

# **Preparing a Business Plan**

A Guide for Agricultural Producers

Bee Keeper Example



**Province of British Columbia**  
Ministry of Agriculture, Fisheries and Food

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# TABLE OF CONTENTS

Introduction .....	1
What Planning Can Do For You.....	2
What Goes Into Your Plan.....	3
Giving Your Plan the Right Look.....	4
Components of a Business Plan.....	5
Title Page .....	6
Table of Contents.....	8
Business Profile and Summary .....	10
The Business Organization .....	12
Goals .....	14
The Marketing Plan .....	16
The Production Plan .....	20
Management & Labour .....	24
Financial Plans.....	28
Key Targets.....	36
Appendices .....	38
Business Plan Worksheets .....	40
Glossary of Business Terms.....	56
Comment Form.....	60

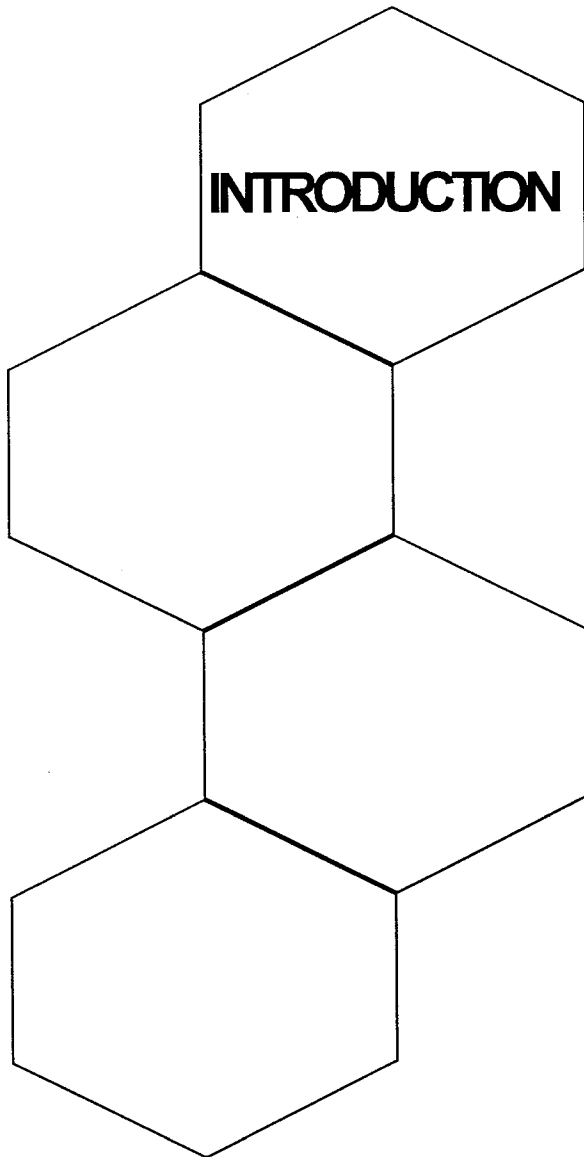
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## PREFACE

Managing an agricultural business in the 1990s and beyond will be more complex with good planning skills becoming increasingly important. As farming becomes more capital intensive, margins narrow and the adoption of rapidly changing technology becomes the norm, planning techniques which are used in other businesses must be applied to agriculture. One of these planning techniques is preparing the formal business plan. A formal business plan integrates written goals with marketing, production and financial targets into a management strategy for the business along with identifying human resource requirements. Other factors such as increased environmental awareness and the globalization of agriculture emphasize the need for effective planning at the farm level.

The purpose of this publication is to provide farmers with business planning information and a format for developing a business plan for his or her farm business. While information and sample business plans are available for non-farm businesses, examples of business plans for farms are difficult to find. Each farm business is unique in terms of physical characteristics, income level and people involved in owning and operating the farm. This publication will provide a good starting point to assist farm managers to prepare formal business plans for their own operation.

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You have a plan. You need to write it down. *Preparing a Business Plan* is a working guide to help you do just that. It will show you what a business plan looks like and be a guide to refer to as you prepare your own business plan.

