
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, Production, Human Resources and Financial plans.

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

Business Plan Outline

**Business Profile
& Summary**

Marketing Plan

**Human Resources
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 this page 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.

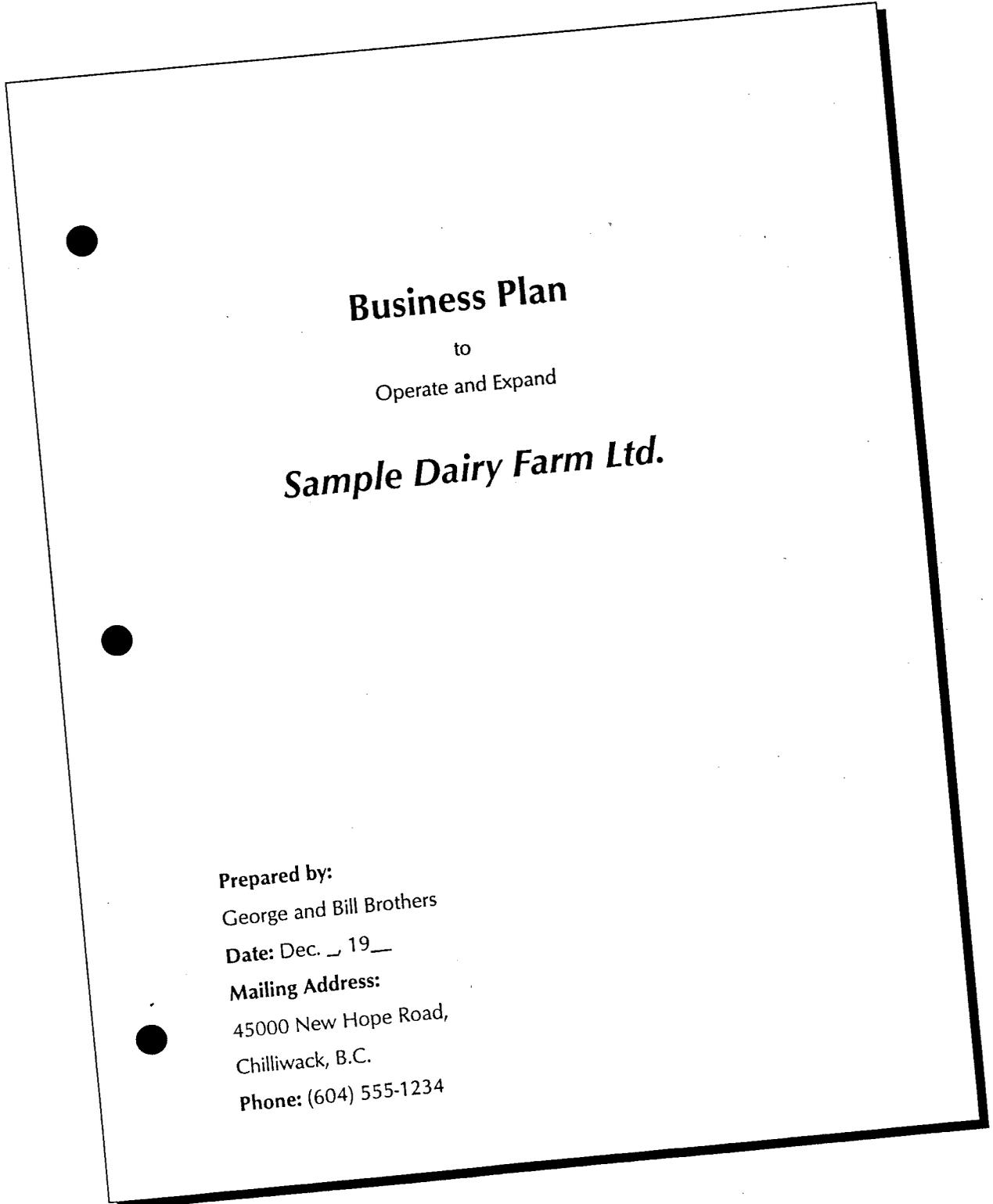


Table of Contents

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 perspective 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 plan and encouraging him or her to read the remainder of the plan. The summary is provided to give them the basics.

