

# BUSINESS PLAN



**WOOLLYSTEER**

— RANCH —



*This business plan has been prepared to present to potential government grant and loan programs, financial institutions and private investors in order to raise the capital necessary to assist the company in implementing its strategic business model.*

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## NOTICE TO READER

*The purpose of this document is to illustrate the feasibility of expanding a newly established livestock ranch located in Nolalu, Ontario (referred to as “the company” in this business plan). Nolalu is a few kilometres west of the Northern Ontario city of Thunder Bay. The company is a registered general partnership and it will trade as Woolly Steer Ranch. The partners are Jason and Rachel Louis (“the principals”), who will co-manage the company.*

*The information herein has been compiled from the principals’ industry experience, industry - related materials and extensive market research. It is provided on an utmost of good faith basis. This business plan contains forward looking information, statements and projections pertaining to future events, operational performance and financial performance. Since there will be circumstances, changing circumstances and events that are beyond the company’s control, these are presented on a best efforts basis and the company cannot guarantee such future performance or events.*

*This document is not, nor should it be construed to be, a prospectus or an advertisement of any sort for a public offering of shares.*

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## EXECUTIVE SUMMARY

Woolly Steer Ranch (WSR) is a private partnership owned and operated by Jason Louis and Rachel Louis (the “principals” herein) and their intention is to expand the existing homesteading model into a larger, commercially viable enterprise. The principals possess a diverse collaborative set of skills that will serve to achieve success in this venture. Jason and Rachel will provide their community with high quality, wholesome food through regenerative ranching practices focused on raising Woolly Steer highland cattle and Mangalitsa pigs. Both of these breeds are extremely hardy and well suited to foraging in a Northern Ontario setting and both possess distinctive credentials in the taste quality and healthfulness benefits of the meat. Northern Ontario has become a highly viable region for farming, with, amongst other things, affordable land prices, an ample supply of water, strong governmental encouragement and a culture of neighborliness that seems to always avail a helping hand when needed.

The Canadian beef industry is a major economic sector that, in 2018, processed in excess of 3 Billion tons of product, with Canada processing more than 2% of the world’s beef. The pork segment is equally huge, with 2018 reporting more than 26 million hogs sold and the segment, generating more than 3 Billion Dollars in annual revenues. The hub city of Thunder Bay is quickly accessible to WSR, and it offers a thriving market of more than 110,000 people and it also offers a municipal government that is pro-active in supporting local farming initiatives.

It is the **vision** of the Company to build a profitable and sustainable business and to provide Northern Ontario with wholesome, high quality, 100% grass fed & finished beef and pastured pork. The **company mission** commits to: (1) Operating a professional livestock facility that, through regenerative and humane ranching practices, contribute to environmental responsibility (2) Achieving a superb level of customer satisfaction and trust (3) Developing loyal and long-term relationships (4) Being a business that is distinctive for its client-centric mindset – simply being the best operation of its kin, and (5) Staying on top of any and all new products, technologies and/or practices that would optimize the mix and quality of products offered.

**Short-Term Goals (Initial 12 months)** include creating a website and social media options, developing at least 65 acres, expanding the cattle stock to 20 cow/calf pairs, acquiring a minimum of two Mangalitsa sows and one boar, building appropriate barn / feed / storage and handling buildings, completing at least 5 steer sales and achieving a minimum of \$110,000 in total revenues (with net profit margins of at least 15% of sales). Intermediate Term Goals (24 to 36 months) include developing additional acres into productive farmland, becoming a vendor at Thunder Bay Country Market expanding livestock inventory and expanding relationships with local businesses and collaborating with them in cross-selling. **Long-Term Goals (36 to 60 months)** include developing additional 40 acres, purchasing adjacent properties for further expansion and expanding the Highland cattle cow/calf pairs to at least 70.

The company’s primary market is predominantly consumers, most particularly those who are health conscious, who are interested in sustainable and ethically raised food and who are interested in supporting local enterprises. The secondary targeted market segment is restaurants where the small price component for WSR’s premium quality meats will be accepted willingly. Marketing plan strategies will include gaining attention for WSR and generating interest in its superior quality products. Marketing initiatives include managing the following fundamentals: (1) Developing an image as a highly professional operation with excellent products (2) Developing a professional and compelling website (3) Using various social media options (Facebook, Google, Kijiji, etc.) (4) Selected ads in news publications, magazines, etc. as deemed feasible by the principals (5) An effective printed materials program that includes business cards, promo brochures, coupons,

promotional draws, etc. (6) Creation and distribution of Woolly Steer Ranch merchandise (i.e. T-shirts, toques, etc.) (7) Networking with local relationships and promoting word-of-mouth aggressively (8) Customer loyalty and referrals rewards programs (9) Creation of “specials” designed to generate interest, increase prospect traffic and upgrade purchase sizes (10) Community associations, sponsorships, business affiliations and charity affiliations to be pursued, and, (11) Promoting the slogan “**High Quality, Speciality Meats – Free from antibiotics and hormones**”. Competition in North West Ontario is quite fragmented and non-direct in nature. The company is a distinctively professional venture with superb standards of operating best practices, humane treatment of livestock and attentiveness to the environment whose principals are committed to providing others with access to distinctively high quality and nutritious food.

WSR is, and will continue to be, run on a ‘hands-on’ and disciplined basis. Minimum, monthly reports will include: (1) Sales (2) Marketing audit (3) Client satisfaction audit, client database (4) Livestock status (5) Equipment, structures, premises, security and systems audit (6) Financial/operating statements (including bank reconciliations), and, (7) Trending (market and sales tendencies, specials, etc.). All reports to be reviewed and approved by the principals. Complete annual financial statements are to be produced.

<b>FINANCIAL SYNOPSIS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>
SALES	111,000	160,340	186,280
SALES INCREASE		49,340	25,940
SALES GROWTH RATE		44.45%	16.18%
COST OF GOODS SOLD ("COGS")		18,880	31,278
GROSS MARGIN ("GM")	103,305	141,460	155,002
GM % SALES		88%	72%
PAYROLL		1680	5040
OWNER DRAWS			36,000
OWNER PAYBACK			
TAXES	4,913	8,416	6,246
TOTAL OPERATING EXPENSES ("TOE")	59,084	65,716	98,791
NET INCOME ("NI")	44,221	75,744	56,211
CASH ON HAND AT YEAR END	<b>\$53,201</b>	<b>\$112,773</b>	<b>\$130,565</b>

## USE OF START UP FUNDS

The Company is seeking \$199,553 to execute renovations, equipment, marketing and working capital strategies.

### SUMMARY OF START-UP COSTS (\* please see Appendix 1 herein for expanded details)

	Total	Owner Invests	Other (Loan)s
INCORPORATION / LEGAL	500	500	0
PIG SHELTER	4,800	960	3840
LIVESTOCK HANDLING FACILITY	22,410	4482	17,928
EQUIPMENT/ATTACHMENTS	83,408*	16,681	66,727
FENCING AND LABOUR	42,629	8,526	34,103
BARN	77,326	15,465	61,861
WEBSITE DEVELOPMENT	6,500	1,300	5,200
BRANDING	3,500	700	2,800
MARKETING / SALES	7,848	1,570	6,278
COMMUNICATION TECHNOLOGY	1020	204	816
DEPOSITS (RENT, LEASE)	0	0	0
INVENTORY	23,500**	23,500	0
CONTINGENCY (cash)	25,000	25,000	0
<b>TOTAL</b>	<b>\$298,441</b>	<b>\$98,888</b>	<b>\$199,553 ***</b>

\* Includes water pump (\$4,582), tractor (\$39,500), tractor attachments (\$8,570), stock trailer (\$17,995), bale feeders (\$3,318), hog feeder (\$3,253) and 2 freezers (\$6,190).

\*\* Includes 20 Highland cattle purchased over 2 years (\$20,000), 1 Mangalitsa boar purchased in year 1 (\$1,500) and 2 Mangalitsa sows purchased in year 1 (\$2,000).

\*\*\* Comprised of NOHFC conditional grant in the amount of \$124,944 and a private loan in the amount of \$74,609 – the private loan will be amortized over 84 months at a (simple interest) rate of 5%, yielding a monthly payment of \$1055 (interest portion = \$169 and principal portion = \$886) – interest and principal straight-lined an all numbers rounded to the nearest \$1.

