



HOW TO BEGIN YOUR SMALL FARM DREAM

A Plain Language Guide from the New Entry Sustainable Farming Project



IN THIS GUIDE, YOU WILL LEARN ABOUT:

Skills you need to start a small farm

Risks & rewards of owning a farm

Resources for investing in your farm

Making a farm business plan

Marketing your products

NEW ENTRY SUSTAINABLE FARMING PROJECT

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THE PRODUCERS OF THIS GUIDE

NESFP

New Entry began in 1998. New Entry is one of the first initiatives nationwide to assist immigrants and refugees to develop commercial farming opportunities. Our work focuses primarily in the Lowell and Worcester sections of Massachusetts because of their population makeup, a strong interest in agriculture among immigrant and refugee residents, and the support of community organizations.

The mission of the New Entry Sustainable Farming Project (New Entry) is to assist people with limited resources who have an interest in small-scale commercial agriculture, to begin farming in Massachusetts. The broader goals of New Entry are to support the vitality and sustainability of the region's agriculture, to build long-term economic self-reliance and food security among participants and their communities, and to expand access to high-quality, culturally appropriate foods in underserved areas through production of locally-grown foods.

New entry provides services for beginning farmers such as locating farmland, education, training, business/enterprise development, and production and marketing assistance. The project provides opportunities for disadvantaged farmers, preserves farmland, and promotes New England agriculture.

NESFI

We at NESFP are grateful for the work of The New England Small Farm Institute in putting together the original version of this workbook, *Exploring the Small Farm Dream: Is Starting and Agricultural Business Right for You?* Thank you, NESFI, for giving us the opportunity to adapt your workbook so that we may provide more focused assistance the populations we serve!

NESFI is a non-profit educational organization. Their mission is to promote the viability of the New England region's small farms. Founded in 1978, they develop and deliver innovative, farmer-guided programs and provide information and assistance to aspiring, new and developing farmers. They advocate for new farmers and sustainable small-scale agriculture, and seek to develop program delivery partnerships with agricultural service providers throughout the Northeast. NESFI is located in central Massachusetts on Lampson Brook Agricultural Reserve, a 416 acre publicly-owned farmstead that is designated as a National Historic Register cultural landscape and is managed as a small farm development and training center.

PURPOSE OF THIS GUIDE

Who should read this guide?

This guide is written for people who want to own a small farm. Owning a farm can be a good thing for many people, but is not right for everyone. There are many things to consider before going into business for yourself. This guide will help you think about the benefits and challenges of owning a farm before you begin, and will introduce you to services that will help you put your farm dream into action

You will benefit from this guide if you:

- Know how to farm and want to own a farm
- Live in the Northeast U.S.

It may be helpful for you to use this guide with an experienced farm owner and/or a staff member from a farm service organization, as well as with friends and family who can help you to see the benefits and challenges of owning a farm from different points of view.

What is Plain Language?

This guide is presented in a format called *Plain Language*. Plain Language provides clear, simple, and accessible text for readers in order to reduce misunderstandings, errors, complaints, enquiries, and lack of comprehension. It also helps guide you through action steps to do what you learn, and gives examples of other people practicing the information. We present this guide in Plain Language in order to make it accessible to everyone.

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DESCRIBE YOUR SMALL FARM DREAM

Eight Questions to Get you Going!

Ask yourself these questions before you begin:

- Do you really want to be a farmer?*
- What does the farm of your dreams look like?*
- What does being a farmer mean to you?*

If you can put your farm dream into words right now, go ahead and do it! However, if you are like most of us, you probably need help to figure out exactly what your dream farm looks like. This workbook will help you to do just that. Answering the questions below is your first step. Try to answer as many as possible. Don't worry if you can't answer some or feel like you need more information. This is the beginning of a process. At the end of the workbook, you will be asked similar questions again when you have more information. The goal here is to start to think about your goals, strengths, and weaknesses, and to put down a basic idea of your dream on paper. On a sheet of paper, write down the answers to the eight questions below to get you thinking about your farm dream. If you need to, sit down with a staff member or someone you trust to work through these questions together. Be creative and don't be afraid to think big about your small farm!

Picturing your Dream: What and Why?

- 1. Why do you want to start a farm?**
- 2. What do you hope to gain for you and your family by starting a farm?**
- 3. What type of farm business do you want to start?**

Keep in mind that one farm may have several businesses. Think about what types of businesses would work well together in terms of your time and income throughout the year.



DESCRIBING YOUR SMALL FARM DREAM (CONTINUED)

Marketing your Products: Who and How?

4. How do you want to sell your products?

5. Who are your customers?

Will your customers be from a specific neighborhood or cultural background? Will they be willing to pay more for a special product, or will they want to pay less for more familiar products? You may wish to market your products at farmers' markets, through a CSA (Community Supported Agriculture) model, or to restaurants or small stores. Be as specific as you can when thinking of **who** your customers will be and **how** you will reach them.

Growing Roots with your Farm and Family: Where and How?

6. How will your farm business fit in with the rest of your life?

7. How will you involve your family and friends in your farm business?

8. Where do you want your farm to be located?

Think of how your farm will fit into the rest of your life. Think about the products you will produce and what type of soil or land will be best to produce them on. Think about the amount of labor your farm will require: will your family and friends work on the farm? If so, ask them how many hours they are willing to put in, and think about what each person's role should be. Think of transportation costs. How close do you want your farm to be to your market? What services do you want to have access to at your farm?