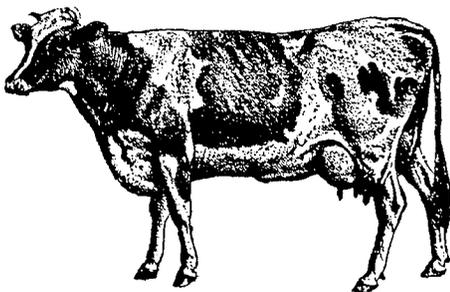
As the example shows, the summary includes:

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

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

The summary 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 expanding a business, uses projected information as well as information on past sales, incomes and net worth.



Summary Example

Purpose of the plan

The plan outlines our proposal to expand our 85 cow farm to 127 cows, milking and dry.

Business Targets and Strategies

Marketing

- To acquire additional quota to accommodate expansion
- Maximize use of quota for greatest return

Human Resources

- To create an integral role for younger family members and staff in making farm decisions
- To take a farm team approach
- Maintain interest in farming by attending industry conferences and staying informed of current issues and concerns

Production

- To increase herd by 50%
- decrease herd somatic cell count to 100,000
- reduce calving interval to 13.0 months
- Keep informed as to environmental concerns and make appropriate changes and operate dairy farm recognizing concerns for environmental and land use issues

Financial

- Increase profits yearly by adopting best marketing and production strategies
- Pay down debt in anticipation of tighter margins

Projected Income & Owner's Equity Example

ITEM	2 YRS AGO	LAST YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PRODUCTION REVENUES	414,110	407,413	517,180	570,200	559,688	549,176	538,664
NET INCOME BEFORE TAX	37,185	44,284	4,053	37,591	43,817	46,020	50,443
CASH FLOW BEFORE FINANCING	182,867	160,615	9,816	234,886	171,318	169,755	162,637
BANK INDEBTEDNESS	165,000	115,000	672,061	624,625	572,222	514,333	450,381
TOTAL OWNER'S EQUITY	1,750,639	1,783,852	1,786,892	1,815,086	1,847,949	1,882,463	1,920,296
CHANGE IN OWNER'S EQUITY	27,888	33,213	3,040	28,194	32,863	34,515	37,832

BUSINESS ORGANIZATION

This section summarizes basic information about your farm. As the example on the next page shows, you may not know some details yet depending on whether or not you are starting out.

The business profile will include:

- how your business is organized: sole proprietorship, partnership or corporation. If you haven't decided which is best for you, consult your accountant and lawyer. A review of two BCMAFF publications; *Taxation and the B.C. Farmer* and *Estate Planning for B.C. Farmers* will prepare you to discuss these issues with your advisors
- required registrations and licences
- management and advisors and their position or role. Include your banker, lawyer and accountant as advisors even if they don't have any ownership. Also include any friends or acquaintances who have business skills which you plan to use.



Business Profile Example

Business Name and Address:	Sample Dairy Farm Ltd. 45000 New Hope Rd. Chilliwack, B.C. xxx-xxx
Telephone:	(604) 555-1234
Type of Organization:	Corporation

Registrations and Licences

Type	Date Issued	Number
1. BCFA Farmer Identity Card	January 4, 19__	111111
2. W. C. B.	February 2, 19__	333333
3. G.S.T. Registration	January 3, 1991	444AAA555
4. B.C. Milk Marketing Board Licences	August 1, 19__	AA12345
5. Certificate of Approval	August 1, 19__	AA12345

Business Management

Name	Position	% of Business Owned
1. George Brothers	Owner/Herd & Business Manager	50
2. Bill Brothers	Owner/Production Plant & Equipment Manager	50

Business Advisors

Name and Address	Role	% of Business Owned
1. Mary Taylor, LL.B	Lawyer	-
2. Frank Wilson, CA	Accountant	-
3. Jane Smith	Nutritionist	-
4. Jack Meadows	Dairy Producer	-