
Create Your Own Business Plan

This Information File is an outline and template for creating your own business plan. Writing a business plan is not the same as conducting a feasibility study. The business plan is developed *after* the existing or proposed venture is shown to be **viable**. The feasibility study is comprised of calculations, analysis, and projections, while the business plan addresses tactics and strategies.

There are **eight broad** business planning categories shown (A-H). Each broad category contains subcategories, which may be relevant to your situation. All of the subcategories contain comments and questions that will help you identify the type of information to include.

This outline is designed to cover many different types of business. Only a portion of them may be relevant to your specific situation. Complete only those subcategories that are relevant to your situation and skip those that are not relevant.

In addition to moving you through the business planning process, this outline helps raise issues and questions about your business venture that you may not have considered. Identifying and resolving these issues now will save time and money later and increase your chances of creating a successful business.

This information file focuses upon the first-stages to creating the business plan. Further details to writing a plan are shared in *AgDM File C5-68*, [Writing a Business Plan](http://www.extension.iastate.edu/agdm/wholefarm/pdf/c5-68.pdf), www.extension.iastate.edu/agdm/wholefarm/pdf/c5-68.pdf. Keep in mind, there is no right or wrong way to writing a business plan. See the [business planning topic on the Ag Decision Maker website](http://www.extension.iastate.edu/agdm/vdstart.html), www.extension.iastate.edu/agdm/vdstart.html, for more details on feasibility studies and business plans.

A) Executive Summary

Provide a snapshot description of the business opportunity, what the business is, and why it will be successful.

- A1. Cover/Request Page
- A2. Table of Contents
- A3. Executive Summary

B) Company Description

Describe your business concept.

- B1. Business or Project Description and Background
- B2. Mission Statement, Goals, and Objectives
- B3. Business Structure
- B4. Products or Services
- B5. Research and Development Plans

C) External Environment

Describe the business segment economy, society, and industry that provide opportunities and threats for your business and its products or services.

- C1. Economic or Social Environment
- C2. Industry Analysis

D) Organization and Management

Show that your business leadership is capable of running and managing the business opportunity.

- D1. Project Leadership
- D2. Business Management

E) Market and Sales Analysis

Demonstrate how the business will attract and retain customers for your products or services.

- E1. Marketplace Analysis
- E2. Target Market and Customer Analysis
- E3. Competitive Assessment
- E4. Market Plan
- E5. Marketing Message and Promotion

F) Operations

Show how the business will supply products or services to the marketplace.

- F1. Facility Requirements and Site Selection
- F2. Technical Analysis
- F3. Operations Plan
- F4. Production Plan
- F5. Labor Plan
- F6. Regulatory and Environmental Requirements

G) Financial or Funding Projections

Demonstrate how the viable business will generate stable profits and cash flows.

- G1. Budget Projections
- G2. Capital and Contingency Plans
- G3. Financial Data and Analysis
- G4. Economic Variability and Risk Management
- G5. Exit or Reorganization Plan

H) Implementation

Show supporting documents and materials for business plan execution.

- H1. Implementation Plan
- H2. Supporting Documents

The following sections provide more detail to support the above outline.

A) EXECUTIVE SUMMARY

A1. Cover/Request Page

The cover page is an introduction to your business proposal. It should contain the following:

- Company name
- Address and contact information
- Date of the business plan
- You may want to put a high-quality photo of your product on the cover page.
- If the business plan is of a highly confidential or proprietary nature, the cover page should stipulate that fact, along with prohibitions regarding reproduction or further dissemination.
- If you are using the business plan as a vehicle to seek financing for your business, you may want to include statements on the cover page about your funding request so lenders will know immediately what you are asking for. Include the amount and type of funding requested, how it will be used and why it will help the business be profitable.
- You may want to have your attorney draft a statement that the business plan is not an offering of securities.

A2. Table of Contents

Organization is key when sharing the plan with other individuals. Create a well-organized table of contents so the reader can refer to subsections quickly.

To provide a professional look, you may want to use high quality paper and put the plan in a binder.

A3. Executive Summary

The executive summary is different than a traditional summary. It should cover more than just the high points of the business plan. It should excite people and make them enthused about your business concept.

The executive summary should be comprehensive, yet concise and to the point. It should stand on its own and not make reference to the body of the business plan. To provide a comprehensive summary, many topics need to be covered.

However, each topic should be covered using only one or two sentences. You may want to include the following items in your executive summary.

