

PLANNING FOR ON-FARM SUCCESS

*A Workbook for Montana's Beginning
Farmers and Ranchers*



Module 1: Strategic Planning



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This workbook draws heavily from the following publication, which can be viewed online at misa.umn.edu. In addition to a large amount of the body of the document, all worksheets, unless otherwise noted, come from the following publication:

Minnesota Institute for Sustainable Agriculture. *Building a Sustainable Business: a guide to developing a business plan for farms and rural businesses*. College Park, MD: Sustainable Agriculture Research and Education (SARE), 2003.



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Module 1: Strategic Planning

Why Do You Want To Farm?

All of us do it—we dream. Whether from the seat of a tractor, while walking our pastures, or talking with family over coffee, we envision the future. This dreaming or visioning is critical to the business planning process. One of the first steps in developing a business plan is to outline your overarching goals for your farm. As we will discuss, having these goals and values laid out can be really helpful later on with decision-making, ensuring partners are aligned, etc., but they're also great to include in a business plan to share your long-term perspective with your lenders, investors, or other partners. Some funders may require that you do this through vision and mission statements. We have provided brief definitions of those later in the module. However, we've found that it's more helpful in the long run for farmers to spend some time thinking about their values and goals. Once you (and your team) have identified your short, mid, and long-term goals and your values in running your farm, you can use them to guide your choices and help with decision-making. This guide will get into more detail on the operation of your farm later in this module. Before we get into the specifics of your plan, take a moment to consider your goals and values.

Values and Goals

Some beginning farmers have a difficult time drafting a mission or vision statement and others do not find it helpful in planning their farm business. However, simply identifying core values that you can test your goals against may be all that is necessary to move forward with a sound business plan. If you are a farmer that can clearly communicate who you are and what you stand for then you have a chance to be more successful than those that don't have a clear understanding of their focus.

Values are not goals, but instead can be thought of as things that reflect your view on life or a judgment about what you find important. Your values should be the things that to you are non-negotiable: not how you want to be or would like to be, but how you *have* to be. Value identification becomes critically important if you are planning collectively with other business stakeholders such as family, formal partners, and community members. Awareness of the different values held by each planning team member will make goal setting and conflict resolution easier down the road. A clear understanding of core values can help expose your personal biases and make it easier to come to more objective business decisions.

In considering your vision for your farm business, consider these questions:

- What type of life do I want to lead?
- What do I consider to be financially important?
- What role does my environment play in my life?
- How do I define community and how is it important?

.....
Ask yourself, "Why do I
want to farm?" "What
are the things I want in
life that farming will
help me achieve?"
.....

A values statement does not need to be a whole document detailing your personal philosophy, but it should have some overarching reasons of *why and how* you want to farm. These reasons, clearly articulated, can help you test your farm goals as your farm evolves.

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Looking for worksheets?
Throughout this
workbook, you can find
worksheets at the end
of each module. Enjoy!
.....
Below are definitions and a few examples of farm vision, mission, values, and goal statements. Use them along with Worksheet 1A: Identifying Your Values to help solidify your values statement. Worksheet 1B: Outlining Your Goals (along with the content that follows the table below) will help you to develop clear goals for your farm. Worksheet 1E: Dreaming a Vision and Creating a Mission Statement is also included optionally if you want to work on vision or mission statements. A helpful exercise is to have each farm partner do the worksheets separately then sit down to discuss your

perspectives after everyone has given them some thought. This activity should spark some interesting conversations, and will hopefully ensure that everyone is on the same page (even if your values are a bit different). Try to focus on the areas where there are commonalities in your values. Your goals shouldn't remain static. Through using the worksheets to make decisions, you may realize things you've left out or find reasons to update existing statements over time. Only through actively using these tools can they help ensure you're still creating the life, and farm, you set out to create.

| Vision, Mission, Values, Goals, What?? | Examples... |
|---|--|
| <p><i>Vision Statement:</i> A vision statement outlines the future of your farm, imagining it 10-15 years from now. Your vision statement spells out what you ultimately envision the business to be, in terms of growth, values, contributions to society, financial rewards, etc.</p> | <p>Our vision is a diversified, full-time family farm that provides wholesome food and sustainably produced products for our community. We are a business that others can learn from, and we are a family that helps our neighbors. We work in partnership with our animals and with the natural world. We support other farmers who share our vision of sustainable agriculture, and we work to be as self-sufficient as possible. (Flying Mule Farm)</p> |
| <p><i>Mission Statement:</i> A mission statement is a concise statement of your strategy, outlining what you do, how you do it, and for whom. Allan Savory of <i>The Savory Institute</i> calls it a “statement of purpose.”*</p> | <p>Our mission is to utilize this incredible natural renewable "next to skin" fiber resource in consumer end products. (Northern Rocky Mountain Alpacas)</p> <p>To raise livestock in an environmentally and economically sustainable manner while teaching others. (A Land of Grass Ranch)</p> <p>To provide healthy food for our region while also taking good care of this small piece of land we call home. (Lowdown Farm)</p> |
| <p><i>Values Statement:</i> A values statement outlines the things that are most important to you, the things that drive your decision-making. It helps you and your reader to understand how you will make choices as you move forward.</p> | <p>I want to have a healthy life with family and friends to earn a living that I have passion for and that doesn't compromise my values of a healthy planet environment and community and family. I want to be able to afford to travel, not work extremely long hours have money enough not to worry about it, feel more spiritually, play more music and spend more time with family and friends. (Cate Farm)</p> <p>To produce delicious specialty dairy products; To guarantee the health, happiness, and ethical treatment of all our dairy animals; To support our contributing dairies; To honor and value our employees; To continue our historical commitment to sustainability; To support our community; To demonstrate integrity. (Redwood Hill Farm & Creamery)</p> |
| <p><i>Goals Statement:</i> A goals statement shares your top 2-3 goals that will help to make your business successful. If you focus on developing medium or long-term goals, you can use those to develop short-term goals that will help you get there. Your statement should include personal, financial, production, and marketing goals.</p> | <p>Personal: Long-term: Achieve an appropriate balance of work and home life; Short-term: Take Sundays off.</p> <p>Financial: Long-term: Make enough money to pay myself, the bank, and invest in the farm; Short-term: Make a net profit of \$50,000 this operating cycle.</p> <p>Production: Long-term: Increase efficiency while offering customers wider selection; Short-term: Decrease cost/lb of tomatoes.</p> <p>Marketing: Long-term: Increase communication with customers; Short-term: Start and maintain a blog to show customers progress on farm.</p> |

