stellar
TAKING SOLUTIONS FURTHER

THE **BUSINESS** PLAN

FIGURING OUT WHO YOU ARE – *and where you want to be*

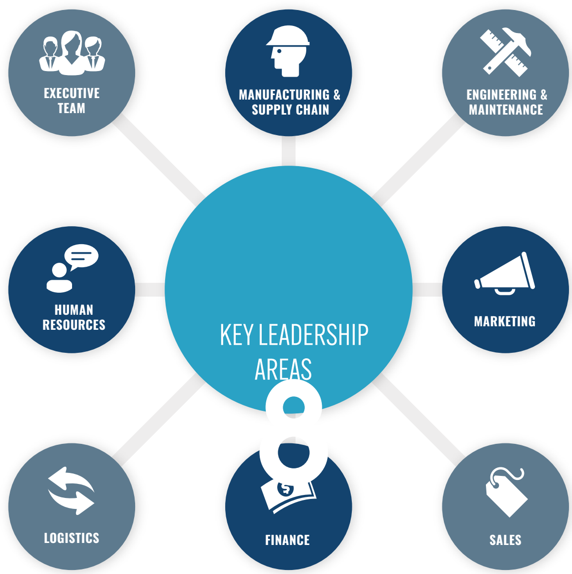
The first step in strategic planning involves the development of a business plan, where you define and analyze aspects of your business against your company's business objectives. Your business plan defines where your business is going, and how you want it to grow.

Food processing companies develop business plans at different life-cycle stages, especially when preparing to launch a new product line, invest in a facility expansion or identify new growth opportunities.

Because your business plan drives every other process in the strategic plan, it's important to invest time and resources into getting it right. While larger companies may establish internal teams to develop their business plan, smaller and mid-size businesses often outsource this process.

However, no matter who is developing the business plan, ideally functional leaders within these key areas of your company will participate in the process to align company goals:

- ☐ **Manufacturing and supply chain**
- ☐ **Engineering and maintenance**
- ☐ **Marketing**
- ☐ **Sales**
- ☐ **Finance**
- ☐ **Logistics**
- ☐ **Human resources**
- ☐ **Executive team**



4 ITEMS YOUR BUSINESS PLAN SHOULD ADDRESS

1

COMPANY DESCRIPTION — The first element of your business plan is defining the identity of your company: who it is and what you want it to be.

Answer these questions:

- ☐ What is the nature of your business, and how will your product serve the market's needs?
- ☐ Who are your target customers?
- ☐ What sets your company apart from other food processing companies in the marketplace offering similar products?

2

PRODUCT MIX — Detail each product your company will manufacture and its contribution to meeting sales goals. In other words, understand which products are profitable—and which are not. Each individual SKU will fill a unique customer desire and have its own price and profit margin, in addition to competitive advantages, such as ingredients, packaging or price.

Answer these questions:

- ▶ What similar products are available and what market share do they own?
- ▶ Are there product lines the company may add in the future?
- ▶ What products are profitable?
- ▶ What products are not profitable?
- ▶ What are your products' profit margins?
- ▶ For each product, what is the cost of equipment utilization, labor, materials, etc.?

3

INDUSTRY ANALYSIS — Address both the specific market segment you'll serve and your customers' wants/needs. This analysis should involve your company's sales and marketing departments: the individuals who understand where the customer base is headed and how customer preferences are shifting from one product to another.

Answer these questions:

- ☐ Is the market expanding or well saturated?
- ☐ Who are the current market leaders and what is their brand strategy?
- ☐ What profit margins are typical in the industry?
- ☐ Are there seasonal or geographic limitations or opportunities?

4

MARKETING AND SALES — Determine your sales goals and develop your marketing strategy to meet those goals.

Answer these questions:

- ☐ Is this a new market you're hoping to penetrate or are there existing product lines in the market?
- ☐ Could your product target an entirely new demographic, and if so, how will you reach it?
- ☐ How will you meet your sales goals? Will it be through organic growth, a business acquisition or a vertical growth strategy?
- ☐ What channels of distribution will you use to meet these sales goals?