

VALUE CHAIN ALLIANCE FOR
LIVESTOCK UPGRADING AND

Empowerment

Business Planning

TRAINING MANUAL



Government of Zimbabwe



Zimbabwe
**AGRICULTURAL
GROWTH**
Programme



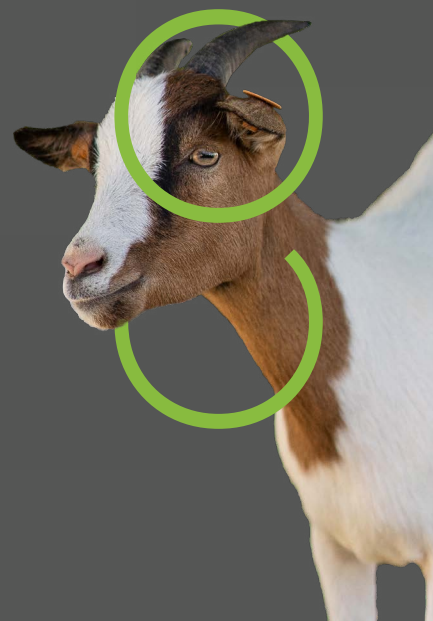
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Training - Zimbabwe Government Value Chain



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01

Introduction

This training manual is intended to serve as a guide for the trainers so that they provide the necessary and relevant training methodologies and techniques to enable the value chain members in the goat and pork value chains to understand how to develop business plans. Some of the actors in the Pork and Goat Value Chains have been operating without proper business plans. This module is a training tool for developing the capacities of enterprises in practices of good business planning. The target group is the small

to medium farmers (including young and women farmers), lead farmers (anchor, champion), farmer groups, Business Management Unit (BMU), syndicate or cooperatives and integrators, who will be trained in this program to enhance their skills at individual and organizational levels. The trainees are expected to utilize the skills in their respective activities in the Goat and Pig Value Chains. Improved business planning will contribute to the overall growth and development of goat and pork value chains in the country.

02

Information and Instructions to the Trainer

This manual should be used purely as a facilitator's guide. The sessions under each module are presented with an outcome(s) to facilitate the assessment of participants' understanding and depth of knowledge at the end of each session. Following the outcomes(s) are the topics to be covered and facilitating methodology. However, the facilitator should feel free to adapt the methodology suggested to the needs of participants. To enhance a participatory learning process, some methods of presentation and the steps to follow are therefore outlined. The manual also provides some background information on each session. The information is also meant to aid the facilitator in the preparation for the session. Like all participatory methods, the involvement of the participants in all stages of the learning process is vital. However, all users of this manual must study and research into the content of each

module before the presentation. Start each sub-topic and group activity by explaining the objective and learning outcomes expected of them, and ensure they are met. Though contents for each sub-topic are provided, lead the participants into giving their points, copy them in the flip chart/whiteboard/chalkboard, some of their points will or may coincide with the contents in this Module, and then mention to them the items of sub-topics that were not pointed out by them.

The session should be interactive, participatory, lively and interesting. Let the participants express themselves in vernacular Language for them to understand the concepts. Encourage them to ask questions especially on concepts that they don't understand. Switch to either English or vernacular language when you find some or all of them do not understand you in one of the languages.

Start the session with greetings, welcoming remarks, and introduce yourself. Ensure you have the necessary stationeries for the trainees and equipment and materials: projector, flip charts or whiteboard, whiteboard markers, marking pens, and handouts. Be time conscious as you facilitate the Session

This Manual is organised around aspects of a business plan such as executive summary, management and organisation, sales and marketing strategy, competition analysis, SWOT analysis, accounting and cashflow, and financial planning.



03

Users of the Manual

The manual is intended to be used by facilitators at various levels of the goat and pork value chains in Zimbabwe.

04

Presentation Methodology

The methods of presentation outlined in the manual are suggested as a guide to the facilitator. The facilitator is expected to use his or her judgement in selecting the appropriate method

or combination of methods in presenting each session. The facilitator can use methods such as lecturing, demonstration, group activities, role plays, seminars, etc.

05

Assessment

At the end of each session, the facilitator is expected to assess/evaluate the participants' understanding and level of knowledge by using a simple question and answer session as appropriate. In some of the sessions, assessment questions are suggested

as activities whilst in some, the facilitator is given a free hand in determining the kind of questions to be asked. However, all assessments must relate to the session.

06

Business Planning



LEARNING OUTCOMES

By the end of this module, farmers should be able to

1. Describe the preferred content and format for a business plan.
2. Offer practical advice on writing a business plan
3. Develop a sales and marketing strategy
4. Conduct a competitor analysis
5. Prepare a financial plan
6. Write a bankable business plan

6.1 INTRODUCTION TO BUSINESS PLANNING

Business planning refers to thinking ahead, preparing for doing business in the future (short-medium- or long-term). A business plan is a product of the business planning process.

6.1.1 Business plans

- A business plan is a blueprint of step by step process that would be followed to convert a business idea into a successful business venture.
- A business plan is a document that shows the exciting prospects and growth potential of your business venture.
- A business plan may be used to secure funding to cover the expenses associated with developing and marketing a new product. Or it may be intended to secure a bank loan for additional equipment.
- A business plan should not only emphasize the strengths of a business venture, but also be realistic about its problems, risks, and obstacles, while offering solutions to these issues.
- To accomplish its goals, a business plan must do the following:
 - Discuss the company's goals for the short-term, medium-term and long-term future
 - Show how the goals can be achieved
 - Demonstrate that realisation of the plan will satisfy the reader's requirements.

6.1.2 Users of business plans

- External: banks, investment companies, strategic alliances, customers and distributors
- Internal: management and staff use it to plan company growth and to anticipate changes in a structured way.

6.1.3 Structure of a Business Plan

A. EXECUTIVE SUMMARY

1.1 Introduction

1.2 Company overview

1.2.1 Our Products and services

1.2.2 Vision statement

1.2.3 Mission statement

1.2.4 Business structure

1.2.5 Insurance

1.2.6 Premises

1.2.6.1 Location Criteria

1.2.6.2 Space requirements

1.2.6.3 Estimated occupancy cost as of % of sales

1.2.7 Growth program

1.2.7.1 Expansion

1.2.7.2 Handling of Major Problems

B. MANAGEMENT AND ORGANISATION

C. SALES AND MARKETING STRATEGY

2.1 Market analysis

2.1.1 Market trends

2.1.2 Growth Trends in this Business

2.1.3 Target market

2.1.4 Pricing strategy

2.1.5 Licenses

2.1.6 Marketing Plan

2.1.7 Advertising and Promotion Plans

2.1.8 Purchasing and Inventory Control

2.1.9 Training Policies

D. COMPETITION ANALYSIS

E. SWOT ANALYSIS

F. FINANCIAL PLAN

5.1 Income Statement and Balance Sheet

5.2 Cash Flow Planning

5.3 Analysis of costs

5.4 Internal control

5.5 Credit Policies

5.6 Amount and timing of needed funding

5.7 Sales forecast

5.8 6.3 Information and Communication Technologies

5.9.1 Internet Marketing Plans

5.10.3 Internet Marketing Budget

5.11.4 Internet Marketing Competition

G. CONCLUSION

H. APPENDIX



STRUCTURE OF A BUSINESS PLAN

Executive Summary

1.1 INTRODUCTION

Describe the business in terms of:

- **Name,**
- **Date of incorporation,**
- **Legal form,**
- **Location (s),**
- **Shareholders,**
- **Security given to current lenders,**
- **Brand and trade names.**



An example is given below

Horizon is a pig/goat production Private Business Corporation formed on guidance provided under the Companies Act, 2020. The company is registered in Zimbabwe and has three owners. Each of the three owners has the responsibility to manage and run the corporation smoothly. The pig/goat production and processing plant are established in land (6 acres) purchased by the farm. The core business of the company will be rearing of pigs/goats, processing and packaging of meat. The capital (USD\$ 5 000.00) to start the business was contributed by the three business owners.

1.2 BUSINESS OVERVIEW

1.2.1 Our Products and Services

Give a detailed description of the products that the business will be producing and marketing and other services that the business will be offering the customers.

You need to give information about:

- **Product literature and technical specifications,**
- **Competitive advantages,**
- **Current development stage,**
- **Product life span information,**
- **Impact of technology,**
- **Patent, license, and trademarks,**
- **Regulatory approvals or industry standards,**
- **Business risks,**
- **Operations plan (description of the production process, facilities, capacity – present and future, the security of supply channels, inventory requirements),**
- **Research and development plans,**
- **Quality control plans,**
- **Customer service plans.**



An example is given below

Horizon is a licensed pig/goat farming corporation fully committed to operating the business while conforming to the Zimbabwe laws. The company focuses on the rearing and sales of pigs/goats, and the processing and packaging of meat for consumption. The following are the services we will focus on in the course of running our pig/goat farming business:

- i. Sales of pigs/goats.
- ii. Breeding services.
- iii. Sales of processed and packaged meat.
- iv. Sales of dairy products.
- v. Shearing services.

1.2.1.1 Vision Statement

- Is the company's dream- what should the company be with all resources.
- It can be also a long term aim of the organisation or simply the high-level aspirations.
- It must be captured in as few words as possible so that it can be easily remembered.
- It must be specific rather than generic-should be unique.
- It should paint a vivid picture and should be communicated to employees so that it becomes a rallying point or source of motivation.



