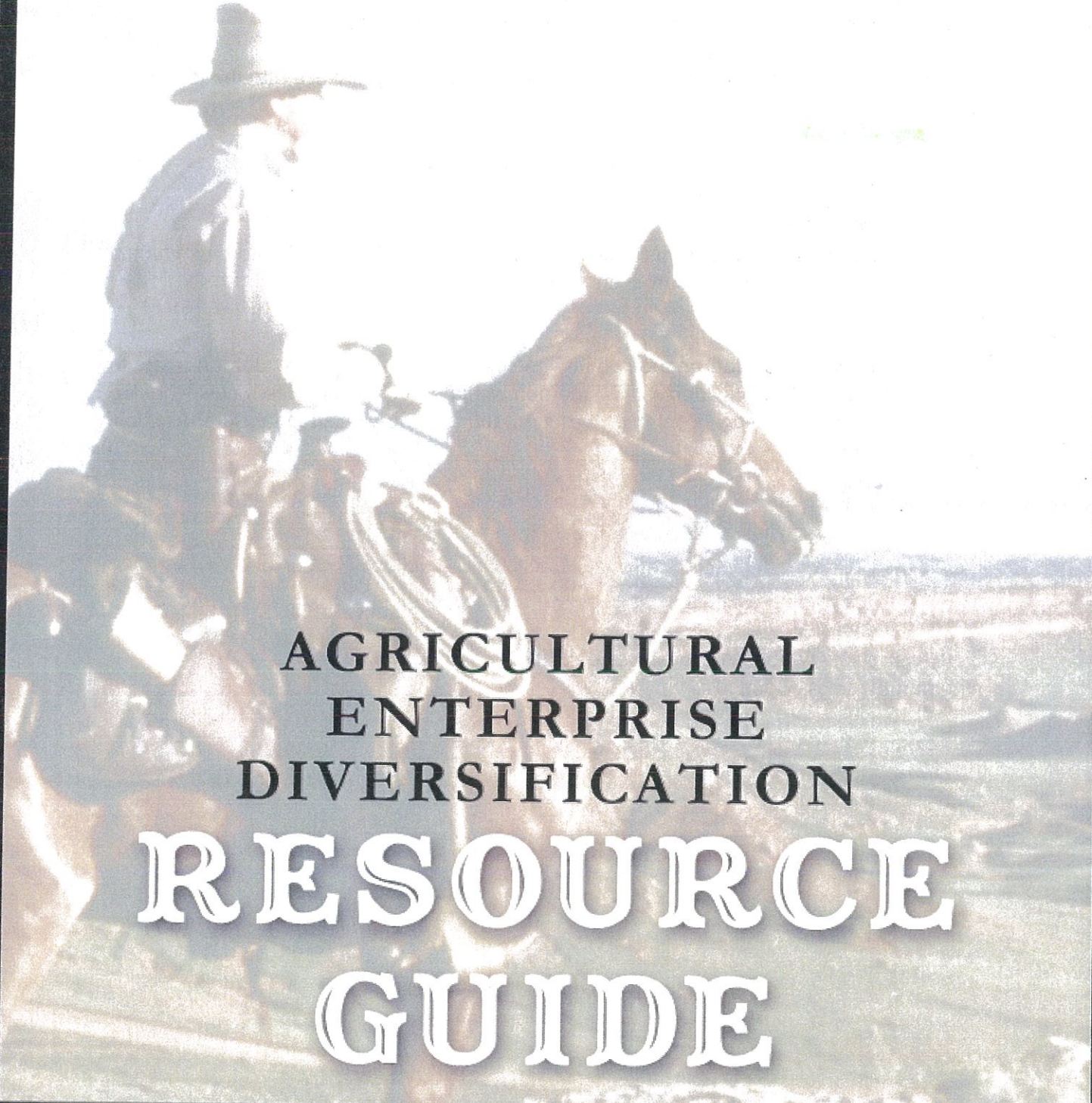




Sustaining Western Rural Landscapes, Lifestyles & Livelihoods



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

Cindy Garretson-Weibel, Agribusiness Director
Wyoming Business Council
214 W. 15th St.
Cheyenne, WY 82002
(307) 777-6589
cindy.weibel@wyo.gov



Profitable farm and ranch businesses are key to the sustainability of rural landscapes, lifestyles, and livelihoods across the West. Rural landscapes and their associated resources, some of which are wildlife, livestock, forests, prairies, water and windmills, are easily recognized and valued by both the urban and rural communities. Many people without a direct connection to rural lands envy the lifestyle. It is a way of life cherished by many who live it, and who often have several generations of family heritage associated with the same farm or ranch. Common sense says that if a family can make a reasonable living from the land, chances are greater that the land unit will remain intact. And, the resources that are found on that part of the landscape might then have a greater likelihood of sustainable use for the benefit of all society.

