

Writing a Farm Business Plan

Introduction

Writing a business plan for your farm can be an intimidating process to start, but it doesn't have to be overly complicated, depending on the main purpose of the business plan. Simply put, a business plan tells what your farm vision is and how you will make it happen. The goal of this Business Farm Plan Workbook is to provide a straightforward approach to writing a plan. If more in-depth planning is desired, there are many other resources available. The focus of this workbook is to help you think through your vision and goals and get detailed plans developed for your farm business.

Business Plans are used for different purposes and can vary somewhat depending on your goal and situation. You may currently be operating a farm business or just be thinking through getting started. You may be writing a business plan for the purpose of getting a loan or to increase your farms profitability. As you go through this Workbook, complete the Business Plan Worksheet. You can alter how much time you spend in each section depending on your goals and seek out other resources as needed. There are 5 sections in this workbook: Farm Vision, Farm Experience, Farm Projections, Finances and Putting it all Together.

What is your goal in completing a business plan?

- Assess business feasibility
- Receive farm ownership or operating loan
- Improve farm profitability
- Guide farm decisions
- Effective task planning to accomplish goals
- Communication and marketing clarity

Here are examples of the purpose of a business plan:

1. It forces you to think through the details of each "idea".
Example: Does increasing the land we farm, increase our net income?
2. It is a useful operation guide when making decisions.
Example: What size tractor should I buy? What is my production plan in 5 years?
3. It serves as your road map to get you from where you currently are to where you want to be.
Example: What do I need to be doing now if I want to buy a farm in 3 years?
4. It is a clear form of communication for business partners or families farming together. Example:
Does everyone working in the farm business share similar values that will affect decisions?
5. It is essential to receive funding.
Example: To receive a Beginning Farm Loan to purchase a farm property, or to take out a smaller operating loan, you need to have a farm business plan.

Identify your goals in writing a business plan.

Farm Business Plan Workbook Overview

What does a farm business plan include?

This workbook includes:

Section 1: Farm Description and Vision

Values, Mission and Goals -

- What are your values that influence your farm business and your decision to farm? Why is farming important to you? Create a value statement.
- What are your farming goals? Create a goal statement.
- Why does your farm exist? Create a mission statement.

Farm Description –

- What does your farm look like? What does the property have (how many acres, what types of building, other infrastructure)? Where is it located? What is the community like?
- What are your products? What is your method of production? Who do you sell them to? How much do you sell? (current and/or future)
- How profitable is the business? Share some financial numbers.
- Who is part of the farm? What is the ownership type?
- History of business – how many years in operation? How has the business changed and grown?

Vision –

- What is your long-term farming vision and goals?
- Describe the farm business you want to create.
- If you are not currently farming, describe your future farm answering all the above farm description questions.

Section 2: Farm Experience: Record and Analyze

Farm Records

- Production Records (spreadsheet with planting, cultivation, harvest records)
- Market Records (spreadsheet of sales details)
- Management of farm (animals, land management)
- Purchases for farm and Sales of farm product – Profit and Loss Statement

Farm Analysis – Annual Farm Report

- What does this information tell you? How does it inform your plans?
- Did you meet goals? Is your business successful?

Experience, Education and Skills

- What is your experience? Describe any experience not written about in the farm description.
- What is your education related to your business?
- What skills do you and other team member bring to the farm?

SWOT Analysis – Strengths, Weaknesses, Opportunities, Threats

Section 3: Farm Projections: The detailed plans of your operation

Write a description of your plan through different stages of your business –

- What will you produce on your farm and how will you produce it?
- Where will you sell what you produce? How much will you sell and at what price?
- Who is part of the farm? Who does what? What is the time frame of tasks and how will they get accomplished? What is the timeline for different projects?
- What are your income and expenses? Will the business be profitable? Will the business have proper cash flow? How will you invest in the business to increase equity?
- How will you finance your business? What risk management will you use? How will you legally organize?
- How will you keep records? What is your accounting system?

