

## Business Planning

At the GoFarm Hawaii AgBusiness Program, one of the most common services clients request is a Business Plan. A Business Plan is a document that describes your business (or desired business) and its goal(s), along with the financial, marketing, and operational plans to achieve the goal(s).

A Business Plan can be written for external parties to obtain such things as loans, grants, investment, or land leases. It can also be written for the business owners/managers to validate the feasibility of the business and document a plan for growth.

Before you start on your business plan, you need to ask yourself many questions about your agribusiness including:

- What size of farm do you have or want to have and what is your plan for growth?
- What is your product? What do you currently grow or sell or plan to grow or sell?
- How much do you think you can produce?
- Who is your market (CSA / farmer's market / restaurants / grocery stores)?
- How big is the market and is there potential for growth?
- Is there competition?
- What are your expected revenues, expenses, and startup costs?
- How much money will you need and what is your plan to pay it back (if applicable)?
- Is your business idea financially viable?

When you have a good idea of your business goals, you can begin documenting your business plan. There are thousands of books and articles about how to write a Business Plan. In general, the plan will include the following sections:

### Executive Summary

- This section should be done last!
- It provides a concise overview and summarizes the other components of the business plan
- It typically ends with the “ask” – amount of funding you are seeking, terms of the lease, or return on investment (if applicable)

### Company and Operational Overview

- General Company Info:
  - Name(s) and location(s)
  - Ownership and legal status (sole proprietor, LLC, etc.)
  - History, milestones, and current status/future goals and description of how you plan to get there (long term goals; maybe an exit strategy, if you plan to sell or have others take over at some point)
- Management (who is responsible for various business functions and what are their qualifications):
  - Business leadership
  - Sales/marketing

- Production
- Financial management
- Advisory team (can address weakness in other areas)
- Operations (what do/will you have?)
  - Location/Facilities
  - Supply and Distribution
  - Sales/Order Fulfillment/Customer Service
  - Equipment/technology
  - Labor Requirements
  - Financial Controls
  - Certifications
  - Operational advantage(s)
  - Operational challenges and mitigation
- Production (what/how will you produce?)
  - Products/Services
  - Quality control
  - Pest/disease management
  - Farm map
  - Production Plan and Schedule
  - Yield Projections
  - Labor schedule

### Market Information

- Industry Analysis (what's your market look like?)
  - Describe the industry
  - What is going on in the industry (ex. movement/support for locally grown foods)?
  - Trends and size of the industry within the market you are considering.
  - Is the market you are considering worldwide, nationwide, Hawaii, or Oahu?
- Competitive Analysis (who is already competing in your market?)
  - Specific competitors and relative market share
  - Relative strengths and weaknesses too
  - Your competitive advantage(s)
  - Future competitors
  - Pricing comparison (you vs. competitors)
- Marketing and Sales Plan (how will you get and keep customers?)
  - How will you position yourself in the market?
  - Do you have slogan, logo, brand name?
  - What is your marketing and sales strategy?

### Financials

- Standard financial statements
  - Income Statement (Profit & Loss) – Historical and projected

- Cash-flow Projection ← Generally the most important
- How many years of financials do I need?
  - New business – minimum 3 years into future or until you make money!
  - Existing – include up to 3 years of history
- Other
  - For new businesses - How much money is needed to startup and for what?
  - Sources of expected funds (ex. savings, loan, grant, investors?)
  - How much production is expected?
  - What revenues are expected?
  - What are expected costs?
  - Will you have enough money to cover cash shortfalls?

A Business plan is a dynamic document that should be updated as info/plans change. To apply for personalized assistance to develop a farm business plan, complete an application at <https://gofarmhawaii.org/gofarm-business-services/> or contact the GoFarm Hawaii AgBusiness Program at (808) 956-3530.