

Business Plan Question Guide

(For Investing in Vegetable Seed Mini-Packet Production)

This question guide is used in conjunction with an excel spreadsheet that enables the DO assist the LF in the generation of projected profit and loss statements

I. Description of the new product

- 1.1 What is the new product you are marketing?
- 1.2 Why did you choose this type of product (e.g. crop variety, size of packet, etc.)?
- 1.3 How does the new product differ from your existing product/services?
- 1.4 What “unmet” needs among your target market does this new product service?
- 1.5 Are there existing products like this in the market today? If so, how are these products perceived by the end users?
- 1.6 What are the short and long term business goals for the new product?
Example of short term objective: "Our seed packets will capture 60% of market share by 2015."
Example of long term objective: "Our seed packets will come to be recognized as the leader in the field of small-scale farming."

II. Market perceptions

- 2.1 How is your company perceived by your target market today?
- 2.2 How are you currently perceived against your competitors?
- 2.3 How do you want to be perceived in the future?
- 2.4 If one of your business goals is to change your image, how and why do you expect to achieve this change?
- 2.5 If the image change requires operational changes, what are they and what impact will they have on your day to day operations?

III. Target Market

- 3.1 What are the general characteristics of the customers that have an immediate need for your new seed packet product?
- 3.2 Describe your target market segment(s) in terms of location, purchasing power, farm size, etc.
- 3.3 How many potential customers are there? If necessary break these into market segments according to size, amount of your product they need annually, etc.
- 3.4 What do you estimate they are spending (total) on vegetable seeds?
- 3.5 What is your company’s market share for vegetable seed?
- 3.6 Who are your regular customers of existing products, and can they provide you with a consistent source of revenue?
- 3.7 What kind of incentives (e.g. embedded service, etc.) will you offer to purchase the new product?
- 3.8 How do customers currently buy vegetable seeds and why would they want to change the way they buy them?
- 3.9 What are the differences between your existing customers and your target customers?
- 3.10 What is the projected annual quantity of packets sold for the new product?
- 3.11 What will be the realistic projection of revenues and expenses for this new product for the next three years?
 - a. What is the expected annual growth rate of sales quantity?
 - b. What is the expected annual growth rate of price?
 - c. What is the expected annual growth rate of costs?

IV. Pricing

- 4.1 How will you set the price for your new product?
- 4.2 What is the rationale for the pricing strategy?
- 4.3 Is this a “loss leader” or do you expect to make a profit?
- 4.4 If you do not see this product making an immediate profit then how are you justifying it (to get market share, to encourage farmers to buy larger quantities, to gain loyalty and increase prices once producers see the value, etc.?)

- 4.5 If you expect to lose money initially how much of your marketing budget can you justify spending on the losses?
- 4.6 How does the pricing strategy compare to the competition?
- 4.7 Do you expect customers to pay more or less for the new product than they currently pay for vegetable seeds? Explain.
- 4.8 Are there any special prices, volume discounts or incentives that will be offered to either retailers or final customers?
- 4.9 What is your projected price at which you will sell the product to your distributors (i.e. wholesale price,)?
- 4.10 What is the VAT rate for the product you are marketing?
- 4.11 What is your projected per-packet cost for raw materials?
- 4.12 What is your projected per-packet cost for packing materials?

V. Publicity and Advertising

- 5.1 Who will be responsible for marketing activities?
- 5.2 What is your action plan for implementation of start-up marketing campaigns?
- 5.3 What are the relevant costs for implementing the start-up marketing campaign?
- 5.4 How and when will you promote and market your new product? (e.g. product launching ceremonies, community meeting, press conferences, endorsements from buyers or experts, trade fairs/shows, local news, loyalty/incentive programs etc.)
- 5.5 What are the expected costs and quantities for each of these types of publicity?

