


Beginning Farmer Certification Series
Session 1: First Steps

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UNIVERSITY OF MISSOURI
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Beginning Farmer Certificate
The First Steps
to
Building and Living Your Dream

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The University of Missouri is comprehensive land grant university, with a federally mandated mission to carry the benefits of university research beyond campus. Using university research-based knowledge, University of Missouri Extension works with people to understand change, solve problems and make informed decisions.

The Beginning Farmer program is a component of the United States Department of Agriculture-Natural Resources Conservation Service (USDA-NRCS) funded StrikeForce grant. The StrikeForce Farmer Development Project develops and delivers innovative farmer-guided programs that provide information and assistance to aspiring, new, and developing farmers. The University of Missouri Extension in partnership with USDA-NRCS advocate for farmers and agricultural enterprises.

Beginning Farmer Certificate Sessions

Thursday, March 19

- Beginning Farmer- **The First Steps, Session 1**
 - **Amy Patillo**, University of Missouri Extension
- Beginning Farmer- **Marketing is Key, Session 2**
 - **Patrick Byers**, University of Missouri Extension

Friday, March 20

- Beginning Farmer- **Looking at the Opportunities, Session 3**
 - **Jamie Gundel**, University of Missouri Extension
- Beginning Farmer- **The Ins and Outs of Selling Local Foods, Session 4**
 - **Greg Brown**, Lucky Falling Star Ranch Owner
 - **Kim Harrison**, Harrison Valley Farms Owner
- Beginning Farmer- **Funding Opportunities for Your Farm, Session 5**
 - **Jamie Kurtz**, Resource Conservationist, US Dept. of Ag., Natural Resource Conservation Service
 - **Dennis Johnson**, Director of Farm Service Agency, Agricultural Marketing

You Will Learn About

Skills you need to start a small farm

Risks and rewards of owning a farm

Resources for investing in your farm

Making a farm business plan

Marketing your products

This workshop is designed for people who want to own a small farm. Owning a farm can be a good thing for many people, but is not right for everyone. There are many things to consider before going into business for yourself. The purpose of this workshop is to help you think about the benefits and challenges of owning a farm before you begin, and will introduce you to services that will help you put your dream of owning a farm into action.

In addition to working with Extension and your local education organizations, farm service organizations and mentor farmers provide programs, services and resources to assist beginning farmers. Family, friends and neighbors also play a special role in providing important, overlapping types of support and assistance which contribute to the economics and strength of family farms.

This presentation focuses on providing you with the resources you need to start and sustain an ag enterprise. Using this approach, we are able to deliver the information that is specific to you, your dream, and your own personal needs. These resources will be briefly discussed and are provided in the handout.

Owning Your Small Farm Dream

The Skills You Need: The 4 P's

- Purpose
- Plan
- Product
- People



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- ❖ The purpose is to identify your goals, strengths, and weaknesses to support the quality of life you want from your small farm enterprise.

Starting an agricultural business is an exciting and challenging undertaking. Careful planning, a good understanding of your numbers, adaptability, and perseverance are often the keys to a successful and sustainable business.

To ensure your business' success, it is important that you understand and are able to articulate the basic requirements for starting a farm business and the regulations for marketing farm products. Regulations and legal requirements change constantly. **Tomorrow in Patrick Byer's session and David Ray's session they will provide information, resources and tools for marketing and legal considerations.**

Purpose- The purpose of going into business is to expand your own horizons by producing or innovating something that satisfies a need in the marketplace. For example, if you enjoy growing blueberries and other fruit, baking, and preserving foods, but the thought of filing taxes, keeping records, making sales calls, handling employees, capitalization, and business planning turns you off, **then you should grow fruit and do the things you enjoy most.** There are options you may want to consider, growing fruit for someone else or hiring someone, possibly a family member to manage the business.

Plan- You need a road map if you expect to succeed as a producer or consumer. This includes a business and marketing plan, well defined aspects of production, and an

understanding of regulations for growing, harvesting, processing, transporting and selling farm products. Be prepared to spend copious amount of time researching, planning and organizing **your goal setting, business strategies, financing, and implementation plan to achieve the successes you desire.**

If you are serious about selling local foods you have to understand the issues of growing and selling, i.e. Food Safety Modernization Act (FSMA), Good Agricultural Practices (GAP). **Even though you may be exempt from these requirements, these are resources that can help you be a better agricultural producer and invest in the health and safety of local foods.**

The key is to:

Work through the planning process with someone you trust, who will help inspire your creativity and innovation, and do not be afraid to think big about your hopes and dreams for your farm.

- In the **resources handout** I have provided tools and resources to guide you in your planning process.