ONE GROWER'S STORY

Diversifying Your Income

Lee and Amy have three businesses on their farm--they raise organic vegetables, run a bed and breakfast, and lead tours of their farm for local school groups.

Lee and Amy moved to New England from Vietnam. The vegetables they produce and sell at a Boston-area farmers' market are used in traditional Vietnamese cooking and may be unfamiliar to many typical American shoppers. The farmers' market they attend has many immigrant shoppers, and they are able to target their products both to these immigrants and also to small Asian grocers and restaurants.

Between marketing their products at weekly farmers markets, transporting produce to their commercial customers, giving school tours and meeting the needs of their Bed and Breakfast visitors, during most seasons of the year Lee and Amy do not have much time to manage their finances. Before beginning their farm business, they asked Lee's brother Tony, who is an accountant, to manage their finances.

REWARDS & RISKS OF OWNING A FARM BUSINESS

Having a farm can be fun and scary at the same time. You can be your own boss, you are able to work outside, and you make your own decisions. Farming can also be risky. You might injure yourself or lose money. You have to pay your own taxes and health insurance. Your crops may not grow or your animals may be unhealthy because of bad weather.

What do you like about the idea of having your own business? Below are some examples to help you think about what makes it fun to have your own farm. Use the next page to fill in your own ideas.

- Be your own boss
- Work outside
- Set your own schedule
- Make your own decisions
- Take care of the land
- Grow food for your family

What do you dislike about having your own business? Below are some examples to help you think about why it can be hard to have your own farm business. Use the next page to fill in your own ideas.

- No regular paycheck or health insurance
- The chance you might get sick or be in an accident
- No paid vacation or sick time
- Weather can hurt your crops or animals
- Pests can damage your crops or animals
- You pay your own taxes



Even the things you like about owning your own farm may come with risks. Using the table below, think of your own likes. Think of the rewards and the risks of each, and then consider a strategy or action plan that would reduce the risks. Below is an example to get you started.

Likes	Rewards	Risks	Strategy/Action Plan
Example: Able to work at home and set own schedule	Can work when you feel best	May need to work more hours than you want. Family needs may take time away from farm work	Set a schedule for work time and a schedule to spend time with the family.

Even the things you dislike about owning your own farm may not be all that bad as long as you have an action plan in place to manage them

Using the table below, think of the things you dislike about the idea of owning your own farm business. Think of the rewards (if there are any) and the risks of each, and then consider a strategy or action plan that would minimize the risks. Below are two examples to get you started.

Dislikes	Rewards	Risks	Strategy/Action Plan
Example: Have to buy own health insurance	None	No health insurance. It is important to be healthy to work hard on the farm	Have a family member work off the farm to keep insurance until the farm can make enough money to buy insurance.
Example: Pests can damage your crops	None	You do not have crops to sell	Check crops for signs of pests. Plant crops at different times of the season. Protect crops with row covers.

HOW ARE YOUR FARMING & BUSINESS SKILLS?

A farmer needs to know how to do many different things. This worksheet will help you identify what you already know, what you need to learn, and how other people can help you start your farm business.

Directions:

The table on the next page has a list of skills you will need in order to be a successful farmer.

1. Read the list carefully and think about your past experience as a farmer.
2. For each skill listed, ask yourself:
 - A. Did I do that when I was not a farmer?
 - B. Was I good at it?
 - C. Did I enjoy it?
3. If the answer to these questions is yes, write "Yes" in the column to the right.
4. If the answer to these questions is no, write "No" in the column to the right.
5. If you do not need the skill for your business, skip over the question.

6. Remember that you cannot do everything yourself. You may have a family member, a friend, or even an employee who is good at something you are not good at. For each skill that you do not have, think of who you know that has that skill. If you think that person might be willing to help you, write their name in the column to the right.

7. When you have finished rating the whole list, go back and circle each farming skill that you wrote "No" next to. Add a star to the "No" item if you do **not** know someone who might be able to help you in this area. This will give you an idea of which skills you need to learn before starting your business.



Goal Setting	Do you have these skills?	If not, who do you know with these skills?
Markets: Finding ways to sell your products		
Buying, Selling, or Leasing Land		
Writing production, marketing, and financial plans		
Knowledge of legal topics		
Making a land use plan		
Starting a Business	Do you have these skills?	If not, who do you know with these skills?
Choosing a legal structure for your business		
Getting money or loans for your business		
Getting permits, licenses, and insurance		
Setting up accounting and record-keeping systems		
Business Management	Do you have these skills?	If not, who do you know with these skills?
Collecting payments		
Managing cash flow		

Managing Tools, Equipment, and Supplies	Do you have these skills?	If not, who do you know with these skills?
Purchasing tools and equipment		
Maintaining and repairing tools and equipment		
Managing Farm Buildings, Fences, and Wells	Do you have these skills?	If not, who do you know with these skills?
Building barns, greenhouses, fences, wells		
Maintaining and repairing buildings and structures		
Crop Production	Do you have these skills?	If not, who do you know with these skills?
Managing soil health		
Managing pests, weeds, and diseases		
Responding to bad weather (examples: drought, hail, hurricane, frost, flooding)		
Using conservation practices (examples: low-till/no-till, Integrated Pest Management)		



HOW TO MAKE DECISIONS FOR YOUR FARM BUSINESS

When you start a farm business you have to make many decisions. You may ask yourself, “should I buy a new tractor or a used tractor?” Or, “should I keep my old job and work on the farm part-time?” Or, “should I sell at the farmers’ market or to restaurants?” These decisions often require hard choices and compromises. When you have difficult decisions to make, it is easier to figure out what to do if you have a clear set of goals to guide you.