- The business
 - Name
 - When founded (expected starting date)
 - What does it do (expect to do)
 - What is the legal organization (expected legal organization)
 - Where is it located (expected to be located)
- Business model (essence of what the business does and how it functions)
- Business (project) stage(s)
 - Investigation
 - Seed
 - Start-up
 - Ramp-up
 - Expansion
 - Consolidation/merge
 - Other
- Purpose(s) of the business plan
 - Implementation guide
 - Attract equity investment
 - Attract debt financing
 - Other
- Vision and mission
 - Where do you want to go?
 - How will you get there?
- Description of the product, market, and competition
 - Describe the function and attributes of the product.
 - What is the target market and who are the target customers.
 - Describe why the target market customers will buy your product.
 - Describe the product distribution structure.

- Describe your relationships and commitments with purchasers or distributors of the product.
- List the other players in the market and how you will compete against them
- Founders and management team
 - Names
 - Background/experience/education
 - Role in company (project)
 - Describe why the founders or managers will succeed
 - Other
- Location and description
 - Offices
 - Facilities
 - Technology
 - Other
- Summary of financial projections
 - Production, processing, distribution, or marketing budgets.
 - Sales projections
 - Cash-flow budgets
 - Pro forma income statements
 - Pro forma net worth statements
- Why will the business be successful?
- Type and amount of financial assistance requested (if applicable)

B) COMPANY DESCRIPTION

B1. Business or Project Description and Background

In this section, you can give an overview of your project or business. Provide both a current description and background information.

You may want to consider the following points in preparing this section.

- **Description**
 - Briefly describe the business or project. This should provide an overview of what you are planning to do. You will go into more depth on some of these issues in later parts of the plan.

- What type of business are you planning (production, processing, manufacturing, marketing, service, other)? What does it produce and what market does it serve?
- What is the stage of your business? – investigation, proof of concept, start-up, ramp-up, expansion, merger/consolidation, etc.
- Describe the strengths of your business or project and its core competencies (what are you good at doing).
- List and describe the results of any business or project analysis that has been conducted like a feasibility study, market assessment, etc.

• **Background**

- If this is a start-up business, describe how the project started and evolved.
- If this is an existing business, describe the business and current financial status.
- List business (project) milestones you have already achieved.

B2. Mission Statement, Goals, and Objectives

A mission statement is made up of several elements including a statement of vision, a statement of mission and a listing of core values of the business.

You may want to consider the following points:

• **Vision**

A vision statement is a mental picture of what you want to achieve. Don't make it cluttered or complicated. A vision statement should be simple enough so you can hold the meaning of it in your "mind's eye."

• **Mission**

A mission statement defines how you will achieve your vision. It is an action statement and often begins with the word "to." Once again it needs to be simple so that you can easily hold the idea in your mind.

• **Core Values**

Core values are standards you place on your business activities. Examples include ethics, environmental issues, labor standards, etc.

In addition to the mission statement, you may want to state your goals and objectives for the project.

• **Goals**

A goal is a general statement of what you need to achieve to accomplish the vision of your business project.

• **Objectives**

An objective is a specific time-sensitive milestone used to measure your progress towards achieving your goals and vision.

B3. Business Structure

In this section, you can describe the business and legal structure of the business.

You may want to consider the following points in preparing this section.

- Describe the business model (how the business functions and how it will make money).
 - Why will the business be successful?
- What is the existing or proposed legal structure – new generation cooperative, Limited Liability Company, corporation, etc.?
- What is the organizational structure?
- Include any joint venture partners, subsidiaries, affiliates, or other important stakeholders.
- Describe your overall business strategy (e.g. low cost producer, differentiated product, niche market, etc.). Will the company focus on growth or cash returns to investors)?
- Describe any competitive advantage the business has over its competitors.

B4. Products or Services

In this section, you can provide a clear description of the product(s) and/or service(s) provided by your business.

You may want to consider the following points in preparing this section.

- Describe the product or service and its features.
- Is the product ready for the market or in development (if so, what stage of development and what obstacles remain)?
- Is the product a consumer product, ingredient, commodity, etc.?
- Describe what is unique or different about your product/service.
- Compare the product and its features to those of competitors.
- Describe how the product will be packaged and any specific features of the package.
- Has product acceptance been tested with consumers? Have sales actually been realized? Describe sales results to date or product testing results.

B5. Research and Development Plans

If your business will have a research and development component, describe it here. Use the points below to help you prepare this section.

