How to Write a Business Plan for Farmers

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AMERICA'S SBDC GUAM

Farm to Table GUAM CORP.

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AGENDA

- Overview
- Why a Business Plan?
- Building a Business Plan
  - History
  - Mission, Vision and Goals
  - Organization and Managements
  - Marketing
  - Operation
  - Financial
- Risk Management
- Tips for Writing a Plan
- Sources for Assistance

Why is a Business Plan Important?

Why You Need a Farm Business Plan

A comprehensive business plan is an important first step for any size business, no matter how simple or complex. You should create a strong business plan because it:

- **Will help you get organized**. It will help you to remember all of the details and make sure you are taking all of the necessary steps.
- **Will act as your guide**. It will help you to think carefully about why you want to farm or ranch and what you want to achieve in the future. Over time, you can look back at your business plan and determine whether you are achieving your goals.
- **Is required to get a loan**. In order to get an FSA loan, a guarantee on a loan made by a commercial lender, or a land contract, you need to create a detailed business plan. Lenders look closely at business plans to determine if you can afford to repay the loan.

Build a Business Plan: Business History

- Are you starting a new farm or ranch, or are you already in business? If you are already in business:
  - What **products** do you produce?
  - What is the **size** of your operation?
  - What agricultural production and financial management **training or experience** do you, your family members, or your business partners have?
  - How **long** have you been in business?

Build a Business Plan: Mission, Vision and Goals

- This is your business. Defining your mission, vision and goals is crucial to the success of your business. These questions will help provide a basis for developing other aspects of your business plan.
  - What **values** are important to you and the operation as a whole?
  - What **short- and long-term goals** do you have for your operation?
  - How do you plan to **start, expand, or change** your operation?
  - What plans do you have to make your operation **efficient or more profitable**?
  - What type of **farm or ranch model** (conventional, sustainable, organic, or alternative agricultural practices) do you plan to use?

Build a Business Plan: Organization & Management

- Starting your own business is no small feat. You will need to determine how your business will be structured and organized, and who will manage (or help manage) your business. You will need to be able to convey this to others who are involved as well.
    - What is the **legal structure** of your business? Will it be a sole proprietorship, partnership, corporation, trust, limited liability company, or other type of entity?
    - What **help** will you need in operating and managing your farm or ranch?
    - What other resources, such as a **mentor or community-based organization**, do you plan to use?

Build a Business Plan: Marketing

- Marketing is a valuable tool for businesses. It can help your businesses increase brand awareness, engagement and sales. It is important to narrow down your target audience and think about what you are providing that others cannot.
  - What are you going to **produce**?
  - Who is your **target consumer**?
  - Is there **demand** for what you are planning to produce?
  - What is the **cost** of production?
  - **How much** will you sell it for and when do you expect to see **profit**?
  - How will you get your **product to consumers**? What are the **transportation** costs and requirements?
  - How will you **market** your products?
  - Do you know the relevant federal, state, and local **food safety** regulations? What **licensing** do you need for your operation?