Maria and Ivan’s Story...

Maria and Ivan started a small vegetable farm in New York state. When they were planning their farm, they decided that their most important goal was to spend more time together as a family with their three children. Ivan also really enjoys working on his farm, so his other goal was to spend as much time as possible growing the vegetables on their farm.

The first year, they decided to sell their vegetables at four farmer’s markets in New York City, a two hour’s drive away from their farm. After the first year Maria and Ivan realized that Ivan was spending most of his time driving back and forth to markets. This took too much time away from the family and the farm. Also, they had to hire two workers to pick vegetables and weed the farm while Ivan was at the markets. When Maria and Ivan looked at the goals they had written down a year before, they realized they were not being met.

The second year, Maria and Ivan decided to sell their vegetables directly from the farm through a CSA (Community Supported Agriculture). With the CSA they sold 100 shares to families in the area. Half of the families came directly to the farm to pick up the shares, and Ivan delivered the other half of the shares once a week to a small grocery store that was only an hour’s drive away. Since Ivan’s driving and marketing time was greatly reduced, he had more time to spend on the farm and with his family.

Raising Crops	Do you have these skills?	If not, who do you know with these skills?
Preparing a crop production plan		
Operating equipment and using tools safely		
Seeding, planting, and harvesting		
Hanging and storing produce after harvest		
Marketing	Do you have these skills?	If not, who do you know with these skills?
Choosing different ways to market your products		
Advertising and promoting your business		
Keeping track of what other farmers are selling in the market		
Adapting quickly to sudden changes in the market		
Selling different farm products or services		
Annual Farm Business Review and Re-planning	Do you have these skills?	If not, who do you know with these skills?
Preparing financial statements and tax forms		
Reviewing and analyzing records		
Revisiting and revising your whole farm plan		

WHAT ARE YOUR GOALS?

I. Please look at the list below with your family or farm business partner. Check off the goals that are most important to you. Use the blank spaces to write in any other important goals you have. When you have finished, reread all of the goals you have checked off and label your top three most important goals.

Personal Goals:

- My goal is for my family to spend as much time together as possible.
- My goal is to work by myself and be my own boss.
- My goal is to work with a group of people and build a team.
- My goal is to keep my farm business and my personal life separate.
- My goal is to link my farm business and my personal life together.
- My goal is to make the farm pay for its own expenses in _____ months/years.
- My goal is to reinvest \$_____ into the farm each year.
- My goal is to have a comfortable lifestyle and pay myself and my family \$_____ per year with income from the farm.
- My goal is to save money for my retirement
- My goal is to save money for my children's college education

Health and Environmental Goals

- My goal is to have a positive effect on my customers' health
- My goal is to protect the soil, air, and water on the farm
- My goal is to protect wild animals and their habitat near the farm
- My goal is to keep an attractive landscape on and around the farm

Business Goals

- My goal is to support other small businesses by providing locally produced products
- My goal is to get to know my customers very well
- My goal is to be mostly involved with growing crops on the farm
- My goal is to be mostly involved with caring for animals on the farm
- My goal is to be mostly involved with selling the products from the farm
- My goal is to be mostly involved with teaching people about the farm

Other Goals

- My goal is _____
- My goal is _____
- My goal is _____
- My goal is _____

YOUR GOALS (CONTINUED)

Decide which goals are most important to you.

Use this space to write out your top three most important goals from the previous page. Add any extra details that you need to make your goals more personal and specific to your farm business.

My most important goal is _____

My second most important goal is _____

My third most important goal is _____



PERSONAL HOUSEHOLD EXPENSES & NON-FARM INCOME SOURCES

Everyone needs money to pay for personal and family expenses. When you own a farm business, you need to make enough money to support yourself and your family. How much do you need to pay yourself for your work? It is good to know how much money you will need to be paid when you get your business going. Your personal needs are different from your business expenses. Sometimes when you live and work on a farm, it is hard to separate your farm business and your personal expenses. You may want to talk to an accountant about this.

The worksheet on the next page can help you figure out how much you need to be paid from your business.

1. List the monthly costs of all your personal expenses

Use the worksheet on the next few pages to list your personal expenses. You may not have all of the expenses on the list. Leave it blank if you do not spend money in that area.

You may have other expenses that are not listed here—add them to the “other” list and include them in your total. Involve your whole family in filling out the worksheet. They may remember something you forget.

Add up all of your monthly expenses and write the total on line (A) on page 17.

2. List all the sources of money you make each month

Include the money you make from any additional jobs, support payments, tips, and other places that you and your family expect to have while owning and operating your farm business.

Add up all of the money you earn each month and write the total on line (B) on page 18.

3. Subtract your total expense from the total money you make (A minus B). Write this total on Line (C).

The dollar amount on line (C) is the minimum amount you will need to make from your farm business. This is the *net monthly pay* you will need from your business.

4. Calculate how much you usually pay in income tax from your paychecks. Write this on Line (D).

When you work for yourself, you have to pay your own taxes. This includes: Federal, State, and Local taxes, as well as Social Security/Medicare taxes. All of these taxes usually add up to about 1/3 of your total gross pay. If you are not sure how much tax you pay per month, you can estimate by multiplying your gross monthly income total by 1/3.