## BUSINESS DESCRIPTION

### HISTORY OF THE BUSINESS

Woolly Steer Ranch (WSR) is a private, for-profit partnership owned and operated by Jason Audette and Rachel Audette (the “principals” herein) and the goal of this initiative is to expand the existing homesteading model into a larger, commercially viable enterprise. The principals possess a collaborative set of skills that will serve to achieve success in this venture. Rachel and Jason are dedicated to providing their community with high quality, wholesome food through regenerative ranching practices. They are committed to raising their heritage breeds humanely and in harmony with nature without the use of antibiotics or added hormones. It is well known that modern agriculture introduces many damaging and long-term problems and often leads to poor treatment of animals. Through mimicking the behaviors of wild herds in nature, avoiding chemicals/fertilizers and implementing rotational grazing strategies, etc., they aim to implement regenerative farming practices that will make better use of land that would otherwise normally be unsuitable for agriculture. These practices, in turn, will lend itself to creating a habitat for wildlife and pollinators and ensure a high quality of living standards for their animals.

Through developing their rangelands, they hope to help decrease pollution and reverse climate change by rebuilding soil organic matter and restoring degraded soil biodiversity that can house a greater number of diverse plant and microbial communities. These can further transform soils into sinks for greenhouse gases. It is also important to the principals for them to increase the availability of local food sources, thereby helping to decrease the need for long-distance truck transportation of food (according to the Thunder Bay District Health Unit, food travels, on average, 3,500 km to reach Thunder Bay) which not only significantly contributes to greenhouse gas emissions, but also shifts benefits from the local economy to elsewhere.

WSR is raising two types of commercial livestock, being Highland beef cattle and Mangalitsa pigs, both of which are tremendously hardy, highly adaptable and easy-to-raise breeds. Both the Highland cattle and Mangalitsa pigs feature insulating woolly coats that make them a perfect choice of livestock to raise in northern climates, and they are also both highly skilled in foraging for food where they both graze and eat vegetation that many other livestock avoid. This makes them ideal livestock for a regenerative and more natural ranching implementation.

The Highland beef is a lean, highly marbled premium beef that ensures tenderness with a very distinctive flavor. Studies have shown the Highland cattle to have lower levels of fat and cholesterol with higher protein and iron content than other beef.

Mangalitsa pigs are a rare heritage breed bred for specialty pork. It is known for its generous amount of lard and dark red, highly marbled meat that is considered some of the tastiest pork in the world, often being called the ‘Kobe beef of pork’. The meat of the Mangalitsa is high in omega-3 and -6 essential fatty acids and natural antioxidants while its lard has less saturated fat and more unsaturated fat than an equal amount of butter.

WSR aims to be a local regenerative ranch source for premium meats offering high quality, naturally raised specialty beef and pork. It is anticipated that the meat will initially be sold at a farmer's market and by word of mouth with a few online purchasing options as well. As WSR grows, it plans to increase their online purchasing options and begin selling choice cuts at a farmer's market. At present, WSR owns 10 cow/calf pairs and 1 Highland bull.



## VISION AND MISSION STATEMENT

It is the **vision** of the Company to build a profitable and sustainable business, to provide Northern Ontario with wholesome, high quality, 100% grass fed & finished beef and pastured pork and to be a worthwhile and contributing member of its community.

The **company mission** commits to:

- Operating a professional livestock facility that, through regenerative and humane ranching practices, contribute to environmental responsibility.
- Achieving a superb level of customer satisfaction and trust.
- Developing loyal and long-term relationships.
- Being a business that is distinctive for its client-centric mindset – simply being the best operation of its kind.
- Staying on top of any and all new products, technologies and/or practices that would optimize the mix and quality of products offered.

As mentioned, the principals are dedicated to, amongst other things, the ideals of humane treatment of livestock, being environmentally responsible and to optimization of land usage. Some of the company's other **core values** include respecting all customers, business partners and staff members, appreciating all customers and being honest, courteous and worthy of trust at all times.

### CRITICAL SUCCESS FACTORS – KEYS TO SUSTAINABILITY

- **Location** – Exploit accessibility to main markets
- **Marketing** - Create a high level of awareness of, and interest in, the company's products
- **Sales** – Turn prospects into buyers and into regular and loyal clients
- **Image**- Emphasize professional operations and high standards of products
- **Quality Control** – Superb standards for products and service
- **Communication** - Be highly and properly responsive to a variety of situations
- **Customer Loyalty** – Develop and maintain a loyal customer base
- **Controlling** costs properly at all times and maintaining financial discipline
- **Compliance** - To industry best practices and Health Canada regulations, policies and procedures
- **Dedication** - To the company's mission, to its success, to its business partners, to its employees and, particularly, to its clients
- **Attitude** – Maintain a diligent work ethic, a determined mindset and a passion for the business

## BUSINESS GOALS

### **Short-Term Goals (Initial 12 months):**

1. Create a website, Instagram account, Facebook page, etc. and build an online presence.
2. Develop 65 acres (including sustainable land clearing, fence/shelter building, etc.) into productive farmland.
3. Expand their Highland cattle to 20 cow/calf pairs.
4. Purchase two Mangalitsa sows and one Mangalitsa boar.
5. Build livestock shelter/handling facilities for Mangalitsa pigs.
6. Register in and complete a small business course that focuses on starting, growing, branding and building a successful business with an emphasis on agriculture.
7. Join appropriate associations and programs (i.e. Beef Farmers of Ontario) for further education and insight regarding farming.
8. Register and complete the Nutrient Management certification course and develop our own nutrient management strategy.
9. Build an appropriate barn for livestock feed/equipment storage and livestock handling.
10. Purchase a tractor and appropriate attachments.
11. Sell 5 steers total.
12. Complete a detailed and efficient marketing campaign (see marketing section).
13. To accomplish minimum revenues of \$110,000 for Fiscal Year End 1 (“FYE 1”).
14. To maintain net profit margin of minimum of 15% of sales).
15. To continuously increase the company’s goodwill and client base and to establish the company brand.

### **Intermediate Term Goals (24 to 36 months):**

1. Develop an additional 40 acres into productive farmland.
2. Become a vendor at Thunder Bay Country Market.
3. Provide farm tours/experiences to increase awareness of modern agriculture.
4. Expand Highland cattle to 55 cow/calf pairs.
5. Expand Mangalitsa livestock to 40 market-ready pigs.
6. Join Community Supported Agriculture (CSA) and begin selling meat boxes locally.
7. Undergo Verified Beef Production Plus’ four tiers of inspection to ensure their commitment to the highest standards of care in food safety, humane animal handling, environmental stewardship and conservation of biosecurity when raising their cattle.
8. Join Community Supported Agriculture (CSA) and begin selling meat boxes locally.
9. Begin developing healthy meat snacks (i.e. beef jerky) that are free from added nitrates and preservatives.
10. Develop relationships with local businesses and collaborate a plan with them to have WSR products sold at their business and/or in their restaurant.

### **Long-Term Goals (36 to 60 months):**

1. Develop an additional 40 acres into productive farmland.
2. Purchase adjacent properties for further expansion of operations with a focus on the production of hay.
3. Expand their Highland cattle to 70 cow/calf pairs
4. To become renowned for superb products
5. To maintain strong ongoing profit margins

## BUSINESS MANAGEMENT

### **Jason Louis**

Jason will fulfill the roles of manager, quality of care assurance and rancher. He will be responsible for the business operations of the farm. Jason grew up in Southwest Saskatchewan amongst a lineage of ranchers. He moved to Northern Ontario in 2011 with a long-term goal of starting his own ranch in hopes of stepping away from the conventional ways of running cattle to more regenerative agricultural practises. Starting his working career in the oil patches of Southwest Saskatchewan he transitioned to an apprentice plumber for a few years and then moved into the forestry and mining industry. Working with Haveman Brothers, a forestry and mining company in northwestern Ontario, has helped Jason develop mechanical and problem-solving skills while seeing the necessity for sustainability of natural resources on a firsthand basis. As a project supervisor of mining and tree plant camps, Jason is able to make routine repairs on buildings, plumbing issues, mechanical equipment and tools - all useful skills for a rancher. With managing anywhere from 15-60 employees during that time, he has become accustomed to unpredictable weather delays, equipment malfunctions and other obstacles, teaching him to 'think on his feet' and react quickly to situations that arise. Jason understands the value of hard work and working in the elements and the hardships associated with them.