- Describe plans for ongoing research and development (e.g. plans for process improvement or new product development).
- Identify the extent to which resources will be committed to future research and development.
- How will research and development efforts be inter-connected with customer needs (e.g. ISO)?
- Identify the use of third parties and any strategies related to the outsourcing of future research and development capabilities.

- Describe contractual relationships with internal staff and external parties pertaining to intellectual property rights and future claims.

C) EXTERNAL ENVIRONMENT

C1. Economic or Social Environment

Describe forces outside of the business and beyond your control that effect the functioning of the business and the market for the product/service. These include economic, societal, technological and governmental forces affecting your business on a regional, national and international basis.

Below are topics you may want to include in your environmental analysis.

• Economic

- Interest Rates
- Inflation Rate
- Unemployment Rate
- Exchange Rate
- Other

• Societal

- Environmental Trends
- Consumer Trends
- Demographics
- Other
- Technological
- New technology that may affect the introduction of new competitor's products.
- New technology that may make the technology for making your product obsolete.
- New technology that may affect your operations or the operations of your competitors.

• Other

- Governmental
- Policies and Programs
- Regulations
- Incentives
- Financing
- Other

C2. Industry Analysis

An industry is made up of companies and businesses that produce the same product or similar products.

Below are topics you may want to address in your analysis of the industry.

- Describe and define the industry.
- Describe the current nature or life cycle of the industry (emerging, growing, stable, declining, going through rapid change, restructuring, etc.)
- Identify and describe the forces that are currently driving the industry.
- Describe current trends and important developments in the industry.
- What is the growth forecast for the industry?
- Identify the most important players in the industry and their size (industry concentration).
- Describe any problems the industry is experiencing.
- Describe how distribution works in the industry (e.g. direct sales to customers, direct sales to wholesalers/retailers or work through distributors).
- Describe the supply chain relationships that may exist in this industry and describe the role of the proposed business within the supply chain in which it will exist. How do participants add or extract value at different points in this supply chain?

D) ORGANIZATION AND MANAGEMENT

D1. Project Leadership

Leadership is often made up of a handful of individuals who want to explore a business idea. In this section, you can identify and describe individuals leading the project.

You may want to consider the following points in preparing this section.

- **List the Leaders/Founders of the Project**

- Names
- Provide resumes of their background and experience (include skills relevant to this project)
- Current employment, or self-employed
- Number of years with current employment (self-employment)
- Prior employment or self-employment
- Primary responsibilities and authority
- Level of education
- Unique experiences and special skills
- Industry knowledge and experience
- Community involvement
- Describe how the founders will be rewarded

- **If the Project has a Manager**

- Name
- Describe the person and his or her qualifications.

- **Advisors and Consultants**

- Names
- Qualifications, e.g. accounting, legal, industry consultants/service providers; business development consultants/service providers, grant writers

- **Others**

D2. Business Management

Organizing the management structure of the business and hiring management personnel is a critical step in the success of the business.

You may want to consider the following points in preparing this section:

- Describe the primary management skills that will be required for the business to be successful as an ongoing entity. Describe the ongoing proposed management positions.

- Describe how the main functions of the business are divided (e.g. accounting, marketing, operations, etc.). Prepare an organizational chart showing lines of authority and responsibilities.
- Identify the key management positions required for the business.
 - Chief Executive Officer (CEO)
 - Chief Financial Officer (CFO)
 - Chief Operations Officer (COO)
 - Other management positions
- Describe the roles and qualifications needed for each management position and the process used to select each manager. Describe any other management skills needed to make the business successful.
- Prepare job descriptions for these individuals.
- Outline the expected timing of the process for filling the management positions.
- If some key management positions have already been filled, provide a summary of their qualifications.
- Compensation
 - Present expected salaries for key positions.
 - What types of incentives will be used to motivate and reward management?
 - Will a stock option or ownership pool be assigned for operations management and/or employees?
- How will owners assess the initial and ongoing performance of management?
- Describe any existing or proposed management contracts or contract terms.
- Describe the governance of the business and the Board of Directors (number, term, etc.) The Board of Directors function and its relation to management.
- What other management resources will be available (attorney, CPA, other)?

E) MARKET AND SALES ANALYSIS

E1. Marketplace Analysis

In this section, you can describe why and how customers will buy your product.

Below are items you may want to address in your marketplace analysis.

