

Sample Business Plan

PART 1: BUSINESS VISION, GOAL, PRELIMINARY RESOURCE AND MARKET ANALYSIS

A. Business Vision:

To produce high quality organic products in an environment conducive to my own health, as well as the health of the environment, others who work or play on the farm, and those who consume farm products.

B. Business Goal:

Within 7 years, to net an average of \$50,000/year from a total of 1,470 hours in the field, 490 hours marketing, 245 hours spent in research and education, and 245 hours spent administering the business, leaving three weeks for vacation and illness. This schedule is comparable to other successful small business owners, and assumes 49 50-hour work weeks per year.

C. Resources:

1. Skills and Experience:

- a. Worked in produce purchasing*
- b. Degree in soil science*
- c. Equipment/labor utilization process (learned during internship)*
- d. Field work and classes in bio-controls*

2. Personal Reputation:

- a. Local recognition*
- b. Good relationship with local market and local restaurants*
- c. Used to be on the board of local organization(s)*
- d. Invited to talk to kids at local school*

3. Circle of Advisors:

To Do ASAP: Draw up a short list of advisors, have them over for dinner, show them first draft of the business plan, and ask them to be advisors. (Also, get a gift for each.)

D. Potential Market(s):

1. Channels: Examples

- a. Farmers' Markets*
- b. Community Supported Agriculture*
- c. Direct to restaurants*
- d. Specialty caterers – weddings, flowers, special jams for wedding favors*
- e. Value-added (e.g., personal label jams, edible flower bouquets, and winter "gift gourds")*

2. Regions: Examples

- a. Santa Cruz*
- b. Half Moon Bay*
- c. Monterey Peninsula*
- d. San Francisco*

E. Constraints:

1. Capital
2. Time (and distance)
3. Competition from other small farms
4. Downward pressure on all agricultural producers
5. Matching height of production to market demand

F. Strategies for Meeting Goals:

1. Market Analysis/ Marketing Plan: Summarizing the strategic value/key components of Market Analysis and a Marketing Plan
 - a. Develop marketing plans by channel and region and implement strategically over time. Motto: "Find a market niche and diversify."
 - b. Pursue highest dollar value per effort opportunities first—this means considering where the highest price can be charged (and/or most product sold) and where it is most costly to do business, and weighing the costs and benefits of pursuing new opportunities
 - c. Evaluate skills and focus on offering products and services in a way that will maximize revenue in the short run and build the business and secure revenues in the long run
 - d. Establish strategic pricing strategies to maximize short- and long-term revenues, smooth cash flow, and create long-term relationships
 - e. Establish a "feedback loop" to evaluate how goods and services are received (solicit comments on quality and diversity and service)
 - f. Never stop evaluating and adapting
2. Time Management: Summarizing the strategic value/key components of a Time Management Plan
 - a. Establish time management / project management procedures to –
 - Ensure professional and timely delivery of goods and services to clients
 - Maximize opportunities to build on good relationships with clients
 - Minimize errors and misunderstandings with employees and clients
 - Reduce the stress of a hectic work schedule
3. Financial Management: Summarizing the strategic value/key components of a Financial Management Plan
 - a. Establish budgeting, cash flow management, and bookkeeping procedures (and follow them!)
 - b. Include short-term, mid-term, and long-term needs in marketing plan, and budget for necessary technology and training
 - c. Update business plan, budgets, and cash flow projections often
4. Farm/Crop Plan:
 - a. Serves the marketing plan
 - b. Follows the financial plan

PART 2: MARKET ANALYSIS/MARKETING PLAN: SAMPLE

A. Research and define each channel and region and rank according to priority. (Assign task and set due date for completion.)

** Note: "Future potential" means "Will this help me grow my business in the future?" The best example of this would be going to a farmers' market for a year in order to develop a client base to start a CSA in the future.*

CHANNEL	EASE OF MARKETING HARD =1 EASY = 10	AVAILABLE \$\$\$ LITTLE =1 LOTS = 10	COST OF DOING BUSINESS EXPENSIVE =1 CHEAP = 10	*FUTURE POTENTIAL NONE =1 LOTS = 10	SCORE	RANK BY HIGHEST SCORE
Farmers' Markets						
CSA						
Restaurants						
Specialty caterers - weddings						
Value-added						
REGION	EASE OF MARKETING HARD =1 EASY = 10	AVAILABLE \$\$\$ LITTLE =1 LOTS = 10	COST OF DOING BUSINESS EXPENSIVE =1 CHEAP = 10	*FUTURE POTENTIAL NONE =1 LOTS = 10	SCORE	RANK BY HIGHEST SCORE
Santa Cruz						
Half Moon Bay						
Monterey Peninsula						
San Francisco						

B. Analyze skill set, products, resources, constraints, and goals; match to each market channel/region. (Do this with advisors, assign task and set due date.)

