

Develop A Business Plan

Larry Connor

In late March I coordinated a day-long program on *Bees for Fun and Profit*. Co-teachers Sheldon Schwitek, Rich Wieske and I covered a wide range of topics following the theme of bees for fun and profit, and I took on the task of discussing 'Writing a Business Plan.' While I emphasized the need for such a document in any business, including beekeeping activities, my presentation was, admittedly, light on technical detail. Instead, it focused on the broader subject of making goals and using a business plan as a tool to keep those goals reasonable and in focus. For the layman, I described the basic plan as:

1. Produce Honey
2. Sell Honey

If you have a business or background, I know you think I missed the target by a wide margin. Indeed, that was part of the intention. My point is and was that most beekeepers I know do not have a true, detailed business plan. They may have a highly polished, greatly detailed business plan for their other source of income, but nothing for their beekeeping activities.



A West Virginia beekeeper uses a hand-painted display and hive bodies as a marketing display for several lines of honey products.

Many of us grow our bee business organically from the first colony and its expansion. We start out small but the nucs we make and the swarms we catch increase our colony numbers. Suddenly, we are at 25, 50 or 500 colonies and our lives are forever changed. We continue to fumble along, trying to make it all work, but a clear business plan may not develop as organically. This creates conflicts of purpose. What are we trying to do here? Make beehives or make money? A good plan will help focus our efforts and hopefully reduce our confusion.

Why have a business plan?

The primary reason most beekeepers actually take the time to write a business plan is to obtain financing from a bank. You may need money to grow your business and you hope a banker will loan you money to keep bees. Most bankers do not understand anything related to agriculture, let alone beekeeping, unless they specialize in agriculture.

Even if it is just for yourself, it is a good idea to write out key aspects of your business. Many beekeepers are good goal setters: 'By the end of 2013, I want to have 48 colonies in two deep boxes and filled with honey.' Where they fall short is taking the time to develop the details needed to determine answers to the inevitable how, when and who of such a statement. How will you expand your operation? When will you actually do the work? Who is doing the work, especially if you already have a job that pays your routine bills.

If you already operate an existing beekeeping business, summarize your business onto one page.

Key information for an existing beekeeping business should include the following. This information should be concise, and presented on one page.

A Mission Statement – This should explain what your business is about. Use a few sentences to explain the scope of your business. For example, you might explain that you keep bees to raise queens to sell to local beekeepers and estimate how many queens you sell each year.

Business Information – A bit of history is useful. Include the year you started beekeeping, the growth of the firm and the key members of your business and your staff. Add your business locations if there are more than one.

Growth Highlights – How did you get where you are? Include key financial and market highlights, such as 'Produced 500 mated hygienic queens in 2012 with a net profit of \$4.77 per queen.'

Products and Services – Describe all the products you sell and the relative size of the sales, such as 'Produced 500 queen bees (25% of net income) and 1500 pounds of honey (75% of net income).'

Financial Information – If you have a loan or are seeking financing, include your current banking information, outstanding loans (including company credit cards), investors and any other financial information.

Future Plans – Outline any plans for the future, explaining how any new activities will fit into your current

operation. For example, if you are entering into crop pollination, explain how this will fit into your queen rearing and honey production activities. If you plan to hire help, identify potential employee(s) by name or intended job description.

If you are a new business, focus on the decisions you have made to build a company.

Building a New Business Plan

Here are some basic questions that need to be answered in a business plan that describes your new activities:

1. What is the nature of your business? What is the market you are selling to?
2. Explain what your products are and how they will fill this market.
3. List customers you have and those you will try to satisfy.
4. Explain your competitive advantage in developing your business. Include the obvious – your business location, your experience in other endeavors, key employees and business partners, and anything that brings value to the business.

Make Goals And Keep Them In Focus. Your Plan Will Help.

