

# My Fresh Produce Company

Address, City, Postal Code

Phone Number, Email, Website

## Business Plan

**Notice to reader:** This Fresh Produce Company Business Plan is appropriate for Wholesalers, Jobbers, Distributors, Brokers, Growers/Farmers, Shippers, Packers, Third Party (cold) Storage and other companies in the business of distributing produce, such as fresh fruits and vegetables, herbs, spices, nuts, seeds, plants... It is NOT appropriate for fresh produce RETAILERS.

### 1. Vision Statement

What is the vision for your fresh produce company? What are your guiding principles? When you picture your business in 20 years, where will it be? Where will you be?

### 2. Mission Statement

Good mission statements answer 3 specific questions:

1. what is my business?
2. who is the customer?
3. what is the value provided to customers?

Once you have answered each question, create 1-2 sentences to form your Mission Statement:

### 3. Introduction

**3.1 Executive Summary.** The executive summary is written last and summarizes each major component of the plan. Should funding be required for your fresh produce business, your loan officer may only read this section, and then make their decision based on the strength of what the Executive Summary contains. Creating a Business Plan is a worthwhile exercise, regardless of whether or not you need funding, for these reasons: (1) It validates your commitment to your fresh produce business; (2) compiling the Executive Summary highlights specific section weaknesses (ie lack of content, lack of evidence, etc.).



3.2 *Curriculum Vitae.* Attach your resume or curriculum vitae as an appendix

## 4. Business Operations

4.1 *Accounting/Bookkeeping.* How will you keep track of buying, selling, inventory, traceability, production, growing, brokerage, accounting and business management information? Watch demonstration videos [here](#).

WaudWare Incorporated's [Produce Inventory Control System \(PICS\)](#) is a robust and reliable software solution created specifically for the fresh produce industry. Advantages of PICS:

- Allows for complete **traceability**
- Affordable for every business
- Open ended costing
- Outstanding support
- Consulting and collaboration with business owners
- Proudly Canadian
- Handles all types and sizes of inventory
- Allows multiple units for buying and selling
- Efficient and easy to use
- Continuous enhancements
- Makes fresh produce recalls easier to handle
- 24/7 support

4.2 *Management Reports.* How will you monitor the profitability, productivity and performance of your fresh produce business?

[Produce Inventory Control System \(PICS\)](#) software contains over 100 standard reports and user modifiable forms. The following are descriptions of the most critical for fresh produce industry businesses. Trying to create, track and manage information via spreadsheets would be time and labour intensive and subject to human error.

### **Report Name**

### **Description and Why It's Important for a Fresh Produce Business**

[Account Sales](#)

[Customer Aged Summary Report](#)

[Grower's Pay](#)

Calculates what to pay your growers based on the revenue received and costs to deliver the product.

[Stock and Pallet Labels](#)

[Vendor Aged Details Report](#)



**4.3 Insurance.** What types of insurance will you require? Depending on your role in the fresh produce industry supply chain (grower, wholesaler, packer...), you will need to explore various coverage options such as General Liability Insurance, Commercial Business Insurance, Product Liability, Product Recall Insurance, Accidental or Product Contamination Insurance, Malicious Tampering Insurance, Excess/Umbrella/Surplus Lines (Catastrophic Loss) Insurance, Crop Insurance, Contingent Business Interruption Insurance, Creditor Insurance, Accounts Receivable Insurance, Reputational Damages Liability Insurance, Brand Protection Insurance, Inventory Insurance, Errors and Omissions, Disability Insurance, Workplace Safe Insurance, Key Person Insurance, Critical Illness Insurance, and so on.

**4.4 Legal.** Is your intention to register the business as a sole proprietorship, partnership, or corporation? Investigate ramifications of each – including tax implications, partnership agreements, advantages and disadvantages.

**4.5 Regulations, inspections, registration, licensing, arbitration, permits, and memberships.** What are the import/export and interprovincial/state regulations for the fresh produce you intend to sell? Are there governing bodies where registration is required? What licenses and permits will be required to operate in Canada, the United States, or abroad? Consider the following: License, Minimum Grade, Inspection Certificate, Standard Containers, Confirmation of Sale, Health and Safety Requirements, Plant Protection Requirements, Dispute Resolution, etc.



## 5. The Team

Who will be on your team? What are their assigned roles? Create an organizational chart using position names, i.e., finance, marketing, production, operations, etc...

