

**TRANSFORMING BELMONT ESTATE:
A STRATEGIC PLAN**

by

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ABSTRACT

Transforming Belmont Estate from a traditional agricultural production business into a profitable agri-tourism enterprise is the issue addressed in this thesis. The importance of this problem rests on the fact that the author is the general manager of this family business and needs to organize it in ways that facilitates its ability to keep growing in a rapidly changing market environment. Given the increasing positioning of Grenada as a preferred tourist destination and the increasing number of people who are responding to this positioning, the management of Belmont Estate believes that transforming this traditional agricultural production business into an agritourism business will create significant value for shareholders and stakeholders.

The process of transforming the organization needs to start with a new way of envisioning it. Therefore, a strategic direction and a compelling value proposition were developed. An assessment of the business environment was conducted to develop a framework where specific strategies could be developed to support the new strategic direction that has been established. Additionally, a financial analysis that focused on the contribution of the different enterprises to the new strategic direction was conducted to assess the potential financial outcome of this effort.

The results show that Belmont Estate is well-positioned to benefit from increasing tourism business in Grenada. If the management of Belmont Estate can implement the strategic plan, it can successfully transform Belmont Estate from an agricultural production business into an efficient agritourism business that not only creates value for its shareholders and stakeholders but offers a welcome diversity to Grenada's growing tourism industry.

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I dedicate this thesis to the people of Belmont Estate. I am confident that together we will transform the business to all that we plan for it to be.

Thank you!

CHAPTER I: INTRODUCTION

1.1 Rationale

Belmont Estate results from the French plantation system that was popular during the early days of colonialism in the Caribbean. Belmont dates back to the late 1600s and changed ownership from French aristocrats to Scottish and English aristocrats until it was purchased by my grandparents, Norbert and Lyris Nyack, in 1944. They were both descendants of East Indian immigrants and were the first persons of East Indian descent to purchase an estate on Grenada. The novelty of this is reflected in the fact that only Europeans owned agricultural estates on the island at that time.

Belmont Estate was the first of six estates owned by my grandparents. Simple people with no business background or formal education, they were able to utilize their innate business aptitude to maximize the opportunities of the times. They succeeded in establishing and expanding their business' profitability and maintained market share for many years. They ventured outside of the plantation industry to purchase and operate several commercial properties and enterprises in Grenada. For example, for several years, they owned and managed a horse-racing track.

After both of my grandparents died, most of the businesses were sold and over time, the only business of my grandparents that remained in the family is Belmont Estate. However, Belmont Estate's survival is threatened by the significant changes that are occurring in Grenada and in Grenada's economy. The mantle has now been passed on to me and I see it as my duty to family and to the memory of my grandparents to resuscitate, preserve and re-establish the prominence, respect, identity and profitability of the last remaining vestige of

the family history – Belmont Estate. But my decision to preserve this estate and expand our business goes beyond duty. Among the other reasons driving my desire to transform Belmont Estate are as follows:

- Pay tribute to the legacy of my grandparents who struggled tirelessly to create this successful business enterprise,
- Document and showcase the estate’s and plantation history as an important component of the our island’s past,
- Help sustain the community’s economic stability through the provision of employment to its people and opportunities for its businesses through supply and service agreements, and
- Make a contribution to the social fabric of the community through the mobilization of citizens to engage in the transformation of the wealth status of the community.

1.2 Hurricane Ivan’s Effect on Belmont

Although historically a sugarcane estate, Belmont Estate currently produces mostly nutmegs and cocoa along with small quantities of fruits and vegetables. Belmont Estate also serves as a buying agent for cocoa from farmers on behalf of the Grenada Cocoa Association – the statutory body empowered by government to purchase all cocoa on the island. Belmont Estate has received organic certification and currently has a strategic alliance with the Grenada Chocolate Company in the nearby village of Hermitage, to provide the chocolate factory with organic cocoa for the production of organic dark chocolate.

The transformation of Belmont Estate started in April 2002 with the integration of local culture, history, traditions and cuisine of the island into agricultural production. This initiated the agritourism enterprise of the company, seeking to achieve recognition among tourists and locals alike as an agritourism destination. The idea was to offer visitors a unique perspective of Grenadian agricultural and food processing life in situ and help visitors see the value-added initiatives that were being implemented at Belmont Estate. Although nascent in every sense of the word, the agritourism business was averaging between 1,500 and 1,800 guests per month between its opening and September 2004.

In September 2004, Hurricane Ivan—a category 4 hurricane—came through Grenada. It devastated the majority of the island, leaving many people homeless and destroying many of the country’s tourism facilities and resources. Belmont Estate was not spared this destruction. All of our tourism facilities were destroyed, and the Estate was forced to close the tourism component of the business. Additionally, most of our agricultural production and processing facilities were also destroyed. For example, Hurricane Ivan severely destroyed and damaged field crops, cocoa and nutmeg trees as well as fruit orchards, forest and wind breaks. Our nutmeg fields were hit hard with the hurricane toppling or uprooting mature and fruit-bearing trees as well as trees ready for harvest and saplings. Our cocoa plantation was also seriously affected, registering damages to trees grown on our 150 acres of organic certified lands, as well as the trees that were intercropped with the cocoa. There was also severe structural damage to our cocoa fermentary, cocoa drying trays, animal houses, greenhouses and nurseries. The hurricane wiped out almost all our bananas. However, bananas have not been an important crop at Belmont because of many years of

decline of the industry at the national level. Forty percent of our ten acre orchard, which comprised mangoes, oranges, grapefruit, golden apples, sapodillas, cherries, sugar apples and soursop, was completely destroyed while 100% loss was sustained in our vegetable operations. On the contrary, we only suffered minor losses in our spice enterprise, such as cinnamon, cloves, and pimento. For example, we only lost about 37 percent of our clove stock and our cinnamon and pimento trees suffered only broken branches.

We may look at the massive destruction Hurricane Ivan unleashed on Belmont Estate from a positive perspective: It allowed us to re-imagine the possibilities of Belmont Estate by redesigning everything from ground up. For example, we have invested about U.S. \$1.2 million in the rehabilitation of our agricultural fields and the re-construction of the buildings and other infrastructure. Indeed, we were able to resume our agricultural operations immediately after the hurricane. However, we noticed a 50 percent drop in our agricultural production, leading to a corresponding loss of revenue and forcing us to continue rethinking how we can make Belmont Estate successful in the new reality.

1.3 The Agri-tourism Enterprise

Belmont Estate re-opened as a tourism destination in January 2007, beginning with tour offerings. The Estate provides a unique opportunity for visitors to explore the fascinating story of cocoa, from the field to the fermentary, learning of the earliest and most primitive methods of processing to its present-day modern systems. Its pictorial displays and antique machines lend an added touch to the experience. The tour not only tells the story of cocoa, but guests visit numerous gardens, participate in the activities on the estate, witness cultural

performances and entertainment, and also interact with the various farm animals and wildlife that are full-time residents on the Estate.

The highlight of the tour is the 250 seat authentic Grenadian restaurant that opened fully in June of 2007. It offers local plantation-style food served in exquisite, rustic and yet a comfortable dining environment. It has become one of the best destinations for local Grenadian Creole cuisine and has been recognized for its outstanding service. In March 2007, our produce market started selling fruits and vegetables, as well as confectionaries such as chocolate and other value-added products produced on the Estate. We expanded our offering by adding a 100-person capacity conference room to attract conference events and seminar groups. In May 2008, we added a small café to provide quick snack and beverage services to visitors who did not want to experience the sit down restaurant milieu.

We have rebuilt our heritage museum which houses artifacts dating back to Carib and Arawak period and covers historical artifacts and documentation from the eras of slavery, plantations, the Grenada revolution and more. The uniqueness of the collection increases Belmont's appeal to tourists and other visitors and contributes a significant portion to the Estate's income.

We worked with a local credit union, the Grenville Co-Operative Credit Union, to open a branch at Belmont Estate last year. This branch serves the rural communities and offers financial services to Belmont Estate's employees and small farmers unable to get financial services from traditional institutions. This has set up Belmont Estate as a destination for

local people who come to the Estate to sell to the Estate and conduct their financial businesses at the local credit union.

1.4 Research Problem

We are in the process of re-positioning Belmont Estate as a major tourism destination, focusing on the agritourism niche which is currently lacking on the island. We are positioning ourselves as an educational center with our cocoa production and processing demonstration facilities as well as our conference facilities. We are adding new initiatives to our operations in an attempt to lift Belmont Estates to its glorious historic position.

But, it is important to for us to ask if these activities make economic and financial sense in their scale and scope. We need to determine the contributions of the different enterprises to our overall profitability so that we can ascertain the potential return on investment for each enterprise to help us effectively use funds and other resources.

The problem that we seek to address in this thesis is to develop a strategic plan that allows us to execute strategies that maximize the return on investment from our activities at Belmont Estate. We do this within the context of our history and our sense of direction of the future and an unflinching desire to improve the well-being of our shareholders, stakeholders and others who depend on our success for their livelihood.

1.5 Thesis Objectives

The overall objective of this thesis, therefore, is to develop a strategic plan for Belmont Estate that allows it to transform itself from a primary agricultural production company into

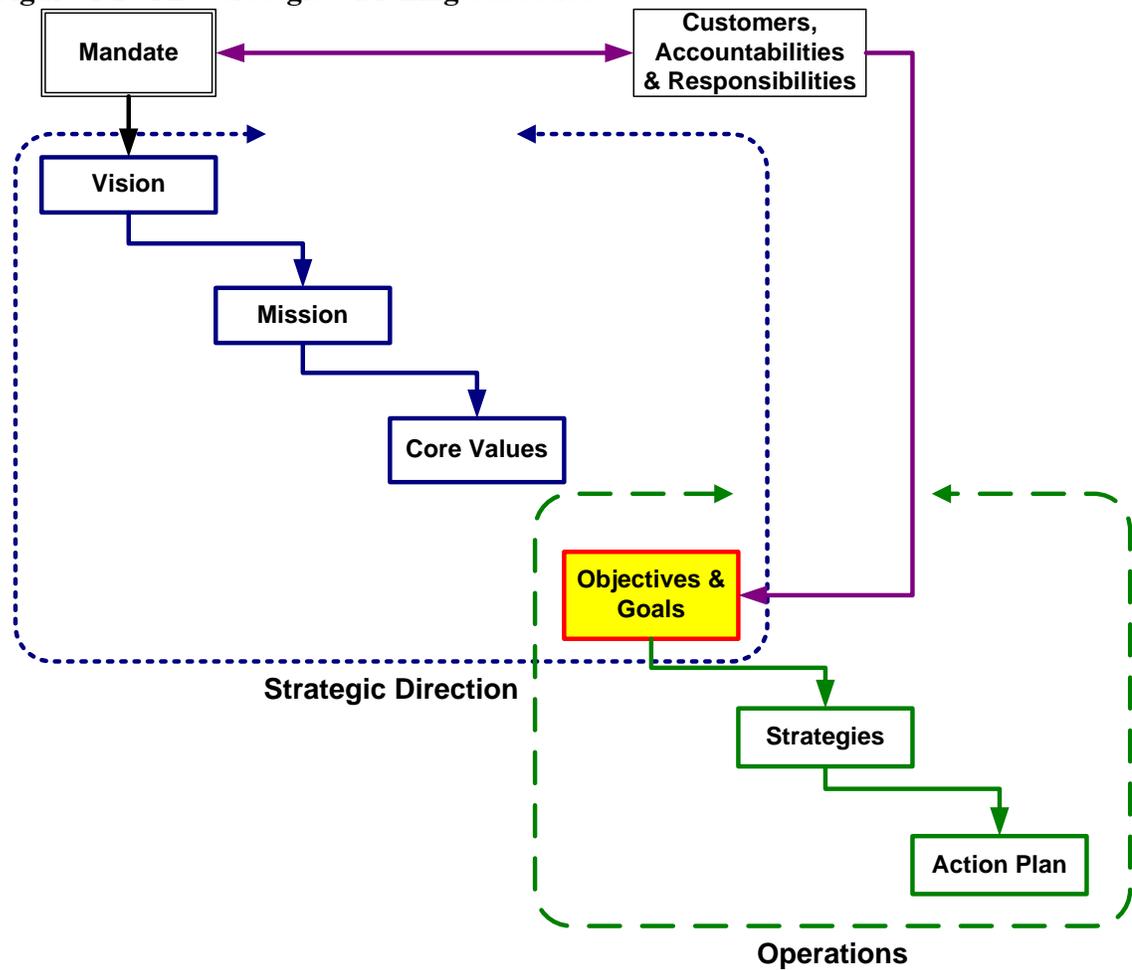
an integrated agritourism company that fully utilizes its agricultural resources. The specific objectives are as follows:

1. Develop a strategic direction for Belmont Estates that allows it to distinguish itself in the highly competitive tourism industry in Grenada,
2. Evaluate the competitive market environment confronting Belmont Estate and assess how its diverse resources allows it to differentiate itself in the Grenada marketplace,
3. Conduct a financial analysis of the integrated agritourism business to determine the organizational structure that must be implemented to facilitate success in the shortest possible time, and
4. Describe an implementation plan to allow management to deliver the results described in the plan to shareholders and other stakeholders.

