

Agritourism in Arkansas

A RESOURCE GUIDE FOR FARMERS AND LANDOWNERS



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Agritourism in Arkansas is defined as any activity, enterprise or business which is designed to increase farm and community income through combining the essential elements of the tourism and agriculture industries. Agritourism attracts members of the public to visit agricultural operations by providing recreational and/or educational experiences that build public awareness of rural life.

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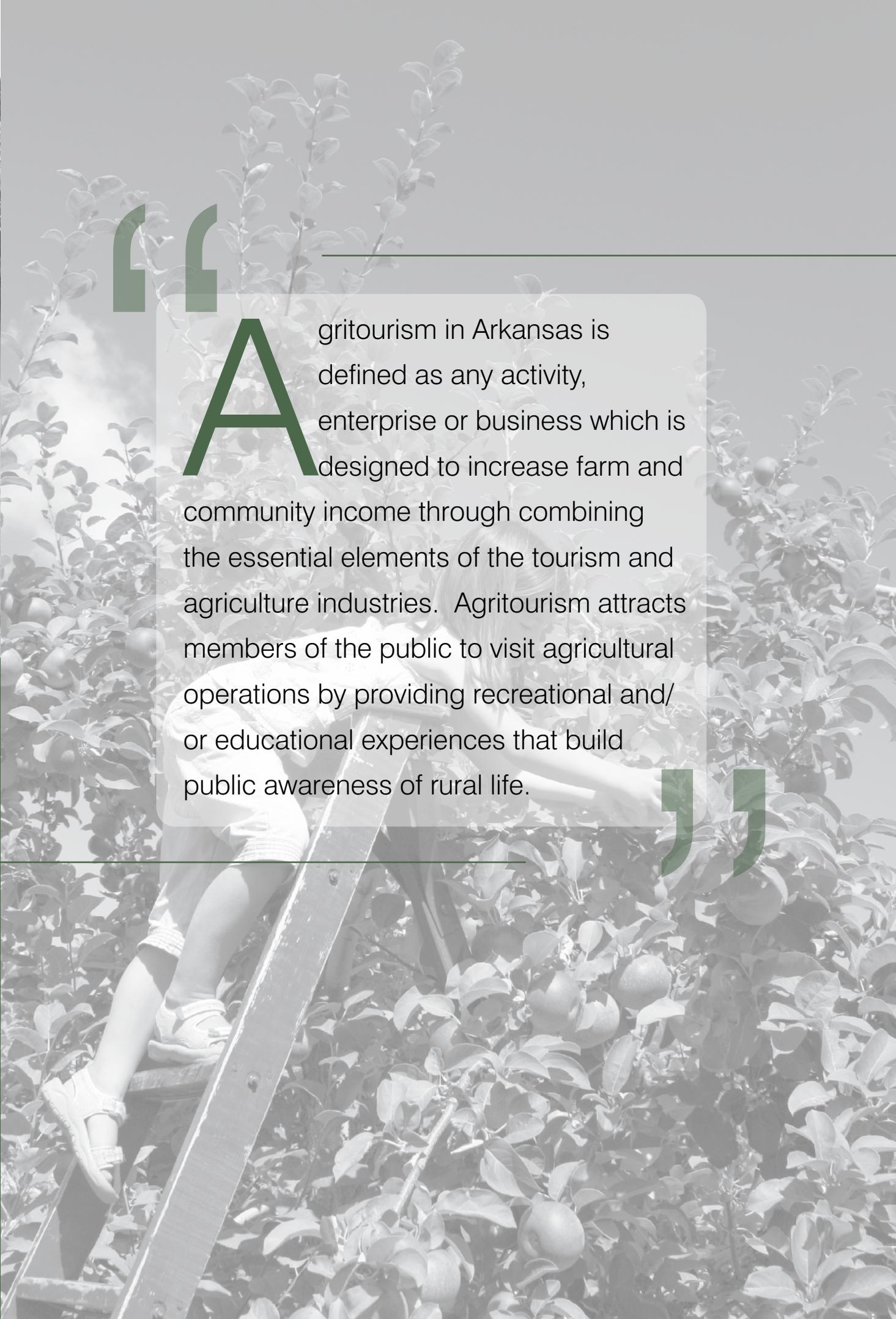




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FORWARD

Welcome to the World of Agritourism in Arkansas.

THE PURPOSE OF THIS MANUAL IS TO:

- (1) Provide current agritourism providers with a guide to help grow their businesses to new heights
- (2) Introduce Arkansas farmers to agritourism and the potential impact it can have on the State and the farming communities
- (3) Give Arkansas farmers the tools they need to decide whether or not they could or would want to experience the benefits of agritourism
- (4) Provide farmers with step-by-step instruction in how to become an agritourism provider

If you have any questions or comments related to anything in this resource guide, please do not hesitate to contact us at any time.

Joe Foster, Program Coordinator

Winthrop Rockefeller Institute of the University of Arkansas System

*** Disclaimer**

The information contained in this publication is deemed correct and accurate to the best of the ability of the authors, based on information utilized at the time of writing. This publication is for educational purposes only and does not constitute legal advice or an interpretation of the law.



CONTENT DEVELOPMENT

The content for this guide was a collaborative effort of a number of individuals and organizations committed to growing agritourism as an industry in Arkansas. Joe Foster, Program Coordinator at WRI, directed the work of University of Arkansas, Fayetteville student-interns Fran Free, Susannah Shinn and Marcus Looney in the research, adaptation of existing content and development of new content in order to publish this comprehensive resource guide.

Agritourism in Focus: A Guide for Tennessee Farmers (Center for Profitable Agriculture at the University of Tennessee Extension, 2005) and *Oklahoma Agritourism: A resource manual to help Oklahoma's farmers and ranchers grow agritourism* (Oklahoma Department of Agriculture, 2005) served as major sources of reference for this publication.

Content Review

Faculty/staff of the University of Arkansas, Fayetteville Agricultural Communications Program, University of Arkansas Cooperative Extension Service, Arkansas Agriculture Department, National Agricultural Law Center, Arkansas Department of Parks and Tourism, and Winthrop Rockefeller Institute provided area expertise in reviewing the material included in this guide.





