



Writing an Agriculture Business Plan

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Who is Sarah Sharpe?

- Ag Agent in Greene County (“specialty” of commercial horticulture and local foods)
- Self proclaimed entrepreneur- since age 12 with 150 chickens
- Currently runs a you-pick pumpkin patch on the family farm
- Loves new and beginning farmers!



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Why have a business plan? (or, why are you here?)

- Give your farming operation a plan or a goal- a rough outline
- Something to come back to
- Think through your idea
- Have a plan on paper
- Loan/grant opportunities
- Adding on a new partner
- Restructuring the business
- New business opportunities
- Expanding the business



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Important!

- Moving document- revisit on a regular basis
 - Don't become "locked in" on what your business plan says
- Be willing to make changes to your plan
- Be willing to admit if something didn't work like you had planned
- Change as needed
- Business plans do you no good if you write it and put it on a shelf!



Key Management Areas

- Marketing
- Operations
- Human Resources
- Finance



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Marketing

- Product- what is our product?
- Customers- what markets do we serve?
- Unique Features- what makes us unique?
- Distribution- how do we get the product to the consumer?
- Pricing- what does our pricing strategy look like?
- Promotion- how are we going to promote our products?
- Market and Industry- how does the overall market look for these types of products that we want to sell?



Unique Features

- Develop your elevator speech
- What makes you different and more attractive to your customers?
 - Why should they buy your jams and jellies over the person set up two stalls down at the Farmers Market?
 - Why is your grass fed beef better than Bob's grass fed beef?
- Do your unique characteristics appeal to all of the market, or just a small portion?
- Think through this with the mindset of why you are better-NOT why someone else is worse



Pricing

- Whole classes can be taught on just this topic!
- Influenced by production costs and by your customers' willingness to pay
- Must look at what competitors are charging
- AND look at customer demand
- Supply and demand at markets
- **The more intense the competition, the more difficult it will be to charge a premium price**
 - **i.e. grass fed beef**



Operations

- Resources: What physical resources are available?
- Production: What production systems are we using?
- Management: What management systems are we using to support our business?



Physical Resources

- List what you physically have available
 - Land, buildings, machinery and equipment, breeding animals, production supplies
 - Tangible assets
 - You can pick them up and hold them in your hand
- Restrictions
 - Conservation easements
 - Long term leases
 - Easement
- Helpful to develop a farm map



Production Systems

- Think about the entire production system
 - Crop rotations
 - Timing of plantings/operations
 - Machinery and inputs that are used
 - Quantity of production
 - How things are stored, processed, delivered to market
- Think through what happens throughout the year
 - Develop a yearly calendar of when things normally happen
- How you will produce
- Regulations and Policy



Human Resources

- Current workforce: Who is currently involved and what do they do?
- Skills- What are our unique skills and what are we missing?
- Change: Will our labor situation change in the near future? Will someone be leaving or entering the operation?
- Compensation plan



Financial

Also known as- yikes.

- Risk
 - How will you manage risk?
 - Uncontrolled risk and uncertainty reduce the reliability of financial projections
 - Also carry high rate of stress
- Determine organizational structure of business
 - Will have risk, finance, tax, and estate planning implications
 - Most are sole proprietorships or partnerships, but increasing number of LLCs
 - Whole programs and resources on this- I advise talking to a lawyer and tax preparer



Financial

- How to finance capital?
 - Land and building investments typically account for the largest farm expense
 - However, machinery can be right up there with it depending on what you're growing
 - Be creative! May be able to use multiple different ways
- Be cognizant of your current financial situation



Visioning

- What will your farm look like in 1, 5, 10, 15, 20 (etc.) years?
- What products and service will you be producing in those time frames?
- Who will be working?
- What role will you have?
- What difference will you make in the local community (if any)?
- Will you take vacations?
- How will your family be involved?
- The list goes on and on...



Implementing the Business Plan

- Write your plan in the way that makes the most sense to you
- What's your intended audience? That may determine how it is written
 - Future lenders? Need lots of info on finances and feasibility
 - New product?
 - Start up Business/Beginning farmer?
- Create a to-do list
 - How will you actually get this off the ground? Now that you've written this plan it can seem daunting
- Establish check-points that you will "check in" to see how you're doing/if you're meeting goals and deadlines (as well as financial impact) as you listed in the plan



Resources I like

- NC State Enterprise Budgets
 - <https://ncfarmschool.ces.ncsu.edu/small-scale-budgets/>
 - <https://cals.ncsu.edu/are-extension/business-planning-and-operations/enterprise-budgets/>
- Kentucky
 - <https://www.uky.edu/ccd/tools/budgets>
- VT Business Structures, Markets, Risk Management
 - https://www.pubs.ext.vt.edu/content/dam/pubs_ext_vt_edu/ALCE/alce-177/ALCE-177.pdf
- VT Farm Business Management and Planning
 - https://www.pubs.ext.vt.edu/tags.resource.html/pubs_ext_vt_edu:farm-business-mgmt-planning
- VT Marketing and Risk Management
 - https://www.pubs.ext.vt.edu/tags.resource.html/pubs_ext_vt_edu:marketing-risk-mgmt



Questions? Comments?

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