



NICHE MEAT PROCESSOR
ASSISTANCE NETWORK

Small Meat Processors

BUSINESS PLANNING GUIDEBOOK





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ACKNOWLEDGMENTS

Support for this guide was provided by the U.S. Department of Agriculture, Rural Development, the Leopold Center for Sustainable Agriculture, and eXtension, a national initiative of the combined land-grant university system. NMPAN is a small meat processors community of practice within eXtension www.extension.org

Additional thanks to

- our reviewers for their significant improvements to this guide
- NMPAN's Advisory Board

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INTRODUCTION

This guidebook walks you through creating a business plan for a small meat processing facility. The example used is a real business plan, written by an existing small processor to obtain bank financing for a significant expansion and retooling of his business. Names and other identifying details have been changed for confidentiality.

What is a business plan?

A business plan is a living document in which you clearly state the goals of your planned business venture, provide reasons that these goals are achievable, and outline your plan to achieve your goals.

When does a processor need a business plan?

To put it another way, when do you not need a business plan? Answer: when you can afford to fail. Unless you're planning a meat processing business as a hobby, you need a business plan. Your banker will require projections of revenue and cash flow with concrete information to back up these numbers. At a minimum your business plan is for your bank. But your business plan is also for you.

It can be daunting to put a business plan together. But the process of planning your business — trying to figure out how it will work and whether you're going to make money — is essential. Admittedly, almost no business runs exactly as a business plan projects. But it is far better to lose money on paper than to lose money in real life.

What is your plant going to cost? How many employees do you need, and how much can you afford to pay them? What prices will you charge? Where will the livestock come from, and how do you know they're coming? These are all questions you need to answer before you take out a \$1 to 2 million loan and start paying it back every month for 25 years. Putting together a business plan shows you are serious about starting or expanding and have thought through the process.

What is not covered in this guide?

This guide does not cover all the different regulations relevant to building and operating a processing facility. It is critical to understand the regulations at the federal, state, and local levels before you finalize your plans. Make sure you understand the pros and cons of different types of inspection (federal, state, custom-exempt, retail-exempt: see www.extension.org/pages/Meat_Inspection for definitions and distinctions) so you select the right one for your business. You will also need to understand and comply with local, state, and federal regulations regarding zoning and local planning, water quality, waste management, environmental health, food safety records and documentation, humane handling, pest control, product labeling, and others.

To build or not to build?

Proceed with caution. Meat processing facilities – like many manufacturing facilities – can be very expensive to build and operate. Many start-up businesses fail financially in the first few years. Even when the closest inspected slaughter and/or processing facility seems too far away, building an entirely new plant, mobile or fixed, may not be the most cost-effective solution. Livestock producers considering building a meat processing facility may first want to evaluate the options and costs of pooling livestock for shared transportation to existing inspected facilities and use less-than-load (LTL) shipping to get the meat back. Remodeling an existing plant may also be possible; the business plans in this guide can be adapted to that type of project as well. Still, in some cases – and more so in the future as older plants complete their useful lifespan – it will make sense to build a new facility.

HOW TO USE THIS GUIDE

This guide has five sections:

1—Brief introduction to business plan components

2—Business plan, piece by piece, from a real processor, with comments

3—Considerations for other plant configurations

4—Other business planning resources

5—A final word

Section 1 lists and briefly describes the basic components of a business plan. **Section 2** walks through the business plan for a specific meat processing business, a custom-exempt slaughter and processing facility proposing to build a new building three times its current size, become USDA-inspected, and expand its retail operation. In each part of this business plan, you will find questions you need to answer and suggestions for finding information to answer those questions.

The example business plan used in this guide is not presented as a masterpiece of business plan writing. It is a basic business plan that worked – the processor was able to convince his banker to make the loan. This business plan, however, on its own, was not the only reason the bank chose to make the loan. The processor had a solid track record with his bank: he was known as a responsible borrower. The banker was familiar with this kind of business and may have needed less detail than another banker with less understanding of meat processing. Other contextual factors may have played a role. Yet you can be sure that if the processor had not presented his bank with a clear business plan, the bank would have said no.

A busy small business owner can put together a business plan without spending money on high-dollar consultants or putting in endless hours of extra work on the side. Simple and clear are just fine.

If you are planning a completely new business, it will help you to outline all the steps involved from receiving a live animal to sale of product to the final customer (e.g., slaughter, fabrication, value-added processing, packaging, labeling, marketing, sales, and distribution). While your business may handle only a small portion of that supply chain, it's a good idea to understand the full picture so you can see how you fit and the needs of your supply chain partners.

In **Section 3**, you will see how your plan may change for two alternative plant configurations: first as a custom-exempt facility and, second, by adding an inspected mobile slaughter unit. **Section 4** lists other useful resources for business planning. **Section 5** concludes the guide with a few final thoughts on planning this kind of business.

SECTION 1—Brief Introduction to Business Plan Components

Funders – whether a bank or an investor – want your business plan to answer these questions:

- Is the business idea solid?
- Is there a sufficient market for the product or service?
- Are the financial projections realistic, and do they fit the funder's typical loan expectations?
- Is key management experienced and capable?
- What competition exists?
- Does the plan clearly describe how funders will get their money back?

Most business plans have the sections listed below. The order in which they appear is not set in stone. However, you may find it helpful to identify your target market, your competition, and your strategic goals before you describe your marketing plan.

Executive Summary: this is a concise (one page at most) overview of your entire plan.

Business Description: includes a description of the business, products, and services; company locations and facilities; and management and labor;

Business Mission and Strategy: includes your mission statement, strategic goals and objectives, and financing needs, with exit plan if needed;

Markets and Competition: includes industry trends/analysis, competitive analysis, and **SWOT** (strengths, weaknesses, opportunities, and threats) analysis;

Marketing Plan: includes the overall marketing strategy, pricing strategy, target markets and market segments, promotion and distribution strategies, and sales projections; and

Financials: includes assumptions and summary of information

Appendices:

- Financial reports, historic and projected (balance sheet, cash flow, income statement)
- Management team
- Other information referenced in the plan (e.g., lists of competitors, regional data that affects your market)

You may spend months preparing your plan, but lenders or investors may spend five minutes reviewing it. They will typically look at it in this

Some business planning experts advise a **SWOT** analysis for the business as a whole: there may be issues beyond markets and competition that will determine whether starting or expanding a processing plant is a good or bad move. The full-business **SWOT** can help you get at that question.

order: Executive Summary, Financials, Management, and the Competitive Analysis; some investors also will want an exit plan that tells them how they'll get their money back. Don't be offended by this: it is typical. And don't think that the rest of your plan is not important. It is. Remember, your business plan is not only for your bank. It also helps you get your thoughts and vision in order so you can carry out your plan.

SECTION 2—ABC Meats Business Plan, Piece by Piece

At the time this business plan was written, ABC Meats was a custom-exempt processing facility providing processing services to livestock producers and game hunters. The facility also had a small retail counter. The new proprietor of ABC Meats has worked there for many years and recently purchased the business with a combination of **equity** (he sold his cattle herd) and a bank loan. He now wishes to expand the retail operation, build a new building three times the size of the existing one, and become USDA-inspected. He estimates he needs just over \$2 million to do all this. He plans to ask his local bank for a 20-year loan of \$1.6 million. The remaining \$400,000 will come from his own equity and, if possible, from private investors. One advantage of private investment capital is that it does not require monthly debt service, as will a bank loan; however, he must make sure that the cost of private capital does not compare unfavorably with the cost of bank financing.

For each piece of the following business plan, you will find a statement of what it should contain, guidance for the section, and what ABC's plan says. Side boxes throughout the guide define terms and suggest how ABC might have improved its plan.

EXECUTIVE SUMMARY

The Executive Summary gives the high points of the plan and ties everything together in less than one page. It includes a brief description of the business, both current and proposed; a brief summary of the market analysis and business opportunity; and a simple, clear statement of what the business seeks in financing along with what assets and equity or subordinated debt will be part of the financial package.

Guidance for this section

This Summary should only include information that is already in your plan - no new information. Think of this as the five-minute version. What are the highlights and important points in the plan that you'd want to tell someone – a lender, an investor, a potential management employee – if you only had five minutes with that person?

EQUITY

Money you or others put into the business as business owners.

SUBORDINATED DEBT

Debt that is formally subordinated to your bank loan. If you cannot pay back your bank loan, the bank will be first in line to take your assets.

WHAT THE ABC MEATS PLAN SAYS

To capitalize on rising interest in local meats, ABC Meats intends to build a new, federally-inspected, red meat processing facility, 8000 sq. ft., including retail space for specialty meat products.

ABC Meats has been in business for 50 years at the same location and has traditionally served livestock producers and hunters with custom slaughter and meat cutting services operating under USDA's **custom exemption** and **retail exemption**. ABC has developed an award-winning line of specialty jerky, hams, and small diameter cooked sausages that are manufactured for custom and retail customers.

According to a recent Businessweek article, consumers are paying increased attention to the food they eat (December 2009). This has led to more demand for small-scale inspected meat processors than ever before (New York Times March, 26, 2010). Locally produced meat products differ from products sold through national and international markets because of their local, artisanal flavor, and personal relationships that a local meat processor can afford to have with customers. Recent food scares about meat from both domestic and international sources have increased customer interest in small regional meat processing businesses. Local meat processors currently operating have an opportunity to expand their business by creating personal relationships with their customers and differentiating their products based on local quality and uniqueness. Of critical importance in any value added local food market is sufficient infrastructure to meet demand.

ABC Meats intends to capture part of this local market trend by acquiring federal inspection for slaughter and processing and by expanding its facility to increase capacity and expand wholesale and retail sales of specialty meats.