PLANTING THE SEEDS FOR A NEW INDUSTRY IN ARKANSAS

Agritourism is providing Arkansas with a natural way to retail and promote what we currently have in our state. Also, agritourism is realizing its potential to provide significant benefits to people in rural Arkansas – higher local incomes and the creation of new jobs, most notably. Until two years ago though, there had not been a formalized effort to promote awareness and development of the industry in the state.

In July 2006, leaders from the agriculture and tourism industries in Arkansas convened at the Winthrop Rockefeller Institute (WRI), just west of Little Rock, to discuss the steps that needed to be taken in order to raise agritourism in the state to the level it enjoys in other states around the country. This “strategic conversation” ushered in the early stages of the agritourism initiative in Arkansas. Along with the identification of key resource providers, a major outcome of this meeting was the adoption of a formal definition for agritourism in Arkansas:

Agritourism in Arkansas is defined as any activity, enterprise or business which is designed to increase farm and community income through combining the essential elements of the tourism and agriculture industries. Agritourism attracts members of the public to visit agricultural operations by providing recreational and/or educational experiences that build public awareness of rural life.

This definition has helped to guide work across the region over the last two years.



The Pilot Project

In support of this initiative, WRI applied for and was awarded a Rural Business Opportunity Grant (RBOG) from USDA Rural Development to fund a pilot project focused on developing the agritourism industry in the Arkansas River Valley region. The Arkansas River Valley Pilot Project for Agritourism Development has assisted in developing, implementing and evaluating a formalized plan for supporting agricultural tourism through private, public and nonprofit entities. Additionally, the project has provided leadership by organizing and coordinating conferences and workshops to identify, train and provide technical assistance to existing and prospective providers within the defined six-county pilot area with additional workshops extended to participants from other areas of the state.



Over the last two years, WRI has realized that agritourism has the potential to provide significant benefits not only to those in the River Valley, but to people across Arkansas. These benefits include an increase in tax revenue at both the state and community level, economic diversification, along with identification and preservation of Arkansas' local cultural heritage. Moreover, the agritourism industry can help create new jobs that are interwoven into Arkansas' rural landscape and will not face the threat of being exported.





The Statewide Initiative

In addition to work in the River Valley, statewide organizations/agencies have been working together to identify and assess the potential for agritourism to become a specialized statewide industry. With over 400 current and potential agritourism sites identified, the need for these enterprises to have an easily identifiable and accessible source for support became apparent. After deliberations among participants from the July 2006 meeting, the Arkansas Agritourism Initiative (AAI) Partnership was formed in July 2008 to be this source.

THE FOLLOWING ORGANIZATIONS/ENTITIES MAKE UP THIS PARTNERSHIP:

- Arkansas Agricultural Department
- Arkansas Department of Parks and Tourism
- Arkansas Farm Bureau
- National Agricultural Law Center
- University of Arkansas Division of Agriculture
- Winthrop Rockefeller Institute of the University of Arkansas System



The goal of the AAI is to facilitate the strategic development of the agritourism industry in Arkansas. Each partner provides support in planning, promoting and generating funds to facilitate the various projects and strategies of the Initiative.

Thus far, AAI is working toward its mission through a number of different efforts: training and information-sharing workshops being held across the state; the publication of a quarterly newsletter that provides

insight into agritourism-related activities in Arkansas; a partnership with multiple Convention and Visitors Bureaus to coordinate farm visits for out-of-state and international travel groups; and, an online inventory of agritourism enterprises and industry-related research at www.arkagritourism.org.

CHAPTER 1

1

WHAT IS AGRITOURISM?

Simply stated, agritourism could be thought of as the crossroads between tourism and agriculture. More technically, the term can be defined as any business conducted by a farmer or producer that links agricultural production and/or processing with tourism in order to attract visitors onto a farm, ranch or other agricultural business for the purposes of entertaining and/or educating the visitors and generating income for the farm, ranch or business owner.¹

In order to be considered an agritourism operation in the State of Arkansas, an operation should contain two (2) of the following three (3) characteristics:

- Take place on/in a working agricultural related setting;
- Be clearly incidental to the dominant agricultural use of the site; or
- Promote and enhance the public's understanding and awareness of Arkansas agriculture.

And four(4) of the following eight(8) characteristics:

- Provide the visitor an interactive activity;
- Provide the visitor something to view or observe;
- Serve to preserve the rural characteristics of the vicinity;
- Involve contact between the producer/agricultural products and the visitor;
- Involve economic activity between the agricultural producer and the visitor;
- Related to natural resources on the farm;
- Focus on the awareness of the rural or agrarian culture of the vicinity; or
- Focus on the rural or agricultural history of the vicinity.

AGRITOURISM IN ARKANSAS

The tourism and agriculture industries are vital components of Arkansas' economy. According to the Arkansas Department of Parks and Tourism, more than 20 million travelers to Arkansas spend in excess of \$4 billion annually.² In 2005, tourists' expenditures exceeded \$4.6 billion, representing "the best year of growth" for Arkansas tourism since 1980.³

The University of Arkansas Division of Agriculture reports that agriculture is Arkansas' single largest industry, accounting for approximately 20% of the Gross State Product.⁴ Approximately 48,000 farms combine to generate more than \$6.6 billion in annual farm income.⁵





Arkansas farms produce more than two dozen commodities. For example, Arkansas ranks first in rice production, second in the production of broilers and catfish, twelfth in timber and grape production, and thirteenth in the production of peaches and pecans. Nearly one-half of land in the state is devoted to some form of agricultural production and more than 60% of this land is privately owned, presenting numerous possibilities for recreation.⁵

Arkansas currently possesses the two independent components of agritourism: (1) a strong agriculture industry and (2) a strong tourism industry. With this in mind, Arkansas has the opportunity to combine these two industries and stands to become recognized as a national leader.

WHO ARE AGRITOURISTS?

Agritourists do not typically belong to any one group of people; rather they represent a wide variety of individuals. Depending upon the activities offered, you can tailor your agritourism operation to a combination of any of these demographics:

- Those who are removed from the farm. This includes adults who remember visiting grandparents on their farm and have fond memories of milking a cow or helping to pick vegetables. These adults long to relive these memories and to introduce their children to the agrarian lifestyle.
- Baby Boomers looking to enjoy participating in leisurely, yet educational, activities with their grandchildren.
- Retirees enjoy slow-paced and genuinely unique vacations.
- School groups seek educational opportunities.