Create detailed plans in spreadsheets –

- Production plans – (seeding, cultivation, harvest, post-harvest)
- Marketing chart
- Task Management timeline

Section 4: Finances: Understanding your financial picture.

Complete the following statements or forms -

- Profit and Loss Statement/Income Statement/Schedule F (from previous years)
- Non-farm income and Expenses/Family living
- Balance Sheet (Assets and Liabilities)
- Cash Flow
- Farm Budget (future income and expenses)

Section 5: Putting your business plan together

Writing the Executive Summary

- Summarize your vision, values, goals and mission.
- Summarize your farm business operations

Business Plan Outline/Template

Farm Description and Vision

Section 1

Your farm description and farm vision tell the story of your farm and the dream of what you want your farm to be in the future. Part of this includes identifying why pursuing this path of farming is important to you and how your farm business will meet your identified values. With your values and vision in mind, what is the mission of your business?

Thinking through these questions of why you farm and what you want to create with your farm, is an important starting place to guide the detailed planning sections. This forms the base of your plan and will be included as part of the Executive Summary in your business plan.

This section is important for all business planning purposes. It creates a base to guide decisions as your farm business develops. The amount of time you spend in this section depends on how important the vision is, how detailed is it and how many people are involved. If your plan is simply to operate a profitable vegetable business, it is still important to think through things such as what size of farm you will operate, how this effects your daily tasks, the number of people working on your farm, the location of your farm and your ideal markets.

The purpose of this section is to –

- Establish what is important to your farm business (values)
- Establish a vision to work towards
- Set goals to guide your plans
- Create the base for your decision making
- Describe your current situation
- Summarize the mission of your business

Values, Mission and Goals

Values - What are they and why are they important to a business plan?

Values are standards, beliefs or qualities that are important to you. Values influence your farm business and your decision to farm.

A good way to think about your values is to ask yourself the questions - Why do you farm? Or why is farming important to you?

Here are some examples of values -

- Working outdoors
- Taking pride in the products we produce
- Educating my kids about the environment and growing food
- Growing food to share with others
- Educating others about food systems
- Getting involved in the local community
- Working together as a family
- Creating a beautiful landscape and environment
- Enjoying the work I do everyday
- Earning ___% of my income from the farm
- Improving the soil and environment of my farm
- Providing healthy food for my family and community
- Operating my own business
- Having a surplus of food for preserving
- Create a gathering space for community
- Feeling connected to nature
- Doing physical work
- Getting kids excited about plants
- Preserving a tradition that is important to my culture

Make a list of your values. Be sure to include all farm members in this exercise. Summarize these values together and write a value statement that includes the most important values.

Farm Mission

A mission statement describes why a business exists. This is often used in marketing material to tell your customers about your business in a short phrase or a couple sentences. Or as a reminder to yourself, other team members and staff about the values of the farm and why you started your farm business. This can take time to develop and you might not have one in the beginning of your business. This is largely based on your values and vision, but it might be helpful to come back to this after the Farm Records and Analysis section, after you look at what your strengths are and what the opportunities are for your business to be successful.

A few examples of mission statements are –

- Our farm mission is to build local community, increase access to healthy produce and establish a family-based business.
- Our farm mission is to provide high quality greenhouse starts to retail locations.
- Our farm mission is to be good stewards of the land and produce an income generating product.

Write down the reasons you want to establish a farm business and the key ideas you want to communicate about your business.

Write a Mission Statement

Farm Goals

What are your farming goals? These can be financial goals or quality of life goals. They can be short-term, mid-term or long-term. You can have goal for different aspects of your farm – production, markets, management and finance. Accomplishing goals helps you stay on track with getting to your vision. Each year, you should set goals for the year. You will do this in your Farm Projections section. Use this goal setting section to think about bigger picture goals.

Here are some examples –

Community goal – Invite people to the farm in multiple ways

Marketing goal – Have all products available on-line

Production goal – Become certified organic in 3rd year

Mid-term goal – Install a permanent fence by year 5

5-year sales goal - \$25,000

Write down goals you have for you farm business, thinking of these different categories.

