



The Feasibility of Alternative Enterprises

Rod Sharp

Colorado State University Extension

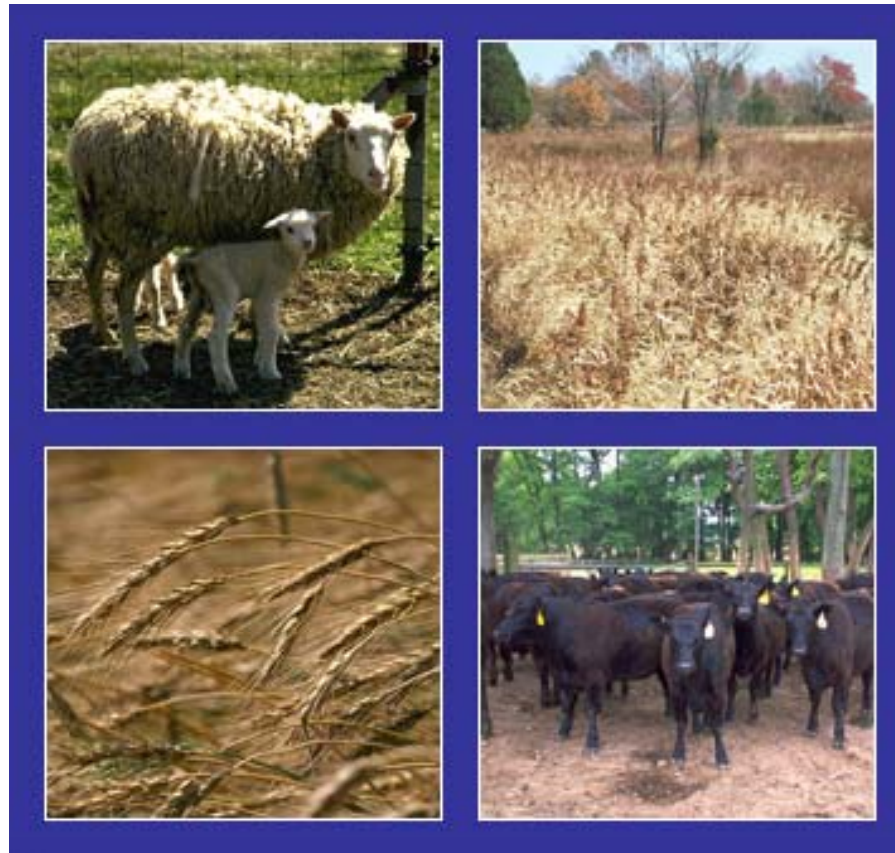
Ag in Uncertain Times
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Enterprise Definition

- An Agricultural Enterprise
 - An activity that generates one or more saleable products

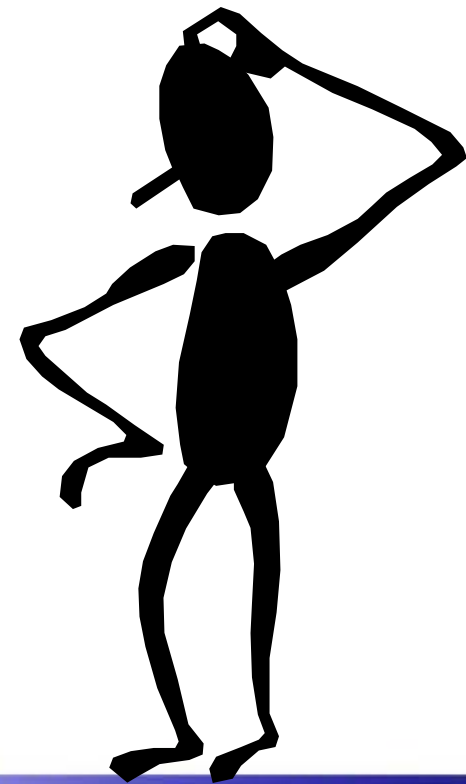
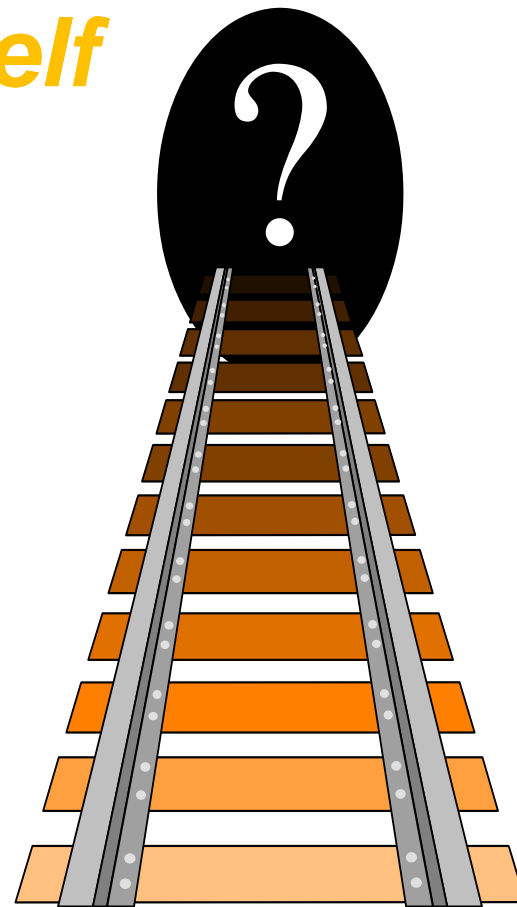
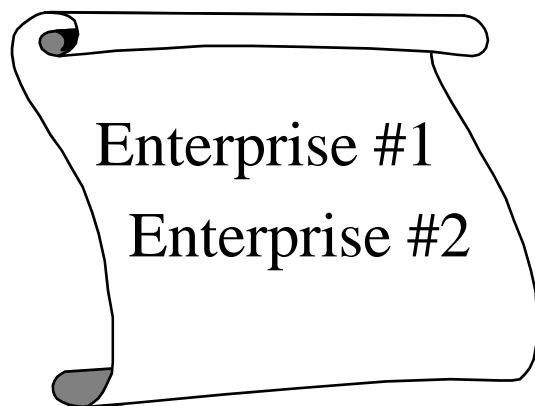