1.6 Methods

Developing a strategic plan is a creative activity that requires developing a perspective of the business from the point of view of its future. The most effective approach to doing this is the Strategic Visioning Cascade® developed by Dr. Vincent Amanor-Boadu. The Cascade® employs a systematic process to identify the strategic direction of the organization and develop operational strategies to move the organization to the destination established in the strategic direction. We, therefore, employ the Cascade® to envision the future of Belmont Estate and develop the appropriate strategies to help achieve that future.

Figure 1.1: The Strategic Visioning Cascade®



The Cascade® (see figure 1) is grounded in systematic analysis of the business and industry environment in which the organization operates. Therefore, we can conduct organizational and industry analysis, drawing on the statistical and strategic initiatives of suppliers, competitors, governments and customers to understand the trends and directions of demand and supply. These analyses allow us to develop clearer perceptions of the environment in which Belmont Estate is operating and facilitates the development of clear and compelling strategies to achieve the desired transformation.

We also conduct financial projections based on clearly stated assumptions about the business that are drawn from the business and industry analyses. The results of these analyses help in the development of the appropriate structures to support the achievement of the strategic direction established for the company. The execution plan for the strategy evolves directly from these analyses and defines the resources that are necessary to achieve the desired transformation.

1.7 Outline of the Thesis

We present the new strategic direction of Belmont Estate in Chapter 2 along with the business and industry analysis. We also provide an overview of the economics supporting the transformation of the business from its traditional agricultural production focus to an agritourism focus in Chapter 2. In Chapter 3, presents execution strategies and the resource requirements for achieving the specified vision. Chapter 4 we present the assumptions that drive the financial projections and analyses as well as the projections and analyses of associated finances from the business. Chapter 5 presents a summary and conclusion of the research and identifies some of the challenges that stand in the way of achieving the objectives specified in the plan and how they may be overcome.

CHAPTER II: STRATEGIC DIRECTION AND BUSINESS ENVIRONMENT

2.1 Introduction

The economics of agritourism is presented in the first part of this chapter with the view of determining the context within which Belmont Estate may develop its strategic thrusts. In the second part of the chapter, we provide an analysis of the market environment confronting Belmont Estate as it transforms itself from a primary agricultural producer to an integrated agritourism business. The third and final part of the chapter provides the strategic direction of Belmont Estate. It specifies the vision, mission, and core values as well as the organization's value proposition in this new environment.

2.2 Economics of Agritourism

Tourism is traveling for the purpose of recreation or leisure and covers the services that support these activities. Agritourism is a subset of an emerging segment in the tourism industry referred to as destination tourism in which people travel to specific locations to enjoy specific activities related to those locations. Thus, agritourism ventures provide recreation, leisure, entertainment and/or educational products and services to the visiting public.

Agritourism is growing rapidly at an estimated annual growth rate of 6 percent in Europe and North America (Tchetchik et al. (2008). While developed countries such as Canada, U.S. and European countries are aggressively promoting agritourism as a value-added initiative for producers to improve their incomes, developing countries have not yet discovered this innate opportunity to expand their tourism opportunities and incomes. This is not surprising since many producers in developing countries are not educated enough or resourced adequately to position their businesses in ways that can be attractive to tourists

interested in agriculture and related industries. The opportunities in agritourism can be significant. For example, the annual proceeds from agritourism in England amount to \$14 billion, providing employment for 380,000 people (Arnold 2004) while the industry accounts for 3% of the rural labor force in Canada (Bollman 2005). Brown (2005) points out that between 2002 and 2004 in the United States, a reported 90 million adults took trips to rural destinations. And Tchetchik et al. (2008) indicate that roughly 10 percent of rural households in northern Israel are involved in rural tourism.

The development of agritourism in developed countries has not emerged solely as a result of market forces. Governments have been very aggressive in their support for producers seeking to undertake such ventures. For example, the EU has allocated a budget of \$17 billion from 2007 to 2013 to support agritourism (Bendz, 2004). Additionally, government policies, such as special zoning, infrastructure development (e.g. transportation and communication, and financial incentives enrich the countryside environment and promote agritourism) (Gartner 2004). Not many developing countries, such as Grenada, can afford the support that developed countries give to their agricultural producers to undertake agritourism ventures.

Growth in incomes – including disposable incomes – and significant reduction in transportation costs account for the accelerated growth in agritourism. Additionally, rapid transfer of information around the world due to information technology developments have caused significant awareness about production and practices and their effects on the environment, human rights and animal welfare, causing some consumers to demand more accountability in the food production process. This has not only increased visits to farms to

learn more about production but has contributed to the success of such companies as Whole Foods Market in the U.S. But on the supply side, globalization and competition has caused some producers to seek alternative sources of income to supplement their declining real incomes from farm production.

Nickerson et al. (2001) conducted a principal component analysis and identified three factors motivating agritourism ventures by producers: social reasons, economic reasons, and external influences. Their cluster analysis showed that 61 percent of producers undertook agritourism for economic reasons while 23 percent did it for reasons external to their farming operation. However, Mace (2004) showed that income or economic reasons are not as important a motivation for agritourism ventures as are socio-cultural factors as meeting people and educating non-farm public about agricultural production.

Another reason supporting the increasing interest in agritourism is an increase in demand by consumers for locally-grown foods and consumers' need to know where their food comes from and how it is produced. Indeed, there is emerging a class of consumers referred to as 'localvores' who are interested principally in the consumption of food products that are produced no farther than 100 miles from them. Localvores are committed to eating and learning about food grown within their food shed. They see multiple benefits of eating food grown close to home and will travel to different locations to experience the food within their food shed.

Following the example of the European and American forerunners, the Caribbean has finally come on board the agri-tourism band wagon. Initially being touted as the destination

of sand, sea, sun, and fun; the Caribbean tourism strategists soon recognized the challenge to broaden and diversify its product to compete in the global marketplace, by offering a more tangible, meaningful, and wholesome vacation experience. The values of world travelers have changed, precipitating the re-focusing of Caribbean product development. Travelers have become more sophisticated, educated, culturally aware and sensitive to the social and physical environment, and politics of the host country. Of course, they still want to be able to enjoy the more conventional aspects like warm weather, food, and beaches, but by and large, they may want to enjoy a more positive and participative social and educational experience.

The agricultural industry in the Caribbean has also had some changes in trends. Historically known for its sugar, banana, and cocoa production, the export-centered agriculture based on sugar and bananas has been threatened because of free trade challenges and the removal of market protection privileges previously enjoyed by the region. The reduction in some of the international markets, and the stiffening of competition, has led to decreased production for export and diversification into fruit and vegetables, mostly for the domestic market. In addition, environmental and climatic changes have resulted in increased droughts, hurricanes and floods, negatively impacting agricultural production.

With the trend towards domestic food security, satisfying the demands at home, and satisfying the tourists discerning demands for local food products, agriculture in the Caribbean needs to focus on diversification to contribute more products and services to the growing tourism market. Economically, this would enhance employment, reduce the

growing bill for food import and foreign exchange outflows, improve food security and increase the importance and visibility of agriculture in national development.

The region is blessed with an authentic tourism atmosphere. The natural environment, warm weather, sand, sea, sun, clean air, vegetation, and varied ecosystems are all benefits to be capitalized upon in the growing tourism tendencies. The natural physical attributes required for a fledging agricultural economy are supportive of a dynamic tourism environment, resulting in a symbiotic relationship of the two industries.

The demand and supply conditions, therefore, of agritourism are determined and influenced by consumers, producers and governments as well as natural phenomena such as hurricanes. We may see governments as shifting the demand and supply curves using policy instruments that provide incentives to producers to supply agritourism products and services or to consumers to encourage their consumption of these products. But because the Caribbean tourism market is significantly dependent on the U.S. market for its demand, an economic downturn in the U.S. is expected to have adverse effects in the region, including Grenada. The Eastern Caribbean dollar is tied to the US dollar. The strong pound and euro against the U.S. dollar not only attracts visitors to the U.S. from Europe, but shows similar results in the Caribbean, as European travelers, especially the British have shown rising numbers of visitors to Grenada in recent years. It is forecasted that this trend will continue as long as the euro and pound remain strong. While global tourism has been growing at 7 percent per annum over the past several years, visitor numbers in the Caribbean are rising by just 1% a year (Jacks, 2008). This would seem to suggest that the Caribbean is not the premier choice destination. This could be as a result of the worldwide

competition with other island destinations, and the fact that the weakening U.S. dollar has resulted in the less travel to the Caribbean by Americans. Thus, a prolonged economic downturn in the U.S. could spell significant woes for the Caribbean's tourism industries.

Figure 2.1 shows the equilibrium market conditions as well as the anticipated shift forces in the demand and supply of agritourism in Grenada which depends on foreigners for its tourism dollars. In the figure, we define demand for tourism (and the special case of agritourism) as a function of government policies in the supply country, natural disasters such as hurricanes in the supply country, the exchange rate between the visitors' country and the supply country, terrorism threats in both supply and visitors' countries and the general state of uncertainty experienced by tourism consumers. We can expect the first order conditions vis-à-vis the demand for tourism to take the signs presented in Equation 1. For example, when government policies (G) supporting tourism and agritourism increase (e.g., ease of visas, tax relief, etc.), we can expect the demand for tourism to increase, shifting demand curve to the right (i.e., D') in Figure 2.1. On the other hand, an increase in the exchange rate (X) of the tourism destination vis-à-vis the visitor's country will make tourism more expensive for the tourist and shift the demand curve to the left (i.e., D'') in Figure 2.1. Similarly, we expect terrorism acts (T) in either country to shift demand to the left and dampen demand for tourism. This is because consumers will feel their safety threatened and seek to remain close to home. An increase in economic uncertainty (U) — such as the tightening credit that is being observed in many developed countries currently—will make consumers nervous and limit their enthusiasm to consume tourism products, hence the negative first order condition.

