

Agricultural Safety Consulting Firm

Business Plan

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ABSTRACT

This senior project is for an agricultural safety consulting firm based out of Hanford, CA. This firm does not presently exist and would be a new business. This project focuses on starting a safety consulting firm and not the specifics of being a safety consultant. The majority of the information used in this report comes from business books and internet sources. The business plan can be found following the report.

Using conservative estimates the financial statements in the business plan show that the company can earn a small profit starting with the first year.

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INTRODUCTION

Safety oftentimes takes a backseat in peoples everyday lives. Everyone is guilty of overlooking a potentially dangerous situation in the name of speed of convenience. For example how many people do you know that regularly check the condition of their tires on their vehicle? Probably not too many, but the reality is that if you were to have a tire failure while traveling at a high rate of speed it could lead to a catastrophic accident. The sad reality is that most of these people don't even realize the dangerous potential on unmaintained tires or the knowledge of how to maintain them properly.

The previous paragraph outlines a problem with a simple solution. People need to be educated on the potential hazards that they encounter in their everyday lives. It would be impractical to go house to house and educate individuals on their personal safety but there is no excuse for people not to be educated at their work place about the hazards of the tasks they perform to carry out their job duties. Unfortunately in today's world with a premium put on productivity, that is not always the case. Employers owe it to their employees to make sure that they have received adequate safety training as their boss who uses them to make money and as a human being. Employees owe it to their employer to be educated as someone who collects a paycheck from that company and as family member to their families to return home safely every day.

Background

Employers are required by law to have a safety program in place for the employees. The extent that these programs are enforced and employees educated about them varies by company. More specifically in the Central Valley of California where small family farms and dairies are prevalent safety is usually not a hot topic on the ranch. Combine this with the fact that employees are often operating equipment that is big and powerful and it is a bad combination.

Justification

With specialization currently in hot demand, the role of consultants has grown. You can find a specialized consultant for just about every aspect of life today from interior decorating to business decisions. Agriculture similarly has seen a rise in the presence of consultants. For example most small farms enlist the services of a Pest Control Advisor to help them decide the proper course of action for pest control. Most of these same small farms also lack in their safety skills. This is the result of a few different factors. The main one being that since they usually only have a few full time workers, their employee turnover rate is high amongst seasonal and part time workers. Another reason is that many tasks that must be performed in agriculture do not mesh well with safety and it can be very impractical and not cost effective to correct them. The underlying reason for all of this comes down to money. These small farms and dairies

simply cannot afford to have a full time employee constantly monitoring safety or training new employees. Furthermore they cannot afford to constantly improve their equipment to make it safer. That is where this project comes in. A business plan will be constructed for the formation of a new business specializing in agricultural safety consulting. The business will specialize in assisting clients who operate production agricultural businesses. A non-agriculture safety consultant might not understand the hardships and special challenges that go along with producing a crop. Couple the fact that agriculture is an inherently dangerous industry and that most small farms and dairies lack an adequate safety plan, there seems to be a serious need for a partially untapped market.

Objectives

A business plan will be created detailing the services that this new company will offer. Additionally it will be determined in the business plan what the costs of doing business will be and how much revenue will be generated. Once costs are known then it can be determined whether outside financing is needed to start the business. The goal of this business plan is to lay the groundwork for a new agricultural safety company called A+ Safety to be opened June 30, 2011 in addition to laying out what constraints need to be met for the business to be profitable.

LITERATURE REVIEW

In order to construct a competent business plan and even know if the business would be viable some research needed to be done. There is one main topic that needs to be addressed. Is there a market for this company? Information was also researched on how to write a business plan. Most of the business plan information was found in self help books. The market research was conducted by finding agriculture accident statistics which were readily available on the internet.

Agricultural Safety

Agriculture work lends itself to unsafe working conditions. One reason being that it does not usually follow a 40-hour workweek. Working hours are often dictated by weather and crop schedule. Farmers might only have small window to get a task done like harvesting their crop before it gets ruined. So employees are needed to put in long and hard hours when demanded of them. Another reason being that workers are constantly exposed to the hazards of working with animals, chemicals and heavy equipment. The long and hard hours can wear on employees, which lead them to letting their guard down when coming to safety (Runyan, 2001).

The statistics back up the fact that agriculture is an inherently dangerous industry. On average 20,000 workers suffer a disabling injury and 67 of them are killed every year working in agriculture in California alone. Unfortunately these numbers are not declining either (Center for Agricultural Business – CAB, 2009).

Injuries to employees can be very costly to an employer. The average injury to an employee costs the employer \$27,000. While a death to an employee costs the employer \$780,000 on average (CAB, 2009). The costs don't end there though. Employers can expect higher insurance rates if they have to submit injury claims. Plus an injury results in lost work hours, which could be critical during a busy season. Not to mention all the non-monetary costs associated with an injury or death such as low worker morale of the emotional toll that will happen if you have to deal with a death.

