

 ${f S}$ o, you want to start farming! Agriculture can provide many opportunities, and beginning farmers come from a diversity of backgrounds and bring with them a diversity of goals and interests. If you are seriously considering starting up an agricultural business, there are a number of important things to consider and plan for. This factsheet is meant to assist you in thinking about how to specifically define your goals, how to educate yourself, how to market your products, and finance vour agricultural venture. The resources and links here will help as you begin your agricultural venture, and if you choose, in the preparation of a business plan that outlines what your goals are and how you will attain them.

---Define Your Basic Goals-----

The first step to take when thinking about starting a farm is to define your goals. Start by asking yourself some basic questions about your interests and goals. To do this you should first identify your own values, so take some time to sit down and think about the following things, as suggested by the book *Building a Sustainable Business* developed by the Minnesota Institute for Sustainable Agriculture (MISA). In relation to your farming venture and your broader life, what are your:

- Personal goals?
- Economic goals?
- Environmental goals?
- Community goals?

After thinking about and writing down some thoughts on these questions you should be better able to define the goal for your agricultural enterprise. Answers to other general questions such as those listed below will help to further refine your goals. Remember, the best goals to set are specific and realistically attainable.

- Do you want to work with animals?
- Are you interested in growing vegetables, fruits, or row crops like corn and soybeans?
- Do you want to make a living solely from the farm?
- Do you want to do on-farm processing to add value to your products?
- Do you have an aptitude for fixing machinery?
- What do you like to do? Since farming can be repetitive, you should enjoy your chosen work.

So You Want to Be A Farmer...

The next question to ask is whether you want to operate a hobby farm, or if you want to formally start an agricultural business. If you wish to start a farm business, you will want to think about the legal structure of your operation. You may want to operate as a sole proprietorship, which means that you don't have to register your business, and farm operations and other income and household activities are more or less legally merged. Other options include forming an S- or C- corporation, or a limited liability company (LLC), which is the choice of many small farmers. Those who choose to incorporate their farm activities generally do so for liability reasons, the main difference between the various options is in the way your activities will be taxed. For basic information on incorporation go www.business.gov/register/incorto poration. To find more information on business planning and developing business plans, and on how to register your business check out the following resources:

US Small Business Association

www.sba.gov <u>Wisconsin Office</u> 740 Regent Street, Suite 100 Madison, WI 53715 608-441-5263 <u>Minnesota Office</u> 100 North Sixth Street Suite 210-C Butler Square Minneapolis, MN 55403 612-370-2324 **University of MN AgPlan** www.agplan.umn.edu *Helps rural business owners develop a business plan for free.*

ATTRA/National Sustainable Ag. Information Service

www.attra.ncat.org/marketing.html Many resources on business planning.

State of Wisconsin Dept. of Financial Institutions

345 W Washington Avenue Madison, WI 53703 608-261-9555 www.wdfi.org

Building a Sustainable Business

book developed by the Minnesota Institute for Sustainable Agriculture 411 Borlaug Hall, 1991 Buford Cir. St. Paul, MN 55108-1013 1-800-909-MISA www.misa.umn.edu

The Organic Farmers Business Handbook by Richard Wiswall Cate Farm, 135 Cate Farm Road Plainfield, VT 05667 catefarm@gmail.com www.catefarm.com

Maryland Rural Enterprise Development Center

http://mredc.umd.edu/ rootbeginning.html Some great online materials.

Minnesota Dept. of Employment and Economic Development

651-259-7114 DEED.CustomerService@state.mn.us www.positivelyminnesota.com

---Get Educated-----

The next question to ask yourself is whether you have the knowledge necessarv to make your chosen venture a success. Most beginning farmers have many production related questions. Many have very little experience with agriculture, while others have some background or history with farming. The number of possibilities is endless, but most beginning farmers are going to have at least a few things to learn about production, as well as financing and marketing. If you are interested in producing organic crops or livestock, it is important to have a firm understanding of the organic regulations and how to go about transitioning crop and pasture land to organic. Management of organic systems takes a somewhat different approach, with a strong focus on soil health and quality, and getting educated about organic strategies for fertility management, as well as pest and weed control, is extremely important to ensure the success of an organic operation.