*See Footnote¹

Set and Prioritize Goals

With your values in mind, you and your planning team are ready to begin the process of goal setting—that critical first step toward the development of a working strategic plan with measurable objectives. Goal setting is important for all businesses—but it is especially important for farms because they oftentimes involve multiple stakeholders. Clearly defined goals not only motivate and inspire, but they can also help mitigate conflict for families and friends and help direct limited resources toward value-driven priorities.

¹ Allan Savory, *Holistic Management*. Island Press, 1999.

Many lenders and other private institutions expect to see clearly identified goals as a part of a business plan. Lisa Gulbranson, author of *Organic Certification of Crop Production in Minnesota*, notes that “some [organic] certification agencies require that producers map out long-term goals and strategies”² as a part of their certification application. In this case, goal identification is not only a good idea, but it is necessary.

What are your goals?

*Much of the content in this section comes from Erica Frenay, Cornell University Small Farms Program and Holistic Management International.*³

Goals do not describe the “how” components of your business—how you plan to market and price a product, purchase equipment, staff the operation, etc. Goals describe what you and your family would like to achieve—statements that point in the direction of your future vision for the business.

As noted above, these will likely include personal, financial, production, and marketing goals. While these will mostly be unique to your business and personal values, one goal that is common to most business owners is some level of financial success (remember: no profit = no farm!). Financial success can have many meanings. For one operator, it might mean making moderate financial progress or just breaking even while meeting other personal, business, and community goals. For someone else, it may not even be necessary to break even if there is another source of income to subsidize the farm. For another, the financial goal may be to make enough money to retire at age 60. There is no right or wrong—your goals should just reflect your personal values and be consistent with your own future vision.

Here are some questions to consider as you think through your goals:

- How do you want your life to be?
- What motivates you?
- What is important to you and why?
- What makes you feel really excited? Happy? Content?
- What level of financial success do you desire?
- What level of financial success do you need as a bare minimum?
- How do you envision production on your farm 10 years from now?
- What kinds of practices would you like to put in place on your farm?
- What are your criteria for success for your farm and environment?
- What markets would you like to be able to tap in the future?
- Which markets seem like they best meet your values and other goals?

As you consider these questions, think about the behaviors or systems you would need to put in place to meet each of those goals. What don’t you have now, or what aren’t you doing now, that is preventing you from achieving your goals? Also, consider your current resources and think about the resources you would need in the future in order to meet those goals.

Try not to include goals that are overly specific, such as “We will buy a new car in five years.” Instead, think of a goal like this: “We will have clean, reliable transportation that allows us to move our livestock and accomplish other normal daily tasks.” Similarly, avoid having goals that are too vague, like “We will have good health.” Rather, write “We are physically fit, free of disease, and full of energy.”

Regardless of what your goals are and how you choose to organize them, planning and goal setting can be made easier by defining a timeframe for each goal. The most common timeframes used for goals are a short-term

² Lisa Gulbranson, *Organic Certification of Crop Production in Minnesota*. Minnesota Institute for Sustainable Agriculture, 1998.

³ Erica Frenay, *Whole Farm Decision Making*. Cornell University, 2014.

horizon of one to three years, an intermediate horizon of four to ten years, and a long-term horizon of ten years or more. The main idea is to get your goals, whatever they may be, down on paper. Although they don't need to be perfect, they should be goals that you can feel deeply committed to. Written goals will give you "checkpoints" to follow— something to revisit as you evaluate strategic alternatives and monitor your plan following implementation.

Once they're on paper, don't be afraid to change them – revisiting them every year and whenever a new stakeholder joins the farm is a good idea. You may use Worksheet 1B: Outlining Your Goals to start this process.

Identify Common Goals

Once you and your planning team members have identified goals individually, you should take time to discuss and share them with your planning team. This will enable you to identify common goals, recognize differences, and establish a set of collective priorities for the family and business. "Do not ignore potential conflicts or restrictions that might prevent reaching goals. Identifying possible problems in the planning stage will allow time to resolve conflicts," explains Extension educator Damona Doye.⁴ If you are having trouble reconciling different goals, mediation services are available to facilitate business discussions. Check out the Montana Mediation Association if you need professional help.

Prioritize Goals

Once you are comfortable with the collective business goals identified by you and your planning team, you are ready to begin prioritizing. Few businesses or families have enough resources to reach all of their goals at one time. This task of prioritizing your goals won't necessarily be easy since many goals may overlap or conflict. The idea here is to identify which goals are most important to you and your partners and for your business—to determine which goals are worth pursuing even if they prevent you from reaching other goals. Worksheet 1C: Prioritizing Goals includes questions to help you with this task.

