WRITING GUIDE FOR A BUSINESS PLAN

TO START A FARMING BUSINESS

Votre gouvernement

Québec

PREAMBULE

This document is a tool to help you write your business plan in accordance with standard practice. This is an essential exercise that will help you clearly define your business start-up project and structure its presentation. The guide outlines the various sections that your business plan should contain and the documents that you will need to enclose with it. It also provides you with additional tools to help you better think about your project and links that will guide you to useful references.

WHY PREPARE A BUSINESS PLAN?

Because it enables you to:

- Clearly define your personal and business goals and understand the strengths and weaknesses of your project.
- Plan and manage your project.
- Effectively present your project to local players and approach funding agencies.

If you are considering a project, do not hesitate to write your business plan. If you do not know what to include in a section, the guide's structure will allow you to return to it later. Adapt the business plan to your project by eliminating or adding sections. In short, tailor it to your image.

YOU WILL FIND SECTIONS ON THREE REFERENCE TYPES IN THIS GUIDE:

DOCUMENTS TO APPEND TO THE BUSINESS PLAN
Defines the documents that must be presented in a business plan.
ADDITIONAL TOOLS
Suggests exercises to help you consider the project in the context of your personal goals.
USEFUL LINKS
Suggests useful resources and services for a farming business.

THE ROLE OF YOUNG FARMERS AND ESTABLISHMENT ADVISERS

If you are experiencing difficulty with this, do not hesitate to consult the young farmers and establishment advisors of the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (MAPAQ). They can support you in developing and writing your business plan, help you determine your needs and guide your considerations in carrying out your project. They also know the characteristics of the region in which you wish to start your business.

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1. OVERVIEW PAGE

The following is a title page frequently used to present a business plan. It is important to provide your contact address and your business or home address.

Business plan

Name of business
Name(s) of owner(s)

Address
Telephone number

Business plan submission date

2. BUSINESS PLAN SUMMARY

This section is usually written after the other parts of the business plan have been completed.

The summary is important because it allows readers to view a single page and understand the general idea of your business plan. The clearer and more concise your summary is, the more interested your readers will be. It is important to summarize your project based on elements such as the project's background, main goals pursued, full-time or part-time involvement, expected income, project time horizon, production sector, nature of the project (purchase, transfer, start-up), products and services offered, target market, marketing strategy, project's uniqueness, promoter's experience and training, status of the business and profitability of the project: down payment, investment, sales growth, cost of living, remaining balance.

DOCUMENTS TO APPEND TO THE BUSINESS PLAN

- Table or page summarizing your project
- Summary report of the forecast over five years indicating the profitability of your project (see Annex I):
  - Key financial results
  - Project cost
  - Funding for the project over five years

3. PROMOTER'S PROFILE

At the outset, the business plan should introduce each project proponent, focusing on their training, work experience, business-relevant skills and motivations. If there are several promoters, you must demonstrate how they will complement each other in the business. This section asks questions that each proponent can answer to better introduce themselves.

Table 1: Promoter experience and characteristics

SHAREHOLDERS/OWNERS*

Last name: ______________________ Date of birth: ______________

Given name: ______________________ Telephone: ______________

Address: ______________________ % ownership: ______________

Role in the business: ______________________________________

____

Current employment: ______________________________________

Diplomas obtained: ______________________________________

* To be completed for each person wanting to join the business

DOCUMENTS TO APPEND TO THE BUSINESS PLAN

- Table 1 presents the promoter's experience and characteristics
- Curriculum vitae (CV) for each promoter
- Copy of your most recent diploma obtained or diplomas you consider most relevant

3.1. PROMOTER TRAINING AND SKILLS

For each sector of activity, starting a business requires a combination of knowledge and skills. The business plan is an opportunity to present your knowledge of the chosen sector and the reasons that make you a good candidate for implementing your project.

You should also ask yourself about existing training in the production sector that interests you. What skills do you want to learn or improve and what training would enable you to do so? This information will demonstrate to your interlocutors your ability to give feedback and make improvements.

Also, think about entrepreneurial skills that could help start a business. You can also assess your entrepreneurial qualities with the *Entrepreneurial potential self-assessment* available on the Business Development Bank of Canada (BDC) website.

Think about the training you could take before and after you start your business. Training activities come in several forms: courses, internships, exploratory trips, technical or business mentoring, entrepreneurial groups, expert consultants, etc.

USEFUL LINKS

- Entrepreneurial potential self-assessment: https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/business-assessments/pages/self-assessment-test-your-entrepreneurial-potential.aspx
- Les collectifs régionaux en formation agricole offer continuing education activities, the content of which is constantly being updated. Consult the list of courses offered: http://uplus.upa.qc.ca/ (French)

3.2. CHOICE OF PROFESSION

Your interlocutors will also want to know your motivations to start a farming business. The questions you should consider may include:

- What motivated you to choose agriculture?
- Why do you want to set up your business?
- What explains your choice of the type of production?

3.3. PERSONAL GOALS

Defining your personal goals is essential to clearly define your business project. Your personal goals will have an influence on the decisions related to your business project. You must develop your project in such a way that your future business works for you and not the other way around. Over time, you will need to redefine your personal goals as your needs change.

To define your personal goals, you should consider how you could improve yourself or feel "fulfilled", e.g. creating a successful business, protecting the environment, maintaining good relationships, maintaining good health, improving yourself through work, etc.

Depending on the areas of action you prioritize, specify your improvement goals by indicating who, *what, where, how* and *why*.

