



BUSINESS PLANNING AND MANAGEMENT FOR MEAT GOAT ENTERPRISES

The central economic issue for the manager of a meat goat enterprise is to produce products at a cost low enough and sell products at prices high enough to generate a profit. A key issue with this equation is for managers to know their cost of production and fully understand their market opportunities. Success will involve appropriate business planning, record keeping and analysis, enterprise budgeting and financial management.

This fact sheet provides a broad overview of the importance of business planning, understanding the typical business life cycle and establishing a mission statement, goals and tactics.

Overview

Operating a successful business requires solid business planning and management. This is true for large businesses, small businesses, rural businesses and farm businesses. Increasing competition in a global economy, quickly-changing consumer preferences, new production techniques, environmental responsibilities, rapidly expanding and adopted technology, tight profit margins and innovative marketing opportunities require that farmers exercise sound business management and marketing techniques.

Most successful businesses have some type of business management plan. Many management plans are written in great detail and conform to a fairly standard business plan format. Formal business plans are helpful and oftentimes required when seeking outside funding from a bank or other lender of capital. Whether it is a formal written business plan that includes the generally-accepted business plan sections or more of an informal scheduling plan, the planning process has proven to be an important function for successful businesses and farm enterprises.

Goat producers should make overall business planning a routine part of the management of their enterprise. It is often a natural tendency for farmers to spend a significant amount of their time and resources conducting “production” activities. However, like other successful business operators, successful farm managers find a way to balance their time between production, marketing and financial management.

Managers of many failed businesses mention “lack of capital” as a primary reason for business failure. However, because businesses often do not adequately plan, additional capital often just postpones the eventual failure of the business. In fact, improper or a total lack of planning is the primary reason for business failures.

Mission, Goals & Tactics

At the basic level of planning, managers of meat goat enterprises should determine the overall mission of the enterprise. The mission should clearly state why you have the enterprise and how raising meat goats fits with your personal and professional priorities. The mission statement should be written and carefully worded to provide an adequate description of the role and reason for your involvement with meat goats. Once the overall mission of the meat goat enterprise is described, specific goals of the enterprise should be drafted. Goals for meat goat enterprises should be concise statements that describe certain performance measures which, once achieved, will help meet the overall mission of the enterprises.

Goals for meat goat enterprises should be “S.M.A.R.T” which means they should have five basic components. S.M.A.R.T goals should be Specific, Measurable, Attainable, Rewarding and Timed.

- Specific - - goals should be well-written, concise, straightforward and definitive.
- Measurable - - goals should be measured in quantitative terms so progress can be monitored.
- Attainable - - goals must be achievable and not in conflict with other goals.
- Rewarding - - the achievement of a goal should be rewarding in some way.
- Timed - - goals should have a time limit for achievement.

When writing S.M.A.R.T goals for a meat goat enterprise, it is often helpful to begin each goal statement with an action word such as “provide,” “increase,” “create,” “ensure” or “develop.” Consider setting goals for certain levels of sales, production and profit.

Once performance goals have been identified, specific tactics or action steps should be identified. Tactics are the day-to-day operational details that will be performed to achieve the enterprise goals. Tactics are the production and management activities that must be performed in order to run the enterprise and meet the goals. Tactics are the items that appear on the farm manager’s “to-do” list.

Following is a worksheet to assist in developing a mission statement, goals and tactics for a meat goat enterprise.

Mission Statement:

Goals:

Tactics:

Business Life Cycle

Goat farmers need to be aware that it takes more than a good idea to achieve success. The old adage “people don’t plan to fail, they fail to plan” often holds true for new livestock enterprises. Goat farmers must plan for success. While no one should start a new farm enterprises prepared to fail, adequate planning should be invested in developing procedures or an exit strategy to implement if things do go wrong. Every enterprise has a life span that is depicted by its business life-cycle. A business life cycle is normally defined by four stages: introduction, growth, maturity and decline.

Some business life cycles will experience a slow introduction and growth stage, a short maturity stage and a rather quick decline stage. It is important to understand the typical cyclical life span of a small business. During the introduction and growth stages, many new farm enterprises often do not generate sufficient net income to serve as a family’s only source of income. Sometimes, enterprises do not even remain at maturity long enough or while at maturity may still not provide adequate levels of net income. Therefore, other sources of income are often necessary. Unfortunately, many businesses enter the decline phase shortly after introduction. A management objective should be to maintain the enterprise in the maturity stage for as long as possible.

Studying the reasons for most business failures can be helpful in extending the life cycle of a goat enterprise. Following is a list of 10 leading causes of business failures.

- 1) Insufficient business/enterprise planning
- 2) Lack of adequate capital in the start-up and growth stages
- 3) Going into business for the wrong reason
- 4) Manager gets worn out and/or underestimates the time requirements
- 5) Family pressure on time and money
- 6) Being at the wrong place at the wrong time
- 7) Lack of market awareness
- 8) The manager falls in love with the enterprise and cannot make objective decisions
- 9) Lack of financial responsibility and awareness
- 10) Lack of a clear focus

Business Plan

Proper identification and written descriptions of a mission, goals and tactics for a meat goat enterprise will provide a strong foundation for the development of a complete business plan. Additional steps involved with proper enterprise planning includes conducting market research, identifying the target market and developing a multi-year financial plan that includes an analysis of start-up costs, annual cash flow statements, income statements, balance sheet and enterprise budgets. All of these activities are easily documented in a written business plan.

A business plan provides a structure which guides the business planning and on-going business management process. A written business plan is a tool that describes and defines the many details of a meat goat enterprise. A good business plan can help identify potential business-failure characteristics and improve the chances for business success. A business plan is a road map that identifies business goals and presents a plan for achieving them.

Development of a business plan should be a basic management practice for goat producers. A business plan does not have to be long nor expensive, but it does require an investment of time and attention. A business plan should provide a detailed description of the business operations including the key sections outlined below.

Example Business Plan Format

Overall description of the business

- Definition of the business, history
 - Mission
 - Goals
 - Tactics
- Legal business structure/organization
- Future plans

Management overview

- S-W-O-T analysis (Strengths-Weaknesses-Opportunities-Threats)
- Organizational structure
- Personnel
- Labor costs
- Job descriptions
- Insurance
- Operational guidelines

Description of the products planned to market

- Product lines
- Niche product potential
- Sources of Supplies, Costs

Market analysis and development of marketing strategies

- Description of the market conditions
- Marketing methods planned
- Target markets
- Competitor analysis
- New market opportunities

Financial plan

- Past/historical financial statements
- Balance Sheet
- Financing plan
- Pro forma income statements and cash flow statements
- Enterprise budgets
- Start-up cost estimates
- Break-even analysis

Other

- Exit strategy
- Tax returns
- Legal documents
- Contracts and agreements
- Other Supporting Documents

SOURCES

Holland, Rob, "Using A Business Plan to Improve Chances for Success", UT Extension, ADC Info 8, December 2001.

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