ABC Meats seeks \$1.6 million in long-term financing to cover start-up costs, equipment, building expenses, and working capital for this expansion. ABC is willing to invest its own capital and use current operation assets and personal assets as collateral.

CUSTOM EXEMPT

Slaughter facilities may offer processing services to the owner of an animal for direct return to the owner, his or her employees, and non-paying guests. Typically ownership may be divided among up to four families.

RETAIL EXEMPT

Facilities may sell inspected meat directly to consumers; some wholesaling is allowed of products that require cooking (e.g., fresh sausage), up to an annual dollar amount (roughly \$50,000).

BUSINESS DESCRIPTION

This part describes the current business including location(s), type of facilities, products and services, and key personnel. It also describes the planned facility and how it will be different and/or expanded from the current business. If you are starting a new business, use this section to describe what you are planning and the people and knowledge that will make your new venture a success.

Guidance for this section

You should know all the following information. You also will want to include your current throughput (how many head per species per week, month, or year) and your current number of employees (and how this number will change with the expansion). Note how ABC Meats' plan has various subsections to make it easier to find specific information. Your funders also may find it useful in this section to read a brief story of why you decided to develop this specific business venture. This adds a personal touch to the business plan.

WHAT THE ABC MEATS PLAN SAYS: Business Description

Business Description, Products, and Services

ABC Meats is a small meat processor with more than 50 years of business experience at the same location. The company has traditionally served local livestock producers and hunters with custom slaughter and meat cutting services. It also manufactures an award-winning line of specialty meats, including jerky, hams, and small diameter cooked sausages, for custom and retail customers. ABC Meats currently operates under USDA's custom exemption and retail exemption.

Company Locations and Facilities

ABC's current facility is located on Main Street in downtown OurTown. It is licensed as a custom slaughter and retail exempt meat processing facility and is 2,000 sq. ft. in size. The planned new facility will be 8,000 sq. ft. and located outside the city limits to provide for greater livestock handling capacity with fewer disturbances to the local populace. This expanded capacity will be essential for increasing processing income through better customer service — for example, a larger cooling space to accommodate different hang times based on customer preferences.

Management

John Sharp, President: Mr. Sharp is the current owner and president of ABC Meats. He has more than 25 years in both meat processing and retail management. His experience includes work with Giant Value and Tesco, in both meat cutting and management functions.

Jane Edge, Operations Manager: Ms. Edge has been with ABC Meats for more than five years and is fully versed in company operations. She has been instrumental in implementing improved record keeping and production practices.

BUSINESS MISSION AND STRATEGY

This part includes the **mission statement, strategic goals** and objectives – what you actually hope to accomplish – and **financing needs** (this last item is sometimes called the start-up summary, for start-up businesses).

Guidance for this section

Again, you should know all the information in this section. This is the place for you to state what you want to do. The financial needs information should be based on good estimates for costs that you have received from contractors and suppliers. You will need to develop building designs or blueprints to get good estimates for construction costs. Many larger contractors will include design drafting as part of their construction services package.

Goals usually refer to a general direction you want to go, while objectives usually lay out how you will accomplish the goals.

This section also could include a description of supply chain partners and a short list of keys to success. If you are approaching private funders, such as venture capitalists, you will probably need an exit plan to tell investors how they will get their money back.

WHAT THE ABC MEATS PLAN SAYS: Business Mission and Strategy

Mission Statement

Our goal at ABC Meats is to give you the very best product and customer service so that we may earn your trust and future business.

Strategic Goals

- Acquire federal inspection for slaughter and processing;
- Expand the retail and wholesale business for specialty jerky, ham, and sausage products by using networks already developed by the local “Buy Fresh, Buy Local” Initiative;
- Attract additional ranchers to use our slaughter, custom cut, and wrap services by making them aware of additional market opportunities from expanded retail sales; and
- Expand the capabilities of the facility to meet new demand.

Strategic Objectives

- Increase retail sales to \$500,000 over 3 years;
- Increase revenue from the custom slaughter business to \$1,019,000 through expanded capacity and adding federal inspection over 3 years;
- Repay new bank loans within 20 years.

MISSION STATEMENT

A short statement about what your company is and what it does. If you also include a vision statement, it should convey key points about the business that will help guide decisions.

An OBJECTIVE should be SMART:

Specific
Measurable
Achievable
Relevant
Time-bound

A GOAL requires DRIVE:

Directional
Reasonable
Inspiring
Visible
Eventual

CASH FLOW

Money in and out of your business checkbook, usually examined on a monthly basis. Cash flow is calculated before accounting for depreciation and revenue taxes (if any); it is real cash in-hand. You always want more cash coming in than going out.

TABLE 1. FINANCING NEEDS (or “EXPANSION COST” or “START-UP SUMMARY”)

CAPITAL EXPENDITURES		SOURCES OF FUNDS	
*Building and Cooler Facility	\$1,720,000	Proprietor Investment	\$409,160
Sewer and Water	\$10,000	Bank Loan	\$1,596,640
Site Work Allowance	\$200,000	Total Sources of Funds	\$2,005,800
Land (4 acres)	\$70,000		
Cutting Tables	\$1,800		
Shelving & Racks	\$4,000		
Total Capital Expenditure	\$2,005,800		

*ABC Meats had recently purchased a new sausage stuffer and smokehouse, so did not anticipate a significant equipment investment with the expansion.

MARKETS AND COMPETITION

This is the place for industry trends/analysis, competitive analysis, and a SWOT analysis (strengths, weaknesses, opportunities, and threats). It can be tempting to focus this section on “big picture” market trends, but keep that part short. The competitive analysis is much more important to your banker and/or investors. They will buzz right through industry trends and analysis. They want to know who your competitors are and how you plan to compete against them.

Guidance for this section

Who are your competitors? Are other processors near you that offer similar services? This information often can be collected from a listing of meat plants in your state that is usually kept by the state department of agriculture. Many business plans refer to reports by industry associations or professional research companies. While helpful, these are usually not necessary. Once you find out who your competitors are, find out more about how they do business. Consider visiting their plants and/or websites. Finding information about a business helps you learn which products and services it offers and what it charges for those products and services. You can also learn background information about prospective customers and suppliers.

Keep in mind that small processors are usually all in the same boat. While you need to analyze nearby processors as competition for your business plan, day to day they may well be a source of help when you’re in a pinch – for example, you run out of casings in the middle of the day or you need help with your smokehouse for a new product. Based on the experience of other small processors, it can be better to look at nearby processors as knowledgeable neighbors rather than competition. Even so, your funders will want to see how you will compete for business with them.

START-UP CAPITAL

As an existing business with some proprietor capital to invest, ABC Meats has chosen not to include additional start-up capital in its financing needs (see Table 1).

However, start-up capital is likely to be critical for a completely new business because your business will start with full expenses — full-time employees, full mortgage payment — but not full revenues. Start-up cash is needed to get you off the ground. Most new businesses lose money for a certain period of time as they build up sufficient business to achieve positive cash flow. One of your financial goals should be to have a positive cash flow within 6 to 12 months.

WHAT THE ABC MEATS PLAN SAYS: Markets and Competition**Sales Trends in the Small Meat Processing Industry**

Long a mainstay of rural communities, small meat processing facilities provide services that are both needed and profitable. This is especially true in OurState, where there are many independent livestock producers and a long history of direct sales of bulk “freezer meat” to household consumers. Consumer awareness of and interest in local and regional foods has been expanding in recent years. Local meat processing businesses are uniquely positioned to take advantage of both long-present demand and emerging market opportunities.

Industry Analysis

Small meat processing businesses exist in a competitive niche that overlaps several markets. Typical custom meat processors process animals from livestock producers within the region. Processors compete with each other on price, speed of service, quality, and specialty sausage recipes. Also, processors with retail space compete with local retailers for retail meat business. Processors do not compete with food retail establishments strictly on price but on product quality and uniqueness. Lastly, some inspected processors have developed value added products, sold wholesale to grocers and restaurants. In the wholesale business, processors must typically compete with national and regional distributors and processors.

Market Analysis

The regional market for OurTown includes A, B, C, D, and E counties. According to 2007 agricultural census data, these five counties represent significant production in hogs, beef cattle, and dairy, as shown in Appendix 3. Farms with livestock are typically in need of significant local processing capacity for local marketing of meat products, as well as cull cattle and hogs. They represent a significant market for custom meat processing services. Deer hunting is also a popular pastime in the region. Processors enjoy a highly profitable **deer-processing season** during the fall and winter.

In addition to the slaughter and processing business, meat processors in OurState also have had success with on-site retail markets. As stated above, the uniqueness, quality, and relationship offered by local meat processors have proven attractive to consumers. Appendix 4 lists plants that have successfully expanded their retail operations within the last five years and are now highly profitable.

Competitive Analysis

Because this region supports a large and vibrant livestock industry, there are a number of meat processors in the area dedicated to providing custom slaughter and specialty meat products and services to the five-county area mentioned above. Within the custom slaughter segment, all the meat processors listed in Appendix 5 are competitors. However, within the retail segment, none of these processors currently provides significant retail capacity with the exception of 123 and XYZ Lockers. 123 is almost a two hour drive from OurTown and XYZ is almost a one hour drive from OurTown. Neither are significant competitors in the retail arena based on distance. They will, however, compete in the inspected slaughter and processing arena.

Some custom processors in ABC's region are open only for deer season and deer processing.

