Chapter 3

Business Planning

Chapter Overview

This chapter walks you through the key steps of a business plan. A business plan is vital to entrepreneurial success because it provides a clear understanding of your agritourism enterprise, facilitates business management and is helpful in obtaining financing. To assist in the development of a business plan for your agritourism enterprise, this chapter will:

- Define a business plan
- Describe the components of a business plan
- Provide tools to assist in developing your business plan
- Describe potential financing sources
- Discuss threats to success

What Is a Business Plan?

A business plan clarifies the values, goals, challenges and strategies of your agritourism enterprise. A business plan allows you to make mistakes on paper by providing you the chance to work through business decisions before committing resources. Then, it provides guidance and focus for managing your operations. A business plan may also be helpful in securing financing by providing lenders a look at your financial situation and expectations. The business plan should be a dynamic document and should be kept up-to-date and reevaluated periodically to reflect changes in your values, goals, challenges and strategies.

Components of a Business Plan

The business plan has ten major components, which are described in a suggested, but not required, order. Later in the chapter, exercises are provided to help you develop information for these plan components.

1. Executive summary
   The executive summary is a one-page summary of your business plan. The summary should briefly describe your agritourism enterprise idea and discuss the conclusions made in your financial strategy. This section comes first in your business plan, but it is normally written last.

2. Mission statement
   The mission statement reflects the core purpose of your business, stating your values in a focused sentence of less than fifty words.

3. Business concept or idea
   Your business idea consists of a one-page, concise, complete and persuasive statement describing the what, where, why and how of your agritourism enterprise. This section includes a description of your
   - Agritourism enterprise idea
   - Product(s) and/or service(s)
   - Target audience
   - Enterprise’s “fit” with others in the region, both competitive and complementary

4. Measurable goals, expected outcomes, objectives and action steps
   This component of your business plan describes the goals of your enterprise as well as the outcomes you expect, objectives and
the steps you will take to reach your goals. Goals describe the long-term plans (three to five years) you want to achieve. Objectives are your short-term (one year or less) plans that identify how you will meet your goals. Goals are what is to be accomplished, and objectives are how it is to be accomplished.

5. **Background information (industry research and market analysis)**

Background information relative to your agritourism enterprise is explained in this section. It includes background on why you are choosing to develop an agritourism enterprise and market analysis information. You may describe the need for your enterprise in your area and trends in the agritourism industry. Much of this information will be collected as part of your marketing plan, as described in Chapter 4.

6. **Management needs and management history**

The management needs and history section of the business plan explains how you will run your business and describes your management team, the legal structure of the enterprise, insurance needs and staffing needs. It also notes what regulatory agencies you will be working with and how you will address their requirements.

7. **Marketing strategy**

This section of the business plan describes the strategies you will use to market your agritourism enterprise. Marketing strategies should be developed for “the four P’s of marketing” — product, price, place and promotion. These strategies will be developed as part of your complete marketing plan in Chapter 4.

8. **Financial strategy**

Your financial strategy is basic to making management decisions and obtaining financing. In this section, you will identify sources of existing debt and financing needs. You will also develop financial statements including a profit-loss statement, a balance sheet and a cash flow projection that includes sales projections. These statements will be summarized in this section of the business plan.

9. **Exit strategy**

An exit strategy specifies situations in which you would plan to exit the business or situations that might necessitate closing the business. The exit strategy should also outline the method you will use to exit the business.

10. **Appendix**

The appendix is located at the end of the business plan, furnishing supporting documents. Financial statements, customer support statements and credit terms available should all be included.

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**Developing Your Business Plan**

Developing a business plan takes time and commitment from everyone involved in the management of the enterprise. This portion of the chapter will assist you in developing the many components of a business plan.

**Establish a Mission Statement**

Your first task should be the development of a mission statement. To do this, you must first clarify and understand your own values.

Differences exist between your enterprise and others because of the values that you and your family live by. Since those values are expressed in your agritourism enterprise, it is important that you identify them so they can guide your decision-making processes.

The following worksheet can be used to explore your values. Start by making more copies of the worksheet. Each person involved in the enterprise should complete one. Then combine everyone’s answers on one form.
**Values Worksheet**

To use the worksheet, consider the values listed in the far left column. For each value listed, indicate how important that specific value is to you by putting a check mark in the corresponding column.

