WHY HAVE A BUSINESS PLAN FOR YOUR FARM?

Robin Brumfield, PhD
Extension Specialist in Farm Management

Stephen Komar
Extension Agricultural Agent Sussex County

Jenny Carleo
Extension Agricultural Agent Cape May County
Questions for Discussion

Do you have a business plan for your farm?
• Yes – why?
• No – why not?
Questions for Discussion

Why should you have a farm business plan?
• What are the benefits?
• What does a business plan do?
• What should be in a business plan?
Top 5 reasons to have a business plan for your farm………..
Top 5 reasons to have a Business Plan

#1 Writing stuff down forces you to define/refine your farm business.

– Assess your current situation - Where are you now?
– Helps you to set objectives for your business – Where are you going?
– Establishes your farm’s “Mission statement”
#2 A business plan allows you to set goals for your farm.

– Short and long term planning
– Evaluate the market conditions
– Determine the history and direction of your farm
– Determine the key players in your operation
– Evaluate your skills, talents, resources, etc
#3 Allows you to effectively share and explain your goals and vision with others.

- Bankers and investors may require a business plan before lending or investing.
- Before community leaders can help promote and support your farm they have to understand what you are trying to do.
- Non profits/granting agencies may require a business plan.
- Prove to anyone/yourself that your vision is realistic

“If I grow it, they will come.” just does not happen!
Top 5 reasons to have a Business Plan

#4 A business plan can help you identify potential issues/pitfalls before you begin

– Competition
– Legal concerns
– Liability issues
– Labor needs

A business plan can protect you from proceeding with an idea that doesn’t make good “business sense

Understanding the potential issues beforehand can allow for proper planning! !
#5 Provides the tools to quantify the success of your business

- Target sales
- Growth and expansion
- Market share
- Profits ??
What should be in a Business Plan?

• A Description and Definition of:
  – Who is involved.
  – What consumer need will be met.
  – What the saleable product/service is.
  – The market environment.

• A Plan for producing and marketing the product/service

• A list of resources needed to achieve the plan and when they are needed.

• A summary of anticipated results.
Most Business Plans Contain the Following Sections

• Executive Summary
• Mission Statement
• Business Description
• Management Plan
• Production Plan
• Marketing Plan
• Financial Plan
Include:

• Information that is important in taking the business where you want to go.

• Do not include things that will not help you go where you want to go with the business.
Every plan is unique!

• Your farm plan should relate to and be steered by your mission statement!

• Keep your goals realistic.
  – Is my farm a business or a hobby?
  – Do I really want to make money or is it a way of life?

• The real value is in the process of creating it.
  – A business plan should serve as a roadmap for your farm business.
Useful Links:

• Center for Farm Financial Management, University of Minnesota AgPlan: [https://www.agplan.umn.edu/](https://www.agplan.umn.edu/)
• New users need to "Register" (under the Login button).
• Also see: Rutgers Farm Management Website To Market, To Market [http://aesop.rutgers.edu/~farmmgmt](http://aesop.rutgers.edu/~farmmgmt)
• Annie’s New Jersey Website: [http://aesop.rutgers.edu/~farmmgmt/anniesproject.html](http://aesop.rutgers.edu/~farmmgmt/anniesproject.html)
• Annie’s New Jersey Facebook Page: [http://www.facebook.com/#!/pages/Annies-Project-NJ/147083285347913](http://www.facebook.com/#!/pages/Annies-Project-NJ/147083285347913)