

WELCOME TO EVALUATING PROFITABLE AGRICULTURAL ENTERPRISES

A PROFESSIONAL DEVELOPMENT WEBINAR SERIES



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TODAY

- Intros and webinar series details
- Components of economic feasibility assessment
- Baby steps – analyzing a new idea
- Full business planning – required sections for economic feasibility
- Resources
- Guest speaker – Curtis Rowley, Cherry Hill Farms Inc.

- Thanks to WSARE for funding this webinar series - Western Sustainable Agriculture Research and Education



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PURPOSE

- For Extension, tribal, or government personnel who work with agricultural producers, small growers, and food makers
- Those with *clients seeking assistance* with management decisions or assessing the feasibility of new enterprises or products
- Opportunity to learn basic *economic feasibility analysis*, components of business planning



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WEBINAR FORMAT

- Content Overview – Instructor (Various)
- Resources/Aids
- Questions/Discussion
- Case Study – Producer or Extension professional presentation



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TEAM

- Kynda Curtis, Agriculture & Food Marketing Specialist, USU Extension
- Ruby Ward, Agricultural Entrepreneurship & Taxation Specialist, USU Extension
- Ryan Larsen, Risk & Farm Management Specialist, USU Extension
- Ana Thayer, Water Economist, USU Extension
- Emma Swainston, Extension Program Assistant, USU Applied Econ
- Cole Ehmke, Agriculture Entrepreneurship & Personal Financial Management Specialist, U.Wyoming Extension



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SCHEDULE

Date	Session Title
Wednesday December 1	Introduction to Economic Feasibility Assessment
Wednesday December 15	Market Feasibility Assessment
Wednesday January 12	Financial Feasibility Assessment – Budget and Profit Basics
Wednesday January 26	Financial Feasibility Assessment – Budgets
Wednesday February 9	Financial Feasibility Assessment – Financial Analysis
Wednesday February 23	Enterprise Financing: Federal Grant and Loan Programs
Wednesday March 30	Enterprise Assessment Example – Drought Management
Wednesday April 13	Conducting Client Needs Assessments
Wednesday April 27	Evaluating Extension Programming
Wednesday May 11	Participant Project Presentations

We may add a webinar if topic requested. If you have questions or comments, please email kynda.curtis@usu.edu.



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WEBINAR I: INTRO TO ECONOMIC FEASIBILITY ASSESSMENT

KYNDA CURTIS, PROFESSOR & EXTENSION AG & FOOD MARKETING SPECIALIST

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COMPONENTS OF ECONOMIC FEASIBILITY ASSESSMENT

- Define product, service, etc.
- Assess potential demand (volume and pricing)
- Estimate cost of production
- Examine break-even volume and pricing
- Choose a profitable pricing approach

- Requires well researched marketing and financial information
- Basically, a partial business plan specific to the idea at hand.....
- This webinar series will give you the skills/tools required



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BABY STEP I: ANALYZING A NEW IDEA – ENTERPRISE, PRODUCT....




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ANALYZING A NEW IDEA – BUSINESS, ENTERPRISE, PRODUCT....

- Pre-Biz Plan Sketch Book (Developed by Utah Small Business Development Centers)
- Complete book available on our website
- Use to think through business ideas....
 - Understand the data needed to develop a business plan, examine the potential profitability/feasibility of a product, enterprise, etc.
 - Identify gaps in current knowledge or available data, research needs
 - Understand the difference between a “perception” (i.e. gut feeling) and a well-researched plan



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Why do people “need” (want) it?



It's always better to have a need than a want. If you have a want, then you have to spend effort in convincing people that's it's a need.

Another way of saying this is: “There is a problem out there and my business has a solution.” After you write about the “need”, fill in the check box below about how you have researched this need, just have a “gut feel” about it, or have no real knowledge about it. If you haven't researched your answer, it's all right. That's why you've come to learn!

Sample: People need this because there are thousands of new people moving to Washington county every year in addition to the thousands of snowbirds that migrate every winter. A sizeable percentage of these pay cash for homes and condos so they have disposable income. They are used to getting good service, but they don't know who to call. Many of them need someone to open their homes, buy groceries or arrange for repairs. On the other hand many businesses would like access to this market of receptive customers. Though they will not be able to pay for a good referral, they would like to; advertise on the [GigDone](#) web site.

People need my business because:

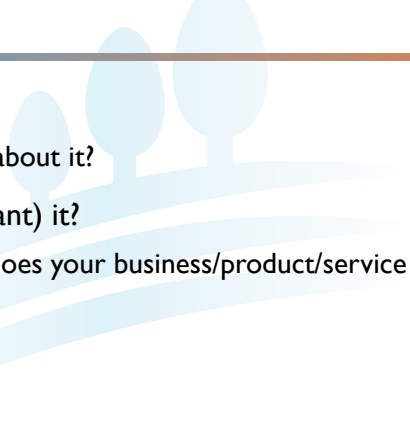

I've researched this
 I have a gut feeling it's true
 I don't know

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PRE-BUSINESS PLANNING QUESTIONS

- What is your idea?
 - Is there anything unique about it?
- Why do people “need” (want) it?
 - What problem or need does your business/product/service address?
- Who is you customer?
- How will you reach them?

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PRE-BUSINESS PLANNING QUESTIONS

- Who are your competitors?
- What is your comparative advantage?
 - What do you have or what can you do that others cannot?
- Who is on your business team?
 - Who will help you and what will they do?
- Where will customers buy your product(s)?



