

Business Planning Guide and Resources

A farm business plan is simply the plan you have in your head about what you will produce and how you will make money at it – written down on paper. In addition to its role as an internal guide for the farm, a business plan may also serve as a proposal for financing.

Writing down your ideas allows you to see how your plans fit together, to identify the gaps and to fill in the details. Listing out your projected income and expenses gives you sense of your business' potential to be profitable. Seeing the numbers laid out may indeed prompt you to alter your plans until you have worked out a realistic strategy for achieving your income goals.

In addition, your business plan becomes your guide throughout the year, especially during the intensity of the growing season when you barely have time to think, let alone to plan.

For instance, your vision and mission statement can help you make business decisions. Going back to your business plan at the end of each year gives you a chance to reflect on what went well, what needs to change, and to revise your business plan and farm plan accordingly.



Depending on its intended use, a business plan may contain any combination of several elements. Used as an internal guide, a business plan may take its simplest form. Additional elements can be added to meet the needs of a potential lender. Below is an outline of a variety of elements. Also see the sample business plans we have included in the Appendices at the end of this tip sheet.

Essential elements of a good business plan

(1) Vision, Goals, and Mission

This includes an explanation of why are you farming, what drives you, and what you hope to achieve through a career in farming.

*This is covered in **Lesson 1: Getting Started: Goal Setting.** Use the worksheets to develop your goals and mission.*

(2) Description of services/products

This includes what products and services you offer, both now and what you hope to do in the future.

(3) Marketing plan

This involves some market research. Include in your plan where, how, to whom, and at what prices you intend to sell.

*This is covered in **Lesson 2: Marketing.** Use the Marketing Tip Sheets and Marketing Plan worksheet to guide you in your market research and developing your marketing plan.*

(4) Production plan

This includes your planting/harvest schedules, fertility methods, pest management plan, irrigation, suppliers, rotation plan, number of acres to be used, etc.

(5) Projected income and expenses

It is important to determine if your farm will make money—projecting your income and expenses will help you estimate if your plan will make a profit.

*This is covered in **Lesson 3: Accounting and Record Keeping.** The spreadsheets that accompany this lesson provide a template for your projected Income and Expenses.*



Additional elements (as needed):

1) Executive summary

This is a summary of your business plan and why it's likely to succeed.

2) Business description

Describe the location, history, values, land, products of your farm business.

3) Resume

Description of the farmers' relevant experience/ education

4) SWOT analysis of the business

- a. Strengths (such as organic certification, proximity of markets, farm teams' abilities/skills)
- b. Weaknesses (needed skills that nobody on the farm team has, limited availability of labor)
- c. Opportunities (such as market niches and trends)
- d. Threats (such as competitors, weather, economic conditions)

5) A resource inventory,

This includes the members of your farm team and their skills. Also your land, accounting, experience, financial, legal, and technical resources,
This is covered in Lesson 1: Getting Started: Assessing your Skills and Resources. The Skills

and Resources worksheets can help guide you in developing a resource inventory.

6) Financials

This includes how much money you need to borrow and what for, monthly cash flow budget, cash flow statement, balance sheet, income statement.
This is covered in Lesson 3: Accounting and Record Keeping. The spreadsheets that accompany this lesson provide templates for these important financial documents.

7) Contingency plan

Describe the risks your farm faces, such as injury/illness of a farm operator. Is there someone who could step in on a temporary basis if needed? What plans are needed for other sorts of unexpected events?
This is covered in Lesson 4: Getting started on your farm. The tip sheets help you think through the legal and regulatory aspects of starting a farm and help you manage risk as you start your farm.

8) Exit strategy

Describe when you see yourself retiring or transitioning out of farming. Do you expect to transition to a new farm owner/operator? Liquidate assets?

Resources for writing a Business Plan

ATTRA resources:

Beginning Farmer Business Planning Resources. This is a link to all of the business planning resources mentioned in this tip sheet. <https://attra.ncat.org/oasdf>

Evaluating a Farming Enterprise

Planning for Profit in Sustainable Farming

Financing Your Farm: Guidance for Beginning Farmers

Basic Accounting: Guidance for Beginning Farmers

Other resources:

Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses.

Minnesota Institute for Sustainable Agriculture. http://agmarketing.extension.psu.edu/Business/PDFs/build_sust_business.pdf

Fearless Farm Finances: Farm Financial Management Demystified is a very useful book published in 2011 by the Midwest Organic and Sustainable Education Service (MOSES). <http://mosesorganic.org/farming/farm-finances/fearless-farm-finances>

National Agriculture Library's Start to Farm resources www.start2farm.gov

Primer for Selecting New Enterprises for Your Farm. Tim Woods and Steve Isaacs. University of Kentucky 2000. www.uky.edu/Ag/AgEcon/pubs/ext_aec/ext2000-13.pdf

Starting an Ag Business? A Pre-Planning Guide by Steve Richards. Cornell University Department of Applied Economics and Management 2004. www.dyson.cornell.edu/outreach/extensionpdf/2004/Cornell_AEM_eb0408.pdf

Sustainable Vegetable Production from Start-Up to Market by Vern Grubinger, 1999. PALS Publishing. Phone 607-255-7654. http://palspublishing.cals.cornell.edu/nra_index.taf

Northeast Beginning Farmers Project, Business Plan Templates <http://nebeginningfarmers.org/farmers/planning-2/business-plan-templates>

The development of this material was supported through USDA/NIFA/Outreach to Socially Disadvantaged Farmers and Ranchers (OASDFR) (Project # 2009-00705) • www.outreach.usda.gov/oasdf