



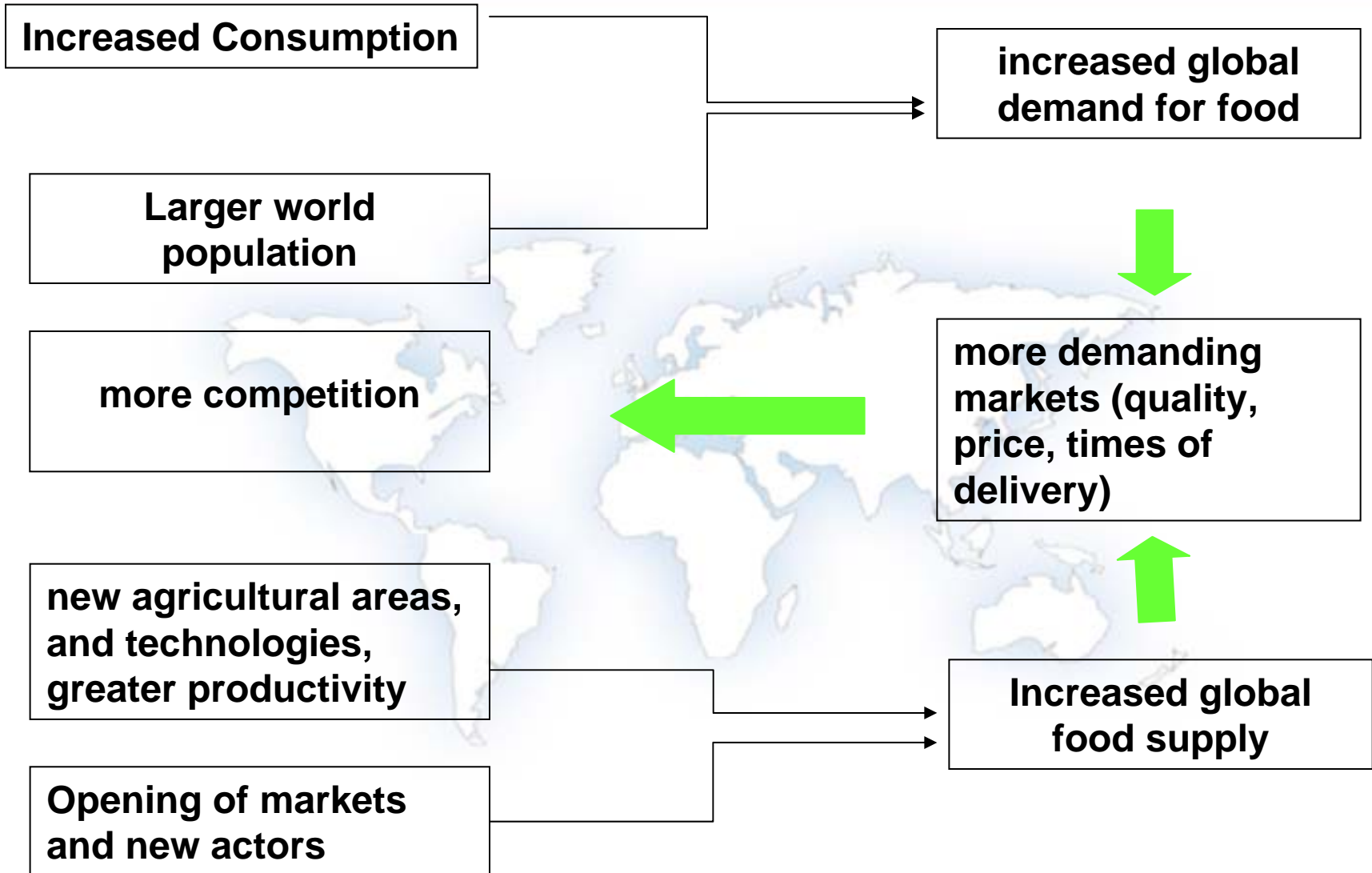
# **COURSE IN AGRIBUSINESS MANAGEMENT FOR PRODUCERS' ASSOCIATIONS**

## **Module 3: Planning in producers' associations**

### **Unit 2: Planning: a key factor for competitiveness**



# CONTEXT



# PRODUCERS' ASSOCIATIONS



## NEEDS

**increase production through organisation**

**reduce costs by collective bargaining on inputs**

**formalisation**

**planning facilitates to satisfy those needs**

**competitiveness**





# PLANNING CONCEPT



**“PLANNING CAN BE DEFINED AS THE ART AND TECHNIQUE OF SELECTING THE BEST AVAILABLE OPTIONS FOR DECISIONS AFFECTING FUTURE ENVIRONMENT. IT IS A METHODOLOGY FOR THE SELECTION OF ALTERNATIVES”**