INCOME & EXPENSES (CONTINUED)

5. Add lines C and D. This dollar amount is how much you will need your farm business to earn each month to pay for your expenses and your income taxes. Write this amount on Line (E).

6. To figure out how much you need to make in 1 year, multiply the total on Line (F) by 12 months/year. Write the total on Line (F).

This will be what you need to make from your farm business to provide you with money for the whole year.

Now that you know the minimum amount of money you need to pay yourself from your farm business, you also need to decide if there are other things you want the business to pay for. It is a good idea to decide on your long-term financial goals. For example:

- Do you want to save for your children's college education?
- Do you want to save for your retirement?
- Do you want to invest money back into the farm, buy equipment or put up a new barn?

It is important to remember that most businesses lose money in the beginning. Some farm businesses take a long time to get started. You may not be able to pay yourself at all for a long time. You may need to keep your other job off the farm for a few years. You may need to use your savings money from other places to pay for the expenses of the farm.

Ask yourself how long you can wait for the farm to make enough money to pay for business expenses and your personal expenses. How will you support yourself while you wait for the business to make money?



Personal Household Expenses

Per Month

Housing

Rent or Mortgage	
Second mortgage or home equity loan	
Property Tax	
Renter's or homeowner's insurance	
Oil, gas, or wood (heat)	
Electric	
Telephone (land line and/or cell phone)	
Water & sewer	
Home maintenance (repairs)	
Home furnishings (carpet, furniture, etc.)	

Food

At home	
At work	
At school	
Restaurant & take-out meals	

Transportation

Vehicle Payments	
Auto insurance	
Gasoline & Diesel fuel	
Auto maintenance & repairs	
Excise taxes	
Tolls and parking fees	
Public transportation (subway, bus, taxi fares)	

Medical Care (include co-payments, deductibles, and payroll deductions)

Doctor, chiropractor, other practitioner	
Optometrist, eyeglasses & contacts	
Dentist & orthodontist	
Prescriptions, medications & supplements	
Counseling and therapy	
Health and hospitalization insurance	
Disability insurance	
Life insurance	

Childcare and Care of Other Dependents

Daycare and babysitting	
Child Support & alimony	
Children's allowance	
Other	

Clothing

Purchases for all family members	
Laundry, dry cleaning & repairs	

Education

Tuition & school supplies	
Activity fees, lessons & courses	

Entertainment

Cable TV	
Movies, plays, concerts, & sporting events	
Hobbies	

Miscellaneous

Banking fees & service charges	
Haircuts and beauty salons	
Personal care items & cosmetics (drugstores, etc.)	
Postage	
Stationary supplies	
Dues & membership fees to clubs, organizations	
Computer software & online services (Internet)	
Electronic devices	
Books, newspapers & magazine subscriptions	
CDs, DVDs, music downloads, records, tapes	
Donations to charities, including church	
Pet care (veterinarian, pet food, supplies)	
Tobacco products & alcoholic beverages	
Gifts and cards for holidays, birthdays, anniversaries, etc.	
Lottery tickets	
Vacations and day trips	

Other

Sending money back home (to your home country)	

(A) Total Monthly Essential Personal Expenses	\$
--	-----------

Non-Farm Income Sources

Include all sources of income

Per Month

(B) Total Monthly Non-Farm Income	\$
--	----

(C) Minimum Monthly Net Pay Needed [A-B]	\$
(D) Estimated Monthly Income Taxes	\$
(E) Minimum Monthly Gross Pay Needed [C+D]	\$
(F) Annual Gross Pay Needed [E x 12]	\$



OPPORTUNITIES & CHALLENGES IN THE BUSINESS OF FARMING

Know what you are getting into!

No farm business can run without being part of the community it is in. In this case, community isn't just the people around your farm, but includes the soil, climate, laws, and economic factors that affect your farm. Your farm's community will present both opportunities to be aware of and challenges to create solutions for.

An *opportunity* is something that provides you a chance to find success. A *challenge* is a situation that makes it both more difficult and more rewarding to find success. Knowing what your opportunities and challenges are can help you make better decisions for your farm business. For example, it is important to know your neighbors because they are potential customers and also the people who will sell you the supplies you need to make your farm work. Remember that your farm exists locally, but is also affected by county, state, regional, and national factors and trends.

What is the farming landscape like in your region?

You are going to have to do some work on your own to figure out what the farming community looks like around your dream farm. For example, there are some opportunities and challenges that all farms in the Northeast share. Some of the main features of the Northeast landscape are listed on the next page. Read through the list and see if you can think of opportunities and challenges that your community presents.



Farming in the Northeast	Opportunities	Challenges
Farms are located near cities or very populated areas	<ul style="list-style-type: none"> • Wide range of possible customers • Good access to markets 	<ul style="list-style-type: none"> • Land is limited because houses are being built on farmland • Land is expensive • Laws limit freedom in your farming practices
Most farms are small	<ul style="list-style-type: none"> • Easier for you and your family to manage • Less investment to start your farm 	<ul style="list-style-type: none"> • Wholesaling is not profitable; you need a creative marketing plan • More hand work is needed
Many farms have gone out of business	<ul style="list-style-type: none"> • Customers eager to support local agriculture • Potential for tourism on the farm 	<ul style="list-style-type: none"> • Less farm support businesses are available, like feed suppliers and tractor vendors
There is a short growing season	<ul style="list-style-type: none"> • You can take a break in the winter! • Crops grown with protection in winter sell for more money 	<ul style="list-style-type: none"> • Crops need to be planted at the right time • Animals need protection and food in the winter • Protecting plants from the cold is costly
There is strong competition from other farmers in the marketplace	<ul style="list-style-type: none"> • Encourages you to be more creative with your farming and marketing • Encourages you to create specialized products that sell for more money 	<ul style="list-style-type: none"> • Setting fair prices • Making your product stand out from the crowd
Products are regulated by both the USDA (United States Department of Agriculture) and your state department of agriculture	<ul style="list-style-type: none"> • Your customers know that they are buying a safe and wholesome product 	<ul style="list-style-type: none"> • Regulations can be confusing and hard to follow • Complying with processed food rules may be costly • Small-scale meat processors are limited and hard to find