$$\frac{dQ_D}{dG} > 0$$

$$\frac{dQ_D}{dX} < 0$$

$$\frac{dQ_D}{dT} < 0$$

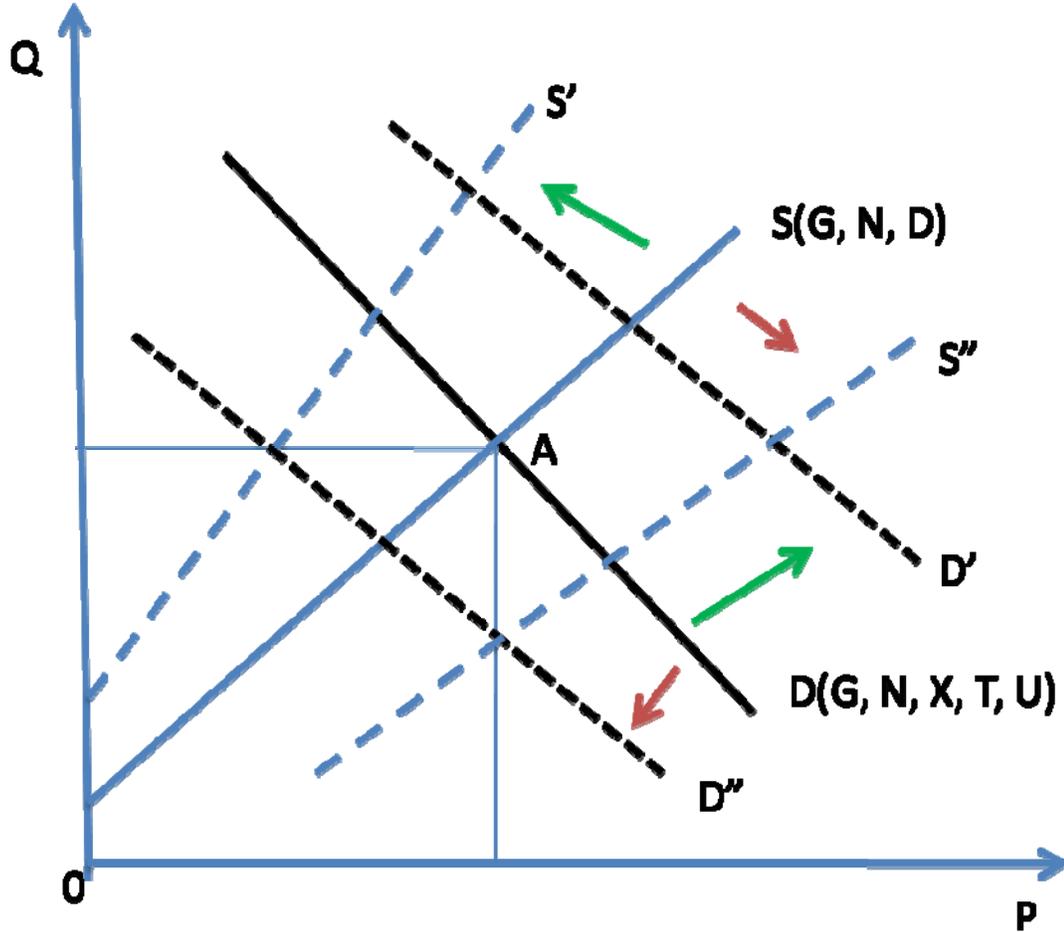
$$\frac{dQ_D}{dN} < 0$$

$$\frac{dQ_D}{dU} < 0$$

Equation 1

A similar assessment can be performed on the supply side. For example, government support for tourism providers can reduce their costs and encourage them to increase supply, thereby reducing the price to consumers and increasing consumption in the process. Like consumers, any natural disaster (U) will shift the supply curve to the left (S^*) because hotels, roads and other industry supporting infrastructures are often destroyed in these disasters. It often takes some time for them to be rebuilt, and in the mean time, the shortage often leads to increased prices. This could make a location uncompetitive against others in the region and threaten the sustainability of the industry if conditions are not addressed quickly.

Figure 2.1: Demand and Supply Forces in Agritourism Ventures in Grenada



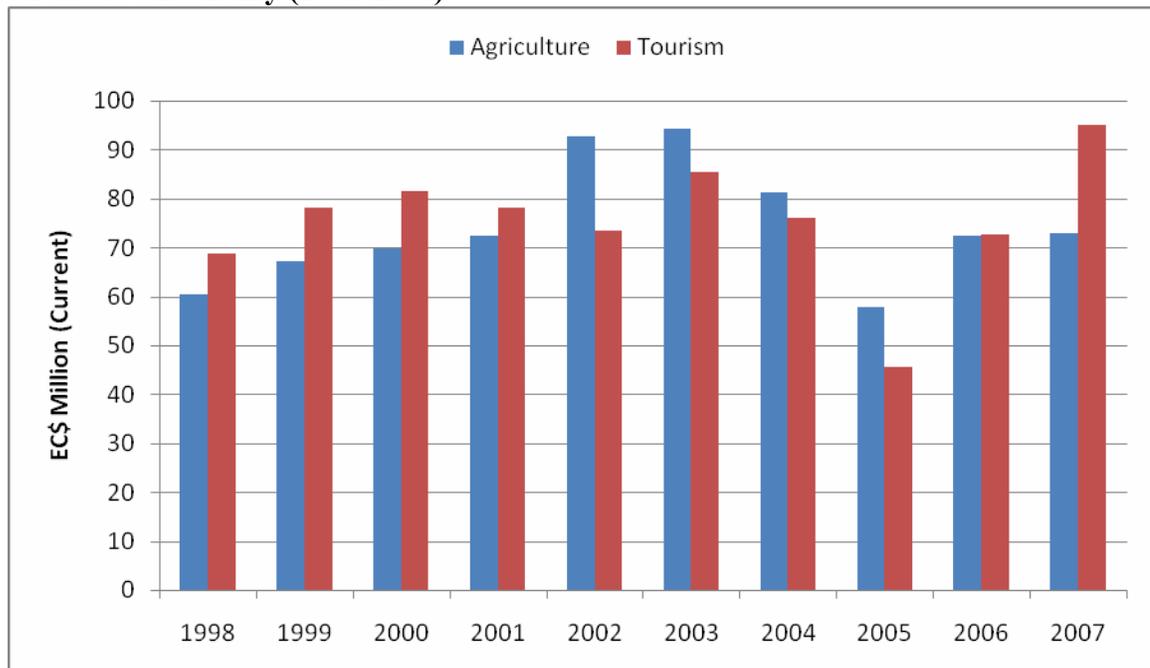
The producer and consumer surpluses under the different conditions may be different and influence consumer perceptions of value associated with a particular destination. In light of this, it is important for Belmont Estate's management to recognize the importance of maintaining vigilance about these external forces that influence its ability to sustain its competitiveness in the global marketplace of agritourism and develop the appropriate strategies to minimize any adverse effects that may emanate from their occurrence.

It can be expected that the growth in agritourism in North America and Europe will spillover to other locations such as traditional tourism destinations such as the Caribbean. As North American and European consumers who seek agritourism adventures look for bundles to maximize the value associated with each tourism dollar they spend, there is an opportunity for destinations in idyllic locations such as Grenada to offer these consumers experiences that may not be present in their domestic markets.

Unlike Europe and North America where agriculture is a relatively small segment of the economy in comparison with tourism, the situation in Grenada is different because the two industries are comparable. However, in line with the discussion of the external forces influencing the performance of the industry, we observe in Figure 2.2 that the value contribution of tourism to Grenada's GDP had already surpassed agriculture in income by 1998 and continued to climb until the year 2001, after which the income from tourism declined. This was largely because of the effects of the terrorist actions in the United States on September 11, 2001, resulting in a considerable decrease in tourist travel from all regions except from the Caribbean. It took about five years after the terrorist attack in 2001 for the tourism industry in Grenada to climb back to its pre-2001 levels. On the other hand, the effects of Hurricane Ivan did not last as long even though it did affect revenues generated by the industry. The recovery for the tourism industry has been more immediate and easier to accomplish than for agriculture. Hotels, restaurants, and other tourism enterprises have been mostly reconstructed and operational. On the other hand, recovery in the agricultural industry after Hurricane Ivan has been much slower while the 9-11 terrorists' action in the U.S. had no effect on agriculture. For example, while hotels can be

built and roads reconstructed, crops such as cocoa and nutmegs require between five and fifteen years for new trees that have been replanted to reach full harvesting potential. Diversification to short crops has not been very successful in raising the income to pre-Ivan numbers. Tourism income has climbed steeply since 2005 overtaking agriculture's income in 2007. This trend is expected to continue, barring another natural, economic or other disaster. This underscores the importance of external forces on the performance of the industry and the ability of firms to execute their strategies.

Figure 2.2: Contribution of Agricultural Production and Tourism Industries to Grenada's Economy (1997-2007)



Source: SATAP Mission, March 2008.

But the sustained growth of the tourism industry is dependent on the economic conditions in the U.S. as well as the weather. Understanding the forces influencing demand for tourism in Grenada facilitates an appreciation of the challenges and the opportunities that confront Belmont Estate as it expands its operations to include agritourism. It allows

management to appreciate the organizational structure—the mix of enterprises and services—it must put in place to minimize the exposure of the business to external shocks that are completely outside its control.

2.3 Strategic Direction

According to Amanor-Boadu (2003), strategic direction encompasses the organization's vision, mission and the core values that guide decisions and actions in the organization. He argues that when used effectively, the strategic direction can allow an organization to build and boost morale, attract and retain committed employees and get them to go beyond themselves to contribute to something bigger than themselves. When well articulated, orchestrated and implemented, the strategic direction can help make managing and directing the organization relatively easy by helping staff develop a clear sense of their role in the organization's mandate, the fulfillment of its mission and achievement of its vision. It can also reduce ambiguity in decision-making and behavior by clarifying the core values and minimizing any deviations from them.

The vision is the driving force that determines what the organization will be recognized for. We may think about the vision as the response to the following question: "Ten years hence, describe what this organization has achieved to warrant receiving international recognition from an influential international body. What did we do?"

Belmont Estate sees itself in ten years as the premier destination of choice of the discerning agritourism consumer. We believe that by working towards this vision, we will build loyalty among our customers and reduce the impact of the external variables – exchange rates, terror threats, etc. – on our business. The focus of all of the organization's strategies

and activities is to achieve the vision. Amanor-Boadu (2007) uses the metaphor of a river to hammer home the idea of the vision: the river's vision is to empty itself into a larger body of water.

The mission is the first thing that needs to be accomplished if the vision is to be a reality. It is seen as the primary impediment to achieving the vision. It tends to have a shorter lifespan than the vision and is attacked more aggressively. It is also from the mission that the broad objectives emerge. We believe that Belmont Estate's mission is to structure its offerings to be attractive to a broad range of tourism consumers, especially local consumers. Most tourism organizations on the island have an externally-focused strategy. As such when there is a shift in external variables as have been discussed, it leads to significant adverse effects on them. Belmont Estate seeks to minimize the effects of these external variables by diversifying its customers to include both domestic consumers and foreigners. The focus on this mission will become clear in the discussion on strategies.

Core values specify minimum value standards that guide actions and behavior of the organization's people. They define the boundaries within which decisions are made within the organization. They allow directors to define policies and evaluate staff and provide a road map in reaching decisions about alternatives. The simple question that is asked is this: Which alternative gets us to the vision quickest within the constraints of our core values?

At Belmont Estate we have inherited a strong company, with values that have been shaped by my family's traditions and ideals for over sixty years. It is important that management and staff have a clear understanding of those values, to help fulfill the obligation we have

to preserve and enhance what we have inherited, and to achieve our mission and vision. Common values will result in stronger relationships among our staff. Management, employees, customers and other stakeholders are better focused and have a clear understanding of their individual responsibility to all the players. Values jointly shared also provide a structure for decision making, encourage constructive patterns of behavior and delineate avenues for personal and business success (Senge, 1995). In terms of the succession of the company, it permits us to pass on a company that continues to reach its highest potential for future generations of employees and shareholders.

Our values encompass our faith, our people, our environment and our community. We define faith broadly to encompass our belief that all things work for those who commit themselves to good causes. Ours is a good course not only for our family, but also to our shareholders, stakeholders and the community. We will surround ourselves with people who share this value of commitment to good courses and work hard to make our commitment yield tangible and palpable fruits.

We know our employees make the difference in whether we succeed or fail. Therefore, we shall honor them and treat them with every respect even as we demand of them to treat each other with utter respect and honesty. For we know that when we can create a community in which people are valued and respected for their contribution to the bigger picture, we shall expand the pie and make it beneficial for all.

We depend on the environment for our livelihood. Therefore, we shall protect the soil, wildlife, livestock, plants and rivers and streams that have been entrusted to our care. We

shall be good stewards of these environmental resources and work together to develop a strong, coherent and transparent attitude towards its protection. We believe that when our customers see this commitment to protecting the environment, they will join with us to contribute to making a difference in the life of the world. In joining with us in this effort, we connect to them on more than one dimension, which is what doing well by doing good is all about.

We live in a community of people who care about us and share our history and our destiny. Therefore, we shall endeavor to operate our business in ways that support the aspirations of the people we share this community with, seeking to elevate them and encourage them to reach for higher expectations for themselves and for each other. We know that when we take care of each other in our communities, we shall build human communities that are sustainable and enduring.