For more resources on goal-setting for you and your partners, see *How to Establish Goals: A Group Project for Farmers and their Families*, by John Lamb.⁵

Putting Goals Into Action

Worksheet 1D: Putting Your Goals Into Action can be a useful tool for using long-term goals to create short-term, actionable goals. One way to help make your goals into actions is to make them SMART!

- **Specific:** Think "Build a Wash Station" versus "Figure Out Cleaning/Processing Issues."
- **Measurable:** "Build a Wash Station" is a good goal here because you will be able to measure when you've completed it. The wash station will be built! "Figure Out Cleaning/Processing Issues" is vague, so it will be harder to measure when you've accomplished the goal.
- **Attainable:** Is it realistic? Can you do it in the timeframe you've set for yourself?
- **Rewarding:** Does it help you meet your long-term goals? Does it fit your vision?
- **Timed:** Setting a timeframe for finishing the goal will help you put it into action and will help you measure success, for example, "Build a Wash Station by April."

Goals that meet these criteria have a much higher likelihood of being completed. Use Worksheet 1D: Putting Your Goals Into Action to help create short-term goals from your long-term goals. The language Farm Credit, the developer of the tool, uses is a bit different from ours. You can use their language or input your values in the "Mission" section and your long-term goals in the "Objectives" sections. Another great way to use this worksheet is to dedicate one column each to your personal, financial, production, and marketing goals.

⁴ Damona Dove, *Goal Setting for Farm and Ranch Families*. Oklahoma State University, 2001.

⁵ John Lamb, *How to Establish Goals*. Minnesota Institute for Sustainable Agriculture, 1998. <http://purl.umn.edu/115841>

Using Your Goals to Make Decisions

Once you have defined your goals, you should put them into action regularly on your farm to ensure that they stay relevant and to keep them front of mind. When you encounter a big decision like whether to buy a piece of equipment or enter a new market, evaluate those decisions financially, but don't forget to evaluate whether they help you meet your goals. Below is a rundown of how you can use your goals to help with the decision-making process, using the example challenges faced by Woodland Farm.

1. Figure out what the problem is that you're trying to solve and what the root cause is of that problem. The team at Woodland Farm had lost some enthusiasm about farming. They were often stressed out, tired of having little to no free time, and noticed that their product quality was declining. After asking themselves *why* they were facing these dilemmas, they determined that the root cause of the problem was that they were spread too thin and needed to recoup time to farm better and live better.

2. Outline your options. They considered what they could do and identified three possible options:

1. Drop one of their enterprises (reduced income by \$2,000)
2. Hire experienced full time labor (reduced income by \$3,000)
3. Shut down the direct restaurant sales and farm stand and no longer sell retail (reduced income by \$4,000)

3. Revisit your goals. Woodland Farm had taken the time to write out their goals and values and had several meaningful things to consider. Some of their goals and values included: valuing employees' opinions and thoughts, but preserving decision-making for our management team; valuing privacy on our farm; managing farm labor to maintain our physical health; farming in a manner that allows time for family, friends, exercise and recreation; being financially profitable, while also providing numerous other benefits to the family; being part of the agricultural community; valuing donating products to people in need; feeling proud at having restaurants and local businesses use and sell our products; etc.

4. Use the following questions to consider your options, the root problem, and your goals:

- Does the proposed action address the "root cause" of the problem?
- Does the proposed action create any concerns or problems with any people whose support we need?
- When comparing time and money spent, which proposed action gives the best result in terms of moving toward the farm goals?
- Does the proposed action sit well with our vision for the farm and our values?
- After considering all the information, which action feels best now?

Woodland Farm evaluated these questions by giving each option a pass/fail/need more info. Although it was obvious that option 3 would reduce their income the most, it would also likely do the best job of solving the root cause of their problem. However, they felt that option 3 would also be the most likely to create problems with their supporters (reducing visibility in the community and disappointing restaurants). Also, having strong relationships with area restaurants and businesses was one of their main goals/values and so option 3 did not help them move toward farm goals and did not sit well with their vision and values. Option 2 seemed like it could be an obvious choice, but because they knew that they liked to maintain decision-making power when they had staff, they didn't think it would take enough off their plate. In the end, Option 1 seemed likeliest to address the root cause of their problems and help move them toward their goals. It was a happy by-product that the impact on their income would also be the lowest.

A different family would work through this process differently because their goals and values would be different. Nonetheless, it can be a very helpful way to consider what's most important in the long-run when making seemingly short-term decisions.

Lean Start-Up and Your Farm

Now that we've dug into your broader goals and values, it's time to get into detail on the farm. There are a lot of ways to dive into business planning. One tool that has become popular in recent years is called Lean Startup and we think it has great applications for farming.

The Lean Startup model emerged from the tech sector though it can be applied to any sector. At the heart of Lean Startup is innovation: how do businesses, particularly startups, create innovative products and services that customers want? Lean, in this case, means both being able to start your business on a leaner budget as well as having a narrow focus on producing value for customers.

The major goal for your startup is to figure out what value you are providing to your customers. So, the focus becomes on learning what customers want and what they will pay for. The traditional planning methodology is thinking of a product, producing it and then bringing it to market and introducing it to the customers. With the Lean Startup, the idea is to do a lot of product testing with your customers before you've put a ton of investment into your product so that you can pivot more easily to provide a product that your customer really wants. Think of a product, produce a small amount of the product (if possible), test it with customers, obtain and review feedback from customers, and make product revisions based on customer feedback. Do this again and again until you come up with a product that provides value to the customer.

