



Cornell University
New York State Agricultural Experiment Station

Business Plan Basics

Fact Sheets for the
Small Scale Food Entrepreneur

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Business Plan Basics

Definition - A Business Plan is an ever-evolving document which specifies the type of business you are running, the goals you have for that business, detailed plans for how you will accomplish these goals, and research-supported reasons why your business should pursue a particular direction.

Importance – The Business Plan serves as a reference point for your venture. As such it is critical when:

- Assessing your business success/potential for success: The business plan facilitates the identification and resolution of potential issues.
- Locating sources of funding: The business plan requires you to target areas where financing is needed as well as possible sources of that financing.
- Applying for funding: investors want to know that your business is viable, profitable and meets their criteria. The business plan proves this.
- Receiving business assistance: organizations providing assistance need to understand your business. The business plan gives them the information they need to help you.

Writing a Business Plan

Components: The critical aspects of the business plan are: the amount of serious thought put into development; and the content of the resulting document. See below for a list of elements any good business plan must contain.

Process: The writing process for a business plan can be challenging. You know you are on the right track if:

- New issues and problems become evident. This means you are approaching the process objectively and taking time to make fundamental decisions which will impact the future of your business.
- You are constantly reevaluating and revising your objectives and goals in response to new information regarding:
 - marketing
 - technology
 - regulations
 - capital needs and resources

Financial institutions will not be as attached to your venture as you are. In order to convince them of the viability of your business, and of yourself as a responsible entrepreneur, you must have a business plan that honestly addresses the opportunities as well as the threats that face your venture.

Assistance: There are a variety of agencies, such as Small Business Development Centers, that will assist you in creating a business plan. For more information on agencies offering this assistance, please contact NECFE.

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COMPONENTS OF A SUCESSFUL BUSINESS PLAN

A successful business plan should include the following items:

Executive Summary - A one page overview of the business plan.

- **Description of the Business**
 - Include products and/or services
 - Form of business organization – sole proprietorship, partnership, corporation, limited liability corporation – and why you chose it.
- **Business Goals and Objectives** – Establish goals and target dates for reaching them
- **Project Description** – How does the planned business operation help to achieve the objectives
- **Market Assessment – Marketing Plan for the product(s) you will be producing**
 - Research trends in your industry
 - Describe the competition
 - Identify new and target customers
 - Describe how you will reach new customers
- **Management & Personnel**
 - Organizational chart or description of key positions
 - Biography or resume of key staff
- **Financial Statements**
 - Income statement and balance sheet
 - Current year's annual budget
 - 2 years projected budget
- **Outline the Sources and Uses of Funds for this Project**
 - Sources include your equity and any financing or assistance from town, county, state or other agencies
 - Uses should be categorized into land, site preparation, building and equipment. (Will any working capital, eg. inventory, be financed?)
- **List of owners** – Names, addresses, phone numbers

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