

SOCIAL ENTERPRISE: NEXT GENERATION

The Farm of Change – The FOCH

Business plan

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	2
2. THE BUSINESS	3
3. KEY STAFF	4
4. PRODUCT OR SERVICE	6
5. THE MARKET ANALYSIS	7
6. MARKETING STRATEGY	10
7. SOCIAL PURPOSE	12
8. FINANCE	14
9. BUSINESS PLAN EVALUATION - THE FOCH	15

1

1) EXECUTIVE SUMMARY

A brief summary of only the most important information for readers to get the concept with clear highlights and the financial information.

The Farm of Change (The FOCH) is a social enterprise that gives opportunity to people rejected and forgotten by the society. By building farms and providing the homeless people with a home and a source of income, The FOCH gives them the chance to start anew, build their business and their lives. The FOCH is set in Bulgaria and is an enterprise that builds houses for the homeless, providing them with farms to produce goods, in order to make their own living and contribute to the society and the economy. By helping them to place their products on the market, the organization guarantees their sale and the income for the producers.

Homeless people employed and situated on The FOCH's farms grow seasonal plants – squash, melons, tomatoes, black-eyed peas and zucchinis. By choosing agricultural goods that do not require large amounts of water in order to succeed, FOCH takes into consideration one of the main ecological problems in Europe: water scarcity, and plays its part in solving the mentioned problem, simultaneously reducing cultivation costs and simplifying business conduct.

The FOCH's products are sold to markets, restaurants, wholesale businesses and individual sellers, and are purchased by specific types of people: those that are socially aware, ethical and who consume healthy food, grown without pesticides (the elderly, athletes). The product's price depends on everyday market prices, and the business is promoted to potential partners and donors through regular meeting and networking, as well as through press conferences, product presentations, commercials, flash-mobs, etc. A marketing campaign "Adopt homeless vegetables" will be developed in order to inform the wider public of the enterprise and especially its social aspect.

Beneficiaries of The FOCH social enterprise are numerous: from the homeless, the Government, to the investors and society in general. Social goals that the business wants to address include making agriculture more productive and profitable, dealing with the problem of unemployment and loss of jobs by opening up new job positions, providing houses for the homeless and people in need. While participating in dealing with a social issue, the FOCH will insure the company status and the regular business conduct by signing contracts with the homeless people that will become a part of the project, motivating them to become active participants of the community by providing them with houses and jobs and including them in the decision making process of the company through meetings and social activities.

According to our three-year forecast, based on research data and figures, the company will start making profit three years from its setting-up.

2

2) THE BUSINESS

Name:

The Farm Of Change (The FOCH)

What does your business do?

Our business is about building houses for homeless people, providing them with farms to produce goods, in order to make their own living. The organization will guarantee them that the goods will be realized on the market.

Date business was set up:

20th October 2013.

Social aims – mission/vision/values:

VISION

Our vision is of a more equal world where everyone will be integrated and contributing to the society. This society will give second opportunities to the homeless people, create safer cities and more developed rural areas.

MISSION

THE FARM OF CHANGE (The FOCH) provides vulnerable groups with houses and farms. The company aims to support social change by giving equal opportunities for everyone, that is, by empowering them with resources and skills needed for more than just their own self-sufficiency.

