



7 Habits for Effective Farmers Webinar Series: Business Planning and Recordkeeping

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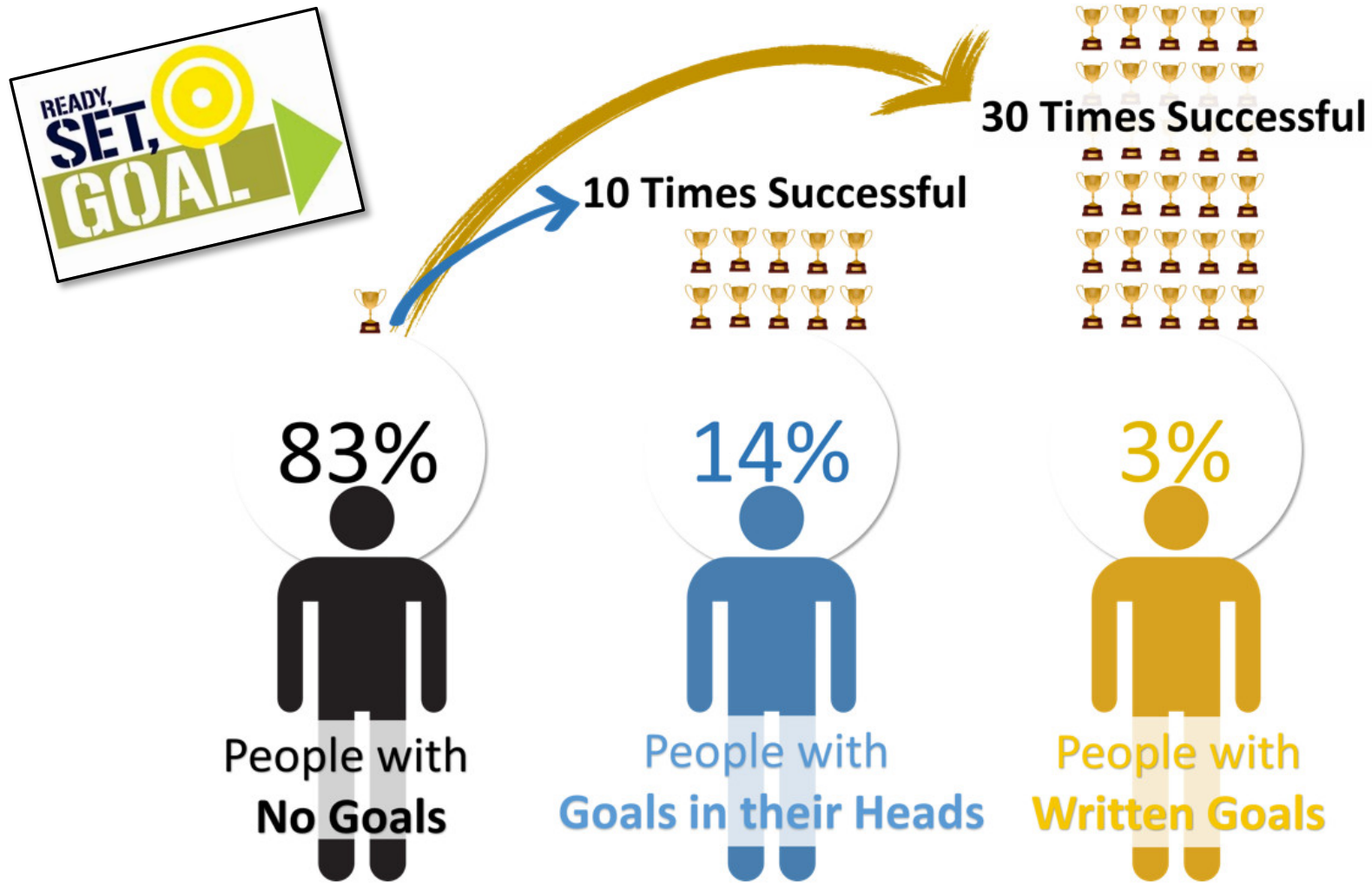
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<https://www.linkedin.com/pulse/why-only-few-super-successful-people-naveen-raju/>

Habit 1: Business Planning & Recordkeeping

Real. Life. Solutions.

IRIS'S PIE OF FARM SUCCESS



Real. Life. Solutions.

Overview

Business Planning: what, why and how

Brief Introduction of Recordkeeping

Resources

Business Planning?

Business planning is the process of:

- Setting goals
- Developing a plan to achieve the goals
- Putting the plan into action



Why do I need a business plan?