Common Traits of an Agricultural Enterprise

- Combines limited resources to generate dollars of return
- Can be separated from other enterprises by accounting procedures to its returns and expenses
- Has some element of risk and uncertainty



Enterprises Are a Means to an End *Not the End Itself*



Alternative Enterprises: What Does It Mean?

- Alternative Livestock Enterprises

- Bison/Buffalo
- Exotics
- Goats
- Pastured Poultry
- Elk/Deer



- Alternative Crop Enterprises

- Fiber Crops
- Oilseeds
- Specialty Legumes
- Seed Crops
- Forestry Products



Alternative Enterprises: What Does It Mean?

- Agri-tourism/Recreation
 - Bed and Breakfasts
 - Camping
 - Hunting/Fishing
 - Biking/Hiking/Snowshoeing
 - Ranch Tours/Vacations
 - Wagon/Sleigh Rides
 - Historic/Heritage Tours



Alternative Enterprises: What Does It Mean?

- Alternative Production Systems
 - Organic
 - Natural
 - No/Reduced Tillage
 - Grass Fed
 - Low/No Input
 - Value Added Processing



Alternative Enterprises: What Does It Mean?

- Alternative Marketing Strategies
 - E-Commerce
 - Farmers Markets
 - U-Pick
 - Alliances/Partnerships/Cooperatives
 - CSA's (community supported agriculture)
 - Direct Sales



