Business Planning and Marketing

Why do a Business Plan

- You can make “mistakes” on paper before you invest time, effort and money.
- Helps you track your efforts to meet your goals.
- It is not easy or quick if done correctly
- It can cost both time and money, depending on the complexity

Elements of a Business Plan

- Executive Summary
- Company (Farm) Description
- Product or Service
- Market Analysis
- Strategy and Implementation
- Web Plan Summary
- Management Team
- Financial Analysis

Marketing Plan

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Marketing Plan

- ✓ Marketing plans typically include a description of:
  - Market conditions
  - Products
  - Buyers
  - Sales potential
  - Contract terms or pricing strategy
  - Promotion and distribution ideas
  - Resources

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Marketing Plan

- ✓ The questions you address will depend on whether your strategy targets:
  - New products
  - New buyers
  - Both

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Marketing Plan

- ✓ Business Planning Guide can be used for any commodity.
- ✓ However worksheets are geared toward :
  - Specialty commodities
  - Value-added products
  - Services
  - Alternative distribution

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Marketing Plan

- ✓ Specialty commodities include:
  - ✓ Unique varieties
  - ✓ Non-traditional
  - ✓ Non-GMO
  - ✓ Organic
  - ✓ Agraceuticals

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Marketing Plan

- Value-added product/services include:
  - Processed -- meat, dairy
  - IP grain drying and storage
  - B&B
  - Hunting preserve
  - Educational classes

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Marketing Plan

- Alternative distribution channels include:
  - Processors
  - Wholesale
  - Retail
  - Direct where buyers include individuals, restaurants, and institutions

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Marketing Strategy

- Easier strategy questions to answer:
  - How to price product
  - How to promote product
  - How to store and transport product

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Marketing Strategy

- Harder strategy questions to answer:
  - How much buyers will purchase
  - How your competition will respond
  - How prices may change in long-run
  - How regulations may change

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Marketing Plan

- ✓ Characteristics of Specialty Commodity Markets
  - ✓ Not fluid
  - ✓ Immature markets; volatility
  - ✓ Lack of transparency and resources

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Marketing Strategy

- Marketing strategies typically fall apart when:
  - Sales don’t materialize
  - New competition enters market
  - Buyer preferences change
  - Insufficient quality, volume
  - Unrealistic from start

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Marketing Plan

- ✓ What can you do to develop a realistic marketing strategy:

- Contact potential buyers
- Ask questions
- Review contracts
- Be realistic, honest about sales potential
- Observe and learn about competitors
- Get outside opinions

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Marketing Plan

- ✓ Most importantly, if your strategy involves specialty or value-added products and alternative distribution channels:

Research and document your assumptions!

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Two Strategies for Agricultural Producers

Commodity Strategy	Creative Alternative Strategy
Expansion oriented	Niche oriented
Low-cost producer	Unique product

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Characteristics of Two Strategies

Commodity	Creative Alternative
Look at expanding herd or acres	Look for alternative enterprises that generate revenue

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Characteristics of Two Strategies

Commodity	Creative Alternative
Production emphasis	End-user focus
Manufacturing mentality	Marketing mentality
Low-cost producer	Value-added products
Large scale operation	Smaller operation
Price risk	Relationship risk

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Market Analysis

- Target Market Strategy
- Market Needs
- Market Trends
- Market Growth
- Competition
- Buying Patterns

Strategy and Implementation

- Marketing Strategy
- Pricing Strategy
- Marketing programs
- Sales Strategy
- Sales programs
- Partnerships

Web, Email, Facebook, Plan

- Website Marketing
- Development costs
- Email and Facebook use

Direct Market Options for Farmers

- Agricultural Tourism
- Roadside Stands
- On-farm store
- Farmers’ Markets
- Consumer delivery
- Community Supported Agriculture (CSA)
- Internet or e-mail sales
- Pick-your-own (PYO)

What can I produce?

- Endless possibilities
- Bound by local ordinance
- Limited by expertise and facilities

Marketing Options for Animal Production

- Purebred
- Commercial cow/calf
- Stocker
- Small ruminant(s)-Goat, Lamb
- Pork
- Poultry-chickens, turkey
- Rabbit
- Direct sales-live, whole carcass, individual cuts
- Dairy products, eggs

Pricing for Direct Sale of Meat

- Cost of animal
- Land
- Finishing
- Transportation to slaughter facility
- Slaughter fee
- Processing
- Packaging
- Storage
- Transportation to retail
- Promotion

Oklahoma Dept. of Ag. Contacts

- Jon Pruitt- Slaughter and Processing- 405-522-6114
- Bryan Buchwald-Poultry & Egg products-405-397-1895
- Sam Carter-Dairy-405-501-3928
- Jeff Stearns-Organic Certification-405-501-3955
- Oklahoma State Department of Health-Defines a Farmers Market, Food safety inspections, retail meat sales, Vendor Licensing

Resources

- http://extension.missouri.edu/sare/resources/directmeat.aspx