

# WEBINAR

## Business Planning for Agritourism Enterprises - Operations

- We will begin at 1pm EST
- For technical difficulties and comments, please type into the chat box.
- Please stay on mute unless invited to unmute and speak.
- Live captioning is available at the link in chat.
- The session will be recorded.
- Visit <https://go.uvm.edu/agplan> for the recording and resources.
- All registrants will receive an email with the link to the recording when it is posted.



# ***Business Planning for Agritourism Enterprises:***

## ***Session 2 - Operations***

**Moderator: Lisa Chase, University of Vermont Extension**

**Presenter: Lindsey Pashow, *Cornell Cooperative***

***Extension Harvest NY and Adirondack View Lavender***



*This material is based upon work supported by USDA/NIFA under Award Number 2021-70027-34693.*



# Who is here today?

- POLL: Were you here last week?
- POLL: Did you do your homework?
- POLL: Are you using AgPlan
  
- Introduce yourself in chat
  
- How did the homework go?



Lindsey Pashow  
Ag Business  
Development  
&  
Marketing  
Specialist  
Cornell Cooperative  
Extension Harvest  
NY



Kenneth A. Brodeur

# Operations



# Operations

- The operations section describes the production management system
- It describes what you produce and how you produce it



# Operations

## AgPlan operations sections:

- Products and Services
- Production system
- Customer service\*
- Inventory management\*
- Licenses, permits and regulations
- Patents and trademarks\*
- Risk management
- Environmental issues
- Quality control



- Implementation timeline



# Operations

- Many of the topics in the operations section are issues that, if mishandled, can destroy a business very quickly
- They are issues that lenders, partners and family members want to know are being addressed



# Operations

- Products
  - Describe the products you produce and the production levels you achieve
  - If you have multiple products, describe their importance to your business
  - Are you planning new products?



# Operations

- **Services**
  - Describe the services you provide and the levels you achieve
  - If you have multiple services, describe their importance to your business
  - Are you planning new services?



# Operations

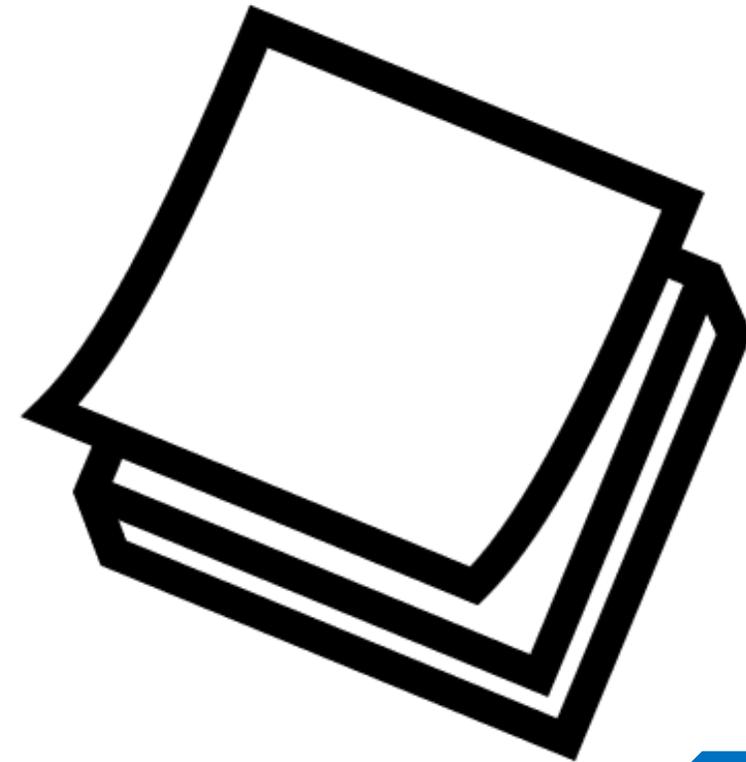
- Products and Services

- You might also discuss in this section how and why you:
  - Specialize in a product or a few products
  - Diversify your line of products



# On A Sheet of Paper...

- Write down all of the products you produce and the services you provide – one on each post-it
  - Product examples: Soybeans, green peppers, milk, etc.
  - Service examples: U-pick sweet corn, farm tours, etc.



# Operations

## • Production Systems

- How do you produce your products or services?
- Do technologies you use give you any advantages?
- Describe proposed production system changes and how they will improve production levels or efficiencies



# On a Sheet of Paper...

- What are some production systems you use on your farm? Why? How long have you been implementing them?





