Estimating Projected Revenue and Member Income without a Business Plan

This worksheet will help guide the process for creating realistic projections for the anticipated increases in the organization's annual sales revenue and its members' incomes. This can be used for new groups or old USADF grantees that do not have up-to-date business plans with financial projections.

1) Organization's annual sales revenue – consider the following:

- Where does your organization's income come from? Sales of _____ (e.g. maize flour)
- How much product did your organization produce and sell last year? (specific quantity in kg or tons)
- What is the average sales price for this product? Does the price vary depending on time of year or other qualities? Is it expected to change in the next two years?
- What potential grant activities will create changes in the amount or quality of product sold? *(Examples include: new construction/equipment; increased hectares under production; increased yields due to using new plant/seed varieties, practices, or fertilizers; organic certifications; new production or processing techniques; connections to new buyers; improved storage; etc.)*
- Use these inputs to estimate future sales revenues for each year. For example, for Year 1: Last year's yield multiplied by (1 + increase in yield (%) in Year 1) multiplied by price = sales revenue for Year 1.
- Be sure to consider any changes in the amount/type/quality of goods produced and sold, and when they will take into effect, when calculating changes in sales revenues each year. Be conservative! Use this information to fill out the table:

Organization's Annual Sales Revenues (in Local Currency):

Baseline Year	Project Year 1	Project Year 2	Project Year 3	Project Year 4

Explanation of how the future projections were calculated:

2) Farmers' annual income – consider the following:

- How many farmers (members or non-members) sold their product through the organization or earned income through the organization last year? (Number of men and number of women)
- What product(s) do they sell to or through the organization?
- What price do the farmers receive for these products? (25 francs per 1 kg, for example)
- What was the amount of product(s) purchased by (or sold through) the organization last year?
- What was the average individual farmer income (amount purchased by the organization divided by number of farmers)?
  If amount sold is not available, estimate the average baseline income based on: (number of hectares under production multiplied by average yield per hectare multiplied by price) divided by number of farmers.
- Alternatively, multiply: farmers' income last year multiplied by (1 + estimated % increase in production)
- Use these inputs to estimate farmers' future income (all active farmers collectively). Repeat for each year. Use this information to fill out the table:

Farmers' Annual Income (in Local Currency):

Baseline Year	Project Year 1	Project Year 2	Project Year 3	Project Year 4

Explanation of how the future projections were calculated:

Sales Revenues Example:

Helping Hands Maize Cooperative purchases, bulks, and resells maize in the main market in town. Last year, HHMC bought 500,000 kgs of maize from farmers (members and non-members). They sold all the maize they bought at a price of 100 shillings per kg. The sales revenue last year was 50,000,000 shillings. This is the baseline year.
HHMC plans to use grant funding to purchase improved seeds and fertilizers. They will also build a large storage warehouse.

In year 1, HHMC expects to see a 5% improvement in yields but the warehouse will not yet be built. With their current storage, they can accommodate an increase of 2%. The prices have not changed since the baseline year. Year 1 sales revenues are expected to be: 50,000,000 multiplied by 1.02 = 51,000,000 shillings.

In year 2, the warehouse will be built and HHMC will be able to store everything their farmers produce. The yield is the same as last year and prices have increased by 20 shillings per kg. Year 2 sales revenues are expected to be: 500,000 multiplied by 1.05 multiplied by 120 shillings per kg = 63,000,000 shillings.

Repeat this process for years 3 and 4.

Farmers' Income Example:

The maize farmers selling to HHMC received a price in the baseline year of 80 shillings per kg. In the baseline year, they sold a total of 500,000 kgs of maize to HHMC. Total farmer income in the baseline year was: 80 multiplied by 500,000 = 40,000,000 shillings.
Alternatively, if you don't know how much maize the farmers produced in total, estimate by number of hectares and average yield per hectare. There are 500 farmers selling to HHMC and each one farms on 1 hectare. A farmer can produce an average of 1,000 kgs per hectare. So, the total yield is: 500 farmers multiplied by 1 hectare per farmer multiplied by 1,000 kgs per hectare = 500,000 kgs. Famer income in the baseline year is then 500,000 kgs multiplied by 80 shillings per kg = 40,000,000 shillings.

In year 1, with the improved seeds and fertilizers, farmers increase their yields by 5% but HHMC is only able to purchase 2% more due to storage constraints. So, the expected total farmer income increases by 2%: 40,000,000 shillings multiplied by 1.02 = 40,800,000 shillings.

In year 2, using the same seeds and fertilizers, the farmers can grow the same amount as in year 1. HHMC has finished building their storage warehouse and is able to purchase all the maize the farmers produce, which is a 5% increase on the baseline amount of 500,000 kgs. So, the expected total farmer income is: 500,000 kgs multiplied by 1.05 multiplied by 80 shillings = 42,000,000 shillings.

Repeat this process for years 3 and 4.