

The Feasibility of Alternative Enterprises

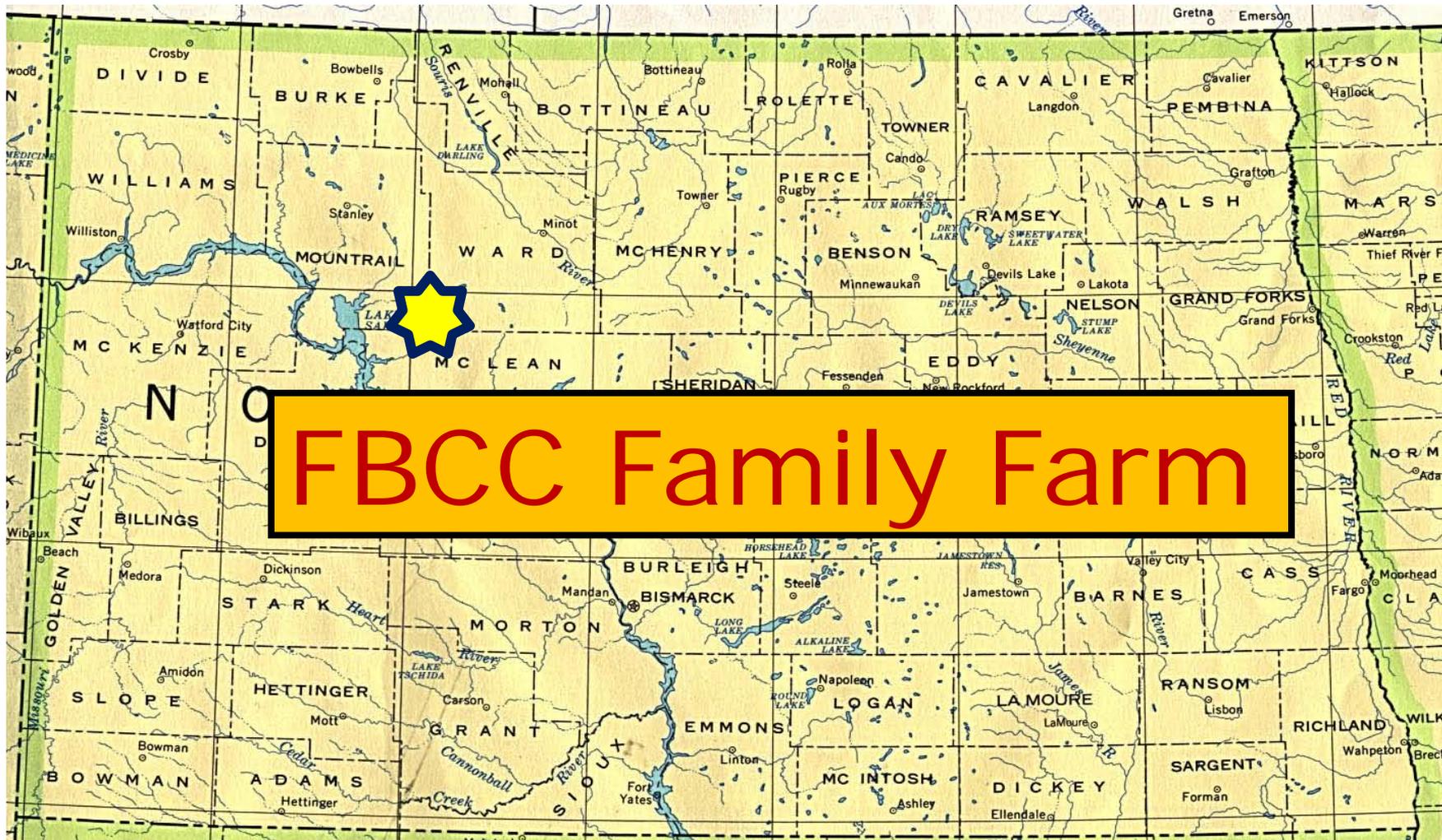
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Fort Berthold Community College
Beginning Farmer and Rancher Development Program
New Town, North Dakota
February 21-22, 2012

The Setting

- You are all managers of a farm near New Town, North Dakota
- You currently produce & sell small grains and hay
- You would like to increase profits and perhaps better utilize the resources of the ranch







You Attended an Extension Program:

- Alternative Enterprises
 - Production and Sales of Nontraditional Products/Services
 - Alternative Crop and Livestock Enterprises
 - Agri-Tourism/Recreation
 - Alternative Production Systems
 - Alternative Marketing Strategies



Alternative Agriculture

What Does It Mean?