### 5.1 *Management*

### 5.2 *Staff*

### 5.3 *Advisors*

### 5.4 *Professional Services*

5.4.1 Accounting/Bookkeeping

5.4.2 Banking

5.4.3 Legal

5.4.4 Marketing

5.4.5 Human Resources

5.4.6 Other



## 6. Business Environment

Research and report on (a) your industry and (b) your company's intended position in it. Assume the reader knows little or nothing about the fresh produce industry. Quote sources of information.

**6.1 Business summary and history.** (If your fresh produce business is presently operating, describe the overall picture of the operation from the beginning to present day stage. If the business has not yet started, include the forecasted start-up date.)

**6.2 Description of the business.** (Describe the nature of your fresh produce business, products and services you provide; and why someone would buy from you? Have you identified a niche market? What does your fresh produce business do better than any competitor (what is your competitive advantage)? Include the geographical area for your fresh produce business, as well as 'proof' that the business will be profitable.)

**6.3 External influences.** (Describe trends and their potential affect on your fresh produce business, such as legislation and regulations, economic landscape (healthy, growing, recession, interest rates); social and demographic factors (age, income, lifestyle); the role of technology (computers, communications), etc. This will tie into the Strength, Weakness, Opportunity, Threat (SWOT) Analysis.)



**6.4 Market overview.** (Define the fresh produce market; who are the direct and indirect competitors in the market; how big is the market? Have there been changes in the market? Where do you believe the market is headed? What effect will these trends have on your fresh produce business?)

**6.5 Competitive overview.** (Who are your top 3 competitors (name names); where are they located, how long have they been in the business? how do they price their product/services; how do they market their product/service? Who are your indirect competitors?)

**6.6 Industry overview.** (Include a summary of the fresh produce industry; show statistical information; describe trends, growth potential for the industry, factors that affect the industry, and long term outlook; describe primary and secondary customer groups.)

**6.7 Position in the industry.** (Discuss your fresh produce business's products and services; how they meet the needs of the market and how you'll position your fresh produce business in the marketplace to be unique and different.)



## 7. S.W.O.T. Analysis

Opportunities and Threats relate to External Influences (6.3) and Industry Overview (6.6). These factors are out of your control (i.e., government regulations, politics, policies, economy, interest rates, etc.).

### 7.1 *Opportunities:*

### 7.2 *Threats:*

Strengths and Weaknesses relate to the owner(s) or business – for example, credentials, skills, reputation, time in business, financial situation, marketing and sales abilities, etc.

### 7.3 *Strengths:*

### 7.4 *Weaknesses:*



## 8. Marketing Plan

**8.1 Objectives.** What are the objectives/goals for your fresh produce business over the next one, three, five year period. What long term goals do you hope to achieve? Objectives should be inspired by your vision and mission. Objectives should be SMART (specific, measurable, achievable, relevant, time-bound).

**8.2 Target Market.** Specifically WHO do you want to target? There may be more than one target for your fresh produce business's products and services. If this is the case, prioritize your targets in terms of revenue. There is a difference between a referral source, influencer, or strategic alliance and a revenue source. Paint a picture for the reader of what your ideal customer looks like including where they are located.

**8.3 Positioning and Differentiation.** How will your fresh produce business be positioned in the market? What makes you/your business/your product or service different from all others? How do you want people to think of you?





**8.4 Product/Service Strategy.** Define your product or service strategy. List **each** of the products or services your fresh produce business will sell. Include names, sizes and any other relevant information.

**8.5 Price Strategy.** Define your pricing strategy. Consider terms, ie, will you offer credit? Will you accept credit cards for payment? How will returns or disputes be handled? Will you offer volume discounts?

**8.6 Place Strategy.** Define your place strategy. How will your product/service reach the target market? Will distribution channels be utilized? How do customers buy now? Where are your target customers located? Do you need a bricks and mortar storefront, office space, or home office? What will you need inside your location? (i.e., phones, computer equipment, furniture, processing equipment). Will you need delivery vehicles?



**8.7 Promotion Strategy.** Define your promotion strategy. How will you promote your fresh produce business to your intended target(s)? Effective promotion is vital to the success of your business.

