

Plan to Succeed

Mission: The mission for your business guides everything that you do. Keep it simple by finding the lowest common denominator.

Objectives:

Objectives are general directions for your business. They outline what you want the business to look like in the future. Stay focused on your Mission Statement.

Objective 1:

Objective 2:

Objective 3:

Objective 4:

SMART Goals: Remember, a goal without a deadline is just a dream! S — Specific M — Measurable A — Attainable R — Rewarding T — Timed

SMART Goal a):

SMART Goal a):

SMART Goal a):

SMART Goal a):

Action Plan:

i.

Action Plan:

i.

Action Plan:

i.

ii.

iii.

Action Plan:

i.

ii.

SMART Goal b):

SMART Goal b):

SMART Goal b):

SMART Goal b):

Action Plan:

i.

ii.

iii.

Action Plan:

i.

ii.

iii.

Action Plan:

i.

ii.

Action Plan:

i.

ii.

Action Plans: Every goal must have action plans that explain how that goal will be accomplished. Explain who will do what, where, when, how, and how often.

Develop a budget to ensure you are valued.



- 1) Use last year's records as a starting point for your five-line income statement. If you're starting a new operation, plenty of information is available! For example:
 - <http://agalternatives.aers.psu.edu/>
 - <http://cdp.wisc.edu/Budgets,%20Spead%20&%20Programs.htm>
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 Make sure you take regional cost differences into account (land rent is a good example of this.)
- 2) Calculate your five-line income statement.
 - COGS = any expense that helps produce one more unit of output.
 - Production labor and associated payroll expenses, including workman's compensation, unemployment taxes, FICA, Medicare, health insurance
 - Crop or livestock inputs – seed, fertilizer, soils, chemicals, feed
 - Overhead = any expense that you incur no matter how much production you actually have.
 - The main ones are the "DIRTI" Five:
 - Depreciation, Interest, Repairs, Taxes, Insurance
 - Don't forget to include Managers' and Bookkeepers' wages/salaries, marketing, and utilities.
- 3) Calculate the percent of sales for each line. (Divide the dollars for each line by the total sales.)
- 4) Create your budget—from the bottom up. Start with your desired draw (the amount you and your family need to take from the operation to live on, plus income taxes). Add the principal portion of any loan payments you need to make in 2011 to get the total profit needed from the operation.
- 5) Add your overhead expenses to the required profit to figure the gross margin the operation will need to yield. Your overhead expenses shouldn't change much from the previous year, unless you've undergone a significant expansion or other major change.
- 6) Determine the breakeven sales needed in your operation to support the overhead obligations and profit required. Do this by dividing the gross margin (E) by the gross margin as a percent of sales (taken from your records, calculated in step 3).
- 7) Step back and see if this budget makes sense. Is this sales volume reasonable for this year, especially if it's your first year in business? Is it possible for the acreage you raise and the market prices of your products? If it is, great! Develop a marketing plan (action plan) to achieve that level of sales. If not, that's okay. Rework until you have a plan that is sound. If this is a building year, how will you achieve your goal (and finance the operation in the meantime)? Address these questions early in the year to ensure you have a complete plan.

Historical	Dollars	% of Sales
Sales:	\$	100%
- Cost of Goods Sold:	\$	%
= Gross Margin:	\$	%
- Overhead	\$	%
= Profit (Net Income)	\$	%

BUDGET		
Owner Draw Desired (include income taxes):	\$	(A)
Bank principal payments required:	\$	(B)
TOTAL PROFIT REQUIRED:	(A+B) \$	(C)
Overhead expenses	\$	(D)
GROSS MARGIN REQUIRED:	(C+D) \$	(E)
Divide by Gross Margin percentage	\$	(F)
SALES VOLUME REQUIRED: (E/[F as % of sales—from historical])	\$	(G)

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Mission: The mission for your business guides everything that you do. Keep it simple by finding the lowest common denominator.

The mission of Tyler's Tip-Top Tomatoes, LLC is to grow good food, make good money and be good people.

Objectives:

Objectives are general directions for your business. They outline what you want the business to look like in the future. Stay focused on your Mission Statement.

<p>Objective 1: Achieve an appropriate balance of work and home life</p>	<p>Objective 2:</p>	<p>Objective 3:</p>	<p>Objective 4:</p>
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SMART Goals: Remember, a goal without a deadline is just a dream! S — Specific M — Measurable A — Attainable R — Rewarding T — Timed

<p>SMART Goal a): Take Sundays off</p>	<p>SMART Goal a):</p>	<p>SMART Goal a):</p>	<p>SMART Goal a):</p>
<p>Action Plan: i. Train Charlie for Sunday tasks, give him #'s to call ii. Measure his performance</p>	<p>Action Plan: i.</p>	<p>Action Plan: i. ii. iii.</p>	<p>Action Plan: i. ii.</p>
<p>SMART Goal b):</p>	<p>SMART Goal b):</p>	<p>SMART Goal b):</p>	<p>SMART Goal b):</p>
<p>Action Plan: i. ii. iii.</p>	<p>Action Plan: i. ii. iii.</p>	<p>Action Plan: i. ii.</p>	<p>Action Plan: i. ii.</p>

Action Plans: Every goal must have action plans that explain how that goal will be accomplished. Explain who will do what, where, when, how, and how often.

