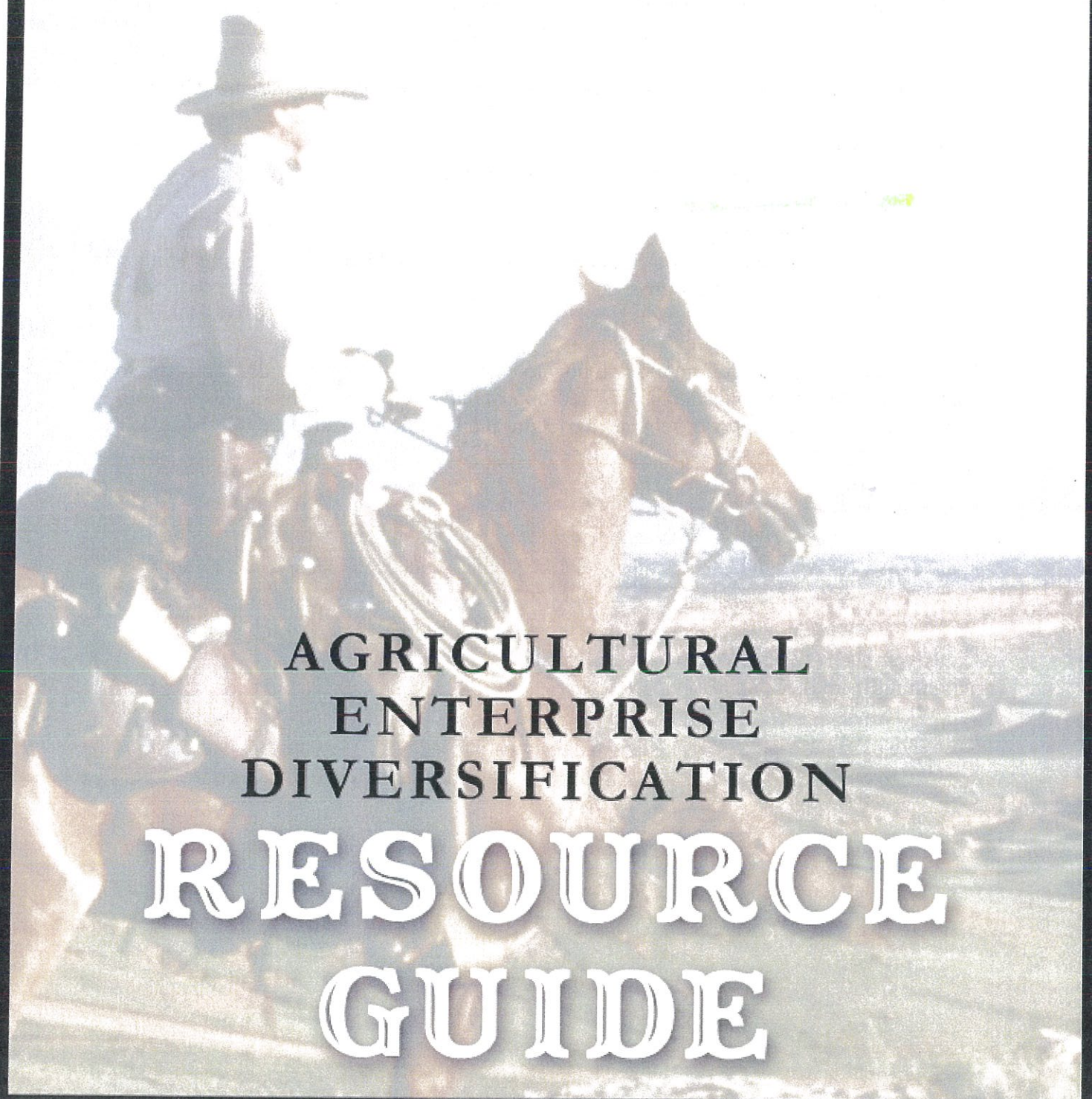




*Sustaining Western Rural Landscapes, Lifestyles & Livelihoods*



AGRICULTURAL  
ENTERPRISE  
DIVERSIFICATION  
**RESOURCE  
GUIDE**



To Whom It May Concern:

The *Sustaining Western Rural Landscapes, Lifestyles and Livelihoods* partnership completed the comprehensive agricultural diversification resource guide as a valuable tool in assisting professionals in delivering technical assistance to agricultural producers as they evaluate their current operations and research the feasibility of diversifying.