2.4 The Organization

The Belmont Estate group of companies specifically referred to in this proposal includes the companies Nyack and Company Limited and Belmont Plantation Company Limited. Nyack and Company Limited was incorporated on 6th August 1998 as Company no 85 of 1998-2903 under the Companies Act of Grenada. It owns and operates the Belmont Estate farm. This approximately 400 acre estate includes two properties owned by Nyack & Company - the 200 acres in the Belmont, Hermitage area of St. Patrick consisting mostly of the organic cocoa cultivation , and another two hundred acres situated in Coubarrie, Upper and Lower St. Johns areas of St. Andrew, consisting mainly of nutmeg cultivation. The sister company, Belmont Plantation Company Limited was incorporated on the 22nd

of November 2002, as Company no 106 of 2002 – 3499. This company is responsible for the tourism operations, to include the restaurant, tours, produce shop, cultural entertainment, museum and other subsidiary activities. Both companies work jointly, Nyack & Company Limited in the farm operations, and Belmont Plantation Company Limited in the tourism sector operations to create the agri-tourism business known and marketed as Belmont Estate. The farm operations are divided into the organic cocoa production, cocoa processing, nutmeg production, fruit and vegetable production, horticulture, nursery and plant production and value added product production. The farm manager oversees the entire farming division of the business, while the various departments within the farming division are supervised by team leaders that report directly to the farm manager. The tourism department of the business is comprised of the following entities: the restaurant, café and museum, tours and conference facilities. The restaurant and café are managed by the restaurant manager, while the marketing manager manages the conference facilities, tours and the museum. The marketing manager is responsible for marketing all of the tourism enterprises, while the farm manager is responsible for marketing the agricultural produce.

The boards of directors of both companies consist of the owners, Shadel Nyack Compton, Travis Compton and Leah Fanwar. The board's primary responsibility is to determine the strategic direction of the company and to guide in the execution of business strategy.

Shadel Nyack Compton is also the general manager of the business, and her qualifications are listed with the management personnel. Travis Compton is a commercial airline pilot

with over twenty years experience and is also the sole proprietor of a retail clothing business and partner of an airline consulting business. Leah Fanwar is retired.

The key management personnel are as follows: **Shadel Compton Nyack** heads the team of Nyack and Company's management personnel. She holds a Bachelor of Science Degree in Psychology and Political Science from Howard University in Washington D.C, U.S.A.; Juris Doctor's Degree and a Master's Degree in International Law from Georgetown University in Washington, D.C. and a Certificate in Legal Education from Hugh Wooding Law School, at the University of the West Indies, St. Augustine Campus. She is licensed to practice Law in Grenada and St. Lucia in the West Indies and New York, Maryland and Washington D.C in the United States. Currently Ms. Nyack Compton holds a Masters Degree in Agribusiness Kansas State University in the United States. She will be completing her Masters Program in 2008.

Vicky Facey joined the team in March 2008 from the UK. Specializing in business management, Vicky has a proven 20 year track record of project and business management at a senior level. She has extensive experience of event management worldwide and is skilled at analyzing and initiating efficient business management systems and procedures to improve productivity and effectiveness.

Adrian Horsford comes to Belmont with 15 years experience in the restaurant business running restaurants in both Grenada and New York. His experience includes restaurants such as Aquarium, Rendezvous Beach Resort, Neon Parrot, Tropical Paradise and Harmon Jerk Centre and Bakery. Throughout his career, he has held middle and upper management

positions and has attended many courses in the hospitality field. Adrian has already succeeded in making our restaurant one of the best on the island.

Paula Lewis is the sales and marketing manager with responsibilities for product development, special projects, and IT. She is currently pursuing a Bachelor's degree in hotel and tourism management at the University of Massachusetts, in the United States, sponsored by the company.

Phebe Paul has been with Shadel Nyack Compton since 1996, first as her legal secretary specializing in real estate transactions. Since 2002 Phebe has worked with the company developing the property management and real estate side of the business. Her knowledge of the island and property sales along with skills in negotiation and communication mean she is a strong manager for the new real estate agency.

Rawlins Smith comes to Belmont with a wealth of experience having worked most of his life in agriculture. Prior to joining Belmont Estate as farm manager, he worked with the Grenada Cocoa Association for 26 years, moving through the ranks to become manager of the Mt Horne Cocoa Station. His expertise and skills in farm management, cocoa production and processing will make a real difference to the estate improving production and profitability.

Jillian Thomas currently works with the company and is the manager in charge of accounts. She handles all the internal accounts keeping, banking reconciliation and record keeping and payroll, and prepares all accounts for review and final preparation by the

company's accountant. She has been with the company for 8 years, and she is currently working on her ACCA accreditation, sponsored by the company.

Christine Curry is a consultant to the company. Christine holds a Bachelors Degree in social science from Texas University and is currently director of project development at the The Grenada Project. She brings with her over 20 years experience in the veterinary field and economically sustainable agriculture, crop and animal production, recycling of waste products for animal feed. She is currently setting up a goat diary farm producing milk, cheese, yoghurt and puddings to be sold at Belmont promoting the buy local campaign. Previously Christine worked at St George's University School of Veterinary medicine as director of development overseeing vet health activities regarding domestic production, marine and wildlife animals. Her experience and dedication are helping Belmont achieve its goals for the petting zoo and animal welfare.

Dr. Buxton Nyack is a consultant to the company. Dr Nyack has been a doctor of veterinary medicine for 35 years, having graduated from the University of Tuskegee in Alabama, USA and went on to teach there for over 20 years at the veterinary school. He has served with the Government of Grenada as chief of veterinary surgeon for 10 years. Presently he is a professor at St George's University Veterinary School and maintains a small private practice serving mostly rural, farming communities. Currently Dr Nyack supervises the veterinary care of all our animals on the estate.

Over the last few months we have made a concerted effort to bring more competent personnel to include as part of the management. It has become important to include more

agricultural and tourism expertise on the board of directors to help guide the agricultural and tourism business of the company. The organizational chart of the company is presented in Figure 2.3. Figure 2.4 represents the organogram, showing the various enterprises that make up Agriculture and Tourism departments.

Figure 2.3: Belmont Estate Organizational Chart

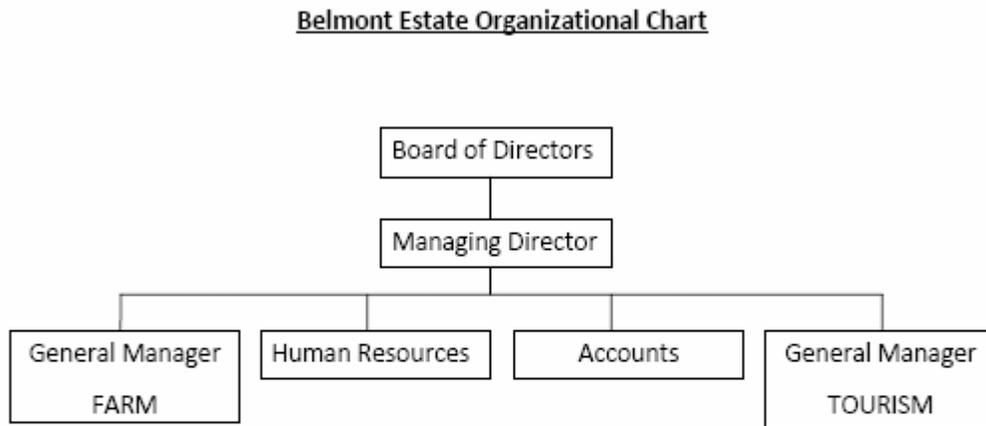
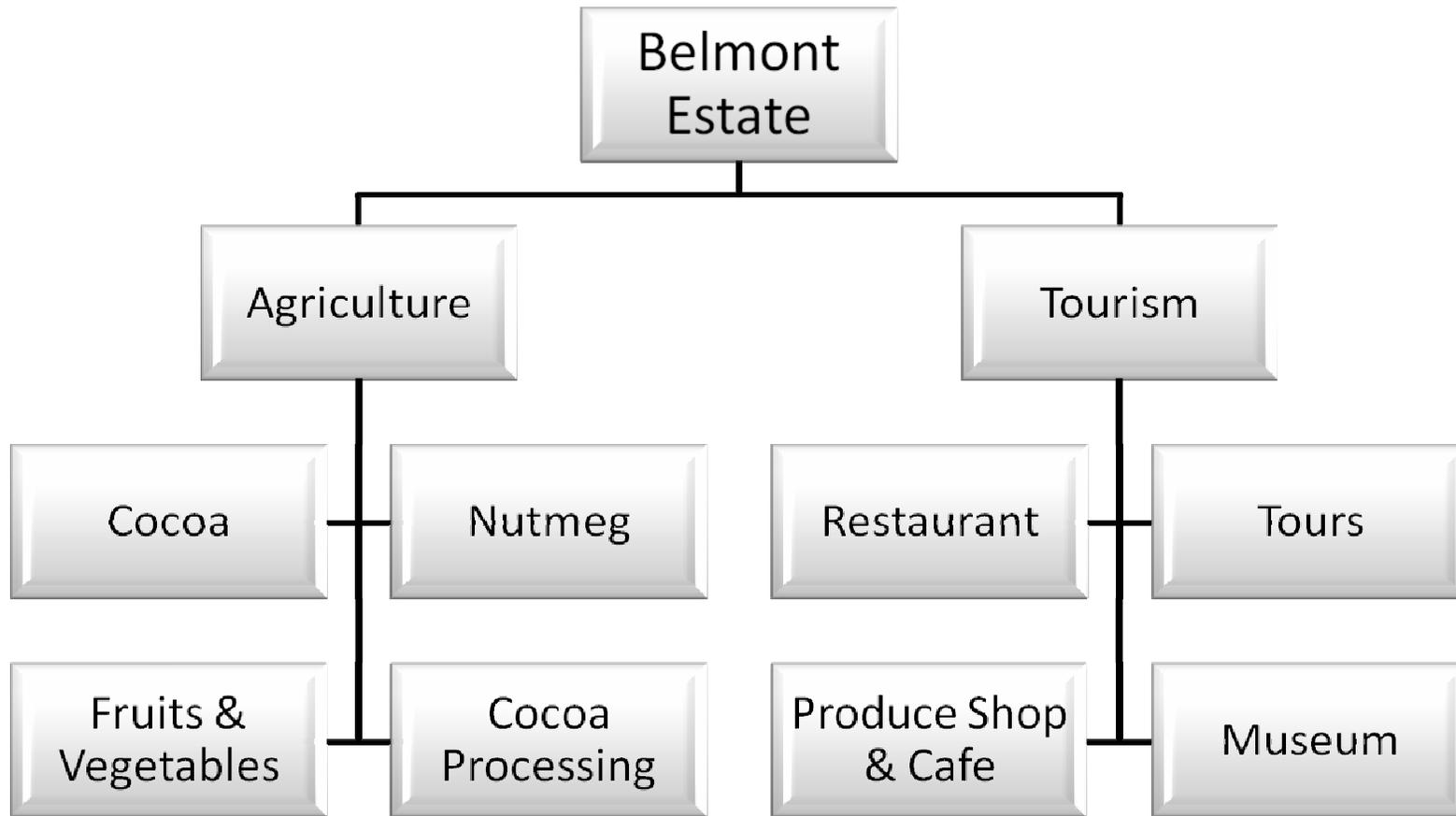


Figure 2.4 Belmont Estate Organogram



2.5 Value Proposition

Over the last decade there has been a shift in the tastes and demands of tourists that visit the Caribbean, demanding more than sand, sea and sun, and calling for a more meaningful type of visitor experiences. It is against this backdrop, the concept of agri-tourism emerged, blending the agricultural culture, experience and process to the islands tourism offering. Belmont Estate is indeed a perfect example of such a product. A leading agri-tourism business it has a substantial competitive edge and customer appeal, offering exceptional quality products, experiences and services to all guests. Developmental goals will ensure that the business is highly successful and profitable with the potential to expand its product offerings. The challenge is to maintain the competitive position that it now enjoys.

Belmont Estate will be able to deliver on these value propositions because it is has a board of directors and management team that are committed to delivering quality as delineated in it core values.

Belmont Estate is able to differentiate itself on the following points:

1. It has a product that is inimitable. It would be very difficult to imitate this product because of some of the historical features and buildings that exist on the property, because of intrinsic historical value, and also because of the complex and diverse range of product offerings that Belmont Estate presents to its guests.
2. A strong commitment to superior quality ,
3. It is the only plantation experience of it's kind in Grenada and one of a few in the Caribbean that offers such a range of facilities for tourists to visit,

4. The restaurant has a capacity of 250 seats, one of the largest in the country, allowing for the catering of large events,
5. Offers volunteer tourism possibilities for persons who wish to make a contribution to a particular enterprise or to the community,
6. Offers educational and internship programs in agriculture, tourism, and Grenada's history and heritage,
7. Strong commitment to the business, maintaining its competitive advantage by new product development, employing innovative business methods, continued training for staff, constant business evaluation, and addressing customer demands, and
8. Strong commitment to the environment and community.