Other examples of agritourists include:

- Youth and adult civic/church groups
- Garden clubs
- Fair and festival goers
- History buffs
- Wildlife watchers
- Landscape and wildlife photographers
- Outdoor enthusiasts

¹ Planting the Seeds for a New Industry in Arkansas: Agritourism. July 2006. Pittman, Harrison. National Agricultural Law Center.

² Arkansas Dept. of Parks and Tourism, 2004 ECONOMIC REPORT, http://www.arkansas.com/economic_report04/default.asp; Arkansas Dept. of Parks and Tourism, 2005 ECONOMIC REPORT, http://www.arkansas.com/economic_report04/default.asp.

³ Arkansas Dept. of Parks and Tourism, 2005 ECONOMIC REPORT.

⁴ University of Arkansas, Division of Agriculture, ARKANSAS COUNTS ON AGRICULTURE, 2004 ANNUAL REPORT.

⁵ USDA, National Agricultural Statistics Service, 2002 CENSUS OF AGRICULTURE, STATE PROFILE, ARKANSAS, USDA, National Agricultural Statistics Service, 2002 CENSUS OF AGRICULTURE, STATE PROFILE, ARKANSAS, <http://www.nass.usda.gov/census/census02/profiles/ar/cp99005.PDF>; Arkansas Farm Bureau, Commodity & Marketing, Summary, http://www.arfb.com/commodity/ark_ag/stats.asp.

THE HURDLES

Every new endeavor has its challenges, its hurdles. Agritourism is no different. Although there is great promise for the farmer who invests in an agritourism venture, challenges do exist.

Some examples from experienced agritourism providers include:

- Lack of personal time
- Loss of privacy
- Added start-up capital
- Understanding the legal aspects of the business
- Securing and affording liability insurance
- Working with the public
- Marketing your operation
- Zoning and other land use regulations
- Unpredictable weather

THE PERKS

Reasons why providers are pursuing agritourism:

- Diversify income sources by “putting your eggs in more than one basket”
- Increase income without increasing acreage
- Reduces need for family to contribute to income via off-farm jobs
- Attracts younger family members, keeping them on or bringing them back to the farm
- Opportunity to educate public on how their food is grown; making voters aware of the agrarian lifestyle and need to support it
- Jobs within agritourism operations cannot be outsourced
- The purchase of farm products helps support the local economy and small businesses



Before you jump into a new business venture, you should assess your personal skills and characteristics, your property location and the specific agritourism products or services that you can offer. This chapter gives you the tools to do this.

Beginning with your personal evaluation, you will answer a set of questions designed to walk you through the process. At the end of each section, you will be asked to rate your enthusiasm based on the results of those questions. Let's get started by evaluating your personal ability to own and operate an agritourism operation.



PERSONAL EVALUATION

Like all businesses, owning and operating an agritourism operation can be a very time consuming and energy-demanding endeavor. In addition to the daily chores of running a farm, you will add public entertainment to your list of duties. In agritourism, a shift of market occurs: instead of working with crops and livestock, you begin working directly with your customers; you start "raising tourists," so to speak.

Your customers are not an interruption of your work; rather they are the purpose of much of your work. In order to manage, you must put your customers before many other aspects of the farm. This requires flexibility and adaptability.

In addition to being flexible, an agritourism provider must prepare for other changes during the transition into this lifestyle. For example, by opening up your farm to the public, you're giving up privacy that many farmers highly value. If your privacy ranks among the most important aspects of your farm, agritourism may not be for you.

If you already own your farm, you most likely possess many of the personal traits that successful business owners and entrepreneurs boast:

- Independence
- Charisma
- Ability to plan ahead
- Ability to monitor and adjust accordingly

These are just a few instinctive or learned characteristics. Becoming an agritourism operator also requires these traits, but you learn to use them in new ways while acquiring the additional skills of working with the public.



The set of questions below is designed to help you explore your entrepreneurial tendencies as they relate to agritourism. A thorough analysis will be completed after putting the results of this personal analysis together with the (1) farm locations and activity options, (2) farm diagram and (3) your optimism throughout this process. These can be found later in this chapter.

The Evaluation

Assessing Your Personal Readiness

To complete this portion of the analysis, read each of the 50 Personal Statements below and give them a value between 1 and 5 (1 indicating that you highly disagree with the statement, 5 indicating that you highly agree with the statement). Tally your total points and use the equation at the end of the question set to assess your personal readiness to venture into agritourism in Arkansas.

PERSONAL STATEMENTS:	SCALE of 1-5
I am a self-starter.	
I am proficient at making decisions.	
I have the physical stamina to run a business.	
I have the emotional stamina to run a business.	
I am organized.	
I am a planner.	
I have a strong drive and sense of responsibility.	
I am creative.	
I am innovative.	
I am persistent.	
I am a calculated risk taker.	
I enjoy solving problems.	
I am highly reliable.	
I have a desire to work hard.	
I have a tolerance for failure.	
I enjoy competition.	
I am self-disciplined.	
I have had a role model for entrepreneurship.	
I know the basic skills I will need in order to be successful.	
I possess the basic skills necessary to be successful.	
I have had formal training in business.	
I am willing to delay my plans until I've had the necessary training.	
I have a strong work ethic.	
I am effective at setting and meeting deadlines to accomplish tasks.	
I adapt well to change.	
I feel that there is a demand for the product/service I will provide.	
I realize there will be loss of privacy.	
I like people.	
I feel strongly about the values I will teach visitors on my farm.	
I am honest even if the truth is not what people want to hear.	
I am patient.	

continued on following page



PERSONAL STATEMENTS:	Scale of 1-5
I am an effective communicator.	
I enjoy learning new things.	
I enjoy being around large numbers of people, including children.	
I enjoy being responsible for large numbers of people, including children.	
I look forward to meeting people and opening my farm to the public.	
When hiring personnel, I realize relevant characteristics needed to perform well.	
I have worked in a managerial or supervisory capacity.	
I have worked in a business that is similar to agritourism.	
I am willing to work up to 16 hours a day, six days a week.	
I am willing to work some Sundays and holidays.	
I get along well with different personalities.	
I am willing to risk losing an investment.	
I am prepared to lose my savings.	
My family is ready to handle the initial stress.	
I feel that I can trust my family to handle the initial stress.	
I am ready to adjust to a lower standard of living in the short-term.	
I am willing to share my knowledge and secrets about farming.	
I can name several activities that visitors will enjoy on my farm.	
I am ready to begin my new venture.	

