

# Best Buffalo Bison Ranch

Steve & Sherie Brandhaven  
Owners



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**Business Plan, Completed March 2000**

***About this Sample Entrepreneur Business Plan:***

The following sample *NxLevel* Entrepreneur Business Plan was originally written by a class participant, and subsequently modified to protect proprietary information. As it is primarily a student's work, it is not represented to be a "perfect" business plan, although the presentation is in keeping with the *NxLevel* format and content. It can be used as a sample of what a business plan might contain, and as a model for constructing the various sections.

Your instructor may ask that you review certain sections and suggest improvements, modifications or additions. The purpose of each individual business plan may be different, with varied intended readers. You may also be asked to discuss what information might need to be included or deleted based on the purpose of the plan.

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# Section I. Executive Summary

The American Bison that once ruled the plains and provided Native Americans with food, homes, clothing, medicine, tools and many other essentials of living, reached near extinction near the end of the 19<sup>th</sup> century. Today they are experiencing a comeback as a viable business venture and proving that they can once again give life, health and vitality to the land they occupy and to the people who utilize their meat and other valuable products. We, the owners of Best Buffalo Bison Ranch, are excited to be a part of this comeback and able to provide the bison products to people in Dakorma and other states. These products include frozen meat, hides, skulls, and home-made soap. They are available through a mobile “Buffalo Trading Post” which travels to several towns in Dakorma. We are also starting to offer tours to educate people about the bison and the health benefits the meat provides.

Bison meat is a small newcomer to the consumers’ array of meats, competing primarily with the All-American favorite, beef. Even though beef is lower priced and more readily available, bison is making headway as consumers become more health conscious and look at value vs. dollar. As with any new food product, people are cautious about trying bison for the first time. Once they try it, most people like it and come back for more, especially as they recognize the improvement in the way they feel. Thus we are growing through repeat business and word of mouth advertising.

This business, started in 1995, is owned and operated by Steve and Sherie Brandhaven. The only other employees are our sons, Cory and David, who help with both production and sales. Steve has considerable experience in managing livestock. Sherie, a registered nurse, researches and educates customers on the nutritional benefits of buffalo meat. Cory and David, both in high school, have been learning and assisting in the business for the past 5 years.

The primary means of marketing has been direct to the consumer through the “Buffalo Trading Post.” This will continue, but we also hope to expand to grocery stores. A web page generates mail-order sales, and it is hoped that by offering tours, on-farm sales will increase. A monthly newsletter has been initiated to keep customers informed of nutritional research and provide them with recipes and cooking ideas. A recent customer survey shows most customers appreciate both the taste and health benefits and are interested in buying several times a year.

The business has a solid financial base, operating with a line-of-credit loan from United Dakorma Bank of Straight Shot. We have been increasing in equity over the past 5 years but are currently showing minimal net profits. This is expected to change over the next 3 years as the herd reaches full reproductive capacity.

The bison business holds exciting possibilities and generates considerable interest and fascination. We are glad to be part of it.

**Steve and Sheri**

**Steve & Sherie Brandhaven, Best Buffalo Bison Ranch**

# Section II. Mission, Goals, and Objectives

## General Description of the Business

The Best Buffalo Bison Ranch is in the business of raising and marketing bison and bison meat and products (also known as buffalo.) The primary products at present include frozen meat, homemade soap, bleached skulls, and tanned hides. A few breeding animals are also sold. The meat is especially attractive to those who are interested in the health benefits of low fat, natural red meat. Skulls and hides are purchased by people who like western and Native American décor and ambiance.

The primary means of marketing is with a trailer containing freezers, taken to various towns in Central Dakorma, and set up in parking lots with signs posted around it. This has been successful in attracting new customers. A website is also maintained for mail orders.

The business involves all family members, Steve, Sherie, sons Cory and David who are in high school, and preschool-age daughters Brandy and Karrie who are learning about the buffalo. Since Steve is employed full-time off the farm, most of the work is done evenings and on weekends. Sherie is at home during the day to take phone calls and orders.

The Brandhavens have been in the farming/ranching business full or part time since 1974. The ranch, located 5 miles south of Straight Shot, Dakorma, consists of 320 acres of pasture and the Brandhaven home. After several years of traditional cattle ranching, the Brandhavens purchased their first 4 bison in January 1994. Meat sales were begun in February 1995 with an open house at the ranch. Interest exceeded all expectation, so Steve and Sherie decided to take advantage of this interest and continue promoting the bison meat. They currently own 28 females and one breeding bull along with the meat animals. They hope to expand the herd to about 40 bison cows.

## Mission Statement

Best Buffalo Bison Ranch, a family owned and operated business, exists to honor God through: 1) practicing good stewardship of its natural resources in the raising of bison, 2) offering quality bison meat and products to enhance people's health and lives, 3) promoting customer relations which encourage repeat business, and 4) providing employment for their children and building a secondary source of income.

## Goals and Objectives

### **Short -Term Goals**

**Goal #1:** Establish regular customer base of at least 300 repeat customers.

#### **Objectives:**

- Establish and maintain current customer base including dates of purchase or contact.
- Send out monthly newsletter to customers with health tips, recipes and cooking tips, and monthly specials.
- Conduct customer surveys annually.

**Goal #2:** Attract new customers to add 50 names to customer base this year.

**Objectives:**

- Continue parking lot sales in Great Aisles, Corney, South River, and Makork.
- Keep web page updated and current every month.
- Find new links to increase Internet sales by 50%.

**Goal #3:** Find stores in Great Aisles, Corney, South River, and Makork to carry meat on a regular basis, in 2000.

**Objectives:**

- Ask regular customers in those towns to suggest names of stores to be contacted.
- Offer to sponsor in-store promotions twice a year.
- Provide recipes and product information for customers.

**Goal #4:** Sponsor tours to educate people about the advantages of bison to the environment and to a healthy diet.

**Objectives:**

- Prepare tourist brochure to be sent to tour operators by February 1, 2000.
- Prepare for tours by building trailer by May 1.
- Find affordable insurance to cover liability.

**Goal #5:** Increase profitability and efficiency of business through better record keeping.

**Objectives:**

- Obtain services of an accountant to help track cash flow, sales, and expenses, and operate on a budget.
- Use records to evaluate expenditures and plan future areas of expansion.

## **Long-Term Goals**

**Goal #6:** Establish on-farm kitchen/retail store to accommodate visitors and prepare ready-to-eat products by 2004.

**Objectives:**

- Evaluate need for such over next 2-3 years as existing facilities are used to accommodate visitors.
- Visit other ranches to see what facilities are used other places.
- Establish budget and expected return for building such a facility.

**Goal #7:** Establish herd of 40 to 50 bison cows with calves and bulls over next 4 – 5 years.

**Objectives:**

- Save back best heifer calves to add to herd and change bulls when needed to maintain quality and prevent in-breeding.
- Manage herd to avoid non-productive cows, disease and parasites.
- Continue to take in bison to fully utilize pasture on an absentee ownership plan.

## Section III. Background Information

### Background Industry Information

The bison industry today includes the production of bison, which are then marketed as breeding stock or meat animals, frozen or prepared meat, and by-products such as skulls and hides. It can be classified as agriculture, alternative agriculture, sustainable agriculture, livestock production, alternative livestock, health foods, etc. It is also easily adaptable to organic food production and lends itself well to agri-tourism. As a commercial industry it is, as one source puts it, still in its pioneering phase. (See Appendix, Section I, “Why Should I Raise Buffalo.”)

While bison (American Buffalo) once roamed the plains of North America by the millions they reached near-extinction in the late 19th century. It was estimated that there were fewer than 300 animals left in 1894 when a law was passed forbidding the killing of them. Since that time numbers have increased to an estimated 350,000 in North America by 1997. There are about 7,000 in Dakorma. (See Appendix, Section I, “Bison Management and Marketing.”) Their come-back was the result of private ranchers capturing and raising them and their protection on public lands. The past 10 years has seen a growing popularity in bison as an alternative to cattle both from the perspective of the rancher and from the consumer of the meat.

Most resources report that the demand for both live animals and for the meat is far greater than the supply. A DakFacts guide on “Bison Management and Marketing” prepared in 1998 states that, “it could be more than 30 years before supply catches up with demand.” (See Appendix, Section I, “Bison Management and Marketing.”)

While this may be true on a national level, this demand for the meat in Central Dakorma must be created, as people are not accustomed to consuming bison meat and must be convinced that the taste and nutritional value justify the additional cost over that of other meats.

Bison is similar in taste to beef but significantly lower in fat. Therefore, it is sought after by the health-conscious consumer and by those who must lower the fat in their diets but do not want to give up red meats. Larger producers are exporting much of their meat to Europe; restaurants also consume a significant portion of the meat produced.

Interest in by-products, especially skulls and hides has also increased in recent years, adding more value to the industry as a whole. (See Appendix, Section I, “Burgeoning Bison Industry,” Meat Industry Insights news article.) The small producer can maximize his per animal return by taking advantage of such by-products.

Because this is a growing industry, many of the producers are still small (fewer than 50 cows), although there are also several herds numbering in the hundreds to thousands. There are bison herds in all 50 states and Canada.

## **Current and Future Trends**

The price of breeding animals had been increasing significantly for the past 5 years. However, 1999 saw a significant decline in the price of breeding heifers and producing cows. This decline has not carried over to the feeder bulls, indicating that the meat market remains strong.

Live animals are marketed both privately and through auctions. At present there are three auctions in Dakorma open to anyone wishing to sell animals. These are held at Crawford in October, Valentine in November, and Beatrice in the spring.

Bison meat can be sold wholesale or retail. Current price for a hanging carcass is \$2.44/lb. at Custom Pack in Horvalls. This is the closest outlet and the only one we know of in Dakorma.

There are very few retail outlets for the frozen meat in Dakorma. The majority of retail sales are probably directly from producers. There are a few restaurants serving bison steaks or burgers. Current retail prices increase the value of the carcass by about \$900 over processing costs. This additional value must cover advertising, permits, insurance, and direct marketing costs.

One of the larger retailer outlets in the mid-west is the Denver Buffalo Company. In 1996 they produced and distributed a line of over 20 processed products to both the private sector and the restaurant industry and grocery stores. A 22,000 square foot restaurant, deli, trading post, and gallery in Denver showcases all the products and also carries the name of Denver Buffalo Co. Hides, heads, skulls and many other products are sold through the Trading Post and the catalog. "Currently the Denver Buffalo Company is processing and shipping over 100,000 pounds of meat each month, and expects to double this soon." (National Bison Association Newsletter, Dec. 1996, Vol. II. I.)

## **Business Fit in the Industry**

The Best Buffalo Bison Ranch made its first meat sales in February 1995 with an open house at the ranch. They served samples of buffalo meat and allowed people to see the live animals, a hide in the process of being tanned, a cleaned skull and a 20-minute video, "Return of the Bison." This was attended by nearly 300 people who purchased over \$1000 of meat. Seeing the local interest in the bison meat, the Brandhavens then mounted a freezer on a cart that could be hauled to various towns. In 1995 they sold meat and skulls this way in Straight Shot several times. They also began shipping meat for people upon request.

They have since expanded their "trailer sales" to Great Aisles, Cornney, South River, Hamridge and Makork, all in central or southwest Dakorma. Over the past 4 years the Best Buffalo Bison Ranch has built up a reputation and following of over 200 regular customers. In 1999 they went to Great Aisles, Cornney and South River approximately seven times and to Makork twice. Sales averaged \$1000 per sale day. Sales at Hamridge and Straight Shot averaged about \$250.

A web page was also implemented in 1999, which has generated several sales of meat and one sale of a tanned hide. It has also caught the attention of an individual from Germany and a restaurant owner in Japan.

At present the Best Buffalo Bison Ranch (BBBR) is a very small producer, but is selling more meat than they are producing themselves. They are the only producer taking the products to these various towns for retail sales. Other producers in Dakorma offer the meat to consumers in their immediate locale or through mail order but the Brandhavens have not encountered any direct competition. The Brandhavens feel their niche in the market is taking the products out and meeting their customers and perhaps giving them a taste of it. A new service that is being implemented is to send a monthly brochure with health news, recipes, and discounts on certain cuts of meat. They offer a product that meets inspection codes (USDA) and they are working toward consistent quality. Their prices are at or below those of most other retailers. They will ship the product anywhere in the USA for the cost of the container and actual shipping costs.

