



Business Planning for a Cold Storage Facility



Presentation to the Conference:

Building a Public Seafood Processing and Cold Storage Facility

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Agenda

- **General overview of planning process**
- **Stages of planning**
- **Walkthrough of SBA's business plan**
- **Funding and financing options**
- **How to use a consultant**

Why Plan?

■ To be prepared:

- What industry or industries need cold storage?
- What capacity can be supported?
- What does the future bring?
- Do the numbers work?
- Who will own the facility, and who will operate it?
- Should a facility be built?

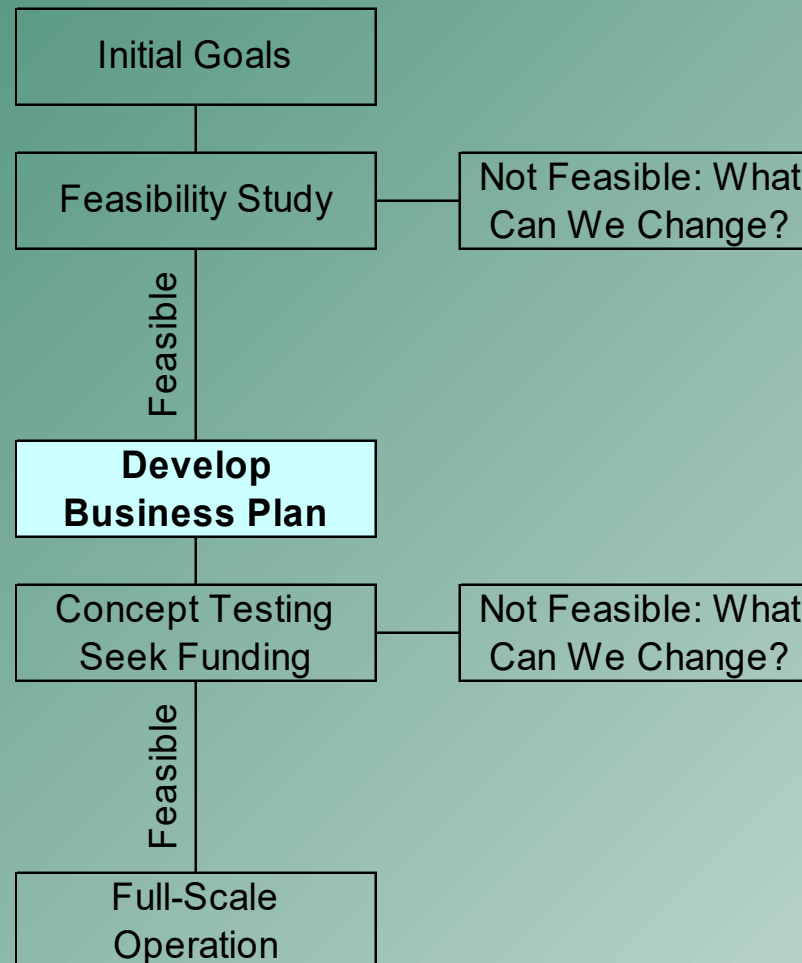
Why Plan?

**So you know
where you are
and
*where you're going!***

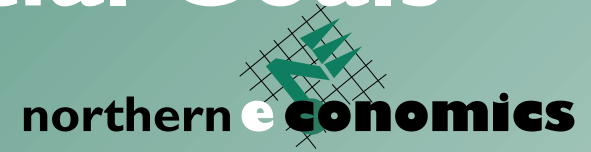
Why Plan?

So you can get
FUNDING!