So, how do you apply the lean startup methodology to farm businesses? You probably have an idea of what you want to do. You may want to run a vegetable farm, produce certain crops, and sell them at the farmers' market and also provide a local CSA. You may want to run a bison ranch and sell your product wholesale to grocery stores and restaurants, as well as directly to consumers at your farmers' market.

Using lean startup, ask customers what types of vegetables they want. You want to ask the farmers' market manager if there are any gaps regarding certain crops. Ask customers what they would like in a CSA. Doing this research in the beginning and constantly experimenting with your product or service and how you distribute that product or service is what lean startup is about. It's remaining curious and always trying to figure out what customers value and what they will pay for. This "testing" of your product is part of your business planning.

Why do we think it has such great potential to help farmers? Because getting into farming is expensive! And there's nothing worse than writing a great business plan, getting some investors or lenders and spending a bunch of money to raise bison, for example, before realizing that the bison market is already pretty full and there isn't a huge market for your product. Perhaps you think you've found an untapped area of the market – maybe you're going to produce apple-carrot juice – but after you've planted 30 rows of carrots, you realize that not enough people like apple-carrot juice and what they really want is apple-ginger juice! That's a problem.

Farming hasn't *had* to be customer-focused in the past, but with the trend away from commodities comes the requirement to better understand our customers. Lean Startup can help us get there and you'll hear more about it throughout the rest of the curriculum.

Business Model Canvas

Let's introduce you to the Business Model Canvas (BMC) – find it on Worksheet 1F: Lean Business Model Canvas. It's a great way to visually map out your business model. It also allows you to experiment with different business models as you go through the planning process. While you may need to write out a full business plan for your lender or investor, the BMC helps you get started by getting your ideas down on paper in a simple-to-use format so you can start testing them. Feel free to write down your notes on the canvas, or use different colored sticky notes if you have different products or services.

Just like with Lean Startup, we start with thinking about the **Customer**. Here, describe your different customer groups or segments. You may have just one customer group, such as people at the farmers' market (or you may have multiple customer segments, like grocery stores and farmers' market customers). Try to start getting as specific as you can. Rather than stopping at "people at the farmers' market," think about their age group, income level, background, likes, and dislikes.

Then let's move directly to the **Value** section, think: what is the value you provide to your customers? In this section, you want to list all the different products and services you are offering to customers. This is where you can develop your "value proposition," the value that you as the business owner are bringing to your customer. For example, you may provide vegetable crops and flowers; in addition, you may provide specific consulting services to farmers. These are all different products and services and they may be distributed to different customer groups. This is also your primary marketing message and while it doesn't need to be polished at this point, it should eventually clearly convey why your product is important and needed in the market.

The **Channel** section at the bottom of the circle is how you bring your products and services to your customer. It may be as simple as the products being distributed by customers coming to your farm to pick up their CSA, or you may distribute your product through a co-op.

On the top is **Relationship**. Here, you list the type of relationship you have with your customers. Do you meet with your customers on a regular basis, where you get to know them closely and constantly get feedback? Is it a more distant and impersonal relationship, which can be the case when you wholesale your products and hardly interact with the consumer buying your products? In this case, you will have a more personal relationship with your wholesalers.

The **Check-Think-Make** loop refers to the constant experimentation in providing the best value to your customer. So you are always checking with your customers on your product, thinking about how to refine your product or service and then making any changes to your product. This is a constant process in your business.

Notice the **Activities** and **Resources** on the right side. They both form part of the arrow to the "value" section. In Activities, you list all of your business' main activities to provide your product or service. For example, key activities can include marketing, research and development, logistics, and sales. Key resources can include suppliers, brand, intellectual property, land, equipment, and employees.

At the bottom is the **Cash** box. In this, you list the main costs and revenue streams of your business. For example, main costs can be marketing, managing the farm, or logistics, just to name a few. Revenue streams can be one time income when you sell a product through wholesalers. Another revenue stream may be from a CSA. You may also be able to create a recurring revenue stream, like a weekly contract with a restaurant.

The business model canvas is a great exercise to quickly put all the different ideas of your business on one page. This then allows you to experiment with different business models as you continue to test and research your product or service with customers. As you work through the business model canvas, some ideas for how to enhance your work include:

- Use sticky notes – If you still have a lot of ideas in the works, using sticky notes will allow you to move around the different pieces as you continue to work.
- Draw – Are you a visual person? Use words and images to describe your business model. Even if you aren't a visual person, it may help you to enhance your own understanding.
- Color – Do you have multiple client groups or products? Use color-coding to visually group those elements together throughout the model.
- Sketch Alternatives – You can use the computer-based worksheet to keep up with an evolving plan or you can use it to sketch different business models – different market ideas, product ideas, or other potential changes.
- Learn From the Best – If there is another business like yours that you would like to emulate, try sketching out their business on the canvas. This might help you understand them better, as well as see areas where you may have an advantage.

Get Into Detail on the Farm

On a farm, as in many other types of businesses, there's a lot that goes on behind the scenes beyond the few squares in a BMC. Because we won't dig into these in great depth elsewhere in this curriculum, we want to present a few other issues for your consideration. A detailed strategy – one that is clear to all involved in the

operation – is necessary for sound management and is sometimes an institutional necessity. Organic producers, for example, are required to submit a detailed farm management plan when seeking certification each year. According to certification guidelines, the plan must describe all resource management strategies directed at improving soil fertility; controlling weeds, pests and disease; managing manure; and limiting erosion.

If it's right for your farm, consider developing a production management and operations strategy. If not, it's worth at least considering questions about:

- **Production and Management:** What production/management alternatives will we consider? How will we produce?
- **Resource Needs:** What are our future physical resource needs and how will we fill them?
- **Workforce Needs:** What do we need and how will we fill our gaps?
- **Size and capacity:** How much can we produce?
- **Storage and Inventory Management:** How will we store inventory and maintain product quality?

