GOFARM
HAWAI'I

UNIVERSITY OF HAWAI'I

AgBusiness Workbook

(revised 6/16/2020)

Contents

The GoFarm Hawaii Business Training Workbook is designed to complement in-person sessions and does not include all information covered during training sessions. Reach out to the AgBusiness Team for help or for other business resources relating to business start-up, financing, etc. You can reach us at info@gofarmhawaii.org

Starting a New Farm Business

Thank you for exploring farming as a business! Hawaii needs more farmers but it's important that you plan for success as you start your new business.

According to the Center for Small Farms & Community Food Systems at Oregon State University, there are four stages of beginning farmer development:

Stage	Years	Description	What Farms Said at Each Stage
1	1-3	**Proving we can grow and sell:** basic farm and crop management and marketing	"We didn't know enough to know how much we didn't know." "I skipped the business planning part and just started growing things."
2	3-4	**More deliberate, less frantic**: ease the burden, invest in and fine-tune infrastructure and marketing	"We are farmers now." "I have to be bent over for 2 ½ hours straight?"
3	4-6	**How to make money**: focus on business management	"We were excited to grow and sell…then we started to look at the numbers." "How do we scale up profitably without burnout"?
4	5 to 7+	**Big-picture thinking**: "We can do it. Should we still?"	"This is going to evolve…may need to try a couple of times." "Year 5 was a breakthrough, balancing the stresses of what we're trying to do".

Source: Stephenson, Garry (2019) Whole Farm Management from Start-Up to Sustainability. Storey Publishing, LLC.

As you know, GoFarm Hawaii is just the start of your education. Your farming career will require continual learning, re-learning, persistence, self-motivation, networking, and may force you to do things out of your comfort zone. Planning can help you navigate and hopefully accelerate these stages so you can find your path to achieve the goals you set.

At some point during your farm's life cycle you will find the need to create a business plan for your farm. Whether it's for an external reason (such as applying for a loan/grant/lease, or seeking investors) or an internal reason (such as validating the business model or planning), the business plan is a document that describes your farming business (or desired business) and its goal(s), and the financial, marketing, and operational plans to achieve the goal(s). We will be covering all of these topics during your GoFarm training and within the sections of this workbook so that by the end of AgPro/AgXcel you'll have all the information at your fingertips to assist you in drafting a business plan.

Why Are You Farming?

Everyone has their own reason for starting a farm. The reasons you get into farming will likely influence the goals of your company. Circle your reason(s) for pursuing an agricultural future:

- Make social or cultural impacts
- Promote health with fresh or organic food
- Subsistence; grow for self/community
- Address local food issues – security, access
- Need to for tax status
- Want a different career, lifestyle, or connection
- Make money
- Other: _____

Outline Your Goals

Planning for a business is like planning for a trip. You must know your destination to plan a route to get there. Your goals (business and personal) should guide your plan. To determine your business goals, think about why you are getting into farming, what is important to you, what you want to achieve, and what success will look like for you.

Your goals should be SMART: specific, measurable, attainable, realistic and time-based. Think about near term and longer-term goals.

The following are sample goals:

Financial Goals

- To have farm revenues of $10,000 in year 1.
- To have net profit of $5,000 in year 1.
- To pay myself $50,000 by the end of year 3.
- To secure 5 regular restaurant customers within 6 months of operation.

Production Goals

- To always have 1/8 acre of diversified crops in production consistently by the end of year 1.
- To add 1/4 acre of fruit orchard within 3 years.
- To add a secondary revenue stream (value-added product) within 18 months.
- To impact the local food supply by producing at least 10,000 pounds of food annually.
- To implement and maintain sustainable growing practices that maintain healthy soils, manage water usage, and minimize waste and pollution.
- To review farm management annually and invest in tools and practices that will increase production and efficiency.

Other Goals

- To find land by year 3.
- To obtain organic certification by year 5.
- To have enough income to not work during summer months.
- To have an on-going youth educational component that will connect local keiki with the aina.
- To be actively recognized and involved in the local agricultural community as a leader.
- To be recognized by customers as being a consistent provider of high-quality produce for reasonable prices.
- To transition into farming full-time while being able

Since everyone has different needs and reasons for getting into farming, your goals should be specific to you. Use the following 2 pages to document ideas for your near-term and longer-term business goals. Over time, you should list all the goals that you have for your business.

WHAT ARE YOUR BUSINESS, FINANCIAL, and OTHER GOALS?

SHORT TERM GOALS (WITHIN THE NEXT 12 MONTHS)

	FARM/PRODUCTION GOALS	FINANCIAL GOALS	OTHER GOALS
What are your goals?			
What are the tasks required to reach your goals (production, marketing, operational, organizational tasks)? Indicate due date.			

LONG TERM GOALS (WITHIN THE NEXT 2-3 YEARS)

	FARM/PRODUCTION GOALS	FINANCIAL GOALS	OTHER GOALS
What are your goals?			
What are the tasks required to reach your goals (production, marketing, operational, organizational tasks)? Indicate due date.			

Prioritize Your Goals

You should have a fairly long list of goals. Although they may all be great, you may not have the time, resources, expertise, or risk tolerance to do them all so it's important to prioritize your goals.

One way to prioritize your list is to start ranking each item on your list. Use a scale of 1 (extremely important) to 5 (not as critical). As you do this, you will likely start to compare things on your list to determine which are more important to you than others.

While ranking, think about the things that are important to you, the amount of time you have to dedicate to the business, the skills you have/are willing to attain, and the level of capital you will need to obtain/risk you are willing to take.

Use the goals sheets above to rank your list. Considering the assigned ranking, time, and the other constraints (possibly land, available labor, or money) you have, determine if you can realistically achieve all the goals you have listed. After reviewing and reflecting, remove items that will not be a current focus.

Do Your Research

Take the time to do a reality check! Does this business have the potential to succeed? How do you know that people will pay you for your product? Talk to people, observe shoppers, test things out. For each of your products or services, note ways that you plan to research and indicate your results:

Who will likely buy your product?	(talk to and observe buyers - who wants it? are people buying it at the farmers' markets? are people putting it in their shopping carts? how much are they buying? how much are they buying it for as you do your research, observe who the purchaser is or is influencing the decision? will everyone want your product or a specific demographic? for example, will all grocers want your product or only higher end, local ones?)	*You can use this information to target your sales and marketing effort*
Who is your competition?	(who are they? why do you think customers buy from them? what kind of pricing or promotions do they offer?)	*You can use this to develop your advantage and as you evaluate pricing*
What will make your product or business different?		*You can use this information to target your sales and marketing effort*
Is there a market for your product (or the crop)?	**Yes** - move forward **No** – consider another product or what it would take to create a market for your product.	

Do a Few "Back of the Napkin" Calculations

Based on what you plan to do, does this idea have potential to "pencil out"? Will it financially make sense? Get an idea of the financial potential by using some of the tools below. Your numbers do not need to be exact but should be based on some reasonable expectation. Your personal history, discussions with others, research, and seed catalogs are all a good starting point.

		Example	Year 1	Year 2	Year 3	Year 10
1	Based on the operation you envision, how many pounds and/or units do you think you will grow/make?	250 pounds/week 48 weeks = 12,000 pounds				
2	How much of what you grow/make, do you think you can sell?	10,000 pounds				
3	On average, how much will you sell each pound/unit for?	20 person CSA; 20 weeks; 10-pound average; $25/bag Remaining $4/pound				
4	How much money can you make? Multiply line 2 by line 3.	CSA pounds: 10 pounds x 20 people x 20 weeks = 4,000 pounds CSA revenues: $25/bag x 20 people x 20 weeks = $10,000 Rest: 6,000 pounds x $4/pound = $24,000 Total: $34,000				
5	How much will it cost to grow/make this product?	$5,000				
6	How much will it cost to operate my business (land, insurance, etc.)?	$10,000				
7	How much profit will you have? Line 4 minus line 5 and 6.	$19,000				
8	How much will it take to start up the company?	$5,000				

Review the numbers to make sure you feel comfortable moving forward. Ask yourself: Is this enough money for you? How much time and effort will it take to grow/make this amount of product? Do you need to do more research, reconsider your goals, or speak with others to get more information? Do you need to target specific markets to increase average prices? Do you have enough money to startup or will you feel comfortable getting a loan to move forward? Do you have enough land to grow this amount? Will you need another source of income to make this work out?

