Business Planning for the Alaska Seafood Industry

Introduction

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Alaska Sea Grant Marine Advisory Program
So You Want to Start A Business?

- 600,000 new businesses are started each year in the US.
  - 56% fail within 4 years\(^1\).
- What can you do to determine if your business idea will succeed or fail before you invest lots of money?

1. US Small Business Administration, FAQs
Understand What You Are Doing

- Understanding what you are doing is another way of saying do a business plan.

- What is a business plan? Is it a feasibility study? Market analysis?
Business Plan Defined

- A business plan clearly identifies all aspects of a business venture including:
  - Organizational structure
  - Description of business
  - Goals
  - Management experience
  - Competitive review
  - Regulatory constraints and requirements
  - Marketing plan including –
    - Overall strategy, products, pricing, promotion and placement
  - Production/operation considerations – how the business will operate
    - Inventory
    - Quality control
    - Raw materials
    - Fixed assets
  - Financial information
    - Income statement
    - Cash flow statement
    - Balance sheet
    - Breakeven analysis
That’s A Lot of Stuff – Can This Be Easier?

The cold hard facts

- You’re doing yourself a favor. Understanding all the ups & downs, lefts & rights of your business idea before you invest money will help determine
  1. If it will be profitable or
  2. What will need to change to make it profitable.

- Do it yourself. The person who is going into business needs to know it better than anyone else
  - Don’t hire someone to write a business plan for you

- Business plans are written to get money – investors of all kinds require them.

- The formality of your business plan is a function of –
  1. How much money you need,
  2. What experience you bring into the business,
  3. How large the venture will be.
Writing a Business Plan Depends on What You Are Doing

Often a new business venture is a small departure from what you currently do.

What if a popcorn seller wants to start selling ....

snow cones.
Depends on What You Are Doing

- Selling snow cones is not a great departure from selling popcorn.

- What changes?
  - Signage for a new menu item.
  - A new pricing consideration
  - Some new equipment for a modest cost.

- What stays the same?
  - Location.
  - Suppliers – probably.
  - Customers and their preferences.
  - Legal requirements – likely.
  - Labor considerations.

This is a “new venture” that could be planned with some quick number crunching and a scoop of common sense.
Depends on What You Are Doing

- But what happens when the popcorn sellers wants to ...?

- Start a movie theatre?
Depends on What You Want To Do

- Selling popcorn is not the same as running a movie theatre.

- What changes?
  - Location
  - Suppliers, including large distributors
  - Customers
  - Legal requirements
  - Labor
  - Management responsibilities
  - Products and other marketing considerations
  - Financial needs

- What stays the same?
  - You will still sell popcorn.

With a change of business like this, developing a comprehensive business plan will help determine if the project is possible.
But Back on Earth

- Seafood ventures that likely do not require a business plan
  - Switching processors you sell to.
  - Changing your operation to improve quality.
  - Buying a new permit.
  - New boat and new species?

- Seafood ventures that likely do require a business plan.
  - Moving into processing/marketing.
  - New boat and new species?
  - Buying expensive IFQ.
Alaska Sea Grant
Marine Advisory Program (MAP)

Juneau MAP Office
Glenn Haight
Fisheries Business Specialist
104 Vintage Blvd, Suite 104
Juneau, Alaska 99801
Phone: (907) 465-8746
E-mail: glenn.haight@uaf.edu

Main Office / Anchorage
1007 West 3rd Ave, Suite 100
Anchorage, AK 99501
Phone: (907) 274-9691
Fax: (907) 277-5242
E-mail: map@sfos.uaf.edu