- Alternative Livestock Enterprises

- Bison/Buffalo
- Exotics
- Goats
- Pastured Poultry
- Elk/Deer



- Alternative Crop Enterprises

- Fiber Crops
- Oilseeds
- Specialty Legumes
- Seed Crops
- Forestry Products



Alternative Agriculture

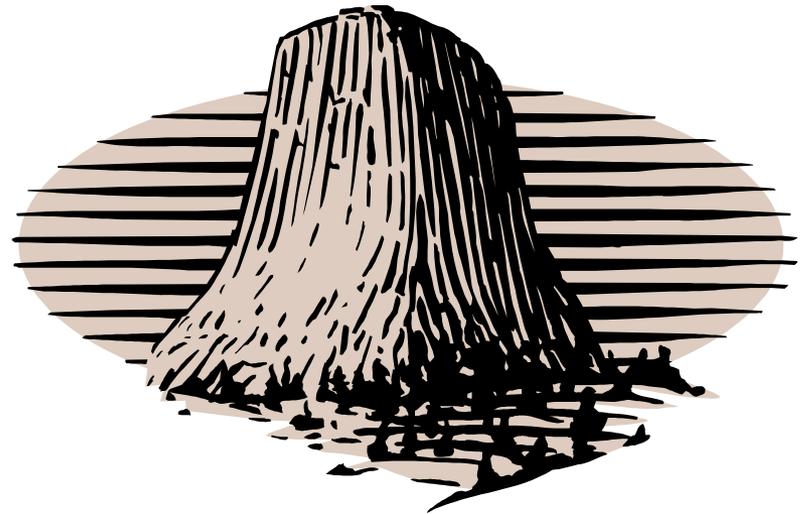
What Does It Mean?

- Agri-tourism/Recreation
 - Bed and Breakfasts
 - Camping
 - Hunting/Fishing
 - Biking/Hiking/Snowshoeing
 - Ranch Tours/Vacations
 - Wagon/Sleigh Rides
 - Historic/Heritage Tours



Alternative Agriculture What Does It Mean?

- Alternative Production Systems
 - Organic
 - Natural
 - No/Reduced Tillage
 - Grass Fed
 - Low/No Input
 - Value Added Processing



Alternative Agriculture What Does It Mean?

- Alternative Marketing Strategies
 - E-Commerce
 - Farmers Markets
 - U-Pick
 - Alliances/Partnerships/Cooperatives
 - CSA's (community supported agriculture)
 - Direct Sales



Managers Meeting Agenda?

- I. What alternative enterprises would we have interest in producing (check-lists).

- II. SWOT analysis
 - Internal strengths and weaknesses
 - External opportunities and threats

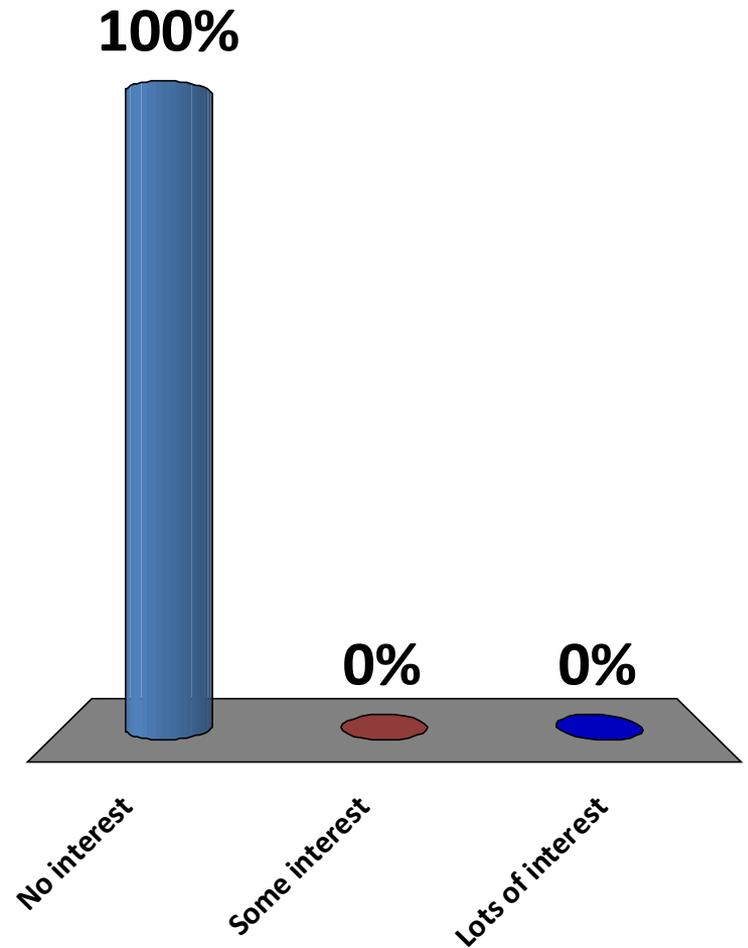
Alternative **Crop/Plant** Enterprises: Check List