An example is given below

The vision of Horizon is to be recognised as world class pig/goat production business in Zimbabwe and in the region.

1.2.1.2 Mission Statement

- A mission is about the principal activities and present business makeup of your company.
- A mission is a broad declaration of your company's purpose or mandate.

- A mission should be clear, unambiguous and understandable to all.
- A mission should be brief to keep it valid.
- A mission statement answers four main questions:

- What business are we in or should we be in,
- Who are our customers,
- What do they want and desire,
- What is the best technology to employ to deliver what they want.



Our Mission

- Our mission in the pig/goat production industry is to become the best brand in Zimbabwe and beyond that sells quality pigs/goats, together with processed and packaged meat and other meat products that offer value for money.
- Our intent is to grow our business to the level where it would compete amongst the leading pig/goat farming business in Africa and we will penetrate global markets in America and Asia.



An example is given below

1.2.1.3 Business structure

Horizon is owned and managed by three members. The managing director position will be held by one of the members and the term of office will be three years. All the three company owners have university degrees and have also attained certificates in pig/goat management and value-addition. We have a diversified team of employees who are loyal, skilled and experienced. All the employees were hired on the basis of merit and have a passion in pig/goat farming. The key employees who are driving the pig/goat farming business are the Farm Manager, Finance and Administration Manager, Production Supervisor, Sales and Marketing Strategist, Information Manager and General Workers.

1.2.1.4 Insurance

- Describe the threats to business viability and how as a business you will manage the threats.



An example is given below

There are uncertainties that come with pig/goat farming, as such we have insured our investments with a local and credible insurance company. Our insurance plan covers all our pigs/goats, processing plant, and farm buildings. Our plan covers pig/goat deaths and injury caused by diseases, drought, and floods.

1.2.1.5 Cost of Insurance cover

What will be the cost of insurance? An example is given below:

The cost of the insurance cover is 5% of the insured amount.

1.2.2 Premises

1.2.2.1 Location Criteria

- Describe the geographical location of the pig/goat farming business and the surrounding environment.
- What makes it a good choice of a pig/goat farming business?
- You can even provide a map showing the business location.



An example is given below

Our pig/goat farm and processing plant is about 50 km along the Harare-Mutare road and this location convenient because we are located very close to

both input and output markets. Our location is important to us and customers because it reduces transportation costs. Furthermore, the farm is located in a region where rainfall is high making it suitable to grow crops which can be used in feed formulation. In addition, the farm is located away from residential areas hence there will be no complaints from residents relating to noise pollution by the plant and animals. The farm is relatively big for the project and there is more space for expansion if need be. At our premises there is safe, free and secure parking for customers. The farm is located close to other pig/goat farms that usually give us business of slaughtering, processing and packaging meat because these pig/goat growers do not have abattoirs and processing plants.

1.2.2.2 Space Requirements

- Describe the space requirements in terms of adequacy of space required to business, type of buildings and power and other utilities.



An example is given below

- Amount of space: the farm has enough space to do pig/goat farming and processing. Adequate pig/goat pens have been built.
- Type of building: cost effective farm buildings have been erected.
- Power and other utilities: The farm is located close to two power lines and has already electrified all its premises and three boreholes have been sunk to supply water to the pig/goat farming project, processing plant and abattoirs.

1.2.2.3 Estimated Occupancy Cost as a Percentage of Sales

- Estimate the occupancy costs as a percentage of sales.
- This applies only to rented or leased premises.
- In our example, the land was purchased and below is just a narration relating to these costs.

Since we purchased land and built pens, abattoir and processing plant, occupation expenses including rent, and maintenance are not necessary.

1.2.3 Growth Program

1.2.3.1 Expansion

Describe your business growth or expansion strategy.



An example is given below

Because of growing business which is coming from surrounding pig/goat farms, we would like to expand the capacity of our processing plant so that we buy pig/goats from surrounding farms and slaughter them then produce meat products with more value and better returns. The land is already there, we need to operate under the current production level for three years in order to raise enough money to expand operations. Currently, we are supplying products to customers who are in Harare and we have since learnt that one of our major customers is buying pig/goat products for the export market. We need to do market research and start going international where the market returns are higher than local returns.

1.2.3.2 Handling Major Problems

- Describe the major business problems you are likely to face and approach for dealing with such problems or challenges.



An example is given below

Our business is likely to face the following challenges:

- Feed shortages due to drought leading to an increase in prices of feed
- Drop in volume of business we get from surrounding pig/goat farms
- A major customer cancels a contract to buy our products.
- One of our processing machines might go down
- Our cashflow projections are not realised.
- Failure to manufacture feed to supplement what we buy because of unavailability of cereals.
- Shortage of labour due to on-going illegal mining activities in the area

The company's policy in dealing with the above challenges is to be always monitoring the operating environment in order to identify problems as early as possible. The following plans will be followed in handling the threats:

- Feed shortages due to drought leading to an increase in prices of feed: we have to enter into contracts with our key suppliers of feed so that even if there are shortages, we will still get our feed and at affordable prices.
- Drop in volume of business we get from surrounding pig/goat farms: Since some companies are downsizing, we need to increase the

number of our pigs/goats so that we remain in business.

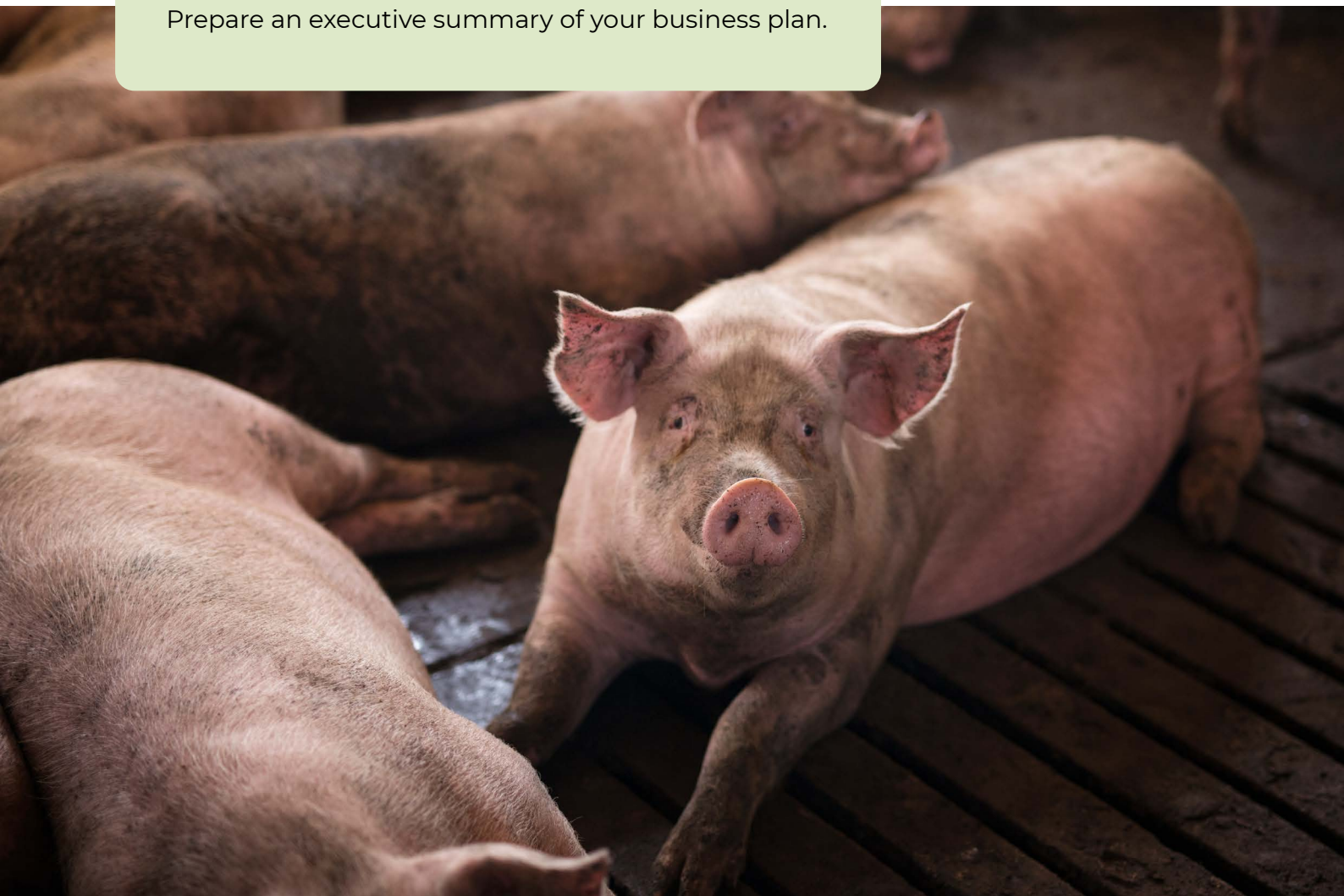
- iii. A major customer cancels a contract to buy our products: We should always be looking for markets especially international markets
- iv. One of our processing machines might go down: we need to ensure that our machines are services on a regular basis to avoid unnecessary breakdowns.
- v. Our sales projections are not realised: we have to employ cost cutting measures so that we remain in business and do further analysis to find out the causes of failing to meet projections.