TOTAL POINTS _____

Take your total score and divide it by 5 (% 5)

YOUR FINAL SCORE _____

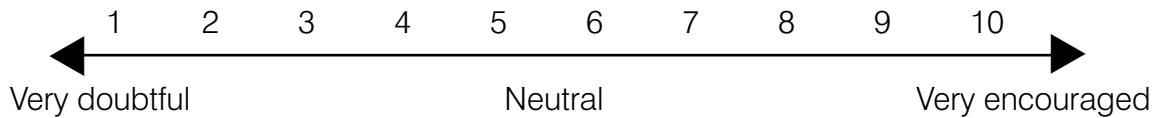
Compare your FINAL SCORE with the ranges below.

FINAL SCORE	YOUR PERSONAL READINESS:
(Lowest possible score is 10) 10 to 20	You do not possess the characteristics to be successful in owning or operating an agritourism operation. It is not advisable for you to change course in your current farming enterprise to consider this a viable business venture for you.
21 to 30	You do not currently possess the characteristics to be successful in owning or operating an agritourism enterprise. Although you should seriously explore other options for your farming enterprise, it is possible for you to learn the skills needed.
31 to 40	You possess many of the needed characteristics to be successful in owning or operating an agritourism enterprise. You may be able to enhance your possibilities of becoming successful by coupling your set of personality characteristics with hiring a manager to work closely with your customers.
41 to 50	You possess most of the needed characteristics to be successful in owning or operating an agritourism enterprise. You may begin at any time once you are confident you are financially prepared.



One strong characteristic of a successful entrepreneur is his or her ability to monitor and adjust accordingly. After working through this set of questions and assessing your current aptitude for pursuing an agritourism operation, how has this analysis affected your view? Do you still feel like agritourism could be an opportunity for you?

(Circle the corresponding number below.)



AGRITOURISM Activity Options

Agritourism activities run the gamut from U-pick-it pumpkin operations and corn mazes to rural bed and breakfasts, historical museums, and agricultural festivals. Below are several ideas for agritourism activities. Check as many of them as may apply to your operation. There is also a space to individually name other activities that are not currently listed.

<ul style="list-style-type: none"> <input type="checkbox"/> Christmas Tree Farms <input type="checkbox"/> Fee Fishing <input type="checkbox"/> Fee Hunting <input type="checkbox"/> Nature Trails <input type="checkbox"/> Bird Watching <input type="checkbox"/> Horseback Riding <input type="checkbox"/> Rural Bed and Breakfasts <input type="checkbox"/> Garden Tours <input type="checkbox"/> Demonstration Farms <input type="checkbox"/> Agricultural Museums <input type="checkbox"/> Living History Farms <input type="checkbox"/> Winery Tours/Tasting <input type="checkbox"/> Swimming Pools or Ponds <input type="checkbox"/> Wildlife Viewing <input type="checkbox"/> Aquaculture Tours <input type="checkbox"/> On-Farm Farmers' Markets <input type="checkbox"/> Agricultural Festivals/Fairs <input type="checkbox"/> Landscape Painting <input type="checkbox"/> Prepared Picnics <input type="checkbox"/> Family Reunions <input type="checkbox"/> Rodeos 	<ul style="list-style-type: none"> <input type="checkbox"/> Cave Tours <input type="checkbox"/> Cooking Classes <input type="checkbox"/> Quilting Lessons <input type="checkbox"/> Corn Mazes <input type="checkbox"/> Habitat Improvement Projects <input type="checkbox"/> Paint Ball <input type="checkbox"/> Laser Tag <input type="checkbox"/> Farmers' Markets <input type="checkbox"/> Petting Zoos <input type="checkbox"/> Compost Demonstrations <input type="checkbox"/> Bee Hives <input type="checkbox"/> Shooting Ranges <input type="checkbox"/> Breweries <input type="checkbox"/> Country Stores <input type="checkbox"/> Hunting Dog Training <input type="checkbox"/> Off-Road Vehicle Trails <input type="checkbox"/> Photography <input type="checkbox"/> Haunted Barns <input type="checkbox"/> Hay Rides <input type="checkbox"/> Scarecrow Making
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SUMMARY ANALYSIS

After completing each assessment provided in this chapter, you circled a number between 1 and 10, indicating your degree of optimism or pessimism about getting into agritourism. In this last analysis, you will look at these numbers you previously circled and compare this final tally before moving into planning your agritourism operation.

Exercise	Number Circled
Personal Evaluation	
Agritourism Activity Options	
Liabilities & Safety Concerns	
Total	

TOTAL SCORE	SUGGESTIONS
3 to 10	You are extremely pessimistic about owning or operating an agritourism operation. It is not advisable for you to change course in your current farming operation to consider this a viable business venture for you.
11 to 20	You are pessimistic about owning or operating an agritourism operation. Although you should seriously explore other options for your farming enterprise, it is possible that in learning more about agritourism, you come to realize this as a viable business venture for you. Please proceed to Chapter 4 of this resource guide.
21 to 25	You have hope in successfully owning or operating an agritourism operation. Please proceed to Chapter 4 of this resource guide.
26 to 30	You are ready to begin preparations for owning or operating an agritourism operation. Please proceed to Chapter 4 of this resource guide.





LOCATION, LOCATION, LOCATION

Take the time to map out your farm to help you identify unique characteristics on your property and think about how these can work as points of interest for your visitors.

- How would the agritourism activity options you selected fit into your farm schematic?
- What percentage of your property do you plan to open to tourists?
- What percentage will remain “as is”?

Include historic sites for guided tours or re-enactments, creeks or bayous for canoe rides, large shade trees for picnics, picturesque barns for landscape photography or painting classes, and lookouts to view summer sunsets. Do you have wetlands or unique natural geological formations? How sensitive are these features? Think about how many people you may be able to accommodate and how they will access these activities.

Do not overlook your routines! Everyday routines to a farmer may be of significant interest to tourists. Think about how and what to include in farm tours: the ins and outs of irrigation systems, dairy milking, how compost is made, or how a rice drier works. Be sure to map roads, access points, possible parking areas and off-limits zones.