<u>Alternative Enterprises</u>	<u>No Interest</u>	<u>Some Interest</u>	<u>Lots of Interest</u>
<i>Fiber Crops</i>			
<i>Oilseed Crops</i>			
<i>Specialty Legumes</i>			
<i>Seed Crops</i>			
<i>Forestry Crops</i>			
<i>Forage Crops</i>			
<i>Fruit/Vegetable Crops</i>			

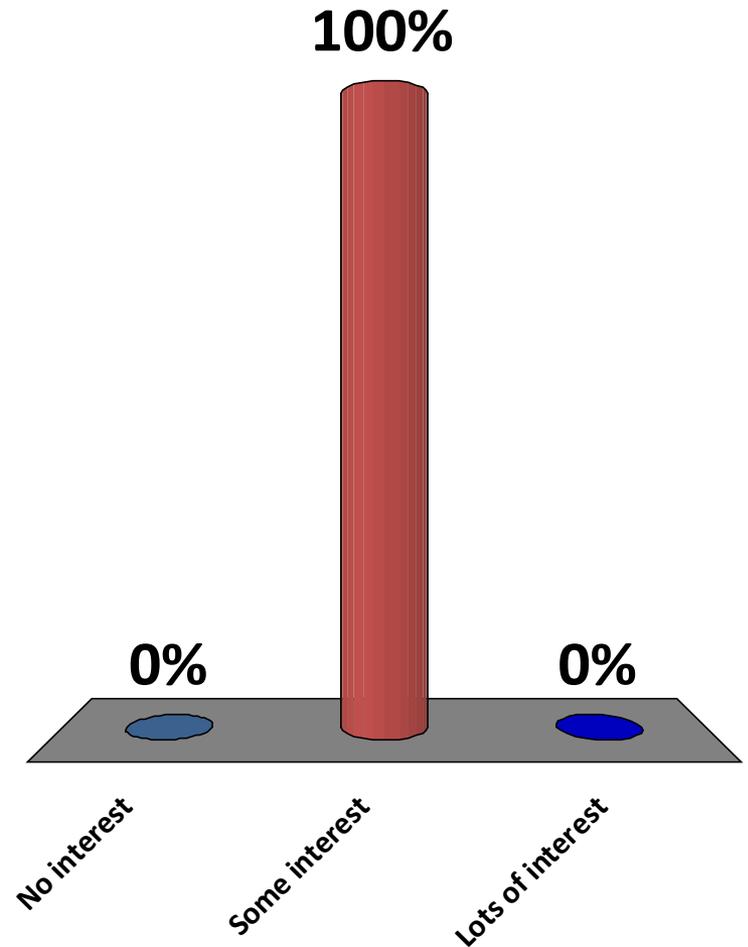
Fiber Crops

1. No interest
2. Some interest
3. Lots of interest



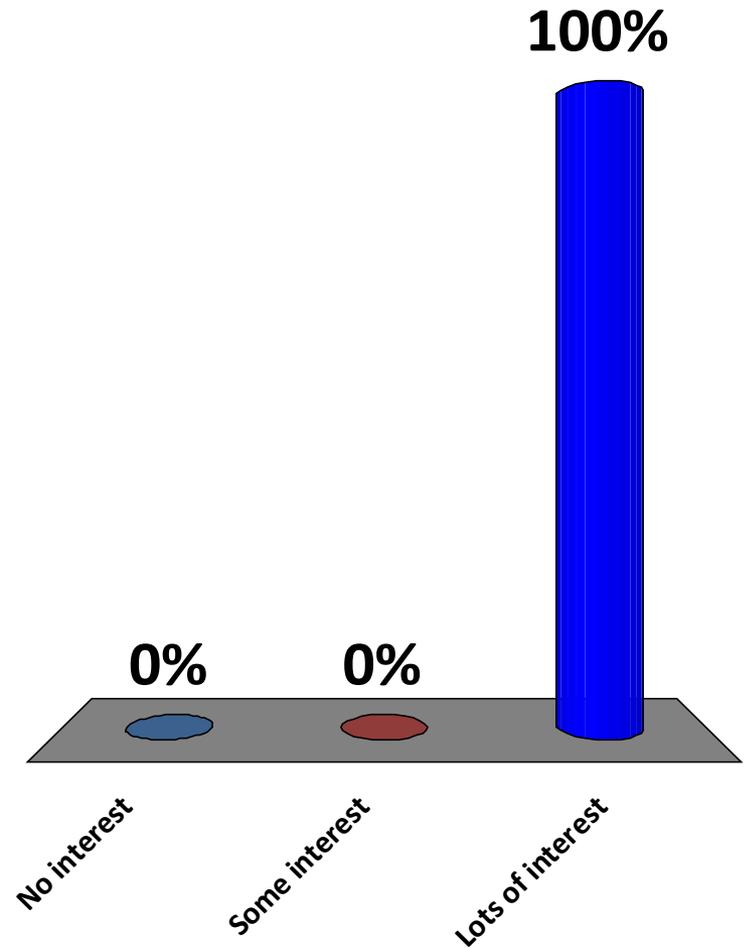
Specialty Legumes

1. No interest
2. Some interest
