

Business Plan for:

**Black-Gold Composting
Community-Powered Composting for Sustainable Solutions**

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Executive Summary

Black-Gold Composting is a worker-owned and cooperatively run residential composting system that will provide curbside pick-up service for residents in the town of Great Barrington. Black-Gold appeals to environmentally conscious residents lacking resources needed for composting at home and addresses the need to divert organic wastes from landfills.

The Business

The business, operating under the name Black Gold Composting, will function as a worker-owner cooperative business, which will observe joint ownership, democratic decision making and equally distributed finances. Owners will share ownership of company and management will be arranged appropriately as business scales up. Decision-making within the cooperative will be made by consensus or two-thirds majority when necessary.

Residential pick up will be priced at \$10/bin and pick up will be every other week. The average customer can expect a yearly bill of \$250 for twice-a-month pick up services. Compost will be dropped off at various locations with large-scale composting operations until land can be obtained and compost can be processed directly by Black Gold Composting.

Market

Services will initially be offered to all Great Barrington residents with plans to scale up to all south county residents, commercial businesses and institutions such as schools and health care facilities. Residents inclined to participate may include those already using small scale, home composting methods. Targeted outreach will be conducted towards GB residents with current waste disposal arrangements with local businesses Ray's Trucking, Roger Trucking, Joe Wilkinson, etc.

In the United States, food waste is the second largest category of municipal solid waste (MSW) sent to landfills, accounting for approximately 18% of the waste stream (EPA). In 2010 alone, that 18% equated more than 34 million tons of wasted food generated, with only 3% of this diverted from landfills and incinerators to composting.

Organic materials continue to be the largest component of MSW. According to the Composting Council, approximately 72% of the municipal waste stream going to landfills is organic (6% wood, 7% textiles/leather, 13% yard debris, 12% food scraps, 34% paper).

In Massachusetts alone, estimates say that less than 10 percent of food waste is currently diverted from disposal. There are currently about 30 permitted composting and anaerobic digestion operations accepting food materials in Massachusetts, with a combined permitted capacity to accept nearly 150,000 tons of organic material per year but the options in Berkshire County are minimal.

Competition

In nearby New York State is a company offering residential and commercial composting services, Empire Zero Waste. Based in Albany, this company is the primary source of competition for this proposed business. Distinction will be made between these two businesses in location. At 50 miles away from Great Barrington, the higher transportation costs associated with contracting with a company in Albany is reflected in the cost of Empire Zero Waste's services. Black Gold Composting will offer local residents a locally owned and operated option, with more affordable rates. The Berkshire market has already been shown to have a preference for locally owned businesses (see the success of the BerkShares local currency program and the Berkshire Grown network of local small-scale farms). Black Gold Composting will appeal to local residents because, thanks to its local ownership, proceeds will be reinvested in the local community. In addition, Black Gold will be offering ownership and employment opportunities for area young people.

Team

Black-Gold Composting will be launched with two worker owners. The goal will be to build a company of five worker-owners, including individuals with experience in marketing, business, cooperative economic structures and sustainable agriculture and a commitment to maintaining biodiversity, social justice and economic vibrancy in the Berkshires.

Founder of Black-Gold Composting, Rachel Moriarty, is a graduate of the University of Massachusetts, Amherst with a B.S. in Sustainable Agriculture. With a working knowledge of food systems, soil fertility and economic development, Rachel has returned to her hometown to implement a local solution to a widespread problem of improper waste disposal. Rachel has experience with vermicomposting on small-scale home operations and has facilitated public composting workshops.

Rachel has worked in the service industry for many years, where she has developed exceptional customer service skills and has witnessed first-hand the magnitude of waste produced in commercial and institutional settings such as restaurants, hospitals and universities. She has also managed successful outreach campaigns to improve participation in local grassroots efforts in her community. A native to Great Barrington, she is familiar with the geography of the Black Gold service area and has personal and business connections in the local community.