TABLE 2. SWOT ANALYSIS

INTERNAL	EXTERNAL
<p>STRENGTHS High quality specialty meat products that have been recognized throughout OurState</p> <p>High levels of customer service, including flexible hang times that local competitors do not provide</p>	<p>OPPORTUNITIES Expanded custom processing and speed of service</p> <p>Inspected slaughter opens up opportunities for OurTown and local livestock producers to market meat to retail and restaurant establishments</p>
<p>WEAKNESSES Limited current wholesale accounts</p> <p>No customers using slaughter services for resale in retail and restaurant establishments</p>	<p>THREATS 123 Locker, a federally inspected plant, and XYZ Locker, a state inspected plant, will be competitors for inspected slaughter and processing</p>

MARKETING PLAN

Include the overall marketing strategy, pricing strategy, **target markets and market segments**, and strategies for both promotion and distribution.

Guidance for this section

Understanding your customers is essential to your success. You need to know who they are, where they are, what they want, and what they can afford. Most importantly, you have to know that there are enough of them to support your business. Before you begin to research your target market, it is important to narrow the market definition even more by identifying the particular market segment you want to reach. That will give you good information for planning your marketing to reach customers effectively.

A banker or investor will want to see evidence of demand for your products and services. For example, a strong piece of evidence for the processing service side of the business would be letters of commitment from producers stating that they will bring in a certain average number of livestock over the year (and especially during specified months). To help get evidence like this, consider working with trade associations, such as regional or local cattlemen groups, pork producer groups, and other livestock producer associations or farmer groups. (Remember that stated demand and actual demand are two different things.) A third-party analysis of local demand for your products and services also can be valuable and potentially more persuasive than anecdotal evidence.

Regarding retail sales, a good place to start looking for target market data (information about people living in your local area and/or region who would buy what you're selling) is the U.S. Census Bureau (www.census.gov) and Sperling's Best Places (www.bestplaces.net); both are free and provide detailed demographic information for both cities and counties. Try not to be overwhelmed by what could quickly be an information overload. Retail sales depend on the number of people who come to your business, so the number of people who live in your area will naturally affect this. There is a joke that you can sell anything in New York City's Times Square because there are so many people there, the odds are good that someone walking by will buy the thing, whatever it is.

TARGET MARKET

A set of people, defined by specific characteristics (for example: their location, income level, family size), that you believe are your most likely potential customers.

MARKET SEGMENT

A subset of the target market, also defined by specific characteristics. The universe of potential customers can be divided into almost limitless market segments. But you will choose only a few segments to focus on: these are your target markets.

Similarly, it may be an expensive decision to open a retail store far away from potential customers without first considering how you will attract customers to your business. While the ABC Meats plan does not go into great detail in this area, some demographic items to look for are:

- **Overall population size** – how many people live near your business?
- **Household income** – this suggests how much money people in your target market may have at their disposal to spend on your product(s) and how much they may be able or willing to pay.
- **Population age** – families with children tend to spend more than other people on groceries. Elderly people don't tend to spend as much on groceries. However, these two groups also may buy different types of products: families may buy more ground beef while the elderly may buy more filets. And while the elderly may not spend as much in total, they may have the ability/desire to purchase more expensive items.
- **Local traffic flows** – how many people drive by your business location (or proposed location) every day? Your state Department of Transportation may have information about this for free.
- **What ethnic groups live in your area?** If you make a lot of specialty Norwegian sausage and there are a lot of people of Norwegian descent in your area, that would be a good thing to note in your marketing plan. Such people would be good likely customers because of the products you make. You would also want to note how you might focus your marketing efforts toward this group (for this Norwegian example, perhaps through Lutheran church newsletters, local Sons of Norway groups, or local ethnic festivals).

You also can often find associations serving people who might be interested in your local, specialty meat products such as “Buy Fresh Buy Local” organizations and Community Supported Agriculture (CSA) groups. Community gardens and/or cooking classes can also be good sources. The existence of such local groups provides support for the idea that people in your area are interested in local and specialty food products.

Regarding wholesale marketing, what retail stores and restaurants exist in your area that might be good business partners for you? Note these in your plan, and include letters of support from them if possible. It would also be good to include retail sales information for these establishments, as both competitors and as indicators of the types of food products people are buying in your area, and at what prices.

The data in this section for the sales projection table should match up with your cash flow projections.

Bottom Line: Don't get bogged down with this section. Do your best, and your lenders and/or investors will tell you if they need more information.

ABC Meats claims there is significant demand for inspected processing but provides no data to back it up. A potential funder might argue that most customers are satisfied with custom-exempt processing (e.g., for on-the-hoof/freezer meat sales) and would want more evidence of enough demand for inspected processing to sustain the business.

Anecdotal evidence could help. For example, “ABC has received dozens of requests for inspected slaughter and processing services on a monthly basis, from producers wishing to process between 10 and 1000 head per year.”

Compared to other business plans, ABC Meats' Marketing Plan is relatively thin on details, but it was acceptable to ABC Meats' banker. This is likely because it was an existing business. A start-up looking for funding would almost certainly have needed to provide more detail.

WHAT THE ABC MEAT PLAN SAYS: Marketing Plan

Overall Strategy: The overall marketing strategy for the next three years is to continue to grow and improve the slaughter and processing business, while expanding the retail and wholesale parts of the business. The planned new facility will be federally inspected, so the number of prospective customers will be significantly higher. For an existing business, a monthly log of the business you have had to turn down because you are too busy is also strong evidence.

Target Markets and Market Segments: ABC Meats will target quality-conscious consumers looking for specialty meats that are not available through typical grocery channels. ABC will also target local restaurant and bar establishments interested in differentiating themselves from their competition through higher quality food for a reasonable price. Lastly, ABC will target larger retail grocery establishments where locally produced specialty products have been growing in popularity.

Pricing Strategy: ABC Meats products and services are currently priced higher than competitors in the immediate region. This is because ABC competes not on price, but on flexibility, the quality of services and products, and the availability of specialty, value added products. ABC demonstrates flexibility through its willingness to do different hang times based on customer preferences. This has attracted customers interested in the superior taste and quality of beef hung 10 to 14 days. Also, as mentioned above, ABC Meats has several award winning, further-processed meat products that keep customers coming back.

Promotion Strategy: ABC Meats will promote its products and services to customers through:

Regular newspaper advertisements focusing on retail products;

Promotional flyers and radio announcements to advertise increased processing capacity, retail products, and speed of service; and

Direct sales to local and regional restaurants, wholesale, and retail establishments.

Distribution Strategy: Primary distribution of meat products will be through the new proposed retail counter and slaughter facility. Secondary distribution of wholesale specialty meat products will be through local deliveries.

Slaughter and further fabrication operations will continue to function as before, with customers bringing animals for slaughter and picking up finished cuts and further processed meat products. Customers will have the options of custom-exempt or inspected slaughter, depending on their needs.

AGING BEEF

ABC Meats prefers 10 to 14 days of aging, but this is just one opinion. The effects of aging vary. For most people, aging beef 7 to 10 days will result in adequate tenderness, desirable flavor, and only modest meat weight loss. Aging meat for longer periods can reduce shelf life for fresh products.

Sales Projections: Retail sales will start when the facility is built and fully stocked. Sales forecasts, presented in Table 2, are based on experiences of similar retail expansions of meat processors in small towns in other parts of the state with similar demographics and competition and may be considered conservative.

TABLE 3. SALES FORECASTS FOR NEW FACILITY

	YEAR 1	YEAR 2	YEAR 3
RETAIL	\$100,000	\$300,000	\$500,000
WHOLESALE	\$25,000	\$35,000	\$45,000
SLAUGHTER AND PROCESSING	\$861,028	\$925,530	\$1,019,605
TOTAL	\$986,028	\$1,260,530	\$1,564,605

In your version of this table, include not only the dollar amounts but the percent increase from year to year that they represent. That makes your projections even clearer to potential funders.

For example, ABC Meats estimates that slaughter and processing revenue will increase 7 percent from year 1 to year 2 and an additional 10 percent by year 3.

FINANCIALS

What goes here? Include the assumptions underpinning the cash flow statements and historical financial statements, both of which are in the appendices to your plan.

Guidance for this section

Potential investors will closely examine your cash flow and historical financial statements. In this section, you must explain and defend every assumption you used to make the cash flow projections as well as anything in your historical data that could be a red flag. For example in ABC Meats' plan, this section's first paragraph explains why profitability fell in 2009 and implies that it was not the consequence of poor management. Think of your assumptions as a summary of your financial statements that give enough detail to guide the reader through the statements.

If you are starting a new business, you have to make more assumptions than an existing business because you have no track record. You will want to take extra care in explaining your assumptions and backing them up.

WHAT THE ABC MEAT PLAN SAYS: Financials

The following are the assumptions behind the forward-looking cash flow statements included in Appendix I. Also, lower profitability in 2009 (see Appendix II for historical financial statements) is due to (a) one-time cash expenditures for consulting fees aimed at improving the recordkeeping and productivity of the business and (b) increases in labor expenditure to take on expanded business. If not for these costs, profitability would have increased.

Assumptions

- Sales increases are based on sales figures of similar facilities located in similar communities throughout OurState.
- Negative cash flow in the months of April and May are due to the seasonal nature of meat processing.
- Principal and interest payments are based on current payments to Citizen's Bank and additional payments for:
 - \$1,596,640 bank note
 - 6.5 percent annual interest rate
 - 240 periods of payment
- Unit variable costs increase proportional to sales, including:
 - Ingredients
 - Raw materials
 - Packaging
- Because a new facility with new equipment is considerably more efficient, only 40 percent increases for utilities, wages, and payroll expenses are projected. A 50 percent increase in insurance expense is assumed for the new facility. Repairs and maintenance will be static because equipment and facility are new.
- Officer wages are static; they are flexible depending on the needs of the business.

