

GUIDELINE FOR THE FORMULATION OF A GREEN SCHEME BUSINESS PLAN

FOREWORD

The outline in this document is to guide prospective Commercial Irrigation Farming Entrepreneurs or Investors in the submission of an Agro Business Plan for the purposes of entering into a Memorandum of Agreement with The Government of The Republic of Namibia acting through The Ministry of Agriculture, Water and Forestry to operate, develop and manage the specific Agro Irrigation Project based on THE GREEN SCHEME POLICY. The development in irrigation based agronomic production will contribute to the achievement of food security in line with Vision 2030 strategy and increase the sectors contribution to GDP. Please note that this outline should be followed, but each submission should have its own character, originality and creativity related to the specific Agro Project.

The business plan is a written summary of an entrepreneur's proposed business venture outlining the following;

- Operational and financial details
- Marketing opportunities and strategy
- Management skills and abilities
- Environmental and social impacts

The Agro Business Plan can be seen as the project's road map toward building a successful farming enterprise. It describes the direction the project will take, what its goals and objectives are, where it wants to be, how it intends to get there and how the small-scale farmers will be incorporated and supported by the service provider, depending on the farming model as stipulated in the Green Scheme Policy.

The Agro Business Plan should consist of the following:

1. Create a cover page for your business plan With the Following layout and Format

Business Plan

Name of Company and Logo

Address of Company

**Telephone Number
Fax Number**

Website Address

Date of Plan Presentation

You may also include:

Presented to:

**Name
Company**

Name of Owner/Contact Person

Address

Telephone

E-mail

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Section I – Executive Summary

Complete this section after the rest of the business plan has been completed.

Simply highlight the most important aspects of the plan, i.e.:

- ✓ *The business concept (what is the Business Plan is all about)*
 - ✓ *Define the products or services to be produced*
 - ✓ *The objectives of the project and the project location*
 - ✓ *Company Ownership, Principal owners and key personnel*
 - ✓ *Farming Model and Farm Management Structure adopted as per Green Scheme Policy Document*
 - ✓ *Proposed Profit Share Structure*
 - ✓ *Funding requirement (how much money is needed)*
 - ✓ *Source of funding*
 - ✓ *The re-payment plan*
 - ✓ *Environmental management plan*
 - ✓ *Market opportunity: expected size of the market, potential growth rate and any relevant market trend*
 - ✓ *Socio-economic benefit*
- *The executive summary should be concise*

Section II – Mission, Goals and Objectives

❖ Mission Statement

- *What is the vision for the future of your business?*
- *What is the purpose of your business – internally and externally?*
- *Include your Mission Statement*

❖ Goals and Objectives

- *What are your short-term (within 5 years) and long-term (5 to 10 years) goals and the objectives to reach your goals?*

❖ **General Description of Business**

- *Elaborate on specific technical aspects such as area to be cultivated, proposed area for small scale farmers, water requirements, type of irrigation, and benefits to surrounding communities.*
- *What business are you in? What are the key products or services of your business?*
- *What market do you believe exists for these products or services? (Describe your current market).*
- *What is the location of your business? Why is this advantageous?*
- *How do you operate your business? Who is involved in the operations? How much of your time is spent in the business*
- *Is growth a part of your plan for your business? If so, describe what kind of growth you are projecting and how you think that growth will occur (adding products or services, expanding your market, changing your product or service mix, etc...)*

Section III – Background Information

❖ **Industry Information**

- *Identify your agro business industry*
- *What are the current agro business industry trends? Include*

growth patterns, niche markets and size of the market.

- *What are the future agro business industry trends?*

❖ *Business History (if applicable)*

- *Provide a brief history of your business, including when it was founded, why it was started, profitability and growth patterns and how the business has changed over time.*
- *How does your business fall into the current and future trends of the agro industry?*

Section IV – Organizational Matters

❖ *Business Structure*

Describe the legal structure of your business (sole proprietorship, partnership, corporation or Limited Liability Company). Include in this the ownership of the business:

- *Company Directors*
- *Registered Namibian Company (attach proof of registration)*
- ❖ *Board of Directors of which it is recommended that one should be from a BEE company/partner*
- *Shareholding Structure indicating the financial interests held by each entity i.e.*
 - ✓ *Total Equity*
 - ✓ *Capital owned by Namibians/Namibian Companies (BEE)*
 - ✓ *Capital owned by foreigners/foreign companies.*

❖ *NOTE: In case of partnerships between Namibians*

and Foreign Investors it is strongly recommended that the Share Structure should be at least fifty one percent (51%) Namibian for all State Developed Irrigation Projects. It is also encouraged that Company ownership and Management should comply with Government guidelines and policies such as the Broad based economic empowerment, gender and the Employment Equity Act.

❖ Farming model and management structure

Indicate the model to be adopted as per the Green Scheme Policy and elaborate on both the model and the management structure you chosed

The Profit Sharing structure amongst the Stakeholders and Social Responsibilities to the Traditional Authorities must also be highlighted.

❖ Management Team

Describe your management team, highlighting the company management structure. Include key positions and the qualifications, appropriate experience and the complementary skills of the employees. Proposed organizational structure

❖ Personnel

Describe the positions in your company, the job responsibilities and skills (or needed skills) of employees.

What is your plan for filling positions? Explain how you will recruit and what training might be needed.

You need to reflect on gender composition of your personnel and other affirmative action related issues.

❖ Outside Advisors

Describe what outside advisors you will use to enhance your business. This should include the cost to your business and what services they will provide. Examples include: accountant, attorney, insurance agent and marketing agency.

If you will use an advisory board, list potential members and area their expertise

❖ Risk Management

Highlight clearly the agro industry operational risks associated with variable yields, global competition, fluctuating commodity prices, and the threats of the dumping of GMOs on the markets, etc.

