HOW TO DEVELOP BUSINESS IN THE AGRO-FOOD SECTOR ?

A practical management training

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WHAT CAN YOU EXPECT

- The training
- Business development in agro-food
- Management capacity in rural areas
- Development and quality of the product
- Financial aspects
- Internationalization
- Business cases
- The virtual game

THE TRAINING

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THE TRAINING

Objectives of the training

✓ ENTERPRISING COMPETENCES

Company and entrepreneur go through a transition

✓ IMPLICATIONS OF THE DEVELOPMENT OF YOUR BUSINESS ON

- Marketing and distribution
- Management of the company
- Product development and quality of the product
- Financial aspects of the development
- Internationalization

THE TRAINING

Objectives of the training

- ✓ CASES
- ✓ VIRTUAL

THE TRAINING

THE BUSINESS CASES

- ✓ The cases are based on the everyday experience of companies in the agro-food sector
- ✓ The cases illustrate that developing your business covers all aspects of management
- ✓ The approach is practical
- ✓ The cases can be done individually or in group
- ✓ A debriefing in group is to be advised

THE TRAINING

TRAINING METHOD

QUESTIONING

- ✓ Use of variety of questions to invite trainees to take part in the discussion and avoid only closed questions (yes/no answer)

FEEDBACK

- ✓ Where are we now and how can we make following (positive) step?
- ✓ Feedback is not on a person, but on behavior

REVIEW

- ✓ Looking back at the situation in a objective way
- ✓ Follow up of the process we are going through
- ✓ Is no evaluation on behavior

BUSINESS DEVELOPMENT IN AGRO-FOOD

CONFRONTATION WITH

- ✓ Environmental issues

  Use of the (scarce) resources as efficient as possible
- ✓ Social Issues:

  The whole social chain should be a winner
- ✓ Consumer issues

  The demand-side of the market (the consumer side) takes the initiative
- ✓ Globalization

  The world is more and more our market

BUSINESS DEVELOPMENT IN AGRO-FOOD

RECONCILIATION OF ECONOMIC

- ✓ Efficiency
- ✓ Marketing
- ✓ Social & environmental expectations


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FINANCE

- OPERATIONAL COSTS
- PRICE SETTING
- CONTRIBUTION MARGIN
- BREAK-EVEN POINT
- PROFIT & LOSS ACCOUNT
- WORKING CAPITAL
- CASH FLOW
- BALANCE SHEET

FINANCE

OPERATIONAL COSTS

- Fixed costs
  - Constant costs regardless of the production volumes or sales
  - Depreciation – the decrease in value of an asset

- Variable costs
  - Costs that fluctuate with the production volume and sales
  - Examples; Raw materials, transportation costs

FINANCE

PRICE SETTING

- The knowledge of the operational cost is an important element in the pricing

- Look at the price setting from two angels
  - ✓ What is the total cost to bring your product to the market (production, purchasing, storage, distribution, communication …)?
  - ✓ What is the price of an identical or comparable product in the market (what does the customer/market want to pay)?

FINANCE

CONTRIBUTION MARGIN

This is the revenues (turnover) minus the variable costs. The contribution margin is the amount with which you pay the fixed costs and profit

Contribution margin =

100% - percentage of variable cost


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FINANCE

BREAK-EVEN POINT

- ✓ You reach the break-even point when the revenues and the costs are the same
- ✓ Your activities don’t generate profit nor loos at the point
- ✓ You can calculate the break-even by dividing the fixed costs by the contribution margin

FIXED COSTS

CONTRIBUTION MARGIN

FINANCE

WORKING CAPITAL

- Working capital is the money you need to pay for the costs involved in starting production

- Elements of working capital are
  - ✓ The costs to hold stock
  - ✓ The unpaid invoices
  - ✓ The cash you have available

FINANCE

WORKING CAPITAL

What can you do to monitor you working capital?

- ✓ Credit lines can be increased
- ✓ Start working with budget limitations
- ✓ Improve stock control and make it stricter (reduce stock)
- ✓ Improve debt management (limit due payment terms and unpaid invoices)

FINANCE

CASH FLOW

- What are the cash flows in your business? How much is coming in and how much is going out.
- Cash flow indicates the level to which a company is able to pay expenses and debts.

FINANCE

CASH FLOW

How to calculate?

Profit/loss

- deduction of taxes to the profit

+ addition of amount of depreciations

FINANCE

BALANCE SHEET

- Shows the financial position of the business at a particular moment
- There are two important parts and they should be in balance
  - ✓ Active or Assets – for what do you need/use liabilities
  - ✓ Passive or Liabilities – how are the assets financed

FINANCE

BALANCE SHEET

Active – Assets	Passive - Liabilites
1. Subscribed capital unpaid 2. Fixed assets 2.1 Intangible fixed assets 2.2 Tangible fixed assets 2.3 Financial assets 3. Current assets 3.1 Inventory 3.2 Debotrs 3.2.1 Debtors due within one year 3.2.2 Debtors due after one year 3.3 Cash at bank and in hand 3.4 Other current assets	4. Capital and reserves 4.1 Subscribed capital 4.2 Reserves 4.3 Profit and loss brought forward 4.4 Profit and loss brought forward for the financial year 5. Creditors 5.1.1 Long term non-bank debt 5.1.2 Long term bank debt 5.2.1 Short term non-bank debt 5.2.2 Short term bank debt
Total Assets =	Total liabilities