

# Business Plan

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*INTERNATIONAL*  
*AGRICULTURAL*

## INTERNATIONAL AGRICULTURAL

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**WARNING:**This business plan for **International Agricultural Resources Company** contains confidential information that is shared only with the understanding that you will not share its contents or ideas with third parties without the express written consent of the plan's author. (**Machumu Elias Magembe**)

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# Executive Summary

## 1.1 The Quick Pitch

[What our company is about & what we do]

### [Introduction]

International Agricultural Resource Company is an existing company that was established in 2013. Here at International Agricultural we are dedicated to the General Public Both locally & globally. Our company is well determined to provide safe and affordable heavy-truck transportation services. We also farm, mine and Supply raw materials by wholesale.

International Agricultural has been formed, based in Dar-Es-Salaam, Tanzania located at Mbezi Beach near Africana.

We are working hard on becoming one of the leading producers of raw materials for the natural supplement industry as well as for exportation. In short by leveraging a well thought out business plan executed by a skilled management team the sky is the limit here at International Agricultural

## 1.2 The Problem

[Problems in the previous past & present]

There has been much complains in the previous past. Much were due to delay of service and unskilled employees.

Farming and agriculture is a complicated business. To be successful, you will always need a well-trained team with the grit and willingness to get their hands dirty.

[How big is the problem?]

The transportation & raw materials industry is growing at a quickly pace. Customers want to have good professional service and good professional service on time. Everyone knows and believes that time is money. Our valued customers dislike being held up or spending a little bit too much.

[Are there currently any solutions out there?]

Here at International Agricultural, we are currently working hard on becoming one of the top suppliers of raw materials for the local industry as well as for the global industry.

As we speak there is a heavy demand for our services.

## 1.3 The Solution

[Ways of problem solving]

International Agricultural is fast growing and dedicated company. We plan to solve the problems that previously existed and any that arise by finding solutions.

First and foremost we are business oriented. We understand that the customers always come first. By being proactive in these situations is extremely critical to winning the trust of our customers. It starts with excellent customer service and quality goods.

Second and lastly we will cross-check new employees thoroughly while hiring. Offer the needed training, and make sure all members and employees are on the same page. We will need to know how to operate our agricultural enterprise efficiently and not just forecast our crop rotations, but our cash position and revenue.

[Simple solution(s)/ complex solution(s)]

[Are as follows:

International agricultural will simplify more solutions by giving customers options. For example: better deals, quality products or different excellent services. This in return will make them happy and more comfortable conducting business with us. The entire industry & pre-existing customers will give in, support our brand, goods and our professional services.

Other solutions will be; to define whatever the problem is, or whatever the problems are. Next will be to put forth our best efforts to solve it or them. Furthermore, International agricultural will find even complex solutions by digging deep and understanding the root cause(s) of the problem or problems.

Down the line if the problem or problems still exists, we can also ask ourselves, what exactly the problem is or exactly what the problems are. After identifying the problem or problems, we can then proceed to write down & List possible solutions to the problem or problems. Thereafter carefully Select the best possible solution and Make a decision to take action.

Lastly and most importantly, Promotion will be one of the key solution. Promotions online and promotion through word of mouth will also help our business.

## 1.4 Highlights

[Quick highlights]

### Year 1:

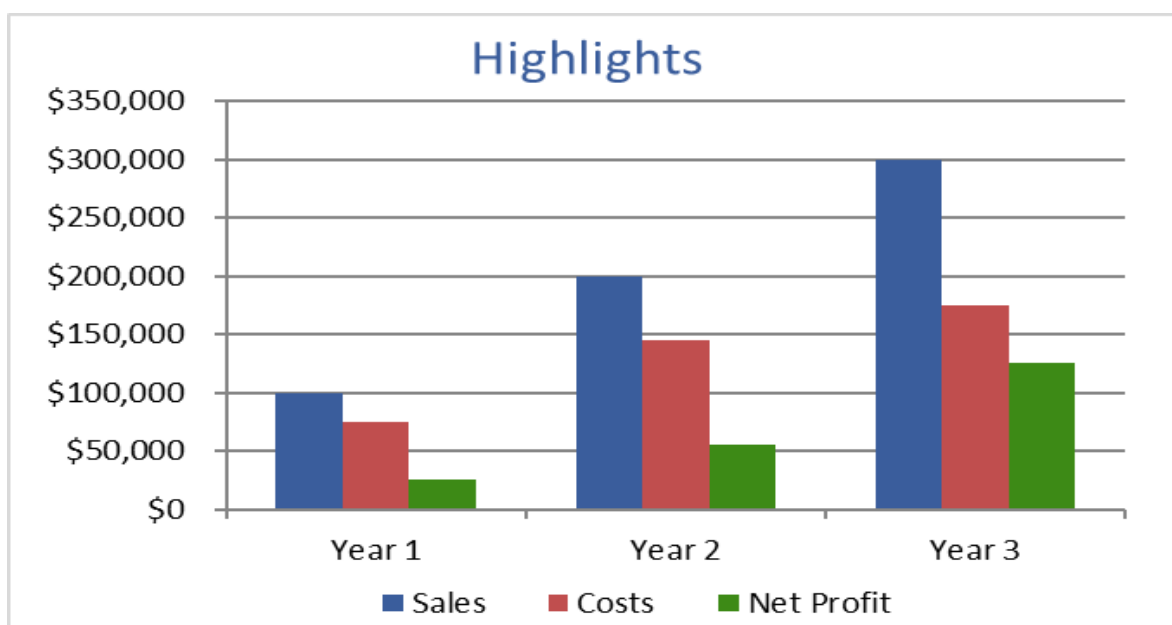
- ✓ The first year was smooth, we had started out at about \$ 55,000 equivalent to Tsh 133,650,000
- ✓ We then seen sales top up \$ 100,000 equivalent to Tsh 243,000,000
- ✓ Total Net Profit was \$ 5,000 equivalent to Tsh 12,150,000

## Year 2:

- ✓ The second year was even better, we had started out at about **\$ 149,000** equivalent to **Tsh 362,070,000**
- ✓ Again we then seen sales jump to **\$ 200,000** equivalent to **Tsh 486,000,000**
- ✓ Total Net Profit for year 2 was **\$ 51,000** equivalent to **Tsh 12,150,000**

## Year 3:

- ✓ The third year was one of best, we had started out at about **\$ 155,000** equivalent to **Tsh 376,650,000**
- ✓ That 3rd year sales sky-rocketed to **\$ 300,000** equivalent to **Tsh 729,000,000**
- ✓ Finally the total Net Profit for year 3 was **\$ 150,000** equivalent to **Tsh 364,500,000**



## 1.5 Keys to Success

[Here are a several main steps that International Agricultural uses as keys to be successful]

*(In any type of business staying organized is one of the first priority).*

*So we begin by just that;*

- *By Staying organized*

- *By Keeping track of customer support*
- *By focusing on great customer service*
- *Keeping track of notes in the cloud.*
- *By taking calculated risks.*
- *Managing our expense receipts.*
- *Organizing our passwords on the regular basis*
- *By going paperless*
- *By Knowing & understanding our customers*
- *Improve our workspace for increased productivity*
- *Planning our social media campaigns in advance.*

## 2 Our Team & Organization

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### 2.1 Mission Statement

[The following mission statement is related to our team and organization here at International Agricultural]

To provide high quality raw materials and professional services to local consumers. Within time, expand further out and go global. The main aim is to be well respected as a marketable, well established business. Now a common mistake that most companies do is try to go big so quickly, whereby members of their team lack certain skills and experience. This can be very damaging to any business.

