STEP 3: Business Planning – How to get started

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What is on agenda?

- Business Planning case – durum wheat
- Business Planning case – tomato
- STEP 3: Business Planning DIY

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BUSINESS PLAN – durum wheat

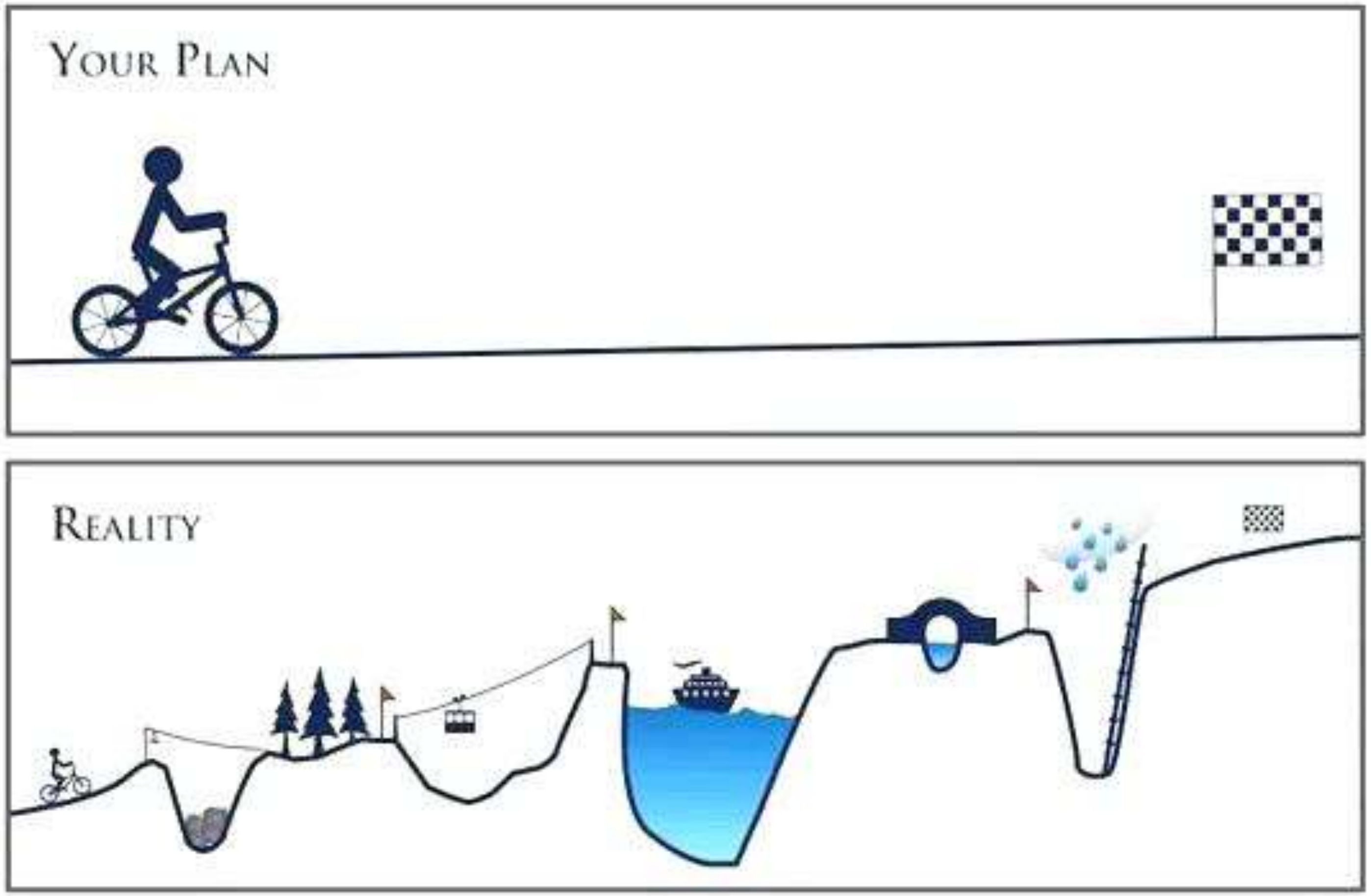
BUSINESS PLAN - tomato

Business plan DIY

What is a business plan?

