



D. Choosing not to diversify

Diversification is not the answer for everyone. While there are numerous reasons landowners choose to diversify their operations, there are also many factors why landowners elect not to diversify. For example, a farmer may be a wheat production expert but know nothing about raising gamebirds. This lack of knowledge about an unfamiliar enterprise may cause entrepreneur paralysis and prevent any action toward a new, potentially profitable enterprise. So, it's equally important to be aware of some of these factors when working with landowners, as they identify challenges you could encounter as a provider of technical assistance:

1. *Liability risks are too high* – this has been one of the most common questions asked by individuals having some interest in diversification. It translates into a fear of lawsuits and a belief that insurance coverage is either unavailable or too expensive.
2. *Not sure of markets or how to market* – this is another frequently asked question. Producers may have little or no experience marketing non-traditional agricultural products and services. This translates into concerns about assessing demand for these products or services, or how to advertise and reach the target market.
3. *Past experiences have been negative* – some producers complain that hunters and anglers leave trash lying around and don't close the gates or that mountain bikers won't stay on the designated trails.
4. *Don't want strangers on my land* – many individuals simply want to be left alone or aren't comfortable with people they don't know. They don't want regular, direct contact with customers.
5. *Would require too much time* – adding an additional enterprise would take time away from tasks associated with the existing operation.
6. *Peer pressure* – Rural land ownership culture varies by location and in some instances, peer pressures may be very influential. Some landowners may be uncomfortable charging members of their





community fees for activities that they permitted free of charge in the past, such as hunting. Others may hesitate to engage in non-traditional agricultural production for fear of ridicule.

7. *Lack of capital to invest in a new enterprise* – the landowner may be financially strapped or unsure how to secure adequate financing for a new enterprise. This is an excellent opportunity for you, the professional, to refer them to known sources of financial expertise, such as your state’s Small Business Development Center.
8. *Lack of available technical assistance* – the landowner doesn’t have access to or isn’t aware of technical information that would assist in planning and implementing a new enterprise. For example, how to price their product or service, or how to meet customer expectations may require outside assistance. This guide should enable producers to obtain the desired technical assistance.
9. *Fear of the unknown* – there are risks associated with any business venture, but there is often more fear associated with investing in an alternative enterprise that the landowner has no prior experience with or knowledge about.



Meet the Remingtons



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E. Technical needs for enterprise diversification

Before the Remingtons, or other clients move forward with diversification, it's important to recognize that there are many technical considerations associated with making appropriate agricultural business decisions. In an attempt to establish a baseline regarding what kind of information producers request, the project partnership conducted a survey in June 2001 of university extension educators and NRCS conservation planners from every county in Wyoming, Colorado, Montana, Utah and Idaho. Typical responses indicated that agricultural enterprise diversification technical assistance would require expertise in many disciplines:

- Business planning
- Marketing
- Legal liability
- Natural resource assessment and management
- Feasibility studies
- Examples of successful and unsuccessful ventures
- Financing opportunities
- Pricing information
- Sources of technical assistance
- Permitting requirements

These identified needs provided direction for much of the technical content of this guide. While you may have expertise in one or several of these areas, their application to diversified agriculture may be new for you. A clear understanding of your role as a professional may help you deliver more effective technical assistance requested by producers or other clients. Suggestions on providing diversification technical assistance to clients, like the Remingtons, follow.





F. Providing technical assistance: Your role as a professional

Defining your role as a professional depends on defining your customer. Often, it will be a farmer or rancher. In some instances, it might be another technical advisor interested in your expertise or experiences related to enterprise diversification. Consider some common scenarios that involve customers who are interested in enterprise diversification:

- A customer has just learned that you or your organization offers technical expertise they need
- A customer who has not previously considered diversification and is now interested in learning more about alternative enterprises
- A customer who has selected or may already be engaged in a specific alternative enterprise and is seeking additional information

As a professional, how do you respond? Do you quickly go to a topic in this guide that they are requesting information on? Do you coach them to pause, and then proceed through a logical sequence of steps that may lead to the answers they seek? Do you refer them to another source of expertise? The answer is, “it depends.”

Providing effective technical assistance to your customer will depend on a number of factors, including:

- the ability to communicate effectively with the client;
- the extent of the relationship between advisor and client
- the professional discipline and expertise of the advisor; and
- the amount and quality of objective, research data, and information available to the advisor.





1. Effective communication

Communicating effectively is an important element in any assistance you provide. Keeping the following points in mind and incorporating them into your customer assistance approach will make you a more effective advisor for agricultural enterprise diversification:

- Always take a positive approach; point out opportunities
- Be enthusiastic, it's contagious
- Be frank and businesslike
- Admit you don't know the answer to a question, rather than risk giving wrong information
- Ask leading questions
- Suggest another way
- Avoid using acronyms and professional jargon – define terms you use that they may not understand.