Promoting your fresh produce business may include tactics such as:

8.7.1 Advertising (non-personal presentation of goods/services). Examples of advertising tactics include websites, business cards, brochures and flyers, signage, online advertising, print and broadcast advertising. (See Appendix 1 for produce industry newspapers and magazines resources)

8.7.2 Sales Promotions (short term incentives where targets are encouraged to buy). Examples of sales promotion tactics include contents and sweepstakes, gifts and premiums, bonus offers, trade shows, conferences, samples, low interest financing, guarantees, loyalty programs. (See Appendix 1 for produce industry trade show and conference resources)

8.7.3 Public Relations (communicating your company's image to its publics). Examples of public relations tactics include news releases, seminars, newsletters, events, third party articles about your fresh produce business, sponsorships (monetary or in-kind), community relations/outreach/lobbying, professional associations, and industry associations. (See Appendix 1 for produce industry associations)



8.7.4 Personal Selling (personal presentation of goods/services). Examples of personal selling tactics are actual face-to-face selling techniques, quotations, testimonials, networking, sales meetings, sales incentives.

8.7.5 Direct Marketing (communicate/solicit direct response from targets). Examples of direct marketing tactics include communicating to your database, mailings, faxes, e-mails, telephone follow ups and cold calls.

8.7.6 Social Media Marketing (connect with customers or end users of your fresh produce business's products and services) Examples of social media marketing tactics include blogs, LinkedIn, YouTube, Twitter, Pinterest, Facebook, etc.

**8.8. *Research and Development.*** Describe your strategy for staying up to date on industry trends and your customers' future needs?



## 9. Financials

What are your financial projections? How much will it cost to start up and run the business? Will anticipated revenue offset expenses? Learn what these statements are, and ask for help if you need it. (Really, it's okay to ask for help.)

- Expenses:
  - One Time Expenses
  - Operating Expenses
- Income Statement
- Cash Flow Projection (3 years)
- Balance Sheet

**9.1 Expenses.** Your business will have two types of expenses: one-time expenses and operating expenses. As the name suggests, **one-time expenses** are those costs that you incur only once when setting up your fresh produce business (e.g. incorporation fees). **Operating expenses** are ongoing costs that you will have to pay every month (e.g. rent).

Calculating these figures now is important because when you include them in your Cash Flow Projections (see 9.5), they will reveal how much start-up financing you will need to operate your business to a point of self-sufficiency.

**9.2 One-Time Expenses.** The One-Time Expenses section of your fresh produce business plan may include, but is not limited to:

- Down-payment on property or deposit on rent
- Down-payment or deposit on fixtures and equipment (computer printer, fax machine, photocopier)
- Cars/trucks
- Decorating, remodelling, installation of equipment/fixtures, leasehold improvements
- Starting inventory
- Utility set-up fees



- Promotion for opening
- Licences and permits
- Incorporation costs (where applicable)
- Product development costs or franchise fees where applicable
- Unexpected expenses

**9.3 Operating Expenses.** The Operating Expenses section of your fresh produce business plan may include, but is not limited to:

- Management salaries
- Other salaries (i.e. for your shipper, salespeople, bookkeeper, receptionist)
- Rent or mortgage payments
- Raw materials
- Storage
- Distribution
- Office supplies (postage, pens, paper, photocopying, etc.)
- Telecommunications (telephone, fax, internet service, cellular, etc.)
- Office equipment (computer, printer, fax machine)
- Electricity
- Insurance(s)
- Marketing
- Selling expenses
- Car expenses or travel
- Professional services (accountants and lawyers, for example)
- Maintenance
- Repayment of loan capital and interest
- Other financial expenses (sales discounts, bad debts)
- Other expenses



**9.4 Income Statement.** An income statement shows your profit or loss for a particular period of time, detailing sources of income and expenses. As with Cash Flow Projections, it should be prepared on a monthly or quarterly basis to allow for proactive management of any changes. View the completely customizable [Income Statement](#) in Produce Inventory Control System (PICS) software. See [PICS Demonstration Videos](#).

