After participants have had a chance to read through the example narrative (below), encourage them to map the farm – actually draw it on paper, no matter how many non-artist claims they make! If possible, have all of the participants sit around one table, and let them draw “their” farm on a poster. Participants may “role play” the characters in the story if they so desire.

The goal of this session is for participants to learn that “up fitting” a business plan for a particular farm situation sounds more intimidating that it really is. You, as the facilitator, will help participants brainstorm by posing questions in the five key task areas that follow:

1. Identify what’s important to you, your family, business partners, and anyone else with a vested interested in the operation. What are the values that bring each of you to the table?
2. Review the history of your operation, and look at your current situation. What do you really have?
3. Define your vision and identify goals for the future of your farm business. Your mission should match up with the values that you identified in the first task.
4. Develop a strategic plan for your farming operation – meaning, evaluate the marketing, operations, human resources, and financing alternatives that are available to you and analyze what fits best with your situation. This is just figuring out where you want to go – AND how you plan to get there!
5. Capture all of this work on paper by pulling everything together into a written business plan. Which routes do you plan to take, how will you check your progress, and who will help you get your plans into place?

Possible ideas for these tasks are outlined on the following pages. Participants may come up with completely different ideas, and that’s OK. As a matter of fact, that’s the point! As the facilitator, you want to be able to provide examples if the participants get “stuck;” try to ask leading questions that require them to think through the possibilities in their minds. Included in the outline of key questions are reference pages that have been taken from Building a Sustainable Business. These pages contain worksheet examples that have already been completed by one of the farms in the book.
The Brown Family and Hilltop Farm
The Brown family has been farming for three generations in Western North Carolina. Currently, the farm is approximately 125 acres; 25 acres are wooded, 60 acres are in pasture, and the remaining 40 have been tilled for annual corn production. The farm is within an hour’s drive of the regional population center, Asheville, and within 30 minutes drive of two national and two state parks. Bob and Sue Brown have three adult children, two of which live on the property near Bob and Sue on the wooded mountain land.

Tom and Sarah, two of the Brown children, are interested in living – and making a living – on the family’s farm. Tom already works with his father on a part-time basis, doing a lot of the physical work in place of his father, who is beginning to “slow down a little.” He would like to increase the farm’s current production of beef cattle and corn so that he can become a full-time employee on the farm and make enough money to support his wife and two children. Sarah, a high school science teacher, wants to be able to stay at home once she and her husband, Doug, begin a family. In order to do so, she and her family have to figure out an enterprise that she can do on the farm in order to replace the income that she’ll lose when she stops teaching. Bob and Sue also have a third adult child, Chris, who enjoys visiting the family farm, but is not interested in becoming a farmer. Chris lives and works in Atlanta, and he would like to see his siblings be able to help their father and keep the farm in production because of the sentimental attachment they all have to the land from childhood.

For the past three decades, Bob has maintained 50 cow-calf pairs. Until recently, Bob sold his cattle at a regional stockyard; now, he cooperates with other local cattlemen to put together loads that are sold and shipped to Midwest feedlots. He and Tom have grown and sold varieties of Bt field corn. They are bittersweet about the latest ethanol craze because of its potential positive effects on their sale prices for corn; however, they fear that they have seen better days on the prices of beef.

The family has several considerations for the future of Hilltop Farm. Bob and Sue want to semi-retire, but they need to continue drawing income from the farm to supplement their fixed retirements. Tom wants to be able to become a full-time employee on the farm; Sarah wants to be able to quit her full-time, off-farm job and receive a part-time income from the farm. What possible strategies can they pursue? Is there sufficient value that could be captured by changing Hilltop Farm’s existing enterprises? What are new/alternative enterprises that fit with the assets that the Brown family and Hilltop Farm offer? What provisions should be included in the plan for Hilltop Farm to ensure that Chris feels equitably involved and/or compensated, since he is not actively involved in the operations of the farm? What “people issues” must the entire family – Bob, Sue, Tom and his wife, Sarah and her husband, and Chris – discuss? What other issues are important for non-family employees?

What is the common vision for Hilltop Farm? What marketing, operations, human resources, and financing strategies are needed to realize that vision?
Facilitator Question Outline

Identifying Values
  o How do the Browns plan to use a business plan? Will they use it to secure financing, to help with estate planning within the family, to analyze the feasibility of a new or alternative product, for a start-up business for one of the children, etc? They should keep their purpose in mind throughout the entire process in order to create the most useful tool.
  o What motivates Bob and Sue to plan for the future of Hilltop Farm?
  o Who should they include in their discussions? Who should they not include?
  o What do the Brown’s need in order to feel successful personally, financially, environmentally, in the community, etc? (Pg. 21)
  o What values do Bob and Sue share with their children, in-laws, business partners, etc? (Pg. 23)

History (Pg 29)
  o How long has this farm been in operation? In the Brown family?
  o Has the focus of production shifted through the years? If so, what activities has the farm stopped doing in recent years?
  o Who have the key players been in the history of the farm?
  o Has the Brown family experienced any “disasters” in Hilltop Farm’s history? If so, what did they learn?

