

# **Business Plans**

## **What goes in a business plan?**

The body of the business plan can be divided into four distinct sections:

- I. The description of the business
- II. The marketing plan
- III. The management plan
- IV. The financial management plan

### **I. Description of the Business**

Provide a detailed description of your business. Ask questions such as "What business am I in?" When answering this question include your products, market and services as well as a thorough description of what makes your business unique. As the business plan develops, initial questions may be modified. Note the description of the business corresponds closely with the feasibility study questions proposed on the previous sheet.

### **II. The Marketing Plan**

The marketing plan, or sometimes referred to as the "game plan" is more detailed than the questions asked in a feasibility study. The marketing plan actually outlines the activities to undergo in day-to-day operations, and the overall long run marketing projections.

#### **Positioning**

What are the intended or desired goals for the association with respect to how they want to be regarded as a supplier to the targeted market? Primary in-season supplier? Gap or short order supplier? Steady but secondary presence? What competitive factors outside the association may influence the viability of alternative supplier positions? What competitive advantage does the association have in the respective market?

#### **Product line**

What products will be emphasized in each target market? How are they chosen? How are new products introduced? Will there be any attempt to differentiate products?

#### **Price**

What product price will be necessary to make the targeted market viable? What are the break-even costs? What have prices been historically for similar products in the market? How will prices be determined? Who will determine it?

**Distribution**

Will distribution involve largely local channels or will there be significant inter-state trade? Is a PACA license necessary? How might growers efficiently manage/coordinate their deliveries with outbound logistics? Might this be different depending on the target market? What specific outlets, businesses, or customers will be targeted within targeted market channel? Are there specific distribution and packaging needs for these customers?

**Sales force**

Who will handle the sales activities? How will contacts be made and maintained? Are there guidelines that need to be developed for sales staff? Special training? What sales activities are standard (required?) for the targeted market?

**Sales promotion**

Are special sales promotions beneficial to the development of a presence in the marketing channel? What are some cost-effective ways of starting? What are industry conventions for sales promotions? Trade shows? Industry associations?

**Advertising**

What advertising (if any) might be justified for the target market? What are effective media? Should there be a portion of the budget allocated to advertising? Should a professional agency be employed or can the association manage it? Are there any outside resources to help develop advertising to targeted customers?

**Service**

Are unique services expected for the market being considered? What are the costs and benefits to providing these services? What service might be necessary for the association to achieve the desired position in the market? Who provides the services?

**Research and development**

What activities can help the association monitor new industry tools and technology that may help the association improve its functioning or products? Is R & D likely to be important for the target market? Has there been considerable innovation within the segment recently? How might R & D needs be identified and communicated to organizations positioned to help the association with this task?

**Marketing research**

What trends may be important to watch in relation to the targeted market segment? What resources would be necessary to carry on needed market research? What industry communications monitor the relevant trends for the targeted market? What are the costs and benefits of the market research?

The 10 components above are guidelines to follow. The components are very important and any entity will vary from the next in answering the components. The association can benefit from having basic information and alternatives generated from this marketing plan.

### **III. The Management Plan**

Managing a business requires dedication, persistence, the ability to make decisions, and the ability to manage both employees and finances. Your management plan, along with your marketing and financial management plan, sets the foundation for and facilitates the success of your business. Employees are critical resources and will play an important role in the overall operations of your business. Knowing how to manage and treat employees is critical. The management plan should answer questions regarding:

- **How does backgrounds/business experience help in the business?**
- **Who will be on the management team?**
- **What are the strengths and weaknesses of the management team?**
- **What are the duties of the management team?**
- **What are the plans for hiring and training personnel?**
- **What salaries, benefits, vacations, and holidays will you offer?**
- **What benefits, if any, can you afford at this point?**

### **IV. The Financial Management Plan**

Sound financial management is one of the best ways for your business to remain profitable and solvent. How well the finances are managed is critical to every successful business venture. Policies will need to be implemented that will lead to and ensure that you will meet your financial obligations. The feasibility study answers questions regarding the start-up budget. This section deals more with the operating budgets. The following are ideas to start with in the budgeting process.

- **Personnel**
- **Insurance**
- **Rent**
- **Depreciation**
- **Loan payments**
- **Advertising/promotions**
- **Legal/accounting**
- **Miscellaneous expenses**
- **Supplies**
- **Outside services (contracting a hauling company)**
- **Payroll expenses**
- **Salaries/wages**

- **Utilities**
- **Dues/subscriptions/fees**
- **Taxes**
- **Repairs/maintenance**
- **Growth expenses**

The financial section of the business plan should include any loan applications, capital equipment and supply list, balance sheet, breakeven analysis, pro-forma income projections, and pro-forma cash flow. The income statement and cash flow projections should include a three-year summary, detail by month for the first year, and detail by quarter for the second and third years.

Accounting and inventory systems should also be addressed in this section of the business plan. Answer questions such as:

- **What type of accounting system will the business use?**
- **What will the sales goal and net income goals for the coming year be?**
- **What financial projections will be needed to include in the business plan?**
- **What kind of inventory control system will be used?**

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