Putting Together a Business Plan for Your Organic Farm

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Business Plan

• Identify your problems and outline your options
• Convince others to fund your business
• Serve as an operating guide
Business Plan Outline

• Coversheet
• Executive Summary
• Table of Contents
• Business Description
• Production
• Marketing
• Finance
• Management and Personnel
• Supporting Information

Calculating Your Cost of Production

• Your cost of production is your minimum selling price
Identifying Costs

• Variable costs
• Overhead / fixed costs

Variable Costs

• Form 1 Pricing the Production Process I
• Form 2 Pricing the Production Process II
Overhead / Fixed Costs

- Form 3 Overhead Cost
- Form 4 Schedule for an Average Week
- Form 5 Cost of Your “Unpaid” Labor
- Form 6 Cost of Others “Unpaid” Labor

Cost of Production

- Form 7 Total Cost of Production
Putting Together a Marketing Strategy

- Customer
- Competition
- Strategy

Your Customer

- Describe them (quantitative)
- Learn why they buy your product (qualitative)
Your Competition

- Strengths
- Weaknesses

Your Strategy

- Price
- Place
- Promotion
- Product
Managing Your Finances

• Financial Statements
• Analysis

Financial Statement

• Balance Sheet
• Income Statement
• Cash Flow Budget
Balance Sheet

Assets = Liabilities + Net Worth

Assets

• Current
• Intermediate
• Long-term (Fixed)
Liabilities

- Current
- Intermediate
- Long-term (Fixed)

Income Statement

- Revenues and expenses that flow through the business are summarized
Cash Flow Budget

Cash In
Minus
Cash Out

Financial Analysis

• Break-even
• Ratio
Break-even

• Cost of production figure calculated here is break-even cost per unit

Ratios

• Liquidity
• Solvency
• Profitability
• Financial Efficiency