- A business plan is a written document that contains a
  - **detailed analysis of the investment in the business**,
  - of the **future results** of the business, and
  - of **variant solutions for possible risky situations** that the future brings.

- **created to predict future events** and how to adapt the business to the conditions in the environment and to **reduce the degree of risk, time and resources**.



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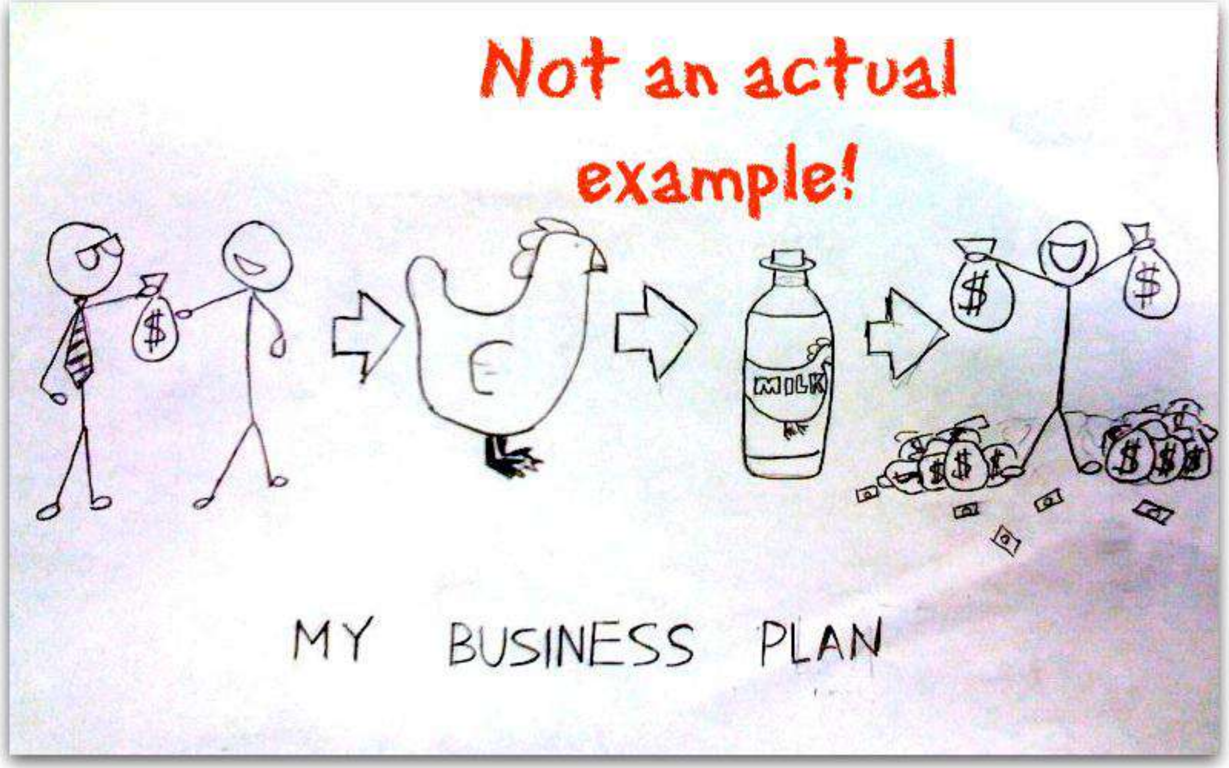
Principles of a business plan