Production and Management: How will we produce?

All operations strategies begin with a detailed description of the business' production system and a production schedule. Take your time and talk with other experienced farmers when fleshing out the details of your production system and schedule. Sometimes this can be a little sticky as you may be a new competitor of theirs and they may be hesitant to share their business secrets. However, a great way to explore others' production systems is to find similar businesses in other, similar regions – farms you won't be competing with. More on this in Module 2 on conducting market research. Another great way to gain this kind of insight is through interning or working on a farm you admire for a season or two.

Your choice of production system will be heavily influenced by your social, environmental and community values. Each production system carries with it different resource requirements, production outcomes, labor demands and natural resource implications. As you define one or more production system strategies, try to be specific about how the system will work on your farm.

Resource Needs: What are our future resource needs?

Take stock of your operation's future resource needs for each enterprise and ultimately, the whole farm. Think about how much land you will need, what type of equipment you will use, and any other physical inputs necessary to produce your product. The choices you make regarding resource use, acquisition, and ownership can have a big impact on the overall profitability of your business. Use the checklists in Worksheet 1G: Enterprise Checklists to help yourself brainstorm resources that you have and those that you need. You will see this Worksheet again in the module on Financial Statements and Recordkeeping.

As a beginning farmer, don't feel discouraged if you find a lot of areas where you lack resources or skills. The process of starting and developing your farm business will undoubtedly raise a wide variety of new needs. Just like you prioritized your goals in the section above, you can use the information you gather through these worksheets to prioritize your process of gaining resources and new skills. Some you may realize you need right away, while others that you may have thought were quite important might be set on a back burner while you work on other priorities. You can repeat this process of identifying your resource and skill needs annually to continue your learning and growth!

In addition to understanding the machinery you need and the constraints of the land you're considering leasing, you also need to understand what personal skills and resources you have. These are perhaps the cheapest and easiest areas to improve your farm's chances of success. Worksheet 1H: Determining Your Skills and Resources will help you in evaluating your personal skills and resources, as well as taking a broader look at the market potential, land potential, and greater infrastructure available to you. Use Worksheet 1I: What are Your Next Steps? to identify strategies for addressing those areas where you might need additional work. Feel free to return to these worksheets as you continue through the workbook to add additional skills you need or to cross out skills you've gained.

Workforce Needs: What do we need and how will we fill our gaps?

Labor and management are important to the success of any business— particularly farm businesses. Working together, managing each other, making key decisions collectively all can be challenging when you not only work together but live together. These challenges grow when a major change in business strategy is involved—when the roles of managers, family members, and employees can shift from production management to marketing management for instance.

Begin building your human resources strategy with some critical thinking about the type of work and accompanying workloads that will be necessary to reach your future vision and to carry out the marketing-, operations- and finance-related work within the business. Use Worksheet 1J: Tasks and Workload to think through these pieces.

Tasks.

What marketing-, operations- and finance-related tasks will be required to produce and market your product? Be realistic about your labor needs and consider the not-so-obvious elements of business ownership and management, such as time required to communicate with staff, make equipment repairs, and handle administrative needs. For example, if you are considering organic production, be sure to plan ample time for recordkeeping. The paperwork necessary to track inputs, harvest and storage in an organic system can be tedious and time consuming.

Workload.

Once you have brainstormed a list of tasks, try to estimate how much time each task will require and note any seasonal bottlenecks. This will help you to visualize the peaks and valleys of work demands, which in turn will help determine how to fill workforce needs or reduce workloads. Be sure to include work involved in producing and marketing products, maintaining equipment and facilities, and in managing the business when calculating your labor needs. If you are uncertain about how much time will be needed for each task, talk with other farmers or ag professionals.

Hiring.

Once you have an idea about the tasks, workload, and skills required, think about how you would fill those needs. Will you shift responsibilities or reassign tasks among your current workforce? Will you hire family or community members to fill new jobs? Will you reorganize the business to reduce your own workload? Any one of these strategies may be appropriate for your business depending on the values and goals identified by your planning team, and your financial picture, as well as the skills of your current partners.

Before you begin to develop a strategy for filling workforce needs, you should get a good feel for the type of skills required for each new task or position. This information, combined with workload estimates, should help you better decide how to fill your human resources needs. Try to think through all of the tasks that hired labor may be required to do. The more you can think through a job description and the skills and tasks each job requires, the more likely you will be able to fill the position successfully – and keep your new hire happy. Ultimately, your labor strategy—your decision to hire workers, purchase equipment or reorganize the business—will depend on your financial goals and personal values. As you develop a workforce strategy, revisit your human resource goals.

Size and capacity: How much can we produce?

How will you size the business and plan for any growth? Begin your research with a little number crunching to determine realistic production estimates for each future enterprise and production schedule. Use information about the future carrying capacity of your land, the processing capacity of your equipment, boarding capacity of your Bed and Breakfast, or harvesting capacity of your family and staff to develop output projections.

If you have personal experience with the crops you're planning on growing, or better yet, a year or two of past production records, use those. If you don't, or if you're trying to evaluate the production capacity of a new piece of land, your local Extension office or the Montana Department of Agriculture should be able to help you get some rough numbers. As you develop output/production estimates, you may want to estimate "best" and "worst" case production scenarios, or high and low output projections. This will be a key part in thinking through your finances in Module 4, so be sure to put some time into the production capacity question now.

