

Orchard Business Plan Guidelines

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The following guide is intended to be used alongside the Orchard Business Plan template created by AgFirst for the Future Orchards Project.

1 Business Direction

1.1 Vision Statement

Outlines what the business wants to be. It is a long-term view and concentrates on the future. It can be emotive and is a source of inspiration. For example, a charity working with the poor might have a vision statement which reads "A World without Poverty."

1.2 Mission Statement

A mission statement is a one-line description of your business. What does it do? It defines the fundamental purpose of the business, succinctly describing why it exists and what it does to achieve its vision. For example, the charity above might have a mission statement as "providing jobs for the homeless and unemployed". Lenders and investors need to be able to easily interpret this statement.

1.3 Values

Beliefs that are shared among the stakeholders of the organization. Values drive an organization's culture and priorities and provide a framework in which decisions are made. For example, "Knowledge and skills are the keys to success" or "give a man bread and feed him for a day, but teach him to farm and feed him for life". These example values may set the priorities of self sufficiency over shelter.

1.4 Current Business Profile

A description of your current business including, location, area, labour profile, varieties, packhouse, markets, profitability, competitors and competitive advantages.

1.5 Why this company will succeed!

What makes you and your company uniquely qualified to succeed? This is the most important question that lenders want to see answered.

1.6 SWOT

SWOT analysis is a strategic planning method used to evaluate the **Strengths**, **Weaknesses/Limitations**, **Opportunities**, and **Threats** involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

Setting objectives should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the business.

- **Strengths:** characteristics of the business, or project team that give it an advantage over others
- **Weaknesses (or Limitations):** are characteristics that place the team at a disadvantage relative to others
- **Opportunities:** *external* chances to improve performance (e.g. make greater profits) in the environment
- **Threats:** *external* elements in the environment that could cause trouble for the business or project

1.7 Objectives

Keep your objectives S M A R T, that is:

- Specific
- Measurable
- Achievable
- Relevant
- Time framed

By making all your objectives specific, you can measure progress towards them. Thus 'increase Class 1 production this year by 15% and turnover by \$150,000' is far better than just 'increase production and turnover'. Make sure all this happens by the time frame set for the objectives.

Your business plan will probably have a number of objectives, such as:

- Financial objectives: for example, 'to achieve turnover of \$x and profits of y% by the year-end'.
- Strategic objectives: for example, 'to market through one new marketer by the end of the year.'
- Operational objectives: for example, 'to increase productivity by 20% by the end of the second year.'
- Marketing objectives: for example, 'to increase e-commerce sales from \$x to \$y by 1 June next year.'

The various objectives should complement each other and you will likely have to decide on an order of priority.

Use this space to list your 5-6 key large business/ life and family objectives. Use the detail sections below to list the orchard objectives.

1.7.1 Key Performance Index's (KPI) identified

List your KPI's that need to be monitored to ensure the objectives are being achieved. "If you don't measure, you can't manage". Once listed, then describe how they will be measured and by who.

1.7.2 Risk Mitigating Milestones

Describe your attitude to risk and how that impacts on your objectives. List the risks that make your business unlikely to succeed. Create an action plan for success. The action plan will be a list of actions that when completed will make your company more likely to succeed. Each time a milestone is achieved, the risk is lowered.

1.7.3 Grow/Consolidate/Exit?

Describe whether you want to grow, consolidate, downsize or exit. It is possible that your objectives on business size will change over a time horizon, e.g. consolidate over the 2012-14 period, then look to grow again provided debt levels have come down to 30% of capital value.

1.7.4 Succession Plan

Describe your succession plan or exit strategy, give it a timeframe and describe what actions need to happen including any professional assistance you require.

2 Orchard Site Factors

2.1 Microclimate

Briefly describe your microclimate, its strengths and limitations and how you can maximize that in the short and long term. If you plan to grow, you might list the sites areas that you plan to plant and their microclimate advantages.

2.1.1 Climate Change Plan

Describe how your microclimate is likely to change over the next 10-50 years. Use Govt resources to assist with this. List the long term changes you will need to make to ensure your business is resilient to those changes, e.g. "dam capacity needs to be raised from 50ML to 100ML by 2020. Underground drip irrigation needs to replace the mini-sprinklers by 2012, or Overhead net needs to be across 50% of the orchard by 2015 and 100% of the orchard by 2020.