Write a goal statement that summarizes the goals most important to the business.

Farm Description

Describe your business as it currently is. What does your operation look like: What do you produce? What is your method of production? What markets do you sell to? Who works with you on the farm? Do people have specialized areas of work? How profitable is your business?

Include a brief history of your business – how long have you been in operation and how has your business changed? Also include the legal structure of your business, such as sole proprietor or LLC.

If you are not currently farming, answer these same questions in the next section for Farm Vision, describing the farm that is your vision.

Write a paragraph describing your current farming situation.

Farm Vision

Now, what do you want your farm to look like in the future? Based on your values and your current situation, describe the business you want to create. How are your values reflected in your farm vision? Do your goals align with this vision?

If looking for a farm property, describe in detail your vision for your farm property

- What does the property have (how many acres (mix of forest, pasture, tillable), what types of building, soil type, other infrastructure)? What is the house like? Where is it located? What is the community like?
- How does this property support your farm business plan?

Write out your farm vision, describing your big picture vision.

Summary

This section may be the most important part of your business planning process, in which case, spend the time here that is needed. Other resources are available to go more in-depth in this process. For others, this section may not feel that important, so just spend enough time here to get the basics written down.

Remember to involve family members and anyone else involved in farm decisions.

At the end of the section, you will have –

- Value Statement
- Mission Statement
- Goal Statement
- Farm Description
- Farm Vision Description

Farm Experience: Record and Analyze

Section 2

A business plan communicates your experience related to farming or managing a farm business and an analysis of your current operations or future plans. Farm records are an effective way to describe your current business and demonstrate your experience. They are an important part of a farm loan application which often has specific requirements. They are also important for understanding your business, improving production practices and for future planning to meet goals and increase profitability. In order to learn from your records, you need to spend time reviewing and analyzing them. This is often done in the form of an Annual Report – this is a report of your records from the year and what you learned from them. An annual report is also an important tool for checking in on how your business develops each year to make sure your farm practices meet your values and goals, getting you closer to your vision.

In addition to farm records, a description of the skills, education and experience you and your team bring to the business is also important information to include. If you don't have current records, this is an important opportunity to describe your ability to manage a farm. Performing a more general or overall analysis of your farm business is also a part of business planning. A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis summarizes the strengths that will make the business successful as well as noting the weaknesses and ways to address these weaknesses. It includes outside factors, such as opportunities in the current environment and the threats that pose risk to the business. If not currently farming, focus on this section instead of the records for your farm analysis. Make a plan for how you will evaluate the success of your business in the future.

If you are evaluating the feasibility of a new enterprise, it is the plan you will be analyzing instead of the records. In the next section you will work on plans, after that, you can apply the same questions from this section to get a better understanding of the feasibility of your plan.

This section is important for all purposes of business planning. It is important for evaluating how successful your current business is, the feasibility of a new enterprise, and figuring out how to make your business run smoother, meeting more of your goals. Any farm loan will require some records and/or description of your farming experience. More time could be spent here and again, other resources are available to do that if desired or needed.

The purpose of this section is to –

- Learn from records to improve production and increase profitability
- Learn from records in order to make informed decisions to meet goals
- Demonstrate experience farming to others (lenders, investors, or partners)
- Describe strengths of the farm
- Identify areas where more support is needed
- Identify opportunities and threats the business has
- Evaluate if farm business is meeting goals and is successful
- Evaluate plans for new enterprise

Farm Records

What records do you have and how are they useful?

If you use any record keeping software, like AgSquared or Quickbooks for accounting, you can print reports that summarize records for you. Otherwise entering records into excel spreadsheets allows you to organize and total your records, giving you information that's helpful in planning.

