

# III. CREATING A BUSINESS PLAN



Your purpose in creating a business plan may be to obtain financing, to create a guide for managing your business, to clarify your business operation, to focus employees on core business objectives and goals, or some combination of these or other factors.

Creating a business plan is the process of making a road map for your enterprise—it is an essential part of any business if it is to succeed.

The business plan serves many purposes and is essential to starting a new venture as part of your farm, ranch, or processing operation. A business plan consists of several parts.

- **Create a Mission Statement** reflecting the core purpose of your business, stating the basic values and goals in a short, focused sentence of no more than 20 words. Ask yourself: What is the purpose of the proposed project? What benefit will it provide? Who are the costumers?
- **Create a Marketing Slogan**, consisting of a short, clever, even humorous translation of your mission statement that conveys a single, simple thought about your business to your customer.
- **Set Measurable Goals & Objectives.** Goals are 3-5 years out; objectives are things you want to accomplish in the next year. Some areas for consideration may include sales volume, profits, customer satisfaction, owner compensation, number of employees, employee development, etc. To set goals and objectives, ask yourself the basic: What? Why? How? When? and Who? questions. Then set timetables to match goals and objectives. Who will be responsible for what activities? Who are the key employees and what are their titles? How long do you plan to operate this venture? How many hours are you willing to commit to this venture? Where do you see the business in 3-5 years? How are you going to promote customer satisfaction?
- **Gather Information** from reputable sources to document your business plan. Some resources are listed later in this publication. You'll want to know about potential visitor days and expenditures, preferences, and interests; competition and complementary services in your area; etc. These types of surveys are available from the OR Economic Development Department Tourism Commission and various associations.
- **Describe Your Farm or Ranch Recreation Enterprise:** When was it started, or projected to start? Why was it started? Who started it? How does the recreation enterprise fit in with your overall farm or ranch operation? How are you set up as a business (sole proprietorship, general partnership, limited partnership, regular corporation, chapter S corporation)?
- **Describe Your Product or Service:** Write down what you are selling to the public. Why should people buy your service? What does it do? What makes it unique? What will it cost to provide this service or product? How much will you charge? How does it compare to other similar recreation enterprises? Are there complementary services in the area?
- **Define Your Customers:** Who are you targeting for your recreational enterprise? You'll want to define: gender, age, income, occupation, location, family status, children, education, and interests. For example, if you are developing a fee hunting enterprise, you'll probably look at males in the 25 to 50-age range. Survey information on this type of profile may be available from sources listed later in this publication.

- **Compete or Complement:** Since farm and ranch recreation is relatively new as an emerging industry, state agencies are encouraging enterprises to work together to attract visitors, share resources, and market services. However, you should first carefully develop and evaluate your business and product, considering your resources and activities.
- **Develop a Marketing Strategy:** Your marketing and advertising method may be as simple as word of mouth and repeat customers, or it may involve an ad campaign with printed materials, radio spots, newspaper or other media advertising, mass mailings, and the like. Marketing and advertising will be covered more fully in the next section, but you should include your marketing strategy in your business plan.
- **Management:** Include a resume of each owner and key employee. Identify outside consultants and advisors, including accountant, lawyer, banker, insurance broker and other consultants.
- **Employees:** Because a recreation enterprise may create a new Standard Industrial Code (SIC) for the activities associated with that portion of your business — resulting in different workers compensation rates and reporting requirements — you should treat your personnel issues separately for this enterprise from your farm or ranch business. Written job descriptions that clearly define duties and a personnel manual may be helpful in this setting. You should identify how many employees you need to run the recreation enterprise, their titles, job duties and skills. If you need additional employees, where and how will you attract them? What process will you use to screen and hire employees (job skill testing, job interviews, etc.). What training needs will you face? Who will conduct employee training (in-house, paid consultant, community college, other recreational businesses)? What will be the cost of the training? How will you set salaries and wages? What benefits will you provide?
- **Insurance:** Identify the types of insurance you have for your business. See the section on Liability and Insurance for more details on this topic.
- **Fixed Assets:** You will need to identify your current fixed assets (those with a useful life or more than one year) and those, which you need to purchase. These might include land, buildings and improvements, machinery, other equipment, livestock, office furniture, computers, etc. Determine the cost and estimated acquisition date. Estimate the useful life of each fixed asset. Complete a monthly depreciation schedule.
- **Start-up Expenses:** Any new enterprise will have start-up costs. These costs are those associated with what it takes to open your door for business. Most of these costs will be one-time expenditures, while a few will occur every year. Examples include legal fees, accounting fees, licenses and permits, remodeling work, advertising, promotions, hiring costs, etc.
- **Sales Forecast:** Forecasting sales are critical to your enterprise from both a management and sales point of view. You can't plan financially if you don't have an estimate of sales. You should review your data on products, customers, competitors, and budgets to develop the trends and projections. Be realistic in making these forecasts. Estimate the total market size in \$ sales per year based on your research, and create a market share analysis with worst case, mostly likely case, and best-case scenarios.

- **Financing the Enterprise:** Create a financial plan, including all sources of existing debt and additional financing needs. Detail principal and interest payments for each month. Research sources of needed capital; the Business Plan will be a key selling point for the venture. Verify your numbers, justify the need, and be enthusiastic but realistic about the venture.
- **Operating Expenses and Cash Flow:** Develop a monthly chart of operating expenses. Combine this with your start-up costs, sales forecast, and debt servicing to create a cash flow budget. Cash flow projections are among the most critical projections you will make. Lenders will examine this document carefully.
- **Other Financial Documents:** From the documents you have developed already (sales forecast, expense sheet and cash flow) you will be able to calculate a projected income statement, a break-even analysis, a balance sheet and other necessary financial documents. These documents are similar to what you use for your agricultural business and will not be detailed here.



If you need assistance in developing financial statements or writing your business plan, you may want to refer to workbooks provided by the Small Business Development Center. All of the items mentioned in this section are detailed in a publication called “Your Business Plan,” available for \$30, plus \$5.00 for postage and handling, by contacting your local SBDC or the main location at:

Oregon Small Business Development Center Network  
 99 W. 10<sup>th</sup> Street, Suite #390  
 Eugene OR 97401  
 (541) 463-5250  
[www.bizcenter.org](http://www.bizcenter.org)

#### ADDITIONAL RESOURCES

Service Corps of Retired Executives (800) 634-0245