



Growing Forward 2

A federal-provincial-territorial initiative

BC FARM BUSINESS ADVISORY SERVICES PROGRAM

SPECIALIZED BUSINESS PLANNING



**BC FARM BUSINESS ADVISORY SERVICES PROGRAM
TIER 2—SPECIALIZED BUSINESS PLANNING
MINIMUM DELIVERABLES — NINE BUSINESS MANAGEMENT AREAS**

Only one business management area proposal will be supported per eligible farm entity.

Project Proposal— A proposal from the Farm Business Advisor must be submitted with each application. As a minimum it must include: a statement of work that clearly demonstrates how the assessment will be done; tasks to be undertaken; start and end dates (it is expected that the work would be completed within a 90-day time frame); and description of the deliverables and costs.

Report Requirement: A written report from the Farm Business Advisor (minimum of 1,500 words) containing the minimum deliverables for the Business Management Area project as well as practical interpretations and recommendations for suitable courses of action and including completion of a brief client profile as per the B.C. Ministry of Agriculture (AGRI) form

1. BUSINESS STRATEGY

Eligible Activity—Development of a Strategic Plan

Minimum Deliverables

- Facilitate a meeting with family, shareholders, partners or key business individuals:
 - Facilitation meeting of key individuals to discuss the process and issues.
- Develop Vision, Business Purpose and Mission Statements:
 - Vision: Describe what the farm business wants to become.
 - Business Purpose: Identify why the farm business exists.
 - Mission Statement: Identify how the farm business wants to accomplish its goals.
- Conduct a SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis.
- Explore and assess options:
 - A number of options should be assessed before the preferred option is selected.
- Work with clients to develop short and long term farm and family goals:
 - Prepare SMART (Specific, Measurable, Attainable, Realistic, Time Orientated) goals.
- Develop an Implementation Plan.
- Outline the steps and responsibilities in implementing the plan.
- Establish a measurement of success and performance.
- Outline a means to update and evolve the Strategic Plan.

Non-Eligible Activities:

- Preparation of legal documents or agreements.
- Acquiring capital assets.

2. MARKETING STRATEGY

Eligible Activity—Development of Marketing Systems and Strategies

Minimum Deliverables

- Prepare an Industry and Market Analysis:
 - Identify and describe the characteristics of the industry and the markets.
 - Identify critical success factors for the industry.
- Marketing - Explain how the producer expects to market product, considering:
 - Product - describe the products and/or services being offered and any special considerations for licensing and permit requirements.
 - Place - provide information on the largest market, describe the competition and how the product will be distributed.
 - Price - describe how product/service price is established and pricing/sale strategies.
 - Promotion - outline the advertising and promotion strategy to support the sales and profit objectives, what is the cost/benefit of the strategy.

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MARKETING STRATEGY cont'd

Non-Eligible Activities

- Preparation of pre-feasibility and/or feasibility studies.
- Incremental marketing costs.
- Subscriptions to market reports (i.e. weekly commodity prices).
- Costs related to the implementation of a Marketing Strategy (i.e. commissions, margin calls, brokerage fees).
- Preparation of legal documents or agreements.
- Acquiring capital assets.

3. PRODUCTION ECONOMICS

Eligible Activity—Development of production systems and strategies

Minimum Deliverables

- Develop variable costs:
 - Describe inputs used in farm production including systems used to track/record those inputs and other variable expenses.
- Establish cost of production:
 - Calculate and analyze the farm's individual cost of producing its products.
 - An analysis of the crop/livestock/other enterprise within the farm unit.
 - Assess associated risks.
- Prepare production strategies:
 - A plan outlining possible production procedures, what to produce, cropping rotations, when to produce it, when to market.
- Identify legal aspects of production and production protocol:
 - Address applicable zoning, environmental policies and laws which may regulate products.
 - Assess potential quality control regulations, inspection requirements and protocols that impact production methods.

Non-Eligible Activities

- Activities/costs associated with the gathering of data (soil analysis, tissue analysis/germination and seed viability testing, crop scouting activities).
- Acquiring capital assets.