3. Lots of interest



Seed Crops

1. No interest
2. Some interest
3. Lots of interest



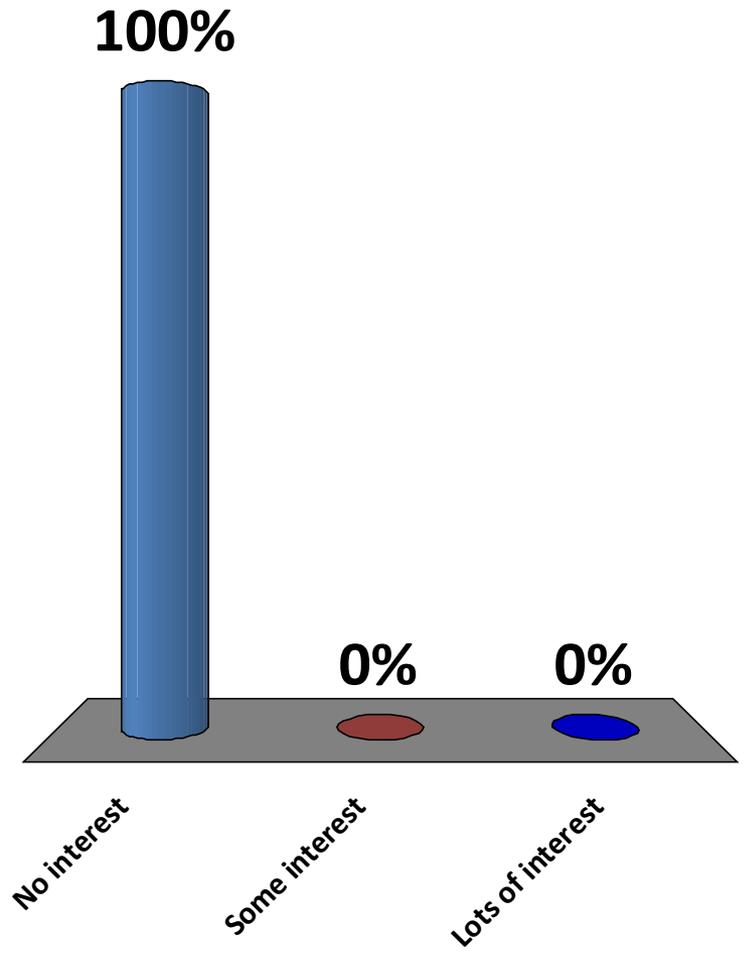
Alternative **Livestock** Enterprises: Check List



<u>Alternative Enterprises</u>	<u>No Interest</u>	<u>Some Interest</u>	<u>Lots of Interest</u>
<i>Meat Goats</i>			
<i>Sheep/Lambs</i>			
<i>Free Range Livestock</i>			
<i>Petting Farm</i>			
<i>Bison/Buffalo</i>			
<i>Poultry/Turkeys</i>			
<i>Specialty Meats</i>			
<i>Organic/Natural</i>			