<table>
<thead>
<tr>
<th>Values</th>
<th>Least Important</th>
<th>Not So Important</th>
<th>More Important</th>
<th>Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending time with family</td>
<td></td>
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<tr>
<td>Embracing spirituality or church</td>
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<tr>
<td>Enjoying privacy</td>
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<tr>
<td>Participating in the community</td>
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<tr>
<td>Building a stronger local community</td>
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<tr>
<td>Keeping land in the family</td>
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<td></td>
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<tr>
<td>Maintaining family heritage or history</td>
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<tr>
<td>Restoring the farm</td>
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</tr>
<tr>
<td>Protecting the resource base</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Enjoying the natural environment</td>
<td></td>
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</tr>
<tr>
<td>Displaying land stewardship</td>
<td></td>
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<tr>
<td>Making land available for children and grandchildren</td>
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<td></td>
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<tr>
<td>Leaving a legacy</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Continuing the family business</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Ensuring economic security and sustainability</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Producing food for others</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Providing the highest quality product</td>
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<td></td>
<td></td>
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<tr>
<td>Providing the most affordable product</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Raising unique crops or animals</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sharing “lessons learned” with others</td>
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<td></td>
</tr>
<tr>
<td>Teaching others</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Continuing to learn</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Once the values worksheets are complete, talk about the results. Then discuss the following questions.

- What do we want this ranch or farm to look like at the end of our stewardship?
- What quality of life is important to us?
- What relationship do we want with family members? The local community? Vendors? Clients?
- What changes are we willing to make to the farm so the above can happen?
- What changes are we willing to make about ourselves so the above can happen?
- Who can help us make the above happen?
- What resources do we have to make the above happen?
Once discussions of your values and the previous questions are finished, you should be prepared to construct your mission statement.

Your mission statement should describe who you are (you meaning your agritourism enterprise), whom you will serve, what you will do and what you aim to accomplish. The statement should be clear and concise. Try to limit it to one sentence.

<table>
<thead>
<tr>
<th>Mission Statement</th>
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</tbody>
</table>

**Describe Your Idea**

After developing your mission statement, the next step in writing a business plan is to describe your business idea or concept. Your business idea is the what, where, why and how of your enterprise. It is a particularly dynamic component of your business plan, and will likely change throughout the creation of your plan. This section should also be written clearly and concisely and limited to a one-page summary. The business idea component of the business plan is also used as the first portion of the business plan’s executive summary.

In the business concept or idea component of the business plan, describe your enterprise, product(s) and/or service(s) to be offered and how your enterprise fits with other businesses in your geographic area. You may need information from your thorough marketing plan to be discussed in Chapter 4.

**Your agritourism enterprise**

Explain when your enterprise was started or is projected to start. Describe why it was started, who started it and how it fits into your overall farm operation. Identify your business structure.

**Your product(s) and/or service(s)**

Describe your product(s) and/or service(s). Explain why people should buy your product(s) and/or service(s), how your product(s) and/or service(s) are unique, what it will cost to provide them and what you will charge. Also describe how your business compares to other similar enterprises.

**Your customers**

Describe your target customers. Define their gender, age, income, occupation, location, family status, education and interests.
How your enterprise fits with others in the region

Explain what complementary and competitive enterprises exist in your area. Describe how you might collaborate with these businesses.

Develop a business concept or idea for your agritourism enterprise. Remember to keep your mission in mind and be aware that this concept may change as you continue to develop your business plan.

**Business Concept**

Set Goals, Expected Outcomes, Objectives and Action Steps

Having developed a mission statement and described your business concept, you are now prepared to set goals for your enterprise. From these goals, you will also describe expected outcomes, create objectives and define action steps.

As discussed in Chapter 2, goals should meet the S.M.A.R.T. criteria. That is, each goal should be Specific, Measurable, Attainable, Rewarding and Timed in order to be effective. It is often helpful to begin a goal with an action verb such as “provide,” “create,” “ensure” or “develop.”

You will need to set goals for several areas of your business. Consider setting goals for sales volume, profits, customer satisfaction, owner compensation and employee training, although you may decide other areas are more appropriate for your endeavor.