However, the agricultural sector is at risk. Farmers and ranchers are continually challenged to remain economically sustainable, especially considering the marginal profitability of traditional commodity production today. A closer examination of beef, a traditional commodity common to many western farms and ranches, reveals that consumer demand has been in a downward trend for the last two decades. Concurrently, prices received for beef have mirrored or have declined disproportionately to demand, while production expenses have continued to increase for at least the last 20 years. These combined factors essentially constrict the opportunity for profit at the farm or ranch-gate level.

Other challenges exist. Rural lands in many cases have high aesthetic, recreational, and developmental value. Faced with economic uncertainty, many farmers and ranchers are taking advantage of this lucrative market and are selling select tracts or entire land units. It is estimated that more than 25 million acres of privately owned rural lands have been converted to development in the last 15 years. Much of this has been in the form of suburban sprawl and other residential development.

Another concern is the “graying of agriculture,” the aging of the American farmer and rancher. Their average age continues to increase with each agricultural census, suggesting that there is poor recruitment of young producers. This may be due to little perceived economic opportunity in





agriculture. Additionally, rising property and estate taxes further discourage prospective young farmers and ranchers.

Collectively, these are significant challenges facing farm and ranch families in the West today. At risk are agricultural product production, employment, income, wildlife habitat, open space, and the cultural heritage in western families and communities. Weak financial conditions limit opportunities for practicing sustainable use of natural and other resources. Conservation then becomes an afterthought, rather than an incentive for business reinvestment. And, consequences of poor recruitment are that expertise and stewardship skills specific to that farm or rangeland are not transferred to younger generations of land managers and may be lost.

What are the solutions? There may be several. This project partnership chose to focus on one emerging possibility. Perhaps opportunities for future farmers and ranchers and the overall long-term sustainability of agriculture into the 21st century could be enhanced by alternative, supplemental, and non-traditional agricultural enterprises. In other words, the diversification of existing agricultural businesses.

What is agricultural enterprise diversification? This project partnership defines it as *“building upon existing natural, family, community, and cultural resources, and agricultural products, to sustain and grow ranch and farm businesses.”* In other words, the resource bases of existing operations form the foundation for considering and implementing new, alternative agricultural enterprises. These, in turn, can help sustain and grow farm or ranch businesses to meet the goals of those with a vested interest in the operation.

In contrast to the opportunities and impetus for diversification, it seems that there is great variability among technical advisors to the agricultural community in terms of their knowledge, skills, and experience with the various aspects of enterprise diversification. This makes it difficult for producers to obtain a consistent level of technical assistance in this arena.

There have been other indicators that technical advisors to the agricultural community should include income diversification in their provider services.





At the Wyoming Economic Summit held in Casper, Wyoming, in December 1998, agricultural diversification was identified as the number two priority concerning agriculture and timber interests in Wyoming. This prioritization occurred as a result of roundtable consensus from individuals including: Wyoming's governor, leaders of agricultural organizations, agricultural producers, and representatives from various agencies that serve the agriculture industry in Wyoming.

In January 1999, a session on needs associated with agricultural enterprise diversification was held in Wheatland, Wyoming. An integral part of this session was a panel of agricultural producers who have diversified their farm and ranch operations into a variety of new enterprises. Each participant discussed his or her experiences and responded to several questions. One of the questions posed to the panel was: "*What sources of information/technical assistance were used when you started your enterprise?*"

The prevailing theme in their responses might be surprising:

- "None"
- "Would have loved to have a guide available"
- "Trial and error"
- "Asked friends"
- "Basically, none were available"
- "Asked neighbors already in a similar business"

This reflects the reality that available tools to address technical needs associated with agricultural enterprise diversification are in many cases unknown, are perceived to not exist, or simply do not exist. In other cases, existing resources are outdated or aren't user-friendly. Producers are also unsure of the appropriate agricultural advisors to contact for this assistance.

While there have been efforts to address this need, the project partnership is not aware of a manual dedicated in its entirety to guiding professionals in providing assistance to producers who are interested in diversifying their agricultural businesses. In addition, information on agricultural enterprise diversification has not been packaged as a state-specific resource guide





under one cover or web site, and is not readily available at any widely known source in the western United States. These mechanisms are needed.

Consequently, the partnership developed this resource guide to provide educational materials on agricultural enterprise diversification to professionals who serve the agricultural community. It is structured as a template for professionals to use when assisting producers who are interested in diversifying their agricultural businesses, and contains many forms and fact sheets that can be provided to the producer. While this guide has been written for use in Wyoming, much of the technical material is applicable in other western states. One difference is that the statutes that could apply to a diversified enterprise will vary by state. *Please note that any regulations mentioned are specific to the state of Wyoming as of the time of this writing.*

This resource guide emphasizes the use of existing tools and resources, and new material was developed as needed. The format is designed so technical advisors can readily access the specific information their clients request. It is hoped that this guide will better enable you to provide enterprise diversification assistance within your discipline, and link your customer with other providers outside your discipline. This should facilitate a consistent level of assistance, regardless of the provider.