Extended Trainings

A great way to answer the numerous questions that arise, and to gain more experience, is to pursue any of a number of education and training programs. Many beginning farmers look for short term, more hands-on approaches to learning, and there are many opportunities to take advantage of. We will highlight a couple of opportunities below. The Land Stewardship Project's Farm Beginnings[™] program: This program provides opportunities for participants to learn first-hand about goal setting, whole farm planning and sustainable production methods from experienced farmers. The program duration is one year, during which time participants spend time learning in the classroom, on farm tours and through mentorship and hands-on experience.

The course begins in October of each year and is held at varying locations throughout Minnesota. Farm Beginnings is also held at two locations in Illinois. Stateline Farm Beginnings serves southern Wisconsin and Northern Illinois, while Central Illinois Farm Beginnings serves central and southern Illinois. Also, the Foundation for Agriculture and Rural Resources Management, located in Medina, ND, offers an "Organic Farming 101" course, which is adapted from the Farm Beginnings materials.

Land Stewardship Project

821 East 35th Street, Suite 200 Minneapolis, MN 55407 612-722-6377 info@landstewardshipproject.org www.farmbeginnings.org

Lake Superior Farm Beginnings Lake Superior Sustainable Farming Association 310 Carlton Ave P.O. Box 307 218-834-0846 cree@lakesuperiorfarming.org

---Other Training Programs------

<u>Collaborative Regional Alliance for</u> <u>Farmer Training (CRAFT)</u>

This program, coordinated by Angelic Organics in Caledonia, IL (also coordinators of the Stateline IL Farm Beginnings) helps new farmers learn by linking them with experienced growers through internship, employment and mentoring relationships. On-farm training, business planning and various field days on a diversity off arms provides participants with a well-rounded base of knowledge useful in starting their own operations. This program is mostly active in the northern IL and southern WI region.

Joanne Wiedemann-Wolf

Program Coordinator

815-389-8455

craft@learngrowconnect.org. www.learngrowconnect.org/farmer

University of Wisconsin Center for Integrated Agricultural Systems School for Beginning Dairy Farmers Dick Cates, Coordinator 608-265-6437 or 608-588-2836 rlcates@facstaff.wisc.edu www.cias.wisc.edu/dairysch.html Educates interested people on how to create a successful pasture-based dairy and livestock operation.

<u>Illinois Farm Beginnings</u> www.illinoisfarmbeginnings.org Stateline: 815-389-8455 or craft@learngrowconnect.org Central: 847-570-0701 or info@thelandconnection.org

FARRMS

301 5th Ave SE, Medina, ND 58467 701-486-3569, info@farrms.org www.farrms.org

<u>Midwest Organic and Sustainable</u> Education Service (MOSES)

Farmer-to-Farmer Mentoring Program This program pairs an established organic farmer with a transitioning-toorganic farmer, to help these new to organic farmers negotiate the various USDA regulations and modify their operations to meet organic standards. Mentors share practical information on day-to-day activities on the farm. The program accepts applications on a rolling deadline for mentors and mentees. Selections and pairings are made in late fall. The program is open to farmers in the upper Midwest. Harriet Behar **MOSES** Organic Specialist Home Office: 43299 Patton Road Gays Mills, WI 54631 608-872-2164 harriet@mosesorganic.org

www.mosesorganic.org/ mentoring.html

---On-Farm Work-----

Another way to gain experience with agriculture is to intern or volunteer on an operation that suits your interests. Many opportunities are available, especially on organic and sustainable farms, which commonly have a need for seasonal workers who have minimal experience but a willingness to work hard in the field. This experience gives those thinking about starting a farm an excellent chance to gain hands-on experience and can be an eye opener in terms of the many different aspects of running a farm. The Local Harvest website is one place where farm jobs are listed, but there are many others as well. If you know of farms in your area, or search for them using Local Harvest or some other service, give them a call or check their website, as most farms require some form of seasonal labor. You may also want to peruse the websites of agricultural recruitment and placement services. These services usually list permanent large-scale and conventional livestock and crop farm jobs for those with experience, but once in a while jobs on farms focused on organic or sustainable management also appear.

