



## Business Plan – Part 2 Financial Planning & Goal Setting with Christine Teeple Red Rock Lavender

- Recap of Business Plan
- Financial Planning
- Goal Setting



# Our Story

- 1998 - Started the business in northeastern Arizona with 200 plants, now have 35,000 lavender plants.
- 2000 - Started selling dried lavender products at farmers markets and local festivals.
- 2002 - Starting distilling Lavender EO to make a wide range of products.
- 2003 - Created website for online sales.
- 2002 - 2005 - Vendor booth at trade shows to develop wholesale business.
- 2002 to 2004 - Offered lavender tours by invitation only.
- 2004 - Built farm store/workshop for agritourism.
- 2005 to 2022 - 8 day Lavender Festival open to the public.
- 2015 - Planted vineyard for diversification.
- 2017 - Built wine tasting room. Open summer through fall.
- 2023 - Lavender Bloom and Wine Event - 18 day summer event.



Red Rock Lavender



## Red Rock Ranch Vineyards

# Business Plan Section Recap

Business Plan Worksheet can be found on the USLGA Website  
Under Education - Front Porch "Create A Business Plan S1" Date 11/10/2022

## I. Executive Summary Section

An executive summary is an introduction to your business.

**I.1 What products or services will your business provide?**

**I.2 Who are your target customers?** (Consumers, business to business wholesale customers, through sales channels such as Amazon, Etsy, EBay.)

**I.3 What sales method will you use?** (Online, farm events, off-site events, etc.)

# Market Research – Business Model Worksheet Example

Major Competitors	Festivals/Events	Wholesale	Retail (Farm Shop, Online Sales)

# Market Research – Competitors Worksheet Example

Major Competitors	Major Strengths	Your Advantage	Your Niche

## **II. Company Description Section**

**II.1 What is your mission statement?**

**II.2 What is the legal structure of your company?**

**II.3 Who are the principal members of your company and what are their roles?**

**II.4 Describe your most important strengths and core competencies.**

**II.5 List Your Company Goals and Objectives.**

# III. Market Research Section

Provide detailed information to show that you have a solid understanding of the industry within which your business will operate. If you have any further questions it may be useful talking to a mentor who could offer you specific guidance.

## III.1 Describe your industry.

## III.2 What regulations apply to your company and any legal requirements impacting your company and industry?

## III.3 Who are your target customers?

For Consumers	For Business Customers
<ul style="list-style-type: none"><li>• Age</li><li>• Gender</li><li>• Location</li><li>• Income Level</li><li>• Social Class &amp; Occupation</li><li>• Education</li><li>• Other (specific to your industry)</li></ul>	<ul style="list-style-type: none"><li>• Industry (or portion of an industry)</li><li>• Location</li><li>• Size of Firm</li><li>• Quality, technology &amp; price preferences</li><li>• Other (specific to your industry)</li></ul>

# **Market & Consumer Trends**

## **Know Your Target Audience**

- **Large Population of 55+ Buyers**
- **Interested in Green Practices**
- **Consumers think globally but want to buy locally**
- **Want to Buy Authentic Products**
- **Are your Customers Local?**
- **Are they Online?**

## **III. Market Research Section, Continued**

**III.4 Who are your competitors? What products and companies will compete with you?**

**List your major competitors:**

**III.5 What do you think your major competitive strengths will be?**

**III.6 What advantages do you have over your competition? What could be your niche?**

**III.7 Complete the Competitive Analysis Worksheet for a detailed analysis.**

**Use the Competitive Analysis table to compare your company with your two most important competitors. In the first column are key competitive factors.**

# Market Research – Competitors Products Worksheet Example

Major Competitors	Products Offered	Packaging	Pricing

## **IV. Product/Service Line Section**

**IV.1 What products or services will your company provide?**

**IV.2 What will be the pricing and fee structure of your products or services?**

**IV.3 What factors will give you competitive advantages or disadvantages?  
Examples include level of quality or unique or proprietary features.**

# Competitive Analysis Worksheet

Factor	Me	Strength	Weakness	Competitor A	Competitor B	Importance to Customer
Products						
Price						
Quality						
Selection						
Service						
Reliability						
Stability						
Expertise						
Company Reputation						
Location						
Appearance						
Sales Method						
Credit Policies						
Advertising						
Image						