Requirement from lenders or investors

Mandatory for grant application

- Tennessee Agricultural Enhancement Program(TAEP)
- Tennessee Agriculture Enterprise Fund
- Farmer Veteran Fellowship Fund

Operational guide

To Get Started: Consider 4 Core Questions

What service or product does your business provide?

Who are the potential customers for your product or service and why will they purchase it from you?

How will you reach your potential customers?

Where will you get the financial resources to start your business?

Key Partners

5

- FARMERS' MARKET ASSOCIATIONS
- RESTAURANT CHEFS
- COMMUNITY LEADERS
- GROCERY STORES

Key Activities

8

- CONTINGENCY PLAN
- FRUIT + VEG GROWING
- MARKETING

Key Resources

7

- FARM
- SKILLED LABOUR

Value Propositions

1

- CERTIFIED ORGANIC
- CANNING + PRESERVING
- GOOD QUALITY
- LOCAL

Customer Relationships

4

- LOYALTY CARDS
- COUPONS
- FARM TOURS

Channels

3

- NEWS LETTERS
- ADVERTISING
- SOCIAL MEDIA

Customer Segments

2

- RESTAURANT CHEFS
- YOUNG FAMILIES
- SINGLE PROFESSIONALS
- ENVIRONMENT + HEALTH CONSCIOUS

Cost Structure

9

- SEEDS + PLANTS
- EQUIPMENT
- CERT. FEES
- PACKAGING + LABELING
- TRANSPORT.

Revenue Streams

6

- COOKBOOK
- FRESH FRUIT + VEG
- PROCESSED FRUIT + VEG

Business Planning Tips

Talk to others, ask questions

Study your market

Be honest with yourself when evaluating ideas

Reject a strategy if it doesn't work on paper

Ask for feedback from family

Develop the Business Plan

Determine the core values that will serve as the foundation of the business

Organizational & Management Structure

SWOT Analysis

- Strengths, Weakness, Opportunities, Threats

Timeline with SMART Goals

- Specific, Measurable, Attainable, Realistic, Time-bound

Marketing Plan

Financial Plan



AgPlan

Free online Tool for creating a business plan for farm operations:

<https://agplan.umn.edu/Default.aspx?>

- Very easy to use
- Samples to learn from
- Edit online anytime

Keep Good Records!!!

Real. Life. Solutions.

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Types of Farm Records

Production Records

Financial Records



Why do I need to keep records?

