



## Business Plan

Company Name:

Owners:

Address:

Phone:

E-mail:

Preparer Name:

Date:

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## Executive Summary

General Company Description

Company Name

Mission

Objectives

Strategies

Type of Ownership

Strategic Business Relationships

Organization

Product/Service

Market Analysis  
Industry

Target Market

Competitive Analysis

SWOT Analysis

Strategic Action Plan

Financial Plan  
Overview

Capital Investment Needs

Year	<u>Equipment</u>		<u>Improvement</u>		<u>Other</u>		Total Cost
	Description	\$	Description	\$	Description	\$	

Five Year Total	\$
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Contingency Plan



# Business Plan Instructional Guide

## Type C

# FarmStart Business Plan Instructional Guide

## Type C

This resource is designed to aid in the preparation of the business plan requirement of the FarmStart investment application. Constructing a business plan is one of the first steps on the path to success. By formulating ideas into written words it provides a roadmap to direct and ensure business success because it shows you have thoroughly researched your business idea before plunging into it. Use this guide to assist during some of the most valuable hours in your entrepreneurial career- creating a business plan. Be certain to address the long-term needs of your business and devise strategies that will complement the overall performance of your company and your personal satisfaction.

Type C asks for the most detail of all three types and provides the most freedom in describing your business. This type will ensure your idea is well thought out and planned for a successful business. Your First Pioneer advisor can also assist you in this process.

**Table of Contents:** Match each section with the correct page number, this will lead a reader through the document and help them to find specific sections if necessary

**Executive Summary:** A clear, concise, and compelling condensation of your business plan to encourage readers to continue. It is best to write this last since it encompasses all aspects of the plan and doing it at this time will ensure you have thoroughly thought out each component. Since you are seeking funding, credibility and excitement are two of the key elements of this summary. Be sure to emphasize the factors that will make your business a success.

### **General Company Description**

**Company Name:** The name should integrate well with what is being sold, be easy to remember, and be able to be well branded over time.

**Mission Statement:** Defines the company's purpose for existence and determines the direction all future activity should take; should be measurable, definable, and actionable

Examples:

"To provide excellent service and product in order to create a returning customer base that relies on our strengths and uses price as a substandard deciding factor."

"To sustain a profitable farm stand that is family friendly, which will make parents feel inspired to bring their families to as a destination in addition to a place to buy fresh produce and products."

"To provide consumers with a healthy, farm fresh, organic milk supply in an environment that is conducive to the health of the dairy cows and is ecologically friendly, while ensuring the owners a quality lifestyle."

**Objectives:** Short list of goals for the time period covered by the plan that are specific, measurable, agreed, realistic, and time specific

Examples:

“Generate \$500,000 in sales between March and October.”

“Increase output of greenhouse by 10% this season”

“Acquire 10 new customers this year”

**Strategies:** The rules and guidelines by which the mission, objectives etc. may be achieved

Examples:

“Host open houses and advertise the product in the area to expose the business to potential customers”

“All supplies will be purchased from the same supplier to receive volume discounts and thus reduce costs”

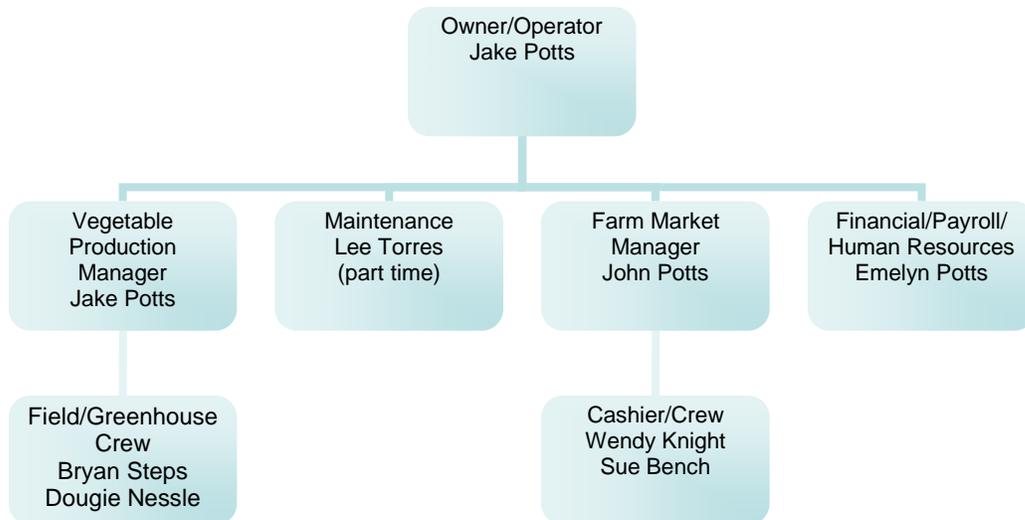
“New employees will complete a six week training program before accepting clients”