2.2 Sensitive boundaries

List and show your sensitive boundaries e.g. roads, schools, sensitive crops, urban residential areas

2.2.1 Spray Drift

Document where spray drift is an issue and the procedures you will implement to mitigate

2.2.2 Noise

Document where noise is an issue and the procedures you will implement to mitigate

2.3 Frost Protection

Describe current state, how it is to be operated and list objectives to improve or change

2.4 Soils

Describe your soil types and any soil quality issues that need to be addressed

2.5 Drainage

Describe your drainage systems, how they are to be operated and any improvements that need to be implemented.

2.6 Irrigation

2.6.1 Irrigation System Design, Efficiency

Describe your irrigation systems, how they are to be operated and any improvements that need to be implemented.

2.6.2 Water Availability and Compliance

Identify water availability and compliance to local rules. Address limitations and identify strategies to improve.

2.6.3 Monitoring and optimal utilization

List monitoring systems to achieve optimal use of irrigation water for the crop. List how they are to be used and any strategies to improve.

2.7 Hail, Wind, Sun

Describe the losses in production and \$ terms that are being incurred due to losses from hail, wind and sunburn. List cost effective strategies you plan to implement to achieve better outcomes.

2.7.1 Insurance or Overhead Netting

Document how you plan to mitigate the potential losses

2.8 Buildings, Tracks, Loading Bays

Describe current state and list objectives to improve or change

2.9 Support Structures

Describe current state and list objectives to improve or change

3 Production

3.1 Variety Mix

Describe current state both in terms of planted area and production. Set objectives on the short term and long term desired changes and why. Structure a development/redevelopment program that is most likely to achieve success into the future and is affordable to achieve. Make sure nursery orders are in place to achieve your objectives.

3.2 Orchard Systems

Describe your current orchard systems and document the new planting systems that will be used this year and into the future and why.

Eg new plantings of high vigour varieties on replant soil will be on M9 planted at 3.5*1.0 m. Low vigour and russet prone varieties will be planted on CG202 on replant land at 3.5* 1.5m

3.3 Husbandry

3.3.1 Pruning

List pruning plans by block. These can be done in OrchardNet if you're part of the Business Development Group which is open to all growers.

3.3.2 Vigour management

List vigour management plans by block. These can be done in OrchardNet if you are part of the Business Development Group which is open to all growers

3.3.3 Pollination

Identify pollination problems and techniques to improve. Also list standard pollination resources needed to ensure optimal cross pollination.

3.3.4 Chemical Thinning and Hand thinning

Create chemical thinning and hand thinning plans/targets for each block. Keep flexibility throughout the growing season to try and optimize what the trees and the weather conditions dictate.

3.3.5 Harvest

List maturity, dry matter and timing targets. List the number of picks you expect to have to take and the intervals between picks

3.4 Yield Efficiency

3.4.1 Gross, packout, fruit size, DM

Describe the targets that will optimize each block of trees. This can all be done on OrchardNet.

3.4.2 Uniformity

If uniformity is inconsistent across a block, describe how you are going to address this. E.g. we plan to root prune the top vigorous end of the South block pinks. Or all scion rooted trees will be cinctured etc.

3.5 Pest and Disease control

3.5.1 Application technology

Describe the current equipment, how you optimize it and what improvements need to be made.

3.5.2 Spray Program

Don't describe the entire program but just bullet point the key changes that need to be made from your common program

E.g. Use calypso for Bronze beetle at 100 GDD's. Apply 2 applauds to Braeburn for scale control, one applaud to everything else.

3.5.3 Market Access

List the key use patterns that you need to abide by to meet market access requirements of your markets

3.5.3.1 Property setup

How will the property be set up to meet market access requirements? (Show a map or refer to your registration documents)

3.5.3.2 Residues

List the key use patterns that you need to abide by to meet residue requirements of your markets.

3.6 Nutrition

3.6.1 Soil and leaf testing

Describes testing guideline, (times, blocks) how recommendations are calculated and who is responsible to ensure it happens.

3.6.2 Fruitlet analysis

Describe testing guideline, (times, blocks,) how recommendations are calculated and who is responsible to ensure it happens.

4 Human Resources

Construct a labour diagram showing personal, job descriptions and reporting structure. Identify any restructures and personal changes necessary. Also describe the timing of those changes.