Stages of Planning



Stages of Planning: Initial Goals & Feasibility Study



- **Planning phase**
- **Objectives of cold storage facility**
- **Assess market opportunity**
- **Assemble information for business plan and to get started**

Stages of Planning: Business Plan & Concept Test

- **Use results from previous phase to develop a business plan and proceed**
- **Testing phase: make sure the idea makes sense, with minimal risk and cost**
- **May ask for some funding for concept, depending on available capital**

Stages of Planning: Full-Scale Operation



- **Go to full operations**
- **Production to meet the market identified in the business plan**

Walkthrough of the SBA Business Plan



- Different plans for different businesses
- I'll show a plan for a *small manufacturer*

Walkthrough of the SBA Business Plan



- **Five major parts:**
 - Business definition
 - Marketing
 - Production
 - Financing and cash flow
 - Implementation: making the plan work

Business Plan: Business Definition



- **Why am I in business?**
 - *Unfilled or underfilled need*
- **What business am I in?**
 - It's often not the one you think!

Business Plan: Marketing

- **Market area**
- **Who are your competitors?**
- **How do you rate your competitors?**
- **Advantages of competitors?**
- **Distribution**
- **Market Trends**
- **Share of the Market**
- **Sales Volume**

Business Plan: Production

- **Manufacturing operations**
- **Raw materials**
- **Equipment**
- **Labor skills**
- **Space**
- **Overhead**

Business Plan: Finances and Cash Flow



- **Expected sales and expense figures**
- **Cash flow figures**
- **Current balance sheet figures**

Business Plan: Implementation: Making the Plan Work

The logo for 'northern economics' features the word 'northern' in a lowercase, sans-serif font, followed by a stylized 'e' icon composed of a grid of lines, and the word 'economics' in a bold, lowercase, sans-serif font.

- **Inventory control**
- **Production**
- **Quality control**
- **Sales**
- **Breaking even**

Small Business Administration Resources



For additional resources, go to:

www.sba.gov

Other Resources



**Department of Community and Economic
Development**

www.dced.state.ak.us

**Alaska Small Business
Development Center**

www.aksbdc.org

Funding and Financing Options



- **Funding is available from many sources.**
- **Some potential funding sources are:**
 - Small Business Administration (SBA)
 - Economic Development Administration (EDA)
 - Bureau of Indian Affairs (BIA)
 - Denali Commission

Funding and Financing Options



- **Some potential financing sources are:**
 - Bank loans and private lenders
 - Alaska Industrial Development and Export Authority (AIDEA)
 - Department of Agriculture (USDA)
 - Commercial Fisheries and Agriculture Bank (CFAB)

Funding Options

- **Good guide to available grant and loan programs:**
 - Economic Development Resource Guide, Department of Community and Economic Development's Division of Community Advocacy
 - Latest version is 15/e, July 2003

How to Use a Consultant

- **Consultants can provide guidance on:**
 - Feasibility: technical, engineering, economic
 - Market demand: how much, how big
 - How to build it: best mix of financing and funding
 - How to run it: make the best use of equipment
 - Community impacts: economic value (more than just financial!)

How to Use a Consultant

- **With a good consulting team, you will have access to:**
 - Experience
 - Expertise
 - Efficiency
 - Guidance

How to Use a Consultant

- **What a consultant *won't* do:**
 - Tell you your goals and objectives
 - Make your decisions
 - Tell you the appropriate level of risk for your community
 - Decide how much the community is willing to commit (break even, subsidy – how much)
 - Give you commitment: your community must buy in to the project, and you must apply your perspective

Summary

- **Business planning...**
 - Typically follows a feasibility study, and is used to secure funding and financing.
 - Gives you a blueprint for a facility that fits your needs/objectives.
 - Helps you proceed from initial goals to full operation.
 - Builds your confidence and gives you answers to questions and the what ifs.

Summary

- **The U.S. Small Business Administration provides guidance in developing a business plan.**
- **Following the SBA format will give you a plan that can be used for funding and financing.**

Summary

- **Business plans address**
 - Business definition
 - Marketing
 - Production
 - Financing and cash flow
 - Implementation: making the plan work

Summary

■ Consultants...

- Provide you with experience and expertise.
- Provide third-party validation of your idea.
- Provide guidance in the planning process and recommendations on how to proceed.
- Won't tell you your goals and objectives.
- Won't make your decisions.
- Won't tell you the appropriate level of risk for your community.

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