Tax purposes

USDA reporting

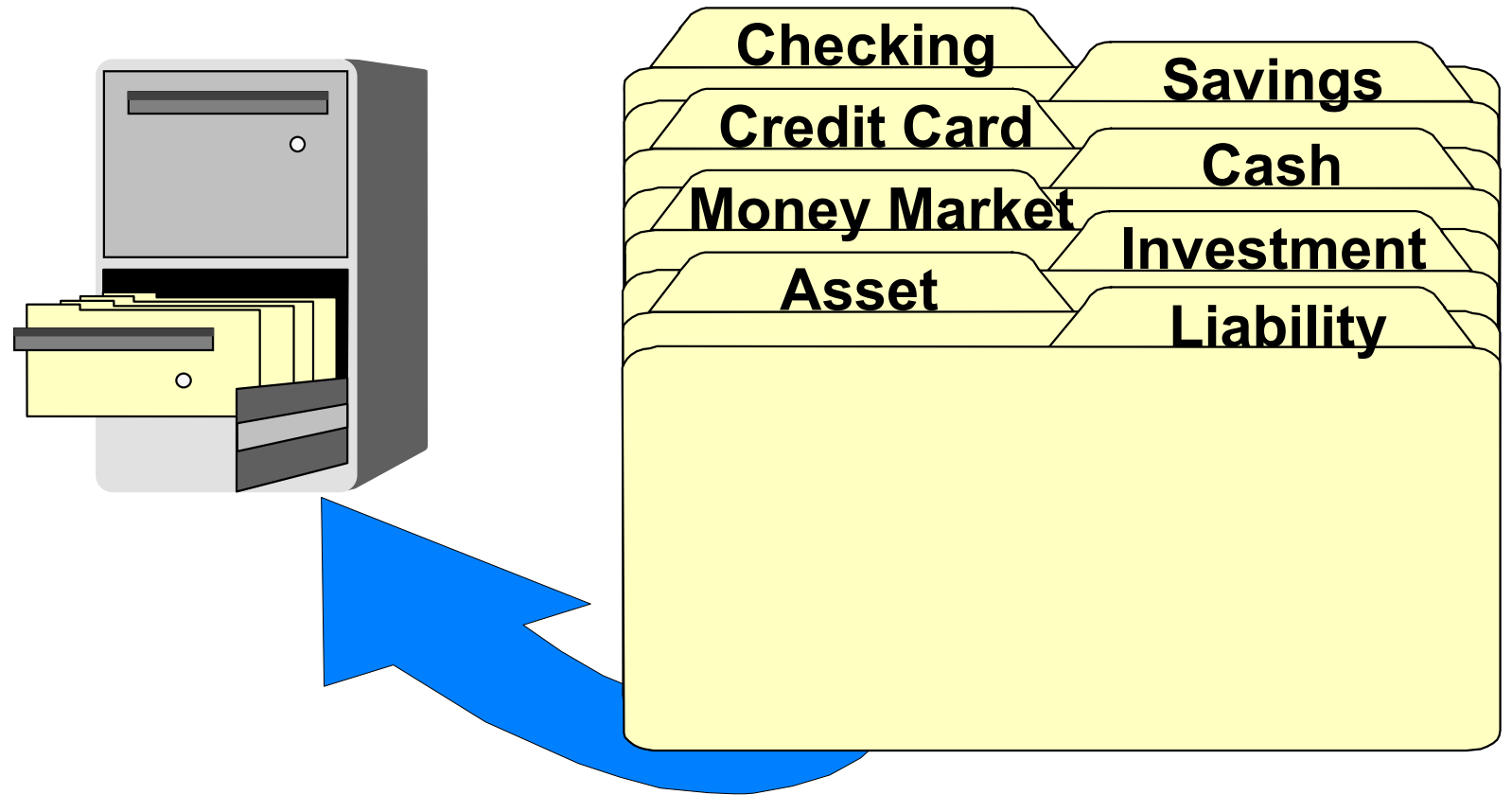
Communication

Business analysis

- Be able to accurately identify shares of income and expenses
- Determine costs of production per unit
- Know where profit (and/or loss) centers are in the operation

Start Simple

- Start Simple
- Be Consistent
- Be Disciplined
- Get Assistance
- Be Enthused!



How to keep records?

- **Hand**

- Low initial out-of pocket expense
- Easy to implement
- Time-consuming
- More opportunities to make mistakes
- Limited in extent of analysis without time and effort

- **Computer**

- Higher initial out-of-pocket expense
- May require significant amount of study
- Fast
- Accurate
- Can be a powerful analysis tool

Financial Recordkeeping Systems

Hand Record books

- Farm Bureau Recordkeeping Book

Computer Software

- Spreadsheets
- QuickBooks (\$199.95 and up)
- Quicken (\$49.99 and up)
- GnuCash (Free)

ACCOUNTS

- Types of Accounts:
 - Cash Flow
 - Checking, Savings, Credit Card, Cash
 - Investment
 - Brokerage, Retirement, Mutual Funds
 - Home & Business
 - Assets, Liabilities, Invoices/Receivables, Bills/Payables

CATEGORIES

- Tracks Income, Expenses, & Transfers
- Subcategories can further divide categories for better tracking of general expenses
- Can refer to Schedule F (Tax) categories as a guide to create categories : <https://www.irs.gov/pub/irs-pdf/f1040sf.pdf>

Category Examples

Expense

- Fuel
- Fertilizer
- Seed
- Feed

Income

- Calf
- Cull
- Greens

Tag

- Specifies where, to whom, or to what the transactions apply
- Can track income and expenses from different enterprises in the business

Tag Example

- Strawberry
- Salad Greens
- Tomato
- Microgreens
- Cut Flowers

Upcoming Recordkeeping Workshop: 'Got Farm Records, Now What?'

- Farmers will learn using Excel spreadsheets & other tools to evaluate performance.
- Tennessee and Kentucky workshops to be conducted September 2019 through April 2020.

Resources

Tennessee Agricultural Enhancement Program(TAEP):

<https://www.tn.gov/agriculture/farms/taep.html>

Tennessee Agriculture Enterprise Fund:

<https://www.tn.gov/agriculture/businesses/aef.html>

Farmer Veteran Fellowship Fund:

<https://www.farmvetco.org/fvfellowship/>

Farmers' Guide to Business Structure: <https://www.sare.org/Learning-Center/Books/Farmers-Guide-to-Business-Structures>

UT MANAGE Program: <https://ag.tennessee.edu/arec/Pages/manage.aspx>

Resources

Spreadsheet recordkeeping examples: <http://www.ssawg.org/gfp-recordkeeping>

‘Understanding Federal Income Taxes’ Penn State University :
<https://extension.psu.edu/understanding-your-federal-farm-income-taxes>



Please complete the
session evaluation at
<https://tiny.utk.edu/7HabitsEval>

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