Also express your family and financial goals, what you want to achieve, etc. Furthermore, the assessment of your annual cost of living is important to determine your financial needs.

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Personal budget to assess your annual cost of living (Annex II)

3.4. PROFESSIONAL GOALS

What professional goals do you want to achieve, for example, to master business management, to be recognized as a reference in the production sector or to develop several businesses? What does a successful and accomplished entrepreneur mean to you? What kind of entrepreneur would you like to be in five years?

4. PROJECT PRESENTATION

After having presented your experiences and the goals you wish to achieve, you should now present your business project and the means you will use to achieve it.

4.1. PROJECT BACKGROUND AND DESCRIPTION

Your interlocutor will try to understand the basis of your project. You must therefore briefly explain the source of the idea behind your business. If there are people with whom you have discussed the project, mention it.

Finally, describe:

- What your project is about;
- Where it is located;
- The physical and business environment, which must be consistent with your business project;
- The number of jobs that will be created by your business.

4.2. BUSINESS MISSION AND VISION

The business's mission must be expressed in one or two sentences: what justifies its existence, what it does and how it is done. This definition will help guide the business's future actions.

The mission can be summarized in two or three sentences carefully specifying its products, its target market and what differentiates it from the competition. This should allow customers to know immediately what to expect when doing business with you.

Examples:

- Produce quality organic products by ensuring favourable working conditions for employees;
- Offer quality products by ensuring that livestock farming is carried out in optimal housing, feeding and slaughter conditions;
- Produce a wide range of vegetable products for local customers with a concern for sustainable agriculture.

The vision of the business presents a forecast of its mission into the future and reflects its goals, targets and what it wants to become through its process:

- Become a stock farmer recognized for quality products and innovative animal health techniques;
- Become a locally recognized producer of fresh vegetable products.

4.3. BUSINESS GOALS

The business plan is also used to map out your business idea after its start-up stages. What goals do you want to achieve in the first, second, third and fifth years of operation? Determine the targets for gross sales, profit margins, marketing channels to be developed, opportunities for expansion or diversification of activities, the introduction of a new crop or agri-tourism activity, desired benefits in the community, etc.

These goals must be consistent with your personal and professional goals. As a future business manager, you need to think about how realistic your goals are while considering how much time you can devote to your family and your business. Do you want to work on the farm full-time or part-time? Will you have work off the farm? When do you plan to work exclusively in your business?

You should also think about how you allocate your time. Assess the use of your time for recreation, family or work off the farm. How many hours are left for the business? This will allow you to determine if you need outside assistance.

ADDITIONAL TOOL

- Summary table of personal and professional goals, over one, three and five years

4.4. PRODUCTION ACTIVITIES

You need to clearly outline in your business plan what your business will produce and the scale of that production. What will the number of production units be at start-up: cows, ewes, goats, hectares, taps, plants, hives, etc.? And in the years after start-up? Will your production be diversified?

Describe your herd or crop management and practices, e.g. organic, conventional, intensive or extensive, etc. What indicators will you use to measure your yields and assess your performance?

What are the expected yields?

In table format, describe your breeding stock or your crop plan and estimate the yields for the first years of operation.

Table 2: Breeding stock and projected yields

Breeding stock and projected yields				Year 1			Year 2			Year 3 and after…
Description	**Production per head**	**Units sold**	**Price per unit**	**Number**	**Total production (quantity)**	**Sales**	**Number**	**Total production (quantity)**	**Sales**	
E.g. Cows	85	hL/cow	$70							
Beef cow	1	Calf	$1000							
Total of the year						**- $**			**- $**	

Table 3: Crop plan and projected yields

Crop plan and projected yields				Year 1			Year 2			Year 3 and after…
Description	**Production per head**	**Units sold**	**Price per unit**	**Number**	**Total production (quantity)**	**Sales**	**Number**	**Total production (quantity)**	**Sales**	
E.g. Corn		T/ha								
Total of the year						**- $**			**- $**	

The estimated crop yield will largely depend on the soil quality on which you will operate your production activities. To this end, outline in your business plan:

- Soil analysis and soil structure details: compaction, erosion control, organic matter.
- Is water management adequate for production: irrigation, drainage, water table control, water quality, water supply?

DOCUMENTS TO APPEND TO THE BUSINESS PLAN

- Tables of crop or livestock plans (tables 2 and 3)
- Soil analysis results
- Agronomic recommendations related to yield prospects, liming or fertilization, etc.

4.5. DESCRIPTION OF LAND ASSETS, BUILDINGS AND MACHINERY

You must indicate in your business plan the production assets to which you have access in order to carry out your production activities. The purpose of this section is to inventory the production assets and to determine whether the conditions under which you have access meet your production needs.

We typically break down production assets into three types:

- Land;
- Buildings and stationary equipment;
- Machinery and mobile equipment.

If applicable, your business plan will also present the production units to which you have access in order to start your activities.

LAND

Table 4: Inventory of land in your possession

Land	Area (ha)	Owned/ leased	Cultivable (yes/no)	Natural pasture (yes/no)	Wooded/ sugar bush (yes/no)	Drained (yes/no)	Market value per ha	Market value $
								- $
								- $
								- $
Total								**- $**

Questions to ask yourself:

- Consider the area necessary to reach your production goals. Should drainage work be performed?
- Can the land support an increase in production?
- Is it possible to lease or buy land neighbouring your production site? If yes, which land?

