**Business Plan Template: Instructions for Use**

As you begin filling in the sections in the Business Plan Template, type only where indicated. If you need to omit a section, delete the title. To add a new subsection, type the heading on a new line and highlight it. Change the font from normal to heading 2 or heading 3. You may want to additionally number subsections (1.1, 1.2, 1.3) so you can refer to information in other sections quickly and clearly. Just put your cursor in front of each heading title and add the appropriate numbers like it is shown in these instructions.

**Section I: Executive Summary**

This can also be called the Plan Summary, and should be one to two pages in length. **The summary should be written last**, and include the following information:

**1.1 History**. A brief description of your farm and its history. What makes it unique, innovative, or successful? How did you discover your niche product or market? What brought you to begin the operation?

**1.2 Product**. Description of the products and services you provide or will provide your customers. If you have unusual crop or animal varieties they should be mentioned here, but detailed later. Will you process or prepare your products more or differently than the competition?

**1.2 Process**. How you intend to create your product. What methods do you use? What are your acreage, facilities, and farm infrastructure like? Do you have any special human capital, like yourself or any employees that add exceptional value to your product?

**1.4 Management**. How will your business be run and what qualifications do you or your employees have to suggest success? Will the same person run farm operations and the business?

**1.5 Financial**. Summarize the break-even analysis from the financial section.

**1.6 Investment**. How much money are you seeking for investment? What is the primary purpose for this investment (capital, marketing, development, labor)? How will you repay your investors? What is your projected payback and rate of return for investors?

**Section II: Mission, Goals, & Objectives**

**2.1 Description.** Describe your business and your current accomplishments. What do you want to accomplish now? What are your principles and values? What type of business structure does your organization have (i.e. sole proprietorship, Partnership or corporation)? For a company seeking financial investment, this section may be considerably longer than for a company writing a business plan for internal use. Any unconventional practices, niche products and services or proprietary aspects of the business will need to be detailed thoroughly to establish the value of these unique business features.

**2.2 Mission Statement**. The Mission Statement describes where the business is now, or with a start-up, where it is intended to be in the first several years of operation. It captures an organization’s purpose, customer orientation, and business philosophy or values. This is a good opportunity to touch upon your family, environmental and community values in addition to strictly business ideals. A good mission statement often draws the line by stating what a product or service is not (i.e. is not all things to all people).

**2.3 Vision Statement.** (optional) The Vision Statement gives a broad, inspirational image of the future that an organization is aiming to achieve. A vision statement outlines what a company wants to be. It focuses on tomorrow; it is inspirational; it provides clear decision-making criteria; and it is timeless. Effective visions are inspiring, long-term in nature, and easily understood and communicated.

**2.4 Goals & Objectives.** Your Goals & Objectives will include both short and long term goals for your organization. Short term goals should include a time frame of five years or less. Limit yourself to 10 or fewer. Long term goals should be directed for beyond 5 years. You should list 5 or fewer goals. When looking at your organization consider goals for the overall business, production, marketing, financial, legal, and personnel.

**Section III: Background Information**

**3.1 Industry Information.** Start this section of you plan by describing your Industry. What industry does your business represent? Who are the major participants and how are they performing? What has been the industry’s growth and what is its future? Describe how you believe your organization will fit in the industry.

**3.2 Description**. Begin with a complete description of the product(s) or service(s). What are the proprietary features of each product and what makes them valuable? How did you determine the product mix to grow, the volume and processes to employ? Include a photo of any unique products or varieties if possible.

**3.3 Market/Customers.** Your market is both a ‘where’ and ‘who’. Describe the type of person, business, or restaurant that needs your product(s) or would prefer your products to the current alternatives, this will help define the individual segments of the market that you will target for sales. If you have information on a specific age, gender, ethnicity or other demographic that your product appeals to include it here. Other details may include where your potential customers live, work or shop. This will help you focus on the most efficient ways to market your business later. This will be a more brief description than in section 4.

**3.4 Cost.** Break down the cost to create each individual product or service you will have Make sure you include the cost of your own labor, materials you have on hand that are used, and equipment time that could be used for another product if it were not being used for this one. Try to account for everything that touches your product or affects the outcome. Use the costing spreadsheets in your binder/handouts to start thinking of all your expenses. You may not want to complete this element until you are working on the Financial Section.