CHAPTER III: MARKET AND FUNCTIONAL ANALYSIS

3.1 Introduction

We present an analysis of the tourism and agricultural markets in Grenada in this chapter. Additionally, we look internally at the Belmont Estate organization and conduct a thorough functional analysis of its internal systems and structures.

3.2 Market Analysis

The Agri-tourism market in Grenada has been developing over the last 10 years under the umbrella of eco-tourism, the designation under which Grenada markets its tourism product. Belmont Estate entered the tourism market in 2002, and within a year established itself as the number one agri-tourism destination in Grenada. To date, there is no defined national strategy for the focus or development of Grenada's product. The destination is marketed as an eco-tourism destination. However, in recent years there has been an effort to include heritage tourism, agri-tourism, community tourism and sports tourism within the tourism portfolio that Grenada offers.

Belmont Estate is one of about five agri-tourism destinations in Grenada currently open to visitors – the others include three rum distilleries - River Antoine Rum distillery, Westerhall Rum distillery and Clarkes Court Rum Distillery - and the Grenada Co-operative Nutmeg Association (GCNA) processing plants. River Antoine Rum Distillery is located about two miles from Belmont Estate. It is a sugarcane plantation that cultivates sugar cane for making molasses and rum. The estate dates back to 1763, and it still uses the original water wheel for crushing the sugarcane for molasses production. This feature in itself is indeed a valuable and interesting process for tourists to witness, as the waterwheel is believed to be the only functioning water wheel in the Caribbean and probably one of a

few remaining in the world. River Antoine is a national treasure and certainly an inimitable product that has significant customer appeal. In 2007, River Antoine included a restaurant and bar in its product offerings, competing directly with Belmont Estate for dining business. The other two rum distilleries are located about 30 miles south of Belmont Estate. They use more modern methods for rum production, importing molasses for making rum, and producing the finished product here. Like River Antoine, they also offer tours of their processing facilities to visitors. The GCNA is the statutory body, established in 1946, responsible for the production of nutmegs in Grenada as well as managing the sale, regulating, exporting and marketing of the Grenada nutmegs, its products and by-products. Though most of the nutmegs purchased by the GCNA are exported there is some quantity that is utilized for making non-food value added products, like nutmeg oil, soaps, etc. The GCNA facilities are open to visitors to witness the processing of the nutmegs and mace.

Currently, there are only a small number of agri-tourism enterprises in Grenada.

Overwhelmingly, the emphasis is mostly on eco-tourist products – river rafting, lakes and waterfalls, mountain climbing, hot springs, garden visits, and other light adventure activities based around a natural or historic site. The challenge for Belmont Estate is to include similar product offerings and activities at the estate to attract the eco-adventure tourists who may not be particularly interested in agriculture.

From its value proposition, it is observed that Belmont Estate has two principal markets: agri-tourism market, and the organic and specialty foods markets. The agri-tourism market was chosen carefully to meet the demand for alternative tourism products for our visitors and also to supplement farming income. The organic and specialty foods sector was entered

into because of the demand for organic cocoa for the making of organic chocolate by Belmont Estate's strategic partner, the Grenada Chocolate Company, and the consumer demand for specialty foods. As a result, the estate formalized and tightened its practice of organic farming and has been certified since 2001. It is presently certified by the German certifier Ceres. To be certified organic, products must be grown and manufactured in a manner that adheres to standards set by the country they are sold in. Our certification includes Britain: Organic Farmers and Growers Organic Standards; European Union: EU – Eco regulation; USA: National Organic Program (NOP).

In terms of specialty foods, there is no other agri-tourism enterprise in Grenada that is currently developing specialty foods products. While there are local manufacturers that make jams, jellies, confectionaries etc., these are mainly cottage industries, and are generally not at the same source of the raw product. The intrinsic value of the agricultural value added product for the tourist is being able to see the raw product being transformed into a tasty tangible finished product, at or close to the source – or point of origin. This is what Belmont Estate plans to offer the visitor. We view it as a niche market with tremendous potential that needs to be developed and explored.

3.2 Organic and Specialty Foods Markets

The organic movement at Belmont Estate commenced when the Grenada Chocolate Company, with its factory located about one mile from the estate approached the writer for Belmont Estate to supply the business with organic cocoa. While we had been practicing organic farming, we were not organically certified. We then began putting procedures in place for certification, which occurred in 2003. Our certification originally was specifically

for the cocoa. However, since our farm is intercropped with fruit and vegetables, it meant that they were being organically produced too. In light of this, we also made application for certification for our fruit orchards, so at present our fruits are also organically certified. The certification of vegetables is much more rigorous, as strict crop rotation regimes must be adhered to. We are putting structures in place to prepare for the certification of our vegetables.

The world organic market has been growing by 20% a year since the early 1990s, with future growth estimates ranging from 10-50% annually depending on the country (www.wikipedia.org/wiki/organic_food). In the United States, organic food sales have grown by 17 to 20 percent a year for the past few years while sales of conventional food have grown at only about 2 to 3 percent a year. Unfortunately, the organic food market in Grenada is not well-established, but we believe that Belmont Estate is well positioned to orchestrate the development of the organic market in the island. Like in the rest of the world, our people have recognized the need to eat more wholesome, nutritious, tasty, healthy foods, unexposed to unhealthy environments and noxious chemicals. While there is the recognition of the health, safety, and environmental concerns, the demand has not been strong enough to drive the supply side to produce organically. While many farmers practice organic farming procedures, they are not certified as the certification process is prohibitively expensive for most farmers. Consequently, produce that are organically grown, at a cost about 10 to 30 percent more than conventionally grown crops, compete in the marketplace with conventional products with no price differentiation. It is my position that Belmont Estate is well positioned to be a pace-setter in establishing the market for

organic foods. First, we are certified and can sell our produce as certified organic. Second, we already have an established brand name as an agri-tourism destination that can be further identified as an organic foods producer. Third, we have our own retail and wholesale shop where we can market our organic products and set prices to differentiate from the conventionally grown crops.

As already stated, Belmont Estate is well positioned to enter the market in producing specialty foods. Of particular interest are condiments, jams, jellies, teas, and similar products that can be produced from the fruit of the estate. At present there is no structured program for production, and products are made on an ad-hoc inconsistent manner. We recognize the strong demand for these products, as visitors to Belmont Estate consistently ask for products to purchase, and when we produce and market small quantities, they disappear from the shelves in just a few days. We have retained the services of a chemist to assist us in the formulations for developing a series of value-added food products that we have identified.

We have recently commenced a goat dairy project, the first of its kind in Grenada, through the kind assistance and co-operation of The Grenada Project a local and U.S. registered non-profit. The Grenada Project has funded the construction, set up and stocking of the goat farm and dairy. The proposed project will plan and implement a training program for small agricultural farming through the establishment of a model goat farm and dairy in the agricultural sector that will serve as an educational base and extension service outreach for the island of Grenada. The plan is to enable farmers to produce top quality milk that can be bought by the dairy and utilized in the production of feta cheese, yogurt, and other specialty

products. These products will be available for sale at our produce shop; will be also utilized in food preparation at the café and restaurant; and will be sold in local supermarkets on the island. After the successful completion and running of the goat dairy project, The Grenada Project intends to utilize this as an example for developing another goat dairy facility for farmers in another part of the island. This facility will also serve as a tourism attraction that sustains and enhances the unique environment, culture, aesthetics and heritage of Grenada. It is available for guests to Belmont Estate to visit.

With the assistance of the food chemist we intend to develop a full line of value added food products that will be available for sale at Belmont Estate and at other retail establishments on the island. Non-food items, like cosmetics will also be explored.

3.3 Analysis of Porter's Five Competitive Forces

Adapting Porter's five forces of inter-firm competition to our industry, it gives the picture of one in which competition is low. The competitive forces analysis is made by the identification of five competitive forces: entry of competitors, threats of substitutes, bargaining power of buyers, bargaining power of suppliers and rivalry among existing players.

In analyzing the agritourism business, it is not easy for new entrants to enter the marketplace and start competing, at least not at the level of sophistication, and scale that we presently enjoy at Belmont Estate. A legitimate agricultural business is required, and to present it in such a way that it is interesting, and educationally edifying for visitors. While this is fairly easy to achieve, the challenge is to do so at the magnitude, scale, and professionalism, that a visitor would be interested in visiting the project. There are several

barriers that exist for new entrants developing such enterprises. They include: high start up costs; lack of funding from traditional financial institutions for farming projects; requirement of large acreages of land which is not readily available; shortage of labor for agricultural farm projects; the time required for the establishment a farming business, and the difficulty in creating a unique and varied product as we have. Further, in our jurisdiction, there are no farm subsidies from the government, and farming has been becoming an unattractive business for farmers interested in generating profits from farming alone. All of these factors are barriers to easy entry in the agri-tourism marketplace. Usually farmers already occupied in farming, choose to include tourism offerings as a means of supplementing income, rather than develop a new start up business. However, though our agricultural system was rooted in the plantation system, most large plantations have been subdivided into small farms. These small farms are unable to accommodate the rigors of tourist traffic, and further lack the resources to further develop their farms for agri-tourism.

Threat of substitutes is not a significant threat. Substitutes in our business could be another type of tourism enterprise, for example sports tourism, adventure tourism, or leisure or pleasure tourism. They usually threaten the business through price competition, making their products more affordable than of the status quo. To be a real threat to our business, these substitutes would have to offer a better quality of service at a better price, and would have to convince our customers to substitute. We enjoy a very loyal customer base who values the products and services they receive. Further, our product is so unique that it is not

just agricultural, but it is recreational, ecological and nature based. As such it provides each guest a variety of activities from which to choose.

Belmont Estate is unique in that it generates most of the supplies and raw materials it needs for the execution of the business internally so there are not a lot of competitive issues with regards to the bargaining power of suppliers. On the other hand, and for different reasons, the bargaining power of buyers also does not present significant competitive issues.

Because of the exclusivity and inimitability of Belmont Estate's product, it places us in a strong bargaining position, and weakens the bargaining position of the buyer. Since price is no longer a significant competitive factor, and because of the special nature of the product that we offer is, it leaves the buyer with little alternative on Grenada or any other Caribbean island. In this industry, there are many buyers and few sellers of a product as ours. We are able to differentiate ourselves in terms of our service, quality and variety of product offerings. The issue of switching costs is almost moot, as the buyers do not have many options for switching to other suppliers. In examining all these factors, the bargaining power of buyers for our business is weak.

The intensity of the rivalry for our business is correspondingly weak. Belmont Estate is the industry leader in agri-tourism enterprises in Grenada. It has positioned itself so that the business is not easily replicated by another, creating a near-monopolistic competitive environment. As the clear industry leader with a definite competitive advantage, it is incumbent on Belmont Estate to put strategies in place to sustain the competitive edge.

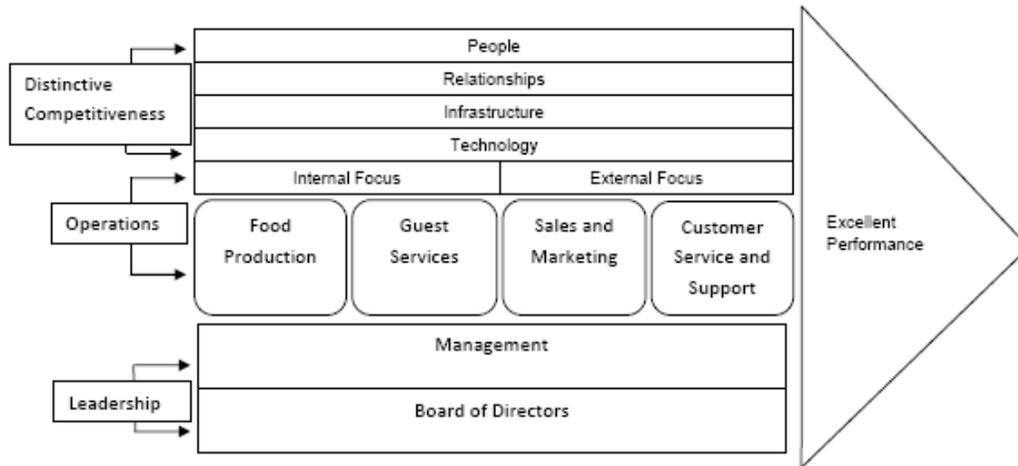
3.4 Functional Analysis

This section is the core of this strategic business plan where I will look at the marketplace gap that creates the environment for Belmont Estate to capitalize on the opportunity we define as our objectives and goals and specify the strategies to achieve the defined goals and objectives. I will also present an execution plan to address the role of management, staff, partners and customers.