Turkeys

- 1. No interest
- 2. Some interest
- 3. Lots of interest



Alternative **Wildlife** Enterprises: Check List



<u>Alternative Enterprises</u>	<u>No Interest</u>	<u>Some Interest</u>	<u>Lots of Interest</u>
<i>Deer/Elk</i>			
<i>Fee Hunting/Fishing</i>			
<i>Wildlife Viewing</i>			
<i>Native Photography</i>			
<i>Wildlife Birds</i>			
<i>Guiding</i>			

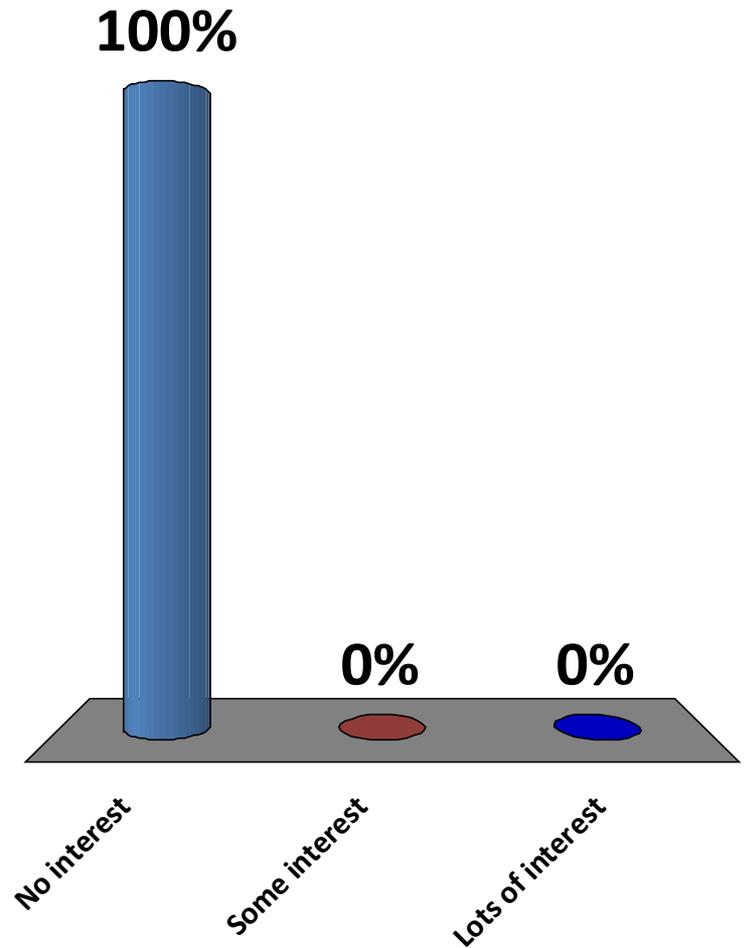
Fee Hunting & Fishing

1. No interest
2. Some interest
3. Lots of interest

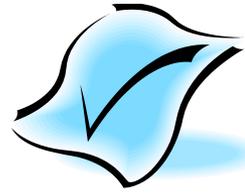


Guiding

1. No interest
2. Some interest
3. Lots of interest



Alternative **Recreational** Enterprises: Check List



<u>Alternative Enterprises</u>	<u>No Interest</u>	<u>Some Interest</u>	<u>Lots of Interest</u>
<i>Hunting/Fishing</i>			
<i>Pony Rides</i>			
<i>Hiking/Biking/Snow Shoeing</i>			
<i>Rock Climbing</i>			
<i>Bed and Breakfast</i>			
<i>Farm/Ranch Vacations</i>			
<i>Bird Watching/Nature Photography</i>			
<i>Camping/Picnics/Parties</i>			

Alternative **Non-Farm** Enterprises: Check List



<u>Alternative Enterprises</u>	<u>No Interest</u>	<u>Some Interest</u>	<u>Lots of Interest</u>
<i>Storage Units</i>			
<i>Animal Boarding</i>			
<i>Insect Production</i>			
<i>Outdoor Classrooms</i>			
<i>Entertainment</i>			
<i>Crafts/Decorations/Furniture</i>			
<i>Horse/Dog Training</i>			
<i>Historic/Heritage</i>			

Which Enterprises Were Selected?