- vi. Failure to manufacture feed to supplement what we buy because of unavailability of cereals: Since we have plenty of water at our farm and some idle land, from now going into the future we need to grow our own crops which we will use in the production of feed.
- vii. Shortage of labour due to on-going illegal mining activities in the area: we need to offer employees better packages so that they do not run away to do illegal gold mining in the area and also need to engage with employees on a regular basis to find out about their concerns.



Activity

Prepare an executive summary of your business plan.



Management and Organization

2.1 ORGANIZATION CHART

- Prepare an organisational chart showing the key staff and their responsibilities and reporting structures.

2.2 KEY MANAGEMENT

- Describe the key management of the company, their roles, age, experience, expertise, track record and achievements, long term objectives and a short resume.
- The resumes can be added under appendices.

2.3 MANAGEMENT STRUCTURE

- Depending on the ownership structure, the farmer should describe the board of directors in case of a registered company or management committee in case of a cooperative

2.3.1 Board of Directors

- Describe the board of directors of the company, their roles, age, experience, expertise, track record and achievements, long term objectives and a short resume.
- The resumes can be added under appendices.

2.3.2 Management Committee

2.4 CONSULTANTS AND ADVISORS

Mention the key consultants or advisors the company shall be working with for example legal advisers.

2.5 COMPENSATION PLANS AND POLICIES

Describe the company's remuneration plans and policies. Are rewards based on performance? Are there any employee share ownership schemes?

2.6 STAFFING PLAN BY DEPARTMENT

Describe the staffing plan by department that is recruitment policies and staff development policies.



Activity

Describe the management and organisation of your business plan.

Sales and Marketing Strategies

- Describe your marketing strategy in detail and here specify how you are going to reach which segments of the market using which media.



An example is given below

For our pig/goat farming businesses to make substantial profits and survive the prevailing harsh macroeconomic conditions as well as ensure business growth, the following marketing strategies have been put in place:

- We have adopted social media marketing wherein we are using WhatsApp, Facebook, Twitter and other social media platforms to market our products.
- We developed an e-commerce website to market our products.
- We have employed marketing officers who distribute company fliers in and around town as a way of marketing our products.
- We advertise our business and products in food-related and agro-allied magazines, reputable newspapers, radio and television stations.

- We use database and email marketing where we send promotional messages to key customers in our database through email.
- We use SMS marketing in which we send SMS messages to our key customers reminding them about our products.

3.1 MARKET ANALYSIS

3.1.1 Market Trends

- Describe the pig/goat farming business and industry growth trends.



An example is given below

In Zimbabwe at the moment, most farmers are growing pigs/goats together with poultry and some crops. The crops are being used in own-feed formulation. Furthermore, most small holder farmers are growing pigs/goats and selling them as live animals or they slaughter and sell meat. There are very few small holder farmers who are doing value addition.

Due to support pig/goat farmers are getting from NGOs, the pig/goat farming business is now growing and the supply of pigs/goats, meat and related products is on the increase. There is still market for the products even though the prices are depressed. Some farmers are adopting Artificial Insemination in order to improve genetics and hence the quality of pigs/goats and products which will eventually go to the market.

- i. Any Zimbabwean farmers who need goats/pigs are our targeted customers.
- ii. Consumers in the surrounding areas can buy meat and related products through our factory shop.
- iii. Wholesalers and retailers of meat in the Harare are our valued customers. They buy meat and related products from us and resell to the butchers and consumers.

3.1.2 Growth Trends in this Business

- Provide statistics about the consumption of pigs/goats and meat products as shown below:



An example is given below

With the support from government and NGOs, the production and consumption of meat and meat products have risen rapidly in Zimbabwe and we expect to see this upward trend.

3.1.3 Target Market

- Who are your key customers?
- You need to describe your customers in detail and what products each group of customers buys from you. For example:



An example is given below

Currently, we are targeting all people regardless of age and race. More specifically, our target customers include:

3.1.4 Pricing Strategy

- How do you price your pigs/goats, meat and meat products?
- What are the prices of each of these products in each market segment if you are charging different prices to different market segments?



An example is given below

Our pricing strategy is based on the live weight of our pigs/goats and meat. The price of all products sold at our factory shop is 5% less than the price of products delivered to customers to take into effect transport costs. The same 5% discount is given to wholesalers. Our price will be fair and we will compete on quality. Our company will charge USD\$ 300.00 for 100 kilograms of live pig or USD20.00 for 40 kilograms of live goat. Our processed one kilogram of meat will go for USD\$ 3.00. Price is important in this market but my customers mostly make their purchase decision on quality. This is our pricing power.

3.1.5 Licenses

List all the licences that you are required to have to operate a pig/goat farming business, an abattoir and meat processing plant. Which licences have you acquired and which ones have not been acquired and when will they be in place. The company's compliance concerning taxes, NSSA, etc. Compliance with EMA and requirements by meat inspectors. Below is a sample,

Our company has acquired the Abattoir license and shop licence for the factory shop. Our company is legally registered to operate in Zimbabwe and has a valid tax clearance certificate. Furthermore, our meat is inspected by meat inspectors and the company complies with all the EMA requirements.

3.1.6 Marketing Plan

- What are the marketing tactics that you are going to use to promote the market offering?
- Below is a sample of marketing tactics:



Marketing Tactics

- In Harare we shall use personal selling wherein our marketing officers will move door to door marketing our products to butchers, pig/goat farmers, wholesalers, retailers, and restaurants.
- Promotional messages about our products are going to be communicated through our product package and this will give us a competitive advantage because most competitors do not sell packaged products.
- In our farm factory shop, we will have in-store displays of our products.
- We will use brand ambassadors to help raise brand awareness and increase sales.

- Farm open days will be used to promote our products. We will invite the public to our farm so that we showcase our products to them
- Our product will be weighed and sold on scale with increase customer services.
- SMS messages and emails will be sent to key customers on a regular basis reminding them of the need to buy our products.
- If our marketing tactics arouse the interest of some customers, then we will sell to the customers directly. We have opened a factory shop at our farm where customers can come and buy products but if customers want us to deliver products, we can do so at an extra cost of transport.

3.1.7 Advertising and Promotion Plans

- Describe the short term (up to a year), mid-term (1-3years) and long term (more than 3 years) advertising and promotional plans.



An example is given below

It is our company policy that we always employ university graduates for all posts except for general workers whom we expect to have some qualification in animal husbandry and a wealth of experience in working on a farm. In addition to that, our company offers on-job training to employees especially on new technologies new ways of growing pigs/goats, new genetics, new feed formulation approaches and so on. These trainings are conducted twice per

year, one at the beginning of the year and another one at the end of the year.

- **Short term plan (up to 1 year):** Within the first year, we will use aggressive personal selling wherein our marketing officers will have to visit customers physically and introduce our products to them. This is a cost-effective approach which we can use to penetrate the market because the company is not yet generating much revenue to have a marketing budget.
- **Medium-term plan (1 – 3 years):** In order to position our brand in the eyes and minds of our customers we need to have an annual advertising budget of 8% of annual sales. This budget will be used for advertising the products in both print and electronic media. In addition to that, we will run adverts on Twitter, Facebook and other social media platforms.
- **Long term plan (more than 3 years):** After market penetration and brand position, the next thing we to achieve in the long term is build brand recognition and loyalty. We will reserve 15% of annual sales for use in building brand loyalty and recondition. We will use this budget to deliver on quality and value, to communication with clients on a regular basis for example using SMS, to improve consistency in everything we do, to run social responsibility programmes in the community like cleaning campaigns.

3.1.8 Purchasing and Inventory Control

- Describe how much inputs are going to be purchased and stocked for what duration.
- Describe how much finished products will be stock and for how long.

- Below is an example of purchasing and inventory control. It is important not to buy more feed than what you want to use because you end up tying resources in feed for no return.



An example is given below

- For inventory control, we will ensure that we have enough feed to take us for a month and we need to place orders about two weeks before the feed is finished. This will ensure that we always have a steady supply of feed. We will always buy our feed in bulk to enjoy bulk discounts.
- Concerning finished products, we will ensure that a month before our pigs/goats mature, we have already secured a market because once they mature, they must be offloaded otherwise we incur unnecessary costs of feeding or keeping them. In addition, we will slaughter pigs/goats just-in-time when the customers want the meat and we will package products such that they leave the shop as soon as possible for we do not want our products to occupy a lot of shelf space.

3.1.9 Training Policies

- Describe the employee training policies which will guarantee that the employees are always up to date with what's doing in the industry in terms of new technologies.
- Below is an example of training policies.



Activity

Perform a market analysis of your pig/goat farming business.

Competition Analysis

- Identify direct and indirect competitors and for each provide:
 - A company profile,
 - Key competitive advantage,
 - Target market,
 - Market share,
 - Marketing strategy,
 - Products and services,
 - Pricing,
 - Distribution channels, and
 - Trends.
- Major goat farmers in Zimbabwe include, Zvikomborero Farm, Matopos Research Station, Michview Enterprises, etc.
- Major pig producers include Pig Industry Board, Shamiso Farm, Tripple C, Jubilee Pig Farm, etc.