BUILDINGS AND STATIONARY EQUIPMENT

Table 5: Inventory of buildings and stationary equipment in your possession

Buildings and stationary equipment	Dimensions L x W x H	Capacity (production units)	Market value $
			- $
			- $
			- $
Total			**- $**

Questions to ask yourself:

- Do you have a plan of your buildings?
- Is there sufficient space to store the machinery and equipment?
- Do you want to modernize existing buildings?
- Can the buildings support an increase in production (in the number of production units)?

MACHINERY AND MOBILE EQUIPMENT

Table 6: Inventory of machinery and equipment in your possession

Machinery and equipment	Year	Make	Model	Market value $
				- $
				- $
				- $
Total				**- $**

Questions to ask yourself:

- Can you share machinery or mobile equipment with other producers?
- Can contract work be carried out in order to make your equipment more profitable?
- Will it be necessary to modernize the equipment?
- Can machinery and mobile equipment accommodate an increase in production, if necessary?

PRODUCTION UNITS

Table 7: Inventory of animals in your possession

Animals	Number	Unit price	Value $
Female breeding			- $
Male breeding			- $
Young female breeding			- $
Young male breeding			- $
			- $
Other			- $
Total animals			**- $**

Table 8: Inventory of plants in your possession

Plants	Number	Unit price	Value $
E.g. Raspberry plants			- $
E.g. Sea buckthorn trees			- $
Other			- $
			- $
			- $
			- $
Total plants			**- $**

DOCUMENTS TO APPEND TO THE BUSINESS PLAN

- Table presenting the inventory of land already in your possession (Table 4)
- Table presenting the inventory of buildings and stationary equipment already in your possession (Table 5)
- Table presenting the inventory of machinery and mobile equipment already in your possession (Table 6)
- Table presenting the inventory of animals or plants already in your possession (Tables 7 and 8)

4.6. PRODUCTION MANAGEMENT AND CONTROL TOOLS

What management tools will you use to monitor your production activities? Consider computerized accounting, trend charts, herd records, feeding programs, artificial insemination, forage and soil analysis, integrated pest management, specifications, field records, etc.

How will you manage issues related to animal welfare, environmental conservation and living with neighbours?

4.7. PROMOTER ROLES AND RESPONSIBILITIES

Based on each business owner's skills and areas of interest, you should define their main roles and responsibilities. How will you complement each other in the running of the business's activities?

There are psychometric tests (e.g. Atman, Herrmann, etc.) that allow you to better understand your complementarity. These tests can help you define your roles and responsibilities based on your strengths and weaknesses.

4.8. LEGAL STATUS OF THE BUSINESS

What legal form of organization did you choose for your business and why? Who will own shares? How will the owners and employees be remunerated? Who will pay the debts? Several factors must be considered when choosing the status of the business, e.g. sales figures, project risks, the commitment of members to the business, etc. Note that a change in status can generate relatively high costs; it is, therefore, important to consult a tax specialist.

USEFUL LINKS

Find out more about the legal status of companies: https://www.educaloi.qc.ca/en/categories/businesses-and-nonprofits

Consult the "Boussole entrepreneuriale". It can help you determine the business status that corresponds to your requirements: http://www.boussoleentrepreneuriale.com/parcours/ (French)

4.9. REGULATORY CONSTRAINTS

Ensure that the business complies with the applicable laws and regulations, e.g. municipal and environmental regulations, hygiene and cleanliness standards and regulations, animal welfare legislation, etc. Are there regulatory constraints on the sites you will use, the farming you will produce, or the additional or non-agricultural activities you will undertake? What permits are required to perform these activities? Have you considered carcass, pesticide or manure disposal?

USEFUL LINKS

Below is a non-exhaustive list of websites listing various laws and regulations:

- Agricultural Operations Regulation (AOR): http://legisquebec.gouv.qc.ca/en/ShowDoc/cr/Q-2,%20r.%2026
- Various laws and regulations on the MAPAQ site: http://www.mapaq.gouv.qc.ca/fr/md/Lois/Pages/loisetreglements.aspx (French)
- Act respecting the preservation of agricultural land and agricultural activities: http://www.cptaq.gouv.qc.ca (French)
- Permit for the use of pesticides: http://www.environnement.gouv.qc.ca/pesticides/permis-en/index.htm

4.10 THE JOINT PLAN AND THE RÉGIE DES MARCHÉS AGRICOLES ET ALIMENTAIRES DU QUÉBEC

Apples, blueberries, cash crops, beef cattle, broilers, forest plants, goats, hatching eggs, hogs, maple syrup, milk, ovines (lambs and sheep), potatoes, vegetables for processing, pullets, rabbits, table eggs or turkeys: if your start-up project involves one of these, are you aware that they are all subject to a joint plan under an Act respecting the marketing of agricultural, food and fish products?

The purpose of a joint plan is to improve the conditions for the production and marketing of a product from agriculture, fisheries or private forestry. It structures the provision of the product in question and ensures its quality through self-regulation by stakeholders, and simplifies the supply mechanisms for food processors. As a result, there are many joint plans that are subject to more than 265 regulations. It is also important to verify with the appropriate board what obligations you must respect in your production.

THE BOARDS ARE RESPONSIBLE:

- for administering the joint plans;
- for coordinating activities of self-regulation and negotiation with people involved in marketing;
- for ensuring compliance with the applicable regulations and conventions.