Now take some time to think about your dream farm's landscape and the opportunities and challenges it might present.

Your Dream Farm	Opportunities	Challenges

INTERVIEW A FARMER!

The last worksheet gave you a glimpse into the farming landscape. Though you most likely have farm experience already, it is important to remember that farming can be very different depending on the region you live in. Because of this, it is important to do your own research in the area where you want to farm. That doesn't mean just reading books! Although books and the internet can be helpful, one of the best ways to do research is to talk with farmers directly. Farmers who live in the community that you want to farm in will be aware of the realities, challenges, and opportunities of farming since they deal with them every day. So who should you talk to and what should you ask? Keep reading to get some ideas...

Finding a farmer to talk to:

Talk to farmers you know.

Were you inspired to farm by someone in particular? Is your uncle a farmer? Do you have a good relationship with a farmer at your local market? People you already know will be the most open to talking with you.

Make a connection through people you know who are friends with farmers.

Ask a staff person for a list of farmers who they work with. They should also be able to provide you with a list of farmers' markets or with contact information.

"Network" at conferences, farmers' markets, or anywhere farmers meet

Don't be afraid to introduce yourself to someone new. You never know when you are going to find a mentor or make a valuable contact!



FARMER INTERVIEW TIPS

If you let a farmer know that you are thinking about farming yourself, he or she may be willing to sit down with you and answer some of your questions. Here are a few things to keep in mind to help your interview go as smoothly as possible:

1. Most farmers welcome new farmers and see them as strengthening farming as a whole. Be aware, however, that some farmers are very concerned about competition.

Farmers may be willing to share some information with you but they won't tell you every detail. Be sensitive to this and do not continue asking about a topic someone is trying to avoid. Think about how you will feel in a few years when you are in their place!

2. Remember that when you first talk to a farmer you should not expect to have a long conversation.

It is a good idea to introduce yourself either in person or on the phone, and then ask the farmer when would be a good time to have a 15-20 minute conversation. He or she may give you more time, but this is a good starting point.

3. If you can, try to make your initial contact in the winter months.

Farmers are very busy between May and October. You will get more time with farmers in the winter, and probably better information too. You can see how it would be better to catch someone when they are reflecting on the past season and planning for the next one, instead of thinking about how they are going to harvest those 15 boxes of tomatoes by tomorrow!

4. If you have to contact a farmer during the busy season, see if you can offer farm work or another service in exchange for an interview.

Some farmers might be happy to have an extra pair of hands, but don't be offended if some farmers are not able to handle volunteers.

5. Write your questions down ahead of time.

This will keep you focused in the interview and can also help you compare answers from a few different farmers.

6. Try to talk to farmers with different perspectives on farming.

For example, a farmer whose family has been on his land for five generations will have a different perspective than someone who lived most of his life in the city and started farming later in life. An organic farmer will have a different perspective from a conventional farmer who uses pesticides. You can also gain good information by interviewing someone who stopped farming.

What to ask?

You probably already have some questions: *How do I find land? How do I get a loan for my farm?* Even if you already have a long list of questions, look at the list below to get a few more ideas. These questions will give you an overview of the opportunities and challenges of farming. You should not be afraid to ask more specific questions too. You don't need to ask every farmer all of these questions, but it is a good idea to ask a few from each category to get an overview of the landscape. Read through to find out which ones are most important to you, add a few of your own, and you'll be ready for that interview! Be sure to bring a pen and paper to take notes on their responses.

Marketing your products:

1. How and where do you sell your products?
2. Why did you decide to produce your specific products?
3. What is unique about your products?
4. Is there a lot of competition in the market among farmers that produce the same products?
5. How do you avoid or deal with competition?
6. How far do you travel to sell your products?
7. How often do you travel to sell your products? Describe your weekly travel schedule.
8. What other farmers' markets and restaurant opportunities are available near your farm?
9. How does an average sales day in local markets compare to one in the big city?
10. What are some marketing challenges that you have?

Personal and Family Considerations

1. How does your family feel about your farm? If you didn't have the support of your family, would your farm be successful?
2. Does your family work on the farm?
3. Has farming changed how often you see your family members?
4. What are the schools like in your area?
5. Do you have another job off of the farm? If yes, how do you balance farming and your job?
6. What cultural, spiritual, or fun activities are you able to take advantage of now that you are farming?
7. What cultural, spiritual, or fun activities do you miss out on now that you are farming?

Local Farming Community

1. Do you know your farming and non-farming neighbors?
2. What is the closest town? What is it like?
3. Are there any laws that limit what you can do on your farm?
4. Are there any nearby farmers willing to do work on other farms? (i.e. plowing and mowing)
5. Can you get supplies nearby?
6. Where do you buy supplies and equipment?

