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# PRODUCTION PLAN

Both Judy and Stewart Black felt they had come far enough with their Business Plan that they could see the light at the end of the tunnel, and knew it wasn't an oncoming train.

Not only that, but they felt more enthusiastic about their expansion project than ever. They felt, that even though the expansion of Country Gourmet was not yet physically under way, that the project itself was somehow, well in hand.

So they sat down to tackle the next Section of the Plan - **The Production Plan**. What was needed was divided into several parts: Land, Buildings and Facilities; Equipment, Materials & Supplies, Production Strategies and Construction/ Production Schedule.

The Blacks had learned by now that although the requirements of the Business Plan might seem formidable and, well, "off-putting", if they tackled it step by step, they would manage to get through it somehow. They had also learned that there were many people and resources available to help them.

Ever since they had begun talking about their expansion programme, Stewart and Judy had been planning the building they wanted to construct as a sales facility. They knew they needed an efficient, attractive display and sales area. They also needed a small walk-in cooling room as well as an area for washing, grading and packing.

Several months ago, Stewart had drawn up a layout and he and Judy played around with his design until they felt pretty sure it was both workable and sensible. One of Stewart's fellow teachers had a drafting programme on his computer. Actually, he taught drafting at the high school. He had taken Stewart's drawings and computerized them. Of course, it still needed an architect's touch to finalize them and ensure that they would pass the building inspector at the Municipal Hall, but the computer images were certainly worthy of being included in the Business Plan. In addition to the drawings of the building design, Stewart also had a schematic showing the placement of the buildings as well as availability of parking area on the farm.

We have not included Stewart's drawings and sketches in the examples, since they may not be pertinent to your own plans. What we have shown is the Stewarts' table of **Land, Buildings and Facilities**.

On the same page, you will see a list of **Equipment**. The Blacks already own most of this equipment but they will need washing, packing and grading equipment.

When you are considering your own on-farm market's needs, you will first have to carefully think about how you plan to grow, harvest, clean, grade and pack your products. If possible, you should talk with people already in the same business to see what equipment they use. When Stewart and Judy were at the Direct Farm Marketing conference, they spent a lot of time at the Trade Show, talking with suppliers and collecting brochures and leaflets about packaging, grading lines and equipment which would be useful in their veggie marketing business. Stewart had been particularly taken with a cooler he had seen. He now decided to contact the manufacturer and talk about incorporating that particular design into their planned marketing facility.

# Production Plan Example



## Land, Buildings and Facilities Example

### Land

Location :	Sidney, B.C.
Description:	Market Garden/On Farm Market
Property Size:	10 acres
Owned/Leased:	Owned
Purchase Price:	\$250,000

### Buildings & Improvements

Description	Cost
1. Market Stand (Sales Facility with Cleaning & Packing Room and Walk-in Cooler)	
<b>Total</b>	<b>\$80,000 (to be constructed this spring)</b>

### Equipment

Description	Cost
1. Tractor	\$15,000
2. Cleaning, Grading & Packing Line	20,000 (To be installed this spring)
3. Irrigation System	10,000
4. Scales and tools	5,000
5. Rototiller, disker and plough	10,000
6. Truck	20,000
<b>Total</b>	<b>\$80,000</b>

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# Production Plan continued...

## Materials and Supplies

From past experience, Stewart and Judy knew they would have to lay out cash for seed and fertilizers. Stewart already knew what he would need to enable him to increase his planted acreage from 3 to 5 acres.

However, to ensure accuracy in their **Materials and Supplies** projections as shown on page 43, Judy telephoned their seed suppliers to verify current prices. Actually, this was a rewarding experience. Judy learned that because of the increased size of their order this year, they would be able to take advantage of a price break. This applied both to the seed and the nutrients.

While talking with the suppliers, Judy also asked about delivery dates, method of delivery and cost of freight.

You may wish to contact several suppliers to compare prices, but remember, the cheapest price doesn't always ensure the best quality of product.

