

BUSINESS PLANNING RESOURCES

July 2023

The guide provides the following resources:

- What is a business plan?
- Elements of a business plan
- Business plan self-assessment
- Planning for Profits Planning Templates

WHAT IS A BUSINESS PLAN?

What is a business plan?

Your business plan is your roadmap to success. It is crucial to defining your farm's future, staying on track, and sharing it with others.

What is the benefit of having a written business plan?

- Creates opportunities to prioritize and provide clearer direction and confidence for management decisions to increase profitability, improve debt management and reduce costs.
- Manages risk and reduces uncertainty, stress, and anxiety.
- Prepares for farm transition/retirement.
- Solidifies the farm team, creating harmony and a crucial support network including family, business partners and advisors.

Having a written business plan is one of the 7 business management practices driving farm financial success¹.

- 1) Lifelong learning and skills development
- 2) Seeking the help of business advisors/consultants
- 3) Business decisions made using accurate financial data
- 4) Having a written business plan, following, and reviewing it annually
- 5) Knowing, monitoring your cost of production and what it means for your profits
- 6) Assessing risks and having a plan to manage and mitigate risk
- 7) Using a budget and financial plan to monitor financial position and options

TIP: A business plan is a living document that you should revisit, revise and reference often as your business evolves over time.

Assess, Plan, Implement, Review.

Measure your progress towards achieving your business goals over the past year and start to think about next year's goals.



ELEMENTS OF A BUSINESS PLAN

Guide for Recommended Sections for Your Farm Business Plan

FARMERS WITH A WRITTEN BUSINESS PLAN AVERAGE A RETURN ON ASSETS FIVE TIMES HIGHER THAN THOSE WITHOUT. Source: Rob Hannam, Synthesis Agri-network

COVER PAGE

Insert your farm name, owners, address, email, website, and phone number.
Add farm picture, Instagram, Facebook, logo (if applicable)

EXECUTIVE SUMMARY

Clearly states who you are (farm history), size, location, what your business does, key accomplishments, future business growth plans and how you will be successful.

Resources:

- Farm Credit Canada
 - [How to develop a successful farm vision](#)
 - [Business plans for producers | FCC \(fcc-fac.ca\)](#)
- Young Agrarians
 - [Business Model Canvas](#)
 - Sample Farm Business Plans:
 - [The Carrot Project – Wild Food Farm Sample Business Plan and Financials](#)
 - [Down in the Dirt Farm – Farm Sample Business Plan](#)
 - [Futurepreneur – Farm Brewery Sample Business Plan](#)

BUSINESS STRATEGY

What are the goals of your business? What are your mission and vision statements for your business?

What do you want your farm to look like in the short term (1-2 years), medium term (3-5 years) and long term (6+ years)?

Action Plan: What are the actions, or sequence of steps that you need to take to bring you closer to your farm vision and goals? Who is responsible for each step, and the timeline for each?

Resources:

- Futurepreneur [Setting achievable goals](#)
- [Agricultural programs and services - agriculture.canada.ca](#)

OWNERSHIP, MANAGEMENT, AND HUMAN RESOURCES

Business structure: Describe the ownership structure of the business (Sole Proprietorship, Partnership, Joint Venture, Incorporated Company, Co-operative).

Key Partners: Describe any key business partners (including consultants and subject matter experts who provide you with advice and who you rely on to run your business) and written agreements essential to your business (e.g., lease agreement with landowner).

Employees: Provide job descriptions for the key employees with their qualifications and training. Who are the family members involved in the family business and how are they involved (including yourself)? Who are the non-family members who work on the farm and what do they do? Do you have a planned annual performance review?

Human Resource Plan: Do you/your employees have the skills to do the job? If your human resource needs are NOT being met, what is your plan to attract and retain new employees? Do you have an organizational chart and health and safety plan?

