# *[Your Business Name]*

Cannabis / Hemp Extraction

Business Plan

# Business Plan: Cannabis and/or Hemp Extraction

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## 1. Executive Summary

### a) Company Summary

* High-level summary of your company, your intended audience, your products and services.
* Location/s, operating hours, intended staff, suppliers, etc.
* High-level marketing strategy, unique selling points, financial overview etc.
* Company Mission, Vision, Values, and Objectives

PRO TIP: Leave this section until after you have completed all the other sections because it should be a summary of this entire business plan.

### b) State vs. Federal Laws

* State vs. federal laws regarding your operation and its products and services.
* Compliance, permitting, and/or state testing rules and regulations
* Links to relevant laws, rules, or regulations that will affect your business operations

### c) Start-up Funding Plan

* What’s your plan to get your business funded?
* List all sources of funding including founders’ own capital, friends and family, angel investors etc.

### d) Investment & Capital Injections

* How will you generate your funding or startup capital?
* Where is your startup money coming from?
* Have you secured investment from family, friends, or venture capital?
* What capital injections do you need in your first, second, and third years?

### c) Financial Projections

* High Level Overview of Finances
* List out all sources of income
* Profit & Loss Forecast: 1st year, 2nd year, 3rd year

## 2. Market Overview

### a) Global Market

* Projected figures from the global cannabis/hemp/CBD market
* Where is the worldwide industry headed? How will you meet the demands of the market?

### b) US Hemp/Cannabis Market

* Which states are legalized for medical?
* Which states are currently medical but moving towards full adult use/recreational?
* How will your business take advantage of increasing legalization across the US?
* Do you have a strategy for “flipping” from a less than 0.3% THC CBD product, to full adult/recreational use cannabis extraction?

### c) [Your State] Hemp/Cannabis Market

* What’s happening in your state today with regards to hemp CBD products?
* What about the market for adult use/recreational cannabis THC products?
* What are the future trends for your state’s market?

### d) Target Market

* Who will buy your products and services?
* Include market research and cite your sources.
* Have you interviewed and/or researched your ideal customers?

### e) Competition

* Which local or national companies are already doing what you want to do?
* Are they a threat to you? Or can you learn from their strategy?
* How will you compete to own a share of the market?

### f) Competitive Advantages

* What makes you better than your competition?
* What’s your Unique Selling Point (USP)?
* How will you communicate your competitive advantages to your customers?

### g) SWOT Analyses

When it comes to your business, what are your…

* S = **Strengths**: e.g. industry knowledge, management expertise, etc.
* W = **Weaknesses**: e.g. financial / banking scrutiny for cannabis related businesses
* O = **Opportunities**: e.g. new states legalizing to full adult / recreational use
* T = **Threats**: e.g. drop wholesale pricing, changing laws, global economy, competitors

## 3. Revenue Plan

### a) Revenue Benchmarks

* Outline revenue benchmarks for the first quarter, 6 months, 12 months etc.
* How much revenue will you make in the first year?
* List all sources of revenue including all products and services.
* How will you continually improve your margins?

### b) Products and Services

* Outline each of your products and services in detail including existing and proposed.
* Include estimated pricing strategy for each product and service.
* Research pricing benchmarks for your products and services.
* Payment options: cash, POS, bank transfer, mobile apps, check, etc.

### c) Key Customers

* Who is your ideal primary customer?
* Who is your ideal secondary customer?
* What are their pain points?
* How will you provide solutions to your customers’ needs?
* How will you retain your customers and increase their loyalty?

### d) Branding, Marketing, Advertising

* How will you find and connect with your target audience?
* Do you have a website? Is it easy to find on search engines like Google?
* How will people find your business if they’ve never heard of you but they need what you do?
* What is your brand personality or identity?
* Have you budgeted for a marketing agency to help you with your marketing/branding etc.?

## 4. Operating Plan

### a) Facility: Location and Floor Plans

* Physical building: floor plans including all utilities such as electrical outlets, water, etc.
* Where will you install your extraction equipment?
* Are there other facilities you need to include in your floor plans e.g. a staff room? Offices?
* What about parking and other external features?
* Physical security: fencing, security guards, lighting, employee access, alarms, surveillance, etc.
* Fire security: local fire code requirements, position of fire extinguishers and blankets, etc.

### b) Equipment: Cost Projection

* How much will it cost to purchase your extraction equipment to get started?
* What are the yearly equipment maintenance costs?
* Include equipment depreciation and estimates on when each piece will need to be replaced.