Since moving to Northern Ontario, Jason has steadily been reading books, attending seminars visiting surrounding farms and formatting his property to accommodate future livestock. Jason has worked on multiple farms involved with rounding up cattle, annual brandings and helping with the harvest. He continues to have multiple family members in the cattle business back in his home province of Saskatchewan. Jason also manages his own kennel of Alaskan Malamutes - training and breeding for the use of dog sledding. These animals, though not used for meat consumption, still need animal husbandry. Having raised working dogs for 8 years, Jason understands the basic needs of animals and this will help greatly with the transition to livestock. Jason's other involvements include:

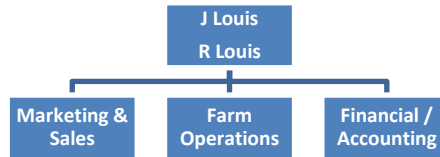
- Volunteer firefighter – Nolalu, ON
- First Responder – Nolalu, ON
- Board Member of Local Service Board – Nolalu, ON

### **Rachel Louis**

Rachel has been employed at Partners in Rehab as a physiotherapist since 2013. Her job involves scheduling and fulfilling home-based physiotherapy services for adults with a variety of orthopaedic injuries, neurological conditions and cardiorespiratory illnesses. Through her job as a physiotherapist, Rachel has developed strong time management and superb interpersonal skills as she connects with people on a daily basis. Rachel's graduate studies at Queen's University in Physiotherapy strategically motivated her to take a Business Practices course that encompassed finance, accounting, human resources, venues, marketing/advertising and negotiation where she was able to learn the fundamental business skills necessary for business development and business operations.

Through her skills gained from her MScPT degree and working as a physiotherapist, along with her acquitted skills in photography and images, Rachel will lead the sales department, collaborating with Jason in marketing and developing an online presence.

## Operations Chart



The principals will operate WSR in a collaborative, “co-G.M.” manner, with individual responsibilities as specified above. As collaborative owner/operators and G.M.’s, the principals will oversee all operating aspects of the business:

- All marketing, sales and operational functions
- Over-all leadership and business planning
- Strategic direction(s)
- All purchasing, inventory, stock, production and quality control
- All policies, procedures, staffing, training and financial decisions
- All livestock agendas
- Compliance to all legal and health code policies, procedures and directives
- Livestock safety, wellbeing and humane treatment
- Productivity and profitability
- All accounting, financial disciplines and record keeping
- WSR’s reputation and goodwill

### Support Staff

Conforming to all operating, quality and service standards and procedures, support staff report up-line to the company principals and perform duties as designated.

### Recruitment Plan

The principals will reduce operating overheads by acting as on-site managers and on-site workers wherever possible. Staff, if and when necessary, will be attracted via online recruitments and/or referrals. Staff will be selected on the basis of credentials, including knowledge of farming, livestock management, basic business techniques and basic marketing. A proven track record of hard work, professionalism, teamwork and adaptability is essential. References are required and thorough interview process will be conducted.

### Hiring process summary

- Create job description
- Establish employment parameters and conditions
- Document policies and procedures
- Screen applicants
- Interview applicants
- Test / challenge / investigate thoroughly
- Hire or decline

HUMAN RESOURCES – 2020-2021

Position	Status	Type of position	Job description	Hourly rate
Co-owner/Senior Management (Jason Louis)	Owner/Proprietor	Full-Time	<p>Quality of care assurance and rancher, responsible for the business operations of the farm with a higher role in day-to-day operations. Responsibilities include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Overall leadership and business planning</li> <li>• Marketing, sales and operational functions</li> <li>• Strategic direction(s)</li> <li>• All purchasing, inventory, stock, production and quality control</li> <li>• All livestock agendas</li> <li>• Compliance to all legal and health code policies, procedures and directives</li> <li>• Productivity and profitability</li> <li>• Livestock safety, wellbeing and humane treatment</li> <li>• Policies, procedures, staffing (when applicable), training and financial decisions</li> <li>• All accounting, financial disciplines and record keeping</li> </ul>	\$14.00/hr
Co-owner/Senior Management (Rachel Louis)	Owner/Proprietor	Part-Time	<p>Rancher responsible for the business operations of the farm with a higher role in marketing and sales operations. Responsibilities include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Overall leadership and business planning</li> <li>• Marketing, sales and operational functions</li> <li>• Strategic direction(s)</li> <li>• All purchasing, inventory, stock, production and quality control</li> <li>• All livestock agendas</li> <li>• Compliance to all legal and health code policies, procedures and directives</li> <li>• Productivity and profitability</li> <li>• Livestock safety, wellbeing and humane treatment</li> </ul>	\$14.00/hr

			<ul style="list-style-type: none"> <li>• Policies, procedures, staffing (when applicable), training and financial decisions</li> <li>• All accounting, financial disciplines and record keeping</li> </ul>	
Lawyer	Consultant	N/A	Advice regarding structure of business & contracts	\$150.00/hr
General Contractor	Independent contractor	N/A	Construction of barn	N/A
Equipment Maintenance	Independent contractor	N/A	Equipment repairs as needed	\$60.00/hr

### Reports

WSR is, and will continue to be, run on a ‘hands-on’ and disciplined basis, and, accordingly, minimum, monthly reports will include:

- Sales
- Marketing audit
- Client satisfaction audit, client database
- Livestock status
- Equipment, premises, security and systems audit
- Financial/operating statements (including bank reconciliations)
- Trending (market and sales tendencies, specials, etc.)

All reports to be reviewed and approved by the principals. Complete annual financial statements are to be produced.

## **LOCATION AND FACILITIES OF THE BUSINESS**

WSR is located 45 minutes west of Thunder Bay. The property is within Northern Ontario's Great Northern Clay Belt which is ideal land for growing hay and grazing cattle. Adding to the benefit of being in the Clay Belt, the rainfall average of over 700mm in Thunder Bay is significant, with precipitation even during the driest months, thereby making the area drought resistant. Old farms and crown land surround the ranch and with the competitive pricing per acre, there is ample room for expansion. The highway bordering much of the ranch and the secondary gravel roads are maintained all year round, making the location ideal for shipping livestock and for easy access to local market. WSR is only 30 minutes from the abattoir and other cattle handling facilities.

## DESCRIPTION OF PRODUCTS

### PRODUCTS

#### *100% Grass fed and finished Highland Beef*

- A lean, highly marbled heritage premium beef that is known to be superior in flavor, tenderness and cooking.
- Additional benefits of Woolly Steer Ranch Highland beef include:
  - Contains highest protein level of most beef.
  - Fewer calories than standard beef.
  - Lower in cholesterol than even chicken.
  - Higher levels of iron, vitamin E, and Omega -3 and -6.
  - Proven to be more easily digested by people who have problems eating other beef.
  - Free from antibiotics, artificial growth hormones, chemicals and preservatives.

#### *Pastured Mangalitsa Pork*

- Rare heritage specialty pork known for its dark red, lavishly-marbled meat and often called the ‘Kobe beef of pork.’
- Additional benefits of Woolly Steer Ranch pork include:
  - Lower levels of saturated fat with higher levels of unsaturated fat – making it a healthy, ‘fatty’ meat which gives it its superior taste while being advantageous for human health.
  - Higher levels of omega-3, -6 and -9, vitamin D and antioxidants (including zinc and iron).
  - Contains a generous amount of lard that is lighter and melts at a lower temperature than lard from other pigs and butter because it contains over 200% more good, unsaturated fats and 36% less saturated fats.
  - Free from antibiotics, artificial hormones, chemicals and preservatives.

### POSITIONING

The company intends to be a distinctively professional venture with superb standards of operating best practices, humane treatment of livestock and attentiveness to the environment. Having always been drawn to a sustainable, healthy lifestyle, growing vegetables and raising livestock in a pesticide free, ecologically friendly manner paved the way to be able to provide others with access to distinctively high quality and nutritious food.

The company’s expert and savvy management, their passion for the industry and their determination to build a distinctively professional and sustainable venture are additional and significant advantages in positioning WSR. Operational best practices will enhance the company’s competitive advantages.

### PRICING

The company will initially sell its beef by the half side, side or whole animal, as well as through beef assortment boxes. The average price for grass fed beef in the area is \$5.50/lb. hanging weight and the average price for beef assortment boxes is \$8.00/lb. The average price for grass fed ground beef in the area is \$6.25/lb. and the average price for specialty ground meat (Bison & Elk) in the area is \$12.00/lb. The company will sell at a 20-25% premium compared to local beef market. The price point is higher than common grass fed beef (i.e. Angus mix) that is seen in the Thunder Bay area as the Highland cattle is a premium heritage breed with superiority in both taste and health benefits. The pricing of the company’s beef will be more closely on par with the pricing of specialty meat in Thunder Bay.

