

Is Agritourism for Me?

Assessing Your Current Farm or Ranch
March 12, 2007

Presented by Kathy Halbardier
Nevada Small Business Development Center

Nevada Small Business
Development Center

Who We ARE

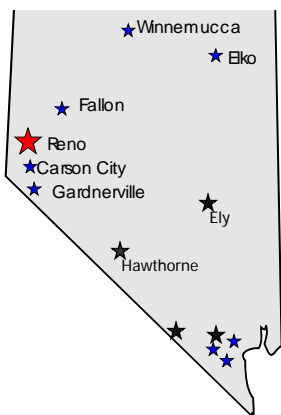
- A partnership program of the U. S. Small Business Administration and the University of Nevada, Reno, College of Business Administration

Our Mission/Our Vision

- **Mission:** To enhance economic growth in the State of Nevada through business development

- **Vision:** Nevada's premier economic development resource with a network of facilities throughout the State providing the expertise, knowledge and innovative training necessary to help start-up and ongoing businesses succeed

Our Network



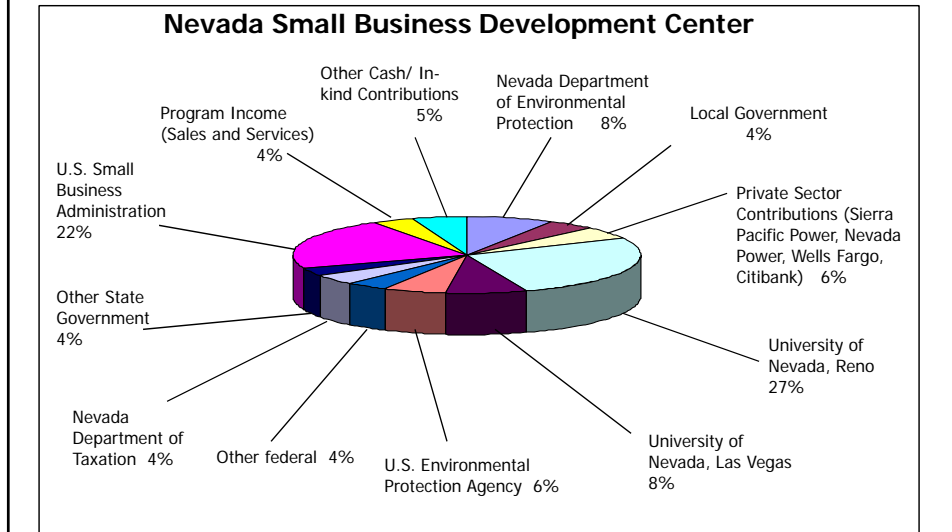
STATE OFFICE

University of Nevada, Reno
College of Business Administration
(775) 784-1717

OFFICES THROUGHOUT THE STATE

Carson City Area Chamber of Commerce (775) 882-1565	Reno Business Environmental Program (800) 882-3233
Carson Valley Chamber of Commerce and Visitors Authority (775) 782-8144	North Las Vegas Office (702) 399-6300
Ely Rural Nevada Development Corporation (775) 751-1947	Sierra Pacific Power Company (Business Environmental Program) (800) 882-3233
Churchill Economic Development Authority (775) 423-8587	University of Nevada, Las Vegas College of Business (702) 895-4270
Western Nevada Community College (775) 945-2405	Las Vegas Business Environmental Program (702) 866-5962
Great Basin College- Elko (775) 753-2245	North Las Vegas Chamber of Commerce (702) 895-4270
Winnemucca Office (775) 623-1064	Pahrump Rural Nevada Development Corporation (775) 751-1947
Hawthorne - Mineral County High School	(775) 945-2405

Our Funding Sources



Our Partners

NSBDC' s 2006 Primary Funding Partners:

- U.S. Small Business Administration
- University of Nevada, Reno
- U.S. Environmental Protection Agency
- Nevada Division of Environmental Protection
- Nevada Department of Taxation
- University of Nevada, Las Vegas

Our Services

- Counseling Services
- Professional Training
- Geographic Information Services
- Business Environmental Program (BEP)
- State Demographer
- Technology Development Assistance Program
- Bureau of Business and Economic Research
- Disadvantaged Business Enterprise Outreach Program
- Safety Assistance Service
- Energy Efficiency Assistance

Feasibility Study

Defined.... Any ideas?

According to Webster, feasibility is defined as:

- capable of being done
- likely
- probable
- suitable

Feasibility Study – an analysis of the viability of an idea

What is a feasible business?