Product- Plan what you want to grow, grow what you are good at, grow what people want to buy, then you can sell in a variety of venues, and grow something you can make money at. Remember, your farm is not just produce, people buy the full spectrum of agriculture. Bring your whole farm to a person's table (Morgan Householder, MO. Department of Ag.)

i.e. Agri-tourism- Farms can sell the country experience and culinary heritage of their communities. Culinary tourism is a growing trend, as consumers spend an increased amount of time and money engaging in authentic and unique food and beverage experiences when they travel.

i.e. Cross-promoting your agri-tourism business with other agri-tourism opportunities in the area brings more visitors to the area. **Don't think of your neighbors as competitors – they have a product that is unique to their farm operation, just like your product is unique to your business.**

Resource- If you're looking for inspiration and innovation, USDA National Agricultural Library compiled a List of Alternative Crops and Enterprises. This tool details what alternative crops and enterprises can do for your farm, where information on alternative agriculture can be found, a list of alternative crops and enterprises, and links to tools for specialty crop production for small-scale farmers, alternative crop suitability map for soil climate and requirements, and places to find information about farming alternatives. You will find resource pages for alternative enterprises, research of established and evolving niche markets, and a resource for inspiration in developing a new and fresh idea.

People- Know your audience- What will people buy, what do they want to buy, how do they want to engage with your farm, delivery or pick-up, accessibility to the food they want, will they pay you to plant their family groceries.

i.e. In Japan, I met families that pay farmers to plant, grow, harvest, package, and deliver their families rice and miso (paste made from fermented soybeans and rice) annually. Families have learned that it does not cost much more to have the farmer grow it.

Meet Jackie and Stan



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Jackie and Stan's Story...

Jackie and Stan started a small vegetable farm in MO. When they were planning their farm, they decided that their most important goal was to spend more time together as a family with their three children. Stan also really enjoys working on his farm, so his other goal was to spend as much time as possible growing the vegetables on their farm. The first year, they decided to sell their vegetables at four farmer's markets in Springfield, St. Louis, Kansas City, and Fayetteville, AR, each more two hour's drive away from their farm.

After the first year Jackie and Stan realized

that Stan was spending most of his time driving back and forth to markets. This took too much time away from the family and the farm. Also, they had to hire two workers to pick vegetables and weed the farm while Stan was at the markets. When Jackie and Stan looked at the goals they had written down a year before, they realized they were not being met.

The second year, Jackie and Stan decided to sell their vegetables directly from the farm through a CSA (Community Supported Agriculture). With the CSA they sold 100 shares to families in the area. Half of the families came directly to the farm to pick up the shares, and Stan delivered the other half of the shares once a week to a small grocery store that was only an hour's drive away. Since Stan's driving and marketing time was greatly reduced, he had more time to spend on the farm and with his family.

How are your farming and business skills?



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A farmer needs to know how to do many different things. **Remember that you cannot do everything yourself.** You may have a family member, a friend, or even an employee who is good at something you are not good at.

New Entry Sustainable Farm Project, www.nesfp.org

Here are some examples of skills farming requires. This will give you an idea of which skills you need to learn before starting your business.

Goal Setting

- Markets- Finding ways to sell your products.
- Buying, selling, and leasing land
- Writing production, marketing, and financial plans
- Knowledge of legal topics
- Making a land use plan

Starting a Business

- Legal structure
- Getting money and loans
- Getting permits, licenses and insurance

- Setting up accounting and record keeping systems

Managing Tools, Equipment, and Supplies

- Purchasing tools and equipment
- Maintaining and repairing

Managing Farm Buildings, Fences, and Wells

- Building barns, greenhouses, fences, wells
- Maintaining and repairing structures

Crop Production

- Managing soil health
- Managing pests, weeds, and diseases
- Responding to bad weather (drought, hail, frost, flooding, winds)
- Using conservation practices (i.e. low-till/no-till, Integrated Pest Management)

Raising Crops

- Preparing a crop production plan
- Operating equipment and tools safely
- Seeding, planting, and harvesting
- Hanging and storing produce after harvest

Marketing

Annual Farm Business Review and Re-planning

Risks and Rewards of Owning a Farm



- Be your own boss
- Work outside
- Set your schedule
- Make your own decisions
- Take care of the land
- Grow food for your family
- No regular paycheck or health insurance
- You might get sick or have an accident
- No paid vacation or sick time
- Weather and pests can hurt your crops or animals
- You pay your own taxes

Think about why you would like to own/start your own business. What makes you think you will be successful in business? Unfortunately, there is no set formula for success, even for those with the best entrepreneurial traits.

