

-----2008 Farmer Mentor Handbook-----

## Business Planning Template

### Developing your business plan

There are a number of workbooks, courses, workshops and online resources available that will help you through the preparation of your business plan. The University of Idaho has resources available through the Cooperative Extension System and the Cultivating Success Program course, Tilling the Soil of Opportunity NXLevel guide for Agricultural entrepreneurs.

The preparation of a business plan is a significant but often overlooked step in the management of a small business. A business plan accurately defines your business, identifies your goals, and serves as your farm enterprise resume. The basic components include a current balance sheet, an income statement, and a cash flow analysis. It helps allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your farm enterprise and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals.

In the State of Idaho there are a number of Idaho Small Business Development Centers across the State that can provide workbooks and free consultations for helping you develop a business plan. For more information, in Idaho contact the Boise State Office by calling 1-800-225-3815.

The Small Business Association (SBA) is an excellent resource for receiving an outline or workbook. You can download and copy a business plan outline from the Internet at the following web site address: [http://www.sba.gov/starting\\_business/planning/basic.html](http://www.sba.gov/starting_business/planning/basic.html) or contact your local SBA office and request a hardcopy of a Business Plan workbook.

Despite the critical importance of a business plan, many entrepreneurs drag their feet when it comes to preparing a written document. They argue that their marketplace changes too fast for a business plan to be useful or that they just don't have enough time. But just as a builder won't begin construction without a blueprint, eager business owners shouldn't rush into new ventures without a business plan.

Before you begin writing your business plan, consider four core questions:

- What service or product does your business provide and what needs does it fill?
- Who are the potential customers for your product or service and why will they purchase it from you?
- How will you reach your potential customers?
- Where will you get the financial resources to start your business?

\*Excerpts taken from Small Business Association; The Business Plan Road Map to Success

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The following is an outline for a business plan. Use this model as a guide when developing a business plan for your small farm business.

### The Business

- a) Description of business
- b) Marketing
- c) Competition
- d) Operating procedures
- e) Personal
- f) Business Insurance
- g) Financial data

### Financial Data

- a) Loan Applications
- b) Capital equipment and supply list
- c) Balance sheet
- d) Breakeven analysis
- e) Pro-forma Income Projections (profit & loss statements)
  - ◆ Three year summary
  - ◆ Detail by month, first year
  - ◆ Detail by quarters, second and third years
  - ◆ Assumptions upon which projections were based
- h) Pro-forma cash flow
  - ◆ Three year summary
  - ◆ Detail by month, first year
  - ◆ Detail by quarters, second and third years

### Supporting Documents

- a) Tax returns of principals for last three years
- b) Personal financial statement (all banks have these forms)
- c) In the case of a franchised business, a copy of franchise contract and all supporting documents provided by the franchiser
- d) Copy of proposed lease or purchase agreement for building space
- e) Copy of licenses and other legal documents
- f) Copy of resumes of all principals
- g) Copies of letters of intent from suppliers, etc.

One of the best ways to learn about writing a business plan is to study the plans of established businesses in your industry. You can find samples of business plans related to your type of business by contacting the Cultivating Success Program Coordinator at 208-885-7787, email [cultivatesuccess@ruralroots.org](mailto:cultivatesuccess@ruralroots.org) or visit <http://cultivatinguccess.ag.uidaho.edu> for more information.

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