



**AgroNut: The business plan for establishing hazelnut orchards in Azerbaijan.**

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## **EXECUTIVE SUMMARY**

Hazelnuts provide a unique and delectable flavour to various meals, such as chocolate, spreads, and coffee. They contain several beneficial elements, such as protein and vitamins. Hazelnut oil serves as both a biofuel and a cooking oil. Moreover, hazelnut trees have several promising benefits for the surrounding ecology. Hazelnuts are grown in many countries, with Turkey, the United States, Italy, Spain, and Greece leading the way.

Moreover, Azerbaijan is one of the world's major hazelnut producers. It is one of the most profitable agricultural exports for the country. Azerbaijan has a diverse hazelnut farming industry that yields a variety of cultivars. Ashrafli, Ghalib, Ganja, and Atababa have a distinctive flavour and 68.22% oil; Topgara and Sachagly have enormous kernel diameters and contain 50% oil. Atababa is the most extensively grown cultivar in Azerbaijan, accounting for more than 75% of total output. This type is popular among consumers because of its mild, exotic flavour and vibrant colour.

Azerbaijan has grown 52 thousand tons of in-shell hazelnut and succeeded in keeping its third place in the world with a 6% share after Turkey (58%) and Italy (15%) in 2018. (Nut Soil, 2020)

Considering the recent rise in the hazelnut industry in Azerbaijan, I decided to investigate the potential of creating a hazelnut orchard. To set up an orchard, you need to clear the land, put in a drip irrigation system, store fertiliser, choose high-yielding cultivars, and make water treatment systems. We are committed to employing devoted professionals that can quickly adjust to industry, market, and client preferences changes. Our long-term objective is to become Azerbaijan's leading producer and exporter of hazelnuts. To meet our company's objectives, we have built efficient operational procedures.

In the "Introduction" section of my business plan, I presented a historical framework for the industry, an analysis of the market's current situation, possible development areas, and our recommended strategy for putting the firm into action.

In the second section, "Company Description," I outlined the company's desired description, including its vision, mission, and core values, which would set it apart from the competitors. After assessing suitable places for a hazelnut garden and discussing how to build the facility, I provided information about the wide variety of hazelnut varieties and classifications that may be produced and exported to various countries worldwide. Also, I discussed my intentions for the firm's medium- and long-term growth. While developing the mentioned business plan, I considered the ethical and legal problems that may arise from operating this company.

In the third "Market and Competitors Analysis" section of this business plan, several analyses, such as PESTEL, Porter's five forces, SWOT, VRIO, and the business model CANVAS, will be discussed. In addition, I determined customer expectations in this industry and market, which I believed was crucial to the success of this business. With the introduction of new technology, the utilisation of advanced agricultural knowledge and skills by small and medium-sized farmers to improve hazelnut quality, and the construction of storage facilities, the market is anticipated to increase substantially.

In the fourth part, under "Organization and Management," I detailed our management philosophy, human resource procedures, and organisational structure. We anticipate beginning with a modest staff once the company is operational. Most of the work at the facilities will be performed by the management, those who operate the machines, and the labour force. A healthy work atmosphere is crucial to the growth of our organisation. In this respect, I propose his thoughts on the ideal workplace and the organisation's future operations. Taking the branding and marketing

plan into account, we will set the brand's parameters. All of these elements contribute to clients' first perception of the firm.

The financial estimates and analysis in the fifth part of the business plan are one of the most critical parts. It is essential to assess if it is viable to begin the business and how it can be funded, whether investors would be interested, and whether the company can be financially managed effectively. I computed the total start-up charges and listed each expense. Projections predict that 497,945 AZN will be required. I intend to fund the project through shareholder equity. Given that the company's fourth year of operation should generate 383,353 AZN in revenue, this aim seems reasonable.

Lastly, I discussed potential threats to the organisation and how we aim to prevent them. Every business must take into account the possibility of bankruptcy. Having a prepared contingency plan may aid company owners in weathering any storm. Investors will desire an exit plan in the scenario in which the business fails, or the owner decides to quit. These strategies will be discussed in the last section of the detailed plan.

# **1. INTRODUCTION**

## **1.1 Background**

Azerbaijani hazelnut entered the world market in the 1930s by constructing a fully equipped nut processing plant in Zagatala (together with Gabala and Gakh regions). Although many geopolitical and economic events that took place over the past century negatively impacted the development of this field in Azerbaijan, the country has become one of the world's most crucial hazelnut-producing countries in recent years.

Consequently, this plan outlines the actions needed to establish a business in Azerbaijan. We want to plant hazelnut orchards in Azerbaijan and sell the nuts to other countries. Hazelnuts appear in many exquisite cuisines, including cakes, muffins, chocolate dishes, pralines, and pastries, and are thus in great demand. Furthermore, because of their ability to increase a country's export capability, hazelnuts are in great demand in Azerbaijan. Since Azerbaijan is among the top five exporters of hazelnuts globally, it is sustainable to begin our hazelnut garden business there.

Agriculture is an integral component of society because the stability and affluence of agricultural produce are vital to human well-being. As a major supplier of industrial inputs and food, a source of foreign currency, a contributor to GDP, and a creator of new employment and markets for industrial products, the sector is crucial to economic growth. The agricultural sector is vital to the Azerbaijani economy since it employs most of its labour force. Therefore, hazelnut cultivation is a lucrative source of income for the nation, which has attracted the interest of several non-governmental organisations (NGOs). In 2017, the export of hazelnuts generated around \$150 million and 50,000 tons were produced. About 200 hazelnut trees populate one hectare of the orchard, which generates between 6,000 and 7,000 Manats each year. NGOs also provide agricultural inputs and other grants; such interventions are expected to result in higher productivity

and sustainability as farmers gain knowledge of contemporary production techniques and are empowered with subsidised production inputs. (MDPI, 2019)

Azerbaijan intends to increase its exports of nuts and hazelnuts by using its enormous and diversified natural resources. Azerbaijan has an optimum environment and ecology for growing and harvesting hazelnuts. Hazelnuts are in high demand due to their ability to increase a country's food supply. Producing hazelnuts is a profitable business because of its export potential and strong yields inside the country. This emphasises the importance of Azerbaijan's hazelnut orchards, which may increase exports and generate financing for enterprises.

## **1.2. Opportunity**

The oil sector is essential to the economy and market of Azerbaijan. Due to the abundance of energy supplies, substantial funds are being injected into the economy. Consequently, the non-oil industry's competitiveness declined. 54% of the nation's gross domestic product and 94% of its exports are derived from earnings derived from oil resources. All other sectors are expanding at a slower pace in comparison to the oil industry. Most of Azerbaijan's economic growth may be attributed to the oil sector.

Oil and gas have become so essential that other businesses must rely on imports to thrive. Many industries can only generate goods and services with access to foreign supplies. Both during the Soviet era and now, Azerbaijan has depended heavily on oil. Increasing manufacturing and industrial productivity will reduce the nation's dependence on imported oil.

Several regions in Azerbaijan, notably Zaqatala, Balakan, Sheki, and Khachmaz, have a considerable lot of potential for hazelnut cultivation. The hazelnut sector is among the most lucrative agricultural fields. It is in the government's best interest to support farmers developing hazelnut plantations. Early in 2020, the Ministry of Agriculture of Azerbaijan, in conjunction with

the Food and Agriculture Organization of the United Nations (FAO), launched an initiative to enhance hazelnut production in Azerbaijan. The project will be carried out between 2020 and 2023 at USD 1,300,000. The primary purpose is to increase the yields of small and medium-sized farmers, secure the long-term growth of the hazelnut industry, provide nutrition and food security, provide new employment/self-employment possibilities, and reduce rural poverty. (<https://nutsoil.az/en/pages/azerbaijan-hazelnut-industry>)

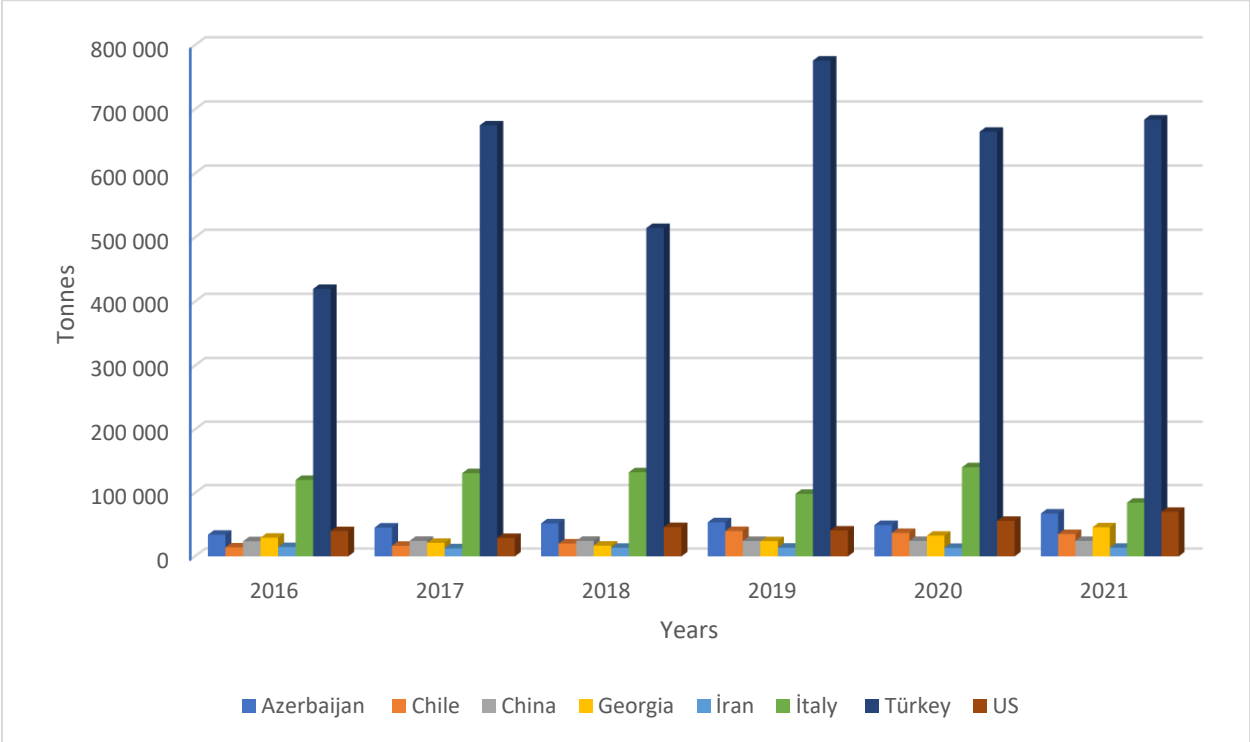
It is anticipated that introducing new technologies, using advanced agricultural skills and knowledge by small and medium-sized farmers to enhance hazelnut quality, and constructing storage facilities will increase hazelnut output. In November 2016, the Food and Agriculture Organization of the United Nations and the Azerbaijani government committed to a collaboration agreement for 2016–2020. The government of Azerbaijan recognises the importance of regional cooperation in the hazelnut industry, and this is not the first step taken to promote the hazelnut industry in Azerbaijan. As a result, in August 2019, Azerbaijan, Georgia, and Turkey signed a statement on strategic cooperation to improve hazelnut quality and boost output. (EastFruit, 2021)

The COVID-19 pandemic crisis has had an impact on hazelnut exporters' strategies. In March 2020, Azerbaijani hazelnut exporters significantly increased their shipments to the Russian Federation and the European Union in response to the shutdown threat. This circumstance helped importers, who provided lower prices, reducing Azerbaijan exporters' income in the first quarter of 2020. (Nut Soil, 2020)

This creates the need for more hazelnut farms in Azerbaijan to meet the expectations of exporters. After Turkey, Georgia, and Italy, Azerbaijan was the fourth biggest exporter of shelled hazelnuts in 2016. Azerbaijan has been third in world hazelnut production since 2016 and will keep this position until 2021, trailing only Turkey and Italy. However, in 2021, Azerbaijan lost its

place to the US and became the fourth-largest hazelnut-producing country in the world. The chart below illustrates the top hazelnut-producing countries and their production capabilities from 2016 to 2021.

*Chart 1. Top hazelnut producers from 2016 to 2021.*



*Note: The chart was created according to the data published by FAOSTAT.*

Since the year has just closed and 2022 statistics have not yet been published, it is not easy to figure out where Azerbaijan stood in hazelnut production last year. However, I assume that Azerbaijan remains among the top five hazelnut-producing countries.

The global consumption of hazelnuts is anticipated to increase at a Compound annual growth rate (CAGR) of 10.1% between 2020 and 2025. The market will likely expand throughout the projected period due to increased consumer demand and substantial health benefits. Linoleic acid and unsaturated fatty acids are abundant in hazelnuts. It has the most vitamin E (alpha-tocopherol) of any nut. The production of hazelnuts in Turkey is thought to make up 65 per cent

of the worldwide total. Regarding consumption, Europe is predicted to have the highest CAGR of 7.6% throughout the forecast period, owing to increased demand for hazelnuts from Europe's chocolate sectors. (Entrepreneur India, 2020)

Consuming hazelnuts reduces bad cholesterol (LDL) while raising good cholesterol (HDL) is one of the causes promoting hazelnut sales. Hazelnuts are used in various delicacies, including muffins, cakes, praline, chocolate dishes, and pastries. With the product's increasing demand, new producers are joining the market with creative goods. Chocolate producers are reintroducing their specific products with hazelnut-infused product lines, emerging as a taste innovation in the worldwide confectionery market. Hazelnuts bring a positive trend in the country's exports. (Nut Soil, 2020)

### **1.3 Business Plan Development**

Creating a thriving hazelnut orchard as a profitable agricultural business has been one of my main ideas over the last 4 or 5 years. Therefore, this business plan is based on my enthusiasm. I have methodically planned and studied every aspect of the agricultural enterprise, including farming operations, planting, seeding, harvesting, and weather monitoring. This is a good and relaxing passion for me, and I aim to build a profitable company via hard work and dedication.