APPENDICES

This is the place to put your full cash flow projections and historical financial data (income statements from the last two or three years). Put additional supporting materials into appendices, to keep the main body of your plan short and to the point. For example, you may list primary management personnel in the body of the plan, but if you want to list the rest of your team and their talents, do that in an appendix. ABC's plan has six appendices, listed below.

Appendix 1	Projected Cash Flow Statements, Years 1, 2, 3
Appendix 2	Historical Financial Data
Appendix 3	USDA Livestock Inventory Statistics for Six County Area
Appendix 4	Six County Area Competitive Landscape
Appendix 5	Meat Processor Expansions in the Last Five Years
Appendix 6	Management and Employees

The cost and revenue categories included in ABC's cash flow projections may need to be adjusted to fit your business, but these give you a comprehensive start.

These cash flow tables are available online as templates, with instructions. Go to www.nichemeatprocessing.org>Tools for Businesses>Business Planning.

Obtaining financial information from other processors will help support your assumptions.

This assumption will hold only for the first several years.

ABC MEATS: YEAR 1 MONTHLY CASH FLOW

YEAR 1: MONTHLY CASH FLOW	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	ANNUAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
ABC Meats													
Cash Receipts from Processing	\$71,079	\$70,814	\$84,973	\$45,479	\$36,410	\$84,923	\$57,787	\$65,759	\$87,159	\$84,502	\$67,361	\$104,782	\$861,028
Cash Receipts from Retail	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$100,000
Cash Receipts from Wholesale	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$25,000
Cash Available (Start Up Operating Capital)	\$0	\$11,929	\$23,096	\$42,462	\$38,165	\$26,740	\$47,384	\$48,637	\$54,413	\$74,322	\$92,404	\$98,696	
GENERAL EXPENSES (Cash Out)		YEAR 1								YEAR 1			
Raw Materials	\$10,949	\$10,908	\$13,962	\$5,604	\$4,487	\$13,954	\$9,495	\$11,480	\$15,664	\$15,186	\$12,106	\$19,369	\$143,164
Ingredients	\$1,488	\$1,483	\$1,898	\$762	\$610	\$1,897	\$1,291	\$1,560	\$2,129	\$2,064	\$1,645	\$2,633	\$19,460
Packaging	\$6,582	\$6,558	\$8,393	\$3,369	\$2,697	\$8,388	\$5,708	\$6,901	\$9,416	\$9,129	\$7,277	\$11,644	\$86,065
Officer Wages	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$32,692
Hourly Wages	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$271,671
Payroll Expense	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$28,073
Contract Labor	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$5,650
Dues and Subscriptions	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$884
Interest Expense	\$9,196	\$9,179	\$9,161	\$9,143	\$9,125	\$9,107	\$9,089	\$9,071	\$9,053	\$9,034	\$9,016	\$8,997	\$109,171
Property Taxes	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$1,304
Laundry	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$2,453
License	\$90	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$90
Legal and Accounting	\$0	\$0	\$1,313	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,313
Vehicle Expense	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$3,501
Replacement Tools	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$2,087
Telephone	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$834
Advertising	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$6,713
Office Expense	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$5,067
Utilities	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$33,439
Insurance Expense	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$18,764
Rent	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$3,900
Travel	\$0	\$658	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$658
Supplies	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$9,011
Other Services	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$8,224
Repairs and Maintenance	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$11,013
TOTAL GENERAL EXPENSE (Cash Out)	\$65,412	\$65,892	\$71,834	\$55,985	\$54,026	\$70,453	\$62,689	\$66,120	\$73,368	\$72,521	\$67,151	\$79,749	\$805,200
Principal Payment	\$4,122	\$4,139	\$4,157	\$4,175	\$4,193	\$4,211	\$4,229	\$4,247	\$4,265	\$4,284	\$4,302	\$4,321	\$50,644
Taxes	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$393
CASH AVAILABLE	\$11,929	\$11,166	\$19,366	-\$4,297	-\$11,424	\$20,644	\$1,253	\$5,777	\$19,909	\$18,082	\$6,292	\$31,096	\$129,791
CASH FORWARD	\$11,929	\$23,096	\$42,462	\$38,165	\$26,740	\$47,384	\$48,637	\$54,413	\$74,322	\$92,404	\$98,696	\$129,791	

ABC MEATS: YEAR 2 MONTHLY CASH FLOW

YEAR 2- MONTHLY CASH FLOW	MONTH 1		MONTH 2		MONTH 3		MONTH 4		MONTH 5		MONTH 6		MONTH 7		MONTH 8		MONTH 9		MONTH 10		MONTH 11		MONTH 12		ANNUAL		
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER															
ABC Meats																											
Cash Receipts from Processing	\$85,295	\$84,976	\$95,594	\$45,479	\$33,376	\$95,539	\$65,011	\$69,628	\$89,649	\$86,917	\$69,286	\$104,782	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$2,917	\$2,917	\$2,917	\$2,917	\$35,000	
Cash Receipts from Retail	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$25,000	
Cash Receipts from Wholesale	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$25,000	
Cash Available (Beginning Period)	\$0	\$37,185	\$73,579	\$116,764	\$130,645	\$135,387	\$179,846	\$202,896	\$229,184	\$269,512	\$307,924	\$333,972	\$371,881	\$416,764	\$455,000	\$493,238	\$531,476	\$569,714	\$607,952	\$646,190	\$684,428	\$722,666	\$760,904	\$799,142	\$837,380	\$875,618	
GENERAL EXPENSES (Cash Out)																											
Raw Materials	\$14,668	\$14,613	\$16,439	\$5,214	\$3,508	\$16,429	\$11,180	\$11,974	\$15,417	\$14,947	\$11,915	\$18,019	\$2,032	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$2,096	\$154,321	
Ingredients	\$1,984	\$1,986	\$2,235	\$709	\$477	\$2,233	\$1,520	\$1,628	\$2,096	\$2,032	\$1,620	\$2,449	\$8,825	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$9,885	\$20,476	
Packaging	\$8,818	\$8,785	\$9,882	\$3,134	\$2,109	\$9,877	\$6,721	\$7,198	\$9,825	\$8,805	\$7,162	\$10,832	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$92,772	
Officer Wages	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$32,692	
Hourly Wages	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$271,671	
Payroll Expense	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$28,073	
Contract Labor	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$5,650	
Dues and Subscriptions	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$884	
Interest Expense	\$8,978	\$8,960	\$8,941	\$8,922	\$8,902	\$8,883	\$8,864	\$8,844	\$8,825	\$8,805	\$8,786	\$8,766	\$8,746	\$8,726	\$8,706	\$8,686	\$8,666	\$8,646	\$8,626	\$8,606	\$8,586	\$8,566	\$8,546	\$8,526	\$8,506	\$8,486	\$106,476
Property Taxes	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$1,304	
Laundry	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$2,453	
License	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	
Legal and Accounting	\$0	\$0	\$1,313	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,313	
Vehicle Expense	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$3,501	
Replacement Tools	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$2,087	
Telephone	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$834	
Advertising	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$6,713	
Office Expense	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$5,067	
Utilities	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$33,439	
Insurance Expense	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$18,764	
Rent	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$3,900	
Travel	\$0	\$658	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$658	
Supplies	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$9,011	
Other Services	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$8,224	
Repairs and Maintenance	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$11,013	
TOTAL GENERAL EXPENSE (Cash Out)	\$71,654	\$72,108	\$75,916	\$55,085	\$52,102	\$74,529	\$65,391	\$66,750	\$72,712	\$71,876	\$66,589	\$77,173	\$66,589	\$72,712	\$71,876	\$66,589	\$72,712	\$71,876	\$66,589	\$72,712	\$71,876	\$66,589	\$72,712	\$71,876	\$66,589	\$821,885	
Principal Payment	\$4,340	\$4,358	\$4,377	\$4,396	\$4,415	\$4,435	\$4,454	\$4,473	\$4,493	\$4,513	\$4,532	\$4,552	\$4,571	\$4,590	\$4,610	\$4,629	\$4,648	\$4,667	\$4,686	\$4,705	\$4,724	\$4,743	\$4,762	\$4,781	\$4,800	\$53,340	
Taxes	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$393	
CASH AVAILABLE	\$37,185	\$36,393	\$43,185	\$13,881	\$4,743	\$44,459	\$23,050	\$26,288	\$40,328	\$35,412	\$26,048	\$50,941	\$26,048	\$40,328	\$35,412	\$26,048	\$40,328	\$35,412	\$26,048	\$40,328	\$35,412	\$26,048	\$40,328	\$35,412	\$26,048	\$384,913	
CASH FORWARD	\$37,185	\$73,579	\$116,764	\$130,645	\$135,387	\$179,846	\$202,896	\$229,184	\$269,512	\$307,924	\$333,972	\$371,881	\$416,764	\$455,000	\$493,238	\$531,476	\$569,714	\$607,952	\$646,190	\$684,428	\$722,666	\$760,904	\$799,142	\$837,380	\$875,618	\$913,856	

