

APPENDIX 1-1

FARM TEAM SKILLS ASSESSMENT

What skills do you and your farm team have in each category? Write the name of the farm team member and their skills.

What skills do you need to develop or get help with? List skills that you do not have within your farm team, and state how you plan to meet that need (e.g., training, hire help).

TASKS/SKILL AREAS	SKILLS YOUR TEAM HAS	SKILLS YOU NEED
Planning (e.g., research, resource assessment, lead meetings, writing)		
Business management (e.g., organizational, communication, financial, bookkeeping, record keeping, payroll, tax prep, inventory)		
Labor management (e.g., communication, training, supervision, scheduling)		
Equipment and buildings (e.g., construction, mechanical work, engine work, repair, maintenance)		
Crop management (e.g., soil management, drive tractor, irrigation, crop production practices, cropping systems, harvest and storage)		
Livestock management (e.g., animal health and reproduction, grazing management, feed and nutrition, slaughter and processing)		
Marketing (e.g., communication, market research, planning, contracting)		

APPENDIX 1-2

QUALITY-OF-LIFE ASSESSMENT

Owning and operating a farm offers a unique quality of life. As part of your whole farm planning process, think about the answers to the following questions. Suggestion: Have your farm partners answer these questions separately, then discuss your answers.

Do you like to mix your personal life and work life or keep them separate? Why?

How valuable is having leisure time with friends and family?

How much do you like working with others, including employees, family members, and business partners? Would you rather work by yourself?

Do you enjoy marketing and having contact with customers? Why or why not?

What are your favorite tasks on the farm (e.g., handling animals, production, or marketing)?

Approximately how many hours a week are you willing and able to work? Consider both on-farm and off-farm work.

Are you a risk-taker? Are you comfortable with uncertainty, or do you prefer to know what to expect in most situations? Why?

What does the phrase "financial security" mean to you?

What are your family members' goals and interests? How do they align with yours?

What other demands are made on your time? Consider family, health, hobbies, and other time commitments.

Would you prefer to have family members perform all farm labor, or are you interested in hiring outside help?

APPENDIX 1-3

IDENTIFYING YOUR FARM: NAME AND CONTACT INFORMATION

Farm name. Your farm name may describe what you do, indicate where you are located, reflect your personality, or enhance marketing of your products. Write down your farm name, or use the space provided to brainstorm possible names.

Farm team. List everyone who is involved in the farm business — family members, employees, seasonal labor, interns, and so on.

Owners/operators: _____

Other members of your farm team: _____

Contact Information

Location address: _____

Mailing address: _____

County: _____

Phone number(s): _____

Fax number: _____

E-mail address: _____

Website: _____

APPENDIX 1-5

VALUES AND VISION

Values

Values are core beliefs and philosophies that reflect your views on life. They often influence your goals and business decisions and help guide management of your farm. Values typically do not change with time and are reflected in everything you do. List some of your values.

Vision

A vision statement describes the big picture of your business over time. It defines an ideal future and the impacts on your local community or society in general. Your vision may include what you want your farm to look like in 10 years, what products you'd like produce, or how your farm will grow. Write a draft vision statement. This is something you can revisit and update as your circumstances and situation change.

APPENDIX 1-6

ENTERPRISE SELECTION: ANNUAL CROPS

Annual cropping systems include vegetables, grains, legumes, oilseed crops, herbs, and flowers. These are often grown as primary cash crops on a small farm or as part of an integrated farm. Challenges of annual cropping systems include pest, weather, and disease problems as well as labor and marketing. Annual crop production becomes especially labor intensive during spring and summer. Most annual crops are marketed directly through farmers' markets, farm stands, retail stores, restaurants, community-supported agriculture (CSA), and U-pick operations. The benefits of annual cropping systems include steady annual cash flow and high-value return.

Answer the following questions to assess your readiness for annual crop farming and what type of crop mix might best suit your situation.

How will you accommodate the rigorous schedule that is required throughout the growing season for annual crop systems?

Many annual crops are sold through direct marketing channels. Will you enjoy interacting with customers?

If you decide to market through wholesalers, which usually brings a lower price, can you grow enough to sustain a business at wholesale prices?

Some farmers concentrate on one or two annual crops; others operate diversified cropping systems. What type and how many varieties of crops do you want to grow?

