

Business Plan Outline

I. The Business Description

What is the name of your business? Where will your business be located? Is the business full-time, part-time, seasonal, etc.? What days/hours of the week will you operate the business? What is the status of your business? (startup, expansion, etc.) Why did you or why are you starting the business? What is the rationale for the business?

II. The Marketing Plan

Products/services: What are the features of your product/service? What is unique/different about it? What are the benefits to your customers? How does your product/service satisfy your customer's needs?

Target market: Who are your customers? (geographic area, age, gender, lifestyle, taste, preferences, etc.) What is the size (statistics, if available) of this market? Is it stable/growing/shrinking? What are the local and/or national trends in this industry?

Competition: Who are your five nearest competitors? (List them.) What are their strengths and weaknesses? Who are their customers? What are their prices? Is their business steady/increasing/decreasing? Why?

Position: How will your business be positioned against your competition? Where does your business fit in? (better service, lower price, special niche, etc.)

Marketing strategies: Promotion/Advertising: How will you attract customers? How will you promote sales? How will you keep customers? How can you expand your market? How does your promotion/advertising reach your target market?

Packaging:

- For a product business: In what will your product be presented? A bag with your business name and logo? A box? (Attach if available.)
- For a service business: What will your business cards, stationery look like? (Attach if available.)

Physical distribution (if applicable): How will you get your product to your customers? Will they come to your place of business or will you offer to deliver it to them? What are the costs and benefits for this distribution method?

Pricing: What is/are the price(s) of your products and/or services? Why will your customers pay your price? If your price is higher than your competition, what special

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advantages do you offer to justify the higher price? If your price is lower than your competition, is your price profitable?

III. Operational Plan

Facilities: Where will your business be located? (home or retail/office and address) List the licenses and/or permits (sales tax, health code, city licenses, etc.) necessary for your business location.

Manufacturing plan (if applicable): Describe the manufacturing process for your product, including the time necessary for each stage of the process.

Management: What is your experience—operational and managerial—in this business? Why will you be successful in this business? Have you spoken with others in this business? What was their response? Do you have management experience in another type of business? (managing household, running a fundraiser, etc.) What professional resources will be available to you? (accountant, lawyer, other support)

Personnel (if applicable): Will you have employees now? In one year? In five years? What jobs need to be done? Who will do the jobs? Will your employees be full or part-time? Will you pay salaries or hourly wages? Will you provide fringe benefits? (health insurance, etc.) Will you train your personnel?

IV. Financial

Loan requested and uses of funds (if applicable): What are the sources and uses of funds? How much money is requested? How will the money be used? (List specific items to be purchased and extra cash as “working capital.”) How will this loan make your business profitable? Provide cash flow projections with notes. (How will the money be used monthly?)

Expected Financial Performance of Local Food Business Models

| | WHOLESALE VEGETABLE | RETAIL FARM MARKET | COMMUNITY SUPPORTED AGRICULTURE | FARMERS MARKET |
|--|--|--|---|--|
| Acreage Owned | 100 | 100 | 100 | 100 |
| Acreage in Production | 80 | 40 | 25 | 15 |
| Typical # of Customers | Fewer than 10 brokers | 10,000 retail customers | 750 shares | 10,000 retail customers |
| How Products Are Sold | Wholesale, large quantities, by the box | Retail, small amounts, by the pound or piece | "Share" for a certain amount of product per week for the season | Direct-to-retail at 4 farmers markets/week |
| Sales Per Transaction | Several thousand of dollars | \$20-\$30 | \$300-\$600 | \$10-\$20 |
| Sales | 100% | 100% | 100% | 100% |
| - Less Cost of Goods Sold (with hired labor) | 76% | 64% | 60% | 60% |
| = Gross Margin | 24% | 36% | 40% | 40% |
| - Less Overhead (with owner's draw) | 20% | 30% | 25% | 30% |
| Net Margin | 4% | 6% | 15% | 10% |
| Number of Crops Grown | 15-20 | 20-30 | 75-100 | 25-50 |
| Working Capital Borrowed | 50% of crop | 15% of crop | Less than 5% of crop | 25% of crop |
| Gross Sales | \$640,000 (\$8,000/acre gross X 80 acres) | \$1,000,000 (10,000 customers; average sale \$25, 4 times a year) | \$450,000 (750 shares at \$600) | \$150,000 (4 farmers markets a week for 25 weeks) |
| Net Profit | \$26,000 | \$60,000 | \$67,500 | \$15,000 |
| Working Capital Cost | Interest from planting through harvest | Interest for part of season; steadier cash flow | None, as shares are prepaid | Interest from early spring to late season |
| Inventory | None | Must maintain inventory of related products and sell seasonally | None | None |