## **V. Marketing and Sales Section**

**V.1 Describe how your company will focus on its customers through its marketing and sales strategies.**

**V.1 What is your plan to grow your company?**

**V.2 What is the growth potential and opportunity for a business of your size?**

**V.3 What barriers do you face in entering this market with your new company?**

**V.3.1 How will you overcome the barriers?**

**V.3.2 How could the following affect your company?**

**V.4 How will you communicate with your customers?**

**V.5 How will you sell your products or services?**

# **Business Plan – Part 2**

## **Financials**

# **Business Plan Part 2 – Financials**

## **Financials VI. Financial Information (Financial Projections)**

### **Section of the Business Plan Worksheet**

**This section describes six recommended spreadsheets to include in your business plan.**

**The Excel Spreadsheets will be available on the USLGA Website.**

Let's start by explaining what the financial section of a business plan is not. Realize that the financial section is not the same as accounting. Many people get confused about this because the financial projections that you include: profit and loss, balance sheet, and cash flow look similar to accounting statements a business generates. But accounting looks back in time, starting today and taking a historical view. Business planning or forecasting is a forward-looking view, starting today and going into the future. If you do not have any financial information prepared, research industry statistics to estimate what the profits and costs will be for your company.

The important reason to compile this financial forecast is for your own benefit, so you understand how you project your business will do. This is an ongoing, living document. It should be a guide to running your business. If there is a rule of thumb when filling in the numbers in the financial section of your business plan, it's this: Be realistic. The way you come up with a credible financial section for your business plan is to demonstrate that it's realistic.

**1. Sales Forecast**

**3. Profit & Loss/Income Projection**

**5. Projected Balance Sheet**

**2. Start-up Expense Projection**

**4. Cash Flow Projection**

**6. Breakeven Analysis**

# VI. Financial Information (Financial Projections) Section

## 1. Sales Forecast

This spreadsheet projects your sales over the course of 12 months in the beginning and then over three years.

### **Project your sales in each category:**

- On-Site Store
  - Online
- On-Site Events
- Off-Site Events
  - Wholesale
  - Plant Sales
  - Etc.

# VI. Financial Information (Financial Projections) Section

## 1. Sales Forecast, Continued

This spreadsheet projects your sales over the course of 12 months in the beginning and then over three years.

**Project your sales in each category:**

### 1. Sales Forecast (12 Months)

*Company Name*

Fiscal Year Begins:

	12-month Sales Forecast												Sales History				
	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Annual Totals	Current Month Ending mm/yy			
Cat 1 units sold													0				
Sale price @ unit																	
Cat 1 TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cat 2 units sold													0				
Sale price @ unit																	
Cat 2 TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cat 3 units sold													0				
Sale price @ unit																	
Cat 3 TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

# VI. Financial Information (Financial Projections) Section

## 2. Start-up Expenses

### Sources of Capital

Owner's Investment?

Loans?

Investors?

### Expenses

You're going to need to understand how much it's going to cost you to actually make the sales you have forecasted.

Differentiate between fixed costs (i.e., rent and payroll) and variable costs (i.e., most advertising and promotional expenses), because it's a good thing for a business to know.

Lower fixed costs mean less risk, which might be theoretical in business schools but are very concrete when you have rent and payroll checks to sign.

This is a forecast, not accounting, and you're going to have to estimate things like interest and taxes.

# VI. Financial Information (Financial Projections) Section

## 2. Start-up Expenses, Continued

### Start up Expenses Worksheet

#### Sources of Capital

Owners' Investment (name and percent ownership)

Your name and percent ownership

Other investor

**Total Investment**

#### Bank Loans

Bank 1

Bank 2

**Total Bank Loans**

#### Other Loans

Source 1

Source 2

**Total Other Loans**

#### Startup Expenses

##### Buildings/Real Estate

Purchase

Construction

Remodeling

Other

**Total Buildings/Real Estate**

##### Leasehold Improvements

Item 1

Item 2

**Total Leasehold Improvements**

##### Capital Equipment List

Furniture

Equipment

Fixtures

Machinery

Other

**Total Capital Equipment**

\$ -	<b>Location and Admin Expenses</b>	\$ -
-	- Rent & Related Costs	-
-	- Utility deposits	-
-	- Legal and accounting fees	-
-	- Prepaid insurance	-
\$ -	- Pre-opening salaries	-
-	- Other	-
\$ -	<b>Total Location and Admin Expenses</b>	\$ -

