

News Archives

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Farmers told to write their businesses' futures

RICHMOND--Committing goals to paper increases the likelihood of achieving them, and that's partly why farmers were told to consider writing a business plan during the Virginia Agriculture Summit in early March.

James Matson of Matson Consulting, a Richmond-based agribusiness solutions company, told farmers that a business plan is "a written depiction of your business's future."

Close to 170 Virginia farmers, government officials and business leaders met for the Ag Summit to start plotting a new course for agriculture. With \$2.4 billion in cash receipts in 2001, agriculture and forestry are Virginia's largest and most diverse economic sector.

Many of the panel discussions focused on ways that Virginia farmers already are adding value to their operations. Subjects included agri-tourism, raising crops and livestock for export, direct sales to restaurants, organic food production, and retail farmers' markets. The Virginia Farm Bureau Federation has been pressing for a program like the summit for two years, hoping to bring all the players in this developing new farm economy under one roof.

In writing a business plan, "tell a story, and say what you're doing and why it will work," Matson said. The plan must have four parts: the description and what is your business; the marketplace and how you will sell your products; the financials and whether you will be able to make money; and the management and why the reader should believe what you say.

"Tell why this business is a great idea," Matson said. Use numbers, including profits, volume and sales.

Under financials, a plan should include sources of cash, income and expense streams, competitive attack, debt and equity structure, start-up costs, financial plans B and C, and realistic projections.

The management section should include management history and experience, special skills and abilities, and proposed salary and benefits.

For more information on business plans, Matson suggested a visit to the Web sites of the Small Business Administration at www.sba.gov; Entrepreneur.com at www.entrepreneur.com; and the Business Development Agency in Virginia at www.dba.state.va.us.

Along with Matson, Marc Warman of the U.S. Department of Agriculture gave farmers tips on applying for business grants. "There is no such thing as free federal money," he noted. Applicants may have to pay a firm to conduct a

feasibility study about the business venture. In addition, a grant may require matching funds.

In fiscal year 2002, a total of 1,001 loans and 561 grants totaling \$959 million were disbursed. This resulted in 76,301 jobs either being created or saved, and 8,464 businesses assisted in rural America, according to the [Rural Business-Cooperative Service](#) section of USDA's Web site.

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Ag business development no 'field of dreams'

RICHMOND--When it comes to farming-related entrepreneurial ventures, Kevin Costner's approach in the film "Field of Dreams" does not apply.

The key--one key, anyway--to success is to determine a customer need first, and proceed with that need in mind, consultant James Matson told farmers and other industry representatives at the recent Virginia Agriculture Summit.

"If you build it and they come, it will be your bankers coming to take away your assets," he said.

Matson's Mechanicsville firm offers services related to business planning and agricultural marketing to small and medium-size businesses and nonprofits. He presented pointers for producers interested in entrepreneurial and value-added business options. The summit was co-sponsored by Virginia Farm Bureau Federation, the Virginia Department of Agriculture and Consumer Services, Virginia Cooperative Extension and the U.S. Department of Agriculture's Risk Management Agency. The event's theme was "Managing

the Risks of Dynamic Change.”

Also key to a successful ag business start-up, Matson noted, are a grasp of the budget that the start-up will require, a timeline for the process, and an eye on the market.

“If you think it’s a good idea and are working on it, I can guarantee there are five others out there doing the same thing,” he said. “It’s tough to do, but if you’re not developing new products while these people are trying to knock you off, they’re going to catch up and pass you.”

He emphasized the importance of doing feasibility studies once a business idea has been refined, and of having a business plan, “a written description of your company’s future.”

But while entrepreneurs need to be grounded in reality, he said, they also should be persistent. “On average, it takes an entrepreneur four or five tries to be a success.”

Above all, Matson advised, “understand what in the heck the environment is for your business. . . . It’s the marketplace that decides at the end of the day whether you’re going to be a success, and it makes that decision time after time.”

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