Diversified vegetable production is complex, fast paced, and intense for much of the growing season. Does this fit with your personality, physical capabilities, and lifestyle?

Annual crops can be grown on rented ground. Is this an option that would help you get started or expand production?

Will your soil and water rights support annual crop production?

Do you have the crop management skills and experience needed to grow the crop? If not, how will you ensure the success of your farm, especially when you are just starting out?

APPENDIX 1-7

ENTERPRISE SELECTION: LIVESTOCK

Livestock systems include pork, lamb, goat, beef, dairy, broiler, and egg production. Value-added products include milk, cheese, and many processed meat products. Livestock can be raised in a multispecies system to enhance production and marketing opportunities. Livestock also may be part of an integrated crop and livestock farm and a good option for land that isn't suited to growing crops. Livestock need care and attention year-round. Animals require shelter, adequate nutrition and water, safe fencing, exercise, and health care. Proper pasture management is an essential aspect of sustainable livestock production for many small farms. State and local regulations and other legal parameters can affect what and how livestock can be raised on a particular site. Investigate these issues before initiating a livestock enterprise.

Answer the following questions to assess your readiness for raising livestock and what type of livestock business might best suit your situation.

Do you enjoy handling animals and doing daily chores?

Can you care for sick and injured animals? Are you capable of giving injections?

Are you willing to feed livestock on a regular schedule when pasture is not available? If you own dairy animals, are you willing to milk twice a day? If you get sick or are unavailable, can someone else fill in?

Are you willing and able to go out in freezing weather and break ice on the water trough or help deliver a newborn calf?

Are you aware of and able to perform routine management practices such as castration, dehorning, tail docking, feet trimming, and wing clipping?

What is the purpose of your livestock enterprise (e.g., meat, fiber, milk, or multipurpose)?

Are you willing to send animals to slaughter?

Do you have a replacement livestock plan?

Do you own, rent, or have access to enough range or pasture for the number of animals you need to raise to be profitable? Is water available?

Do you have adequate shelter, fencing, and handling facilities?

Are you interested in commercial livestock production, breeding stock production, or both?

Where will you obtain foundation breeding stock?

Will you use natural mating or artificial insemination for breeding? What type of breeding program will you implement?

Do you have access to a knowledgeable veterinarian who will provide service to your farm?

How will you manage livestock manure? Manure is a resource, but it can also be a problem if not managed properly.

How will you dispose of dead animals?

APPENDIX 1-8

ENTERPRISE SELECTION: PERENNIAL CROPS

Perennial cropping systems include nut and fruit trees, cane berries, hops, grapes, and grass seed. These are often grown as primary cash crops or as part of an integrated farm. Perennial and annual cropping systems have different nutrient and pest management needs and require different cultural practices.

Answer the following questions to assess your readiness for managing perennial systems and what type of crops might best suit your situation.

Do you have enough land to make the business profitable? For the crop you are interested in, how big of an area is needed and how many plants are necessary?

Do you have the finances for the initial investment required in establishing the orchard, vineyard, et cetera?

How long will it take for the crop to produce yields suitable for commercial production? Can you survive financially while you are waiting for the crop to begin producing? What is your plan for doing so?

How long will the crop be productive?

Some perennial crops require annual pruning, which is often completed during winter. Are you willing to spend considerable time outside in cold weather, possibly climbing up and down a ladder?

Do you have the crop management skills and experience needed to grow the crop? If not, how will you ensure the success of your farm, especially when you are just starting out?

APPENDIX 1-9

MISSION AND GOALS

Mission Statement

A mission statement is a set of guiding principles based on your vision and values. It describes the overall purpose of your business and may include what you do, how and why you do it, and who you want to serve. Mission statements can sometimes be used as marketing tools. Periodically review your mission statement and update it if necessary to keep your business dynamic. Write down your mission statement or some key points that you will include in your mission statement.

Goals

Goals can be categorized as short, medium, and long term. Goals should align with your values, vision, and mission. List your major goals in the space provided. As you write your goals, keep in mind the SMART acronym discussed in chapter 1, “Dream It”: goals should be specific, measurable, attainable, relevant, and timely.