The following records are useful to have -

- Production Records (spreadsheet with planting and harvest records)
- Market Records (spreadsheet of sales details)
- Farm expenses and Farm income – Profit and Loss Statement
- Management of farm (animals, land management)

Planting Records – date, crop, location and amount

Date	Crop/Variety	Location	amount	
5/1	Beets	Plot A, bed 4	1 bed, 200 feet	

Harvest Records – date, crop, location and amount

Date	Crop/Variety	Location	amount	
7/1	Beets	Plot A, bed 4	40 bunches	

Sales Records – date, crop, sales location and amounts

Date	Crop/Variety	Amount	Account	\$ Amount
7/1	Beets	40 bunches	HomeGrown	\$120

*Sales can be recorded by account and not by crop to simplify. Crop specific details should still be recorded on invoice.

Date	Account	Total
7/1	HomeGrown	\$300

Financial Records

Profit and Loss/Income Statement/Schedule F (same form, different names)

*this will be discussed in the financial section

Other records demonstrating management

Compile all Records into Reports

Farm Analysis – Annual Farm Report

An annual report is an important part of evaluating your businesses success, making improvements and decisions for future years. The purpose is to summarize information from your records to answer specific production questions such as – What improvements do you want to make with planting schedules? Varieties? Harvest dates and amounts? Fertilization? Markets? Or to provide information to help with decision making such as -Is it profitable to hire additional workers? Should we invest in a bigger tractor? Or other equipment? It is also used to evaluate your success as a business, measuring if you are meeting current goals. An annual report is done yearly at the end of the season. If not currently farming, do research in the planning section and come back to questions that are relevant. Also, write about how you will evaluate your farm success in the future.

Did you meet your goals?

What can you learn from your records? (or your research)

Production

- What crops are most profitable?
- Did you have crops at the right timing?
- Did you have crops in the right amounts?
- What production practices worked well and what need to be improved?

Markets –

- What markets do you sell to and why? If helpful, complete the **Markets Exercise**, attached at the end of the workbook and write about the results.
- What markets are most profitable? What are associated costs, including labor?
- Is there a demand for your product?
- How can you meet the demand?

Management –

- Did you have enough labor when needed?
- What tasks take the longest and can that be changed?
- Are there new management skills that will improve your business?
- Did you keep good records? Do you have a good accounting system?

Finances

- Did you have money when needed?
- Did you make a profit?
- Did you have enough income for living expenses?
- What will you invest in?

Write an annual report. Answer these questions and describe other learnings. Describe how your business has been successful and what areas need improvement.

If you are analyzing the success of a new enterprise, complete the planning section first (next section) and then come back and analyze using some of these questions.

Experience, Skills and Education

Your experience at other jobs or other areas of life can also provide farming skills so it is important to describe those as well. Focus on this area if you are not currently farming. This is part of loan applications.

- What is your experience? Describe experience not written about in the farm description above.
- What management decisions have you made for your farm business or a farm where you've worked?
- What education do you have or trainings that you have attending?
- What skills do you and other team member bring to the farm?

Write a paragraph, describing your experience, skills and education.

Evaluation (SWOT analysis):

SWOT stands for Strengths, Weaknesses, Opportunities, Threats. This is a typical analysis done as part of a business plan. Complete this section if it is helpful to you for your business planning goals. It is one tool used to evaluate your businesses ability to succeed. It helps you think through the challenges and advantages you have, as well as the skills you bring and what you need to learn. When making farm decisions or deciding the direction to go, use this information to guide your decisions. This is also a good tool for risk management – as you think through weaknesses and threats, what will you do to mitigate those risks?

Strengths – What are the strengths you bring to your business that will help it to succeed?

Weaknesses – What are the weaknesses you know of that will make aspects of your business challenging?

Opportunities – What is going on economically, on a social level, with the current market, that will give you opportunities to be successful?

Threats – What are the biggest outside challenges to your business? Are there specific environmental challenges?

What are the strengths, weaknesses, opportunities and threats for each area of operation?

Ask these questions for Production, Markets, Management and Finances -

- What skills and experience are you bringing?
- What do you need to learn or improve? Goals?
- What opportunities are there?
- What risks are there and how will you mitigate them?