Accident rates for agriculture are alarmingly high. Using current statistics for accidents on California farms it equates to about 46 disabling injuries per 1000 workers. The state average for all industries is 35 disabling injuries per 1000 workers. The most shocking part of this data is that agriculture outranks even mining at 42 disabling injuries per 1000 workers, which is largely regarded as the most dangerous industry (CAB, 2009). Across the country on an average day 243 farm workers suffer a lost time injury and on average 516 die each year (Western Farm Press, 2008).

Part of the reason why the agriculture industry is so dangerous for workers is because they receive inadequate safety training and employers aren't well versed in how to

provide this training (Runyan, 2001). This fact coupled with accident statistics of workers involved with agriculture display a need for specialized agricultural safety training.

Communication is a key aspect of safety. Employers need to be able to effectively communicate with their employees in order to provide adequate safety training. This presents a problem for the agriculture industry. Ninety-nine percent of employees are of Hispanic descent. Of those workers 96 percent of them use Spanish as their first language. Even more troubling is that 53 percent of them don't speak any English and 57 percent of them can't read English. This creates a huge communication barrier between employer and employee. Consequently many employees are not receiving adequate safety instruction (Aguirre International, 2005).

There is a movement among safety professionals geared toward changing people's feelings towards safety. They believe that accidents don't just happen. Accidents are preventable through training and education (CAB, 2009). Again signifying the need for more safety professionals geared toward agriculture.

There are laws and regulations that all employers must follow when it comes to worker safety. There are three notable laws that deal with farm safety. They are the Fair Labor Standards Act, Occupational Health and Safety Act and Federal Insecticide, Fungicide and Rodenticide Act. These laws lay out the different regulations employers must follow concerning safety. However the safety of agricultural employees is still in jeopardy because the Occupational Health and Safety Act exempt farms with less than 10 employees as well as the owner's family. In fact the majority of farms in the U.S. fall under this exemption. Only nine percent of farms in the U.S. employ more than 10 workers. Since most farmers do not have to follow the guidelines safety is more often than not brushed aside (Runyan, 2001).

California has a little different policy on safety. In 1989 virtue of Senate Bill 198 all employers must now have an Injury and Illness Prevention Program. The IIPP must be in writing and layout how exactly you are going handle safety and who is in charge. You must also document all training (CAB, 2009). In addition to the IIPP employers must also post up all relevant safety posters for their business. Cal – OSHA is in charge of enforcing safety regulations and handling accident reports.

California is the nation's top producing agriculture state in terms of value; selling \$2.8 billion worth of product annually. More significantly Fresno County is the nation's top county when it comes to the value of agricultural products sold (California – Mexico Health Initiative, 2005). Fresno is not alone though in the agriculture rich Central Valley of California. There is also Kings, Tulare, Kern, Madera, and Monterey Counties close by who have very strong agriculture industries.

A person interested in being a safety professional should join the International Association of Safety Professionals. They can help you stay up to date on all safety regulations and the certification that you need (ehow, 2009). Another organization to join is AgSafe. According to their website they hold training sessions for safety professionals to further their education as well as conferences.

Business Plan Development

Having a business plan is an important element for starting a successful company. Not only that, it might be required from lenders in order to obtain financing for a company. It was found that companies with written business plans had 50 percent greater sales growth and 12 percent higher gross profit margins than companies without written plans (Peterson, 2005).

It is also a good idea to have a business plan when starting a business for yourself. Even more so important if you are financing yourself. By writing a business plan it allows for in depth research analysis. The business plan will ultimately lead you to make an educated decision on whether the prospective business is a worthwhile pursuit (Paulson, 2007).

The structure of a business can have huge implications on financial matters. The business structure should be chosen based off of who will own the business and what types of products and services it will offer. The most basic business structure is a sole proprietorship. In a sole proprietorship there is only one owner and business profit can be treated as personal income. No legal paperwork needs to be filed for a sole proprietorship. A sole proprietorship can also be formed into a different type of business structure at anytime with minimal hassle (Pakroo, 2008).

When a business is offering professional services like consulting, professional liability insurance should be obtained. This insurance will protect you from errors and omissions that you make in providing your service. A standard policy covers up to \$1 million per incident and up to \$2 million per year. Premiums for this type of insurance generally range from \$1000 to \$1450 a year (Tech Republic, 2002).

A business that wishes to grow without taking on debt practices bootstrap financing. This method of financing is advantageous because the owner maintains all of the equity of the business. The disadvantage of this method is that it can slow the growth of the business. Bootstrap financing can be achieved by exhausting personal sources of funding as well as reinvesting profits back into the business (Martin, 2009).