SKILL	MARKETING ADVANTAGE	MARKETING DISADVANTAGE
Perform well at Farmers' Markets	I sell well People see what they get Easy for me to go there	But I have not been at that market long Prices are low, lots of competition Never know what I am really going to sell

KEY: Establish a presence, get loyal customers, find out what they like

PRODUCT	MARKETING ADVANTAGE	MARKETING DISADVANTAGE
Flowers	Beautiful Bring shoppers to my stand	Unnecessary Labor intensive

KEY: Get them to buy the food that goes with the flowers

RESOURCE	MARKETING ADVANTAGE	MARKETING DISADVANTAGE
Farm lease	I can afford Nice barn	Long drive, hill, cannot have groups of visitors

KEY: Maintain relationship and keep an eye on alternatives

CONSTRAINT	MARKETING ADVANTAGE	MARKETING DISADVANTAGE
Lack of equipment	NONE	I spend too much time in the field and not enough time selling

KEY: Get financing and buy the equipment I need

C. Develop plan for market channels:

1. Develop a plan for the top two or three channels and regions. Tailor your message and offerings to that channel/region. (Assign task and set due date.)

EXAMPLE CHANNEL #1 IN REGION:

Farmers' Market in San Francisco

Example Message:

"Everything you need for the week is available right here at the farmers' market, and most of it at my booth. All week long you can remember this beautiful day, and the story I am going to tell you about how hot it was when we picked these melons, and how we went swimming in the creek after and that you got invited to come up and visit sometime."

Sample product mix:

1. Summer fruit (e.g., melons, tomatoes)
2. Flowers
3. Hard Squash

EXAMPLE CHANNEL #2 IN REGION:

Message:

Product mix:

- 1.
- 2.
- 3.

2. Develop a plan for each channel and region specifying attainable market goals for the channel/region. (Assign task and set due date.)

Call 5 people a week in each segment/region. Ask five good questions:

- a. Would you advise me to sell in this region or market?
- b. What do you think the critical elements for success will be?
- c. What do you think will sell best there?
- d. Do you have any specific advice for me about breaking into this region or market, or about marketing my particular crop mix?
- e. Who else should I talk to?

Get leads and take notes. At end of month evaluate marketing plan and determine next steps.

CALL LIST WEEK OF ___/___/___ (DATE)

CHANNEL #1	CHANNEL #2	REGION #1	REGION #2
1.			
2.			
3.			
4.			
5.			

QUESTIONS:

- _____?
- _____?
- _____?

· Who else should I talk to?

· Besides word of mouth, what other avenues should I pursue in order to establish clients in this area?

3. Develop a plan for each channel and region detailing communication and product mix and pricing strategies (message, event participation, materials) tailored to that channel/region (after first date)

4. Develop a plan for each channel and region with a timeline by month and year for accomplishing marketing goals in the channel/region (after first date)

D. Pricing Strategies

1. Establish strategic pricing strategies to maximize short- and long-term revenues, smooth cash flow, and create good long-term relationships with clients
 - a. Short term strategy – base price on competition
 - b. Long term strategy – figure out what it costs you to grow and price accordingly
2. To do: Develop sample price sheets to support cash flow revenue projections. Develop different scenarios for price and product mix. (Set date.)

PART 3: TIME MANAGEMENT

A. Establish time management / project management procedures

1. Objectives of time management –
 - Ensure professional and timely delivery of services
 - Maximize opportunities to build on good relationship
 - Minimize errors and misunderstandings
 - Reduce the stress of a hectic work schedule
2. Time management tools and techniques: Need to consider options – software, phone apps, calendars (online, datebook, wall calendar), etc. Define what will work for you, the business?
3. To do –
 - A time needs and availability analysis for the first two years of operations. Make sure that all of your assumptions match the cash flow worksheet and the farm plan.
 - Discuss (options?) by __/__/__(date)
 - Begin (what?) by __/__/__(date)
4. Time management considerations –
 - 52 weeks x 50 hours a week equals 2,600 hours
 - 3 weeks of vacation and sick equals 150 hours
 - There are 2,450 work hours in the year
 - 1 day a week marketing equals 490 hours
 - 1/2 day a week administration equals 245 hours
 - 1/2 day a week research/education equals 245 hours
 - There are 1,470 farming hours left in a year
 - The workload in agriculture is not spread out evenly

PART 4: FARM/CROP PLAN

PART 5: FINANCIAL MANAGEMENT (see also Sample Cash Flow Spreadsheet and Cash Flow Spreadsheet Template)

A. Financial management:

1. Define budgeting procedures. Discuss by ____/____/__(date)
2. Define cash flow management procedures. Discuss by____/____/____(date)
3. Define bookkeeping procedures. Discuss by ____/ ____/ _____ (date)
4. Complete cash flow budget by _/____/____ (date)
5. Include the following –
 - a. Marketing plan: short-term, mid-term, and long-term needs
 - b. Budget for necessary technology and training
6. Update business plan, budgets, and cash flow projections often (target month)