Write a description of the businesses Strengths, Weaknesses, Opportunities and Threats.

Summary

Keeping good records and taking the time to review your records, in order to learn from them, improve production practices and inform your decisions is essential to running a successful business. Analyzing the strengths and weaknesses, as well as the opportunities and threats, is also a key part of understanding your business and making informed decisions. Farming is hard work - take the time to evaluate your business successes to understand if you are meeting goals and staying true to your values and vision.

After completing this section, you will have –

- Farm records in summarized report form – spreadsheet or other report (if you have them)
- Annual Report - description of learnings from farm records, areas of success and areas of needed improvement
- Description of experience, education and skills of the farm team
- Description of Strengths, Weaknesses, Opportunities, Threats

Farm Operation Projections

Section 3

Now that you've described your current situation and vision, identified values and goals, and analyzed your current situation, what are the details of how you will operate your business? This section focuses on your production plans, marketing plans, management plans and financial plans. This part of your plan contains the details and it takes time to plan out.

Spending time doing detailed planning is important for all business planning purposes. If not currently in operation or analyzing the feasibility of an enterprise, thorough research needs to be done to create the plan. The best plans are based off your records, showing projections based on your situation, what you have done or know from experience. If sharing your plan with others (funders, investors, partners), this section shows the details of how you will be able to make your business work. If the main purpose is for internal use to improve business operations, this is your guide based off your learnings that will help you meet your goals. It contains annual plans to guide you during a busy season, but also plans for future years as your farm transitions. Think about and plan how your production and markets grow each year.

The purpose of this section is to

- Develop goals and detailed plans in the following areas –
 - o Production
 - o Marketing
 - o Management
 - o Financial
- Create a timeline for future projects and growth to meet goals
- Create a Record keeping plan

Production Plans

A production plan answers the questions of: What will we produce? How much will our business produce? What are our methods for producing it? How many acres will we grow on? What equipment will we use? How will we manage our soil?

It is important to keep in mind your values and goals in creating your plan. When making your annual plans, first start with thinking of some goals, or things you want to focus on. The goals can be specific, such as “plant better carrot successions” or broader and on-going, such as “increase soil health” or “prevent all weeds from going to seed”.

List production goals.

When making a production plan, make sure to include the following -

Crop Plan

List of crops and varieties

Seeding schedule – dates and amounts

- Greenhouse
- In-field (transplanting and direct seeding)

Harvest schedule – dates and amounts

Crop Plan Template - Crop/variety/T or D/bed feet/row feet/plants needed/seeds needed/seeding date/tray size/number of trays/field date/days to maturity/first harvest date/harvest amount per week/harvest unit/# of weeks/total harvest amount/average price per unit/total sales

Crop Rotation Plan/Field Management Plan - Plan out your fields so you will be able to practice crop rotation and other soil management practices. How will you prepare your fields for planting? What dates? How many acres are you growing on? Create a plot map showing what is planting where, with dates and amounts of land.

Weed/Pest/Disease Management Plan – What is your plan for preventing these problems? How to you plan to deal with those that do occur or have occurred in the past?

Fertility Plan/Soil Health – Are you using cover crop, manure, compost, other fertilizers? How much do you need to purchase to ensure crops are getting enough fertility? Will you get a soil test done?

Irrigation Plan – Do your crops need irrigation? What is your plan?

Harvest and Post-Harvest Systems - What is your plan for getting a crop out of the field and preparing it for market? What is the time of day? What tools do you need? How do you cool it? How will you keep it cool? What supplies do you need (boxes, twist ties, totes, plastic liners)?

Equipment Needs – What equipment do you need to complete tasks?

Future Plans - How will you grow your farm in future years?

List production goals

Create a Spreadsheet for your Crop Plan

Create a Plot Map

Describe your plan for each of the other areas

Market Plans

Knowing how you will produce your product is essential, and just as important is, where and how will you sell your product? Who are your customers? How much product will you need to sell and at what price in order to meet your financial goals? How will you promote your business or find customers?