Medium-term and long-term goals: _____

Short-term goals: _____

APPENDIX 1-10

LAND RESOURCE INVENTORY

Legal description of farm: _____

Township: _____ Range: _____ Section: _____

LAND	ACREAGE	OWN OR RENT	WATER RIGHTS	COMMENTS
Tillable land				
Pasture				
Woodlot				
Other				

APPENDIX 1-11

SOILS ASSESSMENT

Use the information you obtained from the online Web Soil Survey (see Resources) to complete the table below. If you cannot access the Web Soil Survey, or you prefer working with print copy, visit your local soil and water conservation district or Cooperative Extension office to look at a copy of your county’s soil survey. If you do not yet have farmland, consider what types of soils and soil properties you will need for your ideal farm and fill the page out accordingly.

SOIL SERIES	CAPABILITY CLASS	DRAINAGE	EROSION RISK	OTHER CHARACTERISTICS	LIMITATIONS AND OTHER ISSUES

APPENDIX 1-12

WATER RESOURCES ASSESSMENT

If you have questions about your water rights or whether your property has water rights, contact your state water resources department. To identify health and food concerns, it is important to have irrigation and drinking water tested for bacteria, nitrate, arsenic, salts, pesticide residues, and other water quality issues. List agricultural and domestic water sources available on your farm; the use and delivery system associated with each; and notes about quantity, quality, and limitations.

SOURCE	USE	DELIVERY SYSTEM	QUANTITY, QUALITY, LIMITATIONS
<i>Example: Surface water rights from Thomas Creek</i>	<i>Irrigation for 6.5 acres</i>	<i>Overhead sprinklers on movable hand line</i>	<i>Junior water rights; water may be limited in drought years</i>

Are there state or county restrictions on the use of domestic well water for agricultural purposes?

Are there state, county, or local restrictions on the use of gray water or rainwater collection?

APPENDIX 1-13

SWOT ANALYSIS

Remember: strengths and weaknesses are internal to the business; opportunities and threats are external.

Strengths	Weaknesses
Opportunities	Threats

APPENDIX 1-15

LABOR PLAN

Year 1

List your major goals regarding labor management on your farm or ranch. Consider the issues covered in chapter 2, “Do It,” such as type of employees (seasonal or permanent), how many employees, importance of having year-round employees, relationship with employees, education and training of staff, becoming a good manager, etc. *For each goal, write a brief statement of how you plan to achieve that goal.*

GOALS	STRATEGIES FOR MEETING GOALS
1.	
2.	
3.	
4.	
5.	
6.	

INITIAL/CURRENT LABOR SETUP

In the table below, describe the current labor configuration for your farm or ranch. If you are just starting out, describe as best you can what kind of labor setup you think you will need to meet your goals. Think about how you will find employees and/or seasonal labor, how they will become part of your farm team, and how you plan to meet labor costs and expenses.

EMPLOYEES	COMPENSATION PACKAGE (Salary, Pay Rate, Taxes, Benefits)
Farm team (regular staff/ employees)	
Seasonal labor	

5-Year Projection

CROP OR LIVESTOCK PRODUCTION ACTIVITIES

Do you plan to expand your existing enterprises (e.g., add more acres, increase number of animals)? Do you plan to add any new enterprises?

If yes to either of these questions, describe those changes in the space below. Also note any marketing innovations or value-added activities (e.g., food processing) that would affect your labor needs.

LABOR SETUP REQUIRED TO REACH GOALS FOR NEW OR EXPANDED ENTERPRISES

In the space below, describe what labor configuration you will need to account for any new or expanded business operations. As you did with the initial/current configuration, consider how you will find employees and/or seasonal labor, how they will become part of your farm team, and how you plan to meet increased labor costs and expenses. In the compensation package column, note any salary or per-hour increases due to pay raises.

EMPLOYEES	COMPENSATION PACKAGE (Salary, Pay Rate, Taxes, Benefits)
Farm team (regular staff/employees)	
Seasonal labor	

PROGRESS TOWARD MEETING YOUR LABOR GOALS

Make a point each year of revisiting the goals you set for yourself at the beginning of this worksheet. How are doing in reaching those goals? Do you need to modify any of them? Do you need to make any adjustments in your strategies?

