

## **NY FarmChange – An Initiative to Revitalize the Rural NY Economy**

As an industry, agriculture is a pillar of the upstate NY economy. Farmers earn gross receipts of over \$3.4 billion annually, which fuel the local economy and create jobs through manufacturing and service support industries. However, agriculture in New York State is at a cross road. Producers are competing in an ever changing global economy, which presents many challenges to farm viability. Greater attention to market factors such as price, customer demands and emerging trends will need to be incorporated into operating plans. Some producers may be reluctant to accept industry changes. However, new resources can help farmers through the change process of doing business in a dynamic environment. Assisting farmers to develop and implement individual plans that incorporate business and interpersonal components is a key need that will help farmers improve farm business viability by making better business decisions.

The Land Grant System has been profoundly successful in encouraging the adoption of new technology on farms. Technological advancements have allowed fixed costs to be spread over larger farm enterprises, resulting in increased efficiency and larger farms. Such expansion has also allowed more family members to work together on family farms. In other cases, expansion requires additional employees. Tools are available to evaluate how successful farms are in making business changes such as technology adoption. However, tools that evaluate an integrated framework of business and interpersonal factors are lacking.

### **Barriers to Growth**

Although the size of farms in New York State is increasing, such businesses tend to remain family owned and operated. Combining work and family relationships can be a recipe for stress when family members fail to maintain open lines of communication. Farm family members who have a shared business vision and strategic plan can make farming together less stressful, while improving profitability.

A key barrier to farm business growth and viability lies within farm families. Improving communication, setting goals, developing a strategic plan, and transferring management are a few examples of challenges faced by many farm families. Adding employee issues to a farm business can also present challenges to farms that previously utilized only family labor.

### **NY FarmNet/NY FarmLink Accomplishments**

NY FarmNet/NY FarmLink has an accomplished history of success in helping farm families navigate change. Employing two types of part time consultants to work with specific issues facing all types of farms is a successful model. Financial consultants examine a myriad of business issues necessary for business viability, while personal/family consultants address many difficult interpersonal areas that may impede business performance.

Our organization is responsive to the needs of agriculture, and our program efforts are producer driven. For example, the need to help farmers evaluate major business decisions resulted in concentrated efforts in business planning. A key program impact is

that farmers are now able to quantify the feasibility of new business ideas. However, farm families are helped only for the near term with business planning.

Harnessing skills of both personal/family consultants and financial consultants to create farm change teams is a key step to improving viability of the upstate economy. In addition, new tools need to be developed for farm families to implement operations plans that improve long term farm viability. Such tools will assist farm families in identifying opportunities to improved viability, as well as roadblocks to overcome. By combining interpersonal and financial management components on farms, significant positive change is achievable.

### **Testing an Integrated Approach to Farm Business Viability**

A preliminary trial of integrating interpersonal and financial management components was tested by NY FarmNet/NY FarmLink on a small number of farms. For example, a family owned horticultural business with two families and numerous employees was at a critical point of either dissolving or finding a solution to ongoing interpersonal barriers to improved business viability. Profitability was not an issue; however, interpersonal issues between family members and employees were preventing business growth. A NY FarmNet financial consultant worked with a NY FarmNet personal/family consultant as a team to identify concerns and brainstorm solutions with the management team to formulate a strategic plan. The business is now on track for growth and in a position for the next generation to assume expanded management roles. Separately working on business or interpersonal issues would not have produced such lasting results – namely implementing a strategic plan.

### **Plan of Work**

To accomplish the goals of this project, three key steps must be completed. First, both personal/family consultants and financial consultants will need to be trained in areas such as strategic planning, as well as mediation. Second, a key individual will provide leadership for an integrated approach to strategic planning. Third, an improved process for strategic planning will be developed to incorporate interpersonal components. After these steps have been made, 25 farms will develop and implement strategic plans during the first year. Results will be quantified, and improvements made to the integrated strategic planning process. Should resources remain available, we expect that 100 farms will develop plans, and 50 farms will implement strategic plans during the second year.

### **Request**

Annual costs to achieve project deliverables total \$300,000.