Land

1. Are there a lot of houses being built on farmland in your area?
2. What is the average price of an acre of land in your area?
3. How did you find the land you rent/own now?
4. How much do you pay in rent? OR How much did you pay for the farm? And how much are the property taxes?
5. Is there land for rent or sale in the area?

The Regulatory Climate

1. What USDA (United States Department of Agriculture) regulations do you have to follow?
2. What state and local regulations do you have to follow?
3. How do regulations affect your products and how to you sell them?
4. Do you have any advice for understanding and complying with regulations?

Labor

1. Do you employ people other than your family on the farm? If so, how do you find workers?
2. What are the challenges of having additional workers?
3. How much do you provide to your workers—pay, food, housing, worker's compensation insurance, health insurance, land, etc.?

Soil

1. Describe your soil. How much clay, sand, silt, and organic matter does it have?
2. What grows best in your soil?
3. Does your soil present any challenges?
4. How do you maintain healthy soil? Describe how you build your soil and fertilize.



MARKETING YOUR FARM'S PRODUCTS

What will you offer? How are you going to sell it? Who will buy it? How much is it worth?

One of the most important steps in starting your farm business is figuring out what your product is, how you will sell it, and who your customers are. Chances are you want to farm because you love the lifestyle, not the money. You might be a great farmer, but if no one buys your products you won't have a farm for very long! Here are some steps you can take to make sure you will have a product that customers will buy:

Step 1: Decide on your products or services

What do you want to sell? Small farms can succeed by offering high-value products, specialty products, or products in high demand. Some farms also offer services like tours or bed and breakfast stays. You might have a good idea of what you want to sell. If not, here are some ways you can figure it out:

- **Let your interests guide you.**

If you love to grow vegetables, that's what you should do! What you love to do is what you are good at. Also, think about what you and your family like to eat—chances are, other people like to eat it too.

- **Let your goals guide you.**

Take another look at the goals you wrote down on the worksheet on page 13.

- **Let your customers guide you.**

Put yourself in your customers' shoes and try to understand their needs and interests. Are they looking for healthy food? Are they looking for a bargain? Are they looking for a fun experience as well as something to eat?

- **Let your creativity guide you**

Think of other services you might offer to the community. Do you like to cook with your farm products? Consider teaching cooking classes or making a recipe book to sell to your customers.



Step 2: Think about your customers

Even if you choose your farm's products based on your own interests and goals, you still need to think about who will buy them. Take a minute to think about who your customers are. This will help you refine your marketing plan and decide where to advertise later on. Try to be as specific as possible answering the following questions. Don't worry if you feel like you are guessing—this is just a starting point!

How old are your customers?

Are they male or female?

What is their income?

Where are they located?

Do they have families?

Do they value the appearance or image of your product?

Do they value the safety or wholesomeness of your product?

Is a low price important to your customers?

Do they value the quality of your product?

Do they value the taste or freshness of your product?

Do they value their relationship with you, the farmer?

What countries are they from?

What type of food do they cook?

Are they concerned about the environment?

Are they concerned about sustainable agriculture?

Do other interests influence what they buy?



Step 3: Think about where you will sell your products

Small farms can't compete with large farms in wholesale markets. Large farms produce such a volume that they can make money on the small margins they get from wholesalers. Small farms have to be more creative. Usually that means selling directly to customers—also called “direct marketing.” With direct marketing there is no “middleman” making money from your products before they get to the customer, so you get the entire value of your product. Direct marketing also allows you to offer your customers better quality and freshness and more personal service.

Direct marketing includes:

- Farmers' markets in nearby towns or cities
- CSA (Community Supported Agriculture)—an arrangement in which farmers sell shares of the harvest to customers for a set price at the beginning of the season and promise to supply customers with vegetables each week during the season
- Farm stands on the farm

You might also want to consider selling to small, privately-owned restaurants and stores

These businesses have much more flexibility than chain stores or corporately-owned restaurants and are often looking for small quantities of high-quality specialty products. Think of them as your farm's equal in the restaurant or retail world. You can be a perfect match!

Step 4: Think about the value of your product

Now you need to think about how much income your products can make. To do that you need to answer three important questions:

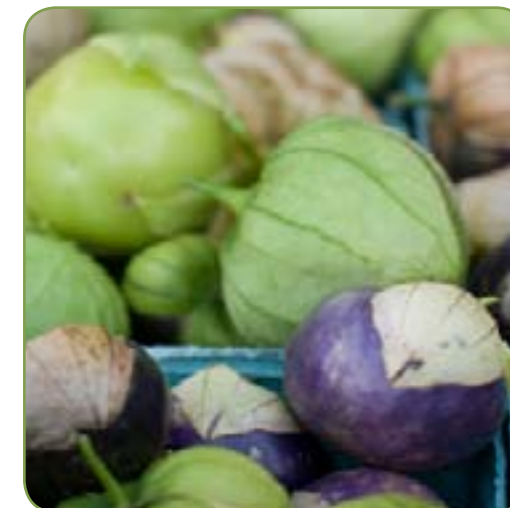
1. How much product can I produce on my farm?
2. What price can I charge my customers?
3. How many customer sales will I have?

You will have to do some research and ask farmers and customers to get your answers. First look at Maria and Ivan's example, then use the blank table to write down what you find out for your products. Notice that the table also gives you room to write in information from Steps 1-3.

Maria and Ivan's Story...

