

Business Planning Strategies and Resources




UNIVERSITY OF
MARYLAND

E X T E N S I O N

Solutions in your community

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Objectives

- Greenhouse Industry
- Business Planning Guidelines
- Business Resources
- Greenhouse Business Management Resources

Driving Forces of the Greenhouse Industry

- Data has been collected to identify “driving forces of the industry”
- Identifying driving forces (or trends) are key in strategic planning for a business because it affects the industry in which you are competing
- These were identified through focus groups

*“Enhancing Profitability in Greenhouse Firms” Natural Resource, Agriculture and Engineering Service Cooperative Extension
NRAES-164*

Driving Force # 1

- Environmental Concerns are Increasing
 - Environmentally friendly plants
 - Native plants and organic gardening
 - Availability of chemicals and use will change
 - Recycling and composting
 - Water conservation

Driving Force #2

- Regulatory Concerns are Increasing
 - Irrigation legislation
 - Worker protection legislation
 - Research in pest control, alternatives
 - Chemical disposal methods will be reviewed and monitored
 - International competitiveness
 - More paperwork
 - Insurance rates

Driving Force #3

- Communication Technology is Improving
 - Internet increase availability of production and marketing information
 - Scanner data will be used to measure customer trends
 - Plant labeling
 - Faster communication

Driving Force #4

- Customers are Becoming more sophisticated
 - Demand service at all levels
 - Demand knowledge and information
 - Demographic shifts
 - Customers are more aware of choices
 - Want to spend less time shopping
 - Do local research

Driving Force #5

- Partnership Marketing is Increasingly Emphasized
 - Fewer suppliers
 - Paperless ordering systems
 - Better inventory control management will be possible

Apply the Driving Forces

- Considering your business, location and customers what are your responses to these forces
- Driving forces are external – What can you do internally
 - Trends change keep abreast by data collection and continued research
 - Be involved in organizations, the state and community for decision making
 - Meet and talk with customers and employees to open communication line

Guideline # 1

- Have a business plan
 - Mission goal
 - Production
 - Financial
 - Marketing
 - Management/labor
- Can be as elaborate or simple as you want
- AgPlan or www.extension.umd.edu/MREDC

Guideline #2

- Keep accurate records
 - Must have accurate records
 - Taxes
 - Growing
 - Inventory
 - Regulatory
 - Find a system that works best for you and stick to it!

Guideline #3

- Prepare Financial Statements Yearly
 - Balance Sheet
 - Summarizes assets, liabilities (Debt) **Net Worth**
 - Income Statement
 - Summary revenues and expenses for a specific time period, **Net Farm Income**
 - Cash Flow (Projected/Actual)
 - Summarizes all cash in-flows and out-flows

Guideline #4

- Track Enterprise Cost and Returns
 - As farms become more diverse growing multiple products managers should follow cost and revenue for each enterprises
 - For each product or enterprise you will know your cost of production and income from there you can make decision to increase, decrease or stop production

Guideline #5

- Prepare and review legal documents
 - Lease agreements
 - Estate and farm transfer
 - Insurance policies
 - Liability
 - Employee
 - Crop
 - Labor and Human Resource issues

Guideline #6

- Have a Marketing Plan
- 4 P's of marketing
 - Product: needs to stand out, why buy your product over someone else's?
 - Price: you need to cover costs to make a profit, find the right price
 - Place: where you market has much to do with how you market
 - Promotion: can mean the difference between success and failure of marketing
- Develop a Written Marketing Plan

Guideline #7

- Set up an inventory system
 - Need to have record of items on hand at all times
 - This can be done by hand or electronically
 - This info can organized and used for ordering and estimations

Guideline #8

- Maintain Good Business Relations and Communication
 - Whether it is a customer, vendor or employee
 - Customers are looking for service, quality products and information
 - You should set an example for employees to follow

And always

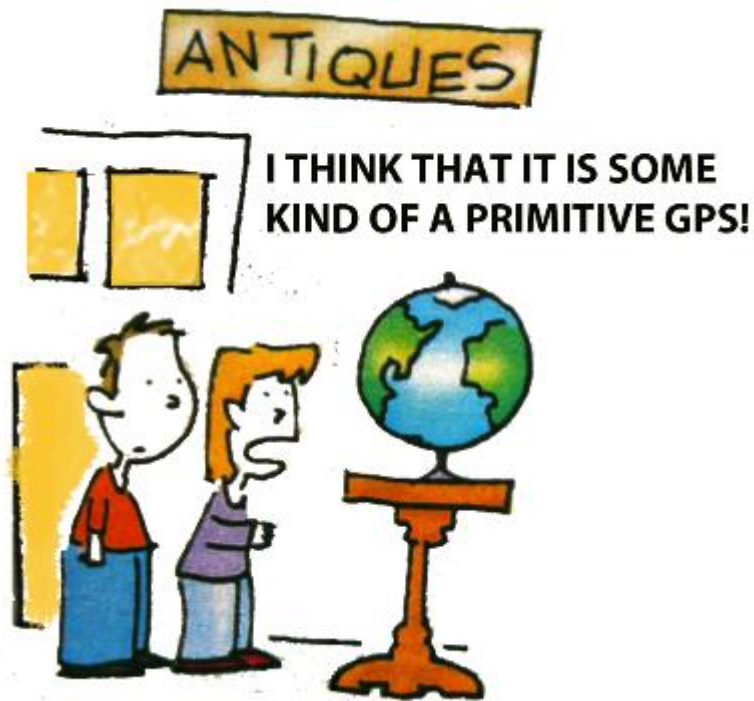
- Evaluate
 - Continue to review your business and business plan
 - Update it when necessary
 - Allow yourself to step back and look at your business

“New” Marketing

- Need the hardware and mobile service
- Consider social media
- Applications and other software that helps “do business”
- Add your farm to directories such as google places

By summer of 2013 smartphones surpassed half of all mobile subscribers.

Are these Tools or Toys?



Why should we care about apps?

Applications (apps)

Decisions, Decisions

- Read the reviews
- Watch the space you have available
- Watch the amount of battery they use
- Download from your marketplace not the web
- “LITE” versions often have advertisements but are a good way to test the app
- Lots of Free ones
- Many are from your favorite web service
- Grouped – productivity, business, entertainment, social, games, education, lifestyle, sports, news and travel



Other Marketing



- QR codes are everywhere
 - The square "quick response" codes turn URLs, vCards, or any kind of text into a jumble of pixels that you can scan onto your smartphone instantaneously, no typing required.
 - Must download the app QR/Barcode Scanner
 - Generate your own online for your marketing promotions

Apps - accept **credit card** payments through a smartphone.



- Do a comparison
- Check the percentage, monthly and other fees, read reviews, hardware, what credit cards are accepted
- GoPayment – check terms and service
- Pay Anywhere
- SQUARE

Resources

Maryland Rural Enterprise Development
Center

www.extension.umd.edu/MREDC

- Business planning
- one on one assistance

Conclusion

- Planning and record keeping is as important as growing your plants
- Schedule and take time to do this weekly/monthly

References

- Starting a Greenhouse Business FS 593, MD Cooperative Extension
- Enhancing Profitability in Greenhouse Firms” Natural Resource, Agriculture and Engineering Service Cooperative Extension NRAES-164