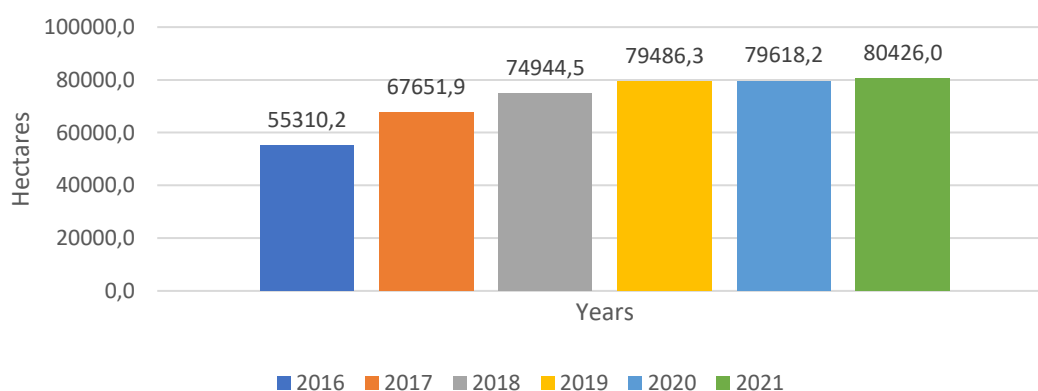
In the further paragraphs, I summarise the business concept and a strategy for establishing and operating it. It includes details on a company's products or services, how it earns (or will make) money, its leadership and staffing, financing, business strategy, and other essential information. A robust and detailed design will lay out a plan for the next seven years of the company's life. This plan can be shown to potential investors, lenders, or other key partners.

The primary goal of this business plan is to establish a hazelnut farming business in Azerbaijan that takes advantage of present market prospects. Another goal of this business plan is

to assist the country in growing its exports, which will benefit its economy. Azerbaijan is one of the world's largest hazelnut-producing countries due to its good climate conditions. Hazelnuts are one of the country's most profitable crops. Azerbaijan is home to various hazelnut varieties, including Atababa (unique taste with 68.22% oil content), Ghalib, Ashrafli, Khachmaz, Ganja (50% oil content and big kernel size), Topgara, Yagly, and Sachagly. The Atababa national variety is widely farmed in Azerbaijan, accounting for around 75% of the country's entire harvest. Because of its high pest resistance, rich flavour, and light colour qualities, Atababa is often preferred by buyers.

Among agricultural products, Azerbaijan's hazelnut and persimmon exports provide the most revenue, so the country prioritises these two fields. In addition, the “State Program for the Development of the Growing of In-Shell Fruits (Hazelnuts, Almonds, Walnuts, and Chestnuts) in the Republic of Azerbaijan for 2017–2026” was developed. The initiative called for expanding the area used to grow hazelnuts by 42,000 hectares, bringing the total to 80,000 hectares. From Chart 2, it is clear that Azerbaijan has already reached its target.

*Chart 2. Hazelnut planting areas in Azerbaijan.*



*Note: The chart was created according to the data published by the State Statistical Committee of the Republic of Azerbaijan.*

This study emphasises the need for and significance of hazelnut plantations in Azerbaijan. It also highlights current market trends and the industry's future. This research also provides answers to the following questions:

- Who are the possible clients, and what do they expect from the intended business?
- Is this business technically, politically, ethically, legally, and financially feasible?
- What values may this company offer to gain competitive market advantage?
- What assistance do farmers receive from the government and non-governmental organisations?
- Potential competitors in Azerbaijan and worldwide?

#### **1.4. Limitation**

Various limits and issues that must be overcome are possible during the proceeding. Because the business has not yet begun, it is difficult to anticipate all potential obstacles.

With less than 5% of the world hazelnut trade passing through Azerbaijan, the nation has minimal influence over hazelnut prices on the global market. As a standard, we will use the worldwide price of hazelnuts, set mainly by the production of the world's biggest producer, Turkey (which controls 70% of the market).

We will plant "Atababa" hazelnuts instead of any other kind since they are preferable. Traditionally farmers believed that a planting scheme of 8 by 8 meters is ideal for this specific cultivar. Because of this, they were planting 144 trees on each hectare. Although a more dispersed planting approach is possible, in this case, a lower yield is inescapable due to fewer trees. We will use Italian methodology in hazelnut cultivation and establish an intensive orchard. For this, we will plant five by 4 meters schema trees, allowing us to plant 500 trees per hectare.

Typically, the Atababa hazelnut tree yields 11 kilograms of nuts yearly. Since 500 trees may be planted per hectare, our average yield per hectare can be calculated to be 5.5 tons when the trees reach maturity. These data will be used in financial projections.

### **1.5. Methodology**

The bulk of the data for the business plan will come from secondary sources that have been validated. Given the nature of the business, the data provided by the State Statistics Committee, the State Customs Committee, the Ministry of Agriculture, and other international institutions will all play a vital role. The cost and demand forecasting assumptions will be based on the information received from these sources. The financial statements of the firm will be generated using these projections. This will determine beneficial of the project.

In most instances, it can get sufficient data using secondary data collection procedures. The phrase "secondary data" refers to information previously gathered by particular organisations or persons for various operational aspects. Such publicly available information is helpful since it may be included in our initiatives to assist us in answering specific questions. Time and money are two essential resources that may be saved using secondary data. Secondary sources include scholarly articles, magazines, publications, and statistical market and economic data excerpts. To derive conclusions regarding the company's financial status, tools such as Porter's Five Forces analysis, PESTLE analysis, VRIO analysis and SWOT analysis will also use secondary official information sources' data. The information gathered will provide a realistic picture of the market and economy.

## **2. COMPANY DESCRIPTION**

### **2.1. Vision and Mission**

The ambitions and objectives of an entrepreneur's business are captured by his "business vision." In other words, the vision represents the enterprise's intended future condition. We appreciate our customers' access to organic, healthy, and fresh fruits. This will help reach total customer happiness, boosting the company's profile. The firm's skills, capacity, and necessary resources will allow it to produce hazelnuts effectively and satisfy market demand. The company's long-term objective is to enhance its market share and become the region's top exporter of hazelnuts. With this ultimate objective in mind, the business will use its resources prudently to accomplish its vision and adhere to its long-term strategy.

Furthermore, the company's mission is intimately related to its short- and medium-term goals. The company expects this will result in satisfied clients in their day-to-day interactions. The mission's primary objective is to bolster the company's operations to realise its long-term objectives of self-sufficiency, sustainability, and market expansion.

The company's mission is to provide only the highest-quality, tastiest filberts. Customers and market share come down to how good and appealing the fruit is, so these qualities are essential. Our company will stand out from the competitors due to the high quality of its products and respect for international standards. To maintain customer happiness, our organisation will apply high-quality standards. These standards are a crucial stage that will aid the company in determining the quality of its goods. Currently, the majority of Azerbaijan's agricultural businesses need to use quality assurance. They will help the firm operate more effectively, increase the number of pleased consumers, and boost future profits.

## **2.2. Company's Objectives**

This business plan suggests establishing hazelnut orchards in Azerbaijan. We plan to build our farm to meet and beat the standards for quantity and quality set by chocolate manufacturers to become their contract supplier.

Additionally, we may distribute hazelnuts to the local supply chain as a secondary market rather than entering into a contract with chocolate companies by rerouting things via the supply system. This will distribute products to local market networks. Moreover, we may sell them directly to the consumer for fresh consumption.

According to the most recent statistics, in terms of participation in Azerbaijan's exports, the country was the third-largest exporter of hazelnuts to international markets in the first quarter of 2022. Azerbaijan exports hazelnuts to around twenty-five countries, including France, Germany, Switzerland, Russia, Georgia, Poland, Lithuania, and Belarus. According to reports, Germany and Italy are the two largest purchasers of hazelnuts from Azerbaijan. (Karimli, 2022)

Thus, we will sell our nuts to multiple distributors in these nations, boosting the economy and farmers' incomes.

Consequently, we want to grow our revenue and the country's economy by exporting hazelnuts to many countries.

## **2.3. Our Facility**

While choosing a location for our hazelnut garden, I will consider environmental and economic factors. I will determine where the sun shines brightly enough for our plants. According to research, hazelnut trees need at least four hours of daily sunlight and around 5 to 8 meters of space to produce a decent harvest of nuts. I have carefully considered the design and expansion

possibilities for the garden. The followings are the essential factors I will utilise to choose the location:

### ***Access***

In our garden, access will not be an issue. In light of its position, we shall make judgments about possible expansion and transport restrictions. According to our results, the garden requires a constant supply of high-quality water. We will get the water analysed at an agriculture-specific laboratory.

### ***Topography***

Our facility will be constructed on a slope between 1% and 2% since we have discovered that this range is feasible and provides appropriate surface water and air drainage. Possible frost pockets will be avoided, and windbreaks will be constructed around flat, open areas to minimise erosion and retain snow cover throughout the winter.

### ***Soil***

We will guarantee that soil maps of our region continue to be accessible since these maps provide insight into the soil properties and geography of the region. We will evaluate the soil to determine its fertility and identify any defects. We will also determine the number of herbicides, and only after completing these steps will we agree to plant a garden in a particular area.

## **2.4. Products Description**

The products will be packaged in bags weighing 12.5 and 20 kilos of plastic and 500 and 1000 kilos polypropylene. In storage, the contents of these bags will keep fresh for a long time.

We will provide the products mentioned above to the markets:

### **Whole Kernels (shelled)**

We ensure that our shelled hazelnuts will be the best in size, taste, and variety. Because there is no manufacturing process involved, marketing these goods is the easiest. Because of their delicious flavour and decorative potential, Whole Kernels are a popular option among consumers.

### **Broken kernels**

Our delicious, whole nuts may be acquired more cost-effectively as halves, which are then included in a broad range of baked goods, sweets, health-focused dishes, main dishes, and more.

### **Small and medium pieces**

During the manufacturing process, hazelnuts may be crushed into pieces of varied sizes. Since there is much demand for finely ground hazelnuts, we want to collect them and sell them to consumers to cut down on waste. This hazelnut variety is excellent for baked goods, cereals, chocolates, snacks, and bread with consistent flavour, texture, and appearance.

### **Hazelnut flour**

Hazelnut flour is the best option for low-carb diets sensitive to gluten or grains since it is naturally kosher, grain-free, and gluten-free. This alternative to wheat flour is used to bind things together, add flavour and nutrition, and make pasta, snacks, and other baked goods.

## **2.5. Key Partnerships**

Every entrepreneur must choose the appropriate partners to be successful. To ensure the success of a new business, it is essential that all parties involved share the same vision. Each partner must understand the setup and be ready to assist us. Farmers will be essential partners in the company. These will be locals who grow various fruits and understand how to grow hazelnuts. The company will work with them and use their skills to start hazelnut plantations and care for them. Our company will also work with other organisations to provide the necessary tools and equipment. These tools and devices will be used to grow hazelnuts.

As an essential business partner, we will need a company that makes agricultural equipment and machinery for different uses. This will make sure that the product has the technology it needs.

Public or government agencies will be one of our main partners too. The Azerbaijani government is helping agricultural businesses by giving them state subsidies. This is to raise the level of agriculture in the country, make it less dependent on oil, and diversify the economy. We will work closely with the government to get those benefits and intend to get its support. AzPromo, the Export and Investment Promotion Agency of the Republic of Azerbaijan, will be a vital partner for our company. AZPROMO puts on several international events to reach some goals set by the head of state. These goals include developing the non-oil sector in Azerbaijan, promoting products in foreign markets, making foreign consumers more aware of Azerbaijani products, making it easier for foreign companies to network with local companies, and helping foreign companies that want to learn more about the investment climate in Azerbaijan. Since we want to become a company that exports hazelnuts, we must work well with them. This cooperation is advantageous for our firm since it will boost our prospective clientele and our income.

## **2.6. Ethical perspective**

This business has several ethical things to consider since most of the work will involve dealing with people. According to 5-year median facts and figures, Azerbaijan ranks in the top 5 of the world for exporting kernel-based and shelled hazelnuts to foreign markets. Since 2017, the country has stayed as one of the top dried fruit producers, with 5% of exports coming from kernel-based crops and 5% from shelled crops. So, we will pay close attention to our relationships with our clients, especially regarding their high standards for quality and safety and several moral, social, and environmental issue. Ethical concerns could be about how stable, happy, and enthusiastic our gardeners are at work because it is also essential to improve the workplace. We

will also give our landowners the legal satisfaction they deserve to gain their trust and attract new investments. Running this business honestly, will lead to high customer satisfaction and more sales.

Unethical issues such as using child labour, dangerous working conditions, and the environment are not the subject of this business. According to some sources, some labourers are minors doing unlawful labour. Some people are making their kids work like robots. As a result, we will make sure that we do not encourage it and will stop it. At the time of hiring, we will do a thorough background check on each employee, using their past experiences as personal data.

### **3. INDUSTRY, MARKET AND COMPETITORS ANALYSIS**

#### **3.1. Hazelnut Industry Analysis**

Since 2016, the annual harvest of hazelnuts in Azerbaijan has been among the highest in the world. Hazelnut cultivation is one of the critical contributions to the profitability of agriculture in this region. Among Azerbaijan's native hazelnut varieties, the most frequently cultivated one is Atababa, which is well-known for its unique flavour and 68.22% oil. It accounts for around 75% of the country's entire annual harvest. Atababa is a popular choice among consumers since it is tasty, resistant to pests, and visually pleasing. Ashrafli, Ghalib, Sachagly, Topgara, and Yagly are known for having large kernels and 50% oil.

Most of Azerbaijan's hazelnuts are grown in Balakan, Zagatala, Gakh, Gabala, Oghuz, and Shaki, as well as in the northern provinces of Khachmaz and Shabran. Russia receives the majority of Khachmaz's nut crop. Numerous countries import goods from the Gabala, Oghuz, Gakh, Zagatala, and Balakan areas.

Non-governmental organisations (NGOs) have been essential in promoting sustainable farming. NGOs could increase agricultural productivity and make farming more sustainable by using existing resources and training farmers on various agricultural topics. However, there is not much evidence to support this claim, and no study has found the underlying conditions that need to be in place for action by NGOs to improve productivity. Azerbaijani hazelnut farmers' cross-sectional data are used to analyse the influence of NGO help in boosting farmers' technical efficiency.

Agriculture is one of the essential activities in Azerbaijan, as it employs the bulk of the Azerbaijani government. This study is about hazelnut cultivation, attracting several non-governmental entities (NGOs). This may be because the country is one of the five largest hazelnut

producers in the world, providing validity to the notion that hazelnut production is a valuable source of income for the country. In 2021, approximately 68,000 tonnes of hazelnuts were produced, and \$108 million was exported.