# Operations

- Customer Service
  - Good customer service is critical
  - Describe what you do to provide good customer service
  - How do you monitor your reputation?

# Operations

- Reflecting on your customer service
  - Do you have many repeat customers?
  - Do you survey your customers?
  - Do you connect with customers on social media?
  - How do you handle quality or timing issues?
  - How do you handle customer complaints?
  - Do you have any guarantees, warranties, or return policies?



# Operations

- Inventory Management
  - Do you produce a product that needs to be stored?
  - Do you need specialized storage facilities?
  - Do you need to maintain an inventory of supplies?  
Do you have reliable suppliers?





# Operations

## Licenses, Permits and Regulations

- If you are making changes, you likely will need to get permits or licenses
- Identify the permits and licenses needed, when you need them and the process to get them
- Identify how you respond to major regulations affecting your business



# Operations

- Patents and Trademarks

- Patents:

- Prevent the commercialization of new ideas/inventions without the creator's permission

- Trademarks:

- Protect names, logos, and other distinctive features of products and services that distinguish them from the competition

- If you have or are obtaining patents/brands/trademarks:

- Document and describe why they are important



# Operations

- Risk Management

- Risk management is increasingly important
- Discuss the risks you face:
  - Production, price, financial, legal, and human
- And the methods you use to manage risk:
  - Insurance, pricing, financing, safety procedures, and contingency plans



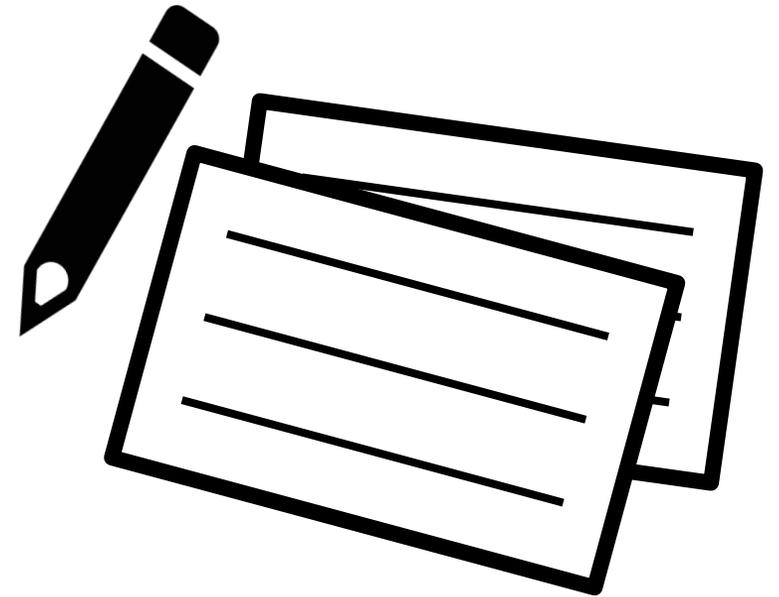
# Operations

- Reflecting on your Risk Management Strategy
  - Do you have adequate insurance?
  - Do you have a process in place to handle personnel issues?
  - What workplace safety issues are there that need addressed?
  - What transition plan is in place?



# On A Piece of Paper

- Write down the 5 biggest risks to your farm business
  - Possible risk categories:
    - Production, price, financial, legal, and human
- Then write down ways to combat those 5 risks
  - Examples: insurance, marketing plan, etc.



# Operations

- Environmental Issues

- Environmental issues and regulations are important for agricultural industries
- How are you addressing environmental concerns and regulations?



# Operations

- **Quality Control**
  - How do you produce high quality products or service?
  - Is quality important for your marketing plan?
  - If you handle food products, how do you address food safety issues?
  - How do you ensure quality control from field to market?



# Operations

- Implementation Timeline
  - If you are planning major changes, the implementation timeline is critical
  - Outline the major steps that must be accomplished and deadlines to complete
  - Discuss the impact on your business while the changes are being implemented



# Products and Services – Lakeshore Orchard

Apples: Lakeshore offers ten different apple varieties: McIntosh, Cortland, Rome Beauty, Northern Spy, Honey Crisp, Mutsu, Gala, Golden Delicious, Granny Smith, and Empire. Apples are sold via U-pick and at the retail shop.

