

Daniel Kern

Ag. Eco.

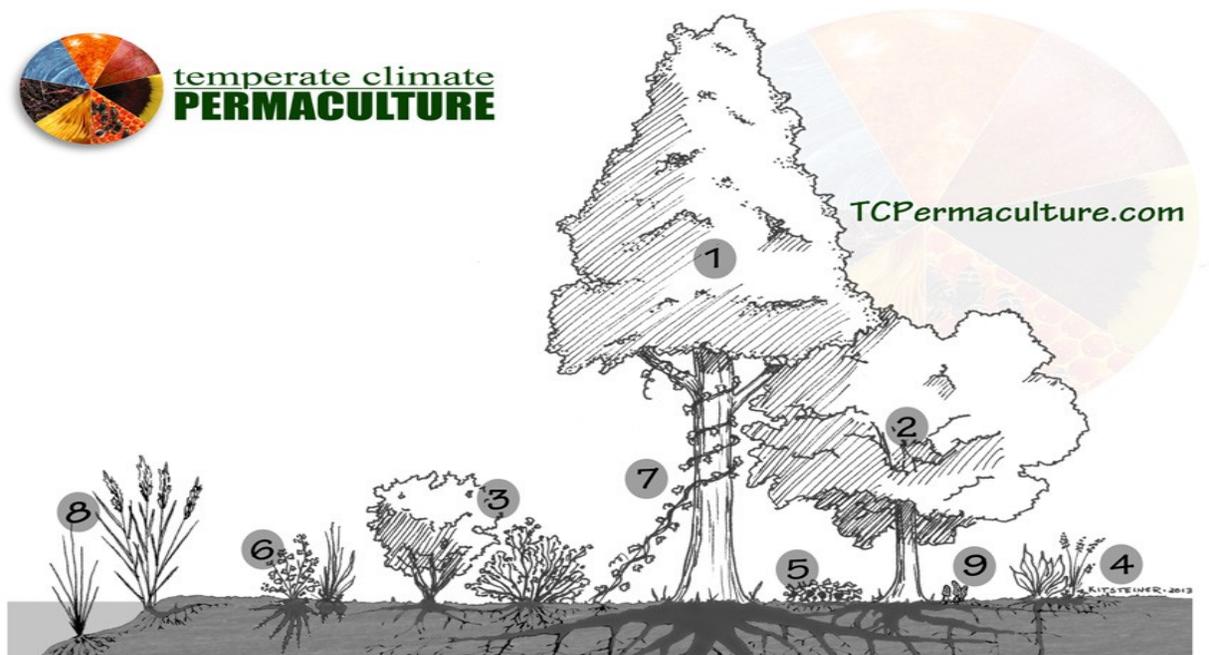
March 2014



Summary of Business

Mission: To restore ecosystems while creating a strong community and providing quality food, herbs, medicines, and much more.

Business Model: I will model my business off of nature using a process called bio-mimicry. I will implement permaculture or permanent-agriculture creating an ecosystem and living symbiotically with the earth. This is a different approach than most agriculture operations take because it takes a holistic approach while most agriculture operations have a narrow focus.



Nine Layers of the Edible Forest Garden

1. Canopy/Tall Tree Layer
2. Sub-Canopy/Large Shrub Layer
3. Shrub Layer
4. Herbaceous Layer
5. Groundcover/Creepers Layer
6. Underground Layer
7. Vertical/Climber Layer
8. Aquatic/Wetland Layer
9. Mycelial/Fungal Layer

Strategy: Implementing permaculture requires two things; observation and interaction. I will take steps to fulfill my long term goal in economically profitable business enterprises. Some short term goals include planting a wide array of plants, starting beehives, establishing mushrooms, maintaining herd of cattle, and raising chickens for eggs and meat. At the same time my short term goals are just stepping stones in which I am working towards my long term goal of creating a self-sufficient ecosystem which needs very little to no external inputs and low management in order to thrive.