The company will sell its pork online, offering pork and beef assortment boxes. It will also begin selling choice cuts at the Thunder Bay Country Market. The average price for pastured pork is \$3.80-\$4.00/lb. hanging weight and the average price for heritage pastured pork is \$4.50/lb. hanging weight. The company will sell its pork at a 30-35% premium. The higher price point is partly due to its slower maturing rate as it takes approximately 12 months to bring to market as opposed to 6 months for standard heritage breeds. The price also represents the rarity of this breed with its highly superior taste and quality along with its added health benefits. Overall, in North America, the Mangalitsa pork sells at a 50% high price point than the average heritage pork with the average price for pastured Mangalitsa pork in Canada being \$8.00-\$9.50/lb. hanging weight.

## COMPETITIVE LANDSCAPE

### SUMMARY OF LOCAL COMPETITION

NAME	SEGMENT	COMMENT
Corbett Creek Farm	100% grass fed & finished Angus based beef and pastured heritage pork	<ul style="list-style-type: none"> <li>- Located in Murillo, ON</li> <li>- Privately owned</li> <li>- Informative, well-laid out website, established Facebook page &amp; Instagram page</li> <li>- Have diversity in barn event center and hosting events</li> </ul>
Northwest beef	Naturally raised beef	<ul style="list-style-type: none"> <li>- A collective of beef farmers located in Northwestern Ontario</li> <li>- Not-for-profit cooperative</li> <li>- Informative, well-laid out website</li> </ul>
Silver creek Farms	Heritage pastured pork & beef, rabbit, free range eggs, seasonal vegetables and prepared foods from the farm	<ul style="list-style-type: none"> <li>- Located in Kakabeka Falls, ON</li> <li>- Privately owned</li> <li>- No website – well established Facebook page</li> </ul>
Tarrymore Farms	Naturally raised Red Angus beef, pork and lamb, brown eggs and seasonally available vegetables	<ul style="list-style-type: none"> <li>- Located in South Gilles, ON</li> <li>- Privately owned</li> <li>- No website – well established Facebook page</li> <li>- Meat sold at Thunder Bay Country Market</li> </ul>
Haywire Farm	Pastured beef and heritage pork, free range chicken and eggs	<ul style="list-style-type: none"> <li>- Located in South Gilles, ON</li> <li>- Privately owned</li> <li>- Website is not up to date – well established Facebook page &amp; Instagram page</li> <li>- Meat sold at Thunder Bay Country Market</li> <li>- Offer CSA meat boxes</li> </ul>



Sandy Acres Farm	Naturally raised mixed Limousin and Black Angus beef, specialty wagyu beef and mixed Landrace & Berkshire pork	<ul style="list-style-type: none"> <li>- Located in Kakabeka Falls, ON</li> <li>- Well established farm</li> <li>- Website is not up to date, but extremely well established Facebook page</li> <li>- Meat sold at Thunder Bay Country Market</li> </ul>
My Pride Farm	Ethically raised, hormone free veal calves	<ul style="list-style-type: none"> <li>- Located in Murillo, ON</li> <li>- Many partnerships with businesses in Thunder Bay area</li> <li>- No website – established Facebook page</li> <li>- Meat sold at Thunder Bay Country Market</li> </ul>
Stanley Hill Bison	Pastured Bison meat	<ul style="list-style-type: none"> <li>- Located in Stanley</li> <li>- Many partnerships with local businesses</li> <li>- No website – established Facebook page</li> </ul>
Rainy River Elk Company	Pastured Elk meat	<ul style="list-style-type: none"> <li>- Located near Devlin, ON</li> <li>- Well established farm</li> <li>- Many partnerships with local businesses</li> <li>- Informative website and Facebook page</li> <li>- Meat sold at Thunder Bay Country Market</li> </ul>

**SUMMARY OF HIGHLAND BEEF FARMS IN ONTARIO**

NAME	SEGMENT	COMMENT
Earth Haven Farm	100% Grass fed & finished Highland beef	<ul style="list-style-type: none"> <li>- Located in Southeastern Ontario</li> <li>- Informative, well-laid out website</li> <li>- Well-established</li> </ul>
LifeSpring Farm	Grass fed Highland beef	<ul style="list-style-type: none"> <li>- Located in Southeastern Ontario</li> <li>- Informative, but unfinished, website</li> <li>- Grain-finished</li> </ul>
Thousand Highlands Farm	Pastured Highland beef	<ul style="list-style-type: none"> <li>- Located in Eastern Ontario</li> <li>- Moderate website design</li> <li>- Grass-fed and Grain-fed</li> </ul>
Tirasilin Fold	Pastured Highland beef	<ul style="list-style-type: none"> <li>- Located in Southeastern Ontario</li> </ul>

		<ul style="list-style-type: none"> <li>- Poor website</li> <li>- Grain-Finished</li> </ul>
Moonlight Crofters	100% Grass fed & finished Highland beef	<ul style="list-style-type: none"> <li>- Located in Southeastern Ontario</li> <li>- Moderate website</li> </ul>
Paradise Farms	Grass fed Highland Beef	<ul style="list-style-type: none"> <li>- Located in Southern Ontario</li> <li>- Extremely well established with several buying options</li> <li>- Grain-finished</li> <li>- Informative, well-laid out website</li> </ul>
Rocking Wolf Ranch	100% Grass fed Highland mixed with Dexter and Texas Shorthorns beef	<ul style="list-style-type: none"> <li>- Located in Eastern Ontario</li> <li>- Good website</li> <li>- Not 100% Highland Beef</li> <li>- Grain-finished</li> </ul>
La Primavera Farms	100% Grass fed & finished Highland Beef	<ul style="list-style-type: none"> <li>- Located in Southern Ontario</li> <li>- Moderate website</li> <li>- Small quantities of beef available with focus more on flowers</li> </ul>
Sonrisa Farms	100% Grass fed & finished Highland Beef	<ul style="list-style-type: none"> <li>- Located in Eastern Ontario</li> <li>- No website</li> </ul>

**SUMMARY OF MANGALITSA PORK FARMS IN ONTARIO**

NAME	SEGMENT	COMMENT
Sylvania Farms	Pastured Mangalitsa Pork	<ul style="list-style-type: none"> <li>- Located in Southern Ontario</li> <li>- No website</li> <li>- Limited pork available</li> </ul>
Flying Pig Farm	Pastured Mangalitsa Pork	<ul style="list-style-type: none"> <li>- Located in Southeastern Ontario</li> <li>- No website</li> <li>- Limited pork available</li> </ul>
Sonrisa Farms	Pastured Mangalitsa Pork	<ul style="list-style-type: none"> <li>- Located in Eastern Ontario</li> <li>- No website</li> </ul>

## UNIQUE FEATURES / DISTINCTIVE COMPETENCIES

1. New and viable entrant to add value to community
2. Principals have good credentials / product knowledge and work history
3. Considerable capital already committed to project
4. Hardy livestock with distinctive benefits to consumers
5. Solid action plan in place in order to facilitate a prime operation
6. Highly accessible location

## INDUSTRY OVERVIEW

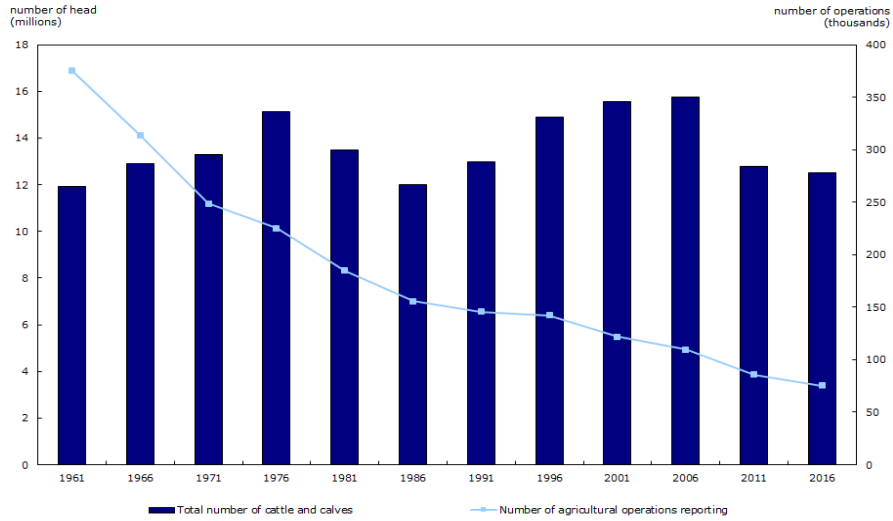
### The Canadian Beef Industry

Canada produces 2% of the world's beef supply (projected at 63 million metric tonnes for 2019), with Statistics Canada ("StatsCan") reporting that over 3.08 Billion pounds of beef were produced in Canada in 2018. Some other recent beef segment facts include the following:

- There are approximately 60,000 farms and ranches with beef cattle across Canada – approximately 10,000 of them are in Ontario.
- The average beef cow herd size in Canada is 69.
- There are a lot of small cattle farms with 39% of the farms having less than 47 cows.
- Canadians eat 39.8 pounds (18.2 kg) of beef per person annually (2018 StatsCan).
- Canada is the 11th largest beef producer in the world.
- Canada is the 5<sup>th</sup> largest beef exporter in the world and 3<sup>rd</sup> largest exporter of high quality meat.
- Beef production contributed \$16 billion to Canada's economy (2012-2016 average).
- Over the period 2013-2017, cattle and calves were the largest revenue maker for farms.

Canadian beef is renowned for its high quality, quality control standards / safety and its taste.

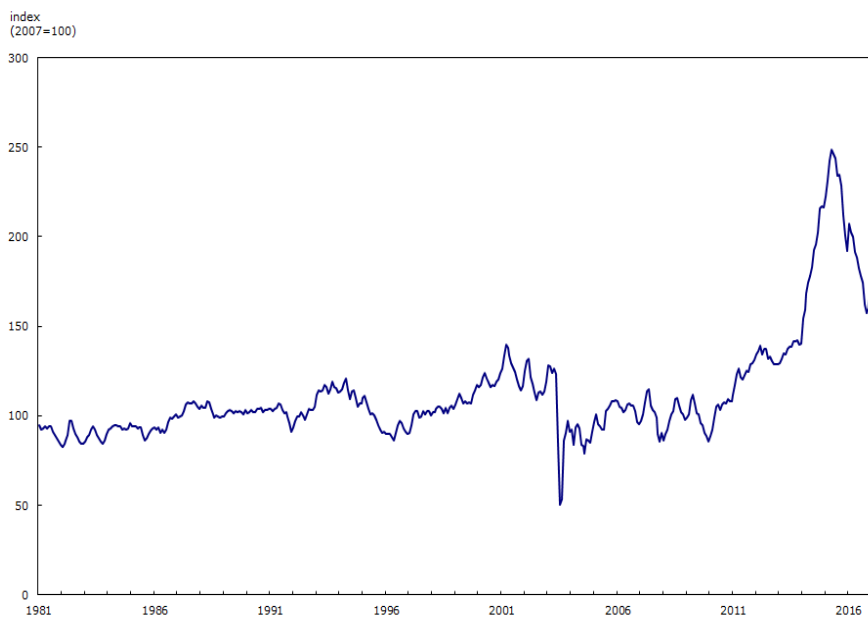
**Chart 1**  
**Total number of cattle and calves and agricultural operations reporting, Canada, 1961 to 2016**



Sources: CANSIM tables 004-0004 and 004-0221.

Fluctuating prices have typically been rooted in, amongst other things, levels of inventory and weather / climatic conditions and/or events, but improved production efficiencies have helped the livestock sector sustainability.

**Chart 2**  
**Farm product price index, cattle and calves, Canada, 1981 to 2016 (monthly)**

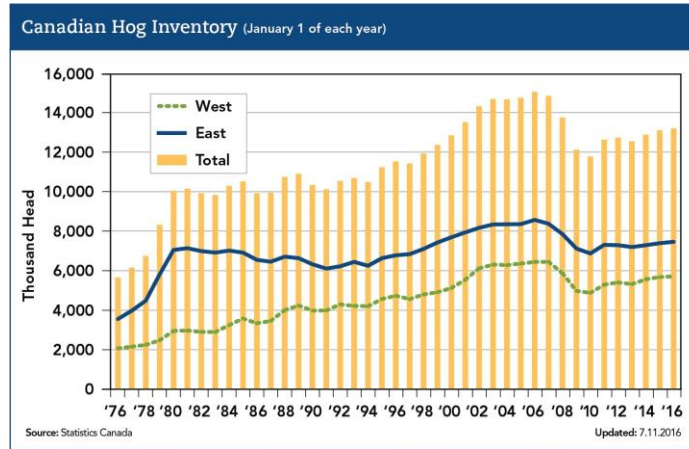


Source: CANSIM table 002-0068 (accessed April 13, 2017).

## The Canadian Pork Industry

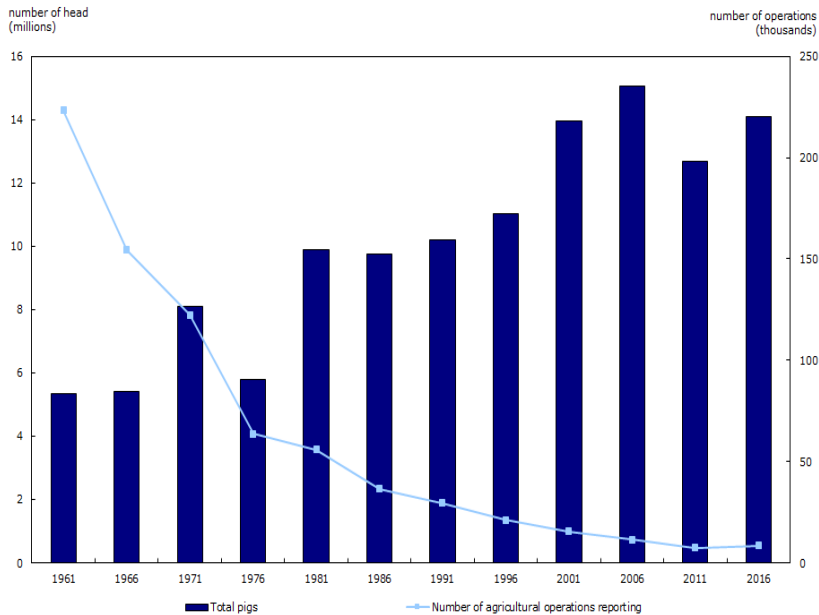
The Canadian pork segment is equally as massive, with in excess of 20 million hogs processed in 2019 representing more than \$3 Billion in revenues (more than 10% of all farm cash receipts).

Hog production is a vital component of Canada's agricultural economy and Canada is favoured with adequate grain production allowing for selective, controlled feeding and with reasonable feed costs.



## 2017 featured more than 13 million pigs on farms – 2019 exceeded 14 million

Chart 4  
Total number of pigs and agricultural operations reporting, Canada, 1961 to 2016



## The steady trend of increasing productivity

In 2018, there were in excess of 26.8 million hogs sold in Canada and Statistics Canada reported 7,820 farms reporting pigs (2,635 in Ontario). The vast majority of pig farms remain family owned and operated, but, per the foregoing chart, the scale of operations has increased dramatically, with a 2019 average of 1,829 pigs per farm in Canada and 1,326 pigs per farm in Ontario.

### Farming and Livestock in Northern Ontario

Farming in Northern Ontario encompasses less than 1% of the total land area available. With over 2000 farms, Northern Ontario continues to overcome many of the challenges that have faced maintaining sustainable farming ventures in the past – challenges that include the prevalence of adverse climatic conditions, lack of crop/economic diversification, insufficient infrastructure / support services, the presence of small local markets, an aging population and youth out-migration, and heretofore limited investment potential. This region has, however, come to offer much potential for farming as it:

- Contains significant amounts of fertile soils and some land that may not be useful for crops but will suffice nicely for livestock.
- Possesses good road networks.
- Offers abundant and affordable land (as low as \$500 per acre available compared to ranges of \$10,000 - \$25,000 per acre in S. Ontario) to start up farm businesses.
- Offers ample water.
- Features improving accessibility.
- Features a population that generally has a “help your neighbour” mindset.
- Avails improved technologies and innovations – adapting hardier breeds and strains.
- Improves research and selection of niches and modalities that will succeed.