A business plan needs to be reasonable. Goals should not be overestimated. Along with that when creating financial statements realistic and attainable figures should be used for revenue. Additionally costs should be thoroughly investigated as to not leave any out. Unexpected costs can derail a business (Harroch, 2004).

PROCEDURES AND METHODS

Planning

Research showed that to construct a successful business plan the details of the prospective business need to be thought out. A suitable location needs to be selected where the business can reach its target customers. The different structures that a business can be organized under have to be considered as well as the fees that go along with forming a business. These fees can vary by location depending on the municipality in control as well as the structure of the business. The other major costs that a business plan must take into consideration are all the costs that it might incur; which consist of fixed and variable costs. These costs will be researched to make sure that no omissions are made in the business plan and that the costs are accurate.

Aside from costs, potential revenues need to be researched. The current market rate that a safety professional can charge will need to be determined by looking at existing firms. The volume of business that a new safety firm can expect will be determined by surveying potential clients. The last factor that will be examined with respect to potential revenue is what services existing safety consulting companies currently provide on how A+ Safety can compete with them.

Construction of Business Plan

To ensure that a competent business plan is constructed, the decision was made to use a business planner developed by the Agricultural Innovation & Commercialization Center at Purdue University (Purdue, 2009). The business planner application uses a question and answer format to help develop the business plan. The user inputs answers into the question fields and after all questions are complete a formal business plan is developed. Further modification can be made to the business plan after it is seen how the answers fit into the business plan.

Analysis

After a business plan is constructed, the financial statements can then be analyzed to see if A+ Safety is a feasible business. It will need to be determined if the owner can supply the money needed to start business. The other determining factor will be if the owner is willing to dedicate the time needed to run the business and be happy with income and profits that business will generate. These numbers will be found by examining the financial statements contained in the business plan.

RESULTS

A+ Safety will be a full service safety consulting company that specializes in agricultural safety. It will be based in Hanford, CA right in the heart of the Central Valley of California known for its rich agriculture industry. Services will be offered from Bakersfield to Merced. A+ Safety will be owned and operated as a sole proprietorship.

The company will offer various levels of service to its customers. That could be as little as reviewing the customer's existing safety plan and making sure it is adequate. A+ Safety could also provide everything the customer needs in regards to safety. For example; A+ Safety would develop a safety plan for the company which includes an adequate injury and illness protection program. Come in and train their employees on safe working practices and even supply the customer with necessary safety equipment for their employees.

The business plan for A+ Safety can be seen in Appendix B. Financial statements in the business plan show that the company can operate at a profit. The key factor that allows A+ Safety to be profitable right away is the fact that it will be home based. Not having to pay rent, utilities, property tax, insurance, and other costs that can be associated with a building is a huge help. The reason that rent or a mortgage payment are not considered a cost for the business is because the company is home based and the owner is going to have housing costs whether running a business out of the house or not. The extra amount of electricity needed to operate a computer, printer, phone, etc. is negligible.

Startup costs are also minimal which helps in being able to launch the business right away. Estimated startup costs were \$5600. Almost half of that money is dedicated towards capital equipment purchases, most notably a computer and printer. Other expenditures included legal and financial advice, furnishings, and business cards along with a few other things. The costs for these things were all over estimated as to make sure that they would not be underestimated.

When constructing the financial statements it was estimated that there would be \$50 of direct costs associated per client served. Those costs cover the physical material used to produce the safety plans such as paper, ink, pens, etc.. That also covers the fuel used to visit the clients business. Other operating expenses were calculated on a yearly basis. Travel expense was estimated to be \$2000 a year. Fuel costs were addressed in the direct expenses portion but you can't just count fuel as your only expense for operating a vehicle. Every mile you put on it depreciates its value, tires get worn down, oil needs to be changed, and parts get worn out. Even though an existing vehicle will be used for the business, it would not be a complete assessment of the business if there wasn't a charge for wear and tear on the vehicle that would not occur as frequently through normal driving. Other yearly expenses included \$2000 for advertising. \$300 was

allotted for office supplies. Professional liability insurance was quoted for \$1200 a year. Lastly \$5000 for miscellaneous expenses. These include subscribing to professional safety journals and publications, stocking up on safety videos for training, attending seminars and other costs that might pop up. Again these costs were all over estimated so that way there is a safety factor so to speak.

Revenue is based off of the rates of existing safety consultants. Averaging out the going rates and balancing that between different levels of service, it was decided that \$2000 of revenue per client served would be a fair assumption. Another assumption was the number of clients served, which was set at 15 for the first year and increasing some each year thereafter as the company becomes more established. Fifteen clients seems like an attainable goal considering sheer volume of farms and dairies present in the Central Valley.

