

Dear Aquaculture Friends,

I have lots of fun sharing this subject with biz owners. Having a good biz plan is fundamental to your success and sustainability. I have included some notes to go with the biz plan outline I use. I hope some of the notes will give you a little more info on each section.

Mark Yarick

BUSINESS PLAN OUTLINE

1. Executive Summary – remember to do this section last – choose the “best of” portions of the rest of the plan.

a. Company history/summary

- i. The intro paragraph usually tells a bit about the industry, like: “The oyster industry is a \$XX billion industry in the US with XX% being produced in the Gulf region. XX will continue to build and grow its place in this industry focusing on its most successful sales channels of XX and YY.”
- ii. I usually include a brief history of the biz – how/when it got started. The first location and where/how it moved and grew throughout its history. If it is a biz acquisition – tell a little about the previous owner and the biz history. If it is a startup, tell a bit about yourself and how you have come to (want to) start this biz.
- iii. A short paragraph on the start-up/expansion plan, like: “We are seeking \$XX to add a second lease and double our production.”
- iv. I also include a brief financial summary, like: “We have increased revenue from \$XX to \$XX over the last 2 years and project to grow to \$XX over the next 2 years – producing a net income of \$XX.”

b. Objective – Vision – Where R U Going?

- i. This is what you want to be when you grow up, like: “XX seeks to be the Gulf coast’s premier supplier of the highest quality oysters in the region.”

c. Mission – How R U Going to get there?

- i. List the 2 or 3 key things you have to do to become the premier supplier of high-quality oysters in the region, like: “building, maintaining and operating the best production facility, sourcing the highest quality seed stock and/or building and serving your customer base with second to none service”.

d. Keys to success

- i. List 2 or 3 industry keys to success for this industry – remember, the reader may not be familiar with this industry. Things like: “proximity to market/customers, proper and well-maintained equipment, knowledge of XX, etc.”

2. Company Summary

a. Startup Summary

- i. This is “The Ask” and is a detailed summary/list of each element of the plan and how much it is going to cost. Think about every dollar you will spend before you earn your first dollar of revenue. I usually explain it briefly in the text and then insert a table, like: “XX is seeking \$XX,000 to purchase a lease, equipment and seed stock to start an oyster business. This amount also includes \$XX for working capital to help us survive the pre-revenue phase of the business.”

Funding Requirement	
Harvest Baskets	\$ 90
Anchoring Equipment	\$ 250
Powerwasher	\$ 300
zapco Line	\$ 420
Keller's Lines	\$ 900
Crane/Hoist	\$ 2,000
Working Capital	\$ 7,500
Grow Out Equipment	\$15,835
Vessel	\$17,500
Truck	\$22,000
Total	\$66,795
Owner Cash	\$15,000
Loan	\$51,795
Monthly debt service (5%, 5 years)	\$ 978

b. Ownership – location – history

- i. How/when it got started. The first location and where/how it moved and grew throughout its history. If it is a biz acquisition – talk about the previous owner and the biz history. If it is a startup, talk about yourself and how you have come to (want to) start this biz.
- ii. A short paragraph on biz structure, like: “XX is registered with the FL Department of State as a Limited Liability Company with XX as the sole owner.”

3. Products/Services

a. Description – List

- i. List the products and services you will be offering customers here and give a narrative of the cost structure, like: “XX will offer its customers the XX, YY and ZZ varieties of shellfish. Historically our oysters have been XX size. We expect to achieve a retail price point of \$X per unit. We have calculated our cost to be \$Y per unit.”

4. Market Analysis

a. Industry

- i. Remember the funnel – start with the big picture and funnel down to your corner of the sandbox, like: “The oyster industry is a \$XX billion industry in the US with XX% being produced in the Gulf region. Once harvested, the product takes many forms. XX% is further processed for retail sales in supermarkets and other value-added channels. XX% is sold through the wholesale market and XX% is sold direct to consumer or food service channel by the producer. XX will continue to build and grow its place in this industry focusing on its most successful sales channels of XX and YY.”

b. Target markets

- i. List 2 or 3 of your target markets. These are your favorite customers – the low hanging fruit for you. Remember that getting the fruit at the top of the tree costs more time, energy and resources. A specific and detailed description of these customers will help you best allocate your scarce marketing resources.

