
The Production Plan

1. Land, Buildings and Facilities

The sample form describes the production facilities at Peace Farms. The buildings and improvements are detailed to illustrate the kind of thinking you will first need to do when planning your facility. In the case of Peace Farms, grain and seeds storage space is needed, as well as a shop, machine shed, and fuel tanks. Although not shown, a key part of your facility planning should be a layout, drawn to scale. This will help ensure that you have chosen the right facility and will help you to estimate any facility improvements that may be required.

2. Equipment

The next sample form describes the equipment and fixture purchases carried out by Peace Farms. To prepare your equipment requirements you will need to think carefully about how you plan to grow products. If possible talk with people already in the same business to see what equipment they use. Or talk to suppliers of equipment and get their feedback on what you will require. When obtaining cost information, be sure that freight, installation, warranty services and taxes are included or excluded from the prices you are quoted. Also check on lead times for delivery once you have placed your order. Start researching your equipment well in advance of the time you will need it to allow enough time to select equipment and suppliers and to place orders.

Land, Buildings and Facilities Example

Location:	Dawson Creek	
Description:	Grains and seeds farm	
Size:	2200 acres 1960 acres cultivated	
Owned or leased:	1400 acres owned 800 acres leased	
Buildings and improvements:	Granaries	\$35,000
	Shop	20,000
	Machine Shed	15,000
	Fuel tanks	2,000
	Land (owned)	<u>280,000</u>
	TOTAL	352,000

Equipment Example

Description	Average Value Per Farm
Tillage	\$37,900
Seeding	35,000
Spraying	4,000
Harvesting	90,900
Tractors	95,000
Loading	6,100
Trucks	36,500
Total	305,400
Total Capital Purchases	657,400



3. Materials and Supplies

You will need to research your requirements in much the same way as you have your equipment needs. To do this properly you will need to produce detailed lists for the product you plan to grow or produce, and then calculate the input you will need. Keep your supporting data on how you calculate this information on file for future use. The sample form illustrates some of the materials required for Peace Farms. You'll also need to know which suppliers you plan to order from, the typical order and delivery cycle, terms and conditions of sale and policies about returned goods.

4. Production Targets

Production goals are an essential strategy to increasing the profitability of a farm. In this section the targeted production figures for yield and price will be established. We have used wheat in this example, but you should include all the crops you raise. Please note: this is an example only, not a forecast of expected prices. Since the success of attaining these production goals is subject to uncertainty, three sets of projections will be created. They will include:

- a "pessimistic" scenario;
- a "most likely" scenario;
- an "optimistic" scenario.

Materials and Supplies Example

Description	Annual Requirement	Total Cost (\$)	Supplier	Order Lead Time
Seed	1946 bu	18,766	Local elevator, local farmer, seed plant	12 weeks
Fertilizer	200 tonnes	53,752	Local elevator	12 weeks
Pesticides	Pre and Post emergent herbicides	24,946	Local elevator	2 weeks
Fuel	Diesel, gas, oil	18,406	Bulk plant	2 days

Production Targets Example

Production Forecasts for Next Three Years - Wheat

	Optimistic			Pessimistic			Most Likely		
	Yr 1	Yr 2	Yr 3	Yr 1	Yr 2	Yr 3	Yr 1	Yr 2	Yr 3
Yield (bu/ac)	42	42	42	28	28	28	35	35	35
Price (\$/bu)	4.80	4.87	5.05	3.20	3.25	3.37	4.00	4.06	4.21