The changing climate in recent years could be a boon to improve growing conditions, with expanded cropping options and increased yields. The Northern Ontario “agri-food” sector will become more competitive and sustainable via:

- Production and consumption of local foods,
- Conducting innovative on-farm research that addresses the needs of local producers
- Fostering regional research centres,
- Building relationships through networking, exchange of ideas through effective use of different
- Extension avenues, and collaboration, and,
- Assisting local producers with market development

Favourable government policies to support growers who have experienced damage to their crops, forages and livestock due to adverse climatic conditions will further help sustain and expand their agricultural operations.

Currently, the agri-food sector in Northern Ontario provides over 4000 jobs and generates over \$200 million in revenue (OMAFRA, 2016).

As mentioned above, there is a lot of land available for utilization in Northern Ontario. There are currently 16 million acres in the Great Clay Belt alone with approximately 2800 farms operating on 700,000 of those acres. Ontario’s Ministry of Agriculture, Food and Rural Affairs (OMAFRA) reports most districts in Northern Ontario could increase that by as much as 20 to 50 percent by bringing idled private lands back into use.

## Thunder Bay District

With a 2017 population of 110,172 Thunder Bay is the largest community on Lake Superior and the second most populous in Canada's North (after Greater Sudbury). The commercial, administrative, and medical centre of the region, medical research and education have begun to replace forestry and manufacturing as the focuses of Thunder Bay's economy. Thunder Bay is home to an International Airport and by car, is 15 hours from Toronto.

The Thunder Bay District is more agriculturally diverse than other areas of the North, with 3,901 hectares in use as pasture. Like other districts, hay is the most common major field crop, although many other crops are grown. There were approximately 123 crop and animal productions in Thunder Bay district in 2016 (OMAFRA) with 13 beef cattle farms and 4 pigs farms.

The keys to success in this sector have proven to be:

- Decent accessibility to the market
- Demonstrated quality of product / cultivating loyal patronage
- Astute and dedicated management – being able to balance the inputs to costs, controlling costs and adept pricing
- An excellent reputation
- A professional operation
- Being able to offer affordability
- The ability to adapt to suit demand
- Accessing governmental or grants support where available
- Adaptability to technology

## The Larger Environmental Perspective

Grasslands that are managed by beef farmers support ecosystem services such as wildlife habitat, biodiversity conservation, moderating of nutrient run-off, and preservation of wetlands that otherwise may be subject to cultivation.

About 30% of Canada's agricultural land is too hilly, rocky, cold or wet to grow crops, but it can support grazing livestock. Properly managed grazing animals convert grasses and otherwise indigestible plant matter into nutrient and protein-rich food, while returning organic matter (manure) to the soil. Canada's beef sector utilizes managed grazing systems and makes efficient use of inputs, such as feed, to have one of the lowest greenhouse gas (GHG) footprints for beef in the world. According to the 2015 research project out of the Beef Cattle Research Council, "Defining the Environmental Footprint of Canadian Beef Production," the GHG intensity per kilogram of beef produced in Canada has decreased by 15% from 1981-2011. There have been other improvements in those same years, with 24% less land and 27% fewer cattle required to produce an equivalent amount of beef. The expansion of stock into hardy breeds such as highland beef and Mangalitsa pigs is a perfect strategy for optimizing all available land.

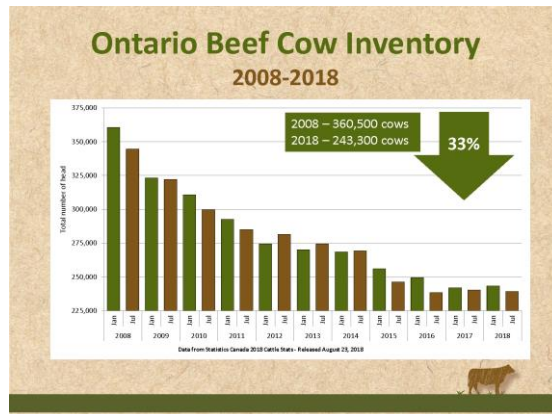
Ontario's beef farmers are motivated to be more efficient as improved production efficiencies have economic, social and environmental benefits. The world population is projected to grow to 9.1 billion by 2050. Farmers know they're going to have to keep working hard to feed the growing population, and that they'll have to use every tool in their toolbox – and likely some that haven't even been invented yet – to make sure there is enough food for everyone. Ontario can look to its own land for a source of healthy food and sustainable food production. According to the World Wildlife Federation's website,

“Keeping ranchers in business leaves grasslands intact, creates habitat for a broad diversity of birds and other grassland species, moderates run-off and secures carbon in the soil.”

## INDUSTRY TRENDS

### General Livestock Trends in Ontario & Canada

- The beef and pork segments are solid and the demand for quality protein continues to increase.
- Beef production is declining in Ontario, and this decline has a direct impact on jobs and income for the province as well as industry infrastructure such as processing plants and auction markets.



- There is a growing initiative for developing farms in Northern Ontario. Not only is there approximately 16 million underutilized acres that could support beef cow-calf production in the Great Clay Belt alone but Beef North states “Developing farms in Northern Ontario is the most significant economically sustainable plan for the region and will contribute to substantial economic base for decades.”
- According to “Update on Canadian Agriculture Trends” by Nourish Food Marketing, Canadian companies are playing a leading role in the development of new and better precision agricultural technologies that benefit producers in Canada and optimize the use of farm inputs. As Canada’s agri-food sector grows, so does its environmental risk from increasing greenhouse gas emissions and other impacts, such as nutrient run-off into waterways. Therefore, use of precision agriculture - such as drones, sensors and precision machinery - has increased as it optimizes farm management practices and input use, and ultimately benefits both production and the environment.
- Along with changes to technology, the rise of the internet has also changed the course of marketing for farmers as “traditional” forms of marketing lack the ageless vitality of past decades. Farmers are no longer only producers – they need to be marketers as well. It is vital for agricultural businesses to expand into social media, duly developing relationships with customers and other professionals in the area. Rather than being buried within the pages of a newspaper or magazine, platforms such as Instagram and Facebook will make sure messages will not go unnoticed. According to Five Key trends to watch in Canadian agriculture in 2018.

### Consumer Food Trends in North America

- Nourish Food Marketing reports that in 2019, there was a “shift from the rise of plant-based products to the rise of the conscious carnivore and “ethical protein” and that consumers indicate they would be willing to pay more for sustainability.
- The Canadian Centre for Food Integrity states, “Consumers are more interested in how their food is grown, processed and brought to market than ever before.”



- According to “Five Key Trends to Watch in Canadian Agriculture in 2018” by Farm Credit Canada, “more consumers are buying locally grown food directly from producers” with specialty foods growing in popularity. Agri-Food Canada reports that the specialty food market is driven by consumer trends for healthy, allergen-free and unique food products. There is a growing awareness for less processed and more natural foods and Canadian consumers are paying close attention to nutritional ingredients more than ever, perceiving fresh, real and clean food as the foundation of health and well-being. Products promoting the terms "natural" and "100% natural" are increasingly popular and will show steady compound annual growth rate for the period from 2019 to 2022.
- A survey by Prodege MR found that the leading Canadian consideration when purchasing meat was the quality of the meat – particularly seeking after ‘All-natural’, ‘No preservatives’ and “free from hormones, additives and antibiotics”.
- When it comes to being committed to purchasing natural, ethical and enhanced foods it appears as though there is a growing percentage of adults in each generation who are committed; however, many surveys are showing that millennials (ages 22-37) are leading the way in their commitment.
- There is a growing number of people willing to spend a premium for a higher quality of product. The L.E.K.’s 2018 consumer food and beverage survey found that 60% to 70% of respondents indicated they would pay a premium for food products in the natural, ethical, enhanced or “less of ...” categories which was a reported increase of at least 10 percent from a similar survey done in 2016.
- The evolving consumer trend denoted as “ethical spending” fuels the trend of consumers preferring to purchase from local businesses and/or products comprised of local ingredients /suppliers. The Ontario Ministry of Agriculture, Food and Rural Affairs state that the ‘buy local’ movement has increased the demand for Ontario’s agricultural products.
- As consumers continue to fill their shopping baskets with more locally-sourced foods, the expectation for eating local is anticipated to further grow in restaurants, on university campuses, and now in hospitals and long-term care homes throughout 2020.
- Retailers and consumers are choosing brands that assure trust and reflect their values.
- The “internet of things” now enables the smallest of enterprises to do research, access markets, conduct marketing initiatives, manage, and much more, expeditiously and most affordably.