- Describe and define the market.
- Is it a specialty or niche market?
- What sets the market apart from other markets?
- Describe the current size, the forces driving the market and the speed at which it is growing.
- Identify major customer segments and key customers in this market.

E2. Target Market and Customer Analysis

In this section, you can identify and describe your target market and analyzing customers within the target market.

You may want to consider the following points:

- **Target Market**
 - Will the product be sold into a commodity or differentiated product/service market?
 - Will the product be sold to consumers or as an ingredient in another market?
 - If you are targeting a niche market, identify the relevant market segments and how they are defined.
 - Describe the demand and usage trends of the target market in which the proposed product will be offered.
 - Who are your target market customers (consumers, manufacturers, retailers, etc.)?
 - What need does your product fill in the target market?
 - Examine the potential for emerging, niche or segmented market opportunities.
 - Assess the opportunity and potential for a branded product.
 - Assess potential market usage.
 - What share of the market do you expect to capture?

- **Customer Analysis**

- What type of customer will you focus on – consumers, retailers, manufacturers, etc.
- Name specific potential customers (or types of customers) for this product.
- Are customers dissatisfied with the current products in the market?
- Identify any trials or tests of your product currently being conducted by potential customers.
- Describe any on-going contract negotiations with potential customers.
- What will motivate their buying decisions – product quality, price, public relations, etc.?

- **Direct Marketing**

If you expect to market your product directly to consumers, discuss how you will accomplish it. Describe the direct marketing method(s):

- Farmers Market
- Community Supported Agriculture
- E-Commerce
- Catalog Sales
- In-Store Demonstrations
- Direct Mail
- Freezer Sales
- Catering
- Door to Door Sales
- Pick-Your Own
- Roadside Markets
- Sales to Restaurants and Institutions
- Other

- **List the attributes of this market**

- Specific location and name of the market.
- Will this allow you to access your target market?

E3. Competitive Assessment

In this section, you can identify the competitors in your market and how you will compete against them.

You may want to consider the following points:

- Identify similar products/services in the market that are direct competitors to your product/service.
- Compare your product or service to these products or services (i.e. features, service, quality, price, distribution, brand, etc.).
- Describe the companies that produce these products or services.
- Describe the concentration within the market (i.e. large number of small players or small number of large players).
- Describe the current competitive intensity within the market
- Describe the ease of entry of competitors into this market (can competitors easily enter the market and drive prices down).
- Describe how you will compete against competitors and their products – i.e. low cost, niche market, product differentiation, etc.

E4. Market Plan

In this section, you can identify market tactics or strategies, when making access, pricing decisions and sales forecasting

- **Access to Market Outlets**

- Will the product/service be sold directly to consumers or directly to wholesalers/retailers?
- Will an intermediary such as a broker, distributor or marketer be used?
- Identify the potential intermediate and end buyers of the product/service and the associated marketing costs to access each.
- Outline the product/service distribution system and the costs involved.
- Describe any strategic marketing partners that will be used to garner access to key customers (for example, brokers, other manufacturers, distributors.)
- Specify commitments from customers or brokers. Are the commitments verbal or contractual?

- **Pricing Plan**

- Explain how you set your selling price.
- Why will customers pay this price?
- How does your price compare to that of competitors? Why should it be different?
- Will your pricing plan include selling on credit? What are the terms? Who will you extend credit to? How will you manage accounts receivable? How much will this cost you?

- **Sales Forecast**

- Make a projection of sales or usage.
- Carefully identify and assess the accuracy of the underlying assumptions in the sales projection.
- Project sales under various assumptions (e.g. selling price, services provided, other)
- Project alternative possible levels of sales (high, low, average).

E5. Marketing Message and Promotion

In this section, you can describe how you will promote your product. Use the topics listed below to help guide your discussion.

- Identify marketing themes or product propositions that will be utilized with key customer segments.
- Describe the use of third parties to be used in the development or deployment of marketing messages (e.g., advertising agencies, consultants, etc.).
- Describe the selling strategies to be used by sales or marketing personnel.
- Describe advertising and communications programs that will be deployed, and the media in which they will be deployed.
- Identify strategic selling partners (e.g. entities that will co-promote your product, include it within their sales bundle, etc.).
- Identify any plans for marketing research to assess customer acceptance of the sales strategy.

- For very large potential customers, identify specific market development objectives for those customers.
- Identify marketing and sales incentives to be used for third parties and for sales staff.

