

## Lesson B1–2

---

# Preparing Business Goals and a Plan

---

**Unit B.** Starting and Operating the Agribusiness

**Problem Area I.** Planning and Organizing the Agribusiness

**Lesson 2.** Preparing Business Goals and a Plan

### **New Mexico Content Standard:**

**Pathway Strand:** Agribusiness Systems

**Standard: I:** Employ leadership skills to accomplish goals and objectives in an AFNR business environment.

**Benchmark: I-A:** Develop a mission statement to guide business activities effectively.

**Performance Standard:** 2. Write a mission statement. 3. Establish short- and long-term goals.

**Student Learning Objectives.** Instruction in this lesson should result in students achieving the following objectives:

1. Describe the reasons for establishing business goals.
2. Identify the three types of agribusiness goals.
3. Identify ways to accomplish goals.
4. Describe the major parts of a business plan.

**List of Resources.** The following resources may be useful in teaching this lesson:

**Recommended Resources.** One of the following resources should be selected to accompany the lesson:

Gibson, Jerry D., et al. *Agribusiness: Management, Marketing, Human Resource Development, Communication, and Technology*. Danville, Illinois: Interstate Publishers, Inc., 2001. (Textbook, Chapter 6).

Ricketts, Cliff and Omri Rawlins. *Introduction to Agribusiness*. Albany, New York: Delmar Publishers, Inc., 2001. (Textbook, Chapter 4).

Steward, Jim, et al. *Farm and Ranch Business Management*. 3<sup>rd</sup> Edition. Moline, Illinois: Deere and Company, 1992. (Textbook, Chapter 1).

**Other Resources.** The following resources will be useful to students and teachers:

Hamilton, William H., Donald F. Connelly and D. Howard Coster. *Agribusiness: An Entrepreneurial Approach*. Albany, New York: Delmar Publishers, Inc., 1992.

Elliot, Jack. *Agribusiness: Decisions and Dollars*. Albany, New York: Delmar Publishers, Inc., 1999.

## List of Equipment, Tools, Supplies, and Facilities

Writing surface  
Overhead projector  
Transparencies from attached masters  
Copies of student lab sheets  
Local telephone books

**Terms.** The following terms are presented in this lesson (shown in bold italics):

Appendix  
Business plan  
Business regulations  
Company description  
Financial plan  
Goal  
Immediate goals  
Introduction  
Legal plan  
Location analysis  
Long-term goals  
Management plan  
Marketing plan

Mission statement  
Operating plan  
Short-term goals  
Venture capital

**Interest Approach.** Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

*Ask students to take out a piece of paper and something to write with. After everyone is ready, tell them to think about the word goal. Ask what it means to them. Ask them to consider an immediate goal, something they'd like to accomplish in the near future, say by the end of the school year. Have them write it down. Next, have them write down a short-term goal, something they'd like to accomplish before they graduate from high school. Again, have them write this down. Finally, have them write down a long-term goal, something they'd like to accomplish around the time they graduate from college. When they've finished writing down their goals, collect them. Discuss the importance of setting goals. File the student's papers and hand them back at the end of the school year. Discuss and review goal setting again at the end of the year.*

## Summary of Content and Teaching Strategies

**Objective I:** Describe the reasons for establishing business goals.

**Anticipated Problem:** Why should business goals be established?

- I. For a business to function successfully, it must first set realistic goals. A **goal** is an end one strives to attain. These goals, and how to go about accomplishing them, can be found in a business's mission statement. A **mission statement** is a brief summary of the goals and objectives of a business.
  - A. Goals can be used to help set policy and provide decision-making guidelines. Consistency is important in setting policies in businesses of all sizes. Policies regarding hiring, training, retention, and promotion should be reflected in the goals set for a business.
  - B. As with personal goals, business goals should be periodically reviewed. Business goals may be affected by economic, political, and social changes within the business's sector.
  - C. In order for goals to be effective objectives should be set to help meet these goals. Objectives should be stated in terms that are identifiable by periods of time, such as quarterly or yearly. At that time, the performance of the business should be compared to the stated objectives. Based on the given performance, management has to determine if the goals have been met and, if not, decide what changes will need to be made to meet the goals.

Use TM: B1–2A *Establishing Business Goals* to review this objective. Readings from the recommended resources may help the students better understand the purposes for establishing business goals. Have students consider the goals they set in the interest approach. How can they accomplish these goals? Should individuals have mission statements and set objectives to help them accomplish their goals?

