, Acts for Food Safety. For the safety on the farm, various acts are like the Workplace Safety and Insurance Act, Occupational Health and Safety Act, and Employment Standards Act. Also, there are several regulations to enter a Farmers' Market, for On-gate Farm Sale. We can also have a Certificate of Occupancy that all building codes, zoning laws and government laws have been met. Moreover, to handle pesticides on the farm, we should have Pesticides Act (Rules for Greenhouse Operators, 2018).

I will take land on rent or lease with the lease agreement of one year. I am going with rented greenhouse to start my business as it will be difficult for me to buy a greenhouse initially. All the aspects and policies such as tenure of lease termination, who will pay the land rent, and how much risk tenant and landlord must share, will be followed clearly while signing the lease. I must have the proper knowledge of all the documentation prior to the agreement.

Insurance Issues: Insurance is like protection and insurance policies cover financial loss to help us in stabilizing our financial position. It is important to agree with the insurance policies before getting into it and we need to pay the annual premium to the insurance company and they comply to accept the risk of covering our financial loss on occurring a defined event. A complete insurance plan for the greenhouse covers:

- Greenhouse and crops
- Greenhouse Employees
- Equipment breakdown

- Crop spoilage without the physical loss of greenhouse property or equipment
- Crop damage due to equipment failure or power
- Crop yield loss due to natural calamity like earthquake
- It provides 30% more value of the crop at the time of loss
- If the crop did not work well for last year, it will cover the replantation cost (Greenhouse Insurance, n.d.).

Human Resources: Human resources involve the managerial administrations, enlistment, work analysis, and ensures workplace environment. Human resources deal with the finance execution, employee documentation and directing studies about the farm operations. I will be the manager of the greenhouse and my family will be helping me in my business, so I need to hire more workers for lowering the plants, winding, picking and packaging. Basically, my family will be mostly involved in the office work like making external reporting of the business. The workers that I will hire should be experienced and should have excellent hold of agricultural skills. Human resources department is responsible for managing good relations among management and workers. The initial salary for the farm manager will be 22\$/hr, supervisor 18\$/hr, Human resource manager 20\$/hr and workers 14\$/hr or it can vary according to the experience of the person (Ponnusamy, n.d.)

Process/Production: The purpose of growing vegetables in the greenhouse are the off-season crops, crops in the shorter period, and round the year production. I selected tomatoes and peppers for greenhouse production due to their similar growing habits.

Crop Production:

Rotation Schedule: The tomato plants are seeded in the mid of November and pepper plants are seeded from mid to end of October, and harvesting starts approximately at the end of March to early April for both the crops. Also, we can get fruits continuously till the following November for tomato and peppers as well. It takes nearly four months from seedling to first picking (“Commercial Greenhouse,” 2018).

Pest Management: I will use Integrated Pest Management method for the complete control of pests and diseases that will occur in the greenhouse. Physical, cultural and biological control will be my priority to control the pest on the farm. The major pests of tomato and pepper greenhouse are whiteflies, spider mites and aphids, and these can be controlled by using effective biological methods such as Encarsia and organic sprays (“Pest and Disease,” 2018).

Equipment Resources/Management: It will be a ridge and furrow type greenhouse in which all the greenhouse equipment will be installed such as lighting system, vent machines, heaters, humidifiers, thermostats, tying plant material, gardening/sowing sieve, CO2 generators, evaporative cooling system, fertilizer injectors, water pumps, and water filters. To maintain these resources, we should have the proper check over the equipment such as we should check the fan wheel for the proper rotation of different

systems, the thermostat should not be exposed to heat or draft, power cables should be protected, gearbox must be fueled with appropriate lubricant, machines should be clean after use. I will be having my own delivery truck, soil medium, storage space and space for on-farm sale. Additionally, all equipment should be inspected before the initiation and after the end of the season (Greenhouses, n.d.).

Risk Assessment: In greenhouse, the risk assessment is a systematic approach of evaluating the potential risks on the farm. The risks are of six types, that are, human resources risk, legal risk, financial risk, production risk, marketing risk and public policy risk. The human resource risk is associated with the farm employees or visitors due to pesticides, fire, violence, slip or fall, health emergencies, improper functioning of equipment, heat stress, improper handling of hazardous material. There is a three-step approach to risk management:

Reduce Risk: Firstly, we need to assess the potential risk in the greenhouse, then the plans should be developed to reduce the effect of the risk. To reduce the risk, the security of the farm operations should be improved.

Manage Risk: To manage the risk, eventuality plans should be developed, and emergency response protocols should be established for fire emergency, hazardous material spill or release.

Transfer Risk: The risk can be transfer to the insurance companies by paying the annual premium to them, so they agree to accept the covering of the various risks on farm as explained above.

I will use reduce risk and transfer risk type on my greenhouse. I will develop appropriate plans to improve the security of workers and farm operations. Also, I will pay annual premium of the farm equipment, greenhouse and workers to the insurance company so that they can cover the risks of pesticide reaction, fire, fall, health emergencies, heat stress and improper handling of hazardous material. Additionally, to deal with the various risks, we should have legal advisors or expertise so that we could seek their help during making different decisions on farm (Anderson,2018).

FINANCIAL MANAGEMENT:

Start up costs and break even point: The start-up cost of my business is \$5000 with the \$35000 line of credit and \$14200 equity. My family will be helping me financially in starting my business. All the expenses and revenue are given in the excel sheet. The break-even point (BEP) is the financial analysis in the business, is that point where total cost and total revenue are equal and shows that if our business is profitable or not at the specific time. Also, it projects the determination of minimum output that should be outstripped for a business to profit. In the initial years of the business, my break-even point is nearly 0.68 with the profit margin of 14.56%. In the five years, the break-even point will decrease and ultimately, profit margin will increase.