Worksheet 1A: Identifying Your Values

Your responses to the questions here are a key part of the foundation for your farm. Completing this worksheet will help you in the near term to identify what's important to you and set goals that are in line with your values. In the long-term, being clear about your values will help you stay on track, even through times of crisis, and will keep you from unconsciously veering away from the things you care about most. Star those that matter most.

Why do you want to farm? What's most important to you about having your own farm business?

What type of life do you want to lead? What makes you happy?

What do you consider to be most important when considering your finances? How do you feel about financial risk and debt?

How do you want the relationships in your life to be? How do you define community and how is it important?

What role does your environment play in your life? What are your values around land management?

How do you want people to perceive your farm? What's most important to you in your business?

What are the most important things in life? (Consider spirituality, relationships, growth, education, fun, etc.)

Worksheet 1B: Outlining Your Goals

| | |
|--|--|
| <p>Personal Goals:</p> <ul style="list-style-type: none">• How do you want your life to be?• What motivates you?• What is important to you and why?• What makes you feel really excited? Happy? Content? | |
| <p>Financial Goals:</p> <ul style="list-style-type: none">• What level of financial success do you desire?• What level of financial success do you need as a bare minimum? | |
| <p>Production Goals:</p> <ul style="list-style-type: none">• How do you envision production on your farm 10 years from now?• What kind of practices would you like to put in place on your farm?• What are your criteria for success for your farm and environment? | |
| <p>Marketing Goals:</p> <ul style="list-style-type: none">• What markets would you like to be able to tap in the future?• Which markets seem like they best meet your values and other goals? | |

Worksheet 1C: Prioritizing Goals

Use the questions below to prioritize goals for your family and business. Remember high priority goals need not receive all of your attention and resources; priorities are not permanent. Simply use this worksheet as a starting point for discussions and planning in the modules to come.

Which goals are most important for our well-being and for business success?

Which short-term goals, if attained, would help you achieve long-term goals?

Which short-term goals conflict with or impede your long-term goals?

Which goals are so important that they should be attained even if they prevent you from reaching other goals?

List your top five goals by priority:

1.

2.

3.

4.

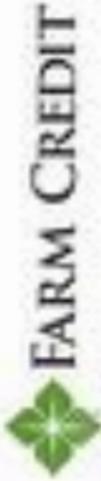
5.

Worksheet 1D: Putting Your Goals Into Action

Plan to Succeed

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Erin Piro: eripiro@farmcredshelvet.com



Mission: The mission for your business guides everything that you do. Keep it simple by finding the lowest common denominator.

Objectives:
Objectives are general directions for your business. They outline what you want the business to look like in the future. Stay focused on your Mission Statement.

| | | |
|---------------------|---------------------|---------------------|
| Objective 1: | Objective 3: | Objective 4: |
| <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> |

SMART Goals: Remember a goal without a deadline is just a dream!
S – Specific M – Measurable A – Attainable R – Rewarding T – Timed

| | | |
|---|---|---|
| <p>SMART Goal a):</p> <hr/> <hr/> <hr/> <p>Action Plan:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> | <p>SMART Goal a):</p> <hr/> <hr/> <hr/> <p>Action Plan:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> | <p>SMART Goal a):</p> <hr/> <hr/> <hr/> <p>Action Plan:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> |
| <p>SMART Goal b):</p> <hr/> <hr/> <hr/> <p>Action Plan:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> | <p>SMART Goal b):</p> <hr/> <hr/> <hr/> <p>Action Plan:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> | <p>SMART Goal b):</p> <hr/> <hr/> <hr/> <p>Action Plan:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> |

Action Plans: Every goal must have action plans that explain how that goal will be accomplished. Explain who will do what, when, how, and how often.

Worksheet 1E (optional): Dreaming a Vision

Choose a timeframe from one, five, to ten years (or more). Next, develop a description of your business and personal future. Don't worry about the development of specific goals or action strategies. For now, keep your vision fairly general. Have each of your planning team members develop their own personal and business vision for the future. Most importantly, ask, "What will our farm or business look like in one, five, or ten years?"

Creating a Mission Statement

Use the questions below to begin sketching a brief mission statement that communicates your values and management philosophy. Going through this process as a team will generate more ideas and will result in a common mission statement that every one of your planning team members support. Try to limit your response to each of the questions so that, once combined, your mission statement can still be short - not exceeding three to five sentences. Remember, write in the present tense and keep it positive.

What is most important to me about the way I manage my business?

The internal and external purpose of my business is to:

Our business mission statement will communicate to:

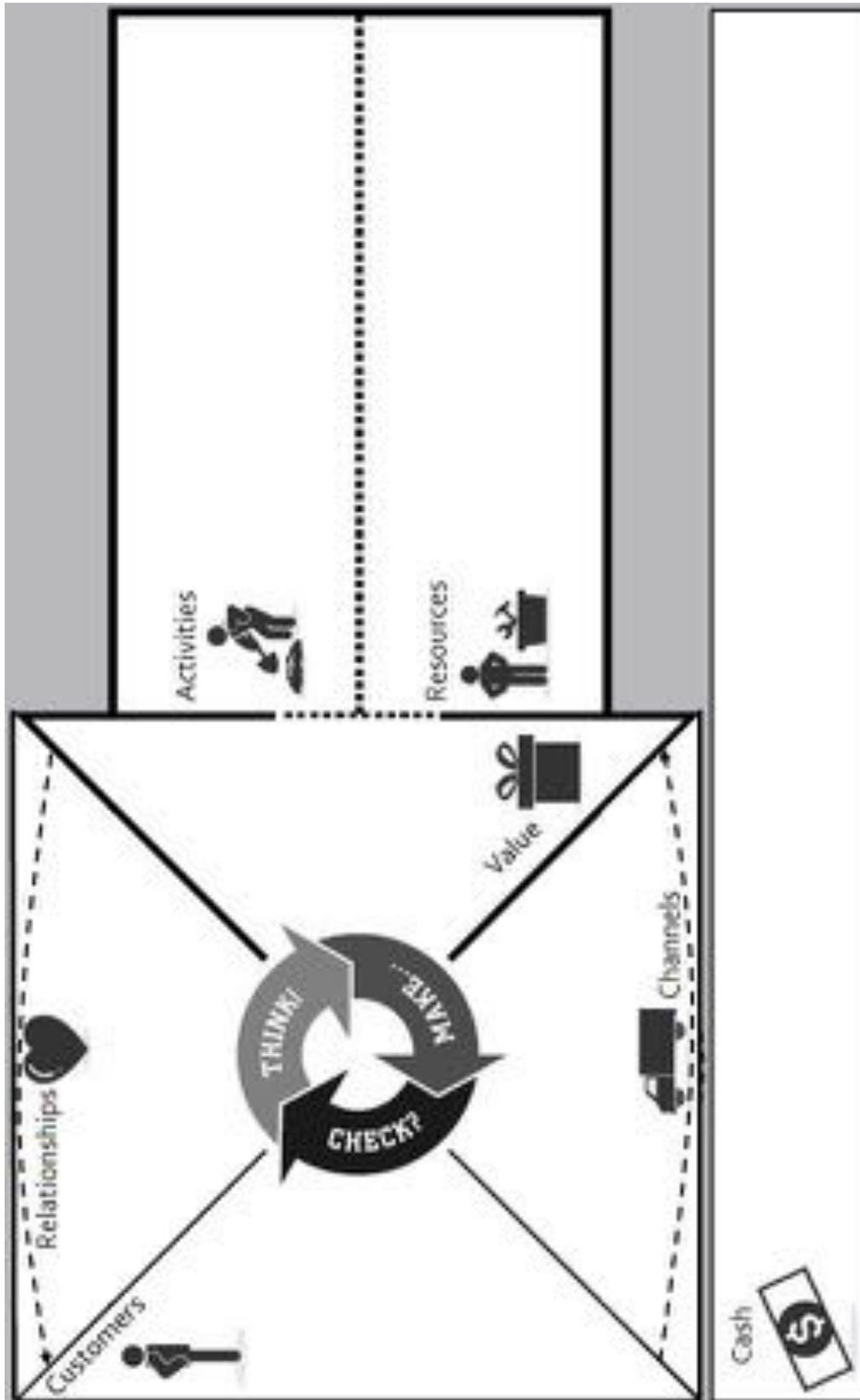
Based on your answers above, write internal and external mission statements that communicate your business' purpose and the qualities for which you would like your business to be known:

Internal Mission:

External Mission:

Worksheet 1F: Lean Business Model Canvas

Use the descriptions and resources in the module to fill out the canvas below with your best plans for your business. Remember that you can come back and rework this at any time. Designed by TriKro, LLC.



Worksheet 1G: Enterprise Checklists

Use these checklists to think about some of the elements of your planned enterprises - and to help you think about what you have, what you absolutely need, and what you may be able to put off for a while. If it helps, feel free to jot prices in next to these checklists or use stars to note those that are more important than others.

Crop Enterprise Checklist

- Seed, seed stock, plants, seedlings, etc.
- Added Nutrients:
 - Fertilizers
 - Herbicide
 - Insecticide
 - Fungicide
 - Growth regulators
 - Harvest aids
 - Other?
- Custom services
 - Conservation consulting
 - Dues
 - Freight
 - Inspections
 - Other?
- Machinery
 - Fuel and lube
 - Repairs
 - Purchases
 - Other?
- Irrigation
 - Water (consider system efficiency)
 - Water district charges, taxes, and other expenses
 - Fuel and lube
 - Repairs
 - Other?
- Utilities
- Labor
- Miscellaneous crop-specific supplies
- Crop insurance
- Costs of accessing market
- Checkoff/assessments
- Shipping/transportation
- Storage/processing
- Other? _____
- _____

Livestock Enterprise Checklist

- Feed, minerals, and feed additives
- Forage (by type)
- Animal health/performance
 - Veterinary services and medicines
 - Pest control/chemicals
 - Expendable health equipment and supplies
 - Other?
- Breeding costs
 - Bull, boar, ram, stallion fee (or maintenance cost)
 - AI charge, including semen
 - Estrus synchronization
 - Pregnancy checking
 - Other?
- Machinery and equipment, including buildings
 - Fuel/lube or utilities specific to the enterprise
 - Repairs
 - Other?
- Labor
- Grazing fees
- Land rental
- Pasture maintenance (seed, fertilizer, fencing, watering systems)
- Livestock-specific supplies (feed, bedding, veterinary)
- Marketing costs (commissions, promotion, packaging)
- Hauling/transportation (if not reflected in prices used)
- Checkoffs/assessments
- Livestock purchased for resale
- Building space required
- Other? _____
- _____

Worksheet 1H: Determining Your Skills and Resources

This worksheet will help you assess your skills and resources that are helpful for starting a farm in six crucial areas. If you have business partners, fill this one out together as well. For each area, check whether you are high, medium, or low in the skills or resources below. Compare with your partners. Do your strengths and weaknesses complement your partner(s)?

