
COMPONENTS OF A BUSINESS PLAN

A complete business plan will include a summary section with a Title Page, Table of Contents, Summary and Business Profile, as well as sections outlining the Marketing, Human Resources Production, and Financial plans.

Your business plan may look different from the examples used in this book. You should emphasize those sections which best reflect the nature of your business.

Business Plan Outline

**Business Profile &
Summary**

Marketing Plan

**Human Resource
Plan**

Production Plan

Financial Plan

Title Page

The title page helps your business plan look professional. Remember that first impressions are very important, especially to readers, such as bankers, who see many, many plans.

As the example on the right shows, include your firm's name, the period the plan covers, the date your plan was prepared as well as a contact person, phone number, and address.

**Title Page
Example**

**Business Plan
for 19__ / __ / __**

to

Establish and Operate

Peace Farms

a 2200 acre Grains and Seeds Farm

Prepared by:

Roy and Rita Field

Date: Feb. __, 19__

Address:

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Table of Contents

The Table of Contents outlines the topics covered by the plan. It allows the reader to jump immediately to those sections which are of most interest.

Remember that people who may read your plan, such as prospective lenders, are busy people. The table of contents is a roadmap of where they can find more detail on each topic.

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Business Profile and Summary

This section should attract the reader's interest, outlining the basics of your business and encouraging him or her to read the remainder of the plan. This section is provided to give them the basics.

As the example shows, this section includes:

- the purpose and concept of the business
- required financing and sources
- business targets and how you intend to realize them.

You will probably find this section easier to prepare after you have completed the rest of the plan.

The summary and profile should be written with the reader and purpose of the plan in mind. A summary to be read by a manager of a credit institution may be different from one prepared for a potential equity investor.

This example, for establishing a new business, uses projected information. For existing firms, information on past sales, incomes and net worth should be included as well as projections.

Business Profile and Summary Example

Purpose of the plan

The plan outlines our proposal to establish and operate a 2200 acre grain farm in the Peace River region of BC, and to grow and sell quality wheat, barley, canola, peas and fescue seed.

Required Financing and Sources

\$827,400 is required to establish and operate the business:

\$72,000 for buildings and improvements

\$280,000 for land

\$305,400 for equipment

\$170,000 for operating capital

\$547,400 will be invested as equity capital by the owners.

\$280,000 will be required as borrowed capital, secured by first mortgage and chattel security as well as assignment of accounts receivable.

Business Activities and Targets

Marketing

- Prices to cover total direct costs: Wheat - \$2.25/bu; Barley - \$1.53/bu; Canola - \$3.53/bu; Peas - \$2.23/bu; Fescue - \$0.10/lb.
- Prices to cover total cash costs (excluding taxes payable and living expenses): Wheat - \$2.85/bu; Barley - \$2.00/bu; Canola - \$4.50/bu; Peas - \$2.81/bu; Fescue - \$0.20/lb.
- Increase returns due to improved marketing to 5% per year by year three
- Aim to be in top 1/3 of prices received each year
- Meet all direct expenses, living expenses, plus 6% return on owner's equity by year 3

Production

- Optimize economic yields through the selection of varieties and management practices
- Target yields: Wheat - 40 bu/acre; Barley - 55 bu/acre; Canola - 27 bu/acre; Peas - 45 bu/acre; Fescue - 400 lb/acre
- Reduce soil/water degradation through improved rotations and farming systems

Labour

- Involve family members in farm organization and management
- Plan for farm transition/estate planning
- Adopt new technologies/ labour skills
- Improve safety conditions for all workers through training programs and supervision
- Productive workforce with low turnover, through careful selection and screening, training programs, regular performance reviews, and related management activities

Financial

- Provide total farm cash flow requirements out of retained earnings
- Stabilize farm net worth level by establishing positive net income in year one
- Reduce financial risk of the farming operation by reducing debt to 0 in ten years, starting in year two
- Generate a 5% return on investment by year three, or assess possibilities or options for another business endeavour

Projected Income and Net Worth

Item	Year One	Year Two	Year Three
Revenue	272,442	278,080	296,746
Net Income	-39,072	7,643	22,541
Net Worth	484,770	495,170	552,280