A. Conduct a Market Analysis

Include a market analysis for your products and services. If you are in an area where nobody sells creamed honey and you plan to do this, look at this as both a challenge and an opportunity. Who are your target customers? How many customers are there in your marketplace? What are they willing to pay for this product? What will be your pricing structure for wholesale (if you are selling wholesale) and retail? If you are selling by Internet and mail order, explore the success and sales volume of similar businesses.

What challenges will you face with this market? Will you need special equipment? Will you need a food-approved kitchen that is not currently available? Will you need staff with special experience for the production of these products?

B. Summarize your Organizational Structure

Is your business set up as a proprietorship, Limited Liability Company, Corporation (what kind?) or a Partnership? Who owns the company? If there are investors and others, who are they and what do they bring to the operation decision making process?

Most beekeeping operations are set up as family run proprietorships or Limited Liability Companies. These are the easiest to set up. The LLC offers individual members of the business protection in liability issues, as well as a method of organizing the company as a separate entity with ownership outside the family.

C. Services and Product Description

List each of your products and services as seen by your customers. What is the life cycle of each product?



When in France in 2008 I was able to visit a small-scale beekeeper with a deluxe honey sales display, with clean tile floors and stainless steel containers filled with his honey. Customers were able to visit and fill bulk containers.

When is it produced and offered? When are payments received?

If you have intellectual properties, include copyright and patent filings. What new products do you have in development?

D. Marketing and Sales

How do you market your products? You may not need to do much marketing if people come to you for your products or services, but you need to explain your sales efforts. Do you pick up new customers by word-of-mouth or do you take a few weeks every year to visit potential new customers to discuss sales? You should have a clear pricing plan and wholesale discount schedule tailored to your product(s). If you do not collect payment at the time of sales, you must explain your payment and credit policies.

E. Finance and Funding Requests

If you are looking for an investor or a loan, add information that outlines your current funding, the amount of funding you will need over the next five years, how you plan to use these funds to build the business and any plans for growth. If you plan to buy out a retiring commercial beekeeper, you should have excellent financial data on the sales and expenses this business experiences. State how you will benefit by making this purchase.

Project your income into the next year and every year for five years. If you have been able to grow your honey sales by ten percent every year since you started, use this as the basis of future growth projections. Unless you are adding a new product or service, keep the growth rate at a stable level. The exception would be if you expect a large increase in income due to the addition of new products and, even then, keep the projection conservative. If you cut your projected profit in half and increase your expenses by four times, would you still make money? If not, you either need to revisit your product pricing or not expand this business. Anticipate extra expenses and reduced income.

What happens if you lose your bees due to pesticides or a drought? What contingency plan do you have that will allow your business to survive and recover from extreme loss?



Co-teacher on the Fun and Profit workshop was Sheldon Schwitek (Left) here with Craig Fuller, my queen rearing partner. Both are at a sales booth for Wicwas Press.

F. Appendix

In an Appendix at the end of the Plan, include information about your credit history, resumes of key people, photos of the operation, letters of reference, customer satisfaction survey results, marketing studies, articles you have written, special training you have completed, licenses, legal documents, leases, contracts, and a list of business consultants such as your attorney and accountant.

Create a Niche and Stand Out!

As you present your business plan, clearly explain how you fit into a niche market and you are unique in this sales opportunity. By making your business unique, you will develop a following that makes you different from other well-established beekeeping business in your area. Point out that you are providing products and services that they do not.

Size of your business

If you are going to make a honey-and-beeswax based hand cream and sell it on the Internet, you may be able to start your operations small and let it grow as customers respond. You may add additional production as you grow, and expand into commercial resellers and agents for your product once it is established. Or you may decide to reach a certain size and level of sales and keep the business at that level where you can handle all the details of production and sales without the need to hire extra help. If you are generating an adequate level of profit for your efforts, you may have found something that fits you and your other interests. **BC**

Prepared with the assistance of Robert Muir.

Check out www.wicwas.com for information about the release of the fully revised edition of *Honey Bee Biology and Beekeeping* by Dewey M. Caron with Lawrence John Connor. This is a popular college textbook that has been used in many bee schools. The new edition is in color with many new items.

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