Participant Survey

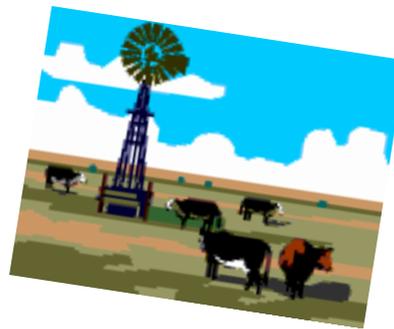
- “Lots of Interest” Quick SWOT



Strengths and Weaknesses:
Internal Factors

Opportunities and Threats:
External Factors

Selecting and Planning For Alternative Enterprises



Assessing the Feasibility of Alternative Enterprises

- Personal Assessment
- Production Assessment
- Market Assessment
- Economic Assessment



Personal Assessment

- Personal and Family Goals



- Important Personal Characteristics



- General Business Skills and Knowledge



Personal Characteristics

Do You Have What It Takes To Succeed?

- Commitment
- High Energy (healthy)
- Persistence/Reliability
- Self Confidence
- Creative/Innovative
- Hard Worker
- Independence

Personal Characteristics

Place an "X" in the appropriate response column.

Personal Trait	Very Strong Trait	Good, No Concerns	Average, Possible Concerns	Below Avg., Major Concerns	This Is Not Me	Don't Know
Commitment		X				
Energy and Health	X					
Persistence and Reliability	X					
Self Confidence			X			
Creative And Innovative		X				
Strong Work Ethic	X					
Independent	X					

Personal Characteristics

Place an "X" in the appropriate response column.

Personal Trait	Very Strong Trait	Good, No Concerns	Average, Possible Concerns	Below Avg., Major Concerns	This Is Not Me	Don't Know
Commitment				X		
Energy and Health					X	
Persistence and Reliability			X			
Self Confidence				X		
Creative And Innovative					X	
Strong Work Ethic				X		
Independent		X				

Business Skills

Do You Have What It Takes To Succeed?

- Accounting and Budgeting
- Financial Planning and Analysis
- Market Planning and Awareness
- Risk Management
- Labor/Personnel Planning
- Tax Management and Legal Issues
- Business Organizational Structures

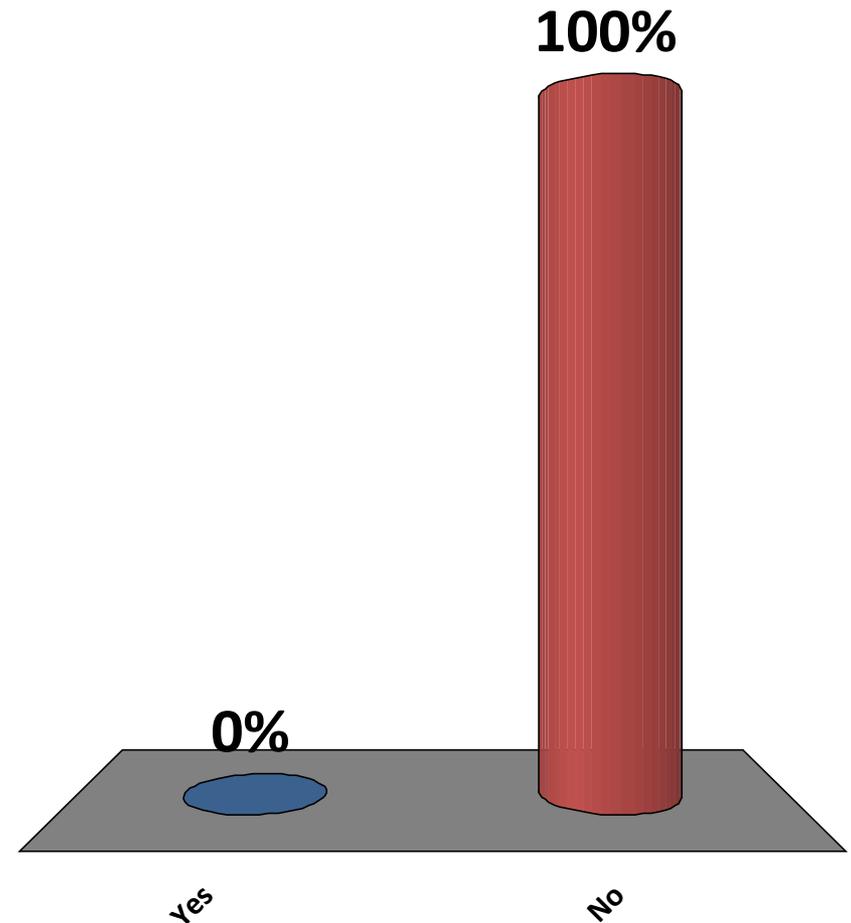
Business Skills

Place an "X" in the appropriate response column.

