

# Agriculture Insights

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## Farm Business Plans and Labor

There are just not enough hours in the day. Every farmer in a busy planting or harvesting season has that thought. As farmers explore new methods of increasing efficiency on their farm, they ultimately look at hiring additional help, especially when the farm is expanding. But before you put an ad in the iHelp Wanted section, there are a few things you need to check on your farm business plan. Having a complete business plan is not nearly as important as the process you use to develop your plan, according to Dr. Bernie Erven, professor and extension specialist in the Department of Agricultural Economics at Ohio State University. A business plan is your blueprint for success and is complete with goals, objectives, strategies and, most importantly, benchmarks. By defining your own standards of

success and the specific ways they are measured, you can make a good decision about hiring an employee. Review your past years' balance sheet and record books. Did your bottom line meet your expectations? If they did not, what were the specific benchmarks in your business plan that were not met? Was it caused by increased capital costs? Did you overestimate revenue potential? The final question to think about is, would an additional employee have made my farm more profitable or less profitable? This is where the decision is made. The next step is defining the type of labor assistance most appropriate for your farm. Must you find a full-time employee, or would it be more efficient to hire a consultant or temporary help? The challenge is to identify the specific type of help needed for your individual business and then

find an employee who matches those criteria. A good, honest, thorough business plan will help make that decision for you. What do you do best and what are the weak spots in your operation? Do you need to hire a person who can fill the voids or do you need to free more of your time to update your own skills. These are also areas where a solid business plan will help you make a good decision. Some questions from a local iGoing Into Business Guide include: Where will you find employees and how will you recruit them? What will be the specific duties of the employee and the employer? What will the wages or salary be? Must you hire a full-time person or will part-time/seasonal be better? What continuing training will your employees need? What are your legal responsibilities as an employer? Who will handle payroll, payment, and tax records? What will employee benefits cost? (health insurance, vacation, etc.) According to Dr. Erven, the most common question revolves around salary. His rule of thumb is that the wages must be fair and competitive for your area. The labor issues we face in agriculture are very similar to the problems faced by other small businesses

Talk with some of your local business owners and find out their thoughts on hiring a new employee. As agriculture becomes increasingly complex, today's successful farmers realize the key to their survival involves smart decision-making. Additional labor may be a part of making your farm more

profitable. The challenge is to develop a solid business plan complete with goals and benchmarks and then implement your strategy for success. Feel free to send your comments and ideas to Jim Shirk at the Chamber by email at HYPERLINK jshirk@lcci.com or call him at 397-3531.

## Lancaster Farmland Trust Farm Estate Workshop

LANCASTER (Lancaster Co.) — Effective Financial and Estate Planning for Farm Families is the subject of a free workshop scheduled for Thursday, February 19, from 9:45 a.m. until noon. Lunch follows. Hosted by Lancaster Farmland Trust, this farm transition seminar is open to all Lancaster County farmers interested in learning the role farmland preservation plays in passing a farm on to one's children. The workshop will be presented by American Express Financial Advisors and James & Clark, LLP and be held at the Farm and Home Center auditorium, 1383 Arcadia Road in Lancaster. The workshop and lunch are free, but advance registration is required. Please call Lancaster Farmland Trust at 717-293-0707 to register.

"Without effective financial planning, farm families may not be able to pass on their farms and live comfortably in retirement," said Karen Weiss, director of Land Preservation at Lancaster Farmland Trust. "This workshop helps farmers overcome some of the complex tax issues associated with rising land prices here in Lancaster." The session uses case studies to show attendees how other Lancaster County families successfully solved typical problems. Cases include issues related to new 1997 federal estate tax benefits for preserving farms, selling to one's children, ensuring that all family members are treated fairly, and what to do when loved ones pass on.

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