ABC MEATS: YEAR 3 MONTHLY CASH FLOW

YEAR 3: MONTHLY CASH FLOW	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	ANNUAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
ABC Meats													
Cash Receipts from Processing	\$94,772	\$94,418	\$106,216	\$45,479	\$33,376	\$106,154	\$72,234	\$77,364	\$99,610	\$96,574	\$76,984	\$116,424	\$1,019,605
Cash Receipts from Retail	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$200,000
Cash Receipts from Wholesale	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$45,000
Cash Available (Beg. Period)	\$0	\$36,068	\$71,320	\$114,161	\$121,357	\$119,142	\$163,251	\$183,661	\$207,655	\$247,192	\$284,607	\$308,335	
GENERAL EXPENSES (Cash Out)										YEAR 3			
Raw Materials	\$16,438	\$16,376	\$18,422	\$4,733	\$3,184	\$18,412	\$12,529	\$13,418	\$17,277	\$16,750	\$13,352	\$20,193	\$171,084
Ingredients	\$2,234	\$2,226	\$2,504	\$643	\$433	\$2,903	\$1,703	\$1,824	\$2,348	\$2,277	\$1,815	\$2,745	\$23,285
Packaging	\$9,882	\$9,845	\$11,075	\$2,845	\$1,914	\$11,068	\$7,532	\$8,067	\$10,386	\$10,070	\$8,027	\$12,139	\$102,849
Officer Wages	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$2,724	\$32,692
Hourly Wages	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$22,639	\$271,671
Payroll Expense	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$2,339	\$28,073
Contract Labor	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$471	\$5,650
Dues and Subscriptions	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$884
Interest Expense	\$8,746	\$8,726	\$8,705	\$8,685	\$8,665	\$8,644	\$8,624	\$8,603	\$8,582	\$8,561	\$8,540	\$8,519	\$103,599
Property Taxes	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$109	\$1,304
Laundry	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$2,453
License	\$90	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$90
Legal and Accounting	\$0	\$0	\$1,313	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,313
Vehicle Expense	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$292	\$3,501
Replacement Tools	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$2,087
Telephone	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$834
Advertising	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$559	\$6,713
Office Expense	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$422	\$5,067
Utilities	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$2,787	\$33,439
Insurance Expense	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$1,564	\$18,764
Rent	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$3,900
Travel	\$0	\$658	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$658
Supplies	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$9,011
Other Services	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$685	\$8,224
Repairs and Maintenance	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$918	\$11,013
TOTAL GENERAL EXPENSE (Cash Out)	\$74,495	\$74,937	\$79,127	\$54,013	\$51,302	\$77,734	\$67,493	\$69,018	\$75,700	\$74,764	\$68,841	\$80,703	\$848,127
Principal Payment	\$4,592	\$4,613	\$4,633	\$4,653	\$4,674	\$4,694	\$4,715	\$4,736	\$4,757	\$4,778	\$4,799	\$4,820	\$56,464
Taxes	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$393
CASH AVAILABLE	\$36,068	\$35,252	\$42,841	\$7,196	-\$2,216	\$44,110	\$20,409	\$23,994	\$39,537	\$37,416	\$23,728	\$51,285	\$359,620
CASH FORWARD	\$36,068	\$71,320	\$114,161	\$121,357	\$119,142	\$163,251	\$183,661	\$207,655	\$247,192	\$284,607	\$308,335	\$359,620	

How do I come up with all these numbers?

While overwhelming at first sight, this process is very do-able, and you don't have to be a math geek. Use the revenue, cost of goods (COGs), and expense categories used by ABC Meats as a starting place, and add or remove categories as needed. If your plant will be bigger than about five employees, the following modifications are recommended:

1. With revenue, separate basic processing (slaughter and fabrication), from further processing (sausage and cured meat production). Put ground meat production into whichever work area holds the grinder and does the packaging.
2. The revenue categories for each work area, or "department," should also have a corresponding COGs category. You want to be able to track the money that comes in from each processing area versus the money that goes out.
3. Make sure that employee wages and associated expenses (taxes and benefits) are put under COGs in your chart of accounts AND are broken down according to the departments suggested above. ABC Meats has wages as an "Expense." However, if ABC organized revenue and COGs into departments, it could better track if each department is maintaining profitability. For example, breaking down into departments would show you if you're making all your money from cutting beef and pork, and losing money on making bologna and curing ham. You will not see this if you have only one revenue category and one COGs category for your whole business. You will see whether or not you are making money, but you will have no idea where it is coming from.

Even if you have fewer than five employees, charting your accounts this way will allow you to better accommodate departments if/as you grow; this approach gives you a more realistic sense of "gross profit," profit before accounting for overhead costs.

If you have employees who work in more than one department, allocate their wages on an average percentage basis. For example, your employee Joe Smith works on average, over the year, 50 percent of his time in cutting and 50 percent of his time making sausages. Count Joe's wages 50 percent in basic processing and 50 percent in further processing. An average for the year or every six months is fine, unless that employee's duties change significantly. Don't let precision get in the way of accuracy.

Be sure to work some seasonality into your monthly modeling. Many plants in the northern parts of the United States run slower in the months of February through April or May and are really busy in the fall.

Not sure how much revenue to expect? Take your expected volume and multiply by the prices you hope to charge. If you're losing money on paper, rethink your plans. It's generally better to find more volume than to raise prices; raising prices tends to make volume go down. Of course, cutting costs is also an option, but cost cutting reduces what you can actually do, so be careful not to cut costs too much. Run your numbers by smart people and tell them to ask hard questions.

Remember, it is much less painful to lose money on paper than in real life. While no financial model will ever be 100 percent accurate, a model that is as realistic as possible, and a bit conservative, can help you avoid big mistakes with real money.

ABC MEATS: HISTORICAL FINANCIALS

INCOME STATEMENT 2008 (Accrual Basis)	
ORDINARY INCOME/EXPENSE	
INCOME	
Processing Income	464,062.70
Locker Rent Income	36.00
Miscellaneous Income	6,123.00
TOTAL INCOME 470,221.70	
COST OF GOODS SOLD	
Cost of Merchandise	73,570.51
Ingredients	9,290.91
Packaging	49,730.40
Total COGS	132,591.82
GROSS PROFIT 337,629.88	
EXPENSE	
Wages - Officer	30,076.87
Wages	164,742.41
Payroll Tax Expense	15,682.59
Contract Labor	6,615.25
Dues and Subscriptions	470.00
Depreciation Expense	9,062.00
Amortization Expense	917.00
Education	275.00
Interest Expense	5,180.85
Property Taxes	530.00
Insurance Expense	14,389.15
Laundry	2,154.31
License	134.50
Legal and Accounting	5,897.00
Office Equipment Expense	551.32
Office Expense	3,269.95
Refunds	338.34
Repairs and Maintenance	8,647.01
Rent Expense	3,300.00
Supplies	6,163.12
Small Tools	704.55
Advertising and Promotion	8,295.26
Donations	375.00
Travel Expense	343.02
Meals and Entertainment	69.29
Telephone Expense	901.95
Utilities	23,571.72
Vehicle Expense	4,084.74
Bank Service Charges	27.70
Miscellaneous Expense	3,058.98
TOTAL EXPENSE 319,828.88	
NET INCOME 17,801.00	

INCOME STATEMENT 2009 (Accrual Basis)	
ORDINARY INCOME/EXPENSE	
INCOME	
Processing Income	538,619.67
Merchandise Income	2,934.59
Locker Rent Income	1,182.00
Miscellaneous Income	936.21
TOTAL INCOME 543,672.47	
COST OF GOODS SOLD	
Cost of Merchandise	86,902.95
Ingredients	12,592.54
Packaging	53,920.22
Total COGS	153,415.71
GROSS PROFIT 390,256.76	
EXPENSE	
Wages - Officer	32,692.25
Wages	194,050.95
Payroll Tax Expense	20,052.27
Contract Labor	5,650.00
Dues and Subscriptions	884.00
Interest Expense	6,575.81
Property Taxes	668.00
Insurance Expense	12,509.77
Laundry	2,490.82
License	89.50
Legal and Accounting	1,313.20
Office Expense	5,106.35
Repairs and Maintenance	9,629.61
Rent Expense	3,600.00
Supplies	9,441.48
Small Tools	2,087.12
Advertising and Promotion	6,897.03
Donations	1,177.00
Travel Expense	658.72
Telephone Expense	838.13
Utilities	22,691.81
Vehicle Expense	3,689.67
Bank Service Charges	32.10
Postage and Delivery	75.21
Consultant Fees	33,000
Miscellaneous Expense	12,303
TOTAL EXPENSE 388,704.35	
NET INCOME 1,552.41	

ABC MEATS: HISTORICAL FINANCIALS

BALANCE SHEET 2008	
ASSETS	
CURRENT ASSETS	
Checking/Savings	19,151.31
Accounts Receivable	23,169.80
Other Current Assets	24,779.90
TOTAL CURRENT ASSETS	67,101.01
Fixed Assets	116,918.31
Other Assets	14,083.00
TOTAL ASSETS	198,102.32
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	15,932.83
Other Current Liabilities	43,343.47
TOTAL CURRENT LIABILITIES	59,276.30
Long Term Liabilities	109,323.02
TOTAL LIABILITIES	168,599.32
EQUITY	29,503.00
TOTAL LIABILITIES and EQUITY	198,102.32

BALANCE SHEET 2009	
ASSETS	
CURRENT ASSETS	
Checking/Savings	-1,438.70
Accounts Receivable	24,537.53
Other Current Assets	24,779.90
TOTAL CURRENT ASSETS	47,878.73
Fixed Assets	127,511.31
Other Assets	14,083.00
TOTAL ASSETS	189,473.04
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	8,577.22
Other Current Liabilities	57,479.36
TOTAL CURRENT LIABILITIES	66,056.58
Long Term Liabilities	92,356.08
TOTAL LIABILITIES	158,412.66
EQUITY	31,060.38
TOTAL LIABILITIES and EQUITY	189,473.04