Given the country's potential, Azerbaijan's hazelnut output might be boosted to a higher level. The best hazelnuts are grown here because they are grown without pesticides or other chemicals and because the weather is perfect, especially in the Shaki-Zagalata region. The cultivation of hazelnuts in Azerbaijan generates a solid income for the farmers. Even though the production of hazelnuts significantly contributes to the Azerbaijani economy, the country's performance in this area has not improved enough to fulfil the growing demand.

On the other hand, non-governmental organisations (NGOs) have played an admirable role in promoting sustainable farming, although scientific evidence needs to be more robust and complete. Non-governmental organisations (NGOs) give farmers inputs and information, but it is still being determined if this leads to the adoption of useful agricultural technology or better use of resources. This is a cost to society regarding the production output and economic growth potential that is not used. (MDPI-res, 2019)

The Azerbaijani government wants to help farmers develop hazelnut-planted lands because the hazelnut business is one of the most profitable in agriculture. The Ministry of Agriculture in Azerbaijan is collaborating with the Food and Agriculture Organization of the United Nations (FAO) to enhance the country's hazelnut output. They started a project at the start of 2020.

Between 2020 and 2023, around \$1.3 million will be spent on the project's execution. The primary objective is to boost agricultural output for small and medium-sized producers, provide nutrition and food security, safeguard the future of the hazelnut sector, provide access to nutritious

food, give rural communities new ways to make money through jobs and self-employment, and end rural poverty.

Small and medium-sized farmers should be able to improve the quality of hazelnuts by using new technologies and using their advanced agricultural knowledge and skills. The project mentioned earlier is not the first initiative to improve the hazelnut sector in Azerbaijan since November 2016; FAO and the government of Azerbaijan signed a partnership program for 2016–2020. (Nut Soil, 2020)

### **3.2. Hazelnut market size and growth**

The hazelnut market is estimated to expand by \$2.43 billion between 2022 and 2026 at an 8.9% CAGR throughout the forecast period. Better health and nutrition knowledge, more demand for foods and drinks made with hazelnuts, and the growing popularity of vegan snacks among Millennials are all substantial growth opportunities.

Even though hazelnuts have a lot of oil, which makes them high in calories, they are often part of healthy diet plans. High quantities of protein, linoleic acid, and unsaturated oil acids make hazelnuts a nutritious option. It has the highest amount of vitamin E (alpha-tocopherol) of any nut. Adding hazelnuts to your diet might help keep your body's inflammatory and immune responses in check. This speaks well for the future of hazelnuts since demand is expected to continue to rise.

It has been proven that hazelnuts increase good cholesterol (HDL) levels while reducing bad cholesterol (LDL) levels. Numerous delectable dishes, including cakes, muffins, chocolate desserts, pralines, and pastries, include hazelnuts. According to ReportLinker's projections for 2022, all these factors might increase sales.

The market for hazelnuts is separated between processed and raw hazelnuts. Before they get to the customer, hazelnuts that have been processed are roasted, chopped, ground, and made

into nut butter. These hazelnut products are used in the candy and baking industries to make sauces, snacks, bars, and ready-to-eat meals. Typical uses for hazelnuts include chocolate and baked goods. Both bakeries and restaurants use hazelnuts extensively. However, 90% of the world's supply of hazelnuts is used in confectionery, including chocolate, biscuits, bread, sweets, pastries, ice creams, and meals.

Oil is one of the hazelnut-related products. Aromatherapy, massage, and hair care products often use hazelnut oil as a carrier oil. The high content of essential fatty acids, antioxidants, and vitamins in hazelnut oil makes it a popular skin care product. In the beauty sector, hazelnuts are used in various products, including lotions, massage oils, creams, face oils, and soaps.

South and East Asia, two of the fastest-growing areas in the globe, offer enormous export potential for hazelnuts. Rising incomes and urbanisation are responsible for this development. Markets could grow if there were more demand for high-end products with unusual ingredients like hazelnuts, ice cream, and chocolates. (Data Intelo, 2020)

Several chocolate producers are restoring their traditional variants in response to the growing demand for hazelnuts. Chocolate hazelnut spreads seem to be the new peanut butter. Other food makers have replicated this spread, which is now widely available in stores. (Mordor Intelligence, 2022)

### **3.3. Competitors Analysis**

#### **Absheron Import Export LLC**

The company was founded in 2020 in Baku, Azerbaijan. Absheron Import & Export LLC cooperates with hazelnut producers in different regions of Azerbaijan and organises hazelnut exports to various foreign markets. The hazelnut types exported by the company are shelled

hazelnuts (in the shell), unshelled raw hazelnuts (kernels), blanched hazelnuts, sliced hazelnuts, chopped hazelnuts, and hazelnut meal.

The company is majorly supplying these products:

- Hazelnut
- Cherry
- Tomato
- Watermelon
- Honey
- Saffron
- Grape
- Pomegranate.

### **NutSoil**

Nutsoil LLC is a hazelnut processor and exporter founded in 2014 in Azerbaijan. The company provides hazelnut cultivation services in the Zagatala and Khachmaz areas, and its annual capacity is 5,000 tons of finished product.

Additionally, the corporation supervises and regulates the hazelnuts distribution network by purchasing hazelnuts from regional farmers, selling their products in 14 countries and regions, and expanding its export operations in the European region.

The company supplies the products below:

- Shelled Raw Hazelnut
- Blanched Hazelnuts
- Chopped Hazelnuts
- Hazelnut Meal.

**Azerstar**

Azerstar manufacturing and trading company is a hazelnut processor and exporter in Azerbaijan. The company is led by Azerstar founder Ilham Isayev and has an export volume of more than 4,000 tons of finished products per year. Additionally, the firm ships its goods to the Commonwealth of Independent States (CIS) and most European nations.







The firm processes hazelnuts by washing and drying them using machinery that cleanses raw materials by eliminating incidental contaminants and automatically filters out substandard hazelnuts after harvesting.

The majority of products offered by the company are:

- Natural hazelnut kernels
- Roasted hazelnut kernels
- Chopped hazelnut kernels
- Hazelnut flour

Table 1 shows a detailed comparison of competitors.

			
<b>Location/Services Area in Azerbaijan:</b>	Babak, 1022, Khatai, Baku, Azerbaijan Baku 1022	Zagatala and Khachmaz area	Azerbaijan avenue 100, AZ6200 Zaqatala
<b>Founded Years:</b>	2020	2014	N/A
<b>Offering Products:</b>	Shelled hazelnuts Unshelled raw	Shelled Raw Hazelnut Blanched	Natural hazelnut kernels Roasted hazelnut kernels

	hazelnuts (kernels) Blanched hazelnuts Sliced hazelnuts Chopped hazelnuts Hazelnut meal.	Hazelnuts Chopped Hazelnuts Hazelnut Meal	Chopped hazelnut kernels Hazelnut flour
<b>Export Quantity:</b>	--	5,000 tons of finished products per year	4,000 tons of finished products per year
<b>Offering Export Services for Hazelnut Globally:</b>			
<b>Offering Cultivation and Processing of Hazelnuts in Azerbaijan:</b>			

**3.4. PESTEL Analysis**

PESTEL analysis is a valuable method for identifying external variables of the business environment that the organisation cannot control. Political, economic, social, and technological variables are those factors. These analyses assist businesses in anticipating potential hurdles and

risks and preparing for and avoiding these issues as much as feasible. PESTEL analyses the macro-environment of business (Richardson, 2019).

The macroeconomic and corporate environment around the organisation might grow complex if specifics are ignored. Companies can create sustainable company operations and formulate a competitive edge if they have a thorough awareness and analysis of the economic environment. A sustainable and competitive firm will increase its market share with the proper external market study. PESTEL analysis includes a comprehensive study of a nation's political, economic, social, technical, environmental, and legal elements. The analysis of these factors will be pretty detailed in the following parts.

### **3.4.1. Political Factors**

Azerbaijan is a secular, democratic nation with an expanding economy in the Southern Caucasus. Because of the positive political trend, the country has made progress in several areas. In the mid-1990s, Azerbaijan signed "the Contract of the Century" with the United States, the United Kingdom, and other industrialised nations and their oil exploration corporations. As a result of this contract, Azerbaijan is now one of the world's most significant energy security actors. As a country with an expanding economy, Azerbaijan has worked hard to construct numerous critical pipelines to transport its oil and gas to Europe.

Except for Armenia, the Azerbaijani government enjoys amicable relations with all the surrounding countries. Because of its close cultural links to Turkey and Iran, Azerbaijan has made it easier for these countries to improve their political and economic ties. Since 3 million Azerbaijanis live in Russia, Azerbaijan and Russia have close ties. Russia has a strong Azerbaijani lobby. The government of Azerbaijan is also forging strong connections with European and American nations. It collaborates on economic, political, and social concerns with these nations.

### **3.4.2. Economic Factors**

Economic issues directly influence companies and affect the sales and profitability of a corporation. Market volatility and shocks may motivate businesses in many ways. Since gaining independence from the SU, the Azerbaijani economy has significantly changed. It has experienced profound transformations. Early in the 1990s, the economy experienced hyperinflation. It has made it more difficult for individuals to purchase items and raised the costs of products and services. The country's current economic situation is primarily the result of inefficient resource allocation, widespread corruption, a tax system plagued by widespread infractions and evasion, and a lack of monetary centralisation. Local currency value had become very volatile. Even the monetary and economic systems fell victim to fraud. As neither the banks nor the people were insured, the effects were disastrous. The turmoil of the 90s was replaced by the steady growth of the late 90s and early 2000s and the booming years of the late 2000s and early 2010s (DW, 2018).

This progress may be due to the right policies, tax changes, government support for small and medium-sized enterprises (SMEs) and agribusiness, a more diverse economy, and a large influx of energy resources. The Azerbaijani economy was performing well in the 2010s before the drop in oil prices in 2014. The country's foreign currency reserves were exhausted as its income sources dried up. This was primarily due to the dependence on oil profits. The government budget, bolstered by oil earnings, was used to fund several significant infrastructure projects. A positively strong association existed between the non-oil industry and the oil sector. As a result, the local currency's value against the US dollar fell by one hundred per cent in 2015. The USD/AZN exchange rate was 0.79 at the start of 2015, 1.05 in February 2015, and 1.70 in December 2015. Government involvement ensued, and economic diversification and a decrease in oil dependence

began. Nevertheless, Azerbaijan's non-oil industry is fragile and susceptible to economic shocks and cycles.

Presently, the country's economic status is relatively favourable. The country's GDP also shows that after a few years of decline, overall GDP and GDP per capita began to grow, with a favourable trend for the 2019 and 2020 fiscal years. Azerbaijan is a country that depends on oil, and oil prices still have a significant impact on economic growth. However, the strategic roadmap for non-oil sector development, announced in 2016, gives people hope that Azerbaijan's economy will improve in the coming years and that business will be good for hazelnuts.

### **3.4.3. Social Factors**

Azerbaijan is a multicultural, secular state that is home to a variety of ethnic and religious groups. In addition to ethnic minorities, many religious groups may freely practice their religion, beliefs, and practices. Examples of religious groups include the Sunnites, the Christian Orthodox (Slavic), the Jewish, and other religious communities. Aside from Armenian invasions in the 1990s, there have been no violent fights between these groups. Today, Azerbaijan is regarded as a crossroads of cultures and civilisations. Due to its position along the Silk Road, Azerbaijan has witnessed a wide range of civilisations engage in trade along this historic route. Azerbaijan is already becoming a new place where the social and economic systems of Europe and East Asia meet through the Silk way, and it plays a significant role (Lianlei, 2016).

The majority of the population in Azerbaijan is comprised of young people. This qualifies the country as having a substantial labour force. UNDP (2018) says that a country's high standard of living can be seen in its literacy rate, education level, and Human Development Index (HDI). In the 21st century, when the labour capital is free, many individuals migrate to or from Azerbaijan. Many educated, qualified, and skilled professionals left the country searching for better-paying

jobs in Europe and the United States. This is one example of the brain drain Azerbaijan is experiencing. As a result of a high incidence of brain drain, Azerbaijan's schools had to improve the quality of education they gave their students to fill the gap left by the leaving of experts. As a result, the number of future education graduates grows every year.

Increased literacy rates in Azerbaijan have led to increased financial literacy and inclusion. This has made people more aware of financial issues and helped small and medium-sized businesses (SMEs) grow in Azerbaijan. (Ibadoglu, 2018)

Current socioeconomic circumstances in Azerbaijan will benefit our company because our expanding hazelnut industry will be a source of market job creation, ultimately assisting the government in creating employment in the country.

#### **3.4.4. Technological Factors**

Due to a lack of competition and private initiative, Azerbaijan fell behind in technological advancement during the Soviet period. Under Soviet rule, most technologies were heavily military-focused. But since Azerbaijan got its independence, it has had to learn how to use technology and put it to use in factories. At the beginning of the 1990s, the economy was hurt because people were unwilling or able to invest in technology. Due to their high expenditures, the prices of the products were exceedingly high.

In contrast, Azerbaijan is implementing technology across all economic sectors now. It improves productivity, streamlines processes, and cuts expenses. Technology makes it possible to achieve the most significant degree of client satisfaction. The business community, society, government, and people of Azerbaijan all profit from the technological progress made possible by increased globalisation. (UNDP, 2019)

The rate of technological advancement in Azerbaijan is rapid. The Azerbaijani government wants to grow the country's IT potential by starting education and e-government projects, making it easier for schools and universities outside of Baku to access digital resources, and adding more e-services. Also, the government has built several technical parks all over the country where businesses can get special tax breaks. More than 65% of the population has an Internet connection. The government is taking substantial steps to promote the country's technological sector. (Privacy Shield, 2020)

The oil and gas industry has routinely used advanced technology. It is used offshore and inland. Other industries are likewise attempting to profit from technological advancement. The banking sector is keen on becoming digital and integrating AI into its daily operations. This will make it simple for the corporation to distinguish between its favourable and undesirable clients and charge them the appropriate interest rates on loans and deposits. It is anticipated that technological developments will also aid in expediting and improving decision-making. A data-driven artificial intelligence will examine various elements the human brain cannot analyse because of its capacity and performance limitations.

The Electronic Agricultural Information System (EAIS) is one of the most critical steps the Azerbaijani government has taken to make it easier for farmers to do business in the country. The Ministry of Agriculture in the Republic of Azerbaijan created EAIS as a unified framework that includes the ministry's most important standards, such as being close to farmers, running the government efficiently and directly, and collecting up-to-date, complete data on agriculture. In addition, according to the "Rules for Subsidizing Agricultural Production" issued by the Decree of the President of the Republic of Azerbaijan No. 759 dated June 27, 2019, beginning in 2020,

subsidies are only distributed to farmers via the EAIS. Therefore, to receive subsidies for a hazelnut garden, applicants must apply through the EAIS.