#### Opening Inventory

\$ -	- Category 1	-
-	- Category 2	-
\$ -	- Category 3	-
-	- Category 4	-
-	<b>Total Inventory</b>	\$ -

#### Advertising and Promotional Expenses

\$ -	- Advertising	-
-	- Signage	-
-	- Printing	-
-	- Travel/entertainment	-
\$ -	<b>Total Advertising Expenses</b>	\$ -

#### Startup Expenses

\$ -	- Buildings/real estate	-
-	- Leasehold improvements	-
-	- Capital equipment	-
-	- Location/administration expenses	-
-	- Opening inventory	-
-	- Advertising/promotional expenses	-
-	- Other expenses	-
-	- Contingency fund	-
\$ -	- Working capital	\$ -
\$ -	<b>Total Startup Expenses</b>	\$ -

# VI. Financial Information (Financial Projections) Section

## 3. Profit and Loss Projection/Income Projections

This is your pro forma profit and loss statement, detailing forecasts for your business over the course of 12 months in the beginning and then over three years. Use the numbers that you put in your sales forecast, expense projections, and cash flow statement. Sales, less cost of sales is gross margin. Gross margin, less expenses, interest, and taxes, is net profit.

- Revenue (Sales)
- Cost of Goods
  - Gross Profit
- Operating Expenses
  - Net Profit

# VI. Financial Information (Financial Projections) Section

## 3. Profit and Loss Projection/Income Projections, Continued

### Example: Tracking Cost of Goods and Pricing

PRODUCT LIST	SIZE	CONTAINER or PACKAGE	COST	PRODUCT	EO	TAG or LABEL	LABOR	SUB TOTAL COST	OVERHEAD @ 20%	TOTAL COST	PRICE PER UNIY
<b>RETAIL</b>											
<b>LAVENDER BOTANICALS</b>											
<i>Dried Lavender Bouquets</i>											
Grosso - with Floral Sleeve		Ribbon	\$ 0.50	\$ 3.00			\$ 1.40	\$ 4.90	\$ 0.98	\$ 5.88	\$ 15.00
Royal Velvet - with Floral Sleeve		Ribbon	\$ 0.40	\$ 2.00			\$ 1.40	\$ 3.80	\$ 0.76	\$ 4.56	\$ 12.00
<i>Decorative Sachets</i>											
Lavender Embroidery - Organza - 6TB	3 x 4	Sachet	\$ 0.65	\$ 0.78			\$ 0.35	\$ 1.78	\$ 0.36	\$ 2.14	\$ 7.00
Satin - 6 TB	3 x 4	Sachet	\$ 0.65	\$ 0.78			\$ 0.35	\$ 1.78	\$ 0.36	\$ 2.14	\$ 7.00
Silk Organza - White Lace - 6 TB	3 x 4	Sachet	\$ 0.65	\$ 0.78			\$ 0.35	\$ 1.78	\$ 0.36	\$ 2.14	\$ 7.00
Silk Organza - Purple-and Lavender 6 TB	3 x 4	Sachet	\$ 0.25	\$ 0.78			\$ 0.35	\$ 1.38	\$ 0.28	\$ 1.66	\$ 5.00
Silk Organza - Small - 4 TB	2 x 3	Sachet	\$ 0.11	\$ 0.52			\$ 0.20	\$ 0.83	\$ 0.17	\$ 1.00	\$ 2.00
Sachet Set of Three with Pillow Box (\$1.00)	3 x 4	Sachet	\$ 1.95	\$ 2.34			\$ 1.25	\$ 5.54	\$ 1.11	\$ 6.65	\$ 18.00
<b>PRODUCTS FOR THE HOME</b>											
<i>For the Home</i>											
Lavender Spray Mist 250 ML- Mister \$.52	8 oz	Alum Spray	\$ 2.69	\$ 0.75	\$ 0.45	\$0.55	\$ 1.00	\$ 5.44	\$ 1.09	\$ 6.53	\$ 19.00
Lavender Spray Mist 80 ML- Mister \$.52	2 oz	Alum Spray	\$ 1.28	\$ 0.25	\$ 0.12	\$0.45	\$ 0.50	\$ 2.60	\$ 0.52	\$ 3.12	\$ 9.00
Lavender Shower & Body Wash - Pump	8 oz	PET Pump	\$ 1.21	\$ 3.96	\$ 1.00	\$0.51	\$ 1.00	\$ 7.68	\$ 1.54	\$ 9.22	\$ 18.00