The Régie des marchés agricoles et alimentaires du Québec (RMAAQ) is an administrative tribunal. In the event of a disagreement between a board and a producer, or between a board and any other stakeholder in the marketing of a product, the Régie shall settle the dispute. The RMAAQ also plays the role of an economic regulator. In this role, it approves all regulations and marketing agreements.

THE RMAAQ EXERCISES THE POWERS VESTED IN IT BY LAW IN COMPLIANCE WITH ITS MISSION, WHICH CONSISTS IN:

- promoting efficient and organized marketing of agricultural, food, fishery and private forest products;
- ensuring the development of harmonious relationships between the various stakeholders;
- resolving problems that arise in the context of the production and the marketing of products.

It acts at all times in the interests of consumers and the protection of the public interest.

Furthermore, note that associations representing sectors or industries, i.e., producers and at least one other group of persons interested in the marketing of the product in question may ask the Régie to form a coordination and development chamber. The latter provides a collaborative forum for various stakeholders of a sector who wish to develop their production sector.

USEFUL LINKS

- Act respecting the marketing of agricultural, food and fish products: http://www.legisquebec.gouv.qc.ca/en/showdoc/cs/M-35.
- Régie des marchés agricoles et alimentaires du Québec: http://www.rmaaq.gouv.qc.ca (French)
- Information document on the formation of a coordination chamber: http://www.rmaaq.gouv.qc.ca/index.php?id=1567 (French)

TO CONTACT A PRODUCTION BOARD:

- In the agricultural sector: https://www.upa.qc.ca/en/ (French)
- In the forestry sector: https://www.foretprivee.ca/ (French)
- In the fisheries sector: https://www.mapaq.gouv.qc.ca/fr/Peche/pecheaquaculturecommerciales (French)

4.11. EXTERNAL RESOURCES

The many aspects of a business require specialized expertise or advisers. Several services are available to you, including MAPAQ young farmers and establishment advisers, management consultants, accountants and tax specialists, agronomists, technicians, engineers, notaries, etc.

In your process, consider which professionals you should meet with, for what reasons and when.

USEFUL LINKS

- To help you choose the advisory services best suited to your needs and to find out what financial assistance is available, consult the Réseau Agriconseils in your region: http://www.agriconseils.qc.ca/en/#.Xkb8b418CwI
- For specialized resources, le Centre de référecnce en agriculture et agroalimentaire du Québec Le (CRAAQ) offers a directory of professional resources: http://www.repertoiresducraaq.ca/services-conseils/fr/ (French)
- The Ontario Ministry of Agriculture and Food: http://www.omafra.gov.on.ca/english/

5. MARKET ANALYSIS

Your interlocutor will want to know your views on and knowledge of the sector and market in which you want to start your activities. If you have to market your products, pay special attention to this section when designing your project.

If you have chosen a production where marketing is organized by a group of producers (beef calves, hogs) or that is subject to supply management (milk, poultry, eggs), this section can be developed briefly. Nevertheless, keep well informed about the development of your production sector as well as the standards and regulations under which it is governed.

5.1. PROFILE OF THE SECTOR

What is the profile of your sector? Provide details on the number and average size of businesses in this sector, as well as the main geographic areas in which they are located. Try to understand the major trends in your sector: growth, maturity or decline of the sector, product or service development, etc.

Compared to other agricultural sectors, how do you think your own sector will develop over the next few years?

5.2. TARGET MARKET AND CUSTOMERS

What markets are you targeting in the short, medium and long term?

What are the consumer trends for the product you want to market? What profile do your target customers have and what are their buying motivations? Who are your potential customers: individuals, processors, restaurant owners, retailers, wholesalers, cooperatives? How much of your production can be absorbed by your target market segment?

Before you start production activities, we recommend that you conduct market research in order to properly showcase your product.

ADDITIONAL TOOL

Develop a list of your potential customers and identify marketing agreements you may need to sign.

5.3. COMPETITION

Make a list of businesses that offer products and services similar to yours. Describe their business opportunities and threats to their market. Repeat the exercises for your business. Can some products be substituted for yours? What are your business's internal strengths that could give you a competitive advantage?

ADDITIONAL TOOL

Create a table of your business's internal strengths and weaknesses as well as business opportunities and potential threats.

6. MARKETING STRATEGY

6.1. PRODUCTS AND SERVICES

How will your product or service be offered? Provide a detailed description specifying its characteristics. Indicate the market niche of the product or service you intend to offer: organic, value-added, mass market, etc.

6.2. PRICING POLICY

What is the sales price for your product? Will you determine your sales price based on the competition or based on your production cost? Will your prices be the same for all your customers? How many products will it be possible to sell?

Your product costing should include direct and indirect costs, for example, rent, depreciation, professional fees, travel expenses, advertising, workforce replacement.

Product costing can be complex. We recommend that you consult a professional or receive training on the subject.

6.3. MARKETING

By organizing the marketing of your products yourself, you need to show your interlocutor how it will be done. How will you market your crops and get them to your customers? Do they need to be packaged, stored or scheduled for transport by a refrigerated truck? Describe how you will market each harvested product.

If you choose to market your products locally in order to limit the number of intermediaries, here are some useful references to guide and inform you about this marketing method.

USEFUL LINK

For more information on marketing locally:

- https://www.mapaq.gouv.qc.ca/fr/Productions/developpementregional/marcheproximite/Pages/Marchedeproximite.aspx (French)

6.4. PROMOTION STRATEGY

Determine how you will promote your products. Describe the means of communication to reach your customers: social media, website, newspapers, radio, pamphlets, business cards, local or regional promotional organizations, etc. Have you determined how much you will spend on promotion?