### **3.4.5. Environmental Factors**

The government tightly monitors the agriculture sector in Azerbaijan due to the potential hazards it poses to human health and the environment. Chemicals like pesticides and fertilisers are used too much in farming and can harm people's health. It can be harmful to the environment when resources are over-utilised. Such exploitation can result in the depletion of natural resources, which will kill the industry financially while also significant environmental challenges such as global warming. The alpine and subalpine zones of Azerbaijan's highlands have been damaged by industry, reducing their agricultural potential. (Mammadov, 2017).

Many factories and big businesses in Azerbaijan are already polluting the air and water and causing other serious environmental problems. Within the Soviet Union, Sumgait, now the country's second-largest industrial centre, had 11 chemical factories. Because of how polluted the air was, the city earned the nickname "dead city." Sumgait was ranked among the world's top 10 most polluted cities in 2007 (Abbasov, 2017).

The current administration of Azerbaijan places a higher priority on the development of high-tech companies that are environmentally friendly. Our company will ensure that it only uses up or takes advantage of the natural resources in this way. Overusing soil to grow hazelnuts can keep it from losing its effectiveness. Instead, we will prioritise taking breaks at the correct times of the year so that the soil can heal itself. In this way, this will help solve the environmental concerns that have been pointed out.

We will minimise possible chemical products, such as fertilisers or pesticides, to reduce their potential negative influence on the health of our clients. Additionally, this will lead to a rise

in customer satisfaction, which, in turn, will help the firm grow both its market share and its revenues.

#### **3.4.6. Legal Factors**

Azerbaijan's legal system has seen significant advancements since gaining independence. So, over the past 30 years, several legal acts have been passed to encourage entrepreneurship in the country. These legal acts have made significant changes to the law.

The Azerbaijani judiciary and judicial system are very efficient. It supervises issues that arise between people, corporations, and government bodies. Infractions of the law by civilians result in legal consequences. Azerbaijan has Roman law. No matter how big or influential they are, legislators have the right to sue corporations for unethical business practices. There are a variety of possible fees and penalties.

The Azerbaijani government supports entrepreneurs who produce hazelnuts. According to the decree of the President of the Republic of Azerbaijan "on establishing a new subsidy mechanism in the agricultural sector," farmers can get a one-time planting subsidy of 4,400 manats for each densely planted hazelnut orchard hectare. Also, starting in 2021, owners of intensive orchards will get a planting subsidy of 700 manats per hectare for the first four years and 240 manats per hectare for the years after that.

#### **3.5. Porter's Five Forces Model**

As an external model, Porter's five forces model will provide information for determining how our company will work in the big picture. It considers the business environment in which the company operates as well as the general state of the economy. Typically, the "Five Forces of Porter" refer to the interaction between the essential parts of an economy, such as competition, suppliers, consumers, goods, and prospective rivals. The intensity of communication determines

how much threat the company is facing. The risks might be detrimental to corporate operations. It could cause operations to stop at the right time or break down completely, leading to the company going bankrupt or shutting down. Therefore, the model's depicted dangers must be thoroughly analysed, and measures must be implemented to guard against them. If preparations are implemented promptly, the impact of the dangers may be mitigated. In other words, the corporation may continue to operate and conduct its daily operations without any issues. This section will expand on and examine the following threats. Each danger level will be explained, and the organisation should have a response for each level. Threats can be countered by acting on them.

For instance, if competitors' earnings are negatively correlated, one competitor's loss will be another's gain. The relationship between seasonality and the company's sales is yet another illustration of this. Changing weather conditions could negatively impact sales if the business's seasonality is favourable.

Unfortunately, no public historical data can be used to figure out how the different threats are related. However, I will gather data on various factors, including publicly accessible financial information on competitors, climatic data, the number of market participants, demand and supply information, and other quantitative data that will enable the organisation to analyse and estimate future repercussions.

### **3.5.1. Competition in the industry.**

Market competition is the first kind of danger to be mentioned. Azerbaijan has a broad spectrum of agricultural actors, from solo farmers and vendors to large corporations. Each of these competitors has a unique market share. However, the agricultural industry can be highly concentrated, with two to three large holding corporations accounting for 60% to 70% of the market. These firms may simply manipulate market pricing and eliminate competitors with a small

market share. This poses a severe threat to the current rivals. However, because our business specialises in growing hazelnuts and there is a greater demand for nuts than what industry can supply, we are somewhat protected from this threat. The hazelnuts cultivated and produced by rivals are then sent to several other places. Russia and Europe are the players' two most important international target markets. This threat currently affects how the organisation works, but in the long run, it could be harmful. We now intend to cultivate hazelnuts while focusing on our day-to-day company activities.

### **3.5.2. Potential of new entrants into the industry.**

The danger from possible entrants to the sector varies depending on the sort of firm. Unless a person seems to be a sole proprietor attempting to make money, this hazard may be seen as minimal. It is owing to his long-standing aim to achieve a significant market share. However, let's assume the new player in the market is a big company or a subsidiary of a big corporation. In such a scenario, the situation would be different, so the firm should be frightened about such a danger. This might damage the company's profitability by snatching market share from competitors and focusing it on one side. The ease of entry into the market is another element that may heighten the threat posed by new competitors.

There are currently no restrictions on the agricultural industry, and many people and businesses can participate. This may increase the risks our organisation faces. As a company, we should pay attention to this threat and focus on expanding our market share and building a loyal customer base. In general, the threat posed by potential market entrants is considered considerable.

### **3.5.3. Power of suppliers.**

Our company does not depend on suppliers who might try to raise costs by negotiating prices. For a business to run, it needs water, land equipment, tools for tilling and sowing, and other

small tools. Numerous vendors would be available to provide our company with the necessary tools and equipment. We may cooperate with any vendor, regardless of their negotiating stance. Thus, the risk is deemed moderate, and the company is secure from it over the medium to long term. Our group can also get essential tools and equipment from leasing companies or government agencies that offer special deals to help farmers. The government is also trying to increase agricultural production by ensuring there is always water and other essential services. After the devaluation-induced economic losses, the government decided to take this measure. The firm will benefit from the reduced degree of risk. The bargaining power of suppliers does not pose a significant threat.

#### **3.5.4. Power of customers.**

The consistent use of hazelnuts in practically every desert shows that enterprises allow consumers to bargain effectively. Such influence tends to drive down prices, reducing the Hazelnuts' ability to achieve long-term profits. As a result, the corporation will not charge exorbitantly for our goods from clients, and it should preserve the pricing approach based on client demand, with limited rate increases.

#### **3.5.5. Threat from substitute products**

There are many hazelnut farms, and each has a purpose for being in the market. Due to our reasonable pricing, no existing farms can replace our exceptional service. We will maintain our price plan in response to client demand without sacrificing quality.

Another kind of external threat is that provided by potential substitutes for the target of defence. In Azerbaijani markets, several types of dried fruits may be found. The populace consumes the great majority of these dried fruits. They are often used in both ordinary and festive cooking. However, there are few substitutes for hazelnuts. Some dry fruits, like walnuts, peanuts,

and their derivatives, act as indirect substitutes. Therefore, they need not be seen as a grave threat. Numerous people who ingest hazelnuts dislike alternatives. This allows the company to become self-sufficient and sustainable.

Examining Porter's five forces indicates that there are few external market risks. As a supplier of hazelnuts, we have advantages and space for growth in the market. It may seek high-demand prospects. There is a tremendous global demand for hazelnuts, and we will be able to supply them.

Finally, Porter's Five Forces study results reveal Azerbaijan's projected business is exceptionally appealing. According to the analysis, there is no substantial threat from new entrants, and there currently needs to be suppliers for our business. We should be concerned only about competitive rivalry, as they will go to great lengths to keep clients. We anticipate that increased demand for the expansion of hazelnut production, in general, will need the government and non-governmental organisations (NGOs) to pay greater attention to the growth of this sector soon, which we could also benefit from.

### **3.6. SWOT Analytical Model**

Before beginning to cultivate hazelnuts, it is essential to determine specific industrial parameters. To evaluate the potential strengths and weaknesses of the business, I will do a SWOT analysis.

The results of a SWOT analysis may be utilised to determine why the business is doing well or poorly in the market. It is a simplified look at market data that could be used to figure out how the company's finances would change and, in the end, how profitable the sector may be. Conducting a business and industry study to determine the company's market position is crucial.

So, I did a SWOT analysis to determine where the company stands in the current business environment. AgroNut's SWOT analysis is shown in the table below.

*Table 1 SWOT analysis*

<b>Internal Impacts</b>	
<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• High-quality products</li> <li>• Hazelnut kernels meeting international quality standards</li> <li>• Customer-centric approach</li> <li>• Qualified employees</li> </ul>	<ul style="list-style-type: none"> <li>• Low brand recognition and value.</li> <li>• Limited skills in marketing</li> <li>• No background in the agricultural sector.</li> </ul>
<b>External Impacts</b>	
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Continuously growth of the need for hazelnuts</li> <li>• Used in more than 100 food and beverages</li> <li>• Hazelnuts are among the most valuable crops.</li> <li>• Contributor to Azerbaijan's economy</li> <li>• Hazelnuts are valued highly for snack foods and holiday treats.</li> </ul>	<ul style="list-style-type: none"> <li>• Climate-related external dangers may hurt businesses.</li> <li>• Maturity of the market</li> <li>• Unpredictable change in regulation</li> <li>• New entrance</li> <li>• Ups and downs in the prices of hazelnuts</li> </ul>

### **3.6.1. Strengths.**

Our biggest strength is that we will grow high-quality hazelnuts of different sizes in a green, clean place. We will not save quality and will use high-quality materials to pack our hazelnuts to meet the standards of our international customers.

As an agriculturally focused company, we must recruit highly qualified gardeners. With the help of an agronomist, our gardeners could sustainably plant an orchard. This would allow our

company to grow and harvest more, bringing in more money. Our skilled farmers and agronomists will know everything there is to know about growing hazelnuts, from planting to harvesting. Their extensive knowledge will be an essential component of our strength.

### **3.6.2. Weaknesses.**

Several weaknesses can affect our business's sustainability and competitive advantage. If safeguards are not taken in time, this might result in default and bankruptcy in the long term. As market newcomers, we will need to make our presence known. With poor brand recognition, consumers will be unaware of our company. This may negatively impact the company's profitability. Instead, we should spend on establishing the company's brand image and brand value.

Due to the company's lack of experience, our target customers may face initial reluctance. Moreover, it will be challenging to oversee orchard maintenance to gather the anticipated yield without the required expertise. However, we will hire professionals who know how to harvest hazelnuts and have much experience in the farming industry. The company's founder has extensive managerial experience and knowledge of foreign trade procedures. As a result, we may begin developing our orchard and, eventually, harvesting its crops for sale around the world. So, we will be able to minimise the weaknesses of our company.

### **3.6.3. Opportunities.**

The growing demand for hazelnuts in the global market is one of the most significant opportunities for our business. Since Azerbaijan is one of the world's top five hazelnut growers, we can claim our share in this market. The fact that hazelnuts are used in over 100 different types of food and drink indicates that there will always be a demand for them and that our business will continue to thrive.

In addition, the Azerbaijani state encourages doing business in the agricultural sector since the state's main priority is the economy's diversification. After the oil industry, the agricultural sector is the most profitable industry in the country. While establishing hazelnut orchards, these opportunities will be considered by our firm.

#### **3.6.4. Threats.**

One of our company's main threats is that the hazelnut price tends to fluctuate. There are several steps we may take to overcome this threat. Firstly, to predict future prices, we must closely watch the biggest shareholder in the market, Turkey. As 70% of the world's market demand is met by Turkey, the price trend around the world is also set there. To avoid this threat, we will also use a more conservative method to make our financial projections so that we are ready for more complicated situations.

Also, there are newcomers to the market, which makes us vulnerable to competition from other businesses. Commonly, new entrants pose the company's most significant dangers. As soon as a business flourishes, competitors will undoubtedly emerge in large numbers. Unpredictable government laws could pose even another concern. Since there are still providers in the country, there is no precise regulation in this area. However, over time, the government might impose rules like these that would make it challenging for businesses to operate. Seasonality means that the company's harvest sales and net profits may drop, which is bad for business. These factors may contribute to a company's demise.

Summarising our SWOT analysis, Azerbaijan currently offers a beautiful chance for this business. We should take advantage of it by bringing our strength to this venture. Several of the flaws could be remedied with enough time. Parallel to this, potential dangers will be found throughout operations, and precautions will be taken to avoid going broke.





### 3.7 VRIO model

With the use of another external model known as VRIO, a company's management may have a better understanding of its resources' capabilities. These assets may take the form of actual objects or intangible attributes. Many business resources may each display a distinct set of characteristics. This study aims to identify whether or not these resources contribute to the formulation and growth of competitive advantage. The corporation's resources will be evaluated to determine if they are valuable, rare, imitable, or organisational. In this framework, each accessible resource will be examined separately and in great detail. Suppose the bulk of a company's resources provides its competitive advantage. In that case, this will add to the firm's comparative leading and lead to self-sufficiency and the formation of viable economic operations.

The following table evaluates the company's significant physical and intangible assets and competencies. These include the company's management, finances, funding, equity in the company's brand and goods, workers, and other individuals, as well as the proficiency and effectiveness of the company's equipment, tools, and tactics. These supplies are necessary for the company's survival and ability to deliver agricultural services.

The VRIO model has thoroughly analysed the resources listed in the table below.

Table 2. VRIO analysis

Resource of Capability	 Valuable	 Rare	 Inimitable	 Organisation	Impact on Competitive Advantage
Managerial experience and skills, leadership	✓	✓	✗	✗	Competitive Advantage
Financial sources,	✓	✓	✗	✓	Sustainable Competitive

funding					Advantage
Company's brand image	✓	✓	✗	✓	Sustainable competitive advantage
Staff and personnel skills and expertise	✓	✗	✗	✓	Competitive parity
Equipment, Devices	✓	✗	✗	✓	Competitive Advantage
Business Plan, Strategy	✓	✗	✓	✓	Competitive parity

Competent management is one of the most crucial factors in a company's survival through difficult times. This will allow the company to grasp opportunities and counteract risks. The Company is governed by a board of directors and a team of managers with vast farming experience, an understanding of current agricultural trends, and expertise in various technologies. The business's strength is the industry knowledge of the management team. In addition, the company's leadership comprehends how to establish its distribution channels, construct its network, get its product to market, and ultimately expand its market share. These factors are essential throughout a company's development and expansion phase. This asset contributes to the company's competitive advantage development. The competitive advantages derived from this source will be used to increase our market share.