## VI. Financial Information (Financial Projections) Section

### 3. Profit and Loss Projection/Income Projections, Continued

#### Example of Sales by Product

Product	Price	Units Sold	Total Sales
Mists - 2.70 oz	\$ 9.00	539.00	\$ 4,851.00
Aroma Set	\$ 12.00	200.00	\$ 2,400.00
Mists - 8.40 oz	\$ 19.00	203.00	\$ 3,857.00
Shea Butter - 1.35 oz	\$ 14.00	204.00	\$ 2,856.00
Shea Butter - 4.00 oz	\$ 30.00	139.00	\$ 4,170.00
Essential Oil	\$ 16.50	573.00	\$ 9,454.50
Lotions - 2.00 2oz	\$ 8.75	199.00	\$ 1,741.21
Lotions - 8.00 8 oz	\$ 21.00	84.00	\$ 1,764.00
Shower Gel - 8.00 oz	\$ 15.00	93.00	\$ 1,395.00
Candles - Small	\$ 10.00	198.00	\$ 1,980.00
Candles - Large	\$ 22.00	12.00	\$ 264.00
Culinary Set	\$ 29.00	144.00	\$ 4,176.00
Culinary Lavender	\$ 8.00	345.00	\$ 2,760.00
Herbes de Provence	\$ 8.00	371.00	\$ 2,968.00
Herbes de Concho	\$ 8.00	372.00	\$ 2,760.00
Lavender Lemon Pepper	\$ 8.00	350.00	\$ 2,976.00
Cracker Spread	\$ 2.00	800.00	\$ 1,600.00
<b>TOTAL</b>		<b>4,826.00</b>	<b>\$ 51,972.71</b>

## VI. Financial Information (Financial Projections) Section

### 3. Profit and Loss Projection/Income Projections, Continued

<b>Example - Sales and Expenses Recap</b>	
<b>Festival Income</b>	<b>\$58,666.59</b>
<b>Breakdown</b>	
Cash Income	\$ 15,530.50
Credit Card Income	\$ 43,136.09
<b>Total Income</b>	<b>\$ 58,666.59</b>
<b>Minus Festival Expenses</b>	<b>\$ 12,563.02</b>
<b>Gross Profit Earnings</b>	<b>\$ 44,946.14</b>
<b>Overhead @ 10%</b>	<b>\$ 8,989.00</b>
<b>Net Profit</b>	<b>\$ 35,957.14</b>

# VI. Financial Information (Financial Projections) Section

## 4. Cash Flow Projection

Displays the operating, investing, and financing activities of your company by detailing the money coming in to and going out of your business.

You base this partly on your sales forecasts, balance sheet items, and other assumptions. If you are starting a new business and do not have these historical financial statements, you start by projecting a cash-flow statement broken down into 12 months.

Refer back to Profit and Loss Projection line by asking yourself when you should expect cash to come and go.

You have done a sales projection, now you must predict when you will actually collect from customers.

On the expense side, you have previously projected expenses; now predict when you have to pay those expenses.

Most items will be the same as on the Profit and Loss Projection.

# VI. Financial Information (Financial Projections) Section

## 5. Projected Balance Sheet

A projected balance sheet indicates the future financial health of your business.

Using your profit and loss and cash flow spreadsheets, you can project what your balance sheet will look at the end of your first year.

You have to deal with assets and liabilities that aren't in the profits and loss statement and project the net worth of your business at the end of the fiscal year.

