**Maine Farms for the Future Program**

**Spring or Fall 2021 PHASE 2 BUSINESS PLAN**

COVER OF THE BUSINESS PLAN

Include photo(s)

Business name

Business owners’ names

Business Address

Physical Address

website, Facebook, Instagram, etc.

Include the following Confidentiality Statement at the bottom of the Cover

This business plan has been submitted on a confidential basis solely to the **Maine Farms for the Future Program** in connection with a grant and loan and is not for use by any other persons. By accepting delivery of this plan, the Program agrees to return this copy to the company at the address listed above if the recipient does not undertake to approve the grant or the loan. The Program may not fax, reproduce, or distribute without the author’s permission.

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# Executive Summary

Write this section last. U**se only 1 page** to set the context for this business plan, hit the highlights.

Summarize where you are now and “where you are going”.

Outline/identify the core elements of your proposed Phase 2 project(s) and complete this statement:

We are applying for the Maine Farms for the Future Phase 2 cash grant *(and if applicable)* a recommendation for the 2% interest rate through the Agricultural Marketing Loan Fund to......purchase......, or to construct...... or????

*NOTE: If note if you have submitted the AMLF Project Eligibility Form and recieved a Letter of Eligibility. Also, if construction is a part of your Phase 2 project and the AMLF loan for construction is planned, you must identify the construction lender that you have applied to that will work with FAME to arrange for take-out financing once all construction is completed. Also note if you have submitted the AMLF Project Eligibility Form and recieved a Letter of Eligibility.*)

Finish this section with a brief explanation of how the project/projects will “get you to where you are going”.

# Business Description

**In 1 page** provide an overview of your business

* Lead with stating the core principles and values that drive your personal and business ambitions.
* Farm type, location, ownership/Legal structure.
* Production Capacity – land types, acreages, infrastructure & major products and services.
* Brief history of your farm and agricultural business.

### Business Vision

* Where you see your business going in the future and your broad goals for getting there.
* The major challenges, i.e. barriers or limits to growth of the business.

### Detailed Goals and Objectives

In 1-2 pages to list major goals for increasing capacity – infrastructure, production methods/equipment, personnel, etc. Identify target change and timeframe for accomplishing that change.

GOAL 1: EXAMPLE Reduce syrup bottling time by at least 30% over the next year to allow more time for expanding our taps to increase syrup production and develop 2 new value-added products by 2025.

Objectives:

1: Purchase \_\_\_ to reduce our syrup bottling time.

2: Purchase and install #\_\_\_ taps.

3: Research market to spot trends for value-added products

4: Research & test recipes for production efficiency and test pricing

5: Research packaging and labeling for our new value-added products

GOAL 2:

Objectives:

1:

2:

GOAL 3:

# Marketing Plan

**In 3-4 pages** follow the headings and prompts below to convince the reader that you have customers who will value and purchase your products in large enough quantities to satisfy your financial needs, at prices that are realistically comparable to those charged by your competitors.

### Products

List and briefly describe your products

### Trends

What you see happening in your corner of the farming industry. Support your claims with industry data, news articles and relevant research.

### Target Market

Describe your existing customer types and their needs and how your farm fulfills these needs

Describe your potential future customers types and their needs & volume of products they will likely purchase. Support your statements with demographic data.

### Pricing

Identify the prices these customers are they willing to pay and if possible provide proof that your pricing is realistic, such as record of historical prices, review of comparable product prices, or a pricing survey.

If you sell to a wholesale distributor or a restaurant, describe those customers, and their end users.

### Competition

For your *competitive analysis*, create a chart like this one to identify who else is producing something that your customers might buy instead of yours. Use these or other specific attributes that describe the strengths and weaknesses to differentiate your products & services from these competitors.

|  | **Me** | **Competitor A** | **Competitor B** | **Competitor C** | **Importance to Customer** |
| --- | --- | --- | --- | --- | --- |
| Convenience |  |  |  |  |  |
| Price |  |  |  |  |  |
| Quality |  |  |  |  |  |
| Selection |  |  |  |  |  |
| Service |  |  |  |  |  |
| Reliability |  |  |  |  |  |
| Stability |  |  |  |  |  |
| Expertise |  |  |  |  |  |
| Business Reputation |  |  |  |  |  |
| Location |  |  |  |  |  |
| Appearance |  |  |  |  |  |
| Sales Methods |  |  |  |  |  |
| Image |  |  |  |  |  |
| Other |  |  |  |  |  |
| Other |  |  |  |  |  |

Describe your *competitive advantage*. Explain why your customers choose your product ahead of your competition’s.