Once measurable goals are defined, it is helpful to describe expected outcomes. Expected outcomes specify the conditions that will indicate when you meet the goal. They help clarify the goals and guide the development of annual objectives. Like goals, they should be measurable. Try to create at least three expected outcomes for each goal.
Once expected outcomes are developed, you can develop objectives. Objectives identify how a goal will be accomplished. They are specific, measurable, realistic and obtainable within one year.

The final phase of the goal setting process is to develop action steps, the specific activities needed to accomplish each objective. These describe specific tasks to be done, who will do them and when the work will be completed.

With members of your family, establish three to five measurable goals for your enterprise and their expected outcomes, objectives and action steps. A worksheet is provided below. You will need to make copies of the worksheet to accommodate the number of goals you set.

**Goal Worksheet**

**Goal #**

<table>
<thead>
<tr>
<th>Expected Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The goal will be satisfied when</td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objectives (How)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Detailed Action Steps (Who, What, When)</th>
</tr>
</thead>
</table>
Discuss Enterprise Management

The way you run your enterprise constitutes the enterprise management component of your business plan. The enterprise management section includes a description of your management team, legal structure of your business, internal organizational structure of your business, insurance needs, employee management strategies and regulatory requirements.

Your management team runs the day-to-day operations of the enterprise and strives to meet your goals and objectives. The management team may include paid advisors — people with whom you already have a business relationship or to whom you pay for services — and perhaps individuals within your operation. For example, a management team may include a lawyer; an accountant; an insurance agent; and experts in research and development, marketing, strategic planning and information. A well-rounded management team will provide a strong technological, administrative and institutional knowledge base. Such a group will give you alternatives and help you avoid pitfalls. Make sure to list each team member’s name and qualifications in the appendix of your business plan.

In consultation with your management team, consider the appropriate legal structure for your agritourism enterprise. Possible business structures for an enterprise include a sole proprietorship, partnership, corporation, cooperative or limited liability company. The differences among these structures are described below. Some of the most often used factors considered in the selection of a specific business structure include control, capital, liability, earnings, taxation and lifespan.

Control
Control refers to the person or group of people who make final management decisions. Control may reside with an owner, the partners, a board of directors or members.

Capital
Capital refers to the person or people who invest funds in the business.

Liability
Liability is the degree to which your personal assets are exposed to business risks.

Earnings Distribution
Earnings distribution refers to the person or people who receive the distributed earnings.

Taxation
Taxation (both state and federal) refers to the people, group or entity, if any, who is liable for taxes on the earnings of the enterprise.

Lifespan
Lifespan refers to the point in time when the business dissolves, if any.

The major business structures in Tennessee¹ are

1. *Sole Proprietorship*
   The sole proprietorship is the simplest form of business. An individual owns and controls the business.

2. *Partnership (General and Limited)*
   A partnership consists of two or more people who jointly own and control a business. The partnership is operated according to a partnership agreement.

3. *Corporation*
   A corporation is a taxable entity considered by law to be an artificial person possessing the same rights and responsibilities as an individual.

4. *Cooperative*
   A cooperative is operated as a corporation whose members use the products or services that the cooperative provides.

5. *Limited Liability Company (LLC)*
   An LLC is a hybrid of a corporation and a partnership. Personal assets of members/owners are protected.

Each of these structures is summarized in the following table according to the factors described above. Your management team, including your legal and accounting advisors, should determine which business structure best fits the needs and goals of your enterprise.

