

# Business Plans: Your Roadmap to Success

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# Anyone Up For a Vacation?

- What questions would you ask?
  - Where/When do you want to go?
  - How will you get there?
  - Who is involved?
  - What do you want to do while there?
  - How long will you be there?
  - How much money will you need?
  - What risks should we prepare for?
  - What do you need to do today, next week... to get ready?



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  - What risks should we prepare for?
  - What do you need to do today...?

Goals/Vision

Strategic Planning

Labor

Operations/Marketing

Operations

Finance

Legal/Contingency

**Planning**

# What is a Business Plan?

- Comprehensive, organized look at your business
  - Vision, Goals
  - Legal & risk management
  - Production, operations
  - Labor management
  - Marketing management
  - Financial management
  - Contingency & transition plans
- Helps relate every aspect of your operation



# Why Prepare a Business Plan?

- Roadmap for your business
  - Define your vision, values & goals
    - Where you want to go & how to get there
  - Identify potential opportunities, risks
- Evaluate the feasibility of a venture on paper
  - Before committing funds
  - Does the new venture match your goals & values?
  - Is it **profitable**? Will it **cash flow**?



# Why Prepare a Business Plan?

- Helps you see how everything works together

- A change **here** impacts you over **there**, and **there....**



- Reduces forgetfulness!
  - Your task list will get longer!
- Helps remove emotion & focus on reality



# Uses of a Business Plan

- Internal uses
  - Making better management decisions
    - Production, marketing, financial, labor, risk, etc.
  - Strategic planning
    - Altering enterprises & product/service lines
    - Expansion, contraction, merger
    - Identifying partners & resources
- Keeps you on track to your goals





# Uses of a Business Plan

- External uses
  - Attract quality partners / employees
    - Vision, core values, direction
  - Attract capital (investors or creditors)
    - It shows that you are proactively managing!
  - Improve working relationships with “your team”
    - Attorney, CPA, lenders, insurance agents, etc.
    - Local & state government
    - Industry associations – land trust, NAFDMA, etc.





# How Can It Help?



- Gives your business a vision, a direction
  - Mission, vision, goals, core values
  - Strategic planning keeps you on track
  - **Identify strategic partners**
- Decide on a strong legal foundation
  - “My accountant says...”
  - C-Corp, S-Corp, LLC, sole proprietorship, partnership
  - Main issues (IMO!)
    - Transferability & Taxation

**Networking &  
Strategic  
Partnering**

**Maggie Gregory**

# How Can It Help?

- Fine-tune your production
  - **Build a production/operations calendar**
    - **Basis for your cash flow projections!!**
  - Vet your operation for hidden risks
- Labor
  - Organization chart – “who reports to whom”
  - Determine your needs, reduce conflict
  - “CYA” – written labor policies
  - **Written job responsibilities for EVERYONE**

**Tours,  
Equestrian,  
Building the  
Reality**

**Kerry Scott –  
H-2A & H-2B**

# How Can It Help?

- Marketing
  - Know your competition & your market
  - Appropriate pricing & promotion
- Finance
  - Start-up capital needs & sources
  - Profitability, liquidity, efficiency
  - Breakeven & sensitivity analysis
  - Emergency funds



**Making Your  
Case; Branding;  
SOLs**

**Financing Panel;  
FSA Loans**

# How Can It Help?

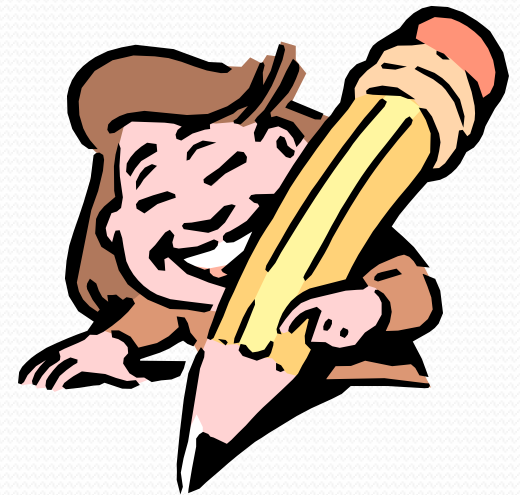
- Risk Management
  - Protocols & training
  - Identify gaps in insurance coverage
- Contingency planning
  - “Escape routes”
  - Alternate uses of assets
  - Succession/transition planning

**Livvy Preisser;  
Scott DeNoon**

**Farm Transition  
Planning**

# Preparing the Plan

- Who should be involved?
  - Management team & employees
    - “Mentors”
  - Strategic partners
    - Attorney, accountant
    - Lender, insurance agents, financial planner
    - Suppliers, processors, marketers, etc.
  - Input from every level
    - Family, employees, competitors, etc.



# Useful Resources

- Virginia Cooperative Extension (VCE)
  - <https://ext.vt.edu/agriculture/agritourism.html>
  - Website has a lot of great information
- Small Business Development Centers & Economic Development Centers
- Small Business Administration (SBA.gov)
- Census Bureau & Bureau of Labor Statistics
- Farm Credit of the Virginias Knowledge Center



# Where Do I Start?

- Keep a notebook of your thoughts/ideas
  - Main parts of the business plan
- Organize your thoughts
  - **Skeleton business plan**
- Get input from all sources
  - Spouse, partners, employers, allies, etc.
- Separate the wheat from the chaff
  - But don't throw away any ideas!





# Where Do I Start?

- **Concentrate on your Marketing Management!**
  - Define your product/service & competition
  - Who is your target market
    - Build **Customer Profiles** for your main market segments
  - How many people/businesses are in your target market
    - **Demographics**
      - Census Bureau “Quickfacts”, Bureau of Labor Statistics
  - Pricing
    - You need to know your cost of production (COP)
  - Promotion – how to reach your target market

# Where Do I Start?

- **Build your Monthly Operations Calendar**
  - Helps you understand your schedule & your needs
- Determine your **Start-up Capital Needs (Balance Sheet)**
  - Add in a 25% fudge factor
- Build a **Monthly Cash Flow Statement**
  - Use your Operations Calendar!
  - Incorporate your pricing, sales projections, costs
  - Estimate your **Income Statement**
  - **Sensitivity & Breakeven Analysis**

# What then?

- Keep revising it – it's a living document!
  - It's NOT a "once and done" project
- Get assistance as needed
  - SBA, SBDC
  - Link up with Small Business Management Courses
    - Students develop business plans as a project
- **Don't hire a company to write your plan**
  - You don't need a big, fancy, glossy plan
  - You need to THINK through your business



# Business Plan Bloopers

- Not having one!!!
  - Seat-of-the-pants management
- Focusing only on production
  - Marketing, competition, finance, risk, etc.
- Too much technical language & jargon
  - Will lender/investor/employees understand?
- No contingency plans
  - Failing to anticipate problems
  - Locking yourself into a specific course of action

**Brag &  
Bloopers**

# So What?

- **Every** business should have a business plan
  - Start with a 10-page summary version
  - Then expand on it over time!
- Powerful management tool
  - Decision making
  - Attracting capital, partners, etc.
  - Working with “strategic partners”
- **Paves your road to success!!**



# Bring Your Dream to Life!!

- Unlimited opportunities in Agritourism in Virginia!!
  - And we NEED a critical mass
  - **Your competition is actually your partner in agritourism**
- It takes more than a dream
  - “If it’s not in writing, it’s just a dream” M. Stolp
- Your business plan is your roadmap, your best friend!