

Writing a Farm Business Plan

A **farm business plan** can fulfill several purposes for a farm owner, including:

1. Serve as an internal organizing tool used to communicate farm plans to individuals outside of the farm business.
2. Serve as an internal planning tool to assist in ongoing problem-solving related to farm challenges and opportunities.
3. Assist in making annual or seasonal marketing, operations, production and financial decisions.

There is no right or wrong format to use in writing a farm business plan. The primary objective is to effectively communicate what the farm business is about and the goals and strategy for business success. The plan must also convey the long-term feasibility of the farm business, supported with the vision of the farm owner as well as research related to the farm business and market environment that the farm owner seeks to participate in.

In writing a farm business plan, these steps can assist in constructing the plan:

Step 1: *Write out the farm mission statement.* The **mission statement** defines the farm business in the context of its primary business function, its products and how it seeks to produce them, its customers, and what unmet customer need it seeks to fill.

Step 2: *Write out the farm vision statement.* The **vision statement** states what the farm owner aspires the farm business to be in the future.

Step 3: *Write out the farm values.* **Values** explain how the farm business is going to conduct itself in the context of what and who it values.

Step 4: *Provide an overview of the farm business.* The overview will assist in assessing the farm business and provide a synopsis of what the farm business seeks to do and how it plans to achieve its goals. This overview should consist of the following:

1. The purpose of the farm business.
2. How the farm business can be managed into a successful operation.
3. The key farm business activities.
4. The important business and marketing opportunities as well as potential challenges to farm business success.
5. The funding that is required to start or expand the farm business. The farm owner should also prepare a budget that provides further detail.

Step 5: *Write out the farm goals and include an action plan for each.* Including goals and action plans in the farm business plan is necessary as they allow the farm owner to (a) clarify ideas, (b) focus efforts, (c) have a plan to use those time and resources productively, and (d) increase the chances of achieving those goals. Including goals also allows others to understand how the farm business plans to achieve success. There is no right or wrong number of goals to include, but the goals that are included must be attainable within the scope of the farm business.

Every goal must have an action plan that explains (a) who is responsible for the goal, (b) the tasks necessary to complete the goal and (c) when the goal should be completed. The farm owner should also develop a more detailed, step-by-step action plan for their farm goals for personal use. A simple format to highlight farm goals and associated action plans in the farm business plan is show in Tables 1-3.

Table 1. Short-Term Goals (1-3 years)

Short-Term Goal 1:	Short-Term Goal 2:	Short-Term Goal 3:
Action Plan 1:	Action Plan 2:	Action Plan 3:

Table 2. Intermediate Goals (4-6 years)

Intermediate Goal 1:	Intermediate Goal 2:	Intermediate Goal 3:
Action Plan 1:	Action Plan 2:	Action Plan 3:

Table 3. Long-Term Goals (7 or more years)

Long-Term Goal 1:	Long-Term Goal 2:	Long-Term Goal 3:
Action Plan 1:	Action Plan 2:	Action Plan 3:

Step 6: Provide an overview of the target customers and planned marketing strategy. The marketing planning process identifies the farm business’s target customers and the unmet customer need the farm business seeks to serve. The market planning process is summed into three questions:

1. Who is the target customer and why should the customer buy from the farm?
2. What are the farm business’s primary products?
3. What is the plan to promote the farm business to customers?

When defining who the target customer is, the farm owner must consider the following questions:

1. What types of customers are expected to buy the farm’s products?
2. When and how often might customers buy the products?
3. What benefits will the farm products offer customers?
4. Where will customers buy the products?

When developing a market strategy, the farm owner must also consider the following questions:

1. Why do people want/need the farm’s products?
2. What is the plan to attract customers and keep them coming back?
3. What are some marketing challenges that could be faced?

Table 4 highlights a format that can be used to present the marketing plan in the farm business plan.

Table 4. Marketing Plan

AUDIENCE	STRATEGIES	ACTIVITIES
Target Customer Describe the characteristics of the target customer.	Marketing Goals What are the marketing goals?	Marketing Channels How will products be promoted?
First Choice Why should the products be the first choice of customers?	Key Strategies What is the plan to take advantage of market opportunities and deal with market threats?	Market Outlets Where will customers buy the products?
Value What do customers gain from buying the products?	Pricing & Positioning How will the products be priced and what are the desirable product characteristics?	Measures of Success How will success be measured?

For more information:

DiGiacomo, Gigi, Robert King and Dale Nordquist. 2003. *Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses*. College Park, MD: Sustainable Agriculture Research and Education (SARE).

Hunger, J. David and Wheelen, Thomas L. 2007. *Essentials of Strategic Management*. 4th Edition. Prentice Hall. Upper Saddle River, New Jersey.

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