Throughout time it has been said that; the original founder does not have to possess all the core skills that the business requires. Yet all together as a team, the nucleus of the original founders, plus our current members, do possess the core skills required.

Our statement here at International Agricultural, is that we are changing the formality. We have assembled a staff/team of different people from all across the world. Each carry a skill set, educational background, experience and strength.

### 2.2 Management & Team

#### [The Team]

It all starts atop with the founder/ CEO Mr. Wang Cheng followed by a management team that includes :  
People with excellent skill sets and different backgrounds.

#### [Backgrounds]

Our team across the board includes some members with excellent skill sets & firm backgrounds:

Team Members include a mix of:

- Entrepreneurs,
- Accountants,
- Geologists
- Business men
- Business women

Majority of our team members are from

:

- ✓ Tanzania
- ✓ China,
- ✓ USA
- ✓ Congo

.

#### [Industry experience]

Our team is filled with members with a wide range of experience,

- A few in the field of legal services
- Some in the field of logistic
- Some in the field of clearing & forwarding
- Some in the field of mining, trading
- Some specifically for negotiations
- Some specifically f for translation
- Some in the field of sales
- A few in the field of I.T ( Information Technology)
- Some even in the field mechanical work
- Some in the field of agriculture

### **[Qualification by our team that makes our business successful]**

Our Teams here at International Agricultural, highly depends on the personalities and skill sets of the members, as well as the leadership style of our managers. However, the ingredients for what makes our team successful. **Having mutual respect, common and aligned goals, open communication, and patience** will help make a successful team.

### **[Requirements for Future hires]**

- *Confident Communication Skills is a must. Having strong communication skills is imperative.*
- *Composure under Pressure. New hires will have to have the ability to stay calm under pressure.*
- *Resourcefulness*
- *Originality*
- *Determination*
- *Curiosity*
- *Strong Work Ethic.*

## Professional and Advisory Support

<b>Board of Directors</b>	Wang Cheng, Shao Peng
<b>Management Advisory Board/Supervisors</b>	Jacob John Mlangi, Machumu Elias Magembe, Emil Peter Massawe
<b>Legal</b>	Salma Magambo
<b>Accountant</b>	Latifa Jafary Shaha
<b>Translator</b>	Cedrick Kikasu
<b>HR/ Human Resources</b>	Lidya Makundi
<b>Consultant(s)</b>	Salma Magambo
<b>Mentors and Key Advisors</b>	Lidya Makundi

## 2.3 Company Goals and Objectives

[Our company goals and objectives are as follows]

- *Increase profit margin*
- *Increase efficiency*
- *Capture a bigger market share*
- *Provide better customer service*
- *Improve employee training*

## 3 Products & Services

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[International Agricultural are follows: ]

### 1. Agricultural engineering:

- ◆ -The development, testing and implementation of new agriculture tools and machinery to improve the process. in the agricultural business.

### 2. Iron and Ferro-Alloy:

- ◆ Baryte, Bentonite,
- ◆ Boron Minerals,
- ◆ Diamond( Gem/Industrial)
- ◆ Diatomite, Felspar
- ◆ Fluorspar
- ◆ Graphite
- ◆ Gypsum and Anhydrite
- ◆ Kaolin (China-Clay)
- ◆ Magnesite, Perlite
- ◆ Phosphate Rock( including Guano)
- ◆ Potash
- ◆ Salt
- ◆ Sulfar
- ◆ Talc(including Stealite and Pyrophyllite)
- ◆ Vermiculite
- ◆ Zircon

### 3. Crop production:

[The Process of growing and harvesting a variety of crops such as:]

- ◆ Fruits
- ◆ Vegetables
- ◆ Grains
- ◆ Maize
- ◆ Rice
- ◆ Sesame seeds
- ◆ Soya beans
- ◆ Cashewnuts
- ◆ vanila

### 4. Metal:

- ◆ Iron

- ◆ Chromium
- ◆ Cobalt
- ◆ Manganese
- ◆ Molybdenum
- ◆ Nickel
- ◆ Niobium,
- ◆ Tantalum,
- ◆ Titanium
- ◆ Tungsten
- ◆ Vanadium.

## 5. Non- Ferrous Metals:

- ◆ Aluminium,
- ◆ Antimony
- ◆ Arsenic
- ◆ Bauxite
- ◆ Beryllium
- ◆ Bismuth
- ◆ Cadmium
- ◆ Copper
- ◆ Gallium
- ◆ Germanium
- ◆ Indium
- ◆ Lead
- ◆ Lithium
- ◆ Mercury
- ◆ Rare Earth Minerals
- ◆ Rhenium
- ◆ Selenium
- ◆ Tellurium
- ◆ Tin
- ◆ Zinc
- ◆