Health and Wellness Plan: Owning a farm business in general can be very stressful. *“Taking care of your mental health is a critical part of self-care – and it’s an important step in not only helping others address personal issues but supporting the farm business as well.”* (Farm Management Canada)

Leadership Plan: Are you supporting the development of leaders of the farm? *“On-farm leadership is the X-factor that can be quantified and developed into competitive advantage. Leadership is the overlooked skill set that can explain why some farms move forward and grow, overcoming difficult periods to successfully transition from one generation to the next. It can also explain why some others don’t.”* (Kelly Dobson)

Succession/Transition Plan: Describe your exit strategy. What family members are involved in the farm business transition? What are the expectations of each generation? What are the options/would you consider a non-family succession? Is there a mentorship role to help your successors grow their knowledge and skills to build a thriving farm business?

Resources:

- [Agri HR Toolkit \(Canadian Agricultural Resource Centre\)](#)
- [Health and wellness preparedness - Province of British Columbia \(gov.bc.ca\)](#)
- [Mental Wellness | Are You In Distress Info Sheet](#)
- Read Farm Credit Canada [Managing People](#)
- [National Farm Leadership Program - Farm Management Canada](#)

MARKETING STRATEGY

Industry and Competition: List and describe your competitors. What sets you apart from others in the marketplace? What are your key strengths? Identify primary competitors within your target market. List their strengths and weaknesses compared to yours.

Market Research: What is the market size and industry outlook? Who are the people or businesses you can form an alliance with, to compliment or refer each other’s business?

Target Market: Describe who buys or will buy your products (customer profile, local market, provincial markets etc.). How do you get feedback from your existing or potential customers?

Marketing Goals: What are your marketing goals in the short term (1-2 years), medium term (3-5 years) and long term (6+ years)?

Sales Channels: Describe how you will sell your products. How do you plan to reach your customers (e.g., farm stand, Community Supported Agriculture (CSA), farmers’ markets, eCommerce, distributor, direct to processor, retail, food service)?

Sales Calls: When will you make your sales calls? Do you have a plan in place (time of month, season etc.)?

Product Promotion: How do you use social media? Do you have Facebook, Instagram, or a website? Will you offer special promotions (bulk sales, discounts etc.), how and when will you launch the promotions?

Products and/or Services: Describe what products will be sold (quantity and type) and what makes them marketable.

Hours of operation: What days are you open to the public and what are your hours of operation?

Product Pricing: Describe how you price your product(s). How do they compare to your competition?

Resources:

[How to Develop and Use a Social Media Marketing Plan \(PDF, 2 MB\)](#)

[How to Determine the Right Retail Price for your Product \(PDF, 1.18 MB\)](#)

[B.C. Ministry of Agriculture and Food Market Development and Guides](#)

[How to Conduct and Use Market Research \(PDF, 542 KB\)](#)

[Small Business B.C.'s How to write a Marketing Plan](#)

[Marketing 101 \(Ontario Ministry of Agriculture, Food and Rural Affairs\)](#)

FCC [Want a profit boost? Make sure you have a good marketing plan](#)

Research: [Industry, markets and trade \(AAFC\)](#)

- [FCC Economics sector and production reports](#)

PRODUCTION PLAN

Existing Production: Describe existing production. Provide an overview of production activities during a production cycle for a crop, and/or by season or fiscal year.

Production System: Provide a brief description of the crop or livestock production cycle, including the number of animals and acres/hectares in production. Maintain crop and/or livestock records for production inputs, application rates and resource use (seed, fertilizer etc.).

Future Production Goals: Describe your future production goals by crop or livestock enterprise in the short term (1-2 years), medium term (3-5 years) and long term (6+ years)? How do you plan production according to market changes, prices, business results, environment?

Future Production System: Provide a brief description of the future crop or livestock production cycle, including the number of animals and acres/hectares in production.

Suppliers: Who are your key suppliers (seed, fertilizers, packaging etc.)? Do you know your lead times from suppliers?

Staff Requirements: If you require additional staff during planting, growing, or harvesting season, how do you plan to attract and retain employees during this time?

Added Value Processing: Provide a brief description of any value added product (combined with other products and/or processed in some way) you sell or would like to sell (if applicable).

Site Plan, Pictures, and/or Diagrams: It is useful to have a Site Plan to assist in your production planning. A site plan is essential in emergency planning preparedness. Strategically placed pictures and/or to scale diagrams can easily illustrate information and add value to the reader.