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## Business Structure Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Control</th>
<th>Capital</th>
<th>Liability</th>
<th>Earnings Distribution</th>
<th>State Franchise &amp; Excise Taxes*</th>
<th>Federal Taxes</th>
<th>Lifespan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sole Proprietorship</strong></td>
<td>Owner</td>
<td>Owner</td>
<td>Owner</td>
<td>Owner</td>
<td>Exempt</td>
<td>Owner</td>
<td>Life of the Owner</td>
</tr>
<tr>
<td><strong>Partnership</strong></td>
<td>Partners</td>
<td>Partners</td>
<td>Partners</td>
<td>Partners</td>
<td>General-No Limited-Yes</td>
<td>Partners</td>
<td>Life of the Partners</td>
</tr>
<tr>
<td><strong>Corporation</strong></td>
<td>Board of Directors</td>
<td>Stockholders</td>
<td><strong>Business Entity</strong></td>
<td>Stockholders</td>
<td>Franchise &amp; Excise Taxes</td>
<td>Corporation &amp; Stockholders (Taxed Twice)</td>
<td>Continual</td>
</tr>
<tr>
<td><strong>Cooperative</strong></td>
<td>Board of Directors</td>
<td>Members</td>
<td><strong>Business Entity</strong></td>
<td>Members</td>
<td>Exempt</td>
<td>Cooperative or Members (Taxed Once)</td>
<td>Continual</td>
</tr>
<tr>
<td><strong>Limited Liability Company (LLC)</strong></td>
<td>Members/Owners</td>
<td>Members/Owners</td>
<td><strong>Business Entity</strong></td>
<td>Members/Owners</td>
<td>Franchise &amp; Excise Taxes</td>
<td>Option of Members (Taxed Once) or Corporation (Taxed Twice)</td>
<td>Continual or Life of Owners</td>
</tr>
</tbody>
</table>

*As of September, 2005, Tennessee has no personal income tax.

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It is likely you will need several types of insurance for your agritourism enterprise — property, health, auto, liability, crop, disability, life and others. These insurance needs should be detailed in your business plan. Use the information in Chapter 6, Risk Assessment and Management to discuss your operation with your insurance agent and determine your specific insurance needs.

A description of your staffing needs should also be included in the enterprise management section of your business plan. Identify the number of employees your enterprise will need and list their titles, duties and necessary skills. You should describe the process you will use to recruit, screen and hire employees. Discuss the training these employees will need and specify the cost of training. Explain the salaries or wages and benefits you will offer employees. Finally, create a plan to keep your business running in the event a key employee (including yourself) is prevented from working due to illness, injury or personal reasons.

Regulations on employment for your agritourism enterprise will likely differ significantly from those imposed on a traditional agriculture operation. Chapter 8 discusses some employment issues, and you should investigate how regulations will impact your enterprise.

The final topic included in the enterprise management section of the business plan is your interaction with regulatory agencies. When you manage an agritourism operation, you may find yourself working with regulatory agencies at the local, state and federal levels. It is important to understand the regulations governing your enterprise and any financial implications they may have. Chapter 8 discusses some regulations that may impact your agritourism enterprise.

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**Form a Marketing Strategy**

A marketing strategy is crucial to your enterprise’s success and is important to discuss in your business plan. Your marketing strategy explains the product(s) and/or service(s) you are selling, why you are selling it(them) [industry research and market analysis] and how you are selling it(them) [product, price, place and promotion]. You will develop all this information into a thorough marketing plan, as discussed in Chapter 4.

**Devise Your Financial Strategy**

A financial strategy is also an important component of a business plan. The financial strategy identifies your sources of existing debt and your financing needs. It specifies your fixed assets, start-up costs and payments (if debt financing is required) as well as several basic forecasts for your business.

This component of your business plan is important for two major reasons. First, the financial strategy is fundamental to your primary evaluation of the business idea and in the management of the enterprise. Second, your financial strategy is fundamental to a lender’s evaluation of your enterprise and key to obtaining financing.

In order to understand your financial situation, you need to know how your financial statements are developed and be able to read and analyze them. Make sure your numbers are verified, needs are justified and sources of capital are accurately researched. Adopt systems for record keeping and bookkeeping that allow you quick access to accurate data and create a system of management checks and balances.

In your business plan, you should include the following financial statements. In each case, include assumptions made to create estimates and forecasts.

1. Enterprise budget — a projection of income and expenses
2. Cash-flow forecast — an estimate of how income and expenses will “flow” through the operation, usually over a period of one year
3. Profit and loss statement — a projection of revenues and expenses including adjustment categories such as capital gains or losses and depreciation
4. Balance sheet — an accounting of assets, liabilities and owner equity
5. Income statement — a projection of revenue and expenses for a specific period of time
6. Break-even analysis — an analysis describing how many visitors or what amount of sales would be needed to cover costs
7. Sources and uses of cash — a description of funding sources and uses of funds

These documents are likely similar to what you use for your farm operation and will not be detailed here.

A summary of your financial strategy should be included in your business plan. The summary describes your financial documents and explains how your new enterprise will fit into your current operation. It also serves as the second part of your business plan’s executive summary.

