Aquafarming as a Business: The Business Plan

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Topics

• The Business Plan
• Creating an Income Statement
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
Needed to begin

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

• Mission Statement
• Business contact information
• Business overview
• Business history
• Ownership structure
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
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
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
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
Personnel Responsibilities and Duties

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