Strategic Relationships: Currently I have a good business relationship with the owners of Greer Farm, and I have a good relationship with the agriculture department staffing at Northeast Texas Community College. Both of these relationships are valuable in my life and in business. Also I am currently building a relationship with Urban Acres as they may be a potential business partner in the future.

Strength: A biologically diverse system is a strong system. If one enterprise fails another is sure to succeed.

Weakness: Specialization can make finding a buyer easier, and diversification could have the opposite effect.

Opportunities: To forge a new cultural paradigm for living on our only home, the earth.

Threats:

Internal: Having someone to do daily tasks every day of the year.

External: Having a constant market for my products.

Agriculture Products:

Bees: honey, wax, pollen

Animals: meat, eggs, milk

Plants: fruits, nuts, vegetables, herbs, spices, medicines, grains, syrup, sugar/molasses, mushrooms

Fermented drinks: mead, beer, wine, kombucha

Manufacturing Process:

Plants: Some plants will begin in a greenhouse, some will be outside all year. I will care for the crops with organic amendments, cover crops, and organic fertilizer if necessary. I will save seeds, do root divisions, duplicate plants from cuttings, and allow plants to self-seed.

Bees: I will harvest excess honey from the bees while allowing the bees to keep enough honey to make it through the winter. I will have a pollen trap to catch some of the valuable pollen that the bees produce. As a by-product of honey extraction I will have beeswax that has many uses and can be turned into many products.

Animals: All animals will be free range and have plenty of forage. I will establish grasses for every season attempting give the cows enough forage for all the year. I will grow grain for the poultry, and hay for the cattle for when there is not enough forage available.

Fermented Beverages: The correct mix is put in a container and allowed to sit and ferment. After an extended period the drinks are ready to be bottled. Once bottled the flavor is improved by allowing the beverages to age.

Suppliers:

Seeds: Baker's creek heirloom seeds

Animals: local cattle auction, chicken/duck breeder

Bees: Natural swarms, build your own top bar hive

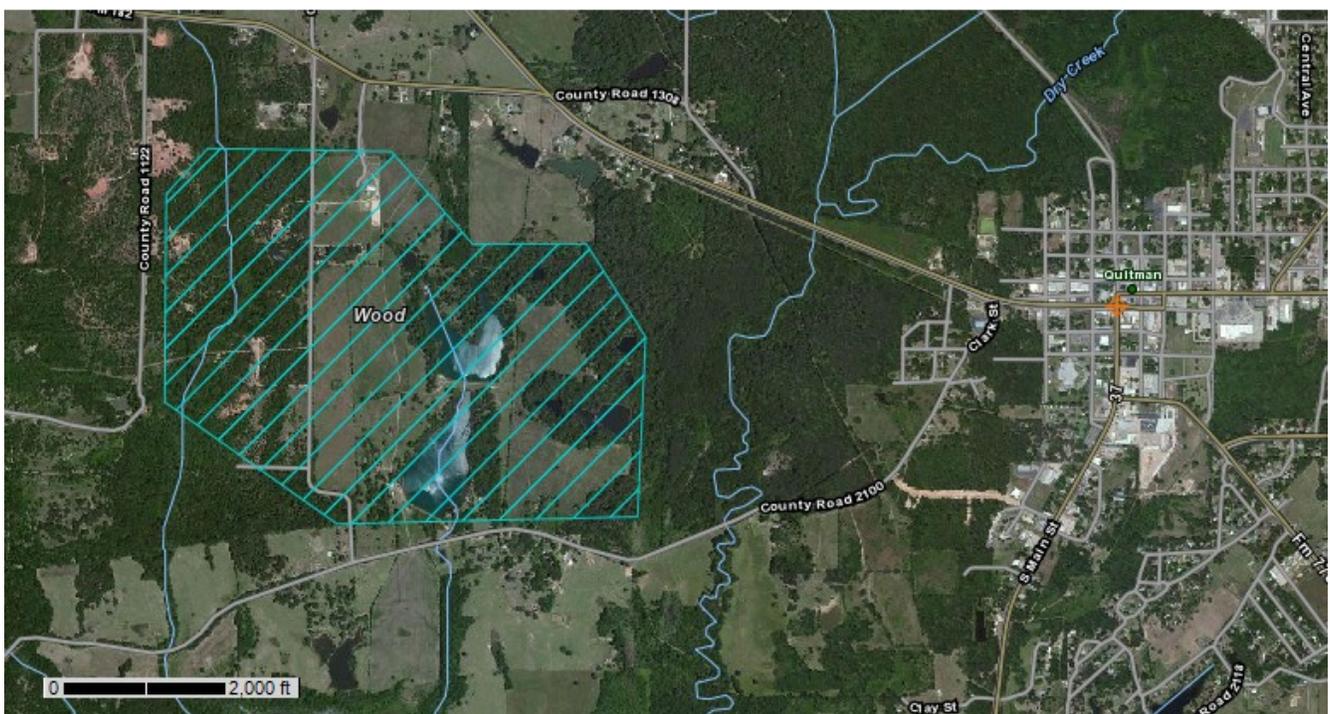
Availability of Materials: The necessary materials are readily available. But once the initial input is made from the suppliers I will practically eliminate my