The functional analyses are set within the framework of the company's value chain (Figure 3.1). I begin by looking at the company's resources, people, technology, infrastructure, relationships as creating the distinctive competitiveness. I will further analyze the operations of the business by examining the internal and external foci – food production, guest services, sales and marketing and customer service and support, to help us identify areas of strengths and weaknesses. It is my position, that after this analysis, and the identification of our strengths and weaknesses, I will be able to clearly define our strategy of twining our distinctive competitiveness and with the superior operations that we will develop to ensure outstanding performance, defined as fulfilling our vision and mission. The specific program includes our capacity to increase profits, and market share in the food production (to include organic and specialty goods) and the guest services relations for our agri-tourism business.

Figure 3.1: Value Chain Model

Value Chain Model for Functional Analysis



3.5 The Market Gap and Opportunities

The principal market gap driving Belmont Estate is the strong demand of interesting destinations for tourists and locals to visit. Foreign guests, though still primarily motivated by the ideal climatic conditions, pleasant scenery and good food, now require diversity, cultural and social enrichment as additional factors in destination choice. Local people also require safe, wholesome, fun, diverse, educational venues to visit with family and friends. Belmont Estate is the only tourism destination in Grenada that offers the visitor diversity in experiences and products to consume and enjoy. It is also peculiar in that it is probably the only venue that offers a capacity of about 250 seats for functions, thus the perfect choice for locals to have family parties, reunions, graduation functions and weddings. It is outstanding and unique, and fills the market gap as the best visitor destination for locals and tourists alike. It has been recognized as the clear industry leader and we intend to maintain this position for the long term.

The other market gap that we intend to fill is the gap for organic and specialty foods. At present, there is no clear industry leader in this segment, allowing us the opportunity to be poised to seize this position in this emerging market. Customers are becoming more discerning about consuming healthy foods that are ethically produced. Belmont Estate offers clear traceability in food preparation and handling, organic certification, fair labor standards, and environmental and social responsibility. We are well poised to position ourselves at the nexus of the entry point into this market place, sealing and maintaining our position as market leader for the long term.

3.6 Principal Objectives and Strategy by Functional Area

Belmont Estate's vision is to be premier destination of choice. Four functional areas together provide the framework for preparing the company to achieve its strategic vision. I have defined the principal corporate objectives around these functional areas to facilitate allocation of responsibilities, accountabilities, and resources. This approach also assists management in identifying and isolating critical areas of deficiency and how they are affect the overall performance of the company. The four functional areas are food production, guest services, sales and advertising and customer service and support.

I have indeed "inherited" a company that lacked management and leadership over the last four decades since the death of my grandfather in 1969. There was no formulation of a strategic direction of the company, no set goals or objectives, and no determination of the mission, vision or core values. As with any business, I believe the underlying focus of the business was merely the realization of an immediate profit. The responsibility is now mine to redirect and refocus the company. This would require monumental changes in the way

that we are accustomed to operating, and re-directing an entire management and staff to the new focus.

Already, we have put in adequate management and an organization structure to achieve this. (See figure 2.3). We have made the capital investments to improve and develop the business, by constructing new buildings, facilities and infrastructure and carefully and generously outfitting the same for our business purposes. What is needed is the total buy-in from management and staff, and their unwavering commitment to embrace the new corporate strategies, and the new way of thinking, to guarantee our success.

In this section we will also present the strategies to be implemented to achieve our objectives. It must be noted that these strategies are formulated to work together, and not independently, creating the right synergy and dynamics for the unit to work in harmony to achieve its strategic vision and mission.

3.6.1 Food Production

Food production at Belmont Estate as addressed in this thesis encompasses three profiles: food production on the farm; value added food production of specialty items like the organic chocolate, goat dairy products and confectionaries, jams, jellies and teas; and restaurant food production. In each of these areas, we need to address the issue of improving our quality, and quantity of product and being able to do so consistently. These are our objectives and strategies to achieve them for food production

The objectives of the food production enterprise are as follows:

- Increase yield per acre of crops based on the optimum yield for specific crops and resulting in a 100% increase in farm income over the next 10 years,
- Increase quality of crops,
- Diversify fields with other varieties of fruit and crops,
- Completely cultivate the entire estate with tree crops and food crops over the next three years, except for areas already kept as forest reserves,
- Institution of a food security program that aims at Belmont Estate being 95% sufficient in providing the restaurant with food, rice, wheat products and others that we are unable to produce locally.

The specific strategies we intend to pursue to achieve the foregoing objectives are as follows:

- Employ a more scientific and technological approach to farm development. Conduct research on better varieties of cocoa and nutmegs to re-plant fields, especially varieties with greater yields and shorter period from planting to harvesting, and other fruit and vegetable suitable for our farm.
- Improve organic farming practices, especially fertilizer application, disease prevention, field management and maintenance and crop rotation, where applicable.
- Improve post-harvesting handling of crops for improved quality

- Training, research and development are needed in all of the above areas to effectuate our strategy.

As of the writing of this thesis there has been no definite plan in place for the production of value added products on the estate. While certain products have been made intermittently as seasonal produce is available, there has been no planned production of same. It has become timely for this to be put in place. This can be done with small capital investment if the focus is to utilize fruit and vegetable material that are produced in surplus of the market demand, and using simple methods and procedures for processing that require basic equipment and little inputs. Initially the target market can be the visitors to the estate, with plans to expand to other tourist retail outlets on the island, and local supermarkets as well.

- To produce a line of about 50 products over the next five years branded under the Belmont Estate brand name for sale at the produce shop and on the domestic tourist market

Food Production for the Value Added Products – Strategies

- Develop unique recipes and formulas for the production of products utilizing fruits and vegetables already grown on the estate
- Commence with 15 products in year one, with a phased progression to 50 products by year five.
- Develop a small line of organic products over the next two years.

Restaurants are very dynamic environments where trends and tastes are constantly changing as consumers demand more diversity in flavor, presentation, and ingredients. To maintain market share, we must be able to satisfy customer demands and to offer a superior product. We must continue to develop our product so customers recognize our superior offerings.

The objectives for the food production going directly into the restaurant are as follows:

- Develop a line of foods that will be marketed as Belmont Estate specialty recipes,
- Develop a line of sauces to be used and marketed at the restaurant and sold in the produce shop,
- Constantly develop and improve recipes of foods that are prepared at the restaurant,
- Develop a full range of desserts and baked foods for restaurant, café and produce shop, to be consumed on site, and to be taken away,
- Maintain the highest standards in food preparation, quality and taste and to be compliant with HACCP hygiene standards.

The strategies that will be employed to achieve the objectives are:

- Continuous program of training of staff in food, pastry and dessert preparation.
- Form a small committee of food experts from outside the company to assist with the development of new recipes and performance assessment

- Engage the services of food tasting personnel that will periodically assess the food taste, preparation, presentation, etc.

3.6.2 Guest Services

The objectives of guest services are as follows:

- To consistently deliver to our customers exceptional service, always satisfying their expectations in the total visitor experience,
- To offer our guests the best destination on the island for food, agritourism activities, agricultural products with the greatest variety of visitor activities,
- To offer to locals the best destination for outstanding food, entertainment and activities for the entire family, and
- To consistently increase our total daily visitors to 150 visitors per day by 2015.

The following strategies will be pursued to achieve the objectives of guest services:

- To develop within our staff the organizational culture of exceptional customer service by educating and sensitizing them to our strategic direction and core values
- Constant training, education and development opportunities for management and staff.
- Develop and implement marketing strategy to address our objectives.

3.6.3 Sales and Marketing

Sales and Marketing will play a pivotal role in the success of this enterprise. While we may have developed the best agri-tourism on Grenada and in the Caribbean, it is of no value if it is not appropriately marketed to the world, so as to generate the recognition and the customers necessary to arrive at a position of profitability and to gain competitive advantage. It is thus imperative that a well-thought out marketing plan be implemented to attract the required customers and to help us realize our objectives. Specifically some of the objectives that we intend to achieve are:

- To increase our foreign visitors to Belmont to 30% of the total visitor arrivals to Grenada by 2010 and to maintain at that rate,
- To increase our local guests to Belmont to 25% of the population per annum by 2010, and to maintain at that rate,
- To increase our marketing of farm products, and all enterprises so that the public is aware of our comprehensive product offerings,
- To build our relationship with the media, tour operators, taxi drivers, hotel management and staff, local businesses, government, schools and churches, so that Belmont Estate is indelibly engraved in their minds as the first option for agri-tourism services, specialty foods, and any of the other services that we offer,
- To continue to market Belmont Estate as unique, differentiating us from the competition,

- To increase our visibility on the internet.

Sales and Marketing – Strategies

- To build a website that truly reflects the new direction of the company, our strategic direction, comprehensively lists all our products and services, and our charitable and social and environmental contributions as well.
- Foster a closer relationship with our strategic partners and customers by keeping them updated on our products, special events, services, and inviting feedback from them regarding our products and services from time to time.
- Increase our present advertising and marketing with more print, billboard and television presence. In particular, engage the media to cover our special events and to do features on the estate from time to time. We also need to capitalize on our special projects as news events allowing us free publicity for the business at the same time.
- We must properly brand our products and services distinctly as Belmont Estate. This brand must be synonymous with outstanding quality, service, products and experiences.

3.6.4 Customer Service and Support

Presently our customer service and support is quite weak. We have not put strategies and procedures in place to ensure that we give the customers all that they desire; neither do we have a consistent medium through which we can illicit feedback from them regarding their

suggestions, desires and complaints. Indeed, we believe that we provide an outstanding visitor experience for a guest, but aside from that, how do we communicate to our guests their value and importance to us? We recognize the shortcoming in our value chain and know how important it is to build and maintain strong relationships with our customers. Accordingly we have formulated the following objectives to provide our valuable customers with the appropriate level of service and support:

- Know who our customers are by developing a database of local and foreign customers.
- Develop personal relationships with our guests by doing follow up calls, sending cards on special occasions, and recognizing guests when they return.
- Recognize the value of customers, repeat customers, customer referral, and translate this into excellent delivery to customers at all time, and recognition of them when they visit. Make every visit to Belmont Estate a memorable one for each guest.
- Allow the guests an adequate forum to communicate with management and staff regards concerns, compliments or criticisms.

The strategies to be used to achieve the objectives of customer service and support are:

- Implement procedures to have tour guides and hostesses document all guests to include name, address, and necessary demographics.

- Institute a membership club whereby frequent visitors can have special privileges at Belmont.
- Develop a 100 % customer satisfaction policy by surveying guests twice a year to get feedback on quality, service, products, and visitor experience.
- Make available to the guests adequate mediums to communicate to us at Belmont via e-mail contact, website contact, telephone and traditional mail.

CHAPTER IV: FINANCIAL PROJECTIONS

4.1 Introduction

In this chapter, the financial projections emanating from the foregoing initiatives are presented. A key aspect of this plan is the financial evaluation of investment proposals, to ensure that the finances outlaid will guarantee future financial benefits.

The projections that will be presented are pro forma profit and loss for the business for 10 years, cash flow and projected balance sheet for the same period of time. However, prior to presenting the financial projections, we present the assumptions that have been explicitly made to produce these financials. Obviously, the changes in these assumptions provide a foundation for conducting scenario analysis while changes in the base values allow us to conduct sensitivity analyses of the outcomes. To determine the economic worth of the investment we will calculate the internal rate of return.

4.2 Assumptions

The company has to date borrowed the sum of \$3,300,000 Eastern Caribbean Dollars (approximately \$1.3 M USD) for the development and establishment of the agri-tourism business. I have allocated a portion of the debt to each business enterprise based on the level of capital that was injected therein. The percentage breakdown is as follows: 65% to tourism and 35% to the farm.