## 6. Precious Metals:

- ◆ Gold
- ◆ Platinum- Group Metals ( Palladium, Platinum, Rhodium
- ◆ Silver

## 7. Transportation Services:

- ◆ Transporting abnormal cargos
- ◆ Import
- ◆ Export

# 4 Market Analysis

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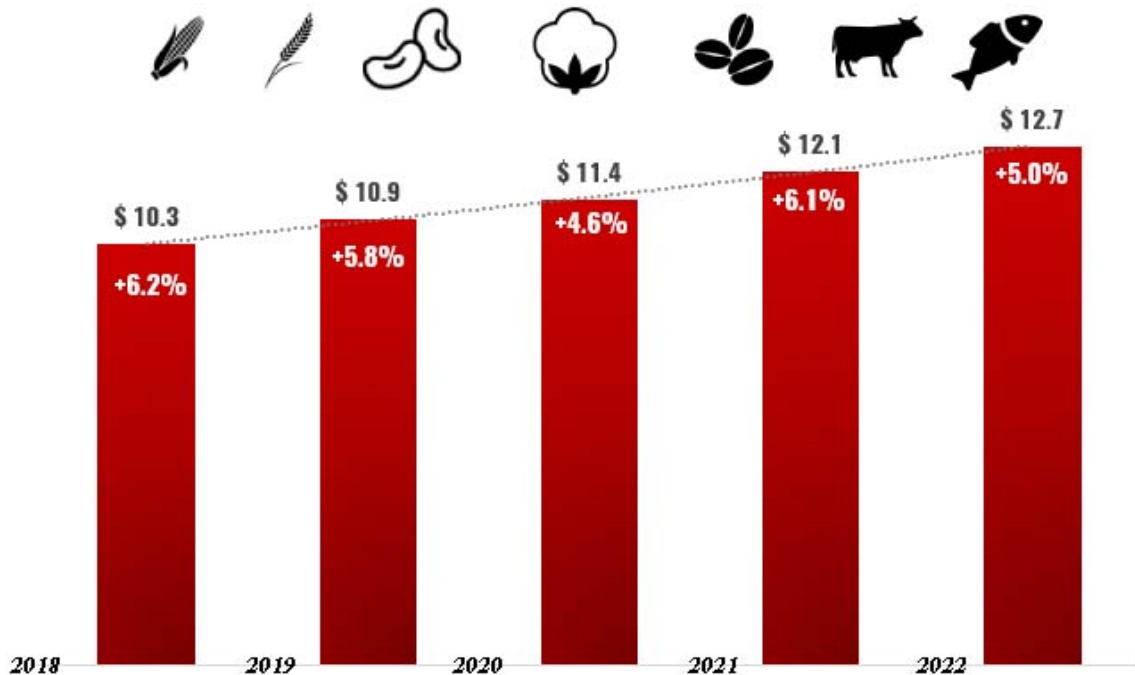
## 4.1 Market Summary

[There are heavy demands in both the local market & global market for our business]

Agriculture has always been an important economic activity for the evolution of human civilization. As there has been a continuous growth in the world population, the demands for agricultural goods have witnessed a surge. To meet this rising demand, agricultural enterprise has grown into various branches such as farm equipment, agricultural biotechnology, animal husbandry, agrochemicals, etc. According to a survey conducted The Agricultural Council of Tanzania (ACT) the Value and Growth has sky rocketed at a pretty good rate. International Agricultural has planned and targeted the market by:

- ✓ *Increasing market share by 10 percent over the next three years.*
- ✓ *Lower operating costs by 15 percent over the next two years through improvement in the efficiency of the manufacturing process.*
- ✓ *Reduce the call-back time of customer inquiries and questions to no more than four hours.*

### TANZANIA AGRICULTURE VALUE AND GROWTH 2018-2022



## 4.2 Customers

[Our targeted audience and customers:]

- ✓ The understanding of value of our products by our targeted audience and customers.
  - **Hyper-Local:** Same- or next-day delivery, meaning peak freshness and nutrition of produce.
  - **Clean, Pesticide-Free & Food Safe:** Not only are our products free of pesticides, herbicides, and waxes, but they're also safe from disease. All the crops grown are clean and safe in the event of an outbreak.
  - **Longer Shelf Life:** By harvesting and delivering the same day, we're cutting out the 1–2 weeks that produce typically spends in transit. We bring customers produce at its peak, so it can stay fresher, longer — easily lasting for three to four weeks (!) in the fridge.
  - **Less Waste:** Because our produce lasts so long, there's less waste — of food, and of money. Grocery stores and customers won't have to throw out produce that becomes limp and slimy after only a few days on the shelf, which means they're not wasting money, either.
  - **Year-Round Availability:** Consistently high-quality produce regardless of the season.
  - **Grow Unique Crops:** Flavor profiles and varieties that customers can't find anywhere else.

## ✓ Open minded relations between us and the customers

Most agricultural businesses start in one customer segment, then switch to another, or end up diversifying their business to multiple segments. Here at International Agricultural we will stay:

- **Curious**
- **Talk to people,**
- **And see where their interests will lead.**

### [Prices for our product/service?]

We have a common practice here International Agricultural concerning our pricing system. The prices are in-house discussed and are steady changing.

- ✧ Depending mostly on the amount purchased.
- ✧ The time of the year.
- ✧ And if the customers are one of our valued customers

## 4.3 Competition

## [There is plenty of completion out there]

*First and foremost I would like to mention that Competition among suppliers never hurts consumers.*

Competition ensures that business like ours strive for higher heights, This means, giving chances too and without excluding:

- Farmers,
- Miners,
- Retailers
- Operators
- Those who grow food,
- Those who mine raw materials

To have the freedom to choose among different suppliers, employers, and retailers to buy and sell their product and the products they need.

[Our competitors are as follows:]

### ◆ AgriTechs Company Limited

Agricultural service

3+ years in business ·

Trillionea St · 0734 846 890

### ◆ Mwekwa farm company ltd

Agricultural service

Sindikio St · 0654 609 094

### ◆ TANZANITE INTERNATIONAL BUSINESS COMPANY

Agricultural product wholesaler

Sinza A, Opposite Mlimani City · 0748 500 500

## [Their strengths and weaknesses]

Production agriculture generally lacks *mobile resources*; that is, it can be difficult to find an alternative use for farmland or for a tractor that is no longer needed to produce agriculture commodities.

## [Our business solutions are better than theirs based on several factors]

### **Factors that influence the level of competition:**

- ◆ Our **Information technology** will increase the availability of information; e.g., market information for sellers and buyers, and information about production techniques.

- ◆ Having access to new **production technology**, whether the firm is raising livestock, mining, transporting fruits, vegetables or cargos. We ask ourselves here at International Agricultural, Is the new technology available to all businesses, or is the technology controlled and accessible to only some of the businesses?
- ◆ We are Advancing in **transportation technology** (as well as processing, storage, packaging, and other technologies) allows businesses to move products around the world thereby increasing the number of buyers and sellers in a market.

FACTOR	International Agricultural	Strength	Weakness	Competitor A	Competitor B	Importance to Customer
Products	Quality Products	YES	NO	Average	Below Average	Very Important
Price	Fair	YES	NO	Expensive	Fair	Very Important
Quality	Above Standard	Above Standard	NO	Standard	Standard	Very Important
Selection	Above Average	Standard	NO	Standard	Standard	Important
Service	On Time	YES	NO	Minor Delays	On Time	Very Important
Reliability	Dependable	Standard	YES	Dependable	Undependable	Very Important
Stability	Above Standard	Above Standard	NO	Fair	Reliable	Important
Expertise	Very Professional	Very High	NO	Above Average	Average	Important
Reputation	Well Respected	YES	NO	Respected	Less Respected	Important
Location	Average	Very Good	NO	Fair	Standard	Very Important
Appearance	Very High	Above Standard	NO	Fair	Standard	Important
Sales Method	Above Average	Reliable	NO	Below Average	Reliable	Important
Credit Policies	Fair	Very High	NO	Average	Below Average	Important
Advertising	Experienced	Medium	YES	Average	Average	Important
Image	Average	YES	NO	Average	Average	Important

## 5 Strategy & Implementation

## 5.1 Milestones (Keys to Success)

[Here are a several main steps that International Agricultural uses as keys to be successful]

- ✓ **Study the overall market:** We will do a research of our competitors and how they are funded. Determine what tactics they are using in their approach. Identify average prices for goods and services and what our competitor's pricing averages are. In addition to researching our competitors, we will research our customer base. Then identify the types of products and services our clientele is demanding. Lastly we will consider studying overall economic trends and how they affect the market.
  