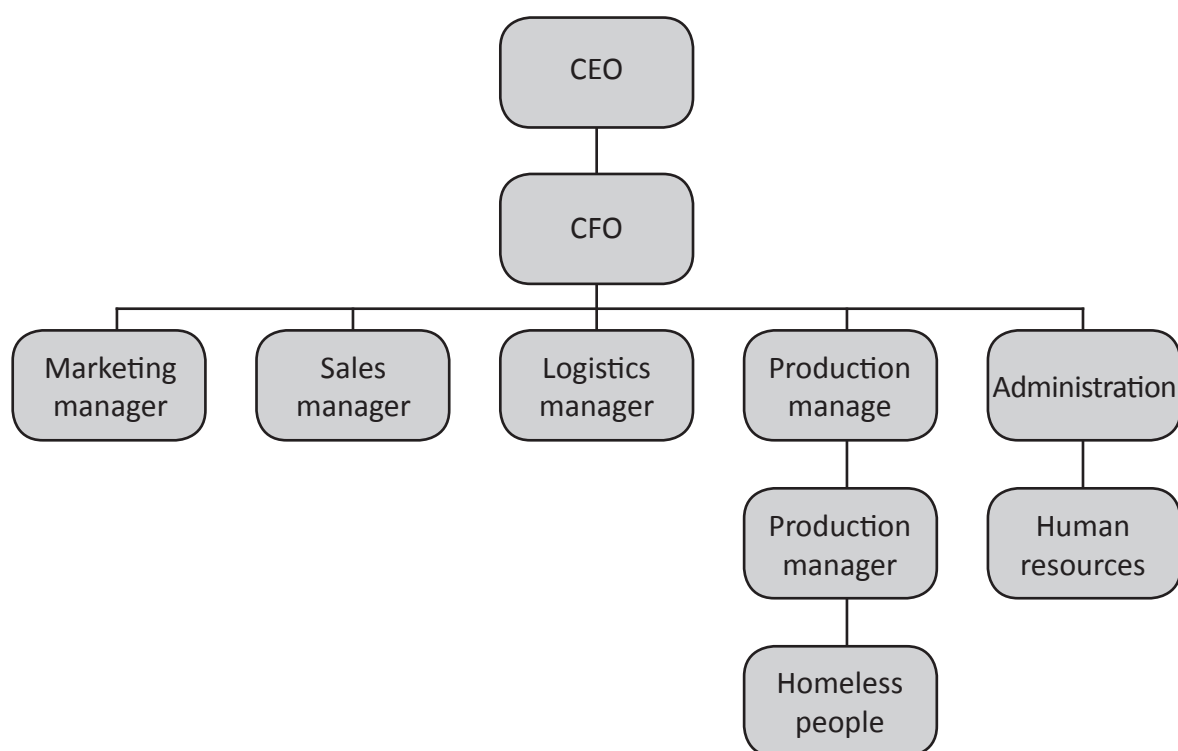
VALUES

- Respect towards the workers
- Quality
- Prosperity for everyone
- Developing yourself
- Positive thinking and attitude
- Solidarity
- Loyalty
- Trustworthiness
- Profit for everyone
- Everyone has the right and duty to contribute to community in which they are
- Helping each other in removing obstacles that can exclude others
- Self-empowerment
- Mutual reciprocity
- Second opportunity
- Equality
- Individual differences are valuable resources that can be leveraged and exploited by everyone
- Everyone deserves a home and a job
- Respect towards everyone
- Developing knowledge and skills
- No discrimination
- Hard work
- Power of community
- Everybody has the right to live on acceptable standard level in the respect of their basic natural human needs

3) KEY STAFF

Job title	Responsibilities	Skills, knowledge & education
Production manager	The task of the person on a position of production manager is to plan and coordinate the production of the final product.	Agricultural degree
Sales manager	The task of a sales manager is to manage planning and coordination of the sales strategy and to be informed about the market, its novelties and fluctuations, at all times.	Economical and financial degree.
Production staff	Members of the production staff have to perform strict quality control of the production process.	Agricultural knowledge.
Logistics manager	Logistics manager is responsible for the effective transportation of the final product from the place of its origin to markets, restaurants, wholesale businesses and individual sellers.	Good operational skills and geographic knowledge.
Administration	Administrative workers in the enterprise are responsible for taking care of the company's' documentation, paperwork and other administrative tasks.	Public administration degree.
Human resources	This sector of the enterprise takes care of employees and clients. They follow the employees' progress, take care of filling up new job positions, organize and implement training courses, etc.	Degree in business psychology.
Marketing manager	Marketing manager is responsible for developing commercial strategies of the enterprise.	Marketing Degree.
CFO	CFO is responsible for taking care of the general financial situation in the company.	Degree in Public Finance
CEO	CEO makes general decisions about the business plan, strategy and general development of the company. He/she also represents the enterprise and its goals in the public and on meetings with business partners.	Professional managing skills.
Homeless people	Homeless people will be producers of vegetables and fruits. Also they will be involved in processes of organisational decision making.	People without place for living or working, no special requirements, they will be educated as part of social integration.