*What types of insurance will you require and what are the costs?
(Include proof of insurance or a quote)*

What are your exit strategies, including succession planning?

❖ Process

Describe the process necessary to get your product to your customer. This should include your inputs, how you will add value, packaging, branding quality control and standards delivery. Also, include the type of labor inputs necessary.

Section V – Marketing Plan

❖ Products

- *Describe each product/service you will sell. List each quarterly.*
- *What is special or unique about the product you offer?*
- *What benefit does the customer get from your product?*
- *Who will your primary suppliers be? Will you have credit terms with them?*
- *Location can play a decisive role in your success*

❖ Customer Analysis

- *The target market - describe the people buying or who are most likely to buy product (If you have more than one target market, describe each). HINT: Resist the urge to say “everyone”. Some people will use the products more often or in larger quantities than others.*
- *Provide a customer profile including: gender, age, income, occupation, education and family status, or if selling to other business, provide an organizational profile including: purchasing decisions and procedures for buying.*

❖ Competitive Analysis

- *List your strongest competitors and where they are located.*
- *What customer profiles are they targeting?*

- *What are their strengths and weaknesses? Include the following factors: products, price, quality, location, selection, customer service, expertise, reliability, reputation, management and advertising.*
- *What are your key competitive advantages? Explain why customers will buy from you rather than your competition.*

❖ Market Potential

- *Describe your geographic trade area.*
- *Describe the size of your market in terms of potential customers. Include whether this market is growing, stable, declining and why.*
- *What is your market potential in terms of total potential sales? This should be based on market size, target market size, number that will be actual customers, average order size and number of orders per year.*
- *If you are targeting the export market, elaborate on existing quotas and how to overcome export and import barriers.*

❖ Pricing

- *How will you price products/services? If necessary, include price strategy chart. Make sure you have considered your cost of goods.*
- *How does this pricing position you in the market?*

❖ **Promotional Strategies**

- **Advertising**

What advertising tools will you use and why did you choose these?

Tools could include: newspaper, magazines, direct mail, yellow pages, radio, TV, Internet, business cards and brochures, bill boards.

How often and how much will you spend on your advertising budget?

- **Public Relations**

Explain if you will use public relations and what activities this might include as a part of your promotional strategies. These activities might include: trade shows, discounts, special events, sponsorship and customer service.

- **Personal Sales**

What part do personal sales pay in the purchase of your product?

Who will be responsible for selling?

What qualifications will your sales people are expected to have?

What are your customer service policies?

Section VI – Financial Plan

This section will include the BALANCE SHEET, INCOME STATEMENT AND CASH FLOW STATEMENT showing how much money will be needed, when and where the money will come from. It should also highlight the viability of the business investment clearly showing the profit.

- *In computing your statements use the actual and projected figures*

Note: Projections

- ❖ *What will your monthly sales be for the first year? What will your sales be for years 2 and 3 etc.?*
- ❖ *What will your monthly expenses be for the first year? What will they be for years 2 and 3 etc?*
- ❖ *Complete Monthly Income, Cash Flow and Balance Sheet Projections for Years 1, 2 and 3. Be sure to include an explanation of how you came up with these numbers. It is critical for you to provide assumptions so that development of numbers can be understood.*

- ❖ *Break-even point – an analysis which outline clearly at what point the business will make profit.*

- ❖ *Financial statement analysis (ratios)*

Liquidity analysis

(a) current ratio = current assets/current liabilities

(b) quick ratio = current assets – inventory/current liabilities

Profitability

Gross profit margin = gross profit/sales

Operating profit margin = income from operation/sales

Net profit margin = net profit/sales

Debt measures

Debt to asset ratio = total liabilities/ total assets

Debt to equity = total liabilities/total assets

Return on investment = net profits/total assets

It would be proper to give a complete interpretation of the above ratio

❖ **Pre-Startup: How much money will it cost to get ready to start production**

In this section state the amount of funds you require for the following;

- a. *Capital Equipment, furniture and fixture costs*
- b. *Working Capital (Production Costs)*
- c. *Attorney(s), accountant(s) and other consultants prior to commencement of production, etc.*

❖ **Project Funding**

This section should clearly show the Funds required carrying out the project. How do you propose to finance this? Where will the funding come from e.g.

- a. *Personal savings*
- b. *Bank loans*
- c. *Personal loans from friends or family*
- d. *Outside investors*
- e. *Other*

Loan funds usage statement

- *How funds are to be utilized*
- *Loan repayment schedule*

VII SOCIO-ECONOMIC BENEFIT

Elaborate on your project would contribution to the stimulation of the local economic development as far as employment and local procurement is concerned

You should also elaborate one cooperate social responsibility towards the local communities.

Elaborate on the human development of your employees and their wellbeing as far as some of the following issues are concerned:

- *Housing*
- *Medical*
- *Trading*
- *Mainstreaming of HIV/AIDS issue*

VIII Environmental Plan

Indicate how the environmental issues will be integrated in the operation of the business.

Appendix and Attachments

Following this page, attach the following documents:

- *Proof of funds availability*
- *Resumes*
- *Letters of endorsements*
- *Copies of contracts and agreements*
- *Licenses, certifications, and other credentials*
- *Copies of market study material and other data used to develop elements in the business plan*

Recommended supporting documents to be attached:

To make the decision process easier and relevant supporting documents that support the financial statements and data presented need to be included. That could include but not limited to:

- Supporting studies
- Research data
- Maps
- CVs
- Registration certificate
- Credit report
- Partnership agreement
- Article of association
- Letters of reference
- Supply contracts

- Legal documents