



Technical Bulletin -  
Volumn 01

## "DEVELOPING BUSINESS PLAN FOR SUSTAINABLE RURAL BUSINESSES "

*"A Bulletin for anyone interested in growth of  
Producer Groups/Farmer producer institutions"*

## **Developing Business Plan for Sustainable Farms and Rural Businesses**

*“Business planning is a critical component to any operation. Even though a ‘seat-of-the-pants’ approach to farming might work, it takes too long to figure out if a decision is a poor one; you can waste years doing the wrong thing when you could have been doing the right thing.”*

### **Why Develop a Business Plan and Who Should Be Involved in the Planning Process?**

- A business plan is a road map. It explains where the organization is headed and exactly how it will get there. Business plans can be formal or informal. It can be long, or it can be short. In fact, a good business plan can be as short as a page or even condensed into a few sentences. Once developed, your business plan can be used as a long-term, internal organizing tool or to communicate your plans to others outside your business.
- Business plans can be shared with potential funders to demonstrate that the organization is a worthy investment. A written business plan tells a funder the organization has thoughtfully considered what they are doing, why they are doing it, and how to achieve their goals. An organization with a business plan is generally a safer investment than an organization without a plan.

### **What Goes into a Business Plan?**

A business plan typically includes the following sections:

#### **1. Review History and Access your Current Situation**

This section guides you through a description of your current situation for each of four business management functions: marketing, operations,

human resources and finances.

#### **Marketing :**

The marketing and sales section describes how the organization will reach customers, promote the service or product, and secure sales. It also describes how the organization will retain customers. Key questions to address in this section include:

- **Product:** What is our product?
- **Customers:** What markets do we serve?
- **Unique Features:** What are the unique features that distinguish our products?
- **Distribution:** How do we distribute our products?
- **Pricing:** How do we price our products?
- **Promotion:** How do we promote our products?
- **Market and Industry:** How is our market changing?

#### **Operations:**

In this section the focus is on physical resources. The assessment of physical resources and farm operations should answer the following questions:

- **Resources:** What physical resources are available for our business?
- **Production:** What production systems are we using?
- **Management:** What management systems do we have in place to support our business?



### Human Resources:

People are an essential resource in any farm business. Those who plan, manage and do day-to-day work may well be the most important factor in determining a farm operation's success.

Your assessment of your farm's human resources should answer the following questions:

- **Current Work Force:** Who is involved in our business and what roles do they play?
- **Skills:** What are our unique skills? What skills do we lack?
- **Change:** Will our labour situation change in the near future? Will someone enter or leave the operation?

### Financial:

The financial projections section includes a budget for the next three to five years and a detailed explanation of income and expenses. The goal here is to put into a financial plan exactly what was proposed in the aforementioned categories.

Your assessment of your farm's financial resources should answer the following questions:

- **Financial needs:** What are our current family living expenses?
- **Financial performance:** How well has our business performed in the past, and how strong is our current financial position?
- **Risk:** What type of risk is our business currently exposed to?
- **Financial environment:** What is our current business environment, and how is it changing?

### Whole Farm SWOT Analysis

Now you will use that information in an analysis of your Strengths, Weaknesses, Opportunities and Threats—a SWOT analysis. This can be helpful in defining and clarifying the issues you need to address in the rest of the business planning process. Strengths and weaknesses refer to factors that are internal to your business. Opportunities and threats refer to your business' external environment

While business plans generally contain a lot of information, the length is not important. Each section can be as short as a sentence or two or longer as needed. The important thing is that the organization has thoughtfully considered all of these aspects and sees how the different components work together. The organization may make a number of revisions before the plan is finalized. Then, the organization execute the plan and regularly monitor how closely their actual activity reflects what was planned. The plan should be reviewed regularly and revised as needed.

*Business Planning is Critical Exercise and thus the factors including financial, operations, Marketing, Human Resource and SWOT analysis needs to be critically assessed. This is the foundation of the business being worked upon, planning being done correctly combined with execution leads to success of the business. Importance of Business Plan can be concluded by famous saying by Abraham Lincoln- If I was given 6 hours to cut a tree, I would have spent 4 hours sharpening my axe.*



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