

A woman with long dark hair in a braid, wearing a denim shirt, is sitting at a desk. She is looking down at a laptop screen with a thoughtful expression, her hand resting on her chin. A white mug is on the desk in front of her. The background is a blurred office setting with a whiteboard.

# ***HOW TO WRITE A BUSINESS PLAN***

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A business plan is a key tool to set you up for business success. It can feel overwhelming, but proper consideration can help you focus on your goals and make your financing and loan process easier.

This guide will walk you through everything you need to build a business plan.

When you're ready, we've included a [sample business plan](#) and a [business plan template](#) to get started on your own. You'll also find additional resources to help you at every stage.

# 1. Executive summary

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The executive summary is an overview of the entire business plan document.

Even though it's the first section readers will see, write your executive summary last.

Answer the following questions:

- Who are you?
- How do you describe your project and business?
- What opportunities do you want to capture?
- What are your timeline and revenue targets?

Summarize answers (from questions further in this document) to answer these questions:

- What products do you currently sell?
- What are your current sales levels?
- How much money do you need for the project?
- Who are your key people, and what are their background experiences?
- SWOT analysis overview



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- ✓ [How to write a readable business plan](#)
  - ✓ [Why every farm needs a mission and vision statement – and how to write one](#)
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## 2. Goals and objectives

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This section will explain what you want to accomplish with your business plan, why you're creating one and how it will change your business.

Answer the following questions:

- What's the nature of your project?
- What's the purpose of your business? Outline key strategies and goals for the next one to three years.
- What opportunities do you want to capture?
- What are your project timelines and revenue targets?

This is also where you'll include strategic and financial objectives.

**Strategic objectives:** A farm business strategy uses knowledge to achieve several objectives of satisfactory financial returns at acceptable levels of risk while working towards the overall goal of the farm. Answer these questions:

- What opportunities are there for the farm?
- What technological advances can the farm make?
- How can you gain and improve your market knowledge to ensure the farm produces superior quality that meets market demand?
- What is your risk management plan? How do you identify, assess and deal with risk events that could have an impact – either positive or negative – on your farm?

**Financial objectives:** Ensure your farm has the financial capacity to be viable yet still deal with irregular prices, costs and other factors. Lay out your farm's financial plan, activities and goals. Answer these questions:

- What are the short-term financial goals of the farm?
- What are your long-term growth goals?
- What financial position do you want to achieve for the farm?
- Does your farm have the financial capacity to purchase land? Can you manage liquidity and solvency in case of any shortfalls?
- How will financial resources be used for long-term growth in net worth?
- What's your plan to achieve profitability and cash flow in a strong working capital position?



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- ✓ [Setting achievable goals \(futurpreneur\)](#)
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## 3. Farm background and history

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This section is all about your farm's roots. Answer the following questions:

- Summarize your operation's achievements and plans for growth.
- How does your farm business fit within the current market?
- Where is your farm located?
- What are the current major initiatives of your farm business?
- What solutions do you provide to your customers?
- How long have you been around, and what's changed since you started?
- What significant changes could impact the operation?
- Are there any key values you wish to retain from your farm's history?

## 4. Ownership, management and human resources (HR)

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This section is relevant to your business plan even if you don't have hired workers. It's important to address your labour needs – it could be a list of training needs, roles, job descriptions or an organizational chart.

Answer the following questions:

- What's the ownership structure of the farm business?
- Who are the main executives/advisors in your farm business?
- Who are the key people needed to successfully operate your farm?
- What experience/qualifications do they bring to the role?
- What are their current responsibilities within the farm business?
- What's your management reporting structure?
- What's your labour policy? Describe labour requirements and identify risks.
- What is your transition plan, if applicable?



### Keep learning:

- ✓ [Assessing your management ability](#)
  - ✓ [Creating an organizational chart/job description](#)
  - ✓ [Managing people](#)
  - ✓ [HR Tools \(CAHRC\)](#)
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## 5. Products, services and target market

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Answer the following questions:

### Product and services

- What products or services are you currently selling from your farm?
- What's your competitive advantage? What makes others want to purchase your products or services?

### Target market

- How do your products or services fit within the overall market?
- How can your products or services evolve to respond to market changes?
- Describe your ideal customer.
  - What are their needs?
  - Is their purchasing behaviour changing?

### Pricing strategy

- What's your pricing strategy?
- Identify any short- or long-term risks that could impact your pricing strategy.
- What products offer the best margins?



#### Keep learning:

- ✓ [Know your cost of production for better decision making](#)
  - ✓ [Statistics and market information \(AAFC\)](#)
  - ✓ [Market prices and information](#)
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## 6. Sales and marketing

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Describe your marketing plan and distribution channels, as well as the potential size of your market. Include popular market trends, customer profiles and the steps for attracting and retaining customers (if applicable).

Answer the following questions:

- Who are your key customers and suppliers?
- Describe your marketing and promotional plan – sales, web, ongoing support, etc.
- What competitive forces influence the credit risk of the industry?
- How would you replace key customers or suppliers or obtain new ones?
- Who are the key competitors in the marketplace?