#### Agriculture & Food Trends in Thunder Bay

- Between the years 2006-2016 there was a 19.84% decrease in cattle farms and a 100% increase in pig farms (0 to 4).
- Since 2008, the city of Thunder Bay has been working to prioritize local food purchasing and by 2016 the city saw an increase of 38% in local food purchasing. The percentage continues to grow. According to the Thunder Bay and Area Food and Agriculture Market Study, however, approximately 19,125 kg of beef and 11,918 kg of pork are sourced locally by businesses/organizations whereas 30,816 kg of beef and 40,193 kg of pork are still being sourced outside of Thunder Bay area. A major contributing factor for local businesses/organizations to avoid buying meat locally are concerns about consistency in availability.
- The Thunder Bay and Area Food and Agriculture Market Study also found that the majority of country market and grocery store customers indicated that buying locally produced food items (within 100km of Thunder Bay) is important to them, and most of them would be willing to pay more for high quality locally grown foods. Many of the consumers in this study also reported that their shopping experience could be improved with an increase of information available (i.e. farm management practices and educational workshops). Woolly Steer Ranch’s main target audience is local customers and they are prepared to step up to the requests of the local community by being transparent with their farm management practices and provide educational farm tours and experiences in the future.

## OVERALL MARKET SIZE

As previously mentioned, the Thunder Bay region represents a healthy local market that now features a population of more than 110,000. The region is also viably accessible to Sudbury (Northern Ontario's largest city) as well as the U.S. state of Minnesota.

## MARKET SEGMENT TARGETED

The company's primary market is predominantly consumers:

- Health conscious individuals or families concerned with quality of food.
- Single or married couples with young children or children no longer living in the house.
- Households & individuals concerned with supporting local businesses and developing the community.
- Consumers interested in sustainable and ethically raised food.
- Consumers living in Thunder Bay and surrounding area.
- Household income of \$75,000+ or individual income of \$35,000+.
- Consumers in the millennial generation (ages 22-37).

The secondary targeted market segment is restaurants:

- Small scale, locally owned restaurants interested in sustainability through local farming industry
- Restaurants known for selling speciality or high quality meats
- Restaurants that place emphasis on supporting local businesses and developing the community.

## MARKETING

### Basic Core Strategies

The company will:

1. Generate awareness of, and create interest in its products
2. Emphasize the taste, freshness and healthful benefits of its products
3. Emphasize its commitment to superb customer satisfaction
4. Build a business that customers trust and love to patronize
5. Create goodwill, customer appreciation and loyalty programs

## MARKETING INITIATIVES

The company will exploit all available marketing tools to its best advantage. The company will regularly review, adjudicate and manage the following:

- Image – a highly professional operation with excellent product and a company that “delivers what it sells”.
- Exploiting various social media options, including Facebook, Google, Kijiji, etc.
- Selected ads in news publications, magazines and perhaps radio spots, as deemed feasible by the principals.
- An effective printed materials program that includes business cards, promo sheets / brochures, coupons, promotional draws, etc.
- Creation and distribution of Woolly Steer Ranch merchandise (i.e. T-shirts, toques, etc.).
- Networking with local relationships and promoting word-of-mouth aggressively.
- Customer loyalty rewards program.

- Customer referral rewards program.
- Creation of “specials” designed to generate interest, increase prospect traffic and upgrade purchase sizes.
- Community associations, sponsorships, business affiliations and charity affiliations to be pursued.
- Promoting the slogan “**High Quality, Speciality Meats – Free from antibiotics and hormones**”.

### Website Strategy

The company is currently working with a professional marketing company (Ninesixty Media Group) to design and develop a dynamic, professional and compelling website that will be informative and well-structured. The website will be the company’s ‘virtual home’ and a virtual product display album. It is an important component of prospect generation. It will showcase: (1) unique and highest quality meats (2) highest standards of a safe, clean and humane process (3) dedicated, professional management serving clients in an amicable and reliable manner. The website will also feature effective unique selling proposition(s) (i.e. “Superior Taste and Quality”, “Pork so pure, you can eat it raw”) and effective call-to-action(s) (i.e. “Try Us Today!”).

### Implementation Strategy - Value Propositions

The company will emphasize four basic value propositions:

- 1) Best quality and superior taste
- 2) Distinctively professional operation
- 3) Regenerative and humane ranching practices
- 4) Satisfaction Guaranteed!

### Sales Strategies

The company’s sales strategy is simple and straightforward:

- The company’s marketing initiatives will create personalized and friendly dialogue – building immediate rapport is essential
- The quality and dedication to satisfied clients will be promoted
- Testimonials / references will be actively promoted
- Pricing incentives will be occasionally introduced as appropriate
- Personalized follow up to be conducted

As mentioned, the company will utilize customer referrals and cross-promotions with other businesses in the community. Customer retention programs and “specials” will be used to make sure the customers are coming back, bringing friends and spending more.

### The Winning Edge

Three factors motivating customer loyalty are reliability, quality and the relationship. The company will ensure these traits are at the core of its business through the following:

- Woolly Steer Ranch will implement the use of its drone as the ranch grows, helping to capture real-time data for continuous monitoring of the land and livestock and WSR will exploit precision agricultural apps (such as Pasture Map) in order to assist with tracking herd health/performance and land health/performance.
- Woolly Steer Ranch plans to optimize the use of social media to show its consumers who WSR and its owners are, and what they do (as well as the ethical and regenerative practices implemented on WSR). Jason and Rachel hope to use their social media platforms to not only build the trust of their consumers, but also teach their consumers more about regenerative farming and the positive impact it can have on this earth.
- Woolly Steer Ranch is catering its products to the healthfulness trend by producing and selling ‘natural’, ‘free from hormones, additives and antibiotics’, high quality, speciality meats that offer added health benefits.

- Woolly Steer Ranch is dedicated to connecting and collaborating with owners/managers of local businesses when appropriate and to provide them with dependable services with reliable communication.
- Woolly Steer Ranch helps to address the shortage of beef in Northern Ontario and helps Thunder Bay and area to continue to increase its local food purchasing.
- Woolly Steer Ranch's main target audience, local customers, are prepared to purchase WSR meat due to its quality and ecologically responsible methods – WSR will step up to the requests of the local community by being transparent with their farm management practices and providing educational farm tours and experiences.

## SWOT ANALYSIS

### STRENGTHS

- Industry segment is “rock solid”
- Product is a needed commodity
- Market potential is strong
- Established and sound business model in place
- Good profitability possible
- Experienced, committed and highly capable management
- Abundant local supply of capable labour, when and if necessary

### WEAKNESSES

- Virtual start-up - will need to resolve “growing pains”
- Distribution system will need to be developed
- Supply chain needs to be guaranteed

### OPPORTUNITIES

- To achieve optimum sales and profitability with newer technologies (marketing, operating, management)
- To add new product options to the “mix” and new streams of revenue
- To network and develop affiliations and strategic alliances
- To add value to the community
- To promote pro-environmental modalities

### THREATS

- Competition: *Little competition exists - the company's products are different and distinctive – good demand exists, so a well-executed niche should prosper*
- Downturn in economy: *Demand is basic and quite ubiquitous - the company products are viable for a multitude of markets*
- Underperforming staff: *The business is being run in an “hands-on” manner – staffing will be minimal - the labour market is a “buyer's market” and this is forecast to continue, so replacement is easily facilitated*
- Interruption of Supply Chain: *The lines are common in North America and the company could source alternatives*

## FINANCIAL PLAN

### FINANCIAL NARRATIVE

The financial portion of this plan details financial forecast on a monthly level for the first three years and spotlights the revenue and profits during this period.

The projections in this business plan are based on an evaluation of the potential market, the growth of the market, the potential growth of an entity developed with the proposed business model and strategies and founded on performance-to-date results. The most important financial indicators are “bottom line” and cash flow.

The Company will constantly monitor the flow of revenue and operating profits, carefully control the expenses, and accumulate cash to repay debt. This is reflected in the cash flow and the income statements.

The projected profit and loss statement for the company highlights the relation between the sales forecast and the operating expenses. The projected cash flow statement for the company represents the cash balance remaining at the end of each year after deducting the expenses from the gross profit (revenue minus direct costs) and any other uses of cash and adding back any non-cash expenses, such as depreciation.

Cash flow is crucial to business survival. With the investment requested, the company is confident that it will have the resources to build the business, handle contingencies, take advantage of new opportunities, and make capital improvements as needed.