STATEMENT OF CASH FLOW 2008	
OPERATING ACTIVITIES	
NET INCOME	17,801.00
ADJUSTMENTS to reconcile NET INCOME to NET CASH provided by operations:	
Accounts Receivable	-23,169.80
Inventory	-24,779.90
Accounts Payable	14,582.83
Federal/FICA Withholdings	4,209.14
State Income Tax Withholdings	574.00
FUTA Liability	238.27
Loan from Officer	8,322.06
Notes Payable Citizen's State Bank	30,000.00
NET CASH provided by Operating Activities	27,777.60
INVESTING ACTIVITIES	
Equipment	-125,980.31
Equipment Accumulated Depreciation	9,062.00
Covenant Not to Compete	-10,000.00
Goodwill	-5,000.00
Accumulated Amortization	917.00
NET CASH provided by Investing Activities	-131,001.31
FINANCING ACTIVITIES	
Note Payable Citizen's State Bank	105,442.70
Note Payable Citizen's State Bank	5,230.32
Capital Stock	11,702.00
NET CASH provided by Financing Activities	122,375.02
NET CASH increase for period	19,151.31
CASH AT END OF PERIOD	19,151.31

STATEMENT OF CASH FLOW 2009	
OPERATING ACTIVITIES	
NET INCOME	-1,557.38
ADJUSTMENTS to reconcile NET INCOME to NET CASH provided by operations:	
Accounts Receivable	-1,367.73
Accounts Payable	-7,355.61
Federal/FICA Withholdings	-392.90
State Income Tax Withholdings	24.33
FUTA Liability	-115.81
SUTA Liability	416.62
Loan from Officer	1,003.65
Employee Advances	200.00
Note Payable Citizen's State Bank	13,000.00
NET CASH provided by Operating Activities	6,969.93
INVESTING ACTIVITIES	
Equipment	-10,593.00
NET CASH provided by Investing Activities	-10,593.00
FINANCING ACTIVITIES	
Note Payable Citizen's State Bank	-11,676.62
Note Payable Citizen's State Bank	-5,290.32
NET CASH provided by Financing Activities	-16,966.94
NET CASH increase for period	-20,590.01
Cash at beginning of period	19,151.31
CASH AT END OF PERIOD	-1,438.70

APPENDIX 3—USDA LIVESTOCK INVENTORY STATISTICS FOR FIVE COUNTIES

	HOGS	CATTLE and CALVES (incl. dairy)
County A	87,017	55,246
County B	182,309	81,051
County C	219,213	46,892
County D	255,138	61,468
County E	221,401	32,495

APPENDIX 4—SUCCESSFUL MEAT PROCESSOR EXPANSIONS IN THE LAST FIVE YEARS

NAME	CITY
NearTown Meats	NearTown
Jane's Meat Processing	NearTown
OurTown Smokehouse	OurTown

APPENDIX 5—FIVE-COUNTY AREA COMPETITIVE LANDSCAPE

NAME	CITY	COUNTY	TYPE
Joe's Butcher Shop	OurTown	OurCounty	State Inspected
Jane's Meat Processing	NearTown	NearCounty	Federally Inspected
Smith Processing & Grocery	NearTown	NearCounty	Custom Exempt
NearTown Meats	NearTown	NearCounty	State Inspected
OurTown Smokehouse	OurTown	OurCounty	Custom Exempt

APPENDIX 6: ABC MEATS MANAGEMENT AND EMPLOYEES**John Sharp, President**

After managing ABC Meats for five years under previous ownership, Mr. Sharp purchased the company in February of 2008 and has managed the company effectively for the past 20 months. Mr. Sharp held positions with retail and food processing companies for 25 years prior to joining ABC Meats. He gained valuable retail experience as Manager of Meat, Seafood, and Deli departments for three years at a Wal-Mart Superstore. He was instrumental in developing award-winning products for ABC Meats, working with personnel at OurState University and OurState Cattle Association. He has successfully managed sales and marketing responsibilities for major retail and wholesale food service companies.

Mr. Sharp provides the training, leadership, and direction to employees at ABC Meats and is working with key personnel to develop the management team to carry the company to greater levels of revenue, profitability, and prosperity. He is dedicated to meeting and exceeding customer expectations. His commitment to developing new products and services is instrumental in attaining the goals he has set for the company and the employees.

Mr. Sharp will be responsible for compliance with food safety regulations.

Jane Edge, Operations Manager

Ms. Edge has been with ABC Meats for the past five years. She is a highly motivated manager, who is well versed in all functions of the company operations. She is responsible for scheduling activity in the processing department and assists Mr. Sharp with overseeing cutting operations. Through the years, she has acquired experience in training, directing, and supervising personnel at ABC Meats. She is highly motivated and continues to take on additional management responsibilities.

Ms. Edge understands the importance of maintaining high levels of efficiency and productivity necessary to meet commitments made to customers. Through her leadership by example, the staff responsible to her is successful in meeting the challenges of demands made by customers for quality products and services and timely delivery of orders.

Annie Accountant, Bookkeeper (contract)

Ms. Accountant is currently providing bookkeeping services on a contract basis for ABC Meats. She has worked as a bookkeeper for the past 10 years with a variety of clients and is highly experienced in accounting and financial reporting. Working closely with Mr. Gable, she provides information to all levels of management to assist them in the management of the company. Annie is prepared to join the staff of ABC Meats as soon as the facilities are available and the circumstances permit.

Joseph Jones, Harvest Manager

Mr. Jones is responsible for harvesting animals as they are received from customers. Mr. Jones's expertise in harvesting animals allows company meat cutters to get the most usable product possible from each carcass.

Jim Smith, Bob Ray, and Sandra Dee, Department Lead Personnel

These three individuals are key employees in the cutting and processing departments and have experience and expertise in their respective crafts. They are candidates for managerial positions as the company grows and develops a need for additional managers. Jim has been with the company for nine years; Sandra five years; and Bob three years. These key employees are dependable and play a significant role in providing excellent customer service and ensuring consistent quality.

SECTION 3—Considerations for Other Plant Configurations

Of course, not all processing plants are the same; this section discusses some thoughts for alternative configurations.

For example, what if you are planning a custom-exempt facility instead of an inspected one? You probably won't build the plant any differently, because you'll still need to satisfy federal, state, and local building and sanitation requirements. But you won't need to allocate staff time to HACCP compliance, so your labor costs might be lower in your financials. Your marketing plan will change, because you'll have a different kind of customer for your processing services. But custom-exempt processors can still have retail counters, as long as the meat sold retail comes from inspected carcasses, so your marketing plan for retail might stay about the same.

Similarly, what if you aren't planning a retail space? Just cut out the parts of your plan and financials that have to do with selling meat: the extra space, equipment, and staff, and the marketing plan demographics in relation to retail sales. You'll still need to convince your banker that there is enough demand for your slaughter and processing services. In that sense, you still need a plan to "market" your services to livestock producer "customers."

Finally, what if an inspected mobile slaughter unit (MSU) is part of your plan? MSUs have been around, as custom-exempt operations, for a long time. Many custom-exempt processors have a truck they drive to a farm to harvest an animal for the farmer's household use and carry it back to a stationary cut and wrap facility. However, USDA- and state-inspected MSUs are relatively new. The first USDA-inspected MSU began operations only 10 years ago.

An MSU could be part of a meat processor's business plan in various ways:

An existing processor wants to add inspected slaughter capacity as an MSU, rather than adding or expanding a kill floor in an existing fixed facility;

A group of livestock producers lacking access to inspected slaughter builds an MSU and cooperates with an existing inspected cut and wrap facility to do the processing;

That same group of producers builds and operates both an MSU and a fixed, cut and wrap facility;

A large ranch builds and operates an MSU and cut and wrap for use by that ranch only.

Business plans that include an MSU are similar, in many ways, to other processor business plans, with a few modifications. You'll need to answer the following questions:

Ownership: Will the MSU be owned and operated by the same entity or different entities? If different, what will be their formal and fiscal relationship?

Cut and wrap: Is it possible to cooperate with an existing inspected cut and wrap facility? If so, what will be the formal and fiscal relationship? If not, how will the cut and wrap aspect of processing be addressed?

Offal/water disposal: What will be required by the states/counties/local jurisdictions where the MSU will operate? If the MSU is required to collect and dispose of the waste water/offal off-site, how and where will that happen?

Capacity: What is the maximum amount of livestock that can be processed in a given time based on available inspection hours and travel time?

The start-up summary, cash flow projections, and profit/loss statements for a plan including an MSU will be a bit different than those for a fixed facility, largely due to some differences in necessary equipment.

A sample start-up summary for an MSU – not including the cut and wrap facility – is in the table below. These figures are based on a real MSU. Read on for sample MSU cash flow projections, profit/loss statements, and financial assumptions/explanations.

