**Maine Farms for the Future Program**

**PHASE 2 BUSINESS PLAN**

*YOU CAN DELETE THIS PAGE IN YOUR FINISHED Business Plan*

**How to use this template**

(Adapted from SCOREs “[Business Plan Template for a Startup Business](https://www.score.org/resource/template/business-plan-template-a-startup-business)”)

**The purpose of a business plan is to:**

* Serve as a roadmap for your business as it grows and changes.
* Convince investors and lenders to invest and convince partners and employees to join your farm business.

**A good business plan is…**

… an opportunity to think through the strengths, weaknesses, challenges and opportunities facing your business. Think carefully about these as you write, and be honest with yourself and in the business plan. Instead of glossing over potential problems, lay out some possible solutions.

…concise and clear. Avoid jargon wherever possible. As you write, think about the purpose of this business plan and try to write for those.

…Well researched! Most of the work of writing a business plan is research and brainstorming. Avoid sweeping statements and unsubstantiated claims. Cite your sources. This will help investors and lenders feel confident in your plan.

COVER OF THE BUSINESS PLAN

Include photo(s)

Business name

Business owners’ names

Business Address

Physical Address

website, Facebook, Instagram, etc.

Include the following Confidentiality Statement at the bottom of the Cover

This business plan has been submitted on a confidential basis solely to the **Maine Farms for the Future Program** in connection with a grant and loan and is not for use by any other persons. By accepting delivery of this plan, the Program agrees to return this copy to the company at the address listed above if the recipient does not undertake to approve the grant or the loan. The Program may not fax, reproduce, or distribute without the author’s permission.

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# Executive Summary

Write this section LAST, after you’ve finished writing all the other sections. That way you’ll be ready to identify the highlights of your plan.

Use only ~ 1 page.

The Executive Summary, in simple terms, summarizes “where you are now” and “where you are going”. The purpose of the Executive Summary is to introduce the reader to your business, and to get them excited to read the rest.

The Executive Summary should include:

1. An overview of your farm business (1-2 sentences)
2. An overview of your owner/operators and managers, their roles, and their experience (2-3 sentences)
3. A description of your enterprises, key products, and markets you sell to. (~ 1 paragraph)
4. A description of where you see your farm business going over the next 5-10 years (2-3 sentences)

In addition, any business plan intended to be used in a FFF Phase 2 application should include:

1. Complete the following sentence:

We are applying for the Maine Farms for the Future Phase 2 (cash grant) *(*and) *(*a recommendation for the 2% interest rate through the Agricultural Marketing Loan Fund) to purchase/ construct/ etc... (describe the items, buildings, etc. you intend to invest in)

1. A description of the project(s) you would like to complete with these funds. (3-5 sentences)
2. A brief explanation of how the project/projects will “get you to where you are going”. (1-3 sentences

# Business Description

**In 1 page** provide an overview of your business description, including:

1. A statement of the core principles and values that drive your personal and business ambitions. (1 paragraph)
2. A description of your farm type, location, and the ownership/legal structure of the farm business. (1-2 paragraphs)
3. A brief history of your farm and agricultural business. (1-2 paragraphs)
4. A brief description of your production capacity. For example land and soil types, acreages, major infrastructure & the volume of production for your key products and services. (1-2 paragraphs)

### Business Vision

In 2-4 paragraphs, please describe your business vision, including:

* How you envision your farm business changing, growing, and/or adapting in the next 5-10 years.
* How you plan to accomplish those changes.
* A description of the major challenges, i.e. barriers or limits to growth of the farm business.

### Detailed Goals and Objectives

Clear and accomplishable goals are SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound). Consider this as you write your farm business goals.

Use the format below to describe 1-5 major goals (outcomes) that will help you reach your business vision, and the objectives (shorter term steps that will reach that goal). Goals might focus on infrastructure, production methods/equipment, labor, etc. Use the example below.

EXAMPLE GOAL: Reduce syrup bottling time by at least 30% over the next year to allow more time for expanding our taps to increase syrup production and develop 2 new value-added products by 2025.

