



Front Porch Series – Fast Facts

Title: **Developing a Business Plan Part 2**

Session Details: Thursday, March 9, 2023 - 8 pm EST. Slides, handouts, and Fast Facts Summary can be found [here](#).

Facilitators: Barbara Cesiro & Mary Pilotte (Q/A) **Tech Lead:** Jenny Connor

Featured Presenter: Christine Teeple, [Red Rock Ranch and Farms](#), LLC in Concho, Arizona. Christine is a Founding Member and former Board Member of the USLGA.

Event Stated Goal: This session builds on Developing a Business Plan Part 1 (Nov. 2022), by elaborating on the financial planning, forecasting and actual financial performance of your business.

Terms used during the event:

- EXCEL spreadsheet -A Microsoft Office software application that allows for worksheets to be created that are particularly powerful for use in calculating financial and accounting work.
- Forecast – Per [Investopia](#), business forecasting “involves making informed guesses (estimates) about certain business metrics (values), regardless of whether they reflect the specifics of a business, such as sales growth, or predictions for the economy as a whole. Financial and operational decisions are made based on economic conditions and how the future looks, albeit uncertain.”
- Cash Flow – Financial document which reveals a business’s strength, by examining its liquidity, or available cash to pay the expenses at hand.
- P&L – Profit and Loss statement: financial document demonstrating a business's profitability or losses through the accumulated sales income and offsetting expenses.

Key Points Summary:

- Christine quickly recapped key elements of the Front Porch Series – Developing a Business Plan Pt. 1. (See [here](#) for video, and supporting Fast Facts document). This included the topics of: Executive summary; Market research; Market trends; Target market; Competitors; Products & pricing.
- New material began with **financial documents (See Excel template files)**
 - **Projections (Sales Forecasts)** – what will you sell, and how many of each?
 - What will your **start-up expenses** be? (Plan for 1-3 years). Don't forget to include interest for loans (if applicable) and taxes (county/state/local). **Pro Tip:** Consider starting slow; pay as you go to learn and avoid debt.
 - **Profit & Loss Statement (P&L)**- suggest developing by individual product level first, then roll them up to overall sales estimates x unit cost and margin %. Don't forget to include YOUR labor (estimate using your processes), then +20-30% to cover overhead expenses. Plug in all of your expense items, based on your estimates for equipment, buildings, insurance, etc. **Pro Tip:** Review these numbers annually; get rid of products not selling or making money, or where cheap competitors dominate the market.
 - **Cash Flow Projections** – This will indicate the ins/outs of monetary flow, and ability to reliably pay expected expenses. You will take a variety of your estimates from other financial templates to generate this.
 - **Balance Sheet** - This template gives a view of your business's overall health. Using the profit and loss and cash flow spreadsheets, this form projects what your assets and liabilities will be at the end of year 1. **Pro Tip:** It is an estimate, a snapshot, and helps you get a feel for your plan, so it is important for you to try to do (with or without an accountant).
 - **Break Even Analysis** – This tells you when your operation will break even (i.e., Profits cover expenses).
- The second phase of Christine's presentation covered **Business GOAL setting**
 - Goal setting is a critical element of achievement, and helping you "reverse plan" what it takes to reach your dream state.
 - **Pro Tip:** Use one notebook for listing your daily goals and a second notebook is for your short-term to long-range goals. (short <6mo/midterm (6mo to 1 yr)/Longterm (1-3 yr)). Give your goals actual and realistic dates – and be careful what you set your goals for – as with this process you will get it!

Q&A Summary (This section is a paraphrasing of the exchange and is NOT a dictation of the actual exchange. Any misrepresentations or inaccuracies are completely unintentional):

Q: Could you say a little more about identifying "target customers"?

A: The kinds of products you offer or events you host will attract certain demographics and lead to different type of sales outcomes. For example, many growers are starting to add CBD products to their offering, but if

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those can be bought at the local gas station, is that of benefit to you? Alternatively, Red Rock added grapes and a liquor pour license to reach a different type of target customer. They enjoy the leisurely visit, food offerings, etc. found at their hosted on-site capitalizing on agritourism's popularity.

Q: The business plan is a living document which requires periodic updates, but how long does it take to actually complete the full business plan”?

A: Don't worry about completing the entire thing at once; just do what you can when you can, so you can learn and examine your situation and goals achieved over time. Eventually you will get more and more accurate, and more and more done on the plan.

Q: You mentioned having a portfolio of ~25 products. Do you use goal setting around how many products to have/maintain or new products to add?

A: Keep what is profitable, get rid of what doesn't sell. You can also keep an idea board based on research around trends. Find your local niche, and things related to your area/region. Search for products with a “profit punch”.

Other Session Notes:

28 Attendees participated in this event.