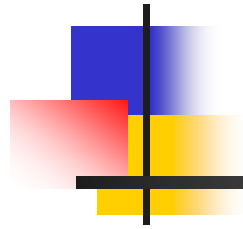




Business Planning for the Food-Based Business



Presented by:
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Director

Central Virginia SBDC

Hosted by
Thomas Jefferson Partnership
for Economic Development





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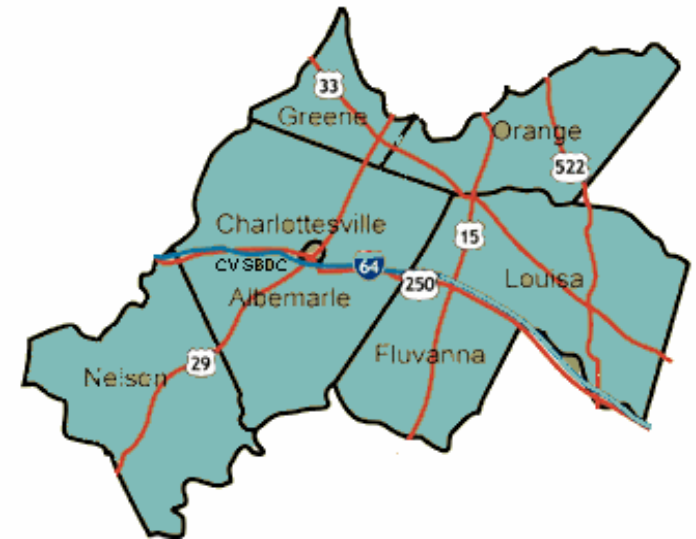
- Existing & Start-up Businesses
- One-on-One Counseling
- Business Planning
- Strategic Planning
- Marketing
- Financial Analysis
- SBA Loan Assistance

**Free &
Confidential**



Central Virginia SBDC

- City of Charlottesville
- Greene County
- Albemarle County
- Louisa County
- Nelson County
- Fluvanna County
- Orange County





Nuts and Bolts

- Business Plan
- Legal Structure
- Licenses, permits
- Recordkeeping
- Pricing for Profitability



Why Do I Need A Business Plan?

- Understand the market and the competition
- Forecast possible outcomes
- Understand profitability
- Define capital required

Will the business support my expected return?



Business Planning

- Isn't it only for "big business"?
- I can hire someone to do this, can't I?
- I don't know all the answers.
- I have all the answers – in my head.
- O.K. Got it done! Put it aside!?



Where to Start

- Business Planning Resources
 - Publications
 - Web-sites
 - Templates
- SBDC Business Consultants and Classes
- Business Planning Courses
 - Local - SCORE
 - Online - SBA



Business Plan Basics

- General Description of the Business
- Product or Service – Operations
- Location & Facilities
- Current Environment & Industry Trends
- Marketing Strategy

Details, Details, Details



Business Plan Basics

- Competitive Analysis
- Management & Staffing
- Application & Effects of Loan
- Financial Projections
- Contingency Plans

Details, Details, Details



Legal Structure

- Sole Proprietorships
- LPs, LLPs, LLCs, S Corps
- C Corporations

Implications of your decision:

- Ease of formation
- Taxes
- Liabilities
- Continuation & Dissolution



Market Analysis

Industry Trends

Target Market(s)

Competitive Analysis

Your product positioning and pricing



Market Analysis

- Business to Business Marketing
- Business to Consumer Marketing
- Geographic Considerations
 - Size of Market
 - Distribution Costs
 - Product preservation



Operations Plan

Location/Physical Facility/Hours of Operation

Labor

Equipment/Supplies

Packaging Process

Method of Distribution/Warehousing/Shipping

Future Plans (long run)



Management Profile

Who will manage the business & what are their qualifications and responsibilities?

Who are other key people or advisors in your management team?



Staffing

Who will you need to hire? (Full-time/part-time)

Where will these people come from (locally)?

Will they need training?

How much will you pay them?



Financial Analysis

- Historical Financial Statements or Start-up Budget
- Cash flow and P&L projections 1 to 3 years & Assumptions



Financial Analysis

- Projected Profits or Losses – 1 to 3 years
- Estimate best case, expected case, & worst case contingencies

Understand Seasonality and Production Cycle

Understand the financial impact of regulations



Application and Loan Expectations

If seeking financial assistance, how will loan proceeds be used?

What conditions are necessary to ensure your ability to repay your loan?



BEYOND VDACS, FDA, USDA, LOCAL HEALTH

- **Commerce Regulations**

- Professional Licenses

- Local Business Registrations / Licenses / Permits

- **Employee Regulations**

- Payroll Tax Withholding

- Unemployment Taxes

- Wage & Hour Regulations

- **General Business Taxation**

- Personal Income Tax

- Business Income Tax

- Sales Tax / Meals Tax

- Property Tax



BEYOND VDACS, FDA, USDA, LOCAL HEALTH

- Insurance

 - General & Product Liability

 - Business Interruption

 - Worker's Compensation

 - Employee Benefits

- Consumer Protection

 - Warranties and Consumer Credit Issues

- Zoning and Environmental Regulations



Record Retention

- Tax Requirements
- Maximize profitability
- Monitor progress and improve productivity
- Future loan requests



Record Retention

Receipts

Purchases

Expenses/Asset Purchases

Debt and Equity Investments



Methods of Recordkeeping

Manual Systems

"Shoebox"

Dome books

Computer-based Systems

Excel spreadsheets

QuickBooks

Specialized accounting software

e.g. farm accounting

Business Owner/Bookkeeper/Accountant



What to Track?

Revenues Minus Expenses = Profit (Loss)

UNDERSTAND YOUR CASH FLOW!

Timing of cash going out and coming in!



Tracking Revenues

- *Revenues* - Regardless of size

Revenues by Product

Revenues by Customer/Customer Type

Retail sales, e.g. farmers' market

Sales to restaurants

Sales to grocers

Sales to caterers



Tracking Expenses

- *Expenses* - Regardless of size

Expenses by Product

*Helps to establish pricing and
measure profitability*

Understand what it takes to break-even



Tracking Expenses

- *Expenses* - Regardless of size

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Tracking Expenses

- *Expenses* - Regardless of size

Cost of Goods Sold

Includes:

Cost of raw materials

e.g. seeds, feed

Direct labor costs



Tracking Expenses

- *Expenses* - Regardless of size

Other Expenses

Includes:

All Other Except Direct Costs



Other SBDC Course Offerings

- How to Start a Business
- Develop a Targeted Marketing Strategy
- Understanding Cash Flow Projections
- Introduction to QuickBooks
- Resource and SBA Program Update

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We can help you start or grow your business!

Thank you for joining us!