

Business Plan

Situation Overview:

- A. *Why did the farm need a business plan?* We felt that a business plan would help us achieve a more professional presentation when approaching the bank for our construction proposal. It validated why we wanted to move our business forward and helped us better understand our business. Our plan was completed in April 2011, after working on it through the winter months.
- B. *What resource people did the team use to build the plan?* The Center for Dairy Excellence (CDE) website was an excellent tool to help us with our plan, along with our local loan officer. Our plan was not as lengthy, as some in the industry. It is a toned down version!
- C. *Does the farm have a mission statement? Yes. If yes, what is the farm's mission statement?* Striving to make the best product we can, while benefitting our community, animals and family.

Challenges and Opportunities:

- D. *What challenges, if any, developed during the business plan process?* One challenge for us was family farm versus business dynamic. From our perspective, we always viewed ourselves as farmers. Through the planning process, we needed to see ourselves as business owners.
- E. *How did the team overcome those challenges?* Our loan officer encouraged us to think about planning for the future. His presentation style helped us realize that we are a business. We took a step back, and said, “that makes sense to us now.”

Actions:

- F. *What are the key components to the final plan?* Feasibility study, budget, risk management, and future steps – life insurance and a will. If something happens to us, what then? We had to plan for the business in the future. It also included our mission statement.
- G. *Approximately how much did the business plan cost?* \$2,500. This included time to develop the plan and lawyer fees.

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H. *Approximately how long did it take to develop the plan?* Several months, through the winter. Stacey worked on portions of the plan, our loan officer worked on portions and the lawyer also completed some of the plan.

Results:

I. *What benefits, if any, has your farm dairy operation derived from engaging in a business planning process?* We now view ourselves as a business, and make decisions as a business. We always ask the question, “will new technology or new purchases generate income for the business or is it too big a cost?” This remains our biggest challenge today.

J. *How often will the farm update the business plan, in the future?* Our goal is once per year. Through the building project, however, the bank requested that our budget be updated on a quarterly basis.

K. *As a result of engaging in developing a business plan, what has your family learned that is unique to your dairy operation?* Through the process, we learned that we are still a small dairy farm, even growing from 60 cows to 200 cows. While it’s a big transition to us, it’s still small in scale. At first, we viewed our small scale as a negative to the business, but realized it’s positive to have our own identity too.

In the future, we may need to research further business diversification and have already considered a retail ice cream shop.

L. *Was there anything uncovered during the business planning process that helped family members to better understand other members of the family?* Yes. We discovered that Stacey likes to tackle tasks in order, and Bill can jump from one task to another. Our work processes and styles are very different. In the tie stall barn, Bill became the trouble shooter, jumping from one project to the next. Today, he can complete tasks he started because there is extra labor and more efficient work processes.

M. *What, if anything, would you have done differently with your business plan?* We wish we would have prepared a business plan much earlier, when we initially were taking over the farm from our parents. We would have made different decisions if we had a solid view of our future. If we had a business plan, and a path forward, we are certain we would have made different choices.