4. HUMAN RESOURCES

Eligible Activity—Development and implementation of strategic Human Resource Plan

Minimum Deliverables

- Prepare an outline of the people required to operate the business, basic job descriptions and organizational chart.
- Identify and summarize the skills staff currently have and what will be required.
- Identify any human-resource issues and risks facing the business (i.e. recruitment, retention, safety) and how they will be addressed.
- Prepare a plan for attraction, retention and compensation strategies - may include performance measurements.
- Develop an Action Plan, including targets and timetables for implementing the plan, key dates and responsibilities.
- Activities/costs associated with the recruitment, retention and training of staff.

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HUMAN RESOURCES cont'd

Non-Eligible Activities

- Formal Agreements and/or contracts.
- Acquiring capital assets.

5. FINANCIAL MANAGEMENT

Eligible Activity—Development of Financial Plans

Minimum Deliverables:

- Must be based upon comprehensive and up-to-date financial statements:
 - Prepare a recently compiled net worth statement or balance sheet and a historical income and expense statement (three years if available).
- Develop a minimum of one or more options for the farmer to consider (*a proposed change in either: operational, production or management systems*):
 - Option must address the current goals and objectives of the farm business. (*For example: the creation and/or expansion of an enterprise; the restoration of profitability through a fundamental change; restructuring of the farm unit's debt or an exit from the industry*).
- Assess the identified option(s):
 - Projected (monthly or quarterly) accrual based cash flow statement for a full production cycle or the time period required to implement the proposed change(s).
 - Calculate and describe the following financial indicators/ratios on a before and after basis, with a comparison to industry standards and benchmarks:
 - ◆ Current ratio, Working Capital, Debt Structure, Debt to Equity, Equity ratio, Debt Servicing ratio.
- Prepare a description of the option(s) and recommendation:
 - Clear written description of the option(s) including an explanation of the risks and financial impact to the farm unit if the change is implemented.
- Prepare an Action Plan:
 - Identify and explain the actions, timetables and key responsibilities for implementing the recommended change option.
 - Outline accountability for plan monitoring, timing of reports and a process for follow-up.

Non-Eligible Activities:

- Activities/costs associated with the preparation/compilation of current financial statements (Net Worth/Balance Sheet and historical Income/Expense Statements).
- Income Tax Preparation.
- Bookkeeping.

6. RISK MANAGEMENT

Eligible Activities—Development of business and financial risk management system or strategy

Minimum Deliverables

- Farm Business Overview:
 - Describe management's tolerance/aversion to risk.
 - Identify the risks inherent in the farm business and outline plans to manage these risks.
 - Describe applicable risk factors (i.e. production, marketing, export, vendor, legal, environmental, human-resource [death/disability], policy and financial risks) and how these risks will be mitigated.
- Prepare a Risk Management Strategy:
 - A risk assessment on applicable risks, including insurance considerations.
 - Outline of contingency and disaster plans where needed.
- Prepare an Action Plan:
 - Identify and explain the targets, timetables and key responsibilities for implementing the plan.

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RISK MANAGEMENT cont'd

Non-Eligible Activities

- Activities/costs associated with the preparation/compilation of required applications and/or forms for Business Risk Management programs (e.g. Agri-Stability). Those costs are to be borne by the farmer.
- Preparation of legal documents and agreements.
- Costs associated with risk management programs (e.g. production insurance premiums, Work Safe BC premiums, etc.).
- Acquiring capital assets.

7. SUCCESSION PLANNING

Eligible Activity—Development and preparation of a Farm Succession Plan

Minimum Deliverables:

- Prepare a brief summary of the overall plan.
- Develop business, vision, objectives, goals:
 - Some strategic planning about where and what the business wants to become.
- Establish a Retirement Plan:
 - A when, where and how plan for the retiring couple.
 - Can they fund their retirement?
- Prepare a Training and Development Plan for successor (if applicable):
 - What skills does the successor need to develop to be successful?
- Prepare a Financial Analysis:
 - For the retirees and successors (if applicable).
- Establish management, control and labour plans.
- Develop a transfer plan for these key components.
- Ownership Transfer:
 - What will the plan accomplish?
 - What are the goals and how do you achieve the them?
 - The process?
- Develop an Implementation Plan:
 - A process to assist the client implementing the plan.
- Develop a Communication Plan:
 - How will the key stakeholders communicate during the development and implementation of the plan?
- Develop a Contingency Plan:
 - What can upset the plan?
 - What can we incorporate in the plan to mitigate the risks?
 - A means to update the plan.