START-UP SUMMARY FOR A MOBILE SLAUGHTER UNIT	
EQUIPMENT	
Mobile slaughter unit	\$200,000
Tractor truck	\$26,000
Cell phone, laptop	\$680
Unit equipment	\$5000
MATERIALS	
Office supplies	\$200
Hide tags	\$30
USDA stamp	\$350
Fees	
Dept. of Motor Vehicles	\$1200
Organic certification (optional)	\$350
Business license, permits	\$300
Insurance	\$1200
TOTAL START UP	\$235,310

MOBILE SLAUGHTER UNIT FINANCIALS: CASH FLOW 2011

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
MOBILE SLAUGHTER UNIT FINANCIALS:													
CASH FLOW 2011													
CASH RECEIPTS													
<i>Income from Sales</i>													
Cash Sales	\$15,100	\$15,251	\$15,404	\$15,558	\$15,713	\$15,870	\$16,029	\$16,189	\$16,351	\$16,515	\$16,680	\$16,847	\$191,506
Collections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash from Sales	\$15,100	\$15,251	\$15,404	\$15,558	\$15,713	\$15,870	\$16,029	\$16,189	\$16,351	\$16,515	\$16,680	\$16,847	\$191,506
<i>Income from Financing</i>													
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Proceeds	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000
Equity Capital Investments	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
Total Cash from Financing	\$255,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$255,000
Other Cash Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH RECEIPTS	\$270,100	\$15,251	\$15,404	\$15,558	\$15,713	\$15,870	\$16,029	\$16,189	\$16,351	\$16,515	\$16,680	\$16,847	\$446,506
CASH DISBURSEMENTS													
Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$115,650
Commissions>Returns & Allowances	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Purchases	\$231,680	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$231,680
Loan Payments	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$92,631
Income Tax Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investor Dividend Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner's Draw	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH DISBURSEMENTS	\$249,037	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$439,961
NET CASH FLOW	\$21,063	-\$2,106	-\$1,953	-\$1,799	-\$1,644	-\$1,487	-\$1,328	-\$1,168	-\$1,006	-\$842	-\$677	-\$510	\$6,545
Opening Cash Balance	\$5,000	\$26,063	\$23,957	\$22,004	\$20,205	\$18,561	\$17,075	\$15,747	\$14,579	\$13,574	\$12,732	\$12,055	
Cash Receipts	\$270,100	\$15,251	\$15,404	\$15,558	\$15,713	\$15,870	\$16,029	\$16,189	\$16,351	\$16,515	\$16,680	\$16,847	
Cash Disbursements	\$249,037	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	
ENDING CASH BALANCE	\$26,063	\$23,957	\$22,004	\$20,205	\$18,561	\$17,075	\$15,747	\$14,579	\$13,574	\$12,732	\$12,055	\$11,545	\$11,545

MOBILE SLAUGHTER UNIT FINANCIALS: CASH FLOW 2012

MOBILE SLAUGHTER UNIT FINANCIALS:	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
CASH FLOW 2012													
CASH RECEIPTS													
<i>Income from sales</i>													
Cash sales	\$17,015	\$17,185	\$17,357	\$17,531	\$17,706	\$17,883	\$18,062	\$18,242	\$18,425	\$18,609	\$18,795	\$18,983	\$215,794
Collections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total cash from sales	\$17,015	\$17,185	\$17,357	\$17,531	\$17,706	\$17,883	\$18,062	\$18,242	\$18,425	\$18,609	\$18,795	\$18,983	\$215,794
<i>Income from financing</i>													
Interest income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity capital investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total cash from financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other cash receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH RECEIPTS	\$17,015	\$17,185	\$17,357	\$17,531	\$17,706	\$17,883	\$18,062	\$18,242	\$18,425	\$18,609	\$18,795	\$18,983	\$215,794
CASH DISBURSEMENTS													
Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating expenses	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$9,638	\$115,650
Commissions>Returns and Allowances	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Payments	\$7719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$92,631
Income Tax Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investor Dividend Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner's Draw	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH DISBURSEMENTS	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$208,281
NET CASH FLOW	-\$342	-\$172	\$0	\$174	\$349	\$526	\$705	\$886	\$1,068	\$1,252	\$1,438	\$1,626	\$7,512
Opening cash balance	\$19,057	\$11,032	\$11,031	\$11,032	\$11,205	\$11,555	\$12,081	\$12,786	\$13,671	\$14,740	\$15,992	\$17,430	
Cash Receipts	\$17,015	\$17,185	\$17,357	\$17,531	\$17,706	\$17,883	\$18,062	\$18,242	\$18,425	\$18,609	\$18,795	\$18,983	
Cash Disbursements	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	\$17,357	
ENDING CASH BALANCE	\$18,715	\$11,031	\$11,032	\$11,205	\$11,555	\$12,081	\$12,786	\$13,671	\$14,740	\$15,992	\$17,430	\$19,057	

MOBILE SLAUGHTER UNIT FINANCIALS: CASH FLOW 2013 AND 2014

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
MOBILE SLAUGHTER UNIT FINANCIALS:															
CASH FLOW 2013 AND 2014															
CASH RECEIPTS															
<i>Income from Sales</i>															
Cash Sales	\$58,096	\$59,856	\$61,670	\$63,539	\$243,162	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561
Collections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH FROM SALES	\$58,096	\$59,856	\$61,670	\$63,539	\$243,162	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561
<i>Income from Financing</i>															
Interest income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity capital investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total cash from financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER CASH RECEIPTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH RECEIPTS	\$58,096	\$59,856	\$61,670	\$63,539	\$243,162	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561
CASH DISBURSEMENTS															
Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating expenses	\$28,913	\$28,913	\$28,913	\$28,913	\$115,650	\$28,913	\$28,913	\$28,913	\$28,913	\$115,650	\$28,913	\$28,913	\$28,913	\$28,913	\$115,650
Commissions>Returns and Allowances	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Payments	\$23,158	\$23,158	\$23,158	\$23,158	\$92,631	\$23,158	\$23,158	\$23,158	\$23,158	\$92,631	\$23,158	\$23,158	\$23,158	\$23,158	\$92,631
Income Tax Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investor Dividend Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner's Draw	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH DISBURSEMENTS	\$52,070	\$52,070	\$52,070	\$52,070	\$208,281	\$52,070	\$52,070	\$52,070	\$52,070	\$208,281	\$52,070	\$52,070	\$52,070	\$52,070	\$208,281
NET CASH FLOW	\$6,026	\$7,786	\$9,600	\$11,469	\$34,880	\$44,151	\$45,858	\$47,581	\$49,321	\$186,911	\$44,151	\$45,858	\$47,581	\$49,321	\$186,911
Operating Cash Balance	\$19,057	\$25,083	\$32,869	\$42,468	\$129,477	\$53,937	\$98,088	\$143,946	\$191,527	\$424,468	\$53,937	\$98,088	\$143,946	\$191,527	\$424,468
Cash Receipts	\$58,096	\$59,856	\$61,670	\$63,539	\$243,162	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561
Cash Disbursements	\$52,070	\$52,070	\$52,070	\$52,070	\$208,281	\$52,070	\$52,070	\$52,070	\$52,070	\$208,281	\$52,070	\$52,070	\$52,070	\$52,070	\$208,281
ENDING CASH BALANCE	\$25,083	\$32,869	\$42,468	\$53,937	\$129,477	\$53,937	\$98,088	\$143,946	\$191,527	\$424,468	\$53,937	\$98,088	\$143,946	\$191,527	\$424,468

MOBILE SLAUGHTER UNIT FINANCIALS: INCOME STATEMENT 2011

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	INCOME
MOBILE SLAUGHTER UNIT FINANCIALS: INCOME STATEMENT 2011													
INCOME													
Gross Sales	\$15,100	\$15,251	\$15,404	\$15,558	\$15,713	\$15,870	\$16,029	\$16,189	\$16,351	\$16,515	\$16,680	\$16,847	\$191,506
GROSS PROFIT	\$15,100	\$15,251	\$15,404	\$15,558	\$15,713	\$15,870	\$16,029	\$16,189	\$16,351	\$16,515	\$16,680	\$16,847	\$191,506
EXPENSES <i>General and Administrative</i>													
Salaries and wages	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$72,000
Employee benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll taxes	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$10,800
Professional services	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$750
Marketing and advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BIT program	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Maintenance	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Depreciation	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$12,300
Insurance	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Telephone service	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office supplies	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Postage and shipping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fuel	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Supplies	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Interest on loans	\$1,458	\$1,422	\$1,385	\$1,348	\$1,311	\$1,274	\$1,236	\$1,198	\$1,160	\$1,122	\$1,083	\$1,045	\$15,042
Gut disposal	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
DMV	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
TOTAL EXPENSES	\$12,121	\$12,084	\$12,048	\$12,011	\$11,973	\$11,936	\$11,898	\$11,861	\$11,823	\$11,784	\$11,746	\$11,707	\$142,992
Net income before taxes	\$2,979	\$3,167	\$3,356	\$3,547	\$3,740	\$3,934	\$4,130	\$4,329	\$4,529	\$4,730	\$4,934	\$5,139	\$48,514
Provision for taxes on income	\$745	\$792	\$839	\$887	\$935	\$984	\$1,033	\$1,082	\$1,132	\$1,183	\$1,233	\$1,285	\$12,128
NET PROFIT	\$2,234	\$2,375	\$2,517	\$2,660	\$2,805	\$2,951	\$3,098	\$3,246	\$3,396	\$3,548	\$3,700	\$3,855	\$36,385

MOBILE SLAUGHTER UNIT FINANCIALS: INCOME STATEMENT 2012

MOBILE SLAUGHTER UNIT FINANCIALS: INCOME STATEMENT 2012	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
INCOME													
Gross Sales	\$17,015	\$17,185	\$17,357	\$17,531	\$17,706	\$17,883	\$18,062	\$18,242	\$18,425	\$18,609	\$18,795	\$18,983	\$215,794
GROSS PROFIT	\$17,015	\$17,185	\$17,357	\$17,531	\$17,706	\$17,883	\$18,062	\$18,242	\$18,425	\$18,609	\$18,795	\$18,983	\$215,794
EXPENSES <i>General and Administrative</i>													
Salaries and wages	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$72,000
Employee benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll taxes	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$10,800
Professional services	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$750
Marketing and advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BIT program	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Maintenance	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Depreciation	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025	\$12,300
Insurance	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Telephone service	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office supplies	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Postage and shipping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fuel	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Supplies	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Interest on loans	\$1,006	\$967	\$927	\$888	\$848	\$808	\$767	\$727	\$686	\$645	\$604	\$562	\$9,433
Gut disposal	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
DMV	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
TOTAL EXPENSES	\$11,668	\$11,629	\$11,590	\$11,550	\$11,510	\$11,470	\$11,430	\$11,389	\$11,348	\$11,307	\$11,266	\$11,225	\$137,383
Net income before taxes	\$5,347	\$5,556	\$5,767	\$5,981	\$6,196	\$6,413	\$6,632	\$6,853	\$7,076	\$7,302	\$7,529	\$7,759	\$78,410
Provision for taxes on income	\$1,337	\$1,389	\$1,442	\$1,495	\$1,549	\$1,603	\$1,658	\$1,713	\$1,769	\$1,825	\$1,882	\$1,940	\$19,603
NET PROFIT	\$4,010	\$4,167	\$4,326	\$4,485	\$4,647	\$4,810	\$4,974	\$5,140	\$5,307	\$5,476	\$5,647	\$5,819	\$58,808