F) OPERATIONS

F1. Facility Requirements and Site Selection

In this section, you can describe where you will locate your business. Use the points below to help you prepare this section.

- **Availability and Suitability of the Site**

- Describe the access to markets.
- Describe the access to raw materials.
- Describe the access to transportation.
- Describe the access to labor supply.
- Describe the access to production inputs (electricity, natural gas, water, etc.).

- **Determine Facility Needs**

- Describe the general design and technical requirements.
- Outline the size and type of production facilities.
- What is the need for related buildings, equipment, rolling-stock, other.

- **Other Factors**

- Describe the relationship of the business to the surrounding area.
 - Describe any emissions concerns and how you will address them.
 - Was an environmental impact assessment conducted?
 - Describe any regulatory requirements.
 - Describe any economic development incentives you will receive.
 - Describe and quantify the economic and social impact on local communities or states.
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F2. Technical Analysis

In this section, you can describe the technology involved in production, processing, manufacturing or other aspects of the business. Use the points below to help you prepare this section.

- **Current Industry State of the Art**
 - Describe how the industry creates similar products today.
 - Describe the evolution of technology trends (e.g., speed of developments, rate of change adoption, expected future developments, etc.).
- **Technology to be Utilized**
 - What is the status of the proposed technology – idea stage, development stage, prototype, pilot facility, proven commercially. How was the proposed technology procured?
 - How does it offer unique value and what is that value?
 - Has it been applied successfully elsewhere? What are its challenges?
 - When using the technology, what are the ramifications to other aspects of the company's operations?
- **Suitability of Production Technology**
 - Explain the reliability and competitiveness of the technology in making your product.
 - Outline how you chose your technology providers.
 - Describe limitations or constraints of the technology.
 - Identify any performance agreement you have in place.
- **Proprietary Protection/Rights/Claims**
 - Will you protect proprietary information as a trade secret? How secure is your trade secret against reverse engineering or other method of accessing the information?
 - Describe any existing patents or patent applications. Will you be able to financially defend these by legal action against infringement by competitors?

- Describe any copyrights, trademarks, non-compete agreements or other aspects of intellectual property.
- Describe any rights (e.g. licenses) to use technology exclusively or on preferred terms.
- If no proprietary rights exist, how long will the technology offer unique marketplace value before being adopted by others?
- Describe other emerging technologies that may compete with or displace the technology to be used, and the expected time-frame for introduction of those technologies.
- Be careful not to disclose any trade secrets or other confidential information in your business plan.

F3. Operations Plan

Your operations plan describes how you will deliver value to your customer. As a result, it is closely linked to your marketing plan. For example, if quality is one of the attributes you are bringing to the marketplace, the operations plan is where you will create this attribute. Or if product service is your hallmark, the operations plan is where you deliver service. Because most of your employees and capital will be focused on operations, it is an important section.

- **Description of Operations**
 - Outline the operations activities of your business.
 - What activities will be conducted in-house and which will be outsourced (make or buy decisions).
 - Describe your relationship with vendors, suppliers, others.
 - Are there any contracts or letters of intent in place?
 - Describe how operations will meet the needs of the customers in your target market.
 - Specify how operations will deliver dimensions such as quality, cost, timeliness, service, flexibility, etc.
 - If your operations plan gives you a competitive advantage, describe it.
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- Describe the operating costs and assumptions that will be used in the financial section.

- **Determine Facility Needs**

- Describe the general design and technical requirements.
- Determine the size and type of production facilities.
- Assess the need for related buildings, equipment, rolling-stock, etc.

F4. Production Plan

In this section, you can describe how you will access raw materials and other production inputs. Use the points below to help you prepare this section.

- **Production Raw Materials or Inputs**

- Describe the amount, type and quality of production inputs needed.
- Outline the current and future availability and access to these production inputs.
 - Describe the concentration and competitiveness of input suppliers and product/service providers.
 - Describe the production inputs procurement plan. This includes specific names of key suppliers, the type, quantity and quality of inputs supplied, their background and reliability, the expected credit and delivery policies, and the need for backup suppliers.
 - What is the cost of production inputs (including the input price and price variability due to seasonality, weather variability, etc.)?
 - Describe the extent to which inputs will be contracted or hedged to mitigate risk of price or supply volatility. Identify and describe actual or expected contract arrangements for production inputs.