Projecting your balance sheet can quite a complex accounting endeavor but that does not mean you have to be a professional accountant to do it or benefit from the exercise.

The desired result is not a perfect forecast but rather a thoughtful plan detailing what additional resources will be needed by the company, where they will be needed, and how will they be financed.

# **VI. Financial Information (Financial Projections) Section**

## **6. Breakeven Analysis**

A breakeven analysis indicates when your business will be able to cover all of its expenses and begin making a profit. The breakeven point is when your business's expenses match your sales volume.

# VI. Financial Information (Financial Projections) Section

## 6. Breakeven Analysis Worksheet, Continued

<u>Cost Description</u>	<u>Fixed Costs (\$)</u>	<u>Variable Costs (%)</u>
<b>Variable Costs</b>		
Cost of Goods Sold		0.0%
Inventory		0.0%
Raw Materials		0.0%
Direct Labor (Includes Payroll Taxes)		0.0%
<b>Fixed Costs</b>		
Salaries (includes payroll taxes)	\$ -	
Supplies	\$ -	
Repairs & maintenance	\$ -	
Advertising	\$ -	
Car, delivery and travel	\$ -	
Accounting and legal	\$ -	
Rent	\$ -	
Telephone	\$ -	
Utilities	\$ -	
Insurance	\$ -	
Taxes (Real estate, etc.)	\$ -	
Interest	\$ -	
Depreciation	\$ -	
Other (specify)	\$ -	
Other (specify)	\$ -	
Miscellaneous expenses	\$ -	
Principal portion of debt payment	\$ -	
Owner's draw	\$ -	
<b>Total Fixed Costs</b>	<b>\$ -</b>	
<b>Total Variable Costs</b>		<b>0%</b>
<b>Breakeven Sales level =</b>	<b>0</b>	

# **Business Plan – Part 2**

## **Financial Planning and Goal-Setting**

**Financial Planning Worksheets (Excel Spreadsheets) can be found on  
the USLGA Website**

**Under Education - Front Porch**

**“Create A Business Plan Part 2: Financials” Date 03/09/2023**

# Goal Setting

# Goal Setting

1. Implementing your business plan requires goal setting for successful results.
2. Goal setting can be powerful if you follow these techniques:
3. Purchase two notebooks that you can devote entirely to your goals. If you would rather use your computer to type these out you can also use that method.
4. Use one notebook for listing your daily goals.
5. The second notebook is for your short-term to long-range goals. Divide this notebook into three sections:
  - Short-Term Goals: Goals you want to achieve within six months or less.
  - Mid-Range Goals: Goals you want to accomplish between six months to one-year.
  - Long-Range Goals: Goals you want to attain between one to three years.

# Goal Setting

4. When you list a goal, be sure to phrase it very specifically and set a time frame for accomplishment.

## **Examples:**

**Short-Term Goal: “I want to start selling my new product line by June 10, 2023.”**

**Mid-Range Goal: “I want my business income to increase 10% by January 2023.”**

**Long-Range Goal: “I want to build a farm store by January 2024”.**

5. Set goals that you can realistically achieve.

6. Do your daily goals each evening so that you are ready to be productive in the morning. At the end of the day review your goals and cross out those that you have accomplished. For those that you didn't complete, list them for the next day.

# Goal Setting

7. The short-term, mid-range and long-term goals should be reviewed at six-month intervals. Cross out accomplishments, revise, and make additions.

8. You can also set goals with another person. If you can get their agreement to accomplishing these goals, then it will make them happen more rapidly.

You will be amazed with the results if you follow these suggestions. Individuals who practice these techniques have found that when they review the goals they listed at proper intervals, they have accomplished 95% of them.

Since this is a very powerful exercise, take some words of caution. Be careful what you ask for, because you will most likely receive it.

Thank you for attending!

[www.uslavender.org/front-porch](http://www.uslavender.org/front-porch)



[info@uslavender.org](mailto:info@uslavender.org)



Next Session:  
Thursday, May 11, 2023

---

Business Plan Part 3:

Lavender Profitability: Return on Investment

*Presented by Christine Teeple*