Communicating with someone who has disabilities may require special attention. Refer to Appendix C (Section VII) of this guide for specific tips regarding communicating with someone with disabilities.

2. Advisor/client relationship

Effective technical assistance will also depend on your relationship with each customer. Have you worked with them before? Does your office have any records of their operation? Are you personally familiar with their operation? How familiar? Do you know the family? How well? Answering questions like these will help you decide on the best approach for providing technical assistance





3. Professional discipline/expertise

The professional discipline, area of expertise within that discipline, and technical competency of the advisor all affect technical assistance capabilities. No single entity can be expected to possess the wide array of necessary expertise associated with enterprise diversification. Consequently, providing technical assistance for enterprise diversification will generally be a collaborative effort between many organizations, agencies, and individual advisors.

The following guidelines will help achieve consistency in delivery of technical assistance for enterprise diversification:

- If the customer need is within your discipline or area of expertise:
 - Provide as detailed and specific assistance as possible using this guide and other resources

- If the customer need is outside your discipline/expertise, or organization's mission:
 - Provide the fact sheets and forms on those topics of interest that are contained in this guide, **AND**
 - Refer the customer to other sources of assistance for the specific expertise they are seeking. There are many sources of expertise in Wyoming that can be and should be utilized.

For example, consider the interaction between an NRCS conservationist and a rancher interested in a new enterprise: if he or she is looking for natural resource technical assistance, provide it. If he or she also needs business planning and marketing assistance, provide him or her with the relevant fact sheets from the guide and direct him or her to the appropriate sources for that assistance. Typically, this would be the Small Business Development Center, the Cooperative Extension Service or the Wyoming Business Council.





At the end of each technical topic in the Implementation Section of this guide (Section V), suggested sources of expertise are provided.

4. **Research data and information available**

The amount and quality of objective research data and information available to the advisor will either enhance or limit the technical assistance provided. If large quantities of peer-reviewed materials are available for a specific enterprise, then it will be easier to make that information available to your client. If little or no information is available, then your alternative might be to link your client with another producer that is engaged in the specific enterprise of interest.

Where you can find information:

- Pertinent Cooperative Extension publications for Wyoming, Colorado, Utah, Idaho, and Montana are listed in the Resources Section (VI) of this guide.
- Natural Resources Conservation Service Field Office Technical Guide – available in all NRCS field offices nationwide.
- Applicable publications produced by the Small Business Development Centers are listed in the Resources Section (VI) of this guide.
- Alternative Enterprises and Agritourism Tool Kit –available in all NRCS state offices nationwide.
- Contact information for organizations and agencies that provide information related to agricultural enterprise diversification can be found in the Resources Section (VI) of this guide.





- Numerous web sites exist. Refer to the Resources Section (VI) of the guide for a list of agricultural diversification-related sites.

In summary, provide information, guidance, and support to clients by assisting them in devising, assessing, and implementing plans for their agricultural enterprises. A recommended planning process follows and provides guidance for you . Obviously, the client makes the decisions. However, you have an important role in providing information and coaching your client through the planning process.

You are encouraged to proactively market your availability to provide this needed technical assistance, and refer the client to others with specific expertise in areas that are not your specialty.





G. Using this diversification resource guide planning process

The planning process outlined in this guide will help you coach clients through a sequence of steps leading toward business decisions and subsequent actions. Good planning takes into account all farm and ranch resources, some of which include family, facilities, finances, livestock, wildlife, plants, water, and equipment. The conservation and wise use of these resources can help clients sustain their individual farm and ranch enterprises, and ultimately, contribute to the sustainability of the rural West.

As a professional, you are the coach. The process of providing assistance will be unique for each producer, depending on the history of prior technical assistance. For some, it will require starting at the very beginning with the discussion of personal values and the establishment of each individual's goals. For others, sufficient resource information may exist to enable them to select and implement a new enterprise.

Three separate sections follow in this guide, detailing the assessment (Section III), feasibility (Section IV), and implementation (Section V) processes for assisting farm and ranch clients who are interested in diversification. Coaching your customer through these processes will help identify strengths and weaknesses related to existing operations, and generate information that will help them identify and evaluate the more appropriate alternative enterprise options for their situation.

Initially, one might think of planning for a new, alternative enterprise as being similar to preparing for a trip. The origin or starting point is known, some information is gathered to help determine the desired destination, necessary items are packed, and a map is usually followed to get there. After the trip, the family evaluates their experiences to decide if they would like to repeat it again in the future or go to a different destination.

