



Creating VALUE for Place-Based BUSINESSES

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When delivering services for business start-ups or expansion, should today's Extension educators confine themselves to classroom education, research, and fieldwork? Or should they take extraordinary measures to engage and encourage entrepreneurs? Taking extraordinary measures means solving a business's problems over a longer period, talking consistently to the owner, becoming co-learners to find business solutions together, and finally stepping out of the educational spotlight so that entrepreneurs can step into the role of teaching and mentoring others.

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To meet the entrepreneur's objectives to create value for their place-based business, it was necessary for Extension to discard the "one solution fits all" model. We committed to continuous problem solving, to having a willingness to "know what we didn't know," and to find resources to answer the difficult questions. We decided to break molds that precluded our using a variety of tools and layers in a flexible approach.

Experience shows that we become comfortable in doing things the same way with the same tools because we "know the routine." However, to fully serve our clientele, it was necessary for Extension to abandon the comfort of the known! Instead, a flexible model was used to add the appropriate tools and layers as dictated by current facts. We focused on:

1. Assisting an existing business to broaden their products and markets;
2. Fostering community development to reach a broader audience in the local food sector;
3. Facilitating the development and implementation of other new local businesses.

The process began locally with one motivated place-based agricultural entrepreneur. There was not a single solution to answer the business problems encountered. Instead, Extension worked organically alongside the entrepreneur with content knowledge and University resources in a collaborative, multi-disciplinary manner to implement their value-added business vision. Their business expansion success and influence, over a period of four years, eventually expanded to community, regional, and national levels.

Existing Business Expansion

To effectively use the management process (Figure 1), Extension needs to utilize careful listening skills and a can-do attitude in working with entrepreneurs. The management process provides both a flexible model and critical framework that can be used to assist existing businesses during their expansion process, where they assess the strategic, tactical, and operational components of their business. The three basic steps to follow are:

1. Strategically articulate business goals and assess resources.
2. Develop alternatives and use a bud-

geting/economic analysis program to evaluate their viability.

3. Select specific alternatives, implement them, monitor the progress or success, and re-plan as necessary.

Within the framework of the management model there is flexibility in the tools that may be utilized, based upon the needs of the entrepreneur. Livestock versus vegetable operations would have different goals, resources, and market opportunities, which could call for the use of different tools to evaluate the specific needs and alternatives for each operation.

Reaching a Broader Audience

Business success and value-added product expansion by our first business, Blue Sage Farm (BSF), along with Extension's relevance, educational efforts, and mentoring motivated other entrepreneurs. The partnership fostered development of a new local farmers' market, five local business startups, three local business expansions, 19 business plans written, a commercial kitchen opened for value-added product development, and consideration of development for a USDA-inspected slaughter facility. The entrepreneurs have expanded marketing across southern Idaho to additional farmers' markets and restaurants featuring local foods. From simple beginnings, an entrepreneurial-friendly community gradually emerged. Participation and promotion by the community was essential during the process.

University-level beneficial outcomes of Extension's work with BSF include research and demonstrations on the use of unconven-

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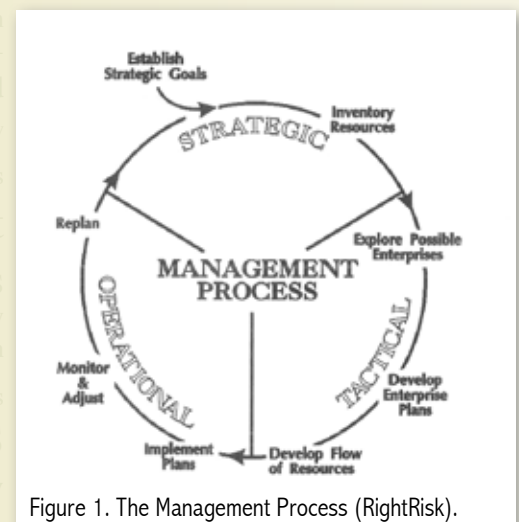


Figure 1. The Management Process (RightRisk).

tional forages to extend the grazing season, knowledge transmission through the National Women in Agriculture Symposium, and community support for a regional Building Farmers in the West program that provided business skill training to other entrepreneurs.

New Business Development

Extension continues to mentor new business operators by encouraging networking among entrepreneurs and offering resources/training based on their needs. This provides a co-learning environment for both large-scale visioning and specific steps to accomplish their goals, while striving to keep them motivated when challenges arise. To aid new business development, it is important to provide business training along with hands-on applications.

New businesses can use the three main steps of the management process, but it will require intensity to develop the needed information. Extension's role is to provide guidance through the steps in the management process, as well as selecting appropriate assessment tools to provide accurate economic, production, and marketing analysis.

The first critical step for new business owners is to articulate SMART (Specific, Measurable, Attainable, Related, Trackable) goals (RightRisk), and assess necessary resources. Next, the entrepreneur will need to initiate a search for appropriate information and begin the assessment process. They will need to pull information from other resources on what the income potential and expenses may be in the local context. The concept of a place-based business that adds value is maximized when both the production inputs and the market opportunities (MISA) are available locally or regionally.

Finally, to establish the new business, owners will need to acquire the resources, begin production, and develop markets for their products. To keep costs and revenues on track for a new business, progress should be regularly monitored and adjustments made by Extension and the business team in a timely manner.

Summary

This example of an agricultural business expansion demonstrates how entrepreneurial innovation can be a stimulus for additional new businesses in rural communities. An innova-

tive entrepreneur was trained by Extension and has taught at national, regional and local meetings, hosted farm tours, and currently serves as a mentor for other entrepreneurs. Producer audiences relate effectively when other entrepreneurs share practical experiences.

Creating economic and social value with the place-based business expansion by Blue Sage Farm, the resulting expansion of local markets and new businesses for a rural community serves as a powerful example of how Extension is reaching out to extend knowledge to an individual can expand to engagement with community and regional businesses to yield far greater benefits.

Duplicating these efforts to create value for a place-based business requires Extension involvement to be client-centered, with the helpful techniques of active listening, a positive can-do attitude to encourage and motivate people, involving a motivated entrepreneur, and innovation when problem solving.

Extension representative(s) must be willing to look at ideas from the perspective of how to enhance the entrepreneurial environment for the community, as well as search for new or existing tools that will benefit individuals during their business analysis process. The work can begin with one highly motivated entrepreneur, resulting not just in knowledge transmission, but also in transformative education and adoption.

While using the flexible management process, Extension will have time-consuming one-on-one consultations and be conducting research as needed. Staying focused on the economic realities, as well as dreams and goals for the business, is key to long-term success. Once the entrepreneur's vision is understood, Extension can utilize other resources and disciplines to assist in full implementation. It is also important for Extension and community leadership to promote a viable regional market for entrepreneurial success. ●

References

MISA, Minnesota Institute for Sustainable Agriculture; 2003, Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses; available at northcentralsare.org/Educational-Resources/Books/Building-a-Sustainable-Business

RightRisk. The Management Process and SMART goals are part of materials on the RightRisk education website at rightrisk.org.

RECOMMENDED READING

AgPlan
agplan.umn.edu

Ag Risk Library
agrisk.umn.edu

Building Farmers in the West
buildingfarmersinthewest.org