Based on the amount of money you want to make, how much will you need to grow?

		Example	
1	How many money do I want to make per year?	$25,000	
2	What are your average annual Non-Direct Cost Expenses?	$10,000	
3	You will need this Gross Profit Line 1 + Line 2	$25,000 + $10,000 = $35,000	
4	Gross Margin	80%	
5	Gross Profit Needed (Line 3 / Line 4)	$35,000 / .80 = $43,750	
6	Average Revenue per Month (Line 5 / 12)	$43,750 / 12 = $3,645.83	
7	Average Revenues per Week (Line 5 / 52)	$43,750 / 52 = $841.35	
8	Average price per pound	$3.00	
9	Need to sell this many pounds per year (Line 5 / Line 8)	$43,750 / $3.00 = 14,583	
10	Percentage of Unsalable Product	10%	
11	Plan to GROW this many pounds per year (Line 9 / (1-Line 10)	14,583 pounds / (1-.1) = 16,204	
12	Average Pounds per Month (Line 11 / 12)	16,204 / 12 = 1,350 pounds	
13	Average Pounds per Week (Line 11 / 52)	16,204 / 52 = 311 pounds	
14	CSA Bag Cost	$30	
15	CSA Bags Needed per Week (Line 7 / Line 14)	$841.35 / $30 = 28 bags	

Ask yourself: How much land do you need to grow at this volume? How do land constraints affect this? How do labor constraints affect this? Do I have the markets to make this happen (including the price points I am targeting)?

Based on how much you plan to sell, what is your revenue potential?

		Example	
1	How many pounds do I plan to SELL per year?	6,000	
2	Average price per pound	$3.00	
3	Total Revenues (Line 1 x Line 2)	6,000 x $3,00 $18,000	
4	Gross Margin	80%	
5	Gross Profit (Line 3 x Line 4)	$18,000 / .80 = $14,400	
6	What are your average annual Non-Direct Cost Expenses?	$3,000	
7	How much will I make? (Line 5 - Line 6)	$14,400 - $3,000 = $11,400	
8	Percentage of Unsalable Product	10%	
9	Plan to GROW this many pounds per year (Line 1 / (1-Line 10)	6,000 / (1 - .1) 6,667	

Ask yourself: Is this profit enough for me? Do your expense amounts already factor in paying yourself or will you get paid from profits? If you need more profit, what can you do to sell more, increase, price, or reduce costs?

Do a Self-Assessment

Successful farmers proactively look to fill gaps in their skills and knowledge, either by getting more education/information or by partnering with others to fill the need.

Ask yourself…	If yes, GREAT! If no, what steps can you take to get educated, more information, fill the gap, or get comfortable?
Do you have the temperament to be a farm business owner - can you lead, make decisions, self-motivate, be pragmatic, deal easily with change and things you cannot control?	
Do you have the production skills, experience, or resources needed to accomplish your goals?	
Do you have the planning skills necessary to produce your product and operate your business?	
Do you have the equipment and farm infrastructure knowledge to start your business?	
Do you have the business skills, experience, or resources needed to accomplish your goals?	
Do you have the sales and marketing skills, experience, or resources to accomplish your goals?	
Do you have a strong network and know the resources available to support your business?	
Do you have the capital needed to start your business?	
Do you have enough time and/or other human resources to dedicate towards your goals?	
Do you have the experience, seen enough examples, or worked at enough farm businesses to feel comfortable operating your own farm?	
Are you comfortable with level of financial risk/reward/security that comes with farming?	
Are your goals aligned with your family?	

Develop a Plan – What's Your Business Model?

Once you've used the information to refine or validate your idea and did the self-assessment, document your business model. A business model is a plan for the successful operation of a business, identifying sources of revenue, the target customer base, products, and details of financing. Think about the following business components as you develop your business idea (check out this video that explains the use of this business model canvas: https://www.youtube.com/watch?v=IP0cUBWTgpY)

What are you providing or what need is your business satisfying?	
Who are your customers and why would they buy from you?	
How will you reach your customers? What are your distribution channels?	
How do you get, keep, and grow customers?	
What are your revenue streams? How will you make money? How much will you make?	
What are the key things you need to operate?	
Who are your key partners and suppliers?	
What are the key activities you need to do to make the business work?	
What are the costs and expenses to operate?	

Develop a Plan – Who's Going to Do It All?

It takes a lot to operate a business. Who will be responsible for the following common business functions:

Function	Who will do this for my business?
Overall business management/leadership	
Production	
Sales	
Marketing	
Financial Management	
Advisory Team (production and business)	
Labor	
Distribution	
Order Fulfillment and Customer Service	
Equipment Needs	
Certifications	

Develop a Plan – How Will I Sell My Company and My Product?

It's time to take a look at your Marketing strategy. The area of your plan, we're you focus on making money, gaining customers and keeping them as your business grows.

Branding

Let's start by creating your brand identity. This part of your business development is vital in leading consumers to choose your business over another. This is where they learn what kind of business you are and what kind of commitments you make when they buy your product. Brand is all about the way your business looks, how accessible it is, what kind of quality & service it provides and what message it promises to keep.

Branding Exercise

What is The Mission of your Brand? (in 2-3 sentences describe what is the mission/goal of your business):

What is your specialty? (What do you grow or produce and why is it special and/or different from similar products in the market place). Consider finding a "niche" or 1-2 things that differentiate you.

What are 3 strengths of your Brand (i.e. zero waste, focuses on community development, value-added products, multi-generation, native plants, strong social media following):

What are 3 challenges of your Brand (i.e. production yield, more knowledge needed, labor)

What are the desired components of your logo:?

Colors:

Character, Symbol or Icon:

Tagline:

Mission & About Us

Use these templates to help you create messaging that will guide your business decisions and foster connections with your customers through your own stories and points of reference.

Mission Statement Example

A Mission Statement should include:

- What your product is and/or what service you will provide.
- What makes your product different or unique.
- What your value is to the customer.
- Generally, should be 3-4 sentences.

Here at Old MacDonald Farm, we believe in providing quality, organically grown, local produce to our customers.

It is our promise to give you the freshest ingredients possible and ensure the highest standards in everything we produce.

The goal for us is to share our farm lifestyle with you and guarantee excellence in everything we share with you.

About Us (Your Brand) Template- Past, Present Future:

An About Us Section should include:

- When the company started.
- Who started it.
- How it started (past)
- What it's doing now (present)
- Where it plans to go (future)

Our Company was formed in 2017 by Ronald MacDonald. A longtime resident of Waimanalo.

Our concept was inspired by his years growing up on a farm on the Windward Side.

The business was created to continue a legacy and love for farming and grow food for the area we live in.

Family, Education and Feeding the Community are the Values that our business stands upon and we feel it is important to share our knowledge and lifestyle with all who enjoy our product.

It is our hope, to expand our operation and create a place where people can buy local food, support local business and enjoy the beautiful local weather.

Target

Now, let's identify where you will sell and who you will sell to. Your target market and their outlets. Who are we going after? Who is our buyer? What do they like? And how can we provide that to them in a way that is easy, tangible and efficient? This area is important so that we focus our resources on targets that are worth our investment. Whether you have a large marketing budget or a limited one, understanding who you want to market to and where they shop is key.

Market Outlet IDENTIFICATION

Choose a market outlet that you want to sell to/farm for and give a VERY SHORT presentation on the following:

- What is the name of the Market Outlet? Be prepared to share a picture, website or social media account.
- What do they sell and what can you grow for them?
- Who do you have to contact if you want to sell to them?
- How does your product add to the value of their business? (Why should they buy from you?)
- Who do they cater to? (families, couples, business people, tourists, locals, students, restaurant owners/chefs?)
- What kind of revenue stream is this outlet (direct to consumer, wholesale, pop up or Farmers' Market?)
- What are the benefits of selling to this market outlet (high volume, marketing leverage, flexible menu, easy drop/delivery location?)
- What are the challenges of selling to this market outlet?

Target Market IDENTIFICATION

Briefly describe the typical customer for the market outlet you have chosen.

- Where do they live? (City, Town, County):
- Average age range?
- Average Household Income?
- Gender (percent of men and women)
- Ethnicity (Ethnicities)
- Value System? (What do these customers care about?) Price point, Social Status, Sustainability & Community, Convenience?)