- ✓ **Complete a SWOT analysis** A SWOT analysis will involve evaluating the strengths, weaknesses, opportunities and threats to our customer base, staff, profitability, market position and products. Some indicating factors that can help us complete a SWOT analysis include:
  - Examining the strengths and weaknesses of our team, our market position and our financial resources.
  - Assessing our sales channels and determining whether they are incomplete.
  - Evaluating our product or service quality by determining the percentage rate of customer complaints and positive reviews.
  - Researching our business opportunities. We may discover new opportunities to enter complementary markets or raise funds to launch a new product.
  
- ✓ **Define our business goals:** We will determine what steps or changes our business needs to implement in order to realize our mission and vision statements. Consider examining any product changes, sales and marketing strategies, financial resources, financial targets and corporate culture. We can then use our evaluations to set appropriate goals that will further our business' growth and development.
  
- ✓ **Develop departmental goals:** We may choose to set specific goals for project teams, sales and marketing teams, finance and operations teams and human resources and technology teams. We will also consider setting small objectives to further reach larger goals, such as targeting communication strategies or team-building exercises to improve employee morale for your human resources team.
  
- ✓ **Set short-term objectives:** We will determine the final goal to achieve as we follow our strategic plan. Then, work backward from that goal to identify the key objectives or milestones that our plan will need to target to achieve the end results. These key objectives can then be used as small goals that we may set in the development of our strategic plan. For example, a short-term goal of converting more leads from social media outlets can be a short-term objective that contributes further to the long-term goal of increasing the total number of online sales.

- ✓ **Identify staffing, budgeting and financing needs:** We will determine a centralized corporate plan, an organizational structure and a budget. We will assess whether we have the financing needed to launch new products to achieve our overall sales goals. If assessing our current finances shows that we will need additional funding, we shall consider how we will raise funds or adjust the goals to be more attainable to our current business development.
  
- ✓ **Identify which KPIs we will track:** We will identify any key performance indicators (KPIs) that we may track to help us evaluate whether targeted objectives are being met in our strategic plan. For example, we might track the total sales and underlying KPIs like the number of visitors to the business' website, the number of visitors who complete the contact form or the number of proposals issued or leads and proposal closing ratios.
  
- ✓ **Identify the needs of our customers:** We will consider examining our market sector to determine whether it is expanding or shrinking, what needs are being met by your competitors or if there is a new market need that our organization's product or service can meet. We should also evaluate our marketing strategies to determine what methods are getting results and then make adjustments as needed.
  
- ✓ **Identify and evaluate our competitors:** We will determine who our competitors are and assess in what ways they are successful. International Agricultural will also research the market to identify trends that influence a competitor's success. We can then use this data to implement and develop strategies for ranking ahead of our competitors. If our competitor offers consultation services, we might consider how they price their consulting packages if they offer seasonal discounts or referral points to their customers. This information can be key in developing our business' strategic plan as it can offer insight into how we can better position our organization to achieve its goals.
  
- ✓ **Address the individuals needed to achieve goals:** We will identify any and all of the individuals who may be involved in our project plan to accomplish our goals. Assess and assemble the teams we will need to work through the stages of the process. For instance, could we need a larger sale and marketing team, a project management team or a finance team? Similarly, we can determine if we will need any new hires or specialized professionals to complete our project or future projects.

- ✓ **Assess the financial results:** Evaluate and assess the results of each initiative you are pursuing. Identifying individual projects within the overall goals will help determine how many customers and at what price points you need to target in order to achieve your sales goals

Milestone	Start Date	Duration	End Date	Budget
Milestone #1	9/15/2021	60	11/14/2021	\$10,000
Milestone #2	10/15/2021	60	12/14/2021	\$20,000
Milestone #3	11/14/2021	60	1/13/2022	\$30,000
Milestone #4	12/14/2021	120	4/12/2022	\$20,000
Milestone #5	10/15/2021	120	2/12/2022	\$10,000
Milestone #6	11/14/2021	30	12/14/2021	\$20,000
Total				\$110,000

### The stages of strategic planning

As an enterprise embarking upon creating a strategic plan, we will use a variety of methods for execution. Managers, executives and other stakeholders of our business will involve themselves in various stages or phases of the planning. The following stages are commonly addressed during strategic planning:

- **Analysis and evaluation:** Management—and all the stakeholders if possible—will evaluate the external and internal influences on an organization.
- **Strategy articulation:** Stakeholders will develop high-level and basic organizational-level plans.
- **Plan-based action:** Stakeholders will transform the high-level plan into operations and actions.
- **Appraisal and refinement:** Managers will evaluate and refine culture, performance, communications and data reporting benchmarks.

## 5.2 Customer Acquisition

[We will gain customers by: ]

### 1. Organic Search

We will leverage by using organic search. We must invest in SEO (search engine optimization, like social media, complements content marketing efforts by optimizing our content so it's more easily found by your target audience.

### 2. Paid Social Media

We also believe (social media) will be a better tactic for our business, depending on our budget and audience type. Paying for social media advertisements and exposure is a surefire way to get content in front of our audience, without having to build up a network of loyal followers.

### 3. Email

We will build an email list, and leverage that email list to connect with and convert our customers. Email marketing provides a direct line into your consumer's inbox, unlike social media, search, or content marketing. Outside of direct sales, there's no better acquisition tactic than email marketing that gets to the heart of the individual customer.

### 4. Referrals

By also creating a referral program will definitely be a surefire way to bring in new business through our customers. Offering incentives — whether credit, physical gifts, or monetary rewards — is usually the best way to motivate a customer to share about our company (and compensate them in return)