Current Situation (pg 31)
  o Marketing
    o What is/are the main product/s of Hilltop Farm?
    o Who are the customers?
    o What unique features distinguish Hilltop Farm products?
    o How are Hilltop Farm’s products distributed?
    o How do the Browns set prices for their products?
    o How do they promote their products?
    o Is the market changing for Hilltop Farm’s products? If so, how?
  o Operations
    o What assets do the Browns own? (Pg. 40)
    o What are the Brown’s costs for crops and livestock? (Pg. 42)
  o Human Resources
    o Who is involved in the business of Hilltop Farm? What roles does each person play?
Do any of these people have specialized skills? If so, what are those skills? (Pgs. 47, 49)

Will there be any foreseeable changes in Hilltop Farm’s labor? If so, when will someone enter or leave the operation? (Pgs. 47, 49)

**Finances**
- What are the Browns’ current family living expenses?
- What is Hilltop Farm’s annual income? (Pg. 55)
- What are liabilities for Hilltop Farm? In other words, are there unpaid bills at the feed store or vet’s office? Do the Browns have credit card debt, interest building on farm debt, or taxes that they owe? (Pgs. 56, 58)
- What are the strengths, weaknesses, opportunities (to capitalize upon strengths), and threats (posed by weaknesses) to Hilltop Farm? (Pg. 65)

**Vision, Mission, and Goals**
- Based on the values of the Brown family, how do they envision their farm’s future? (Pgs. 89, 90)
- What are the short-term, intermediate, and long-term goals for Hilltop Farm? (Pg. 93)
- Which goals are shared by the majority of interested parties? Are these the most important goals? (Pg. 95)

**Strategically Planning and Evaluating**
- What are some realistic actions that illustrate how the Browns plan to reach their goals?
- **Marketing**
  - Who are the target customers for Hilltop and what do they value?
  - How much is the sales potential for Hilltop Farm with current production markets (beef, corn)? With new production markets (value-added beef, organic corn, or others)? (Pg 111)
  - What products will Hilltop Farm offer, and how are they unique? (Pg 113)
  - Who are the Browns’ competitors in their current markets? In potential markets?
  - How widely do the Browns plan to distribute their products? Do they use an intermediary, such as a broker or a cooperative, to move their products? See pages 116 and 117 for more information. What are the possibilities of direct marketing Hilltop products? (Pg 120, 121)
  - How are Hilltop Farm products packaged? Are they unique and recognizable? Do they indicate a *brand*?
o How do the Browns set prices for their products? See page 123 for a description of various product pricing strategies.

o How do the Brown’s plan to promote their products? Will they use coupons, publicity, samples, etc? (Pg. 128)

o How does Hilltop farm store its inventory? How is the quality of the products maintained in storage? (Pg. 132)

- **Operations**
  - What type of “system” will the Browns use for managing Hilltop Farm enterprises? How will they keep track of their production and ensure scheduled maintenance of the operation? (Pg. 145)
  - What are the regulatory issues that affect Hilltop Farm, including zoning, permitting, licensing, etc?
  - What are the physical resource needs for Hilltop Farm, such as land, labor, and capital?
  - How will the Brown family fill the gaps in their physical resources? For example, will they try to use their existing machinery and equipment more efficiently, or will they have to purchase additional resources?
  - How much will Hilltop Farm be able to produce? What are the best and worse case scenarios for production? (Pg. 144)

- **Human Resources** (Pgs. 150-151)
  - What are the future workforce needs for Hilltop Farm?
  - What skills will be required to fill those needs?
  - How will the Browns fill workforce gaps?
  - How will the Browns pay family workers, non-family workers, temporary workers, etc?
  - Who will manage the business? How will management decisions be shared with the entire workforce?

- **Finances**
  - What does the future business environment for Hilltop Farm look like? How will the Browns deal with risk? See page 156.
  - How will the Browns legally organize and structure Hilltop Farm? See page 158 for legal organization options.
  - How will capital improvements/investments be financed? See pages 160 and 161 for descriptions of a few financing alternatives.
  - Will the new strategies that the Browns consider be able to significantly increase net income from the farm? In other words, what is the profitability of each new strategy? (Pg. 170)
  - Will the new strategies help generate a sufficient cash flow to pay back debts? Will they lead to growth in the overall “worth” of the farm business?
What are the risks associated with the new strategies that the farm business and family will have to face?

How can the Browns prepare for changing conditions both within and outside the farm business? For example, how will the Browns deal with delayed income? Sinking market prices? Employees that quit or don’t perform as expected? Although no one can predict the future, a “contingency plan” – reality checks for the dream plan – will help the Browns deal with events that may throw their plans off track.

Written Business Plan – Present, Implement, and Track

Again, how do the Browns plan to use their business plan – to secure financing, to help with estate planning within the family, to analyze the feasibility of a new or alternative product, for a beginning farmer or a start-up business, etc? Depending on the purpose of the plan, various formats are appropriate; see pages 235 and 236 for descriptions.

Once the plan is captures on paper, the Browns will need to keep track of their progress. They should create a “to-do” list for the entire farm, and it should include a description of the tasks, identify the responsible person, and set a deadline for completion. (Pg. 239)

As time passes, the Browns may change their minds, need to respond to changing conditions, or may simply feel that a change in direction is appropriate for their family and their business. What is important to remember is that a business plan is only valuable if it is dynamic – meaning, it will only be useful to the Browns if they revisit it often and update it to meet the needs of Hilltop Farm.