Reasons for Alternative Enterprises

- Increase Profits
- Reduce Risk
- Better Utilization of Resources



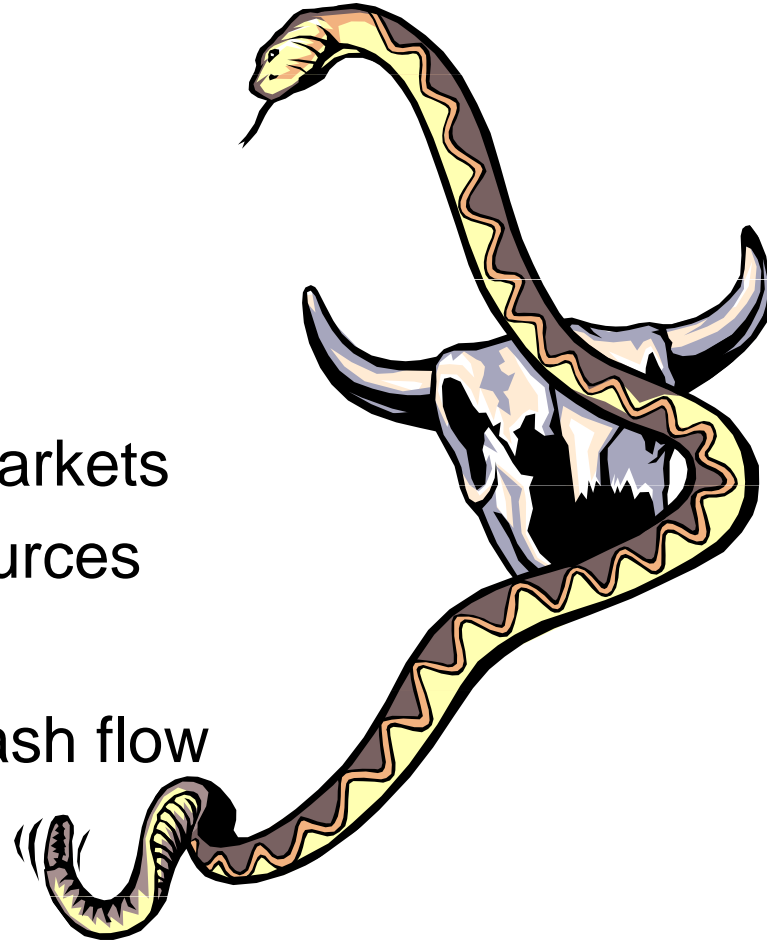
Reasons for Alternative Enterprises

- Increase Profits
 - Reduce input use
 - More profitable enterprises
 - Improve efficiency
 - Collect more of the consumers dollar
 - Higher prices to the farmer
 - Additional income sources



Reasons for Alternative Enterprises

- Reduce Risk
 - Diversification
 - Spread Price Risk
 - Reduce weather/other environmental risks
 - Less Volatility in the Markets
 - Alternative Income Sources
 - Reduce Legal Risk
 - Increase or improve cash flow



Reasons for Alternative Enterprises

- Better Utilization of Resources
 - Land
 - Labor
 - Capital
 - Family Members
 - Water



Feasibility of Alternative Rural Enterprises

Welcome to the Feasibility of Alternative Rural Enterprises Course. This course is divided into the following sections:

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Agricultural and Rural Enterprises

- Definition and Common Traits
- Alternative Enterprises
- Level Of Interest - SWOT Analysis
- Check for Understanding

Selecting and Planning for Alternative Enterprises

- Assessing Feasibility
- Competitive Analysis
- Business Planning
- Check for Understanding

Assessing Risks

- Risk Preferences
- Sources of Risk
- Risk Management Strategies
- Check for Understanding

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Click a lesson title to continue.





Farm Management

Ag In Uncertain Times

Farm Management Wiki

Items on this site are under continuous development and revision. Current materials housed here include:

- **Ag In Uncertain Times** - a webinar series and a site to view recorded live events, as well as offer content

• <http://farmmanagement.org>

This website and associated pages and material are developed and managed by the Western Extension Economists from the 13 western states, Guam and other Pacific Islands supported by Coop region. Click the logo for more information and additional product listings.

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HomePage

Welcome

To the Farm Management Wiki designed with the intention of providing practitioners and educators access to farm management information.

★ Getting started.

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2. **the outline** provides a table of contents for the material included in the site,
3. Search for a page or information using the [site search box](#), or
4. Contribute to the Wiki after becoming a registered user by emailing the site [administrator](#).

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Online Courses

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- [Taxes for Agricultural Enterprises](#)
- [Strategic Planning and Goal Setting](#)
- [Resource Inventory](#)
- [A Lasting Legacy Course 1](#)
- [A Lasting Legacy Course 2](#)
- [AGR-Lite Training](#)
- [Getting on Track: better management through basic ag records](#)