<b>Income Statement for the period from: &lt;date&gt; to &lt;date&gt;</b>		
(double click to open in Excel)		
<b>Revenue</b>		
<b>Less cost of goods sold</b>		
<b>Gross profit (A)</b>		0
<b>Expenses</b>		
Salary (owner)		
Wages		
Rent or mortgage interest		
Utilities (heat, hydro water)		
Insurance		
Marketing		
Automobile		
Other travel		
Office expenses		
Storage		
Maintenance		
Depreciation		
Bad debts		
Interest		
Other expenses		0
<b>Total expenses (B)</b>		0
<b>Earnings (Loss) before taxes (C)</b>		0
<b>Income taxes (D)</b>		
<b>Net Earnings (Loss) (E)</b>		0
<ol style="list-style-type: none"> <li>❶ Gross profit or income (A) is obtained by deducting the cost of goods sold from income.</li> <li>❷ Earnings (Loss) before taxes (C) is calculated by deducting Total expenses (B) from Gross profit (A).</li> <li>❸ Net Earnings (Loss) (E) is obtained by deducting all expenses and income taxes from Gross profit (A).</li> <li>❹ Net Earnings is the amount to be transferred to the retained earnings section of the balance sheet.</li> </ol>		



**9.5 Cash Flow Projections.** The old saying that "cash is king" is true. Simply put, without cash, your business can't operate. A cash flow statement is a reflection of how much money your business has at a particular point in time. If your cash **inflows** (collected revenue) exceed your cash **outflows** (disbursements), your cash flow is positive. If your cash outflows (disbursements) exceed your cash inflows (collected revenue), your cash flow is negative.

A cash flow statement enables you to see manage low cash/surplus cash situations. The key is anticipating - and planning for - these fluctuations. Although your cash flow and income statements appear to be similar, there is a very important difference. Your cash flow includes details of the time when revenue is collected or expenses are paid.

Common Mistakes When Projecting Cash Flow:

- a. Projecting overly optimistic sales growth - most businesses grow gradually
- b. Ignoring seasonality - is your business busiest in the summer or winter?
- c. Underestimating increases in expenses or cash outflows that come with an increase in sales.
- d. Assuming that collections will always be made in 30-60 days



## Cash Flow Projections Year One

(double click to open in Excel)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Beginning cash</b>												
Add:												
Receipts												
Sales												
Proceeds of financing												
Other receipts												
<b>Total receipts</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Cash Available</b>	0	0	0	0	0	0	0	0	0	0	0	0
Less Disbursements:												
Material purchases												
Wages												
Salaries												
Loan repayments												
Lease payments												
Utilities												
Insurance												
Marketing												
Automobile												
Other travel												
Office												
Storage												
Maintenance												
Loan interest												
Asset purchases												
Other travel												
<b>Total disbursements</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash available</b>	0	0	0	0	0	0	0	0	0	0	0	0





**9.6 Balance Sheet.** A balance sheet is a snapshot of the financial health of your produce business at a specific point in time. It outlines assets, liabilities and equity and helps you calculate the net worth of your business.

Use this worksheet to prepare the balance sheet you will include in your Business Plan. Your Balance Sheet may have slightly different categories depending on the type of business. See the completely customizable [Balance Sheet](#) form in Produce Inventory Control System (PICS) software.

<b>Balance Sheet</b>				
(double click to open in Excel)				
<b>Assets</b>		<b>Liabilities</b>		
<b>Current Assets</b>		<b>Current Liabilities</b>		
Cash in bank		Accounts payable		
Accounts receivable		Short-term loans		
Inventory		Other payments (due in 12 months)		
Total current assets	0	Total current liabilities	0	
<b>Fixed Assets</b>		<b>Long-term Liabilities</b>		
Land		Long-term loans (due after 1 year)		
Buildings		Mortgage		
Less depreciation		Total long-term liabilities	0	
Net land & buildings	0			
		<b>Total Liabilities (L)</b>	0	
Equipment		<b>Owners' equity</b>		
Less depreciation		Investment		
Net equipment	0	Retained earnings		
Cars & trucks		<b>Total owners' equity (E)</b>		
Less depreciation			0	
Net cars & trucks	0	<b>Total liabilities and owners' equity</b>		
			0	
<b>Total Assets (A)</b>	0			
		<i>(Total assets equals total liabilities)</i>		



## 10. Risks and Conclusions

What are the risks associated with starting a fresh produce business? Should the risks be assumed and the business started? Define each risk, potential consequences, and strategies to overcome or avoid the risk.