They are currently looking at getting the meat into retail stores in the towns where they have established regular customers. This would make the products more readily available to the consumers and require less time for sales.

Another marketing strategy that they plan to implement in 2000 is to host tour groups. This will give greater exposure to the benefits of eating bison and hopefully gain some customers. They plan to offer a meal with a bison sandwich so that people can taste it.

## **Section IV. Organizational Matters**

### **A. Ownership, Regulations, and Contracts**

#### **Business Structure**

Best Buffalo Bison Ranch (BBBR) is a sole proprietorship (or husband/wife partnership) owned by Steve and Sherie Brandhaven. (See resumes in Appendix.) The buffalo business developed from a farming/cattle ranching operation, which they had been engaged in since 1975.

The real-estate is owned by Steve and Sherie in joint tenancy. This is a home-based business, and the home and all personal property, including vehicles are also owned jointly. The business is financed through a bank loan at United Dakorma Bank, Straight Shot for which both spouses are personally responsible.

Sole proprietorship works well for the Brandhavens because the business is intricately interwoven with their personal lives and because their home and personal property are part of the business. They currently have no employees outside the family. They have insurance to protect their property from theft, fire, and other disasters, as well as liability insurance on the vehicles, property and product. This structure is inexpensive, simple and suits their needs at the present time.

#### **Regulations**

##### **Taxes**

Federal and state income tax and self-employment FICA tax is reported and paid with the personal tax return for Steve and Sherie Brandhaven.

State sales tax of 5% must be collected on sales of non-food and prepared (ready-to-eat) food. A city tax is also collected if the sale occurs in a city with a local sales tax. For this the business has a permit # 00-550001. (See Appendix, Section II for copy of Sales Tax Permit.) The tax collected is reported and paid in January each year on Dakorma and City Sales and Use Tax Return.

The only paid employees for the business are the Brandhaven's sons, Cory and David. Cory is now 18 and requires withholding of social security. David is 15 and requires no withholding.

##### **Permits**

BBBR has 2 food permits for selling retail food, one for Dakorma and one for Great Aisles/Hill County. The Dakorma permit is \$75.00 / year and the Great Aisles/Hill County permit is \$35.00/year. (See Appendix, Section II for copy of permits.)

##### **Consumer Regulations**

The meat is processed at a USDA inspected facility. While this is not required for buffalo meat sold to the general public since it is classified as a wild meat, it is an additional assurance for the consumer. Most restaurants and retail outlets require USDA inspection.

All packages are labeled with the type of meat (buffalo) and the particular cut (e.g., rib eye, top sirloin, etc.) and a scale weight. Any processed foods e.g. summer sausage, are labeled with all ingredients.

## **Contracts**

The Best Buffalo Bison Ranch has a promissory note with United Dakorma Bank for an operating loan. It also has an unsecured loan with Brandhaven Ag.

The ranch has an absentee-ownership agreement with Kyle Stivers for the care of his buffalo. (See Appendix, Section II, Contracts.)

As part of the effort to get their products into retail stores the Brandhavens are working on an agreement describing what they have to offer and their expectations of a retail store that would carry their products. This agreement, which could be negotiated, will include prices, delivery schedule, payment schedule, store promotions (by the Brandhavens), Best Buffalo Bison Ranch identification on the meat or on posters by the meat case, and recipes and cooking information provided to customers.

## **B. Management Issues**

### **Internal Management Team**

Steve and Sherie work together as a team to manage their business, each contributing his/her energy, property, and ideas while respecting and appreciating the other's input. They try to manage and do much of the work themselves, utilizing family members, but seeking advise and help when needed. (See Appendix, Section II, Organizational Chart.)

Steve's area of expertise is in the management of the animals. After farming and ranching for over 25 years, he has a good understanding of livestock management, grazing practices to benefit both the land and the animals, and general management of a farm/ranch operation. His mechanical know-how and ingenuity allows him to build equipment for handling the buffalo and for selling meat. His full-time job in Straight Shot as a tool and die maker provides income and insurance for the family while they establish the bison business. (See Appendix, Section II for Resume.)

Sherie is a registered nurse, but primarily a stay-at-home mom. As such she is knowledgeable of and interested in the nutritional benefits of buffalo meat and has ample time to try preparing it in various ways. Being at home also allows her to be available to answer the phone and conduct other business matters during the day. As a partner in the farming/ranching business for the past 25 years, she is also knowledgeable of bookkeeping, livestock management, and other aspects of the ranching business. (See Appendix, Section II for Resume.)

Steve and Sherie are both anxious to learn more to help make their business more efficient and profitable. Since direct-marketing and other aspects of the bison business are relatively new to them, they completed a NxLevelL Entrepreneurs Course in 1997 and wrote a business plan for their business. A similar NxLevelL course, "Tilling the Soil of Opportunity," was taken again in 2000 to help them update and refocus their marketing efforts. The Brandhavens subscribe to

Bison World and Stockman Grassfarmer periodicals to keep up on current research related to production and marketing of bison. Sherie has been researching nutritional information, especially related to fats in the diet.

Both Steve and Sherie are keenly aware of what kind of businesses they as consumers like to do business with. They share high standards of ethics and desire to conduct their business and personal affairs accordingly.

## **Personnel**

Part of the purpose of this family-owned business is to train and provide income for the family's children. At present their two sons Cory (18) and David (15) are the only employees they hire. Cory and David help with chores, building fences, handling buffalo, conducting tours, and taking care of customers (sales). Cory is able to do a lot of the hauling of animals to the processor and picking up the processed meat. This aspect will be taken over by David later in 2000 when Cory leaves home.

It is anticipated that additional personnel will be needed on a part-time basis as the tourism business grows. (See Appendix, Section II for Job Descriptions for Sales Assistant and Tour Assistant.)

## **Outside Services/Advisors**

The management team of Best Buffalo Bison Ranch includes a banker, accountant, bookkeeper, veterinarian, feed salesman, and meat processor. They also work with another bison producer and others in the production and sales of meat and by-products. (See Appendix, Section II for Consultant Reference.)

The banker, **Jon Jasonek of United Dakorma Bank, Straight Shot**, and accountant **Bob of Zeke Dona K. Kale, Co.**, have been working with the business owners since 1981 in their farming/ranching operation. They continue to give financial advice and assistance in evaluating profitability and tax considerations.

The feed salesman, **Mark Maans of Maans Feed**, is knowledgeable about mineral and protein requirements of livestock in general. He is willing and able to get all-natural protein and other special feed needs.

The buffalo meat is processed at **Custom Pack in Horvalls**. **Owner Mike Marks** sells meat to retailers in other parts of the country and stays abreast of trends in meat sales. He is a good source of information on the regulations of selling buffalo meat as well as a source for additional meat supplies.

**Kyle Stivers**, the absentee-owner of many of the buffalo cared for on the ranch, is a major part of the business. Kyle has worked with buffalo for nearly 30 years and is very knowledgeable on many aspects of the business.

The business has not yet required the services of an attorney but plans to use **Shirley Graggentos** if needed for such. She has advised the owners on other legal matters.

The business does not currently have a formal Advisory Board. However, the **Dakorma Buffalo Association** to which they belong meets to discuss various aspects of the buffalo industry. Informal and formal discussions with other members are a valuable source of information. There are others from the association in the tourism business who have been willing to share what they have learned and tried.

## **Risk Management**

### **Insurance**

Most of the business insurance needs were already in place from meeting personal and family needs. This includes life and health insurance on all family members, auto liability, house and personal property protection and farm and livestock liability and protection. In addition, the Brandhavens purchased a Premise and Product liability policy to protect when they are out selling meat. Most of these insurance needs are handled by Tom Roxelt, agent for Farm Bureau Insurance Co. Recently, a policy to cover the tourist business was purchased through the Ballinger Agency in Straight Shot.

To reduce product risk, the Brandhavens have the meat processed by a reputable meat processor under USDA inspection. It is kept frozen at all times. No meat is sold which is known to have been thawed or opened in any way. For further protection the business has its premises and equipment inspected by a state food service inspector annually, and it is licensed to sell frozen and prepared food.

### **Safety Precautions**

Because buffalo are wild animals and unpredictable in their behavior, no one is allowed to be on the ground in the buffalo pens unless they have been trained in handling procedures. Catwalks have been constructed around the outside of the sorting pens, and gates can be operated by ropes pulled from outside the pens. Vehicles are used for moving (chasing) buffalo through the pasture or pens.

## **Operating Controls**

### **Record-Keeping Functions**

At the present time the bank account is reconciled each month by Sherie, using the Quicken computer program. The Brandhavens recently asked A & A Accounting to help with income tracking and cash flow recording. Bob Zeke, CPA with Dona Kale Co. does the income tax computing.

### **Accounts Receivable**

Receipts are written in duplicate for every sale made. Most sales are for cash unless they are to be shipped. For phone orders the bill is either sent with the shipment or to the person who ordered it, or charged to his/her credit card. These receipts are flagged until payment is received. If no payment is received by the first of the following month a bill will be sent expecting payment by the tenth of the month.

## **Accounts Payable**

Most expenses are paid upon receipt. Monthly bills are usually received about the first of each month and paid on or by the tenth with a check.

## **Other Operations Control**

### ***Personnel***

The only employees at this time are Cory and David Brandhaven. Job descriptions have been developed for them, including compensation. These may be changed and upgraded as their skills develop and the business grows.

### ***Purchasing***

There is a minimal amount of purchasing needed as most of the meat supply is raised by BBBR. Ordering of other supplies may be done by either Steve or Sherie, usually after they have discussed it together. The order is checked for completeness upon arrival. A VISA bankcard is used to make phone purchases or mail-orders.

### ***Inventory Control***

An inventory of the live animals is kept. (See production records in Appendix, Section IV.) This includes a production record on the breeding stock. A complete physical inventory of meat, tallow, skulls, and hides is conducted each year on or about Jan. 1. The meat is kept locked in freezers to prevent theft.

### ***Customer Service***

All complaints are followed up promptly. Steve and Sherie have a basic policy of treating all customers as they would want to be treated and are training their sons to do the same. A questionnaire regarding customer service is sent out annually or as needed to assess needs of customers

### ***Customer Credit***

A system for accepting credit cards enables the business to accept Visa, Master Card, and Discover Card. This is used for phone orders as well as a convenience to customers.

### ***Pricing***

Pricing is determined by reviewing expenses and competitors' prices. This is reviewed annually or more frequently if needed.

### ***Quality Control***

Since each package is handled separately, any package or product showing damage such as freezer burn or broken wrapper will not be sold. Expectations of quality and packaging are discussed with the processor. He has been willing to cooperate and make changes as needed.

# Section V. The Marketing Plan

## A. The Products and Services

The Best Buffalo Bison Ranch (BBBR) is in the business of producing and marketing bison and bison products. The first step of this process is to build and maintain a high-quality breeding herd. They currently own about 30 females and 1 breeding bull and plan to build the herd to a total of about 40 cows and 3 - 4 breeding bulls.

**Absentee-Ownership Program:** The absentee-ownership plan means BBBR will care for someone else's cows for a share of the calf crop. They currently care for 60 cows for an absentee owner which is full capacity at this time.

**Breeding Stock:** BBBR has also sold several heifer calves as breeding stock. As the herd size increases it is anticipated that they will be able to sell more.

**Retail Products:** Believing, however, that any profitable livestock enterprise must be able to produce marketable products to the consumer, the Brandhavens chose to enter the retail market with the bison meat, hides, skulls, and other products. In addition to local sales the Brandhavens have a web page and the capability of shipping their products all over the country.

**Meat:** The frozen meat is sold directly to consumers from the Brandhaven home or from a trailer taken around to various towns in Central Dakorma. All the meat is processed under USDA inspection, assuring consumers that it meets all governmental standards. The retail cuts are all boneless and packaged in clear plastic, vacuum-packed packages. Steaks from the tenderloin, rib eye, top loin, sirloin, and round, roasts, stew meat, and ground meat in bulk or pre-formed patties provide the consumer with choices to fit every cooking style. And there are also several processed meats, including jerky, hot dogs, summer sausage and pre-cooked roasts for those who want to enjoy a snack or meal without cooking. Customers receive recipes and cooking information so they can enjoy the meat at its finest.

