University of Vermont

Since 1791
EXPLORING VERMONT DAIRY

DIVERSIFICATION AND VALUE ADDED
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Our social code:

- Please remain muted unless you are talking.
- Click “Raise Your Hand” if you would like to speak, then unmute yourself when called on.
- Share on-topic thoughts & questions in Chat. (Remember that private and public chat are recorded and are visible to the presenters.)
- Be courteous, respectful & brave!
- Manage your video and sound to be present and minimize distractions
- Ask questions and share your ideas!
Diversification and Value Added

• What are they?  How are they different?  How are they similar?

• Why do farms choose to diversify or do value added?

• Do any of you live on farms that are diversified or that sell value added products?
What is Diversification/Added Value?

Diversification

Diversification is a technique that reduces the risk to maximize returns by investing in different areas.

In other words: diversification is doing a variety of different things or having more than one source of income.

Value Added

Value-added is the additional features or economic value that a company adds to its products and services before offering them to customers.

In other words: value added is taking a product and making it into another product to make it worth more. An example would be for a dairy farm to use milk produced on the farm and make it into cheese for a higher return.
Agritourism is the business of establishing farms as destinations for education, recreation, and the purchase of farm products; giving visitors the opportunity to connect with the working landscape and 'farm experience' and creating an additional source of revenue for the host farm. From: https://www.uvm.edu/extension/vtagritourism

https://youtu.be/BNNvBTy2DUo
Diversification or Value Added: You be the judge

- Pick your own pumpkin patch
- Cheese curds
- Farm fresh eggs
- Butter
- Dairy grass-fed beef
- Strawberries
- Firewood
- Corn maze
- Maple sap sold to a neighboring sugar maker
- Maple syrup
- Compost
- Agri-tourism
- Sunflowers for bird seed
- Raw milk
Things to consider: Planning

**Step One**
Choose something you are passionate about.
- Include your family in the discussion as unity will lead to acceptance
- Will you need help?

**Step Two**
Develop a Business Plan
- identify potential customers
- costs & profits (estimates & potentials)
- cash flow & changing climates
Step Three

Who is your Business Team

- Lawyer (filing for a name, land purchasing)
- Insurance Agent (coverage)
- Accountant
- Mentor
- You & your Family

Another way to Plan:

SWOT Analysis

S – Strengths

W - Weaknesses

O - Opportunities

T - Threats
Step Five
What kind of Business should it be?
  - Sole Proprietorship
  - Partnership
  - Corporation
  - LLC (Limited Liability Company)

Step Six
Marketing & Advertising

Step Seven
Financial Management
  - Create a budget
  - Funding
Small or large: Diversification comes in all sizes

If you were the farm manager what type of diversification or value-added would you like to make part of your farm?
Resources:


https://farms.extension.wisc.edu/articles/three-questions-to-ask-yourself-when-planning-the-future-of-a-farm-business/

https://extension.psu.edu/starting-or-diversifying-an-agricultural-business
