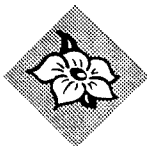


Preparing a Business Plan

A Guide for Agricultural Producers

Wholesale Nursery Example



**B.C. Nursery
Trades Association**



**Province of
British Columbia**

Ministry of Agriculture
Fisheries and Food

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PREFACE

Managing an agriculture business in the 1990s and beyond will be more complex with good planning skills becoming increasingly important. As farming becomes more capital intensive, margins narrow and the adoption of rapidly changing technology becomes the norm, planning techniques which are used in other businesses must be applied to agriculture. One of these planning techniques is preparing a formal business plan. A formal business plan integrates written goals with marketing, production and financial targets into a management strategy for the business along with identifying human resource requirements. Other factors such as increased environmental awareness and the globalization of agriculture emphasize the need for effective planning at the farm level.

The purpose of this publication is to provide farmers with business planning information and a format for developing a business plan for his or her farm business. While information and sample business plans are available for non-farm businesses, examples of business plans for farms are hard to find. Each farm business is unique in terms of physical characteristics, income level and people involved in owning and operating the farm. This publication will provide a good starting point to assist farm managers to prepare formal business plans for their own operation.

Terry Peterson, Director
Farm Management Branch
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DISCLAIMER

In no way does this guide presume to forecast the future of nursery prices and/or advise expansion as a strategy for nursery operators. Examples used are "what if" scenarios to try to envision the impacts of various prices, interest rates, and effects on items such as cash flow or debt repayment. The emphasis is on outlining the method and the skills which may be employed in doing a business plan.

INTRODUCTION

Preparing a Business Plan has been prepared as a guide for wholesale nurseries in British Columbia. It will help you to create your own Business Plan using a step-by-step process. It also provides relevant background information on the British Columbia nursery industry.

The importance of planning in business and agriculture cannot be overestimated. By developing a sound, carefully thought-out business plan, you can take the most important step toward reaching your goal - a business that is alive and profitable.

The examples used in this manual are aimed at the small to medium sized nursery, which is planning to improve its management techniques and become more profitable. The principles are however, generic, and can be applied to any sized nursery, from a new entrant to a multi-million dollar concern.

How to Use This Manual

The manual provides you with generic information concerning the wholesale nursery industry in British Columbia. It then leads you through the various steps necessary to complete your own business plan.

The manual gives you the necessary information to prepare your own business plan. Throughout the manual, we first describe what should go into each section of your business plan and this is followed immediately by an example. Working through the manual will aid you in completing your own business plan. A glossary is included to explain the financial terms used in the manual.

In order to complete your own business plan, you will need to research and identify all those factors, unique to your commodity, which you feel are critical to the success of your venture. Our example gives you a framework; you must supply the details which apply to your own operation. Remember, each business plan is unique. The value of a plan is as much in the preparation and research involved as in the final document.

If You Need More Information

If you need more information, contact your nearest B.C. Ministry of Agriculture, Fisheries and Food (BCMAFF) district office, Ministry commodity specialists or the Farm Management Branch.

A more detailed business planning document and computer software is available in a document produced by J. Jarvis and Associates titled "Preparing a Business Plan for Wholesale Nurseries." This document and software is available from the BC Nursery Trades Association.

What Is A Business Plan ?

It is important to recognize that a business plan is NOT a document. The plan may be presented through a planning document, but the plan itself should be a set of management decisions about what a business will be doing to be successful. So, in its most basic form, business planning is the process of deciding what you have to do to make your business successful, or at least economically viable, and how to go about it.

A business plan is an operating tool; it is not a purely financial document. It should be used and updated continually, not prepared and put on the shelf. Although a final document is often necessary, it is the process of preparation and monitoring that is important and really useful.

Who Needs It ?

Every business engages in some form of planning. Often it is ad hoc, "seat of the pants" planning, with decisions being made based on gut feelings and in response to crisis situations. Most of us recognize that we should really spend some more time planning, but can never find the time.

It is generally accepted that firms which analyse their situation and go through a systematic planning process achieve significantly better results than those that do not.

So the question is not, *Do I need to plan?*, but rather, *What form should my planning take?*

What Is The Purpose Of A Business Plan ?

A business plan is necessary to provide a logical and rational sense of direction for a firm. It can have several benefits:

It can improve performance by identifying both strengths and weaknesses of operation, and potential problem areas.

It can provide a solid basis for measuring performance.

It establishes a framework for making key decisions in ongoing management, and in evaluating new opportunities.

The plan and the process can be used to educate and motivate employees.

A business plan is also useful in communicating information about the business to outsiders. These could be lending institutions or current or potential shareholders.

What Form Should It Take ?

The final business plan should be formalized in a planning document, if only to bring closure to the process. It also provides a tangible framework for evaluating subsequent activities, accomplishments and opportunities.

Preparing the business plan document is a writing, not a creative, exercise. The document should simply and concisely present the analyses and decisions that have been made during the planning process. In general, the longer the document is, the more it tends to reflect decisions that have not been made, rather than those that have. This is not to say that the document should not be comprehensive, but it is to emphasize that it is the completion of the planning process, not writing the document, that is the major undertaking.

The document should be organized according to the major strategies outlined in the next section. It should also include a brief assessment of the nursery's market position and business outlook.

Organize your material as clearly as possible so people who haven't helped write it can readily follow your logic.

Your formal business plan should:

- be double spaced
- have adequate margins for added notes
- include a title page giving business name, date and the period the plan covers
- have a detailed table of contents
- be comprehensive but not complicated
- avoid using jargon
- use lots of headings and subheadings
- be simple and easy to read. Don't overwhelm your reader with too much detail. They'll ask for more information if they need it. If you have detailed information that you want to include, putting it in an appendix might work best. Place the most essential information where it is easy to find - probably close to the front of the plan.

Asking an outsider you respect to read your final draft document can help identify any gaps or ways that your document could be improved. Doing this early in the process ensures you are focusing on the right information.

Extra touches that can help include charts, tables, resumes, supplementary reports, studies, and catalogues. Whatever aids you use, be sure to include them in such a way that the result will look and read like a business plan - not a scrapbook. Much of this information can be included in appendices.

A specific outline for a business planning document is included as part of this package, and can also be seen in the example provided.