



**6. Attracting key managers/employees** - An important element of creating a successful business is your ability to attract key managers and employees. These individuals will want to be assured that you know what you are doing and that your business concept is viable. A well designed business plan is essential in this process. If a general manager has already been selected, the business plan should describe why this person is capable of achieving success.

**7. Obtaining contracts** - The success of many businesses is based on their ability to have commitments or contracts in place from users. However, potential users need to be assured that you can actually deliver on the commitment. Once again, a well designed business plan is essential for these commitments.

**8. Creating joint ventures, mergers and acquisitions** – Many rural businesses focus on moving up the supply chain to take advantage of profit opportunities closer to the consumer. To achieve this, it is common for businesses to create relationships with existing business in the supply chain through joint ventures, mergers or acquisitions. One of the purposes of this strategy is to take advantage of skills and experience of these businesses. Once again, a well designed business plan is essential for creating these relationships.

### How to Write the Plan

The business plan should be written in plain, easy-to-read language. Use short simple sentences and easy to understand terms. Avoid jargon and terms that are unfamiliar to people outside of your industry. Determine what you want to cover in your business plan and make headings for each of the items. Begin each major section on a new page with the appropriate title (e.g. Marketing Plan). Make sure your business plan covers all of the relevant topics. To help you organize your business plan use *Information File C5-69, Create Your Own Business Plan*.

Fine tune your business plan. It is extremely rare to achieve the finished version of a plan in the first draft. It may need to be re-written several times. So, review, revise and rewrite.

The purpose of rewriting the plan is to fill in gaps, solidify the logic and make the plan easier to understand by the reader. It is not to add extraneous materials. So if you find the length of the plan expanding greatly after each rewrite, your efforts are probably counterproductive. At some point in time you need to declare the plan finished – for now – remembering that the plan will need to be updated as conditions change.

The business plan is a promotional document. So, in addition to your own purposes, consider the viewpoint of others you are writing the plan for (banker, investor, customer, etc.). The business plan may be used as a sales document. The content and quality of the plan should be representative of your company. Represent your company's image and convince the reader you understand all aspects of the business.

Be honest. Do not be overly optimistic or try to hide limitations or weaknesses. Be sure to support the goals and the claims you make in the business plan. Include supporting evidence. This includes statistics, studies and other research support.

It is usually a good idea to have someone proofread your business plan who is not involved in the project. He/she can help you identify aspects of your business plan that may need additional clarification and explanation.

Proofread your plan for the following:

- Poor organization
- Vague statements
- Errors in logic
- Gaps in the plan
- Repetitive statements
- Inconsistency
- Misspelled words
- Poor grammar
- Incomplete sentences
- Mathematical errors

### Questions to Answer in Writing the Plan

There are certain elements that are critical for a business plan. Below are ten questions your business plan should answer. The quality of your business plan will depend on how well you can answer them. You can use these as a “checklist” of the completeness of your plan.

1. Who are we?
2. What do we do?
3. What do we have to offer?
4. Why will someone pay for our product/service?
5. What resources do we have?
6. Why will we be successful?
7. Why would someone participate/invest?
8. How will we measure performance?

### Who Should Write the Plan

Involvement in creating the business plan is critical. Although it is common and often preferable to have someone help you write the business plan, the founders are ultimately responsible for creating the ideas and content of the business plan. Stated simply, if you are not intimately involved in writing the business plan, you will not know what it contains. If you don't know what the business plan contains, how can you implement the plan? If you cannot implement the plan, how can you create a successful business?

So, the primary responsibility for writing the business plan is with you, the founders. You can hire someone (consultant) to help prepare the plan. He/she can challenge and question assumptions and conclusions. But you are responsible for the content of the plan. The role of consultants or professional writers is only to assist you in this important process.

Place one person in charge of preparing the plan. You may divide the responsibility of preparing and/or writing various sections of the plan among the founders, or you may hire a consultant to assist you in preparing the plan. However, one person needs to be responsible for moving the process forward and

integrating the various sections.

It is often a wise investment to hire a consultant to review a draft of the plan. Having an outsider review the plan, especially someone who knows the industry and is familiar with writing business plans, can be invaluable in pointing out deficiencies and shortcomings of the plan. Finding and correcting these deficiencies can greatly improve your odds of business success.

### How Long Should it Be

Focus on the quality of your business plan, not its length. The length of the business plan should be the shortest version needed to adequately cover the topic. The business plan should properly and succinctly tell your story. Does it address the relevant issues? Anything more is not a sign of depth or completeness. Rather, it will dissuade people from reading the plan because of its length. Remember, focus on content -- not length.

### How is Your Business Unique

Rural agriculture includes many types of businesses. Businesses range from a few producers marketing products directly to local consumers to large-scale integrated processing/manufacturing businesses. So, a business plan is a unique document. The actual content of the business plan will vary depending on the nature and complexity of the business, the stage of development and the type of financing needed. Likewise, the individuals whom you are writing the business plan for can vary substantially.

The plan must fit the needs of the business. For example, the marketing needs of a commodity processing business like ethanol are much different than those of a niche food business. The financial needs of a processing business are much greater than those of a direct marketing business. So the focus on investors and lenders is much greater. In addition, the need for risk management strategies is much greater due to the capital intensive nature of the business and the volatility of commodity markets. Conversely, the management needs of both types of businesses are substantial, although of a different type.

Because your business is unique, the role of developing a strategy to achieve success is important. Answer the three strategic planning questions:

1. Where are we now?
2. Where do we want to be?
3. How do we get there?

Although all three questions are relevant, business planning essentially answers the question of “how do we get there?”.

**Who are the Readers of Your Plan**

In addition to the type of business you are starting, your plan needs to be tailored to the reader of your plan. Most businesses have several types of stakeholders. A stakeholder is someone who has a stake or interest in the outcome of the business. In addition to the business founders, stakeholders include equity investors, bankers, key employees and others. Different stakeholders have different priorities. These priorities need to be balanced in the business plan.

Below are issues to emphasize or deemphasize depending on whom the plan is written for. For example, bankers are usually looking for cash-flow while investors may be looking for growth. This is not to say that the content and direction of the business plan should be altered. However, it does mean that the focus of the plan may shift.

This means that you may have more than one version of the business plan. This is alright as long as the same story is told – just with different emphasis.

**Implementing the Business Plan**

Preparing a business plan is only one step in creating a viable business. Writing a great business plan is meaningless unless you properly implement the plan. Many start-up business ventures fail because they do not focus their efforts on properly implementing the plan. Essentially this is a plan for implementing the plan. A portion of the business plan should focus on the steps required to implement the plan. It should include a timeline and milestones for when various aspect of the plan are accomplished.

**Table 1. Business Plan Targeting Summary.\***

Stakeholder	Issues to emphasize	Issues to deemphasize
Banker	Cash-flow, assets, solid growth	Fast growth, hot market
Investor	Fast growth, potential	Assets, large market, management team
Strategic Partner	Synergy, proprietary	Sales force, assets, products
Large customers	Stability, service	Fast growth, hot market
Key employees	Security, opportunity	Technology
Merger & acquisition specialist	Past accomplishments	Future outlook

\* Portable MBA for Entrepreneurship, William D. Bygrave, John Wiley and Son, Inc., 1994

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