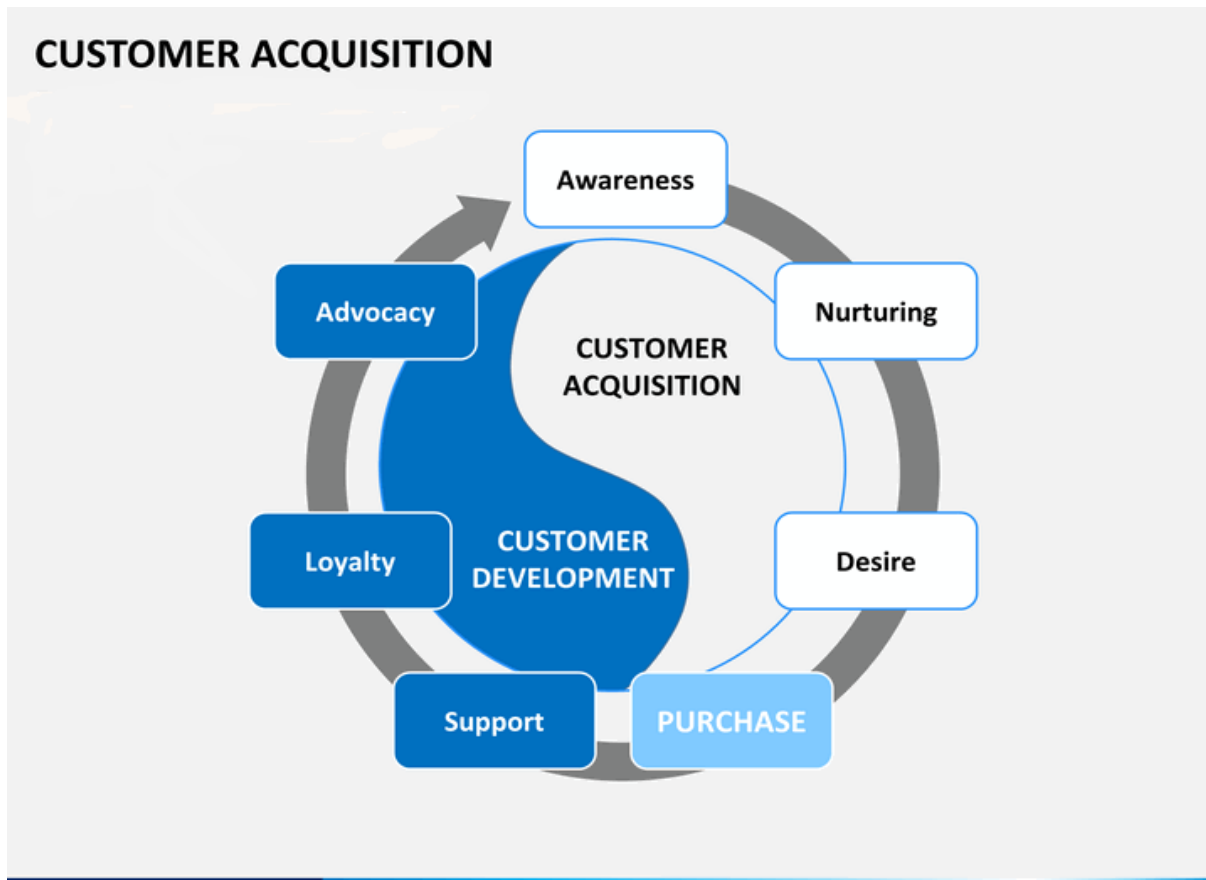
### 5. Events

We will hold events — like conferences, webinars, and trade shows — are a fantastic way to connect with interested prospects and acquire new customers. Although as of today, most events are online, which can make customer acquisition easier, as attendees have to register with their email addresses to attend (whether they pay or not).

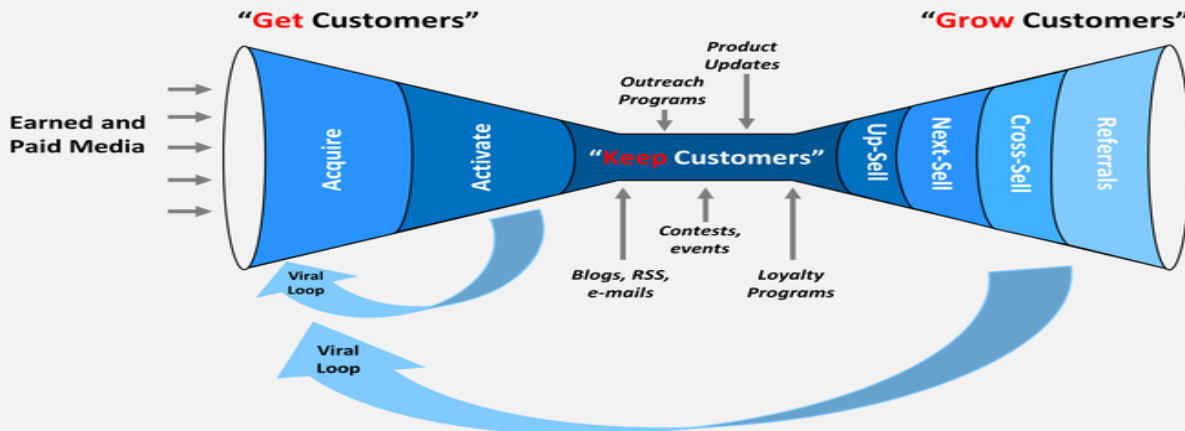
This information isn't always easy or natural to capture when meeting prospects in person. Plus, virtual events are a fun way to connect with prospects and sponsors from the comfort of your own home office. If this customer acquisition channel is new to you, consider holding a small webinar or virtual summit, or renting a booth at a larger event.

## 6. Traditional Advertising

Traditional Advertising Channels— such as TV, radio, and print media — are also a great fit for local businesses , as well as large businesses that have the budget for launching multi-city campaigns. Here at International Agricultural we believe Traditional advertising can be a powerful customer acquisition method if you properly target your ads and carefully consider the audiences that each publisher caters to. You can typically get audience details from the publisher’s media buying guide. There, they’ll also delineate the accepted dimensions, as well as any other requirements for publishing or running your advertisement.



# CUSTOMER ACQUISITION



[The amount of money it will take to gain our customers]

We will calculate cost per acquisition, by simply **taking the entire cost of marketing over a given period of time and divide it by the total number of new customers in that same time period**

Website development \$ 5,000 + Print Advertisements \$10,000  
 (Total: \$ 15,000 ) approximately (Tsh 37,155,000)