- ii. Here is a good example of a target market identification: ‘The "Frequent Guest" target market consists of people and households within 7 miles of the restaurant. They are ages 21 to 54 with \$54,000 in average household income. They make frequent but small purchases of around 5 times per year at about \$9.00 per patron. They number in size at about 58,600 residents living in 20,000 households and represent \$58 million local market for restaurant sales. This target market is projected to generate \$400,000 in sales and is forecasted for slow to moderate growth, spending less on meals away from home on average.
- iii. When identifying your targets, think of how much they are going to buy from you, how often and at what price. This will help you understand how/if you are going to be able to sell all that you produce – or if you need more customers.
- c. Competition
 - i. The 4 A’s – use these to evaluate 2 or 3 of your competitors.
 1. Affordability – are they more expensive, less expensive or medium vs. industry?
 2. Accessibility – are they easy to find, contact, approach, deal with, etc?
 3. Acceptability – is their product above, below or medium industry standard/quality?
 4. Availability – do they have the capacity to meet customer demand?
 - ii. This will help you further define your corner of the sandbox and why/how you are unique. You may think you are the same as the others as far as product, price or quality, but your customer service, your volume or how you deliver your product may set you apart from the others.

5. Strategy Implementation

- a. Value Proposition
 - i. This is where you communicate what makes you unique from your competition. You can use the 4 A’s to help differentiate you
 1. Affordability – are we more expensive, less expensive or medium vs. industry?
 2. Accessibility – are we easy to find, contact, approach, deal with, etc?
 3. Acceptability – is our product above, below or medium industry standard/quality?
 4. Availability – do we have the capacity to meet customer demand?
 - ii. This will become your brand, your special sauce, what makes you different from the others, what people think when they think of your biz.
- b. Promotion Strategy
 - i. Promotions can be temporary like coupons or limited offers. Promotion also encompasses your overall advertising strategy – where are you going to advertise – via what channels (including social media/internet) – and how much will each of these channels cost.
 - ii. Use your target market info to decide the best channels. Try to think how many you will reach and how you can measure the impact of the channel (that is why businesses want you to like, share, respond, fill in your contact info and tell you how you heard about them – they are measuring the response of the channel).
- c. Pricing Strategy
 - i. What will your product cost per unit? Will you have different prices for different volumes/customers?
- d. Distribution
 - i. How will you connect your customers with your product?

e. Sales Forecast

- i. I use a table here that outlines my sales history and projections – see example:

Sales Forecast				
	Clients	lbs/mnth	Cases/mnth	Revenue
Restaurants	3	95		\$ 380
Assisted Living 100 beds	1	1,500		\$ 2,000
Retail Markets	2		50	\$ 1,600
Juice Bars	2		25	\$ 800
Farmer's Markets	1		250	\$ 4,000
Distributors	1		250	\$ 4,000
TOTAL				\$ 12,780

- ii. This sales forecast was for romaine lettuce. It combined the target market info, and pricing info to come up with a sales forecast. It could also be used to see if current production could meet projected sales. The numbers came from discussions with potential clients.
- iii. These numbers will transfer to the projected financial statements.

6. Management Summary

a. Bio/Resume – Principals

- i. This section describes the education/experience and work history of the owners and key people. Financial institutions want to know that the person behind the plan has the background/experience and competency to execute the plan.

b. Other personnel

- i. Describe other personnel you will have and the tasks they will perform.
- ii. There is often salary/wage information in this section that transfers to the financial section.

7. Financials – This section includes the combination of your whole story in the plan – in numbers. This is the section the bank/investor will look at critically. Get some help for this section from someone familiar with financial statements. Numbers that don't add up here will hurt your credibility with a potential lender/investor. "Know thy numbers!"

a. Breakeven Analysis

- i. This will tell you how many units or how much revenue your plan requires to break even.

b. Profit and Loss (Income Statement)

- i. This is the statement of revenue (from sales forecast) and expenses – the difference of the two is net income or loss.

c. Balance Sheet

- i. This tells what you got (assets) and how you paid for it (liabilities and equity).

d. Cash Flow

- i. This is the combination of the Profit and Loss and the Balance Sheet. It shows cash inflows and outflows which may be different from the Income Statement if you are waiting for a customer to pay you or you are spending money on assets (on Balance Sheet) or the owner is taking money out or putting money in (on Balance Sheet).

e. Business Ratios

- i. These ratios give industry averages for things like debt, profit margin, inventory size, etc. Lenders use this to compare your biz with industry peers and averages.