Set a short-term marketing goal, such as – “develop and print business cards”, “establish a web-site” or more on-going, such as “increase our CSA membership each year by 10 members”, or “serve low-income communities”.

List marketing goals.

Create a plan for selling produce in the next season and beyond. The plan will include:

Marketing Chart: Where will you sell, what will you sell, how much will you sell, at what price and what will the total income be per crop or per market?

List the specific markets you plan to sell to (for example: the name of the restaurant or farmers market), Write what crops you will grow for that market, how much, at what price per unit and the total dollar amount you expect to sell each week and for the whole season. Or create your chart by crop – list each crop and how much you will sell to each market. Break this down by week and then total for whole season. Or if grower larger amounts of crops, break it down by projected sales per crop, per acre.

Here are examples:

Market: _____

Crop	Amount per week	Number of weeks	Unit of measure	Price per unit	Total amount	Total sales

Marketing Plan Chart

	Farmers Market	Farmer Market #2	CSA	Restaurant	Total:
Beets	20 weeks x 30 bunches = 600 bunches	20 weeks x 20 bunches = 400 bunches	10 weeks x 25 bunches = 250 bunches	18 weeks x 1 case/week = 432 bunches	1,682 bunches
Carrots					

Projected Sales per Crop per Acre

Big River Farms Farm Business Plan Guidebook

Crop	Lbs/acre	Lbs/case	Case/acre	Actual case/acre (less 25%)	Case price	Sales/acre

Marketing your Business: How will you promote your farm?

How will you tell customers about your farm?

What do you want to tell them about your farm?

Think back to your vision and values. Use your mission statement here.

What promotional material do you need? A business card, a website?

List Marketing Goals

Complete a Marketing Chart

Write a description of your plans for marketing your business.

Management Plan

With a plan for producing and selling, you now need to plan how will you manage all your resources so plans can be completed successfully. A management plan answers questions such as - Who is part of the farm? Who does what? What skills, experience and education you team brings? What are your labor needs? Skill needs? What is the timing of the work load and will you have enough labor? What is the time frame of tasks and how will they get accomplished? What is the timeline for different projects?

You answered many management questions in the last section, analyzing your farms strengths and weaknesses. Based on that and your records and research, what is your plan to make it all happen, both on an annual basis and in the longer term? Also as part of your management plan, it is important to make a plan for keeping records so you will have the information you need to manage your business.

First, think of some management goals, such as – “purchase equipment to help with weeding”, “keep better records”, “attend business management training” or “allow more time for harvest”.

List management goals.

Make a management plan that includes the following -

Annual Task list

- What do you need to do and when to make your projections happen?
- Make a list of what tasks need to get done and when to meet goals – think of the different areas of your operation – production, marketing, management and finances
- Make a task list for longer-term projects and what needs to happen on a yearly basis to get there

Timeline for longer term projects

- When do bigger projects happen to meet longer term goals?
- What investments does the business make?
- How does the business grow over time?
- How does this get you closer to your vision?

Record Keeping Plan

How will you keep records –

- What is your accounting system?
- How do you keep track of production – planting, cultivating, harvest

Make a plan to keep the following records:

- Planting dates and amounts (greenhouse and field)
- Harvest dates and amounts
- Inputs for pest and disease control and fertility (date, amount, location).
- Plot map
- Field activity
- Sales (establish an accounting system)
- Expenses (including mileage)

List Management Goals

Create an Annual Task list

Create a Timeline for long-term projects

Describe your record keeping plan

Describe how you will successfully manage your farm.

Financial Plan

With all these plans in place, how do you know if these plans will work out to be financially profitable? Just trusting that if you work hard and don't spend a lot of money, does not always result in a profitable business. Again, it's important to spend time on the details and plan out exactly how much money you will make from product sales and how much will you need to spend to produce your product. Since understanding finances involves some specific forms and ratios, which is important to planning, the next section is devoted to finances and goes into the detail of understanding your current situation and creating a Farm Budget.