Farm Grid Map

MAP OUT YOUR PROPERTY

Use the grid provided below to map out your farm. To keep your map easy to read, assign a number to each field or feature you draw and use the legend provided to list details.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
A																										
B																										
C																										
D																										
E																										
F																										
G																										
H																										
I																										
J																										
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O																										
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Q																										
R																										
S																										
T																										
U																										
V																										
W																										
X																										
Y																										
Z																										

After mapping your property, how has this analysis affected your view? Do you still feel like agritourism could be an opportunity for you? Use the space on the next page to list any concerns or ideas you may have.

CHAPTER 4

4

ANALYZING YOUR FINANCIAL SITUATION

Before starting a new venture, it is advisable to decide if and how affordable it is for you.

The purpose of this exercise is to analyze your personal finances. List each current asset, debt, and any upcoming expense that you anticipate. These possessions play a vital role in conjunction with your start up capital and sources for additional, affordable capital if needed. You will develop a more in-depth business plan in Chapter 5 of this guide.

Description of Debt (identify and detail)	Amount per Month	Date of Expected Payoff
Land Mortgage -	\$	
Home Mortgage -	\$	
Equity or Line of Credit -	\$	
Farm Equipment Payment -	\$	
Auto Payment -	\$	
Other Debt -	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL DEBT	\$	

Description of Asset (list name and details)	Value
Land -	\$
Home -	\$
Farm Equipment -	\$
Autos -	\$
Cash in Bank Accounts -	\$
Other Assets -	\$
	\$
	\$
	\$
	\$
TOTAL ASSETS	\$

TOTAL ASSETS \$ _____

MINUS (-)
TOTAL DEBT \$ _____

EQUALS (=)
NET WORTH \$ _____



Start with your local government to determine if there are any restrictions or necessary permits needed. From there, take that information to your insurance provider to see how much your premium will cost, visit your lawyer to make sure you are protected, look for as much free money or grants to cover these expenses, and then borrow the rest. At that point, make your creativity, time and energy, and capital work for you!

LOCAL GOVERNMENT

Each of the 75 counties in Arkansas has similar, but slightly different, rules that apply to small businesses. Visit with your county's extension agent or the Arkansas Small Business Development Center in your district before implementing your plan.

Similarly, if your farm is within a city's limits, you should also check zoning and land use regulations. This information is available in your city's planning department office.

In addition to city and county governmental regulations and/or guidelines, some state rules may apply. Check with Arkansas Farm Bureau or your local county extension office.

INSURANCE

Next, visit with your insurance provider. Being a farmer and/or landowner, you are already familiar with many different types of insurance: property, crop, health, disability and general liability insurance.

Liability insurance for agritourism operations is often the most difficult to understand and the most costly piece of the puzzle. Commercial or general liability, product liability and special events liability policies are available. Visit with your insurance provider at length about the activities you plan to host on your property. Don't leave out any details. A poorly or under-insured operation could spell disaster for your business.

LEGAL RISK

You will want to visit with your lawyer to understand the appropriate steps to protect you, your family and your business. You will want to design a risk management program that releases your liability if you completed your responsibilities in the event of an accident. A risk management program will be composed of a combination of insurance, proper claim procedures and requirements, obtaining the proper permits and licenses, liability waivers or hold harmless agreements, proper employee training, and a written safety and emergency response plan.



PERMITS & LICENSES

There are a number of situations in which you must obtain special permits to work with the public or carry out specific activities. For instance:

- If you plan to serve prepared foods or drinks, you must have your kitchen inspected and obtain a permit from the Arkansas Department of Health. Certain vending circumstances only require an inspection.
- To host an on-farm market, you must contact the Arkansas Agriculture Department to schedule an inspection and obtain a permit.
- An alcohol permit from the Alcoholic Beverage Commission is required for any business that provides or serves alcoholic beverages.
- If your drinking water source is a well and you plan to provide water to customers, you must obtain a certificate from the Arkansas Department of Health stating that the water has been tested and deemed fit for consumption.
- If you plan to host special events or activities on public land, you will need a permit. Contact the US Forest Service, Arkansas Game and Fish Commission, or Arkansas Department of Parks and Tourism before making your plans.
- If you plan to raise or use non-traditional livestock or exotic animals for your operation, inquire about the appropriate permits by first contacting the Arkansas Game and Fish Commission.
- You may also need to acquire an animal exhibitor license. Contact the USDA Animal and Plant Health Inspection Service (APHIS).
- For fee-fishing activities, you'll need to contact the Arkansas Game and Fish Commission to obtain a license.

OTHER SPECIAL CONSIDERATIONS

- All businesses are required to comply with the Americans with Disabilities Act (ADA). Check with the ADA Accessibility Guidelines (ADAAG) to ensure your buildings, pathways, other facilities and employment guidelines comply with the federal ADA law.
- Not only are restroom facilities convenient for your guests, they are also mandatory in certain circumstances.
- Some agritourism activities or amenities are not allowed if you participate in USDA enhancement programs. For example, parking areas, camping areas, fairgrounds or wildlife containment areas are not allowed on the acreage enrolled in the Conservation Reserve Program (CRP). Contact your local Natural Resources Conservation Service office for details on your contract.

GRANTS AND OTHER FUNDING

You may be eligible for grants and other funding to start up your agritourism operation. For guidance, contact your district Congressional office, your Cooperative Extension County Agent and/or the NRCS state office. After exploring these options, don't forget to visit with the sources of loans that you identified in Chapter 4 of this resource guide.

Additional Resources/Contacts

For a comprehensive list of resources available at both the state and local levels, visit www.arkagritourism.org.

Why do I need a business plan for my agritourism enterprise?

Serving as a key component for a successful agritourism enterprise, the business plan provides:

- an organized system for researching all aspects of your agritourism enterprise
- a “game plan” for your business to follow
- insight into your business to facilitate funding and investment opportunities

This outline serves as a guide on how to format your business plan. Each section contains questions that focus your attention to important aspects of the plan. Try to provide detailed information on each issue in narrative form.

This outline can be altered to fit your preferences. Sections can be reorganized to fit your needs.

Aside from these general business plan objectives, remember that every plan is unique. Some thoughts to consider:

- Do not struggle with trying to make your plan “fit” into the generic mold.
- Always customize your plan to your specific goals and objectives.
- Be clear and concise, yet detailed.
- Focus on the quality of the content, rather than the quantity of pages.