need for the suppliers through saving seeds, breeding animals, and dividing the bee hives in order to expand my operation.

Transportation: I will minimize transportation costs by only transporting goods as far as I must go in order to get them sold. People will be able to go directly to the farm to buy products, and I will sell my goods in a local market.

How will I fulfill your order: I will fulfill any order I get by 1st checking my inventory. If the order is not already in stock then I will make plans to get it to the customer as soon as possible. Just about everything that I produce is seasonal, so a lot of it is just a waiting game.

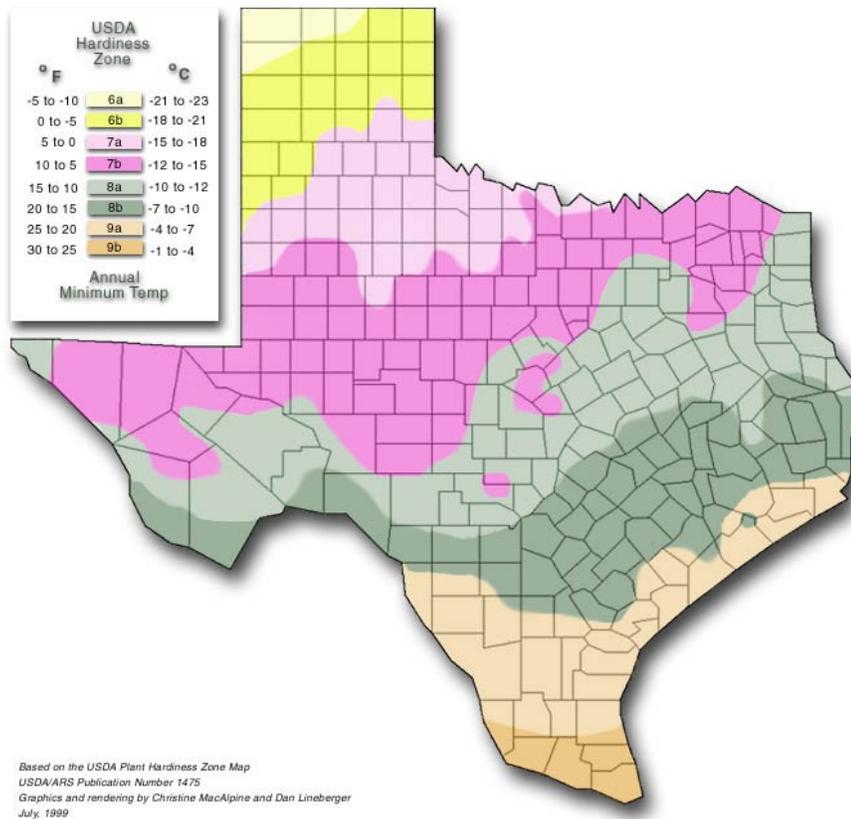
Projected Location: Quitman, Texas



Topography: My land is relatively flat, has 3 ponds, and has a stream running through it. About half of the land is wooded half of it is open fields. One pond is in the woods, and the other two are in the open. Being where I am in Texas the climate allows for a longer growing season, and for a wide variety of plants that would otherwise not survive in colder regions.

Projected cost of land: Approximately \$4/acre in taxes taking the agricultural tax exemption into account. This would come out to about \$400 a year in taxes.

Projected Market of location: Being Directly outside of a small town and an hour away from Dallas makes my location ideal for marketing my goods. I will have a pick your own program so that locals, and whomever else wanders in, can buy produce directly from the plant. There are several cities nearby with



farmers markets in which I will market my products. I will also form a relationship with a produce co-op such as Urban Acres in Dallas in order to sell off much of my produce with ease.

Legal Structure: LLC (Limited Liability Company)

Structuring my business as an LLC gives me the ability to designate leadership roles in whatever form necessary. This structure has the advantage of providing some degree of legal protection, and requires a lower startup cost than other structures. This means that I will have more capital to invest in the assets to be acquired in order to start my business.

Owners and Management:

Owner/President: Daniel Kern

Strengths & abilities: Organization, long term thinking/planning

Responsibilities: Align daily operations with short term and long term goals.

Salary: \$35,000

Secretary/treasurer: David Kern

Strengths & abilities: Economic, financial, and marketing analysis

