

DEMaND

Developing and Educating Managers and New Decision-makers



Are you planning to be the next generation farm operator? Whether you represent the transition of generations, or that of employee to owner or as a new entrant to the business, a fresh look at management will be necessary. Michigan State University Extension offers help to beginning farmers with this transition through the Beginning Farmers DEMaND series offering articles, workshops and additional resources.

From Bursting With Ideas to Developing a Plan

Phil Durst, Michigan State University Extension

E3408 November 2019

When you think about the possibilities of new products, new markets, new means of connecting with customers, you are thinking like an entrepreneur. Entrepreneurs tend to view the world a bit differently; they see opportunities others pass by. They not only see opportunities, but they take steps to realize them; that is, they put a plan in action to achieve a goal.

Maybe you have an entrepreneurial outlook. That is a great starting point, but the outlook

must be matched by an in-look and the wild ideas of prospective commerce needs to be matched by the discipline of management.

The “in-look” is the self-evaluation that is essential to know whether you can bring about the dreams you have. The discipline is the needed process to organize, prioritize and monetize your dream. Roll up your sleeves, grab a notebook and a writing instrument and get ready to work. The hard work of being an agricultural entrepreneur begins here, even before you turn soil or plant a seed.

Start Putting It on Paper

Let’s start breaking it down to help you go beyond dreams to a successful business. Frankly, it may be good to take out a notebook and write down your responses and reactions to questions, to have a record of those thoughts, to put on paper what is only now in your mind so that you can share it effectively with others later.

DEMaND

Developing and Educating Managers and New Decision-makers

What Sets Apart Your Product or Service?

What is your idea? What makes it unique? Why is it that you will be able to sell it when others do not? What are the resources and assets you have that make you capable of being the one to bring this to market? These are just some of the questions that you need to examine for yourself.

Asking yourself these questions doesn't make you doubtful of your own ability, but it demands that you figure it out for yourself and prove it to yourself before trying to convince someone else. Convincing others, whether friends or lenders, is always involved.

Maybe your resources are the land, equipment and time. There are others who have those resources. Will they become your competitors? How will you distinguish yourself from competitors? Will your product be better in some measurable ways? Will it be produced more quickly, more efficiently and at lower cost than your competitors?

Claims to Fame

Let's say you want to sell a certain fruit or vegetable that has caught your fancy. Does it have certain health effects that are unique? Be very careful about claiming health effects without some unbiased proof (such as university research). Rather you may tout a measurable trait, such as "high in antioxidants," "rich in Vitamin X" or "high fiber while being deliciously sweet."

These days, people often want to buy more than a product, they want to buy a product with a story, or a product with an experience or a product with values that they own. What is it

that you sell with your product? What can your marketing do to highlight that?

Who Will Be Your Customers?

Your customers will not be everyone; rather, they will be defined by interests, resources and many other factors. What are the characteristics of your customers and why will they feel a need to buy your product? What will your product do for them that other products cannot do as well?

As you begin to think through this idea, your thoughts will quickly turn to how you can make a profit from it. Other articles and bulletins in this series will cover budgeting, including all the costs involved in taking your product or service to market. For now, suffice it to say, there will be a price that you eventually determine that will limit your customers to those who can afford it. How many of that limited group of customers will you need to reach and how will you reach them?

In fact, where are those customers? Do they live within a few miles of your production site or does the product need to go to other locations where they are? Who will manage that for you?

Plan the Stages

Profitable businesses grow. They start small at a level that can be afforded and managed well. New products can be added to the line. Additional services can be offered. Don't try to do too much at the beginning. Recognize the need to master the level at which you start so that your reputation grows with the business and is not something you have to overcome. Financing the first stage is critical. Think about what will turn your investment around quickly

DEMaND

Developing and Educating Managers and New Decision-makers

and set you up for further growth. Listen to good advice and plan your business in stages.

The Skillsets to Manage It All

You have certain skills and a love for learning, but rarely will a new entrepreneurial business be fully managed by one person. The skills required are generally too diverse to produce, process and market the product yourself while managing the business. Who, with different skill sets, will be your partner? Who else will you need eventually?

As you think through and write down these questions and answers, you will begin to focus on a plan to achieve what you believe is possible. That plan will seem reasonable and responsible and everything will go according to plan; or will it? What are the risks your business will face? What are the threats to its success and how will you prevent them, minimize them or overcome them?

What Will Detract and What Will Add?

Products generally have threats. Will the threat come from wildlife such as deer or birds, or will it more likely be insect, disease or microbial related? How much protection will you be able to afford and what will you do with a product that is less perfect than what is saleable?

Think broader than your primary product. Can you add processing to increase the value or to recoup value from excess or damaged product? And what will your business look like? Can you add other sales items that your customers will want and from which you can make a profit?

Bringing It to Fruition

By now, your notebook is getting a workout, with questions and answers filling pages – pages that are dog eared and coffee stained. These are the pages that will guide you and help you as you go into the business and help you to adjust before the problems start and the difficulties begin.

But there are more pages and more questions to be answered. Part of your in-look is to ask yourself even more questions. But before we leave this topic, ask yourself this next one: What does that success look like? What defines success for your idea and what are the measures by which you will rate your success? This is important because it is so easy for the goal line to keep creeping away, undefined and undetermined, or conversely, to quickly claim success when you need to feel good about your investment. Write down the determinants of success. These can and should change with time, but you should have some early benchmarks.

Your entrepreneurial spirit is commendable and is what fuels business in this country. While your energy and zeal will get you going, developing your plan based on asking questions will keep your fuel level refilled and enable you to meet the challenges you will face.

DEMaND

Developing and Educating Managers and New Decision-makers

Other Resources

The Minnesota Project: How to Establish Goals

http://misadocuments.info/Goal_Setting_Handbook.pdf

This handbook is a group project for farmers and their families with worksheets to aid in family discussions.

Penn State Extension: Starting a New Agricultural Business

<https://extension.psu.edu/starting-a-new-agricultural-business>

This web page covers research to do and questions to ask before starting a new agricultural business.

Purdue Extension: Checking Your Farm Business Management Skills

<https://extension.purdue.edu/extmedia/ID/ID-237.pdf>

This publication includes checklists that help you evaluate the strength of your skills to start a new agricultural business.

Purdue Extension: Farm & Family Connections – Involving the Family in Goal Setting & Decision Making

<https://www.extension.purdue.edu/extmedia/id/id-241.pdf>

This fact sheet identifies four steps in helping families set goals together.

MSU Resources

MSU Beginner Farmer Webinar Series

https://www.canr.msu.edu/beginning_farmer_webinar_series/

Educational series covers basic, startup information for beginning farmers interested in engaging in new agricultural enterprises. Participants are mostly current or future growers who represent small farms.

MSU Extension Farm Business Management

https://www.canr.msu.edu/farm_management/

Team of MSU Extension educators and educational resources providing support to those in agriculture through an educational process of applying management, production and economic knowledge to critical issues, needs and opportunities.