The ability to raise funds is another valuable attribute. The available funding allows the company to commence operations. The provided money will be used to create the company's infrastructure, enabling a more effective entrance into the market and functioning. The company

will utilise its finances for the first expenses, which will include wages, rent, the purchase of hardware, and planting trees and plants. However, new money will become available in the future. This cash will not be generated via internal activities. If the business's management and leadership can get other loans or put the company up for development public investment, it might benefit its future growth. This will increase the company's capital, making it more robust to unforeseen occurrences. Sustainability and expansion need such strategies.

After establishing itself and meeting its minimal feasible demands, the company will spend its newly obtained cash on development and growth. In many districts of Azerbaijan, hazelnut trees will be planted along the foothills of the Caucasus Mountains range. This will boost the geographic variety of the organisation. This may decrease the impact of seasonality by lowering the impact of any one location's quirks and spreading the exposure. There is a substantial demand for hazelnuts in these regions. After doing the exhaustive study, it was determined that the company's financial resources and financing capabilities provided it with a competitive advantage over its rivals. These advantages are essential to the company's long-term success.

The status of a company's brand is vital. Every firm must ensure that its name, location, and description are readily available to the general public and create a positive image in customers' eyes. Currently, the value of the company's brand is poor. Customers who find the natural hazelnuts offered by AgroNut at grocery stores and bazaars swiftly spread the word to neighbouring cities, states, nations, and continents. Currently, there is a vibrant shopping culture in the supermarkets and bazaars of the nation. Clients were able to swiftly and efficiently communicate this information to far-reaching circles. The consequence is a profit for the firm. As it is, this resource neither threatens nor strengthens the company's competitive position. This information, skill, or equipment provides an advantage over competitors.

We will recruit qualified employees and staff members who can work in this industry. The cultivation of hazelnuts and the maintenance of this fruit are not simple tasks. It involves commitment, abilities, competencies, and understanding of the many agricultural practices. The formulation of the company's competitive advantage will be accomplished via the addition of these three components. Because of the company's competent employees and people, it can carry out its activities effectively and manage its business without encountering any challenges.

We also have various equipment and devices used in agricultural operations that are included as part of the commercial operation of our org organisation. Sowing, planting, and land tilling are only a few of the many applications for these tools; others include scooping up and gathering hazelnuts, shattering the shells of hazelnuts, and putting shelves in storage warehouses. The firm's machinery, tools, and other resources will significantly assist in developing the company into an efficient organisation. It will offer the firm an edge over its competitors.

The organisation's business model and strategy have proved to be highly successful. They will assist us in establishing our brand, expanding, and exploring new business opportunities. The objectives of the business strategy and plan are to expand the organisation's activities and market share. It guarantees market parity for the time being and is anticipated to deliver an advantage in the long run.

In conclusion, these materials have been extensively researched and produced. They provide a foundation for knowing the company from the inside. When managers have a good grip on their reliance on these resources, they may appreciate their significance to the company's performance. We're searching for resources that can be delivered dependably and will ultimately play a vital role in corporate operations and strategic planning. If they are depleted or damaged, these assets must be able to replenish or replaced by other assets. For example, losing a vital

resource might significantly interrupt corporate operations without a good backup plan or alternate supply source. When this occurs, it may result in discontent among the company's clients. In high-pressure situations, organisations must thus be able to react swiftly and effectively by discovering the best potential solutions and choices.

### **3.8. Business Model Canvas**

Canvas tool comprises nine components of enterprise activity sectors that any business may use in the market. This tool aids business owners in developing sound strategies, analysing ways to outperform rivals, and achieving long-term success.

In this framework, all the moving pieces of the hazelnut business are exposed. Included are the company's partners and customers, as well as its resources and revenue routes. Managers will comprehensively understand the company and its processes by studying and evaluating these elements. As a consequence, the company will grow and increase its position in the market. The market share of AgroNut will increase, and the firm will become an industry leader. Currently, a tiny number of substantial agricultural corporations hold an outsized share of the market. Analysing company processes, activities, and associated parties is essential for keeping competitive and continuing business. The family owns and controls the business.

For instance, if top management fails to identify the ideal commercial partners for the company, it may lose out on profitable prospects. If management fails to correctly identify and handle the company's underlying cost structure and profitability-eroding expenditures, its profitability and, eventually, its viability are at stake. They are interrelated, and one has a domino impact on the other. Therefore, the organisation must provide personalised care for them.

Table 3. Business model canvas

<b>Key partners:</b>	<b>Key activities:</b>	<b>Value Proposition:</b>	<b>Customer Relationship:</b>	<b>Customer segments:</b>
Farmers Landlords Chocolate companies Oil companies	Growing Producing Exporting	High Quality Huge Variety Reasonable pricing Delicious fruits	Direct marketing channels Company's website	Food companies Beverages companies Pastry shops
Local buyers Public agencies Government bodies	<b>Key resources:</b> Highly skilled employees. Highly demanding products		<b>Channels:</b> Website Telephone Social network	Chocolate factories Supermarkets Wholesalers Retailers
<b>Cost Structure:</b> Garden maintenance Employees' salaries Marketing expense			<b>Revenue streams:</b> From local and international buyers	

### 3.8.1. Key Partners of AgroNut.

The main key partners of our firm will be Farmers, Landowners, Chocolate companies, Oil companies, local buyers, public agencies and the government. We will be in touch with all of them.

### 3.8.2. Key Activities of AgroNut.

The company's essential activity is producing and delivering products to hazelnut lovers worldwide. The fruits will be shelled. They will be distributed around the world. Its primary activities include seeding, cultivating, harvesting, and marketing its goods on the market. The process is straightforward yet time-consuming. Consequently, to fulfil the ongoing demand,

inventory managers must constantly maintain tight control over the supply. The company's brand image might suffer if insufficient inventories match market demand.

### **3.8.3. Key Resources of AgroNut.**

The essential resources have previously been mentioned in the section on VRIO analysis. The company's most valuable assets are its personnel and facilities. Staff will consist of specialised specialists, supervisors, and ordinary workers who will do regular gathering and packing tasks. These resources are going to be put to use in the day-to-day operations of the corporation.

### **3.8.4. Value Propositions of AgroNut.**

Our organisation strives to supply its customers with high-quality goods. This will assist the business in achieving client satisfaction. It will aid in the development of a devoted clientele. AgroNut's clients will be allowed to pay acceptable pricing for its premium organic goods. Unlike our market rivals, we will prioritise the customer above profits. The former will yield more earnings if a corporation has the correct values. Consequently, the company's business strategy is to provide the appropriate rates for the correct items.

### **3.8.5. Customer Relationship of AgroNut.**

We will strive to develop the most efficient method of client communication. Each party's mode of communication should be ideal. Customers should not feel like they are being coerced and that the business is using an aggressive sales tactic. We shall avoid such practices. It has a pleasant attitude to consumer connections. Understanding the genuine requirements of consumers is a means to demonstrate respect and concern for them. We will consider these factors while building the website and teaching sales representatives how to interact with customers. They should be kind and considerate towards customers and have the proper attitudes.

### **3.8.6. Customer Segments of AgroNut.**

AgroNut has a diverse consumer base. It varies from individuals, families, and houses to corporations. Each section has distinct demands, interests, and tastes. Attempting to comprehend this is complex, and providing the appropriate goods to each market niche is crucial. If not, the customer will not repeat a purchase.

### **3.8.7. Channels of AgroNut.**

Possessing the appropriate and efficient methods for distributing your items will lead to a rise in revenue. In this manner, several strategies will be used. It will use a website and telephone to sell things and communicate with customers. The organisation may also consider intermediaries.

### **3.8.8. Cost Structure of AgroNut.**

This element will be further upon in the company plan's finance section. Payrolls, wages, and marketing and advertising expenditures comprise most of a company's spending. Because the firm is fresh to the market and needs advertising, the latter is crucial. Consequently, the corporation will set a budget for this purpose.

### **3.8.9. Revenue Stream of AgroNut.**

This section illustrates how the company makes money through its businesses. The hazelnut garden's primary source of income is the sale of all varieties of hazelnuts to customers. The company's sales are the primary source of income for the business. They result from the sale of shelled hazelnuts. Because of these earnings, the firm can pay its expenditures and produce value for its founders and the linked stakeholders.

The Canvas model yielded results that we can optimistically summarise. Almost all of the model's portions were analysed for the projected firm to be more competitive in the market. With

the appropriate approach based on the Canvas model, we are confident that this company will achieve the anticipated success.

## **4. ORGANIZATION AND MANAGEMENT**

### **4.1. Human Resources**

People believe that the demand for human labour will decrease as technology advances. This is only applicable in locations where physical activity is most required. This is also true for process automation. However, there are many industries and markets where the presence of a human being is required. Intelligent technologies can calculate figures, make predictions based on acquired data, deliver reports, and so on, but they cannot think like humans. No technology can consider external influences when calculating figures and making rational conclusions. It is especially relevant to in-service operations because humans make most decisions based on experience, environmental considerations, service criteria, etc. As a result, we should be more selective in hiring employees for the organisation.

Its founder and four other shareholders own AgroNut. It will be a productive chance for this company because we will rely on our experience and knowledge to run it. There will be few staff for the first couple of years, to reduce beginning expenses and save money. In addition, as harvesting is seasonal work, there is no need to keep the workforce during the whole year. It will be much more beneficial if you hire stuff during seasons.

### **4.2 Organizational Structure**

The corporation's official name will be AgroNut. It's done like this to give potential buyers an idea of what the grown hazelnuts look like. Azerbaijan's capital city, Baku, will serve as the official headquarters. The business entity is a limited liability corporation. The owners will be liable for the same amount as their investment. Common equity indicates that all owners will get an equal stake in the firm upon its formation. The dividends paid to the owners will be the primary means through which they will benefit from the company's net earnings. We agreed that the group

of 5 friends would take responsibility for this issue with the conditions of equal authority in the company.

The initiator of the business plan, Mr Rufat Nazarov, will involve his four friends to collect the required investment. We will sign a shareholder agreement to avoid future disagreements.

Shareholders' agreements, also known as stockholders' agreements, are contracts between business partners that outline a company's management and its members' rights and obligations. The agreement outlines the rights and interests of shareholders, as well as the management of the company. It is typical for new firm founders to have the initial shareholders sign a shareholder's agreement. This is intended to make the parties' objectives very apparent. A written contract may serve as a point of reference in the case of a dispute as the business evolves and expands.

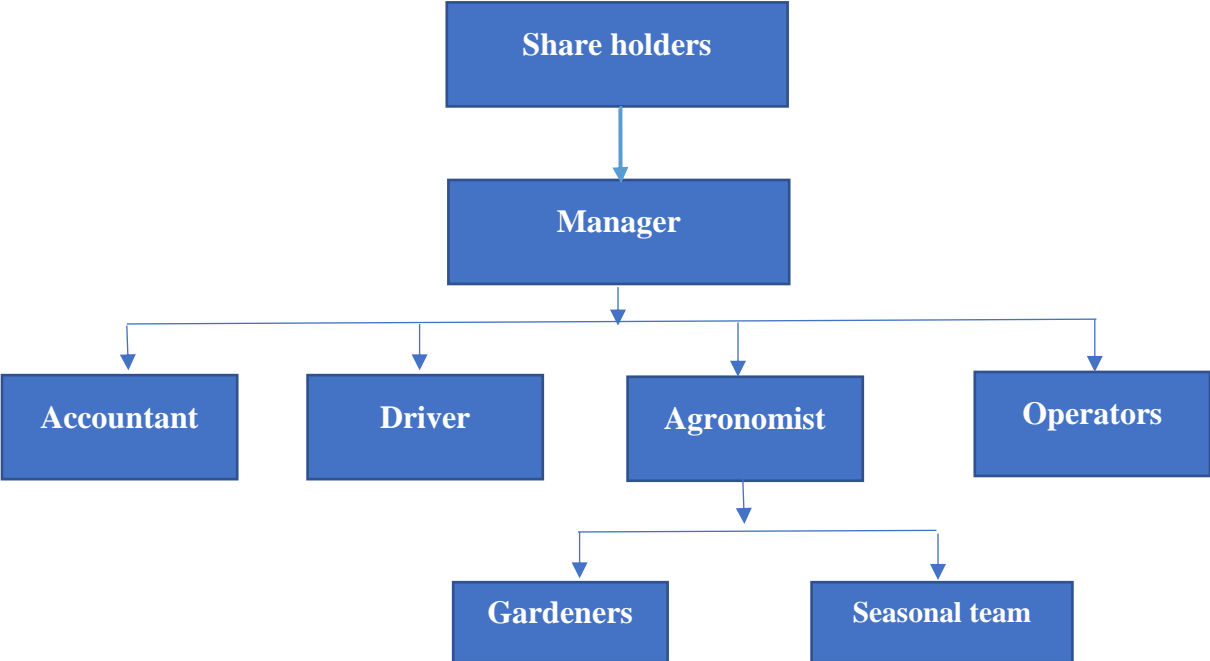
We will all agree to have equal rights to achieve the company's aims and objectives, but Mr Nazarov, the business author, will oversee the company. His interpersonal and management abilities will be essential for negotiating with suppliers and customers. Nevertheless, the firm may need capital for more substantial initiatives. Instead of requesting significant loans, the firm may attract investors prepared to participate directly in its shares.

AgroNut will pick the most efficient organisational structure. This process is particularly crucial for ensuring that the firm's day-to-day business operations run smoothly and contribute to the company's ultimate long-term goals and objectives, which are a component of the company's strategy. The firm's organisational structure will provide good communication between the various levels of management and personnel. Another essential thing to consider when making an organisational chart is making sure that decisions are made quickly and easily. Those businesses that take too long to make decisions are condemned to fail because they lose out on market possibilities.

We will assume that for the first 5 to 10 years, our company will not use complicated organisational structures because of its size. As we will start from 10 hectares of planting, there is no need for any additional management levels within the company. This kind of decision only may increase costs for us. That is why the top layer of the organisational structure in our company will be the company's founder, and there will not be any C-level management. The founder ensures that the firm is functioning smoothly and within its budget. He must also guarantee that the company maintains excellent customer relations.

