



Virginia Cooperative Extension

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Business Planning Basics for Agribusiness

Featuring and referencing AgPlan™ developed by the Center for Farm Financial Management, University of Minnesota (copyright 2012).

Basic components of business plan:

I. Executive Summary

- Do this last. It should be kept short, and summarize the most important points in the rest of the plan.
- Include a mission statement and/or summary of values. Start with this question, “why are you doing this?”
- Also, what are your goals? What do you want to accomplish in the next 5 years?

II. Business Description

- What products, crops or livestock will be produced?
- What is the size of your business? If plans are to expand, what are you expanding (ie flock size, marketable products, product lines, etc)?
- Describe who is the manager, and level of employment? Seasonal? Temporary? Full-time? What are employee job duties?
 - What is the business ownership structure? How is the business set up legally?
 - What is the management structure, and who are the professional advisors to the business?
- Where is the business/farm located?
 - Is leasing land part of the business?
 - Why is this location important to you?
 - Does the location provide specific advantages and disadvantages for what you are trying to accomplish?
- Describe current facilities, and what you may want to add and why. A good way to break facilities down is:
 - Real estate
 - Structures attached to real estate (ie buildings, barns, fences, watering systems)
 - Production equipment (tractors, implements, animal handling equipment)
- History of business such as when you started, how long have you owned/managed the operation, and what are important changes made since you have been involved?

III. Operations

Describe how the business is run.

- What are you selling specifically? Specificity is essential here!
 - Do you sell services? If so, what are they?
- How do you produce what you sell? What is your production process(es), and what advantages or disadvantages do they afford (ie rotational grazing, irrigated cropping)?
- Describe proposed changes to your production system.
- If you have a customer service focus, describe that under operations. How do you deal with customer service issues?
- Are permits required, or regulations under which you would have to operate? Focus on those which directly and significantly impact your business.
- What tools and methods do you use to management risk? (ie insurance, liability, food safety, etc.) This is especially important to consider if selling direct to consumer.
- How do you address environmental issues such as does your operation include conservation programs, how do you deal with livestock manure, fertilizer, and/or pesticides?
- Here is a good place to include realistic timelines to your business goals. When do you want to have certain things accomplished related to the business?

IV. Marketing

How are you going to market your products/services?

- Who are the customers (current and future), and where are they located?
- Are you working with partners outside of your business to market products/services and reach consumers? If so, who are they? How dependent on them are you?
- What is your pricing strategy? How do you determine fair pricing?
- Do you have a promotion plan? Most commodity farm operations leave this to those down the value chain. The closer you are to the consumer, the more you have to consider this.
- How do you get products to consumers?
- What makes you unique or competitive in the marketplace? What may be your disadvantages/weaknesses in the marketplace?
- Are there market trends that may present you with opportunities or challenges going forward?

V. Financial Plan

Use enterprise budget (Virginia Tech or other) with the operation's own actual financial data to highlight financial performance. Historical Schedule F should work for an income statement. Should also include a basic, current balance sheet, and cash flow projection for next 5 years.