

Farm Marketing Workshop B: Sharing What We Know and Lessons Learned

Thursday morning 9:00 am

Where: Gallery Overlook (upper level) Room F

This interactive workshop is designed to facilitate transfer of knowledge and expertise from experienced marketers to those desiring more information in specific areas. This Michigan Agritourism Association (MATA) sponsored workshop includes presentations from current MATA board members actively involved and successful in their presentation area.

Moderator: Kendra Wills, Community Food Systems Educator, MSU Extension, Grand Rapids, MI

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| 9:00 am | Best Practices and Ideas in Education: Classroom, School Tours and Informal Education <ul style="list-style-type: none">• Natalie Klackle, Klackle Orchards, Greenville, MI• Angela Thompson, Nye's Apple Barn & Farm Market, St. Joseph, MI |
| 10:00 am | Best Practices and Ideas for Cash Management at Your Cash Register Locations <ul style="list-style-type: none">• Beth Hubbard, Michigan Agritourism Association President and Corey Lake Orchards, Three Rivers, MI |
| 10:30 am | Don't Bet the Farm: Best Practices for Choosing the Right Business Structure for Your Agritourism Operation <ul style="list-style-type: none">• R. Benjamin Barkow, Barkow Law Company, Conklin, MI |
| 11:00 am | Session Ends |

Best Practices in Education: School Tours, Classroom & Informal Education

Natalie Klackle & Sarah Fields
Klackle Orchards, Greenville, Michigan
natalie@klackleorchards.net
(616)754-8632

Angela Thompson
Nye's Apple Barn, St. Joseph, Michigan
amthompson8@hotmail.com
(269)429-0596

Klackle Orchards is a 4th generation, family-owned & operated orchard located northeast of Grand Rapids. Apples are our primary crop, with 250 acres of dwarf and semi-dwarf trees. We also grow peaches, pumpkins, asparagus, and are getting into vegetable production. Our adventure into direct marketing began almost 40 years ago with a small roadside stand, and has grown and diversified substantially through the years. We have a seasonal farm market, bakery, cider mill, and fall agritainment operation that focuses on pick-your-own apples and pumpkins, and lots of activities. Our educational programs center around on-farm experiences. We started by offering a wagon ride, and a small bag of pick-your-own apples to one class in the mid-1980s, and today, we welcome 10,000 school students to our farm each fall through our school tour program.

Nye's Apple Barn is located in St. Joseph, Michigan, and grows 125 acres of crops, including apples, grapes, peaches, cherries, pears, plums, raspberries, blackberries, and a large number of vegetables. The farm has been in production since the late 1800s, and the farm stand has been family-owned since 1968. Nye's Apple Barn doesn't offer traditional on-farm school tours due to the layout of our farm, but brings the farm to local classrooms.

On-farm and off-farm education is a rewarding, and potentially profitable avenue to diversify your farm that requires a strong, well-organized analysis and plan before beginning. As you begin to pursue a school tour program, there are some basic, but crucial questions that need to be answered-the Who, What, Why, and How of your farm, and your educational program.

Why?

Why do you want a school tour program at your farm? What will a school tour program contribute to your farm, and to your guests? What are your goals for your school tour program?

Discovering and articulating why you want to have an educational program on your farm is the most important question to answer. The answers can be simple, but need to be articulated. Your answer is the foundation upon which your entire program will be built.

Your why and goals for your program translates into your mission which in turn justifies all your decisions in designing and putting together your school tour program.

Why do we offer school tour programs through Klackle Orchards & Nye's Apple Barn?

- As fewer and fewer people have direct connections to agriculture, it is important for children to understand where their food comes from, and put a face to their farmer.
- It is an opportunity to share our knowledge, and passion with children, and provide them with meaningful outdoor experiences.
- School tours strengthen weekday business-chaperones, teachers & even students shop in the market!
- Educational programs are a great promotional opportunity-they can help turn students, and their families into loyal customers.

Who?

Who is your target audience, and what do they need? What do they want? What age group is best suited to your mission? Do you want public & private schools to participate? Homeschool & moms' groups? Scout troops? Daycares? Each age group has specific needs, and these needs must be taken into account when developing your program.

Target Audiences:

- Pre-K/Daycares
- Lower Elementary (Kindergarten through 2nd Grade)
- Upper Elementary (3rd-5th Grades)
- Middle School
- High School
- Groups of Students with Special Needs
- Adults/Senior Citizen Groups
- Homeschool Groups
- Church Groups

Your target audience can be more than one demographic-your program just has to be comprehensive enough to offer something to different groups of people.