MOBILE SLAUGHTER UNIT FINANCIALS: INCOME STATEMENT 2013 AND 2014

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
MOBILE SLAUGHTER UNIT FINANCIALS:										
INCOME STATEMENT 2013 AND 2014										
INCOME										
Gross Sales	\$58,096	\$59,856	\$61,670	\$63,539	\$243,162	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561
GROSS PROFIT	\$58,096	\$59,856	\$61,670	\$63,539	\$243,162	\$73,063	\$74,770	\$76,494	\$78,234	\$302,561
EXPENSES: <i>General and Administrative</i>										
Salaries and wages	\$18,000	\$18,000	\$18,000	\$18,000	\$72,000	\$18,000	\$18,000	\$18,000	\$18,000	\$72,000
Employee benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll taxes	\$2,700	\$2,700	\$2,700	\$2,700	\$10,800	\$2,700	\$2,700	\$2,700	\$2,700	\$10,800
Professional services	\$188	\$188	\$188	\$188	\$750	\$188	\$188	\$188	\$188	\$750
Marketing and advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BIT program	\$75	\$75	\$75	\$75	\$300	\$75	\$75	\$75	\$75	\$300
Maintenance	\$1,800	\$1,800	\$1,800	\$1,800	\$7,200	\$1,800	\$1,800	\$1,800	\$1,800	\$7,200
Depreciation	\$3,075	\$3,075	\$3,075	\$3,075	\$12,300	\$3,075	\$3,075	\$3,075	\$3,075	\$12,300
Insurance	\$600	\$600	\$600	\$600	\$2,400	\$600	\$600	\$600	\$600	\$2,400
Telephone service	\$300	\$300	\$300	\$300	\$1,200	\$300	\$300	\$300	\$300	\$1,200
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office supplies	\$150	\$150	\$150	\$150	\$600	\$150	\$150	\$150	\$150	\$600
Postage and shipping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fuel	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Supplies	\$300	\$300	\$300	\$300	\$1,200	\$300	\$300	\$300	\$300	\$1,200
Interest on loans	\$1,435	\$1,053	\$664	\$268	\$3,419	\$0	\$0	\$0	\$0	\$0
Gut disposal	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000
DMV	\$300	\$300	\$300	\$300	\$1,200	\$300	\$300	\$300	\$300	\$1,200
TOTAL EXPENSES	\$33,422	\$33,040	\$32,651	\$32,255	\$131,369	\$31,988	\$31,988	\$31,988	\$31,988	\$127,950
Net income before taxes	\$24,674	\$26,816	\$29,019	\$31,284	\$111,793	\$41,076	\$42,783	\$44,506	\$46,246	\$174,611
Provision for taxes on income	\$6,168	\$6,704	\$7,255	\$7,821	\$27,948	\$10,269	\$10,696	\$11,127	\$11,562	\$43,653
NET PROFIT	\$18,505	\$20,112	\$21,764	\$23,463	\$83,845	\$30,807	\$32,087	\$33,380	\$34,685	\$130,958

MOBILE SLAUGHTER UNIT: FINANCIAL ASSUMPTIONS AND EXPLANATIONS

Sales Projections

Unit Volume is based on the number of animals that can be processed through the unit with two full-time butchers in an eight-hour period, 260 workdays per year.

Capital Purchases

Cost based on current estimates. Truck is used. Miscellaneous equipment includes saws, cradle, rail rollers and trees, stun gun and ammo, sanitation equipment, USDA file box, hide tags, first aid kit, safety equipment, and Hudson sprayers. Laptop and data logger are for monitoring temperatures for HACCP.

Staff Budget

Based on U.S. Bureau of Labor Statistics employment estimate and mean wage estimates for this occupation most recently dated May 2009: www.bls.gov

Industry: Animal Slaughtering and Processing

Hourly mean wage = \$12.95

Annual mean wage = \$26,930

MSU butchers require a commercial driver's license, hence the increase in salary base in these projections

Payroll expense = 15%

Professional Services

Only organic certification services have been added to this pro forma. If the MSU is running as an addition to a cut and wrap facility, legal, accounting, and other consultants would be included in that facility's costs. If a MSU is running as a stand-alone business, these services would be added.

Capital Investment

Investment capital could come from multiple owners of an MSU or an individual cut and wrap facility business owner. Equipment financing is generally easier to obtain than general lines of credit, simply because the equipment you buy serves as direct collateral for the loan. It's also less risky, in that if you are unable to make your payments, you don't have a lien against your entire business or your personal real estate: all you lose is the equipment you bought. The debt-to-equity ratio is an often-used rule of thumb for lenders; total debt should be no more than three or four times the equity.

Profit/Loss

Provisions for taxes on income are based on 25 percent.

Cash Flow

The end of the first quarter in the second year a positive cash flow is possible.

SECTION 4—Business Planning Assistance/Resources

Many business planning guidebooks and courses are available to coach you through the steps of writing your own plan. An Internet search for “business planning guide” will kick up more than 100,000 hits. Don’t spend all your limited business planning time online looking at websites. But here are a few you might find useful, especially if they lead you to a real person with business planning expertise and experience who can review your plan objectively.

Small Business Administration – www.sba.gov

The SBA is a federal agency with local offices around the country. The people in the office nearest you may or may not know anything about meat processing, but they can help walk you through the planning process, and review your plan. Sometimes it helps to have an experienced business planning professional ask you the right questions. And SBA has many web-based tools, for example, the “Small Business Planner”: www.sba.gov/smallbusinessplanner/index.html.

Two SBA-related groups that regularly work with business planning are:

Service Corps of Retired Executives (SCORE) – www.score.org

SCORE is a nonprofit organization funded by SBA to provide counseling and training to small businesses, for free. SCORE volunteers are successful, retired businessmen and women. There are SCORE chapters in every state. Find yours on their website.

Small Business Development Centers (SBDC)

www.sba.gov/aboutsba/sbaprograms/sbdc/index.html

SBDCs are a cooperative effort by the SBA with state and local partners to support small businesses and their growth. As with most “free” help, some staffers are better than others. So if one place or person doesn’t seem like a good fit for you, try another. Some SBDCs may charge a small fee for certain services or help after a certain number of hours. Be sure to ask.

Agricultural Marketing Resource Center

www.agmrc.org/business_development/starting_a_business

Keep in mind that many states have business development assistance offices, and some state agriculture departments have business development experts on staff.

University Cooperative Extension

The university cooperative extension service in your state may include expertise in business planning and development. To see if your state has a similar resource, go to www.extension.org and click on “Local Extension Offices Near You” near the top of the page. Three examples listed at the right are:

Pennsylvania State University Extension

Ag Entrepreneurship
extension.psu.edu/farm-business

Cornell University

Northeast Center for Food
Entrepreneurship (see Small Scale
Food Entrepreneurship guidebook)
www.nysaes.cornell.edu/necfe/pubs/booklet.html

University of Nebraska – Lincoln

Food Processing Center
<http://fpc.unl.edu>

SECTION 5—A Final Word

This short guide has touched briefly on many topics — from corporate finance to business development to communications — in relatively few pages. It was written for a broad audience: processors, producers, community groups, and others; existing businesses and start-ups; private corporations, non-profit organizations, and cooperatives; mobile units and stationary plants. All of these will begin the business planning process from a somewhat different place, in different circumstances, and with different experiences and visions.

If you are planning a new or expanded meat processing business, think through the following questions with site- and situation-specific detail. This will help you consider if the apparent business opportunity is real and worth pursuing.

What are the costs of and profit from every activity in the value chain for meat processing — starting with transport of the live animal to the facility, through slaughter, hanging, cut and wrap, dry aging, and value-added production (e.g., sausage/smoking), through to marketing, sales, and distribution? It is worth noting that some business planning experts suggest that focusing on overall operating expense and profits rather than looking at each operation is more relevant to overall profitability, but the step-by-step analysis can help you identify the more or less challenging spots in your chain.

What are the unmet needs of everyone in that chain, including the farmer? Based on those needs, what are the business opportunities? Even if one part of the chain is inconvenient (by location or cost), it still may not be a profitable and sustainable business opportunity for farmers or other entrepreneurs. (And a two-hour drive to processing will almost always be much more cost-effective than building a new processing facility.) Even a very small processor needs about 400 head of beef (or equivalent revenue) per year to stay solvent. You don't need to have all 400 head lined up the day you break ground, but you must have a clear plan to get there sooner rather than later (by year two, certainly).

If a legitimate business opportunity really exists, what are the alternative models of ownership? What liabilities are associated with each? What are the financial requirements and potential solutions (e.g., debt vs. equity vs. grants vs. hybrids)?

Nothing can guarantee success. A written business plan is only one element of a successful business venture. But those who fail to plan, plan to fail. This guide can help you plan for a successful and robust meat processing business.

... and justice for all

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