**3.5 Profit.** You may not want to start this element until the Financial Section is done, which will walk you through determining the profitability of your business. Here would be a good place to discuss the profit on each individual item, the economies of scale you may be able to achieve, the existence of any loss leaders, and how your product mix affects profitability. Also, if you have plans to improve profitability, explain them.

**3.6 Product Break-Even**. This will be done after completing your Financial Section. The break-even point shows how much you have to sell before you begin turning a profit. While every product or service you are selling is profitable, there are a number of other costs (just for keeping the lights on) that must be paid before you realize a profit.

First, total (or enter in to the appropriate spreadsheet) all of your fixed costs. These are the expenses you have just for being in business, they include your property taxes or lease payments, employee benefits like health care, insurance premiums and utilities for basic business functions that are not directly related to the products (perhaps the buildings where tractors are kept or your office space.) Any overhead is also included- anything you cannot directly tie to the production of a particular item. Between your fixed cost total and your cost totals developed for the individual products (on either the crop or animal costing spreadsheets), you should have your total business expenses. If you have any other expenses, make sure they are accounted for in one of these two category totals.  
Next, divide the fixed cost total by the per item profit of each product you are selling (revenue per item minus variable costs per item); this will tell you what quantity you will have to sell just to break even. Alternatively, refer to the breakeven that is automatically calculated on your costing spreadsheet. You can also determine what mix of products and quantities will be necessary to break even by using the contribution margins and weights on the costing spreadsheets. For more information, refer to document 5.

**3.7 Major Competition.** Simply list the other companies that provide the same product or service, what they offer and at what relative price and quality level (high, mid, low), especially those that will likely be known by your audience.

**3.8 Proprietary Features.** Have you developed anything that you should patent or trademark? Your business name is registered and protected automatically with the State of Washington when you apply for a business license and your logo can be registered with the State as well.(Some businesses mail themselves copies of work they wish to protect and store them unopened with the postmark to show the date they were created.) If you have any products that have been patented, explain them here, with information on the value of each patent or trademark. You may also discuss any goodwill the business possesses that will be valuable. Goodwill as a term is used to reflect the fact that an ongoing business has some "intrinsic value" beyond its assets, such as its reputation. Goodwill is difficult to assess, yet important to note, in cases where personal contact is key. For example, you may have developed a relationship with many of your customers that gives your business strength beyond its numbers. This strength would not transfer if you sold your business, but increases your chance for success as long as you are personally involved.

**3.9 Opportunities.** Do you see ways to improve your product or the services you provide to give yourself an increased advantage over the competition or help lower costs? This may include washing, cutting, or combining products, delivery or customized varieties for certain customers.

**Section IV: The Marketing Plan**

**Market Analysis**

**4.1 Target Market Research.** Who will buy your product? This section will expand upon the characteristics you described about your customers in section 3. It allows you to separate each market segment that is relevant to your business. It will also include any information you have about how many potential customers you have. It is common to have some holes in this section, just try to fill them in as completely as possible, and state the assumptions you are making. You can start by stating the population in your immediate market area, then narrowing that number down to the number that more closely fits your target customer characteristics. This may be based on location, income, social characteristics, or any other factor you have identified in section 3. If you are targeting specific types of restaurants, you could simply pull out the local phone book and make a list. Then take it one step further and contact these specific customers to gather information about their buying behavior (budget, quantity, preferences, etc.)

**4.2 Access. Where sales occur.** First, explain where, and how, customers currently buy the type of products and services you offer. If it is retail locations, describe the characteristics of them, size, location, style, how they advertise, what other products and services they offer. This is not a description of your competitors, but of the supply chain for your competitors.

**Products and services.** Second, describe how you will tie into any of the existing outlets for these products. Will you be able to offer your items at a large established store, online site operated by another company, the Farmers Market or in a restaurant? Next, describe where and how customers can purchase from you directly (farm store, online, mail order, and delivery). End with an assessment of how your distribution efforts will be competitive with the other forms of distribution available.

