

# PLANNING FOR ON-FARM SUCCESS

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



## Introduction



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

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 of 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> Or, as another wise human has said, "No margin, no mission." You just can't continue farming if you can't find a way for it to make some kind of profit.

Regardless of whether you are a beginning or experienced farmer, business planning is important. It is an ongoing process that begins with the identification of your values and ends with a strategic plan to address critical management functions.

This manual will delve into the key aspects of running a successful farm or ranch business.

**In Module 1: Strategic Planning**, you will identify your values and goals, draft your mission statement, and learn how to use your values and goals to guide your decision-making.

**In Module 2: Market Analysis**, you will learn how to conduct market research and the importance of marketing your business and your products successfully.

**In Module 3: Market Differentiation**, you will evaluate your competition, develop marketing messages to set yourself apart from your competition and identify marketing tools.

**In Module 4: Financial Management**, you will learn about the importance of recordkeeping, how to keep accurate records, which financial statements are essential and how to prepare them.

**In Module 5: Financial Planning**, you will learn how to evaluate the overall financial health of your farm or ranch at any point in time.

**In Module 6: Financing**, you will learn how to evaluate various financing opportunities to find the right tools for your farm.

**In Module 7: Risk Management**, you will learn about the various risks involved in farming and identify tools you will use to manage the risks that may emerge on your farm.

**In Module 8: Land Access**, you will learn about tools for finding land, evaluating options, and writing an effective lease.

## Goals

It is our goal that this curriculum will:

1. Provide you with a clear understanding of the key aspects of running a successful farm or ranch business.
2. Prepare you to develop a business plan.
3. Provide a business plan template that you can personalize to serve your needs with diverse audiences at various points in time.

A note on the agricultural focus of this manual: Because we know Montana State University has great resources for commodity producers, this curriculum 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. 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

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

this area of agriculture growing exponentially and have designed this curriculum to help prepare businesses for the unique challenges and opportunities it presents.

## How to Use This Manual

Each module covers a different aspect of running a successful farm or ranch business. The modules are meant to be worked through in the order they're presented while still being easy to use as a reference to look up specific concepts after you've completed the curriculum. The worksheets located at the end of each module are designed to help you gain confidence with the material covered in the preceding module. You'll see boxes indicating the relevant worksheet throughout the manual.

### ***Your Planning Team***

Your planning should ideally be done as a team. Your planning team can be thought of as the “stakeholders” in your business and may include family members, employees, renters, other producers, landlords, customers, input dealers, lenders, community members, and veterinarians or other technical experts. Including any stakeholders in the planning process will not only enrich brainstorming, but will also secure support for your plan by those who are involved in the operation.

### ***Your Business Plan***

This curriculum will prepare you to develop your business plan. It doesn't matter if you're not ready to develop a full business plan right now—you don't necessarily need one to get started. What's important is that you spend some time thinking through the various aspects of business planning. This will help you confirm your expectations (about your product, market, etc.) and give yourself the best chance of success. This curriculum will help you think through each of those critical areas. The information and examples will prepare you develop your plan whenever you're ready and the worksheets will give you a chance to practice valuable skills.

Once developed, your business plan can be used as an internal organizing tool or as a way to communicate your plans to others outside of your business, such as lenders, investors, and customers. If you're not ready to approach these people now, this curriculum will help you develop a plan that can be used internally for the time being and prepare you to develop it further when you are ready to approach potential lenders and investors.



# Worksheet: Getting Started

Take a few moments to think about your planning goals and answer the questions below.

Which key aspects of running a farm or ranch business do you think you need to work on the most?

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Who else should be a part of your planning process? List their names and relationship to you/your business.

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

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