**Objective 2:** Identify the three types of agribusiness goals.

**Anticipated Problem:** What are the three types of agribusiness goals?

- II. Before a mission statement can be written and objectives can be determined, a business has to set goals. Goals can be arranged in three categories: immediate, short-term, and long-term. Understanding these categories and how to go about accomplishing the goals within each category is what makes a business successful.
  - A. **Immediate goals** are goals set to help get a business started. Immediate goals are those that you would like to accomplish in the immediate future, such as within the day, week, or month.
  - B. **Short-term goals** are goals set to help a business work towards its long-term goals. Short-term goals include those goals a business would like to accomplish within one to two years.
  - C. **Long-term goals** are goals set to determine a business's performance after a number of years. Long-term goals take a number of years to accomplish.

TM: B1–2B *Three Types of Agribusiness Goals* may be used to outline the three types of business goals. The interest approach can also be tied into this objective. Use LS: B1–2A *Identifying Agribusiness Goals* to help students better understand immediate, short-term, and long-term goals. Assign readings from the recommended texts to aid students in understanding this objective.

**Objective 3:** Identify ways to accomplish goals.

**Anticipated Problem:** How can goals be accomplished?

- III. In order for a business to accomplish its goals, the goals must first be prioritized. Time and money should be considered when determining how important a goal is to the agribusiness. Once the priority of a goal has been determined, a business can then go about accomplishing it.
  - A. Goals should be reviewed on a timely basis. Monthly, quarterly, or annually depending on the goal.
  - B. Use time and effort wisely. Wasted time is wasted money in any business. Organizing a “to do” list of tasks will help save time in accomplishing goals.
  - C. Modify goals as needed. Goals which cannot be met should be discontinued. Available resources should be used to continue working towards other immediate, short-term, or long-term goals.

TM B1–2C *Accomplishing Goals* should be used to help the students understand how goals can be accomplished. Passages from the textbooks in the recommended resource section may also be helpful in increasing student understanding of this objective. Reference to the interest approach used at the beginning of class may again be useful at this time.

**Objective 4:** Describe the major parts of a business plan.

**Anticipated Problem:** What are the major parts of a business plan?

- IV. A **business plan** is the written description of all aspects of an agribusiness. The business plan, like the mission statement and goals, are essential in starting a successful agribusiness. Business plans are unique for each business they represent. However, a business plan should include components that will help in the goal setting process. These components include the: introduction, business description, products or services offered, management plan, marketing plan, legal plan, location analysis, business regulations, capital required, financial plan, financing arrangements, competition, operating plan, and an appendix.
- A. The **introduction** of a business plan is an overview of the agribusiness. The introduction should describe the agribusiness and list the goals and objectives of the agribusiness.
  - B. If the proposed agribusiness is a franchisee of a current company, then a company description should also be included. A **company description** describes the company as it currently exists, the history of the company, and explains the type of services or products the company offers. Products and services should be detailed as much as possible.
  - C. There are five specific types of plans that should be included within the business plan. These are the management, marketing, legal, financial, and operating plans.
    - 1. A **management plan** identifies those people that will manage the proposed agribusiness. It should also include an organizational chart of employees and job descriptions for each.
    - 2. The **marketing plan** describes the type of competition a business will face and what types of customers the business hopes to attract. In identifying its competition, an agribusiness should also determine how well it will be able to compete within the market. A marketing strategy should also be included within the marketing plan.
    - 3. A **legal plan** identifies the legal organization of the agribusiness; these organizations include: sole proprietorship, partnership, corporation, cooperative, or franchise.
    - 4. A **financial plan** projects the income, expenses, and profits of a business over a multi-year period.
    - 5. An **operating plan** describes how an agribusiness will run on a daily basis. Facilities, personnel, materials, and processing requirements should be included within the operating plan.
  - D. A **location analysis** is a study of an area including possible consumers, traffic patterns, accessibility, and visibility.
  - E. **Business regulations** are local, state, and federal restrictions and insurance requirements. They should also be included in the business plan.

- F. The capitol required to begin an agribusiness should be well detailed within the business plan. Financial arrangements such as loans, personal investments, and venture capital should also be detailed. **Venture capital** is the money invested in an agribusiness by an investor.
- G. The **appendix** should include all marketing research and a reference of the materials used in compiling the business plan.

TM B1–2D *Parts of a Business Plan* outlines the major parts of the business plan and can be used to help students follow along in class. LS B1–2B *Determining Business Plans* can be used as a review of this objective. Have students refer to the business plan examples that are contained in the recommended resource texts.

