**SPRING 2020**

**OUTLINE OF CONTENTS for PHASE 2 BUSINESS PLAN**

*Please format your business plan as follows:*

**COVER OF THE BUSINESS PLAN**

Include photo(s), business name, business owners’ names, address & confidentiality statement

**TABLE OF CONTENTS**

Include section headings (**CAPITAL LETTERS** in this outline) Sub headings (**Bold Face details** in this outline) and page numbers

**BUSINESS PLAN NARRATIVE**

**Executive Summary**

Purpose: Set the context for this business plan, hit the highlights. Summarize where you are now, where you are going and how you intend to get there.

**Mission Statement**

Purpose: Identify the core benefits/values that your farm provides to its customers.

**Business Description** ~½ page

Purpose: Overview of your operation and agricultural business.

Describe:

* Farm type, location and business contact information.
* Production Capacity – land types, acreages, infrastructure & major products and services.
* History of the farm business.
* Ownership/Legal structure.
* Your vision; the core principles and values that drive your personal and business ambitions.
* 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.
* The major changes that are needed to overcome these challenges and meet your goals.

**Detailed Goals and Objectives** ~1 page

Purpose: Clarifies your vision as outcomes achieved in manageable steps.

*Example:*

*GOAL 1:**Reduce syrup bottling time by at least 30% to devote more time to expanding our taps to increase syrup production and develop new value-added products.*

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

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

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

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

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

**Marketing Plan** ~4 pages

Purpose: 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.

Describe:

**The Trends** you see happening in your corner of the farming industry. Support your claims

with industry data, news articles and relevant research.

**Your Target Market**

* Existing and potential customers
* Their needs and how your farm provides them with what they need
* The number of potential customers & volume of products they will likely purchase. Support your statements with demographic data.
* The prices these customers are they willing to pay. Support with a pricing survey.
* If you sell to a wholesale distributor or a restaurant, describe/categorize those customers, and their customers who are the end users.

**Your Competition**

* Who else is producing something that your customers might buy instead of yours?
* What are their strengths and weaknesses?
* How can you differentiate yourself from them?
* Why will your customers choose your product ahead of your competition’s?

**Your Sales Forecast for the remainder of 2020 and three years forward from**

**2021 - 2023.**

* What specific products do you expect to sell, in what quantities and prices, to whom?
* For each product, what will your average price received be?
* Why do 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 from previous years.
* If possible, provide evidence such as commitment letters or written “good faith agreements” for as many sales projections as you can.

**Your Promotional Plan**

* How do you get the word out to your different customer groups?
* How did you decide on each promotional strategy?

**Your Distribution Plan**

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

**Production/Operations** ~3 pages

Purpose: Briefly orient the reader to your production methods, and to convince them that you can realistically produce the quantities you’ll need to meet the sales goals you’ve stated in the previous section, while paying your costs and yourself.

Describe:

**Your production methods**. No need to go into great technical detail here; write as if you are explaining to someone with little to no knowledge of farming.

**Your capacity** to produce the major crops described in your marketing plan.

* Total acres, (or animals, or square feet, or plants) in production.
* Note any significant equipment and structures used.
* Yields you expect to harvest.
* Any change in your capacity as a result of this business plan (for example, increased yields per acre, or increased number of animals, or more efficient harvester), describe the changes.

**The major variable costs** associated with each of your major products.

Note: It may be helpful to 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. It may be helpful to attach enterprise budgets as an appendix.

**Personnel** ~2 pages

Purpose: Convince the reader that you, your employees, and your support network have the knowledge and capacity to carry out the production and marketing activities you’ve just described.

Describe:

**The main farm operator(s**), their qualifications, and their main responsibilities.

**Paid crew**:

* + a list of job positions and descriptions
	+ Qualifications required for each position
	+ # of employees needed for each position
	+ Hours per week, seasonality, pay rates
	+ Where/how you find new hires? How hard is it for you to fill positions when you need to?

**Your Professional Advisory Team** List role and provide contact information (accountants, bookkeepers, lawyers, consultants, etc).

Note: If your personnel structure will change significantly 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.

**Project Summary and Sources and Uses**

Purpose: Summarize the sources of financing to accomplish the project(s) - infrastructure, equipment, services - - described in the business plan. Briefly explain how will these investments affect your balance sheet and how will you repay each lender/investor. In a list or on a spreadsheet, identify each source and the amount of that source, and calculate the total of all sources, and below that list each use and the cost of that use and calculate the total of all uses.

**Financial Narrative**  ~2 pages

Purpose: Summarize the financial impact this business plan will have on your farm from the present through 2022.

Describe:

**Projected Gross Sales, Expense, and Net Income**

**Equipment and Infrastructure** you intend to purchase as part of this business plan, along with costs for each, and total costs (everything here should be referenced/explained in one or more previous sections of the narrative).

**Total Assets and Liabilities** current and projected.

**Cash Flow – on a twelve-month cycle the remainder of 2020 & 2021**

 **on an annual cycle for 2022 & 2023**

**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** ~2 pages

Purpose: Identify the key risks associated with your business plan, and describe what you would do if/when they occur.

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

**Create a “worst case” financial scenario** where these risks turn out to be realities.

1. What would your profit and loss statement and cash flow look like in the worst case?
2. What would you do to mitigate these risks?

**Exit Strategy** 1-2 paragraphs

**FINANCIAL STATEMENTS**

These are QuickBooks reports and/or Excel Spreadsheets with font no smaller than size 10.

**Historical Financial Statements for 2018 and 2019**

**Profit and Loss** in side-by-side comparison

**Balance Sheets** in side-by-side comparison

**IRS - Schedule F** – Farm Income Tax

**Financial Projections for remainder of 2020 & 2021 monthly, and annually for 2022 through 2023**

**Sales Projections** for specific crops/products, dollar amounts, specific customers and/or markets

**Cash Flow**

**Profit and Loss** in side-by-side comparison

**Balance Sheets** in side-by-side comparison

**PART C** - **REQUIRED APPENDICES TO BUSINESS PLAN**

1. **Copies of Licenses and/or Documentation of Certification** for your operation, such as milk license, vendor license, organic certification, etc.
2. **Match**

*Note: In-Kind Match are those investments you have already made, or you will make towards the project(s) described in Business Plan*

**Match to Date - from September 15, 2018 to April 30, 2020**

* Spreadsheet for In-Kind Labor noting actual date, tasks, hours billable at $25/hr. If hired, or will hire, any labor the contractor’s invoices must be attached.
* Spreadsheet for In-Kind Materials noting the actual market value for products (wood, etc.) sourced from the farm; and purchase price of other materials bought off the farm, verified with receipts or quotes.

**Future Match - from May 1, 2020 to June 30, 2022**

* Spreadsheet for In-Kind Labor noting projected date, tasks, hours billable at $25/hr. If hired, or will hire, any labor the contractor’s quotes must be attached.
* Spreadsheet for In-Kind Materials noting the projected market value for products (wood, etc.) sourced from the farm; and the purchase price of other materials to be bought off the farm verified with quotes.
1. **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)