---Online Job/Internship Boards-----

Local Harvest www.localharvest.org/forum MN Institute for Sustainable Ag www.misa.umn.edu/Jobs_Internships Midwest Organic and Sustainable Education Service (MOSES) www.mosesorganic.org/jobs.html World Wide Opportunities on Organic Farms (WWOOF) www.wwoof.org ATTRA attra.ncat.org/attra-pub/internships Agricultural Placement Services Hansen Agri-Placement

www.hansenagriplacement.com

<u>AgriCareers</u> www.agricareersinc.com <u>Agri-Management Group</u> www.agri-man.com

---Field Days and Trainings----

Many other events of interest to beginning farmers are occurring all the time, sponsored by the above organizations or others like them. Organizations that offer short-term trainings (from a couple hours to two days) and field days in sustainable agriculture and organic farming are listed below.

Midwest Organic and Sustainable Education Service (MOSES) 715-778-5775 info@mosesorganic.org www.mosesorganic.org Coordinates and supports trainings and field days throughout the upper Midwest. Also check the MOSES events calendar for an extensive list of happenings related to organic ag around the Midwest (www.mosesorganic.org/events.html).

University of Wisconsin Center for Integrated Ag. Systems School for Beginning Market Growers John Hendrickson, Coordinator 608-265-3704 jhendric@wisc.edu www.cias.wisc.edu/wisconsin-schoolfor-beginning-market-growers This three day program provides information on how to start up a market gardening operation. Michael Fields Agricultural Institute 262-642-3303 mfaiadmin@michaelfieldsaginst.org www.michaelfieldsaginst.org MFAI hosts and sponsors many events around WI and IL every summer. Topics range from managing organic matter to tractor safety.

Land Stewardship Project 612-722-6377 www.landstewardshipproject.org *Offers field days and trainings throughout MN*.

<u>Sustainable Farming Assoc. of MN</u> 320-226-6318 or info@sfa-mn.org www.sfa-mn.org *Coordinates and supports sustainable ag related events around MN*.

Practical Farmers of Iowa 515-232-5661 info@practicalfarmers.org www.practicalfarmers.org Coordinates events and field days in IA that educate producers on ecologically sound agricultural techniques. PFI also supports on-farm research on sustainable and organic crop and livestock production.

Angelic Organics Learning Center 815-389-8455 www.csalearningcenter.org Angelic Organics offers on-farm trainings and educational events for all ages in Northern IL. They also manage the CRAFT program (mentioned above under "Other Farmer Training Programs"), which includes field days and other training events.

---Online Resources-----

A large amount of information on crop production, animal husbandry, organic certification and sustainable production techniques is available for beginning farmers on the web. The University of MN Extension Service (www. extension.umn.edu/Agriculture) and the University of WI Extension Service (www.uwex.edu/topics/agriculture) provide comprehensive production related resources. ATTRA, The National Sustainable Agriculture Information Service (attra.ncat.org), has a wealth of informative publications on sustainable and organic production techniques. Many resources are available online to assist producers in learning more about organic production strategies as well as the organic regulations and certification process. The Midwest Organic and Sustainable Education Service has many materials on their website (www. mosesorganic.org) to assist producers interested in going organic. The Organic Trade Association sponsored website www.howtogoorganic.com is also a good resource for beginning organic farmers, with many links to helpful information. The Practical Farmers of Iowa website (www.practicalfarmers.org) and the University of Wisconsin Center for Integrated Agricultural Systems website (www.cias.wisc.edu) also have good information on organic production.