Objectives:

1: Purchase \_\_\_ to reduce our syrup bottling time.

2: Purchase and install #\_\_\_ taps.

3: Research market to spot trends for value-added products

4: Research & test recipes for production efficiency and test pricing

5: Research packaging and labeling for our new value-added products

GOAL 1:

Objectives:

1:

2:

GOAL 2:

1:

# Marketing Plan

Follow the headings and prompts below to convince the reader that you have customers who will value and purchase your products in large enough quantities to satisfy your financial needs, at prices that are realistically comparable to those charged by your competitors.

### Products

List and briefly describe your products, services, and additional enterprises that are related to your farm (eg. Agritourism). (1-3 paragraphs)

### Trends

Describe trends and observations in your corner of the farming industry. Focus especially on trends and observations that might be considered barriers, threats, or opportunities to your farm business. Support your claims with industry data, news articles and other relevant research. (1-2 paragraphs)

### Target Market

1. Describe your existing customer types and their needs and how your farm fulfills these needs. (1-3 paragraphs)
2. Describe your potential future customers types and their needs & volume of products they will likely purchase. (1-3 paragraphs)

If you sell or will sell to a wholesale distributor or a restaurant, describe those customers, and their end users. Support all of your statements with demographic data.

### Pricing

Identify the prices these customers are willing to pay and, if possible, provide proof that your pricing is realistic, such as record of historical prices, review of comparable product prices, or a pricing survey.

(2-4 paragraphs)

### Competition

For your *competitive analysis*, create a chart like this one to identify who else is producing something that your customers might buy instead of yours. Use these or other specific attributes that describe the strengths and weaknesses to differentiate your products & services from these competitors.

|  | **Me** | **Competitor A** | **Competitor B** | **Competitor C** | **Importance to Customer** |
| --- | --- | --- | --- | --- | --- |
| Convenience |  |  |  |  |  |
| Price |  |  |  |  |  |
| Quality |  |  |  |  |  |
| Selection |  |  |  |  |  |
| Service |  |  |  |  |  |
| Reliability |  |  |  |  |  |
| Stability |  |  |  |  |  |
| Expertise |  |  |  |  |  |
| Business Reputation |  |  |  |  |  |
| Location |  |  |  |  |  |
| Appearance |  |  |  |  |  |
| Sales Methods |  |  |  |  |  |
| Image |  |  |  |  |  |
| Other |  |  |  |  |  |
| Other |  |  |  |  |  |

Describe your *competitive advantage*. Explain why your customers choose your product ahead of your competition’s.(1-2 paragraphs)

### Sales Forecast

For the remainder of this year and the three following years, describe your sales forecast, including: (3-5 paragraphs.)

* The specific products you expect to sell, to whom, in what volume and at what price(s)
* An explanation of how you will reach these sales goals. If relevant, explain how your proposed FFF project(s) will help you.

Provide evidence such as direct quotes from new and potential customers stating what they will buy; and/or sales records showing growth in previous years. If possible, provide evidence such as commitment letters or written “good faith agreements” for as many sales projections as you can.

### Promotional Plan

Describe how you will promote your products and services to each of your different customer groups, and why you chose each promotional strategy. If relevant, explain how your proposed FFF project(s) will help you. (2-4 paragraphs)

### Distribution Plan

Describe how you will transport your products to your customers. If relevant, explain how your proposed FFF project(s) will help you. (1-3 paragraphs).

# Production/Operations

A production/operations description describes your products and services orient in lay terms (terms a customer might use) and to then orients the reader to your particular production methods in slightly more technical terms. The purpose is to describe **your capacity** to produce the major products and services described in your marketing plan.

First, provide an overview of your production/operations, which may include: (1-2 paragraphs)

* The number of acres in each form of production, and/or animals in production, or other metrics describing the current scale of your operation.
* Expected yield(s).
* Any significant equipment and structures used.