Furthermore, your customers may have questions on the products that you supply and the delivery period. Have you planned ways to respond to customer requests? Manage complaints? Build customer loyalty?

7. ORGANIZATIONAL AND HUMAN RESOURCES MANAGEMENT

This section details your workforce requirements and the process by which you intend to manage your staff. Again, this section may not be necessary for writing your business plan.

7.1. WORKFORCE

Who does what?

First, specify the status of each staff member of the business—owner, employee and family member or not—and their roles and responsibilities in your business. Determine who will be responsible for your business's strategic positions.

Depending on your business's stage of development, do you need to hire one or more people? Will this workforce be employed full or part-time? Seasonal or yearly?

Before you begin recruiting, think about the positions you offer. Detail the types of jobs that would be open and the skills needed to fill each one.

Have you thought about the availability of your workforce? Agricultural employment centres can help you recruit your team members.

7.2. HUMAN RESOURCES MANAGEMENT

What working conditions will you offer your employees: remuneration, benefits, work schedules, etc.? How will you manage, mobilize and develop the workforce engaged in your business's activity? You also need to think about payroll management, labour laws, employment contracts, occupational health and safety, etc.

Some of your tasks may have to comply with certain standards. Have you considered what training is available to develop your team members' skills and foster their commitment?

USEFUL LINKS

Several organizations can help you with recruitment and human resources management and recommend certain assistance programs:

- agricultural employment centres: http://www.emploiagricole.com/ (French)
- local employment centres: https://www.mtess.gouv.qc.ca/services-a-la-clientele/centre-local-emploi/index_en.asp

7.3. MEANS OF COMMUNICATION

If you have employees, how will you schedule weekly planning meetings? Daily tasks? Vacations? Describe the management tools that you will use.

How do you plan to manage unexpected events? The operation of the business can indeed be compromised by illness, accidents, family events, etc.

8. FINANCIAL PLANNING

What is the purpose of financial planning?

- Determine your project costs;
- Determine sources of funding;
- Forecast the profitability of your business.

Several tables in this section are interrelated. The quality of their preparation will show your interlocutor that you have carefully considered your project.

8.1. START-UP COSTS

Preparing for the launch of your business's activities will incur several professional fee expenses. Ensure that you do not enter capital expenditures here, as they must be included in the next section.

Table 9: Assessment of start-up costs

Expense item	Amount
Registration and incorporation fees	
Permit/license	
Front-end fee (e.g., financial institution, utilities, etc.)	
Telephone and Internet network installation	
Insurance (before start-up)	
Professional fees	
Promotion (business cards, posters, etc.)	
Travel expenses	
Office supplies (e.g. printing of first cheques, stationery)	
Other	
Total	**- $**

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Start-up cost assessment table (Table 9)

8.2. INVESTMENT SCENARIO

What investments will be required to achieve your goals within five years?

You should consider purchases of production units over the next few years (animals/plants), assets, machinery and equipment. Investments are generally presented in a table with a three-, four- or five-year horizon (Annex III).

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Table presenting the investment plan (Annex III)

8.3. THE FUNDING PLAN

Funding can come from a variety of sources: personal contributions, financial assistance and loans. To determine your funding requirements, you will need to make budget and cash flow estimates in addition to calculating your business's maximum repayment capacity.

PERSONAL CONTRIBUTION

The personal balance sheet is used to determine the funds that owners can invest or use as collateral. Personal debts and investments should also be considered. You can also report the funds or surety bonds you can obtain from your family.

Table 10: Personal balance sheet to assess the personal contribution to the project

Personal balance sheet			
Name:			
Date:			
ASSET	**Amount**	**LIABILITIES**	**Amount**
Cash and liquid assets (deposits, cash on hand, bank)		Personal lines of credit	
Money receivable (payroll, tax, insurance)		Credit cards (balance)	
Bonds, certificates of deposit, term deposits		Finance business	
Shares		Automobile loan	
Surrender value of life insurance		Mortgage	
RRSP, pension fund		Other loans	
Automobile			
Furniture			
Building			
TOTAL ASSETS (A)		**TOTAL LIABILITIES (B)**	
NET WORTH OR EQUITY (C) = A – B			

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Table presenting the personal balance sheet (Table 10)

FINANCIAL ASSISTANCE

Are you eligible for financial assistance?

There are various financial assistance programs to support business creation and development. Be aware of the eligibility criteria and conditions that must be met, as these vary depending on the program.

Indicate financial assistance in your budget estimates (Annex IV). This assistance can be important in the financial analysis of your project. However, remember to mention in your business plan what you will do if you do not receive the financial assistance requested.

USEFUL LINKS

- Ministère de l'Agriculture, des Pêcheries et de l'Alimentation: http://www.mapaq.gouv.qc.ca/fr/md/progaccueil/Pages/programmesaccueil.aspx (French)
- La Financière agricole du Québec provides a financial support for young farmers : https://www.fadq.qc.ca/en/financial-support-for-aspiring-farmers/description/
- The Fonds d'investissement pour la relève agricole (FIRA) proposes innovative establishment solutions: http://www.lefira.ca/ (French)
- The Accounting and Tax Services of the Union des producteurs agricoles offers a downloadable directory of assistance programs available to the next generation of farmers: https://www.upa.qc.ca/wpfb_filepage/repertoire-des-programmes-daide-a-la-releve-agricole-2017-02-01-pdf/ (French)
- Le Centre de référence en agriculture et agroalimentaire du Québec (CRAAQ) has put a directory of various financial assistance programs online: http://www.craaq.qc.ca/Repertoire-des-programmes-d_aide-financiere-accessibles-pour-la-releve-agricole (French)

LOANS

How much do you need to borrow? Who will be your creditors? What will be the interest rate and the term of the loan? Various loan calculation models are available on the Internet.