**4.3 Competition.** Who else provides these products or services, how large are they, how long have they been in the business, and what are their strengths and weaknesses. Especially note how they may differ from the business you are building.

**4.3.1 Market Share of Competitors**. Do you have any idea what share of the market each competitor possesses? This can be hard to determine, but can be approached creatively from many different angles. For example,

* Both company x and company y produce approximately 5 acres each season and sell their entire crop
* Company x is the leading provider of this product, while companies a, b, and c produce only a token quantity each year.
* Company x is carried in the following retail locations, while company y sells at the Farmers Market, their farm stand and CSA operations.
* Company x has revenues of $150,000 annually, of which this product appears to be 25% of their sales; this gives them approximately 10% of the Skagit County market.

If this is a new product or idea in the early phase of acceptance by consumers, you'll want to include information addressing that challenge. With a new product, the market share of your competitors is less important because you can go after the new growth. With a product or service that has been around a long-time, you will have to steal customers from your competitors.

**4.4 Optional Details.** Depending on the way you approach your market research and the customers you will be targeting, you may also include:

* Regional or National target market information
* How long your market niche has existed
* What are the barriers to entry into this market
* What might prevent growth

**4.5 Market Share.** Based on the size of the potential market, the competition, and your particular strengths/weaknesses, how much do you expect to sell? Don’t forget to factor in your capacity and to time to establish connections with customers. Whenever possible, make sure you have already justified your estimates by showing your understanding of the market forces you’ll encounter and your company strengths.

**4.6 Forecast.** Markets rarely stand still. New competitors enter, while existing rivals go out of business or significantly change their operations. New substitute products might reduce demand for your product or new research could make it possible for you to make a health claim that helps you increase demand for your product. Currently, broad trends in customer and competitor demographics, technology and government policy are transforming the face of the food industry. The last step in assessing your current market is to look forward to evaluate the potential for change.

**Market Strategy**

Your marketing strategy is about tailoring your product, pricing, distribution and promotion strategies to satisfy your target market as defined above. Investors will be cautious of businesses that are too product oriented—those trying to sell a product without first looking at their customers’ needs. They risk developing a product that won’t sell. Instead, investors look for businesses that show they are customer-oriented and designing marketing strategies around the needs of their customers.

**4.7 Your advantage.** How do you differ from the competition? What will set you apart and help you compete?

**4.8 Pricing Strategy.** Include the price range of your competition, key features that affect the sales price and the price you will be charging. Explain how your price is justified and competitive if it is vastly different from the competition.

**4.9 Distribution Channels.** First, describe the options that are available forgetting your product or service to the consumer. Include approaches your competition uses, even if you won’t employ them. Next, describe in higher detail the ways you *will* distribute and sell your product(s). Make sure to explain how you will safeguard the quality and freshness from farm to consumer (how you will guarantee the correct temperature, handling and culling of spoils to protect your brand image). Distribution channels may include things like farm brokers, direct consumer sales, sales to grocers, mail order, CSA or home delivery, cooperatives and direct to restaurants. The channel is not only how your product physically reaches the consumer, but also how any intermediaries are involved in the process.

**4.10 Promotion.** Discuss how you will promote, advertise, and educate consumers and institutional users of your product (restaurants, food service, grocers). If you have a formal marketing plan written, you can simply use the Executive Summary from it. If you have specific publications that will be a good fit for advertising, or community events you will be attending (like street fairs) list them with a brief note about why they are good matches for reaching your market.

**4.11 Logo or Slogan.** Have you developed an image in graphics or words that will be part of your product branding? Explain and list it here. If applicable, describe how it was developed- especially if that process will help an outsider relate to you personally.

**Section V: The Management Plan**

**5.1 Key Employees.** Who does what in the organization? List the key decision makers, what their backgrounds are, who is in charge, and how they manage the business. What is the make-up of our advisors (i.e. attorney, banker, insurance agent, accountant, and other consultants)? What key staff positions need to be filled? How many employees to start?