Operations

With a population of ~7,000 in Great Barrington, Black Gold Composting will be piloted with 500 residents, with staggered bi-monthly pick-ups, resulting in 250 pick-ups a week. Participants will be provided with 10-gallon bins and compostable bin bags will be left in empty bins after collection for the following collection. The town of Great Barrington has roughly 90 miles of town roads with residential occupancy.

Organic wastes will be delivered to nearby sites to be composted and finished product will be available for a subsidized price to participants and at full retail price to interested persons. A large portion of the finished compost will be offered to local farms in larger quantities at a wholesale price. It is anticipated that finished compost will not be available until second year of operation.

Timeline

Year One

Start up costs will inflate the first-year budget for Black-Gold Composting. Services will be provided for 500 Great Barrington households, accounting for roughly 6.25% of the town's households. Collection will happen every other week for all 500 participants.

Year Two

Dependent upon demand, services will be increased to about 33% of Great Barrington households, (roughly 1,125 households or 562 pick ups a week), and commercial operations will be targeted to expand business. Costs per bin may fluctuate. Hire one more worker-owner in year two.

Year Three

All of South County will be serviced with at least 15% of participating (roughly 2,250 households or 1,125 pick ups a week). Five worker-owners will be hired by the end of third year. Another vehicle will be purchased to keep up with increasing demand.

Year Ten

Land will be acquired to increase capacity and create self-sustaining business via on-site processing facility. Farm machinery and equipment will be purchased for processing. 60% of South County households participating (~8,000).

Start up costs

- Vehicle
= \$50,000
- 10 gallon buckets
500 buckets * ~ \$20/bucket = \$10,000
- Rolls of biodegradable/ compostable bags
52 rolls 288 bags at \$99.24/roll for twice monthly pick up (need bags
~15,000 total) = \$ 5,160
- Marketing/Advertising
website design, print advertising, waste bin graphic design, etc. = \$5,000

Start up costs = \$70,160¹

Salary Expenses	Year 1	Year 2	Year 3
Worker-Owner 1	\$35,360	\$35,360	\$35,360
2	\$35,360	\$35,360	\$35,360
3	-	\$35,360	\$35,360
4	-	-	\$35,360
5	-	-	\$35,360
total	\$70,720	\$106,080	\$176,800

Operating budget

Expenses	Year 1	Year 2	Year 3
Salary	\$70,720	\$106,080	\$176,800
Fuel	\$7,800	\$15,000	\$30,000
Insurance	\$10,000	\$10,000	\$10,000
Marketing	\$5,000	\$7,500	\$15,000
Vehicle(s)	\$50,000	-	\$50,000
Misc.²	\$10,000 + \$15,000 ¹	\$25,000	\$25,000
Loan payments	\$6000	\$6000	\$6000
Total	\$174,520	\$169,580	\$312,800

¹ Start up expenses include buckets and bin liners

²Includes vehicle repairs

Income	Year 1	Year 2	Year 3
Collection fees	\$120,000	\$281,250	\$562,500
Compost for sale	-	\$20,000	\$50,000
Total	\$120,000	\$301,250	\$612,500
Working capital	-	(\$54,520)	-
Total Profit	(\$54,520)*	\$77,150	\$299,700

*Although Black-Gold Composting ends its first year with a negative profit, that reflects the one-time purchase of a new vehicle as a fixed cost.

Resources:

<http://greenpaperproducts.com/biodegradable-trash-bags-kitchen-g101.aspx#.VRdtD1vjjm4>

<http://www.epa.gov/region9/waste/features/foodtoenergy/food-waste.html>

<http://www.epa.gov/epawaste/nonhaz/municipal/>

<http://www.mass.gov/eea/docs/dep/recycle/reduce/m-thru-x/organics.pdf>

<http://compostingcouncil.org/admin/wp-content/uploads/2011/11/Keeping-Organics-Out-of-Landfills-Position-Paper.pdf>

<https://resources.businessplantoday.com/recycling-business-plan-sample/financial-plan/>