

# PLANNING FOR ON-FARM SUCCESS

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



## Introduction



This workbook was developed by the Community Food & Agriculture Coalition in cooperation with Montana State University Extension, the National Center for Appropriate Technology, the Montana Community Development Corporation, and the Lake County Community Development Corporation, with funding from the United States Department of Agriculture. This publication was developed as part of USDA RMA grant no. 13-IE-53102-17, Crop Insurance and Risk Management Training for Beginning Specialty Crop Producer in Western Montana and USDA NIFA grant no. 2015-70017-22851, Building On-Farm Success: Resources and Training for Montana's Beginning Farmers and Ranchers.

This workbook draws heavily from the following publication, which can be viewed online at [misa.umn.edu](http://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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# Introduction

Why do you want to farm? We all have our reasons: love for the land, working outside, being our own boss, and getting our hands in the dirt are just a few that come to mind. Most of us don't come to farming because we love bookkeeping, marketing, or reading insurance plans. However, those elements are critical to being successful in agriculture. As Richard Wiswall, author of *The Organic Farmer's Business Handbook* has said, you have to "farm for profit, not production."<sup>1</sup>

Although it may seem obvious, it's something we're oftentimes all too ready to ignore. If we can't make money farming, we won't be farming for long. Regardless of whether you are a beginning entrepreneur who has recently inherited a business, an experienced farmer who is considering on-farm processing, or a retiring business owner who is looking to pass on the farm, business planning is important. It is an ongoing process that begins with the identification of values and ends with a strategic plan to address critical management functions.

Like many rural entrepreneurs, you may have a strong sense of the values that drew you to the land or inspired you to begin a business. You may also have a clear set of personal and business goals that you would like to pursue "when the time is right." But, if you're like most farmers, you run into problems when trying to incorporate values and goals into day-to-day business decisions. How can you build a balanced and sustainable business—one that reflects your values and is successful—in the long run?

New and experienced business owners can benefit from business planning. Business planning is an ongoing problem-solving process that can identify challenges and opportunities in your marketing, operations, human resources, and finances, and can help you to build strategic objectives to move your business beyond its current situation toward your future business vision. Once developed, your business plan can be used as an internal organizing tool or as a way to communicate your plans to others outside your business.

However, the goal of this curriculum is not solely to help you write a business plan. Lenders, investors, and certain customers will want to see a business plan, but if you aren't approaching those people right now, perhaps you don't need to write a business plan right now. That's why the goal of this curriculum is to provide you with the tools and strategies to thoroughly and clearly define your business concept and answer questions about your strategy, markets, finances, and risks. When you're ready to approach a lender or investor, you will have all of the answers you need to put together a business plan and effectively demonstrate your readiness to farm.

Your planning should ideally be done as a team—this will not only enrich brainstorming, but will also secure support for your plan by those who are involved in the operation. Your planning team can be thought of as business "stakeholders" and may include family members, employees, renters, other producers, landlords, customers, input dealers, lenders, community members, and veterinarians or other technical experts. These critical stakeholders should be considered your "planning team." What do you want to accomplish by going through this process? Most likely you have several, interdependent planning motives. This guide is designed to help you work through them. Use the worksheet below as a team to explore these questions. Working through it will help you develop a better plan.

A note on our agricultural focus: Because we know Montana State University has great resources for commodity producers, this curriculum and training is focused on producers selling through direct markets. This could include farmers and ranchers selling through typical direct markets like farmers' markets, Community Supported Agriculture, or to restaurants, as well as producers selling through wholesale venues that allow them to participate in price setting or adding value. It could include sales of vegetables, fruits, dairy, meat, fiber, grain, and other products. As the commodity world becomes ever more competitive and margins get narrower, and as local markets demonstrate a greater interest in buying locally-grown food, we see this area of agriculture growing exponentially greater and we hope this curriculum can help prepare businesses for the unique challenges and opportunities it presents.

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<sup>1</sup> Richard Wiswall, *The Organic Farmer's Business Handbook*. Chelsea Green Publishing, 2009.

# Worksheet: Why are you developing a business plan?

Spend a few moments thinking about your planning needs. Be clear about which issues you would like to address with your plan and consider how you will use the final plan.

What key issues are motivating you to plan?

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Who is your business planning team? Who should be involved in your planning process?

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How will you use your business plan? Will it serve as an internal organizing tool, be used to communicate outside your business, or both?

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