In developing the target audience for your tours, you want to consider other factors:

- What is your target audience learning? How does your tour relate to their curriculum?
- Where are they from? From what distance are they going to travel? We reach out to schools within a 75 mile radius from our farm.
- Do the schools in your area have the resources to support field trips? Is it reasonable to ask families in your surrounding districts to cover the cost?
- What size group can you accommodate at a single time? Think about staffing requirements, parking, space in your activity & learning areas, etc.

Our target audiences:

Klackle Orchards <ul style="list-style-type: none">● Focus on Pre-K through 5th grade, homeschool groups, and senior citizens.● More than 85% of school tours are for Pre-K through 2nd grade students.● We reach out to schools within a 75 mile radius from our farm, but have schools that travel farther to visit us!	Nye's Apple Barn <ul style="list-style-type: none">● Have given presentations to elementary, middle & high school students, tweaking the content for each group.● Scout Troops
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What?

What is your program going to address? This must directly relate to the mission of your farm, the program you are developing, and the resources you have at your disposal.

- General Agriculture
- Life Cycles of Your Crops
- Uses of Your Crops
- Nutrition/Farm-to-Table
- Farm Animals
- Agribusiness & Production (best for older children)
- A combination of above

What is the main draw of your school tour program?

- Pick-Your-Own Produce
- Wagon ride/Hay Ride/Sleigh Ride
- Team Building Activities
- Corn Maze
- Interesting or Exotic Animals
- Caring for Animals
- Educational Presentation
- Something awesome your farm has dreamed up

Do you want a formal, educational presentation to be part of your program, or are you just providing education through experiences?

- Will your presentation be through a guided tour, or is it a formal presentation?
- What is the content of your educational presentation? What are you trying to share?
- How long do you want your educational presentation to be? For on-farm tours, and younger audiences, it is best to limit your formal education to 15 minutes or less.
- Will your presentation have visual aids and props? How will those be utilized?
- Is the presentation interactive?
- Will your presentation be tied to local curriculum standards?
 - Check out state requirements for each grade. (Generally available online.)
 - Work with local teachers-they are your target audience!

Other details to consider:

- Does your school tour include access to other agritainment activities?
- Are self-discovery/non-guided activities included in your program?
- Are there extra “add-ons” that teachers can request? Is there an extra charge for these extras?
- Are teachers, group leaders, or students provided with a take-home? What is that-fruit/veggies, educational packet, flowers, craft, etc.?

Klackle Orchards

- Program focuses on life cycles, uses & nutrition of apples & pumpkins.
- Students take a wagon ride through the orchard, and pick apples & a pumpkin.
- We include a formal education presentation-5-15 minutes depending on

Nye’s Apple Barn

- Program varies by age
 - Elementary-primarily visiting classrooms:
 - Apples, and National Apple Month.
 - Pollination & where food comes from

<p>age level. Our program has visual aids, songs, and props, and has been tied to local educational standards.</p> <ul style="list-style-type: none"> ● Our school tours have access to self-discovery activities, and our agritainment area. 	<ul style="list-style-type: none"> ● Middle School & High Schools-primarily visiting food labs: <ul style="list-style-type: none"> ○ Importance of eating locally ○ Farming Practices ○ How to prepare fruits & vegetables ● Scout Troops: <ul style="list-style-type: none"> ○ Apples & Michigan Apple Industry ○ Farming Practices
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How

You've developed a mission for your school tour program that directly relates to the mission and vision of your farm. You've identified your target audience, and what you are going to offer teachers and students. Now it is time to plan how you are going to accomplish this.

It is crucial that you develop your Operation Strategies (listed in no particular order)

- **Budget**
- **Outreach & Promotion Plan**
 - Where are all of your places of interest to reach out to?
 - Suggested to print off a map and put a dot in all the locations you want to reach.
 - Are you near any major cities where there is more than enough groups to reach out to? How many schools/ and other groups can you pull from there
 - What does your competition offer and what can you do to make your tour better?
 - Develop an email list of teachers/ groups of focus you have contact with, but limit the emails you send. We all get a lot of unsolicited email-make yours count!
 - Mailed materials are costly, but effective. Take the time to look up teacher names & addresses, which are readily available on school websites.
 - If not just reach out to the secretary of the school you are trying to reach
 - Or go one further... Visit in person and give a brief but effective elevator pitch for your program and why it would be great for the kids while enhancing their learning experiences
 - Social Media Posts promoting your tours, and posts showing tours having fun are easy & free promotions.
 - Get ahold of magazines or papers that target your audience
 - Hand out brochures on your program to all the local places you want to invite to your program.
- **Licensing/Permits**
 - Are all of your staff eligible to work with your target audience?
 - Does your local government (county, city, and township) require permits or have regulations regarding bringing the public onto your farm for organized tours?
- **Registration/Check-In/Check-Out**