Responsibilities: Provide financial information in order to make market decisions, accounting, ensure that our operations are profitable, and keeping our financial information organized.

Salary: \$35,000

Manager: Michael Kern

Strengths & abilities: Innovating, marketing, and customer service

Responsibilities: Ensuring that the necessary work is being accomplished in order to meet our goals.

Salary: \$35,000

Personnel:

Number of employees: 1

Qualifications: good work ethic, clear communication, cooperation, ability to receive feedback

Hours: full-time, seasonal

Wages: \$11/hour

Projected future needs of employees: Interns will be an essential part of my operation as it is important that others can learn, grow, and replicate the system in order to raise public awareness.

Accounting & Legal:

Accounting system: I will use an accrual system for financial analysis, applying for loans, and for making long term financial decisions. I will use a cash accounting system for internal use in daily financial decisions.

Tax Accountant: David Kern

Periodic Financial Statement Analyst: David Kern

Legal:

Attorney: Law Office of Mili Patel, PLLC

2201 Midway Rd #108z, Carrollton

Insurance:

Type of insurance: Property

Cost: \$900/year

Carrier: Texas Farm Bureau

Security:

Inventory Control: In order to control my inventory I will have a fence around my property and will have a gate to deter cars from driving in and out when they are not supposed to.

Theft: I will be a part of the Texas Farm Bureau who offers the property protection program, offering \$1000 rewarding information leading to an arrest and conviction for mischief on my property.

Costs: Around \$900/year for Texas Farm Bureau membership, and the fencing will cost approximately \$10,000 upfront.

Market Analysis:

Target Market:

Demographics: My products are marketed towards middle class young people, but my goal is to appeal to everyone.

Psychographics: My products will likely be first taken up by people who care about health, nutrition, and the environment.

Niche Market Specifics: My products are in the organic and sustainable niche market. And are produced for people who would like high quality food.

Competition:

Major Competitors:

Falster Farm-Mini Cattle Ranch:

Strengths: They offer a diverse range of products produced with organic and sustainable methods. Mini Cattle attracts customers.

Weaknesses: The website is confusing.