## 7. SWOT analysis

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SWOT stands for Strengths, Weaknesses, Opportunities and Threats. A SWOT analysis is a common and effective tool farm businesses can use to determine these crucial business elements, assess the current business environment and use the results to plan.

Summarize your company's achievements and plans for growth. Describe any company strengths and weaknesses, opportunities and significant changes that could impact operations.

Answer the following questions:

- What are your farm's weaknesses (internal) or threats (external) that could upset your business plans?
- Are you facing a skills shortage?
- What's your competitive edge?
  - Do you gain knowledge of price and delivery opportunities to better capture target prices?
  - Do you have a detailed understanding of cost drivers that means you consistently achieve low-cost crop production?
  - Are you continuously identifying, assessing and managing risk events so farm managers can take the right action?



### Keep learning:

- ✓ [Downloadable marketing plan \(Business Development Canada\)](#)
  - ✓ [Beef marketing 101 \(OMAFRA\)](#)
  - ✓ [Want a profit boost? Make sure you have a good marketing plan](#)
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- Is there a risk of a competing farm taking over your customers?
- Are there changes to laws or regulations that may affect your business?
- How will you monitor, measure and respond to these risks?

When looking at internal and external weaknesses or threats, consider the following:

### **Internal**

- Are there any factors in the farm operation that make it financially vulnerable? For example, if most of the farmland is rented, losing that land would mean a significant financial investment to regain the acreage.
- Has the farm focused on practices that may be impacted if operations are redirected to address vulnerabilities?
- List any steps the farm has taken to increase quality, service and overall profitability.
- Describe the farm business operation culture. Is there a culture of learning? Are staff happy with their work environment?
- Does the farm work with a market advisor to identify opportunities?

### **External**

**The interconnectivity of the agricultural sector can affect the viability of a farm. Consider the following:**

- How prepared is your farm to embrace new technologies that could create an improved product for consumers?
- How is your farm prepared to deal with variabilities in market prices?
- How is your farm prepared to deal with environmental regulations?
- What's your plan for your farm to manage increased competition for resources like land, capital and energy?
- What's your capacity to manage fluctuations in interest rates?



#### **Keep learning:**

- ✓ [Download the SWOT analysis template \(Business Development Canada\)](#)
  - ✓ [How to integrate, create and prioritize for strategic advantage](#)
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## 8. Industry analysis

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Answer the following questions:

- Identify primary competitors within your target market. List their strengths and weaknesses compared to yours.
- What's the state of your industry or the market where you're selling? What are the good and bad ways the state of the industry could affect your farm business?
- What's the overall size of your sector?
- What are the growth stages of the sector?
- What are the patterns?
- Have you had increased demand for your farm product?
- Are your customers aging, or are the populations changing in other ways?
- Are your current products at risk of becoming obsolete, forcing you to change?
- Have new competitors emerged?
- Could new regulations, tax or trade laws impact your business?
- How are you changing or adapting your production to account for changes in your customers or industry?



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- ✓ [FCC Economics sector and production reports](#)
  - ✓ [Canadian food supplier directories \(AAFC\)](#)
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## 9. Risk identification and evaluation

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Identify primary competitors within your target market. List their strengths and weaknesses compared to yours. Answer the following questions:

- What are your biggest risks? How do you identify your risk?
- What's your contingency plan for death, disability, divorce, disagreement and departure?
- What tools are in place to manage these risks?
- Are there any risks that could impact your cash flow?
- What's your contingency plan if the project proceeds and you're unable to meet financial targets?



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- ✓ [Important questions for better problem solving](#)
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## 10. Financial position and projections

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**For existing businesses:** include financial statements from the past three to five years, a current net worth and a monthly cash flow forecast covering at least 12 months.

**For start-ups:** include a projected financial statement for the first three years of operation, a current net worth and a monthly cash flow forecast covering at least 24 months.

It's important to communicate the assumptions made on cost and returns (yield and market price) and the ability to plan different scenarios into your projections. For example, what if things don't go according to plan? Will the farm performance be adequate?

Answer the following questions:

- Identify any financial ratios that will be monitored to track business performance.
- How might your age affect your financial ratios/what is the role of transition in your financial ratios?
- When are the current liabilities due to be paid?
- If you're putting cash into the loan request, does your balance sheet support the case?
- Is the cash available? If not, what needs to be converted to cash to support the down payment?
- What are your current operating expenses? Do they differ from previous years? Why?
- If your operating expenses are above what you deem acceptable, what's your plan to increase efficiency?
- How much do you expect your debt to change in the short term? And in the long term?
- Does new debt generate more revenue?
- Is the farm revenue source consistent and predictable?
- Do you have off-farm or other income?
- Create a list of your current asset composition, listing the quantity, quality and value of assets.



### Keep learning:

- ✓ [Money and Finance – the Basics](#)
  - ✓ [FCC cash flow planning guide](#)
  - ✓ [Financial Asset Analysis](#)
  - ✓ [Foundational financial ratios](#)
  - ✓ [Assessing your liquidity](#)
  - ✓ [Building and sensitizing financial projections](#)
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