Initially, we will hire an accountant, agronomist, driver and two employees annually. However, we will involve an additional workforce daily during some operational periods. Employees who are members of the company's organisational structure will handle the company's primary operations. They will be responsible for day-to-day activities, including establishing, seeding, cultivating, and gathering hazelnuts. From the 4th year, we will hire two additional personnel responsible for packing and overseeing the firm's diverse equipment operations. This personnel are essential to the company's seamless operation.

*Chart 3. Organisational Chart of AgroNut*



### **4.3. Orchard Location**

Location is one of the most crucial elements to consider while starting a company. We will purchase lands in the Balakan region and plant hazelnut trees there. For this, we will consider nuances such as whether the soil is amended and readied for the planting of hazelnut trees that will last for many years. Soil testing for nutrients and PH will be undertaken, and changes will be made before disking the ground and planting. After many procedures, the fruits cultivated and harvested within those locations will be stored and sold.

### **4.4. Equipment and Facilities**

There are several requirements for the business before planting an orchard. We must obtain a variety of agricultural equipment, technology, and tools. These tools and equipment will be utilised for day-to-day tasks such as watering the trees using an automated piping system, pruning the trees, and clearing the area around the trees of weeds and plants. Numerous products, including appliances, tools, and equipment, will be obtained at a local market specialising in farm appliances.

First, we need to dig an artesian well, install a pump and connect it to the electrical network if we want to provide our orchard with enough water. To make this happen, we also must take care of the electrical network within our facility. Moreover, the construction of Installation of a drip irrigation system and supplementary production areas (pool, warehouse, etc.) is not less important. In addition, we must purchase a tractor and sprayer. Finally, yet importantly, we need to fence our area.

### **4.5. Operations Plan**

This section will look closely at the operations that need to be done on the field. It will include tilling the land and digging holes to sow the hazelnut seedlings. As we plan to plant an intensive hazelnut orchard, we will use seedlings. The seedlings must be planted in the soil in a

straight line, with sufficient space between each one. For the trees' future growth, they must not compete for light and obstruct one another.

After being planted, the seedlings will need constant hydration. The business intends to implement an automated drip irrigation system.

It will take a long time to nurture the trees, but once they are grown, they will need frequent pruning and the removal of weeds and bushes to ensure they get sufficient water.

Filberts should be collected after they have reached maturity and are dropping to the land. Nuts may be coaxed to the ground by gently shaking branches, or you can wait until they drop. If possible, dropped hazelnuts must be collected before the beginning of rainfall. If the crop is harvested while it is damp, storage issues may arise, and the quality of the nuts will be compromised.

The vast majority of hazelnuts cultivated for commercial purposes are picked by machine. Using a sweeper to harvest hazelnuts is a simple method. During this procedure, the tree row is cleaned using air blast mechanised fingers, and the nuts are deposited in a narrow window in the middle of the row. Effective sweeping requires moving at a pace only faster than the automated pick-up trucks. However, purchasing this kind of technology, in the beginning, would cost high. In addition, there is a cheap labour force that works during harvesting seasons. If we measure their cost, human labour will be preferable in this region.

## **5. MARKETING STRATEGY**

### **5.1. Marketing goals and objectives**

Marketing strategy is an essential aspect of any business plan since it outlines how a company's products will be advertised, how customers will be found, and how offered services will be introduced to expand the client base and sales. It is also critical to grab the attention of investors.

According to the competitor analysis, there are numerous hazelnut manufacturers. At first glance, these companies may appear identical and target the same market that AgroNut intends to expand. In this situation, differentiation from competitors is crucial. Quality and flavour are the primary messages to be conveyed through marketing channels.

### **5.2. Marketing Mix**

The 4Ps of marketing idea, which include product, promotion, price, and place, could be used to clarify essential parts of the marketing plan. The primary aspects of the marketing product strategy segment include brand name, offered service, functionality, and security issues. Advertising channels, public relations, sales promotion, marketing budget, and so on are all included in the promotion area.

#### **5.2.1. Product**

Since I have already described the product that our company intends to sell in detail at the beginning of the business plan, I will focus on branding in this part. Business branding is essential in firm marketing because it determines how to promote a product or service to the target audience and how customers recognise this business. "Your brand is what other people say about you when you are not in the room," explains Amazon founder Jeff Bezos. (Gregory, 2022)

The branding of a company is a comprehensive process in which owners must consider numerous factors, such as determining the target audience ahead of time, clearly expressing the business mission, demonstrating the main benefits the business aims to bring to the market that distinguishes the company, deciding on a logo, and so on. One of the most critical functions of branding is to support commercial advertising. A well-prepared brand allows customers to identify expectations and what the company promises its customers readily.

After discussing it with the prospective shareholders of the projected business, we agreed to design an essential yet attractive brand. Colour selection is critical in branding since incorrect or poor colour choices might harm the brand's image. So, we will examine colour meanings from a psychological and financial standpoint before deciding on the colours for our brand. We will outsource the logo design and slogan to professionals in this field.

### **5.2.2. Promotion**

Starting with the start of the harvesting year, AgroNut intends to enter the active phase of advertising. Websites, search engine optimisation, social media marketing, an active advertising agency, billboards, and other traditional and non-traditional outdoor advertising are just a few of the Internet's many resources that savvy marketers may use. Before beginning an ad campaign, we must consider where we are in the market. This means considering how you'll differentiate yourself from the competition, your pricing, how long your campaign will run, and what kind of discounts and deals you'll offer.

Creating a company-branded website is our priority as we strive to establish an online presence and increase brand awareness within our intended demographic. The full scope of our offerings will be displayed on a modern, straightforward website. Prospective customers interested

in learning more are advised to contact the company by electronic mail or telephone. Businesses may register for the site's newsletter and updates through a dedicated section.

Using online adverts for search engine marketing, we want to increase visitors and expand our digital presence. Pay-per-click and paid advertising will be customised for potential clients that do internet searches for pertinent information and fall within our target market. In addition, online marketing campaigns will allow us to assess market data quickly and inexpensively. Ad servers and other strategies, such as pay-per-impression, click, play, and action, may monitor, measure, and test almost every aspect of a Web marketing campaign.

The use of social media in advertising has increased in importance. Technology has progressed beyond its original purpose of facilitating conversation and has become a platform upon which individuals may exchange and disseminate information, including their own stories, opinions, and insights.

To create our name inside the market, we will need to use social media advertising extensively. We will construct your Facebook, LinkedIn, Instagram, and Twitter accounts. With these goals in mind, a comprehensive social media marketing plan will be developed and implemented.

This will boost our company's brand recognition and visibility to a broader audience. Our company achievements will be broadcast online on social media platforms to keep our target customers informed. Professional network development will play an increasingly important part in social media marketing.

We will use search engine optimisation (SEO) and pay-per-click (PPC) advertising strategies to catapult our website and brand name to the top of search engine results in pages. We place a greater emphasis on having a solid presence on all major search engines, including Google,

Bing, and Yahoo. Search engine optimisation, often known as SEO, enables us to maintain our company's viability in the competitive online business world. The website will be constructed according to industry standards to satisfy the conditions for developing organic traffic via effective content and keywords.

We also intend to focus on word-of-mouth marketing to spread our name. Regarding social media and social networking, nothing holds more power than word-of-mouth marketing can result in many customers if taken care of properly. Online reviews and support will serve as a medium to promote our brand's name. People read these reviews, and it will dramatically affect their opinions of how they view valued services. Furthermore, having a positive reputation and reliable credibility will only help us market through continued customer loyalty and how people will be willing to share positive reviews about our services.

Regarding exhibits, there are not many opportunities to network with other businesses and find new customers in Azerbaijan's agriculture sector because of the lack of dedicated trade shows. Nonetheless, we will work closely with AzPromo. This agency will assist AgroNut in actively participating in exhibits. Azerbaijan has an annual show and invites global businesses and investors to attend. They get used to the "Made in Azerbaijan" label.

### **5.2.3. Pricing strategy**

The challenge of setting fair prices for agricultural goods is one of the most critical aspects of the market circumstances that affect us. Turkey is the leading producer and marketer of hazelnuts in the business, providing about 70% of the world's exports of hazelnuts. Thus, Turkey determines the world price of hazelnut. So, companies like ours need to follow turkey's productivity information. The Turkish Ministry of Agriculture and Forestry released their hazelnut production projection for 2022–2023 and estimated that the harvest would be 765,287 tons, up

13% from the previous year. According to Selina Wamucii, in 2023, the approximate price range for Turkey Hazelnut will be between US\$ 6.44 and US\$ 5.77 per kilogram. The same resource intends that the approximate price range for shelled hazelnuts in Azerbaijan will be between US\$ 5.55 and US\$ 5.09 per kilogram. It means that the shelled hazelnut price for the export will be an average of 9 manats. However, not all the harvested yields will be sold shelled. We will also sell in-shell hazelnut in massive amounts. The average price for in-shell hazelnuts varies between 4-5 manats. Considering all of this, we will set a price for our goods.

#### **5.2.4. Place**

Since we are planning to operate on the international market, the location of our business in Azerbaijan will mostly stay the same. The business will consist of hazelnut orchards in the country's northwestern region. The central location of the office will be in Baku. Since we want to sell our goods in foreign markets, our foreign partners will find this place convenient. We will also construct a warehouse near our gardens to facilitate the production and export of goods.

## 6. FINANCIAL PROJECTIONS

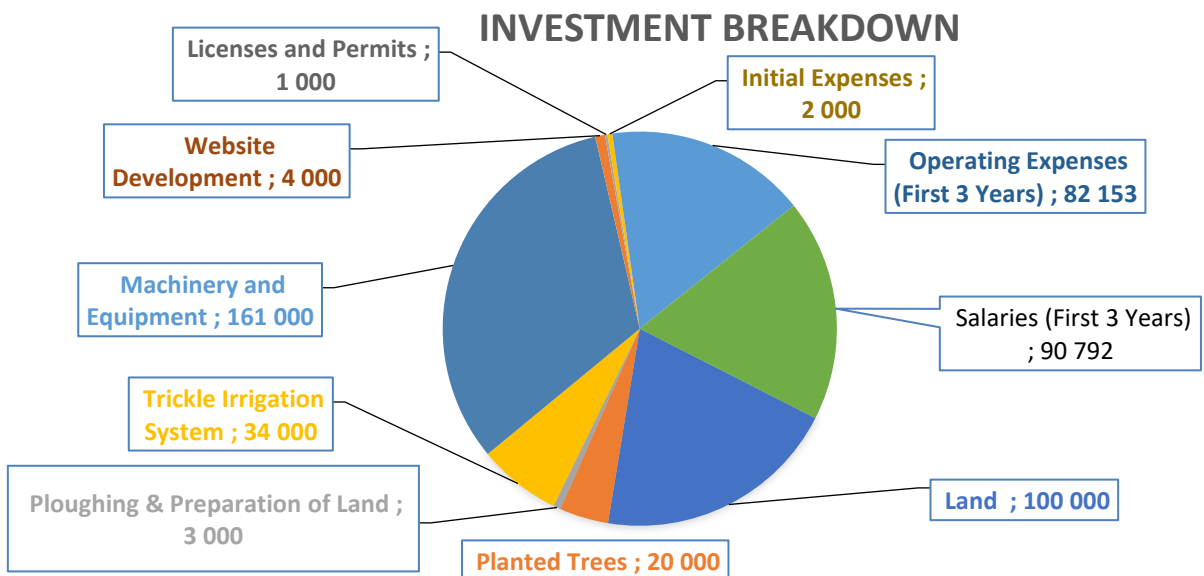
### 6.1. Initial Investment of AgroNut

Funding is one of the essential factors for implementing plans for any startup. We expect that initially, we will need around AZN 497,945 as an initial investment. The breakdown for the allocation of financing is listed in the table below.

*Table 4. Financing Breakdown*

Assets/Expense	Financing Breakdown	Value AZN
Fixed Asset	Land	100,000
Fixed Asset	Planted Trees	20,000
Fixed Asset	Ploughing & Preparation of Land	3,000
Fixed Asset	Trickle Irrigation System	34,000
Fixed Asset	Machinery and Equipment	161,000
Fixed Asset	Website Development	4,000
Expenses	Licenses and Permits	1,000
Expenses	Initial Expenses	2,000
Expenses	Operating Expenses (First 3 Years)	82,153
Expenses	Salaries (First 3 Years)	90,792
	<b>Total</b>	<b>497,945</b>

*Chart 4. Investment Breakdown*



As you can see from the previous chart, we required 497,945 manats to implement this business. Firstly, we need to purchase land suitable for cultivation, which will cost 10,000 manats per hectare, in total 100,000 manats, regarding our assumptions.

Then a considerable amount of our investment will go to machinery and equipment, 161,000 manats. We assumed that we would need 20,000 manats for the garden's fencing, 25,000 manats for purchasing a tractor, and 70,000 for digging an artesian well, installing a pump and connecting it to the electrical network. Also, we will need additional 8000 manats for hazelnut peeling machines, flail chopper or blanching and packing machines, 20,000 manats for the construction of auxiliary production areas (pool, warehouse, etc.), and 8000 more for equipment like weed sprayer, ground leveller, air blast sprayer, fertiliser spreader, and brush rake.

Before planting, we must prepare the ground for it, and it will cost additional 3000 manats for us. Moreover, if we want significant yield, we must be sure that our trees are provided with the required amount of water, especially in the first couple years of their planting. That is why we need a trickle irrigation system, and we will pay 34,000 manats for this.

There are several planting models of hazelnut trees, and farmers usually prefer traditional planting methods in Azerbaijan. Regarding this method, you can plant 144 trees per hectare. However, we will use a new approach for cultivation in this region and plant 500 trees per hectare. So, to make this happen, we need 5000 seedlings, and we assumed the price per seedling would be 4 manats. In total, we will pay 20,000 manats for seedlings.

Website development, licenses and permits, and initial expenses are among our expenses, and regarding our assumptions, each of them will cost 4000, 1000 and 2000 manats, respectively.

Finally, we plan to harvest our orchard in 4 years, so we added the first three years' operating expenses and salaries to our financing breakdown. The following tables depict the operating and labour expenses incurred throughout the project's execution.