Resources:

- The **BC Soil Information Finder Tool** or SIFT provides access to soil survey data, reports, and maps. It is a very useful tool that can help to learn about the soil in your area. You can access the tool through this [link](#).
- **Crop Planning for Vegetable Growers** book by Frederic Theriault and Daniel Brisebois: <https://cog-shop.myshopify.com/products/crop-planning-for-vegetable-growers>
- Online resources and spreadsheets include **Johnny's Select Seeds:** [Planting Calculators, Charts & Spreadsheets | Johnny's Selected Seeds \(johnnyseeds.com\)](#)
- The **Target Harvest Date Calculator** helps growers work backwards from their target harvest period: [calculator-seeding-date-targeting-specific-harvest-date.xlsx \(live.com\)](#)

- [FarmFolk CityFolk Seed Enterprise Budgets](#) helps farmers determine their cost of labour and materials input, as well as potential sales revenue for projected seed crops. Refer to the [MASTER Template - Seed Enterprise Budget - Google Sheets](#) Check out the Preparation Checklist and Farm Details tutorial Link <https://youtu.be/UvtUOYkQBEk> and Seed Production Enterprise Budget Tutorial Link <https://youtu.be/tEL7We5r2fs>
- [Towards Increased Profits \(TIP\) report](#) to compare your own farm's current year (income and expenses) to your previous 5-year average and to benchmarks with other farms of similar type and income range.

FINANCIAL PLANNING

To assess your current financial situation and growth over time.

Start Up Costs (for New Entrants) include what you need to start your farming enterprise and how you will fund it. Includes land, buildings, equipment, livestock, inventory.

Net Worth Statement is a snapshot of a business at a particular point in time.

Income and Expense Statement shows revenues and expenses and the resulting net income after all expenses have been deducted from the revenues.

Sales Revenue: Provide (projected) sales revenue and net return by farm or by enterprise.

Cost of Production by Enterprise (Contribution Margin): Describe production and labour expenses required to produce a type of crop(s) or a type of livestock (e.g., seed, feed, fertilizer, labour, etc.).

Cash Flow Statement records the probable flow of cash in and out of the business, from all sources and for all purposes, to determine what will be available to meet financial commitments. A monthly cash-flow forecast should cover at least 12 months.

Partial Budget estimates the change in probable income and expenses that are likely to occur from making a change in a portion of your operation.

Sensitivity Analysis estimates the impact of changes in production and/or price and other factors such as rising interest rates to determine projected cash flow and the breakeven point of your business. Can cash flow be improved by restructuring your debt and mitigating this risk with different products and interest rates? What is the worst case scenario that may require you to close your business?

Key Performance Measures: How do you measure success (time with family, family harmony, achieving financial goals, achieving business goals, a well-run operation, profitability, growth, customer satisfaction, no financial stress, peer recognition)?

Do you monitor your financial situation monthly? Semiannually? Yearly? Using up to date financial statements can help you to make informed business decisions.

There are some financial ratios that may help you evaluate your current financial situation, and growth over time. These ratios can vary between types of operations and should be discussed with your accountant or advisor.

Resources:

- [Checklist - Preparing to meet your private insurance provider \(PDF, 263 KB\)](#)
- Farm Credit Canada
 - [Net Worth Statement \(fcc-fac.ca\)](#)
 - [How cash flow planning can benefit your business | FCC \(fcc-fac.ca\)](#)
 - [Cash flow planning for food and beverage manufacturers | FCC \(fcc-fac.ca\)](#)
 - FCC's farm financial fitness: <https://www.fcc-fac.ca/en/ag-knowledge/ag-economics/operating-expense-ratio-protect-profitability-and-your-financial-fitness.html>
 - [Financial ratios to measure farm financial success | FCC \(fcc-fac.ca\)](#)
 - [FCC Money & Finance Basics guide](#)
 - [Know your cost of production for better decision making](#)
 - [Do you know your cost of production?](#)

- Preparing to meet your financial provider.
 - [Agricultural Guide: Working with your FCC team](#)
 - [Food & Beverage Guide: Working with your FCC team](#)
- [Ag Expert Analyst: Accounting software built for the farm](#)
- Automate your accounting data entry Link <https://www.aleop.ca/en/features/>

RISK ASSESSMENT AND MITIGATION

A SWOT Analysis (strengths, weaknesses, opportunities, and threats) allows you to evaluate your business from all angles.