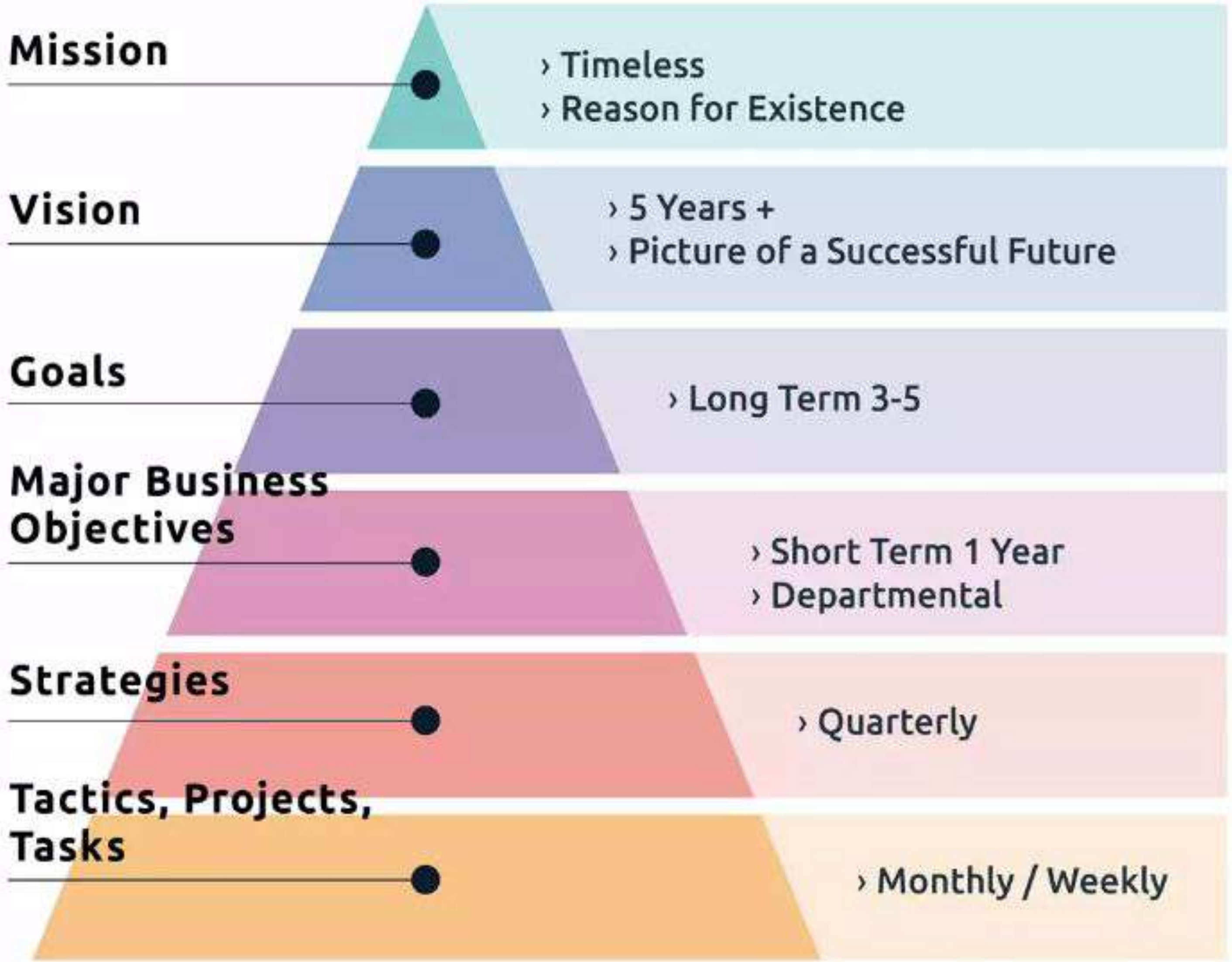
A business plan principles:

- **easy to read** and understand
- **oriented towards the market** and not towards work technology or the capacity of entrepreneurs
- contains an assessment of the **impact of competition**
- has a convincing and realistic **development vision**



Principles of a business plan

- Define Goals
- Determine objectives to reach goals
- Assess resources and make decisions
- Create contingency plans for managing changes
- Rationally assess operational feasibility and financial viability



Elements of a business plan

- basic information about the **entrepreneur** and the **company**
- presentation of **products & services**
- sources of **financing**
- **market** and **competition** analysis
- **marketing** strategy
- assessment of **income** and business **expenses**
- expected **profit/income**
- information about the **management team**

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Elements of a business plan

BUSINESS PLAN — SECTIONS 1 & 2

1 Entrepreneur & Company Data

General company data
Business registry, company type, ID number, date of establishment, key milestones

Founder / owner profile
Full CV / biography of the business owner or founder

2 Foundation & Starting Point

Origin of the business idea
Expertise, hobby, talent, spotting an opportunity, innovation or adapting an existing concept

Vision & mission
How to realise the venture, timeline, phases, and possible approaches to execution

Elements of a business plan

BUSINESS PLAN — SECTIONS 3 & 4

3 Business Operations

Current operations
Description of existing activities (for businesses already in operation)

Project operations
Process description, equipment, fixed assets, capacity, and organisational structure