The information, at first glance, may look overwhelming, but is divided into the following sections:

- Foreword
- Introduction to Agricultural Enterprise Diversification
- **Enterprise Assessment**
- Enterprise Feasibility
- Enterprise Implementation (Business Planning, Legal, Finance, Marketing, Human Resources, Natural Resources and Community)

If you would like further information on how to best use this guide please don't hesitate to contact me at the following address. In addition we have access to professionals who can assist agricultural producers develop an agricultural diversification strategy, so please don't hesitate to contact me.

Sincerely,

*Cindy Garretson-Weibel*

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### III. Assessment of Agricultural Enterprises

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#### A. Overview of Section III

The previous section of this guide (Section II) introduced agricultural enterprise diversification and discussed some of the factors that motivate producers to diversify their operations. The introductory section also presented the idea that there are many opportunities to utilize available resources for a diversified enterprise. It follows that selection of the most appropriate enterprise or enterprises would involve evaluations based on detailed knowledge of the existing operation, and about the potential from the other resources associated with that farm or ranch.

In the context of this resource guide, assessing each enterprise and the entire farm or ranch operation means gathering and organizing information about that specific enterprise/operation. The kind and number of recommended assessments may be perceived as cumbersome and time-consuming at first glance, but they can help pinpoint weaknesses in the existing operation and identify opportunities for new enterprises. It is multi-faceted because it recommends that the producer carefully examine many aspects of the existing operation before he or she is ready to determine the feasibility of a new enterprise, which follows in Section IV of this guide.

Many of the producers who were contacted during this project have utilized some form of a holistic approach to agricultural business diversification, and attribute it to their success. Holistic implies looking at the “whole.” The project partnership interprets this as beginning with the human resource at the core of the operation, including individual values, goals, knowledge, skills, interests, and abilities. It expands to include all of the other resources of the farm or ranch. A number of tools are offered in this approach that will help your client:

1. Explore personal and family values;
2. Develop personal, family, and enterprise goals;
3. Evaluate personal business skills, lifestyle traits and financial management expertise for each family member;
4. Evaluate personal natural resources and local community awareness;
5. Inventory all resources associated with the farm or ranch;







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6. Compile the information generated in exercises 1-5 to develop an overall analysis of the strengths, weaknesses, opportunities, and threats (SWOT) facing the existing enterprise and the operation as a whole.

The enterprise goals, assessments, resources inventory, and summary SWOT analysis of the existing enterprise are crucial evaluation tools that will be carried into the Feasibility Section (IV) of this resource guide. The information collected will become, in essence, the encyclopedia of the farm or ranch you are assisting. Obviously, it may take multiple visits and/or conversations to accumulate this data.





## B. Personal and family values

Personal values are the fundamental core of one's life. Values come from inside a person. They are about personal standards and convictions. They shape a person's character, and influence choices and direction in each person's life. In essence, they are what are most important to each of us. For some, it includes honesty, integrity, and perseverance. For others, it may be open spaces, the opportunity to view wildlife on your land, working side by side with your children, or having dinner together every night.

Examining family values involves understanding one's own values, communicating those values to others in the family, and recognizing the values of other family members. The entire family should then compare values. Which values are shared by all? Values important to everyone provide a focal point for setting family goals and developing a family mission statement. What are some of the divergent values, the ones that are unique to each individual? Widely divergent family values may make operation of the farm or ranch difficult, if the family members can't find common ground to help them establish uniform direction.

The incorporation of a value system into the business enterprise is the next important consideration. It must harmonize with the values of the owners, family, employees, and other key members of that enterprise. So, other important people in your clients' business should also go through the process of identifying their values. Shared values that can be directed toward the business give it focus and a core energy that drives the system. These values also form a basis for setting goals for the business. In other words, tangible and measurable desired outcomes from the business enterprise that protect and nurture shared values.