Pumpkins: Lakeshore retail shop carries six different varieties of ornamental pumpkins, pumpkin pie pumpkins and decorative gourds. Pumpkins are sold both in the retail shop and U-pick.

Perennials: Lakeshore offers twenty-five different varieties of perennials. These plants are for US Department of Agriculture Winter Hardiness Zones 4-5. Zone 4-5 perennials can survive the coldest winter climates experienced in the Finger Lakes areas, which will ensure customer satisfaction. With the building of our new greenhouse, we are hoping to improve our perennial selection and cut costs of our raw products (since we will raise our own plants versus buying them from a wholesaler).

Chrysanthemums: Mums account for a good proportion of sales at Lakeshore and are offered in many different varieties and sizes. Since we grow our own Chrysanthemums, we can offer a better selection than other producers and retail stores.

Food service items: Pre-prepared foods are mostly pies--apple, pumpkin, grape, and pear pies. The biggest sellers are the hot dogs, hamburgers, French fries, and giant dumbo ears that are sold and consumed during hayrides and corn maze walks.

Fall decorative items and gifts: Gift items account for a large proportion of sales. Kelly Miller manages the gift shop inventory very well--making it an exciting shopping experience. Kelly makes sure that the newest and most exciting products are offered and that the slow-moving items are marked down and discontinued quickly.



# Inventory Management – Lakeshore Orchard

- Business permits: The filings for the LLC are in place with the New York Department of State.
- Food service permits: In order to sell prepared food, Lakeshore orchard needs to keep a New York State Agriculture and Markets food processing permit as well as a New York State Department of Health food service permit.
- Other regulations: Lakeshore Orchard does not offer a petting zoo or exposure to farm animals. If this is something that we decide to offer in the future, we will need to have a license for this "petting zoo" aspect.



# Risk Management – Lakeshore Orchard

- The most critical areas of risk faced by Lakeshore Orchard are legal, production, and market related risks.
  - Legal risk management: Probably the riskiest parts of our operation are the customers being on the farm. Just one customer getting hurt could seriously jeopardize Lakeshore Orchard's operation. That is why Lakeshore is organized as a Limited Liability Company funded with very few assets. Lakeshore also holds a farm liability insurance policy with a three million dollar umbrella. Most of all, Lakeshore Orchards strives to enhance safety. We have planted dwarf and semi dwarf apple trees to avoid the use of a ladder for U-pick customers. The farm is kept free of debris and unnecessary equipment.
  - Production risk: the traditional crops grown on the farm are protected by crop specific insurance policies (apples, vegetable crops, and field crops). The specialty crops and greenhouse crops are covered by the Farm Service Agency's Non Insured Assistance Program (NAP).
  - Market risk: a cold and rainy Autumn can really be bad for business--sometimes cutting the annual revenue in half. That is why we purchase a gross revenue insurance policy (Adjusted Gross Revenue) to protect against a drastic loss of revenue due to weather.



# Implementation Timeline – Lakeshore Orchard

- The implementation timeline for the changes proposed in this business plan are as follows:
  - Phase I: Design Greenhouse (Present): Steve and Kelly have already paid a LEED (Leadership in Energy and Environmental Design) accredited architect to design the greenhouse.
  - Phase II: Build Greenhouse (Autumn 2028 - Spring 2029): Once securing the financing for the project, it is hoped that the building will be completed by Spring of 2029. This will allow us to start Full Production in time for the 2029 Autumn sales season.
  - Phase III: Full Production in Greenhouse (Autumn 2029): The greenhouse will be open for full production, sales, and tours for the Autumn 2029 season.
- It is critical that these timelines are met. If financing cannot be obtained by the end of 2028, it is expected that Lakeshore Orchard will have the capability to secure a lease for the greenhouse structure and still be able to have it built by Spring of 2029. The lease is not as appealing, as it would tie up more cash due to the quicker pay back period versus a loan. While affordable, this cash crunch may stifle growth in other areas of the business.





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# Homework:

- . Complete AgPlan “Operations Section”
- . Next Tuesday: Marketing



# Support for AgPlan Business Planning

Contact the Center for Farm Financial Management

- Call (612) 625-1964 (US phone number)
- Email: [cffm@umn.edu](mailto:cffm@umn.edu)
- Web: [cffm.umn.edu](http://cffm.umn.edu)

Recordings and resources are online  
<https://go.uvm.edu/agplan>



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