Assets & financial performance
Balance sheet, profit & loss account, or income/expense overview

Supply market position
Key inputs, main suppliers, and copies of relevant supply contracts

4 Location

Existing location
Headquarters (owned or leased), space size, access routes, vehicle entry, goods handling, parking

Project location
If a new space is planned, describe as per the existing location criteria

Environmental protection
Required protection measures — collective or individual — and planned mitigation actions

Elements of a business plan

BUSINESS PLAN — SECTIONS 5 & 6

5 Technology & Operations

Investment structure
Space modifications, equipment to be acquired, reasons, and construction/delivery timelines

Existing workforce
Total headcount, salary payment status, and individual employee profiles (recommended)

New hires plan
Required profiles, hiring timeline, market availability, and training needs

6 Market Justification

Supply market
Key input materials, supplier analysis (if not already covered in Section 3)

Sales market
Target customers, demand analysis, sales channels (if not already covered in Section 3)

Revenue projection
Realistic estimate of achievable income based on market analysis and capacity

Elements of a business plan

BUSINESS PLAN — SECTIONS 7 & 8

7 Financial Elements

Fixed asset investments
Capital expenditure on equipment, infrastructure, and long-term assets

Working capital investments
Funds needed for day-to-day operations, inventory, and short-term liabilities

Operating costs & depreciation
All running expenses and annual depreciation schedule for fixed assets

Funding sources
Own funds, loans, grants — how the investment will be financed

P&L projection & cash flow
Multi-year profit & loss forecast, efficiency ratios, and cash flow analysis

8 Final Assessment

Review of past performance
Evaluation of the entrepreneur's track record and previous business results

Overall project evaluation
Comprehensive assessment linking the entrepreneur's profile to the business plan

Viability conclusion
Easier to assess for existing businesses; more careful review needed for new ventures or new business lines

Types of funding

Own Business Activity

Most stable & independent

Seed sales & royalties — direct income from variety sales, domestic and international

Farmer contributions — membership fees, co-op agreements, subscription models

Technical advisory — consulting and support services for producers

Often doesn't fully cover long-term breeding costs on its own

Public Funding

Essential for R&D

EU programmes — Horizon Europe, EIP-AGRI, LEADER, and CAP investments

National funds — government grants, rural development programmes

Project-based model — time-limited calls, heavy administrative requirements

High impact but not a permanent income stream — plan for gaps between projects

Private & Community

Flexible & values-driven

Donations & crowdfunding — community support, ethical investor platforms

Ethical banks — mission-aligned lenders with favourable terms for social enterprises

Value chain cooperation — co-investment with processors, retailers, or food networks

Flexible but typically smaller in scale or short to medium-term

Business plan principles

01 Executive Summary

Overview of the entire plan — written last, read first

Mission · Highlights

02 Market Opportunity

The problem you solve, market size, and demand trends

Market size · Gap

03 Product / Service Description

What you offer, unique value proposition, and benefits

Offer · Value

04 Operational Delivery

How you produce and deliver — processes, equipment, supply chain

Processes · Capacity

05 Market Analysis

Competitors, customer segments, and market positioning

Competition · Segments

06 Organisation / Management

Team structure, key roles, and governance model

Team · Governance

07 Risk Assessment

Key risks — financial, operational, market — and mitigation plans

Risks · Mitigation

08 Financial Projections

Revenue forecast, costs, break-even, cash flow, and ROI

P&L · Cash flow

09 Appendices

CVs, permits, contracts, technical data, and supporting documents

CVs · Permits

Business plan principles

Tip 1

Know its purpose

Be clear on who the plan is for — investor, bank, or internal use — and tailor every section to that audience.

Tip 2

The executive summary is key

It's the first thing read and often the only thing read in full. Make it compelling, concise, and complete.

Tip 3

Evidence of competency

Back up your claims with data, credentials, and past results. Readers trust proof over promises.

Tip 4

Structure your narrative

Every section should flow logically into the next — your plan should tell a coherent story from problem to solution.