Social Calendar

When you are looking for ways to market your business, social media can be a relatively inexpensive way to market. But it will take your time. If you are familiar with social media or plan on polishing up your social skill set, here is a social media & events calendar to help you kick start your posts and assist you in managing messages you share with your followers. Often farm business owners don't realize all the cool things they encounter or attend and if it is possible to plan out sharing these experiences with your customers it's worth a try and they will likely thank you for it by buying something you inspired with your posts.

Social Media & Events

Activity: 3-5 times a week
Reach: 10-20 new followers per week

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Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
It's not about who you follow, it's about who follows you.	Social Media is a great place to do Surveys & get feedback	Follow like-minded brands (locally & globally)1	Search hashtags and locations. Create your own hashtag #2	3 1st of the Month on the Farm	4	5 Farm Fresh Brunch *Local Eggs & Local Veggies
6 This Weeks Schedule/CSA	7 Beautiful Day in Hawaii Nei	8 Farm Facts	9 Throwback Thursday *Progressions	10 Fresh Fish & Farm Friends	11 New Value Added Product Testing	12 First Farm, Then Football
13 This Weeks Schedule/CSA	14 Tuesday Market	15 Our Farm Family	16 Thursday Market	17 Aloha Friday Freshness- What's Growing	18 Behind the Scenes New Value Added Label Survey	19 Always Giving Thanks
20 This Weeks Schedule/CSA	21 Farm Friend Fieldtrip/Ag Education	22 CSA Lifestyle/Eat Local Challenge	23 Farm Shenanigans/Farm Fun	24	25 New VAP Giveaway	26 Brand History/DYK Family Farm Traditions
27 Farm to Table Meal	28 TOO MUCH TO DO TUESDAY: This week's Workflow	29 Brand Ambassadors/Repost	30	31		Farm Celebrations
Social Media Boost$	Social Media Influencers	Social Media Submissions	Social Media Campaigns	Social Media Contests	Social Media Customer Service	Social Media Videos & Education

EVENTS

January Monthly Event **January Weekly Event** **January Annual Event**

Develop a Plan - How Does Production Relate to Cash Flow?

Understanding production, the potential revenues it can produce, and how cash flows in and out of your business are critical business concepts. This example illustrates the basic concept:

If you plant Salad Mix on week 1, your production activities, yield, and costs to grow may look something like this:

ASSUMPTIONS	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8	Week9
Activities	Bed Prep	Bed Prep	Direct Seed Planting	Weeding/ Maintenance/ Water	Weeding/ Maintenance / Water	Weeding/ Maintenance / Water	Harvest	Harvest	Harvest
How much will it cost to do this?	$45 (soil amendment ; irrigation)		$10 (seeds)	$5 (pest management)			$10 (packaging)		
How much product will I have (yield)?							25 pounds	25 pounds	25 pounds
How much will I sell this for?							$7.50	$7.50	$7.50

Based on the information above (and some of the assumptions below), answer the following questions to show how money will flow in and out of your business:

	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8	Week9
How much money will you earn this week?									
How much will you spend to grow your product this week?									
How much money did you make from selling your product?									
How much does it cost to operate your business?	$10	$10	$10	$10	$10	$10	$10	$!0	$10
How much did your business make after all expenses?									

How much is in your account at the start of the week?	$100								
How much is in your account at the end of the week?									

Your Cash Flow Projection should look like this:

	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8	Week9
How much money will you make this week? **CASH IN (REVENUES)**	$0	$0	$0	$0	$0	$0	$187.50	$187.50	$187.50
How much will you spend to grow your product this week? **DIRECT COSTS**	$45	$0	$10	$5	$0	$0	$10	$0	$0
How much money did you make from selling your product? **GROSS PROFIT**	-$45	$0	-$10	-$5	$0	$0	$177.50	$187.50	$187.50
How much does it cost to operate your business? **INDIRECT COSTS**	$10	$10	$10	$10	$10	$10	$10	$!0	$10
How much did your business make after all expenses? **NET PROFIT**	-$55	-$10	-$20	-$15	-$10	-$10	$167.50	$177.50	$177.50

How much is in your account at the start of the week? **STARTING CASH**	$100	$45	$35	$15	$0	-$10	-$20	$147.50	$325
How much is in your account at the end of the week? **ENDING CASH**	$45	$35	$15	$0	-$10	-$20	$147.50	$325	$502.50

Things to consider:

- Can you sell everything you grow? If not, the Cash In (Revenues) should reflect how much you think you can sell.
- A Cash Flow Projection reflects how money will flow in and out of your business. Show the money when you expect it to come in or go out of your bank account. For example, it may cost $10 for packaging but if you are only using 1/10 of the case, your Cash Flow Projection would show $100 in the month of the purchase.
- Depending on your market segment and options you give customers, cash may not come in when product is delivered.
- Ending cash should never be $0. You may need to get more money to pay your bills or hold off on purchasing expenses.

Develop a Plan – What Should I Grow?

As a new farmer, you have the opportunity to select the type of crop you will grow. Crop selection can be a big decision. Consider these factors:

- ❒ Do you have enough knowledge about the crop?
- ❒ Can it grow where I will farm?
- ❒ Is there a market for the product?
- ❒ Can you grow and sell this crop profitably?
- ❒ What are the limiting factors of the crop?
- ❒ Do you have the labor capacity to grow the crop?
- ❒ Does the crop fit into your business objectives?

Use the following to analyze financial and resource (labor, time in ground) requirements:

	Crop	Salad Mix	Eggplant	
1	Unit Type	Pounds	Pounds	
2	Bed Feet	100’	100’	
3	Row Feet	300’	100’	
4	Total Weeks Bed in Use	9	21	
5	Cycles Per Year (52/Line 4)	5.8	2.5	
6	Avg. Pound Per Unit	1	1	
7	Yield per Planting	75	250	
8	Labor Hours per Planting	19	11.5	
9	Harvest Weeks	3	13	
10	Number of Staggered Plantings Needed for Continuous Harvest (Line 4/Line 9; round up)	3	2	
11	Average Sales Price	$7.50	$3.00	
12	Potential Crop Revenue per Planting (Line 11 x Line 7)	$562.50	$750.00	
13	Direct Cost Per Planting	$70	$70	
14	Gross Profit Per Planting (Line 12 – Line 13)	$492.50	$680.00	
15	Average Profit Per Week (Line 14/Line 4)	$54.72	$32.38	
16	Average Profit Per Labor Hour (Line 14/Line 8)	$25.92	$59.13	
17	Average Profit Per Bed/Year (Line 15 x 52 weeks)	$2,845	$1,684	
18	Gross Profit Margin (Line 14/Line 12)	88%	91%	

The following can be used to help collect data about the crops you want to analyze (light colors reflect crop in ground; dark color reflects harvest weeks; number reflects pounds/units of product):

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9
Crop	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix
Bed Feet Used	100	100	100	100	100	100	100	100	100
Row Feet	300	300	300	300	300	300	300	300	300
Activity	Bed Prep	Bed Prep	Direct Seed Planting	Weeding/Maintenance/Water	Weeding/Maintenance/Water	Weeding/Maintenance/Water	Harvest	Harvest	Harvest
Labor Hours	2	1	1	2	0.5	0.5	4	4	4
Input and Usage	1 Packet Salad Mix Seeds, 100 feet irrigation line, 50 pounds of soil amendments	25 pounds of fertilizer		2 ounces foliar nutrient	2 ounces foliar nutrient	2 ounces foliar nutrient	25 plastic bags and ties	25 plastic bags and ties	25 plastic bags and ties
Harvest Yield							25	25	25

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9
Crop									
Beed Feet									
Row Feet									
Activity									
Labor Hours									
Input/Cost									
Harvest Yield									

Develop a Plan – How Much Should I Grow?