Inspection of the financial statements shows that A+ Safety is a worthy business. If things go as predicted the company can turn a profit during its first year of business with each substantial year reporting higher profit as clientele is increased. Of course as stated at the beginning of this section, the key to this business's success is by keeping costs low. With low costs, there is less pressure on the business to bring in a lot of revenue right away.

The target market for A+ Safety is small agricultural businesses, most notably small farms and dairies. The reason for this is because these small businesses are most likely not to have their own safety coordinator, thus meaning they would look to safety consultant to organize their safety program.

Comparing the rates of other safety consultants, they ranged from \$100 - \$165 per hour. A+ Safety will start out at the lower end of the spectrum, charging \$100 an hour. The lower price will hopefully attract more clients allowing the business to grow. Between six months to a year, the hourly rate will be evaluated to see if it needs to be adjusted. Prices for other services such as training sessions for employees and the actual writing of a safety plan will be set at a flat rate for clients varying with the amount of work that will be required and if significant travel expenses will be incurred. Since it is impossible to predict exactly how much business A+ Safety will receive in its first year, for the sake of this business plan it was conservatively estimated that the company would serve 15 clients during the first year bringing in \$2000 of revenue per client served. Each subsequent year displayed in the business plan reflects an increase in the number of clients served.

Finally one other piece of pertinent information that must be discussed is that the business will operate as a sole proprietorship. Since it is a sole proprietorship profit that the company generates is also the owner's income. As the company grows converting it from a sole proprietorship to a Limited Liability Company will be investigated.

DISCUSSION

The business plan was made to be very simple, so that way it would be really easy to determine if opening a new safety consulting company in the Central Valley of California is worthwhile. Instead of trying to figure out exactly how much of the different services each customer will demand, a simple set amount of revenue was determined per each client served. Sure some clients will spend less but some clients will also spend more. The more variables that are introduced into an equation, the more possible outcomes there are. That is why a fixed value was placed on revenue per client. It's easier to justify that each client will spend an average amount of money; than it is to say this many clients will demand this amount of service and this amount of clients will demand that type of service, so on and so forth.

There were not really any changes made to this project as it progressed. It basically ended the way it was envisioned. An agricultural safety consulting company targeting small agricultural businesses, which is run from home. The goal of the project was to keep costs low, so that way someone with minimal equity and capitol could start it relatively easily.

Startup and operating costs were all overestimated to allow for unforeseen costs. For example \$2500 was allotted for the purchase of a computer, printer, fax and copy machine. However computer prices are constantly dropping and a good computer can be purchased for \$1000 or less and an all in one laser printer fax copy machine can also be had for under a \$1000, thus leaving a surplus there for extra expenses. This thought process was used for determining all expenses.

The goal of the business is to not just be profitable. Over time sufficient equity would like to be built up to allow A+ Safety to venture into other business interests. Looking at just what this report is focused on however, there is evidence that starting an agricultural safety consulting firm could be a profitable business starting with year one and growing profits each year thereafter.

One final note that should be made is that there is no outside financing involved in starting the business. The owner has enough cash to cover the startup costs but not enough to pay the costs of doing business. While theoretically the business plan shows that A+ Safety can bring in enough revenue to pay the bills. It is not reasonable to expect the company to start bringing in revenue on day one. That means that the owner must have sufficient cash on hand to pay the bills while the company is in its infancy. The other option for someone that cannot support the business right away is to take out a loan until the company is in full-fledged operation. The owner must have enough cash on hand to pay their personal bills too since the company's profit is their personal income. The net profit in the first year is only a little over \$13,000. That is not enough money to live on.

RECOMMENDATIONS

For someone looking to start A+ Safety an important decision needs to be made. Can they afford to start the business without securing outside funding? Compared to some other businesses the costs involved with starting and operating A+ Safety are miniscule. However for a first time business owner or someone right out of college, they might not be able to adequately fund the business themselves.

It is also recommended that whoever starts the business should continue to expand their knowledge of safety issues and gain different levels of certification. This can be achieved by taking safety related courses, joining professional societies, subscribing to professional journals, and attending seminars put on by different safety organizations. These steps will make giant leaps toward establishing the legitimacy of your business.

Another recommendation is to more closely investigate different marketing options. When first starting out a new company needs to gain some recognition within its target market. There are many ways to accomplish this through print ads, radio and internet. This can also be accomplished through the sponsoring of public events, like a little league team for example. Quite possibly the best marketing is through word of mouth. People value other people's personal experiences very highly. So the goal would be to serve some clients and do an outstanding job for them so that way they will recommend you their peers. Offering a referral bonus is another option.

Overall, starting A+ Safety and making it profitable is a very attainable goal. The business plan provided lays out a successful business model that gives an indication what parameters need to be met in order for the company to be successful. Once the decision is made that the business will be started then that is where more detailed decisions need to be made. For example which computer will be purchased, where are you going to advertise, do you need outside financing, etc..

