

Developing a Business Plan for Hazelnuts: A Hands-on “How to”

3rd Annual Hazelnut Symposium

March 29, 2012,

Brantford, Ontario

Elliott Currie, University of Guelph



Agenda

- Business Plans, types and purposes
- Basic components
- Hot Buttons
- Financial Results
- Summary

Business Plans

- Who is reading it?
 - Investors,
 - Creditors
 - Management/operators
 - Owners
- Then what is the purpose?
 - Make money
 - Safety
 - Procedures

Components

- Start with the product/service & benefits
- Market and details
 - Customers
 - Competition
 - Strategy
 - Place
 - Promotion
 - Price
 - Value Chain
 - Forecasts

Further Components

- Operations
 - Technical details
 - Timing
- HR Management
 - What tasks
 - Skills
 - Who
- Financial Plan
 - Short term and forecast to long term

Hot Buttons

- Investors, Return
- Creditors, Security and Payback
- Owner/Managers, working plan
- Owners, get in and out, achieve goals

Financial View of Hazelnuts

- Goal – Financial feasibility of growing Hazelnuts in Ontario
- Reviewing other production operations in North America
- Some Ontario data.....
- Input from Ferrero regarding volumes and quality
- World data

Assumptions

- World Price \$1.50 per pound
- Labour @ \$15 per hour
- Land Prices \$3000 per acre,
- Trees @\$14
- WACC 5.38% before tax, too low
- 10% After Tax or 12.5% before tax
- Incorporated SB Deductions 2011 rates
- No viable crop till year 4

Initial Inputs

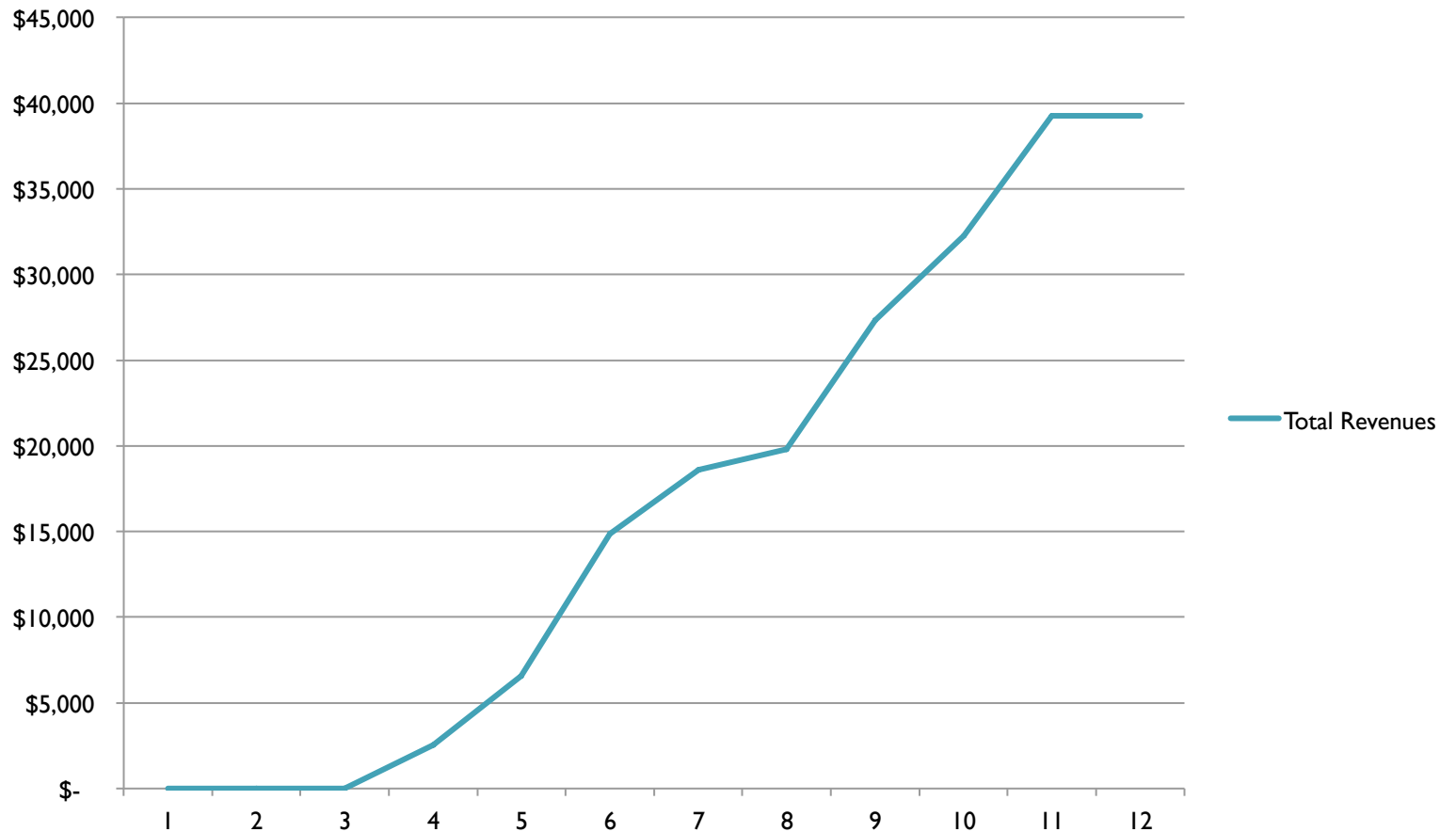
- Equipment, \$41,400 and \$55,000 year 4
- Land \$30,000
- Trees \$37,520
- 38 hours of labour/acre/year - \$570/acre
- Harvest \$125/acre/year
 - 1 ½ days for 10 acres
- Ignored opportunity for intercropping