Once complete, the business plan should identify the expectations you have for your new or existing agritourism operation. If your aim is to utilize the plan in order to obtain financing, the completed plan should “tell the story” of your operation to a potential lender/investor.

REMEMBER:

- The plan should serve as a stand-alone document in that all business issues are addressed without requiring additional verbal explanation.
- Review your plan regularly and make appropriate changes when your plans and strategies change.



Writing the Plan

The following is a suggested business plan outline adapted from the Arkansas Small Business Development Center at the University of Arkansas at Little Rock. If after completing this exercise you would like additional information, please contact your regional Arkansas Small Business Development Center.

EXAMPLE:

- I. Cover Page
- II. Table of Contents
- III. Executive Summary
- IV. Financing Proposal
- V. Enterprise Description
- VI. Industry Analysis
- VII. Products & Services
- VIII. Market Analysis
- IX. Management & Organization
- X. Operational Plan
- XI. Financial Plan & Projections
- XII. Personal "Self" Plan
- XIII. Supporting Documents



I. Cover Page

Provide your farm/enterprise's name, address and contact information along with your name and contact information for primary contact(s).

II. Table of Contents

Include a table of contents as a quick reference to topics discussed in your plan.

III. Executive Summary

WRITE THIS LAST! Summarize your business plan in two pages or less. This should paint a very complete picture of your plan. Be enthusiastic and concise. Include business goals, objectives and monetary amount desired if applying for a loan.

IV. Financing Proposal

Explain how you intend to obtain capital and the amount required to operate.

- o What are your desired terms and how do you plan to utilize the funds?
- o Include detailed information on any collateral you have available.
- o What is the owner's equity/cash contribution?



V. Enterprise Farm Description

Tell about your farm/enterprise. Give a brief history. Include a description of the products and services the enterprise provides or seeks to provide. Include answers to questions such as:

- Who are your customers?
- Describe your location and facilities.
- What are your key strengths?
- List the owners and the legal structure. (if necessary)
- Why did you choose this type of structure? (if necessary)
- What, if any, are the planned changes for the operation?
- Describe the goals and objectives of the farm/enterprise.

VI. Industry Analysis (Agriculture and Tourism)

Some suggestions for details include:

- What are the characteristics of the agritourism industry in your area?
- Does it exist in some capacity?
- State whether it is growing/declining/changing.
- What is the size of your market?
- Research your share of the market. List any current barriers to entry (e.g. licensing, permits).
- List strengths, weaknesses, opportunities and threats of the agritourism industry and how it might affect your enterprise.

VII. Products & Services

List and describe the products and/or services you provide.

Consider questions such as:

- How will you provide these services and products to visitors/patrons?
- Availability?
- Provide the pricing structure for your products/services.

VIII. Market Analysis

Use statistics, demographic research and tourism industry information where appropriate. Be as specific as possible. Remember to cite your sources.

PRODUCT

Describe the product or service from your customer's point of view:

- What do customers like about your products/services?
- What sets it apart from other agritourism operations?

*Include actual testimonials if possible.

CUSTOMERS

Describe your customers, their characteristics and location. Include personal accounts if possible. Why do they do business with you? What do they like about your farm/enterprise?



COMPETITION

List major competitors, if any. Describe their size, location and reputation, and describe how you can work together with them to help grow and develop the agritourism industry in your area. Compare your goods and services with theirs.

- o What are their major advantages?
- o What are yours?
- o What value do you bring to customers that competitors do not?

LOCATION

- o Where is it located?
- o Is it easily accessible to the public?
- o How close is it to major roadways? List these roadways/highways.
- o What types of buildings/facilities do you have that are or will be included as part of the enterprise?
- o What are the main attractions in your area?

MARKETING STRATEGY (MORE DETAIL IN CHAPTER 7)

Explain your pricing policies.

- o How do you promote, advertise and sell your farm and/or your products?
- o How and where do you distribute advertisements?
- o What customer services will you offer?
- o Are there any demographic or other market shifts going on in your area that could impact your marketing plan?
- o What is your slogan?

CUSTOMER DEMAND

Using the information obtained for the marketing plan, calculate a demand forecast for your product/service.

How many customers do you plan to have in one year? Five years?

IX. Management & Organization

- o What type of structure: proprietorship, partnership, corporation or cooperative?
- o Who has management responsibilities? If Special Requirements or responsibilities are required, include those resumes of key managers as supporting documents.
- o Include position descriptions for all key employees.
- o Make a list of important advisors, such as an attorney, accountant, banker, insurance agent and the advisory board.
- o Include estimated financial costs and necessary services provided.



X. Operational Plan

Production/Service

Discuss methods of service delivery, product or service development, quality control, inventory control.

- How will you meet supply and demand needs?
- When is your business open? Is it a seasonal business? If so, why not year long?

CREDIT POLICIES

What is your credit policy?

- Do/will you sell on credit?
- What are the terms?

PERSONNEL

Define the pay and personnel policies.

- How many employees are required?
- What skills are necessary?
- Are there any position descriptions and/or training programs for employees?

EQUIPMENT, TECHNOLOGY & INVENTORY

Consider including details:

- How much inventory needs to be kept on-hand? What is its value?
- What equipment and technology are necessary to operate the enterprise?

LEGAL

Research and understand all legal issues. (Licensing, bonding, permits, insurance, zoning, government regulations, patents, trademarks, copyrights, etc.)

If you plan to have visitors at your farm, research all aspects of liability insurance.

EXIT STRATEGY

Describe exit strategies should the enterprise perform lower than expected.

- What will be done with any additional inventory?
- Will you close the business and/or sell your farm?
- Will you return to strictly crop/row farming?

XI. Financial Plan & Projections

The financial plan provides the numbers that correspond to your written plan.

Historical and/or projected figures should be included. In addition, you should always include a narrative explaining the assumptions you used to arrive at the dollar value of sales, expenses, etc.

REMEMBER:

- You must demonstrate that your numbers are reasonable.
- Detailed financial information is critical to the process.



START-UP EXPENSES AND CAPITAL

Carefully calculate and categorize all start-up expenses including inventory, construction, etc. For example, what amount will be needed for growth, renovations and equipment?