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APPENDIX A

HOW PROJECT MEETS REQUIREMENTS FOR THE ASM MAJOR

HOW PROJECT MEETS REQUIREMENTS FOR THE ASM MAJOR

ASM Project Requirements

The ASM senior project must include a problem solving experience that incorporates the application of technology and the organizational skills of business and management, and quantitative, analytical problem solving.

Application of Agriculture Technology. The project involves safe working practices while participating in various fields of agricultural labor.

Application of Business and Management Skills. The project focuses on the economic feasibility of starting a new business and the subsequent managing of that business.

Quantitative, Analytical Problem Solving Skills. Quantitative and analytical problem solving will be used in the project when determining the cost to start a new business and whether or not the business could be profitable.

Capstone Project Experience

The ASM senior project must incorporate knowledge and skills acquired in earlier coursework (Major, Support and/or GE courses).

- BRAE 129 - Laboratory Skills and Safety
- BRAE 141 - Agricultural Machinery Safety
- BRAE 321 - Agricultural Safety
- AGB 202 - Sales Communication and Leadership
- AGB 212 - Agricultural Economics
- AGB 310 - Agribusiness Credit and Finance
- AGB 321 - Farm Records
- AGB 401 - Managing Cultural Diversity in Agricultural Labor
- ENGL 148 - Professional Writing
- Econ 201 - Survey of Economics

ASM Approach

Agricultural Systems Management involves the development of solutions to technological, business or management problems associated with agricultural or related industries. A systems approach, interdisciplinary experience, and agricultural training in specialized areas are common features of this type of problem solving.

Interdisciplinary features. The project combines the skills of Agricultural Safety and Agricultural Business.

Specialized agricultural knowledge. This project uses specialized knowledge of Agricultural Safety and Agricultural Business.

APPENDIX B
BUSINESS PLAN

A+ Safety

June 5, 2009

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Executive Summary

A+ Safety will be a full service safety consulting company that specializes in agricultural safety. It will be based in Hanford, CA right in the heart of the Central Valley of California known for its rich agriculture industry. Services will be offered from Bakersfield to Merced. A+ Safety will be owned and operated as a sole proprietorship.

The company will offer various levels of service to its customers. That could be as little as reviewing the customer's existing safety plan and making sure it is adequate. A+ Safety could also provide everything the customer needs in regards to safety. For example; A+ Safety would develop a safety plan for the company which includes an adequate injury and illness protection program. Come in and train their employees on safe working practices and even supply the customer with necessary safety equipment for their employees.

Due to large agriculture industry present in the Central Valley there is a large demand for a company specializing in agricultural safety. Oftentimes people that are not connected with agriculture don't understand the hardships involved with running a dairy or farm. Long strenuous work hours are required and sometimes unconventional methods of getting the job done. Through observation most small agricultural businesses do not have an adequate safety plan in place.

Because of the low overhead and startup costs involved with this business venture, it will make it relatively easy to turn a profit. As you will see in the attached financial statements the business is capable of turning a profit in the first year. The figures used to compile the financial reports were all in conservative in nature. Conservative meaning that the business plan did not want to overestimate client base or underestimate expenses.

Long Term Goals

With this venture I would like to accomplish the following goals:

1. Own and operate a profitable business.
2. Serve the local agriculture industry.
3. Have a flexible schedule in order to dedicate lots of time to my family and still provide an income.
4. Generate enough capital to pursue other business ventures.

Business Overview

My services will be purchased by farms, ranches and dairies. They are the consumer. The typical customer will be owners of smaller agricultural businesses; 10,000 acres and less. They will buy my services because typically they are not large enough to justify having their own full time safety manager. Oftentimes they are also not well versed enough in the intricacies of safety to provide their own safety plan and training.

My service is providing agricultural businesses such as farms and dairies with safety consulting. I will be a one stop shop for them. Starting with developing a safety plan for them to making sure they have the proper documents on hand to providing them with safety equipment to training their employees if need be. I will come out to their place of business to assess their needs and provide them with a recommendation and estimate for my services. I will always be available for them to consult with should they choose to use my services. My services are not limited to agricultural businesses that is just my specialty.

Customers will basically call me up and explain their needs. If they choose to use my service, I will put their safety program in place and then they are responsible to make sure that is being followed. They don't have to worry about any of the technical issues.

My services will benefit consumers by saving them money. It will also be a convenience to them because they will not have to worry about implementing their own safety plan. Customers will hire me because it's going to save them from potential legal trouble, keep their employees safe and save them money in the long run.

I will use the following objectives to accomplish my goals:

1. Establish a client base.
2. Secure the resources needed to develop safety plans.
3. Seek funding to get the business started.

I can use the following strengths to accomplish my vision and goals.