Cashflow: My cashflow statement is nearly positive except for few months like January, February, March and December in most cases which shows that there will be less profit or no profit in these months, but in rest of the months, the cashflow is positive which shows my business is comparably making good money.

Income Statement: My profit margin for the first year is 14.56% which keeps on increasing with 2-3% in the following years. With income statement, we can keep track of the operating performance of our business over a period.

Balance Sheet: I have \$35000 line of credit as my business' liability and equity for the first year is \$14200. Balance sheet shows the efficiency of a business if it can sustain future operations, business net worth and the working capital is sufficient or not at a single point of time in the year.

SALES AND MARKETING:

Pricing Strategy: The pricing strategy refers to the approach that entrepreneurs or companies use to set the price of their products or services. The base price for my tomatoes and peppers will depend on the cost of their production like labor, seeds, packaging material, and the place where I am selling my product. Pricing strategies vary according to the market-to-market. I will sell my product in farmers' market, wholesale and on-farm sale. For farmers' market, penetration pricing strategy to improve my sale and get a best position in the market for the first few years. Later, I will set competition price that will be comparable to my competitors in the farmers' market. For wholesale, I will use economy pricing for the initial years and then cost-plus pricing. For the on-farm sale, I will use discount, promotional and price bundling pricing strategies to improve my customer base. Also, customers can enjoy fresh and high-quality produce at affordable price (Friesner, n.d.).

Marketing Strategy:

Positioning Statement: In the coming future, I see myself as a successful businesswoman in the quality production of tomatoes and peppers in the greenhouse. I will follow the farming and marketing strategies in the better way to succeed in the farming community. I will mainly focus on wholesale and on-farm sale in the initial years of my business to elevate my customers, so on-farm sale and wholesale will be niche market for me. Later, I will expand my business, buy greenhouse and land, and will own my individual processing unit to prepare value-added products from my tomatoes. I will process tomatoes into ketchup, puree, sauce, juice, and canned tomatoes.

Sales Process: Sales process includes prospecting, how to launch the product, distribution, sales transactions and follow-up, and these are described below:

Prospecting: Prospecting is the search of the right customers for our product. It is an important process for the sales process as the right customers can increase the customers. Each member of the marketing channel should involve in this process to upsurge their revenue.

How to Launch: The practices to launch a product in the market,

- I will search the appropriate market to sell my product
- Advertising by contacting local media like radio, newspaper, social media
- For wholesale, I personally need to talk to the owner of the site
- Before marketing, just visit the farmer' market to see how they operate
- Minimal start-up cost
- By providing free shipping services to attract more customers

Product Distribution: Product distribution is how we choose to distribute our product to the end user. It includes,

- I will wash and clean tomatoes and peppers on my farm
- I will pack the tomatoes and peppers of appropriate weight in the packaging material
- I will transport produce with the help of a truck with proper care as tomatoes are a perishable product to the wholesale and farmers' market.

Sale Transactions: It is the method of getting paid for your products by the customers.

- Managing account receivable
- Cash Sales
- In case of shipment, cash on delivery

Follow-up: In sale strategies, getting the feedback of our customers is important to increase our sale or to retain a position in the market. I will go with the below mentioned methods of getting follow-up,

- By asking for feedback right after delivery
- By email
- By checking reviews on the farm site
- By keeping the lines of face-to-face communication open for customers

These steps play an important role in the sales process (Sales Process, n.d.).

Strategic Alliances: I am focused for economic, social and environmental sustainability, so I will connect with a community near my farm having the same target of sustainability. This will be beneficial for both of us as well as others. Also, this could increase our customer base, develop new connection, new platform for learning, helpful in the hard times. Even both the parties can share knowledge and each other's resources. The benefit of this practice is that we do not need to unite our assets or funds to continue our mission (Strategic Alliances,2018).

SUSTAINABILITY:

Sustainability measures and indicators: The long-term goal of my business is to maintain social, economic and environmental sustainability by reduced environmental

impacts like chemical pollution, soil erosion and greenhouse gas emissions. I will recycle water and fertilizers on my farm to protect the degradation of the surrounding land and environment. Also, I will prepare a water harvesting tank in which I can collect the rainwater, and this water will be used to irrigate the plants. To dwindle the use of water, I will use the drip irrigation system. I will use controlled-release fertilizers, composting the plant waste, conservation of energy, use of biological insect-pest control, and organically grown seeds of tomato and pepper will be used for planting.

Social: To maintain social aspect of sustainability on my farm, I will try to build a good relationship with the farm workers by taking care of their needs and health, also they can use their labor rights and human rights properly. For the health of workers, I will organize regular yoga session on the farm and give them appropriate work they can deal with. I will involve those communities in my farm business who will be having the similar goal of sustainable agriculture and try to help the community by helping them, giving them knowledge about agriculture and providing them with the best and fresh quality produce.

Economic: I will make farm plans and decisions with the long-term benefit in my mind. I will try my best to work with customer satisfaction along with the maintenance of productivity of the land.

Environment: I will use biological measures to control the infestation of pest and diseases. To control pests like whiteflies, aphids and spider mites, I will use Encarsia in place of chemicals. For disease control on the farm, I will first try to remove the disease infected plants and in case, if the disease will not be controlled with the organic ways, then I will go with the use of chemicals at the end. Also, I will choose pest and disease resistant varieties and organic methods to improve the productivity of the farm without harming the natural environment.

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