**Type of Ownership:** Who owns the company and how is it held; i.e. Partnership, LLC, etc

**Strategic Business Relationships:** Tell of any existing or forming relationships with other businesses that will enhance the success of your own business and/or sale of your product/service

**Organization:** Describe how the company is organized in regards to who will be carrying out the business plan, including job descriptions and characteristics/qualifications that make them ideal for the position. An organizational chart for your business should be included after the explanation. The chart will place the personnel within the company with their function, making it essential to shape the daily workings of the company as well as its future. The same person can manage more than one function. Microsoft PowerPoint is an excellent tool to help draw the chart.

Example:



**Product/Service:** A clear statement of what the product is or what service your business will provide, focus on factors that are unique and desirable. Be sure to describe the saleable good/service, a brief synopsis of the manufacturing process, what supplies are needed and where they will come from. Include information on suppliers and availability of materials. Also describe the price and how it was reached.

## **Market Analysis**

The market analysis should summarize the extensive market research that you have conducted to determine your product and/or service will be a success in the market. Be sure to explain what your market research has shown in the following areas and how your business fits into each sector.

**Industry:** General characteristics about the type of business you are in; size of industry, growth rates, important trends, etc.

**Target Market:** Identify the people who will be willing to purchase what you have to offer. Include demographic information (age, average income ranges, education, typical occupation, geographic location, family makeup, etc) as well as lifestyle information (hobbies, interests, political beliefs, cultural practices, etc). Include your estimate of the size of the target market to ensure your readers the customer base is large enough to support your business. Be sure to identify your ideal customer niche, the heaviest users of your product where you will derive most of your sales and spend time satisfying and retaining these customers. Research in the form of surveying customers or adapting published industry wide information will be necessary.

**Competitive Analysis:** It is unlikely that you will enter a business that another is not already involved in. However, competition is not necessarily a threat for your company. Your way of responding to it may help or hinder your business objectives. Therefore, it is important to be aware of competitors and plan your response.

Be sure to provide:

- Description of Competition
- Market Share Distribution
- Competitive Positions
- Barriers to Entry
- Strategic Opportunities

Feel free to use any charts or formatting appropriate to convey the information.

**SWOT Analysis:** List the internal factors - strengths, and weaknesses, and the external factors - opportunities, and threats you have identified for your company and/or product. Then explain how each relates to the company and product/service and how the business intends to respond.

**Strategic Action Plan:** Description of plan detailing how product will be sold and where. This is a vital portion of the plan as it conveys how you will reach the bottom line – making the company financially successful. Be sure to include all your strategies for sales and marketing.

## **Financial Plan**

**Overview:** State the amount of money needed and where that money will be used. This should have already been supplied on the FarmStart application. Explain the information found in the balance sheet, income statement, and monthly cash budget which are all a requirement of the application.

**Capital Investment Needs:** The first step in planning for the capital investment needs of your business is to determine how much the business can afford. This can be determined from the

cumulative cash flow on the monthly cash flow budget, a requirement of the application. From time to time it will be necessary to replace existing equipment or other assets that have worn out, purchase new items to improve efficiency, create a better product or more of it, and save expenses or purchase new items that would be needed for an expanding operation. All capital expenditures need to be justified with increased sales or a level of sales that will pay for the level of expense. Complete the provided chart being sure to prioritize the items you will need over the next five years keeping in mind the items that are essential replacements, have the fastest payback and/or are part of your long term goals. Give a description and cost of each. Comment on the difference between what the business can afford to spend and what it needs or would like to spend. This will help plan for the spending, or figure out how the purchases will be made.

Example:

Year	<u>Equipment</u> Description	\$	<u>Improvement</u> Description	\$	<u>Other</u> Description	\$	Total Cost \$
2008	Golf Cart Freezer	1500 2000	Paint perimeter fence	800			4300
2009	Display Case	800			Storage Shed 10' X 18'	2600	3400
2010	Oven	1000	New roof on farm market building	5500			6500
2011	Large Mixer	300					300
2012			Replace plastic on greenhouse	54000			54000

Five Year Total	\$ 68500
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**Contingency Plan:** Even with detailed plans sometimes problem arise and changes need to be made. With all the planning, the risks are one more thing to think about, along with how to manage them. Knowing your business better than anyone else you should be able to comment on a few possible risks and what will be done in regards to them. What are some changes if things do not go according to plan A? This is to ensure you plan and then plan some more.