### Sales Forecast

For the remainder of 2021 and three years forward from 2021 - 2023.

* Quantify the specific products you expect to sell, to whom and at what price(s)
* Explain why you think you can reach these sales goals.
* Provide evidence such as direct quotes from new and potential customers stating what they will buy; and/or sales records showing growth in previous years.
* If possible, provide evidence such as commitment letters or written “good faith agreements” for as many sales projections as you can.

### Promotional Plan

How you get the word out to your different customer groups and why you choose each promotional strategy.

### Distribution Plan

How you transport your products to your customers. If major changes regarding distribution are to be made as a result of this business plan, note them here.

# Production/Operations

**In 2-3 pages** follow the prompts and headings below to orient the reader to your production methods and describe **your capacity** to produce the major crops described in your marketing plan.

Begin by noting the # acres, #animals in production. Note any significant equipment and structures used. Identify expected yield(s). And note any change in your capacity as a result of accomplishing the project(s) proposed in this business plan (i.e. example, increased yield per acre; increased number of animals, or more efficient value-added product manufacture, etc.) Describe the changes and convince the reader that you can realistically produce the quantities you’ll need to meet the sales goals stated in the previous section, while paying your costs and yourself.

### Production methods and capacity to produce products

No need to go into great technical detail here but do write as if you are explaining to someone with little to no knowledge of farming.

### Unit Variable Costs associated with each of your major products.

Establish a “unit cost” for each of your products; defined here as, the price you need to receive per bunch of beets (or lb. of salad mix, gallon of milk, etc.) to pay all your expenses and yourself a living wage. This helps you and the reader compare your costs against the average prices you’ve stated you will receive to ensure that you will be able to turn a profit. If your unit costs will change significantly as a result of this business plan, describe the changes.

# Personnel

**In 2+ pages** follow the headings below to convince the reader that you, your employees, and your professional and advisory support network provide you the knowledge and capacity to carry out the production and marketing activities you’ve just described. If your personnel structure will change as a result of this business plan, describe the anticipated changes. It is good practice to review everyone’s job descriptions to make sure there aren’t any obvious gaps. Also review your marketing and production sections for other gaps. For example, if your business plan calls for a new, specialized piece of equipment, be sure to identify who will fix and maintain that equipment if/when it breaks.

### Main farm operator(s)

Describe the main responsibilities and qualifications and/or experience of each operator.

### Paid Crew

List of job positions and qualifications required for each position

Note # of employees needed for each position, hours per week, seasonality, pay rates

Describe where/how you find new hires. Describe how you will fill positions when/if you need to.

Create a chart listing major tasks and identifying which position(s) are responsible for these tasks.

### Professional Advisory Team

List role and provide name, town, phone and email or website address for your: accountant, bookkeeper, lawyer, financial advisors, bankers, mentors, consultants, etc.

# Project Summary and Sources and Uses

**In 1 page** describe, my/our plan is to…….

This project includes …….

Summarize the sources of financing to accomplish the project(s). Briefly explain how these investments will affect your balance sheet and how will you repay each lender/investor. See Sources and Uses chart on next page

Our matching funds include ….. See **Sources and Uses** table on the next page.

Maine Farms for the Future Phase 2 Project

*Use this table or insert your own version*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **USES** | **SOURCES** | | | | | | | |
| **Line Item**  **Example line items shown**  **Below. Change for your project** | **Cost** | **In Kind Materials and Labor** | **Owner Cash** | **NRCS Cost Share** | **Other Grant** | **FFF Phase 2 grant** | **Construction Lender / AMLF Loan** | **Total Source Funds** |
| Barn |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Sitework/Roadwork |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Utilities |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Contingency 10-20% |  |  |  |  |  |  |  |  |
| TOTAL COST |  |  |  |  |  |  |  |  |

# Financial Narrative

**In 1-2 pages** summarize the financial impact this business plan will have on your farm from the present through 2024 in terms of your projected gross sales, expense, and net income. You may want to break this out into retail and wholesale.

