

HOW TO WRITE A FARM BUSINESS PLAN



Getting a loan for your agricultural business, no matter the size or scope, means asking the lender to have faith in your ability to manage a full-fledged operation and your finances in a healthy way.

No pressure, right? The best way to set yourself up for success both in business and with your lender is to have a detailed plan. It doesn't need to be pretty, but you do have to prove that you're willing to put the time and effort into creating a well-thought-out course of action for your operation.

Already operating but don't have a plan? That's okay! It's never too late to put extra thought into how your operation will continue to fulfill your livelihood.

What to Include in your Agricultural Business Plan:

TITLE/ COVER PAGE

Keep it simple on the cover page. The most important information here is accurate contact information so your lender can get in touch with you easily. Include mailing address, phone, email, and fax if you have it.

- Your company's logo
- Name of business, address, and contact information

EXECUTIVE SUMMARY

Although it will be the first page of your plan, this will be the last section that you write summing up all of your key points in your plan. Remember that this is the first section that your lender will read, so they'll expect to see all of the highlights that make approving this loan a good financial decision for both you and the lending organization. Include points about expansion plans, market opportunities, financial trends and projections in a short and easy to read summary.

INTRODUCTION

Treat this section as if you're telling a stranger about your operation and you want to give them an overview of what you do and what sets you apart from other businesses in your industry.

- Brief description of the operation including what you do, what you produce, how you market it, and the size of the operation.
- Locations and facilities
- Mission Statement

- Goals

- Plan Summary and Capital Request – if you're starting a new operation, include a plan summary that describes how you'll start the operation and the course of action you'll take to build it.

PRODUCTION

- Products and/or services and their corresponding systems

- Production practices, value-added practices

- Policies on quality control, inventory management and customer service

- Risk Management

- Licenses, permits and regulatory requirements

- Goals for production growth, expansion, etc.

MARKETING PLAN

- Industry description, outlook, trends and projections

- Target market information

- Market share to gain

- Pricing

- Promotions, programs and marketing tools

- Distribution

ORGANIZATION AND MANAGEMENT

- How your business is organized (corporation, partnership, sole proprietorship, etc.)

- Names, titles, positions of owners, managers, directors, etc.

- Organizational chart or Personnel plan – who facilitates which roles and potential new hires

- Benefits offered, rewards structure, etc.

- Contingency Plan

FINANCES

- Income earning potential, plans for growth, expansion, industry trends

- Historical performance

- Balance sheet, cash-basis income trend, breakeven analysis, and sensitivity analysis

- Asset management
- Benchmarks
- Capital Request

Creating your business plan will take time and effort. As you complete sections, send them to partners or colleagues to review as you go along. If you have any questions on how to complete your business plan or more specifically what loan officers are looking for, give us a call at 866.824.5626 or visit us at www.farmcreditflorida.com.