Capital Expenses - CAPEX

CAPEX — Capital Expenditure

One-time investments to start or grow your farm

Land Use
purchase, fencing

Infrastructure & Facilities
greenhouses, storage, irrigation

Machinery & Equipment
tractor, seed cleaner, lab tools

Tools & Supplies
hand tools, racks

Seed Inputs & Genetics
starter seeds, breeding lines

Crop Management Inputs
compost, sprayer, nets

Certification & Compliance
organic setup, licenses

Digital Tools & Tech
hardware, website, software

Training & Capacity
initial workshops, courses

Marketing & Sales
branding, website, booth

Packaging & Distribution
packing line, storage

General Overheads
office setup, furniture

Operational Expenses - OPEX

OPEX — Operational Expenditure

Recurring costs to keep the farm running

Land Use
lease/rent, taxes, maintenance

Infrastructure & Facilities
utilities, maintenance, insurance

Machinery & Equipment
fuel, servicing, spare parts

Tools & Supplies
replacement, cleaning, consumables

Labor
salaries, seasonal workers, benefits

Seed Inputs & Genetics
stock seed, royalties, licenses

Crop Management
fertilizers, biocontrol, cover crops

Certification & Compliance
renewal fees, testing, audits

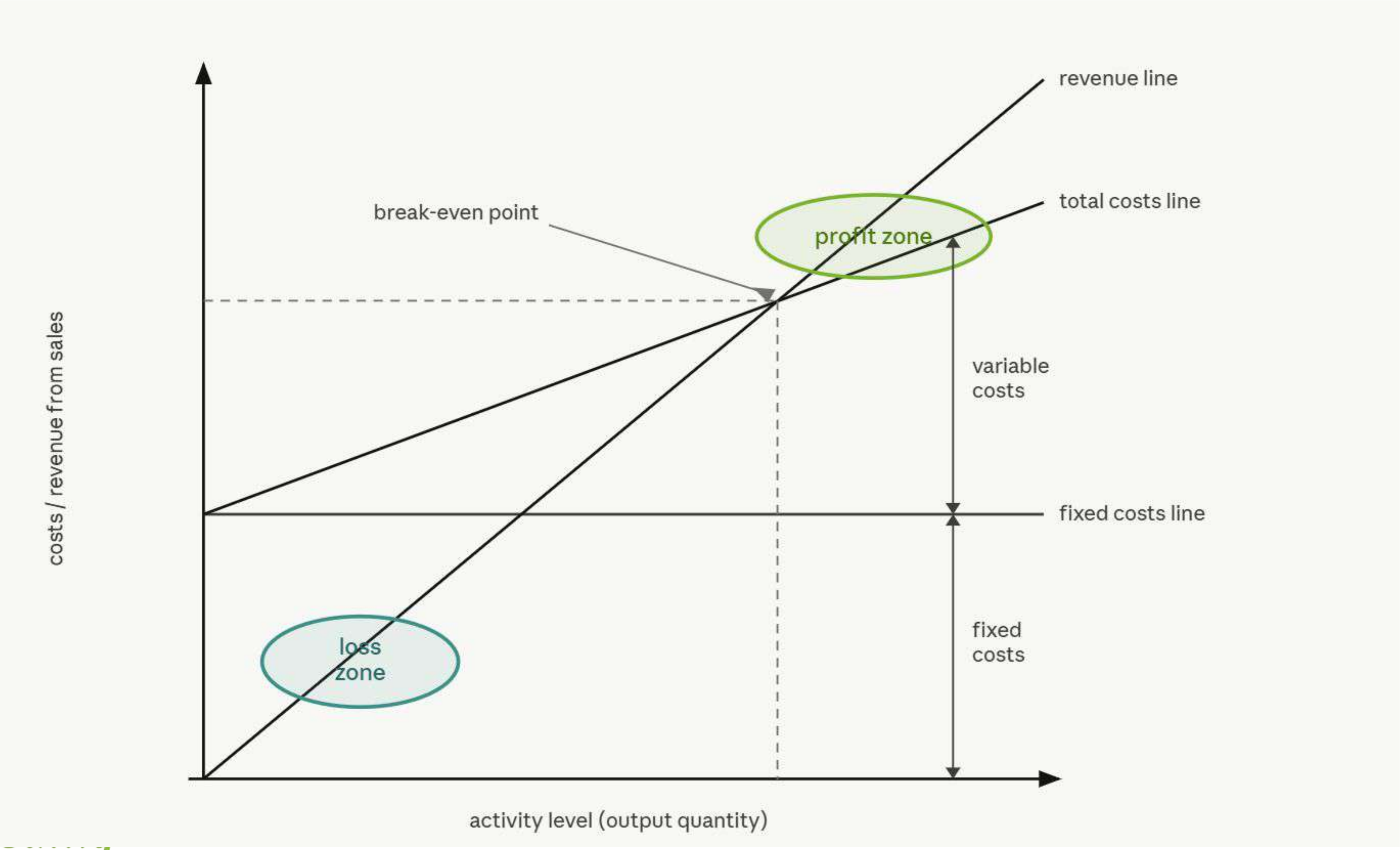
Digital Tools & Tech
subscriptions, hosting, support

