

Starting a SUSTAINABLE AGRICULTURE BUSINESS

Megan K. Clayton

Assistant Professor and Extension Specialist

Amanda Corso Krause

Sustainable Agriculture Consultant, Parker Creek Ranch

John W. Smith

Extension Program Specialist I

The Texas A&M University System

Sustainable agriculture involves using innovative strategies to produce and distribute an agricultural product. According to the Sustainable Agriculture Research and Education (SARE) program, the definition encompasses three main pillars:

- **Economic:** Profit over the long term
- **Environmental:** Stewardship of our nation's land, air, and water
- **Social:** Quality of life for farmers, ranchers, and their communities

What makes sustainable agriculture different from traditional agriculture methods? In addition to the traditional goals of making a profit and taking care of

the natural resources so that the business can continue, sustainable agriculture puts a special emphasis on the social aspects of agriculture.

Consumers are becoming more concerned about where their product comes from, who raised it, and what production methods are used. Farmers and ranchers are recognizing the benefits of raising a local product for their communities and in reinstating the consumer's connection to the land that has been lost in many cities and suburbs.

Follow the steps below to help your sustainable agriculture venture get off to a good start.

1. Establish goals and objectives

To begin a sustainable agriculture business, first identify the values that are most important to you—write down your broad goals, what you hope to accomplish with your business.

From those goals, set specific, measurable objectives. The key is *measurability*. Without measurable objectives, it will be difficult to determine whether you are on track to meet your goals.

Setting goals and objectives can take time and may even require several edits before capturing your dream plan. Although these ideas will likely evolve as your business grows, the point now is to develop a firm foundation on which to build.



Milk goats provide a product that can be turned into many consumer products, depending on local demand.



Experienced ranchers can help agribusiness newcomers gain practical skills.

2. Create a business plan

Writing your business plan can uncover roadblocks to profitability, including start-up costs and marketability. For your plan to be effective, you need to be honest about your situation.

A solid business plan is also key to securing a loan for investment purposes. And it will help you make critical decisions for your business. Some major considerations:

- **Initial investment:** Once you think through your production plan (discussed below), you should have a good idea about the financial needs for starting the operation.
Typically, it takes several years before most small businesses start to make a profit—plan accordingly!
- **Product demand:** Although it is hard to foresee all the market opportunities before the business gets under way, look into all the options that might be a good fit.
Talk to restaurants or farmers markets to determine whether they can sell your product and what kind of demand there may be. Even an outstanding product will not be profitable if there is no market for it.
- **Estimated annual gross and net:** Based on the expected demand and your production ability, calculate the annual gross income (all the money you earn) and the annual net income (gross minus taxes and expenses). Does this amount seem realistic? Could you reduce any inputs—such as labor, packaging, or transportation costs—to increase your profit?

- **Time to devote to marketing:** Small businesses often benefit from direct marketing to enable their product to command a premium price. Although you may not be producing as much or as efficiently as a larger corporation, the value you add can make up the difference if you've found a demand for it.

Direct marketing can be time consuming because you must be persistent if you are to secure a venue or market, and then you must continuously prepare the product and sell it to customers.

For many producers, the best aspect about sustainable agriculture is their relationships with the customers. However, it takes extra time to provide that extra information and to cultivate relationships and trust. Be sure to figure in a value for your time.

- **Marketing avenues:** Many people choose multiple marketing avenues, which typically include restaurants, mail order, farmer's markets, wholesale to supermarkets, direct off-farm sales, and community supported agriculture (CSA).
Because each marketing option has pros and cons, research all to select those that fit your situation and lifestyle best.
- **Risk assessment:** Farming is risky. Assess the risks of your business to identify practices that bring opportunity and those that do not. Create a risk assessment to help you take the "right" risks.
This may be a good point to consult with mentors who have similar successful businesses. These people have experience and expertise that may save you time and money.

3. Create a production plan

These factors may help you choose the most practical operation for your resources:

- **Weather/climate:** Choosing an operation that fits your area's rainfall and temperature patterns will be less risky from the start. Research the best conditions for the plants or animals you are considering.