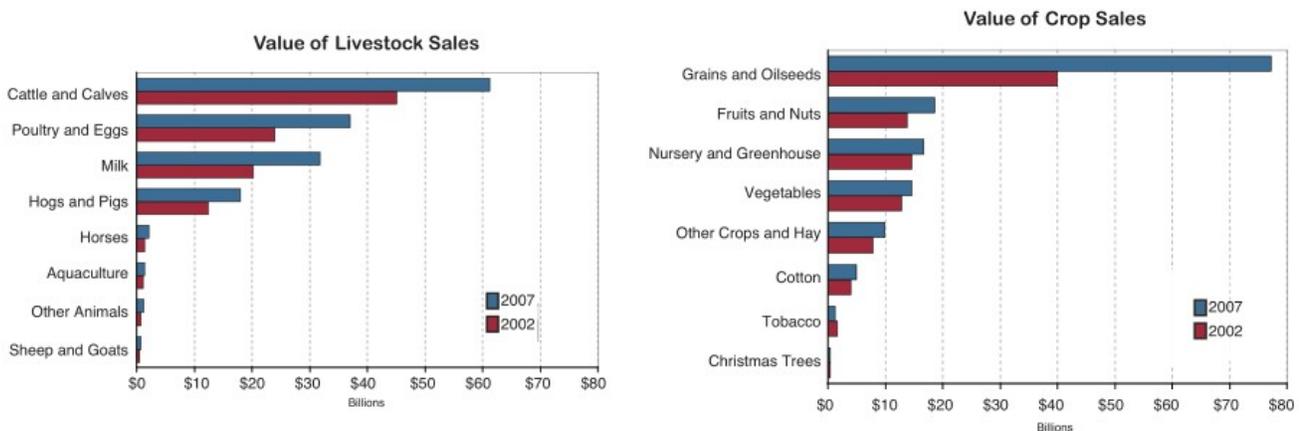
The Blueberry Farm:

Strengths: This farm provides high quality blueberries.

Weaknesses: They focus solely on blueberries.

Market Trends:

Industry Trends: According to the Organic Trade Association organic farms are 35% more profitable than the average farm. According to the USDA agricultural census grains, cattle, poultry and eggs, milk, and fruits and nuts are the 5 most valuable agricultural enterprises.



Customer Trends: According to the organic trade association the total market for organic food is increasing every year.

U.S. Organic Food vs. Total Food Sales, Growth and Penetration, 2000-2010											
Category	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Organic Food	6,100	7,360	8,635	10,381	12,002	14,223	17,221	20,410	23,607	24,803	26,708
Growth	21.0%	20.7%	17.3%	20.2%	15.6%	18.5%	21.1%	18.5%	15.7%	5.1%	7.7%
Total Food	498,380	521,830	530,612	535,406	544,141	566,791	598,136	628,219	659,012	669,556	673,324
Growth	5.0%	4.7%	1.7%	0.9%	1.6%	4.2%	5.5%	5.0%	4.9%	1.6%	0.6%
Organic as % Total	1.2%	1.4%	1.6%	1.9%	2.2%	2.5%	2.9%	3.2%	3.6%	3.7%	4.0%

Source: Organic Trade Association's 2011 Organic Industry Survey conducted 12/22/2010 – 3/7/2011 (\$ mil consumer sales).

