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Getting Started In Farming? 5 Keys to Success

by

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Do you want to operate a farm someday? FarmLink helps establish connections between current farm owners and those wanting to start farming. However, this is only the first step in getting started. Of all the farm “seekers” in the FarmLink database, only 2 out of every 10 may be successful getting started each year. Successful new farmers differ from their counterparts due to these common traits:

1. Experience: Successful farm start-ups have 3-10 years of farm experience.

- Nothing substitutes for real-world experience on the farm. If you don't have a lot of experience, try volunteering or working on a farm.
- These days, it takes a good farm manager to keep the farm running and supporting a family. Try to gain management experience!

2. Equity: It always helps to have the ability to invest in a farm opportunity!

- Livestock, equipment, and cash (of course) improve your chances of getting a loan in order to get started.

- If you or your spouse have an outside job, it helps with the cash flow. You may not want to quit your outside jobs immediately — give the farm situation a try first.

3. Education: Farming requires business savvy and technical skills!

- Business management education will go a long way to improve your chances of success.
- Do you already have all the technical knowledge necessary? If you are starting from scratch, chances are you need some farm education.

4. A Business Plan: A clear plan of how to take advantage of the current business environment and how to allocate your resources.

- Summarizes a business opportunity and how you are going to seize it!
- Primarily used for raising capital and as a means for guiding business growth.

5. A Marketing Plan: What you will sell and how you are going to sell it.

In most businesses, a marketing plan is the most critical piece of the start-up pie. However, it is often the most overlooked piece of the puzzle when getting started. New farm operators are sometimes loath to make marketing plans a part of their start-up efforts. If you are starting a new farm operation, take the time to prepare a marketing plan — it may be the difference between success and failure.

What type of farm do you want to start?

This may influence what should be emphasized in your marketing plan. Although all “4 Ps” of a marketing plan need to be addressed by all farms, it is my observation that a direct marketer has different marketing challenges than a wholesale marketer. The direct marketer has more problems with the first two Ps -- **product** and **pricing**. The wholesale marketer has more problems with the last two Ps -- **promotion** and **placement**.

Direct Marketers: product and pricing concerns

Direct marketing operations have problems deciding what products will sell the best. Given that many raised farm products have to be planned at least 3-4 months in advance, this poses a logistical challenge. You must grow something that your customers want! Give them a reason to buy your product. Don't just grow something and then try to figure out how to sell it.

Pricing is also a challenge. The most common mistake of first-time direct marketers is pricing their products too low. Often, new marketers just look at what it cost them to grow the particular product and leave out the overhead expenses. With small businesses, the overhead expenses are often a higher proportion of the total cost of production! Warren Abbott, of Abbott Farms in Syracuse, uses the snow plow example: a young fellow purchases a snow plow, charges \$10 a driveway and thinks he is making a lot of money—until the truck breaks down. He then realizes he hasn't considered truck repairs, insurance or truck payments into his \$10 price! He goes out of business eventually; but there are always more new snow plowing businesses starting every year.

Wholesale Marketers: promotion and placement concerns

Wholesalers are often commodity producers (similar products as a lot of other farmers) and price takers (take the price that the “middleman” gives them). Given that wholesalers have little control over product and price, this makes promotion and distribution that much more important. Successful promotion strategies for wholesalers concentrate on promoting quality differences and adding services to their product. Distribution strategies such as adding a retail outlet and identifying new markets/buyers have also proved to be important keys to success.

*** For more information:**

Read “Developing a Strategic Marketing Plan” by Gerald White and Wen-fei Uva. Available by writing to: Publications, Applied Economics and Management, Cornell University, Ithaca NY

14853. **If you have questions about getting started in farming, contact NY FarmLink at 1-800-547-3276.**

Smart Marketing is a monthly marketing newsletter for extension publication in local newsletters and for placement in local media. It reviews the elements critical to successful marketing in the food and agricultural industry. Articles are written by faculty members in the Department of Applied Economics and Management at Cornell University.

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