APPENDIX 1-16

SIMPLIFIED FARM ENERGY ASSESSMENT

BASELINE FARM ENERGY USE

SUPPLY SOURCE	CURRENT USE (BTU)	PLANNED USE (BTU)	NET SAVINGS (\$)
Electricity ¹			
Natural gas ²			
Propane ³			
Diesel ⁴			
TOTAL			

¹ 1 kWh = 3,410 Btu

² 1 therm = 100,000 Btu

³ 1 gallon propane = 91,000 Btu

⁴ 1 gallon diesel = 139,200 Btu

PLANNED ENERGY USE REDUCTION STRATEGIES

FARM ACTIVITY	CURRENT ENERGY USE*	CONSERVATION/ENERGY REDUCTION STRATEGY
Tractor (tillage, mowing, and so on)		
Truck/other vehicles		
Irrigation pump		
Heating and cooling buildings		
Heating and cooling product		
Refrigeration/freezing		
Drying		
Dehumidifiers for storage		
Lights		
Fans		
Milking machines		

*Indicate actual amount if known, or relative usage — low, medium, high.

APPENDIX 1-17

INFLUENCE OF PERSONALITY AND LIFESTYLE GOALS ON MARKETING

As discussed in chapter 3, “Sell It,” small farms need to take advantage of niche markets and high-margin sales in order to optimize income. Direct sales to customers are one way to achieve this goal. Direct marketing options include farmers’ markets, community-supported agriculture, farm stands, U-pick, and agritourism. Before engaging in direct marketing, evaluate what you enjoy, your comfort zone with direct sales, and the time you are willing to commit to this form of marketing.

Answer the following questions for yourself, and for other farm team members.

Are you a sociable person? Do you enjoy visiting with people and sharing your story, or would you rather grow and deliver your product without interacting with customers?

How well can you describe and sell your product? What is the story of your farm and your product?

Do you enjoy getting up early to harvest crops, then spending the rest of the day in town selling at a farmers’ market?

Do you like to work without interruption, or would you enjoy visiting with people who stop by your farm to make purchases?

APPENDIX 1-18

MARKETING STRATEGY COMPARISON

All marketing channels have advantages and disadvantages. Write down any marketing strategies you are already involved in, and any others you are considering, in the table below. Use the following list as a reference. Evaluate each strategy in terms of its advantages and disadvantages to you. Potential marketing channels include:

- Wholesale
- Roadside stands
- Farmers' markets
- CSA
- U-pick
- Agritourism
- Restaurants
- Public institutions (e.g., schools, hospitals)
- Farmers' cooperatives
- Web/online sales

MARKETING CHANNEL	ADVANTAGE	DISADVANTAGE

APPENDIX 1-20

CASH FLOW AND ACCOUNTING SYSTEMS

Cash Flow

Cash flow indicates how money is received and spent by the business. Planning for cash flow and recording cash flow are important ways for the farm to make sure it has sufficient funds to cover monthly costs, including loan payments.

What strategies are you implementing (or do you plan to implement) to maintain a positive cash flow and avoid cash flow problems?

Accounting Systems

All farm businesses need systems and procedures for maintaining accurate records of income and expenses by relevant categories.

What kind of accounting system do you have, or do you plan to set up, for your farm business?

Who will do the accounts and books for the business? _____

APPENDIX 1-21

PRODUCTION COSTS

Farmers need to recognize the full costs of production and overhead and make sensible choices around production costs and pricing. Setting a product price that is competitive with other businesses and that covers expenses provides a livelihood to the farmer.

Fill out the following table for your farm business. Take your time as you think through this worksheet and return to it as needed and as you gather more information.

TYPE OF PRODUCTION COST	AM I MANAGING THESE COSTS WELL?	IF NOT, WHAT STRATEGIES CAN I USE TO CONTROL THESE COSTS?
Equipment		
Infrastructure		
Repairs & maintenance		
Inputs & feed		
Marketing		
Labor		
Administrative		

APPENDIX 1-22

FINANCING

Farmers generally invest a large amount of savings or borrowed money in their business. It is important to examine the pros and cons of different types of financing and obtain adequate and appropriate levels of capital to start and sustain the farm business.

The different sources of financing discussed in chapter 4, “Manage It,” are listed in the following table.

If you are farming now: In chart below, indicate if you currently use each source of financing, how much debt you currently hold in that category, and when you hope to pay off that debt. Also indicate if you want to pursue that source of financing in the future.

If you are not yet farming: In the chart below, indicate if you want to pursue that source of financing and estimate how much financing you will seek.