The company believes that its long term prospects for growing a successful business are excellent. The company will break through the expansion barriers, acquire any capital needed, and develop a loyal client base in the target market. Under the leadership of the experienced principals, and coupled with the business model, value propositions, track record and the customer-centric strategy, the company expects to clearly differentiate itself from the competition and to reach its growth goals.

### FINANCIAL ASSUMPTIONS

- Initial sales assumptions based on 30 days per month
- Commencement date = Oct., 2019
- Mortgage = existing farm
- Assumed revenues = seasonalized
- Owners are owner / operators - fold in employment income
- COGS 1 = 27% of sales amounts for feed, etc. (winter months)
- COGS 2 = fees for slaughter / butchering
- Sales Growth Rate = 44% year 2 over year 1 and 16 % year 3 over year 2
- Depreciation assumes at 120 months (based on \$96,155 - no real property or structures) = \$801 per month
- Credit card expense at 0.025% of sales

- Taxes assumed at 10%
- Accruals: maintenance, misc., licenses, legal, accounting
- Loan - \$74,609 amortized over 84 months at 5% = monthly payment of \$1055
- Interest straight-lined at \$169 (rounded) per month and principal pay-down at \$886 per month
- Principals assumed to input \$98,888 capital for initial cash contingency of \$25,000
- Sundry expense = miscellaneous farm / residential expenses net of other expenses (Year 1 only)
- Marketing at \$200 per month - no promotion
- No adjustment for inflation
- Inventory purchase in lump sum at month 11 each year \* (this balances with the cattle flow chart (Appendix 3))
- Year 1 and Year 2 livestock provided for in Start Up Costs (\$1,000 per 1 cattle and \$3,500 for 1 boar and 1 sow)
- Start Up Costs provide for \$25,000 initial working capital
- Owners (J Louis) = draws / dividends, etc. as "tax feasible" (donate off-farm income in Revenues) = \$0 Year 1 and 2 and \$36,000 Yr. 3
- \$10,000 in inventory and \$5000 in annual leaseholds spent in month 11 & 12 of each year respectively
- Insurance of \$500 / month and utilities at \$400 / month for residence, farm and all vehicles
- Part-time labor starts in month 21 (R Louis at 30 hours per month)
- Misc. staff = benefits at 5% of salary
- Taxes at 10% to start
- \$10,000 in inventory and \$5000 in annual leaseholds spent in month 11 & 12 of each year respectively
- Insurance of \$500 / month and utilities at \$400 / month for residence, farm and all vehicles
- Payroll - ZERO until Month 21 - then reg. P/T (R Audette)

**PROJECTED MONTHLY ANNUAL SALES REVENUE**

	Year 1	Year 2	Year 3
Month 1	7500	14,534	18568
Month 2	7500	14,534	18568
Month 3	7500	14,534	14368
Month 4	7500	7500	8700
Month 5	7500	7500	8700
Month 6	11700	14534	14368
Month 7	11700	14534	14368
Month 8	11700	14534	14368
Month 9	11700	14534	18568
Month 10	11700	14534	18568
Month 11	7500	14534	18568
Month 12	7500	14534	18568
<b>TOTAL</b>	<b>\$111,000</b>	<b>\$160,340</b>	<b>\$186,280</b>

**SUMMARY OF START-UP COSTS**

	Total	Owner Invests	Other (Loan)s
INCORPORATION / LEGAL	500	500	0
PIG SHELTER	4,800	960	3840
LIVESTOCK HANDLING FACILITY	22,410	4482	17,928
EQUIPMENT/ATTACHMENTS	83,408	16,681	66,727
FENCING AND LABOUR	42,629	8,526	34,103
BARN	77,326	15,465	61,861
WEBSITE DEVELOPMENT	6,500	1,300	5,200
BRANDING	3,500	700	2,800
MARKETING / SALES	7,848	1,570	6,278
COMMUNICATION TECHNOLOGY	1020	204	816
DEPOSITS (RENT, LEASE)	0	0	0
INVENTORY	23,500	23,500	0
CONTINGENCY (cash)	25,000	25,000	0
<b>TOTAL</b>	<b>\$298,441</b>	<b>\$98,888</b>	<b>\$199,553</b>

**CASH FLOW STATEMENT – FIRST 3 YEARS**

	<b>Start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>CAPITAL</b>	98,888			
<b>GRANT</b>	124,944			
<b>LOAN LOC</b>	74,609			
<b>PROFIT</b>		44,221	75,744	56,211
<b>DEPRECIATION</b>	801	8,811	9,612	9,612
<b>LOAN</b>	886	9,746	10,632	10,631
<b>OPERATIONS</b>	273,441	15,000	15,000	37,400
<b>CASH TO DATE</b>	<b>\$24,915</b>	<b>\$53,201</b>	<b>\$112,773</b>	<b>\$130,565</b>



**NET INCOME - YEARS 1, 2 AND 3**

	YEAR 1	YEAR 2	YEAR 3
REVENUE			
STEERS	21,000	42,000	75,600
HOGS	0	28,340	56,680
OWNERS	90,000	90,000	54,000
TOT REVENUE	111,000	160,340	186,280
COG 1	5,670	11,340	17,010
COG 2	2,025	7,540	14,268
TOTAL COG		18,880	31,278
G.M.	103,305	141,460	155,002
EXPENSES			
PAYROLL	0	1,680	5,040
MORTGAGE	9,996	9,996	9,996
DEPRECIATION	9,612	9,612	9,612
MISC STAFF	0	84	252
UTILITIES	4,800	6,000	7,200
PHONE	1,800	1,800	1,800
MARKETING	2,400	2,400	2,400
SUNDRY	7,200	7,200	0
INSURANCE	6,000	6,000	6,000
MAINT	5,040	5,040	5,040
TRAVEL	2,040	2,040	2,040
CRED CARD	2,775	3,109	4,657
OFFICE	480	480	480
SUB-TOTAL	52,143	55,441	54,517
INTEREST	2,028	1,859	2,028
OWNERS	0	0	36,000
EXPENSE TOTAL	54,171	57,300	92,545
NET EBIT	49,134	84,161	62,457
TAXES	4,913	8,416	6246
EXPENSE TOTAL	59,084	65,716	98791
<b>NET INCOME</b>	<b>\$44,221</b>	<b>\$75,744</b>	<b>\$56,211</b>

**OPENING BALANCE SHEET**

<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>CURRENT ASSETS</b>		<b>CURRENT LIABILITIES</b>	
CASH	25,000		
DEPOSITS			
INVENTORY			
<b>LONG TERM ASSETS</b>			
EQUIPMENT	83,408	LOANS	74,609
STRUCTURES	147,215	GRANT	124,944
STOCK	23,500		
OTHER INTANGIBLES	19,318		
<b>TOTAL ASSETS</b>	<b>\$298,441</b>	<b>TOTAL LIABILITIES</b>	<b>\$74,609</b>
<b>OWNER'S EQUITY</b>	<b>\$223,832</b>	<b>TOTAL EQUITIES</b>	<b>\$298,441</b>

**BALANCE STATEMENT – FIRST 3 YEARS**

	START	YEAR 1	YEAR 2	YEAR 3
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
CASH	25,000	53,201	112,773	130,565
ACCOUNTS RECEIVABLE				
OTHER CURRENT ASSETS		15,000	30,000	67,400
<b>TOTAL CURRENT ASSETS</b>	25,000	68,201	142,773	197,965
<b>LONG-TERM ASSETS</b>				
LONG-TERM ASSETS	298,441	263,829	254,217	244,605
ACCUMULATED DEPRECIATION		9612	19,224	28,836
<b>TOTAL LONG-TERM ASSETS</b>	273,441	263,829	254,217	244,605
<b>TOTAL ASSETS</b>	298,441	332,030	396,990	442,570
<b>LIABILITIES AND CAPITAL</b>				
LONG-TERM LIABILITIES	74,609	63,977	53,193	42,462
<b>TOTAL LIABILITIES</b>	74,609	63,977	53,193	42,462
PAID-IN CAPITAL	223,832	223,832	223,832	223,832
RETAINED EARNINGS			44,221	119,965
EARNINGS		44,221	75,744	56,211
<b>TOTAL CAPITAL</b>	223,832	223,882	223,832	
<b>TOTAL LIABILITIES AND CAPITAL</b>	298,441	288,695	277,025	266,294
<b>NET WORTH</b>	<b>\$223,832</b>	<b>\$268,053</b>	<b>\$343,797</b>	<b>\$400,108</b>