

Production Plan

The Production Plan encompasses all the details surrounding how your farm operation will produce products for market. It includes such things as land, buildings, equipment, supplies and processes, as well as laws and regulations that impact the business. Production is the core income producer for a farm, so this section deserves detailed attention.

- Land, Buildings and Facilities - Description of land and buildings used by the farm operation
- Equipment - Description of equipment, vehicles, machinery used in the farm operation
- Materials and Supplies - Description of materials and supplies used in farm production
- Production Strategies - Production procedures. What to produce, when to produce it, when to market it.
- Construction/Production Schedules - Schedule of production and schedule for construction of new facilities
- Environmental Assessment Plan - Soil conservation, water quality control, manure management, etc.
- Political and Legal Aspects of Production - Zoning, environmental policies, regulations and laws which effect production. Quality control and inspection requirements

Land, Buildings and Facilities

In this section you will include a detailed description of the land and all of the buildings used by the farm operation. This needs to be specific. For instance, rather than listing "barn" you should include the size of the structure and what activities will take place inside of it. Include things such as fencing in this description. The idea is to have a complete and detailed description of the physical facilities available. If there is an intent to lease land, that too should be included here.

Equipment

Here you will include each piece of farm related equipment. Tractors, implements, trucks and other vehicles that will be used as part of the farm operation are obvious things to list. Don't forget things like computers, printers, office equipment, etc. Also remember to list other equipment that will be used that might include hand tools, shop equipment, irrigation equipment and such.

Your buildings, facilities and equipment are generally depreciable assets. Having them listed in a business plan can be helpful come tax time.

Materials and Supplies

Include all materials and supplies necessary for the operation of the farm. Feeds and hay are obvious examples. Less obvious are fertilizers, soil amendments, gasoline and oil and other consumables, as well as materials that will be necessary for maintenance and repair. It is important to capture as many foreseeable expenses as possible in this section.

Production Strategies

It is important to not only identify what you are producing, but how you are going to produce it. Include projected

schedules. Will you have spring or fall births? When and how will your produce be sent to market? How will your production expand over time? When will you know that you have achieved optimum size and production?

Construction/Production Schedules

By now you should have a vision of your farm's annual operations, as well as an idea of what it will look like over the long term. In this section include both. For instance, for a livestock operation, you will need to plan for breeding season and birthing season. You will need to plan for routine husbandry (shearing, worming, vaccinations, foot care, etc.). Experience has shown that it is helpful to have these things scheduled.

For the longer term, it is important to have an idea of when that new shelter will need to be built, the new paddock fenced, the pasture seeded, etc. Having a plan for these things will assist in controlling costs and budgeting.

Environmental Assessment Plan

In many areas of the country there is a growing emphasis on good stewardship of the environment. It is wise to have a plan in place for this. How will you manage manure? What steps will need to be taken to assure water quality, including run-off from pastures, stream protection, etc.? If erosion on your land could be a concern, what steps will need to be taken to control that?

Many areas will have access to Government Agencies (e.g. Soil and Water Conservation Districts) that can provide information to help with developing this part of the plan.

Political and Legal Aspects of Production

There have been many stories of people that have acquired what they thought was the perfect piece of land, only to discover later that local ordinances restricted the use they could put it to. To avoid that, these issues need to be explored before investments are made.

In this section, include an examination of any laws that could impact your production. These might include, depending on region, anything from stocking rates per acre to stream enhancement policies to irrigation rights.

Conclusion

The production plan component of your business plan establishes the framework for tracking cash flow, growth, and overall profitability. After all, in the end it is what is produced that generates income from a farm operation. Take time to think through the details of this part of your operation.