### **How to use this guide**

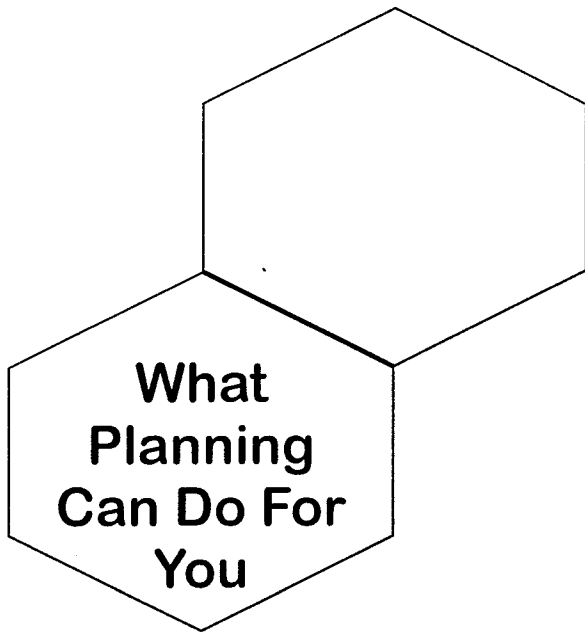
This guide is set up to use an explanation and then an example to show you the process for preparing your plan. The example follows through a business plan which has been prepared to provide direction for the management of a 500 hive beekeeping operation.

The left hand page of the guide explains what should go into the section. The right hand page gives an example of how it might look.

At the back of the guide, you will find blank worksheets that you may want to use to help you in structuring your plan. Remember, however, that while this guide will give you a framework, your plan will focus on your needs and your business information.

### **If you need more information**

If you need more information, contact your nearest B.C. Ministry of Agriculture, Fisheries and Food district office, the Apiculture Specialist for your area, or the Farm Business Management Branch. BCMAFF provides a wide range of factsheets and worksheets such as *Planning for Profit* contribution margins and the Planning Package.



Planning is a vital part of your successful farm business. Comprehensive plans are routinely prepared by larger urban firms as a normal business practice. They improve communication, general efficiency and decision making - important advantages for all businesses, including your beekeeping business.

Planning does not replace entrepreneurial skills but it can help avoid failures by:

- ♦ discovering the problems and pitfalls
- ♦ making the right moves to avoid them
- ♦ preparing to take advantage of new opportunities

Communication helps create a common purpose. You can use your written plan to explain your goals and strategies to people inside and outside the operation:

- ♦ where the business is going,
- ♦ what needs to be done,
- ♦ the role of investors, family members and employees

The business plan is your game plan within which you

- ♦ set objectives and guidelines on paper.
- ♦ create a standard against which to compare your actual results with your anticipated results.
- ♦ identify problems quickly, before they become unmanageable.
- ♦ keep on track

Because planning is so crucial to your operation, it's important to examine every aspect of your business carefully and honestly. Be realistic in assessing what you are capable of and the possibilities that exist for your business. Some questions you should be asking yourself are:

- ♦ What exactly is the purpose of my business?
- ♦ How good is my concept? Will I be able to market my products?
- ♦ What are my personal and business goals?
- ♦ Do I have the necessary skills and abilities?
- ♦ What are my approximate cash needs? Do I have the resources? If not, where could the funds come from?

- ♦ Am I willing to take time to plan for my success?

A business plan puts a lot of valuable information at your fingertips, ready to help you make those tough decisions. The plan will also help you monitor progress and cope with change and competition.

Your business plan should be prepared by you, the owner/manager of the farm. Even if you use outside professional help, your plan must be your own. You have to be able to present it, summarize it and explain it.

### **How to develop a plan?**

To many farmers, planning is synonymous with number crunching. Your business plan is much more. A look at your business should start with the foundation and build on the goals and priorities of your business and family.

