

Is There Value-Added in Your Future?

A Checklist for Starting a Value-Added Ag Enterprise

By Paul Dietmann, Sauk Co. Ag Agent and Co-Leader of the UW-Extension Emerging Agricultural Markets Team

Have you thought about adding to your farm income by offering farm tours, building an on-farm gift shop, or selling meat directly to the public? Adding one of these “value-added” businesses to your farm can be a daunting task. The regulations governing these businesses can be confusing, advertising can cost a lot of money without bringing in the types of customers you need, and the quality of your farm lifestyle can suffer.

To help you get started in the right direction with your new enterprise we have developed the following checklist for starting a value-added ag business. We hope that by following these steps you will be better able to plan a course for your business and have an easier time finding the help you need to make your new venture a success.

A Value-Added Business Checklist:

1. Do a bit of self-assessment and ask yourself a few questions

- “What are my personal and business goals?”
- “What kind of lifestyle do I want?”
- “Do I want people coming to the farm or do I want to take products to them?”
- “Am I really cut out for this type of business?”
- “Should I do this on my own or look for a partner?”

2. Do some business planning

- Market research
 - Who are your ideal potential customers?
 - Where do these customers live, work, spend their free time and money?
 - How much are they likely to spend in your business?
 - How will you reach them most effectively?
 - Who is your competition?
 - Who are your potential allies?
- Check local, state, and federal zoning and licensing regulations
 - Contact the town board
 - Contact the county zoning office
 - Obtain federal Business Tax Kit by calling 800-829-1040
 - Register business name with county Register of Deeds or Sec. of State
 - Obtain Bus. Tax Certificate from WI Dept. of Revenue, 608-266-2776
- Financial planning
 - How much money do you need to start-up and operate?
 - How much money will you make in the first year? Second year?
 - How will the business affect liability and property insurance?
 - Will you need to write a formal business plan?

3. Get help from as many sources as possible

- Local county UW-Extension office
- Small Business Development Centers
- County or local economic development organizations
- WI Dept. of Agriculture, 1-608-224-5142
- WI Dept. of Commerce, 1-800-HELPBUS
- Many sources of info on the Internet; start with www.uwex.edu/ces/agmarkets

4. Other things to consider

- Minimize your risk whenever and as much as possible
- Plan to get away from the business occasionally
- Seek out partners when it makes sense
- Build a network of moral support

Start the business with an exit strategy in mind. Will you eventually sell the business? How?

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