You can prepare a table similar to the one in Table 4.1:

Table 4.1: Competition Analysis

Dimension	Competitor 1	Competitor 2	Competitor 3
Company profile	Founded in 2010 and is into pig/goat farming and selling of meat		
Key competitive advantage	They have entered into backward integration with one of the industry's key feed manufacture		
Target market	Wholesalers		
Market share	30% market share		
Marketing strategy	Supply only to major wholesalers and Abattoirs at prices lower than ours		
Products and services	Meat		
Pricing	\$2.60 per kg		
Distribution channels	They use mainly wholesalers		



Activity

Perform a comprehensive competitor analysis of your pig/goat farming business.

Swot Analysis

- SWOT stands for Strength, Weaknesses, Opportunities and Threats.
- SWOT analysis is a method of scanning the environment and the farmer's standing in it.
- It involves identifying, your strengths and weaknesses in the internal environment then your opportunities and threats in the external environment.
- A SWOT analysis framework is given in Figure 5 1.



Figure 5.1: SWOT analysis framework

5.1 EXAMPLE OF SWOT ANALYSIS

Figure 5.2 shows an example of SWOT analysis.



Figure 5.2: Example of SWOT analysis

5.2 TOWS ANALYSIS FRAMEWORK

- TOWS refers to Threats, Opportunities, Weaknesses and Threats.
- After doing a SWOT analysis, there is a need to go one step further to create strategies and plans to improve your business and this is called a TOWS analysis.
- This helps you make connections between each quadrant of your SWOT analysis.
- Figure 5.3 shows a TOWS analysis framework.

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strength-Opportunity Strategies Which of the company's strengths can be used to maximize the opportunities you identified?	Strength-Threats strategies How can you use the company's strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Opportunity Strategies What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?	Weaknesses-Threats strategies How can you minimize the company's weaknesses to avoid the threats you identified?

Figure 5.3: TOWS analysis framework

Source: (<https://articles.bplans.com/swot-analysis-challenge-day-5-turning-swot-analysis-actionable-strategies/>)

5.3 EXAMPLE OF TOWS ANALYSIS

Table 5.1 shows an example of TOWS Analysis.

Table 5.1: TOWS Analysis

	Opportunities	Threats
	i. government support for exporters of meat	i. high inflation rate ii. unstable currency iii. cheaper imports from China
Strengths	SO Develop high-quality products for the export market by using world-class breeding and skilled and experienced staff and then take advantage of the export support from the government	ST i. Reduce the effect of inflation by producing products which track inflation ii. Reduce the effect of currency instability by using adopting a stronger currency like USD\$ iii. Do deal with cheaper imports, we will use our skilled and experienced staff and world-class breeding to produce high-quality products to compete with imports from china

Weaknesses	WO	WT
<ul style="list-style-type: none"> i. high feed costs ii. inadequate capital 	<p>the company will have to take advantage of the government support to deal with the problem of high feed cost and lack of capital but will then have to produce for the export market</p>	<p>A. overcome weaknesses by making them strengths (move towards OS strategy)</p> <ul style="list-style-type: none"> • to reduce feed cost, the company should consider making its feed • to deal with inadequate capital the company can enter into contract farming with major wholesalers <p>B. Possible options</p> <ul style="list-style-type: none"> • The company should consider entering into a joint venture with the Chinese Company bringing cheaper imports • Look for other markets where competition is not tense and maybe locate to other areas where the competition from Chinese products will not be much



Activity

Perform a SWOT and TOWS analysis of your pig/goat farming business.

Financial Plan

- This plan should include the following:
 - Income statement,
 - Balance sheet,
 - Cash statement.

6.1 INCOME STATEMENT AND BALANCE SHEET

- Prepare an income statement and balance sheet for one year and insert here.
- Refer to the Financial Literacy training manual on how to prepare final accounts.



Activity

Prepare an income statement and balance sheet of your pig/goat farming business.

6.2 CASH FLOW PLANNING FOR A PIGGERY PROJECT

- List all expenses for input into the cash flow projection and this is a list of expenses for which we shall require either start-up capital or financing.
- These expenses include buying pigs/goats, feeds, equipment and fixtures, transport expenses and start-up overhead expenses.
- These expenses are included in our monthly cash flow projection to indicate the ongoing requirements for cash.

6.2.1 Analysis of cost for the first five years of a Piggery Project

- Determine all costs, i.e. fixed, variable, product, delivery and so on.
- In this section, we will consider the cost of building 50 pens and the cost of feeding animals only for a piggery project.
- Farmers can always estimate other costs and include them in cashflow planning.

6.2.1.1 Cost of building pens

Table 6.1 shows the estimate fixed cost of building 50 pig pens

Table 6.1: Estimate the fixed cost of building 50 pens

Item	Unit price	Quantity	Total
To build ten pens, one can use about 2 cubic metres of $\frac{3}{4}$ quarry stones for floor concrete	30	2	60
For 10 by 10 size of a pen, one pen needs two bags of cement for floor concrete.	8.15	20	163
Plaster (one pen will take one bag of cement and 10 pens take 10 bags)	8.15	10	81.5
labour charges for building pens (one pen is charged \$14.00)	14	10	140
labour charges for plastering (one pen is charged \$14.00)	14	10	140
Block for the ten pens. To build ten pens, it takes 1, 600 blocks which means 40 blocks per one bag of cement. So 40 bags of cement are required	8.15	40	326
About 20 cubic metres of sand is required for moulding of the 1, 600 blocks	13	20	260
Cost of moulding the 20 cubic metres of sand with the 40 bags of cement is \$5 per bag of cement	5	40	200
Labour for moulding	140	1	140
To lay the 1600 block by the bricklayers will be 4 days job of a bricklayer, the cost of day work for a bricklayer is \$19.	19	4	76
The roofing of the ten pens. The roof will use 10 bundles of zinc which cost \$5 each.	5	10	50
Timber for wall plate and roofing of the ten pens is 100 pieces at \$8 each	8	100	800
Nail, tying wire and other miscellaneous	50	1	50
Labour for roofing	50	10	500
The total overhead cost of ten pens is			2986.5
The total cost of building fifty pens will be	2986.5	5	14932.5
The estimated cost of building two offices	1	2000	2000
The total cost of building			16932.5



Activity

Estimate the total cost of building pig/goat pens for your farming business. Include all necessary expense items.

6.2.1.2 Cost of Feed

- We are assuming that we will start with two pregnant sows and each pregnant sow requires 3kgs of feed per day and each lactating pig requires 3.5kgs of feed per day.
- A 50kg bag of feed is going for USD\$ 25.00 hence 1kg is going for USD\$ 0.50.
- In our analysis, we are not using any boar the assumption being that artificial insemination can be used even though the cost of artificial insemination has not been considered.
- Each sow will be pregnant for 115 days which is approximately 4 months.
- It is further assumed that on average a sow should give 12 piglets per farrowing.
- It is assumed that after 7 months these piglets will be ready for the market and each will be sold at USD\$ 260.00.
- A few gilts will be retained for breeding and will be ready for matting between 7 and 8 months.
- It is assumed that during the first 2 months each piglet consumes 0.25kgs of feed per day. In month 3 it consumes 0.5kgs, in month 4 it consumes 0.95kgs, in month 5 it consumes 1.5kgs, in month 6 it consumes 2ks and in month 7 it consumers 2.5kgs.
- It is also assumed that a sow will lactate for about 2 months then the breeding cycle starts again.

6.2.1.2.1 Analysis of year 1

Table 6.2 shows the monthly cost of feed in year 1.

Table 6.2: Feed costs during the first year of operation

Month	Description	Kgs of feed per day per animal	Month Days	number of animals	cost of feed per kg	Total Feed (kg)	Total cost	Comment
January	2 pregnant sows	3	31	2	0.50	186	93.00	
February	2 pregnant sows	3	29	2	0.50	174	87.00	
March	2 pregnant sows	3	31	2	0.50	186	93.00	
April	2 pregnant sows	3	30	2	0.50	180	90.00	
May	2 lactating sows	3.5	31	2	0.50	217	108.50	Each sow delivers 12 piglets
	24 piglets - b1y1	0.25	31	24	0.50	186	93.00	b1y1 - batch 1 of year 1
June	2 lactating sows	3.5	30	2	0.50	210	105.00	
	24 piglets - b1y1	0.25	30	24	0.50	180	90.00	

Month	Description	Kgs of feed per day per animal	Month Days	number of animals	cost of feed per kg	Total Feed (kg)	Total cost	Comment	
July	2 pregnant sows	3	31	2	0.50	186	93.00		
	24 piglets - b1y1	0.5	31	24	0.50	372	186.00		
August	2 pregnant sows	3	31	2	0.50	186	93.00		
	24 piglets - b1y1	0.95	31	24	0.50	706.8	353.40		
September	2 pregnant sows	3	30	2	0.50	180	90.00		
	24 piglets - b1y1	1.5	30	24	0.50	1080	540.00		
October	2 sows	3	31	2	0.50	186	93.00		
	24 piglets	2	31	24	0.50	1488	744.00		
November	2 lactating sows	3.5	30	2	0.50	210	105.00	Each sow delivers 12 piglets	
	24 piglets - b1y1	2.5	30	24	0.50	1800	900.00		
	24 piglets - b2y1	0.25	30	24	0.50	180	90.00		
December	2 lactating sows	3.5	31	2	0.50	217	108.50		
	24 piglets - b1y1	2.5	31	24	0.50	1860	930.00		
	24 piglets - b2y1	0.25	31	24	0.50	186	93.00	Number sold	0
Total						10356.8	5178.40	Sales revenue	\$0

The total cost of feed in the first year is \$5178.40 and the total weight is 10356.80 kg or 10.4 tons of feed for the whole year.