**Review/Summary.** Summarize the lesson by reviewing the students learning objectives. The anticipated problems can be used as student review questions. Chapter reviews from the books listed on the resource list may also be useful.

**Application.** The following student activities can be used to apply the student learning objectives:

- LS: B1–2A Identifying Agribusiness Goals
- LS: B1–2B Determining Business Plans

**Evaluation.** Evaluation should be based on student comprehension of the learning objectives. This can be determined using the attached sample written test.

## Answers to Sample Test:

### Part One: Matching

- 1. a
- 2. f
- 3. c
- 4. b
- 5. e
- 6. d

### Part Two: Completion

- 1. mission statement
- 2. as needed
- 3. Venture capital
- 4. economic, political, social

### Part Three: Short Answer

See Objective 2

---

# Test

---

## Lesson B1–2: Preparing Business Goals and a Plan

### Part One: Matching

*Instructions.* Match the term with the correct response. Write the letter of the term by the definition.

- |                    |                   |                   |
|--------------------|-------------------|-------------------|
| a. management plan | c. marketing plan | e. business plan  |
| b. legal plan      | d. operating plan | f. financial plan |

- \_\_\_\_\_ 1. A plan identifying people that will manage a proposed agribusiness.
- \_\_\_\_\_ 2. A plan that projects the income, expenses, and profiles of a business.
- \_\_\_\_\_ 3. A plan describing the type of competition a business will face and what types of customers that business hopes to attract.
- \_\_\_\_\_ 4. A plan that identifies the legal organization of an agribusiness.
- \_\_\_\_\_ 5. A written description of all aspects of an agribusiness.
- \_\_\_\_\_ 6. A plan that describes how an agribusiness will run on a daily basis.

### Part Two: Completion

*Instructions.* Provide the word or words to complete the following statements.

1. A \_\_\_\_\_ is a brief summary of the goals and objectives of an agribusiness.
2. Goals should be modified \_\_\_\_\_.
3. \_\_\_\_\_ is the money invested in agribusiness by an investor.
4. Business goals may be affected by \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ changes within a business's sector.

### Part Three: Short Answer

*Instructions.* Provide information to answer the following question.

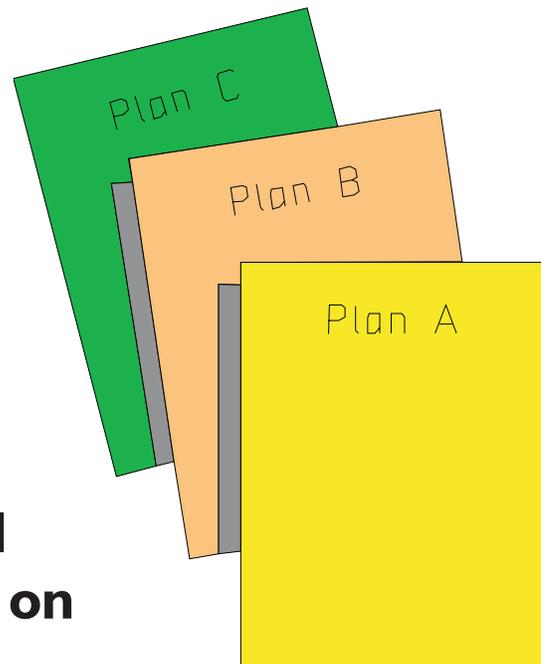
Identify and describe the three types of agribusiness goals.

