

Developing a Business Plan

Trent Teegerstrom
Associate Specialist
Dept. of Ag and Resource Economics



Today's Discussion

- What is a business plan?
- Why should a business prepare one?
- What is in a business plan?
- A good business planning tool
- Other resources

Purpose of a Business Plan

- Provide a road map for the direction of your business
- Secure funding (loans, venture capital)
- Outline operating steps
- Educate employees/family

Business Plan Outline

- Executive Summary
- Mission/Vision Statement
- Goals and Objectives
- Business Structure
- Situational Analysis
- Marketing plan
- Financial plan
- Management plan
- Contingency Plan
- Supporting documents
- Next Step Resources

Executive Summary

- Briefly describe the purpose of your business, your target market, your anticipated start date (or when you started) and a summary of your objectives
- *The purpose of the Executive Summary is to give the reader a quick overview of what to expect when he/she reads the full business plan*

Mission/Vision Statement

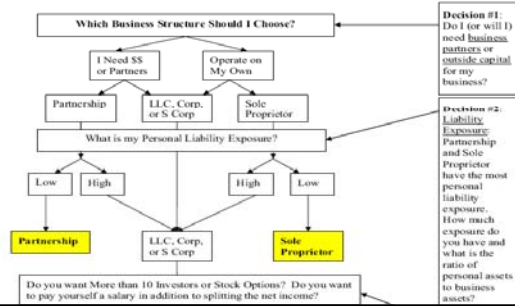
- The mission statement identifies your business' reason for being.
- Think of the "Yellow Pages" listing of your business - then explain in 25 to 50 words why your business falls into that category

Goals or Objectives

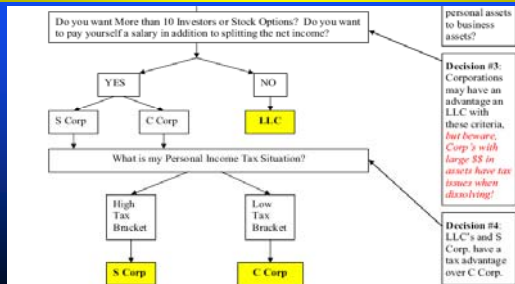
- Identify your goals for the calendar (or fiscal) year, such as:
 - » Total increase in number of customers
 - » Projected sales dollars
 - » Projected growth into new geographic markets
 - » Projected addition of new products/services

Type of Business

Chart Source: Steve Richards, Farm Credit of Western NY



Type of Business



External Market Assessment

- Internal Analysis:
 - » Strengths and weaknesses of management, operations, labor pool
- External Analysis:
 - » Perceived market opportunities
 - » Perceived market threats

Marketing Plan

- | | |
|--|-------------------------|
| • Your target market <ul style="list-style-type: none">» demographics» geographic coverage» psychographics» projected target growth | • Product/Service |
| | • Pricing Strategy |
| | • Location or logistics |
| | • Promotional Strategy |

Financial Plan

- Plan for initial funding (loans, savings, family investors)
- Start-up costs
- Multi-year projected growth (by customers or by dollar volume)
- Multi-year projected income statement
- Multi-year projected budget
- Break-even analysis

Management Plan

- Education of owners/operators
- Previous experience
- Strengths and weaknesses of Mgt team

Supporting Documents

- Resumes of all owners/managers
- Copy of proposed lease or purchase agreement for land and/or equipment
- Copy of licenses or other legal documents
- Reports from consultants
- Copies of market research data

An On-line Tool



AgPlan™ The Agriculture, Fisheries and Small Business Planning Website

What is AgPlan?

AgPlan helps rural business owners develop a business plan. Everyone can use AgPlan—for **FREE**.

- **Develop** your own business plan
- **Learn** what you need to include in your plan with Tips & Resources
- **View** Sample business plans for ideas
- **Share** your plan—print, download and work with your own Reviewers

[Login](#) [Register](#)

AgPlan

[How do I get started using AgPlan?](#) [Getting Started](#) [Private Security Statement](#)

AgPlan Tools

AgPlan's User-oriented Features




Choose your business type
AgPlan is designed to provide customized assistance to different types of businesses.