## Determining common values

In order to identify common values, the Remingtons each sat down and made a list of their values. They were then transferred to a value chart, as shown on the following page, and common values were identified.

## Remington family values:

### **Eldon Remington**

- Loves having family around.
- Would like to leave a legacy as a good steward of the land.
- Swears his good health is due to hard work and clean air.

### **Lance Remington**

- He has always appreciated getting to see the stars at night.
- Values clean water.

### **April Remington**

- She loved the perceived benefits of raising her family in a rural setting and believes that it has paid off.

### **Lewis Remington**

- Is proud that he is from Chiselton, Wyoming.
- Wants to raise a family in the same setting in which he was reared.

### **Lexie Remington**

- Values her parents and their willingness to let her see the world.

### **Chance Remington**

- Respects wildlife, and values their presence on the ranch.



# Remington family values



**Value chart** – The following form can be used to identify the values of all family members or business partners in order to arrive at commonalities concerning the business enterprise. After everyone has completed a value chart, the values can be discussed, prioritized and compared for compatibility.

Family Member	Value
Eldon	Loves having family around
Eldon	Wants leave legacy of good stewardship
Eldon	believes in hard work & clean air
Lance	appreciates stars at night
Lance	values clean water
April	raising family in country
Lewis	proud of being from Chusseton
Lewis	wants to raise family in country
Lexie	values parents
Lexie	appreciates seeing the world
Chance	respects wild life
Chance	values wildlife on ranch

**Common values identified:**

- Appreciation of rural way of life
- Good stewardship
- Love of family strong
- \_\_\_\_\_







### C. The power of setting goals

As a professional who interacts with people wanting to start businesses or modify or expand their current businesses, you are in a good position to encourage them to set goals before they make any decisions.

Goals provide a framework for decision-making by helping a person to become organized, take control, and give direction to his or her life. Goals can turn dreams into reality. Goals, particularly written goals with deadlines and costs for attaining them, are very powerful tools in shaping and controlling one's future.

Many agricultural entrepreneurs who were questioned during this project indicated that goal setting and regular review of their goals are critical to their business. It gives direction to the current business operations and enables them to track their children's future plans. For example, consider the case of the teenager who currently provides an important source of labor to the family ranch business, but who has no intention of returning to the ranch after college. In addition to the obvious loss of an important labor source, this creates other potential problems for the family. One is the loss of expertise specific to that ranch that must be replaced by an outside labor source. This new person then needs time to become familiar with the operation and the lay of the land. It could mean that an enterprise would have to be eliminated or replaced. Other issues could be the loss of family tradition or that no potential heirs want to continue the operation of the business.

Or, consider the ranch where the youngest generation provides labor, the middle generation makes the management decisions and the oldest controls the finances. If they don't have some common goals, stress and possible failure of the business may be the end result. Situations such as these illustrate the importance of considering goals from both the practical and holistic perspectives.





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**Practical goals** - Practical goals are SMART goals. They should include the following characteristics:

- Specific - include details such as dollar amounts, dates, and resources
- Measurable - provide quantity or capacity by which progress and final achievement can be monitored and evaluated
- Attainable - capable of being obtained
- Relevant - related to the matter at hand
- Time-bound - deadline for realistic accomplishment

**Holistic goals** - Goals should be compatible with all aspects of one's life. A holistic approach to goal setting means that a person does not strive to achieve one goal at the expense of others. The components of holistic goals include the following entities that contribute to the overall quality of life:

1. Self-awareness and development goals - mental, physical, spiritual, and emotional goals
2. Family well-being goals - mental, physical, spiritual, and emotional
3. Business, career, or professional goals
4. Social awareness goals - community and humanity goals

*Written goals* - Goals have a greater chance of being accomplished if they are written down. A 1979 study of Harvard students revealed that 83 percent of those surveyed had no goals; 14 percent had unwritten goals, and earned three times more than those with no goals. The remaining 3 percent had written goals and earned nine times more than those with no goals!