VI. Organization and Personnel

- 6.1 Will there be new division/personnel to manage the marketing of the new product? If so, where will the new division fit into your company organogram/organizational chart?
- 6.2 Who will be the key personnel involved in producing and marketing the product? What will their positions, responsibilities and qualifications?
- 6.3 What are the key positions that need to be filled within the next 12 months?
- 6.4 What are the attributes/skills required of the personnel desired to fill these positions?
- 6.5 How will you monitor your sales and distribution channels?
- 6.6 Do you need to make any changes based on your marketing strategy for this new product?
- 6.7 Are your sales personnel adequately trained to produce and market the product?
- 6.8 What kind of training (if any) will staff need to produce and market the new product?
- 6.9 How many total staff will you need in your factory, office, and in the field, and what are their projected salaries?

VII. Depreciation Costs

- 7.1 Will you need to acquire land for setting up new production line?
- 7.2 If so, how much will acquiring land cost?
- 7.3 Will new buildings or adjustments to existing buildings need to be made?
- 7.4 Will you need to procure new machines and/or equipment? How much will these cost?
- 7.5 What other fixed assets will you need to acquire and what will be the cost? (E.g. vehicles, new furniture and fixtures, utility connections)

VIII. Indirect Costs *[an indirect cost is any cost that cannot be traced directly to the making of the final product, but is still necessary for the company to run.]*

- 8.1 What day to day operational expenses do you incur? (e.g. office expenses, maintenance expenses, expenses for supplies, entertaining customers, utilities expenses)
- 8.2 What percentage of these indirect costs will be applied to the production and marketing of the vegetable seed mini packets?
- 8.3 How can you reduce overall costs?

IX. Customer Preferences

- 9.1 How will the new seed packets improve the farmers' operations? (e.g. Increase yields, decrease duration, decrease costs, etc.)
- 9.2 Why will farmers want to purchase these new products?

- 9.3 Will customers require a wide variety of vegetable seeds?
- 9.4 What are the qualities that buyers want to see in your product? (e.g. high germination, short duration, affordability, disease resistance, etc.)
- 9.5 Who in the household will make the decision to use the seed mini packets?
- 9.6 What are the buyer's alternatives to using your product and why will they choose yours?
- 9.7 What is the estimated amount of vegetable seeds (by type) that the average customer in your target market(s) will purchase annually?
- 9.8 What is the estimated amount that your targeted customers currently pay annually for vegetable seeds?

X. The Competition

- 10.1 Who is the main competition facing your company? (those currently selling vegetable seed to customers in your target market)
- 10.2 What are their competitive advantages / disadvantages (e.g. market reach, pricing, technical support, existing distribution network, etc.)?
- 10.3 What are your competitive advantages / disadvantages (e.g. marketing, staffing, distribution networks, pricing, technical support, etc.)?
- 10.4 What will differentiate your new product from your competitors?
- 10.5 What is their share in your target market?
- 10.6 What is your target market share within one year? Within five years? What are your strategies to achieve these targets?
- 10.7 What are the products and services that these competitors offer?
- 10.8 Which of your competitors' products directly compete against this new product?

XI. Enabling Environment

- 11.1 What are the major external factors that could potentially affect your new product? Be specific as to how these factors will potentially have an impact on your company. (e.g. new or potential government regulations, changes in commodity prices, changes in population/demographics, changes in consumer preferences such as trends or conceptual shifts like greater health consciousness, etc.)
- 11.2 Are there any new technological developments that can impact your company? If so, how will they impact your company? (e.g. mobile phone technology, increase in use of power tillers, pheromone traps, etc.)
- 11.3 What is the impact of changing social values? (e.g. concerns over food quality, environmental impacts, etc.)
- 11.4 Will there be an impact from taxes on the sale of vegetable seed mini packets?
- 11.5 Will changing demographics (e.g. population growth, changes in rural vs. urban populations, increase in technology use) affect the sales of your new product?
- 11.6 Will government subsidies/price controls/import quotas affect the sales of the new product? Are there any licensing or regulatory requirements for selling your new products? (e.g. Is it a government requirement to include the MRP on the packets, etc.)