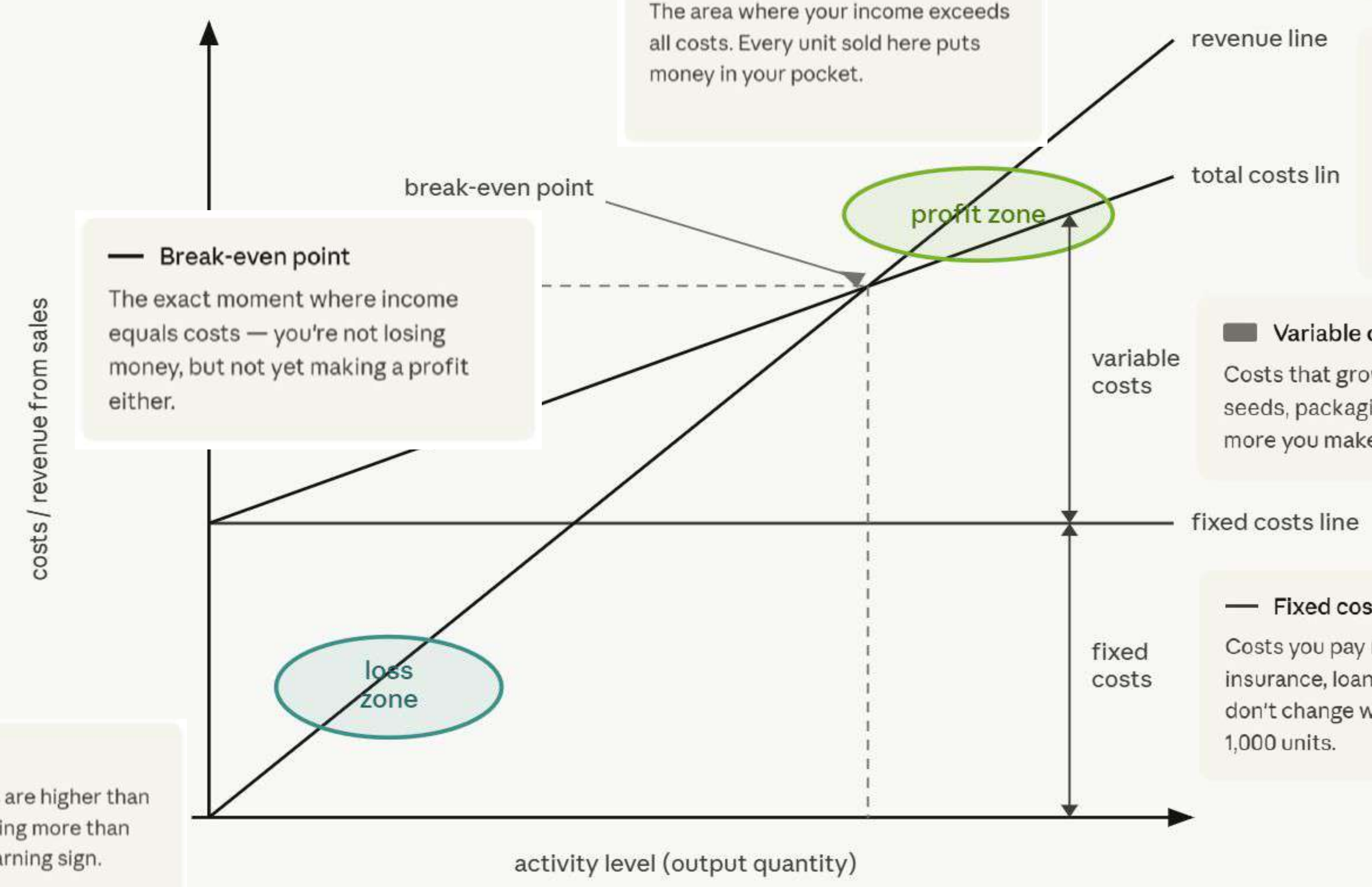
Training & Capacity
ongoing training, travel, consulting

Marketing & Sales
ads, fairs, packaging, promotion

Packaging & Distribution
materials, shipping, logistics

Break – even point





Revenue line

How much money comes in as you sell more. The steeper the line, the higher your price per unit.

