



# Importance of Business Planning

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## Benefits of Business Planning

- Functions as your road map for charting goals, future direction
- Forces you to think about the details of your proposed business
  - What service or product does your business provide and what needs does it fill?
  - Who are the potential customers for your product or service and why will they purchase it from you?
  - How will you reach your potential customers?
  - Where will you get the financial resources to start your business?
- Helps assess financial feasibility
- Serves as a tool for raising capital from lenders and/or investors



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## Components of a Business Plan

- Business Overview
- Marketing Plan
- Operations Plan
- Financial Projections



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### Business Overview

- Mission Statement: concise statement describing the purpose of your business
- Business History: recent information on the development of your business
- Executive Summary: overview of the business plan. Prepare this section last
- Business Organization: business structure (partnership, sole proprietorship or corporation)

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### Mission Statement

- Captures in a few succinct sentences, the essence of your business goals and the philosophies underlying them
- Signals what your business is all about to your customers, employees, suppliers and the community
- Reflects all facets of your business: products, pricing, quality, service, marketplace position, growth potential, use of technology and relationships with stakeholders

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### Sample Mission Statement

“AAA Inc. is a spunky food products company aimed at offering high-quality, moderately priced, occasionally unusual food using only natural ingredients. We view ourselves as partners with our customers, employees, suppliers and community. We aim to become a regionally recognized brand name, capitalizing on the sustained interest in Southwestern food. Our goal is moderate growth, annual profitability and maintaining our sense of humor.”

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## Marketing Plan

- Trends: past and current relevant industry trends
- Competition: Who are your competitors and what is your competitive edge?
- Customer Profile: your target market segment
- Marketing strategy
  - Future Sales: sales targets by product, and anticipated growth in market share and sales
  - Pricing: your calculation of costs, estimated profit margins, and comparison of market prices
  - Promotion and Advertising: how you will make potential buyers aware of your product
  - Distribution: market channels, shipping and delivery




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## Operations Plan

- Organizational Chart
- Management team
- Land, Buildings and Facilities to be used for production
- Operating Requirements: equipment to be used in processing the product and operating the business with detailed lists of equipment and fixtures
- Materials and Supplies needed
- Production Strategies: itemize production procedures, food safety practices, quality control, inspection requirements
- Legal considerations: zoning, environmental policies, and laws that regulate your product
- Operations Flow: day-to-day operations, including hours of operation, seasonality of business and suppliers

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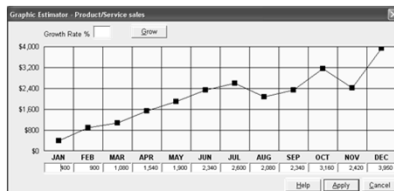
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## Financial Projections

- Assumptions
- Key financial indicators/business ratios
- Projected profit & loss
- Projected cash flow
- Projected balance sheet
- Breakeven analysis
- Financing needs




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### Business Plan Templates

- US SBA website
- Small Business Development Center website
- Various commercial products
  - See Resources List




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### SBA Business Plan Template-Executive Summary

- Complete this last
- The key elements of an executive summary include descriptions of:
  - Your company
  - Products or services you sell
  - Your audience and ideal customer
  - Future of your business and your industry

<https://www.sba.gov/tools/business-plan/>  
 (registration required to download this sample)

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### SBA Business Plan Template-Company Description

- Key employees of your business, such as the CEO, President and Vice President
- Mission statement
- Legal structure of company
- Details about the products or services your business will provide
- Qualities that will make your business a success

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### SBA Business Plan Template-Market Research

- Describe your industry
- Describe your target customers
- Who are your competitors
- What advantages do you have over your competition?
- What regulations apply to your company?

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### SBA Business Plan Template-Product Line

- What product will your company provide?
- In which life cycle stage is your product or service?
- What intellectual property rights do you have for your product or service?
- What research and development (R&D) activities are you performing or planning?

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### SBA Business Plan Template-Marketing & Sales

- How your company plans to grow
- How your company is going to communicate with customers
- How you will advertise your product or service

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## SBA Business Plan Template-Financial Statements

- **Profit and Loss Projection**  
Shows your company's ability to generate a net profit, or your bottom line. This is also known as an income statement.
- **Cash Flow Projection**  
Displays the operating, investing, and financing activities of your company by detailing the money coming in to and going out of your business
- **Projected Balance Sheet**  
Estimates resources your business will need, where they will be needed, and how they will be financed.
- **Breakeven Analysis**  
Shows when your business will be able to cover all of its expenses and begin making a profit

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