Shiitake Enterprises for Farms & Forests in Northern New England

Enterprise Assessments

As part of the overall production plan, forest/farm landowners involved in the Shiitake Enterprise Research will be asked to complete a production plan of their proposed operations to develop a profitable shiitake enterprise venture.

Forest owners and farmers interested in producing shiitake mushrooms as a new enterprise will develop an enterprise assessment to analyze opportunities, examine competition, clarify resources and project expenses needed prior to making a firm commitment to proceed with the new venture.

An Enterprise Assessment can assist us to project economic impacts from specific management and production changes, in examining alternative markets, in developing value added products and in analyzing the feasibility of adding shiitakes to an overall farm business.

An Enterprise Assessment examines revenue and expenses to be budgeted only in relation to one specific enterprise, rather than analyzing the entire farm or business operation’s income and expenses. A broader assessment can compare the income and expenses for multiple activities involved in the diversifying your operation.

If the farm has already been involved in a number of diversified products, the assessment can examine the strengths, weaknesses, opportunities or threats which may result by adding yet another enterprise to the mix. This information can then be used to develop an anticipated draft budget the newly proposed activities.

The assessment should include a brief history of the operation as background, current and proposed markets for sales, the costs of operations including time, labor, marketing and capital expenses. The resulting Enterprise Assessment should provide a summary of the operational activities being proposed and describe any intended management changes, capital improvements, or product/market developments that are being considered.

The enterprise assessment for this Shiitake Research should include estimated costs of implementing a plan to inoculate at least 100 logs per year over the next 5 years, and include goals for changes to overall net farm income as a result of the adding shiitakes as a diversified enterprise. All participants will be asked to submit a production plan which gives details on their tree species to be used, various markets to be approached, overall labor and management approach for enterprise, and an understanding of records that will be kept and reported to the researchers at Cornell University and University of Vermont.

Allen Matthews, University of Vermont, Center for Sustainable Agriculture, Burlington, VT  2010
www.uvm.edu/sustainableagriculture
Shiitake Enterprise Assessment

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Executive Summary and Financial Summary:

1. Description, Background and Location
2. Operations & Products
3. Management/ Personnel/ Labor
4. Marketing & Competition
5. Financial Projections

NOTE:
The Executive and Financial Summary should be no longer than a page long in total.
Each of the other sections Do NOT need to be long and detailed, but simply described
within a few sentences or paragraphs. The exception is that you should explain your
proposed operations and products in a way that can serve as a narrative of your future
financial goals. The following is an outline and series of questions to guide you in
developing an Enterprise Assessment for Agri-tourism.

Executive and Financial Summary: This is a one page summary of your plans. This is
usually the final section that is written but it is the first section read. It explains to the
reader the what, who, why, how much, when, where. What is the purpose of this plan?
   a. Who are the persons involved? Why will the venture be successful?
   b. What are your gross and net income goals? What are the related expenses?
      Does a loan or an investment make sense?
   c. What market do you intend to serve? What is the potential market?
      How can you serve the market better than competition?

1. Description, Background and location: Use a few paragraphs to describe your
current operation, size, history, successes, failures, seasonality, and changes over
time, trends you’ve observed, etc.
   a. What is your experience and history?
   b. What is special about your operation and interests?
   c. What market(s) do you serve? What are your potential markets?
   d. Describe the present status of your business. Is it a start-up, expansion of
      on-going concern, or take-over of an existing business?
   e. What resources and strengths do you bring to the enterprise? What
      changes and/or renovations will be needed and at what cost?
2. **Operations & Products:** What is the day-to-day manner in which the farm/business operates? Describe the natural resources your will be promoting. What equipment, physical plant, and labor is needed? What are your products, markets and methods of sales? Describe your plan for growing the business. Who will do the work? What are your products, markets and methods of sales to be?

3. **Management, Personnel, Labor:**
   a. What experience do you have that contribute to your managerial abilities? Are you physically suited to the job? Will you do all the work yourself? Will you actually pay yourself?
   b. What are you anticipated personnel needs? What skills must your employees have? Can you use part-time help to meet changing business volume?
   c. Licenses and Permits: Is your business name registered with the secretary of state? How you will be affected by local or state zoning regulations?
   d. What licenses or permits will you be required to obtain? Describe your potential business risks and tell what insurance coverage you will purchase to protect yourself.

4. **Marketing and Competition:**
   a. How will you attract and keep your customers?
   b. Who exactly is your market(s)? What are the various market segments you intend to grow? What is the present size and growth potential of the market? What percent of the market will you have now and in the future?
   c. What features or services will you offer that will justify your price? How will you handle credit sales?
   d. Briefly describe your competition and tell how their operations are similar and dissimilar to yours. What is your unique selling proposition and how will you use it to control your market share?

5. **Finances:** The Finance section typically contains the “numbers” of the enterprise and demonstrates the viability of your venture. Include at least 3 to 5 years of income/expense projections, to demonstrate seasonality and other trend.