### Fixed Cost Assumptions

Everything here should be referenced/explained in one or more previous sections of the narrative. List the equipment and infrastructure you intend to purchase as part of this business plan. Show the costs for each and the total cost. Then show total assets and liabilities from the present through to 2024.

### Cash Flow Assumptions

Explain how your bank account balance will be affected by the ebb and flow of these factors:

* operational needs
* marketing and advertising needs
* new equipment purchases
* loan payments
* new investments

Explain how will you maintain sufficient cash flow as you pay for these factors

### Risk Analysis

**In 1 page** to identify the major risks that would most likely affect your business plan’s success. These could be related to market (customers don’t buy what they said they would), production (drought/disease/weed pressure/etc.), or personnel (can’t find the right hired help). Describe what you would do to mitigate each.

### Worst Case Scenario

**In 2-3 paragraphs** describe the resulting effect on your profit and loss statement and your cash flow should a combination of these risks become a reality and describe what you would do in response.

### Exit Strategy

**1-2 paragraphs** about how you might choose to exit your business operations

### Farm Succession Plan

**1-2 paragraphs** about how you might choose to transfer your farm operations to a next generation of farmers.

# FINANCIAL STATEMENTS

These are QuickBooks reports and/or Excel Spreadsheets with font no smaller than size 9.

### Historical Financial Statements

For 2019 and 2020

* Profit and Loss in side-by-side comparison
* Balance Sheets in side-by-side comparison
* Evidence of IRS Taxes paid for 2018 and 2019 and projected amount and date of payment for 2020

### Financial Projections

Monthly for remainder of 2021 then annually for 2022 through 2024

* Sales Projections for products and dollar amounts generated via specific customers and/or markets
* Cash Flow
* Profit and Loss in side-by-side comparison
* Balance Sheets in side-by-side comparison

# REQUIRED APPENDICES TO BUSINESS PLAN

### Match-to-Date

If your contract began November 2017 then list match accrued since then to your date of application for Phase 2.

If your contract began in 2018 then list match accrued since then to your date of application for Phase 2.

If your contract began in 2019 then list match accrued since then to your date of application for Phase 2.

Provide evidence for the “Match Detail’ you listed in the table of the Phase 2 Application Form

* 1. Personal Funds (bank statement)
  2. Loan 1 (loan commitment letter)
  3. Loan 2 (loan commitment letter)
  4. Other Grant 1 (grant award letter and evidence of payment or future payments)
  5. Other Grant 2 (grant award letter and evidence of payment or future payments)
  6. In-Kind Labor – in a spreadsheet list date, task, hours billable at $25/hr. If you hired labor then provide copies of any contractor’s invoice(s).
  7. In-Kind Materials – in a spreadsheet note the market value for any products, like timber into lumber that is sourced from the farm (hint: get a quote for lumber from Lowes or Home Depot and use that); and the purchase price of other materials that you have already bought off the farm and copies of all receipts for the materials listed in the spreadsheet.

### Future Match

from April 2021 to December 2024

* 1. Personal Funds
  2. Loan 1
  3. Loan 2
  4. Other Grant 1
  5. Other Grant 2
  6. In-Kind Labor noting future date, tasks, hours billable at $25/hr. If you will hire labor attach the contractor’s quote(s).
  7. In-Kind Materials noting the estimated or actual market value for products.

Copies of Licenses and/or Documentation of Certification

for your operation, such as milk license, vendor license, organic certification, etc.

### Additional Farm Information

* Lease Agreements - if applicable
* Purchase and Sale Agreements - if applicable
* Farm Map – Aerial photo base map with labels
* Samples Promotional Brochure or Other Material
* Customer’s Orders or Statements of Commitment to Order/Purchase
* Recognition Awards
* Resumes of Farm Owner/Operator(s)