



# FarmSmart Online Business Planning Course Curriculum Outline

## Module #1: The Basics of Business Planning

- **Lecture Content**
  - What is a business plan?
    - From point B to point A (reverse engineering)
    - Figure out where you want to go
    - Figure out where you are now
    - Your business plan = the path from where you are now to where you want to go
  - Why write a business plan?
    - The Eisenhower box
  - Basic Components of a business plan
    - Executive Summary
    - Business description
    - Vision and goals
    - Production Systems
    - Marketing
    - Personnel
    - Financial Narrative
    - Financial Statements
- **Activity**
- **Put it into Practice**
- **Further resources**
  - Maine Farms for the Future Business Planning template
  - Sarah Aubrey, *Starting and Running your own Small Farm Business*, Ch1

## Module#2: Who are you?

- **Lecturer(s):** TBD, Jed Beach
- **Lecture Content**
  - Why, how, what
  - The Golden Circle and the importance of leading with why
  - Belief statements
  - Categorizing your farm into enterprises and describing their scale
  - Business entities
  - Describing your market
- **Activity:** “Find your why”



- **Put it into Practice**
  - Write your business description
  - Write (or rewrite) your 10-second pitch to lead with why
- **Further resources**
  - Simon Sinek TED talk and book
  - Aubrey, Ch. 4 p 72-74

## Module#3: Where do you want to go?

- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - The importance of a vision statement
  - Creating a vision statement
    - Decide on the timeframe
    - Describe your vision
      - The farm's production and size
      - The farm's markets
      - The farmers and other integral people
      - The farm's financial position
    - Give your vision focus
      - Assess the four factors for suitability or conflict ("system fit")
        - Some examples of internal conflicts
      - Prioritize which components are more important
  - Setting Goals
    - Connected to your vision
    - Measurable/Quantifiable
  - Assess Where you are now
    - The farm's production and size
    - The farm's markets
    - The farmers and other integral people
    - The farm's financial position
  - Compare where you are now vs. where you want to be
    - Where are the biggest gaps?
- What will you do to bridge the biggest gaps from where you are now to where you want to be?
- **Activity:** Vision Statement worksheets
- **Put it into Practice**
  - Write your vision and goals
- **Further resources**
  - Vision statement worksheets



## Module#4: Accounting

- **Lecturer(s):** Jed Beach and Becky Adams
- **Lecture Content**
  - Buckets of Money: how all accounting systems work
  - Types of accounts
  - Some recommended chart of accounts setups
  - Types of transactions
  - Developing a routine that's customized to you
  - Some tips and tricks for Quickbooks online
  - Accounting for taxes
- **Activity:** Bookkeeping routine flowchart
- **Put it into Practice**
  - Revise your chart of accounts
- **Further resources**
  - Chart of accounts handout
  - Bookkeeping routines handout

## Module#5: Compiling and Reading Financial Statements

- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - Basis of reporting
    - Cash
    - Accrual
    - Inventory
    - The tradeoffs between complexity and accuracy
  - Profit and loss
    - Gross Sales
    - COGS
    - Gross Profit and Margin
    - Expenses
    - Net Profit and Margin
  - Balance Sheet
    - Assets
    - Liabilities
    - Equity
    - Current Ratio
    - Equity Margin
  - Cash Flow



- Cash from Operations
- Cash from Investing and Finance
- Debt Coverage Ratio
- Net Cash after loans and owner's draw
- Breakeven
- **Activity:** Compile financial statements and ratios for Jed's Diversified Farm
- **Put it into Practice (using spreadsheet that accompanies course)**
  - Assemble your previous year's profit and loss and cash flow
  - Assemble your current balance sheet
  - Calculate your gross margin, net margin, current ratio, equity margin, debt coverage, and breakeven
- **Further resources**
  - Financial statements and ratios handout

## Module#6: Figuring out where you're making or losing money

- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - Which part of the farm is more profitable?
  - The pizza party dilemma
  - Defining enterprises, crops & animals, and products
    - Enterprises = collections of crops or animals that share similar equipment and production methods.
    - Crops & Animals - the actual plants you grow or animals you keep on your farm.
    - Products - the things you sell that derive from your crops and animals.
  - Allocating costs
    - Fixed costs (Overhead expenses, loan payments, and indirect labor) get allocated to each enterprise.
    - Crops and animals bear a fair share of fixed costs, plus the preharvest COGS that are directly applicable.
    - Products bear a fair share of the fixed and preharvest COGS, plus the postharvest/processing COGS that are directly applicable to them.
  - Calculating profitability by enterprise
    - Use the pizza party model - horizontal split
  - Calculating profitability by crop or animal
  - Calculating profitability by product
    - Unit cost
    - Average price
    - Net Margin



- Creating a product profitability chart
- **Activity:** Calculate the profitability of enterprises and products for Jed's Diversified Farm
- **Put it into Practice**
  - Calculate and compare the profitability of your own enterprises
  - Calculate unit cost and average price for at least one of your major products using enterprise budget.
  - Create a crop profitability chart
  - Write your production systems narrative
- **Further resources**
  - FarmCalc
  - Richard Wiswall, *The Organic Farmer's Business Handbook*