However, the origin or starting point on the journey to enterprise diversification is not as simple as a point on a roadmap. Rather, the origin is the **existing operation and its associated resources**. They may be stand-alone or interactive. Whatever the case, this origin must be well known by all parties involved in the farm or ranch business.





You might use the following talking points to get your customer focused on existing operations:

- without a solid knowledge of all the aspects of the existing operation, and how they interact, how can it be determined if a new alternative will be complementary or competitive? In other words, how can you get where you're going if you don't know where you're starting from?
- interest in an alternative enterprise may simply be a symptom that there are some problems with an existing enterprise. Perhaps by addressing those problems, your client will discover that a new enterprise isn't really needed or desired.
- limitations associated with existing enterprises might limit the success of new enterprises.

The assessment portion of this planning process (Section III) can be used to help your client analyze the limitations and opportunities associated with existing enterprises. This is the "*gather information for the trip*" phase of the journey to diversification. The information generated for existing operations will become the foundation for considering new enterprises. In particular, the assessment portion of the planning process will help your client address three essential elements associated with enterprise diversification:

- clarification of values and goals for existing operations so that selection of a new enterprise can complement those goals. Include the goals of all who have an interest in the operation, e.g. spouse, kids, grandparents, etc.
- inventory and analysis of all resources, including human, agricultural, natural, financial and community. This will provide a vital database of information to use in evaluating existing operations and considering new enterprises.





- summary SWOT analysis for assessing strengths, weaknesses, opportunities, and threats related to farm or ranch enterprises.

Note that the expanded resource inventory forms include resources that might not be considered in a typical inventory, but are important in terms of enterprise diversification potential. For example, unique geological formations, scenic vistas, or a shade tree for a picnic table site would be noted while conducting the resource inventory.

The next phase of the planning process is to examine the feasibility of existing or new enterprises (Section IV). The information gathered through the assessments will provide the necessary data for evaluating the feasibility of the existing enterprises as well as any potential new enterprises. Once the feasibility evaluations are completed for existing enterprises, a decision can be made:

1. Can existing enterprises achieve desired goals with some management modifications?
2. Is it necessary and/or desirable to consider a new enterprise for attaining those goals?

Diversification may not be the best alternative. By reviewing the goals and assessments, and refining the inventory for their operation, changes in the current management may suffice to accomplish their goals.

Consideration of new enterprises should not occur until this homework has been completed. Otherwise, the customer might not end up with the most appropriate new enterprise. For example, if the client desires a fee hunting operation, be sure that this option matches the goals and resources relevant to their specific situation.

If the client chooses to continue exploring options for diversification, then the information generated will be useful for identifying potential new enterprises (i.e., *exploring other vacation destinations for their planned diversification trip*). Your client should then examine the checklist of potential alternatives, and evaluate the feasibility of the most preferred





options. Your client is ready to move on to implementation (Section V) when they have selected the most appropriate alternative enterprise for their situation.

The third phase of the planning process is to implement, or put into action, the selected new enterprise. This may or may not require a complete agricultural enterprise business plan. The implementation section of the guide (Section V) provides technical information that can be used to help complete the planning process for a new enterprise (*developing the map to get to the desired destination*). It also contains specific information related to management considerations of a new enterprise (*staying on course and overcoming detours on the way to the desired destination*).