Bison meat is very similar to beef in taste and texture but has several health advantages. First, it contains about 1/4 the fat as similar cuts of beef, making it much more acceptable to those who want or need to reduce their fat and calorie intake. Bison meat is tender without having the fat marbled into it because the muscle fibers are shorter than those of beef. The fat content is also less than that of pork, lamb, chicken, turkey and some fish. Secondly, bison provides about 45% more iron than equivalent portions of beef. Third, there are no known allergies to bison as there are to beef and other meats. This may be due to the fact that bison are allowed to grow naturally without hormones or growth stimulants. They are hardy animals, resistant to many of the infections that plague cattle, and therefore do not require antibiotics to keep them healthy. Bison meat contains no drug residues and no preservatives, (with the exception of the processed meats in which sodium nitrite is required to prevent botulism.) The bison at BBBR are raised on open pastures. Meat animals are supplemented with corn for 2 – 4 month to allow them to reach optimal size while they are still at a prime age (under 36 months). Studies have shown that grass-fed animals have a higher percentage of essential fatty acids that protect against heart disease and cancer. (See Appendix, Nutritional Information.)

**Tours, Meals:** To familiarize the public with the benefits of bison the Brandhavens have hosted several open house events, school tours and other group tours. They have also grilled buffalo burgers and hot dogs for special events. They are now preparing to offer tours at the ranch on an appointment-only basis. A wagon is being built that will accommodate approximately 30 people. The 45 to 60 minute tour will take visitors out into the pasture and into the bison herd where they can see and photograph the animals up close. Visitors will also be given some history and information about the habits of these fascinating animals. A home-cooked meal featuring bison burgers or sliced bison roast sandwiches will be offered to groups of 20 or more.

**By-Products:** To more fully utilize the by-products of the bison BBR offers cleaned, bleached skulls and tanned hides. These make unique decorations. The skulls can be painted or decorated in a variety of ways. The hides make warm, soft rugs or can be made into hats, coats, vests, pillows or other garments or decorations. These are available at the ranch or through the mobile “Buffalo Trading Post.”

**Homemade Soap:** Homemade soap is made from the buffalo tallow and has proven to be an excellent product as a hand/body or laundry soap. It removes grease and other stains from hands or clothes, yet it is very mild to the skin. People allergic to other soaps have successfully used it. It is often purchased as a novelty item but some customers find it is the only soap they can use. Both plain and scented soaps are available. In addition to being available with the other products at the ranch it is also marketed through several gift shops, including a museum shop and another buffalo ranch gift shop.

## Summary of Features and Benefits of Bison Meat:

<u>Features</u>	<u>Benefits</u>
Lower in fat than most other meats.	Healthy meat alternative.
Less fat in meat means it cooks in less time at lower temperatures.	Saves time and fuel in preparation.
Meat has short muscles fibers.	Tender without fat marbled into it.
45% more iron than beef.	Important for women, who need more iron in their diet than men.
Produced without hormones, antibiotics, or growth stimulants.	No known allergies to the meat. No drug residues in meat.
Price compares favorably to natural-fed beef and other specialty meats.	Comparable pricing for similar products and better value for the dollar.

## Features & Benefits Unique to Best Buffalo Bison Ranch

### Features

Vacuum packed in clear plastic.

Wide variety of cuts of meat.

Special prices for 10 and 20 pound bundles of meat.

BBBR takes the meat to various towns in central Dakorma.

Satisfaction guaranteed.

Shipping available.

Tours available.

### Benefits

Customers can see the color and leanness of the meat they are buying.

Wide selection to meet customers' needs.

Save money.

Convenience.

Peace of mind.

Readily available to anyone.

Experience the majestic animals.

### **Life Cycles / Seasonality**

Bison products are all relatively new to the market place. The meat market is growing as the news media features stories about bison and the nutritional benefits of the meat. The Brandhavens have begun to see more repeat customers, indicating a growing market.

Seasonal sales are largely related to marketing efforts. When the weather permits outdoor sales, (primarily May to October), sales are high. Soap, which is marketed through gift shops, sees its highest sales during the tourist season, (May through September). Tours will be conducted May through September. The Christmas season brings in orders for meat to be shipped. January through April and November are low sales months.

An effort is being made to increase sales during winter months by 1) taking the mobile trading post out to regular locations every other month November to May, 2) contacting grocery stores to distribute the meat, and 3) sending monthly newsletters to encourage sales year-round.

### **Products/Services Growth Description**

Other products or services may be added to the business if they: 1) Utilize the natural resources currently available on the ranch, 2) utilize or promote bison products, 3) are compatible with healthy lifestyles, and 4) are equal or superior to similar products currently available. This could include offering more convenience (pre-cooked) foods, offering gift-type items, including Christmas gift packs, or providing more guest accommodations, such as cabins or tee-pees.

Serious consideration is being given to building a commercial kitchen/retail store on the ranch to better accommodate visitors and produce more value-added products. This would also allow for the display and sale of artistically-enhanced buffalo products, e.g., painted skulls or other bones, buffalo statues, pictures, etc. Preference would be given to works of local artisans. Locally produced natural and organic foods could also be offered.

Such products and services will be added after they are researched and tested to determine if they are economically feasible to offer. Another important consideration in adding more services is whether or not the managers have the time to commit to these. Adding these services may be dependent on quitting their off-ranch jobs, having a son join as a business partner, or hiring additional employees.

## **B. The Market Analysis**

### **Customer Analysis**

The typical first-time customer for bison meat may be of any age from 20 to 70, from a variety of occupations, living in the country or city, single or married, with or without children, and from a variety of ethnic groups. More men than women are initially attracted to it. While people of all income levels show interest, the prices prohibit those of lower income from buying very much. Repeat customers are more often in the 50 - 70 age range and often most interested in the health benefits of bison meat.

A customer survey was developed and sent out in February 2000 to determine customer preferences, buying habits and demographic information. The results have been compiled and summarized. (See Customer Survey Results included in this section.)

Research shows that people interested in eating health foods include wildlife/environmental enthusiasts, recreational walking enthusiasts, regular church attenders, and people with a general interest in self-improvement. Hunters and shooters are attracted to bison as a “wild” meat. (The Lifestyle Market Analyst, 1991.)

Buyers of buffalo skulls and hides are more likely to be hunters or art enthusiasts. Price of these items also dictates a higher income level, (\$30,000 +).

### **Competitive Analysis**

The primary competition for bison meat is beef sold in all grocery stores. It is readily available, liked by most people, priced low compared to most other meats, and cut and packaged to suit the consumer. People in Dakorma are accustomed to eating large quantities of beef, both at home and in restaurants; they know what to expect and how to prepare it.

People who want buffalo meat can order it from Denver Buffalo Co., Denver Colorado, Sayersbrook American Gourmet, or a number of other individual buffalo ranches, some of which have web sites. Denver Buffalo Co. and Sayersbrook American Gourmet both offer a wide variety of meats shipped all over the country. They have established reputations for high-quality products and have attractive catalogs which show the product as it can be cooked and served. Sayersbrook also offers a number of pre-cooked entrees along with a variety of other naturally-raised meats.

The Best Buffalo Bison Ranch holds a competitive advantage over beef in grocery stores by offering bison, which has several health benefits over beef. (See Product Features/Benefits.)

Few grocery stores in Dakorma feature bison meat. Those stores that do have it generally stock just the burger. Their prices on bison are considerably higher than beef making the bison meat less attractive to the consumer. BBBR offers a variety of bison cuts at prices lower than most grocery stores. By selling only bison, the Brandhavens are able to explain the benefits of bison and how to prepare it. They can also discuss with the customer how the meat is produced.

BBBR has a significant price advantage over Denver Buffalo Co., Sayersbrook, and most other mail-order sources, prices being about half those of Denver Buffalo Co. The Brandhavens take the frozen meat out to the customer in the various towns in Dakorma. The customers can thus see what they are getting, ask questions, and meet the people who are producing it. They can also see pictures of the bison. Customers who visit the ranch to purchase the meat can also see the animals.

### **Market Potential: Meat**

Best Buffalo Bison Ranch is currently targeting several Dakorma towns to visit with their Buffalo Trading Post, (trailer containing freezers of frozen meat and other products). These towns include Straight Shot, Great Aisles, Corney, Hamridge, South River, and Makork. The first five were chosen because they are the most populated areas within 80 miles of the ranch. Makork was selected because, although it is 130 miles away, their school mascot is the bison, thus creating a special interest in the products.

According to "Market Statistics, 1995," 1995 Demographics USA - County Edition, the total sales for groceries and other foods for the six counties in which these town are located was nearly \$300,000,000. The number of employed persons in these counties was 86,540.

The bison market is new and growing. Meat sales for BBBR in 1996 totaled about \$15,000. The Buffalo Trading Post made a total of ten visits to 5 of the targeted towns to generate the majority of these sales. In 1999 meat sales totaled about \$35,000. Visits to the six targeted towns totaled 33. Sales to Great Aisles, Corney, and South River have seen a significant increase over the years as customers have become more established. Hamridge was a new market area in 1999 and as such the sales there were low compared to the other towns.

Since 1995 the number of meat animals marketed through direct sales increased from 6 to 10 per year. The Brandhavens hope to increase this to 20 animals per year. They plan to accomplish this by encouraging more repeat business from current customers through a monthly newsletter and by marketing their products through a few retail markets. Customer surveys are being conducted in the targeted areas to help focus these efforts.

### **Market Potential: Tours**

In 1999 the Brandhavens had approximately 250 visitors to the ranch. This was without advertising and without charging for tours. Visitors were mostly local people who brought their out-of-town guests out for a tour. Steve and Sherie have been approached by some who are promoting tourism in the area to consider offering tours. Because of this and because Highway 7 which goes through Straight Shot has recently been designated a Scenic By-Way, they are now preparing to offer tours for a fee. A tour brochure has been prepared to mail out to tour directors along with other promotional materials from the area.

For the first year the Brandhavens are anticipating the possibility of 10 bus tours with an average of 30 people each, plus about 200 others for a total of approximately 500 visitors. At \$5 each this would generate \$2500 gross income. As more advertising is done and word spreads this could potentially increase to 3000 to 5000 visitors per year. A buffalo ranch in Northeast Dakorma that has been offering tours for about 5 years is currently hosting about 6000 visitors per year. Another ranch in North-Central Dakorma saw 1000 visitors their first year and 1700 their second year of offering tours. With more tourism promotion it is difficult to predict the potential of this source of income.

### **Market Potential: Other Products**

The sales of skulls, hides, and soap are minimal at the present time. More marketing strategies need to be developed for these products for them to reach their full potential. The goal of the Best Buffalo Bison Ranch is to market these products from the number of animals they utilize for meat. This would amount to about 20 skulls per year, 4 or 5 hides (winter prime hides only) and about 500 pounds of soap. In 1999 they sold 2 skulls, 3 hides, and about 100 pounds of soap. Ideas for marketing these will continue to be explored.

## **Results of Customer Survey**

**March 2000**

A survey was sent out to 100 customers in February 2000. Forty-seven were returned. Following are the results related to customer practices, preferences and profile. Multiple responses to some of the questions put total responses over 47; percentages, however are calculated on the basis of 47.

### **Customer Practices:**

**Location of Purchase.** Great Aisles is the largest market for customers with 45% of respondents purchasing when the “Buffalo Trading Post” travels to Kmart parking lot in Great Aisles. Corney and South River had 23% and 19% respectively. Other purchases are from Makork, Straight Shot or shipped by UPS.

**Number of Purchases per Year:** Fifty-nine percent of respondents stated they purchase buffalo meat 3 or more times per year. The “Buffalo Trading Post” made 6 or 7 trips to each Great Aisles, Corney, and South River in 1999 with fewer trips to other locations. Therefore, to purchase 3 or more times per year meant that customers purchased at least half the times the meat was available.

## **Customer Preferences:**

**Products Typically Purchased:** Given the various types of meats available, customers were asked to note which they typically purchase. The 47 responders marked a total of 169 choices, indicating the average customer buys 3.6 different types of cuts. Seventy-nine percent of all customers purchase bulk burger. Roasts were the second most popular, being purchased by 53%. Over half of all customers purchase the processed meats (summer sausage, dogs, and jerky). And nearly half of all customers typically purchase the higher priced steaks (fillet, Ribeye, or New York strip). Every cut of meat available was marked by at least 2 people as being a typical purchase.