At this stage, we have



2 sows ready to conceive equivalent to 2*\$380

=\$760.00



24 weaned piglets ready for sale or on-growing equivalent to 24*\$30

=\$720.00

All these will be raised to maturity.



24 mature gilts weighing over

120kg

either to be sold or be used for breeding purposes equivalent to 24*\$190 = \$456.00.



19 will be sold for 19*\$190 to wholesalers) and 5 left to breed. If we add value, a kg can go for not less than \$3.25. Assuming each of these pigs has about 80kg of flesh, then 80*\$3.25 = \$260 is the money that can be earned from each pig. This totals to a value of

\$4940.00



Activity

Perform an estimation of the feeding costs for your pig farming business in the first year. Include other costs such as drugs in your estimation and also include the costs of feeding bucks or boars. You should make your own assumptions like the number of soars that are part of breeding stock and the litter size, etc.

6.2.1.2.2 Analysis of year 2

Table 6.3 shows the monthly cost of feed in year 2.

Table 6.3: Feed costs during the first year of operation

Month	Description	Kgs of feed per day per animal	Days in a month	Number of animals	Unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
January	7 pregnant sows	3	31	7	0.50	651	325.50	19 Sold and left 5 for breeding
	24 piglets - b2y1	0.5	31	24	0.50	372	186.00	b2y1 - batch 2 of year 1
February	7 pregnant sows	3	29	7	0.50	609	304.50	
	24 piglets - b2y1	0.95	29	24	0.50	661.2	330.60	
March	7 pregnant sows	3	31	7	0.50	651	325.50	
	24 piglets - b2y1	1.5	31	24	0.50	1116	558.00	

Month	Description	Kgs of feed per day per animal	Days in a month	Number of animals	Unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
April	7 pregnant sows	3	30	7	0.50	630	315.00	
	24 piglets - b2y1	2	30	24	0.50	1440	720.00	
May	7 lactating sows	3.5	31	7	0.50	759.5	379.75	deliver 12 piglets each
	84 piglets b1y2	0.25	31	84	0.50	651	325.50	
	24 piglets - b2y1	2.5	31	24	0.50	1860	930.00	
June	7 lactating sows	3.5	30	7	0.50	735	367.50	
	84 piglets b1y2	0.25	30	84	0.50	630	315.00	
	24 piglets - b2y1	2.5	30	24	0.50	1800	900.00	
July	9 pregnant sows	3	31	9	0.50	837	418.50	sold 22 and left 2 for breeding
	84 piglets b1y2	0.5	31	84	0.50	1302	651.00	
August	9 pregnant sows	3	31	9	0.50	837	418.50	
	84 piglets b1y2	0.95	31	84	0.50	2473.8	1236.90	
September	9 pregnant sows	3	30	9	0.50	810	405.00	
	84 piglets b1y2	1.5	30	84	0.50	3780	1890.00	
October	9 pregnant sows	3	31	9	0.50	837	418.50	
	84 piglets b1y2	2	31	84	0.50	5208	2604.00	

Month	Description	Kgs of feed per day per animal	Days in a month	Number of animals	Unit cost of feed per kg	Total Feed (kg)	Total cost	Comments	
November	9 lactating sows	3.5	30	9	0.50	945	472.50	have delivered 12 piglets each	
	84 piglets b1y2	2.5	30	84	0.50	6300	3150.00		
	108 piglets b2y2	0.25	30	108	0.50	810	405.00		
December	9 lactating sows	3.5	31	9	0.50	976.5	488.25		
	84 piglets b1y2	2.5	31	84	0.50	6510	3255.00		
	108 piglets b2y2	0.25	31	108	0.50	837	418.50	Number sold	41
Total						38061.80	19030.90	Sales revenue	\$10660.00



Total feed costs in year 2 are

\$19030.90



and the weight of the feed is

38061.80.2 kg
or 38.1 tonnes



Stock at the end of year 2

9 lactating sows



84 gilts

which are 7 months old



108 piglets

which are 2 months old



Total revenue obtained from sell of pigs
41*\$260

= \$10660.00

6.2.1.2.3 Analysis in year 3

Table 6.4 shows the monthly cost of feed in year 3.

Table 6.4: Feed costs during the first year of operation

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
January	12 pregnant sows	3	31	12	0.50	1116	558.00	Sold 81 and left 3 for breeding
	108 piglets b2y2	0.5	31	108	0.50	1674	837.00	b2y2 - batch 2 of year 2
February	12 pregnant sows	3	29	12	0.50	1044	522.00	
	108 piglets b2y2	0.95	29	108	0.50	2975.4	1487.70	
March	12 pregnant sows	3	31	12	0.50	1116	558.00	
	108 piglets b2y2	1.5	31	108	0.50	5022	2511.00	
April	12 pregnant sows	3	30	12	0.50	1080	540.00	
	108 piglets b2y2	2	30	108	0.50	6480	3240.00	
May	12 lactating gilts	3.5	31	12	0.50	1302	651.00	
	108 piglets b2y2	2.5	31	108	0.50	8370	4185.00	
	108 piglets b1y3	0.25	31	108	0.50	837	418.50	

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
June	12 lactating sows	3.5	30	12	0.50	1260	630.00	
	108 piglets b2y2	2.5	30	108	0.50	8100	4050.00	
	108 piglets b1y3	0.25	30	108	0.50	810	405.00	
July	15 pregnant sows	3	31	15	0.50	1395	697.50	sold 105 and left 3 for breeding
	108 piglets b1y3	0.5	31	108	0.50	1674	837.00	
August	15 pregnant sows	3	31	15	0.50	1395	697.50	
	108 piglets b1y3	0.95	31	108	0.50	3180.6	1590.30	
September	15 pregnant sows	3	30	15	0.50	1350	675.00	
	108 piglets b1y3	1.5	30	108	0.50	4860	2430.00	
October	15 pregnant sows	3	31	15	0.50	1395	697.50	
	108 piglets b1y3	2	31	108	0.50	6696	3348.00	

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
November	15 lactating sows	3.5	30	15	0.50	1575	787.50	have delivered 12 piglets each
	108 piglets b1y3	2.5	30	108	0.50	8100	4050.00	
	144 piglets b2y3	0.25	30	144	0.50	1080	540.00	
December	15 lactating sows	3.5	31	15	0.50	1627.5	813.75	
	108 piglets b1y3	2.5	31	108	0.50	8370	4185.00	
	144 piglets b2y3	0.25	31	144	0.50	1116	558.00	186
Total						85000.50	42500.25	48360



Total feed costs in year 3 are

\$42500.25



and the weight of the feed is

85000.50kg

or 85.0 tonnes



Stock at the end of year 3

15
lactating sows



108
gilts which are 7months old



144
piglets which are 2 months old



Total revenue obtained from sell of pigs
186*\$260 =

\$48360.00

6.2.1.2.4 Analysis in year 4

Table 65 shows the monthly cost of feed in year 4.

Table 6.5: Feed costs during the first year of operation

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
January	18 pregnant sows	3	31	15	0.50	1395	697.50	sold 105 left 3 for breeding
	144 piglets b2y3	0.5	31	144	0.50	2232	1116.00	
February	18 pregnant sows	3	29	15	0.50	1305	652.50	
	144 piglets b2y3	0.95	29	144	0.50	3967.2	1983.60	
March	18 pregnant sows	3	31	15	0.50	1395	697.50	
	144 piglets b2y3	1.5	31	144	0.50	6696	3348.00	
April	18 pregnant sows	3	30	15	0.50	1350	675.00	
	144 piglets b2y3	2	30	144	0.50	8640	4320.00	

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
May	18 lactating sows	3.5	31	15	0.50	1627.5	813.75	
	144 piglets b2y3	2.5	31	144	0.50	11160	5580.00	
	180 piglets b1y4	0.25	31	108	0.50	837	418.50	
June	18 lactating sows	3.5	30	15	0.50	1575	787.50	
	144 piglets b2y3	2.5	30	144	0.50	10800	5400.00	
	180 piglets b1y4	0.25	30	180	0.50	1350	675.00	
July	20 pregnant sows	3	31	18	0.50	1674	837.00	sold 142 and left 2 for breeding
	180 piglets b1y4	0.5	31	180	0.50	2790	1395.00	
August	20 pregnant sows	3	31	18	0.50	1674	837.00	
	180 piglets b1y4	0.95	31	180	0.50	5301	2650.50	
September	20 pregnant sows	3	30	18	0.50	1620	810.00	
	180 piglets b1y4	1.5	30	180	0.50	8100	4050.00	

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total cost	Comments
October	20 pregnant sows	3	31	18	0.50	1674	837.00	
	180 piglets b1y4	2	31	180	0.50	11160	5580.00	
November	20 lactating sows	3.5	30	18	0.50	1890	945.00	have delivered 12 piglets each
	180 piglets b1y4	2.5	30	180	0.50	13500	6750.00	
	216 piglets b2y4	0.25	30	144	0.50	1080	540.00	
December	20 lactating sows	3.5	31	18	0.50	1953	976.50	
	180 piglets b1y4	2.5	31	180	0.50	13950	6975.00	
	216 piglets b2y4	0.25	31	144	0.50	1116	558.00	247
Total						118184.70	59092.35	64220



Total feed costs in year 4 are
\$59092.35



and the weight of the feed is
118184.70 kg
or 118.2 tonnes



Stock at the end of year 4

20
lactating sows



180
gilts which are 7months old



216
piglets which are 2 months old



Total revenue obtained
from pig sales
247*\$260

=\$64220.00

6.2.1.2.5 Analysis in year 5

Table 6.6 shows the monthly cost of feed in year 5.