The calculation breaking down the payment into interest and capital is complex. A financial advisor can help you. They will also explain the financing arrangements and what can be negotiated.

Table 11: Medium- and long-term loans

Medium- and long-term loans				Payments						
	Amount	Interest rate	Term of the loan (year)	YEAR 1		YEAR 2		YEAR 3		Subsequent years…
				Capital	Interest	Capital	Interest	Capital	Interest	
Loan no° 1										
Loan n° 2										
Loan n° 3										
…										
Total										

USEFUL LINK

- Business Development Bank of Canada. Business loan calculator: https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/business-loan-calculator/pages/default.aspx

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Table showing medium- and long-term loans (Table 11)

8.4. BUDGET ESTIMATES

The forecast should detail the business's income and expenses over a three- to five-year horizon. For longer crops (blueberries, apples or Christmas trees), the forecast can be spread over a longer period of time until full production potential is reached.

What do I need to know about returns when starting up?

- The yield in the first year of operation is often lower than the reference year.
- There is a percentage of product losses as well as unsold goods.
- Consider making one positive and one negative forecast scenario.

Accounting theory generally categorizes business expenses in two categories:

- Variable costs that change according to the quantity produced.
- Fixed costs that vary little, if at all, depending on the production level.

Make more than one budget estimate scenario; one positive and one negative.

In Annex IV you will find a table sample detailing what you can include in your budget estimate.

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Include the budget estimate table (Annex IV)

8.5. ASSESSMENT OF MAXIMUM ABILITY TO REPAY AND REMAINING BALANCE

Once your production activities have begun, you need to assess whether your business will be able to make its payments. What salaries are the owners paid?

The ability to repay (ATR) will allow you to know if your business is earning enough revenue to make its payments. It is calculated in the following manner:

1. The margin before medium- and long-term (MLT) interest, salaries and depreciation is calculated:
   - Expenses—excluding medium- and long-term interest, employee salaries and depreciation—are deducted from gross income.
2. The maximal ATR is calculated by subtracting the employee salaries, cost of living and taxes from this margin.

Finally, to determine the remaining balance, we subtract the loan payments, including capital and interest, from the ATR. The remaining balance indicates the liquidity at your disposal. The result must be positive, otherwise, you will lack money at the end of the fiscal year.

Table 12: Maximum ability to repay over five years

	Economic performance	Year 1	Year 2	Year 3	Year 4	Year 5
(A)	Total revenue					
(B)	Expenses (excluding items related to MLT interest, salaries and depreciation)					
(A)-(B) = C	**= Margin before MLT interest, salaries and depreciation**	- $	- $	- $	- $	- $
To subtract from (C):	Employee salaries					
	Cost of living					
	Taxes					
	= Maximum ability to repay (ATR)	- $	- $	- $	- $	- $
To subtract from (ATR):	Payment of capital					
	Payment of interest					
	= Maximum remaining balance	**- $**	**- $**	**- $**	**- $**	**- $**

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Insert the ATR table (Table 12)

8.6. THE CASH FLOW BUDGET AND WORKING CAPITAL REQUIREMENT ASSESSMENT

A cash flow budget details the planned cash inflows and outflows on a monthly basis. Its purpose is to determine the maximum line of credit amount required annually based on the production cycle.

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Monthly cash flow budget table (Annex V)

8.7. PROJECTED BALANCE SHEET

The purpose of this section is to prepare an annual balance sheet for the next three, four or five years. The balance sheet is a snapshot of the business's financial situation on a given date. By comparing the balance sheets of two fiscal years, you can see whether the equity (capital) of the business is increasing.

DOCUMENT TO APPEND TO THE BUSINESS PLAN

- Projected balance sheet table (Annex VI)

9. SCHEDULE

This section presents a schedule of the phases that have been completed and those to come for the business's start-up. For example, when do you want to complete the business plan, register your business, acquire assets, recruit employees, apply for permits, financial assistance and loans?

Table 13: Schedule for completion of phases

Date	Completion

10. CHECKLIST: DOCUMENTS TO APPEND

Here is a checklist that details the list of documents that you should include in your business plan.
The documents required will depend on your project, so there may be some that you need to remove or add.

PROJECT SUMMARY

- Page summarizing your project
- Summary report of the forecast over five years indicating the profitability of the business indicated in your business plan (see Annex I):
  - Key financial results
  - Project cost
  - Funding over five years

PERSONAL ASPECTS

- Table I presents the promoter's experience and characteristics
- Curriculum vitae (CV) for each promoter
- Diploma(s) received
- Personal budget to assess your annual cost of living (Annex II)

ASPECTS RELATED TO PRODUCTION AND PRODUCTION ASSETS

THE SITE

- Table of crop or livestock plans (tables 2 and 3)
- Soil analysis results
- Agronomic recommendations related to yield prospects, liming or fertilization, etc.