Profit zone

The area where your income exceeds all costs. Every unit sold here puts money in your pocket.

Total costs line

All your expenses combined — both fixed and variable. It rises as you produce more, but starts above zero.

Break-even point

The exact moment where income equals costs — you're not losing money, but not yet making a profit either.

Variable costs

Costs that grow with production — seeds, packaging, fuel, labour. The more you make, the more you spend.

Fixed costs

Costs you pay no matter what — rent, insurance, loan repayments. They don't change whether you sell 0 or 1,000 units.

Loss zone

The area where costs are higher than income. You're spending more than you're earning — a warning sign.

Revenue streams: Where does the money come from?

- Seed sales (domestic & international)
- Certification fees
- Educational workshops & training
- Online sales & e-commerce
- Cooperative & subscription services
- R&D project participation
- Consulting & advisory services
- Licensing & royalties
- Data & analytics services

Financial parameters

EBIT

Profit before bank & taxes

What your business earns after paying all running costs — but before paying loans and the taxman.

Think of it as: revenue minus what it cost you to operate.

EBITDA

Profit before bank, taxes & wear

Like EBIT, but also ignores the "wear and tear" cost of equipment — useful for comparing businesses regardless of assets owned.

Treats a farm with old tractors the same as one with new ones.

GROSS MARGIN

How much you keep per euro sold

Out of every €1 you earn, how many cents are left after covering the direct cost of producing what you sold.

20% margin → you keep €0.20 and spend €0.80 on producing it.

ROI

Was the investment worth it?

Shows how much profit you make for every euro you invested. The higher the number, the better the return.

12% ROI → every €1 invested earns back €0.12 in profit.

PAYBACK PERIOD

How long to get your money back

The number of months or years until your profits fully cover what you invested upfront.

Bought a €10,000 machine that saves €2,000/year → payback in 5 years.

REVENUE

All money coming in

Everything that enters your account from sales — milk, grain, fruit, services. Before you pay anything. The "whole cake" before you start slicing.

EXPENSES

Everything you pay to operate

Seeds, fuel, fertiliser, wages, electricity, land rent, insurance. The "slices" cut from your cake. The less you spend per unit, the more you keep.

NET PROFIT

What stays in your pocket

What's left after paying absolutely everything — costs, interest, taxes, depreciation. Your real earned money.

Revenue €100k − all costs €85k = net profit €15k.

CREDITWORTHINESS

How much debt can you handle?

Banks look at debt vs. earnings. If debt is much higher than annual income, a new loan becomes very difficult to get.

Debt-to-income ratio is the number banks care about most.

CASH FLOW

Money in vs. out — real time

How much cash actually enters and leaves your account. You can be "profitable" on paper but unable to pay fuel because customers are late.

Cash flow = the difference between paper and reality.

DEPRECIATION

Assets lose value every year

A €100,000 tractor may be worth €20,000 after 10 years. This loss is recorded as a cost, even though you didn't spend cash.

Important for taxes — reduces taxable income.

BREAK-EVEN

Sell this much to cover costs

The point where revenue exactly equals total costs — neither profit nor loss. Everything above is earnings.

Costs €50k/year, wheat €200/ton → sell 250 tons to be "at zero."

LIQUIDITY

Can you pay what's due today?

Enough "fast" money — cash, bank balance — for current obligations? A farm can be profitable but illiquid: money trapped in stock or land.

Profitable but illiquid = earning on paper, broke in practice.

Common problems

Not tracking all costs

Especially your own labour — the highest recurring expense

Pricing by emotion

Setting prices based on comparison rather than calculation

Too many varieties

Without knowing which ones are actually profitable

Ignoring marketing

respondents identified marketing as a key skills gap

No business plan

knowledge in entrepreneurship & planning

Not planning for bad years

Weather, pest outbreaks, market shifts can wipe margins

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