



# Getting Started in Agriculture



# Getting started in agriculture



One of the most important pieces for starting a new agriculture business or venture is a passion or interest for what you are doing.



Some questions to ask yourself are:

What are my passions in agriculture?

Where do I want to go with this passion?

What route or path will I need to follow to get there?



# Find Success in What You Like to Do

Match your passion with realistic expectations.

For example, just because raising chickens for meat is your passion, this does not mean that there will be a profitable market to sell meat birds (people wanting to buy chickens).

The opposite is also true. For example, if the goat market is very profitable, yet you hate raising goats and prefer to raise beef cattle, this venture will most likely fail.

Finding a balance between profitable markets and and your passion is important for starting an agriculture business.





# Building a business plan

- What information do you need for a business plan?



# Why bother making a plan?

Making a plan is critical

- for starting a new business

Why?

- Over 70% of new businesses fail within one year of starting
- Most businesses fail because of:
  - Not enough planning
  - They don't have enough capital (money to start)
  - The right skills are not apart of the business team when it starts



# Most business plans include...

Vision - what is important to you.

Goals - what you hope to accomplish.

Mission statement - who you are, the direction or purpose, and what makes your business unique.

SWOT Analysis - strengths, weaknesses, opportunities, and threats for your business.



# SMART Goals



**Setting goals is an important step in the planning process.**



**Goals should be:**

Specific (avoid vague goals)

Measurable (can you actually measure success)

Attainable (can you make it happen)

Reasonable (you can reach your goal)

Timed (when will it be done)







# Planning in agriculture

## Time

- How long will it take you to get started?
- How long will it take before your product is ready for market?

## Labor

- Will you need lots of employees?
- Is your business labor intensive?

## Capital

- How much money will you need to get started?
- Will you need to buy critical infrastructure such as livestock, fences, equipment, land, etc.?





# Market analysis

Understanding your market is important. A SWOT analysis can help.

The strengths and weaknesses are usually associated within your business whereas opportunities and threats are external.

- Strengths
- Weaknesses
- Opportunities
- Threats



# Lease vs. buy



- Livestock
  - In some instances, livestock can be contracted or leased for a certain amount of time.
  - Profit can be made by the amount of weight animals gain or from taking care of the animals for a set period of time
- Land
  - Buying land can be expensive and is not always available.
  - Some newer ag business owners may lease parcels of land for a cheaper prices to get started or expand their business.



# Net Present Value



Buying or purchasing land, livestock, or equipment can require a large amount of capital investment.



Remember capital is the upfront money you need for making purchases.



The Net Present Value (NPV) tool can help you with a buying vs. leasing/renting analysis and can be found here:

<https://uwyoextension.org/ranchtools/npv-tool/>.



# Summary



Having a plan is important when starting a business.



A majority of new businesses fail.



Going through the process of developing a plan with a market analysis and incorporating a SWAT analysis is important.



A great resource for other information related to start a business is the SARE Handbook #6, *Building a Sustainable Business*, 2010.



Assignment – Complete and NPV Analysis