Summary

Having good plans in place is important for annual operations. It is also important to have long-term plans in order to meet goals to keep your business on track with meeting big picture goals and being financially profitable.

After completing this section, you will have –

- Production goals
- Spreadsheet for your Crop Plan
- Plot Map
- Production plan for other areas
- Marketing goals

Big River Farms Farm Business Plan Guidebook

- Marketing Chart
- Plan for marketing business
- Management goals
- Annual Task list
- Timeline for long-term projects
- Record keeping plan
- Farm Management Plan

Finances

Section 4

As a business, it is important that your farm is profitable, but the specifics are unique to each plan. You may choose to reinvest your farm profits into your farm business, increasing the value. You may not have a large financial profit each year, but meet goals in other ways, such as providing food for your family. A picture of your finances tells a story of how financially feasible your business plan is, including where you are at currently and where you want to go.

A Business Plan communicates your financial readiness, establishes financial goals and a plan to meet goals. This is important for all business planning purposes, definitely essential for any loan, but it's also important for you to understand your financial situation. Is your farm business contributing money to your household or taking away money away? Will you have money available when you need it? When is a good time to invest in your farm business to increase efficiencies and hopefully profits? How much money do you need the farm to contribute to household expenses?

The following forms describe your financial picture –

- Profit and Loss Statement/Income Statement/Schedule F
- Balance Sheet
- Farm Budget for next season
- Farm Budget for next 5-10 years, showing investments and growth
- Cash Flow Spreadsheet
- Non-farm income and expense form

The purpose of this section is to –

- Increase your understanding of your financial picture
- Establish financial goals
- Create a plan for meeting goals
- Provide guidance on making business decisions
- Prepare for applying for a loan

What is your vision or long-term goal?

How much money will you make farming?

Will this be a main income for your family or will you rely on another income?

What are your income goals for the first 5 years of operation?

What is your current farm income?

Complete a Profit and Loss Statement/Income Statement/Schedule F (same form, different names)

This form is a summary of income and expenses for the past year. (Schedule F is the tax form.)

On this form, you list –

- all income you've received and from what accounts
- all your expenses for the year (categorize into categories such as fertility, seeds, production supplies)
- calculate how much you profited or how much you lost in that year for your business

What do you own and what do you owe?

Complete a Balance Sheet for both farm and non-farm assets and liabilities

A Balance Sheet shows your financial value at a specific point in time, taking into account all of your assets (things you own) and liabilities/debts (money you owe). This includes both business and personal. This is important because even though the dollar amount you make might not increase every year on your Income Statement, the “net worth” of your business will be if you are investing in equipment and tools for your business. This is an important form when applying for a loan.

What is your plan for reaching your financial goal?

Complete a Farm Budget

This is your projected income and expenses. Use the same form as your Profit and Loss Statement but project for future years -

- all income you are expecting to receive in the next year and where it is coming from
- all expected expenses for the year

Creating a budget for the next 5 years or more, shows how you will invest in equipment, infrastructure and labor.

Do you have enough cash for purchases when needed?

Complete a Cash Flow Spreadsheet

Cash flow refers to a timeline of when you have money available – when do you have expenses and when do you have income. Cashflow can be challenging in farming since purchases need to be made at the beginning of the year and sales do not start until later in the season. If you do not have enough cash flow, how will you finance your business? Operating loans are a good options or marketing models such as a CSA.

Will your farm income pay for your living expenses? How much income will come from off-farm?

Complete a Non-Farm Income and Expenses Form

Big River Farms Farm Business Plan Guidebook

Non-farm income and expenses are an important part of your financial picture. This adds to the overall financial picture, showing how you will pay for your business expenses, including a mortgage, and how much money the farm business needs to generate to cover family living expenses. This is shown in the form of a monthly budget.