## Module#7: Marketing, Part I: Intro to the Seven P's and Purpose

- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - What is marketing?
    - Textbook definition
    - Soils metaphor
  - Finding a niche
    - Bird metaphor (or other)
    - Where can you go that others can't?
  - Introducing the Seven P's of Marketing
    - Allows you to calibrate your marketing plan by checking your seven P's for alignment
    - Your niche = your unique combination of P's
  - #1: Purpose
    - Health
    - Flavor
    - Convenience
    - Authenticity
    - Revisiting the Golden Circle
- **Activity:** Watch two ads by Phoenix University - compare and contrast
- **Put it into Practice**
  - Evaluate your own marketing materials for how well they convey purpose.
- **Further resources**
  - Simon Sinek

## Module#8: Marketing, Part II: People and Pricing



- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - People
    - Market Sizing
      - The per capita food consumption method
      - The account type method
    - The 80/20 Rule
    - Customer Segmentation
  - Pricing
    - Start by establishing final retail price
      - Use USDA or other resources for comparative pricing
      - Conduct willingness to pay survey
    - Work backward through the supply chain to figure price you receive
      - Intro to supply chain components and standard markups
      - How to calculate farmer price received
  - Cost plus pricing - using your unit cost as the price floor, increase price until you are just selling out of available inventory.
  - Creating surveys and focus groups
    - Intro to willingness to pay survey sheet
    - How to analyze/write up results
  - Creating a sales forecast
- **Activity**
  - Create pricing strategy and sales forecast for Jed's Diversified Farm.
- **Put it into Practice**
  - Calculate the market size for at least one of your crops or enterprises using either method.
  - Conduct a survey or focus group for one of your products and use the results to create at least one customer segment that might buy that product.
- **Further resources**
  - USDA ERS per capita food estimation
  - USDA Agricultural Marketing Service Pricing Reports -
  - <https://www.ams.usda.gov/market-news/fruits-vegetables>
  - USDA ERS Food Dollar fact sheets
  - Market sizing spreadsheet
  - Sample focus group/survey materials

## **Module #9: Marketing, Part III: Promotion**

- **Lecturer(s):** Marketing Firm TBD
- **Lecture Content**
- **Put it into Practice**
- **Further resources**



## Module #10: Marketing, Part IV: Putting the whole marketing plan together

- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - Product, place, and packaging follow People
  - Putting your Seven P's together on a single chart
  - Checking for alignment
  - Checking your P's against your competitors'
  - Summarizing your niche
  - Writing the marketing plan
- **Put it into Practice**
  - Create a Seven P's chart for you and your competitors
  - Write a marketing plan
- **Further resources**

## Module#11: Managing People, Part I: Planning

- **Lecturer(s):** TBD, Jed Beach, Legal advisor TBD
- **Lecture Content**
  - Organizational Charting
    - Identify tasks
    - Assign positions to tasks (Manager, assistant manager, labor)
  - Budgeting for labor
  - Finding employees
  - Legal and tax considerations
- **Put it into Practice**
  - Create an organizational chart for your farm
  - Create/revise your job descriptions
- **Further resources**

## Module #12: Managing People, Part II: Communication and Task Management

- **Lecturer(s):** TBD, Jed Beach
- **Lecture Content**
  - Knowing yourself
  - Knowing how you work with others
  - Knowing your leadership style
  - Time Management



- Different options for organizing/delegating tasks
- Writing your personnel plan
- **Put it into Practice**
  - Relational skills activity
  - Write your personnel plan
- **Further resources**

## Module#13: Planning for the next 1-5 years

- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - Copy/paste your goals from your vision statement into the appropriate year
  - Creating a sales forecast
  - Creating a production plan and budget for COGS
  - Creating a cash flow forecast
  - Does your cash flow forecast get you to your goals?
- **Put it into Practice**
  - Write the financial projections and narrative for your business plan
- **Further resources**

## Module#14: How to use financing the right way

- **Lecturer(s):** Jed Beach, Loan Officer TBD
- **Lecture Content**
  - Types of financing and when to use them
  - Risk analysis
    - Resiliency vs. efficiency
    - Mitigation strategies
  - What lenders look for
  - Applying for a loan
- **Put it into Practice**
  - Create at least one “worst case” cash flow scenario for your farm.
- **Further resources**

## Module #15: Planning for the long term

- **Lecturer(s):** Jed Beach
- **Lecture Content**
  - What are your long-term goals?
  - What's your exit strategy?
    - Sell Farm
    - Reduce operations





- Stop farming
- Die farming
- Making a long-term cash flow/balance sheet forecast
- **Put it into Practice**
  - Develop a set of 20-year goals
  - Develop an exit strategy
  - Develop a 20-year cash flow/balance sheet forecast
- **Further resources**