# IMPORTANCE OF FARM PRODUCTION PLANNING



**Planning allows to assign a production starting date for each product.**

**Production quotas may be assigned to every member of the association in line with the member's production and human resources in order to achieve the commitments with the market .**



# IMPORTANCE OF PLANNING

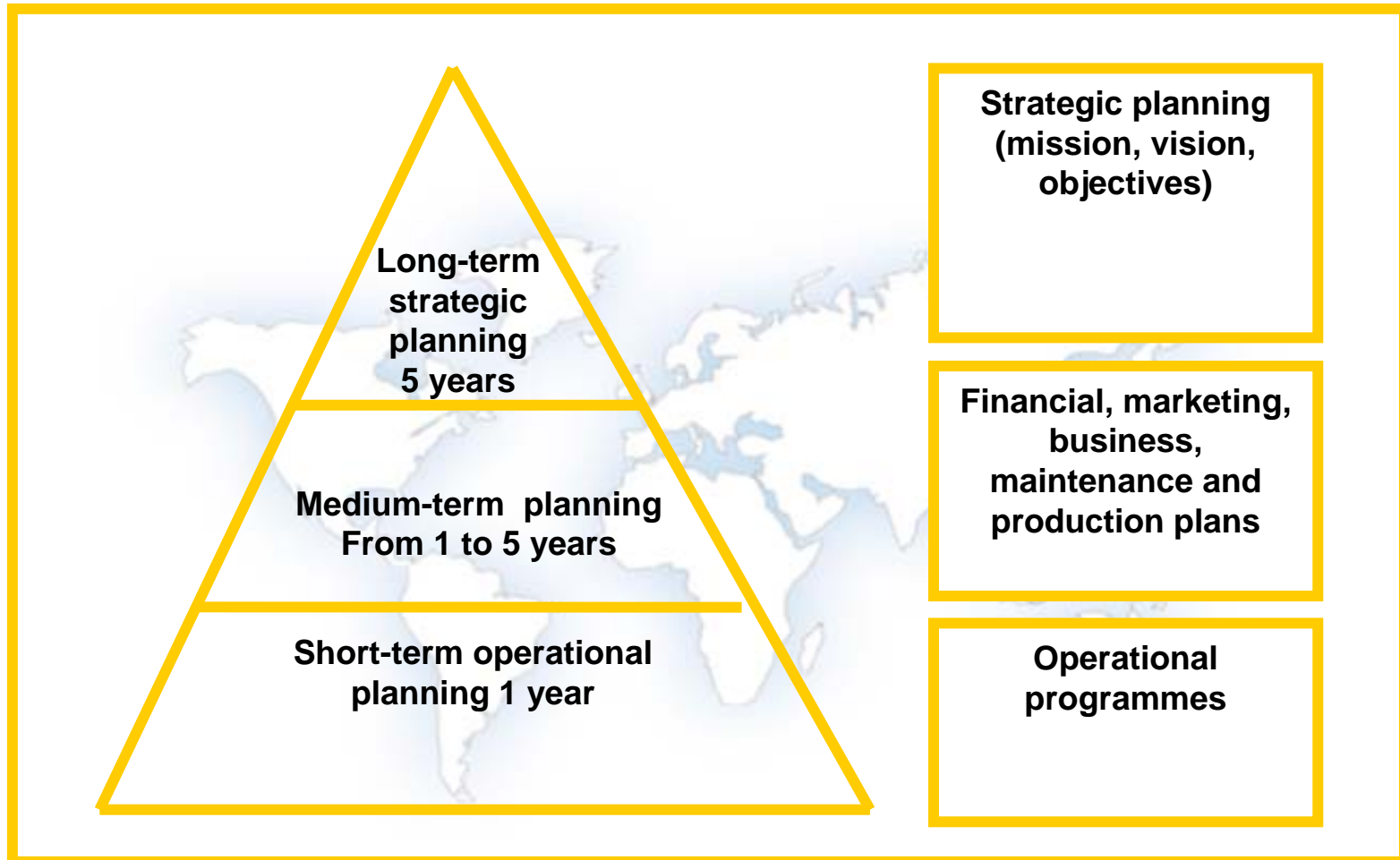


**It allows to define:**

- volume and moment at which the products are processed, taking into account the resources available to agribusiness;**
- production times and volumes according to the installed capacity and/or existing inventories.**



# Planning levels





# STRATEGIC PLANNING



**Long-term strategic planning is a powerful tool for diagnosis, analysis, discussion and collective decision-making in an organisation, in order to adapt itself to changes and demands of the environment and to obtain the maximum of efficiency and quality in its operations.**

Long term vision.....