*Table 5. Operating expenses*

<b>Operational Expenses</b>		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Marketing Expenses	Annual Operating Cost	0	0	0
Administrative Expenses	Annual Operating Cost	3000	3150	3307.5
Legal and Accounting	Annual Operating Cost	0	0	1000
Integrated Pest Management/Soil Test Fees	Annual Operating Cost	1200	1260	1323
Insecticides, Miticides & Pesticides Control	Annual Operating Cost	2000	2100	2205
Fertiliser/Seeds and Nutrients	Annual Operating Cost	1500	1575	1653.75
Production Insurance	Annual Operating Cost	3000	3150	8000
Water	Annual Operating Cost	2500	2625	2756.25
Other Utilities	Annual Operating Cost	4200	4410	4630.5
Fueling & Travelling Expenses	Annual Operating Cost	3600	3780	5400
Licenses and permits	One Time	1000	0	0
Initial Expenses	One Time	2000	0	0
Miscellaneous Expenses	Annual Operating Cost	1200	1260	1323
Repairs & Maintenance	Annual Operating Cost	800	840	882
Dues and Subscription	Annual Operating Cost	500	525	551.25
Website Hosting and Maintenance	Annual Operating Cost	300	315	330.75

An annual salary for the employees was forecasted at 28,800 AZN, and a yearly raise for the next few years was also considered. We assumed that 20 workers would harvest 1 hectare of the garden in one day and the daily salary for an employee would be 30 AZN, taking into account the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan payments. A 10% increase in harvesting costs is forecasted for each following year. If we fill a need in the additional labour force for the future years, we may involve several new employees.

Table 6. Labour expenses

<b>Hiring Cost (Salary)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>
<i>Agronomist</i>	7,200	7,560	7,938	8,335	8,752	9,189	9,649
<i>Accountant</i>	6,000	6,300	6,615	6,946	7,293	7,658	8,041
<i>Labour Machine Operator (Full Time) 2</i>	0	0	0	12,000	12,600	13,230	13,892
<i>Tractor driver</i>	6,000	6,300	6,615	6,946	7,293	7,658	8,041
<i>Gardeners (Full Time)</i>	9,600	10,080	10,584	11,113	11,669	12,252	12,865
<i>Harvesting team</i>	0	0	0	600	660	693	728
<b>Total Salaries</b>	<b>28,800</b>	<b>30,240</b>	<b>31,752</b>	<b>45,940</b>	<b>48,267</b>	<b>50,680</b>	<b>53,214</b>

The funding allotment required to meet the specifics of the capital expenditures (CAPEX) is shown in the table below.

Table 7. Capital Expenditure

<b>Capital Expenditure</b>	<b>Value</b>
Land	100,000
Planted Trees	20,000
Ploughing & Preparation of Land	3,000
Trickle Irrigation System	34,000
Machinery and Equipment	161,000
<b>Total</b>	<b>318,000</b>

Shareholders will contribute the whole of the initial capital. We decided that every five pals would contribute one hundred thousand manats. Under equal power, they will each assume responsibility for this matter. We will invest 500,000 manats in this business. The necessary forecasted investment and shareholder investment contribution are shown in the table below.

Table 8. Financing Initial investment

<b>AgroNut Financing Initial investment</b>	<b>Value</b>
Required Investment	497,945
Shareholder Equity	500,000

## 6.2. Cost structure of AgroNut

There are typically two sorts of costs in business: fixed and variable. Our company's fixed expenditures include integrated pest management, soil test, insecticides & Pesticide control, fertiliser and nutrients, insurance, water, other utilities, fueling & travelling, repairs & maintenance, and other miscellaneous expenses. The estimated fixed operational expenditures for the period are shown in the table below.

*Table 9. Fixed operational expenses.*

Fixed Operating Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Staff Salaries	28800	30240	31752	45339.6	47606.58	49986.909	52486.2545
Marketing Expenses	0	0	0	10000	10500	11025	11576.25
Administrative Expenses	3000	3150	3307.5	3472.875	3646.51875	3828.84469	4020.28692
Legal and Accounting	0	0	1000	1050	1102.5	1157.625	1215.50625
Integrated Pest Management/Soil Test Fees	1200	1260	1323	1389.15	1458.6075	1531.53788	1608.11477
Insecticides, Miticides & Pesticides Control	2000	2100	2205	2315.25	2431.0125	2552.56313	2680.19128
Fertiliser/Seeds and Nutrients	1500	1575	1653.8	1736.438	1823.25938	1914.42234	2010.14346
Production Insurance	3000	3150	8000	8400	8820	9261	9724.05
Water	2500	2625	2756.3	2894.063	3038.76563	3190.70391	3350.2391
Other Utilities	4200	4410	4630.5	4862.025	5105.12625	5360.38256	5628.40169
Fueling & Travelling Expenses	3600	3780	5400	5670	5953.5	6251.175	6563.73375
Licenses and permits	1000	0	0	0	0	0	0
Initial Expenses	2000	0	0	0	0	0	0
Miscellaneous Expenses	1200	1260	1323	1389.15	1458.6075	1531.53788	1608.11477
Repairs & Maintenance	800	840	882	926.1	972.405	1021.02525	1072.07651
Dues and Subscription	500	525	551.25	578.8125	607.753125	638.140781	670.04782

Website Hosting and Maintenance	300	315	330.75	347.2875	364.651875	382.884469	402.028692
Bank Loan Interest	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0
<b>Total Fixed Operating Expenses</b>	<b>55600</b>	<b>55230</b>	<b>65115</b>	<b>90370.75</b>	<b>94889.2875</b>	<b>99633.7519</b>	<b>104615.439</b>

Variable costs of our business consist of delivery and transportation costs. Variable operating expenses for the forecasted period are projected in the table below. As we plan harvesting since the fourth year, costs will also be formed.

*Table 10. Variable /Direct Cost*

<b>Variable /Direct Cost</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>
<i>Packaging &amp; Delivery &amp; Transportation</i>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>13,806.46</b>	<b>15,187.11</b>	<b>16,705.82</b>	<b>18,376.40</b>
<b>Total Direct Cost</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>13,806.46</b>	<b>15,187.11</b>	<b>16,705.82</b>	<b>18,376.40</b>

### **6.3. Revenue of AgroNut**

I am planning to get the yield from the fourth year. In this case, the company will reach its first revenue from year 4. Moreover, we will get a subsidy from the Azerbaijan government to establish our orchard. I assumed these subsidies as other income and included them in the revenue balance. I also assumed several more assumptions for the company's revenue. I plan to plant 500 trees per hectare, and I believe that each of the trees will give an 11 kg yield annually since the fourth year. The following chart illustrates the comparison of revenue to operating expenses.

Our research also found that hazelnuts may lose up to 45% of their weight when shelled. Furthermore, during the shelling process, the chance of getting whole kernels is 35%, broken kernels are around 12-13%, small pieces are almost 8%, and the rest can be made into hazelnut

flour. So, these percentages will be among the assumptions made while forecasting the company's revenue.

*Chart 5. Revenue vs Expenses*



According to Selina Wamucii's portal, the approximate price for the Azerbaijan hazelnut will be 9.43 manats per kg. In addition, thanks to the data from the State Customs Committee of Azerbaijan, I could determine the prices for exporting whole kernel hazelnuts and identify the average price per kilogram, 9.59 AZN. I will take this price as the base price for the whole kernel and implement a 10% annual growth rate for the future period forecasting. I will assume prices for broken kernels, small and medium pieces, and hazelnut flour at 60, 25, and 5% of the base price, respectively.

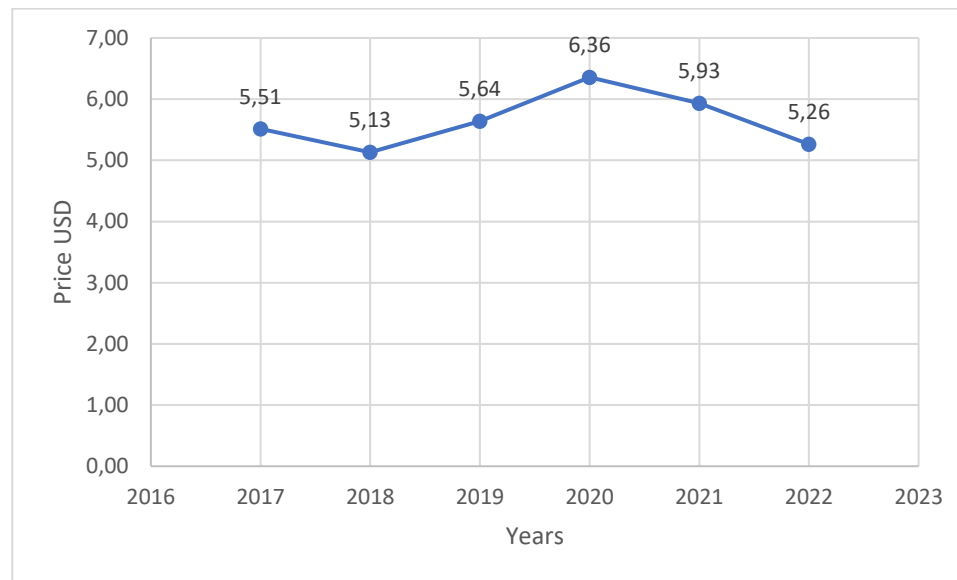
*Table 11. Shelled hazelnut export data.*

Year	Tones	Price
2017	20754.40	\$114,449.58
2018	18223.15	\$93,510.93
2019	22023.00	\$124,207.53
2020	17867.44	\$113,588.07
2021	18337.52	\$108,754.62
2022	20200.12	\$106,323.22

*Note: The table was created according to the data published by the State Customs Committee of the Republic of Azerbaijan.*

From the data provided in the previous table, I calculated the prices per kg of exported hazelnuts from 2017 to 2022. The chart below depicts the export prices per kg.

*Chart 6. Whole kernel export price per KG*



The following table summarises the price and product information I used for the revenue calculation.

*Table 12. Price and Production information*

<i>Number of Trees</i>	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<i>Raw hazelnut Production</i>	55,000	55,000	55,000	55,000	55,000	55,000	55,000
<i>Whole kernel Production</i>	19,250	19,250	19,250	19,250	19,250	19,250	19,250
<i>Broken kernel Production</i>	7,150	7,150	7,150	7,150	7,150	7,150	7,150
<i>Small and medium pieces Production</i>	3,300	3,300	3,300	3,300	3,300	3,300	3,300
<i>Hazelnut flour Production</i>	550	550	550	550	550	550	550
<i>Whole Kernels Price</i>	9.59	10.55	11.60	12.76	14.04	15.44	16.99
<i>Broken kernels Price</i>	5.75	6.33	6.96	7.66	8.42	9.27	10.19
<i>Small and medium pieces Price</i>	2.40	2.64	2.90	3.19	3.51	3.86	4.25
<i>Hazelnut flour Price</i>	0.48	0.53	0.58	0.64	0.70	0.77	0.85

The forecasted revenue is illustrated in the table below.

*Table 13. Revenue*

<b>Revenue</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<i>Revenue from sales 1</i>	0	0	0	245713	270284	297312	327043
<i>Revenue from sales 2</i>	0	0	0	54759	60235	66258	72884
<i>Revenue from sales 3</i>	0	0	0	10531	11584	12742	14016
<i>Revenue from sales 4</i>	0	0	0	351.02	386.12	424.73	467.2
<i>Revenue from total sales</i>	0	0	0	311353	342488	376737	414411
<i>Other Income</i>							
<i>One-time government subsidy per hectare</i>	44000	0	0	0	0	0	0
<i>Annual Government subsidy per hectare (for first four years)</i>	7000	7000	7000	7000	0	0	0
<i>Annual Government subsidy per hectare (after four years)</i>	0	0	0	0	2400	2400	2400
<i>Other Income</i>	51000	7000	7000	7000	2400	2400	2400
<b>Total Revenue</b>	51000	7000	7000	318353	344888	379137	416811

#### **6.4. Income Statement of AgroNut**

We can show the company's financial performance over the projected period via an income statement. The revenue earned by the business and its costs, losses, and income is detailed on the income statement after the accounting period. It shows the planned business's projected net income for seven years. The table shared below depicts our calculations. As we see from this table expectation is that our company will gain considerable money over this period.

*Table 14. Income statement.*

<b>Income Statement</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<i>Revenue</i>	51,000	7,000	7,000	318,353	344,888	379,137	416,811
<i>Less Direct Costs</i>	0	0	0	6,227	6,850	7,535	8,288
<b>Gross Profit</b>	51,000	7,000	7,000	312,126	338,038	371,602	408,523

<b>Fixed Operating Expenses</b>							
<i>Staff Salaries</i>	28,800	30,240	31,752	45,940	48,267	50,680	53,214
<i>Marketing Expenses</i>	0	0	0	10,000	10,500	11,025	11,576
<i>Administrative Expenses</i>	3,000	3,150	3,308	3,473	3,647	3,829	4,020
<i>Legal and Accounting</i>	0	0	1,000	1,050	1,103	1,158	1,216
<i>Integrated Pest Management/Soil Test Fees</i>	1,200	1,260	1,323	1,389	1,459	1,532	1,608
<i>Insecticides, Miticides &amp; Pesticides Control</i>	2,000	2,100	2,205	2,315	2,431	2,553	2,680
<i>Fertiliser/Seeds and Nutrients</i>	1,500	1,575	1,654	1,736	1,823	1,914	2,010
<i>Production Insurance</i>	3,000	3,150	8,000	8,400	8,820	9,261	9,724
<i>Water</i>	2,500	2,625	2,756	2,894	3,039	3,191	3,350
<i>Other Utilities</i>	4,200	4,410	4,631	4,862	5,105	5,360	5,628
<i>Fueling &amp; Travelling Expenses</i>	3,600	3,780	5,400	5,670	5,954	6,251	6,564
<i>Licenses and permits</i>	1,000	0	0	0	0	0	0
<i>Initial Expenses</i>	2,000	0	0	0	0	0	0
<i>Miscellaneous Expenses</i>	1,200	1,260	1,323	1,389	1,459	1,532	1,608
<i>Repairs &amp; Maintenance</i>	800	840	882	926	972	1,021	1,072
<i>Dues and Subscription</i>	500	525	551	579	608	638	670
<i>Website Hosting and Maintenance</i>	300	315	331	347	365	383	402
<i>Bank Loan Interest</i>	0	0	0	0	0	0	0
<i>Depreciation</i>	0	0	0	0	0	0	0
<b>Total Fixed Operating Expenses</b>	<b>55,600</b>	<b>55,230</b>	<b>65,115</b>	<b>90,971</b>	<b>95,549</b>	<b>100,327</b>	<b>105,343</b>
<b>Net profit before tax (EBIT)</b>	<b>-4,600</b>	<b>-48,230</b>	<b>-58,115</b>	<b>221,155</b>	<b>242,489</b>	<b>271,276</b>	<b>303,179</b>
<i>Provision for Income Tax</i>	0	0	0	0	0	0	0
<i>Land Taxes</i>	-120	-120	-120	-120	-120	-120	-120
<b>Net Profit after tax</b>	<b>-4,480</b>	<b>-48,110</b>	<b>-57,995</b>	<b>221,275</b>	<b>242,609</b>	<b>271,396</b>	<b>303,299</b>

From today's standpoint, it makes it logical to compute the net present value of the profit to determine how much money we may anticipate from this firm over the next seven years, taking inflation into account. The net present value was calculated by making assumptions about the next seven years and using a discount rate of 10 %.