SOURCE OF FINANCING	CURRENT DEBT AND EXPECTED PAYOFF DATE	PLAN TO PURSUE THIS SOURCE OF FINANCING IN FUTURE AND HOW MUCH
Self-financing		
Family/friends		
Commercial bank loans		
Government loans		
Economic development agency or SBA loan		
Government grant or subsidy		
Individual development account		
Business funding		
Credit card		

APPENDIX 1-23

BALANCE SHEETS

Balance sheets measure the wealth of a business at a specific point in time and allow you to analyze how your financial position changes on an annual basis.

Create a balance sheet for your farm business using the template below. If you are already farming, use current figures for your farm. If you are not yet farming, try developing a hypothetical balance sheet using the best data you have.

FARM BALANCE SHEET

As of (date): _____

ASSETS	AMOUNT (\$)
Current	
Cash in checking	
Cash in savings	
Other investments (CDs, brokerage accounts, and so on)	
Accounts receivable	
Inventory	
Other	
Noncurrent	
Life insurance	
Retirement accounts	
Tools and equipment	
Vehicles	
Land/real estate	
Total Assets	
LIABILITIES	AMOUNT (\$)
Current	
Current bills	
Short-term debt	
Accounts payable	
Taxes	
Noncurrent	
Long-term debt (mortgages and other long-term loans)	
Total Liabilities	
Net Assets = Total Assets - Total Liabilities	

APPENDIX 2-1

TRACTOR NEEDS: ANNUAL CROPPING SYSTEMS EXAMPLE

	TASK/FUNCTION	FEATURES TO LOOK FOR WHEN BUYING A TRACTOR
Essential	Cultivate soil	Adequate horsepower to pull plow and/or appropriate-size tiller
	Haul equipment and produce bins	Trailer, palette forks
Additional Components If/ When Budget Allows*	Weed control	Implements appropriate for your row configuration
	Specialized tillage for cover crops	Low gears and power takeoff (PTO) for spaders
	Produce compost	Front-end loader/bucket for turning compost
	Fertilize field	Drop spreader

*If these are necessary functions and you don't have the finances to acquire the needed equipment, consider renting/leasing the equipment, or look for opportunities to share equipment with other producers.

APPENDIX 2-2

TRACTOR NEEDS: GRASS-BASED LIVESTOCK SYSTEM EXAMPLE

	TASK/FUNCTION	FEATURES TO LOOK FOR WHEN BUYING A TRACTOR
Essential	Haul hay and water to livestock	Trailer
	Mow pasture	PTO + mower
	Manure management	Front-end loader, spreader
Additional Components If/ When Budget Allows*	Hay production	Bailer
	Fertilizer/lime application	Spin spreader

*If these are necessary functions and you don't have the finances to acquire the needed equipment, consider renting/leasing the equipment, or look for opportunities to share equipment with other producers.

APPENDIX 2-3

TRACTOR NEEDS: PERENNIAL CROPPING SYSTEMS EXAMPLE

	TASK/FUNCTION	FEATURES TO LOOK FOR WHEN BUYING A TRACTOR
Essential	Work between rows	Appropriate wheel base for maneuvering between rows, low center of gravity for better stability on sloped land
	Cultivation	Specialized cultivation implements to minimize damage to trees/vines
	Haul equipment and produce bins	Trailer, palette forks
Additional Components If/ When Budget Allows*	Mow	PTO + mower attachment
	Dig planting holes	PTO + auger attachment
	Spray orchard for disease control	Spray tank and sprayer

*If these are necessary functions and you don't have the finances to acquire the needed equipment, consider renting/leasing the equipment, or look for opportunities to share equipment with other producers.

APPENDIX 2-4

TRACTOR NEEDS

Farm Name: _____

	TASK/FUNCTION	FEATURES TO LOOK FOR WHEN BUYING A TRACTOR
Essential		
Additional Components If/ When Budget Allows*		

*If these are necessary functions and you don't have the finances to acquire the needed equipment, consider renting/leasing the equipment, or look for opportunities to share equipment with other producers.

APPENDIX 3-1

FAMILY BUSINESS ROLES ACTIVITY

For each family member or farm team member, put a check mark in the box for the different roles that person plays.

PERSON	ROLES							
	MANAGER/EMPLOYEE		FARM PARTNERS		FAMILY			
	Manager	Employee	Owner	Investor	Off-farm income-health benefits	Manage household	Childcare	Other
You								
Your spouse/partner								
Siblings								
Children								
Other relatives								
Other farm team members								