1. I am an outgoing person which is needed to establish a client base for a new business.
2. My desire to be self employed.
3. Willingness to work hard.
4. My passion for agriculture.
5. My knowledge of general safety.

I need to be aware of the following weaknesses that may inhibit the venture's success.

1. Getting distracted with things that aren't important.
2. Trying to take on too much at one time.

Product Offering

The services to be offered have no barriers outside of the normal steps required to start a new business. There are three basic things that business needs to do in order to conduct business.

1. File a fictitious business name with the Kings County Assessor, Clerk/Recorder.
2. Set up a tax account with the State Board of Equalization.
3. Obtain professional liability insurance for errors and omissions.

Industry Profile

Industry Analysis

I am in the safety consulting industry. Competitors can range from insurance companies, companies based off the internet to local consultants like myself.

The economy in the region in which I'll compete is not very healthy at this time.

Unemployment is high. Water is scarce and milk prices are low. However when dealing with something like a cow or a crop you can't just halt production. You can't stop feeding your animals for half a year or lay off your workers temporarily. So business must go on even if it is not profitable currently. So relatively speaking even though the economy is poor the demand for agricultural services is relatively stable.

Competition

My competitors are businesses that provide safety plans for companies. My biggest competitors will be insurance companies and internet based providers. More specifically there is a company that offers safety consulting services in Hanford. Their name is AgPro Insurance.

Market Potential and Competitor Analysis

The customers in my market are small farmers and dairymen. They are large enough to have some employees outside of family but for the most part not large enough to have a full time safety manager like a large corporation would. They oftentimes are not educated past high school and do not have the specialized knowledge to keep up with safety regulations. They are used to the fact that they have to hire consultants for things outside their scope of knowledge to maximize the profitability of their business. Demand for my services is based off of a few different things. The first being that lots of agricultural businesses use consultants to help with their business. You see it with dairies using nutritionists. Farms using agronomists and pest control advisors. Those are the most prevalent consulting services used by agricultural businesses but there are others also. Based on that fact, I believe that they would be open to using safety consulting services. If they don't know how to do something or need advice they are not afraid to call in help.

Another reason is that with the agriculture industry in the central valley is not in the best of financial times currently between lack of water for crops and low milk prices for dairymen. That being said I believe that a market will open up with some of the larger agriculture businesses that currently have a full time safety manager. Safety is not essential to producing a product. So companies looking to cut costs could eliminate their safety manager position and turn to consultants in order to save money. Lastly from my own personal experiences with many small farmers and dairyman that I know which is just a small percentage of total agricultural businesses. Many of them don't have a formal safety plan in place or if they do it is just the bare minimum. By convincing these businesses that it in their best interest long term and the best interest of their employees to have a safety program, I could expand the market's demand.

As mentioned above, the local competitor is AgPro Insurance. Their basic safety package is \$2300, which includes an Injury and Illness Prevention Program. It also includes a bulletin board along with the proper signage to be displayed at your place of business. AgPro also provides a first aid kit along with some other required items depending on the type of business. Included in the package is 2 annual site visits with each additional visit costing \$175. Finally they provide specialized training on individual topics such as forklift certification or harassment training at \$500 per topic.

A+ Safety will differentiate itself from AgPro Insurance by providing the same services at a lower price. This is accomplished by keeping the company's overhead at a minimum. A+ will also gain customers by providing them with a more personal experience that is accomplished by being an owner/operator.

Twenty farms were surveyed for potential interest in using a safety consultant. These

farms ranged in size from 80 to 10,000 acres. Overall 11 expressed interest in using a safety consultant and nine said that they wouldn't. The 11 farms that said they would potentially use a safety consultant ranged in size from 2,100 acres to 6,700 acres. All of the small sized farms said they did not need a safety consultant because the owner along with the owner's family did virtually all of the work performed on the farm and if they did have an employee they could train them themselves. The larger farms didn't see themselves using a safety consultant for two reasons. They were large enough that they had enough management people for one of the managers to be in charge of a safety program along with their other duties. Also during the busy times of the year they hired a lot of seasonal workers through labor contractors. These labor contractors provide safety training themselves to their employees. The farms that fell into that middle category expressed that they would utilize a safety consultant because the owners were intimately involved with the operation of the farm and did not have time to concentrate on running a safety program. Typically they had 3-10 employees in addition to any family members that helped out. So based on this quick survey A+ Safety needs to concentrate on targeting medium sized farming operations.

Marketing Plan

Promotion of my services will include a variety of things. To start out it will be mostly low budget things. Posting flyers at strategic locations. Putting an advertisement in Ag Source magazine. Radio advertising will also be utilized because radio advertising has proven to be very effective and when starting a new business it is essential to get your name out. A simple website will also be setup because so many people search for services on the internet. As the business grows and more money can be dedicated to the promotional budget sponsorship of youth sports teams and charity events will be explored.