Financial Results

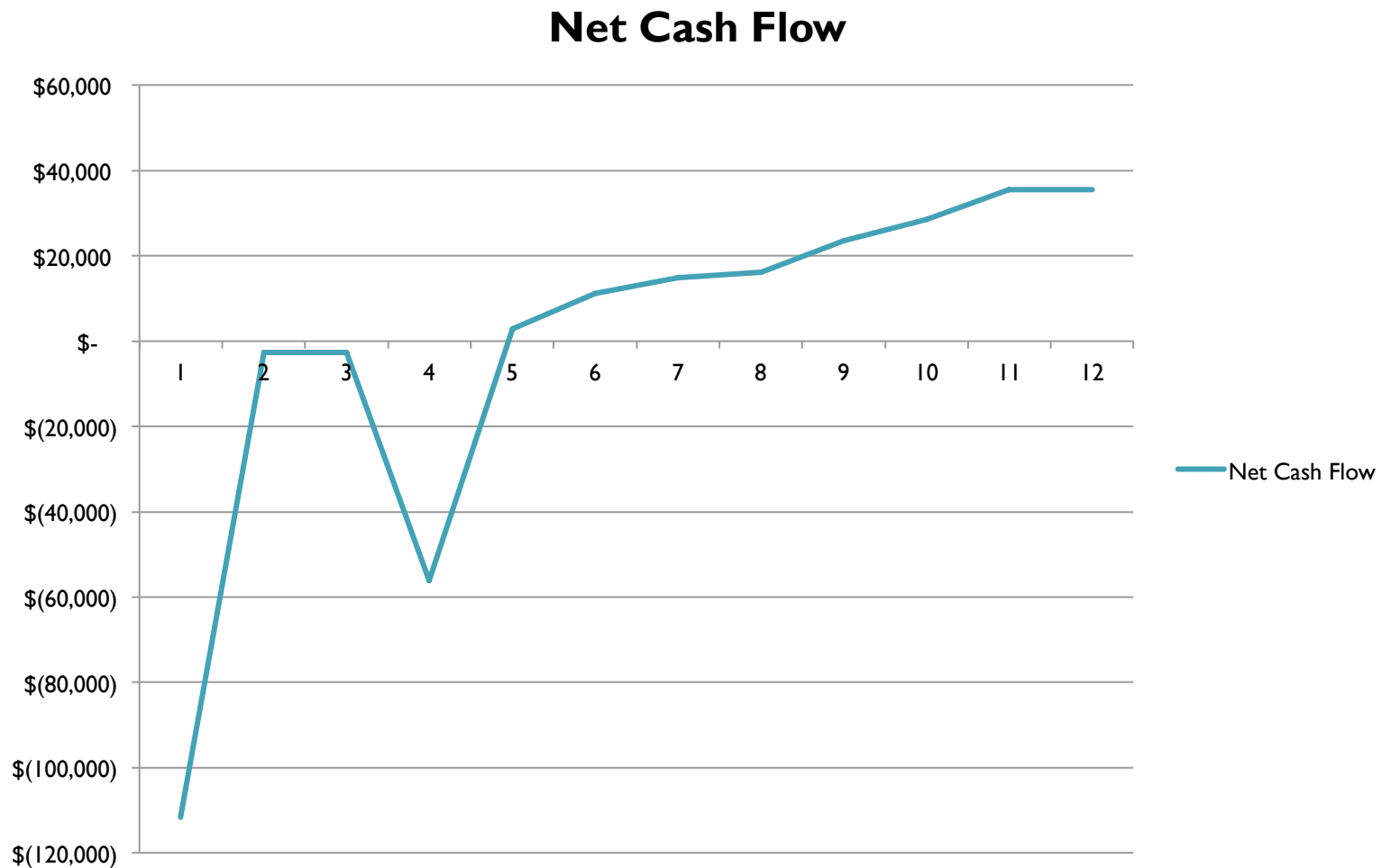
- Year 4 \$2,545
 - 169.6 pounds per acre
- Year 11 full production at \$39,242
 - 2,616 pounds per acre
- COP
 - year 4 = \$11.03/lb.
 - Year 11 = \$0.715/lb.
- Year 6 cash flow = \$5,796 for 10 acres
- Year 11 cash flow = \$30,172 for 10 acres
- [cop.xls](#)

Revenue

Total Revenues



Cash Flow Before Income Tax



Summary & Conclusions

- Plan at least to communicate
- Remember who is the audience
- Financially - borderline, as an accountant
- But open to management
- Need to collaborate on harvest
- Need the Rest of the Value Chain
- Need to revisit regularly



Thank you

- Any Questions

