Developing a Business Plan for Farms and Rural Businesses: Training for New and Beginning Farmers and Entrepreneurs

MODULE 2.2: WHAT RESOURCES DO YOU HAVE?

Current Situation – Marketing

Online Training Program for New & Beginning Farmers and Agricultural Entrepreneurs

Cooperative Extension Programs Florida A&M University

*Adapted from Building a Sustainable Business: A Planning Guide for Farmers and Rural Business Owners (MN Institute for Sustainable Agriculture & The Sustainable Agriculture Network)
MODULE 2.2: Farm History and Current Situation

What Resources Do You Have?

✓ Prepare a brief history of your family, farm and business.

✓ Conduct a SWOT analysis.

✓ Assess your current situation in:

✓ Marketing – product, customers, unique features, distribution, pricing, promotion, anticipated changes
  ▪ Operations – physical resources, production systems, management systems
  ▪ Human Resources – work force, unique skills, anticipated changes
  ▪ Finances – needs, performance, risk, financial environment and anticipated changes

☐ Conduct a whole farm SWOT analysis.

☐ Prepare the History and Current Situation section of your Business Plan.
Marketing

Start with an assessment of the markets served and strategies for serving them.

Here are key questions that will need answers:

- **Product:** What is (are) the product(s)?
- **Customers:** What markets do (will) we serve?
- **Unique Features:** What are the unique features that distinguish our product(s)?
- **Distribution:** How do we distribute our product(s)?
- **Pricing:** How do we price our product(s)?
- **Promotion:** How do we promote (or advertise) our product(s)?
- **Market & Industry:** How is the market changing?

*Adapted from Building a Sustainable Business: A Planning Guide for Farmers and Rural Business Owners (MN Institute for Sustainable Agriculture & The Sustainable Agriculture Network)*
Product

- What is it that you produce?
- Identify products that have good potential.
  - Fresh produce
  - Value-added (bundled or processed)
  - Live animals

Markets

- Markets refer not only to where products are sold, but also to who they are sold.
- Markets are considered as the potential buyers for products.
- It is common to serve more than one market and customers in a market can often be segmented into distinct groups.
- Gather information on the segmentation, size, scope of and who is already serving the market.
Unique Features

- Differentiate your product and make it more attractive to customers.
- Determine whether the unique characteristics of product appeal equally appeal to all market segments.

Distribution

- Getting products from the farm to the customers, or logistics
  - Processes used to store and transport product
  - Places where product is sold
  - Market intermediaries that help facilitate flow of products to customers

- Three categories for most farm product distribution systems:
  - Sale of product to a first handler or processor
  - Sale through wholesaler or retailer
  - Direct marketing
Pricing

- Prices are influenced by production costs and customers’ willingness to pay.
- Consider setting prices at a level that covers all costs and include a “fair” profit.
- Also, consider that ability to set prices depends on the actions of competitors and the strength of customers’ demand for the product.
- Competition sets a ceiling on the price the market will bear for any product.
- The more intense competition, the more difficulty in charging a premium price.

Promotion

- Effective product promotion is critical for successful marketing.
- Promotion = Advertising
  - Flyers, posters, website
  - Taste tests, labeling
- Consider your promotional strategies, assess their effectiveness and how much they cost.

*Adapted from Building a Sustainable Business: A Planning Guide for Farmers and Rural Business Owners (MN Institute for Sustainable Agriculture & The Sustainable Agriculture Network)
Market & Industry

- Markets rarely stand still.
  - On Supply side: New competitors may enter, old rivals go out of business.
  - On Demand side: New substitute products may reduce demand

- Broad trends in customers and competitor demographics, technology and government policy can transform the size and structure of the market.

- Consider a wide range of potential changes to the market.

See Worksheet 5 below.