Ten Things to Consider for Starting Your Small Farm

Putting Small Acres to Work
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Lincoln Land Community College, Springfield
10 Things to Consider . . .

1. Deciding to farm
2. Your values
3. Your vision and goals
4. Evaluating your resources
5. Developing your farm plan
6. What are you going to grow – The Sky’s the Limit!
7. Marketing – Sell what you sow
8. Equipment and machinery
9. Developing your business plan
10. Learn about farming
#1 Deciding to Farm?
Do you Have a Small Farm Dream?

• Why do you want to have a small farm enterprise?
Is this a Realistic Goal?
“If you think you’re a farmer, you are a farmer.”

Ron Macher, *Making Your Small Farm Profitable*
#2 Your Values
What do you value?

• Values are core beliefs and philosophies that reflect your view on life. They influence your goals and business decisions and help guide the management of your farm. Values typically do not change with time and are reflected in everything you do.
#3 Your Vision and Goals
Your Ideal Farm?

• When you think about your current or future farm, what do you picture?
Vision

- An image of your desired future; a picture of where you are going and what it is like to be there.
- Your vision should paint a clear picture of how your farm business will function in the future, and incorporate personal values.
Vision Statement

- Describes the big picture of your business over time.
  - It defines an ideal future and impacts on your local community or society in general.
  - Your vision may include what you want your farm to look like in 10 years, what products you’d like produce, or how your farm will grow.
• Glasswing Ranch’s goal is to provide natural grass-fed lamb and goat meat; natural vegetables, fruits and eggs
• Direct market our products on the farm
• We believe in minimal intrusive imputes and finding a use for everything on the farm
• Provide tours to community to increase public awareness of where their food comes from
• To ensure we are good stewards of land and have a self sustaining farm in our community
Goals

• What is a goal?
  • The end toward which effort is directed: aim

• Goals are short-, medium-, and long-term plans that align with your farm vision.
Goal Setting

• A goal is a statement of what an individual or family want to achieve.
• Goal setting requires that you take a look into the future to see what you want to achieve.
• Through goals, each person, family, or business unit identifies its aspirations for the future.
• Goals change with circumstances and time, and they must be reevaluated and updated periodically.
#4 Evaluating Your Resources
What You Know and What You Need to Know

- Capital
- Skills
- Labor
- Land
- Soils
- Water
- Location/access
- Climate
- Equipment
- Marketing needs of the area

Evaluate Sources

- Credible?
- Relevant?
- Objective?
- Reliable?
- Reasonable?
- Accurate?
- Current?
#5 Developing Your Farm Plan
Whole Farm Planning

• A process of integrating the many factors that must be considered for successful and sustainable management of a farm.
• It is something that all farmers do, if not formally than surely in an informal manner.
• A way of preparing to make decisions on a day-to-day basis, as well as in the longer term.
Whole Farm Planning

- The goal of whole-farm planning is simply to find a way to tie all of the various parts of a plan (economic, environmental & social) together into an integrated whole.
Elements of a Whole Farm Plan

- Farm family goals
- Economic viability of the farm
- Water quality
- Soil conservation
- Nutrient management
- Water management
- Pest management
- Soil quality
- Crop rotations
- Tillage

Reasons to Do a Whole Farm Plan

• A road-map for the future
• Plan for future profitability
• Prepare for expansion, retirement, change
• Consider environmental quality, personal goals, as well as "the bottom line"
• Provides a reference document
• Helps one get to where one wants to go
#6 Selecting Your Enterprise – The Sky’s the Limit!
Examples of Enterprises

- Traditional
  - Flowers
  - Fruit
  - Grains
  - Herbs
  - Livestock
  - Pasture, hay and cover crops
  - Timber
  - Vegetables
Examples of Enterprises

- Alternative
  - Alternative crops and value-added products
  - Educational activities
  - Equipment rental
  - Fee-based outdoor recreation
  - Hospitality services
  - Tourism

*Alternative Enterprises and Agritourism: Farming for Profit and Sustainability Resource Manual*

Selecting Your Enterprise – Some Questions to Ask

- When will you start?
- What type of production methods work best and is most profitable for this enterprise?
Selecting Your Enterprise – Some Questions to Ask

• What can your farm support?
• How will you water yours crops and livestock?
• What are the costs and returns of your enterprise?
• Are there permits required or special regulations for your product?
Selecting Your Enterprise – Some Questions to Ask

• What are the labor requirements? Who will furnish the labor?
• What will be the machinery requirements?
• How and where will you market your products?
• Must you have general farm liability insurance?
#7 Marketing – Sell What You Sow
Wholesale Marketing

• Product sold in wholesale market
• Examples of outlets
  • Independent food stores
  • Chain food stores
  • Specialty retailers
  • Restaurants
  • Nursing homes
  • Wholesale distributors
• Time requirements differ from direct marketing
Direct Marketing

• Direct marketing
  • Selling a product directly to customers

A Related Concept:

• Niche marketing
  • Selling to a “gap” in the market
  • The product fills a “niche” desired by consumers
Common Types of Direct Marketing

• Roadside stand/market
• U-Pick farms
• Farmers’ markets
• Community Supported Agriculture (CSA)
• Direct sales to restaurants, grocery stores, schools, etc.
• Agritourism/Entertainment farms
• Internet
• Social Media
Types of farm direct marketing

Roadside Stand/Market

- Can be a stand or a building
- Honor system coffee can to several employees
- Access is a key factor
- Seasonal or all year
Types of Farm Direct Marketing

U-Pick

• You grow the product, customers do the harvesting
• Higher than wholesale prices
Types of Farm Direct Marketing