ASSETS IN YOUR POSSESSION

- Table presenting the inventory of land that you already own (Table 4)
- Table presenting the inventory of buildings and stationary equipment already in your possession (Table 5)
- Table presenting the inventory of machinery and equipment in your possession (Table 6)
- Table presenting the inventory of animals or plants that you already own (Tables 7 and 8)

FINANCIAL ARRANGEMENTS

- Table presenting the start-up cost assessment (Table 9)
- Tables presenting the investments to be planned (Annex III)
- Table presenting the personal balance sheet (Table 10)
- Table showing medium- and long-term loans (Table 11)

BUSINESS FINANCIAL FORECAST

- Table presenting the budget estimates (Annex IV)
- Table presenting the ability to repay (ATR), (Table 12)
- Monthly cash flow budget table (Annex V)
- Table presenting the projected balance sheet (Annex VI)

OTHER RELEVANT DOCUMENTS TO APPEND TO THE BUSINESS PLAN

- Forage requirement calculation
- Equipment purchase quote
- Property purchase contract
- Lease or rental agreement
- Animal or plant purchase contract
- Other contracts
- Signed marketing agreements
- Letters of intent from potential customers
- Letter of support
- Letter of intent or confirmation of funding
- Shareholder or partner agreements
- Other items

ANNEXES

ANNEX I: BUSINESS PLAN SUMMARY REPORT

Table of key financial results over five years

Name of business	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenue					
Expenses					
Profit					
Max ability to repay (ATR)					
Annuities					
Maximum remaining balance					
Optimal remaining balance					

Cost of the project over five years

Project cost	Start-up	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Start-up costs						
Animals						
Plants						
Quota						
Equipment and machinery						
Buildings						
Land						
Other						
Total	**- $**	**- $**	**- $**	**- $**	**- $**	**- $**

Funding over five years

Sources of funding	Start-up	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Down payment						
Financial assistance						
Medium- and long-term loans						
Gift						
Total	**- $**	**- $**	**- $**	**- $**	**- $**	**- $**

ANNEX II: PERSONAL FINANCIAL REQUIREMENTS

	Before start-up	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenue						
Off-the-farm salary						
Family allowances						
Employment insurance						
Other revenue						
Total revenue (A)	**- $**	**- $**	**- $**	**- $**	**- $**	**- $**
Expenses						
Rent						
Electricity/gas						
Groceries/restaurant						
Daycare centre						
Alimony						
Telephone/Internet/Cable						
Gas for personal use						
Vehicle maintenance and repair						
Registration						
Home maintenance and repair						
Clothing						
Leisure						
Health (e.g. medications)						
Home insurance						
Automobile insurance						
Life and invalidity insurance						
Municipal and school taxes						
RRSP/RESP/investments						
Taxes						
Other						
Total expenses	**- $**	**- $**	**- $**	**- $**	**- $**	**- $**
Loans						
Personal loan payment						
Student loan payment						
Automobile loan payment						
Mortgage payment						
Total loans	**- $**	**- $**	**- $**	**- $**	**- $**	**- $**
Total expenses (including loans) (B)	**- $**	**- $**	**- $**	**- $**	**- $**	**- $**
Cost of living to be paid by the farm (B) – (A)	**- $**	**- $**	**- $**	**- $**	**- $**	**- $**

ANNEX III: INVESTMENTS IN THE NEXT FIVE YEARS

Investments for the purchase of animals in the next five years

Animals	Unit price	Year 1		Year 2		Other years…	
		Number	Total	Number	Total	Number	Total
Female breeding			- $		- $		- $
Male breeding			- $		- $		- $
Young female breeding			- $		- $		- $
Young male breeding			- $		- $		- $
			- $		- $		- $
Other			- $		- $		- $
Total animals			**- $**		**- $**		**- $**

*It is advisable to plan investments over a period of five years.

Investments for the purchase of plants in the next five years

Plants	Unit price	Year 1		Year 2		Other years…	
		Number	Total	Number	Total	Number	Total
E.g. raspberry bushes			- $		- $		- $
E.g. Trees			- $		- $		- $
			- $		- $		- $
			- $		- $		- $
Other			- $		- $		- $
Total plants			**- $**		**- $**		**- $**

*It is advisable to plan investments over a period of five years.

Investments for quota in the next five years

Quota	Year 1	Year 2	Year 3	Year 4	Year 5
Total	**- $**	**- $**	**- $**	**- $**	**- $**

*It is advisable to plan investments over a period of five years.

Investments for mobile machinery and equipment in the next five years

Mobile machinery and equipment	Year 1	Year 2	Year 3	Year 4	Year 5
Total	**- $**	**- $**	**- $**	**- $**	**- $**

*It is advisable to plan investments over a period of five years.

Investments for buildings and stationary equipment in the next five years

Buildings and stationary equipment	Year 1	Year 2	Year 3	Year 4	Year 5
Total	- $	- $	- $	- $	- $

*It is advisable to plan investments over a period of five years.

Investments for land in the next five years

Land	Area (ha)	Drained (yes/no)	Cultivable (yes/no)	Natural pasture (yes/no)	Wooded/ sugar bush (yes/no)	Year 1	Year 2	Subsequent years…
Total	- $	- $	- $	- $	- $	- $	- $	- $

*It is advisable to plan investments over a period of five years.