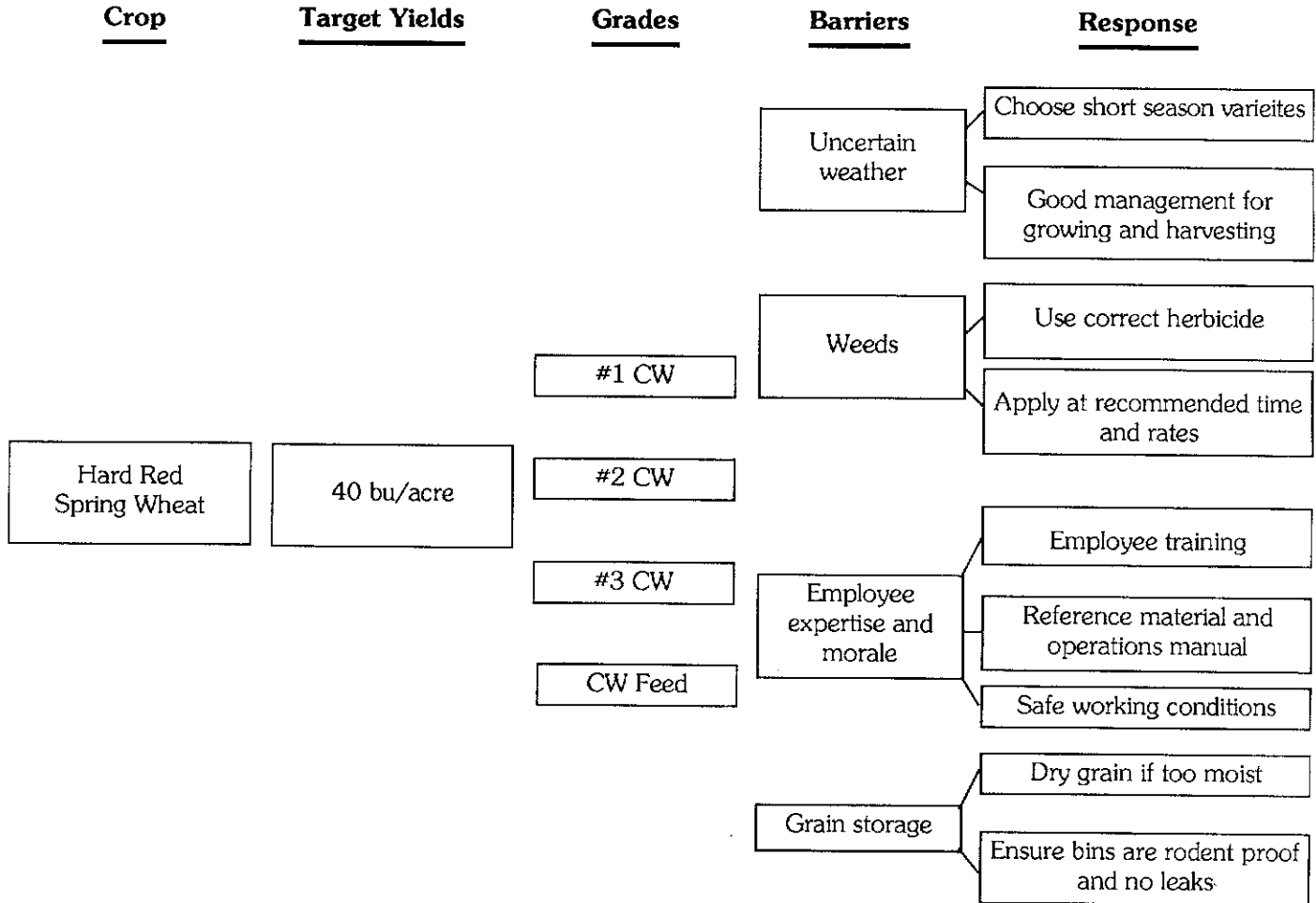


5. Production Strategies

You will need to carefully research and thoroughly understand the crop which you are planning to grow, the production system you will be using as well as how to avoid potential problems. This information then can be used to develop plans to optimize yield, grade and profits through the appropriate production and labour management activities.

We have used wheat in our example, but you should prepare this information for all crops you grow.

Production Strategies Example





6. Construction/Production Schedule

When new construction or major changes are planned, a construction schedule outlining the necessary steps as well as expected starting and completing dates is useful. Attention should be given to permits and licensing and contracts, as well as delivery and equipment manufacturing schedules. Establish your lead times and obtain commitments from suppliers.

For each commodity you should prepare a schedule of activities starting from field preparation through to the actual sale. Crop production and marketing decisions are required before seeding, during the growing season, and after harvest.

Construction Schedule Example

Week	1	2	3	4	5	6	7	8	9	10	11	12
Select design	X											
Select site		X										
Blueprints		X										
Building permits			X									
Order materials			X									
Land preparation				X	X	X						
Foundation						X	X					
Construction									X	X	X	
Install utilities											X	X
Site clean up												X

Production/Marketing Schedule Example

Decision	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Crop Selection	X	X										
Seeding							X	X				
Fert. Appl.		X	X					X	X			
Pesticide Appl.								X	X			
Tillage	X						X	X				X
Pricing	X	X	X	X	X				X			X
Swathing											X	X
Harvest	X										X	X
Delivery	X	X	X	X	X	X						X