Farmers’ Markets

- Inexpensive to start up
- Retail prices or higher
- Builds customer base-can advertise your other activities
- Can operate at 1 or many

According to USDA AMS, there are 292 farmers’ markets in Illinois (August 3, 2012)
Types of Direct Marketing

Community Supported Agriculture

• Recent innovation
• Provides financial security for farmer and quality food for consumers
• Customers pay in advance
Types of Farm Direct Marketing

Farm-to-Retail Connections

• Many retail food businesses buy (or will buy) from farmers
• Often these businesses attract their customers by featuring locally produced food
• Examples include:
  • Grocery stores
  • Restaurants
  • And more
Farm-to-Retail Connections

Sales to Grocery Stores

• Many mid and larger sized communities have grocery stores that will buy directly from farmers

• In Fairbury:
  • Dave’s Super Market
Types of Direct Marketing

Agritourism

• Often appeals to customer desire to experience a farm and its activities

• Variety of approaches:
  • B&B
  • Corn mazes
  • Hay rides for pumpkins, Christmas trees, etc.
  • More...
Types of Direct Marketing

Internet

Small Farm Central

http://www.smallfarmcentral.com
Types of Direct Marketing

Social Media

- Pinterest
- Twitter
- Facebook Like
#8 Equipment and Machinery
Equipment and Machinery

• Machinery and tools should save time or reduce the need for additional labor. Otherwise, they are a waste of money.

Making Your Small Farm Profitable, Ron Macher
Selecting Your Equipment & Machinery – Some Questions to Ask

• What is the level of use?

• What are the varieties of machinery and tools available?
  • Draft animals
  • Tractors and implements
  • Hand tools
  • Tillers
  • Processing equipment
  • Fencing
  • Other machinery (hay, sawmills, etc.)
  • Computers

• How to determine equipment size?
Selecting Your Equipment & Machinery – Some Questions to Ask

• What are the variables to consider?
  • Rental or leasing
  • Neighbors
  • Hiring
  • Used equipment
  • Scale of use
  • Time invested

As you seek out and decide on tools and machinery, remember that the best tool is your own mind. Without it, all of your machinery is just lumps of metal and wood.

Making Your Small Farm Profitable, Ron Macher
Small Farm Machinery and Your Body - Using Both Wisely

• No matter which tools you use, it is important to think about ergonomics.

• For example, when using a hoe, the blade should be parallel to the ground. You don’t want to be hunched over. And make sure you sharpen your hoe.
#9 Developing Your Business Plan
Basic Business Planning Concepts

• The business plan is like a road map for your business.
Reasons Why Business Plans are Important

• To plan ahead
• This process will allow you to sell yourself and your business
• To attract key people- whether employees or members of your management team
• To help verify financial feasibility
• To obtain bank financing
• To seek investment funds
A farmer’s perspective...

• “Business planning is a critical component to any operation. Even though a ‘seat-of-the-pants’ approach to farming might work... you can waste years doing the wrong thing when you could have been doing the right thing.”

Greg Reynolds, Riverbend Farm
Business Planning is a Process

• Identifying Values
• Reviewing Current Situation
• Clarify Vision and Goals
• Evaluate Strategies/Ideas
• Implement and Monitor
THERE IS NO SINGLE FORMAT THAT SHOULD BE USED FOR WRITTEN BUSINESS PLANS
What’s in a Business Plan*?

• Cover Page
• Table of Contents
• Executive Summary
• Descriptions (farm & products)
• Analyses (SWOT, management, market and enterprise)
• Planning
  • Proposal and implementation of ideas and strategies

*The Organic Farmer’s Business Handbook, Richard Wiswall
What’s in a Business Plan*?

- Financial Forms
- Profit and Loss
  - Budget for the whole farm – net profit for the year
- Balance Sheet
  - Statement of net worth (what you own-what you owe)
- Cash Flow Projections
  - Your road map in numbers. What should all your income and expenses look like in the next five years?

*The Organic Farmer’s Business Handbook, Richard Wiswall
NO ONE ELSE CAN DEVELOP THE PLAN FOR YOU!
#10 Learn about Farming
#10 Learn about Farming

- Knowledge is your most important resource

*Making Your Small Farm Profitable*, Ron Macher
Resources

Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses
http://www.sare.org/Learning-Center/Books/Building-a-Sustainable-Business

Business Planning Train-the-Trainer materials on the Center for Farm Financial Management website

The E Myth, Why Most Small Businesses Don’t Work and What to Do About It, Michael E. Gerber
http://www.e-myth.com

Fearless Farm Finances
www.mosesorganic.org/farmfinances.html

Making Your Small Farm Profitable, Ron Macher
Resources

http://www.chelseagreen.com/bookstore (Type in Wiswall in search)

The Sirolli Institute’s “Capturing the Passion and Teaching Skills to a New Generation of Entrepreneurs”

Starting and Running Your Own Small Farm Business, Sarah Beth Aubrey

SWOT Analysis A Tool for Making Better Business Decisions
Resources

Marketing Strategies for Farmers and Ranchers
http://www.sare.org/Learning-Center/Bulletins/National-SARE-Bulletins/Marketing-Strategies-for-Farmers-and-Ranchers

Micro Eco-Farming Prospering from Backyard to Small Acreage in Partnership with the Earth
http://www.localharvest.org/micro-eco-farmng-C22871

The New Agritourism Hosting Community and Tourism on Your Farm
http://www.localharvest.org/the-new-agritourism-C22879

The New Farmers’ Market Farm-Fresh Ideas for Producers, Managers & Communities
http://www.localharvest.org/the-new-farmers-market-C22877

Sell What You Sow! The Grower’s Guide to Successful Produce Marketing
http://www.localharvest.org/sell-what-you-sow-C22878
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