**Create an Exit Strategy**

The exit strategy is the next-to-last component of the business plan. An exit strategy specifies situations in which you would exit the business or situations that might necessitate closing the business. The exit strategy also outlines the methods you would use in these situations.

Situations in which the business would be exited or closed will vary. Your personal goals may indicate that you plan to retire at a certain age, or your goals may include plans to grow the business to the highest value and sell it or pass it on to your children. In addition, it may become infeasible to continue to operate your enterprise due to changes in competition, market trends, regulations, personal goals or circumstances.

Methods for exiting a business also vary. Some examples include selling the business to a competitor, selling the business to a family member or employee, selling your share of the business to a partner or other shareholders, passing the business on to a family member or liquidating the business inventory and assets.
Each method will have implications for tax liability, retirement finances, and relationships with family members and other business interests. You may want to discuss your exit strategy with your management team to determine the best strategy for you and to make preparations to effectively implement the strategy in the future.

**Include an Appendix**

The appendix is located at the end of your business plan. Include supporting documents such as:

- Tax returns
- Financial statements
- Resumes of owner and key employees
- Resumes of your management team, including your outside consultants and advisors such as accountants, lawyers, bankers and insurance agents
- Certificates of completion of all business planning, management and technical courses taken

**Finding Financing**

As discussed previously, your business plan should describe sources of funding. If you are like most small-business owners, you will require financing to start your agritourism enterprise. There are a number of financing sources including personal funds, debt financing, equity financing, traditional agricultural lenders, small farm-friendly banks and holding companies, Small Business Administration (SBA), rural economic development agencies and sponsorships.

Personal funds include savings, current income from a spouse or other enterprises, second mortgages, gifts or loans from family and friends, revenue from sale of property, and credit cards.

Debt financing is financing in which you borrow funds or “take on debt” to further your business. You still own your business, and you still make all of your business decisions.

Equity financing comes from selling a piece of your business. You no longer own the entire business, and you usually are accountable to other people when making decisions. Equity financing includes limited partnerships and stock offerings, both of which require professional legal advice and assistance.

Traditional farm lenders include the Farm Credit Service and the USDA Farm Service Agency. The Farm Credit Service is a collection of federally chartered, borrower-owned credit cooperatives — the Farm Credit Cooperative Banks. They lend to agricultural operations and provide rural home loans. Log onto their Web site for information [http://www.fcsamerica.com/home/index.asp](http://www.fcsamerica.com/home/index.asp). The Farm Service Agency has a direct lending program and a loan-guarantee program. It may provide funding when other lenders will not. Visit its Web site [http://www.fsa.usda.gov/tn/](http://www.fsa.usda.gov/tn/).

The United States Small Business Administration Office of Advocacy keeps records of loans made by banks and financial holding companies to small farms. (It publishes this information online [http://www.sba.gov/adv](http://www.sba.gov/adv). Small rural businesses are more apt to get funding from local banks than from national banks. Although the interest rate is often slightly higher, you are more likely to get the loan and develop a working relationship locally.

The Small Business Administration (SBA) offers two primary loan programs that provide funding to small businesses unable to obtain capital through normal lending channels. SBA loans are made through private lenders—both bank and non-bank lenders. Many rural and small town banks are able to make SBA guaranteed loans. The SBA itself has no funds for direct lending or grants. More information is available from your lender, your local SBA office and the Small Business Development Center. The SBA Web site can be accessed at [http://www.sba.gov](http://www.sba.gov).

Rural economic development agencies oversee, distribute and lend monies from federal and state community-development block grants and from USDA Rural Development lending programs. Their funds are often tagged for specific purposes, such as job creation or retention, housing rehabilitation, rural infrastructure tied to increased employment, micro loans to start-up businesses with job creation potential, and rehabilitation of community facilities. Contact your local economic develop agency or USDA Rural Development. The USDA Rural Development Web site is [http://www.rurdev.usda.gov/](http://www.rurdev.usda.gov/).
Corporate sponsorships may also be a source of funding for some agritourism enterprises. By developing relationships with other businesses having similar target markets, you may be able to benefit your own enterprise as well as that of the sponsor. You will gain start-up or operating capital, and the sponsor will be recognized and promoted through your activities. Developing a sponsorship program, however, takes significant time and commitment to details in planning and implementation.