**What Customers Like Best About Best Buffalo Bison Meat:** Customers marked an average 2.17 responses to this question indicating that they have more than one reason to purchase this meat. Nearly  $\frac{3}{4}$  (72%) of the respondents indicated that health and nutritional value was important to them. Knowing that the meat was produced naturally (without drugs or chemicals) was important to 34%. While many have the perception that buffalo meat is tough, dry, or “funny-tasting”, over half the surveys included “taste, juiciness, tenderness” as one of the things they like best about Best Buffalo bison meat. Others buy for the ease of preparation or the uniqueness of the meat.

## **Customer Profile:**

**Family Size:** Seventy percent of the respondents have a family size of 1 to 2. The remaining 30% indicated family size of 3 to 4.

**Customer Age:** The age of the respondents ranged from 26 to over 65. Forty-three percent were in the 46 to 55 range with 35% older than that and 25% younger.

Following is a complete summary of the responses to the survey.

***Question 1: Where do you typically purchase buffalo meat?***

<b>Possible Answers</b>	<b># of responses</b>	<b>% of total</b>
Great Aisles	21	45
Cornney	11	23
South River	9	19
Makork	1	2
Straight Shot	3	6
Have it shipped	4	8
No reply or other	2	4

***Question 2: How many times a year do you purchase the meat?***

<b>Possible Answers</b>	<b># of responses</b>	<b>% of total</b>
I have only had it once	5	11
1 – 2 times per year	13	29
3 – 5 times per year*	20	43
5 – 10 times per year	7	16
*“try to buy every time you are in N.P.”		

**Question 3: Which bison products do you typically purchase?**

Possible Answers	# of responses	% of total
Tenderloin fillet	5	11
Ribeye Steaks	11	23
New York Strip	8	17
Top Sirloin	6	13
Jerky	13	28
Summer Sausage	19	40
Roasts	25	53
Stew meat	15	32
Bulk Burger	37	79
Patties	16	34
Round, Sirloin Tip, Flank, or Cube Steaks	9	19
Other (list): Package deals, bundles	2	4
Dogs	3	6
Liver	1	2
Fries	1	2

**Question 4: Which of the following do you like the best about Best Buffalo Bison meat?**

Possible Answers	# of responses	% of total
Ease of preparation	10	21
Taste, juiciness, tenderness	24	51
Price/Value	3	6
Uniqueness	8	17
Health/nutritional value	34	72
Recipes	7	15
Naturally produced	16	34
Other: Leanness	1	2
Friendly Service	1	2
Only place to purchase in GI	1	2

**Question 5 related to advertising methods of Best Buffalo Bison Ranch .**

Word of mouth and highway signs attracted over half the first-time customers.

**Question 6: What is the size of your current household?**

Possible Answers	# of responses	% of total
1 – 2	33	70
3 – 4	14	30
5 – 6	0	0
More than 6	0	0

*Question 7: Please indicate your age range.*

<b>Possible Answers</b>	<b># of responses</b>	<b>% of total</b>
Less than 18 years	0	0
19 to 25 years	0	0
26 to 35 years	6	13
36 to 45 years	6	13
46 to 55 years	20	43
56 to 65 years	8	17
Over 65 years	8	17

## **C. Marketing Strategies**

### **Product Strategies**

#### **Product Mix**

The main product sold by Best Buffalo Bison Ranch is the buffalo meat. This is sold as steaks, roasts, burger, stew meat, hot dogs, summer sausage, jerky, pre-cooked roasts, tongue, and liver. An attempt has been made to utilize the whole animal and include some cuts of meat that would be considered convenience foods, such as the summer sausage, hot dogs, pre-cooked roasts, and jerky.

In addition to the meat other parts of the animal are sold, including bleached skulls, tanned hides, and homemade soap from the tallow (fat) of the animal.

Tours are being added to the mix of products/services because of the interest shown in having such available and because of the exposure it will give to the other products previously offered. A home-cooked meal featuring buffalo meat will be available to groups of 20 or more upon request.

Live animals are sold when available.

All products and services relate in some way to the buffalo.

#### **Packaging**

The meat is vacuum packed in heavy clear plastic wrap so the consumer can see the meat and the quality. Each package is labeled with the name of the cut, weight, and any required precautions for handling.

Labels are being developed to identify the meat as being produced by BBBR and distinguishing it as being a heart-healthy food. These labels will be provided to any grocery stores that carry these products to help identify the meat as being different from beef and worthy of the higher price.

All employees are required to wear clean, neat, appropriate apparel.

Caps with the BBBR logo may be worn. Courtesy is stressed to all employees.

The trailer, freezer, table and immediate premises are kept clean and free of debris. Price lists are posted where they can be easily seen and brochures are distributed to potential customers as they approach the area. (See Appendix, Section III for sample brochures.) A flyer with cooking instructions and recipes is given with each purchase.

A banner that says “Buffalo Trading Post” is displayed over the trailer whenever the meat is being served or sold. A variety of posters are also displayed. One of these shows a comparison of the fat, calories, and cholesterol content of bison, beef, chicken and pork. Other posters display pictures of the buffalo or tell which types of meats are best for grilling.

### **Price/Quality Relationship**

BBBR is striving to produce a consistently high quality product at moderate prices. Currently their prices are at or below that of most other buffalo retailers, but still approximately 3 times current beef prices. Prices of the meat have not been raised since 1997 and no price increase is anticipated for 2000. Meat prices are comparable to gourmet meat sources, such as Omaha Steaks, or other natural or organic meats. (See Appendix, Section III B for price comparisons.)

The Brandhavens desire to present a “family” image, a high-quality product produced by a local “hometown” family at prices affordable for most families. Therefore they desire to keep costs and prices under that of more high-image competitors. They are also striving to emphasize the health benefits of buffalo meat, believing that people are more willing to pay an extra price for something that has additional value.

### **Promotion Strategies**

#### **Advertising**

The least expensive and most effective advertising tool for attracting new customers has been wooden signs in the shape of a buffalo announcing, “Buffalo Meat For Sale.” These are put up on the main roads leading to the location where the meat is being sold that day. The cost for building the signs was minimal and they have been used now for several years.

Once potential customers stop they are given a brochure that explains the products available, nutritional advantages of the meat and the prices. Another brochure describing the tours has recently been developed. Cost of the brochures is approximately \$.15 each. Anticipating a total of 2500 brochures, annual cost will be **\$375**.

Prior to going to each location, a classified ad is purchased for three days in the appropriate local newspaper. Average cost is \$40/week for the weeks needed. Assuming 24 weeks of sales, the annual total will be **\$960**.

In an effort to keep current customers and encourage future purchases a monthly newsletter was initiated in January 2000. This includes health tips, recipes, and a schedule of when and where BBBR will be selling meat. The first 2 mailings asked for a reply back and were sent to everyone on the mailing list. This list has been narrowed down to just those who expressed an interest in continuing to receive the mailing and those who had purchased recently. Therefore,

while the first two months cost \$150 total, the remainder of the year is expected to average about \$65/month, for an annual total of **\$80**.

A web page is maintained at a cost of \$15/month, annual cost **\$180**. This is to reach people outside of the immediate area. It has been effective in bringing in orders from around the country for meat, hides, and soap. It has even generated some interest from Germany and Japan.

A story about Straight Shot was recently featured in Dakorma Life magazine. Since it mentioned Best Buffalo Bison Ranch an ad was purchased in the magazine for 4 months. At a cost of \$49/issue, annual cost will be **\$196**.

Sherie plans to attend at least 2 events to give samples of buffalo meat and explain the health benefits. These include the Governor's Day Dakorma Food Products display in Corrney Mar. 3, and the annual health fair in Straight Shot in October. While there is no direct charge for either of these events, \$25 is being budgeted to cover travel and other expenses, annual cost **\$50**.

Another **\$50** is being budgeted for small incidental advertising such as the 4-H premium fair book.

These advertising investments total **\$2847** for the year and represent approximately 5% of the annual budget.

A customer survey which was recently sent out has indicated that the buffalo signs on the highway, newspaper ads, and word-of-mouth are what attracted most first-time buyers.

### **Public Relations and Networking**

In the past 5 years public relations events have included several open house events at the ranch, tours, and hosting school groups. Stories about the buffalo and about the ranch have appeared in several newspaper, magazine, and TV stories. Recipes using bison meat have been published in the local newspapers and a state 4-H cookbook.

One tool used by the Brandhavens to promote their product has been a large grill. This has been used to grill buffalo burgers for special promotions at a local grocery store, farmers' market, church events, football games, and a nursing home. Usually the burgers are purchased by the sponsoring organization and cooked by the Brandhavens at no charge.

The Brandhavens are involved in several community organizations, including 4-H, church, and the local Chamber of Commerce. Their employment also puts them in contact with many others in the community. While no specific events are planned for the year at this time, they will be alert to opportunities to promote their products in ways that are consistent with their mission statement and goals.

## **Placement Strategies**

The address of the Best Buffalo Bison Ranch is HC 50 Box 00A, Straight Shot, Dakorma. This location is 5 miles south of Straight Shot on the Sumner Road, a paved road which turns east off Highway 1 about 2 miles south of town. The ranch consists of 320 acres of pasture-land and the home of the Brandhavens. This location is marked with flag, a wooden Buffalo, and an archway over the driveway that identifies it as “Brandhaven.”

This location should prove to be advantageous for attracting tourists due to the recent designation of Highway 2 (which runs east-west through Straight Shot) as a scenic by-way. Information about the tours available at Best Buffalo Bison Ranch is being included in information packets being sent to tour operators.

Most of the meat sales are made from a trailer that is taken to various towns. A 6-foot by 12 foot utility trailer was purchased for this purpose and professionally lettered. (See Appendix, Section III for photos.) The trailer is taken to such locations as Kmart parking lot in Great Aisles and Corney, Hinky Dinky parking lot in Makork, and Cedar Bowl parking lot in South River. These locations were chosen because of their proximity to a busy highway, large enough to allow for customers without interfering with the business of the lot’s owner, and the owner’s willingness to allow their parking lot to be used for this purpose.

During the summer when Farmers’ Markets are going, BBR joins with these groups in Straight Shot, Hamridge, Corney, and South River to attract those health-conscious consumers looking for farm-fresh produce.

The Brandhavens are currently trying to interest a few grocery stores into selling their meat so as to make it more readily available to their customers. Only one in each town is being contacted at a time so that their current customers can be referred to that store. The Brandhavens plan to do their own distributing to the stores in their normal distribution area (Great Aisles, Corney, South River, Makork and towns in between).

## **Summary**

These Marketing Strategies are designed to promote the bison and bison products in central Dakorma and to allow the Best Buffalo Bison Ranch to be recognized as a leading bison producer in this area. They want to be recognized as family and community oriented, a company that is promoting products that will enhance people’s lives.

## Section VI. The Financial Plan

### A. Managing Books and Records

The checking account for Best Buffalo Bison Ranch is recorded and reconciled monthly on Quicken computer program by Sherie Brandhaven. The company has recently hired Norton Garsh of A & A Accounting to record sales and cash flow to enable closer tracking of income and expenses. Dona Kale Co. does the income tax preparation each year.

### B. Budgets and Assumptions (See Appendix for Schedules)

The following financial records and predictions for 2000 through 2002 are included in the Attachments Section of this business plan:

- 1) **Growth expenses for 2000**, which includes expenses related to preparing to host tour groups and serving meals to them. The total anticipated cost is \$1855.
- 2) **Fixed Assets Acquisition Budget.** A newer pick-up and touring wagon are needed in 2000. The cost of these in 2000 is anticipated to be \$9000. Continued payments on the pick-up are anticipated to be \$500/month or \$6000 per year for the next 5 years. Purchase of another breeding bull is budgeted for 2002 at a cost of \$1500.
- 3) **Schedules A – H.** Schedule A is the **Sales Budget, 2000** for each of 5 separate products, including (1) cow/calf program, (selling raised heifers), (2) absentee-ownership program, (3) retail meat sales, (4) other sales, including hides, skulls and soap, and (5) tours and meals. The gross sales are offset by **Direct Production Costs**, supported by Schedules B through F. Assumptions are included with each of these schedules. Schedule A shows anticipated sales to total \$72,730 in 2000. With direct production costs totaling \$36,925, this leaves \$35,805 as contribution to **Sales and Administrative Expenses Budget (Schedule G) and Overhead Expenses Budget (Schedule H)**. Schedules G & H total \$23,291, thus leaving a net income of \$12,714 before taxes. This amount will cover the Growth and Fixed Assets Acquisition budgets.