My public relations strategy is to provide sponsorships to various organizations when the budget allows.

Product/Service Offering

The service is safety consulting. I can provide various levels of service to customer depending on their needs. I can setup a safety plan for them. I can do their injury and illness prevention program for them. If they're comfortable providing safety training for their employees I can come in and do that for them. I can make sure that they have all the appropriate material safety data sheets on hand. I can make sure that they have all the proper personal protection equipment needed for their employees. Finally as their business evolves I can update their safety plan. The customer can choose to use all of these services or just one of these. It all depends on their needs. I am local and on call so that way if something comes up I can respond right away.

Some of the specific services that I will provide are the writing of an Injury and Illness Prevention Program. Another service will be the inspection of a company's facilities to make sure that they have the proper safety systems in place such as eye wash stations, fire extinguishers, hazardous materials storage, material safety and data sheets, etc.. I could also be hired to provide safety training to employees for specific pieces of equipment and operations on the farm. For example providing safety training to employees at the beginning of the tomato harvest season.

My target customers can best be described as small agricultural business owners. More specifically farmers and dairymen. Although my target market is not limited to them and may include agricultural businesses of all shapes and sizes. In actuality though my services could be used by any business.

The key needs of my target customers that my service can fill is knowledge of relevant safety codes and safe working practices. I am also a convenience for them too because I can provide their safety training for them as well as supply them with safety equipment. In the long run it will save them time and money by using my services.

Product Pricing

My base pricing policy is below market price. It is not going to be so low that I can't turn a profit but it is a little bit less than the market price. The reason for this is because I have low overhead costs and don't have the cost of employees. Mainly I just need to account for the cost of my time.

My special pricing programs include a discount for customers that choose to use me for everything safety related in their business. That means I handle their safety program 100%. From developing a plan to training the employees.

These features provide the following benefits to my customers:

1. Quick response time. I'm local and always available for the customer.
2. Services custom tailored to their needs. I'm not going to write the customer up a generic safety plan. I can provide the exact services that the customer needs.
3. Ability to modify existing safety plan. I will have customers' files on hand and can modify them as the customer's business evolves.
4. The focus is on agricultural businesses. I specialize in agriculture and have a deep passion and respect for agriculture. I understand special hardships that are involved with agriculture.

My product's features differ from my competitors' in the fact that other safety consultants might not be local. They might not specialize in agriculture so they don't understand the needs of the customer. Also if they are not local they can't provide the quick response time that I can. If the competitor is just some internet based company they might not be able to customize the plan to the customer's needs. Chance's are it will just be some generic plan and if the customer's business evolves they will have to pay for a whole new plan instead of just being able to modify it with me.

Operation and Management Plan

The business will be solely run by myself. Lawyers will be contracted as needed for things that are outside of my scope. I will handle all of the consulting as well as clerical duties.

The inputs necessary to run my business are relatively minimal compared to some other businesses. I need a few essential things. Most importantly my knowledge of agricultural safety provided through my previous education in addition to continuing my education as needed. I need methods of communication such as a phone and fax machine. I need a computer to prepare documents. I need safety training material to use. Industry journals to keep me updated on current issues. I will need transportation so that way I can travel to the location of the businesses using my services. I also need miscellaneous office supplies necessary to carry out my services. The services offered will be the product of my own work.

The venture will be located out of my house for the time being to keep costs minimal while starting the business. Everything that I need to perform my services could easily be housed in my own home.

My business will operate as a sole proprietorship to start out because of the simplicity involved in getting it started. As the business grows in addition to my personal assets, switching it over to a corporation will be seriously considered.

For the first three years the company will practice bootstrap financing. This will be accomplished by starting the business with personal savings. Profit will also be reinvested into the company during this time period. Starting in year four I will begin taking a salary of \$50,000. During the first three years the company will not require my attention full time due to a small client base so I will be a substitute teacher when the company doesn't require my time and this will provide a livable income.

Financial Plan

Balance Sheet

| Assets | Startup | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Current | | | | | | |
| Cash | \$1,000 | \$14,466 | \$35,632 | \$64,747 | \$84,784 | \$136,151 |
| Inventory | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Non Current | | | | | | |
| Machinery and Equipment | \$2,500 | \$2,188 | \$1,875 | \$1,563 | \$1,250 | \$2,740 |
| Buildings and Structures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Land | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Trucks and Vehicles | \$0 | \$0 | \$0 | \$0 | \$17,500 | \$15,000 |
| Total Assets | \$3,500 | \$16,653 | \$37,507 | \$66,309 | \$103,534 | \$153,891 |
| Liabilities | | | | | | |
| Term/Mortgages | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Liabilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Owner's Equity | | | | | | |
| Retained earnings | | \$13,153 | \$20,854 | \$28,802 | \$37,224 | \$50,357 |
| Contributed Cash Capital | \$1,000 | | | | | |
| Contributed in-kind Capital | \$9,000 | | | | | |
| Owner's Equity | \$3,500 | \$16,653 | \$37,507 | \$66,309 | \$103,534 | \$153,891 |
| Total Liabilities + Owner's Equity | \$10,000 | \$16,653 | \$37,507 | \$66,309 | \$103,534 | \$153,891 |

