
WHAT PLANNING CAN AND CAN'T DO FOR YOU

At the Conference, Judy had picked up a leaflet about planning. It's reproduced here.

Planning will, or should, prevent unpleasant surprises.
It will help you adjust and deal with problems if and when they arise.
Planning enables you to revise your goals and objectives if revision is needed.
Planning will result in the integration of all of your operation's activities from growing to sales.
It will also make the most of all the efforts which you and your staff put in to the success of the venture.
Planning enhances creativity by creating order in activities, through which plans can be put into practice and goals can be reached.
Planning will NOT give you a perfect crystal ball, neither will it enable you to predict the future with complete accuracy.
Planning will not necessarily prevent mistakes from being made.
Planning gives you a much better chance for success than not planning!

Adapted from: Guide to Preparing Marketing Plans, Publishing Group, Litton Industries, Inc.

What is Planning

Careful planning is one of the most important elements of any successful business. Planning takes time, thorough research, self-discipline and commitment. Your Business Plan is the product of self-evaluation, ideas, research, assessment, round-table discussions, schemes and daydreams.

Planning is the map of where you are now, where you are going, and when and how you'll get there. It sets out your strengths, assets, knowledge and skills and how these will be used to best advantage. It also acknowledges any weaknesses, liabilities, lack of knowledge and skills and states how these will be dealt with or overcome.

Your Business Plan will not end up on a shelf after it's been used to get you started. It will continue to assist you in the form of an operating tool to help you manage your operation and put your ideas into practice. A good Business Plan improves communication, the general efficiency of your on-farm business and it is invaluable when decisions need to be made.

Planning doesn't replace entrepreneurial know-how, but it can help avoid failures. It's a way to discover the problems and pitfalls you might run into before they happen, so you'll be able to make the right moves to avoid them. At the same time, you'll be better prepared to take advantage of new opportunities as they come along.

Having a written Business Plan puts you, the owner, in a better position to explain your goals: where the farm business is going, what needs to be done, and the role of investors, family members and employees in making these goals into reality. This kind of communication unites all those involved and is essential to successful ventures of any kind.

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

Because planning is so crucial to the success of any operation, it's important as you go through the process, to examine every aspect carefully and honestly. Be realistic in assessing not only what you're capable of, but also the possibilities that exist for your on-farm market business.

Basic questions to start you thinking are:

- What exactly is my business all about? See if you can express this in one or two short sentences.
- How good is my idea? Will I be able to market my products?
- What are my personal and my business goals?
- Do I have the necessary skills, knowledge and ability?
- What are my approximate cash needs? Do I have the financial resources? If not, where could the funds come from?
- Am I willing to take the time to plan my success?

When completed, your Business Plan will summarize the past, present and future activities of your direct farm marketing business. Its most important purpose is to help you be sure your business is carefully planned and makes sense, both from a financial and an operating perspective. The business plan is your game plan. It sets objectives and guidelines on paper where they can be read and understood by all parties involved.

It also

- acts as a standard against which you can compare actual results with the figures you anticipated. This helps you identify any problem areas quickly, often before they become unmanageable.
- provides a framework for next year's budget, production and marketing plans
- helps you explain your ideas to investors, bankers or government agencies for financing. To this end, it should be complete, organized and realistic.
- should be prepared by the owner(s) and manager(s) of the operation. Outside help can and should be used for any areas in which you need assistance. Accountants, lawyers, ministry staff may be useful, but the plan should be your own. If you "own" it, you'll be knowledgeable, enthusiastic and eager to put it into effect.
- should be in the form of a formal well-organized document. This shows you've taken planning seriously. Further, the chances of it being read and favourably received by potential lenders are greatly increased if you use an acceptable style and format. A bundle of handwritten notes won't impress anyone!
- be organized as clearly as possible, so people who haven't helped you write it can readily follow your logic.

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Some Thoughts about Format

Your formal Business Plan should be:

- Double-spaced
- Have adequate margins for adding notes
- Include a title page giving business name, date and the period covered by the plan
- Have a detailed Table of Contents
- Be comprehensive but not complicated
- Should not contain jargon, i.e. use plain language
- Use lots of headings and subheadings throughout
- Be simple and easy to read. Avoid using too much detail or repeating yourself. If more information is needed, the reader will ask for it. If detailed information on some topic is necessary, put it in as an appendix.
- Put the most essential information where it is easy to find - close to the beginning of the Plan.

Once you have completed your draft, ask someone you respect (probably an outsider), to read it over to pinpoint any gaps or ways that your Plan might be improved.

Extra touches that may help include: charts, tables, resumés, supplementary reports, studies, catalogues. If you decide to include any of these, be sure that the final results looks and reads like a Business Plan - not a scrapbook or a battered looseleaf notebook!

The Informal Business Plan - A Valuable Aid

A Business Plan is a formal document. But before you can write it, you need to gather information about a wide range of things. Notes about your day-to-day operations, the direct farm market industry, possible new markets for your products, the cost of new assets, suppliers' catalogues. A folder storing this information is often referred to as the Informal Business Plan. A looseleaf binder with section dividers labelled in the same way as the formal Business Plan serves the purpose well.

Some other things which should be stored in the Informal Business Plan might be newspaper clippings about your on-farm market or about operations similar to the one you're planning; marketing tidbits you may have gleaned from newsletters, magazines, employees, other people's on-farm markets, etc. also information about new products you may be considering.

At the front of the folder, paste in your business goals - both short and longer-term - just to keep you on track. Family goals should also be stored up front in this file since they are so closely interconnected in farm businesses.

This working file should include information which you may not want to include in a formal Business Plan that will be read by potential investors, lenders or employees. This might include your marketing strategies, competitor information, the amount of equity capital you are prepared to invest in the business, or even past financial records.

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Keep this working file handy all the time. Make it a habit to add new information as you receive it. Be aware of information gaps, so that you can fill them in when the knowledge becomes available. It's useful to add a date and your initials when you put the material into the file.

Judy was pleased to learn about the Informal Business Plan. And fortunately, the following morning she had a day off. Unearthing an old looseleaf binder, she organized the information they had collected at the conference into sections corresponding with the sections required for the Business Plan. Then she sat down in front of their ancient word processing computer.

"I'll begin at the beginning, with the Title Page," she mused. In half an hour, she had tried a dozen different versions and settled on the one of the opposite page. It looked professional, she thought, and that should make a good first impression.

**Business Plan
Title Page
Example**



Business Plan
covering the period
March 1, 1996 to February 28, 1999
for
Country Gourmet
detailing plans to expand and operate
a 10-acre Market Garden and On-Farm Market

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