Table 6.6: Feed costs during the first year of operation

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total Cost	Comments
January	20 pregnant sows	3	31	20	0.50	1860	930.00	sold 180 nothing left for breeding
	216 piglets b2y4	0.5	31	216	0.50	3348	1674.00	
February	20 pregnant sows	3	29	20	0.50	1740	870.00	
	216 piglets b2y4	0.95	29	216	0.50	5950.8	2975.40	
March	20 pregnant sows	3	31	20	0.50	1860	930.00	
	216 piglets b2y4	1.5	31	216	0.50	10044	5022.00	
April	20 pregnant sows	3	30	20	0.50	1800	900.00	
	216 piglets b2y4	2	30	216	0.50	12960	6480.00	
May	20 lactating sows	3.5	31	20	0.50	2170	1085.00	
	216 piglets b2y4	2.5	31	216	0.50	16740	8370.00	
	216 piglets b1y5	0.25	31	216	0.50	1674	837.00	

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total Cost	Comments
June	20 lactating sows	3.5	30	20	0.50	2100	1050.00	
	216 piglets b2y4	2.5	30	216	0.50	16200	8100.00	
	216 piglets b1y5	0.25	30	216	0.50	1620	810.00	
July	20 pregnant sows	3	31	20	0.50	1860	930.00	sold 216 and nothing for breeding
	216 piglets b1y5	0.5	31	216	0.50	3348	1674.00	
August	20 pregnant sows	3	31	20	0.50	1860	930.00	
	216 piglets b1y5	0.95	31	216	0.50	6361.2	3180.60	
September	20 pregnant sows	3	30	20	0.50	1800	900.00	
	216 piglets b1y5	1.5	30	216	0.50	9720	4860.00	
October	20 pregnant sows	3	31	20	0.50	1860	930.00	
	216 piglets b1y5	2	31	216	0.50	13392	6696.00	

Month	Feeding cost of	Kgs of feed per day per animal	Days in a month	number of animals	unit cost of feed per kg	Total Feed (kg)	Total Cost	Comments
November	20 lactating sows	3.5	30	20	0.50	2100	1050.00	have delivered 12 piglets each
	216 piglets b1y5	2.5	30	216	0.50	16200	8100.00	
	216 piglets b2y5	0.25	30	216	0.50	1620	810.00	
December	20 lactating sows	3.5	31	20	0.50	2170	1085.00	
	216 piglets b1y5	2.5	31	216	0.50	16740	8370.00	
	216 piglets b2y5	0.25	31	216	0.50	1674	837.00	612
Total						155564.00	77782.00	159120



Total feed costs in year 5 are

\$77782.00



and the weight of the feed is

155564.00kg

or 155.6 tonnes



Stock at the end of year 5

20
lactating sows



216
gilts which are 7 months old



216
piglets which are 2 months old



Total revenue obtained from sell of pigs
612*\$260

= \$159120.00

Initial Fixed Investment	Unit cost	Quantity	Year 1 (USD\$)	Year 2 (USD\$)	Year 3 (USD\$)	Year 4 (USD\$)	Year 5 (USD\$)	Total
Total operating expenses			6571.29	19853.60	43328.38	59920.48	78610.13	
Total expenses per year			11159.94	19853.60	43328.38	59920.48	78610.13	212872.52
Revenue								
Sale of piglets								
Sale of mature pigs			0.00	10660.00	48360.00	64220.00	159120.00	
Total revenue per year			0.00	10660.00	48360.00	64220.00	159120.00	
Cashflow								
Total revenue per year			0.00	10660.00	48360.00	64220.00	159120.00	282360.00
Total expenses per year			11159.94	19853.60	43328.38	59920.48	78610.13	212872.52
Profitability analysis per year			-11159.94	-9193.60	5031.62	4299.52	80509.87	69487.48
Investment payback period						4th year		
Break-Even year					3rd year			



Activity

Prepare a cash flow for the first 5 years of operating your pig farming business.

6.3 CASH FLOW PLANNING FOR A GOAT PRODUCTION PROJECT

We are assuming that a farmer starts a project with 20 does and 1 buck. We assume that each doe will have two kiddings per year and there will be 2 kids per doe per kidding. Furthermore, we assume that we will sell goats at the age of 8 months and each will be sold at USD\$20.00. In

terms of the goat pens we assume that we need 2 square meters per each adult goat. The analysis presented here is for 5 years. It is further assumed that each goat requires supplementary feed and drugs worth USD\$ 5.00 and USD\$ 2.00 per year respectively.

6.3.1 Analysis of year 1

Table 6.8 shows the goat numbers in year 1.

At this stage, we have



20 does and
1 buck valued at 21*\$15
=\$315.00



40 kids which are six months old from the first batch.
40 kids 1 month old.



No goats were sold in the first year

Table 6.8: Goat number during the first year of operation

Month	Number of goats	Comment
January	20 does and 1 buck	
	40 kids b1y1	
February	20 does and 1 buck	
	40 kids b1y1	
March	20 does and 1 buck	
	40 kids b1y1	
April	20 does and 1 buck	
	40 kids b1y1	
May	20 does and 1 buck	
	40 kids b1y1	
June	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b1y1	b1y1 - batch 1 of year 1

Month	Number of goats	Comment
July	20 does and 1 buck	
	40 kids b1y1	
August	20 does and 1 buck	
	40 kids b1y1	
September	20 does and 1 buck	
	40 kids b1y1	
October	20 does and 1 buck	
	40 kids b1y1	
November	20 does and 1 buck	
	40 kids b1y1	
December	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b1y1	
	40 kids b1y2	



Activity

Perform an estimation of the numbers of your goat farming business in the first year. Also estimate costs such as drugs. You should make your own assumptions like the number of does that are part of breeding stock and the kidding rate, etc.

6.3.2 Analysis of year 2

Table 6.9 shows the goat numbers in year 2.

At this stage, we have



20 does and
1 buck valued at $21 \times \$15$
=\$315.00



40 kids which are six months old from the first batch.
40 kids 1 month old.



80 goats were sold in the second year at $80 \times \$15$
=\$1200.00

Table 6.9: Goat number during the second year of operation

Month	Number of goats	Comment
January	20 does and 1 buck	
	40 kids b1y1	
	40 kids b2y1	
February	20 does and 1 buck	
	40 kids b1y1	
	40 kids b2y1	
March	20 does and 1 buck	Sold 40 goats from b2y1
	40 kids b2y1	
April	20 does and 1 buck	
	40 kids b2y1	
May	20 does and 1 buck	
	40 kids b2y1	
June	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b2y1	
	40 kids b1y2	b1y2 - batch 1 of year 2
July	20 does and 1 buck	
	40 kids b2y1	
	40 kids b1y2	
August	20 does and 1 buck	Sold 40 goats from b2y1
	40 kids b1y2	
September	20 does and 1 buck	
	40 kids b1y2	
October	20 does and 1 buck	
	40 kids b1y2	
November	20 does and 1 buck	
	40 kids b1y2	
December	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b1y2	
	40 kids b2y2	

6.3.3 Analysis of year 3

Table 6-10 shows the goat numbers in year 3.

At this stage, we have



20 does and
1 buck valued at $21 \times \$15$
=\$315.00



40
kids which are six months
old from the first batch.
40 kids 1 month old.



80
goats were sold in the third
year at $80 \times \$15$
=\$1200.00

Table 6.10: Goat number during the third year of operation

Month	Number of goats	Comment
January	20 does and 1 buck	
	40 kids b1y2	
	40 kids b2y2	
February	20 does and 1 buck	
	40 kids b1y2	
	40 kids b2y2	
March	20 does and 1 buck	Sold 40 goats from b1y2
	40 kids b2y2	
April	20 does and 1 buck	
	40 kids b2y2	
May	20 does and 1 buck	
	40 kids b2y2	
June	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b2y2	
	40 kids b1y3	b1y3 - batch 1 of year 3

Month	Number of goats	Comment
July	20 does and 1 buck	
	40 kids b2y2	
	40 kids b1y3	
August	20 does and 1 buck	Sold 40 goats from b2y2
	40 kids b1y3	
September	20 does and 1 buck	
	40 kids b1y3	
October	20 does and 1 buck	
	40 kids b1y3	
November	20 does and 1 buck	
	40 kids b1y3	
December	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b1y3	
	40 kids b2y3	

6.3.4 Analysis of year 4

Table 6.11 shows the goat numbers in year 4.