Then, describe how your proposed FFF Phase 2 projects will change or grow your capacity (i.e. increased yield per acre; increased number of animals, or more efficient value-added product manufacture, etc.). Describe the changes and convince the reader that you can realistically produce the quantities you’ll need to meet the sales goals stated in the previous section, while paying your costs and yourself. (1-2 paragraphs)

### Production methods and capacity to produce products

No need to go into great technical detail here but do write as if you are explaining to someone with little to no knowledge of farming. Some details that might help are describing what is special about your production methods or how it differs from others, and what end consumer products the reader can connect these methods to. (1-2 paragraphs)

### Unit Variable Costs associated with each of your major products.

The “unit cost” of a product is the price you need to receive per unit (eg. 1 bunch of beets, or lb. of salad mix, gallon of milk, etc.) in order to pay all your expenses and pay yourself a living wage.

Describe the “unit cost” for each of your products. The purpose of the unit cost is to helps you and the reader compare your costs against the average prices you’ve stated you will receive to ensure that you will be able to turn a profit. Describe as many unique products as you need to meet that purpose. If relevant, describe how your proposed FFF Phase 2 project(s) could change your unit cost, explain why, and by how much. (2-5 paragraphs—you may also use figures and tables here if that is helpful to you)

# Personnel

Follow the headers below to write this section. “Personnel” describes your current key management, partners, employees, and other key sources of labor (eg. Family members or volunteers).

The purpose of this section is to convince the reader that you, your employees, and your professional and advisory support network provide the knowledge and capacity to carry out the production and marketing activities you’ve just described. Writing this section will also help you identify any gaps as you review everyone’s job descriptions in comparison to the marketing and production sections. For example, if your business plan calls for a new, specialized piece of equipment, be sure to identify who will fix and maintain that equipment if/when it breaks.

If relevant, describe how implementing your proposed FFF Phase 2 project(s) will change your personnel structure.

### Main farm operator(s)

Write a brief bio and job description of each owner/operator and key manager, including: (1-5 brief paragraphs)

* Their general role in the farm business
* their main responsibilities
* Their relevant experience
* And other qualifications or licenses, etc. that they hold.

### Paid Crew

Describe your labor needs and plans, including: (1-3 paragraphs)

* List of job positions and qualifications required for each position
* Note # of employees needed for each position, hours per week, seasonality, pay rates
* How you will recruit and hire new employees.

Finally, create a chart listing major tasks and identifying which position(s) are responsible for these tasks.

### Professional Advisory Team

Provide a list of your professional/ advisory team (eg. accountant, bookkeeper, lawyer, financial advisors, bankers, mentors, consultants, etc.), and include the following details for each:

Role in your farm business, Name, Organization/Affiliation, Job Title, Physical address, and a phone number and/or email address and/or website address

# Project Summary and Sources and Uses

Please describe your proposed FFF project, including (~1 page)

1. A brief overview of the project(s), and how it will improve your farm business viability
2. A description of the investments and costs needed to complete the project(s)
3. A summary of all the sources of financing you will use to accomplish the project, including any alternatives for sources you are less certain of (eg. Other grants you plan to apply for). Note which of these sources you intend to use as matching funds. (See following page for Sources and Uses table, where you will offer more financial information.)
4. A brief explanation of how these investments will affect your balance sheet over time, and how you plan to repay each lender.

Maine Farms for the Future Phase 2 Project

*Use this table or insert your own version*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **USES** | **SOURCES** | | | | | | | |
| **Line Item**  **Example line items shown**  **Below. Change for your project** | **Cost** | **In Kind Materials and Labor** | **Owner Cash** | **NRCS Cost Share** | **Other Grant** | **FFF Phase 2 grant** | **Construction Lender / AMLF Loan** | **Total Source Funds** |
| Barn |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |
| Sitework/Roadwork |  |  |  |  |  |  |  |  |
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| Utilities |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Contingency 10-20% |  |  |  |  |  |  |  |  |
| TOTAL COST |  |  |  |  |  |  |  |  |