- **Rules**
 - Includes social rules
 - What behavior is acceptable and not acceptable by both your staff and guests?
- **Physical Set Up**
 - Where will your program be? Where will all aspects of your tour take place?
 - Will you have stations?
 - Is your program a guided tour? Be mindful of the setup, signage, and safety of your walking path.
 - What are ALL the supplies needed to run your program?
- **Risk Management/Nuisance Concerns**
 - Identify the potential risks in operating your program on a working farm and/or traveling to schools.
 - Identify the potential nuisance concerns.
 - Identify Emergencies and Emergency situations that could occur on your farm and/or during your program not limited to detrimental weather, local threats, allergies and other medical reasons, fire, etc.
 - How will they affect your farm/ program?
 - How can you be proactive so these situations can be avoided all together?
 - If an evacuation is necessary, what is the process, where will people shelter or get away, lines of command
 - What are your processes in case of an emergency?
 - Lines of communication
 - Lines of command
 - Where are your procedures posted?
 - When will you practice or go over these procedures? At staff orientation or training?
 - Where is there shelter, plan B shelter or safe area
- **Insurance Issues**
- **Animation Plan**
- **Cancellation Plan**
 - What are causes for cancellations or rescheduled tours?
 - In agriculture, weather is always a factor-this applies to school tours, as well.
 - If your tour is mostly outside, what is your plan for bad weather days?
 - What are the procedures and lines of communication for keeping everyone in the loop regarding cancellations?
- **Staffing/Staff Orientation:**
 - What staff will you need to make your program run smoothly?
 - Program Director
 - Administrative Staff to Book & Confirm Tours
 - Cashiers
 - Greeters
 - Educators
 - Drivers
 - Activity Staff

- Animal Barn Staff
 - Tour Guides
- What is your budget for labor? How can you utilize staff in multiple areas to make sure you are using your labor budget efficiently?
- In the heart of your school tour season, it can be very difficult to provide a high level of responsiveness and customer service if the same person who is managing the day-to-day operations of the tours is also the person responsible for taking reservations and confirming tours.

Lessons Learned From Us...

Field trips are a fun, but stressful experience for teachers. It is your job to provide a fun and educational experience for the students, but you also need to be constantly thinking about how you can best serve the teacher to make the experience as stress-free as possible. This is a key component to consider as you are designing your program.

Develop Your Cost Structure. Educational programs need to be profitable for your business. Some things to consider when developing your cost:

- What kind of staff time will each tour entail? Remember to factor in the cost of making the reservation, preparing for, and cleaning up after the tour.
- What is the product that they take home worth? For example, what would you charge for the wagon ride or the pumpkin or the small jar of honey in your market?
- What do museums, zoos, and other popular field trip destinations in your area charge? Remember, you want to be a good value, but not cheap.
- You should require a minimum number of people so that each tour covers the costs of putting it on. Klackle Orchards' requires a minimum of 15 people to take advantage of the school tour rate.
- Chaperones-do chaperones pay? We allow teachers in for free. Chaperones pay the same prices as everyone else-they get to pick apples & pumpkins, they take up a spot on the wagon ride, and they get donuts & cider, so at our farm, all chaperones pay. It is difficult to make the transition from chaperones not paying to chaperones having to pay, so it is our suggestion to start charging for them from the start.

Klackle Orchards	Nye's Apple Barn
<p>We charge \$5 for students & chaperones for our "Apples Only" and "Teambuilding Tours". This includes our educational program, wagon ride through the orchard, a small bag of apples to pick, a donut & glass of cider for each person, and access to our activities in the Family Fun Farm.</p> <p>We charge \$6 for our Apples & Pumpkins Tour, which includes all of the above, and a pick-your-own pumpkin.</p>	<p>At this time, we do not charge for schools, and a minimal fee to cover basic expenses for Scout troops and other groups.</p>

Deposits: Klackle Orchards started requiring deposits for school tours in 2015 to cut down on the schools that cancelled with very little notice, or just didn't show up. It is a \$25 deposit, and is applied toward their final balance. We would recommend investigating a secure way to take credit cards online. Limit yourself to one place for groups to sign up and pay, if possible.