At this stage, we have



20 does and
1 buck valued at $21 \times \$15$
=\$315.00



40 kids which are six months old from the first batch.
40 kids 1 month old.



80 goats were sold in the fourth year at $80 \times \$15$
=\$1200.00

Table 6.11: Goat number during the fourth year of operation

Month	Number of goats	Comment
January	20 does and 1 buck	
	40 kids b1y3	
	40 kids b2y3	
February	20 does and 1 buck	
	40 kids b1y3	
	40 kids b2y3	
March	20 does and 1 buck	Sold 40 goats from b1y3
	40 kids b2y3	
April	20 does and 1 buck	
	40 kids b2y3	
May	20 does and 1 buck	
	40 kids b2y3	
June	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b2y3	
	40 kids b1y4	b1y4 - batch 1 of year 4
July	20 does and 1 buck	
	40 kids b2y3	
	40 kids b1y4	
August	20 does and 1 buck	Sold 40 goats from b2y3
	40 kids b1y4	
September	20 does and 1 buck	
	40 kids b1y4	
October	20 does and 1 buck	
	40 kids b1y4	
November	20 does and 1 buck	
	40 kids b1y4	
December	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b1y4	
	40 kids b2y4	

6.3.5 Analysis of year 5

Table 6-11 shows the goat numbers in year 5.

At this stage, we have



20 does and
1 buck valued at $21 \times \$15$
=\$315.00



40 kids which are six months old from the first batch.
40 kids 1 month old.
40 goats 8 months old



80 goats were sold in the fifth year at 80×15
=USD\$1, 200.00

Table 6.12: Goat number during the fifth year of operation

Month	Number of goats	Comment
January	20 does and 1 buck	
	40 kids b1y4	
	40 kids b2y4	
February	20 does and 1 buck	
	40 kids b1y4	
	40 kids b2y4	
March	20 does and 1 buck	Sold 40 goats from b1y4
	40 kids b2y4	
April	20 does and 1 buck	
	40 kids b2y4	
May	20 does and 1 buck	
	40 kids b2y4	
June	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b2y4	
	40 kids b1y5	b1y4 - batch 1 of year 4

Month	Number of goats	Comment
July	20 does and 1 buck	
	40 kids b2y4	
	40 kids b1y5	
August	20 does and 1 buck	Sold 40 goats from b2y4
	40 kids b1y5	
September	20 does and 1 buck	
	40 kids b1y5	
October	20 does and 1 buck	
	40 kids b1y5	
November	20 does and 1 buck	
	40 kids b1y5	
December	20 does and 1 buck	Each doe delivers 2 kids
	40 kids b1y5	
	40 kids b2y5	

6.3.6 Cash flows for the first 5 years of operating the goat farming business

Table 6-13 shows the cash flows for the first 5 years of operating the goat production business based on the annual cashflows presented above

Table 6.13: Five year cashflow plan

Initial Fixed Investment	Unit cost	Quantity	Year 1 (USD\$)	Year 2 (USD\$)	Year 3 (USD\$)	Year 4 (USD\$)	Year 5 (USD\$)	Total
Protective Equipment		1	0					
Goat Pens			100					
Total Fixed Cost			100					
Operating Expenses								
Breeding stock	15	21	315					
Labour	40	12	480	480	480	480	480	

Initial Fixed Investment	Unit cost	Quantity	Year 1 (USD\$)	Year 2 (USD\$)	Year 3 (USD\$)	Year 4 (USD\$)	Year 5 (USD\$)	Total
Stationary	2.72	2	5.43	5.43	8.15	8.15	8.15	
Supplies	1.36	2	2.72	2.72	5.43	5.43	5.43	
advertising and promotion								
Feed	5	21	105	105	105	105	105	
Drugs and vaccines	2	21	42	42	42	42	42	
subtotal			908.15	593.15	598.58	598.58	598.58	
profit sharing								
Total operating expenses			908.15	593.15	598.58	598.58	598.58	
Total expenses per year			1008.15	593.15	598.58	598.58	598.58	3397.02
Revenue								
sale of mature goats	20	80	1600	1600	1600	1600	1600	
Total revenue per year			1600	1600	1600	1600	1600	
Cashflow								
Total revenue per year			0	1600	1600	1600	1600	6400
Total expenses per year			1008.15	593.15	598.58	598.58	598.58	3397.04
Profitability analysis per year			-1008.15	1006.85	1001.42	1001.42	1001.42	3002.96

Initial Fixed Investment	Unit cost	Quantity	Year 1 (USD\$)	Year 2 (USD\$)	Year 3 (USD\$)	Year 4 (USD\$)	Year 5 (USD\$)	Total
Investment payback period						4th year		
Break Even year				2nd year				



Activity

Prepare a cash flow for the first 5 years of operating your goat production business.

6.4 INTERNAL CONTROLS

- Describe the controls which will be put in place to ensure that there is no fraud or wastage of resources by employees.
- Below is an example:

It is the duty of the Financial Administrator to put in place some measures to minimise theft, fraud and misuse of resources. The Administrators with pit in place a raft of measures which includes have registers which are signed when feed, drugs etc. are moved for instance from the warehouse to the pens and will also monitor use of feed and drugs. All payments of anything about \$ 50 should be authorised by two of the three owners.

6.5 CREDIT POLICIES

- Describe the polices with regards to selling goods on credit.
- How much time do you give customers to pay and are there any credit limits or penalties if payments are not done on time.
- Below is an example:

We have a few customers who are credit worth and who usually buy in bulk such as wholesalers, these

customers will be allowed to buy on credit and the Marketing Manager is responsible for evaluating these customers and setting credit limits and payment terms. Some of our terms are that customers should pay with a month and if they fail to pay then a 5% penalty is charged. If a company does not pay on time, the company will not sell to them on credit again. The credit worthiness of customers is assessed on a regular basis to check if the customers are still credit worth.

6.6 AMOUNT AND TIMING OF NEEDED FUNDING

The farmer should address the following questions:

- What is the total amount of capital that is required to run the business and what are the sources of this capital?
- When is the capital required?
- What proportion of the total capital will be contributed by the owners and what proportion is sourced from external sources of finance?
- What are the funds going to be used for?
- At times the farmers are required to attach some quotations to support use of the funds in the last point above.



An example is given below

The total amount of capital that is required to start and run the pig/goat farming business is USD\$ 6 020.00. The owners have already raised \$5000.00 and the remaining \$1020 shall be raised through a bank loan repayable after the fourth year when the business would have reached the payback period. Below is a breakdown of how the \$1020 will be used:

Use	Amount
Buy feed	\$820.00
Buy drugs	\$160.00
Pay wages	\$40.00
Total	\$1, 020.00



Activity

Determine the amount of funds needed for your goat/pig farming business and also determine and the timing and source of funds.

6.7 SUMMARISED PLANS

- In this section, we present summarised extracts from the above financial plans
- These plans include:
 - Sales Plan,
 - Profit Plan,
 - Cash Flow Plan.

6.7.1 Sales Plan

- Give a sales plan or forecast or projection for the five-year period.
- Table 6-14 shows an example of a sales forecast for a piggery project over a five-year period taking into account several factors.

Table 6.14: Month on month sales forecast for the pig production business

	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sale of mature goats	1													0.00
Sale of mature goats	2			800.00					800.00					1600.00
Sale of mature goats	3			800.00					800.00					1600.00
Sale of mature goats	4			800.00					800.00					1600.00
Sale of mature goats	5			800.00					800.00					1600.00



Activity

Prepare a sales forecast for your pig/goat business.

6.7.2 Profit Plan

Table 6.16: Income Statement for the piggery project

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue from sales of pigs					
Sales	0	10660	48360	64220	102960
Less sales returns and allowances	0	0	0	0	0
Less sales discounts	0	0	0	0	0
Net Sales	0	10660	48360	64220	102960
Cost of Pigs Sold					
Opening Stock	0	0	0	0	0
Land Purchases	814.554	814.554	814.554	814.554	814.554
Protective Equipment	2.716	2.716	2.716	2.716	2.716
Pig Pens	54.304	54.304	54.304	54.304	54.304
Security Fence	38.012	38.012	38.012	38.012	38.012
Treated Gum Poles	8.146	8.146	8.146	8.146	8.146
Pregnant Sows	86.886	86.886	86.886	86.886	86.886
Piglets	54.304	54.304	54.304	54.304	54.304
Net Purchases	1058.922	1058.922	1058.922	1058.922	1058.922
Goods available for sale	1058.922	1058.922	1058.922	1058.922	1058.922
Less closing stock	0	0	0	0	0
Cost of goods sold	1058.922	1058.922	1058.922	1058.922	1058.922
Gross profit	-1058.922	9601.078	47301.078	63161.078	101901.078
Gross profit margin	0	90	98	98	99
Operating Expenses					
Vaccines and drugs	27.15	162.91	162.91	162.91	162.91
Labour	651.64	651.64	651.64	651.64	651.64