**5.1.1 Resumes.** It would be very unusual for a resume to be necessary for a small agricultural business, even when seeking financing. However, if you have someone responsible for your bookkeeping, accounting or generating very large dollar contracts, a resume explaining their qualifications and experience would lend credibility. If a partner in the business has previous business experience, it would also be helpful to include this information, though it doesn’t have to be in resume format, a short biography will suffice. Make sure you include the key skills each person brings and resources outside the company that may provide support (affiliations, mentors or advisors and memberships).

**5.2 Operations.** Summarize the product development and/or product delivery process. Consider production and operations schedules. Explain your method for inventory control and quality control. List the equipment needed, labor and training requirements, expansion and seasonal production needs, and operations overhead costs. How will you measure success? Develop an operations budget.

**5.3 Regulations and Policy.** List type of permits and/or licenses required for your business. Identify key contacts for federal, state, and county departments. Do you intend on shipping national or international in the future? List certification requirements needed and your expansion plan.

**5.4 Schedule of Events.** List what major things must be completed for you to complete the process of beginning this new business. These are related to your construction, financing, hiring, securing contracts, and procuring supplies. You may also need to include farm production goals such as new crop planting, harvesting, or processing deadlines. Include:

* Critical dates
* Short-term goals- up to 24 months
* Long-term goals- 3, 5 or 10 years
* Identify barriers to completing these tasks or risks you foresee, as well as
* Solutions you will implement to keep the process moving forward.

**Section VI: The Financial Plan**

The amount of financial information available at the time you begin writing this plan will vary depending on how long you have been in business and how much your new business ideas relate to what you’ve been doing in the past. Even if your current operations seem irrelevant to your new venture, you may include your financial statements to show a history of success in business. Use the financial workbook prior to completing the financial section.

Begin this section by declaring your accounting method (cash or accrual), whether you use a CPA or bookkeeper, and if you have had your financial statements audited by a third party.

**6.1 Start-up Expenses.** First, summarize your financing and investment to date in a short paragraph and explain any items of note on your Start-up Expenses. Then paste in the Start-up Expenses. Try to list all of the investments you have made thus far, then all of the expenses you expect to incur to set up your new business completely.

Remember to include:

* Purchases of land, buildings, equipment, supplies and materials
* Labor; put a value on your own time and that of all employees
* Insurance, Consultation, Accounting, and other professional services
* Travel to do research or purchase items
* Everything you need to recreate the business, if it is already in existence.

You do not need to include sunk costs, i.e. expenses for items you no longer use. If you thought you were going to need an extra shed, built it, and then realized you don’t have a use for it—this is a sunk cost. In hindsight, you wouldn’t have spent that money, and the cost is irrelevant to current decisions.

**6.2 Operational Revenue and Expenses Summary.** Write a brief narrative explaining the break even analysis of your product line. This should include totals from all variable and fixed costs.

**6.3 Monthly Cash Flow Analysis.** Unless it’s obvious from your previous narrative throughout the plan or section 6.2, explain where your cash will come from to pay bills as they come due, before the company is running smoothly. You will most likely have to explain this since new businesses generally lose money for some time in the beginning. Think about how creditors, personnel, and bills will be paid. When will sales incomes begin to materialize?

**6.4 Income Statement.** Also called the Statement of Profit and Loss, show your last complete fiscal year, as well as a current year-to-date. The financial workbook provided automatically computes this information.

**6.5 Balance Sheet.** This shows your assets and liabilities as of one particular moment in time (today, the end of the past month or year for example). The financial workbook provided automatically computes this information.

**6.6 Statement of Cash Flows.** This shows how different business activities contribute to your bottom line. Unless you have a complex business that earns active, passive, and residual income from operations, investing and/or financing you shouldn’t worry about having this report. However, the financial workbook provided automatically computes this information for you.

**6.7 Financial History and Ratios.** A historical summarization of your financials allows a lender to see the trend toward better financial stability and profitability you have achieved over time. The financial workbook provided automatically computes this information for you. Be sure to highlight the ratios that are positive and support why you believe the negative ratios will improve (if you honestly can see a reason they will change).

**6.8 Sales Forecast.** This is simply an income projection that supports your request for financing. Use the sales assumptions spreadsheet to show what you believe is a reasonable prediction- and support your forecast by tying it to the facts and research compiled in this business plan.