- a business that generates adequate cash-flow and profits
- a business that withstands risks
- a business that meets the long-term goals of its founders
- a business that is likely to succeed

Feasibility Studies

- Important because it focuses you on answering the question, “Should I proceed with this idea?”
- All activities involved in such a study will help you to determine the viability of your idea before you proceed in development of your new business—in simple terms, will help you to answer that key question.

Can I Skip the Feasibility Study?

Common Reasons for Not Completing a Feasibility Analysis:

- We know it's feasible; other businesses are already trying the idea.
- A feasibility study was done in the past, so why do it again?
- The only people who profit from these studies are the consultants who get paid for completing them.
- Feasibility studies are a waste of time when I need to be working on buying my building, equipment, etc.
- My time should be devoted to developing my business.

So Why Assess Feasibility?

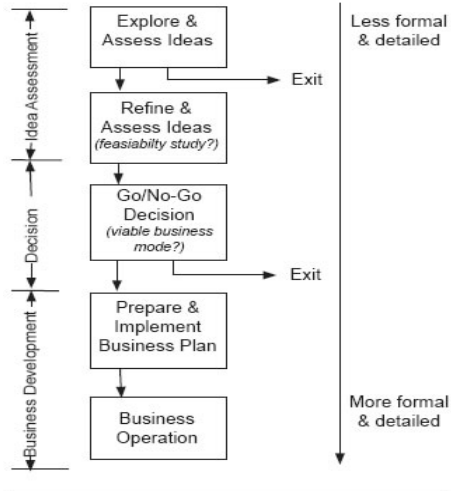
➤ Reasons to conduct a feasibility study include:

- Gives focus to the project and outlines alternatives.
- Helps you to discover new opportunities.
- Identify reasons not to proceed before it's too late.
- Address factors that could impede your business venture early on.
- Provides quality information for decision-making.
- Helps to increase investment in the company.
- Provides documentation that the business venture was thoroughly investigated.
- Helps in securing funding from lending institutions and other sources.

Successful businesses do not start their ventures without thoroughly weighing the probability of success.

The Process - Idea Assessment and Business Development

Figure 1. Idea assessment and business development process.



Step 1: Initial Idea Exploration, Identification and Assessment

- Form a project committee.
- Formulate general business ideas or concepts.
- Identify alternative business models or scenarios for the ideas.
- Investigate idea/concepts and alternative business scenarios.
- Formal investigation.
- Further refine scenarios.

Step 2: Idea/Concept and Scenario/Model Deliberation

- You have now narrowed down your options and want to assess them thoroughly. To do so:
 - Further refine the business models.
 - Conduct a feasibility study.
 - Analyze the feasibility study.
 - Further refine the idea using the information you have obtained.

Step 3: Go/ No-Go Decision

- After weighing your options through the feasibility analysis, you have three possible decisions:
 - Decide that the project is viable and move forward with it.
 - Decide to do more study or analyze additional alternatives.
 - Decide the project is not viable and abandon it.

Step 4: Business Plan Preparation

- A feasibility study is not a business plan; it is a tool used to determine whether your idea is viable. The study helps you to outline your alternatives for success and create a business model.
- A good business plan helps you to make your idea a reality.
- The business plan will help you achieve the following:
 - Create a legal structure for your business.
 - Secure market access and develop a target market.
 - Raise equity and secure financing.
 - Hire management and staff.
 - Construct and/or find a facility.

The Business Plan

A basic business plan contains the following:

- Executive Summary of the business.
- Company - present situation
- Management & Personnel
- Market Analysis – Customers
- Competition
- Market Strategy
- Pricing & Profitability
- Financials

Testimonials from Small Businesses that Have Transitioned Successfully

(provided by the National Resources Conservation Service)

- ✓ **“We were forced into developing another source of income after our crop was frozen out. We looked at ways to make the resources on the farm bring in additional income.”**

--Sam and Barbara Cool of Smithsburg, Maryland, who used an irrigation pond on their property to create **Cool’s Fishing Pond** for cold-water trout.

- ✓ **“My father and uncle wanted to increase their income. Crop production could not easily be expanded. Thus, a higher price for the milk was the only alternative. The mobile ice cream and milk store grew out of people asking for ice cream for special occasions.”**

--William Leshner of **Way-Har Farms** in Bernville, Pennsylvania. Leshner began directly marketing his ice cream and milk to consumers in order to sell for a higher price.

Testimonials Continued...