Strengths: Describe the characteristics that give you and/or your business an advantage over others.

Weaknesses: Describe the characteristics that put you and/or your business at a disadvantage relative to others.

Opportunities: Describe the characteristics that are likely to contribute to your success.

Threats: Describe the characteristics that are likely to negatively impact your success. TIP: How susceptible is your product to disease outbreak? Is weather a significant factor? Do you expect any changes in policy and/or legal regulations that you must adhere to?

Operational Risks: Describe any significant changes that could impact the operation. Pay attention to production – plan production according to market changes, prices, business results, environment.

Risk Mitigation: Describe how you plan to mitigate potential threats and operational risks to your business e.g., marketing risks, human resource issues (recruitment, retention, safety), interest rates & financial risks, food safety, quality assurance, regulatory inspections, liability insurance (life/crop insurance etc.) and environmental management.

Resources:

- [How to Conduct and Use a SWOT Analysis \(PDF, 1 MB\)](#)
- **Risk-Based Approach:** Requirements are tailored to environmental risk; operations in high-risk areas and during high-risk conditions will need to take more protective measures.
 - There are three types of high-risk areas; areas with high precipitation, areas over vulnerable aquifers and areas that are phosphorus-affected. To find out if you are operating in a high-risk area, see high risk maps at [High Risk Areas](#).
- [Environmental Farm Plan Program](#) supports producers to complete environmental and climate change risk assessments related to agriculture.
- [Taking Stock \(PDF\)](#)
- [Taking Stock for the Beginning Farmer \(PDF\)](#)
- [Taking Stock - A Processor Business Planning Workbook \(PDF\)](#)
- [Taking Stock for Wildfire Recovery \(PDF, 1.5 MB\)](#)
- Taking Stock for Flood Recovery (PDF), Video: [Taking Stock for Flood Recovery - YouTube](#)
- [AgriShield: Risk Assessment and Mitigation Platform for Canadian Farmers](#)
- [BC FireSmart Wildfire Preparedness Guide 2019](#)

PLAN FOR CONTINUOUS IMPROVEMENT

A business plan is a living document that you should revisit, revise and reference often as your business evolves over time.

When will you Assess, Plan, Implement, Review your Business Plan?

How will you measure your progress towards achieving your business goals over the past year and start to think about next year's goals?

BUSINESS PLAN SELF-ASSESSMENT

SELF-ASSESSMENT OF BUSINESS PLANNING NEEDS AND PRIORITIES

Instructions:

- 1) Read each statement below and select the 'traffic light' rating (**green**, **yellow**, **red**) that best applies to you and your business.
 - a. **Green** is an area of strength (e.g., I have a strong working knowledge of this and/or I feel extremely comfortable with my knowledge in this area, as it pertains to my business)
 - b. **Yellow** is an area of caution, where improvements can be made (e.g., I have done some work in this area and/or I feel comfortable with my level of knowledge in this area, but I see room for improvement)
 - c. **Red** is an area of weakness (e.g., I haven't done much work in this area and/or I feel I lack important knowledge in this area)
- 2) Once you have selected the most appropriate rating, next indicate for **yellow** and **red** statements whether this issue is a high, medium, or low priority for your business.

The self-assessment is based on the [Taking Stock Workbooks](#).

Key business planning needs considerations		"Traffic light" self-assessment rating (e.g., of level of understanding, skill, etc.)				For yellow and red rated statements: What priority do you give this area for you and your business?
Business Planning Area	Self-assessment reflection statement	Green (Strength)	Yellow (Caution)	Red (Weakness)	N/A	High, medium or low priority
Business Strategy	1. I have a good idea of what my business goals are.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	2. I have a good idea of what I would like my agriculture business to offer (e.g., what I would like to grow/produce/make).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	3. I can easily list the reasons why I am interested in running/starting an agriculture business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	4. I am confident that my business is compliant with all local bylaws and zoning regulations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
Business Structure	5. I understand my business' legal structure and know it meets all of my business needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	6. I have up-to-date, written business and lease agreements, all of the business owners understand the agreements and how they apply to the business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
Marketing Strategy	7. I know my unit cost of production and my product pricing options are informed by it.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	8. I have a clear understanding of the range of marketing options that are available to me (e.g., retail/supply contracts, direct farm marketing, etc.).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	9. I have a clear, detailed understanding of the regulations that impact the marketing of my products.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	10. I know who my customers and/or potential customers are and I follow relevant markets to know what products are valued by consumers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	11. I know what the different quality characteristics of my product are (i.e., what makes it unique,	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.