Business Skills	Very Strong Trait	Good, No Concerns	Average, Possible Concerns	Below Avg., Major Concerns	This Is Not Me	Don't Know
Accounting & Budgeting						
Financial Planning & Analysis						
Market Planning & Awareness						
Risk Management						
Labor & Personnel Planning						
Tax Management & Legal Issues						
Business Organization Structures						

Do you have the business skills?

- 1. Yes
- 2. No



Production Assessment

- Physical Resources
 - Land
 - Water
 - Equipment
 - Buildings
 - Skills
- Production Requirements
 - Climate and Growing Season
- Production Risks
 - Disease
 - Pests
 - Weeds



Market Assessment

- Who are your customers?
 - Customer/Market Research
 - Customer Preferences
- Market potential
- Product Characteristics
- Competitive Advantage
- Marketing Strategies



Economic Assessment

- Start-up Costs
- Financial Resources
- Investment Analysis
- Cash Flow Projections
 - Sales projections
 - Estimated operating costs
 - Debt Repayment
- Financial Analysis
 - Budgets
 - Financial Statements
 - Financial Ratios



Competitive Advantage

- Better Able to Meet Your Customer Wants and Needs
 - Valued Product Characteristics
 - Preferred Market Outlets or Product Distribution
 - Pricing Advantage (lower cost of production)

Marketing & Competition

- Product Characteristics
 - Fresher
 - Healthier
 - Better Flavor
 - Appearance
 - Packaging
 - Size
 - Etc.



Marketing & Competition

- Product Distribution
 - Easier Access
 - More Convenient Location
 - Available Parking
 - Mail Order
 - E-Commerce
 - Etc.



Marketing & Competition

- Price
 - Cost Based Pricing
 - Competitive Pricing
 - Discount Pricing
 - Luxury Pricing
 - Payment Options



Competitive Analysis Worksheet

Product(s) or Services

Product(s): Processed Pasture Chickens

Targeted Customers/Markets: Farmers Markets/Ski Resort Restaurants

Customer Needs & Preferences	Customer Importance (1 to 5)	Competitor #1 <u>Bob</u>	Competitor #2 <u>John</u>	Competitor #3 <u>Francis</u>	Competitor #4 <u>Todd</u>	Competitor #5 <u>Diane</u>	Your Farm
Product Quality	5	3	2	1	3	5	4
Product Availability	3	1	2	5	5	2	3
Selection/Variety	2	2	2	5	3	2	2
Product Characteristics	5	3	2	1	2	4	5
Product Appearance	3	5	2	3	3	3	4
		52	36	44	55	64	70

Competitive Analysis Worksheet

Market Outlets

Customer Needs & Preferences	Customer Importance (1 to 5)	Competitor #1	Competitor #2	Competitor #3	Competitor #4	Competitor #5	Your Farm
Location							
Convenience							
Accessibility							
Business Facilities							
Internet Sales							

Competitive Analysis Worksheet

Pricing

Customer Needs & Preferences	Customer Importance (1 to 5)	Competitor #1 _____	Competitor #2 _____	Competitor #3 _____	Competitor #4 _____	Competitor #5 _____	Your Farm
Competitive Pricing							
Discount Pricing							
Cost Oriented Pricing							
Luxury/Premium Pricing							
Different Payment Options							

Competitive Analysis Worksheet

Promotion

Customer Needs & Preferences	Customer Importance (1 to 5)	Competitor #1	Competitor #2	Competitor #3	Competitor #4	Competitor #5	Your Farm
Packaging & Labeling							
Brand Recognition							
Guarantees & Return Policies							
Coupons							
Advertising							

Competitive Analysis Worksheet

Management & Personnel

Customer Needs & Preferences	Customer Importance (1 to 5)	Competitor #1	Competitor #2	Competitor #3	Competitor #4	Competitor #5	Your Farm
Management Skills							
Knowledgeable Staff							
Reputation/ Image							
Business Stability							
Customer Service							

Alternative Enterprises

Lots of Things to Think About!!