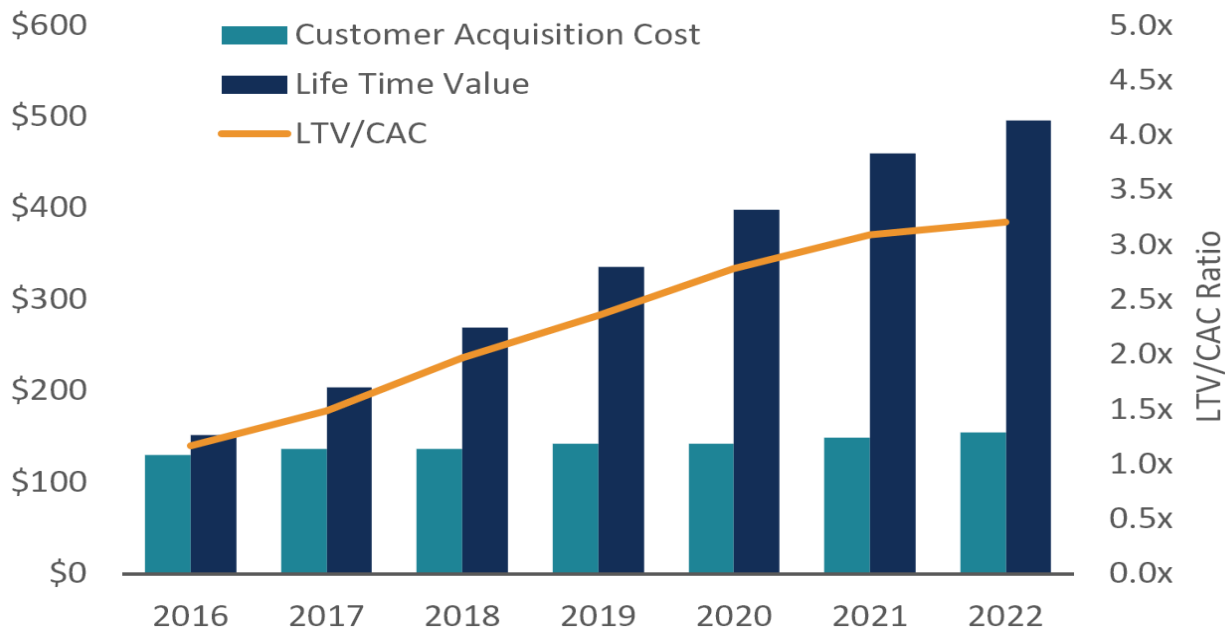
$$CAC = \frac{\text{\$ spent on sales \& marketing}}{\text{\# of customers}}$$

[Our Customer Lifetime Value will be]

An even better way to use CAC: will be to pair it up with Customer Lifetime Value (LTV)

Lifetime value is basically the revenue we get from any given customer over some time horizon. Most businesses typically use a 1-, 3- or 5-year LTV calculation.

$$LTV \text{ CAC} = \frac{LTV}{CAC}$$



### 5.3 Pricing Strategy and Revenue Model

**[Our pricing strategy will be as follows:]**

◆ **Value-Based pricing:**

With value-based pricing, we will set our prices according to what consumers think our product is worth. We understand this one of the most popular strategy used.

◆ **Competitive pricing**

As for competitive pricing strategy, we will be setting our prices based on what the competition is charging. This can be a good strategy in the right circumstances, such as a business just starting. The only downfall to this strategy is that it doesn't leave a lot of room for growth.

◆ **Price skimming**

Price skimming is another option we can use. This is when we set our prices as high as the market will possibly tolerate and then lower them over time. The goal is to skim the top off the market and the lower prices to reach everyone else. With the right product it can work, but we shall be very cautious using this strategy.

◆ **Cost-plus pricing**

To be honest cost-plus pricing is one of the simplest pricing strategies we can use and will use. Overtime we will just take the product production cost and add a certain percentage to it. While simple, it is less than ideal for anything but physical products.

◆ **Penetration pricing**

Here at International Agricultural we understand that in highly competitive markets, it can be hard for new companies to get a foothold. One way some companies attempt to push new products is by offering prices that are much lower than the competition. This is called penetration pricing. Penetration pricing is very effective and can get us customers and decent sales volume. The only catch is that we will need a lot of them and we will need them to be very loyal and to stick around when the prices eventually increases in the future.

◆ **Economy pricing**

Economy pricing is another option for us. This strategy is popular in the commodity goods sector. The goal is to price a product cheaper than the competition and make the money back with increased volume. While it's a good method to get people to buy our products, it's not a great strategy or fit for most business.

◆ **Dynamic pricing.**

Lastly is dynamic pricing, we will price as we please. Although in some industries, you can get away with constantly changing prices to match the current demand for the item. Here at International Agricultural are well prepared and understand customers expect consistent monthly or yearly expenses.

**[Our revenue model]**

**Transaction-based revenue model**

We will use a **transaction-based model**. This is a classic way our business will earn money. The revenue is generated by directly selling an item or a service to a customer. The customer can be another company (B2B) or a consumer (B2C). The price of the product or service constitutes the production costs and margin. By increasing the margin, the business can generate more income from sales.



**6 Financial Plan & Projections**

## 6.1 Start-up Expenses & Funding

[Start- up Expenses & Funding.]

### Start-up Expenses

#### *Fixed Costs*

Legal and Permits	\$8,500
Stationery and Supplies	\$3,000
Insurance	\$10,000
Rent	\$24,000
Office Equipment	\$5,500
Website Development	\$5,000
Print Advertisements	\$10,000
Brochures	\$5,000
<b>Total Fixed Costs</b>	<b>\$71,000</b>

#### *Average Monthly Costs*

Rent	\$4,000
Utilities	\$5,600
Salaries / Wages	\$9,400
Total Average Monthly Costs	\$19,000
x Number of Months:	\$6
<b>Total Monthly Costs</b>	<b>\$114,000</b>

**Total Startup Expenses** **\$185,000**

### Start-up Assets

#### *Owner Funding*

Owner 1 Cash	\$125,000
Owner 2 Cash	\$125,000
Other	
<b>Total Owner Funding</b>	<b>\$300,000</b>

#### *Loans*

Bank Loan 1	\$50,000
Bank Loan 2	\$0
Other	
<b>Total Loans</b>	<b>\$0</b>

#### *Other*

Grant 1	\$0
Grant 2	\$0
Other	
<b>Total Other Funding</b>	<b>\$50,000</b>

**Total Start-up Assets** **\$300,000**

## 6.2 Sales Forecast

[We assume the sales forecast will change but we will be prepared]

### 1. Solidify your sales process

First and foremost, here at International Agricultural it is imperative that we have a proper projection process ready to find growing and converting sales from customers. That way, we can be on the path to accurately predict future revenue and sales. Incorporate an inbound marketing approach to create a more scalable and predictable process.

### 2. Leverage the right tools

One of the other factors to consider is to use the right tools. We will invest in a CRM solution it immensely helps acquiring the sales and marketing data we need, easily and quickly. By deploying the right CRM tools, you have the ability to monitor new sales historically, classify the lost sales with a reason, and better evaluate your leads per month.

With a holistic view of your marketing and sales funnel, we can better predict your success and decide optimal resource allocation.

### 3. Align with your sales team

In order to create a sales forecast, it is crucial to keep your sales team updated and accountable throughout the process since they are liable for achieving the upcoming sales numbers.

Let your team take ownership and gather feedback on a regular basis to remain informed about the progress of the sales forecast. Hold them accountable, if needed. After all, they are most familiar and closest to your [prospects](#) and your company's sales performance.

### 4. Measure and adjust

Once you have successfully created your sales forecast, don't just leave it as is. Access and evaluate your monthly sales reports against the actual performance of your sales forecasts.

Determine the approaches that worked well for the business. Understand if any adjustments are needed to manage the operations better to accelerate sales growth and drive [higher ROI](#).