Organization chart



4) PRODUCT OR SERVICE

Describe what services/products that you are going to offer. How you deliver it. Describe how this will develop in the future.

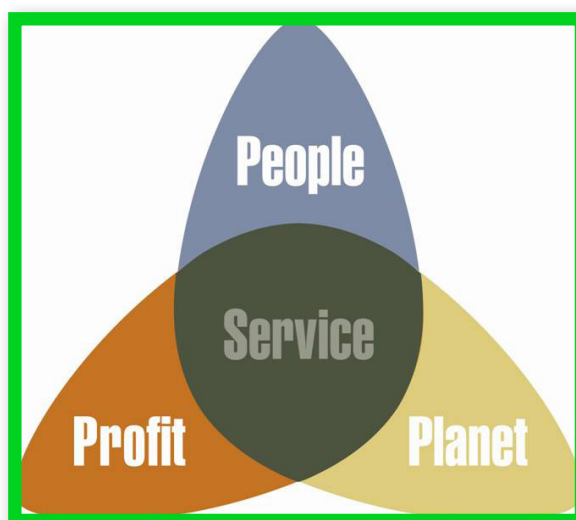
The Farm Of Change (The FOCH)

The Farm of Change (The FOCH) as a social enterprise offers seasonal natural products, namely vegetables and fruits. These include: squash, melons, tomatoes (two types: regular ones and cherry tomatoes), black-eyed peas and zucchini.

Products are to be sold to wholesale and local markets, restaurants and shops – at the beginning of the venture, the radius of delivering will be smaller, since it will take time for the enterprise to grow and to be able to deliver the products to more distant locations. However, as the enterprise grows and expands, the plan is to deliver the products by specialised refrigerator trucks.

FOCH is an enterprise based in Bulgaria, and is selling unpacked products – because that follows the tradition of Bulgarian customers who like to touch and feel the products they are choosing, but also because the enterprise wants their customers around Europe and in all places where the products will be sold to know what they are buying and to choose particular vegetables by themselves.

The brand name will be the same as the company name, and the information about The FOCH being a social enterprise will be clearly stated.



5) THE MARKET ANALYSIS

Summary of market research

PESTLE analysis of the factors that can influence our business showed a number of circumstances that have to be taken into account:

- Political factors: governmental interventions in the economy of Bulgaria has to be regularly followed in order to stay active and competitive in the current market; elements that have to be taken into account include the scope of production; safety regulations; responsibilities of the employers; animal testing
- Economic factors: Bulgaria is a strong exporter of agricultural and food products, of which two-thirds go to OECD countries
- Social factors: the problem of homelessness in Bulgaria; 70% of Bulgarians live in large cities, while at the same time Bulgarian villages are dying out
- Technological factors: the Government supports investment in renewable energy projects by purchasing the generated energy at a preferential price for a fixed period of time; Internet penetration is fairly high and connection speed is excellent, but relatively few people use on-line shopping and e-banking and e-payments are not fully developed
- Legal factors: employment, competitiveness, health and safety regulations; consumers law (three main acts – the sale of goods, the consumer protection, the consumer credit act); employment regulations (they are affecting both the workers and the enterprise); individual labour law; wages and working time law; child care and flexible working
- Environmental factors: 60% of agricultural lands are polluted by fertilisers and pesticides; 2/3 of rivers are polluted; air pollution caused by industrial emissions; inability to filter effluents into rivers which leads to concentration of heavy metals, detergents

Customers – who will buy your goods/services? Why will they buy from you? How will you reach them?

