

Business Plans

Area 4 – Entrepreneurship in Farming
Lesson 11 – Entrepreneurship in SPA
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AUTH



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DISCLAIMER

A4.L11.T7 Business Plans

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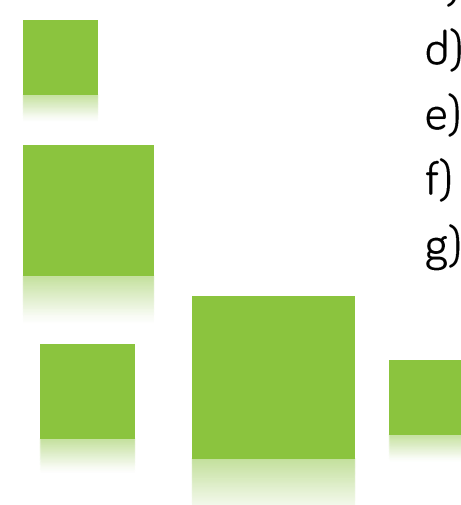
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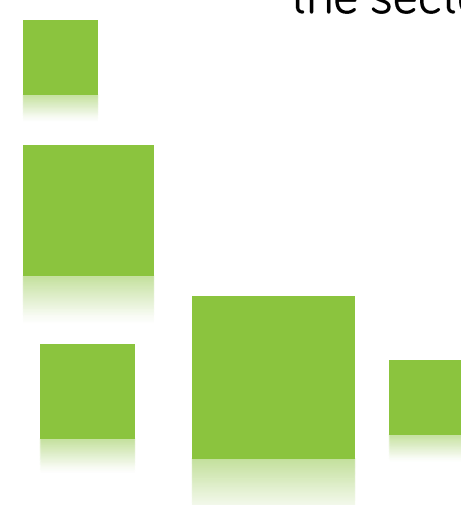
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1. What is a Business Plan

- A business plan is actually a study, but also a communication tool, for investors, potential partners, administrative groups, personnel, or even state agencies.
- It is mostly used as a tool for strategic decisions or for the implementation of specific actions.
- The contents of such a business plan may vary according to the sector of activity of each company; nevertheless, it must follow certain standards and include some specific information irrespective of the sector and the type of the company.



1. What is a Business Plan





2. Business Plan Use

- Usually, business plans are used for the presentation of a company's plan to a bank or another financial institution, for financing.
- The business plan is a written description of the future of the business.
- A business plan defines where the company is and shows where it's headed; it defines milestones that are used to check the progress of the company.
- Furthermore, it defines potential problems that may emerge. It helps the company to schedule its vision, so as to effectively use opportunities and resources such as equipment and human resources.



2. Business Plan Use

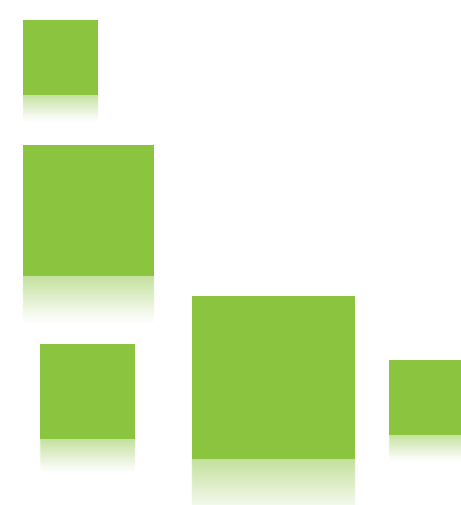


3. Business Plan Aims

- A business plan aims to provide answers to the following three questions:
 1. Where is the company now?
 2. Where does it want to go?
 3. And how will it manage to get there?
- It includes
 - the objectives of the company,
 - the strategies to be followed to achieve their targets,
 - potential problems and solutions,
 - the structure of the company, and finally
 - the amount of funds needed to operate the company.