*Prioritized goals* - Oftentimes, there are never enough resources to achieve all of one's goals at one time. A person needs to prioritize goals, which may require making trade-offs. Prioritizing goals to fit limited resources may require that long-term goals be broken down into short-term goals. Once high priority goals are accomplished, the remaining resources can be distributed to lower-priority goals.

*Shared goals* - Goals that are mutual or shared with other members of the team (family, employees, partners, or other members of the unit or organization) will be easier to achieve.







Once goals are written down identified and prioritized, how does a person go about achieving them? The following suggestions can assist in making the goals achievable:

*Assigning costs to achieving goals* - Resources may be limited. To improve chances of successfully achieving one's goals, it is wise to determine the financial cost of resources required for achieving each goal.

*Barriers to achieving goals* - List obstacles that a businessperson and his or her family might encounter during the process to achieve goals. Consider ways that one might overcome the barriers. It is also important that the businessperson thinks about how he or she will keep him/herself, other family members, and employees motivated to achieve goals, especially long-term goals.

*Monitoring one's progress* - A person can monitor progress toward achieving one's goals by using physical, financial, and personal indicators. Monitoring provides feedback so a person can make adjustments and refinements to his or her goals to get closer to achieving the expected results.

*Revising one's goals* - If one's plans for achieving his or her goals aren't working or the goals themselves just aren't giving the expected outcome, it may be necessary to revise the goals. This may be necessary due to the passage of time, changes in the economy, or changes in family life.

*Displaying one's goals* - Once goals are written, they should be displayed in a place where all members of the family, business, or team can see them.

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Source: Money 2000 and Beyond™, University of Wyoming Cooperative Extension Service, 2000. Western Integrated Resource Education (WIRE), University of Wyoming Cooperative Extension Service, 1998.

Whole Farm Planning: What It Takes, 1997. Minnesota Department of Agriculture; [www.extension.umn.edu/](http://www.extension.umn.edu/) 4/11/01.

Appropriate Technology Transfer for Rural Areas, 1999. [www.attra.org/attra-pub/holistic.html/](http://www.attra.org/attra-pub/holistic.html/) 4/11/01.







## Remington family goals

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### Determining common goals

In order to identify common goals, the Remingtons each sat down and made a list of their goals. They were then transferred to a goal chart, as shown on the following page. You can encourage your client to follow the same process by filling out a blank goal chart.

#### **Eldon Remington**

- Pass on the Blue Cliff Ranch to his family so the ranch will remain viable.
- Retire on the ranch; spend winters in Arizona.

#### **Lance Remington**

- To raise a family in a rural setting, knowing the value of hard work, nature and family values.
- Keep the ranch in the family.
- Find a way to bring the eldest son back to ranch so the ranch can support two families.

#### **April Remington**

- Become more active with the public now that the children are raised.

#### **Lewis Remington**

- Propose to Hillary and return with her to work on the Blue Cliff Ranch.
- Interested in running the ranch.

#### **Lexie Remington**

- Swim and dive at the collegiate level.
- Doesn't see herself returning to the ranch after college.

#### **Chance Remington**

- Find some job to be able to hunt and fish for a living.
- Thinks he also wants to come back to the ranch at some point.





## Remington family goals

**Goal chart** - Once everyone involved in the business, including family members and key employees, understands the necessity of developing practical, holistic goals, each person should write down his or her goals on a goal chart similar to the one below. After everyone has completed an individual goal chart, the goals can be discussed and compared for compatibility.