Course Content

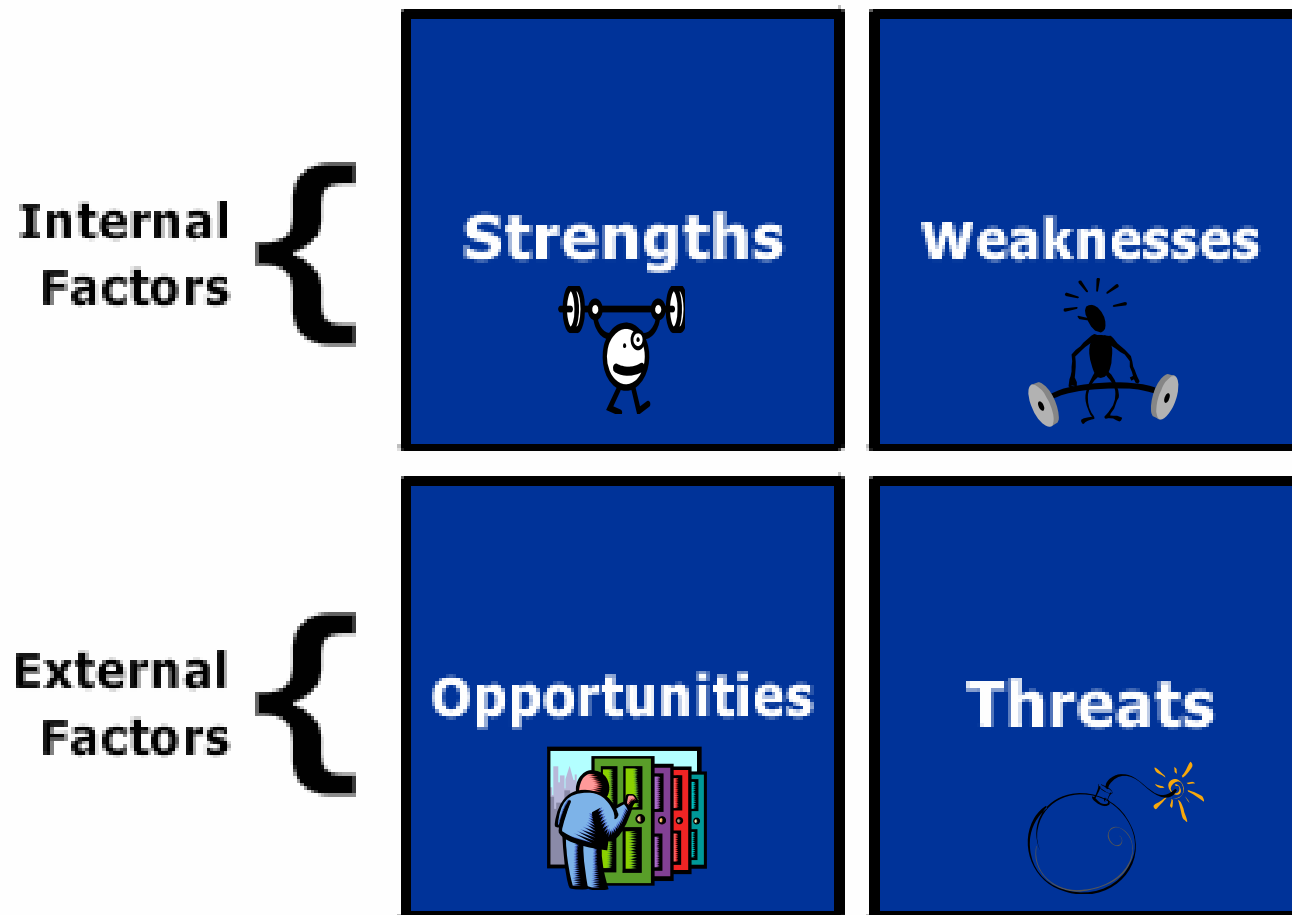
Step One:

- **Determine the management team's level of interest**

<u>Alternative Enterprises</u>	<u>No Interest</u>	<u>Some Interest</u>	<u>Lots of Interest</u>
<i>Fiber Crops</i>			
<i>Oilseed Crops</i>			
<i>Specialty Legumes</i>			
<i>Seed Crops</i>			
<i>Forestry Crops</i>			
<i>Forage Crops</i>			
<i>Fruit/Vegetable Crops</i>			

SWOT Analysis

“Lots of Interest” Quick SWOT analysis





Feasibility of Alternative Rural Enterprises

RIGHT RISK.

Selecting and Planning
for Alternative Enterprises

Assessing the Feasibility of Alternative Enterprises

- Personal Assessment
- Production Assessment
- Market Assessment
- Economic Assessment



Personal Assessment

- Personal and Family Goals
- Important Personal Characteristics
- General Business Skills and Knowledge





Personal Characteristics

Do You Have What It Takes To Succeed?

- Commitment
- High Energy (healthy)
- Persistence/Reliability
- Self Confidence
- Creative/Innovative
- Hard Worker
- Independence

Business Skills

Do You Have What It Takes To Succeed?