Having a farm can be fun and scary at the same time. You can be your own boss, you are able to work outside, and you make your own decisions. Farming can also be risky. You might injure yourself or lose money. You have to pay your own taxes and health insurance. Your crops may not grow or your animals may be unhealthy because of bad weather.

What do you dislike about having your own business? Here are some examples to help you think about why it can be hard to have your own farm business.

Even the things you dislike about owning your own farm may not be all that bad as long as you have an action plan in place to manage them.

Resources for Investing in Your Farm

Missouri
Department of
Ag

USDA-RD

USDA-NRCS

USDA-AMS

USDA-FSA

North Central
SARE

USDA-NIFA

USDA-F&N
Farm to School

University of Missouri Extension Food Enterprise Development Team

Review Food Enterprise Development Handout

It takes money and resources to start any business.

- 1. Determine what you have to start with**
- 2. Determine how much more you will need to get**

- Think of all the things that you already own that you would be willing to invest in your business.
- For each asset that you might own, think about its value (the value of an asset is how much someone would pay for it if you were to sell it).
- Keep in mind that the value of many assets will decrease over time. You can check online resources to get a better idea of what a particular asset might be worth.

Remember, you may have assets that you do not want to invest in your business!

For example, you may own a car, but a family member may need it to drive to work every day. In that case, you will not be able to use the car in your business, so the car should not be considered a business asset.

- Consider the amount of money you may owe on each asset.

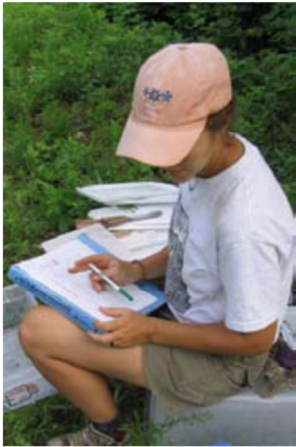
- What is the net value or the total amount an asset is worth to your business?
(Subtract the amount of money you still owe on the asset to get the net value).

Developing a business and financial plan for your farm is essential to seeking funding through grant and loan resources.

i.e. For example,

savings can be used as cash. If you decide to sell your house or your car to raise money for your farm business, then those assets will be used as cash also. Your house or car might also be used as collateral towards a bank loan or line of credit. Or you may decide to use your car in your business. However you decide to use your assets, a well defined plan, with actionable goals and a concrete timeline are critical to sustainability on your farm.

Farm Business Plan



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Putting together a small business plan, not only helps identify your success story, it will help family members, funding organizations, lending organizations, and farm consultants identify appropriate resources to support you.

www.nesfp.org Your Small Farm Business Plan- Offers resources and sample business plans to help you.

Your Farm Business Plan will look something like this.

NOTES:

Family

What does your family think about you starting a farm business?

- Will any of your family members actively work on the farm? In what roles?
- What other ways will your family support your farm business?
- Will you keep your job full-time or part-time once you start the farm?

Mission and Goals

Think about your mission and goals

- Why did you decide to start a farm business?

- What will the farm help you and your family achieve?

Farm Products

Think about your farm products and how you will sell them

- What is the name of your farm business?
- What are your products? (vegetables, milk, cheese, meat, prepared foods, farm tours, etc.)
- Why did you decide to produce these products?
- What makes your products unique?
- Where do you plan to sell your products:
- Who are your customers?
- How many days a week do you plan to travel to bring your products to market?
- Describe your ideal weekly schedule.

Product Cost- Inputs

What is the cost of starting your business?

Land

- Where would you like your farm to be located? List counties, town names, or general areas of your state.
- How many acres do you need for your farm?
- What is the ideal soil type for your farm?
- Are there any special land features that are important to you?
- Are you interested in a short-term lease (1-2 years), long-term lease (3-99 years),

Cost of starting your business?

What will you need to start your business, even if you already own it. Include all tractors, equipment, tools, irrigation supplies, and materials for buildings, storage sheds, or greenhouses, etc. Also include any legal, regulatory, and permit costs.

Monthly Farm Business Costs compared to Monthly income- We will look at this next.

Farm Timeline

Think about your farm's timeline

- When do you expect your farm to start paying for its own expenses?
- When will you make big purchases?
- How do you expect your farm business to expand?

Try to identify some important dates and put them in order.

Finally! Put it all together into a business plan!

Though you most likely have farm experience already, it is important to remember that farming can be very different depending on the region and community you live in. Because of

this, when developing a farm business plan it is important to do your own research in the area where you want to farm.

That doesn't mean just reading books!