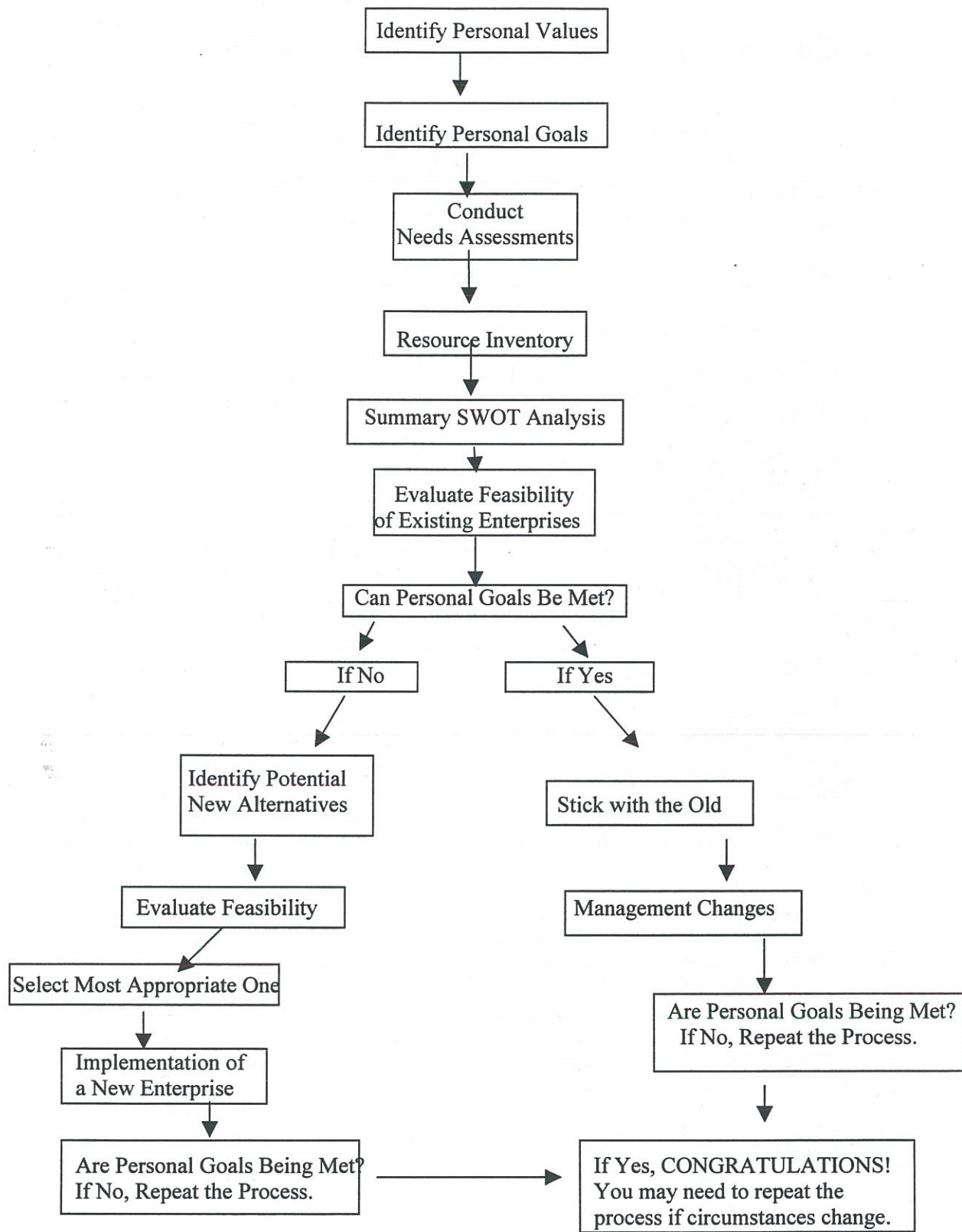
The process does not end here, as it is important to periodically re-evaluate the progress of the new enterprise to ensure that personal goals are being achieved. If this is not the case, it may be necessary to repeat the process until these goals are being met.

The following flow chart details a sequence for providing assistance:

1. Initially, identify the values and goals for each family member, and any other individual who has a significant interest in the business.
2. Assist your clients in completing each of the six needs assessments
3. Complete the resource inventory for existing enterprises.
4. Complete the summary SWOT analysis.
5. Decision – Can personal goals be met without diversifying?
6. If no, then proceed with consideration of new alternative enterprises.
7. Examine feasibility of potential new enterprises.
8. Decision – Select most appropriate new enterprise.
9. Implement new enterprise
10. Decision – Are personal goals being met?
11. If not, repeat the process; If yes, congratulations!



Figure 4. Planning process flow chart





H. Checklist of enterprise diversification components completed

The technical advisor can use this checklist to track the various components of agricultural enterprise diversification that have been completed for each respective farm or ranch. For multiple respondents, such as for needs assessments and goals, make note of the individual who has completed that component and the date of completion. For other components, only the date of completion may be necessary.

Farm/Ranch _____ Operator _____

Yes

A.	Goals	
B.	Needs Assessments	
	Personal Traits & Characteristics	
	Lifestyle & Family Traits	
	Family Financial Management Skills	
	Business Skills & Traits	
	Natural Resources Awareness	
	Community Resources Awareness	
C.	Resource Inventories	
	Human Resources	
	Financial Resources	
	Marketing Resources	
	Land Resources	
	Soil Resources	
	Plant Resources	
	Water Resources	
	Livestock Resources	
	Facilities Resources	
	Equipment/Machinery Resources	
	Wildlife Resources	
	Fisheries Resources	
	Cultural Resources	
	Recreation Resources	
	Community Resources	
D.	Comprehensive SWOT Analysis	
E.	Existing Enterprise Feasibility	
F.	Goals Re-evaluation Based on Existing Enterprises	
G.	Feasibility of New Enterprises	
H.	Selection of New Enterprise	
I.	Implementation of New Enterprise	
	Business Planning/Crisis Plan	
	Legal	
	Finance	
	Marketing	
	Human Resources	
	Natural Resources	
	Community	
J.	Goals Re-Evaluation	



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