- Accounting and Budgeting
- Financial Planning and Analysis
- Market Planning and Awareness
- Risk Management
- Labor/Personnel Planning
- Tax Management and Legal Issues
- Business Organizational Structures

Production Assessment

- Physical Resources
 - Land
 - Water
 - Equipment
 - Buildings
 - Skills
- Production Requirements
 - Climate and Growing Season
- Production Risks
 - Disease
 - Pests
 - Weeds



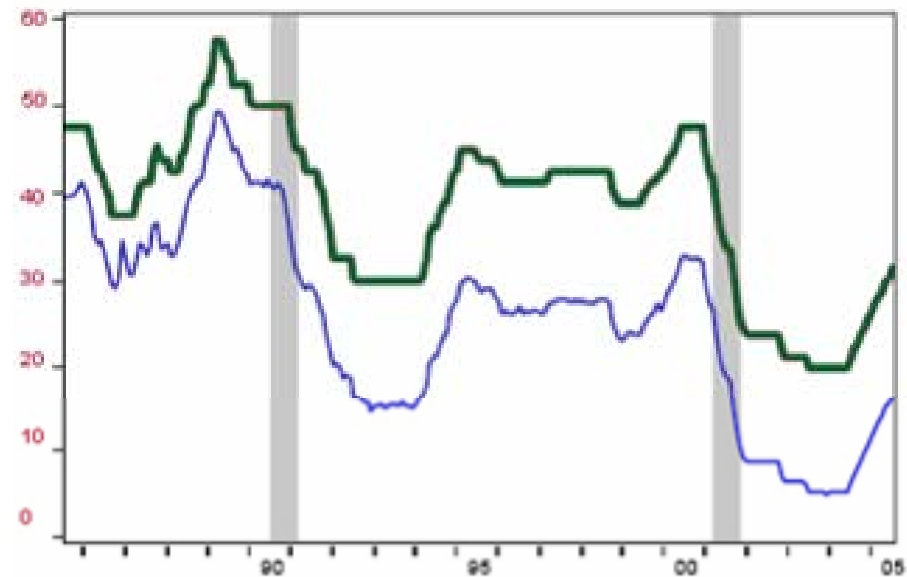
Market Assessment

- Who are your customers?
 - Customer/Market Research
 - Customer Preferences
- Market potential
- Product Characteristics
- Competitive Advantage
- Marketing Strategies



Economic Assessment

- Start-up Costs
- Financial Resources
- Investments Analysis
- Cash Flow Projections
 - Sales projections
 - Estimated operating costs
 - Debt repayment
- Financial Analysis
 - Budgets
 - Financial statements
 - Financial ratios



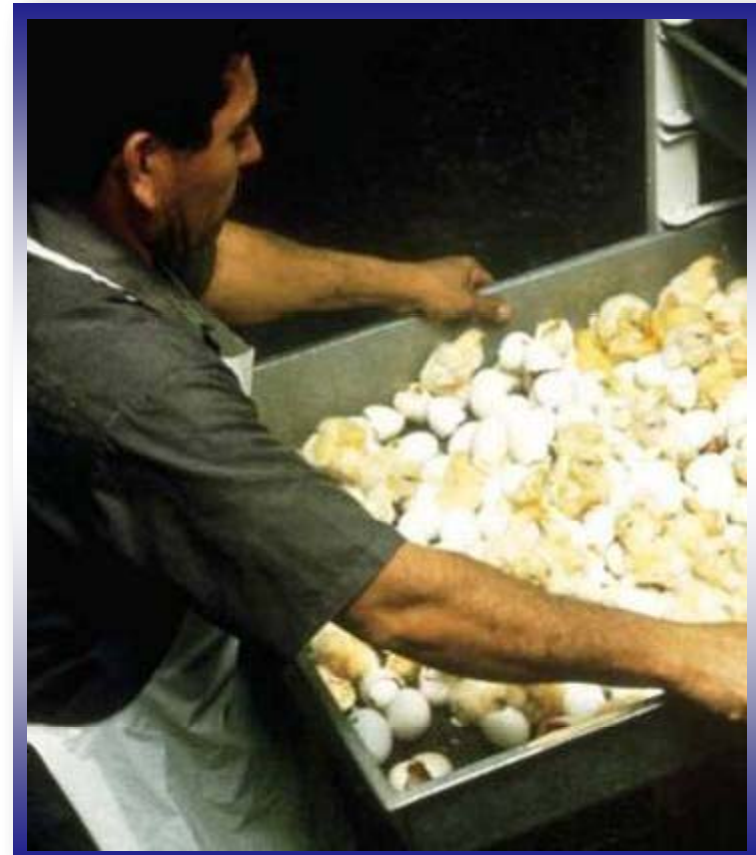
Competitive Advantage

- Better Able to Meet Your Customers Wants and Needs
 - Valued Product Characteristics
 - Preferred Market Outlets or Product Distribution
 - Pricing Advantage (lower cost of production)



Business Plan Components

- Business Description
- Mission or Vision
- Statements
- Business Goals
- Marketing Plan
- Management and Key Personnel
- Financial Plan





Thank you!

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RIGHT RISK

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