Goal	Priority	Monitoring Progress (physical, financial, or personal indicators)	*Time line for Accomplishing Goal			Achieving Goal		
			Long-term	Inter-mediate	Short-term	Rewards	Barriers or Obstacles	Estimated Cost
Keep ranch in family	high	every family member wants this	X			Keep heritage ranch life	estate taxes	unknown
Lewis & Hilary return to ranch	high	30k/year		X		ranch life	opportunity for decent \$	30k/yr.
Chance return to ranch	med.		X			ranch life	land support all families	
(Maintain good stewardship of Overcome drought)	high	natural resources			X	Keep life	Mother's decision	may need to sell some things

\*Time line for Accomplishing Goal:

Short-term Goal - One year or less

Intermediate Goal - Longer than one year and less than five years

Long-term Goal - Five years or more







#### D. Assessing skills and traits

Assessing individual skills and traits is critical for anyone planning to examine an existing enterprise or start a new enterprise. It helps establish a baseline of your client's human resource expertise that might help explain deficiencies in existing enterprises or identify strengths that lend themselves to new enterprises. There are two general categories that characterize a person – personality traits and technical/functional skills. They distinguish one person in your operation from another.

Does your client have what it takes? The successful businessperson often has many stereotypic characteristics. There are certain skills and traits that have been identified as important contributors to running a successful business enterprise. Remember that one can acquire and/or refine any desired trait that they choose.

##### 1. The successful businessperson

The following traits are among those that successful entrepreneurs and their enterprises typically exhibit:

<b>The Person</b>	<b>The Business or Enterprise</b>
High level of energy	Adequate resources
Good health	Unique product or service
Confidence	Clear understanding of product or service being marketed
Competitive	Available and accessible market for product or service
Strong work ethic	Customer awareness
Organized	Support of family
Intuitive	Up-to-date inventory
Ability to accept challenges	Understanding of the true costs of selling a particular product or service





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2. **Needs assessment forms**

A set of six personal assessments is included for you to provide to a client who is interested in evaluating an existing enterprise or is interested in starting a new business enterprise:

- Personal Traits and Characteristics Assessment
- Lifestyle and Family Traits Assessment
- Family Financial Management Assessment
- Business Skills and Traits Assessment
- Natural Resources Awareness Assessment
- Community Resources Awareness Assessment

Ask your client to carefully consider the questions in the assessments. Ask that all of the other people associated with their business also complete each assessment. This will identify internal strengths, weaknesses, and levels of proficiency in certain important traits, skills, or abilities. This information is then used in this resource guide planning process to take advantage of strengths and opportunities necessary for selecting and/or operating a successful enterprise.





# Personal Traits & Characteristics Assessment



This worksheet is designed to help one to think about one's traits (attitudes, habits, motivation) and skills that are relevant to starting and running a business;

- Identify weaknesses in personal skills. A person can take the appropriate actions to increase his or her skills and knowledge.
- Identify strengths in personal skills. A person will then know the characteristics they have that are important in order to be successful in a new business enterprise.
- Identify personal traits that are distinguishing characteristics of a particular person. These personal traits can be compared to the personal traits of successful entrepreneurs.

	Yes	Undecided or Don't Know	No
I often meet the goals I set for myself.			
If given a choice, I prefer to work with others on projects.			
I find it exciting when circumstances change and I must adapt or expand my abilities.			
I often identify new skills I need and work at acquiring them.			
I enjoy the task of juggling several tasks at once.			
I take responsibilities well.			
I can make quick decisions if needed.			
I am resourceful.			
I have a physical exam each year.			
I have good organization skills and abilities.			
I am a self-starter and am self-disciplined.			
I am always thinking about new/better ways to approach my business.			
I often think of innovative ways to solve problems.			
I have self-confidence and the courage to face risks.			
I am comfortable seeking guidance or information from others who are knowledgeable.			



# Lifestyle and Family Traits Assessment



Every member of the family will be affected by the new enterprise, whether they are directly involved in it or not. It is important to know the expectations of each person and to discuss the similarities and differences in perceptions and expectations. Ask each member of the family to complete the assessment so that you can discuss the answers together. This worksheet will give you and your family an opportunity to determine the following:

- Identify the attitude and level of support toward the idea of starting a new enterprise.
- Identify areas of current or potential conflicts within the family system that may undermine the enterprise and/or the family.
- Identify level of family unity and strength.

