

Charting Your Course: Cultivating Winning Business Strategy for Local Food Success

UMURAI | FEB 8 2024

Cheri Rath | VAADC Executive Director

Morgan Hughes | SDSPA Contactor





What we do

One stop shop for technical assistance • information • education

Objective ag business start-up & expansion idea assessment • business documents • funding access & administration • business support & strategy

Enhance economic sustainability of agricultural producers & rural communities through creation & retention of investment & employment

Foster creation of value added concepts



What we do

Wide variety of members including producers, consumers, processors, chefs.

Collective marketing, research support, educational programs.

Subchapters:

- Farmers Market Coalition
- Fruit and Vegetable Growers
- Flower Growers
- Mentorship Program

Membership and newsletter

Education, promotion, and connections for specialty food & products.

Food System Opportunities

Stakeholders	Needs
Growers	Increase local food volume & variety
Processors	Make fresh & value added products
Aggregators	Individual & combined product collection/warehousing
Distributors	Collaborative delivery efficiencies
Markets	Expand local & regional food consumer options

Motivation

Why

- Necessity
- Opportunity
- Passion

Type

- Hobby
- Business

Wants

- Income
- Lifestyle

Contribution

- Characteristics
- Skills

Why do I want to do this?

Local Food Business Process

Path

1. Discovery
2. Concept Development
3. Resourcing
4. Actualization
5. Harvesting

How do I plan for starting or expanding my operation?

1 | Discovery

Concept evaluation

Generate ideas

skillsets • passion

Recognize opportunity

consumer needs • wants

Explore market

conduct surveys • questionnaires

review demographics • population & groups within it

Vet concept

go • no-go

2 | Concept

Organize details

Name • Brand

identification • story | differentiation

Base location • Geographic coverage

home • offsite | own • rent

service area | onsite • CSA • farmer market • retail/wholesale • online

Vision blueprint

offerings | product • service • combination

operations roadmap | day to day • seasonal • cyclical

Ownership • Key positions • Resource • Professional Service

entity | individual • partner(s)

worker positions | management • operators

support | marketing • associations • partners

outsource | accounting • legal

2 | Entity Startup Stuff

Identify & secure supporting items

Local • State • Federal

EIN

Bank Account

Secretary of State

Department of Revenue

License • permit • registrations

Insurance

Trademark • copyright • patent

3 | Business Resourcing

Acquire structure • financial • human resources

Ownership

entity structure

sole proprietor • llp • llc • coop • s-corp • c-corp

Funding

equity • operations • working capital

Longterm • shortterm

self • family • employees • partner business-vendor • bank • investor

secure loans • grants • financial assistance • incentives

Workers

owner time

full time • parttime • seasonal

employee experience • skillsets

4 | Actualization

Plan & resource implementation to achieve goals • objectives

Day to day • seasonal

management

operations

financial

planning | challenges • next year • future

Promotion

grand opening • open house

customer sales • special event • tasting • product launch

agritourism

5 | Harvesting

Ongoing assessment

Future growth

successes
challenges

Expansion

product • lines • services
market
location

Operations

equipment • processes
employees • automation

Go • NoGo

continue • change/adapt • terminate

Local food entity resources

Google Drive access

<https://drive.google.com/drive/folders/1upRIQlC6Ax6aE53dCzNAZfaOzeBr7ubK?usp=sharing>



10 Minute Brainstorm

Workshop time

Reflect on some “to-dos” you are taking away from this session

Talk to others about ideas

Ask us one on one questions now

Followup

Feel free to find us during the rest of the conference

Connect with us post conference for guidance as you evolve your entity

6 | Business Plan

Why

Organize & analyze critical pieces of the venture

Financing

Launch & operations roadmap

Components

Executive Summary

Brief description of key points of each section

Operation - Technical

Detail all processes involved in producing and/or delivering product or service to customers

Product - Service

Define offerings • production-execution
Packaging • unique features

Management - Organizational Plan

Key management personnel
Key employee duties • qualifications
Professional service providers
Industry affiliation • partners

Components

Marketing Plan

Analyze market data

customers • competition • industry • demographic-geographic • economic

Describe how to increase customer awareness of products • services

Market segmentation • marketing strategies • promotion plan

Financial Plan

Statements to forecast financial health & growth of business

3 years | Balance Sheet • Income Statement • Profit & Loss

Conclusion

Company attributes

SWOT



Financial Projections

Startup & operating costs

Costs to open your door & run year1

EXPENSE estimate

Construction costs add 10% contingency

Capital assets land • building • equipment

Tangible assets equipment-furniture-fixtures • inventory

Product-Service inputs-supplies-packaging • insurance • legal • accounting

Fixed expense utility • insurance • legal • accounting

Variable expense admin-office • maintenance • vehicle • travel • distribution

Salary-wages-taxes owner • employee

Research • acquire vendors to firm up values

price • payment terms • delivery • reliability • service • reputation

Financial Projections

Revenue

INCOME streams

- List each source of income

- Estimate proceeds from sources

 - define expected sales volume & pricing

- Classify cash - credit sales to monitor cash inflow

Bottomline

- Total cash receipts - Total expenses = net cash position

Working Capital

- Bank account cash startup | operating

- Consider payment & receivable terms

- Working capital loan | Line of Credit



Thank you



Cheri | 605.224.9402 | cherirath@yahoo.com | www.sdvalueadded.coop

Morgan | 605.422.0744 | SDSpecialtyProducers@gmail.com | www.sdspecialtyproducers.org