- Ag - Commodity
- Ag - Value Added
- Rural Small Business
- Commercial Fishing



Editor
Our feature-rich type editor acts just like your computer's word processor. For each section of your business plan write a concise statement that will let readers quickly understand the key points you want to communicate.



Tips, Resources & Samples
In each section of AgPlan you will find specific Tips, Resources & Samples to help you create the best business plan possible!



Reviewers
AgPlan allows you to share your business plan and interact with your business advisors, educators, or consultants.

AgPlan Advisory Team

The Team
AgPlan was developed by the Center for Farm Financial Management at the University of Minnesota with guidance from the following **Advisory Board members:**

Ritchie Boyd	Instructional Technology Project Director Montana State University Burns Technology Center
Albert Essel	Associate Dean for Extension Delaware State University
Glenn Haight	Fisheries Business Specialist Marine Advisory Program, University of Alaska
Ruth Hambleton	Extension Director for Annie's Project University of Illinois Extension,
Danny Klinefelter	Extension Economist and Director, The Executive Program for Agricultural Producers, Texas AgriLIFE Extension, Texas A&M University
Jack LaValla	Farm Business Management Instructor Riverland Community College, Minnesota State Colleges & Universities
Meg Moynihan	Organic & Diversification Specialist Minnesota Department of Agriculture
Steve Richards	Business Consultant Farm Credit of Western New York
Trent Teegestrom	Extension Specialist Dept. of Agriculture & Resource Economics, University of Arizona

AgPlan Development Team

Center for Farm Financial Management AgPlan development team:

Bob Craven	Director, Center for Farm Financial Management University of Minnesota
Dale Nordquist	Associate Director, Center for Farm Financial Management University of Minnesota
Kevin Klair	Extension Economist, Center for Farm Financial Management University of Minnesota
Jeff Reisdorfer	Web Communications Coordinator, Center for Farm Financial Management, University of Minnesota
Laurie Dickinson	Principal Only Connect

Creating an Account

The screenshot shows the 'Creating an Account' form on the AGPLAN website. The form includes fields for Registration, Email Address, Confirm Email Address, Username, Last Name, Business Name, Address, City, State/Province (a dropdown menu with 'Not US or Canada' selected), Postal Code, Country, Phone, Fax, New Role (a dropdown menu with 'Consultant' selected), Password, Confirm Password, Security Question and Answer (with a note: 'The Security Question and Answer are used to verify your identity in case you lose your password'), Security Location, and Security Email. A 'Create User' button is at the bottom right.

Selecting Type of Plan

The screenshot shows the 'New Business Plan' selection screen. It includes a 'Return to My Business Plans' button and a list of business plan types: 'Ag - Commodity' (designed for traditional farms and ranches that primarily produce commodities), 'Ag Value Added' (designed for farms and ranches who are focusing on at least one value-added activity), 'Small Business' (designed for any kind of small business), and 'Commercial Fishing' (designed for commercial fishing businesses that harvest fish). A 'Cancel' button is at the bottom left.

Starting Your Plan

The screenshot shows the 'Manage Business Plan' screen for 'Southeast AZ Winery'. It includes a 'Return to My Business Plans' button and a 'Management Tools' section with buttons for 'Rename', 'Print', 'Sections', 'Copy', 'Transfer', and 'Delete'. Below this is a 'Rename' section with a text input field containing 'Southeast AZ Winery' and 'Apply Change' and 'Reset' buttons.

Setting Up A Team

Manage Reviewers for Southeast AZ Winery

[Return to My Business Plans](#)

We take our commitment to protect the confidentiality of your business plan very seriously. However, if you have other people who are helping or advising you, you might want to give them permission to review and even to edit your plan.

