TIP OF THE MONTH:
MARKETING ALLIANCES

Core Leadership Group
A core leadership group of 5-10 work to move the alliance forward. Until by-laws adopted and officers and directors elected, core leadership group will be responsible.

Communication
Essential to keep all interested parties informed—newsletter, email updates, let’s talk sessions or telephone conference sessions.

Outside Assistance
Alliances often require assistance of consultants and legal advisors to build organizational structure and provide financial assistance.

Strategic Planning
Strategic planning should occur early in alliance formation and continue at regular intervals. This should include developing mission or vision statement and action steps.

The Feasibility of Alternative Rural Enterprises

By John P. Hewlett and James Sedman

Rural business owners and entrepreneurs know there are few things more risky than starting a new enterprise even if they already manage successful businesses. The ability to select, plan, and evaluate new and existing business enterprises is an increasingly important skill to help reduce business risk. Online resources are available to help evaluate and select these alternative enterprises. One is a course from Rightrisk.org. Click on the Products link and then select Rural Enterprise Feasibility. The Feasibility of Alternative Rural Enterprises course presents a step-by-step approach to defining an alternative enterprise, setting goals and planning for success, and evaluating and managing the risks.

Defining the enterprise and deciding where you want to go
The course begins by defining agricultural and rural enterprises. Enterprises are generally defined as activities that generate distinct saleable goods or services. This usually means activities that combine limited resources (dollars or inputs) to generate revenue with at least some risk involved. Breaking down a business into individual enterprises is a great start for evaluating an existing business and determining if a new enterprise will fit.

Goal setting is performed after each enterprise is identified. Keeping goals realistic is important. Typically, goals are set to address specific problems within the enterprises. This course encourages managers to think beyond traditional goals. It seems that more and more markets provide incentives to produce not just raw commodities but commodities with particular characteristics or for specific niches. Likewise goals may reflect not only traditional business-oriented performance but also personal and family desires as well. (Refer to the Enterprising Rural Families Newsletter, Nov. 2006:II-11 for more on goal setting for family businesses at http://eRuralFamilies.org.)

Planning, feasibility, and risk analysis
The second section of the course involves planning and analyzing existing or planned enterprises. SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) should be performed for each enterprise. Most new businesses fail due to lack of proper planning. It is important to perform personal assessments to determine individual strengths and weaknesses for the enterprise as well as personal goals, skills, and resources needed for enterprise success.

Production feasibility is the next step. For agricultural enterprises, this means assessing physical resources such as land, water, and equipment. It involves determining production goals and requirements, necessary borrowing, and risk management. These steps for assessing physical resources are important for non-agricultural enterprises as well. A market assessment follows.
This includes the study of potential markets and customers. This step is where financial planning is completed. Projection of income and cash flow needs by enterprise activity is important. Combining these steps, a manager obtains a whole-picture of the business and what changes it may imply. The market assessment also includes a look at competitive analysis and evaluating what competition any products may face, assessing promotion strategies, pricing the product, and the methods planned for product distribution.

Marketing plans and business plans can help sort out the information collected by the various assessments into a structured arrangement. Organizing all the marketing information into a single location can help the manager plan for the future and perhaps identify possible weaknesses in those plans before they are implemented. Similarly, a business plan can help coordinate the financial, management, and other aspects of a business in a planning framework before beginning to execute those plans. Marketing and business plans are covered in the course.

Risk analysis and management is the final lesson. It discusses different sources of risk and risk-management strategies for managing those risks. The course presents the five sources of risk: production, marketing, financial, legal, and human resource risk. Planning for and designing a management strategy for each source of risk helps to ensure a better chance of success for new or existing enterprises.

Not all sources of risk are viewed in the same way by different enterprise managers. Some managers have a greater tolerance for risk and are willing to accept more in return for the possibility of greater returns. Other managers, however, are more conservative and are unwilling to accept risks without first carefully considering the various consequences. The course presents these ideas and the concept of contingency planning to help managers think through the implications an alternative enterprise may have, as well as possible ways to deal with any negative outcomes that might result.

Summary

The Feasibility of Alternative Rural Enterprises course from RightRisk.org is designed to help evaluate new or existing rural enterprises. Material is organized into three major sections, including: definitions and traits of alternative enterprises, selecting and planning for alternative enterprises, and assessing risks of enterprise alternatives. Content includes individual assessments at the end of each lesson, as well as interactive activities to help in understanding the concepts. For more information about risk management topics on the Web, visit the Western Risk Management Library online at http://agecon.uwyo.edu/riskmgt.

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Feasibility of Alternative Rural Enterprises Course

A step-by-step approach to defining an alternative enterprise, setting goals and planning for success, and evaluating and managing the risks.

The three-step instruction plan is:

1. Defining agricultural and rural enterprises
2. Planning and analyzing existing or planned enterprises
3. Assessing production feasibility