

# Risk management in Agritourism; Supportive networks grow success

Women in Agriculture Educators National Conference  
March 28-29, 2012

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**University of California**  
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## Agritourism is:

- A business conducted by farmers or ranchers on their working agricultural, horticultural or agribusiness operations for the enjoyment and education of visitors



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- Small-scale producers face significant financial and production risks which can be managed in part by careful diversification into new enterprises, including agritourism.
- However, agritourism enterprises also involve new financial, price, legal and social risks that must be understood and managed.



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# Project:

## Managing the Risks of Agritourism as an Income Diversification Strategy for California Producers

Project Director: Shermain Hardesty, Director , UC Small Farm Program

# Strategy:

A series of three agritourism planning workshops offered in two different regions of California for farmers and ranchers considering or already engaged in agritourism enterprises, engaging participants in the planning process with presentations, individual exercises, small group participation and community involvement

# Funder:

Western Center for Risk Management Education

This material is based upon work supported by USDA/NIFA under Award Number 2010-49200-06203.



United States Department of Agriculture  
National Institute of Food and Agriculture

## Some Initial Goals...

- 80 workshop participants
- 60 workshop participants will complete an assessment of their farm or ranch for agritourism potential and begin business plans
- 20 participants will establish an ongoing mentor relationship with an experienced agritourism operator
- 24 participants will complete risk assessment checklists or consult with an insurance agent about their agritourism plans
- 40 participants will draft the outline of a marketing strategy

## And, 3 months after the last workshop ...

- 20 participants will have completed business plans for agritourism enterprises
- 16 participants will have taken steps to achieve at least two objectives on their business plans
- 10 participants will have made at least two changes in operations based on the risk assessments of their agritourism operations

## Our process:

# Providing resources and building connections for ongoing support

### 1. Local planning teams of trusted collaborators:

- University of California Cooperative Extension Farm Advisors
- County Farm Bureau
- County RCD staff
- Local Convention and Visitors Bureau
- Experienced agritourism operators



# Our process:

## Providing resources and building connections for ongoing support

### 2. Local experts as speakers:

- Local experienced agritourism operators
- Local tourism and marketing professionals
- Local Small Business Development Center staff
- County Planning and Environmental Health Departments
- Local insurance agents



# Our process:

## Providing resources and building connections for ongoing support

### 3. Formed local network of experienced agritourism operators

- Instead of individual mentor relationships
- Invited to speak to group about their own challenges & successes
- Invited to networking lunch
- Signed agreement to be available as advisors





# Our process: Providing resources and building connections for ongoing support

## 4. Small group interaction in class

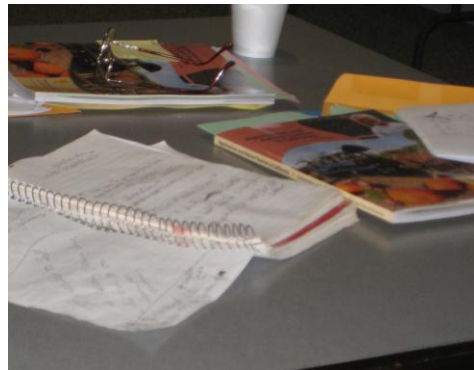


## **Our process:**

# **Providing resources and building connections for ongoing support**

### **5. Homework involving community interaction**

- family involved in assessment
- visiting local agritourism operations
- consulting with planning department, insurance agent
- consulting with experienced agritourism operators
- consulting with other class participants



# Preliminary Project Results

## (last workshop was March 20)

- 72 total participants attended the first workshops
- 28 participants completed assessment of their own farm or ranch, with their family, for agritourism potential

### **By the end of the third workshop ...**

- 22 drafted preliminary sections of their business plans
- 13 completed risk assessment checklists
- 31 drafted outline of marketing strategies (in class)
- 14 consulted with an insurance agent about their plans
- 16 consulted with County Planning Department staff
- 18 consulted with experienced agritourism operators outside of class
- 16 consulted with other class participants outside of class
- 10 consulted with Small Business Development Center staff or enrolled in business planning classes

## Samples from participants' "Action Plans"

- I will break ground on the safest pathway through the garden and advertise locally that the garden is now a destination open to the public
- To increase our wine club membership, we will open a secondary tasting room, partner with local non-winery businesses and offer employee sales incentives
- I will finish out the partition of the packing shed that will house the store and make plans for how to staff and maintain it, and will also create a map of the farm for self-guided farm tours.
- I will no longer have a store front due to my risk assessment, but will formulate a CSA for fiber on my website.
- I will clean up the area around the red barns, which might include relocating the caretaker's home
- I will attend adult education classes to develop and put into effect a website

## From participants' "Action Plans"...

- 23 intend to complete business plans
- 20 set target dates for business plan completion
- 24 intend to take steps to implement their new marketing strategy
- 12 intend to make changes in their agritourism operation based on their risk management assessment
- 17 intend to consult at least twice with other class participants or with experienced agritourism operators
- 17 intend to consult with or enroll in a business planning class at a Small Business Development Center

### Next Step:

**Telephone interviews in May and June with all participants who completed three-session class**



# Interested in getting started with agritourism?

## Resources for farmers and ranchers considering agritourism:

- *Agritourism and Nature Tourism in California* extensive manual – 2<sup>nd</sup> edition now available
- UC Small Farm Program website: [sfp.ucdavis.edu/agritourism](http://sfp.ucdavis.edu/agritourism)

## Thank you!

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