- ✓ **“Neighbors and friends started to come out to the ranch to see the mules, horses, and Jacks. I had an old wagon, and I would give them rides. It was very low budget. Once, I was at the local county fair with the mares, and I was asked if I could haul people from the parking lot to the fair. We gave free rides to several hundred people in the following 3 hours.”**

--Larry Edmonds of Three-Rock Ranch in Spokane Washington. Edmonds provides horse-drawn wagon rides during the Christmas season.

Weighing Your Options: Primary Considerations Before Beginning an Agritourism Venture

(From the Agri-Business Council of Oregon)

- ✓ “The single most important factor to consider is the “people factor.” In other words, a tourism/recreation experience is about people — working with people, working for people, servicing people, and meeting people’s needs. So if you are sincerely interested in a farm or ranch tourism/recreation component for your operation, you *must* like working with people.”
- ✓ “Before answering the question, “Should I do it?” take time to examine your options and goals. A fee-recreation enterprise, like other income-producing ventures, requires capital, time, planning, marketing and management. It can only be successful if you blend these components wisely.”
- ✓ **Start With What You Have:**
Begin with assessing the potential attractions that already exist on your property, rather than spending money on creating something new. Consider each of the following
 - Land resources and climate.
 - Strengths within your family and areas of interest.
 - Improvements you would need to make to the capital and infrastructure on your farm.
 - Natural attractions that might draw tourists to your farm.

More Considerations...Are you ready to market directly to the consumer?

(From the Agri-Business Council of Oregon)

- Have you completed your market research—what value-added products are in high-demand in your industry?
- Can your farm handle increased production costs from value-added products?
- Are you ready to begin an active marketing campaign for your product?
- Are you ready to write a business plan?

Agritourism Options

- • **Outdoor recreation** (fishing, hunting, wildlife photography, horseback riding).
- • **Educational experiences** (farm and cannery tours, cooking classes, wine tasting, cattle drives, or help work the ranch).
- • **Entertainment** (harvest festivals or corn mazes).
- • **Hospitality services** (farm and ranch stays, guided tours or outfitter services).
- • **On-farm direct sales** (u-pick operations or roadside stands).
- • **Off-the-farm direct sales** (farmers' markets, county and state fairs, special events).

The Possibilities are Endless...

- | | |
|---|--|
| ➤ Agriculture Food & Craft Shows | ➤ Hay Rides / Sleigh Rides |
| ➤ Animal Feeding | ➤ Hiking / Cave Exploring |
| ➤ Archery Range | ➤ Historical Museums and Displays (Ag History, Machinery, etc.) |
| ➤ Fossil / Rock Collecting | ➤ Horseback Riding |
| ➤ Barn Dances (Square Dancing, etc.) | ➤ Hunting Dog Training & Competition |
| ➤ Bed & Breakfast (Rural & Historical) | ➤ Off-Road Motorcycling, ATV, Mountain Biking |
| ➤ Bird Watching & Wildlife Viewing | ➤ Pack Trips |
| ➤ Boating & Canoeing | ➤ Petting Zoo |
| ➤ Camping / Picnicking | ➤ Photography / Painting |
| ➤ Children's Camp (Summer or Winter) | ➤ Ranch Skills (horseshoeing, leatherwork, camp cooking, horse training, etc.) |
| ➤ Corporate picnics | ➤ Roadside Stands & Markets |
| ➤ Cross-country Skiing | ➤ Rock Climbing |
| ➤ Educational or Technical Tours | ➤ Rodeo |
| ➤ Elderhostel | ➤ Self-Guided Driving Tours |
| ➤ Family Reunions | ➤ School & Educational Tours and Activities |
| ➤ Farm or Ranch Work Experience (roundup, haying, fencing, calving, cutting wood, etc.) | ➤ Snowmobiling |
| ➤ Fee-Hunting | ➤ Swimming |
| ➤ Fee-Fishing (Ice Fishing in Winter) | ➤ Trap & Skeet Shooting |
| ➤ Floral Arrangements | ➤ Tubing & Rafting |
| ➤ Flower Shows or Festivals | ➤ U-Pick Operations |
| ➤ Fly Fishing and Tying Clinics | ➤ Wagon Trains |
| ➤ Food Festivals | ➤ Wilderness Experiences |
| ➤ Gardens (flowers, greenery, herbs, dried flowers) | |
| ➤ Guided Crop Tours | |
| ➤ Guiding and Outfitting | |
| ➤ Habitat Improvement Projects | |
| ➤ Harvest Festivals | |

Thank You

Questions?

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