



## Front Porch Series – Fast Facts

### Title: **How to Create a Business Plan (Session 1)**

**Session Details:** Thursday, Nov. 10th, 2022

**Facilitator:** Michele Hyson – Exec. Director USLGA

**Featured Presenter:** Christine Teeple Owner Red Rock Lavender, Concho, Arizona (1998). Christine is a Founding Member and former Board Member of the USLGA.

**Event Stated Goal:** Your business can grow by 30%, and grow faster, but a business plan is the road map required to take your ideas from a goal, to a means for supporting your objective. A business plan is a basic tool for both new business start-ups, or businesses that have been running without a formal plan. Attendees are challenged to use the next 3 months to get their ideas documented through a formal business plan document.

*This summary covers part one of a four part series (Session 2: Financials Session 3: Goal setting; Session 4: Return on Investment).*

#### Terms used during the event:

- **Business Plan** – A professional document that states your vision and business goals, including markets, customers, costs, opportunities, etc., for the purpose of guiding your business. Business plans are instrumental in securing loans or other forms of investment, and are generally necessary to sell a business.
- **Idea (vision) board** - An idea/vision board is a collection of images, sketches, quotes, photos, etc. that represent something that you are desiring to achieve.
- **Feasible** – determination if the idea and or/objective is possible to do easily or conveniently.
- **Market** – the grouping of people or target arena that a business intends to focus their commercial interests on.

#### Key Points Summary:

- A business plan gives you an opportunity on paper to:
  - Explore if and how your ideas are feasible,

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- Determine markets and outlets for your goods,
- Estimate your costs through forecasting/goal setting,
- Aids in major purchase decisions,
- Make “course corrections” as you review your plan each 6 months.
- **Begin with an “idea board”** – then challenge your ideas and ask hard questions. Can you make money doing this? Will it be fun/enjoyable for you?
  - To build the idea board, ask yourself the following questions:
    - What types of products do you want to offer, and through what types of outlets? What is popular? (*Consider what is trending; consider your time and energy investment*)
    - What type of operation do you want to support? Eco-tourism? Farmers Market vendor?
    - What type of customers do you want to serve? Online? In-person?
- **Move from idea board to building the business plan document**
  - (*see worksheet and respond to each section with responses to questions*)
  - **Research business entity types** (*i.e. proprietorship vs. LLC*)
  - **Research local regulations**, including liability insurance, workers compensation (for employees), operating regulations, etc.
  - **Research your competitors** – what is similar, different to your ideas? What is your competitive strength?
  - **Research your product offering**, and develop real estimates of associated costs.
  - **Develop your marketing and sales strategy** – including opportunity for growth?
    - What are barriers to getting into the business? What are ways you will develop new customers?
    - Consider how things like technology, government regulations, the economy, etc. might impact your strategy?
    - How will you stay in contact with your customers to retain them?
  - **Financials** (*This will be covered in Session 2*) develop real estimates, costs, and business analysis statements.
    - Forecast sales, expenses, crop loss projections, packaging, cash flows, investment requirements, balance sheet, and break even analysis.

Q&A Summary:

Q: What are good sources for facts to support your plan? A: Google searches

Q: I have heard it takes 3 years to become profitable, is that accurate? A: That is generally true, but profitability can come sooner with attention to fewer expenses and with more sweat equity invested. If you want to be big – that requires help and facilities, which means investments. Labor and input costs are on the rise which can have a huge impact.

You should also analyze what is NOT selling/being profitable, so you can avoid continuation of such endeavors. This takes keeping your data, following the trends, and doing post-event review.

Q: Questioner is looking at wholesaling, and perhaps exporting. Any advice? A: Look on the USLGA wholesaler’s directory, connect with them, ask questions, people will share ideas with you. (*Note: Two specific names of people were noted in the video, but are omitted here.*)

Q: How many plants do you have currently? A: 35,000 plants of 14 varieties: Favorites -Grosso (sachets), Provence and Royal Velvet (for culinary) and Maillette (for essential oil).

Q: How do you determine profit margin? A: Take the total cost for each product (all in, labor, material, etc.) then add 20% overhead on top of that, then your profit margin on that. To set your final price, you must know what like/competitor items are selling at.

Q: What are some of your top sellers? A: Lavender mist spray, herbal blends, candles, and gift packs (packs that include both products from her, but items that she sources).

Other Session Notes:

**Business Plan Support documents**

- [Session 1 Content](#) (pdf)
- [Benefits of a Business Plan](#) (docx)
- [Business Plan Worksheet](#) (docx)
- [Lavender Production, Markets, and Agritourism](#) (pdf)