Developing an Aquaculture Business Plan

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A good aquaculture business proposal or plan will result in fewer mistakes in the business and exposes thoughts, assumptions and research findings to reason. A business plan is needed to secure financing. A business plan is the future of the aquaculture business on paper, and a mechanism to test dreams against expected challenges and opportunities.

The task of preparing a business proposal can be tedious, cumbersome and time-consuming. The numerous facts and figures required for the plan can be confusing and take time to collect. Many areas of business management are needed to properly organize the proposal so that a particular idea may be evaluated and acted upon. For the greatest chance of success, a logical, conscientious effort from idea to proposal should be employed. Each aquaculture enterprise will be different and require a separate plan.

The process of getting a proposal ready for presentation to a financing institution requires several steps:

- The inception of a venture begins with an idea, which becomes a desire of the principal(s).
- The idea is converted into goals to be accomplished, both long- and short-term.
- Goals lead to the formation of a basic plan of action to be analyzed, producing various alternatives for accomplishing the goals.
- A decision is made for the best alternative depending on the particular circumstances facing the principal(s).
- Finally, the proposal for financing is written with an organized purpose and logical plan of action.

Long- and short-term goals set the direction by which the aquaculture venture can become a reality. Long-term goals are accomplished over several business cycles, while short-term goals create a path to the attainment of the long-term goals.

Once goals have been established, a basic plan, including various alternatives, is developed. All alternatives should be evaluated using criteria developed from the goals. The analysis of the alternatives should be consistent for comparison ("apples to apples") and should be capable of producing one or two "best" plans. The types of alternatives are highly dependent on the nature of the aquaculture activity (i.e., location, scale, level of integration, technology, species).

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After identifying various alternatives, the next step in the analysis is to set criteria by which the alternatives can be compared. Because most goals are financially oriented, one set of criteria is financial statements (other criteria, such as production goals, should be considered). Pro forma financial statements include cash flow, income statement, balance sheet, and the statement of changes in financial position. Specific criteria can be adopted from these statements such as internal rate of return, payback period, and financial ratios. These criteria can than be used by the principal(s) to select one or two “best” plans from the alternatives.

General environmental and industrial factors, which are external to but nonetheless impact upon the proposal, must be considered. The general environment can be viewed through sociocultural, economic, government, technology, and international issues. The industry can be examined in the context of competitive forces affecting market performance.

The following general outline is useful as a guide for the contents of the aquaculture business proposal:

1. Title page
2. Table of contents
3. Statement of purpose
4. Executive summary
5. The Business
   a. History
   b. Market
   c. Marketing
   d. Competition
   e. Operations
   f. Management
   g. Research and development
   h. Personnel
      i. Loan/investment application and effects
   j. Development schedule
   k. Summary
6. Financial Plan
   a. Sources and applications
   b. Capital equipment list
   c. Breakeven analysis
   d. Pro forma balance sheet
   e. Pro forma income statement
   f. Pro forma cash flow
   g. Historical financial statements
   h. Equity capitalization
      i. Debt capitalization
7. Supporting documents