Remember to include any cash you may need to operate and pay bills until the enterprise begins generating cash. Provide a detailed list of equipment and products to be purchased. Include actual price quotes for larger items.

FINANCIAL HISTORY

If yours is an existing enterprise, include the income statements, balance sheets and/or tax returns for the past three years (or for the time period you have been in operation).

PROFIT AND LOSS PROJECTION (INCOME STATEMENT)

Include a monthly profit and loss projection for at least 12 months of business operation. Be sure to provide a written explanation of assumptions used to develop your projections.

CASH FLOW PROJECTION

Include a monthly cash flow projection for at least 12 months of business operation. The cash flow projection differs from the profit and loss statement. Cash flow statements illustrate how much and when cash flows in and out of your enterprise. Be sure to provide a written explanation of assumptions used to develop your projections.

PROJECTED BALANCE SHEET

Your plan should include a projected balance sheet showing assets (things owned), liabilities (debts) and owner’s equity. If yours is a start-up business, the balance sheet should show your initial financial position on opening day.

XII. Personal Plan

- How does your background/business experience help you in this business venture?
- What related work experience do you have?
- What are your personal and business goals?
- If not already in business, how will you deal with diversifying your current enterprise into the agritourism industry?

XIII. Supporting Documents

- Personal financial statements from all principals
- Contracts and/or letters of intent from suppliers and customers
- Copies of leases, licenses, permits or any other legal documents
- Any document referred to within the plan but not included in body



Effective marketing is key to the success of any business. It is vital not to overlook the importance of properly, and effectively, marketing your agritourism enterprise.

Creating a Marketing Plan

The marketing plan for your agritourism operation should address the following areas:

WHO ARE YOUR CUSTOMERS? Identify customers coming to the area for similar attractions. Such information may be found through agritourism associations, regional tourism councils or local chambers of commerce. Be specific when identifying the group of consumers you wish to target.

BE FAMILIAR WITH YOUR MARKET. What types of agritourism activities are popular or increasing in popularity? Notice where growth is taking place in the industry and the types of activities and goods consumers are seeking. What changes and developments in the agritourism market might be expected in the foreseeable future?

WHAT'S YOUR NICHE? What makes your agritourism business a destination? What would set you apart from competitors? Some examples: a farm/ranch operated by your family for generations with unique heritage components; a unique location with attractive amenities; specialized attributes of your products or services, such as organic produce or meat, raising exotic animals; or, unique activities.

WHAT'S YOUR BUDGET? A rule of thumb for a beginning agritourism enterprise is that 10 - 30% percent of gross revenues should be invested in marketing.

THE FOUR P'S

Throughout the planning, building and expanding of your agritourism operation, it is important to keep these fundamental aspects of marketing in mind.

PRODUCT

Is there a market for what you are selling? Is there some way to change your goods or services to more adequately address a consumer demand? The quality of your staff and their training is also an important consideration to effectively sell your products and services.

PLACE

Be very specific about the attractions surrounding your farm.

- Is your location one that is easily found?
- Will potential customers notice your farm in passing?
- Are there other beneficial aspects to your location such as impressive natural scenery?



PRICE

Balance the price charged for your goods and services between the need to attract customers and maximize sales and the need for those sales to yield a profit. Be sure to check with competitors to ensure your prices are competitive.

PROMOTION

Where and how to promote and advertise your business are important considerations. Advertising in agritourism and similar businesses has traditionally come mostly from customer to customer; word-of-mouth communications. Advertising through various forms of media (websites, brochures, etc.) can also be effective in getting the word out about your agritourism operation. Membership in agritourism organizations and business associations, such as your local Chamber of Commerce, can help publicize your business and inform consumers specifically seeking the goods and services you offer. The popularity and usefulness of the Internet can make it an effective place to market your business if used properly.

The Medium

Marketing includes a wide range of activities, from public relations and advertising to promotions and trade shows. Advertising is the most expensive approach. You should carefully consider all the following mediums and focus on those that fit your budget and reach your target audience.

The “medium” is the method by which the message is delivered to your potential clients. It might include:

- Magazines
- Billboards
- Brochures
- Radio
- Television
- Video tapes/DVDs
- Trade journals
- Chambers of Commerce
- Trade shows
- Cooperative ads
- Newspapers
- Local sporting goods stores
- Local hunting or shooting clubs
- Newsletters
- Direct Mail
- Telephone book listings
- Booking agents
- Travel agents
- Word-of-mouth referral
- Visitors’ Bureaus
- Welcome Centers

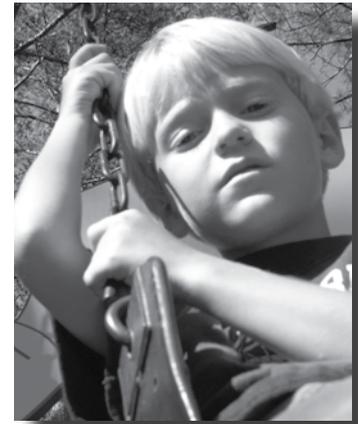




The Target Audience

The target audience(s) is/are distinct groups or segments of clients that you expect to reach when you employ different marketing strategies. You may decide to target your service based on characteristics like:

- Income level
- Age
- Location (in or out-of-state, urban/rural, international)
- Client preference (lodging, level of involvement – self-guided tours versus guided, experience, etc.)



Marketing Costs

The cost of marketing for a fee-recreation enterprise will largely depend on the size and type of your operation, the medium you select, and the number of times you repeat any advertisements. New operations typically spend 10-30% of total operational costs on marketing for the first few years. It's important to keep detailed records about customer response to specific marketing efforts so you can be more effective. Consider providing a questionnaire or survey to customers about how they found out about your operation. With time and reputation, costs for marketing will be reduced.

The Importance of Public Relations

Public relations is defined as the creation and maintenance of a favorable image. It is part of marketing and advertising, but it goes further. Your public relations goals can range from client satisfaction to acceptance of your operation by neighbors, local community leaders and the general public. If appropriate, you should also reach out to local legislators, your district Congress member, and Arkansas' U.S. Senators.

It's worth the effort to foster the support of neighbors, state and federal agencies, local sheriff and law enforcement personnel, citizen groups and your local Chamber of Commerce or Visitors' Bureau.