	Yes	Undecided or Don't Know	No
It is difficult to keep home and work responsibilities separate.			
I support the idea of starting a new enterprise.			
Our family spends too little time together.			
I prefer low risk/low profit ventures to high risk/high profit ventures.			
Being able to stay on the farm/ranch is more important than making lots of money.			
Our family has discussed individual and family goals.			
It is very important for the children in our family to work on the farm/ranch.			
I don't want to work any harder than I work now.			
I enjoy the variety of challenges presented by life on a ranch/farm.			
I am pleased with my home as a place to live and work.			
I am prepared to lose my (our) savings.			
We have an estate plan and a will.			





# Family Financial Management Assessment



The purpose of assessing family financial management is to give a family an opportunity to review basic financial practices or habits, and identify financial plans. Family financial practices signal whether or not a family may be at risk for financial problems. The first step toward financial control is identifying problem areas.

	Yes	Undecided or Don't Know	No
All members of my family are involved in financial management decisions.			
I/we set and write down financial goals.			
I/we analyze incoming and outgoing money.			
I/we track expenses.			
I/we develop and follow a spending plan.			
I/we have determined our family's net worth.			
I/we evaluate purchases based on need rather than on want.			
I and members of my family use a shopping plan regularly.			
I/we pay bills, including credit card bills, on time.			
I/we have a plan for reducing our consumer debt.			
I/we pay more than the minimum monthly payment due on credit card bills.			
I/we pay the full balance on credit card bills every month.			
I/we set up a household record keeping system.			
I/we save money for emergencies.			
I/we set up a savings plan for retirement.			
I/we set up a college savings plan for family members.			
I/we have a savings plan for other financial goals.			
I/we save to purchase big ticket household items instead of buying on credit.			
I/we have insurance to cover large, unexpected expenses such as a hospital bill.			
I/we read articles or listen to programs about personal financial management.			



# Business Skills and Traits Assessment



This assessment encourages a person to consider his or her skills and traits that are important in starting and running a business:

- Identify weaknesses in business skills. A person can take the appropriate actions to increase his or her skills and knowledge.
- Identify strengths in business skills. A person benefits by recognizing his or her areas of strength that will make it more possible to have a successful business enterprise.
- Identify certain business traits that are distinguishing characteristics of a particular person. These business traits can be compared to traits of successful entrepreneurs.

<b>I have knowledge in the following business management skills:</b>	Yes	Undecided or Don't Know	No
Accounting and taxes			
Planning, organizing, and decision making			
Financial management (such as controlling costs and calculating profitability)			
Managing employees			
Delegating responsibilities			
Marketing skills, including selling and advertising			
<b>Assessment of my business traits or characteristics:</b>	Yes	Undecided or Don't Know	No
I enjoy competition.			
I try to keep up-to-date with customer trends, demands, and preferences.			
I have experience in this enterprise I am considering.			
I have good leadership abilities.			
I enjoy negotiating with others.			
I do not mind the office work (paper work) that is required in running an enterprise.			
I have a written plan for my existing operations.			
I am comfortable using a computer.			





# Natural Resources Awareness Assessment



This assessment will help identify the land manager's awareness of the role of natural resources in their current operations and which natural resources have potential to be ranch commodities through providing additional income.

	Yes	Undecided or Don't Know	No
I have soil maps for my land units.			
Soil erosion might affect my profit margin.			
Soil erosion is visible at some locations on my ranch.			
Water is a limiting resource in my operation.			
I irrigate some parts of my farm/ranch.			
Grass/forage is important to my existing operation.			
I have a current (within last 5 years) range inventory.			
I know what the potential plant communities are for my land units.			
I know all of the species of wildlife that spend time on my ranch.			
I am familiar with the wildlife movement patterns on my land.			
I understand the habitat requirements for these species of wildlife.			
A person could view wildlife on my land.			
Hunting occurs on my land.			
Fishing occurs on my land.			
I can tolerate wildlife impacts on my land.			
I know the proper livestock stocking rates for my rangeland/ pastures.			
Livestock are rotated through various pastures.			
I have/work with horses.			
I am comfortable showcasing my land to others.			
There are scenic places on my ranch that I like to visit.			
I know who my local NRCS District Conservationist is.			
I know who my local Cooperative Extension Service educator is.			
I know my local Conservation District contacts.			