**Projected Sales and Direct Costs** for 2001 and 2002 are also included. Direct costs for Schedules B & C are not expected to change significantly so no changes were made on these schedules. The most significant changes anticipated are reduced direct costs of Retail Meat Sales (Schedule D) and increased income from the cow/calf program. This will result from production of the current bison cow herd, increasing from 8 calves in 1999 to 13 in 2000, and 20 in 2001. The tourist business is also expected to increase from 500 tours in 2000 to 1000 in 2001 to 1500 in 2002.

- 4) **Monthly Cash Flow Projections:** This shows February, March, and April as months needing to borrow money to cover cash flow, with the rest of the months generating sufficient cash to pay toward the principal of the loan. Overall the business should be able to pay \$1000 more toward the operating loan than what is borrowed from it in 2000.

- 5) **Projected Income Statement**, including the percent of total sales of anticipated sales and direct costs of each of the 5 products, and sales and overhead expense for 2000, 2001, and 2002. This shows projected net profit should increase from \$12,714 to \$26,336 in 2002. This increase is attributed to the increased sales for products 1 (Cow/calf Operation) and 5 (Tours and Meals) and decreased costs for product 3 (Retail Meat Sales).
- 6) **Balance Sheet:** This shows current assets to be \$28,465, property, plant and equipment assets (including breeding animals) to be \$221,050, making total assets \$249,515. Total liabilities as of 3/1/00 are \$68,820, including \$16,820 current liabilities and \$52,000 in long-term liabilities. This gives an owner's equity of \$180,695, which is 72.42% of total assets. Several key ratios are also included with the balance sheet including current ratio, quick ratio, working capital, and debt to equity ratio. The assets and liabilities for 2001 and 2002 are also projected. These show both an increase in assets and decrease in liabilities, resulting in total assets being \$282,066 by 1/1/02 and Owners Equity being 86%.
- 7) **Inventory of Current & Projected Assets** gives an itemized listing of current and fixed assets for 2000 through 2002.
- 8) **Balance Sheet Trends** from 1997 through 1999.
- 9) **Break-even Analysis**

### **C. Summary of Financial Needs**

Best Buffalo Bison Ranch has \$20,000 borrowed from Brandhaven Farms at Arcadia. This is an unsecured loan at 5% interest with no required pay-back period in the near future. BBBR also has a line of credit totaling \$35,000 from United Dakorma Bank of Straight Shot. This should be sufficient to meet their financial needs for the coming year. Steve and Sherie Brandhaven have had a similar relationship with United Dakorma Bank since 1982 with the maximum amount of the loan varying from year to year depending on anticipated needs and ability to repay. The only other loan is a mortgage on the house with United Dakorma Bank of Lexington. The payments on this are paid from the family's personal finances. It is hoped that these debts can be paid off in the next 3 to 5 years, allowing the business to build an on-site store/commercial kitchen. This would greatly facilitate tours and meals and sales of meat and by-products.

#### **Personal Financial Needs**

Steve works full-time at Becton Dickinson in Straight Shot. This job provides the family with family living expenses and health insurance. He also has a retirement fund with the company. Sherie works part-time as a RN at Melham Medical Center in Straight Shot. For this reason no funds are needed from the business to cover personal financial needs at this time.

## **D. Conclusion**

The Brandhavens have been conducting the business of Best Buffalo Bison Ranch since 1995 and plan to continue for the foreseeable future. They plan to implement the tour business in May 2000 and continue the marketing of meat and by-products.

New research shows many nutritional benefits to eating bison meat. There is also a lot of curiosity about the animals and their nature. The Brandhavens believe these factors will help to draw new customers to purchase the meat and other products, and also come for tours.

If current bison producers can show a profitable return on their investment other ranchers and investors will buy breeding stock. This will stabilize the current fall in breeding prices.

Best Buffalo Bison Ranch has a strong financial foundation and expects to see an increasing return on investments over the next three to five years.

## Attachments

### **Absentee-Ownership Agreement With Best Buffalo Bison Ranch**

**Bison Owner: Kyle Stivers**

**Best Buffalo Bison Representative: Steve Brandhaven**

#### **Absentee-Owner Responsibilities:**

1. Provide healthy bison cows and adequate ratio of breeding bulls, not to exceed 45 adult animals.
2. Pay fee of \$1.00 per day per adult animal (over 1 year old).
3. Pay any veterinary costs, vaccinations, required medications, or other costs beyond normal feeding and parasite control.
4. Accept all death losses on his animals.
5. Remove weaned calves in the fall.

#### **Best Buffalo Bison Responsibilities:**

1. Provide adequate feed, mineral, salt and parasite control for the bison.
2. Care for the bison using good animal husbandry practices.
3. Provide records of when each cow calves, date and sex of calf and any death losses.
4. Permit inspection of herd at any time as desired by absentee-owner.
5. Send monthly bill for bison care.

This agreement is for the time period of: January 1, 2000 to January 1, 2001.

\_\_\_\_\_  
Date: \_\_\_\_\_  
Absentee-Owner

\_\_\_\_\_  
Date: \_\_\_\_\_  
Best Buffalo Bison Representative

## **Job Description for Best Buffalo Bison Ranch**

**Title:** Sales Assistant

**Responsible to:** Managers, Steve &/or Sherie Brandhaven

**Responsibilities:**

1. Help set up trailer, awning, and generator
2. Keep generator going, e.g., add gas when needed.
3. Keep table, trailer, and immediate area clean and free of trash or debris.
4. Give brochures to potential customers, answer questions and obtain desired products for customers.
5. Fill out sales receipts and collect money for sales.
6. Help supervise younger family members.

**Education Requirements:** Willing to learn and work.

**Dress Requirements:** Clean, neat, appropriate apparel. Name tags when required.

**Compensation:** Base pay, \$6.00/hour plus meals, transportation and lodging if needed. Pay increases based on job performance and willingness to accept increased responsibilities.

## Job Description for Best Buffalo Bison Ranch

**Title:** Tour Assistant

**Responsible to:** Managers, Steve &/or Sherie Brandhaven

**Responsibilities:**

1. Greet visitors as they arrive. Give directions as needed.
2. Assist in getting people on touring wagon. Make sure everyone has purchased a ticket.
3. Explain safety precautions.
4. Ride on wagon during tour. Give information about the buffalo, history, habitat, herd instincts, etc. Answer questions.
5. Assist in serving meals as needed.
6. Help clean premises after tours and meals completed.

**Education Requirements:** Willing to learn and work.

**Dress Requirements:** Clean, neat, appropriate apparel. Name tags may be required.

**Compensation:** Base pay, \$6.00/hour plus meals. Pay increases based on job performance and willingness to accept increased responsibilities.

**NOTE:** Owners' resumes have been deleted from this sample business plan to protect proprietary information.

# Appendix

**NOTE:** Specific Appendix Documentation is not included with this sample business plan to protect proprietary information. Appendix listing only is represented here. Financial Schedules and Statements ARE included, however.

## Section I: Research

"Why Should I Raise Buffalo (Bison)?"  
"Bison Management and Marketing"  
"Burgeoning Bison Industry," Meat Industry Insights  
ATTRA: "Bison Production"  
Alternative Agriculture: "Commercial Bison Production"  
Nutritional Benefits: "Why Grassfed is Best"  
"Healthy, Low-Fat Bison Meat"

## Section II: Organizational Matters

Dakorma Sales Tax Permit (Copy)  
Retail Food Permits  
Organizational **Chart**  
Organizational Chart & Consultant Reference  
Absentee-Ownership Agreement  
Job Descriptions  
Resumes for Managers

## Section III: Marketing Tools

General Sales Brochure  
"Why Bison" Brochure (from American Bison Association)  
Monthly Update (March 2000)  
Bison Cooking Tips  
Tours Brochure  
Price Comparisons:  
Denver Buffalo Company  
SayersBrook American Gourmet  
Omaha Steaks  
"Alligator, anyone?"  
Pictures

## Section IV: Inventory

Inventory of breeding stock

## Financial Schedules and Statements

## Financial Schedules and Statements

### Break-Even Analysis

#### Growth Expenses for 2000

**Fixed Assets Acquisition Budget (no schedule)** -A newer pick-up and touring wagon are needed in 2000. The cost of these in 2000 is anticipated to be \$9000. Continued payments on the pick-up are anticipated to be \$500/month or \$6000 per year for the next 5 years. Purchase of another breeding bull is budgeted for 2002 at a cost of \$1500.

#### Schedules A – H

**Sales Budget, 2000** for each of 5 separate products, including (1) cow/calf program, (selling raised heifers), (2) absentee-ownership program, (3) retail meat sales, (4) other sales, including hides, skulls and soap, and (5) tours and meals

**Direct Production Costs**, supported by Schedules B through F. Assumptions are included with each of these schedules. Schedule A shows anticipated sales to total \$72,730 in 2000.

**Sales and Administrative Expenses Budget (Schedule G) and Overhead Expenses Budget (Schedule H).** Schedules G & H total \$23,291, thus leaving a net income of \$12,714 before taxes. This amount will cover the Growth and Fixed Assets Acquisition budgets.

**Projected Sales and Direct Costs** for 2001 and 2002 are also included. Direct costs for Schedules B & C are not expected to change significantly so no changes were made on these schedules. The most significant changes anticipated are reduced direct costs of Retail Meat Sales (Schedule D) and increased income from the cow/calf program. This will result from production of the current bison cow herd, increasing from 8 calves in 1999 to 13 in 2000, and 20 in 2001. The tourist business is also expected to increase from 500 tours in 2000 to 1000 in 2001 to 1500 in 2002.

**Monthly Cash Flow Projections:** This shows February, March, and April as months needing to borrow money to cover cash flow, with the rest of the months generating sufficient cash to pay toward the principal of the loan. Overall the business should be able to pay \$1000 more toward the operating loan than what is borrowed from it in 2000.

**Projected Income Statement**, including the percent of total sales of anticipated sales and direct costs of each of the 5 products, and sales and overhead expense for 2000, 2001, and 2002. This shows projected net profit should increase from \$12,714 to \$26,336 in 2002. This increase is attributed to the increased sales for products 1 (Cow/calf Operation) and 5 (Tours and Meals) and decreased costs for product 3 (Retail Meat Sales).

**Balance Sheet:** This shows current assets to be \$28,465, property, plant and equipment assets (including breeding animals) to be \$221,050, making total assets \$249,515. Total liabilities as of 3/1/00 are \$68,820, including \$16,820 current liabilities and \$52,000 in long-term liabilities. This gives an owner's equity of \$180,695, which is 72.42% of total assets. Several key ratios are also included with the Balance sheet including current ratio, quick ratio, working capital, and debt to equity ratio. The assets and liabilities for 2001 and 2002 are also projected. These show both an increase in assets and decrease in liabilities, resulting in total assets being \$282,066 by 1/1/02 and Owners Equity being 86%.

## **Break-Even Analysis**

### **Product # 1: Cow/Calf**

Direct production costs:  $\$2820 / 30 \text{ cows} = \$94 / \text{cow}$

Income potential (full production): av.  $\$746 / \text{cow}$  (14 bulls @  $\$700$  + 14 heifers @  $\$900$ )

Gross net income / cow =  $\$652 - \$250 \text{ interest} = \$402 \text{ gross profit} / \text{cow}$

**Break-Even** to cover  $\$10,780$  Overhead Costs:  $(\$10,780 / \$402) = 27 \text{ cows}$

### **Product # 2: Absentee-Ownership Program**

Direct production costs:  $\$2670 / 45 \text{ cows} = \$59 / \text{cow}$

Income potential:  $\$365 / \text{cow}$

Gross profit / cow =  $\$306$

**Break-Even** to cover  $\$10,780$  Overhead Costs:  $(\$10,780 / \$306) = 36 \text{ cows}$

(**Note:** Break-Even for Products 1 & 2 assumes that either product will cover all the Overhead costs. Currently these costs are shared between the 2 products.)

### **Product # 3: Retail Meat Sales**

Direct production costs, (excluding purchase price):  $\$12,800 / 20 = \$640$

Beginning cost / animal:  $\$900$  (Assume purchasing all animals).