When Ivan and Maria started out they were selling their vegetables at farmers' markets. They specialized in baby lettuce mix and tomatillos and they also had some honey from about 10 hives.

Describe your product	Describe your customers	Where will you sell your product?	How much can you produce?	How many sales will you have?	How much money will your products make?	Where did you get this info?
Wildflower honey	Health conscious and looking for good value	Brooklyn, NY market on Saturdays	50 pounds per hive x 10 hives = 500 pounds	200 one-pound jars and 60 five-pound jars (more customers than product)	500 pounds x \$5 per pound = \$2,500	Cornell Cooperative Extension and customer surveys
Baby Lettuce Mix	Health conscious and looking for high quality product	Union Square farmers' market, NYC on Wednesdays	75 pounds per week x 36 weeks = 2,700 pounds	All—product in high demand at this market	2,700 pounds x \$12 = \$32,400	Farmer interviews
Tomatillos	Looking for good value and freshness	Union Square farmers' market, NYC on Wednesdays	800 pounds per week x 8 weeks = 6,400 pounds	500 pounds per week x 8 weeks = 4,000 pounds	4,000 pounds x \$2.00 per pounds = \$8,000	Farmer interviews, Agricultural Alternatives



What is the value of your products?*

Describe your product	Describe your customers	Where will you sell your product?	How much can you produce?	How many sales will you have?	How much money will your products make?	Where did you get this information?

*Table adapted from NESFI Notation

WHERE CAN YOU GET MONEY TO START YOUR BUSINESS?

Goals of this section:

- 1. Determine what you have to start with**
- 2. Determine how much more you will need to get**

It takes money and resources to start any business. This worksheet will help you to identify what assets (resources), you already have that will help you start your own farm business. Figuring out what you have and what you are willing to risk will help you decide how much you will need to save or borrow to start your new farm business.

Directions:

Step 1: Think of all the things that you already own that you would be willing to invest in your business. Look at the chart on the next page for ideas. For each asset that you might own, fill in its value (the value of an asset is how much someone would pay for it if you were to sell it). Keep in mind that the value of many assets will decrease over time. You can check online resources to get a better idea of what a particular asset might be worth.

Remember, you may have assets that you do not want to invest in your business!

For example, you may own a car, but a family member may need it to drive to work every day. In that case, you will not be able to use the car in your business, so you should not list it in the chart on the next page.

Step 2: In the next column on the chart, write the amount of money you still owe on each asset

Step 3: In the next column on the chart, subtract the amount of money you still owe on the asset from its value. This number is the net value, or the total amount that this asset is worth to your business.

Step 4: Next, decide how you are going to use this asset in your business. For example, savings can be used as cash. If you decide to sell your house or your car to raise money for your farm business, then those assets will be used as cash also. Your house or car might also be used as collateral towards a bank loan. Or you may decide to use your car in your business.

However you decide to use your assets, fill in their net value in the appropriate column under “how will you use this asset to start your business?”

Step 5: If you decide to sell an asset for cash, be sure to subtract the amount of tax you will have to pay on the sale from the total value you will earn from its sale. Sales tax rate information can be found from your state’s Department of Revenue website.

Step 6: Finally, add up the numbers in each of the columns. This will show you how much you already have to invest in your farm business, and will help you decide whether or not you need a loan from a bank or family member.

Example:

Resource or Asset	Value	Amount Owed	Net Value to Invest	How will you use this asset to start your business?		
				Cash	Collateral	Use
Car (mini-van)	\$12,000	\$4,000	\$8,000			\$8,000
Savings	\$7,000	\$0	\$7,000	\$7,000		
TOTAL	\$19,000	\$4,000	\$15,000	\$7,000		\$8,000

What resources do you have to invest in your business?

Resource or Asset	Value	Amount Owed	Net Value to Invest	How will you use this asset to start your business?		
				Cash	Collateral	Use
House						
Rental Property						
Car or Van						
Land						
Savings/ Cash						
Insurance Policy						
Tools/ Equipment						
Computer						
Jewelry/ Antiques						
Other						
Total						

WHAT DO YOU NEED TO START YOUR FARM?

You need a lot of things to start a farm: land, and maybe a tractor, and a computer would be helpful! The list goes on. In this worksheet you will think about all of the things you need to have a successful farm. You may already have some of these things, but you will probably need to find or buy a lot of them. Luckily, there are some things you can do without in the beginning. Use the sheet on the next page to make your list and fill in some important information about when you will get each item and how much it will cost. Here are some more details on how to use this sheet:

Step 1: Figure out what you have and what you need

Reat through the list on the left side of the chart. What do you have already? What do you need to find, borrow, buy, or rent? If you have it, write “Have” in the first box. If you need it, write “Need” in the first box. If you still need it, make note of how you will get it in the second box.

Step 2: Figure out what you need now and what you can put off

Go through the list again. What do you need now and what can you put off for a few years? Write a date in the third box. Be as specific as you want—you can write in a specific month or year or just write “in the future” if you are not sure when you will be able to afford something.

Step 3: Figure out how much it will cost

Go through the list again. Write the cost of each item in the last box. You will have to do some research—if you can’t find prices in a local store or catalog or on the internet, try asking a staff person or a farmer.