Products of The FOCH will be bought by:

- people aware of the problem of homelessness who want to help in making a social change
- “ethic consumers” who are aware of the goals and aims of our social enterprise and choose its products over those of ordinary producers
- older people who find it important to eat healthy food grown and produced without additives and pesticides
- athletes who care about healthy living
- vegetarians and other types of people concerned about their health
- people with higher education who recognize the importance of the social aims of the enterprise
- social groups that support local products

7

These groups will buy our products because of the following reasons:

- products are locally grown – naturally and without pesticides and/or additives
- they will be able to be in “direct contact” with the products – they will be able to see, smell and feel the fruits and vegetables and make individual choices in terms of choosing what they are buying (in terms of the lack of packaging)
- they will get fresh food for the same price as conventional products
- our products are produced in an energy efficient way for the local consumers
- they will be aware of the purpose and the way of conducting business of our social enterprise and will want to help in making a social change and helping the community
- they will know everything about the origin of the products
- they will be attracted by our media and advertising campaign

Customers will be reached in following ways:

- by informing the community (local/national/global) about the social aspect of our enterprise and the noble cause they can be helping by purchasing these specific products
- through press releases, newspapers, radio and TV commercials
- by promoting the goods directly (through an informal network – by direct contact with the customers in markets, fairs, stands put up in shops; degustation); through NGO associations (through presentations and discussing social and environmental issues)
- virally (on the Internet)

Competitors – detail major competitors, their similarities and differences in relation to your enterprise, the relationships you can/will form

Major competitors of The FOCH are those organisations, enterprises and companies that offer similar products and that aim at solving similar social and environmental issues. These are the following European enterprises:

- in Italy: G.D.S. Giardino dei Semplici
- in France: The Farm of Bellechambre
- in Germany: The Organic Farm Kohlorst
- in Slovenia: The Centre for Protection and Care Koper

Similarities that our enterprise shares with these companies include labour integration experience, inclusion of people with disabilities in operating of the company, help that they get from local administrations and the fact that their projects can be split in different sub-groups of activities.

Differences between The FOCH and aforementioned organisations:

- The FOCH and G.D.S.: the Italian enterprise is more active in the health care field, which means that there will probably be no overlapping between our business
- The FOCH and The Farm of Bellechambre: The Farm of Bellechambre is a non-profit organisation, rather than an enterprise, which means that different legal and financing rules apply
- The FOCH and The organic Farm Kohlorst: the German company is focused primarily on organic production, without the clear and emphasized social goal

- The FOCH and The Centre for Protection and Care Koper: the Slovenian organisation operates mostly with the help of volunteers, rather than paid employees; their focus is also different – it is the maintenance of public parks

Potential relationships that The FOCH can create with the competitors include cooperation in organising vocational trainings for potential employees and cooperation in active engagement in social farming in the future.



6) MARKETING STRATEGY

What is your „marketing strategy“?

1. PRODUCT

The FOCH is producing vegetables and fruits: squash, melons, tomatoes (traditional and cherry tomatoes), black eyed peas and zucchini.

Products will be distributed in wooden boxes and ecological bags of 5 and 10 kg.

The name of the brand will correspond to the company name – the FOCH (The Farm of Change).

2. PLACE

The FOCH is based in Bulgaria: at the beginning of the entrepreneurial venture, products will only be sold in Bulgaria, however, the plan is to expand the market – first in the region and then in the entire Europe.

Products will be sold to wholesale markets, restaurants, shops and to individual sellers. As a precaution, a business contract - agreement will be signed with the customers, stating rights and obligations of both sides.

Customers and partners will be able to choose from our products at the farm – after they make sure that the product is of quality and choose the amount they need, our enterprise will deliver them the products with our transportation – specialized refrigerator trucks.