	special or sought after by my customers) and how my business management practices might impact those characteristics.					
Human Resources	12. I understand the human resource needs of my business and have a human resource plan in place to obtain and retain employees that considers the labour, skills and training needs of my operation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	13. I have a written job description for each family member, business partner and employee and each understands their responsibilities and our expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
Financial Management and Production Economics	14. I have researched and/or developed projected costs and returns for my business and review these on a regular basis to ensure I am meeting my profitability targets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	15. I have set annual production goals and have a record keeping system in place to keep complete production accounts of my annual production.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	16. I am confident in my knowledge of the fixed and variable operating costs of my business, including costs of production.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	17. I have and maintain a detailed financial record keeping system and understand the financial status of my business at any given time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	18. My business is prepared for any food safety, certification (e.g., organic) or other regulatory inspection or quality assurance that applies to my business and/or my sector.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	19. We consult with our tax advisors on a regular basis and constantly revise our plan to minimize tax implications over time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
Social Responsibility	20. We consider the environmental impacts of our operation and adjust our farm management practices to minimize potential impacts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
	21. I am a member of and/or aware of the farm, marketing and commodity organizations in my community/geographic area and the services they offer, such as liability insurance, cooperative purchasing and mentorship.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
Risk Assessment	22. I have considered in detail various risks (e.g., production, market, financial, environmental, etc.) that might impact my business and have contingency plans in place, including insurance, to manage and/or mitigate them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Choose an item.
Other	23. Are there other areas not addressed above (e.g., transition/succession planning) that are a high or medium business planning and/or management priority for you and your business? If yes, please describe: Click here to enter text.					<input type="checkbox"/> Yes <input type="checkbox"/> No

PLANNING FOR PROFIT SAMPLE TEMPLATES

Forming a clear financial picture of your operation is important for business planning. Please refer to the Planning for Profits Sample Templates.³ [LINK](#)

The templates are intended to help you with your business plan, to

- 1) Assess your current financial situation.
- 2) Proactively plan for business growth (including expansion or diversification).
- 3) Identify strengths and weaknesses in your operation.
- 4) Establish an action and continuous improvement plan.

Completing this will help prepare you to make the most efficient use of the B.C. Agri-Business Planning and the B.C. Indigenous Agriculture Development Programs with your farm business advisor/consultant.

The templates include the following:

- **Net worth statement** is a snapshot of a business at a particular point in time; essential for any proposal for financing that you prepare for presentation to a lending agency.
- **Cash flow statement** is a tool to manage cash to determine and record the probable flow of cash in and out of the business. Used to determine when an operating loan is necessary or when surplus cash is available for investment.
- **Income and expense statement** show revenues and expenses and the resulting net income after all expenses have been deducted from the revenues. Used to plan for business growth (including expansion or diversification).
- **Partial budget** is a planning tool to estimate the change in probable income and expenses that are likely to occur from making a change in a portion of your operation.
- **Production plan** is a tool to manage production activities during a production cycle for a crop, and/or by season or fiscal year. Essentially it determines and records the probable activities to ensure products (quantity and type) are available to market when they are needed.
- **Action Plan** is your roadmap to success. It is a collection of actions, which you have prioritized and committed to complete, to fulfill certain goals. It outlines who will do it and by when.

References

¹ Farm Management Canada's 2015 Ipsos Dollars and Sense National Study

² Heather Watson, Executive Director, Farm Management Canada

³ Source: Adapted from Province of British Columbia, Planning for Profit, Field Manual, Notes on Financial Management for Agricultural Producers, H.A. Scott July 1981