A typical business plan format includes 7-10 main chapters

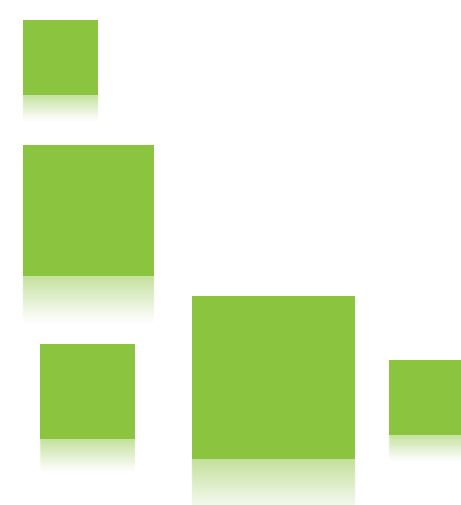
3. Business Plan Aims





4. The contents of a Business Plan

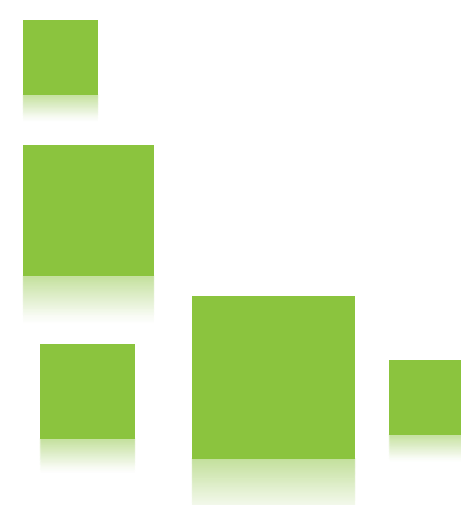
In the rest of this presentation, each slide will cover a single chapter of the business plan, what it is for, and some general guidelines.





4a. Executive Summary (chapter 1)

- Initially, a concise summary report or a snapshot of the company is needed.
- Basic information regarding the company should be mentioned, what is the primary product, who are the customers and who are the owners?
- Information about the expected future of the company compared to the sector should also be included.
- This part should be written after finishing the rest of the business plan.

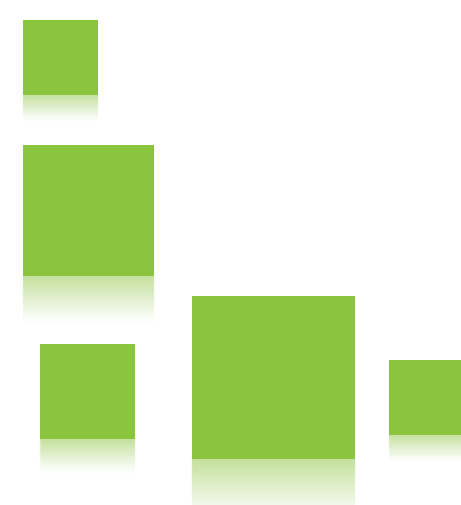


4b. Presentation of the Business Idea (chapter 2)



It is an introductory chapter that aims to shortly present the main ideas:

- the activities of the company;
- the reasoning behind them;
- connection of the business idea with the experience, specialization, and education of the employees;
- and the novelty-innovativeness and what differentiates this idea from the competition.



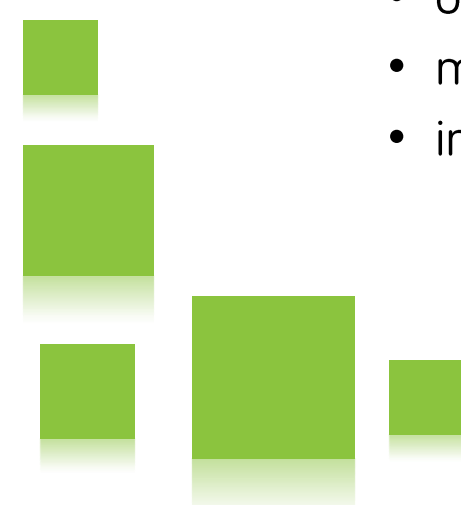
4c. General Company Description (chapter 3)



This chapter aims to present the strong points of the company and the business that is involved.

In detail it should include:

- name of the company
- legal status
- ownership
- personnel
- mission statement of the business
- objectives of the company
- main characteristics of the sector the company will be involved in, and
- important strengths and competencies of the company

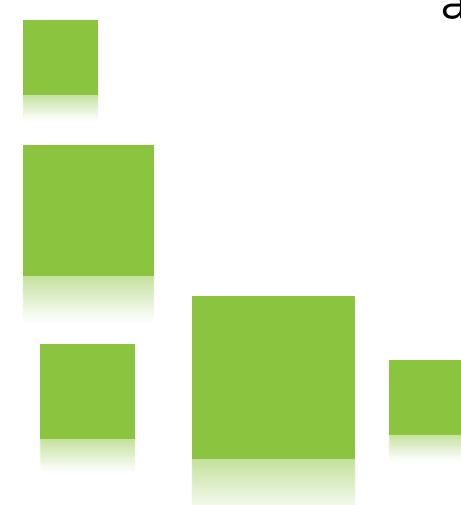


4d. Market description and Marketing plan (chapter 4)



In this chapter it has to be shown that the sector the company is engaged in is studied adequately.