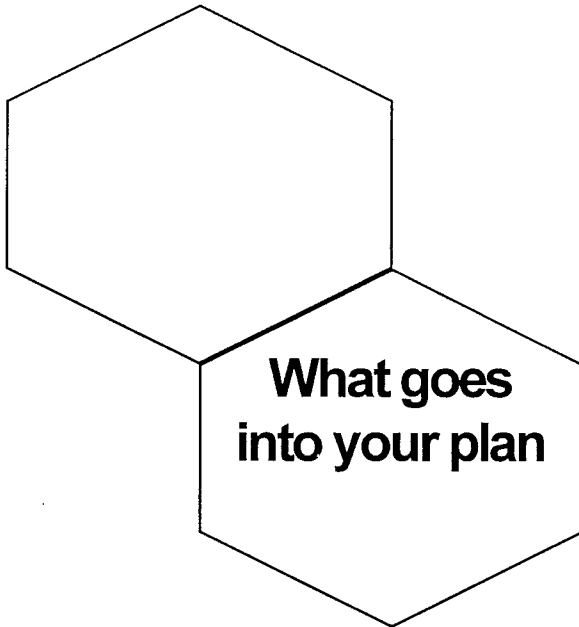
In this guide, the business plan works through a process of development:

- ♦ Analyzing the farm business and the industry
- ♦ Determining the goals of the business and the family
- ♦ Choosing the strategies to achieve the goals in terms of:
  - ♦ markets for the products of the business
  - ♦ production resources
  - ♦ management and labour resources
  - ♦ finances

The number crunching builds in each step of the process. The financial planning serves as the reality check for the business plan rather than being the driver of the plan.

Your business plan will answer three main questions:

1. Where are you now ?
2. Where do you want to get to?
3. How are you going to get there?

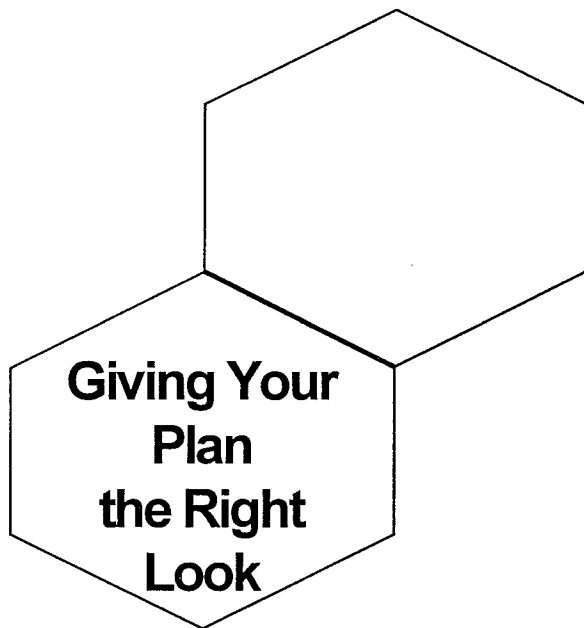


## The Right look

Your business plan will likely be used to explain what you want other individuals, both inside and outside the business, to do for you. It is important to follow a recognized process and format to set up your plan.

Also, as your business plan is a formal document, appearance is important. The document should

- ♦ include a title page giving business name, date and time period covered
- ♦ have a detailed table of contents
- ♦ be typed, double-spaced with clean margins
- ♦ be simple and easy to read
- ♦ be geared to outsiders - avoid industry jargon
- ♦ be organized with essential information at the front
- ♦ have extra information in Appendices



## The background papers

The formal plan will have the information needed to guide the user through the scenario you are pursuing.

Meanwhile, you will likely be collecting all kinds of additional information about your business. These background papers are very helpful for further analysis and for future planning. You will want to set up an informal or working file to keep other information and ideas such as:

- ♦ detailed analyses and other numbers
- ♦ support and source documents
- ♦ inventories and valuations
- ♦ projections based on other scenarios.
- ♦ other opportunities not pursued and why
- ♦ confidential information
- ♦ competitive edge information
- ♦ details of goals and objectives
- ♦ newspaper and magazine clippings
- ♦ sensitive or confidential information