ANNEX IV: BUDGET ESTIMATES

Revenue	Year 1	Year 2	Year 3	Subsequent years…
Agricultural income				
Livestock and animal products sales				
Crops and vegetable products sales				
Other agricultural revenue				
Payment of crop insurance (ASREC)				
Farm Income Stabilization Insurance (ASRA)				
AgriInvest				
Grants (not related to investments)				
Other				
Total agricultural revenue	**- $**	**- $**	**- $**	**- $**
Related revenue				
Revenue from the processing of agricultural products				
Revenue from other activities (e.g. snow removal)				
Total related revenue	**- $**	**- $**	**- $**	**- $**
Total revenue (A)	**- $**	**- $**	**- $**	**- $**
Expenses	**Year 1**	**Year 2**	**Year 3**	**Subsequent years…**
Variable costs				
Fertilizer and pesticides				
Other crop expenses (seeds, etc.)				
Purchase of livestock (sales in the year)				
Purchase of livestock feed				
Other livestock expenses (veterinary, medications, etc.)				
Other processing expenses (feed inputs, packaging, etc.)				
Expenses for machinery and trucks (fuel, repairs, permits, etc.)				
Automobile expenses (fuel, repairs, permits, etc.)				
Custom work, trucking, machine rental				
Interest on the line of credit				
Employee salaries and benefits				
Other (ASRA and ASREC contributions)				
Total variable costs	**- $**	**- $**	**- $**	**- $**
Fixed costs				
Rent (land, buildings, pastureland, etc.)				
Municipal and school taxes				
Repair of buildings, corrals, fences				
Small tools and various supplies				
Insurance (buildings, crops, livestock)				
Accounting, legal fees, subscriptions, UPA, etc.				
Services (telephone, electricity, etc.)				
Depreciation				
Medium- and long-term loan interest				
Other				
Total fixed costs	**- $**	**- $**	**- $**	**- $**
Total expenses (B)	**- $**	**- $**	**- $**	**- $**
Operating expenses (A) – (B)	**- $**	**- $**	**- $**	**- $**

*It is advisable to plan investments over a period of five years.

ANNEX V: MONTHLY CASH FLOW BUDGET

Revenue	Total year 1*	Month 1	Month 2	Month 3	Subsequent months…
Sale of livestock and animal products					
Crops and vegetable products sales					
Other agricultural revenue					
Payment of crop insurance (ASREC)					
Farm Income Stabilization Insurance (ASRA)					
AgriInvest					
Grants (not related to investments)					
Other					
Total agricultural revenue					
Related revenue	- $	- $	- $	- $	- $
Revenue from the processing of agricultural products					
Revenue from other activities (e.g. snow removal)					
Other amounts (gift, personal contribution, investment grants)					
Total related revenue					
Total related revenue	- $	- $	- $	- $	- $
Total revenue (A)	- $	- $	- $	- $	- $
Expenses	**Total year 1**	**Month 1**	**Month 2**	**Month 3**	**Subsequent months…**
Variable costs					
Fertilizer and pesticides					
Other crops expenses (seeds, etc.)					
Purchase of livestock (sales in the year)					
Purchase of livestock feed					
Other livestock expenses (veterinary, medications, etc.)					
Other processing expenses (feed inputs, packaging, etc.)					
Expenses for machinery and trucks (fuel, repairs, permits, etc.)					
Automobile expenses (fuel, repairs, permits, etc.)					
Custom work, trucking, machine rental					
Interest on the line of credit					
Employee salaries and benefits					
Other (ASRA and ASREC contributions)					
Total variable costs	- $	- $	- $	- $	- $
Fixed costs					
Rent (land, buildings, pastureland, etc.)					
Municipal and school taxes					
Repair of buildings, corrals, fences					
Small tools and various supplies					
Insurance (buildings, crops, livestock)					
Accounting, legal fees, subscriptions, UPA, etc.					
Services (telephone, electricity, etc.)					
Capital paid on loan					
Medium- and long-term loan interest					
Other					
Total fixed costs	- $	- $	- $	- $	- $
Total expenses (B)	- $	- $	- $	- $	- $
Balance for the period (C) = (A) – (B)	- $	- $	- $	- $	- $
Need for short-term credit = (C)	- $	- $	- $	- $	- $

ANNEX VI: BUSINESS BALANCE SHEET PROJECTIONS

ASSET	At start-up	Year 1	Year 2	Year 3	Subsequent years…
Short-term assets					
Cash					
Negotiable instruments					
Accounts receivable					
Production animals					
Stock (seeds, fruits and vegetables, forage)					
Supply goods					
Other					
Total short-term assets (A)	**- $**	**- $**	**- $**	**- $**	**- $**
Long-term assets					
Breeding animals					
Production plants					
Machinery and equipment					
Quota					
Buildings and improvements					
Land					
Other					
Total long-term assets (A)	**- $**	**- $**	**- $**	**- $**	**- $**
Total assets (C) = (A) + (B)	**- $**	**- $**	**- $**	**- $**	**- $**
LIABILITIES	**At start-up**	**Year 1**	**Year 2**	**Year 3**	**Subsequent years…**
Short-term liabilities					
Accounts payable					
Operating loans					
Credit cards					
Term debt due within one year					
Taxes					
Cash rent					
Interests incurred					
Other					
Total short-term liabilities (D)	**- $**	**- $**	**- $**	**- $**	**- $**
Medium- and long-term liabilities					
Medium-term loan balance					
Long-term loan balance					
Other					
Total medium- and long-term liabilities (E)	**- $**	**- $**	**- $**	**- $**	**- $**
Total liabilities (F) = (D) + (E)	**- $**	**- $**	**- $**	**- $**	**- $**
NET VALUE = (C) – (F)	**- $**	**- $**	**- $**	**- $**	**- $**

*It is advisable to plan investments over a period of five years.

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