### c) Extraction and Refinement Processes

* Outline your SOPs and all extraction and refinement processes
* Allow for existing and future end-product processes
* Estimate time and staff needed to complete each process successfully.
* Include risk mitigation strategies in case an operator is out on sick leave or leaves.

### d) Packaging and Labelling

* State and federal packaging and labelling rules and regulations. These may change regularly so it pays to check often.
* List out all official statements that need to be included on packaging
* Include any design and/or branding guidelines

### e) Sourcing, Manufacturing, Logistics / Distribution

* Where will you get your biomass from?
* An overview of your entire end-to-end manufacturing process
* How will you distribute your products?
* Outline your Supply Chain Logistics: the system of organizations, people, activities, information, and resources in delivering your product or service to the consumer.

### f) Legal, Codes, and Compliance

* Outline all legalities, local and national codes and compliances that you need to adhere to.
* Include all copies of legal documentation in an Appendix at the end of this template.

### g) Testing and Quality Control, Traceability (Seed-to-Sale)

* Outline all state-mandated laboratory testing requirements
* Seed-to-sale tracking solution for all cannabis and hemp products

## 5. Organizational Structure & Management

### a) Business Structure

* List all positions from the CEO down to interns
* Roles and Responsibilities for each position

### b) Executive Team

* List all current principal executives and include short bio for each
* List positions which still need to be filled at the executive level and any potential candidates

### c) Personnel Plan

* Who do you still need to hire to become operational?
* Who do you need to hire as your business grows?
* Will you train existing staff or hire SMEs (Subject Matter Experts)?
* Will you offer your employees shares in the business?

### d) Org Chart

* Include a visual representation of the org chart including all roles

### e) Exit and/or Succession Strategy

* Outline a plan if a founder and/or principal needs to exit the business, divorces, or dies.

## 6. Financial Plan & Projections

### a) Funding Analysis

* Table including all financial detail on all sources of startup funding
* List out long-term debts, repayment schedules, any interest, ROI, profit shares etc.

### b) Direct and Operating Expenses

* **Direct Costs** include things like electricity, water, packaging, transport, lab testing, etc.
* **Operating Expenses** include building and equipment maintenance, insurance, rent, security systems, software fees, mobile phones, internet, professional fees from external providers e.g. marketers, website developers, accountants, lawyers, and bookkeepers.

### c) Profit and Loss Forecast

* Table of yearly P&L projections for next 5 years.

### d) Cash Flow Statement

* Table to show sufficient cash flow to support business activity for next 5 years.

### e) Balance Sheet

* Balance Sheet for next 5 years to show business net worth and financial position.

### f) Break-even point

* What is the “burn rate” of the business?
* When will the business reach a break-even point and start generating a healthy profit?

## 7. Assumptions, Sensitivity, and Risks

### a) Assumptions

* An **assumption is** a statement that **is** presumed to be true without concrete evidence to support it. In the **business** world, **assumptions** are used in a wide variety of situations to enable **companies** to plan and make decisions in the face of uncertainty.
  + **Example**: An assumption for the cannabis industry might be: *“As more states legalize cannabis for medicinal and/or adult use the needs for oil extraction will grow rapidly.”*
  + **Other assumptions:**cost, pricing, volume, competitive dynamics.

### b) Sensitivity Analysis

* A sensitivity analysis determines how different values of an independent variable affect a particular dependent variable under a given set of **assumptions** (see above). In other words, sensitivity analyses study how various sources of uncertainty in a mathematical model contribute to the model's overall uncertainty. This technique is used within specific boundaries that depend on one or more input variables.
  + **Example**: A sensitivity for the cannabis or hemp industry might be something like: *“Transparency in testing for vape cartridge oils is critical due to the ‘vape scare’ of 2019 that almost decimated the industry via toxic ingredients in black market vape cartridges.”*
  + **Other Sensitivities:** scenario planning, worst vs. best case, anticipated economic trends

### c) Risks

* A business risk is the exposure a company or organization has to factor(s) that will lower its profits or lead it to fail. Anything that threatens a company's ability to achieve its financial goals is considered a business risk.
  + **Example**: There are several well-known risks for the newly emerging cannabis or hemp industry: changing state and federal laws and regulations, black market operators, a largely unregulated CBD market, etc.
  + **Other Risks**: Regulatory changes, external forces (pandemic, economic downturn, oversupply of biomass, consumer preferences (e.g. vape crisis).

## 8. Appendix

### a) Document A

* Short description of supporting attached document

### b) Document B

* Short description of supporting attached document

### c) Document C

* Short description of supporting attached document