# ESTABLISHING BUSINESS GOALS

**Mission Statement:** A brief summary of the goals and objectives of a business.

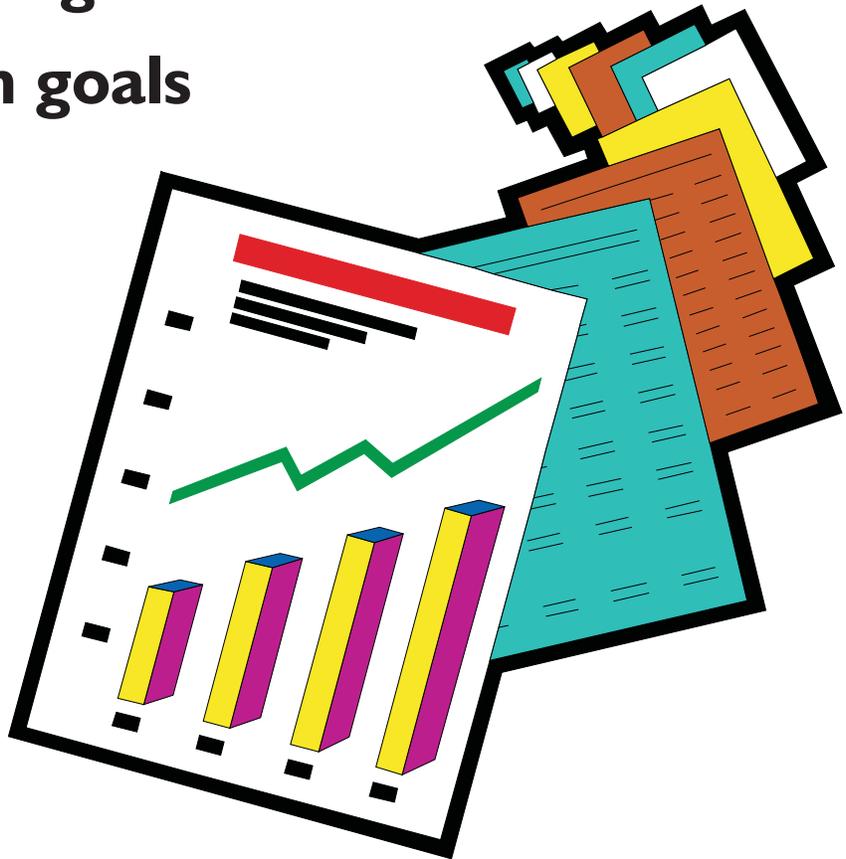
## Goals:

- ✓ Help set policy
- ✓ Provide decision making guidelines
- ✓ Should be periodically reviewed
- ✓ Effectiveness should be measured based on objectives



# THREE TYPES OF AGRIBUSINESS GOALS

- ➔ Immediate goals
- ➔ Short-term goals
- ➔ Long-term goals



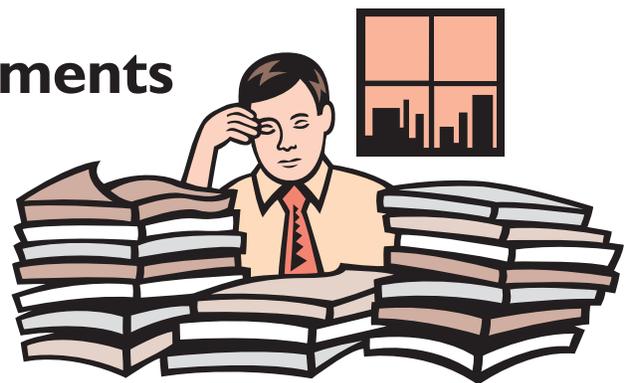
# ACCOMPLISHING GOALS

- ✓ **Prioritize goals based on time and money**
- ✓ **Review on a timely basis**
- ✓ **Use time and effort wisely**
- ✓ **Modify goals as needed**



# **PARTS OF A BUSINESS PLAN**

- ★ **Introduction**
- ★ **Business description**
- ★ **Products or services offered**
- ★ **Management plan**
- ★ **Marketing plan**
- ★ **Legal plan**
- ★ **Location analysis**
- ★ **Business regulations**
- ★ **Capital required**
- ★ **Financial plan**
- ★ **Financing arrangements**
- ★ **Competition**
- ★ **Operating plan**
- ★ **Appendix**



---

# Lab Sheet

---

## Identifying Agribusiness Goals

**Part One**

*Instructions:* Read the goals listed below. Identify immediate goals with an I, short-term goals with an S, and long-term goals with an L.

1. Buy a drip irrigation system for a new greenhouse.
2. Expand the greenhouse to include a retail flower show.
3. Sell the greenhouse and flower shop and retire in Barbados.
4. Repay the loan acquired to open the greenhouse.
5. Order tools and materials needed to open the greenhouse.

**Part Two:**

*Instructions:* Choose an agribusiness that interests you. Write two immediate goals, two short-term goals, and two long-term goals related to operating this agribusiness.

Agribusiness:

Immediate Goal:

Immediate Goal:

Short-term Goal:

Short-term Goal:

Long-term Goal

Long-term Goal:

---

# Lab Sheet

---

## Determining Business Plans

*Instructions:* Identify a local agribusiness that you are interested in learning more about. Using a telephone, look up the answers to the following questions. With permission from your instructor, call your agribusiness of choice for more information.

Agribusiness:

Are there other similar businesses in the area?

How many?

How close are these other businesses?

Is this business located on or near any major highways or interstates?

Is the business within walking distance of other businesses?

### **Review Questions:**

How does the above information relate to a business plan?

What is important about the location of an agribusiness?

How can understanding the above information help an agribusiness succeed?