Below is the formula for calculating NPV:

$$NPV = \sum_{t=1}^n \frac{R_t}{(1+i)^t}$$

Considering the net present value at an inflation rate of 10%, the total profit will equal 1,815,405 manats.

### **6.5. Cash Flow statement of AgroNut**

The cash flow statement is one of the critical financial statements and the essential business plan component. This statement allows us to anticipate cash inflows and outflows for the specified time. The inflow section of the anticipated cash flow statement for the starting year consists of shareholders' equity, whilst the outflow section consists of expected capital expenditures. AgroNut will be in the agriculture business, so our income will be based on the harvest of our crops. As we mentioned previously, the harvesting period begins in the fourth year. Our income statement shows money received from the sale of harvested products as revenue. The intended business's estimated cash flow is depicted in the table below.

Table 15. Cash Flow

<b>In flow</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>
Shareholders' Equity	500,000	0						
Governmental subsidiary	0	51,000	7,000	7,000	7,000	7,000	7,000	7,000
Revenue from sales 1	0	0	0	0	245,713	270,284	297,312	327,043
Revenue from sales 2	0	0	0	0	54,759	60,235	66,258	72,884
Revenue from sales 3	0	0	0	0	10,531	11,584	12,742	14,016
Revenue from sales 4	0	0	0	0	351	386	425	467
<b>Total</b>	<b>500,000</b>	<b>51,000</b>	<b>7,000</b>	<b>7,000</b>	<b>318,353</b>	<b>349,488</b>	<b>383,737</b>	<b>421,411</b>
<b>Outflow</b>								
<b>Investing Activities</b>								
Land	-100,000	0	0	0	0	0	0	0
Planted Trees	-20,000	0	0	0	0	0	0	0
Ploughing & Preparation of Land	-2,000	0	0	0	0	0	0	0
Trickle irrigation System	-34,000	0	0	0	0	0	0	0
Dryer/ Hot Air Circulation								
Hazelnut Drying Machine	-10,000	0	0	0	0	0	0	0
Machinery and Equipment	-161,000	0	0	0	0	0	0	0
Wage expenses	0	-28,800	-30,240	-31,752	-45,940	-48,267	-50,680	-53,214
Packaging & Delivery & Transportation	0	0	0	0	-6,227	-6,850	-7,535	-8,288
<b>Operational activities</b>								
Marketing Expenses	0	0	0	0	-10,000	-10,500	-11,025	-11,576
Administrative Expenses	0	-3,000	-3,150	-3,308	-3,473	-3,647	-3,829	-4,020
Legal and Accounting	0	0	0	-1,000	-1,050	-1,103	-1,158	-1,216
Integrated Pest Management/Soil Test Fees	0	-1,200	-1,260	-1,323	-1,389	-1,459	-1,532	-1,608
Insecticides, Miticides & Pesticides Control	0	-2,000	-2,100	-2,205	-2,315	-2,431	-2,553	-2,680
Fertiliser/Seeds and Nutrients	0	-1,500	-1,575	-1,654	-1,736	-1,823	-1,914	-2,010
Production Insurance	0	-3,000	-3,150	-8,000	-8,400	-8,820	-9,261	-9,724
Water	0	-2,500	-2,625	-2,756	-2,894	-3,039	-3,191	-3,350
Other Utilities	0	-4,200	-4,410	-4,631	-4,862	-5,105	-5,360	-5,628
Fueling & Travelling Expenses	0	-3,600	-3,780	-5,400	-5,670	-5,954	-6,251	-6,564
Licenses and Permits	0	-1,000	0	0	0	0	0	0
Initial Expenses	0	-2,000	0	0	0	0	0	0
Miscellaneous Expenses	0	-1,200	-1,260	-1,323	-1,389	-1,459	-1,532	-1,608
Repairs & Maintenance	0	-800	-840	-882	-926	-972	-1,021	-1,072
Dues and Subscription	0	-500	-525	-551	-579	-608	-638	-670
Website Hosting and Maintenance	0	-300	-315	-331	-347	-365	-383	-402
<b>Total</b>	<b>-327,000</b>	<b>-55,600</b>	<b>-55,230</b>	<b>-65,115</b>	<b>-97,198</b>	<b>-102,399</b>	<b>-107,861</b>	<b>-113,631</b>
<b>Net Cash Flow</b>	<b>173,000</b>	<b>-4,600</b>	<b>-48,230</b>	<b>-58,115</b>	<b>221,155</b>	<b>247,089</b>	<b>275,876</b>	<b>307,779</b>
<b>Cash at the beginning of the Year</b>	<b>0</b>	<b>173,000</b>	<b>168,400</b>	<b>120,170</b>	<b>62,055</b>	<b>283,210</b>	<b>530,299</b>	<b>806,175</b>
<b>Cash at the end of the Year</b>	<b>173,000</b>	<b>168,400</b>	<b>120,170</b>	<b>62,055</b>	<b>283,210</b>	<b>530,299</b>	<b>806,175</b>	<b>1,113,954</b>

## 6.6. Break-even Analysis

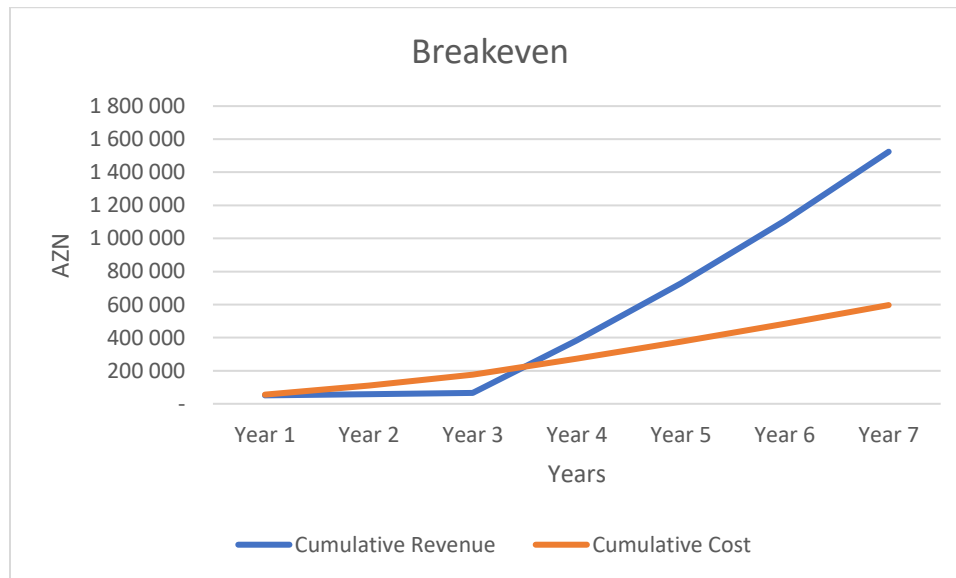
Break-even points are when total revenue and cost are equal or, in other words, neither gain nor loss at that stage. We expect the planned business to reach its breakeven point in Year 4 of operations.

Table 16. Breakeven

<i>Years</i>	<i>Cumulative Revenue</i>	<i>Cumulative Cost</i>	<i>Cumulative Net Profit</i>
<i>Year 1</i>	51,000	55,480	(4,480)
<i>Year 2</i>	58,000	110,590	(52,590)
<i>Year 3</i>	65,000	175,705	(110,705)
<i>Year 4</i>	383,353	272,903	110,450
<i>Year 5</i>	728,241	375,302	352,939
<i>Year 6</i>	1,107,378	483,163	624,215
<i>Year 7</i>	1,524,189	596,795	927,394

Due to the initial high operational expenses, the business does not reach its financial breakeven until year 4.

Chart 7. Breakeven point



## **7. RISKS ANALYSIS AND EXIT OPTION**

Market risk results from the unpredictability of outcomes resulting from unpredictable actions, reactions, and complex factors of influence. The threat is almost hard to avert. In several instances, the industry's marketing strategy makes it feasible to manage risks by adopting specific measures to reduce them to an acceptable level. The general hazards associated with project execution may be split into two categories:

Objective risk factors result from external situations, such as warfare, inflation, economic decline, etc. Its impact is not restricted to a particular project; plan diversification cannot negate it. Concerning this danger, it is vital to note that the risk for each investment project ranges between twenty-five and fifty per cent.

Subjective risk elements that may be eliminated or reduced via diversity. Some steps may be implemented throughout the execution of any project to foresee and decrease the risks associated with its success. In our scenario, we may do the following actions:

- Comprehensive price forecasting, including both short- and long-term projections.
- High-quality goods, frequent monitoring of customer demand and market rules, analysis of competitors, and technical innovation.
- Analyzing marketing operations mistakes and using such findings to inform management choices in risky situations.
- The development of a broad range of marketing initiatives targeted at lowering exposure to risk or the cost of insurance, including the detection of potential risks and the implementation of measures to mitigate such risks, as well as the manufacture, sale, and promotion of related goods and services.

- Continuous quality improvement, prescription options expansion, and use of advanced technology.

- Significantly bolster the company's advertising and promotional efforts.

- Provide a forecast of prospective competitor reactions, change tactics, and pricing actions to those in charge of the structure and administration of corporate operations.

- Additional marketing operations to ensure reduced risk and increased markets.

When executing a company concept, mistakes and economic losses may be prevented by analysing and identifying investment risks.

There is always a danger that a business may fail. With this risk, the stakes are much more significant for new enterprises. Entrepreneurs are also allowed to shift the emphasis of their businesses and explore new markets. Particular threats to the planned firm might compel it to exit the market. Several of these have been discussed before. For these and other reasons, it is crucial for any business, especially startups, to have an exit strategy. This is critical not just when you decide to quit the company but also when speaking with possible investors about obtaining financing for the business. Even if it is unlikely that we will be able to recruit outside investors, we will develop an exit plan for the business. Owners of businesses may pick from a variety of exit plans. In an initial public offering (IPO), the owner of a firm sells a part of its shares to the general public. This technique offers the potential advantage of attracting additional investors, who may then opt to support the business.

Mergers provide an alternate method. Investing in the company may be less hazardous if it merges with another company, increasing the possibility that its investors will get a return on their investments.

Private placements and venture capital are also feasible choices depending on the circumstances. The sale of our hazelnut orchard business may occur in one of two ways.

Management Buyout is the preferred option. The fundamental concept is that the management of one company will obtain control of the other by acquiring all or a substantial part of the latter's shares. Nutsoil is one of several potential competitors we face. We suggest they purchase the bulk of our shares so they can manage the firm.

The second alternative is to sell the business to a significant player in the hazelnut production industry since such corporations already exist, are acquainted with the target market and the prospects and constraints of the sector, and can acquire the company quickly. Due to their experience in a comparable industry, their productivity would increase if they assumed responsibility for our garden.

Production risk is one of the most severe threats we may face. They are related to the possibility that our harvest would be lower than expected. Most of these dangers are caused by poor weather, such as drought, frost, or excessive rain during harvesting or planting. Even when pests and illnesses are controlled, they can still cause harm, and machinery and equipment, such as irrigation pumps, can fail. We can avoid them by taking some of the steps listed below.

- We must adhere to the established production procedures.
- Increase output by using intense cultivation methods.
- Introduce new agronomic approaches to help mitigate risk. Title drainage, pot crops, drip irrigation, and resistant cultivars are a few examples.
- We must also repair and preserve the equipment in good operating order.

We may also encounter marketing risks. We may not be able to achieve the necessary market share for our hazelnuts, or the price we receive will be lower than expected. Both of these

scenarios are possible. Lower sales and pricing commonly cause marketing risk due to increased competition or altered consumer preferences. To protect ourselves from these threats, we must devise ways to handle marketing risks. Regarding this topic, the following factors have been considered.

- We have developed a plan that includes realistic sales projections and target prices.
- To grow our market share, we want to increase our direct marketing activities beginning in the fourth year.
- To lessen reliance, our organisation will sell through different channels.
- We also want to conduct research frequently to stay current on market needs and preferences.

## **8. PROJECT IMPLEMENTATION**

AgroNut will use the following strategy in the management of the company's establishment:

- Determining the current state of affairs
- Organizing the team
- Identifying Responsibilities
- Channels of communication
- Maintaining Operations during Unpredictable Events
- A strategy for when the project has been completed

Those described above are the steps a firm must go through to execute the project and develop the business properly.

The execution of the business plan ensures that the firm's resources are used effectively and that the desired outcomes are achieved.

The company's founder will have a better awareness of the market, competition, and demand. It will add to the firm's growth and expansion.

Additionally, the organisation will have a competent team and personnel or will effectively complete the job. The formidable team will include planting, growing, and harvesting (the labour), industry experts (marketers, salespeople), and finance staff. This group is required for product development, revenue and expenses optimisation, and maximising profit.

Communication channels are crucial since the company's image must be effectively transmitted to customers. Consumers must be notified well about the company's offered offerings. It will improve the company's sales.

AgroNut will also implement a strategy for follow-up. This will aid in averting future failures and potential shocks that might interrupt the company's operations.

## **9. CONCLUSION**

This business plan aims to determine whether or not AgroNut hazelnut company is a viable venture. In this approach, several internal and external models were used. Internal models have uncovered critical information about the firm's capability and the existence of resources to conduct everyday business activities successfully. AgroNut's financial capability and management skills are sufficient to operate a profitable hazelnut business and obtain its market share.

Additionally, AgroNut has created a thorough marketing strategy to determine how its goods would be sold and positioned. This is essential since a favourable image must be established from the consumer's standpoint.

Financial viability is ultimately examined as a crucial aspect of the firm. Even from a financial standpoint, our investigation validates the success of this company. There is a substantial demand for hazelnuts in domestic and global markets. The fact that we will achieve breakeven in the fourth year of operation is a positive indicator for our predicted firm. The organisation will be working efficiently and will attain self-sufficiency. AgroNut will become a prominent market participant in the Azerbaijani agriculture industry if it utilises its resources well.

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