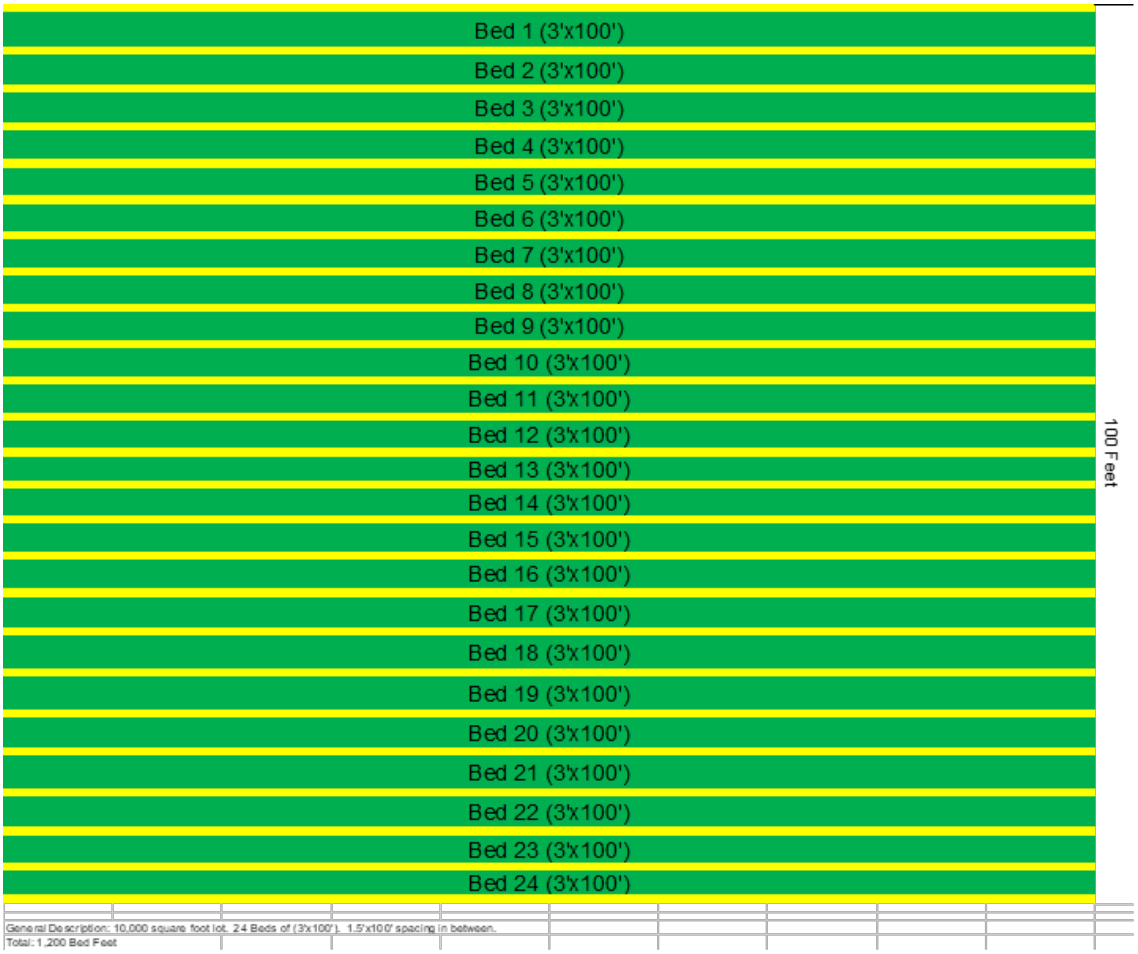
Once you decide which crops you want to grow, determine how much you need to fulfill all of your markets. For example:

	Restaurants	Farmers Market	CSA
Lettuce Mix	10 5 pound bags/week	20 1 pound bags/week	25 ½ pound bags during May/June

Develop a Plan – How Should I Lay Out My Farm?

To help with production planning, understand what your plot layout will look like. What is the shape and dimensions of your plot? How many beds will you have and what is the length of each bed?

This is an example of a layout:



Consider visiting or talking to other farmers to learn how to layout your farm practically and efficiently.

Develop a Plan – How Should I Plan My Production?

Production planning is an important activity in the efficient operation of your farming business. Among other things, having a plan in place helps you lay out your plot efficiently, identify the timing of activities to help with labor management, plan input usage rates (to make purchasing decisions), and project harvest yields so you'll know how much you have to sell and when to make your sales push. The production plan is also a key component for developing your cash flow projections.

Once you select the crops you want to grow and know how much you want to grow, schedule your planting to achieve your harvest targets. To simplify the planning process, try to group crops with similar characteristics together. Remember to focus on the key revenue generating crops so you don't end up with a list of 20+ crops to research. As you gain experience farming you will get a better feel of all your crops and can adjust your production planning accordingly.

If you are growing to fulfill an 8-week CSA (highlighted), you will want to plant so expected harvest is ready during the weeks you are offering your bags. Your crop plan may look something like this (light colors reflect crop in ground; dark color reflects harvest weeks; number reflects pounds/units of product):

	Week																			
Bed	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1			Lettuce Mix						25	25	25									
2						Lettuce Mix						25	25	25						
3									Lettuce Mix						25	25	25			
4		Bunching Greens							20	20	20	20	20	20	20					
5	Beets								20	20	20	20	20							
6	Eggplant								15	15	20	20	20	20	20	20	20	20	20	20
7		Bush Beans							20	20	20									
8					Bush Beans							20	20	20						
9								Bush Beans							20	20	20			

If you are servicing a restaurant, grocer, or wholesale market, you may need to plan for consistent supply every week. If you are selling at a farmers' market, you may want to plan for the number of expected buyers but consistency is not as critical.

What should your production plan look like?

	Week																			
Bed	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1																				
2																				
3																				
4																				
5																				
6																				
7																				
8																				
9																				
10																				
11																				
12																				
13																				
14																				
15																				

Develop a Plan – How Much Will This Cost?

Based on the plan you have developed, identify the various costs associated with your business.

Direct costs are those recurring costs associated with growing your crops. They tend to increase or decrease depending on your volume of production and include things like seeds, fertilizer, pesticides, packaging, etc.

	Cost	**Size**	**# Needed per Year**	**Total Cost per Year**	**Notes**
Ex. Salad Mix Seeds	$10	pack	3	$30	
Ex. Irrigation Drip Tape	$250	1000 feet	1	$250	
Ex. Soil Amendments	$20	bag	2	$40	
Ex. Pesticides	$53	gallon	2	$106	

Indirect costs are your overhead or back-office costs that don't necessarily vary based on your production volumes. Items such as lease rent, insurance, phone, office supplies, and marketing. These expenses remain consistent whether you are producing on 1 of your 5 acres or 4 of your 5 acres.

	Annual Cost	**Notes/when and how often is the payment made**
Ex. Insurance	$750	Paid annually up front
Ex. Cellular Telephone	$300	$25 per month
Ex. Gasoline	$1,200	$100 per month
Ex. Lease Rent	$960	$50/month
Ex. Website	$25	annual cost
CSA Bags	$100	upfront cost; should last 2 years; purchasing 2 per customer plus 10 extra
Farmers' Market Fees	$3,200	$100/week; only going when CSA not offered

Startup and capital costs are the items that you need to buy prior to operating and are typically larger, infrequent time purchases (i.e. equipment, infrastructure).

	Total Cost	**Useful Life; When will you purchase**
Ex. BCS	$7,500	5 years; will purchase in Year 2
Ex. Farm Tools	$500	3 years; will purchase in Year 1

Develop a Plan – How Much Will I Make?

Projecting your cash flow provides an estimate of your future revenues and expenses. It allows you to plan for and manage times when you may experience cash surpluses or deficits.

Once you know your production estimates, you will know when you have product to sell. Estimate your sales price for each crop and for each market segment. The price of your product may differ depending on who your customer is:

Market Segment	Description	Notes
Retail	Sell Direct to Customer at Farmers Market or Online Marketplace	Pros: highest price and profit margin; have direct contact with customers. Payment immediate. Generally, have flexibility in the variety and volume of products you take to market. You have the opportunity to build a loyal customer base, including local chefs. Challenges: smaller dollar sales per customer; more work for you (sales; distribution; inventory). Customer retention is not secure. Labor costs can be relatively high (time and travel to and from market, time away from the farm). If you sell at several farmers' markets, schedules can be demanding. To sell at popular farmers' markets, it helps to have unique products. Being successful requires positive interactions with the public.
Retail (CSA)	Selling Direct to Customer via CSA	Pros: Customers pay up front, which generates operating capital. Can build loyal customers. To remain competitive, the price of the CSA bag should be at least equal to the market value of its contents. The CSA price is typically fixed and does not change from week to week. Challenges: need to work to retain customers (creative ways to use products) and provide variety (possibly collaborating with others). Must plan to produce consistent supply. Packing is labor-intensive because of the wide variety in the box. Requires an extensive post-harvest handling set-up for washing, sorting, packing, etc.
Wholesale	Selling to supermarkets, restaurants, or through a distributor	Pros: volumes and dollar sales per customer higher than retail; no need to pay for or setup retail establishment (i.e. farmers' market). There is potential for a long-term relationship with the store, especially if you build a brand identity for your farm. Challenges: lower price and profit margin; no direct contact with customers. The first sale may be difficult because

		grocery stores have a limited amount of shelf space, already have regular suppliers, and may prefer to buy from fewer suppliers. Payment generally occurs on a 15-to-30-day cycle. Standard packing and post-harvest practices are required. Produce should be delivered clean and cold. Grocery stores may require a PLU (Price Look-Up number) or UPC code (Universal Product Code, represented by a barcode). Some grocery stores may require a food safety plan. Note: the price point may vary depending on the type of wholesale customer depending on volume and the number of third-party participants (distributor/aggregator).

