

How to Write an Agricultural Business Plan

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Every business needs a business plan, regardless of its size. A business plan is the foundational guiding document that you'll use to run your business. It's important that the plan is written so that it can be easily shared among your employees and other stakeholders. The plan should be composed in such a way that drives profitability and growth.

This guide will take you through the steps necessary to write a business plan, using an example business along the way. Our example business will be an aspiring organic beef business called Green Pastures, LLC. Green Pastures, LLC strives to distribute their beef products to local restaurants and grocery stores.

Foundational Business Elements

There are four foundational business elements included in a business plan: business description, mission statement, vision statement, and a SWOT analyses.

Business Description

The business description is a basic overview of your business. Here you should be able to describe what your business is in three sentences or less.

Example: Green Pastures, LLC is an organic beef business providing a high-quality product to local restaurants and grocery stores. We try to keep our prices low in order to be competitive and help the local community. We currently raise 50 Black Angus beef cows.

Now think about how *you* would describe *your* business. What do you sell? How do you separate yourself from competitors? Try to do this in three sentences or less.

Write your business description here:

Mission Statement

A mission statement defines the values your company represents. It should answer this question: Why did you create your business? For what purpose?

Example: Green Pastures, LLC will always provide a high-quality organic beef product to our customers. We will stay true to the organic principles of the beef industry. We strive to keep our prices low so everyone in the community can enjoy our local products.

Think about why *you* started *your* business. What problem are you trying to solve? What need do you fulfill by offering your product/service to the outside world?

Write your mission statement here:

Vision Statement

A vision statement is necessary for your business to be successful year after year. You need to know where you want to go so you know how you will get there. The vision statement should be similar to your mission statement, but much more focused on your goals and what you hope to achieve.

Example: Green Pastures, LLC hopes to be the largest organic beef business in New England. We will do this by continuing to grow our Black Angus beef herd and reaching more customers through online sales.

Think about where you see your business in 5 years and in 10 years. How will you get there? And why do you want to get there?

Write your vision statement here:

SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis is a helpful tool you can use to understand your business' strengths and weakness, and also identify opportunities open to you and the threats your business may face.

Example: *Green Pastures, LLC SWOT Analysis*

Strengths	Weaknesses
<p><i>~Selling an organic high-quality beef product.</i></p> <p><i>~We know how to keep our operational costs down so our products are lower than other organic beef products.</i></p>	<p><i>~Not too many people know about our products. We need to increase our marketing efforts.</i></p> <p><i>~ We don't have our own slaughterhouse.</i></p>
Opportunities	Threats
<p><i>~There are four restaurants in town that do not sell local beef.</i></p> <p><i>~We want to build a website so people can order our beef products online.</i></p>	<p><i>~Although our prices are low, conventional beef products are much cheaper.</i></p> <p><i>~Beef prices are very low currently and feed costs are rising.</i></p>

Now it's your turn to create your own SWOT analysis for your business. Think about these four questions when creating your own SWOT analysis. What do you do better than anyone else? What could you improve on? Have you spotted any opportunities for growth or to reach new customers? What obstacles do you face that are out of your control?

<u>Strengths</u>	<u>Weaknesses</u>
~	~
~	~
<u>Opportunities</u>	<u>Threats</u>
~	~
~	~

Five Key Business Areas

Now that you are finished completing the foundational elements of your business plan, it's time to dive deeper. There are five key business areas to include as you drive toward realizing a successful business:

- **Products & Services:** Focuses on livestock, crop, or product production goals and changes or services provided.
- **Financial:** Controlling spending and using capital wisely is a critical link in a smoothly run business. This section includes budgeting and capital spending goals.
- **People:** Includes managing family and staff resources, developing the next generation and training key employees in added responsibilities.
- **Marketing:** Most important for those operations that market directly to customers. It includes goals such as advertising and training staff. Those who sell wholesale need to plan how to contract with brokers or handlers to protect themselves from loss due to annual price fluctuations.
- **Personal:** Personal goals are as important as business goals: getting away, shifting responsibilities, and putting funds away for retirement. As the leader, you are responsible for the motivation of others, so it's important to make sure your own motivation is not neglected.

For each of these areas, there will be an objective, goal, and action plan to fill out.

- **Objectives:** Objectives will help you accomplish your mission. Objectives are general, observable, challenging, and untimed directions for your business. They outline what you want the business to look like in the future.
- **SMART Goals:** SMART means Specific, Measurable, Attainable, Rewarding, and Timely. All your goals should touch upon all of these five words. Goals are used to meet objectives.
- **Action Plans:** Every goal must have an action plan. You need to describe how that goal will be accomplished. Be very detailed here.