- **Member/Owners – Suppliers**

When member/owners are also suppliers of production inputs, the following points should be considered:

- Describe how much of the commodity or specialty product inputs will be supplied by members/owners. How much supplied by nonmembers?
 - If a Uniform Marketing Agreement will be used to access supplies from member/owners, describe the provisions.
 - If a special quality grid (or other method) will be used to measure quality, describe it.
- If special production and handling practices will be used (i.e. identify preservation, certification, etc.), describe them and the process for rejecting inputs not meeting specifications.
 - For perishable commodities/products, describe the plan for coordinating timing of the input to processing needs.

F5. Labor Plan

Use this section to describe where and how you will access labor for your business. Use the points below to help you prepare this section.

- Describe the type and amount of labor needed for the business.
 - Determine the accessibility of labor including wage rates, skills level, etc.
 - Describe any labor training programs you plan to provide.
 - Describe the projected wage rate and benefits programs you plan to provide.
 - Describe the extent to which organized labor may be a potential issue for the business.
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F6. Regulatory and Environmental Requirements

Many value-added businesses face regulatory and environmental issues. Use the points below to help you prepare this section.

- Describe any regulatory approvals or permits that must be sought or maintained for the business to operate.
- Is the business subject to ongoing oversight by any Federal or State regulatory body? What are some of the key compliance requirements?
- Identify permits/inspections that must be obtained for operations. Have you obtained these permits?
- What are the current regulatory requirements and trends of this industry?
- What are the environmental challenges facing the business?
- What are some of the company's primary strategies for dealing with environmental issues?
- Are there intellectual property rights existing or pending.

G) FINANCIAL OR FUNDING PROJECTIONS

G1. Budget Projections

In this section describe your budget projections and the budget procedures used. Describe the assumptions used in computing these estimates. Identify expected price per unit along with direct production expenses and profit margin.

Use the points below to help you prepare this section.

- **Operations Budgeting**
Budgets for production, processing, distribution/transportation, marketing, entire supply chain, others.
- **Volume-Cost-Profit Analysis**
Analysis for computing the volume of sales needed to breakeven.

- **Capital Projections**

Analyzing investment decisions through Net Present Value and Internal Rate of Return.

- **Cash-Flow Budgeting**

Projecting the expected sources and uses of cash during various time periods.

G2. Capital and Contingency Plans

The capital plan is important for all types of value-added businesses but especially critical for capital intensive projects like processing and/or manufacturing ventures. It is important to include all capital needs.

Use the points below to help you prepare this section.

- **Capital Plans**

- Project the capital cost of major facilities, equipment and peripheral facilities. Make a list of these items.
- Project the capital cost of working capital including inventories, etc.
- Project the capital cost for the marketing plan.
- Project the schedule of capital replacement needs for facilities and equipment.

- **Contingency Plans**

Very few business plans unfold as expected. Delays, cost overruns, marketing glitches, price variations and personnel problems are only a few of the problems that can arise. Developing contingency plans in case the business plan does not go as expected can increase your odds of success. Financial reserves and skilled leadership and management are critical for creating and implementing contingency plans.

- Identify risk factors (from risk section).
- Identify and assess internal weaknesses of the business (project).
- Use sensitivity and what-if analysis to identify deficiencies.
- Develop and describe plans or alternative courses of action in case these weaknesses or deficiencies occur.

- Project the contingency capital needs for the business venture. This focuses on capital reserves needed if the business venture does not unfold as expected.

G3. Financial Data and Analysis

If this is an expansion of an existing business, provide financial information for previous years. Regardless of whether this is a start-up or an expansion, show pro forma financial statements of how the business is expected to perform. It is important that you give a clear picture of where the business stands today.

Use the points below to help you prepare this section.

- **Historical Information (past three years)**
 - Balance Sheets ([Information File C3-20](#), www.extension.iastate.edu/agdm/wholefarm/pdf/c3-20.pdf)
 - Income Statements ([Information File C3-25](#), www.extension.iastate.edu/agdm/wholefarm/pdf/c3-25.pdf)
 - Income Tax Returns
 - Financial Performance ([Information File C3-55](#), www.extension.iastate.edu/agdm/wholefarm/pdf/c3-55.pdf)
- **Pro Forma Information during Start-Up** (provide notes of explanation and assumptions)
 - Balance Sheet ([Information File C3-20](#))
 - Income Statement ([Information File C3-25](#))
 - Cash Flow Statement (monthly) ([Information File C3-15](#), www.extension.iastate.edu/agdm/wholefarm/pdf/c3-15.pdf)
 - Sources and Uses of Funds Statement
- **Pro Forma Information under Full Production** (provide notes of explanation and assumptions)
 - Balance Sheet ([Information File C3-20](#))
 - Income Statement (monthly first year, quarterly second and third years) ([Information File C3-25](#))