## [Sales forecast worksheet]

Units Sold	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total Units Sold
Product/Service A	500	525	550	575	550	525	525	550	575	600	650	650	6775
Product/Service B	1500	1000	1000	1250	1250	1500	1500	1750	2000	2500	3000	3000	21250

Unit Price	Avg Unit Price												
Product/Service A	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99	\$19.99
Product/Service B	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99	\$14.99

Sales Growth Rate	Avg Growth Rate												
Product/Service A	0%	5%	5%	5%	-4%	-5%	0%	5%	5%	4%	8%	0%	2%
Product/Service B	0%	-33%	0%	25%	0%	20%	0%	17%	14%	25%	20%	0%	8%

Revenue	Total Revenue												
Product/Service A	\$9,995	\$10,495	\$10,995	\$11,494	\$10,995	\$10,495	\$10,495	\$10,995	\$11,494	\$11,994	\$12,994	\$12,994	\$135,432
Product/Service B	\$22,485	\$14,990	\$14,990	\$18,738	\$18,738	\$22,485	\$22,485	\$26,233	\$29,980	\$37,475	\$44,970	\$44,970	\$318,538
<b>Total Revenue</b>	<b>\$32,480</b>	<b>\$25,485</b>	<b>\$25,985</b>	<b>\$30,232</b>	<b>\$29,732</b>	<b>\$32,980</b>	<b>\$32,980</b>	<b>\$37,227</b>	<b>\$41,474</b>	<b>\$49,469</b>	<b>\$57,964</b>	<b>\$57,964</b>	<b>\$453,970</b>

Unit COGS	Avg COGS												
Product/Service A	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.00	\$4.00	\$4.00	\$4.38
Product/Service B	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10	\$3.10

Margin Per Unit	Avg Margin												
Product/Service A	\$15.49	\$15.49	\$15.49	\$15.49	\$15.49	\$15.49	\$15.49	\$15.49	\$15.49	\$15.99	\$15.99	\$15.99	\$15.62
Product/Service B	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89	\$11.89

Gross Profit	Total												
Product/Service A	\$7,745	\$8,132	\$8,520	\$8,907	\$8,520	\$8,132	\$8,132	\$8,520	\$8,907	\$9,594	\$10,394	\$10,394	\$105,895
Product/Service B	\$17,835	\$11,890	\$11,890	\$14,863	\$14,863	\$17,835	\$17,835	\$20,808	\$23,780	\$29,725	\$35,670	\$35,670	\$252,663
<b>Total Gross Profit</b>	<b>\$25,580</b>	<b>\$20,022</b>	<b>\$20,410</b>	<b>\$23,769</b>	<b>\$23,382</b>	<b>\$25,967</b>	<b>\$25,967</b>	<b>\$29,327</b>	<b>\$32,687</b>	<b>\$39,319</b>	<b>\$46,064</b>	<b>\$46,064</b>	<b>\$358,557</b>

## 6.3 3-Year Sales Forecast

### [3- Year Sales Forecast]

	Year 1	Year 2	Year 3	Yr 2 vs Yr 1	Yr 3 vs Yr 2
<b>Total Units Sold</b>				% Change	
Product/Service A	6775	7500	8850	11%	18%
Product/Service B	21250	27250	33750	28%	24%
Product/Service C	3650	4375	5500	20%	26%

	Year 1	Year 2	Year 3	Difference	
<b>Avg Unit Price</b>					
Product/Service A	\$19.99	\$19.99	\$19.99	\$0.00	\$0.00
Product/Service B	\$14.99	\$14.99	\$14.99	\$0.00	\$0.00
Product/Service C	\$49.99	\$54.99	\$59.99	\$5.00	\$5.00

	Year 1	Year 2	Year 3	Difference	
<b>Avg Sales Growth Rate</b>					
Product/Service A	2%	1%	2%	-1%	1%
Product/Service B	8%	6%	4%	-2%	-2%
Product/Service C	8%	2%	3%	-6%	1%

	Year 1	Year 2	Year 3	Difference	
<b>Total Revenue</b>					
Product/Service A	\$135,432	\$149,925	\$176,912	\$14,493	\$26,987
Product/Service B	\$318,538	\$408,478	\$505,913	\$89,940	\$97,435
Product/Service C	\$182,464	\$240,581	\$329,945	\$58,117	\$89,364
<b>Total Revenue</b>	<b>\$636,434</b>	<b>\$798,984</b>	<b>\$1,012,770</b>	<b>\$162,550</b>	<b>\$213,786</b>

	Year 1	Year 2	Year 3	Difference	
<b>Avg Unit COGS</b>					
Product/Service A	\$4.38	\$4.08	\$3.75	(\$0.30)	(\$0.33)
Product/Service B	\$3.10	\$3.05	\$3.01	(\$0.05)	(\$0.04)
Product/Service C	\$1.55	\$1.51	\$1.36	(\$0.04)	(\$0.15)

	Year 1	Year 2	Year 3	Difference	
<b>Avg Margin Per Unit</b>					
Product/Service A	\$15.62	\$15.91	\$16.24	\$0.29	\$0.33
Product/Service B	\$11.89	\$11.94	\$11.98	\$0.05	\$0.04
Product/Service C	\$48.44	\$53.48	\$58.63	\$5.04	\$5.15

	Year 1	Year 2	Year 3	Difference	
<b>Total Gross Profit</b>					
Product/Service A	\$105,895	\$119,431	\$143,868	\$13,536	\$24,437
Product/Service B	\$252,663	\$326,003	\$405,188	\$73,340	\$79,185
Product/Service C	\$176,806	\$234,025	\$322,613	\$57,219	\$88,588
<b>Total Gross Profit</b>	<b>\$535,364</b>	<b>\$679,459</b>	<b>\$871,669</b>	<b>\$144,095</b>	<b>\$192,210</b>

## 6.4 Profit and Loss Projection

### [Profit and Loss Projection]

INCOME	2021	% of OI	2021	% of OI	2022	% of OI
<b>Operating Income</b>						
Category 1 (raw minerals)	\$	-		-		-
Category 2(machinery)	\$	-		-		-
Category 3		-		-		-
Category 4		-		-		-
<b>Total Operating Income (OI)</b>	<b>\$0</b>	-	<b>\$0</b>	-	<b>\$0</b>	-
<b>Non-Operating Income</b>						
Interest Income						
Rental Income						
Gifts Received						
Donations						
<b>Total Non-Operating Income</b>	<b>\$0</b>		<b>\$0</b>		<b>\$0</b>	
<b>Total INCOME</b>	<b>\$0</b>	-	<b>\$0</b>	-	<b>\$0</b>	-
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Accounting and Legal	\$	-		-		-
Advertising	\$	-		-		-
Depreciation	\$	-		-		-
Dues and Subscriptions	\$	-		-		-
Insurance	\$	-		-		-
Interest Expense	\$	-		-		-
Maintenance and Repairs	\$	-		-		-
Office Supplies	\$ 60,000	-		-		-
Payroll Expenses	\$	-		-		-
Postage	\$	-		-		-
Rent	\$ 48,000	-		-		-
Research and Development	\$ 24,000	-		-		-
Salaries and Wages	\$ 112,852	-		-		-
Taxes and Licenses	\$	-		-		-
Telephone	\$	-		-		-
Travel	\$	-		-		-
Utilities	\$	-		-		-
Web Hosting and Domains	\$	-		-		-
<b>Total Operating Expenses</b>	<b>\$0</b>	-	<b>\$0</b>	-	<b>\$0</b>	-
<b>Non-Recurring Expenses</b>						
Furniture, Equipment & Software	\$	-		-		-
Gifts Given	\$	-		-		-
<b>Total Non-Recurring Expenses</b>	<b>\$0</b>	-	<b>\$0</b>	-	<b>\$0</b>	-
<b>Total EXPENSES</b>	<b>\$0</b>	-	<b>\$0</b>	-	<b>\$0</b>	-
Net Income Before Taxes	\$0		\$0		\$0	
Income Tax Expense	\$					
<b>NET INCOME</b>	<b>\$0</b>		<b>\$0</b>		<b>\$0</b>	
Owner Distributions / Dividends	\$					
Adjustment to Retained Earnings	\$0		\$0		\$0	

