Guide to Functional Business Planning for Shellfish Farmers

Farming as a business can lead to a rewarding lifestyle, but farming as a lifestyle is a terrible business. When you build effective business practices, the lifestyle you love becomes something you can manage and sustain.

Introduction:

Why do you need a business plan?

If I ask you what is calculated 1,493 + 2,936 in your head? You might be able to work through it, but it is much easier with a pen and paper, and way faster with a calculator. Your business is immeasurably more complex than summing two numbers so why do you think you can do it in your head? That is why you need a business plan. A good business plan will help answer increasingly complex questions and guide the process of decision making and prioritization.

What is a business plan?

A business plan is an essential tool for any shellfish farmer. **It helps you outline your business strategy, define your goals, and create a roadmap for success.** A well-crafted plan is also crucial for building a smooth operation, managing risks, and scaling sustainably.

A good business plan is clear and honest - there is no benefit to describing unfounded potential while minimizing the risks and challenges. Every business has massive challenges, risks, financial and operational problems. Would you want to invest in a business that isn't aware of internal weaknesses or external threats to their profitability?

It is a **living document** that should be reviewed and updated regularly to reflect changes in your business, market conditions, and regulations.

A well written business plan should guide the operation and priorities in a manner that forwards its objectives. It should also provide sufficient information so a reader can understand your business and have confidence that it will be successful. When someone reads your business plan what questions do they have?

Sections of a Business Plan:

a. Executive Summary (write this last)

An **Executive Summary** is a concise overview that highlights key details, operational goals, financial outlook, and strategic priorities for your farm and business. This section of your business plan is a 1-2 page high-level overview. It should serve as a roadmap to direct your decision-making and priorities based on the combined information in the rest of your business plan.

b. Business Description

What is the business?

This is an overview of your business. It can be as detailed as you think is needed to describe your business to someone. What is your business? Why was it formed? What is the vision for it? What is the product that you are providing? Who are you providing this product to? What is the process for providing that product?

Consider including:

- Outline of your licences, farm location, size, and structure.
- Information on your target market (local restaurants, wholesalers, direct-to-consumer sales, etc.).
- Outline of your goals, short and long term. How will you reach these goals? How will you know when you've reached them (success metrics)?
- Industry trends, demand, and potential competitors.

c. Organizational Structure

Who is the business?

This section should clearly define your business ownership model, key team members, and their roles.

Consider including:

- The type of business entity (e.g., sole proprietorship, partnership, cooperative, corporation).
    - List of all owners or shareholders and their percentage of ownership.
    - Include the rationale for choosing this structure — for example, liability protection, tax efficiency, or community ownership.
- Responsibilities of key staff
    - Identify your core team, including founders, managers, and operational leads.

    - Describe each person's responsibilities, such as farm operations, harvesting, sales, logistics, administration, or compliance.
    - Include a simple organizational chart if helpful.
- Terms of key partnership agreements
    - Briefly outline any formal or informal partnerships, such as joint ventures, Indigenous stewardship collaborations, or processor/buyer agreements.
    - Mention the terms of key agreements (duration, scope, revenue-sharing, etc.) and where those documents are stored.
- Reference important documents that govern how the business is run and how decisions are made:
    - Incorporation documents.
    - Partnership or shareholder agreements.
    - Operating agreements.
    - Board governance policies (if applicable).
- Succession and Transition Planning
    - Consider who will take over leadership if something happens to you or another key member.
    - Note if there is a will, buy-sell agreement, or other succession plan in place.

c. Products and Services

What is the value proposition?

This is your opportunity to outline how your business will be successful - How is your product or business different from any others? your product differentiates from others on the market. Highlight what makes your shellfish unique and why customers should choose them. Be specific about the species you cultivate and the qualities that set your product apart, such as taste, size, or sustainability.

d. Operational Management

*The operational management of your business **is your business**.*

Day-to-day how do you know that you are on track with your business? This section of your business plan should reference operational documents and records. Clearly describes the work needed to manage your operation and the system you are using to stay on track and manage the documents and farming processes.

Consider including:

- **Site Management:** Location selection, environmental considerations, water quality monitoring.
- **Seeding & Harvesting Cycles:** Timelines for planting, growth monitoring, and harvesting.
- **Labor Requirements:** Workforce planning, training, and safety measures.

- **Asset Registry**
- **Infrastructure and Maintenance Schedules**
- **Records:** What records, and systems do you have to manage the operational requirements for your business?
- **Inventory Management**
- **Sales and Product Traceability**

e. Sales and Marketing

Who is the customer?

This is your step by step plan to get your product from farm to consumer.

Consider including:

- **Sales Channels**: Restaurants, wholesalers, direct-to-consumer sales.
- **Brand Identity**: How your business will be perceived (logo, messaging, sustainability focus).
- **Online Presence:** Website, social media, digital advertising.
- **A Market Analysis:** Define your target market, research other shellfish operations (species, price, sales channels), evaluate opportunities, test and validate your methods.
- **Sales Agreements:** Reference and expand on any sales agreements you currently have or plan to establish.

g. Financial Planning & Projections

Where is the money?

The financial planning and projections in a business plan should describe the record keeping process for financial management, expenses, revenue, and debt. This section will vary substantially depending on business history and perspectives of the shareholders.

Usually, a business plan includes 3 main financial snapshots: **Income Statement**, **Balance Sheet**, and **Cash Flow Summary/Projections**. Here is a video overview of the three statements for farmers: Introduction to Farm Financial Analysis

How many years you choose to include will depend on what you are trying to accomplish. For example, if you are looking to expand production over the next 2 years, you should show the actual income from the last years of operations and the projected income over the next two years. Include a monthly cash flow statement for the next year.

If you don't have a business with years of organized data; try creating a financial projection for the next 3 years and a monthly cash flow statement for the first year.

This should clearly answer the following questions:
What is your cost of production per unit and how was this determined (past financial tracking, assumptions from experienced farmers etc)?
What are the common fixed and variable costs of production?
How does the profitability change with the scale of the business?

<u>This section should also include the following:</u>

Personal Finances: When and how much do you need to draw from the business? What does this look like now and into the future of the business?
Startup Costs: Permits, equipment, initial seed stock, labor, and lease expenses.
Assets: The value of your assets and how they are expected to depreciate over time.
Debts: Does the company have debt? What is the risk appetite and credit history of the business?
Fixed and Variable Expenses: Monthly and yearly expenses for seed, utilities, wages, lease and permitting, fuel, and maintenance.
Revenue Projections: Estimate income based on expected yields, market prices, and sales channels.
Funding: If seeking loans or grants, clearly state the required amount and how funds will be used.

h. Risk Management & Contingency Planning

This is where you can identify risks to the above operations and suggest solutions or plans to reduce that risk. Reference your SWOT analysis and describe the major risks.

Shellfish farming is uniquely vulnerable to environmental, market, and regulatory risks — proactive planning can make the difference between recovery and closure.

Your plan should clearly answer the following questions:

- What are the major risks to your operations, and how likely or severe are they?
- What systems or actions are in place to prevent or respond to these risks?
- What backup or contingency plans do you have in place?

Think about the cumulative impact on your business of:

- Closures or changes in the market
- Loss of key employees, shareholders, partnerships
- Mass mortality events
- Infrastructure damage from storms
- Increased cost of expenses