	Do you have it?	Will you rent it, buy it, or find it for free?	When do you need it?	How much will it cost?
Land				
Tractor				
Rototiller or BCS implements (tiller, mower...)				
Hand Tools (shovels, picks, bulb planters...)				
Livestock equipment (for food, water...)				
Cooler				
Barrel washer or old washing machine (for lettuce)				
Computer				
Other office equipment				
Market tents				
Market tables				
Scales				
Other marketing supplies and equipment				
Compost				

	Do you have it?	Will you rent it, buy it, borrow it, or find it for free?	When do you need it?	How much will it cost?
Farmhouse or trailer				
Storage barn				
Cold storage room				
Livestock barn				
Equipment shed				
Deer fencing				
Livestock fencing				
Greenhouse(s)				
High tunnel(s)				
Farm stand				
Livestock				
Seeds				
Transplants				
Well(s)				
Irrigation equipment (i.e. drip tape)				
Other supplies and equipment				

YOUR SMALL FARM BUSINESS PLAN

This sheet will help you put together a basic business plan. Also, your answers will help staff identify appropriate land and other resources for you. Answer the following questions as completely as possible on a separate sheet of paper. Remember that the worksheets you have already completed have a lot of the answers to the questions below. Feel free to look back at them.

Step 1: Think about your mission and goals

- Why did you decide to start a farm business?
- What will the farm help you and your family achieve?

Step 2: Think about you and your family

What does your family think about you starting a farm business?

Describe your family:

- Will any of your family members actively work on the farm? In what roles?
- What other ways will your family support your farm business?
- Do you plan to move closer to the farm?
- Do you plan to move your family with you?
- What is your current job?
- Will you keep your job full-time or part-time once you start the farm?



Step 3: Think about your farm products and how you will sell them

- What is the name of your farm business?
- What are your products? (vegetables, milk, cheese, meat, prepared foods, farm tours, etc.)
- Why did you decide to produce these products?
- What makes your products unique?
- Where do you plan to sell your products:
 - Farmers' markets: List the markets you are interested in
 - Small privately-owned restaurants or stores: list names and any details you have
 - Farm stand: describe any details about the stand that are important to you
 - Wholesale: List the markets and buyers that you are interested in selling to
 - I plan to sell my products in another way: describe how you plan to sell your products
- Who are your customers?
- Do you have transportation to bring your products to market? Describe your vehicle.
- How many days a week do you plan to travel to bring your products to market?
- Describe your ideal weekly schedule.

Step 4: Think about land for your farm

- Where would you like your farm to be located? List counties, town names, or general areas of your state.
- How many acres do you need for your farm?
- What is the ideal soil type for your farm?
- Are there any special land features that are important to you?
- Are you interested in a short-term lease (1-2 years), long-term lease (3-99 years), purchase or lease-to-own agreement? Describe your ideal land arrangement.

Step 5: Think about the cost of starting your business

List everything you will need to start your business, even if you already own it. Include all tractors, equipment, tools, irrigation supplies, and materials for buildings, storage sheds, or greenhouses, etc. Also include any legal, regulatory, and permit costs. Leave out things you will get in the future. Add up the cost of all of your start-up equipment and supplies. How will you cover the cost of these items? List the money that you expect to use from:

- Personal savings/other cash resources
- Family loans
- Bank loans

Step 6: Think about the monthly costs of your business

You have just figured out the cost of starting your business and how you will pay for it. However, there are other costs that you will have to keep your business going on a regular basis. For seasonal businesses like farming, it is easiest to keep track of your costs month by month. For example, in June you may only need to hire one person to help you for a few hours a week, but in September you might need 2 people helping you to harvest full-time. To figure out your monthly costs, answer the questions on the next page by filling in the chart for each month. When you are finished, add all of your costs together to find your total monthly costs. This total is the minimum amount of income your farm needs to make.



1. How many people will help you on the farm with planning, weeding, harvesting, etc? Will you pay your workers by the hour or by the day?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2. How much will you pay all of your workers together each month? (Do NOT include yourself and your family in this number)											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
3. How much will you pay for gas each month? Remember to figure out how many times a week you will travel during each month. In June you may only need to bring your products to market 4 times, but you may need to bring your products to market 12 times in August.											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
4. How much will you spend on maintaining your vehicle each month?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
5. How much will you spend on market fees each month?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
6. How much will you spend on farm supplies each month? (Seeds, fertilizers, etc.)											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
7. What other farm costs will you have each month?											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
8. How much money do you need from the farm to support yourself and your family each month? (Do NOT include money that will come from other jobs)											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
TOTAL MONTHLY COSTS											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec



Step 7: Think about how much money your business will make each month

Your business will make a different amount of money each month. For example, you may only make \$1,000 per week in June, but you may make \$3,000 per week in August. Use the chart below to figure out your monthly income. It may be easier to think about how much money you will make each week and then multiply by four to figure this out.

	Per Week Income	(x 4)	Per Month Income
January		x 4	
February		x 4	
March		x 4	
April		x 4	
May		x 4	
June		x 4	
July		x 4	
August		x 4	
September		x 4	
October		x 4	
November		x 4	
December		x 4	



Step 8: Think about your farm's timeline

- When do you expect your farm to start paying for its own expenses?
- When will you make big purchases?
- How do you expect your farm business to expand?

Try to identify some important dates and put them in order.

Step 9: Put it all together into a business plan!

All the hard questions you asked yourself throughout this guide can now be put into a plan for you to guide your farm business over time. It is a good idea to keep checking back and re-read your plan each year. Feel free to make changes to keep your plan up to date. It will be a helpful tool for making good farming decisions. Good luck!