The following reviewers have access to this Business Plan:

Email	Name	Allow to Edit?
rainyt@comcast.net		<input type="checkbox"/> Comment Only <input checked="" type="checkbox"/> Comment & Edit
tteegers@ag.arizona.edu	Tteegers, Trent	<input type="checkbox"/> Comment Only <input checked="" type="checkbox"/> Comment & Edit

Add a reviewer by entering their email address below, then setting their access. Reviewers with Comment Only access can add comments to your Business plan. Reviewers with Comment & Edit access can add comments as well as edit the business plan itself. When you add a reviewer, they will receive an email instructing them on how to access your business plan.

Add a Reviewer

Reviewer Email Address:

Reviewer Access: ☐ Comment Only ☐ Comment & Edit

©2007-2008 Regents of the University of Minnesota. All rights reserved.

Developing The Plan

Moore Milk Dairy > Management Team

Four family members represent the management team for Moore Milk Dairy. Roles and responsibilities of each are listed below:

- General Manager: Don Moore
- 1. Labor management
- 2. Spending decisions
- 3. Capital purchases
- 4. Selection of legal aid
- 5. Overseer financial issues for the business and communicates with lenders
- 6. Communications with county, state, and federal officials

[Previous](#) [Next](#)

Sending Notice to Team

Southeast AZ Winery > Cover Page

The proposed small premium winery will be located in Southeast Arizona. Annual production will begin at 1,500 cases in year one and increase to 10,000 cases in year five. The winery will produce the following two varietals: Syrah, and Zinfandel. The majority of the wine will be sold out of the tasting room, but as production increases we will utilize other distribution channels (restaurants, farmers market and wine shops) to reach customers.

The key to the winery's success will be its high quality wine and location to high tourist attraction. Research shows that consumers are drinking more expensive and higher quality wines, and the proposed winery will capitalize on these consumption trends. Few wineries are currently producing these two varietals, and doing so will differentiate us from local competitors.

The following table summarizes the amount of money needed each year to establish the proposed small, premium winery. The money will be used to construct the winery and tasting room, purchase the necessary winemaking

[Previous](#) [Next](#)

[Tips](#) [Resources](#) [Samples](#) [Comments](#) [Email Reviewer\(s\)](#)

Click a reviewer name below to send an email to that reviewer:

[rainyt@comcast.net](#)

[Trent.Tteegers@ag.arizona.edu](#)

Adding Attachments

AGPLAN

Edit

View/Print

Attachments

Help

Moore Milk Dairy

To add an attachment, enter a Title for your attachment, click **Browse...** to find the PDF file on your hard disk, then click the **Add Attachment** button.

Attachment Title:
(This title will appear in your Table of Contents.)

Attachment File (PDF):

Browse...

Add Attachment

Your Attachments:

8 Balance Sheet

Set Title

Delete

Upload attachments as PDF files. These will print at the end of your PDF-formatted business plan.

Please note:
Attachments will not print as part of your Microsoft Word-formatted business plan.

Printing and Viewing

AGPLAN

Edit

View/Print

Attachments

Help

Moore Milk Dairy

Review the settings below, then click Generate Business Plan to create your business plan.

Include:

☒ Business Plan Only

☐ Business Plan & Comments

☐ Comments Only

Generate Business Plan

Before printing, click the **Report Options** button below to choose fonts, print sizes and sections to be generated.

Report Options

Selective Printing and Viewing

Include: ☒ Business Plan Only

Fonts:

Default Header Font: Arial

Header Font Size: 22 pt

SubHead Font Size: 18 pt

Default Body Font: Times New Roman

Default Body Font Size: 14 pt

Sections to Print:
(grayed-out checkboxes indicate that a section does not contain content and hence will not be printed.)

Section Title	Print	Checked	Start on New Page
Cover Page	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Executive Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
-- Business Description	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-- Mission Statement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-- Goals	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-- Plan Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-- Capital Request	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Description	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
-- Business Overview	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-- Location	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-- Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other Business Plan Tools

- Starting an Ag-Business? A Pre-Planning Guide
 - Cornell University by Steve Richards
- Building A Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses
 - Minnesota Institute for Sustainable Agriculture & The Sustainable Agricultural Network
- California Small Farms Program

AgPlan Web Page

<https://www.agplan.umn.edu/>