| Personal Resources: | Rating: | Needs attention | Acceptable | Excellent | Don't Know |
|--|----------------|------------------------|-------------------|------------------|-------------------|
| A clear sense of your goals (<i>see Worksheet 1</i>) | | | | | |
| Ability and desire to maintain personal/ professional connections to potential customers, financiers, and service providers. | | | | | |
| Financial backing or resources | | | | | |
| Management skills (managed a business in the past?) | | | | | |
| Mechanical/ construction/ maintenance skills | | | | | |
| Access to land (either own or rent) | | | | | |
| Access to equipment (own or borrow) | | | | | |
| Production Experience: | Rating: | Needs attention | Acceptable | Excellent | Don't Know |
| Garden experience—specific to the region your farm is located. | | | | | |
| On-farm experience | | | | | |
| Experience with livestock | | | | | |
| Experience operating equipment | | | | | |
| Personal Preferences: | Rating: | Needs attention | Acceptable | Excellent | Don't Know |
| I like hard work | | | | | |
| I like taking risks | | | | | |
| I am a good problem solver | | | | | |
| I enjoy an outdoor and physical lifestyle | | | | | |
| I enjoy working alone | | | | | |
| I enjoy working with partners | | | | | |
| My current job is flexible. | | | | | |
| Farm Site Characteristics | Rating: | Needs attention | Acceptable | Excellent | Don't Know |
| Note: If you are looking for land this can be used as a check sheet when you are evaluating each property. | | | | | |
| Soil Quality (drainage, topography, texture, organic matter) | | | | | |
| Length of growing season | | | | | |
| Availability and access to irrigation water | | | | | |
| Structures on the farm—for storage, sales and washing. | | | | | |
| Accessibility to major roadways | | | | | |

| | | | | |
|---|----------------|------------------------|-------------------|-------------------|
| Prior stewardship (soil fertility, water quality, on-site wastes) | | | | |
| Wildlife pressure at a minimum | | | | |
| Market Potential/ demographics | Rating: | Needs attention | Acceptable | Excellent |
| | | | | Don't Know |
| Local population (metropolitan areas within 60 miles) | | | | |
| Relative income level of this population | | | | |
| Access to nearby farmers markets, co-op, grower co-ops, restaurants, natural food stores. | | | | |
| Access to wholesale markets (within 60 miles) | | | | |
| Potential market niches (organic, pick-your-own, specialty crops/ livestock) | | | | |
| Your commitment to product quality and customer satisfaction. | | | | |
| Infrastructure and information support | Rating: | Needs attention | Acceptable | Excellent |
| | | | | Don't Know |
| Availability and quality of labor | | | | |
| Affordability of local property taxes | | | | |
| Zoning for agriculture | | | | |
| Proximity of farm supply stores, dealers, and ag agencies, vets, equipment repair, processors, etc. | | | | |
| Activity of local grower organizations | | | | |
| Supportiveness of nearby farms and neighbors | | | | |

Low ratings may indicate that you may need:

1. Additional training;
2. Improvements should be made or alternative plans developed;
3. Different farming sites should be explored

This worksheet was developed by the National Center for Appropriate Technology, North Carolina State University, and the California Farm Stewardship Association.

Worksheet 1I: What are your next steps?

Keep Worksheets 9 and 10 with you. Once you have completed assessing your skills and resources, summarize your results below. For each skill area, list ideas that come to mind about how you might address the things that you wrote, "Needs Attention". Putting this summary in writing will help you order your thoughts and prioritize the actions you can take to increase your chances of success. For the items that you "didn't know" on the assessment, make a note to follow up by finding out about this topic, or discussing with your farm partner(s).

Tip: It helps if you describe a month or season by which you will take a particular step.

Example: From Assessment worksheet, "Computer Skills" was marked as "Needs Attention"

Personal Skills & Resources:

| | |
|----------------------------|---|
| Step 1: Computer skills | I will take lessons this fall at the local library about using the computer. |
| Step 2: Computer skills | By next spring, I will learn how to create a budget on a computer so I can track my finances. |

List your next steps for each category (You can just type these in if you like):

Personal Skills & Resources:

| | |
|---------|--|
| Step 1: | |
| Step 2: | |

Production Experience:

| | |
|---------|--|
| Step 1: | |
| Step 2: | |

Personal Traits:

| | |
|---------|--|
| Step 1: | |
| Step 2: | |

Farm Site Characteristics:

| | |
|---------|--|
| Step 1: | |
| Step 2: | |

Market Potential/ Demographics:

| | |
|---------|--|
| Step 1: | |
| Step 2: | |

Infrastructure and information support:

| | |
|---------|--|
| Step 1: | |
| Step 2: | |

Other items from Worksheets 9 and 10:

| | |
|---------|--|
| Step 1: | |
| Step 2: | |

This worksheet was developed by the National Center for Appropriate Technology, North Carolina State University, and the California Farm Stewardship Association.

Worksheet 1J: Tasks and Workload

Use the space below to describe the marketing, operations, human resources, and finance tasks associated with each new enterprise. Think through worksheets 1G and 1H to consider the tasks. Then estimate the workload (hours) associated with each task. If your business tends to be seasonal, distribute the total hours for each activity based on the primary work times throughout the year. Use a separate sheet of paper if more space is needed or make copies of this worksheet to detail workload changes for each year in your transition period, as appropriate.

Enterprise _____ Timeframe _____

Hours/Month

| Tasks | Jan | Feb | Mar | Apr | May | Jun | July | Aug | Sep | Oct | Nov | Dec |
|------------------------|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|
| Marketing: | | | | | | | | | | | | |
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| Operations: | | | | | | | | | | | | |
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| Management: | | | | | | | | | | | | |
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| Finances: | | | | | | | | | | | | |
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| | | | | | | | | | | | | |
| Total Hours/Mo. | | | | | | | | | | | | |