# AGGREGATE PLANNING



**Is a tool used by producers' associations (in a period of 6 to 18 months) to develop production plans which include production targets regarding labour, inputs, machinery, stock levels, capital, and infrastructure needed to cover the demand of a specific market.**

**Medium-term vision....**



# Medium-term planning steps



- 1. DESIGNING OF A MARKET-ORIENTED SALES PLAN WHICH INDICATES PERIODICAL SALES TARGETS;**
- 2. COMBINING INDIVIDUAL PRODUCTION FORECASTS BY ASSOCIATION MEMBERS INTO TOTAL PRODUCTION;**
- 3. USING THE ESTIMATED TOTAL PRODUCTION VOLUME TO CALCULATE LABOUR, RAW MATERIAL, MACHINERY AND FINANCE REQUIREMENTS;**



## Medium-term planning steps (2)



4. **DEVELOPING STRATEGIES TO MEET PRODUCTION SHORTFALLS WHERE SALES CONTRACTS HAVE BEEN COMMITTED .**
5. **SELECTING THE BEST ALTERNATIVE TO OPTIMISE THE USE OF SCARCE RESOURCES IN ACCORDANCE WITH THE ASSOCIATION'S OBJECTIVES AND OPERATIONAL CAPACITY.**



# Operational or short-term planning



**It is a tool that allows to plan production for a period (less than a year), concerned with how to schedule production in order to meet agreed contract volumes and qualities .**

**Short-term vision....**



# Short-term planning steps



- 1. consider the total demand of all sources of products.**
- 2. assign orders to spaces in the production**
- 3. make delivery commitments with the clients**
- 4. Estimate number of workers, amount of raw material and supplies.**



# Example: Short term planning



**Production of 24,000 jars of blackberry jam for a 6 month period.**

Volume	Deliver periods	Production time	Hours/ man	Kg (blackberry)	Kg (sugar )
24000 jars (6 000 Kg)	Semester	120 days (960 hours)	1920	3600	3600
4000 jars (1000 Kg)	Monthly	20 days (160 hours)	480	600	600
1000 jars (250 Kg)	Weekly	5 days (40 hours)	80	150	150
200 jars (50 Kg )	Daily	1 day (8 hours)	16	30	30



# FARM PRODUCTION PLANNING



**“aims at planning the management and conservation of natural resources (in terms of space and time) considering the available resources and the conditions of the environment. “**



# Steps in farm production planning



- **Taking stock of existing resources: It is important to classify and quantify existing natural resources (water, land), capital resources (tools, farm machinery, inputs, planting material), and human resources and financial resources (equity, credit). This information needs to be systematised.**



# Steps for farm production planning (3)



- **Listing essential resources not currently available: It is necessary to measure the natural, capital, human and financial resources necessary to fulfil production commitments and to determine which extra resources are required.**



# Steps for farm production planning (4)



- **Preparing activity schedules:**
- **An “activity-time-resources”-matrix specifies dates on which production activities need to be carried out and also indicates which resources are to be used.**
- **matrix will become core of the planning process. One matrix needs to be developed for every production\_unit.**



# Steps for farm production planning (5)



- **Drawing up an integrated production plan:**
- **considers individual schedules of activities and its aim is to assign a production start date for each product.**
- **takes into account available production resources for each production unit and matches sales commitments and agreed delivery schedules.**
- **makes provisions for unforeseeable negative climatic conditions such as frost, rain, flooding or drought and its effects on production and harvesting activities.**



# Steps for planning agro-processing activities (1)



- **Description of existing resources: Available production resources have to be classified and quantified. It is important to detail existing capital equipment such as machinery, energy and water resources as well as raw material, human and financial resources. An inventory helps to systemise existing resources.**



# Steps for planning agro-processing activities (2)



- **Mapping agro- processing activities:** Flowcharts for each process need to be prepared including remaining material and production time commitments.
- **Assessing required resources which are not available:** Raw material, human, capital and financial resources required for the proposed production activity and to determine which resources are required in order to analyse how to secure them.



# Steps for planning agro-processing activities (3)



- **Setting up an integrated production plan:** The sales plan indicates delivery schedules and product specifications. An integrated production plan defines the manufacturing and delivery dates, endeavouring as far as possible to minimise inventories of raw materials, as well as materials being processed and finished products.
- **Drawing up activity schedules:** A detailed schedule of activities needs to be drawn up incorporating information from the production plans. An activity-time-input volume-cost matrix also is necessary.



**Extend your information by  
consulting the course  
materials, the module, and the  
reading handbook.**

***Get started now, and have fun!***