The FOCH expects to start selling the products six months after the initiation of the enterprise: the specific time will depend on the time that is needed to grow a specific kind of fruit or vegetable.

3. PRICE

The FOCH's employees will follow the market fluctuations on a daily basis and the enterprise will form the prices accordingly. Depending on the cost of production, the lowest prices of the products will be as follows:

Tomatoes:

- 0,30 €/kg for wholesalers
- 0,32 €/kg for restaurants
- 0,34 €/kg for shops
- 0,36 €/kg for individual sellers

Cherry tomatoes:

- 0,32 €/kg for wholesalers
- 0,34 €/kg for restaurants
- 0,36 €/kg for shops
- 0,38 €/kg for individual sellers

Zucchini:

- 0,35 €/kg for wholesalers
- 0,37 €/kg for restaurants
- 0,39 €/kg for shops
- 0,41 €/kg for individual sellers

Melons:

- 0,50 €/kg for wholesalers
- 0,52 €/kg for restaurants
- 0,54 €/kg for shops
- 0,56 €/kg for individual sellers

Black eyed peas:

- 3,00 €/kg for wholesalers
- 3,50 €/kg for restaurants
- 4,00 €/kg for shops
- 4,50 €/kg for individual sellers

Squash:

- 1,20 €/kg for wholesalers
- 1,40 €/kg for restaurants
- 1,60 €/kg for shops
- 1,80 €/kg for individual sellers

4. PROMOTION

Promotion of the business to potential partners, donors and customers will take place in several phases:

1st phase:

informing the population of our project in order to motivate them to choose our products; innovative approach – flash mobs with products in town squares etc.

2nd phase:

media campaign to:

- partners and future partners/donors: find funding through networking, meetings with banks, foundations, investors, companies that want to partake in the project
- target groups (social/environmental/local products/issues): to sell them, to help spreading the information (how? through mailing lists, networking)
- market-restaurant-shop owners: to sell our products (how? by arranging meetings with presentations of products and degustation)
- entire population: to encourage them to choose our products (how? press conference after the flash mob; articles in newspapers; video – “adopt homeless fruits/vegetables”; TV and radio advertising (depending on the more popular media in the local community)

11

7) SOCIAL PURPOSE

**(give brief details of the social purpose you will meet through running your enterprise)
Who will benefit?**

Groups that will benefit from our social enterprise include:

- the homeless – they will get a chance for reintegration in the society, as well as financial support they need to lead quality lives; they will also get a new purpose in life
- the Government – The FOCH will help in dealing with a social issue that is present in the entire country
- society in general – communities will become aware of a social problem and will get the chance to participate in its solving; quality of life in the society will increase
- investors – by participating in this project, different investors will take part in dealing with a social problem, thus increasing their reputation for being socially sensible
- the enterprise – financial gain; helping in solving a society issue

Why is there a need for this social enterprise?

Homelessness is a burning issue not only in Bulgaria, but in the entire Europe, stemming from the lack of new work places. This causes financial problems so getting (or keeping) a home becomes increasingly more difficult. Our social enterprise will address this problem by giving the chance to the homeless to find a home and a job.

There is also a problem of bad infrastructure in rural areas, which will be addressed by building farms and forming planting spaces. Another Bulgarian problem is the fact that more and more people come to live in the cities, trying to find a job and find a better chance of a life. At the same time, villages are dying out, and there are not enough people to maintain the life of the villages. By forming this social enterprise, people will find new opportunities that await them in the villages which will help in equal distribution of the inhabitants of both urban and rural areas of the country. At the same time, agriculture will be made more productive and profitable.

How will running the social enterprise meet the need?

Running The FOCH social enterprise will meet the need by:

- providing houses for the homeless and people in need
- opening up new job positions for homeless people and highly educated people
- promoting progress in rural areas by creating incentives for emigration
- with the help of technology, agricultural activities will become more productive and effective

Social Auditing

With the contracts signed between the homeless and the company, the company will have control over the rents. Also, it will be visible the amount money gathered as pay check for the homeless people and money gathered as profit. Profit will be reinvested in the community by building new farms for homeless people.