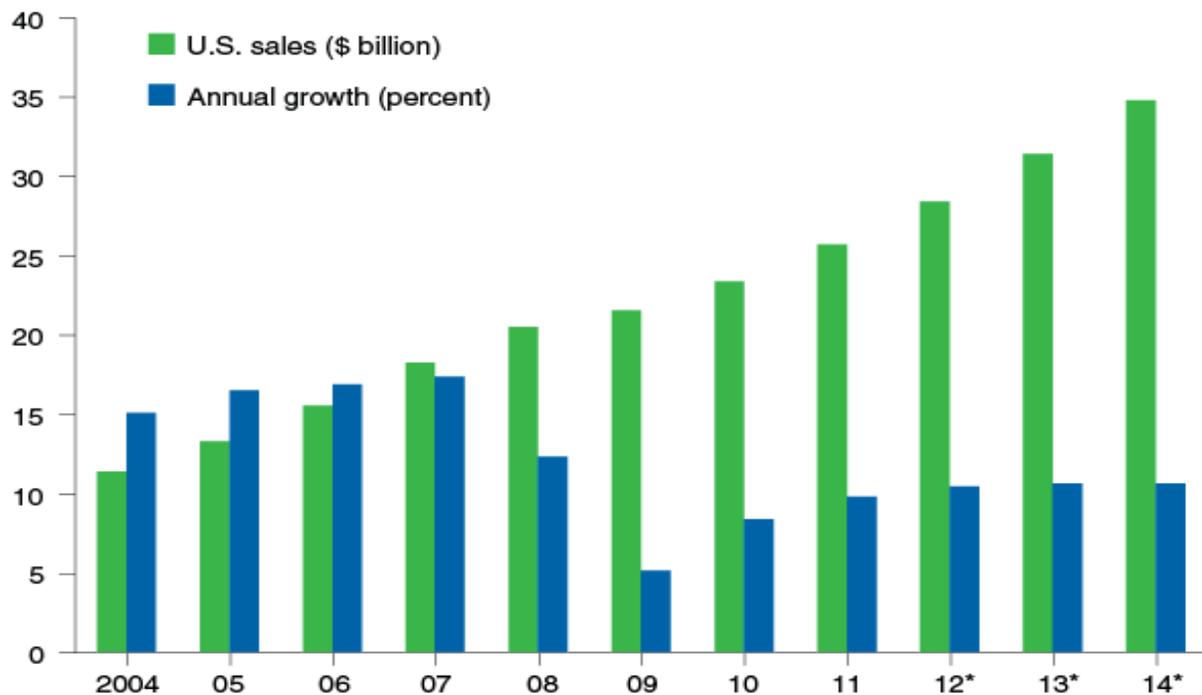
The percentage of total sales of various commodities are shown below. The chart comes from the USDA.

Commodity	Percent of Total Sales
Cattle and calves	20.6
Corn	13.4
Poultry and eggs	12.5
Milk and other dairy products from cows	10.7
Soybeans	6.8
Fruits, tree nuts, and berries	6.3
Hogs and pigs	6.1
Nursery, greenhouse, floriculture, and sod	5.6
Vegetables, melons, potatoes, and sweet potatoes	4.9
Wheat	3.6
Other crops and hay	3.3
Cotton and cottonseed	1.6
All Other	4.5

Market Research:

Methods of Research: Demand estimation. Various market models will be used in order to determine the demand for prospective goods. Items in high demand will be implemented in greater quantities, and sooner than others.

U.S. organic food sales reached \$28 billion in 2012



*Estimated.

Source: USDA, Economic Research Service using data from *Nutrition Business Journal*, 2013.

Results Summary: According to the above chart the percent growth of the demand for organic food has stabilized at right around 10%.

Database Analysis: As time passes I will try various products and the products which do well in the local market I will increase production.

Marketing Strategy:

General Description:

Creating personal relationships with my customer base is an important part of my business model and will occur in daily interactions with customers, and potential business partners. Some focus will be had on the internet in order to get general information out, and in order to raise awareness of our products, and methods. The greatest focus will be on making connections.

Budget % Allocations: 10%

On-Line: 3%

Off-Line: 7%

Expected ROI: The expected ROI is exponential, and will grow as the business grows. By creating strong relationships and creating

connections a strong customer base is established, and will soon grow through word of mouth, and social networking.

Method of Sales and Distribution: Farmer's market, Pick your own, CSA, and farmer's coop

Packaging: Some fruits and vegetables will be canned, and others will be sealed and frozen in bags. The honey will be stored in glass containers, and the fermented beverages will be contained in glass bottles. The meat will be stored in air tight plastic, and frozen. The eggs will be sold by the dozen in quality egg cartons.