Non-Eligible Activities

- Preparation of:
 - Current Financial Statements (net worth, projections, budgets, debt service).
 - Wills, Living Wills, Power of Attorneys, search of titles.
 - Legal agreements and contracts.
 - Farm Exit Plans (farmers who will quit farming in the current year and have no apparent successor could prepare an exit plan under the Financial Management farm business area).
 - Off farm investment planning and related fees.

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8. BUSINESS STRUCTURES

Eligible Activity—Personalized report identifying and evaluating business structures, recommendations and step by step implementation plan. This may involve a business facilitation meeting with the key stakeholders

Minimum Deliverables

- Facilitate a meeting with key stakeholders, if applicable.
- Review of all available structures:
 - Review the options available, advantages and disadvantages for each and the process to establish each structure.
- Prepare a detailed analysis of suitable or relevant structures for this specific business:
 - Recommended or preferred structure(s) and why they would meet the needs of this business.
- Identify taxation issues:
 - Review the tax consequences of the preferred option(s).
- Prepare summary of costs including a review of set-up costs, annual maintenance costs and exit costs of the preferred option(s).
- Identify reporting or other requirements:
 - Are there annual or other reports required?
- Outline liability issues:
 - What is the liability of this entity and/or individuals associated with this entity?
 - How can the entity or individuals mitigate risk?
- Provide an overview of ownership issues:
 - What are the obligations between individuals within the preferred structure?
 - How are disagreements settled?
 - Do all individuals have equal rights and obligations?
 - Who is responsible for what?
- Identify Human Resource Issues:
 - Discuss and review any HR issues, including family issues, compensation and benefits plan and performance issues.
- Explain the issues surrounding the winding up of the preferred structure:
 - What are the requirements, costs and timetable to exit the structure?

Non-Eligible Activities

- Legal accounting and other costs associated with implementing the plan.
- Legal agreements between any stakeholders or separate businesses.
- Tax preparation.
- Acquiring capital assets.

9. VALUE ADDED VENTURES

Eligible Activity—Development of a Business Plan for a new value added venture

Minimum Deliverables

- Facilitate a meeting with family, shareholders, partners or key business individuals.
- Develop Vision, Business Purpose and Mission Statements:
 - Vision: Describe what the farm business wants to become.
 - Business Purpose: Identify why the farm business exists.
 - Mission Statement: Identify how the farm business wants to accomplish its goals.
- Prepare the business concept:
 - Briefly describe the business to be entered.
 - List the products and/or services to be sold.
 - List who will use the products/services.

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VALUE ADDED VENTURES cont'd

- Prepare preliminary assessments:
 - SWOT (Strengths, Weaknesses, Opportunities, Threats) including a risk assessment of the new venture,
 - Prepare SMART goals (Specific, Measureable, Attainable, Realistic, Time Oriented) for family, farms and new ventures.
- Explore and assess options:
 - Assessment in determining the true viability of the new venture idea.
 - Market research, you will gather and refine information about customer profiles, markets, industry and competition.
 - A number of options should be assessed before the preferred option is selected.
- Prepare a financial analysis of new venture:
 - Cost-profit analysis, start-up (*one-time costs, operating expenses*).
 - Preliminary income statement; predicted sales revenue, cost to produce product or provide service, projected fixed and variable operating costs, projected net operating profit/or loss.
- Breakeven analysis: prediction of breakeven point.
- Prepare an Implementation Plan:
 - Outlines the steps and responsibilities in implementing the plan.

Non-Eligible Activities

- Acquiring capital assets.
- Legal, accounting and other costs associated with implementing the plan.
- Legal agreements between any stakeholder or separate businesses.
- Tax preparation.

For further information please contact:

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