Estimate your CSA Plan:

Number of Bags (A)	Price Per Week (B)	Number of Weeks (C)	Which Weeks will You Sell	How Many Times Per Year (D)	Total Price Per Cycle (E) (A x B x C)	Total Price Per Year (F) (E x D)
10	$30	8	9-16 32-36	2	10 x $30 x 8 = $2,400	$2,400 x 2 = $4,800

Estimate your average sales price - how much of your product will be sold to wholesale vs. retail customers:

Crop	Wholesale Price (A)	Percent to Wholesale Market (B)	Retail Price (C)	Percent to Retail Market (D)	Average Price (AxB) + (CxD)
Bush Beans	$3.00	70%	$5.00	30%	($3.00 x.70) + ($5.00 x .30) = $3.60

Develop a Plan – Financial Cash Flow Projection

Based on your production plan, how much product will you have to sell each month:

PRODUCTION/YIELD SOLD SUMMARY (IN POUNDS OR UNITS)													
Year_____	Mo1	Mo2	Mo3	Mo4	Mo5	Mo6	Mo7	Mo8	Mo9	Mo10	Mo11	Mo12	Total
Lettuce Mix			100	100	25	100	100	25	100	100	25	100	775
Bunching Greens			20	20	20	20	20	20	20	20	20	20	200
Beets			20	20	20	20	20	20	20	20	20	20	200
Eggplant			15	15	20	20	20	20	20	20	20	20	190
Bush Beans			20	20	20	20	20	20	20	20	20	20	200

How much money do you think you will bring in considering the amount of product you have, your CSA plan, and average sales prices:

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Beginning cash (a)	$ 1,000	$ 4,290	$ 3,846	$ 7,149	$ 8,306	$ 8,963	$ 8,770	$ 9,721	$ 13,463	$ 14,913	$ 16,110	$ 17,007	
CASH IN													
CSA Sales			$ 2,400					$ 2,400					$ 4,800
Lettuce Mix			$ 960	$ 960	$ 960	$ 960	$ 1,080	$ 1,080	$ 1,080	$ 1,140	$ 1,140	$ 1,140	$ 10,500
Bunching Greens			$ 216	$ 216	$ 216	$ 216	$ 243	$ 243	$ 243	$ 257	$ 257	$ 257	$ 2,363
Beets		$ 1,000	$ 648	$ 648	$ 648	$ 648	$ 729	$ 729	$ 729	$ 770	$ 770	$ 770	$ 8,088
Eggplant		$ 200	$ 240	$ 288	$ 288	$ 288	$ 324	$ 324	$ 324	$ 342	$ 342	$ 342	$ 3,302
Bush Beans			$ 346	$ 346	$ 346	$ 346	$ 389	$ 389	$ 389	$ 410	$ 410	$ 410	$ 3,780
Other													$ -
Cash In Subtotal (b)	$ -	$ 1,200	$ 4,810	$ 2,458	$ 2,458	$ 2,458	$ 2,765	$ 5,165	$ 2,765	$ 2,918	$ 2,918	$ 2,918	$ 32,832

How much money is flowing out of your business considering your direct, indirect, and startup costs:

CASH OUT																	
Direct																	
Fertilizer (2 acres)		$ 200			$ 100	$ 100							$ 200		$ 600		
Water	$ 100	$ 50	$ 150	$ 100	$ 100	$ 150	$ 150	$ 100	$ 100	$ 100	$ 100	$ 200	$ 1,400				
Seed	$ 50		$ 50			$ 50	$ 50						$ 100	$ 300			
Weed mat	$ 50	$ 50										$ 100		$ 200			
Amendments		$ 100												$ 100			
Boxes/Bags		$ 100												$ 100			
Field labor														$ -			
Sales/delivery labor														$ -			
Direct Costs Subtotal (c)	$ 200	$ 500	$ 200	$ 100	$ 200	$ 300	$ 200	$ 100	$ 100	$ 100	$ 400	$ 300	$ 2,700				
Indirect																	
Fuel	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 1,200				
Electricity	$ 60	$ 60	$ 60	$ 60	$ 60	$ 60	$ 60	$ 60	$ 60	$ 60	$ 60	$ 60	$ 720				
Insurance						$ 750							$ 750				
Cell phone	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25	$ 300				
Internet													$ -				
Auto repair/maint													$ -				
Equip repair/maint													$ -				
Office supplies													$ -				
Lease rent	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 600				
Marketing	$ 25												$ 25				
Services													$ -				
Licenses													$ -				
Farmers' Market Fees					$ 400	$ 400	$ 400				$ 400	$ 400	$ 400	$ 2,400			
Indirect Costs Subtotal (d)	$ 260	$ 235	$ 235	$ 235	$ 635	$ 1,385	$ 635	$ 235	$ 235	$ 635	$ 635	$ 635	$ 5,995				
Cash Out (e) = (c)+(d)	**$ 460**	**$ 735**	**$ 435**	**$ 335**	**$ 835**	**$ 1,685**	**$ 835**	**$ 335**	**$ 335**	**$ 735**	**$ 1,035**	**$ 935**					
Operating Cashflow (f) = (b)-(e)	$ (460)	$ 465	$ 4,375	$ 2,123	$ 1,623	$ 773	$ 1,930	$ 4,830	$ 2,430	$ 2,183	$ 1,883	$ 1,983	$ 24,137				
OTHER																	
Loan (in/+)	$ 5,000																
Loan payment (out/-)		$ 105	$ 105	$ 105	$ 105	$ 105	$ 105	$ 105	$ 105	$ 105	$ 105	$ 105	$ 1,155				
GET (out/-)	$ -	$ 54	$ 216	$ 111	$ 111	$ 111	$ 124	$ 232	$ 124	$ 131	$ 131	$ 131	$ 1,477				
Income Tax (out/-)													$ -				
Capital purchases/Startup (out/-)	$ 500												$ 500				
Owner withdrawal (out/-)	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 9,000				
Other Cash In and Out Subtotal (g)	$ 3,750	$ (909)	$ (1,071)	$ (966)	$ (966)	$ (966)	$ (979)	$ (1,087)	$ (979)	$ (986)	$ (986)	$ (986)	$ (7,132)				
Net Cashflow (h)=(f)+(g)	**$ 3,290**	**$ (444)**	**$ 3,303**	**$ 1,157**	**$ 657**	**$ (193)**	**$ 950**	**$ 3,742**	**$ 1,450**	**$ 1,197**	**$ 897**	**$ 997**	**$ 17,005**				
Ending Cash Position (i)=(a)+(h)	$ 4,290	$ 3,846	$ 7,149	$ 8,306	$ 8,963	$ 8,770	$ 9,721	$ 13,463	$ 14,913	$ 16,110	$ 17,007	$ 18,005					

	Mo1	Mo2	Mo3	Mo4	Mo5	Mo6	Mo7	Mo8	Mo9	Mo10	Mo11	Mo12	Total
CASH IN													
sales by crop/sales channel													
Cash In Subtotal (b)													

	Mo1	Mo2	Mo3	Mo4	Mo5	Mo6	Mo7	Mo8	Mo9	Mo10	Mo11	Mo12	Total
CASH OUT													
Direct													
Subtotal-Direct (C)													
Indirect													
Subtotal-Indirect (D)													
Cash Out (C+D=E)													

	Mo1	Mo2	Mo3	Mo4	Mo5	Mo6	Mo7	Mo8	Mo9	Mo10	Mo11	Mo12	Total
Beginning cash (A)		= ending cash Mo1	= ending cash Mo2	= ending cash Mo3	= ending cash Mo4	= ending cash Mo5	= ending cash Mo6	= ending cash Mo7	= ending cash Mo8	= ending cash Mo9	= ending cash Mo10	= ending cash Mo11	
Cash In (B)													
Cash Out (E)													
Operating Cashflow (B-E=F)													
Other In (+) /Outflows (-) of Cash (G)													
Net Cashflow (F+G=H)													
Ending Cash Position (A+H)													

Cost of Production Analysis

Cost of Production (COP) reflects the dollar amount associated with producing a specific crop *for sale*. It is usually expressed in the selling unit quantity (e.g. $1.34 per pound if you sell by the pound).