# Financial Narrative

Summarize the financial impact this business plan will have on your farm over the next 5 years in terms of your projected gross sales, expense, and net income. You may want to break this out into retail and wholesale. (1-2 paragraphs)

### Fixed Cost Assumptions

List the equipment and infrastructure you intend to purchase as part of this business plan, including the costs for each purchase and the total cost. (Table, list, or brief paragraph)

Show total assets and liabilities from the present through the end of 2027. (Table, list, or brief paragraph)

### Cash Flow Assumptions

Explain how your bank account balance will be affected by the ebb and flow of these factors: (1-3 paragraphs)

* operational needs
* marketing and advertising needs
* new equipment purchases
* loan payments
* new investments

Explain how will you maintain sufficient cash flow as you pay for these factors (1-2 paragraphs)

### Risk Analysis

**I**dentify the major risks to business plan’s success. These could be related to market (customers don’t buy what they said they would), production (drought/disease/weed pressure/etc.), or personnel (can’t find the right hired help). Describe what you would do to mitigate each. (3-6 paragraphs)

### Worst Case Scenario

If a combination of these risks were to happen, describe the potential to your cash flow, and to your profit and loss statement. Describe what you would do in response. (2-3 paragraphs)

### Exit Strategy

Should you need or want to exit or cease your business operations, describe how you would go about that process. (1-2 paragraphs)

### Farm Succession Plan

Describe how you intend to transfer your farm operations to a next generation of farmers (1-2 paragraphs)

# FINANCIAL STATEMENTS

These are QuickBooks reports and/or Excel Spreadsheets with font no smaller than size 9.

### Historical Financial Statements

For the previous two years

* Profit and Loss in side-by-side comparison
* Balance Sheets in side-by-side comparison
* Evidence of IRS Taxes paid for the last 3 years, or evidence of taxes paid for the last 2 years, and projected and date of payment for the current year

### Financial Projections

Monthly for remainder of this year then annually for the following 3 years

* Sales Projections for products and dollar amounts generated via specific customers and/or markets
* Cash Flow
* Profit and Loss in side-by-side comparison
* Balance Sheets in side-by-side comparison

# REQUIRED APPENDICES TO BUSINESS PLAN

### Match-to-Date

List any match accrued between the start date of your Phase 1 contract and the date of your application to FFF Phase 2.

Provide evidence for the “Match Detail’ you listed in the table of the Phase 2 Application Form

* 1. Personal Funds (bank statement)
  2. Loan 1 (loan commitment letter)
  3. Loan 2 (loan commitment letter)
  4. Other Grant 1 (grant award letter and evidence of payment or future payments)
  5. Other Grant 2 (grant award letter and evidence of payment or future payments)
  6. In-Kind Labor – in a spreadsheet list date, task, hours billable at $25/hr. If you hired labor then provide copies of any contractor’s invoice(s).
  7. In-Kind Materials – in a spreadsheet note the market value for any products, like timber into lumber that is sourced from the farm (hint: get a quote for lumber from Lowes or Home Depot and use that); and the purchase price of other materials that you have already bought off the farm and copies of all receipts for the materials listed in the spreadsheet.

### Future Match

All future match funds for 3 calendar years, starting from the date of your application to FFF Phase 2. Provide all possible documentation. Otherwise, describe in detail.

* 1. Personal Funds
  2. Loan 1
  3. Loan 2
  4. Other Grant 1
  5. Other Grant 2
  6. In-Kind Labor noting future date, tasks, hours billable at $25/hr. If you will hire labor attach the contractor’s quote(s).
  7. In-Kind Materials noting the estimated or actual market value for products.

Copies of Licenses and/or Documentation of Certification

for your operation, such as milk license, vendor license, organic certification, etc.

### Additional Farm Information

* Lease Agreements - if applicable
* Purchase and Sale Agreements - if applicable
* Farm Map – Aerial photo base map with labels
* Samples of Promotional Brochure or Other Material
* Customer’s Orders or Statements of Commitment to Order/Purchase
* Recognition Awards
* Resumes of Farm Owner/Operator(s)