Although books and the internet can be helpful, one of the best ways to do research is to talk with farmers directly. Farmers who live in the community that you want to farm in will be aware of the realities, challenges, and opportunities of farming since they deal with them every day.

So who should you talk to and what should you ask? **The New Entry sustainable Farming project, How to begin your small farm dreams** provides many resources for finding a farmer to talk to, making connections and building networks, as well as etiquette for farmer interviews.

i.e. **Most farmers welcome new farmers and see them as strengthening farming as a whole. Be aware, however, that some farmers are very concerned about competition.**

Farmers may be willing to share some information with you but they won't tell you every detail. Be sensitive to this and do not continue asking about a topic someone is trying to avoid. Think about how you will feel in a few years when you are in their place!

Monthly Farm Costs

1. Labor costs
2. Wages
3. Gas, and equipment- to bring products to market
4. Vehicle maintenance
5. Market fees
6. Supplies- seeds, fertilizer, etc.
7. Other farm costs
8. Farm monthly income to support you and your family
9. Total monthly costs

www.nesfp.org

1. How many people will help you on the farm with planning, weeding, harvesting, etc? Will you pay your workers by the hour or by the day?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2. How much will you pay all of your workers together each month? (Do NOT include yourself and your family in this number)											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
3. How much will you pay for gas each month? Remember to figure out how many times a week you will travel during each month. In June you may only need to bring your products to market 4 times, but you may need to bring your products to market 12 times in August.											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
4. How much will you spend on maintaining your vehicle each month?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
5. How much will you spend on market fees each month?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
6. How much will you spend on farm supplies each month? (Seeds, fertilizers, etc.)											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
7. What other farm costs will you have each month?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
8. How much money do you need from the farm to support yourself and your family each month? (Do NOT include money that will come from other jobs)											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
TOTAL MONTHLY COSTS											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec

We have talked about the cost of starting your business and how you will pay for it.

However, there are other costs that you will have to keep your business going on a regular basis.

For seasonal businesses like farming, it is easiest to keep track of your costs month by month. The total monthly costs is the minimum amount of income your farm needs to make a change.

For example, in June you may only need to hire one person to help you for a few hours a week, but in September you might need 2 people helping you to harvest full-time. To figure out your monthly costs, you may find using a chart similar to this helps manage expectations and Ensure you are on track with where you need to be.

Resource- www.nesfp.org- New Entry Sustainable Farming Project- First Resource listed by Michelle Hughes.

Marketing Your Products



Running a business without a marketing plan is like trying to drive in a new city without a street map.

You may arrive at your destination, but not without a lot of wasted time and resources.

Think about your marketing plan and where you will sell your products. Your plan does not need to be elaborate, but should address **promotion, distribution, implementation, and evaluation.**

Small farms can't compete with large farms in wholesale markets. Large farms produce such a volume that they can make money on the small margins they get from wholesalers. Small farms have to be more creative. Usually that means selling directly to customers—also called “direct marketing.” With direct marketing there is no “middleman” making money from your products before they get to the customer, so you get the entire value of your product. Direct marketing also allows you to offer your customers better quality and freshness and more personal service.

Direct marketing includes:

- Farmers' markets in nearby towns or cities
- CSA (Community Supported Agriculture)—an arrangement in which farmers sell shares of the harvest to customers for a set price at the beginning of the season and promise to supply customers with vegetables each week during the season
- Farm stands on the farm

You might also want to consider selling to small, privately-owned restaurants and stores

These businesses have much more flexibility than chain stores or corporately-owned restaurants and are often looking for small quantities of high-quality specialty products. Think of them as your farm's equal in the restaurant or retail world. You can be a perfect match!

Think about the value of your product

Now you need to think about how much income your products can make. To do that you need to answer three important questions:

1. How much product can I produce on my farm?
2. What price can I charge my customers?
3. How many customer sales will I have?

You will have to do some research and ask farmers and customers to get your answers.

In the “**Marketing is Key**” session 2 that begins at 3 p.m. today, directly following this session and a break, Patrick Byers, University of Missouri Extension Horticulture Specialist will discuss Direct Marketing including farmers markets, on farm sales, Pick your own, Community supported agriculture, and internet sales, as well as wholesale marketing to schools, institutions, restaurants, and value added products.

Resources

- Hughes, M., et. al. (2010, May). How to Begin Your Small Farm Dream. *New Entry Sustainable Farming Project*. Retrieved from <https://www.sare.org/Learning-Center/SARE-Project-Products/Northeast-SARE-Project-Products/Plain-Language-Guides-for-New-and-Under-Served-Producers/How-to-Begin-Your-Small-Farm-Dream>
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Resources

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