## 6.5 Balance Sheet

### [Balance sheet worksheet]

Assets	2021	2022
<b>Current Assets</b>		
Cash	\$11,874	
Accounts receivable		
Inventory		
Prepaid expenses		
Short-term investments		
<i>Total current assets</i>	\$11,874	\$0
<b>Fixed (Long-Term) Assets</b>		
Long-term investments	\$1,208	
Property, plant, and equipment (Less accumulated depreciation)	\$15,340	
	-\$2,200	
Intangible assets		
<i>Total fixed assets</i>	\$14,348	\$0
<b>Other Assets</b>		
Deferred income tax		
Other		
<i>Total Other Assets</i>	\$0	\$0
<b>Total Assets</b>	<b>\$26,222</b>	<b>\$0</b>
<b>Liabilities and Owner's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$8,060	
Short-term loans		
Income taxes payable	\$3,145	
Accrued salaries and wages		
Unearned revenue		
Current portion of long-term debt		
<i>Total current liabilities</i>	\$11,205	\$0
<b>Long-Term Liabilities</b>		
Long-term debt	\$3,450	
Deferred income tax		
<i>Total long-term liabilities</i>	\$3,450	\$0
<b>Owner's Equity</b>		
Owner's investment	\$7,178	
Retained earnings	\$4,389	
<i>Total owner's equity</i>	\$11,567	\$0
<b>Total Liabilities and Owner's Equity</b>	<b>\$26,222</b>	<b>\$0</b>
<b>Common Financial Ratios</b>		
<b>Debt Ratio</b> (Total Liabilities / Total Assets)	0.56	
<b>Current Ratio</b> (Current Assets / Current Liabilities)	1.06	
<b>Working Capital</b> (Current Assets - Current Liabilities)	669	-
<b>Assets-to-Equity Ratio</b> (Total Assets / Owner's Equity)	2.27	
<b>Debt-to-Equity Ratio</b> (Total Liabilities / Owner's Equity)	1.27	

## 6.6 3-Year Cash Flow

[3-year cash flow worksheet

]

CASH BALANCE		2015	2016	2017
Date Ending		9/3/2015	9/3/2016	9/3/2017
Cash at Beginning of Period		\$5,000	\$5,000	\$5,000
Cash at End of Period		\$5,000	\$5,000	\$5,000

CASH INFLOWS		2015	2016	2017
<i>Cash from Operations</i>				
Receipts from Customers				
Gross Rents				
<b>Total Cash from Operations</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Cash from Financing</i>				
Issuance of Stock				
Borrowing				
<b>Total Cash from Financing</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Cash from Investing</i>				
Sale of Property and Equipment				
Collection of Principal on Loans				
Sale of Investment Securities				
<b>Total Cash from Investing</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Cash Inflows</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

CASH OUTFLOWS		2015	2016	2017
<i>Operations</i>				
Wages				
Inventory Purchases				
General Operating Expenses				
Interest				
Income Taxes				
<b>Total Outflows from Operations</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Financing</i>				
Repayment of Loans				
Repurchase of Stocks				
Dividends Paid				
<b>Total Outflows from Financing</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Investing</i>				
Purchase of Property and Equipment				
Making Loans to Other Entities				
Purchase of Investment Securities				
<b>Total Outflows from Investing</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Cash Outflows</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>NET CASH FLOW</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
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## 6.7 Business Budget

[Business budget worksheet]

INCOME	Actual	Budget	Difference
<b>Operating Income</b>			
Category 1			\$0
Category 2			\$0
Category 3			\$0
Category 4			\$0
<b>Total Operating Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating Income</b>			
Interest Income			\$0
Rental Income			\$0
Gifts Received			\$0
Donations			\$0
<b>Total Non-Operating Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENSES</b>			
<b>Operating Expenses</b>			
Accounting and Legal			\$0
Advertising			\$0
Depreciation			\$0
Dues and Subscriptions			\$0
Insurance			\$0
Interest Expense			\$0
Maintenance and Repairs			\$0
Office Supplies			\$0
Payroll Expenses			\$0
Postage			\$0
Rent	\$4,000		\$0
Research and Development			\$0
Salaries and Wages			\$0
Taxes and Licenses			\$0
Telephone			\$0
Travel			\$0
Utilities			\$0
Web Hosting and Domains			\$0
<b>Total Operating Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Recurring Expenses</b>			
Furniture, Equipment and Software			\$0
Gifts Given			\$0
<b>Total Non-Recurring Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Net Income Before Taxes			\$0
Income Tax Expense			\$0
<b>NET INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 6.8 Break-Even Analysis

[Break-even analysis worksheet]

Selling Price (per unit)	\$12.00
<b>FIXED COSTS</b>	
Advertising	\$1,000.00
Accounting	
Insurance	
Manufacturing	
Payroll	
Rent	
Supplies	
Taxes	
Utilities	
Other (specify)	
<b>Total Fixed Costs</b>	<b>\$1,000.00</b>
<b>VARIABLE COSTS</b>	
	<b>Per Unit</b>
<i>Variable Costs based on dollar amount per unit</i>	
Cost of Goods Sold	\$1.00
Direct Labor	
Overhead	
Other (specify)	
<b>Total</b>	<b>\$1.00</b>
<i>Variable Costs based on percentage per unit</i>	
Commissions	7.50%
Other (specify)	
<b>Total</b>	<b>7.50%</b>
<b>Total Variable Cost per Unit</b>	<b>\$1.90</b>
Contribution Margin per Unit	<b>\$10.10</b>
Contribution Margin Ratio	<b>84.17%</b>
<b>Break-Even Point</b>	
<b>Break-Even Units</b>	<b>100 units</b>
<b>Break-Even Sales</b>	<b>\$1,188.12</b>