The other type of insurance can be the motivation. The homeless will be provided with jobs and houses. So they will have the basic motivation to keep their life steady. They will feel that they are part of the community they live in and they will start to share a similar vision with the community. After some time they will gather working experience, money for their own house and will be able to free the farm for other people who are still homeless.

The homeless will also be included in the decision making processes of the company. The company will always keep in touch with them through meetings and by organizing social activities.



8) FINANCE

Our 3 years forecast has been produced using data that we reasoned after some research on the Internet (e.g. prices of tomatoes, kg of tomatoes that can be produced on a certain quantity of land, cost of electricity in Bulgaria etc.). Our projection accounts for ten projects realised in the first three years. The projection shows that after three years we will be already making some profit and therefore might be a project worth investing in.

	Costs Streams		Revenues streams
Office expenses		Construction	
Rent (office Rent)	36.000,00 €	Raw Materials	0,00 €
Bills(Electricity;water; Internet)	5.400,00 €	Labour	0,00 €
Wages	324.000,00 €		
Training Courses	1.800,00 €		
Maintenance / IT	4.320,00 €		
Expenses Project Related		Products sales	
Training for farmes	5.000,00 €	Tomatoes	540.000,00 €
Equipment	80.000,00 €	zucchini	94.500,00 €
Raw Materials (sements)	15.000,00 €	Black Eyed Peas	10.080,00 €
Farmers Wages	180.000,00 €		
Financial Expenses		Various	
Taxes		EU Funds	10.000,00 €
Report Writing	900,00 €	Donations	15.000,00 €
Auditing Costs	900,00 €		
Interest on Borrowed money? (Interesest was 0.5%?) how much did we borrow			
ToT	653.320,00 €		669.580,00 €
Tot 1 Year	217.773,33 €	Tot 1 Year	223.193,33 €
Annual Profit (Before Tax)	5.420,00 €		
Annual Profit (After Tax)	4.336,00 €		
Forecasted Profit after 3 years NET	13.008,00 €		

9) BUSINESS PLAN EVALUATION - THE FOCH

Business plan for The FOCH social enterprise comprises of all elements of the initial business plan and it represents a very good base for initiation of the business. Social component is clear, while financial indicators refer to the sustainability potential of the enterprise, alongside with predicted human resources. Profit is adequately distributed within the local community, while sources of income and the marketing plan that will be used to succeed at the market are clear. The business plan detects important stakeholders at the local and European level; however, they are placed in the category of potential competitors, instead of perceiving them as business partners and/or users of the enterprise.

Development potential that has not been recognized:

- Ecological packaging of products that would help to contribute to accentuating the mission and vision of The FOCH
- Decrease of initial human resources and a detailed plan of human resources development in concordance with the market development, that would decrease necessary initial investments and ensure faster sustainability of the enterprise
- Need for the projection for the first three years of business that will be necessary for the company survival

Limitations of the business plan:

- Business plan is applicable only in the area of Bulgaria
- Enterprise can be developed only in rural areas, while urban areas are not recognized as potential for distribution of the produce (they would be a useful source of income)
- Urban areas are oversaturated with fruit and vegetables which is why the need for products is low

Recommendation:

All parts of the business plan need to be adjusted to the area in which the enterprise will be started. Having that and the revision of the existing business plan in mind, it is necessary to take into account development of houses in urban areas in which homeless people in charge of distribution of the products in urban areas will live and work. This way, the problem of homeless people that are not ready to move into urban areas, as well as sustainability of the business conduct of homeless people in urban areas will be solved.

DISCLAIMER

The content of this business plan does not reflect the official opinion of the European Union. Responsibility for the information and views expressed in the business plan lies entirely with the authors.