For the purpose of this thesis, we have formulated two separate pro forma income statements, one for the agriculture and the other for tourism. The individual enterprises that make up agriculture are the farm, dairy farm, and cocoa agency. The individual enterprises that comprise tourism are the restaurant, produce shop, conference centre, tours, café and museum. I have included in these discussions the underlying assumptions forecasted for the individual enterprises with agriculture and tourism, however, the income and expenses of the individual enterprises have been appropriately consolidated under the designations of agriculture or tourism.

For the café revenue has been projected to grow at 15 percent per annum over the period. Wages have been computed at 10 percent of income, Food and drink costs as 30 percent of income. For the Cocoa Agency revenue is projected at 12 percent every year for first 5 years then 10 percent each year thereafter. Cocoa wages based on 5 percent of cocoa sales. Salaries are fixed but are raised by 10 percent every three years. Various expenses are based on actual for last year and are increased by 5 percent every year thereafter.

The conference Center's revenue is projected to grow by 20 percent per year in the first 5 years, and then 10 percent annually thereafter. There are not salaries and wages attributed to this department as there is no staff assigned here. Staffing would be handled by administrative staff and have already been accounted for in the corporate expenses.

Variable expenses are estimated at 5 percent of sales.

The dairy farm is projected to sell 20 products per day (300 days in a year) at \$5 each. 15 percent for first 5 years then 10 percent growth per annum Variable costs rising by 5 percent per year

The farm's labor expenses are based on actuals and have been set to decrease over the next three years at 10 percent per year because the labor is very high, and needs to be decreased.

For the museum, there is no capital expenditure expense allocated for repayment by the museum as the museum was completely built and furnished by grant funds. I forecasted in increase in income of 15 percent annually for five years and thereafter an increase of 10 percent. There is a salary increase every three years of 10 percent.

For the restaurant I have projected the following: Sales annual increase by 25 percent up to 2014; top capacity 150 covers per day at \$50 should be reached by 2015 = \$2,225,000 per annum; Wages increased by 12 percent of income each year.

For tours, I projected that there will be a 15 percent increase in sales in first 5 years then 10 percent annual increase thereafter, leveling off by Year 10.

The financial forecast for Belmont Estate looks positive over the long term. The farm is by and large the greatest liability in the matrix, consistently operating at a loss over the next ten years, though decreasingly so. However, we cannot analyze the farm's performance separate and apart from the other enterprises, as it is the core and foundation on which all the other businesses are built. Instead, we must observe how the farm bolsters the positive

financial performance of the other enterprises, resulting in a turn around from loss to profit by year three.

4.3 Financial Projections

The financial projections have been performed for the next ten years, 2008-20017. The projections included are the following: Pro Forma Income Statement Projections for Agriculture presented in Table 4.1; Pro Forma Income Statement for Tourism presented in Table 4.2; Pro Forma Income Statement Consolidated for Agriculture & Tourism presented in Table 4.3; Pro Forma Balance Sheet Projections presented in Table 4.4; and Pro Forma Balance Cash Flow Projections presented in Table 4.5.

The pro forma income statement projection for agriculture shows the inherent challenge in this department of the difficult position of the business to take agriculture to a positive annual position of profitability. While the gross sales of the farm increases from \$660,000 in the first year to \$1,656,279 by year 10, the high wage and salary bill among other high costs invariably results in the farm's net income remaining negative for nine of the ten years. In year one the net income is -\$398,312 and fluctuates throughout the period though showing an increasing trend, and eventually making it to a positive net income of \$45,474 by year ten.

The tourism's department's net income position shows more variability than agriculture. The gross sales grows significantly over the 10 year period from \$898,000 in year one to \$3,541,742 in year 10, the net income position of the tourism department does not reflect

such consistent increase mostly because of the inclusion of high depreciation costs for replacement of assets. The net income position in year one is \$288,501, moving to \$92,540 in year ten.

The pro forma consolidated income statement reflects the consolidation of the agriculture and tourism components of the business, showing the net position of Belmont Estate for the period.

The pro forma balance sheet projections net the total assets and liabilities for the period.

The net annual positions remain between 19,000,000 and \$20,800,000 for the period.

The pro forma cash flow projections look at the uses of the cash by the company over the ten year period. The assumptions underlying the cash flow assumptions are the same used to construct the profit and loss statements. The cash flow position of the company moves from \$226,237 in year one to \$2,031,317 by year ten.

Table 4.1 Pro Forma Income Statement Projections – Agriculture 2008 – 2017

Belmont Estate (Agriculture Division)										
Pro Forma Income Statement Projections										
December 31 2008 - 2017										
Revenue	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross sales	\$ 660,000	\$ 735,000	\$ 818,580	\$ 911,728	\$ 1,015,545	\$ 1,131,261	\$ 1,244,387	\$ 1,368,826	\$ 1,505,708	\$ 1,656,279
Cost of Sales										
Total goods available	\$ 350,000	\$ 392,000	\$ 439,040	\$ 491,725	\$ 550,732	\$ 616,820	\$ 678,502	\$ 746,352	\$ 820,987	\$ 903,086
Total cost of goods sold	\$ 350,000	\$ 392,000	\$ 439,040	\$ 491,725	\$ 550,732	\$ 616,820	\$ 678,502	\$ 746,352	\$ 820,987	\$ 903,086
Gross profit (loss)	\$ 310,000	\$ 343,000	\$ 379,540	\$ 420,003	\$ 464,813	\$ 514,441	\$ 565,885	\$ 622,474	\$ 684,721	\$ 753,193
Operating Expenses										
Salaries and wages	\$539,100	\$503,800	\$472,624	\$458,891	\$465,664	\$469,913	\$488,904	\$513,266	\$518,064	\$523,342
Employee benefits	\$21,564	\$20,152	\$18,905	\$18,356	\$18,627	\$18,797	\$19,556	\$20,531	\$20,723	\$20,934
Advertising	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Operating expenses	\$ 565,664.00	\$ 528,952.00	\$ 496,528.96	\$ 482,246.52	\$ 489,290.75	\$ 493,709.20	\$ 513,460.11	\$ 538,796.38	\$ 543,786.28	\$ 549,275.16
General Administration										
Salaries and wages	\$ 41,440	\$ 41,440	\$ 41,440	\$ 47,656	\$ 47,656	\$ 47,656	\$ 54,804	\$ 54,804	\$ 54,804	\$ 54,804
Employee benefits	\$ 1,658	\$ 1,658	\$ 1,658	\$ 1,906	\$ 1,906	\$ 1,906	\$ 2,192	\$ 2,192	\$ 2,192	\$ 2,192
Insurance	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,888	\$ 4,888	\$ 4,888	\$ 5,621	\$ 5,621	\$ 5,621	\$ 5,621
Property taxes	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,888	\$ 4,888	\$ 4,888	\$ 5,621	\$ 5,621	\$ 5,621	\$ 5,621
Utilities	\$ 8,500	\$ 8,500	\$ 8,500	\$ 9,775	\$ 9,775	\$ 9,775	\$ 11,241	\$ 11,241	\$ 11,241	\$ 11,241
Depreciation and amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office supplies & postage	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,955	\$ 1,955	\$ 1,955	\$ 2,248	\$ 2,248	\$ 2,248	\$ 2,248
Interest	\$ 80,850	\$ 78,878	\$ 76,768	\$ 74,510	\$ 72,094	\$ 69,509	\$ 66,743	\$ 63,783	\$ 60,616	\$ 57,227
Total Expenses	\$ 708,312	\$ 669,627	\$ 635,094	\$ 627,823	\$ 632,452	\$ 634,285	\$ 661,930	\$ 684,307	\$ 686,130	\$ 688,230
Net income before taxes	\$ (398,312)	\$ (326,627)	\$ (255,554)	\$ (207,821)	\$ (167,639)	\$ (119,844)	\$ (96,045)	\$ (61,833)	\$ (1,408)	\$ 64,963
<i>Taxes on income</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,489
Net income after taxes	\$ (398,312)	\$ (326,627)	\$ (255,554)	\$ (207,821)	\$ (167,639)	\$ (119,844)	\$ (96,045)	\$ (61,833)	\$ (1,408)	\$ 45,474
Net Income (Loss)	\$ (398,312)	\$ (326,627)	\$ (255,554)	\$ (207,821)	\$ (167,639)	\$ (119,844)	\$ (96,045)	\$ (61,833)	\$ (1,408)	\$ 45,474

Table 4.2 Pro Forma Income Statement – Tourism – 2008 – 2017

Belmont Estate (Tourism Division)										
Pro Forma Income Statement Projections										
December 31 2008 - 2017										
Revenue	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross sales	\$ 898,000	\$ 1,083,600	\$ 1,309,720	\$ 1,585,599	\$ 1,922,650	\$ 2,318,134	\$ 2,801,960	\$ 3,260,673	\$ 3,392,331	\$ 3,541,742
Cost of Sales										
Total goods available	\$ 219,000	\$ 266,850	\$ 325,628	\$ 397,909	\$ 486,892	\$ 596,547	\$ 731,806	\$ 858,541	\$ 886,073	\$ 917,733
Total cost of goods sold	\$ 219,000	\$ 266,850	\$ 325,628	\$ 397,909	\$ 486,892	\$ 596,547	\$ 731,806	\$ 858,541	\$ 886,073	\$ 917,733
Gross profit (loss)	\$ 679,000	\$ 816,750	\$ 984,093	\$ 1,187,690	\$ 1,435,758	\$ 1,721,587	\$ 2,070,154	\$ 2,402,132	\$ 2,506,258	\$ 2,624,009
Operating Expenses										
Salaries and wages	\$ 115,800	\$ 118,050	\$ 120,638	\$ 138,133	\$ 141,555	\$ 145,490	\$ 166,654	\$ 171,858	\$ 177,843	\$ 184,726
Employee benefits	\$ 4,632	\$ 4,722	\$ 4,826	\$ 5,525	\$ 5,662	\$ 5,820	\$ 6,666	\$ 6,874	\$ 7,114	\$ 7,389
Advertising	\$ 15,000	\$ 15,000	\$ 15,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Total Operating expenses	\$ 135,432	\$ 137,772	\$ 140,463	\$ 168,658	\$ 172,217	\$ 176,310	\$ 198,320	\$ 203,733	\$ 209,957	\$ 217,115
General Administration										
Salaries and wages	\$ 71,680	\$ 71,680	\$ 71,680	\$ 82,432	\$ 82,432	\$ 82,432	\$ 94,797	\$ 94,797	\$ 94,797	\$ 94,797
Employee benefits	\$ 2,867	\$ 2,867	\$ 2,867	\$ 3,297	\$ 3,297	\$ 3,297	\$ 3,792	\$ 3,792	\$ 3,792	\$ 3,792
Insurance	\$ 12,750	\$ 12,750	\$ 12,750	\$ 14,663	\$ 14,663	\$ 14,663	\$ 16,862	\$ 16,862	\$ 16,862	\$ 16,862
Property taxes	\$ 8,500	\$ 8,500	\$ 8,500	\$ 9,775	\$ 9,775	\$ 9,775	\$ 11,241	\$ 11,241	\$ 11,241	\$ 11,241
Utilities	\$ 38,250	\$ 38,250	\$ 38,250	\$ 43,988	\$ 43,988	\$ 43,988	\$ 50,586	\$ 50,586	\$ 50,586	\$ 50,586
Depreciation and amortization	\$ 541,071	\$ 1,082,143	\$ 1,623,214	\$ 564,286	\$ 1,105,357	\$ 1,646,429	\$ 2,187,500	\$ 900,000	\$ 1,441,071	\$ 1,982,143
Office supplies & postage	\$ 6,800	\$ 6,800	\$ 6,800	\$ 7,820	\$ 7,820	\$ 7,820	\$ 8,993	\$ 8,993	\$ 8,993	\$ 8,993
Interest	\$ 150,150	\$ 146,487	\$ 142,568	\$ 138,375	\$ 133,888	\$ 129,087	\$ 123,950	\$ 118,454	\$ 112,572	\$ 106,279
Total Expenses	\$ 967,501	\$ 1,507,249	\$ 2,047,093	\$ 1,033,294	\$ 1,573,437	\$ 2,113,800	\$ 2,696,041	\$ 1,408,457	\$ 1,949,872	\$ 2,491,808
Net income before taxes	\$ (288,501)	\$ (690,499)	\$ (1,063,000)	\$ 154,396	\$ (137,679)	\$ (392,213)	\$ (625,886)	\$ 993,674	\$ 556,386	\$ 132,201
<i>Taxes on income</i>	\$ -	\$ -	\$ -	\$ 46,319	\$ -	\$ -	\$ -	\$ 298,102	\$ 166,916	\$ 39,660
Net income after taxes	\$ (288,501)	\$ (690,499)	\$ (1,063,000)	\$ 108,077	\$ (137,679)	\$ (392,213)	\$ (625,886)	\$ 695,572	\$ 389,470	\$ 92,540
Net Income (Loss)	\$ (288,501)	\$ (690,499)	\$ (1,063,000)	\$ 108,077	\$ (137,679)	\$ (392,213)	\$ (625,886)	\$ 695,572	\$ 389,470	\$ 92,540

