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Creating a Business Plan

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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska - Lincoln

Creating a Business Plan

Market Report	Yr Ago	4 Wks Ago	1/2/98
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt.	\$66.75	\$65.44	\$65.25
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt.	*	78.00	*
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt.	99.17	98.21	95.98
Hogs, US 1-2, 220-230 lb Omaha, cwt.	54.54	45.00	36.25
Feeder Pigs, US 1-2, 40-45 lb Omaha, hd.	*	*	*
Fresh Pork Loins, Wholesale, 14-18 lb Cent. US, cwt.	114.25	84.50	76.17
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt.	93.25	84.63	79.80
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	170.00	159.50	154.50
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu.	4.20	3.73	3.48
Corn, No. 2, Yellow Omaha, bu.	2.44	2.56	2.40
Soybeans, No. 1, Yellow Chicago, bu.	6.98	7.02	6.64
Grain Sorghum, No. 2, Yellow Kansas City, cwt.	4.03	4.32	4.10
Oats, No. 2, Heavy Omaha, bu.	*	*	*
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton.	137.50	*	*
Alfalfa, Lg. Round, Good Northeast Nebraska, ton.	72.50	90.00	*
Prairie, Sm. Square, Good Northeast Nebraska, ton.	70.00	82.50	*
* No market.			

A business plan is becoming an increasingly important tool as farm operators need to explain complex operations to their associates. It has long been necessary to have good information for lenders. But in the current business environment there are many more persons such as crop consultants, landlords, employees and family members who may not always be present, but are involved in the operation.

A business plan should be more than an exercise in gathering information. It should be a plan for the future as well as a description of the current operation. Even more, it should be a vision of you, your family, your business and your community. All of these components affect the outcome of your actions.

The Role of Goals

There are many persons involved in your operation. Besides members of your immediate family, you have suppliers, lenders and service providers who need to be aware of the vision you have for your operation. And you need to be as aware as possible of their needs and goals. The better you communicate your plans and vision, the less likely you will be misunderstood and the less likely your business will suffer.

Obviously a key piece of information for any business plan is to identify the expectations of the persons involved. Working together with the family to set personal, family, community and business goals takes time. But without this key building block, the best business plan may be useless.

In many ways a good business plan will be a family effort. But not everyone in the family need take part in every step of the process. As an example, everyone does not need to be involved in working out

a cash flow plan for the farming operation. But, every-



one who is expecting income from the operation should have a good idea of the cash flow and the ability of the operation to satisfy that income expectation. In the same vein, if one is expecting non-cash benefits, such as a good family life, they should be aware of the potential for the business to help satisfy those expectations.

Production Plans

Once everyone knows and agrees on why the business exists, a production plan is in order. Production plans define the products the business will produce and how they will be produced. This will include the asset base needed, the time and outside inputs required and the reasons these products are included.

Financial Plan

The financial plan reflects the results of a production plan and illustrates the ability of the business to contribute to the financial expectations of those involved. This likely will include a combination of spendable income, capital needs for future growth and perhaps retirement income or funds for an inter-generational transfer of the business.

Human Resources Plan

The human resources plan illustrates the ability of the business to meet needs, other than income, of those involved. Family members, employees, owners and managers all need more than a "check" to feel they are a part of the business.

Help Available

Help with creating a business plan will be available to pork producers at Columbus, NE in a three-day workshop. The dates are February 10, 17 and March 3, 1998. Call Pork Central at 1-800-767-5287 for more information.

Information on writing a business plan is also part of the Beef Basics Home Study Course, available from your extension educator.

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Pork Central Coordinator

Following is an index of last year's *Cornhusker Economics* articles. If you would like additional copies of any of the articles, please let me know. I can be reached at (402)472-1789 or my email address is NPRITCHETT@unl.edu. Thank-you for your continued interest in *Cornhusker Economics* and if you have any questions or comments about the newsletter, please call me or any of the individual authors.

**Nancy Pritchett, Editor
*Cornhusker Economics***

Market Report	Yr Ago	4 Wks Ago	12/19/97
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt.	\$66.25	\$65.75	\$64.50
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt.	64.01	76.00	78.56
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt.	99.00	100.21	97.22
Hogs, US 1-2, 220-230 lb Omaha, cwt.	56.20	45.60	39.70
Feeder Pigs, US 1-2, 40-45 lb Omaha, hd.	*	*	*
Fresh Pork Loins, Wholesale, 14-18 lb Cent. US, cwt.	120.00	82.50	81.20
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt.	87.50	79.75	81.33
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	165.00	159.50	159.50
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu.	4.42	3.43	3.48
Corn, No. 2, Yellow Omaha, bu.	2.56	2.50	2.38
Soybeans, No. 1, Yellow Chicago, bu.	7.05	7.20	6.82
Grain Sorghum, No. 2, Yellow Kansas City, cwt.	4.25	4.23	4.16
Oats, No. 2, Heavy Omaha, bu.	*	*	*
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton.	*	*	*
Alfalfa, Lg. Round, Good Northeast Nebraska, ton.	77.50	92.50	92.50
Prairie, Sm. Square, Good Northeast Nebraska, ton.	70.00	82.50	82.50
* No market.			

Market Report	Yr Ago	4 Wks Ago	12/24/97
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt.	\$66.50	\$65.94	\$64.25
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt.	*	78.57	*
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt.	100.04	99.64	96.68
Hogs, US 1-2, 220-230 lb Omaha, cwt.	54.25	45.85	37.00
Feeder Pigs, US 1-2, 40-45 lb Omaha, hd.	*	*	*
Fresh Pork Loins, Wholesale, 14-18 lb Cent. US, cwt.	126.50	83.40	79.17
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt.	*	78.31	84.25
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	165.00	159.50	154.50
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu.	4.35	3.65	3.50
Corn, No. 2, Yellow Omaha, bu.	2.54	2.59	2.40
Soybeans, No. 1, Yellow Chicago, bu.	7.04	7.11	6.82
Grain Sorghum, No. 2, Yellow Kansas City, cwt.	4.21	4.29	4.12
Oats, No. 2, Heavy Omaha, bu.	*	*	*
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton.	125.00	*	*
Alfalfa, Lg. Round, Good Northeast Nebraska, ton.	72.50	92.50	92.50
Prairie, Sm. Square, Good Northeast Nebraska, ton.	75.00	82.50	82.50
* No market.			