| Income Statement | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|----------|----------|----------|----------|----------|
| Income | | | | | |
| Gross sales | \$30,000 | \$38,625 | \$49,730 | \$64,027 | \$82,435 |
| Expenses | | | | | |
| Materials, Labor, Utilities | \$750 | \$938 | \$1,172 | \$1,465 | \$1,831 |
| Total Direct Expenses | \$750 | \$938 | \$1,172 | \$1,465 | \$1,831 |
| Gross Profit | \$29,250 | \$37,688 | \$48,558 | \$62,562 | \$80,604 |
| General and administrative expenses | | | | | |
| Non-production wages | \$0 | \$0 | \$0 | \$0 | \$0 |
| Occupancy Costs | \$0 | \$0 | \$0 | \$0 | \$0 |
| Taxes and licenses | \$0 | \$0 | \$0 | \$0 | \$0 |
| Transportation/shipping | \$0 | \$0 | \$0 | \$0 | \$0 |
| Advertising | \$2,000 | \$2,060 | \$2,122 | \$2,185 | \$2,251 |
| Other Expenses | \$5,000 | \$5,150 | \$5,305 | \$5,464 | \$5,628 |
| Office Supplies | \$300 | \$309 | \$318 | \$328 | \$338 |
| Travel | \$2,000 | \$2,060 | \$2,122 | \$2,185 | \$2,251 |
| Start-up Costs | \$2,100 | | | | |
| Depreciation | \$313 | \$313 | \$313 | \$2,813 | \$3,070 |
| Total G & A Expenses | \$11,713 | \$9,892 | \$10,179 | \$12,975 | \$13,537 |
| Earnings before interest and taxes | \$17,538 | \$27,796 | \$38,379 | \$49,587 | \$67,066 |
| Interest Expense | \$0 | \$0 | \$0 | \$0 | \$0 |
| Income Taxes | \$4,384 | \$6,942 | \$9,577 | \$12,363 | \$16,709 |
| Net Profit | \$13,153 | \$20,854 | \$28,802 | \$37,224 | \$50,357 |

| Statement of Cash Flows | Year1 | Year2 | Year3 | Year4 | Year5 |
|--------------------------------|----------|----------|----------|-----------|-----------|
| Initial Cash | \$1,000 | \$14,466 | \$35,632 | \$64,747 | \$84,784 |
| Cash From Operations | | | | | |
| Sales Income | \$30,000 | \$38,625 | \$49,730 | \$64,027 | \$82,435 |
| Cash Expenses | \$12,150 | \$10,517 | \$11,038 | \$11,627 | \$12,298 |
| Net | \$17,850 | \$28,109 | \$38,691 | \$52,400 | \$70,136 |
| Cash from Capital | | | | | |
| Purchases/Sales | | | | | |
| Capital Investments | -\$3,500 | \$0 | \$0 | -\$20,000 | -\$2,060 |
| Cash from Financing | | | | | |
| New Capital | \$3,500 | \$0 | \$0 | \$0 | \$0 |
| Principle Payments | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net | \$3,500 | \$0 | \$0 | \$0 | \$0 |
| Taxes | -\$4,384 | -\$6,942 | -\$9,577 | -\$12,363 | -\$16,709 |
| Ending Cash | \$14,466 | \$35,632 | \$64,747 | \$84,784 | \$136,151 |

Valuation

| | |
|---|-----------|
| Investment Outlay | \$3,500 |
| Discount Rate | 8% |
| Net Cash Income | |
| Startup Period (year 1) | \$13,466 |
| Average yearly cash flow (years 2-5) | \$202,164 |
| Value of Business | |
| Minimum (net assets in business at the end of five years) | \$153,891 |
| Projected | \$561,717 |
| Internal Rate of Return | 199 % |

| Breakeven Analysis | Year1 | Year2 | Year3 | Year4 | Year5 |
|-----------------------------------|------------|------------|------------|------------|------------|
| Breakeven Volume (average) | 8 | 8 | 10 | 12 | 14 |
| 1. Total Direct Costs | \$16,097 | \$16,833 | \$19,756 | \$25,338 | \$30,246 |
| 2. Per unit revenue (average) | \$2,000.00 | \$2,060.00 | \$2,121.80 | \$2,185.45 | \$2,251.02 |
| 3. Per unit costs (average) | \$50.00 | \$51.50 | \$53.05 | \$54.64 | \$56.28 |