Your COP includes both the direct costs associated with producing the product (seed, fertilizer, water, field labor, machinery time, etc.), as well as an allocation of the indirect costs (office, advertising, insurance expenses, etc.). It also includes the cost of capital expenses which you aren't currently making payments on but need to consider in the cost of production.

EXERCISE

Determine the Direct Costs *per year* for each crop and total them in $A and $B respectively. Use the Indirect Cost subtotal from your Cash Flow for $C. Determine the annual "cost" for capital investments and total them for $D. The costs related to capital investments can simply be considered the purchase price divided by the number of useful years. So if a truck was purchased in cash for $7,000, and the useful life is seven years, you would put $1000 as the annual "cost."

Allocating Costs: With multiple crops, allocate a percentage of Indirect Costs to each crop. The allocation percentages in %E and %F will total 100% and usually represent relative acreage-weeks for the crops. For example, if Crop takes up one acre and is in the ground for 30 weeks, and Crop 2 takes up one acre and is in the ground 10 weeks, then Crop 1 would be allocated 75% of the indirect costs and Crop 2 would be allocated 25%.

Add the Direct Cost and the allocated other costs and divide that by the number of units you expect to sell (not just grow) for a crop, and that is your COP for one unit for that crop.

Direct Costs per Year	Crop 1	Crop 2
Labor (plant, spray, irrigate, harvest, pack, etc.)		
Materials (fertilizer, water, seeds, pesticide)		
Total	**$A**	**$B**

Indirect Costs per Year

Machinery and equipment	
Utilities	
Insurance	
Rent	
Administrative labor	
Other Business Expenses	
Total	**$C**

Capital Investment "Costs" per Year

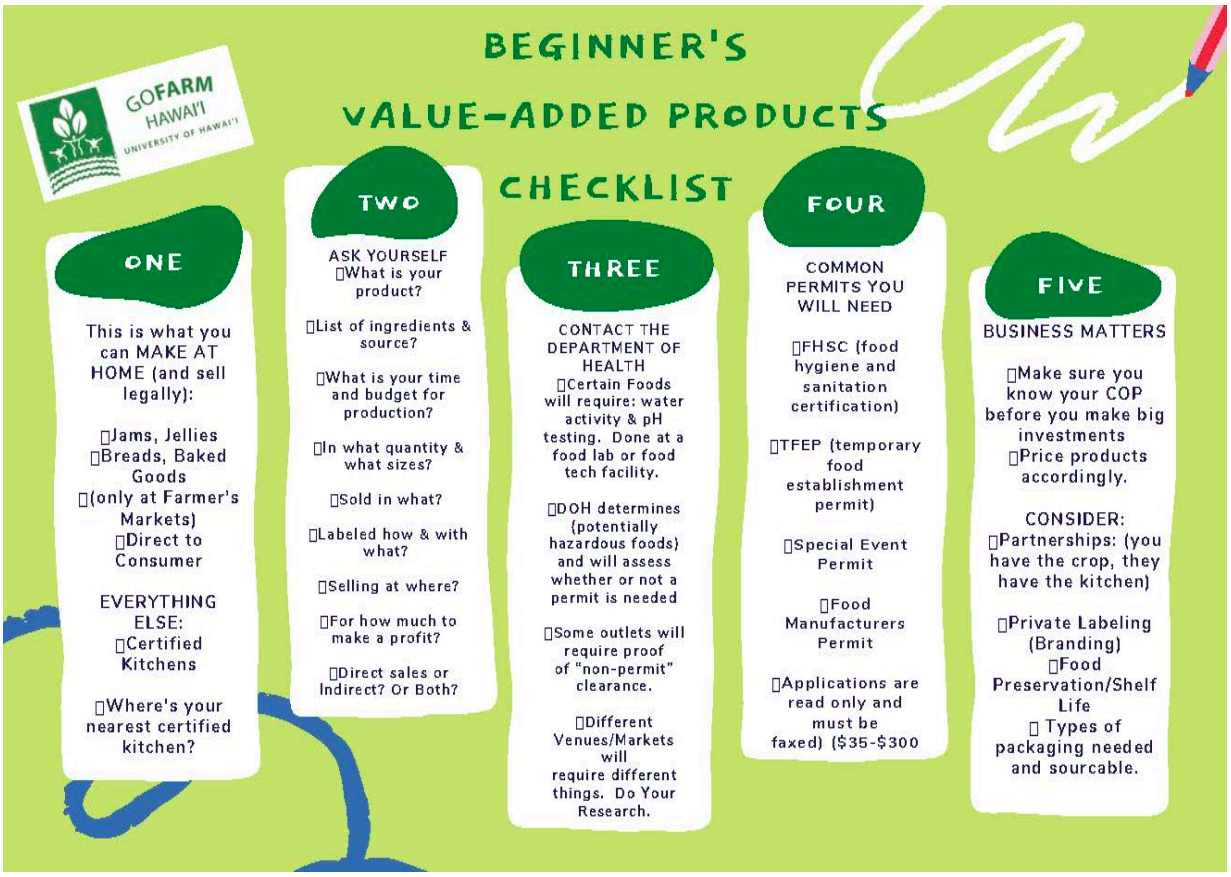
Land	
Vehicle	
Total	**$D**
Total Non-Direct ($C+$D)	**$N**

Allocation (totals 100%)

By share of acreage	**%E**	**%F**
Total Allocation of Indirect and Capital Investments ($N x %E or %F)	**$G**	**$H**
Total Crop Cost per Year (Direct Cost + Total Allocation) (e.g., $A+$G)	**$I**	**$J**
Crop Sales per Year (in selling units, e.g., pounds, bunches, cases)	**K**	**L**
Cost of Production (Total Crop Cost / Crop Yield) ($I/K or $J/L)		

Other Revenue Streams: Value-Added Products (VAPs)

Value added products is definitely something that should be considered as you scale your business. The revenues tend to be higher as well as diversifies you in the marketplace. Before you begin thinking about making VAPs, review this checklist:



Other Revenue Streams: Agritourism

When looking at whether or not your farm or agri-location is ready for visitors and to create a County Compliant place for guests to explore, here is a checklist that we use to identify areas that need to be modified, created, changed, added or addressed (see detailed list at: https://gofarmhawaii.org/are-you-farm-tour-ready/

- ❒ Do you know your county and property rules?
- ❒ Can you provide a safe environment for visitors?
- ❒ Do you have sufficient parking?
- ❒ Do you have adequate restroom facilities?
- ❒ What is the physical layout and plan for the tour?
- ❒ Can you clearly define where visitors can/cannot go, what they can/cannot touch?
- ❒ What kind of signage will I need to help with compliance and clarify?
- ❒ Is there vehicle & walking accessibility?
- ❒ Is there a walking route?
- ❒ Is there a driving route?
- ❒ What are your product offerings?
- ❒ Are there self-guided options?
- ❒ Are there guided tours (how long will the tour take?)
- ❒ What is the price point you are looking for?
- ❒ Does your tour layout provide: Touch, Taste, Smell components?
- ❒ What are the staffing needs?
- ❒ Who will do the farm tour?
- ❒ Does this person like people?
- ❒ How much time will this take?
- ❒ What is the cost/value (to you and guest?
- ❒ What is the return on investment (social and revenue)?
- ❒ If you plan to offer food, do you have proper permits for serving and processing?
- ❒ What do you want the guest to “take away” from their experience? What are the values of your brand? What makes you different from everyone’s brand/farm?
- ❒ What is your marketing strategy?
- ❒ Are you prepared to be a good neighbor?