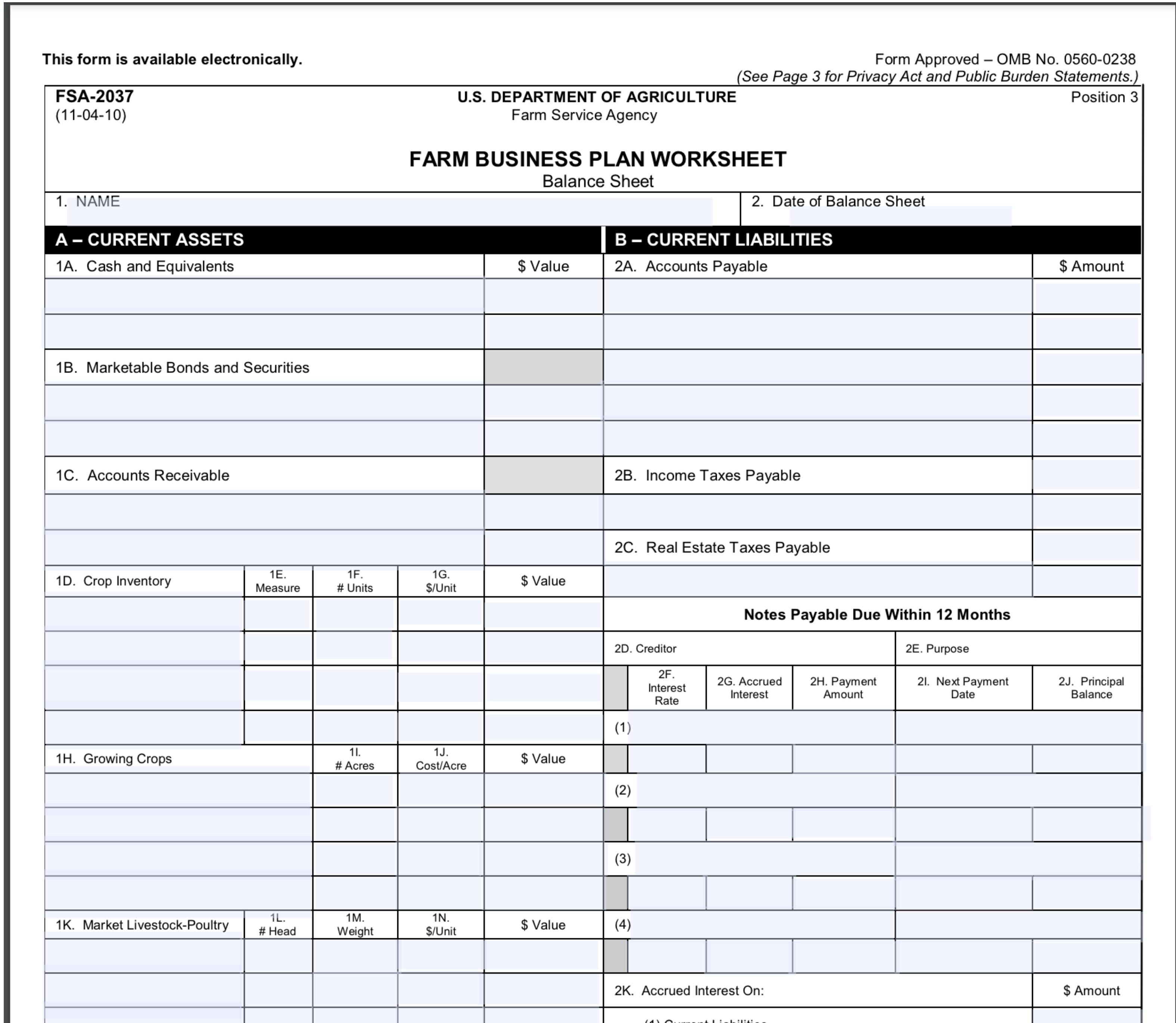
Build a Business Plan: Operation

- Today there are many types of land, tools, and resources to choose from. You will need to think about what you currently have and what you will need to obtain to achieve your goals.
  - What **resources** do you have or will you need for your business?
  - Do you already have **access to farmland**? If not, do you plan to lease, rent, or purchase land?
  - What **equipment** do you need?
  - Is the **equipment and real estate** that you own or rent adequate to conduct your operation? If not, how do you plan to address those needs?
  - Will you be implementing any **conservation practices** to sustain your operation?
  - What types of **workers** will you need to operate the farm?
  - What **additional resources** do you need?

Build a Plan: Financial

- Now that you have an idea of what you are going to provide and what you will need to run your operation you will need to consider the finances of your operation.
    - How will you **finance** the business?
    - What are your current **assets** (property or investments you own) and **liabilities** (debts, loans, or payments you owe)?
    - Will the **income you generate be sufficient** to pay your operating expenses, living expenses, and loan payments?
    - What **other sources of income** are available to supplement your business income?
    - What **business expenses** will you incur?
    - What **family living expenses** do you pay?
    - What are some **potential risks or challenges** you foresee for your operation? How will you **manage** those risks?
    - How will you **measure the success** of your business?

Financial: Farm Business Plan Worksheet



This form is available electronically.

Form Approved – OMB No. 0560-0238
(See Page 3 for Privacy Act and Public Burden Statements.)