Total direct cost / animal:  $\$640 + \$900 = \$1540$

Gross income / animal:  $\$44,000 / 20 = \$2200$

Gross profit / animal:  $\$660$

**Break-Even** to cover  $\$12,511$  Sales & Administration Budget:  $(\$12,511 / \$660) = 19 \text{ animals} / \text{year}$

### **Product # 4: Other Sales**

This is considered supplemental income from the sale of by-products. Therefore a break-even is not applicable.

### **Product # 5: Tours**

Direct costs, (labor, fuel):  $\$700 / 500 \text{ tours} = \$1.40 / \text{tourist}$

Gross income / tourist =  $\$5.00$

Gross profit / tourist =  $\$3.60$

Overhead costs, (insurance, interest on equipment, brochures) =  $\$2125$

**Break-Even**  $(\$2125 / \$3.60) = 590 \text{ tourists}$  (Not considering meals).

## Best Buffalo Bison Ranch – Growth Expenses for 2000-2002

<b>Growth Expenses for 2000 - 2002</b>									
Expenses related to preparing for tours	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Totals	Assumptions	2001	2002	
Remodel Garage	\$500				\$500	Drywall & shelves			
Signs (Highway & Banner)	\$500				\$500				
Tables & Chairs		\$150			\$150				
Brochures designed by Write Stuff	\$35	\$70			\$105	3 @ \$35			
Mixer & pans for meal preparation		\$600			\$600				
					\$0				
<b>Total</b>	<b>\$1,035</b>	<b>\$820</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,855</b>				
<b>Fixed Assets Acquisitions Budget</b>									
Touring wagon		\$1,000			\$1,000			\$1,500	Breeding Bull
Pick-Up		\$5,000	\$1,500	\$1,500	\$8,000	\$25,000 pick up; \$5000	\$6,000	\$6,000	
						down, \$500/month			
<b>Total</b>		<b>\$6,000</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>\$9,000</b>		<b>\$6,000</b>	<b>\$7,500</b>	

## Best Buffalo Bison Ranch – Quarterly Sales Budget Year One

<b>Schedule A-1: Quarterly Sales Budget, 2000</b>							
Products	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Totals		Assumptions
<b>Product #1:</b> Bison Cow/Calf Program: Income				\$5,400	\$5,400		Sell 6 heifer calves @ \$900.
Direct Production Cost (See Schedule B)	(\$683)	(\$786)	(\$534)	(\$817)		(\$2,820)	
Contribution to Overhead Costs	-683	-786	-534	\$4,583			\$2,580
<b>Product #2:</b> Absentee-Ownership Program: Income	\$3,900	\$3,900	\$4,050	\$4,050	\$15,900		45 animals @ \$1/head/day
Direct Production Cost (See Schedule C)	(\$651)	(\$743)	(\$425)	(\$851)		(\$2,670)	(8 heifers @ \$.75/head/day until calving)
Contribution to Overhead Costs	\$3,249	\$3,157	\$3,625	\$3,199			\$13,230
<b>Product #3:</b> Retail Meat Sales	\$7,000	\$15,000	\$15,000	\$7,000	\$44,000		20 bulls @ 600 lbs. @ \$3.66/lb.
Direct Production Costs (See Schedule D)	(\$14,330)	(\$3,190)	(\$5,050)	(\$2,830)		(\$25,400)	
Contribution to Sales & Overhead Costs	-\$7,330	\$11,810	\$9,950	\$4,170			\$18,600
<b>Product #4:</b> Other Sales (hides, skulls, soap)	\$800	\$950	\$950	\$800	\$3,500		2 hides @ \$850, 10 skulls @ \$120,
Direct Production Costs (See Schedule E)	(\$200)	(\$1,510)	(\$430)	(\$1,070)		(3,210)	300 bars soap @ \$2.00 wholesale
Contribution to Sales & Overhead Costs	\$600	-\$560	\$520	-\$270			\$290
<b>Product #5:</b> Tours & Meals		\$1,930	\$2,000		\$3,930		500 tours @ \$5,
Direct Production Costs (See Schedule F)	(\$750)	(\$955)	(\$1,120)	\$0		(2,825)	200 meals @ \$7.15
Contribution to Overhead Costs	-\$750	\$975	\$880	\$0			\$1,105
<b>Total Sales (Forecasts)</b>					<b>\$72,730</b>		
<b>Total Direct Costs</b>						<b>(36,925)</b>	
<b>Total Contribution to Overhead Costs</b>							<b>\$35,805</b>

## Best Buffalo Bison Ranch – 3-Year Sales and Direct Cost Projections

Schedule A-2 - 3 year projection - Projected Sales & Direct Costs by Product						
Products	Budget 2000	Assumptions	Budget 2001	Assumptions	Budget 2002	Assumptions
<b>Product #1:</b> Bison Cow/Calf Program Income	\$5,400	Sell 6 heifer calves @ \$900.	\$9,000	Sell 10 heifers @\$900	\$10,800	Sell 12 heifers @\$900
Direct Production Costs	-\$2,820		-\$2,820	No Change	-\$2,820	No Change
Contribution to Overhead Costs	\$2,580		\$6,180		\$7,980	
<b>Product #2:</b> Absentee-Ownership Program: Income	\$15,900	45 animals @ \$1/head/day (8 heifers @ \$.75/head/day until calving)	\$15,900	No Change	\$15,900	No Change
Direct Production Costs	-\$2,670		-\$2,670	No Change	-\$2,670	No Change
Contribution to Overhead Costs	\$13,230		\$13,230		\$13,230	
<b>Product #3:</b> Retail Meat Sales	\$44,000	20 bulls @ 600 lbs. @ \$3.66/lb.	\$44,000	No Change	\$44,000	No Change
Direct Production Costs	-\$25,400		-\$22,680	See Schedule D, 2001	-\$21,018	See Schedule D, 2002
Contribution to Sales & Overhead Costs	\$18,600		\$21,320		\$22,982	
<b>Product #4:</b> Other Sales (hides, skulls, soap)	\$3,500	2 hides @ \$850, 10 skulls @ \$120, 300 bars soap @ \$2.00 wholesale	\$7,650	5 hides, 20 skulls, 500 bars soap	\$7,650	No Change
Direct Production Costs	-\$3,210		-\$3,100	See Schedule E, 2001	-\$3,100	See Schedule E, 2002
Contribution to Sales & Overhead Costs	\$290		\$4,550		\$4,550	
<b>Product #5:</b> Tours & Meals	\$3,930	500 tours @ \$5, 200 meals @ \$7.15	\$8,575	1000 tours, 500 meals	\$12,862	1500 tours, 750 meals
Direct Production Costs	-\$2,825		-\$5,350	See Schedule F, 2001	-\$7,425	See Schedule F, 2002
Contribution to Overhead Costs	\$1,105		\$3,225		\$5,437	
<b>Total Sales (Forecasts)</b>	<b>\$72,730</b>		<b>\$85,125</b>		<b>\$91,212</b>	
<b>Total Direct Costs</b>	<b>-\$36,925</b>		<b>-\$36,620</b>		<b>-\$37,033</b>	
<b>Total Contribution to Overhead Costs</b>	<b>\$35,805</b>		<b>\$48,505</b>		<b>\$54,179</b>	

## Best Buffalo Bison Ranch – Direct Production Cost Projections – Product 1 and 2

Budget 2000 (No changes projected for 2001, 2002)						
Schedule B: Direct Production Cost, Product #1: Cow/Calf						
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Totals	
Land taxes		\$170		\$170	\$340	<b>Assumptions:</b> 30 females, 12 producing in 2000
Hay	\$150			\$150	\$300	40% of pasture and cow maintenance expenses
Fuel	\$10	\$10	\$10	\$10	\$40	Anticipated cost based on historical data
Mineral	\$97	\$98	\$98	\$97	\$390	Anticipated cost based on historical data
Labor	\$78	\$78	\$78	\$78	\$312	Anticipated cost based on historical data
Corrals, maintenance	\$50	\$50	\$50	\$50	\$200	Anticipated cost based on historical data
Utilities	\$12	\$12	\$12	\$12	\$48	Anticipated cost based on historical data
Diatamaceous Earth	\$36		\$36		\$72	Anticipated cost based on historical data
Herbicide		\$118			\$118	Anticipated cost based on historical data
Interest	\$250	\$250	\$250	\$250	\$1,000	Anticipated cost based on historical data
<b>Totals</b>	<b>\$683</b>	<b>\$786</b>	<b>\$534</b>	<b>\$817</b>	<b>\$2,820</b>	
Schedule C: Direct Production Costs Product #2: Absentee-Ownership Program						
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Totals	
Land Taxes		\$255		\$255	\$510	<b>Assumptions:</b> 45 animals,
Hay	\$225			\$225	\$450	60% of pasture & cow maintenance expenses
Fuel	\$15	\$15	\$15	\$15	\$60	Anticipated cost based on historical data
Mineral	\$147	\$146	\$146	\$146	\$585	Anticipated cost based on historical data
Labor	\$117	\$117	\$117	\$117	\$468	Anticipated cost based on historical data
Corrals, Maintenance	\$75	\$75	\$75	\$75	\$300	Anticipated cost based on historical data
Utilities	\$18	\$18	\$18	\$18	\$72	Anticipated cost based on historical data
Diatamaceous Earth	\$54		\$54		\$108	Anticipated cost based on historical data
Herbicide		\$117			\$117	Anticipated cost based on historical data
<b>Totals</b>	<b>\$651</b>	<b>\$743</b>	<b>\$425</b>	<b>\$851</b>	<b>\$2,670</b>	

**Best Buffalo Bison Ranch – Direct Production Cost Projections – Product 3, 4 and 5**  
**1<sup>st</sup> Year Quarterly Projection**

<b>Schedule D: Direct Production Costs, Product # 3: Retail Meat Sales</b>						
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Totals	Assumptions:
Farm Labor	\$0	\$0	\$0	\$0	\$0	Handled by Farm Manager
Processing	\$700	\$2,100	\$3,500	\$700	\$7,000	20 animals @ \$350 each
Purchase of Calves	\$12,600				\$12,600	Purchase 18 calves @ \$700 each
Corn	\$800	\$400	\$400	\$800	\$2,400	
Hay				\$750	\$750	
Vet				\$350	\$350	Wormer
Hauling	\$230	\$690	\$1,150	\$230	\$2,300	2 trips to Horvalls for each 2 bulls, 200 miles @ \$.50/mile)
<b>Totals</b>	<b>\$14,330</b>	<b>\$3,190</b>	<b>\$5,050</b>	<b>\$2,830</b>	<b>\$25,400</b>	
<b>Schedule E: Direct Production Costs: Product # 4: Other Sales, Hides, Skulls, Soap</b>						
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Totals	Assumptions
Cleaning Skulls	\$70	\$210	\$350	\$70	\$700	20 @ \$35
Tanning Hides		\$1,000		\$1,000	\$2,000	5 @ \$400, 1/2 when sent, 1/2 when delivered
Soap Supplies	\$130	\$300	\$80		\$510	Molds, lye, herbs, essential oils
<b>Totals</b>	<b>\$200</b>	<b>\$1,510</b>	<b>\$430</b>	<b>\$1,070</b>	<b>\$3,210</b>	
<b>Schedule F: Direct Production Costs: Product # 5: Tours &amp; Meals</b>						
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Totals	Assumptions
Farm Labor		\$260	\$390		\$650	500 tours, 50 groups @ 2 hours @ \$6.50/hr
Insurance	\$750				\$750	Cost of liability insurance for tours only
Fuel		\$20	\$30		\$50	2 miles/group @ \$.50/mile
Meal Supplies		\$300	\$700		\$1,000	200 meals @ \$5.00
Brochures		\$375			\$375	2500 brochures @ \$.15
<b>Totals</b>	<b>\$750</b>	<b>\$955</b>	<b>\$1,120</b>	<b>0</b>	<b>\$2,825</b>	