Putting It All Together

1. Identify and describe the target market.
2. Decide on the market position – the positive idea that you want prospects to associate strongly with your business name. Keep it short and simple, descriptive of some benefit to the customer, and different from your competitors;
3. Decide on market expenditure level. Most established businesses spend 15-25% of gross sales on marketing. For start-ups, it may be significantly higher than that.
4. Develop the marketing mix. The marketing mix is the blend of tools that an organization uses to achieve its objectives with a target market. The tools, referred to earlier as “The Four P’s,” include product, price, place and promotion. The elements of your marketing mix must be integrated so they work with, not against, one another.

* Many sources and examples of agritourism marketing are available online. Use your search provider to find out more.



CHAPTER 8

CREATING A HOSPITABLE ENVIRONMENT

Research shows that it costs three to five times more to replace than to keep a customer. The name of the game is “customer service.” Customer service begins before a customer arrives and ends long after the customer leaves.⁶

SOME THINGS TO CONSIDER FOR EXCELLENT CUSTOMER SERVICE

- Return phone calls promptly
- Know the history of your area
- Develop a script for yourself and your employees
- Consider ways to make your visitors more comfortable, such as:
 - A list of suggested items to pack: sunscreen, hat, comfy shoes, etc.
 - Have umbrellas on hand
 - Make sure your visitors are familiar and comfortable with your rules
 - Try to have golf carts or other transportation available for those who may need it
- Don't make promises you can't keep
- Always give more than what is expected
- Smile!
- Think about your image
 - Does your logo say what you want it to say?
 - How are you and your employees dressed?
 - What does your business card say about you?
 - Are your signs inviting?
 - Are your facilities neat and clean?
- Consider providing a small gift to your customers; suggestions include:
 - A photo with them in front of something with your logo on it
 - A sample of jelly or jam with your logo and contact info on it
- Provide a list of activities available to your guests:
 - Local attractions
 - Restaurants, museums, art galleries, events, parks
 - Guide services
 - Local hospital/doctors
 - Auto repair shop
 - Banks
 - Post office
- Remember these tips on understanding who a customer is:⁷
 - A customer is the most important person ever in your office.
 - A customer is not dependent on us, we are dependent on them.
 - A customer is not an interruption of our work, rather the purpose of our work.
 - We are not doing a favor by serving a customer, rather he or she is doing us a favor by giving us the opportunity to do so.
 - A customer is not someone to argue or match wits with. Nobody ever won an argument with a customer.
 - A customer is a person who brings us his or her wants; it is our job to handle them profitably to him or her and to ourselves.

⁶ Agritourism in Focus: a Guide for Tennessee Farmers. The University of Tennessee. September, 2005

⁷ A Sign at L.L. Bean Inc. Phillip Kotler, 1997, Marketing Management





EDUCATE YOUR GUESTS ABOUT POSSIBLE DANGERS

Since most of your guests are coming to learn about or “experience” farm life, it is safe to assume that they are not very familiar with what exists on a farm. Those who live or work on a farm know that any number of dangerous situations could be created by powerful machinery, concentrated chemicals, large animals and exposure to the elements. To keep curiosity at a safe level, you may want to incorporate a safety talk with each group of guests. Make sure they know which areas are off limits and why. For example, let them know why you will not give children tractor rides or allow them to milk the cows. Use a map or brochure to drive home your point. Help them understand that there are limits to your operation.



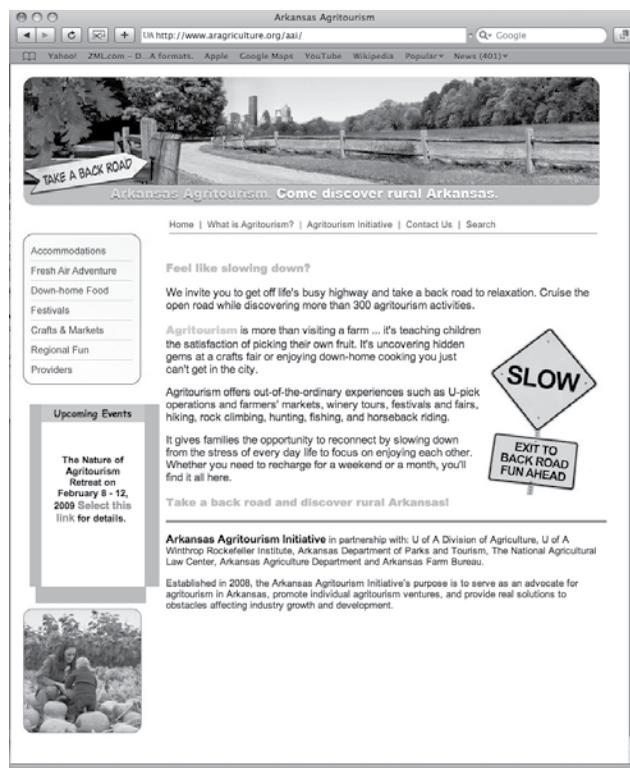


The partners of the Arkansas Agritourism Initiative (AAI) are pleased to offer additional information and research at www.arkagritourism.org.

The Web-site offers visitors, no matter where they may come from, a closer look at the growing agritourism industry in the state as well as provides a comprehensive map on where to find related activities in different areas. Visitors to the site can click on any region and a corresponding database will open that lists provider information such as hours of operation and location.

In addition to being tourist friendly, the Web-site is also a source for providers with information regarding AAI, links to agritourism-related publications, research regarding industry-associated legislation and contact information for statewide resource providers.

Partners of the initiative encourage all providers to access the site and provide feedback so the site can provide beneficial information to both potential tourists and providers. For more information about the Web site, or to get your farm or activity listed, please e-mail INFO@ARKAGRITOURISM.ORG or call **501-727-6219**.





About the Winthrop Rockefeller Institute

Set atop scenic Petit Jean Mountain on 188 pastoral acres, the Winthrop Rockefeller Institute was originally part of Gov. Winthrop Rockefeller's homestead and model cattle farm. Committed to acting as a catalyst, our vision involves combining Gov. Rockefeller's legacy and ideas with the resources and expertise of the state's premier university system. This educational environment provides the sense of place, history and change needed to pursue progress with and for all Arkansans. Our mission is to develop diverse programs that nurture ideas, policies and activities to make life better in Arkansas.

[Visit us online at www.uawri.org.](http://www.uawri.org)



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