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U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

Position 3

FARM BUSINESS PLAN WORKSHEET
Balance Sheet

1. NAME	2. Date of Balance Sheet

A – CURRENT ASSETS				
1A. Cash and Equivalents				$ Value
1B. Marketable Bonds and Securities				
1C. Accounts Receivable				
1D. Crop Inventory	1E. Measure	1F. # Units	1G. $/Unit	$ Value
1H. Growing Crops		1I. # Acres	1J. Cost/Acre	$ Value
1K. Market Livestock-Poultry	1L. # Head	1M. Weight	1N. $/Unit	$ Value

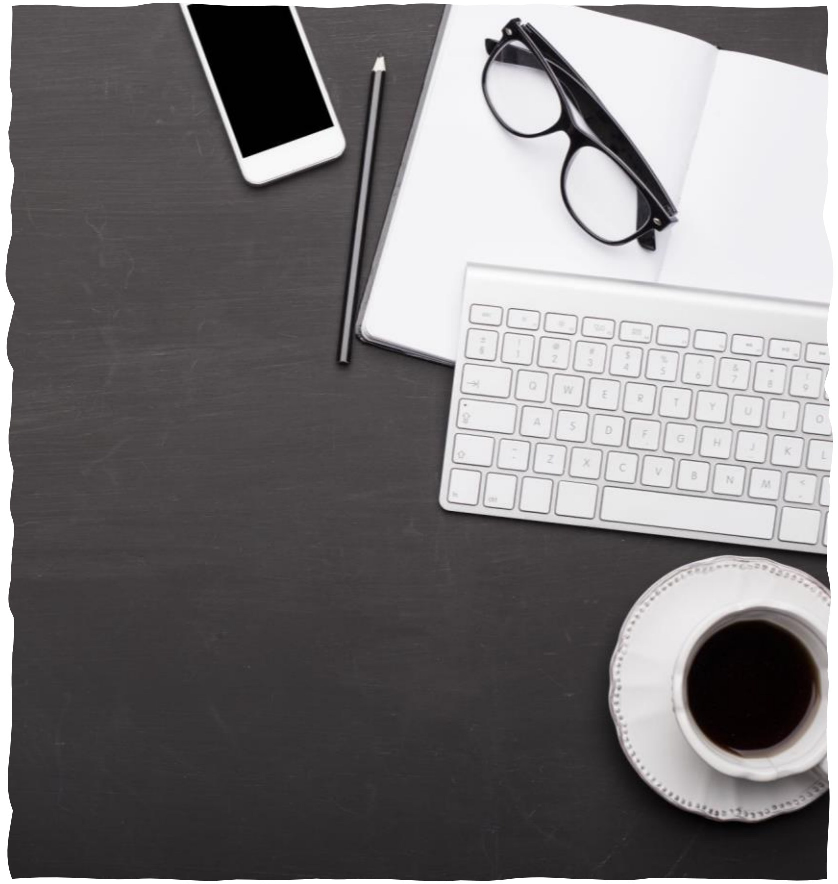
B – CURRENT LIABILITIES	
2A. Accounts Payable	$ Amount
2B. Income Taxes Payable	
2C. Real Estate Taxes Payable	

Notes Payable Due Within 12 Months

2D. Creditor				2E. Purpose	
	2F. Interest Rate	2G. Accrued Interest	2H. Payment Amount	2I. Next Payment Date	2J. Principal Balance
(1)					
(2)					
(3)					
(4)					

2K. Accrued Interest On:	$ Amount

TIPS FOR WRITING YOUR PLAN



- ❑ Set aside time during the week to work on your business plan. Set a goal to tackle one section of the business plan at a time.
- ❑ Do your research. Your plan is only as good as the effort you put into it. Look for a variety of sources that are relevant and timely.
- ❑ Get out and ask questions. Reach out to professionals in the industry your interested in or in the areas of business you're not sure of. Getting information and guidance from the source is valuable insight you can lean in to.
- ❑ Sign up for free counseling with a business advisor. All sessions are confidential and there are variety of planning tools to fit any stage of business.

RESOURCES

- Farm Answers- https://farmanswers.org/
- Cooperative Extensions
  - UOG or DoAG
  - Extension.org
- SCORE- https://www.score.org/usda
- SBA- https://www.sba.gov/business-guide
- USDA- https://www.farmers.gov/your-business

AND OF COURSE

- SBDC- www.pacificsbdc.com
- Farm to Table Guam- www.farmtotableguam.org

REQUEST FOR FEEDBACK

Si Yu'os Ma'ase!

Thank You!

Please take time to complete workshop evaluation form.

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