**Best Buffalo Bison Ranch – Direct Production Cost Projections – Product 3, 4 and 5**  
**3- Year Projection**

**3 Year Projected Production Costs**

**Schedule D: Direct Production Costs, Product # 3: Retail Meat Sales**

	2000	Assumptions:	2001	Assumptions:	2002	Assumptions:
Farm Labor	\$0	Handled by Farm Manager	\$880	Pay some labor	\$968	10% increase
Processing	\$7,000	20 animals @ \$350 each	\$7,000	No Change	\$7,350	5% increase
Purchase of Calves	\$12,600	Purchase 18 calves @ \$700 each	\$9,100	Purchase 13 Calves	\$7,000	Purchase 10 calves
Corn	\$2,400		\$2,400	No Change	\$2,400	No Change
Hay	\$750		\$750	No Change	\$750	No Change
Vet	\$350	Wormer	\$350	No Change	\$350	No Change
Hauling	\$2,300	2 trips to Horvalls for each 2 bulls, 200 miles @ \$.50/mile)	\$2,300	No Change	\$2,300	No Change
<b>Totals</b>	<b>\$25,400</b>		<b>\$22,780</b>		<b>\$21,118</b>	

**Schedule E: Direct Production Costs: Product # 4: Other Sales, Hides, Skulls, Soap**

	2000	Assumptions:	2001	Assumptions:	2002	Assumptions:
Cleaning Skulls	\$700	20 @ \$35	\$700	No Change	\$700	No Change
Tanning Hides	\$2,000	5 @ \$400, 1/2 when sent, 1/2 when delivered	\$2,000	No Change	\$2,000	No Change
Soap Supplies	\$510	Molds, lye, herbs, essential oils	\$400	boxes, lye, herbs	\$400	No Change
<b>Totals</b>	<b>\$3,210</b>		<b>\$3,100</b>		<b>\$3,100</b>	

**Schedule F: Direct Production Costs: Product # 5: Tours & Meals**

	2000	Assumptions:	2001	Assumptions:	2002	Assumptions:
Farm Labor	\$650	500 tours, 50 groups @ 2 hours @ \$6.50/hour	\$1,300	1000 tours, 100 grps	\$2,100	1500 tours, 150 grps
Insurance	\$750	Cost of liability ins. For tours only	\$750	Liab. Ins tours only	\$750	No change
Fuel	\$50	2 miles/group @ \$.50/mile	\$50	No change	\$75	No change
Meal Supplies	\$1000	200 meals @ \$5.00	\$2,500	500 meals @ \$5.00	\$3,750	750 meals @ \$5.00
Brochures	\$375	2500 brochures @ \$.15	\$750	5000 brochures/\$.15	\$750	No change
<b>Totals</b>	<b>\$2,875</b>		<b>\$5,350</b>		<b>\$7,425</b>	

## Best Buffalo Bison Ranch – Sales & Administrative and Overhead Budgets 1<sup>st</sup> Year Quarterly Projection

<b>Schedule G: Sales &amp; Administrative Expenses Budget, 2000</b>						
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Totals	Assumptions
Retail sales labor	\$468	\$832	\$832	\$520	\$2,652	2 people @ \$6.50/hour
Telephone	\$210	\$210	\$210	\$210	\$840	Based on historical records
Electricity	\$210	\$210	\$210	\$210	\$840	Based on historical records
Internet	\$81	\$81	\$81	\$81	\$324	Based on historical records
Newspaper Ads	\$280	\$320	\$320	\$280	\$1,200	See Advertising Budget
Web Page	\$45	\$45	\$45	\$45	\$180	Maintenance & 1 change/month
Postage, direct mailings	\$200	\$200	\$200	\$200	\$800	See Advertising Budget
"Why Bison" brochures			\$100		\$100	1000 @ \$.10
Brochures	\$375				\$375	2500 @ \$.15
Shipping Coolers				\$250	\$250	50 @ \$5.00
Space Rental	\$30	\$30	\$30	\$30	\$120	Cedarbowl & Farmers' Markets
Permits			\$110		\$110	Dakorma permit, \$75, Hall County, \$35
Sales Supplies	\$500		\$500		\$1,000	Based on historical records
Travel expense, mileage	\$465	\$1,155	\$1,155	\$705	\$3,480	\$.50/mile
Travel expense, meals	\$40	\$80	\$80	\$40	\$240	\$5.00/person/sale day
<b>Totals</b>	<b>\$2,904</b>	<b>\$3,163</b>	<b>\$3,873</b>	<b>\$2,571</b>	<b>\$12,511</b>	
<b>Schedule H: Overhead Expenses Budget</b>						
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Totals	Assumptions
Farm Manager					0	No withdrawals for farm management
Farm Labor	\$650	\$325			\$975	Cory & David @ \$6.50/hr.
Accountant/Book Keeper	\$405	\$135	\$135	\$135	\$810	Income tax, \$350, Book keeping, \$45/month
Equipment & Repairs	\$450	\$450	\$450	\$450	\$1,800	Based on historical records
Misc. Supplies	\$400	\$400	\$400	\$400	\$1,600	Based on historical records
Dues/Publications	\$160	\$160	\$160	\$160	\$640	Based on historical records
General Liability Ins	\$50	\$50	\$50	\$50	\$200	Based on historical records
Health Ins (Employee)			\$300	\$300	\$600	Cory, health insurance
Telephone	\$120	\$120	\$120	\$120	\$480	Basic service, \$40/month
Improvements	\$300	\$300	\$300	\$300	\$1,200	Based on historical records
Diesel Fuel			\$75		\$75	100 gal. @ \$.75/gal
Interest	\$600	\$600	\$600	\$600	\$2,400	Based on historical records
<b>Totals</b>	<b>\$3,135</b>	<b>\$2,540</b>	<b>\$2,590</b>	<b>\$2,515</b>	<b>\$10,780</b>	

## Best Buffalo Bison Ranch – Sales & Administrative and Overhead Budgets 3-Year Projection

<b>Schedule G: Sales &amp; Administrative Expenses Projected Budget</b>						
	<b>2000</b>	<b>Assumptions</b>	<b>2001</b>	<b>Assumptions</b>	<b>2002</b>	<b>Assumptions</b>
Retail sales labor	\$2,652	2 people @ \$6.50/hour	\$ 2,917	10% increase	\$ 3,209	10% increase
Telephone	\$840	Based on historical records	\$ 924	10% increase	\$ 1,016	10% increase
Electricity	\$840	Based on historical records	\$ 882	5% increase	\$ 926	5% increase
Internet	\$324	Based on historical records	\$ 324	No Change	\$ 324	No Change
Newspaper Ads	\$1,200	See Advertising Budget	\$ 1,320	10% increase	\$ 1,452	10% increase
Web Page	\$180	Maintenance & 1 change/month	\$ 180	No Change	\$ 180	No Change
Postage, direct mailings	\$800	See Advertising Budget	\$ 880	10% increase	\$ 968	10% increase
"Why Bison" brochures	\$100	1000 @ \$.10	\$ 100	No Change	\$ 120	20% increase
Brochures	\$375	2500 @ \$.15	\$ 412	10% increase	\$ 453	10% increase
Shipping Coolers	\$250	50 @ \$5.00	\$ 300	20% increase	\$ 360	20% increase
Space Rental	\$120	Cedarbowl & Farmers' Markets	\$ 120	No Change	\$ 120	No Change
Permits	\$110	Dakorma permit, \$75, Hall County, \$35	\$ 110	No Change	\$ 110	No Change
Sales Supplies	\$1,000	Based on historical records	\$ 1,200	20% increase	\$ 1,320	10% increase
Travel expense, mileage	\$3,480	\$.50/mile	\$ 4,176	20% increase	\$ 4,594	10% increase
Travel expense, meals	\$240	\$5.00/person/sale day	\$ 288	20% increase	\$ 317	10% increase
<b>Totals</b>	<b>\$12,511</b>		<b>\$ 14,133</b>		<b>\$ 15,469</b>	
<b>Schedule H: Overhead Expenses Projected Budget</b>						
	<b>2000</b>	<b>Assumptions</b>	<b>2001</b>	<b>Assumptions</b>	<b>2002</b>	<b>Assumptions</b>
Farm Manager	0	No withdrawals for farm management	\$ -		\$ -	
Farm Labor	\$975	Cory & David @ \$6.50/hr.	\$ 975	No Change	\$ 1,170	20% increase
Accountant/Book Keeper	\$810	Income tax, \$350, Book keeping, \$45/month	\$ 810	No Change	\$ 891	10% increase
Equipment & Repairs	\$1,800	Based on historical records	\$ 1,980	10% increase	\$ 2,178	10% increase
Misc. Supplies	\$1,600	Based on historical records	\$ 1,760	10% increase	\$ 1,936	10% increase
Dues/Publications	\$640	Based on historical records	\$ 640	No Change	\$ 640	No Change
General Liability Ins	\$200	Based on historical records	\$ 200	No Change	\$ 220	10% increase
Telephone	\$480	Basic service, \$40/month	\$ 528	10% increase	\$ 528	No Change
Improvements	\$1,200	Based on historical records	\$ 1,320	10% increase	\$ 1,584	20% increase
Diesel Fuel	\$75	100 gal. @ \$.75/gal	\$ 83	10% increase	\$ 83	No Change
Interest	\$2,400	Based on historical records	\$ 2,160	10% less due to less debt	\$ 1,944	10% less
<b>Totals</b>	<b>\$10,780</b>		<b>\$ 11,656</b>		<b>\$ 12,374</b>	

## Best Buffalo Bison Ranch – Monthly Cash Flow Projection Year 2000

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Totals
<b>Beginning Cash Balance</b>	\$1,000	\$1,045	\$1,201	\$1,112	\$1,082	\$1,407	\$1,354	\$1,696	\$979	\$782	\$1,450	\$1,379	\$1,000
<b>Cash In From Operations</b>													
<b>Cash In (See Schedule A)</b>													
Product 1(Cow/Calf Operation)											\$5,400		\$5,400
Product 2 (Absentee-Ownership)	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$15,900
Product 3 (Meat Sales)	\$3,000	\$1,000	\$3,000	\$2,000	\$6,500	\$6,500	\$5,000	\$5,000	\$5,000	\$3,000	\$1,000	\$3,000	\$44,000
Product 4 (Sale of Other Products)	\$200	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$200	\$300	\$3,400
Product 5 (Tours)					\$930	\$1,000	\$1,000	\$1,000					\$3,930
<b>Total Cash Receipts</b>	<b>\$4,500</b>	<b>\$2,600</b>	<b>\$4,600</b>	<b>\$3,600</b>	<b>\$9,030</b>	<b>\$9,100</b>	<b>\$7,650</b>	<b>\$7,650</b>	<b>\$6,650</b>	<b>\$4,650</b>	<b>\$7,950</b>	<b>\$4,650</b>	<b>\$72,630</b>
<b>Cash Disbursements</b>													
<b>Direct Production Costs</b>													
Product 1(Schedule B)	\$285	\$199	\$199	\$206	\$375	\$205	\$166	\$202	\$166	\$167	\$315	\$335	\$2,820
Product 2 (Schedule C)	\$403	\$124	\$124	\$124	\$495	\$124	\$124	\$177	\$124	\$124	\$349	\$378	\$2,670
Product 3 (Schedule D)	\$577	\$577	\$13,256	\$1,064	\$1,303	\$1,063	\$1,984	\$1,863	\$1,683	\$578	\$1,006	\$1,326	\$26,280
Product 4 (Schedule E)	\$80	\$0	\$120	\$1,370	\$70	\$70	\$140	\$185	\$105	\$0	\$70	\$1,000	\$3,210
Product 5 (Schedule F)		\$750		\$375	\$290	\$290	\$560	\$560	\$0	\$0	\$0	\$0	\$2,825
<b>Total Direct Production Costs</b>	<b>\$1,345</b>	<b>\$1,650</b>	<b>\$13,699</b>	<b>\$3,139</b>	<b>\$2,533</b>	<b>\$1,752</b>	<b>\$2,974</b>	<b>\$2,987</b>	<b>\$2,078</b>	<b>\$869</b>	<b>\$1,740</b>	<b>\$3,039</b>	<b>\$37,805</b>
<b>Total Selling/Admin Cost (Schedule G)</b>	<b>\$855</b>	<b>\$819</b>	<b>\$1,230</b>	<b>\$1,054</b>	<b>\$1,055</b>	<b>\$1,054</b>	<b>\$1,221</b>	<b>\$1,221</b>	<b>\$1,431</b>	<b>\$775</b>	<b>\$1,023</b>	<b>\$773</b>	<b>\$12,511</b>
<b>Total Overhead Expenses (Schedule F)</b>	<b>\$1,255</b>	<b>\$940</b>	<b>\$940</b>	<b>\$846</b>	<b>\$847</b>	<b>\$847</b>	<b>\$913</b>	<b>\$839</b>	<b>\$838</b>	<b>\$838</b>	<b>\$838</b>	<b>\$839</b>	<b>\$10,780</b>
<b>Total Cash Disbursements</b>	<b>\$3,455</b>	<b>\$3,409</b>	<b>\$15,869</b>	<b>\$5,039</b>	<b>\$4,435</b>	<b>\$3,653</b>	<b>\$5,108</b>	<b>\$5,047</b>	<b>\$4,347</b>	<b>\$2,482</b>	<b>\$3,601</b>	<b>\$4,651</b>	<b>\$61,096</b>
<b>Net Operating Cash</b>	<b>\$1,045</b>	<b>(\$809)</b>	<b>(\$11,269)</b>	<b>(\$1,439)</b>	<b>\$4,595</b>	<b>\$5,447</b>	<b>\$2,542</b>	<b>\$2,603</b>	<b>\$2,303</b>	<b>\$2,168</b>	<b>\$4,349</b>	<b>(\$1)</b>	<b>\$11,534</b>
<b>Other Cash In</b>													
Interest Income													
Loan Proceeds		\$1,000	\$12,000	\$8,000	\$0								\$21,000
<b>Total Other Cash In</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$12,000</b>	<b>\$8,000</b>	<b>\$0</b>	<b>\$21,000</b>							
<b>Other Cash Out</b>													
Interest Expense													
Capital Purchases(Growth & Fixed Assets)		\$35	\$1,000	\$6,820	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$11,855
Loan Principal Payments	\$1,000				\$4,000	\$5,000	\$2,000	\$3,000	\$2,000	\$1,000	\$4,000		\$22,000
<b>Total Other Cash Out</b>	<b>\$1,000</b>	<b>\$35</b>	<b>\$1,000</b>	<b>\$6,820</b>	<b>\$4,500</b>	<b>\$5,500</b>	<b>\$2,500</b>	<b>\$3,500</b>	<b>\$2,500</b>	<b>\$1,500</b>	<b>\$4,500</b>	<b>\$500</b>	<b>\$33,855</b>
<b>Net Monthly Cash</b>	<b>\$45</b>	<b>\$156</b>	<b>(\$269)</b>	<b>(\$259)</b>	<b>\$95</b>	<b>(\$53)</b>	<b>\$42</b>	<b>(\$897)</b>	<b>(\$197)</b>	<b>\$668</b>	<b>(\$151)</b>	<b>(\$501)</b>	
<b>Ending Cash Balance</b>	<b>\$1,045</b>	<b>\$1,201</b>	<b>\$932</b>	<b>\$853</b>	<b>\$1,177</b>	<b>\$1,354</b>	<b>\$1,396</b>	<b>\$799</b>	<b>\$782</b>	<b>\$1,450</b>	<b>\$1,299</b>	<b>\$878</b>	<b>\$878</b>