Keeping Track of Your Production Activities

During your GoFarm Hawaii training you have been practicing your recordkeeping skills through the preparation and maintenance of the various activity logs. Once you are on your own you should definitely continue this practice. Track the following production related information to help analyze production, costs, efficiency, and assist with business decisions:

1. Amount of Inputs used (fertilizers, pesticides, amendments, etc.)
2. Labor Hours
3. Planting Volume (# of plants in a row, # of rows in a bed, # of beds in a field, etc.)
4. Harvest Yield

Spreadsheets are a useful tool you can use to track your production related activities, inputs and harvest yields. In the Production Planning class, we provided an example of a spreadsheet based production planning tool (see below). The numbers in the example are projected numbers based on your research but should be updated with actual data (yields, labor hours, input usage, etc.) to improve the accuracy of future projections/estimates.

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9
Crop	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix	Salad Mix
Bed Feet Used	100	100	100	100	100	100	100	100	100
Row Feet	300	300	300	300	300	300	300	300	300
Activity	Bed Prep	Bed Prep	Direct Seed Planting	Weeding/Maintenance/Water	Weeding/Maintenance/Water	Weeding/Maintenance/Water	Harvest	Harvest	Harvest
Labor Hours	2	1	1	2	0.5	0.5	4	4	4
Input and Usage	1 Packet Salad Mix Seeds, 100 feet irrigation line, 50 pounds of soil amendments	25 pounds of fertilizer		2 ounces foliar nutrient	2 ounces foliar nutrient	2 ounces foliar nutrient	25 plastic bags and ties	25 plastic bags and ties	25 plastic bags and ties
Harvest Yield							25	25	25

Keeping Track of Your Money

During AgPro/AgXcel, the majority of your sales have been through a CSA which has limited the amount of sales data for you to track and a lot of your expenses have been subsidized by the program. Once you start operating on your won you will want to track these financial activities for planning and tax related purposes. Documenting these records on a regular basis will prevent you having a backlog of data to enter at any one particular time or having to try to recall what the revenue or expense was related to long after the transaction was done and it will allow you to base your decisions for the future on accurate data.

Financial information you should be tracking should include:

- For sales - document customer or venue, date, description of the sale (including product and volume sold), amount of sale, transaction type (retail/wholesale), etc.
- For expenses - document date, vendor, cost expense type, and description of expense.

Again, a spreadsheet can be a useful tool to get started on your recordkeeping activities. As your business grows the number of customers and products increases you can look into accounting applications like Quickbooks or Wave for your financial recordkeeping needs.

Customer/venue	Date	Description	Sales Amount	Trans Type WS/Ret	GET Collected
Farmers Market X	2/21/2019	Sales of various produce (50 lbs total)	$125	Retail	No
Restaurant X	2/27/2019	Lettuce Mix (20 lbs)	$40	WS	No
Grocery Store X	2/27/2019	Sales of various produce (50 lbs Lettuce mix, 20 lbs Kale)	$70	WS	No

Date	Payee	Amount	Expense Category	Description
10/5/2018	Home Depot	26	Gas, fuel, oil	X cans of oil for equipment
10/23/2018	johnnys seeds	29	Seeds and plants	X packets of lettuce seeds
10/30/2018	texaco	24.99	Gas, fuel, oil	X gallons of gas for truck

Keep in mind, the amount of reporting/analysis you can do is limited by the amount of information you track. In the above example you can filter by customer to see total sales to a specific customer for the week/month/year but you can't see total sales of "Lettuce Mix" unless you enter a separate column for the volume sold of each type of produce.

Suggestions for AgPro/AgXcel Students

1. Use your time in AgPro/AgXcel to start building your market. Consider marketing your product jointly using the GoFarm Hawaii Brand and your own business brand. You may use the GoFarm Hawaii logo to market while you are a student of the program, which gives you credibility as you market your product.
2. Start building your customer base – everyone you sell to now are potential customers when you start your business. Build your social media account and tell the story of your farming journey.
3. Start your business plan assignment early and continually work on it. The purpose of the assignment is to prove your business concept to yourself, ensure that you are fully aware of the personal and financial risks and potential rewards, and to start looking at your farm operations from a business perspective. See the next page for a recap of the assignment.
4. Consider the following when you start thinking about your startup costs for AgIncubator:
    a. Most AgIncubators spend at least $3,000 in their first 6-moths:

Expenses		
Seed	$	400
Chemical	$	100
Fertilizer	$	250
Marketing	$	100
Fuel	$	50
Land	$	-
Insurance	$	700
Tools/Supplies (including irrigation, trellising, etc.)	$	1,500
Other	$	250
Total Expenses	$	3,350

    b. Note that many have plot credits from AgPro/AgXcel sales and that tools/supplies can vary quite a bit.

AgPro/AgXcel Business Plan Assignment Recap

GoFarm Hawaii Business Plan Assignment Checklist

The Business Plan Assignment is designed to help each student think about their business goals, a detailed plan, and the financial feasibility post-graduation. If you apply to AgIncubator, the documents are part of your application and considered when determining acceptance. The requirements are outlines below.

Your one-on-one appointment with the AgBusiness team is scheduled for: _____. The 15-minute appointment can help address challenges or questions relating to the assignment. The most productive use of this time happens when the student provides a draft to the AgBusiness team at least a day prior to the appointment.

Your completed assignment is due on: _____. Assignments can be sent via email to Erik Shimizu at erikms@hawaii.edu with a copy to your Coach.

- ❒ Complete the GoFarm Hawaii AgPro Business Planning Worksheet. Answer all questions including:
  - Attachment A: Business Plan and Goal Sheet for 12 Months
  - Attachment A: Business Plan and Goal Sheet for 3 Years
  - Attachment B: Crop Demand Analysis
  - If you plan to do a CSA, Attachment C: CSA Competition Analysis
- ❒ Complete a detailed crop/production plan for post-graduation (for either an AgIncubator plot or for your own plot) for 1 year. The plan should include:
  - Field Map
  - For each crop:
    - Weekly Activity/Tasks (or monthly for orchard crops)
    - Estimated Labor Hours
    - Estimated Inputs and Usage
    - Estimated Harvest Yields
    - Estimated Prices
    - Estimated Direct Costs
- ❒ Develop a monthly cash flow statement for 1 year or until you start to make money. The statement should include:
  - Estimated weekly harvest yields based on your crop/production plan
  - Estimated prices
  - Estimated percentage of harvest that can be sold
  - Estimated revenues
  - Estimated direct costs, indirect costs, AND startup costs
  - Estimated net profit
  - Cash flow estimates
  - Determination of how much beginning cash is needed
  - Determine source of beginning cash

- ❒ For the map, crop plan, and cash flow statement, feel free to use the templates used in class, a spreadsheet you create, or another method that you are comfortable with. USE A METHOD THAT MAKES SENSE TO YOU! (i.e. Excel vs. Paper) but be sure to include all the required information.
- ❒ Ask for help when you need it!

Business Plan Questionnaire

AgPro/AgXcel Student Name: Click or tap here to enter text.

Business Name: Click or tap here to enter text.

GENERAL (Assigned After Intro to Business Planning)

1. What are your business and production goals for the first 12 months of operation?
COMPLETE ATTACHMENT A: BUSINESS PLAN AND GOALS (12 MONTHS). Tasks row not required at this time.

2. What are your business and production goals for the first 3 years of operation? Use BUSINESS PLAN AND GOALS to reflect goals. Task row not required at this time.
COMPLETE ATTACHMENT A: BUSINESS PLAN AND GOALS (3 YEARS). Tasks row not required at this time.

3. Where do you plan to establish your farm? How large is your parcel?
Click or tap here to enter text.

.

4. Where do you plan to sell your products (include specific market names where applicable)? Indicate the type of pricing you expect to get at each.	
Click or tap here to enter text.	☐Retail ☐Wholesale
Click or tap here to enter text.	☐Retail ☐Wholesale
Click or tap here to enter text.	☐Retail ☐Wholesale
Click or tap here to enter text.	☐Retail ☐Wholesale
Click or tap here to enter text.	☐Retail ☐Wholesale
Click or tap here to enter text.	☐Retail ☐Wholesale
Click or tap here to enter text.	☐Retail ☐Wholesale

5. Considering where you plan to establish your farm and who you are planning to sell products to, what do you plan to grow? For each crop, what is the market demand, who is your competition, how will you differentiate yourself from your competition, and what is the current retail and wholesale pricing (find at least 2 sources for wholesale and 2 sources for retail pricing and indicate where you found the pricing information)?
COMPLETE ATTACHMENT B: CROP DEMAND ANALYSIS

6. If you also plan to market a CSA, complete the following:
Number of weeks per subscription: Click or tap here to enter text. How many subscriptions per year: Click or tap here to enter text. Total price of the subscription for your customer: $Click or tap here to enter text. Total anticipated value of the contents of the subscription: $ Click or tap here to enter text. Number of Subscribers: Click or tap here to enter text.
COMPLETE ATTACHMENT C: CSA COMPETITION ANALYSIS

7. What are your primary revenue streams for the first 12 months of operations?
Click or tap here to enter text.

8. What additional revenue streams will you consider for the first 3 years of operation? Specific value-added products, trade shows and events, other?
Click or tap here to enter text.

