

SMALL FARMS RESEARCH CENTER FACTSHEET

COLLEGE OF AGRICULTURAL, LIFE AND NATURAL SCIENCES



United States Department of Agriculture
National Institute of Food and Agriculture



United States Department of Agriculture
Office of Advocacy and Outreach (OAO)

Farm Planning Checklist

Step 1. Define the farm's mission.

The mission statement defines the purposes of the farm and gives a detailed answer to the question, "What business or businesses are we in?" Defining the farm's mission forces you to carefully identify the products, enterprises and/or services the farm provides. It is the foundation used to establish the activities of the farm. The mission statement answers these questions:

- What is our current situation?
- What markets are likely to produce the best opportunities?
- What type of agricultural commodities or services can we produce to take advantage of these opportunities?
- What, if any, other activities are we involved in?
- What are the priorities of these activities?

A mission statement is not necessarily a long document. In fact, it should contain fewer than 50 words, and two or three sentences may be sufficient. Here is an example of a mission statement:



We operate a 300-cow beef farm to support a modest level of living for two families. Our objectives are to (1) build net worth, (2) stay in farming if at all possible, (3) gainfully employ two full-time family members (partners), (4) provide a good environment in which to raise our children, and (5) allow each partner suitable time off to enjoy family living, community activities and hobbies. We would like to provide for the transfer of the farm to one partner and to provide retirement income to the other partner within five years.

Step 2. Establish objectives/goals.

Those should translate the mission into concrete terms. They should be quantifiable and straightforward statements such as the following: "Increase sales by 100 percent over the next five years", "Reduce labor costs by 25 percent in the next three years", "Increase production per acre by 30 percent in the next five years", "Provide health insurance coverage and Social Security coverage for two family employees next year".

Goals should be chosen in such a way that they contribute to attainment of the mission identified in Step 1. Each goal has several characteristics: It should be SMART (Specific, Measurable, Attainable, Realistic, and Timed). This allows you to check progress toward your goals and make decisions that complement the mission. After you draft your goals see if they meet these criteria.



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Step 3. Assess the external environment.

Every agricultural firm faces uncertainties, threats and opportunities that are beyond its control. Market forces may cause prices to plunge, either in the long-run or short-run. Large crops, declining consumer demand, a strong dollar, high interest rates, changing government policies and regulation of labor and pesticides are external threats that can cut profits or make business more difficult. New market opportunities are created by demographic changes, changing consumer lifestyles, population growth in selected regions and technological breakthroughs. It is important in this step that the operator/manager understand the economic, social and technological forces that will affect the farm. With this information, you can form educated guesses about what will happen to product prices, interest rates, the rate of inflation, labor markets and input prices over the next three to five years. A good understanding of how your local government views farming is very useful.

Step 4. Assess the farm's strengths and weaknesses. The quality and quantity of resources within the control of the operator/manager is the first part of this assessment.

- What are the abilities and limitations of the operator/manager?
- What skills and abilities do the employees have?
- How modern and efficient is the technology?
- How large is the resource base?
- What is the cash position of the farm? It is important that these resources be compared against those of similar operations. Many farmers have an unrealistic view of their own resources and operation because they do not compare themselves to others in the same business.

Reference: Pierce, Vern & Parcell, Joe. Google Farm Business Plan/Management. July 2012

Small Farms Research Center, Alabama A&M University

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Small Farms Research Center Background. The Small Farms Research Center was developed to assist small farmers with limited resources in Alabama's underserved communities. The center was first developed in 2000 to assist minorities, especially women, African Americans and underserved individuals improve their farm management practices, given ones condition and resources. The mission of the Center and the Small Farmers Outreach program is to assist all small and limited resources farms effectively deal with risk management and food safety issues and provide them with informational sessions. The Center has also expanded its outreach efforts to meet the needs of entrepreneurs and businessman. The center is located at Alabama A&M University in the Dawson Building. The center specializes in *following areas* :

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| Marketing and Business Plans | -Record keeping and Loan Application |
| -Identify alternative enterprises | -Personal Management |
| -Legal Issues | -Finances |
| -International Business and Procurement | -Accounting Issues |
| -Taxes | -Business Development |
| -Conducting seminars on Government programs and other issues | |

For more information about us give us a call at (256) 372-4970 and 1-866-858-4970.

Website: www.aamu.edu/smallfarmers



Cooperating Units: USDA Office of Advocacy and Outreach (OAO), USDA/NIFA/ Beginning Farmers and Ranchers Development Program (BFRDP), USDA/OAO/Outreach Assistance for Socially Disadvantaged Farmers and Ranchers (OASDFR) Program, Alabama Cooperative Extension Systems, and Alabama A&M University.

