

## Agribusiness Incubator Project

### Model Development Workgroup

February 26, 2004

1. The group reviewed the various models that were brought forward at their January 21, 2004. The models that were developed were:
  - A. Internship: The intent of the internship model is to provide a farming experience to those who might be interested in farming themselves or perhaps those who may be looking at careers that support the farming community and would like to gain some practical insight and experience.
    - Upon review the group felt that some kind of internship program should be pursued but the internship model would not likely be a high priority in the initial phase of the project.
    - Internship opportunities may need to be blended with ongoing or proposed efforts through area high schools, youth groups or Northcentral Technical College
  - B. Apprenticeship that provides experience: The intent of this alternative is to provide someone who has already had some farm experience and is seriously looking at farming as a career with an opportunity to improve their farm and/or business management skills. This may eventually lead to an arrangement that could allow them to build equity on this or another farm operation with the long term goal of owning and operating their own farm. This alternative would be viewed as a long-term, 2-3 year commitment.
    - The group felt this alternative would be a stepping stone similar to the Internship. It would require some work to maintain the program and will likely evolve as the project continues on.
    - Here again, the Apprenticeship option may have to be part of greater effort in conjunction with Universities and Technical Colleges where students could possibly earn both experience and credits for taking part in the project.
  - C. Apprenticeship that builds equity: The intent of this model is to provide someone who has already had several years of farm experience and is seriously looking at farming as a career with the opportunity to improve their farm and/or business management skills. It will also provide an opportunity to build equity that could go toward the purchase of the farm they are doing an apprenticeship on or another one. It would also be viewed as a long-term, 2-3 year commitment.
    - The group felt that this alternative was similar to the first two in terms of the assistance that would need to be provided to make sure the apprenticeship was valuable for all parties involved.
    - All three of these alternatives will have to evolve as the project gains experience in working with educational programs for the new farmers and mentoring training for the farmers who will support the apprentices and interns.

- D. Sharefarming: The intent of this alternative is to provide a vehicle for the person who has already demonstrated their farm management skills to build the equity required to purchase the farm that they will be sharefarming on or any other farm that is available in the marketplace.
- The group thought that this alternative may offer some real possibilities for North Central Wisconsin.
  - There are a number of sharemilking examples that have been set up in the United States that could be used in setting up such an arrangement. Sharemilking is a very common practice in countries such as New Zealand and it is the primary method that young farmers use to get in the business.
  - Pursuing the sharemilking alternative would not require the supervision of internships and apprenticeships.
  - Sharemilking would provide a model that interns and apprenticeships could realistically strive for.
  - Setting up some sharemilking operations would also utilize the funds currently available through the Dairy Industry Revitalization Grant to draft model agreements as well as the development of a financial recordkeeping support system, mentorship training for mentoring farmers and methodology for evaluating prospective new farmers and farms that are considering hosting a Sharemilker.
- E. Outright purchase: The intent of this model alternative is to allow a farmer who has demonstrated their abilities and has already developed the level of equity required to allow for an outright purchase of a farm using any number of funding mechanisms.
- The group felt this alternative should be pursued this year. There may be some farms that want to transfer their farm to another owner and this model may be able to meet that need.
  - As with the sharemilking model, the Outright Purchase alternative would help begin the process of developing tools and resources to increase the chances of successfully transitioning farms to another generation of farmers.
2. Once they reviewed the different alternatives the group then went through some of the things that need to be dealt with in order to proceed:
- A. A consistent and uniform way of reaching out to those who may be interested in being involved in the effort. The group recognizes that the role of the project is not to circumvent the systems of farms transfer that are already in place but to improve the chances of a new farm making the transition.
- B. The current need is to develop a process that identifies buyers and sellers. Working with outright purchases first and then being open to sharemilking agreements will help people who have already expressed an interest in purchasing farms.
- C. A method of estimating the conversion cost to a grazing based system needs to be developed. Including such things as:
- The number of livestock the operation can carry without winter feed.
  - An environmental analysis.
  - Manure storage facilities – both as assets and liabilities.
  - Soil testing
  - Well water
- D. Who should be the contact point?
- E. Assistance for drafting a business plan.

- F. A method of helping the current owner evaluate their situation would need to address the following questions:
- How soon do they want to get out of the business?
  - How many people are being impacted by the sale?
  - Land distribution. How clean would the purchase be?
  - Financial needs. Land contracts or bank mortgages?
  - What are their housing needs?
  - What are the farmland and woodland values?
  - Are there any deed or legal restrictions that would have an impact developing the farm?
  - Are there any code or regulatory restrictions that might at the time of transfer?
  - What assets go with the land?
  - How willing are they to enter into various business arrangements?
- G. The new farmer would have to answer the following questions:
- Do they have a business plan?
  - What are their schooling needs?
  - What is their source of capital?
  - How willing are they to enter into various business arrangements?
  - What are their skills in the way of business, grazing and livestock management, as well as other skills that can help in the transition?
  - What are the goals of the various people/family members who will be involved in the farm?
  - Are they willing to do a financial analysis?
- H. The group also discussed what will need to be done to develop the mentoring network.
- Apprenticeship groups should be developed to allow new people a chance to network.
  - Mentor discussion groups where mentors can share experiences and ideas.
  - Roundtable discussions with mentors
  - Discussion sessions to deal with everything from animal health to marketing.
3. The work group also discussed possible reasons why someone would want to be involved in this effort.
- On the new farmer side of the equation it would provide some support during the initial transition period and hopefully remove some of the mysteries and/or barriers during transitions.
  - On the existing farmer side it may improve the likelihood that they can successfully transfer their farm to another owner and allow them to move on in their own lives.