Table 4.3 Pro Forma Income Statement – Consolidated Agriculture & Tourism – 2008 – 2017

Belmont Estate										
Pro Forma Income Statement Projections - Consolidated Agriculture & Tourism										
December 31 2008 - 2017										
Revenue	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross sales	\$ 1,558,000	\$ 1,818,600	\$ 2,128,300	\$ 2,497,327	\$ 2,938,195	\$ 3,449,395	\$ 4,046,347	\$ 4,629,499	\$ 4,898,039	\$ 5,198,021
Cost of Sales										
Total goods available	\$ 569,000	\$ 658,850	\$ 764,668	\$ 889,634	\$ 1,037,624	\$ 1,213,367	\$ 1,410,307	\$ 1,604,893	\$ 1,707,059	\$ 1,820,819
Total cost of goods sold	\$ 569,000	\$ 658,850	\$ 764,668	\$ 889,634	\$ 1,037,624	\$ 1,213,367	\$ 1,410,307	\$ 1,604,893	\$ 1,707,059	\$ 1,820,819
Gross profit (loss)	\$ 989,000	\$ 1,159,750	\$ 1,363,633	\$ 1,607,693	\$ 1,900,571	\$ 2,236,028	\$ 2,636,040	\$ 3,024,606	\$ 3,190,979	\$ 3,377,202
Operating Expenses										
Salaries and wages	\$ 654,900	\$ 621,850	\$ 593,262	\$ 597,024	\$ 607,219	\$ 615,403	\$ 655,558	\$ 685,124	\$ 695,907	\$ 708,068
Employee benefits	\$ 26,196	\$ 24,874	\$ 23,730	\$ 23,881	\$ 24,289	\$ 24,616	\$ 26,222	\$ 27,405	\$ 27,836	\$ 28,323
Advertising	\$ 20,000	\$ 20,000	\$ 20,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Total Operating expenses	\$ 701,096	\$ 666,724	\$ 636,992	\$ 650,905	\$ 661,508	\$ 670,019	\$ 711,780	\$ 742,529	\$ 753,743	\$ 766,390
General Administration										
Salaries and wages	\$ 113,120	\$ 113,120	\$ 113,120	\$ 130,088	\$ 130,088	\$ 130,088	\$ 149,601	\$ 149,601	\$ 149,601	\$ 149,601
Employee benefits	\$ 4,525	\$ 4,525	\$ 4,525	\$ 5,204	\$ 5,204	\$ 5,204	\$ 5,984	\$ 5,984	\$ 5,984	\$ 5,984
Insurance	\$ 17,000	\$ 17,000	\$ 17,000	\$ 19,550	\$ 19,550	\$ 19,550	\$ 22,483	\$ 22,483	\$ 22,483	\$ 22,483
Property taxes	\$ 12,750	\$ 12,750	\$ 12,750	\$ 14,663	\$ 14,663	\$ 14,663	\$ 16,862	\$ 16,862	\$ 16,862	\$ 16,862
Utilities	\$ 46,750	\$ 46,750	\$ 46,750	\$ 53,763	\$ 53,763	\$ 53,763	\$ 61,827	\$ 61,827	\$ 61,827	\$ 61,827
Depreciation and amortization	\$ 541,071	\$ 1,082,143	\$ 1,623,214	\$ 564,286	\$ 1,105,357	\$ 1,646,429	\$ 2,187,500	\$ 900,000	\$ 1,441,071	\$ 1,982,143
Office supplies & postage	\$ 8,500	\$ 8,500	\$ 8,500	\$ 9,775	\$ 9,775	\$ 9,775	\$ 11,241	\$ 11,241	\$ 11,241	\$ 11,241
Interest	\$ 231,000	\$ 225,365	\$ 219,336	\$ 212,885	\$ 205,982	\$ 198,596	\$ 190,693	\$ 182,237	\$ 173,188	\$ 163,507
Total Expenses	\$ 1,675,812	\$ 2,176,877	\$ 2,682,187	\$ 1,661,117	\$ 2,205,889	\$ 2,748,085	\$ 3,357,971	\$ 2,092,764	\$ 2,636,001	\$ 3,180,038
Net income before taxes	\$ (686,812)	\$ (1,017,127)	\$ (1,318,555)	\$ (53,424)	\$ (305,318)	\$ (512,057)	\$ (721,931)	\$ 931,842	\$ 554,978	\$ 197,164
Taxes on income	\$ -	\$ -	\$ -	\$ 46,319	\$ -	\$ -	\$ -	\$ 298,102	\$ 166,916	\$ 59,149
Net income after taxes	\$ (686,812)	\$ (1,017,127)	\$ (1,318,555)	\$ (99,743)	\$ (305,318)	\$ (512,057)	\$ (721,931)	\$ 633,739	\$ 388,062	\$ 138,015
Net Income (Loss)	\$ (686,812)	\$ (1,017,127)	\$ (1,318,555)	\$ (99,743)	\$ (305,318)	\$ (512,057)	\$ (721,931)	\$ 633,739	\$ 388,062	\$ 138,015

Table 4.4 Pro Forma Balance Sheet Projections – 2008 – 2017

Belmont Estate										
Pro Forma Balance Sheet Projections										
December 31 2008 - 2017										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Current Assets										
Cash	\$ (226,237)	\$ (21,115)	\$ 212,499	\$ 412,250	\$ 694,525	\$ 1,021,471	\$ 1,344,765	\$ 1,702,582	\$ 1,857,741	\$ 2,031,317
Accounts Receivable	\$ 37,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Inventory	\$ 70,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Stocks & Investments	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total Current Assets	\$ (69,237)	\$ 168,885	\$ 402,499	\$ 602,250	\$ 884,525	\$ 1,211,471	\$ 1,539,765	\$ 1,897,582	\$ 2,052,741	\$ 2,226,317
Fixed Assets										
Land	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000
Buildings	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
Depreciation	\$ 112,500	\$ 225,000	\$ 337,500	\$ 450,000	\$ 562,500	\$ 675,000	\$ 787,500	\$ 900,000	\$ 1,012,500	\$ 1,125,000
Vehicles	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Depreciation	\$ 28,571	\$ 57,143	\$ 85,714	\$ 114,286	\$ 142,857	\$ 171,429	\$ 200,000	\$ -	\$ 28,571	\$ 57,143
Equipment, furniture and fixtures	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Depreciation	\$ 400,000	\$ 800,000	\$ 1,200,000	\$ -	\$ 400,000	\$ 800,000	\$ 1,200,000	\$ -	\$ 400,000	\$ 800,000
Total Fixed Assets	\$ 20,858,929	\$ 20,317,857	\$ 19,776,786	\$ 20,835,714	\$ 20,294,643	\$ 19,753,571	\$ 19,212,500	\$ 20,500,000	\$ 19,958,929	\$ 19,417,857
Total Assets	\$ 20,789,691	\$ 20,486,742	\$ 20,179,285	\$ 21,437,964	\$ 21,179,167	\$ 20,965,042	\$ 20,752,265	\$ 22,397,582	\$ 22,011,670	\$ 21,644,174
Current Liabilities										
Accounts Payable	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Short-Term Bank Loan Payable	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total Current Liabilities	\$ 65,000									
Long Term Liabilities										
Long-Term Notes Payable	\$ 80,497	\$ 86,131	\$ 92,161	\$ 98,612	\$ 105,515	\$ 112,901	\$ 120,804	\$ 129,260	\$ 138,308	\$ 147,990
Total Liabilities	\$ 145,497	\$ 151,131	\$ 157,161	\$ 163,612	\$ 170,515	\$ 177,901	\$ 185,804	\$ 194,260	\$ 203,308	\$ 212,990
Capital:										
Owner's Equity	\$ 20,644,194	\$ 20,335,610	\$ 20,022,124	\$ 21,274,352	\$ 21,008,653	\$ 20,787,142	\$ 20,566,462	\$ 22,203,322	\$ 21,808,361	\$ 21,431,184
Total Liabilities + Owner's	\$ 20,789,691	\$ 20,486,742	\$ 20,179,285	\$ 21,437,964	\$ 21,179,167	\$ 20,965,042	\$ 20,752,265	\$ 22,397,582	\$ 22,011,670	\$ 21,644,174

Table 4.5 Pro Forma Cash Flow Projections – 2008 – 2017

Belmont Estate										
Pro Forma Cash Flow Projections										
December 31 2008 - 2017										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash Inflow										
Income	\$ 989,000	\$ 1,159,750	\$ 1,363,633	\$ 1,607,693	\$ 1,900,571	\$ 2,236,028	\$ 2,636,040	\$ 3,024,606	\$ 3,190,979	\$ 3,377,202
Cash Outflow										
Total Expenses	\$ 1,675,812	\$ 2,176,877	\$ 2,682,187	\$ 1,661,117	\$ 2,205,889	\$ 2,748,085	\$ 3,357,971	\$ 2,092,764	\$ 2,636,001	\$ 3,180,038
Depreciation	\$ (541,071)	\$ (1,082,143)	\$ (1,623,214)	\$ (564,286)	\$ (1,105,357)	\$ (1,646,429)	\$ (2,187,500)	\$ (900,000)	\$ (1,441,071)	\$ (1,982,143)
Principal Payment	\$ 80,497	\$ 86,131	\$ 92,161	\$ 98,612	\$ 105,515	\$ 112,901	\$ 120,804	\$ 129,260	\$ 138,308	\$ 147,990
Total Cash Outflow	\$ 1,215,237	\$ 1,180,865	\$ 1,151,133	\$ 1,195,443	\$ 1,206,046	\$ 1,214,557	\$ 1,291,275	\$ 1,322,024	\$ 1,333,238	\$ 1,345,885
Cash Position	\$ (226,237)	\$ (21,115)	\$ 212,499	\$ 412,250	\$ 694,525	\$ 1,021,471	\$ 1,344,765	\$ 1,702,582	\$ 1,857,741	\$ 2,031,317

CHAPTER V: SUMMARY AND CONCLUSION

Belmont Estate has positioned itself to maintain the position of industry leader in the agri-tourism sector in the Caribbean and to be further recognized as a world leader. The core agricultural business has set the foundation for the tourism business, and given a platform for the grounding of several enterprises within this business that merge to create a unique agri-tourism product.

Belmont Estate has clearly defined its vision and mission and core values, and has put in place a strategic plan for the future, that will result in it achieving its goals. The objective is not only to earn the position of competitive advantage but to sustain it for the long term. To sustain this position Belmont Estate must differentiate itself from the competition by developing and maintaining exceptional buyer utility, ensuring that pricing meets demand of customers, developing and maintaining new and innovative products, services & programs, and exceeding customers expectations by giving our customers value that they can receive no where else.

There are several challenges that Belmont Estate faces, many being caused by external factors. These factors like government policies, natural disasters, economic conditions at domestically and internationally, the strength of the U.S. dollar, world food crisis, threats of terrorism may all affect agricultural and / or tourism enterprises. Belmont Estate is beginning to position itself to better address these uncertainties by putting special strategies in place. For example, developing our product more in line with the desires of our local customers, and marketing hard at home to develop a strong local customer base, will soften the impact of external conditions that could result in a decrease of international business. Growing more diverse food products to gain self-sufficiency for the restaurant, and the product, and establishing a food security program, also

insulates the impact of the world food and economic crises. Belmont Estate must continue to assess the challenges and risks associated with the business and put regimes in place to prevent or handle them.

I am happy to be in a position to steer this business to prosperity, upholding the legacy of my grandparents and making a valuable contribution to our shareholders, employees, community and nation at the same time. The completion of this Agri-business degree has brought real value to me in term of business management, and strategy, that I will be able to utilize in moving the company to its new strategic landmark and financial goals.

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