Equipment
&
Supplies

Costs

Investment

Personal
Characteristics

Loans

Goals

Taxes

Contingency
Plans

Legal

Financial
Statements

Labor

Risks

Skills

Products

Competition

Projected
Sales

Customers

Budgets

Insurance

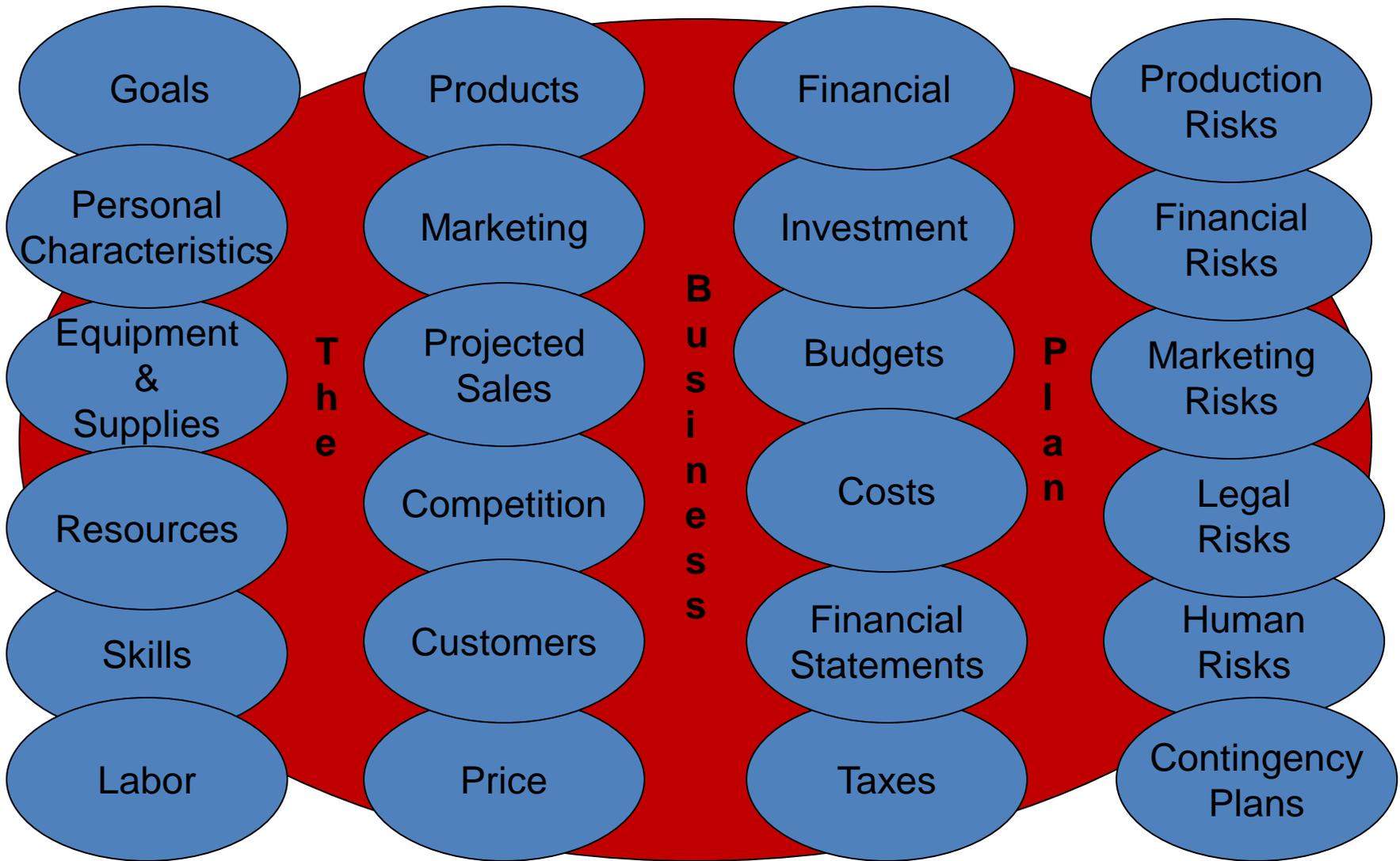
Price

Marketing

Resources

Business Plan:

Ties It All Together



Contacts and Resources

- CD: Feasibility of Alternative Rural Enterprises Course.
- On-Line Course:
 - <http://eRightRisk.com>
 - Educational Programs
 - <http://www.NorthDakota.eRightRisk.com>

Thank-You!

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