Products & Services

If you don't have a good product/service nothing else will make up for it. The product/service you offer is the hub of your business—everything else surrounds it. That's why knowing what you want to sell and how you will create your product/service is so vital.

Write down all the product(s)/service(s) you plan to offer:

- Objectives:

Example: Green Pasture, LLC will sell an organic ground beef product to restaurants in 5lbs. packages. We will also sell our organic sirloin steaks in individual packages to restaurants. We will sell 1lb. organic ground beef packages to the grocery stores.

Write down your product/service objective here.

- SMART Goals:

Example: Green Pasture, LLC will sell 500 lbs. of burger to restaurants and grocery stores every month. We will charge \$6.00 per pound at the grocery stores and \$5.50 per pound to the restaurants. We want to achieve this goal within one year of being in business.

Write down your SMART Goal here.

- **Action Plans:**

Example: *Green Pasture, LLC will sell 500lbs. of burger to restaurants and grocery stores every month. In order to do this we need to get our product into at least three restaurants and one grocery store. We also need to increase our sales and marketing efforts so the restaurants know about our product and want our product.*

Write down your action plan here.

Financials

Three main reports cover the most important areas of financial management: the Balance Sheet, the Income Statement, and the Statement of Cash Flows. The balance sheet is a snapshot in time of the financial condition of the business – that is, an accounting of your assets and liabilities, and ultimately your net worth. An income statement shows all of the income and expenses incurred. A cash flow statement shows what happened to the cash generated to the business—how it was acquired/financed, and where it was invested/used.

Businesses will have existing income and cash flow statements and also projections or budgets for use. These statements should be kept as addendum to the business plan.

- **Objectives:**

Example: *Green Pasture, LLC will be economically sustainable within five years of start-up.*

Write down your product/service objective here.

- **SMART Goals:**

Example: *Green Pasture, LLC will attain a 2% Return on Asset in Year 1.*

Write down your SMART Goal here.

- **Action Plans:**

Example: *Green Pasture, LLC will grow income to cover costs. We will put financial controls in place to measure and monitor spending. We will review monthly financial statements to track where we are in reference to our goal.*

Write down your action plan here.

People

People are an integral part of carrying out your business plan. Having the right people in the right places can make the difference of success or failure.

- **Objectives:**

Example: *Green Pasture, LLC will hire and retain high quality employees.*

Write down your product/service objective here.

- **SMART Goals:**

Example: *Green Pasture, LLC will hire and retain three part-time employees in year 1 that will stay with us for at least several years.*

Write down your SMART Goal here.

- **Action Plans:**

Example: *Green Pasture, LLC will utilize a job placement firm to hire and train three part-time employees. We will offer constructive feedback and make performance goals as a part of an annual performance review.*

Write down your action plan here.

Marketing & Sales

- **Objectives:**

Example: *Green Pasture, LLC will be the premier provider of ground beef to restaurants serving local fare within a 10-mile radius.*

Write down your product/service objective here.

- **SMART Goals:**

Example: *Green Pasture, LLC will develop and maintain a sales relationship with three restaurants within 1 year.*

Write down your SMART Goal here.

- **Action Plans:**

Example: *Green Pasture, LLC will utilize a marketing firm to create a marketing strategy that incorporates attracting the business of at least three local restaurants by using cold-calling, follow up, taste testing, and more. We will maintain this relationship by automating ordering and order fulfillment, while making sure we contact them directly for verification.*

Write down your action plan here.

Personal

- **Objectives:**

Example: ***The** employees and owners of Green Pasture, LLC will maintain a healthy life/work balance.*

Write down your personal objective here.

- **SMART Goals:**

Example: *Each year, each employee and owner/operator of Green Pasture, LLC will take five consecutive days of vacation leave.*

Write down your SMART Goal here.

- **Action Plans:**

Example: *Each employee of Green Pasture, LLC will identify five consecutive days to take for vacation and report to his or her manager by February 1.*

Write down your action plan here.

Starting a business can be a very nerve-racking and exciting time. There's always so much to think about and the logistics of it can become pretty confusing sometimes. If you're looking for someone to help you out with your business plan and talk through your ideas, feel free to reach out to one of our business consultants today! If you book a meeting with one of our consultants, please bring a completed version of this business plan.