---Marketing -----

The next question a person must consider when thinking about starting to farm is how to market your products. It is extremely important for beginning farmers to clearly identify their market before they start operating. A steady market is critical to financial success. and many farmers find that relying on a diversity of markets brings them the most stable income. In some cases, such as with conventional commodity crops, a farmer can sell to, or contract with, their local grain elevator, or in the case of conventional beef cattle, sell at auction. Cooperative marketing opportunities may also exist for crops and livestock through local cooperatives or through the National Farmers Organization. Often large-scale vegetable growers contract with buyers or distributors, meaning they agree at the beginning of the year to provide the buyer with a certain amount (by weight or volume) of the crop in question at a certain price. Terms and conditions will vary. Cooperative marketing opportunities may also exist for vegetable producers.

With vegetables, specialty crops, specialty meats like lamb, or with organic products, a somewhat different approach to marketing may be necessary. The growing demand by consumers to know where and how their food is produced is driving a surge of marketing opportunities for products produced locally, sustainably and certified organic. Many small scale producers choose to market their products directly, through farmers markets and Community Supported Agriculture (CSA) operations. CSAs consist of consumers buying a "share" in the farm and paying a flat fee up front before the season begins. In return, the farmer provides the customer with a certain amount of produce (or other product) every week or so for the entire growing season. Arrangements vary, but usually customers meet the farmer to pick up the produce and may sometimes be asked to volunteer a couple hours on the farm. Since CSAs rely on direct to consumer marketing, CSA producers depend heavily on effectively advertising their operations. This means getting the word out there by advertising. This is where websites like Local Harvest, or that managed by the Land Stewardship Project around the Twin Cities, and organizations like the Madison Area Community Supported Agriculture Coalition (MAC-SAC) around the Madison, WI area are useful. New producers will want to wait to use the CSA model until they are confident in their growing skills and resource base.

Alternately, smaller sized producers looking to serve their local markets may choose to market directly to consumers through farm stands or at farmers markets. Others, individually or cooperatively, choose to sell to grocers, food co-ops or restaurants in their local area. Some producers may work individually or cooperatively to market their products directly to institutions such as schools or hospitals. Contracts may be available in some areas for organic produce, grains, and other field crops.

So You Want to Be A Farmer...

Examples of companies buying organic grains are SunOpta, Northland Organics, or Ceres Organic Harvest. Niche, specialty markets such as organic tofu or natto soybeans for export to Japan (extra certification for the Japanese organic market would be necessary in this case), may also provide opportunities for organic crop producers.

Marketing organic milk is usually done through larger companies or cooperatives, although a number of organic dairies market their milk directly to retail outlets. You will need to carefully explore your state regulations before you plan on this, however. Organic meats probably require the most creative marketing, as there is very little marketing infrastructure in place, but solid customer demand. Many meat producers sell directly to retail stores or restaurants, but other opportunities also exist with the growing institutional market

Marketing associations and cooperatives also provide opportunities for organic crop and livestock producers. From vegetables to beef, many organizations and materials exist to assist in the marketing of organically and sustainably produced foods, and their contact info is listed below. Also consult the Midwest Organic and Sustainable Education Service's (MOSES) Upper Midwest Organic Resource Directory for potential buyers of organic ag products (www.mosesorganic.org/resourcedirectory.html). University of Wisconsin Extension 1-877-947-7827 pubs@uwex.edu http://learningstore.uwex.edu/ Direct-Marketing-C12.aspx Many publications related to direct marketing available for a small fee. National Sustainable Agriculture Information Service (ATTRA) www.attra.ncat.org/marketing.html Many great resources on marketing strategies. Madison Area Community Supported Agriculture Coalition (MACSAC) 608-226-0300 info@macsac.org www.macsac.org WI CSA listings, farm endorsements and local programs. Land Stewardship Project (LSP) 612-722-6377 www.landstewardshipproject.org MN CSA listings and local programs. Research, Education, Action and Policy on Food Group (REAP) 608-310-7836 info@reapfoodgroup.org www.reapfoodgroup.org Southern Wis. programs include "Buy Fresh Buy Local", which connects local growers with restaurants, retail stores and other food outlets. **Dairy Marketing Service - Midwest** 1-866-367-8181 www.dairymarketingservices.com Kansas City, MO company provides assistance with marketing milk to

large wholesale buyers. Also works

with organic producers.