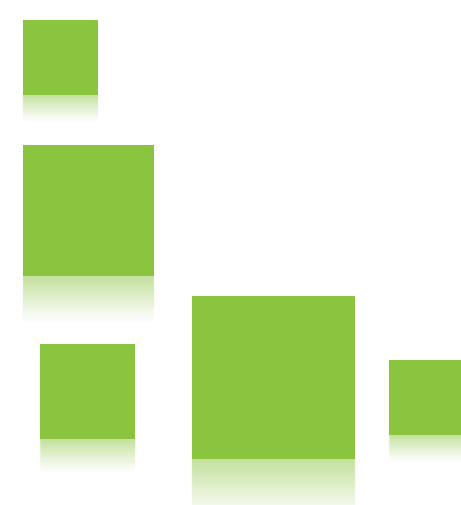
- Initially, the market environment is analyzed and presented along with a presentation of the position in the sector; the competitors and their products are presented.
- A market research has to be performed with a segmentation of the market in order to show the position of the company and its orientation.
- An analytical description of the company's product should be presented.
- Finally a marketing plan should be presented, which includes the aims of the company (sales, market shares), its strategy (product, price, distribution channels, promotion mix, etc.), and the necessary resources.



4e. Economic and Financial Plan (chapter 5)

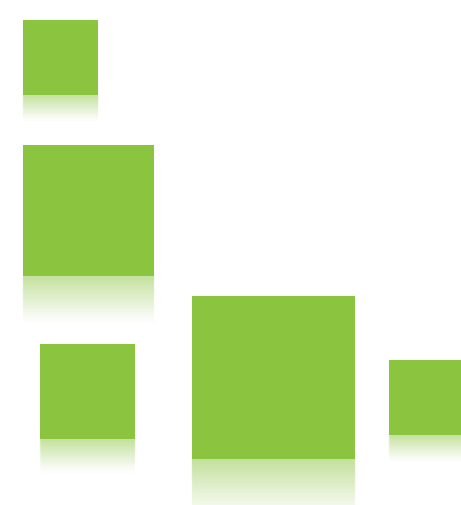


- In this chapter has to be prove that the idea can acquire the necessary funds for implementation, and that it is worth to be financed.
- The chapter includes:
 - the cost of investment (how much does it costs, how it will be financed and when);
 - cash flow with the expected expenses and earnings;
 - the expected sources of funds;
 - forecasted balance sheet.



4f. Conclusions (chapter 6)

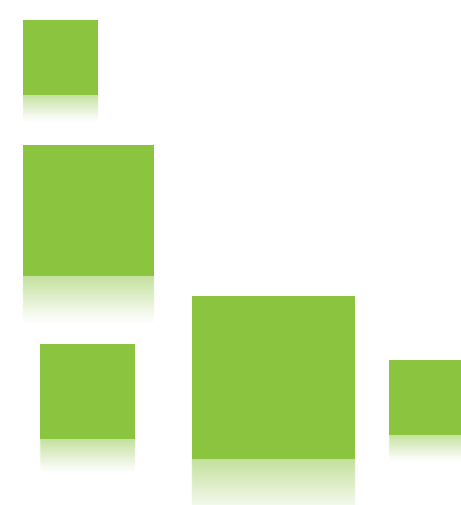
- In this section the most important parts of the business plan should be recapped.
- It must show why the implementation of the plan is worth it, using all necessary data and information from the evaluation techniques.





4g. Appendix (chapter 7)

- A section where detailed information completing the justification of the idea, should be presented.
- All the additional documents that an interested reader of the business plan would want to see in detail.



Further Reading

- ❖ Osterwalder A. and Pigneur Y. (2010). Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers. John Wiley & Sons, Inc., Hoboken, New Jersey
- ❖ <https://www.inc.com/jeff-haden/how-to-write-perfect-business-plan-a-comprehensive-guide.html>
- ❖ https://www.bplans.com/sample_business_plans.php
- ❖ <https://www.youtube.com/watch?v=wwShFsSFb-Y>
- ❖ <https://www.youtube.com/watch?v=IPOcUBWTgpY>