9. Who in your organization will be responsible for the following and what are their qualifications:
Overall business management/leadership: Click or tap here to enter text. Production: Click or tap here to enter text. Sales and Marketing: Click or tap here to enter text. Financial Management: Click or tap here to enter text. Who is your advisory team: Click or tap here to enter text.

10. How will you manage the following for your business in the next 12 months:
Labor (do you plan to do all or hire): Click or tap here to enter text. Distribution of products: Click or tap here to enter text. Order fulfillment and customer service (what phone number will you use for this): Click or tap here to enter text. Equipment needs: Click or tap here to enter text. Do you plan to obtain any certifications: Click or tap here to enter text.

FINANCIAL (Assigned After Production Planning and Cash Flow)

11. Use the PRODUCTION PLAN AND CASH FLOW to determine financial feasibility. If CROP PLANS change based on financial analysis, REDO QUESTIONS #2-4. ***Be sure the information used in your CASH FLOW spreadsheet and the information in this questionnaire match.***

12. How do you plan to determine the pricing for your product?
Click or tap here to enter text.

13. How much money do you need to startup (make sure details included in worksheet) and how do you plan to get the money (i.e. savings, loan, credit card, etc.)?
Click or tap here to enter text.

14. What are your anticipated gross revenues in the first 12 months of operation? (Make sure this agrees to your cash flow spreadsheet)
Click or tap here to enter text.

15. What is your anticipated net profit in the first 12 months of operation? (Make sure this agrees to your cash flow spreadsheet)
Click or tap here to enter text.

16. How will you keep track of your business finances?
Click or tap here to enter text.

17. How will you allow customers to pay for their products? If anything other than cash, explain what you will do to setup the system (be sure to capture any fees for this system in your cash flow spreadsheet).
Click or tap here to enter text.

MARKETING (Assigned After Marketing)

18. What is your company/brand mission statement (a formal summary of the goals and values of a company, organization, or individual 2-3 sentences)?
Click or tap here to enter text.

19. List the top 3 values your business is based on.
Click or tap here to enter text.

20. What differentiates your farm/product from others (list 3 examples of what makes your brand special)?
Click or tap here to enter text.

21. Which of your market outlets generates the most revenues?
Click or tap here to enter text.

22. Which market outlet would you like to expand or develop?
Click or tap here to enter text.

23. What region(s) of the island do you plan to target? What are 3 specific market outlets you plan to sell to in each of these areas?
Click or tap here to enter text.

24. What type of marketing strategies do you intend to use to market your brand and interface with your customers?
Click or tap here to enter text.

25. What are your social media names for:
Facebook: Click or tap here to enter text. Instagram: Click or tap here to enter text. Website: Click or tap here to enter text.

26. What is your distribution method for newsletters or printed materials?
Click or tap here to enter text.

27. What are the components of your logo? Color, font, icon, image?
Click or tap here to enter text.

28. What is your tagline or slogan (customer hook phrase) for your business?
Click or tap here to enter text.

29. Name 3 Current Resource Contacts (who do you work with now) that you plan to leverage with your marketing and/or creating market outlets for your product?
Click or tap here to enter text.

30. How will you initially market yourself to your customers? Detail a 6-month plan that includes tasks for the month: specific accounts you plan to approach, marketing materials you plan to develop, follow-up you plan to do, marketing efforts, etc.
Month 1: Click or tap here to enter text. Month 2: Click or tap here to enter text. Month 3: Click or tap here to enter text. Month 4: Click or tap here to enter text. Month 5: Click or tap here to enter text. Month 6: Click or tap here to enter text.

GENERAL (Assigned After Intro to Business Startup)

31. Describe the organizational structure you plan to use (i.e. sole proprietorship, LLC, corporation) and ownership percentages.
Click or tap here to enter text.

BUSINESS PLAN AND GOALS (12 MONTHS)

Business Name: _____ **Date:** _____

	FARM/PRODUCTION GOALS	FINANCIAL GOALS	OTHER GOALS
What are your goals?			
What are the tasks required to reach your goals (production, marketing, operational, organizational tasks)? Indicate due date.			

BUSINESS PLAN AND GOALS (3 YEARS)

Business Name: _____ **Date:** _____

	FARM/PRODUCTION GOALS	FINANCIAL GOALS	OTHER GOALS
What are your goals?			
What are the tasks required to reach your goals (production, marketing, operational, organizational tasks)? Indicate due date.			

Attachment B: Crop Demand Analysis
Add more sheets as needed

Crop Name	Explain how you determined that there is a demand for this product.*	Who is your competition for this product?**	How will you compare to the competition?***	What will you charge?	Current Retail Pricing (2 sources; indicate where information received and if organic and/or local)****	Current Wholesale Pricing (2 sources; indicate where information received and if organic and/or local)****
Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Retail Price $Click or tap here to enter text. Wholesale Price $Click or tap here to enter text.	Price $Click or tap here to enter text. Source: Click or tap here to enter text. Organic:☐ Local: ☐ Price $Click to enter text. Source: Click to enter text. Organic:☐ Local: ☐	Price $Click to enter text. Source: Click to enter text. Organic:☐ Local: ☐ Price $Click to enter text. Source: Click to enter text. Organic:☐ Local: ☐
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Attachment B: Crop Demand Analysis
Add more sheets as needed

				Wholesale Price $Click or tap here to enter text.	Price $Click to enter text. Source: Click to enter text. Organic:☐ Local: ☐	Organic:☐ Local: ☐
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*Methods could include observation, conversation, research on market trends, a survey.
**Who else is selling this to the market you are targeting?
***Based on quality, price, consistency, relationship, etc.
****Based on observation, conversation, pricing sheet, etc. DO NOT use any GFH price sheets.

Attachment C: CSA Competition Analysis

Add more sheets as needed

Name of CSA Distributor	Price Options	Frequency Options	Drop Point Options	How will your CSA differ from these options?	How will you find customers?	What will you do to retain your customers?
Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.			
Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.			

Definitions

Cash In: amount of cash coming into your business. Includes revenues, loans, grants, rebates, etc.

Cash Out: amount of cash flowing out of your business. Includes direct costs, indirect costs, startup costs, taxes, loan payments, etc.

Direct Costs/Expenses (also known as Cost of Goods Sold): recurring costs associated with growing your crops. They tend to increase or decrease depending on your volume of production and include things like seeds, fertilizer, pesticides, packaging, etc.

Expenses: items paid by your business. Expenses include employee payroll, rent, and the day-to-day expenses your business incurs such as printing, postage, utilities, and office supplies.

Gross Income (also known as Gross Profit): total revenues minus direct costs (aka cost of goods sold). The amount of money a company has after paying direct costs.

Gross Margin Percentage: the percentage of each dollar of revenue that the company keeps as gross profit. For example, if a company's gross margin is 80%, that means it keeps $0.80 from each dollar of revenue generated. The higher the percentage, the better.

Indirect Costs/Expenses (also known as overhead costs): are your overhead or back-office costs that don't necessarily vary based on your production volumes. Items such as lease rent, insurance, phone, office supplies, and marketing. These expenses tend to remain consistent whether you are producing on 1 of your 5 acres or 4 of your 5 acres.

Net Income (also known as Net Profit or "the bottom line"): revenues remaining after subtracting all expenses.

Net Profit Margin: the percentage of revenue remaining after all operating expenses, interest, and taxes have been paid.

Revenues: money received from providing services or selling products to customers.

Startup Costs/Expenses: items that you need to buy prior to operating and are typically larger, infrequent time purchases (i.e. equipment, infrastructure).

Yield: Amount of product produced or harvest expected.