	Year 1	Year 2	Year 3	Year 4	Year 5
Stationary	5.43	5.43	8.15	8.15	8.15
Supplies	2.72	2.72	5.43	5.43	5.43
Advertising and promotion	0	0	0	0	0
Feed	5178.4	19030.9	42500.25	59092.35	77782
Total Operating Expenses	5865.34	19853.6	43328.38	59920.48	78610.13
Income from operations	0	0	0	0	0
Other expenses					
interest expense	0	0	0	0	0
Net income	-6924.262	-10252.522	3972.698	3240.598	23290.948

Table 6.17: Income Statement for the goat production project

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue from sales of goats					
Sales	0	1600	1600	1600	1600
Less sales returns and allowances	0	0	0	0	0
Less sales discounts	0	0	0	0	0
Net Sales	0	1600	1600	1600	1600
Cost of Goats Sold					
Opening Stock	0	0	0	0	0
Land Purchases	0	0	0	0	0
Protective Equipment	0	0	0	0	0
Goat Pens	20	20	20	20	20
Security Fence	0	0	0	0	0
Treated Gum Poles	0	0	0	0	0
Breeding Stock	63	63	63	63	63
Net Purchases	83	83	83	83	83
Goods available for sale	83	83	83	83	83
Less closing stock	0	0	0	0	0
Cost of goods sold	83	83	83	83	83
Gross profit	-83	1517	1517	1517	1517

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross profit margin	0	95	95	95	95
Operating Expenses					
Vaccines and drugs	42	42	42	42	42
Labour	480	480	480	480	480
Stationary	5.43	5.43	8.15	8.15	8.15
Supplies	2.72	2.72	5.43	5.43	5.43
Advertising and promotion	0	0	0	0	0
Feed	105	105	105	105	105
Total Operating Expenses	635.15	635.15	640.58	640.58	640.58
Income from operations	0	0	0	0	0
Other Expenses					
Interest expense	0	0	0	0	0
Net income	-718.15	881.85	876.42	876.42	876.42



Table 6.18: Piggery Gross Margin Budget

	20 Doe Unit					40 Doe Unit					60 Doe Unit				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue from sales of pigs															
Sales	0	10660	48360	64220	102960	0	21320	96720	128440	205920	0	53300	241800	321100	
Less sales returns & allowances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Less sales discounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net sales	0	10660	48360	64220	102960	0	21320	96720	128440	205920	0	53300	241800	32110	
						0	0	0	0	0	0	0	0	0	
Cost of pigs sold						0	0	0	0	0	0	0	0	0	
Opening stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Land purchases	814,554	814,554	814,554	814,554	814,554	1629,108	1629,108	1629,108	1629,108	1629,108	4072,77	4072.77	4072.77	4072.77	4072.77
Protective equipment	2,716	2,716	2,716	2,716	2,716	5,432	5,432	5,432	5,432	5,432	13,58	13,58	13,58	13,58	13,58
Pig Pens	54,304	54,304	54,304	54,304	54,304	108,608	108,608	108,608	108,608	108,608	271,52	271,52	271,52	271,52	271,52
Security Fence	38,012	38,012	38,012	38,012	38,012	76,024	76,024	76,024	76,024	76,024	190.06	190.06	190.06	190.06	190.06
Treated Gum Poles	8,146	8,146	8,146	8,146	8,146	16,292	16,292	16,292	16,292	16,292	40.73	40.73	40.73	40.73	40.73
Pregnant Sows	86,886	86,886	86,886	86,886	86,886	173,772	173,772	173,772	173,772	173,772	434.43	434.43	434.43	434.43	434.43
Piglets	54,304	54,304	54,304	54,304	54,304	108,608	108,608	108,608	108,608	108,608	271.52	271.52	271.52	271.52	271.52
Net Purchases	1058,922	1058,922	1058,922	1058,922	1058,922	2117,844	2117,844	2117,844	2117,844	2117,844	5294.61	5294.61	5294.61	5294.61	5294.61
Goods available for sale	1058,922	1058,922	1058,922	1058,922	1058,922	211,844	211,844	211,844	2117,844	2117,844	5294.61	5294.61	5294.61	5294.61	5294.61
Less closing stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of goods sold	1058,922	1058,922	1058,922	1058,922	1058,922	2117,844	2117,844	2117,844	2117,844	2117,844	5294.61	5294.61	5294.61	5294.61	5294.61
Gross profit	1058,922	9601,078	47301,078	63161,078	101901,078	2117,844	19202,156	94602,156	126322,156	203802,156	5294.61	48005.39	236505.39	315805.39	
Gross profit margin	0	90	98	98	99	0	90	98	98	99	0	90	98	98	99

Table 6.19: Goat Farming Gross Margin Budget

	20 Doe Unit					40 Doe Unit					60 Doe Unit				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue from sales of goats															
sales	0	1600	1600	1600	1600	0	3200	3200	3200	3200	0	9600	9600	9600	9600
Less sales returns and allowances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less sales discounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Sales	0	1600	1600	1600	1600	0	3200	3200	3200	3200	0	9600	9600	9600	9600
						0	0	0	0	0	0	0	0	0	0
Cost of Goats Sold :						0	0	0	0	0	0	0	0	0	0
Opening Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land Purchases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Protective Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goat Pens	20	20	20	20	20	40	40	40	40	40	120	120	120	120	120
Securit Fence	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Treated Gum Poles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Breeding Stock	63	63	63	63	63	126	126	126	126	126	378	378	378	378	378
Net Purchases	83	83	83	83	83	166	166	166	166	166	498	498	498	498	498
Goods available for sale	83	83	83	83	83	166	166	166	166	166	498	498	498	498	498
Less closing stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of goods sold	83	83	83	83	83	166	166	166	166	166	498	498	498	498	498
Gross profit	83	1517	1517	1517	1517	166	3034	3034	3034	3034	498	9102	9102	9102	9102
Gross profit margin	0	95	95	95	95	0	95	95	95	95	0	95	95	95	95

6.8 INFORMATION AND COMMUNICATION TECHNOLOGIES

- Describe how you are going to use ICTs to deliver market offerings to the customers. Some of the technologies here include the use of social media (Facebook, Twitter, etc.), having a website, SMS, database and email marketing.
- You need to also talk about the budget for these ICTs perhaps industry trends concerning the use of the ICTs. Below is an example:



Internet Marketing Plan

In this information age most of our customers spend a lot of time on the Internet hence we will take our products to where customers spend most of their time. We have an experienced Information Manager who is going to design a website for our company. The website address will be <http://www.horizon.co.zw>. The Information Manager will also create a Facebook page and Twitter handle as well as Whatsapp groups. All these platforms will be used by our marketing team to advertise our products, receive orders and facilitate online payments.



Internet Marketing Budget

The website is going to be designed inhouse but hosted externally and hosting will cost \$100.00 per year. All the other tools used to develop the website will be open source hence no further costs will be incurred.



Internet Marketing Competition

Internet marketing in the pig/goat farming industry in Zimbabwe is not common. As such we do not expect stiff online competition from other pig/goat farming businesses. Use of internet marketing will be a distinctive competitive advantage for us.

6.9 ASSUMPTIONS OF THE FINANCIAL PLAN

- The farmer should state assumptions upon which the financial plan was based.
- Below are examples of such assumptions.
 - The prices for all inputs will be relatively stable over the five year planning period
 - The market prices of goats/pigs are going to be stable over the five year planning period
 - The market for pigs/goats will always be available when the goats/pigs are ready for the market
 - The pig/goat farming business is going to continue operating for the five year planning period and even beyond.

07

Conclusion

Give a conclusion as is shown below.

The business plan for Horizon pig/ goat production presented in the forgoing section gives the background information about the business and its management structure. Furthermore, the plan gave a sales and marketing strategy, SWOT and Competitor Analysis. The plan ended by presenting a financial plan which covers financial statements such as the income statement, balance sheet and cashflow analysis.

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Appendix

- Describe some contingency plans and how the business is going to contribute to job creation especially for the local communities.
- If there is any other additional information like CVs of directors, it should be inserted here.

Business Plan Template

1. EXECUTIVE SUMMARY

1.1. Introduction

1.2. Business overview

1.2.1. Our Products and services

1.2.2. Premises

1.2.3. Growth program

2. MANAGEMENT AND ORGANIZATION

2.1. Organization chart

2.2. Key management

2.3. Management Structure

2.3.1. Board of Directors

2.3.2. Management Committee

2.4. Consultants and advisors

2.5. Compensation plans and policies

2.6. Staffing plan by department

3. SALES AND MARKETING STRATEGY

3.1. Market analysis

3.1.1. Market trends

3.1.2. Growth Trends in this Business

3.1.3. Target market

3.1.4. Pricing strategy

3.1.5. Licenses

3.1.6. Marketing Plan

3.1.7. Advertising and Promotion Plans

3.1.8. Purchasing and Inventory Control

3.1.9. Training Policies

4. COMPETITION ANALYSIS

5. SWOT ANALYSIS

6. FINANCIAL PLAN

6.1. Income Statement and Balance Sheet

6.2. Cash Flow Planning

6.3. Internal controls

6.4. Credit Policies

6.5. Amount and timing of needed funding

6.6. Sales forecast

6.7. Information and Communication Technologies

6.8. Assumptions of the Financial Plan

7. CONCLUSION

8. APPENDIX

10 References

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- 3 Food and Agriculture Organisation of the United Nations, (2006), Farm planning and management for trainers of extension workers.
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