Wisconsin Department of Agriculture, Trade and Consumer Protection Direct Marketing Resources WI Local Food Marketing Guide www.datcp.state.wi.us/mktg/business/business_resources/index.jsp 123-page book available online helps with marketing and legal advice.

Local Harvest www.localharvest.org *CSA listings*.

<u>Farm to School</u> www.farmtoschool.org Farm to school connects K-12 schools with local farms to provide healthy meals in school cafeterias while supporting local growers.

Wisconsin Organic Marketing Alliance 608-427-2201 mcdonald@mwt.net organicmarketingalliance.org Assistance marketing feed and grain crops.

National Farmers Organization 800-247-2110 www.nfo.org *Commodity marketing assistance for conventional and organic growers.*

Wisconsin Grass-Fed Beef Cooperative 715-965-3756 info@wisconsingrassfed.coop www.wisconsingrassfed.coop

With selling and marketing your products come legal responsibilities. As a food producer, it is important to be aware of what permits, licensing and other legal requirements are necessary and what regulations must be followed. Farmers interested in processing their agricultural products on farm have licensing requirements. additional The labeling of products follows certain protocol mandated by state and federal governments, and food safety guidelines must be followed by farmers to ensure healthy food reaches the consumer. The table below shows some examples of the licensing requirements in Wisconsin for selling various types of agricultural products. The table is just an overview; other considerations may be necessary. Check out the Wisconsin Local Food Marketing Guide for more information.

---Licensing Requirements-----

(may be necessary for ag producers)

Raw Vegetables/Fruit

No license required for selling from the farm, at the farmers market or to retail outlets

Cut Vegetables/Fruit

1. Selling from Farm: Retail food establishment license required. Processed in commercial kitchen.

2. Selling at farmers market or to retail: Same as above but product must be fully labeled.

Poultry (Meat)

1. Selling from farm (under 1,000 birds/ yr): No license needed. Must be fully labeled, including "Not Inspected". Must be handled to ensure food safety.

2. Selling from farm (over 1,000 birds/ yr): Retail food establishment license required. Must be fully labeled.

3. Selling at farmers market: Mobile

Poultry (Meat) cont'd...retail food establishment license. Must be processed at state inspected facility. Fully labeled. Check local ordinances.

4. Selling to retail outlets: Same as above, but also warehouse license.

Dairy (Milk, Cream, Butter)

1. Selling from Farm: Dairy license, dairy plant license, personal license for butter production. Fully labeled.

2. Selling at farmers market or to retail: Mobile retail food license for farmers markets.

---Financing-----

Another important thing to think about when beginning a farming operation is how the venture will be financed. In most cases, loans will be needed to finance the purchase of land, equipment and infrastructure. Depending on the scale of the operation, the investment may range from rather small to quite significant. Producers are usually going to access loans through lenders who are members of the Farm Credit System, a government sponsored enterprise consisting of a nationwide network of cooperatively organized banks and associations. Members of the Farm Credit System are required to serve the needs of beginning farmers and have a program in place to furnish sound credit to beginning farmers. Financial planning and certain loan programs can be accessed through State Departments of Agriculture. There are a number of different loans available to finance the acquisition of land or fund operating expenses.

Farmers can also access loan programs through their State Departments of Agriculture, and many states (not WI) also have Aggie Bond Loan programs, which are specifically directed to beginning farmers. In Wisconsin, the Department of Agriculture and Trade Policy's Farm Center can assist growers with accessing loan programs, financial counseling, including enterprise analyses, feasibility analyses and assistance with debt restructuring. In Minnesota, the State Department of Agriculture's Ag Development and Financial Assistance Division can help producers access loans and grant programs suited to their needs. The Minnesota Farmer Assistance Network also provides advice and financial guidance to farmers. The University of Minnesota's Small Farms Center also provides information on marketing and financial assistance, as well as offering farm credit mediation services. The Center for Farm Financial Management, also at the University of Minnesota, can provide producers with tools to assess their financial situation and plan the future of their operations. The state of Minnesota has many loan programs available, including basic farm loans, dairy modernization loans, sustainable agriculture loans, and so on.