## Best Buffalo Bison Ranch –3-Year Cash Flow Projection

<b>3 Year Cashflow Projections</b>	<b>12/31/00</b>	<b>12/31/01</b>	<b>12/31/02</b>	
Beginning Cash Balance	\$1,000	\$878	\$2,116	
<b>Cash In From Operations</b>				
<b>Cash In (See Schedule A)</b>				
Product 1(Cow/Calf Operation)	\$5,400	\$9,000	\$10,800	
Product 2 (Absentee-Ownership)	\$15,900	\$15,900	\$15,900	
Product 3 (Meat Sales)	\$44,000	\$44,000	\$44,000	
Product 4 (Sale of Other Products)	\$3,400	\$7,650	\$7,650	
Product 5 (Tours)	\$3,930	\$8,575	\$12,862	
<b>Total Cash Receipts</b>	\$72,630	\$85,125	\$91,212	
<b>Cash Disbursements</b>				
<b>Direct Production Costs</b>				
Product 1(Schedule B)	\$2,820	\$2,820	\$2,820	
Product 2 (Schedule C)	\$2,670	\$2,670	\$2,670	
Product 3 (Schedule D)	\$26,280	\$22,680	\$21,018	
Product 4 (Schedule E)	\$3,210	\$3,100	\$3,100	
Product 5 (Schedule F)	\$2,825	\$5,350	\$7,425	
<b>Total Direct Production Costs</b>	\$37,805	\$36,620	\$37,033	
<b>Total Selling/Administration Cost (Schedule G)</b>	\$12,511	\$14,133	\$15,469	
<b>Total Overhead Expenses (Schedule F)</b>	\$10,780	\$11,656	\$12,374	
<b>Total Cash Disbursements</b>	\$61,096	\$62,409	\$64,876	
<b>Net Operating Cash</b>	\$11,534	\$22,716	\$26,336	
<b>Other Cash In</b>				
Interest Income				
Loan Proceeds	\$21,000			
Other				
<b>Total Other Cash In</b>	\$21,000	\$0	\$0	
<b>Other Cash Out</b>				
Interest Expense		\$1,000	\$1,000	Interest on Brandhaven Ag loan
Capital Purchases(Growth & Fixed Assets)	\$11,855	\$6,000	\$7,500	Purchase breeding bull
Loan Principal Payments	\$22,000	\$14,500	\$15,000	
Other				
<b>Total Other Cash Out</b>	\$33,855	\$21,500	\$23,500	
<b>Net Yearly Cash</b>		\$1,216	\$2,836	
<b>Ending Cash Balance</b>	\$878	\$2,116	\$4,952	

## Best Buffalo Bison Ranch –3-Year Projected Income Statement

<b>Projected Income Statement:</b>							
<b>Sales</b>		<b>12/31/00</b>	<b>% of Total Sales</b>	<b>12/31/01</b>	<b>% of Total Sales</b>	<b>12/31/02</b>	<b>% of Total Sales</b>
	Product 1	\$5,400	7.43%	\$9,000	10.57%	\$10,800	11.84%
	Product 2	\$15,900	21.89%	\$15,900	18.68%	\$15,900	17.43%
	Product 3	\$44,000	60.58%	\$44,000	51.69%	\$44,000	48.24%
	Product 4	\$3,400	4.68%	\$7,650	8.99%	\$7,650	8.39%
	Product 5	\$3,930	5.41%	\$8,575	10.07%	\$12,862	14.10%
	<b>Total Sales</b>	<b>\$72,630</b>	<b>100.00%</b>	<b>\$85,125</b>	<b>100.00%</b>	<b>\$91,212</b>	<b>100.00%</b>
<b>Cost of Sales (Direct Costs)</b>							
	Product 1	\$2,820	3.88%	\$2,820	3.31%	\$2,820	3.09%
	Product 2	\$2,670	3.68%	\$2,670	3.14%	\$2,670	2.93%
	Product 3	\$25,400	34.97%	\$22,680	26.64%	\$21,018	23.04%
	Product 4	\$2,910	4.01%	\$3,100	3.64%	\$3,100	3.40%
	Product 5	\$2,825	3.89%	\$5,350	6.28%	\$7,425	8.14%
	<b>Total Cost of Sales</b>	<b>\$36,625</b>	<b>50.43%</b>	<b>\$36,620</b>	<b>43.02%</b>	<b>\$37,033</b>	<b>40.60%</b>
	<b>Gross Profit</b>	<b>\$36,005</b>	<b>49.57%</b>	<b>\$48,505</b>	<b>56.98%</b>	<b>\$54,179</b>	<b>59.40%</b>
<b>Operating Expenses</b>							
	Sales Expenses	\$12,511	17.23%	\$14,133	16.60%	\$15,469	16.96%
	Overhead Expenses	\$10,780	14.84%	\$11,656	13.69%	\$12,374	13.57%
	<b>Total Operating Expenses</b>	<b>\$23,291</b>	<b>32.07%</b>	<b>\$25,789</b>	<b>30.30%</b>	<b>\$27,843</b>	<b>30.53%</b>
	<b>Net Operating Profit</b>	<b>\$12,714</b>	<b>17.51%</b>	<b>\$22,716</b>	<b>26.69%</b>	<b>\$26,336</b>	<b>28.87%</b>
	<b>Capital Purchases</b>	<b>\$1,855</b>				<b>\$1,500</b>	
	<b>Depreciation</b>	<b>\$5,200</b>		<b>\$5,200</b>		<b>\$5,200</b>	
	<b>Net Income Before Taxes</b>	<b>\$5,659</b>		<b>\$17,516</b>		<b>\$19,636</b>	
	Anticipated Taxes	\$1,641	(S.E. tax + 15%)	\$5,080		\$5,694	
	<b>Projected Net Income</b>	<b>\$4,018</b>		<b>\$12,436</b>		<b>\$13,942</b>	

## Best Buffalo Bison Ranch –Actual and Projected Balance Sheet

Actual & Projected Balance Sheet			Projected, 1/1/01		Projected 1/1/02	
	3/1/00	% of Total Assets	% of Total Assets		% of Total Assets	
<b>Assets</b>						
<b>Current Assets</b>						
Cash	\$600	0.24%	\$900	0.32%	\$ 2,116	0.75%
Current Inventory	\$6,800	2.73%	\$11,000	3.93%	\$ 11,000	3.90%
Meat Animals on Hand	\$21,065	8.44%	\$26,900	9.61%	\$ 29,000	10.28%
<b>Total Current Assets</b>	<b>\$28,465</b>	<b>11.41%</b>	<b>\$38,800</b>	<b>13.86%</b>	<b>\$ 42,116</b>	<b>14.93%</b>
<b>Property, Plant &amp; Equipment</b>						
Breeding Animals on Hand	\$27,000	10.82%	\$29,500	10.54%	\$ 31,000	10.99%
Land	\$80,000	32.06%	\$80,000	28.59%	\$ 80,000	28.36%
Buildings	\$95,000	38.07%	\$95,000	33.95%	\$ 95,000	33.68%
Vehicles	\$8,300	3.33%	\$24,800	8.86%	\$ 22,300	7.91%
Equipment	\$10,750	4.31%	\$11,750	4.20%	\$ 11,650	4.13%
<b>Total Property, Plant and Equip</b>	<b>\$221,050</b>	<b>88.59%</b>	<b>\$241,050</b>	<b>86.14%</b>	<b>\$239,950</b>	<b>85.07%</b>
<b>TOTAL ASSETS</b>	<b>\$249,515</b>	<b>100.00%</b>	<b>\$279,850</b>	<b>100.00%</b>	<b>\$282,066</b>	<b>100.00%</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$900	0.36%	\$0		\$ -	
Wages Payable	\$420	0.17%	\$0		\$ -	
Line of Credit, UNB	\$15,500	6.21%	\$14,500		\$ -	
<b>Total Current Liabilities</b>	<b>\$16,820</b>	<b>6.74%</b>	<b>\$14,500</b>	<b>5.18%</b>	<b>\$ -</b>	
<b>Long-Term Liabilities</b>						
Brandhaven Farm	\$20,000	8.02%	\$20,000		\$ 20,000	
Mortgage on House	\$32,000	12.82%	\$26,000		\$ 20,000	
<b>Total long-term Liabilities</b>	<b>\$52,000</b>	<b>20.84%</b>	<b>\$46,000</b>	<b>16.44%</b>	<b>\$ 40,000</b>	<b>14.18%</b>
<b>TOTAL LIABILITIES</b>	<b>\$68,820</b>	<b>0.00%</b>	<b>\$60,500</b>	<b>21.62%</b>	<b>\$ 40,000</b>	<b>14.18%</b>
<b>OWNER'S EQUITY</b>	<b>\$180,695</b>	<b>72.42%</b>	<b>\$219,350</b>	<b>78.38%</b>	<b>\$242,066</b>	<b>85.82%</b>
<b>Total Liabilities &amp; Owner's Equity</b>	<b>\$249,515</b>	<b>100.00%</b>	<b>\$279,850</b>	<b>100.00%</b>	<b>\$282,066</b>	<b>100.00%</b>
<b>Key Ratios:</b>						
Current Ratio:	1.692331		2.675862			
Quick Ratio	0.087099		0.641379			
Working Capital	\$11,645		\$24,300		\$42,116	
Debt to Equity Ratio	0.287778		0.209711		0.1652442	