**Write a paragraph answering the above questions.
Complete all Forms or Spreadsheets**

Putting it Together and Writing the Executive Summary Section 5

How you put your business plan together depends on how it will be used. A formal plan is needed if sharing with others, whether it's an investor, lender, business partner or other team member. If the plan is meant to be used internally, for your own business development, you don't necessarily need to go any further and use a formal format; you have done the work of thinking, reviewing and planning and have recorded your work in the Farm Business Plan Worksheet and in other documents where it can be used as a reference and guide.

The purpose of this section is to put all the information you written down together into a formal Business Plan format. A formal business plan includes the Executive Summary, the first part of a business plan that sums up the entire business plan. For some, this is an important part of your plan as it sums up all the work you've done and gives people a whole picture of your business. The exact details of a business plan outline can vary, but it is similar to the outline of this workbook. An outline that you can follow is laid out in this section.

Writing the Executive Summary

The Executive Summary is the first part of your business plan. It gives an introduction to your business, summarized operations and communicates why your business will be successful. Although it is the first thing readers will see, it is recommended to write this last, after all the other analyzing and detail planning. *tells the big picture story of what you want your farm to be and why pursuing this path of farming is important to you. It describes your business operations, why your farm is needed and why your farm will be successful. It includes a mission statement, which describes why your farm business exists.*

It summarizes the work you did in section 1 plus possibly including some of the analysis, plans and financial numbers from the other sections. Take from analysis section – why your farm is needed and why it will be successful.

In the Executive Summary, you will –

- Include general information about your farm – name, location, product
- Identify purpose of business plan (optional)
- Describe your farm vision
- Identify values that are important to the farm business
- Identify your farming goals
- Describe your farm business operations, including ownership (business structure), brief history, summary of current production, marketing, management and finances
- Summary of farm analysis
- Summary of future plans
- Mission statement – why does your farm business exist?

Business Plan Outline/Template

1. Cover Page – farm name, contact info and date
2. Outline/Table of Contents
3. Executive Summary – section 5, write at end, taking from all your planning work, especially section 1
4. Farm Description – description in section 1
5. Analysis or Review of farm business – description in section 2
6. Farm Records – attach all records, section 2
7. Farm Projections – description and attached spreadsheets, section 3
8. Financial Forms – description, attach all financial forms, section 4

Write your Executive Summary

Put all the components of your business plan together following the outline.

Summary

Keep in mind the purpose of your business plan as you decide how much time to spend in this section. The Executive Summary can be challenging to write, as you summarize all of the work you have done as part of your planning, but ultimately think about what is important to communicate about your business. Completing the Business Plan Worksheet leaves you with the contents of a business plan, spending some time summarizing and organizing will create a more formal plan to share with others.

After completing this section, you will have –

-An Executive Summary

-A Formal Business Plan!

Markets Exercise

What types of markets will you sell to?

This exercise is to help you decide what markets will work the best for your farm business. A marketing plan answers the questions in the table below.

Circle the markets you are most interested in:

Direct Marketing:

Community Supported Agriculture (CSA)
Farmers' Market
Roadside stands
Home delivery service

Intermediary Markets:

Wholesale distributors
Distributors
Farmers Cooperatives
Direct Wholesale (restaurants, food coops)

Pick two markets and write them at the top of the chart on the next page.

Answer the following questions for each market.

OR

If you already know what markets you will sell to, write down two of those markets at the top of the chart on the next page. Either answer the questions for those markets or write what skills you have that make those markets a good fit for your farm team.

Pick two markets and answer the following questions for each.

	Market Option #1	Market Option #2
Markets: Who are our target customers and what do they value?		
Product: What product will we offer? How many different vegetables do we need to grow? What is the required quality?		
Competition: Who are our competitors and how will we gain and keep customers?		
Distribution & Packaging: How and when will we move our product to market? What are the costs? What are the skills needed?		
Prices: How will we price our product? How high of a price can we charge?		
Promotion: How will we communicate with buyers or customers? How much and when will we communicate? What skills are needed – English, writing, computer?		