Pricing: Our products will usually be priced just above the cost of the same good at the grocery store. Some exceptions may be made, financial analysis will be used in order to ensure that all goods are priced above the breakeven point.

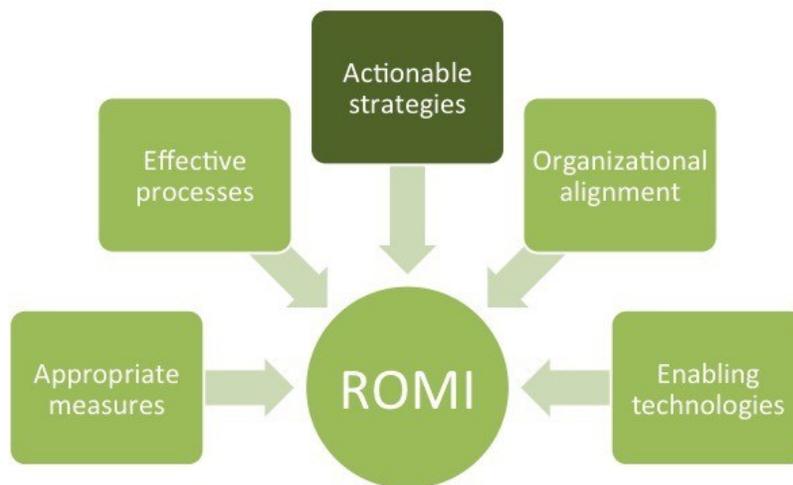
Branding: The brand name Top Tier Permaculture Solutions may evoke many ideas, and even questions in some people's minds. It suggests that our products are of the highest quality, and that as a collective, we are presenting some sort of solution. The symbol is a circle with a triangle in the center with the top third of the triangle divided off with a line. This symbol is easily recognizable and will stick in a person's mind.

Database Marketing: On my website I will provide a section to receive email updates of various aspects of the farm. I will allow the customer to select which updates they would like to receive, and then send the customized emails to the customers who request it.

Sales Strategies: In my direct sales, emails, social networking, and every other aspect of my market I will implement a few simple strategies. I will make it known that my products are of high quality, and will show confidence in this fact. All the associates will exhibit good personal traits which reflect well on my business. The business will also take responsibility for the skills it takes to accomplish what has been done, and for what is still to be done.

Sales Incentives/Promotions: Some samples will be available on the farm, and in small quantities at farmer's markets. Online promotions will be circulated through email, social networking, fliers, and posters. Coupons will occasionally be circulated to the public on informational papers.

How to Enable Marketing Effectiveness



Advertising Strategies: Some of the advertising strategies which will be implemented include emails, blogging, social networking, posters, coupons, establishing connections, circulating business cards, creating branded apparel, and establishing a brand to be sold in various markets.

Public Relations: Online people will be able to gain information on current events on the farm, and learn about the newest offerings. Face to face conversations, emails, and phone calls will be used to maintain good relations, and to establish new customers, and potential business partners.

Networking: Realizing and acting upon opportunities with business partners is an important aspect in order to be successful. Creating cooperation in which both parties benefit with other local businesses, and individuals will be beneficial in many ways in the short term, and the long term.

Customer Service:

Providing accurate information and clear communication are the foundations of good customer service. Giving the customers your full undivided attention will let them know that they really do matter to us, and will help to create strong connections and repeat customers.

Implementation of marketing strategy:

In House Responsibilities: Good customer service, writing small bits for emails, blog, and social networking, website creation.

Out Sourced Functions: Branding, posters, art, graphic design.

Assessment of Marketing Effectiveness: My marketing strategies will provide an exponential growth of income, and awareness. As connections are established people will become aware of alternative ways of life, and of the high quality products that can be produced in abundance from nature.