Threats to Success

Despite the optimism that surrounds a small business start-up, most small businesses fail. In fact, 80 percent of small businesses fold in their first five years according to the Small Business Administration. Unquestionably, all entrepreneurs make mistakes, but those who recognize and correct mistakes are more likely to succeed.

Why do small businesses fail? The answer varies with entrepreneurial skills and business conditions. It is important to have good managerial, analytical, communication and interpersonal skills, in addition to drive and vision. It is also important to understand common threats to business success.\(^3\)

Failure to understand or predict the difficulty of owning your own business or adding an enterprise

Owning and running a business is hard and stressful work. As a service business operated from your home on family land, your agritourism enterprise can be particularly difficult, requiring tremendous commitment and effort. Learn how to cope with stress and try to find a balance with family, friends and activities you enjoy.

Lack of strategic planning

Make mistakes on paper before you risk assets. Understand that planning is an on-going and cyclical process. In other words, plan strategically.

Not knowing how to manage and operate an agritourism enterprise

Agritourism enterprises require a different set of skills from production agriculture. Take courses, read books, attend seminars, listen to tapes, get a mentor or do whatever you can to gain the skills you need.

Lack of cash, poor cash flow, lack of financial savvy, poor money management, under-financing

“Do not have the ‘build it and they will come’ mentality!” said one agritourism operator. Instead, know and fill demand and then expend capital. Learn about available financing opportunities, tools and techniques. Understand the basics of business finance.

Growing too fast

When a business grows too fast, entrepreneurs often lose control, quality of products and service deteriorate and customers go elsewhere. Business growth should be done strategically and at a rate you can manage.

Poor interpersonal skills

Relationships within a business are complex; important; and worthy of time, attention and feedback. You will need to develop relationships with members of your management team, employees and customers.

Poor communication skills

Good communication skills consist of good listening skills as well as good verbal skills. Develop a system for reporting feedback and suggestions from employees and customers. You might consider holding regular meetings of your management team.

Failure to innovate

Markets are dynamic. It is important to monitor market conditions and make adjustments to meet the needs of consumers.

Trying to go it alone

Businesses can sink when the operator wears too many hats. Having strong, well-rounded management and working teams is important. Pay for and use the services of professionals when needed. Hire employees that complement your weaknesses and delegate responsibility. You should also form networks with people involved in agritourism activities locally and regionally.

Failure to recognize your own strengths and weakness
The better you know yourself, the better your chances of avoiding problems and achieving success. Ask for help when you need it.

Failure to seek and respond to criticism
Many of the problems listed can be corrected or avoided with the help of candid feedback. Do not automatically blame external causes for failures, but take a look at internal causes. Have people you trust critique your management skills. Talk with management team members, friends and peers. Use the information to learn how to improve your skills.

Chapter Review

A business plan is critical to your success. Here are some key points from the chapter.

• A thorough business plan contains ten main components: the executive summary, mission statement, business concept or idea, goals and objectives, background information (industry research and market analysis), management needs and management history, marketing strategy, financial strategy, exit strategy, and appendix.

• Creating a business plan allows you to anticipate your new enterprise’s opportunities and challenges on paper, before you commit substantial resources.

• A business plan provides guidance and focus for managing your enterprise and is essential if you plan to seek outside financing.

• Potential sources of financing include personal funds, traditional agricultural lenders, small-farm-friendly banks, the Small Business Administration, rural economic development agencies and sponsorships.

• This chapter documents a number of threats to business success. Understanding these threats will help you prevent them from affecting your agritourism enterprise.

Additional Resources

Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses, developed by the Minnesota Institute for Sustainable Agriculture, is a comprehensive tool designed to assist those developing a business plan. The document is available online at http://www.misa.umn.edu/publications/bizplan.html.

The Agricultural Marketing Resource Center Web site at http://www.agmrc.org has a section on business development with tools and examples useful for business planning.

Tennessee Small Business Development Centers offer assistance to entrepreneurs wishing to start businesses or expand existing businesses. The centers offer one-on-one assistance and group training on many topics including business planning. Learn more about TSBDCs at http://www.tsbdc.org.

Chapter 3 Authors

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