- Cash Flow Statement (monthly first year, quarterly second and third years) ([Information File C3-15](#))
- Sources and Uses of Funds Statement

- **Sensitivity Analysis**

- What are the key variables affecting profitability and cash-flow?
- Identify the levels of these variables (worst case, best case, expected).
- Project profitability and cash-flow under various combinations of these variables.
- Project profitability and cash-flow breakeven under various assumptions.
- Conduct Monte Carlo simulation.

- **Other Information**

- Compare to Industry Standards (i.e. Dun & Bradstreet, Risk Management Associates, etc.).
- Show how the financial information is consistent with the marketing, operations and other plans outlined in previous sections.
- Identify control mechanisms that will measure actual versus planning performance.

G4. Economic Variability and Risk Management

In this section, you can list the risk factors the business faces, both inside and outside of the business, and the tools and strategies used to reduce risk. Use the points below to help you prepare this section.

- **External Risk Factors**

- Input and output price volatility
- Shortages of production inputs and raw materials
- Price cutting by competitors
- Unfavorable industry trends
- Unfavorable legislation
- Unavailability of trained labor
- Other factors

- **Internal Weaknesses and Risk Factors**
 - Construction delays or cost over-runs
 - Plant specifications not met
 - Production capacity goals not met
 - Inferior management
 - Sales projections not achieved
 - Difficulties in obtaining credit
 - Other factors
- **Risk Assessment Tools**
 - Sensitivity analysis
 - What-if analysis
- **Risk Management Tools and Strategies**
 - Hedging and options
 - Input and output contracts
 - Construction contracts
 - Performance contracts
 - Insurance
 - Contingency plans
 - Other tools and strategies

G5. Exit or Reorganization Plan

Businesses are usually expected to last to perpetuity. However, industry, market and business conditions can change your plans. Some businesses are created with a definite exit plan in place. They may be created with the expectation of being sold later at a higher price. Or it may be expected to be reorganized later when market conditions or technology change. Even if the business will not be sold, exit plans are often created for the investors.

- **What is your exit strategy?**
 - Liquidate assets
 - Create a successful business that will be sold to a competitor at a high price
 - Provide investors the opportunity to liquidate their investment (timing and method)
 - Go public

- **What is your long-term business strategy?**
 - When do you expect market, technology or other changes to significantly affect your business?
 - What are your plans for addressing these issues?

H) IMPLEMENTATION

H1. Implementation Plan

If this is a business start-up, what steps are needed to get the business up and running? If this is an expansion of an existing business, what steps are needed to reach full capacity?

Use the action points below to identify what has been accomplished, what remains to be accomplished and when it will be accomplished.

- **Implementation Action Plan**
 - Business plan completed
 - Legal structure completed
 - Finalize contracts for sale of product
 - Equity raised
 - Debt financing in place
 - Site selected
 - Finalize contracts with distributors and sign-up dealers
 - Finalize contracts for purchase of utilities and production inputs
 - Finalize contracts for construction or purchase
 - Completion of facility
 - Facility running at full capacity
 - Other
- **Implementation Costs**
 - Describe the implementation costs needed to accomplish the tasks listed above.
 - These costs should be included in the capital plan, financial plan and budgets of the business plan.

H2. Supporting Documents

Documents that show support or show proof of statements you have made in the business plan are included here. These documents should be referenced in the relevant sections of the business plan.

- Documents of support/commitment from product buyers, input suppliers, bankers, and other stakeholders
- Audited financial report
- Due diligence on business assumptions and its leaders
- Copies of leases, contracts and other legal documents
 - Licenses, permits, patents, and other intellectual property information

- Details of marketing studies
- Environmental assessments/audits
- Building permits
- Special management plans imposed by regulatory agencies or lending institutions
- Facility design and layout
- Technology specifications
- Uniform marketing agreement for input purchases from members/investors
 - Promotional materials and news articles
- Business organization documents
- Legal agreements

Visit the [Ag Decision Maker website](http://www.extension.iastate.edu/agdm/vdstart.html), for more information on business development, www.extension.iastate.edu/agdm/vdstart.html.

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