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PRE-BUSINESS PLANNING QUESTIONS

- What will you need to buy to get started?
- How much money do you need to get this idea to the point where you can start selling?
- Where will the money come from?
- How soon will you be able to start selling?



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PRE-BUSINESS PLANNING QUESTIONS

- The pre-business planning questions are meant to help identify:
 - What the product, service, business is
 - Who the product appeals to
 - What the financial needs are
 - And who makes up the support team
- Review the answers and decide which areas need the most attention or need to be further described/researched



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STEP 2: FULL BUSINESS PLANNING



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WHY IS A BUSINESS PLAN IMPORTANT?

- Is the product/service... feasible, is it likely to make money long term?
- Streamline and solidify ideas
- Visualize what works and what doesn't
- Clearly illustrate the path, goals, and vision for all involved
- Secure financing from lenders, private investors, government programs



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BUSINESS PLAN COMPONENTS

- Company Name, Location, Owners
- Mission Statement
- Board of Directors/Advisors
- Business Vision/Executive Summary
- **Product Description**
- **Market Segments (Target Customers) and Pricing**
- **Product/Service Annual Production Budget**
- **Start Up/Operating Capital Needed**
- Company Management and Roles



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PRODUCT DESCRIPTION

- Describe the product and relevant features
- How is the product different from existing products?
- How does the product fulfill a need or gap in the market?



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EXAMPLE PRODUCT DESCRIPTION

- Aubrey's Natural Meats, LLC

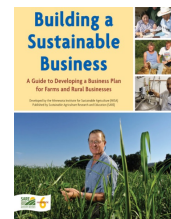
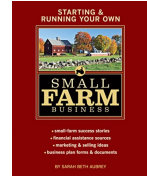
We will offer our premium steaks, hamburger, roast beef, and gourmet beef snacks through white-tablecloth restaurants that share our vision of providing consumers with a safe and delicious eating experience. Aubrey's Natural Meats will also be offered through key gourmet and natural retail stores so that the entire public will have an opportunity to purchase our meat for their families. Select grade meat and lower will be used to make ground beef, beef for stewing, beef snacks (including one-ounce sticks, salami, sausage, and beef jerky), and pastrami luncheon meat. Our products will also be available for mail order online. Products will be fresh and packaged in clear, vacuum-sealed bags. A state-approved label will be designed especially for Aubrey's Natural Meats. Customized cuts will be offered by order on a weekly basis.



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BUSINESS PLAN RESOURCES

- Building a Sustainable Business – Workbook, download or buy at: <https://www.sare.org/resources/building-a-sustainable-business/>
- Starting and Running Your Own Small Farm Business – Book sold online at: <https://www.amazon.com/Starting-Running-Your-Small-Business-ebook/dp/B0081J0JO4>
- AgPlan online software provided by the Center for Farm Financial Management – at: <https://agplan.umn.edu> videos at: <https://vimeo.com/showcase/8428877>



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OTHER

- Agritourism/Food Tourism - <https://extension.usu.edu/apec/agribusiness-food/farm-agritourism>
- USU Extension Business Management - <https://diverseag.org/business-management>
- Assessing Markets for Value Added/Season Extension - <https://extension.usu.edu/apec/agribusiness-food/extended-season-marketing-opportunities>



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BUSINESS PLAN WORKSHEETS PROVIDED

- Product description
- Resource Needs
- Customer Segmentation
- Competition Analysis
- Promotion Plan
- Sales (volume) Projections
- Pricing
- Annual Budgets
- Break Even Analysis
- Partial Budgets
- Projected Cash Flow
- Risk Analysis
- Financial Needs

<https://extension.usu.edu/apec/extensionagentproject>



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SMALL BUSINESS DEVELOPMENT CENTERS – FREE BUSINESS PLAN ADVISING

- Utah: <https://utahsbdc.org/locations/>
- Nevada: <https://nevadasbdc.org>
- Idaho: <https://idahosbdc.org>
- Oregon: <https://oregonsbdc.org>



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QUESTIONS SO FAR?



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GUEST SPEAKER

- **Curtis Rowley - Cherry Hill Farms Inc, Santaquin, Utah**
- Mr. Rowley runs a tart cherry farm just south of Provo, UT in operation since the 1920s. In addition to producing millions of pounds of cherries, Cherry Hill Farms also has apple and peach orchards. They have a large staff of temporary and permanent employees, including many Rowley family members. Their products are marketed wholesale and through a network of fruit stands as well as via a new u-pick option. Mr. Rowley graduated from Utah State University with a degree in business agriculture then attended graduate school at Michigan State University.



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CURTIS ROWLEY - CHERRY HILL FARMS INC, SANTAQUIN, UTAH

- Producer of tart cherries, apples and peaches on four locations in Utah and Idaho since the early 1900s
- Fruit sold via many farm stands
- Management and labor provided by family and 104 full time H2A laborers plus seasonal workers
- New enterprise includes u-pick



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NEXT WEBINAR: WEDNESDAY DECEMBER 15

- Discuss Marketing Feasibility Assessment
 - Target Markets
 - Pricing
 - Marketing Plans
 - Resources
 - Guest speaker on test marketing
- Discuss Course Project



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THANK YOU!

QUESTIONS?



This material is based upon work that is supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, under award number 2020-38640-31523 through the Western Sustainable Agriculture Research and Education program under project number WDP21-012. USDA is an equal opportunity employer and service provider. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.



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