*10.1: Owner Risks.* (ownership change or conflict, loss of a key person)

*10.2: Employee Risks.* (attracting the right employees, employee retention)

*10.3: Operational Risks.* (legal liability, lawsuits)

*10.4: Economic Risks.* (currency fluctuations, reduced customer spending, supply chain cost fluctuations, supply chain disruptions, interest rates)

*10.5: Catastrophic Risk.* (fire, flood, theft, vandalism, total destruction)

*10.6: Government Legislation.* (new/changing rules and regulations)

*10.7: Credit Risks.* (non-payment of accounts receivable)



## 11. Controls & Contingency Plans

**11.1: Controls.** How will the Business Plan be monitored to ensure it is implemented and objectives are achieved?

**11.2: Contingencies.** What contingency plans will be put in place to ensure the product/service will continue should unforeseen circumstances occur (i.e., power failure, accident, loss of supplier, unanticipated demand)?



## Appendix 1 - (Partial) Resource List for Fresh Produce Industry

### **Publications**

Blue Prints (a publication of Blue Book Services)	<a href="http://www.bluebookservices.com">www.bluebookservices.com</a>
Choices	<a href="http://www.choicesmagazine.org">www.choicesmagazine.org</a>
Food Safety & Quality	<a href="http://www.foodquality.com">www.foodquality.com</a>
Fresh Cut	<a href="http://www.freshcut.com">www.freshcut.com</a>
Fresh Expressions (a publication of The Ontario Produce Marketing Association)	<a href="http://www.theopma.ca">www.theopma.ca</a>
Fruit & Vegetable Magazine	<a href="http://www.AgAnnex.com">www.AgAnnex.com</a>
Fruit Growers News	<a href="http://www.fruitgrowersnews.com">www.fruitgrowersnews.com</a>
Produce Business	<a href="http://www.producebusiness.com">www.producebusiness.com</a>
Produce Now (a publication of Canadian Produce Marketing Association)	<a href="http://www.cpma.ca">www.cpma.ca</a>
The Produce News	<a href="http://www.producenews.com">www.producenews.com</a>
The Grower	<a href="http://www.thegrower.org">www.thegrower.org</a>
The Packer	<a href="http://www.thepacker.com">www.thepacker.com</a>
The Western Producer	<a href="http://www.producer.com/">www.producer.com/</a>

### **Trade Show & Conferences**

Canadian Produce Marketing Association (CPMA) Annual Convention & Trade Show	<a href="http://www.cpma.ca">www.cpma.ca</a>
New York Produce Show & Conference	<a href="http://www.nyproduceshow.com/">www.nyproduceshow.com/</a>
Ontario Fruit & Vegetable Convention	<a href="http://www.ofvc.ca/">www.ofvc.ca/</a>
Product Marketing Association (PMA) Fresh Summit Convention & Expo	<a href="http://www.pma.com">www.pma.com</a>

### **Associations**

Canadian Produce Marketing Association (CPMA)	<a href="http://www.cpma.ca">www.cpma.ca</a>
Produce Marketing Association (PMA)	<a href="http://www.pma.com">www.pma.com</a>
The Ontario Produce Marketing Association (OPMA)	<a href="http://www.theopma.ca">www.theopma.ca</a>
United Fresh Produce Association	<a href="http://www.unitedfresh.org">www.unitedfresh.org</a>



## About the Authors & Contributors at WaudWare Incorporated

### Winner of the City of Brampton High Tech Outstanding Business Achievement Award.

WaudWare is a software development company specializing in business software. With a proven track record in the fresh produce and distribution industries, as evidenced by our flagship product, Produce Inventory Control System ([PICS](#)) software, we understand the complexities of managing produce traceability, growing, production, buying, selling, inventory tracking, accounting and more... We know how critical accurate and up-to-the-minute information is, and we make it happen.

As technology has taken great strides in recent years, WaudWare has remained committed to staying up to date with applications and methodologies. Not only is real-time data possible ... it's available in the palm of your hand! Our Web-based Produce Inventory Control System is called ([WebPICS](#)). Convenient, flexible, reliable, technology from WaudWare.

Think about your software applications. Are you or your team regularly entering data in one program, then transferring it to another to complete a task? Are you trying to write your own software - because no one does what you do? Or are you looking for a better way to do business? If you answered "yes" to any of these questions, [contact us](#) right now and we'll show you how to get the [results](#) you want for your business! Here are some of the solutions we've engineered that have [helped our customers](#) get down to business.

We invite you to [contact us](#) any time for additional information, a demo on our Produce Inventory Control System (PICS) software, or a quotation customized to your needs.