The USDA Farm Service Agency (FSA) is another important source of operating loans, land acquisition loans and beginning farmer loans. The FSA provides low-interest loans for established producers and beginning farmers who cannot obtain credit from other sources. These programs can be useful for beginners who do not have the assets which would allow them to purchase a large quantity of land or make extensive equipment purchases.

Grants are also sometimes available for beginning farmers, usually through the state. These monies are generally available to support the farm planning or marketing, but not for buying land or buildings. The state of Minnesota has a number of grants available for farmers for investment in livestock, specialty crops and sustainable agriculture, as well as administering cost sharing for organic certification. Wisconsin also has cost sharing for organic certification and specialty crop grants, along with grants for the development of value added products and new technologies and a Buy Local Buy Wisconsin grant program to provide technical assistance to growers.

---Finding a Place to Farm------

The final step in the process is finding land to begin farming on. New farmers can do well by starting out on rented land, but some choose to buy property. You can use local realtors, but there are also some resources online where individuals looking to buy and sell or rent land can connect, such as the MOSES Land Link-Up (www.mosesorganic. org/landlinkup.html) and the Land Stewardship Farmland Clearinghouse (www.landstewardshipproject.org/fb/ land_clearinghouse.html). When looking at land, pay attention to soil types, landscape, and set up to determine whether the property suits your needs. Don't fall in love too quickly!

MN Dept. of Ag: Agricultural Development and Financial Assistance Divison Lori Schmidt, Office Manager Lori.Schmidt@state.mn.us 651-201-6556, www.mda.state.mn.us/ grants/grants.aspx www.mda.state.mn.us/about/ divisions/agdev/agfinance.aspx Information on grants and loans available to ag producers.

University of Minnesota Center for Farm Financial Management 1-800-234-1111 The Center for Farm Financial Management, University of Minnesota 130 Classroom Office Building 1994 Buford Avenue St. Paul, MN 55108 www.cffm.umn.edu

Minnesota Farmer Assistance Network 1-877-898-MFAN (6326) 651-201-6326 (local) mfan.mda@state.mn.us www.mda.state.mn.us/about/ mfan.aspx Advice on financial and regulatory concerns.

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<u>Wisconsin Dept. of Agriculture and</u> <u>Trade Policy Farm Center</u> Division of Ag. Development

---Finding a Place to Farm, cont'd

Wisconsin Dept. of Agriculture and Trade Policy Farm Center Division of Ag. Development 800-942-2474 http://datcp.state.wi.us/core/ agriculture/agriculture.jsp http://datcp.state.wi.us/core/ marketingagriculture/marketing agriculture.jsp Marketing, financial, legal, conservation resources and more for Wisconsin farmers.

USDA Farm Service Agency Wisconsin State Office 608-662-4422 Minnesota State Office 651-602-7700 www.fsa.usda.gov Low interest loans for farmers. Search the website for county offices. Farm Credit Administration info-line@fca.gov www.fca.gov Locate ag banks that are part of the FCA in your area. University of MN Small Farms Center www.extension.umn.edu/SmallFarms Betsy Wieland, Extension Educator Hennepin County 417 N 5th St, Suite 200 Minneapolis, MN 55401 eliza003@umn.edu p. 612-596-1175, f. 612-348-8532 Nathan Winter, Extension Educator McLeod/Meeker Counties 840 Century Ave. Hutchinson, MN 55350 wint0146@umn.edu

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The Midwest Organic and Sustainable Education Service (MOSES) serves farmers striving to produce high-quality, healthful food using organic and sustainable techniques.

These farmers produce more than just food; they support thriving ecosystems and vibrant rural communities.

www.mosesorganic.org