## Production Strategies

When Stewart was making notes for the part on **Production Strategies**, he was glad that had previously researched and thoroughly understood both the crops he was already growing and those he planned to grow. In addition, he was fully aware of the production system he planned to use and the pitfalls he might encounter. With the additional farm labour, he would be able to closely monitor the progress of his vegetables and take steps to ensure minimum problems and maximum yields.

For the Business Plan, he came up with the information shown on page 43.

# Production Plan Example

## Materials and Supplies Example



Description	Annual Requirement	Total Cost	Supplier	Order Lead Time
Seeds		\$1,000	Dutch Veg.	12 weeks
Plants	5,000	\$350	Berry Supply	12 weeks
Nutrients	1,400 kg	\$500	Grower Supply	8 weeks

## Production Strategies Example

Description	Target Yields	Constraints	Response
Baby Vegetables	10,000 lbs	Seasonal weather	Floating row covers
Gourmet Salad Mix	4,000 lbs	Pests and diseases	I.P.M.
Carrots	8,000 bunches		Nutrient mgt. program
Carrots	16,000 lbs		Irrigation mgt. program
Onions	12,000 bunches		Skilled Labour
Onions	16,000 lbs		Regular crop rotation
Potatoes	15,000 lbs		
Herbs	10,000 bunches		
Strawberries	10,000 lbs		
Raspberries	8,000 lbs		

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# Production Plan continued...

## Construction/Production Schedule

"Hi Stewart, I was just thinking about you." The speaker was Tom Henry, head of the Shop Department at the High School.

"Really, Tom, what have I done now?" Stewart was in a hurry and his mind was on a biology experiment he was going to run in the school lab that afternoon.

"What about your construction project. . . your sales facility? Are you still going ahead with it?"

"Yes. Yes, of course," answered Stewart. "We're still in the process of putting our Business Plan together, but we're getting closer every day. Did I tell you that Philip Andrews put my design on his computer with AutoCad?"

"Good stuff, Stewart. But are you still interested in the Grade 12 construction project?"

"Yes, of course, if we can make it work all right. Would you be willing to look at the schematic drawings and tell me what you think?"

Tom Henry was willing, since he was now quite keen to get a sale for the Grade 12 building project if possible.

"Tell you what, Stewart, I'll not only take a look; I'll ask one of my Career Prep students to draw up a Critical Path for the entire project if you like."

"A Critical Path? Isn't that a type of Production Schedule?" queried Stewart.

"Yep!"

"Great! I have to provide a Construction/Production Schedule for the Business Plan. If you can help me out with the Construction schedule, I can work in the Vegetable and Berry Production schedule. Say, Tom, I'll owe you big for this."

On page 45 we show the **Construction/Production Schedule** that Tom and Stewart put together.

If you haven't done one of these before, it simply involves making a list of all the tasks to be performed in the order in which they will be carried out. You allot a period of time that you estimate it will take to complete each task. And then you slot each task and the time it will take (shown by a number of "X's") into the appropriate area of a "calendar".

This way you will know how long the entire start-up will take, what you need to do when and also if you are ahead or behind schedule as you progress through the project.

The schedule is important, too, in organizing the various construction permits you may have to obtain, your construction contract if you're using a construction company, as well as delivery of construction and manufacturing schedules (for the on-farm walk-in cooler) for example.

It will also help you to calculate when raw materials will have to be ordered and when vegetable production and sales are expected to start. The Blacks' schedule spans a 20 week period.

# Production Plan Example

## Construction/Production Schedule Example



Week	Feb				Mar					Apr				May				June		
	1	8	15	22	1	8	15	22	29	5	12	19	26	3	10	17	25	31	7	14
<b>Construction &amp; Production Schedule</b>																				
Contracts	X	X																		
Blueprints & Designs		X	X																	
Building permits & licences			X	X	X	X	X													
Land preparation, service & wells								X	X	X	X									
Material purchases & receiving							X	X	X											
Building foundation											X	X								
Concrete floors													X	X						
Electricity and standby power															X					
Cleanup & misc.																X				
Order crop supplies	X																			
Plant seeds							X													
Plant plants										X										
Start harvesting!																	X	X	X	X