- **Soil type:** Be realistic about soil limitations and regular management needs, which will lead to fewer surprises after you have made the initial investments. Learn about your soils at the Web Soil Survey website hosted by the U.S. Natural Resources Conservation Service at websoil.survey.nrcs.usda.gov/.
- **Water:** Most farmers and ranchers depend heavily on sources of water besides rainfall. Does the practice you're considering demand much water? Will you need to install watering sources at multiple locations across your property?
Water developments can be expensive. Recognize your water needs and plan for them in the start-up phase.
- **Production quantity:** Although you must produce enough to make a profit, you do not want to grow too big too fast and make costly mistakes.
Also consider: What product quantity fits the lifestyle you would like to maintain for your family? How much do you realistically think you can manage? This information will help you predict your annual gross income in the business plan.
- **Methods:** Research what has worked best for operators of similar size. Learn from others' mistakes.
- **Production duration:** Calculate the amount of time it will take to turn a profit. This may limit the amount of production each year.



Mobile turkey housing provides shelter for pastured turkeys in areas where shade is lacking.

How much of the year will you produce? How will you earn a profit year-round or keep your consumers supplied during off-months?

- **Labor:** Most people starting a new business expect to work long hours, especially for the first few years. However, you may need to bring in help occasionally or even regularly. Do you have access to the type of additional labor you might need? Ag operations are typically family businesses.

Discuss your plans with the whole family—after all, you're going to need them!

- **Land:** Land size often governs the types of practices that can be successful. Consider not only whether your land is suitable for the practice, but also if the size can support the practice year-round. If not, what options might you have for leasing land nearby?

Plan according to the toughest years, such as during drought, to ensure less risk after you get started.

4. Implement the plans

Your project implementation plan must be more specific than your business and production plans. Describe how you will implement your strategy, and create a to-do list with a timeline to help you stay on track.

Each producer will have a unique strategy for project implementation based on a variety of factors. The business and production plans should enable you to prioritize these strategies and make the most efficient use of your time and money.

Implementing your ideas can be one of the most challenging aspects of beginning a business. It is scary to finally put your thoughts into action. Be confident in your research and preparation, and take a leap of faith!

5. Monitor performance

Monitor your business performance so you can identify areas that need attention. Are you on track to meeting your goals?

Running a sustainable agriculture operation is an evolving process. Your monitoring routine may highlight the need to modify your business plan, production plan, or even your goals.

Monitoring may include:

- **Bookkeeping:** Keep tabs on income and expenses, cash flow, balance sheets, gross margins, and other financial aspects of the business.
- **Biological monitoring:** Maintain records on animal numbers, feed consumption, performance, growth rate, death rate, pest and predator problems, wildlife surveys, vegetation surveys, and soil surveys.
- **Marketing:** Monitor your sales, market trends, webpage activity, and social media outlets. They will enable you to better make effective marketing decisions and recognize upcoming problems.

Detailed record keeping and careful analysis will equip you to make the best decisions for your business.

Start-up tips

Diversify your operation: If your business is hit by predation, extreme drought, severe storms, or fluctuations in the market, you will need alternative income sources to support your business.

- **Visit other farms:** Talk to as many producers as possible. Visit their operations and take pictures and notes. This information may be among the most valuable insight you can get.
- **Know that mistakes are inevitable:** Start small if possible and learn from your mistakes.
- **Go with proven results:** Although experimentation is good and may be necessary, rely on the principles and strategies that have proven successful to keep costs down.

- **Be patient for 3 to 5 years:** New businesses typically do not have a return on investment for 3 to 5 years while the owners cover start-up costs, learn the trade, and understand the market.

Resources

Below is a list of websites on starting a sustainable ag business. Publications, books, and videos are also available, and remember to consult with others.

General

- Sustainable Agriculture Research and Education: <http://www.sare.org/>
- National Center for Appropriate Technology: <https://attra.ncat.org/>
- Acres USA: <http://www.acresusa.com/>
- U.S. Department of Agriculture: <http://www.usda.gov/>
- Texas Organic Farmers and Gardeners Association: <http://tofga.org/>
- Texas Department of Agriculture Organic Certification Program <https://texasagriculture.gov/RegulatoryPrograms/Organics.aspx>

Marketing

- Local Harvest: <http://www.localharvest.org/>
- Eat Wild: <http://www.eatwild.com/>

Work exchange programs and internships

- Eager Farmer: <http://www.eagerfarmer.com/>
- National Center for Appropriate Technology: <https://attra.ncat.org/>
- World Wide Opportunities on Organic Farms: <http://www.woof.net/>

Texas A&M AgriLife Extension Service

AgriLifeExtension.tamu.edu

More Extension publications can be found at *AgriLifeBookstore.org*

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