Plan to Succeed

The One Page Business Plan



FARM CREDIT

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Objective 1:

Achieve an appropriate balance of work and home life

Objective 2:

Make enough money to pay myself, the bank and reinvest in the farm

Objective 3:

Increase efficiency while offering customers wider selection

Objective 4:

Increase communication with customers

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SMART Goal a):
Take Sundays off

Action Plan:
i. Train Charlie for Sunday tasks, give him #'s to call
ii. Measure his performance

SMART Goal a):
Make a net profit (including draw) of \$50,000 this operating cycle

Action Plan:
i. Compare cash flow budget to P&L and bank accounts monthly, adjust as needed

SMART Goal a):
Decrease COGS/ lb of tomatoes

Action Plan:
i. Measure production per worker and per variety
ii. Set pest traps, scout

SMART Goal a):
Start and maintain a blog to show customers progress on farm

Action Plan:
i. Research platforms
ii. Block off 1 hour each week to write post/ edit pics

SMART Goal b):

Action Plan:
i.
ii.
iii.

SMART Goal b):

Action Plan:
i.
ii.
iii.

SMART Goal b):
Introduce at least one new variety of tomato for sale each year

Action Plan:
i. Pick five varieties for trial, test on limited growing area
ii. Measure yields to choose

SMART Goal b):
Invite customers to participate in tomato soup contest, %of proceeds to be donated to local soup kitchen

Action Plan:
i. Pick date and venue
ii. Send out e-mail blast with soup kitchen for contestants

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FARM CREDIT

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Response Plan for Owner Disability

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<p>Objective 1: Charlie takes over management of facilities and production</p>	<p>Objective 2: Sarah helps with invoicing, record-keeping and management</p>	<p>Objective 3: Charlie's cousins help with harvest</p>	<p>Objective 4: Implement communications strategy</p>
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<p>SMART Goal a): Charlie's normal duties are distributed to others</p>	<p>SMART Goal a): Sarah enters bills to be paid, writes checks to vendors and payroll</p>	<p>SMART Goal a): Substitute one of Charlie's cousins for the tasks that Charlie usually does; cousins report to Charlie</p>	<p>SMART Goal a): set expectations for employees, vendors, neighbors, and customers</p>
<p>Action Plan: i. Make sure Charlie knows tasks Tyler usually does ii. Who Charlie calls for help</p>	<p>Action Plan: i. Make sure Sarah knows how to run QuickBooks and where to get support</p>	<p>Action Plan: i. perform task training iii. get information necessary for employment of cousins</p>	<p>Action Plan: i. Inform all of prognosis for Tyler's recovery and need for extra effort</p>
<p>SMART Goal b): Monitor production against goals</p>	<p>SMART Goal b): Sarah keeps her off-farm job</p>	<p>SMART Goal b): Have the other Charlie's cousin work side-by-side with the new employee to assure training</p>	<p>SMART Goal b): Alert equipment repair guy Call loan officer</p>
<p>Action Plan: i. easy access to records ii. Easy entry of records</p>	<p>Action Plan: i. Grandma for childcare ii. Help with grocery shopping, doctor's appointments</p>	<p>Action Plan: i. Check with Charlie to make sure all the tasks are getting done</p>	<p>Action Plan: i. equip repair guy needs to be familiar with on-farm ii. Tell loan officer the plan</p>

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Sales:	\$200,000	100%
- Cost of Goods Sold:	\$120,000	60%
= Gross Margin:	\$80,000	40%
- Overhead	\$60,000	30%
= Profit (Net Income)	\$20,000	10%

BUDGET	
Owner Draw Desired (include income taxes):	\$30,000 (A)
Bank principal payments required:	\$20,000 (B)
TOTAL PROFIT REQUIRED: (A+B)	\$50,000 (C)
Overhead expenses	\$60,000 (D)
GROSS MARGIN REQUIRED: (C+D)	\$110,000 (E)
Divide by Gross Margin percentage	$1 - 0.6 = 0.4$ (40%) (F)
SALES VOLUME REQUIRED: (E/F as % of sales—from historical])	\$275,000 (G)

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Historical	Dollars	% of Sales
Sales:	\$134,400	100%
- Cost of Goods Sold:	\$80,096	60%
= Gross Margin:	\$54,304	40%
- Overhead	\$10,472	8%
= Profit (Net Income)	\$43,832	33%

BUDGET	
Owner Draw Desired (include income taxes):	\$30,000 (A)
Bank principal payments required:	\$20,000 (B)
TOTAL PROFIT REQUIRED: (A+B)	\$50,000 (C)
Overhead expenses	\$10,472 (D)
GROSS MARGIN REQUIRED: (C+D)	\$60,472 (E)
Divide by Gross Margin percentage	$1 - 0.6 = 0.4$ (40%) (F)
SALES VOLUME REQUIRED: (E/F as % of sales—from historical])	\$151,180 (G)