4.1 Permanent staff

4.1.1 Knowledge & Training

List training programs to run over the next 12-24 months

4.1.2 Productive, efficient, no mistakes, top performers

Are all your staff achieving these statements. If not how are you going to change?

4.2 Casual Staff

4.2.1 Availability, Supply and Cost

Calculate your casual labour needs by ISO week. Identify where the supply of labour is going to come from, and how they will be recruited and their cost. Identify any improvements that will improve productivity, reliability, quality and cost effectiveness of the workforce and then set objectives as to how this will be achieved.

4.2.3 Salary vs. Hourly rate vs. Piece rate

Document how you intend to reimburse staff, the rates, performance appraisals, bonus's. Work out which method of payment is most appropriate for each staff member or task within the business.

4.3 Efficient Team

Are your staff motivated, satisfied, productive and reliable? If not what are you doing about it?

Do you have high/ low turnover? How do you improve?

Are your labour systems simple? How do you improve?

4.4 Planning and Monitoring

Describe how you plan and monitor staff. Can it be improved and if so how. e.g. I recently witnessed a large grower who had implemented real-time cost monitoring of labour by job and by block. That was truly impressive. What do you do?

Planning the staff's day in advance can lead to major improvements in productivity. Single tasking rather than multi tasking can lead to massive improvements in productivity. Describe your own planning requirements.

5 Plant & Machinery Resources

5.1 Replacement and Maintenance Policy

Describe both the replacement and maintenance policies.

5.2 Contract vs. own (e.g. mulch, weeds, hedges etc)

Describe what roles you will contract out and who the lead contractor is.

5.3 New technology e.g. Platforms/Robotics

Do you have a plan to introduce new equipment technology in the future and how does that impact on the orchard system.

6 Post Harvest

6.1 Optimal recovery

Are you confident your packhouse is optimizing Class 1 recovery and if not how do you plan to change?

6.1.1 Fruit Care (Bins, Coolstorage, handling, packhouse systems)

Is the post harvest complex optimizing fruit care throughout the chain and if there are improvements to be made identify them as objectives.

6.2 Competitive Cost

What are your post harvest costs? Are they competitive? Benchmark them against your peers, use the OBA for guidance. Do you need to make improvements?

6.3 Timeliness and good logistics

Is the packhouse optimizing timeliness of market? Are there any logistical issues that need to be solved?

7 Marketing

7.1 Strong Marketing Partnerships

Describe your marketing partners and what part of your crop they are marketing and why.

7.1.1 Good market signals, and communication

7.1.2 Competitive Returns

How do your returns benchmark against others? Are they competitive for similar quality fruit? If not, do you need to make a change of marketing plan for all or parts of your variety mix?

7.1.3 Good programs

7.2 Marketing Plan by Variety

7.2.1 Product Timing, Size, Colour and DM targets

Describe your targets for each block of trees and the inputs that will be required to achieve your goal,. Business development members can use OrchardNet to describe these.

7.3 Forex

Do you or your marketing company have a Forex policy? If so describe it and the rules it should operate under.

8 Compliance

8.1 Water Consents

8.2 EurepGap

8.3 Burning

8.4 Market Access

9 Financial Plan

9.1 Benchmark and Review to identify areas of improvement

Benchmark your business with your peers to identify strength and weaknesses and to help identify where changes can improve the financial outcome of the business. Benchmarking can be done using the Orchard Business Analysis carried out as part of Future Orchards. Once the keys are identified identify strategies to improve eg Employ perm staff on hourly rates and all casual staff on piece rates. Set up labour tracking software that gives at least weekly updates of performance against budget by block.

Replace key foliar fertilisers with either fertigation or ground applications to reduce expenditure on nutrition.

9.1.1 Income maximization

Describe income or revenue targets. This can be done by block within OrchardNet or within your budget.

9.1.2 Expenditure and cost management

Describe expenditure targets. What costs areas do you need to focus on and how do you plan to change

9.1.3 Budget

Show your budget including income, expense, overheads, debt and development

9.2 Budget

Show or refer to a budget for the year ahead and longer if justified e.g. development or rapidly changing financial outcomes. Demonstrate that your objectives are fully costed and affordable.

9.3 Balance Sheet

Describe the balance sheet now and how your financial outcomes and plans are likely to change it over time.

9.3.1 Debt/Equity Balance

Describe the current position and your targets over time.

