Rural Advancement Foundation International - USA

www.rafiusa.org

FACT SHEET: BUSINESS PLANNING

Elements of a Business Plan

- **Executive Summary:** A one page summary of the plan: purpose, who prepared it, brief description of the business, its products and owners, form of organization. If you are seeking a loan, include the amount requested, over what period you wish to repay it, the use of the loan proceeds, collateral you are prepared to offer, and your equity investment.

- **Product or Service:** Detailed description of the product or service (include an example or photo if possible).

- **Marketing:**
  - Target market/customer profile specifying age, gender, income, preferences, location.
  - Industry analysis. (What are the trends in your industry?)
  - Market analysis. (Total market size and the share you will capture, seasonality, unique aspects.)
  - Describe the "Five P's of Marketing" for your business: Product, Price, Placement, Promotion, People, Competition:

Five P's of Marketing:

Product: How will you design and package your product? Where does your product fit in the marketplace?
Price: How will you price your product or service?
Placement: Where will customers learn about your product? In the grocery store, by mail-order, or through a broker?
Promotion: What media and marketing methods will you use to generate awareness and interest about your product/service? Include examples of your promotional materials.
People: Who will be responsible for marketing your product/service?

Competition: List your competitors by name, location, and their strengths and weaknesses; explain how you will succeed against them; how will they react to your entry into the market?

Operations

- Legal structure and why you chose it; include legal/governing documents (articles of incorporation, by-laws, etc.)
- Management and personnel: Who the key managers/owners/employees/consultants are and what relevant experience and background they bring to the business.
- Customer Service: Procedures and policies regarding your work.
- Location and operations.
  - Describe your production practices. Production schedule, majorsuppliers, production methods, equipment, etc.
  - Operations Plan. How will you deliver your product/service to the customer, from start to finish (Who does what? How long does it take?)

Financials

- Cash flow projections for three to five years.
  - Loan amortization schedule.
  - Detailed description of the assumptions you made in constructing the cash flow.
- Breakeven analysis.
- Risk management. Identify the major risks and how you plan to overcome them.

FOR MORE INFORMATION, SEE THE FARMER'S GUIDE TO AGRICULTURAL CREDIT
http://rafiusa.org/blog/the-farmers-guide-to-agricultural-credit/