Reservation Software: We highly recommend using a reservation software. Until 2015, we were taking reservations over the phone or via email, and booking them using a paper calendar. In 2015, we attempted to replicate the features of a reservation software by creating our own Excel database. After 2015's experiences, we would highly recommend investing in a software program. Popular options: Book-ee and AgPro Book-It.

Seek outside opinions: Make sure you are actively seeking outside counsel as you set up your program. We are so close to our farms, and passionate about what we do for a living that we may not see the holes in a developing program.

As you go through the process of developing your program, be sure to constantly justify your decisions based on your farm's mission and your goals for your school tour program. If you have a great idea, but it does not fit in with your farm's mission and your program's goals, it does not belong in your program. The more you stray from your missions the less polished your product [program] will become.

Be patient. It takes months & even years to design and years to build a strong school tour program for your farm. Celebrate small victories, evaluate your success often, and be willing to make changes as you go and learn.

Resources

Recreation Programming: Designing Leisure Experiences

Author: J. Robert Rossman Rossman

- This book will breakdown all the fine details of program design!

<http://www.michiganapples.com/Just-for-kids/For-Teachers>

- This is an educational packet that is worth checking out

Best Practices and Ideas for Cash Management at Your Cash Register Location

Beth Hubbard, President of Michigan Agritourism and Owner & Manager of Corey Lake Orchards

Introduction/Then and now, and now and tomorrow

Cash register management—probably the weakest point and potential for exploitation

The cash register itself:

Where is it? How many? What kind?

Cash in an “un-central” location, other farm areas: U-pick, Corn maze, etc.

Everything goes thru the cash register (s) —record keeping, accountability

Everything completed in front of the customer

How do cash registers receive change when needed?

Who does it?

Methods:

Straps of change, straps/record goes in the register

Buy or sell from a designated location

Other methods

Who stocks change and tracks that?

Where is that kept?

How much change do you keep in your “holding change”

The holiday impact, The pricing impact

How much change do you start the day with per register?

Examples from a poll of our Board

\$150: 1’s, 200 5’s, 100 10’s--\$350 start, load the coins full

\$198

\$210, \$42.50 in change

\$75: 20 1’s, 3 10’s, 5 5’s double that on weekends

Employees making change—what instructions have you given?

Count back

A method to know what bill denomination they received

This is its own class: <http://www.accupos.com/pos-articles/making-change.php>

Mistakes are going to happen, what instructions have you given

Who voids? How? When? Is there documentation needed?

What is your refund policy—how are those accounted for

Is everything rung into the penny or rounded up?

Do all employees have consistent training and instructions on all of these and more issues??

How do you get cash out of the drawers during a business day?

Who does it?

How do they do it?

Where does it go?

Is it recorded?

Is it kept intact by register for reconciliation later?

Getting an accurate day end balance

How many times a day should you balance out or run a cash register tape?

Will you balance to the penny, the \$\$ amount or is there a reconciliation “range” you have established?

Do you count change as part of the verification process, even pennies?

The little things that can make you off

Balance all of the “un-cash” things: credit cards, EBT, Project Fresh, Gift cards, IOU’s

What do you do when cash register drawers don’t reconcile

“It’s nighttime, do you know where your cash is?”

An office? Personal house? The barn? Somewhere else?

Where do you keep \$ safe before bank deposits

Small safe—but high quality, who has access to this?

Locking mailboxes

Other

How does it get transported from place to place, who?

How often do you get to the bank?

Only have on hand what your insurance policy covers

Select a bank that really works for your business and you....-like your banker but make sure they like you, negotiate cash and check fees

Checks and balances

Who are the people who are going to be the “know it alls?” And the ones with the ultimate responsibilities? Owner? Manager? Their spouse? Limit if you can.

Other:

On site Vendor agreements

Paying out in cash policy (No, no and no, but still happens)

Taking Checks: have them fill out totally—don’t allow clerks to fill in the name unless done in front of the customer and Yes...you still want a phone number.

Taking Credit cards: Yes, there are fees, but:

Many of your customers prefer credit cards and don’t have cash

They will spend more with a credit card

Fees are probably the same amount of “shrink’ going on in your “cash only” system today (can always put in a \$ minimum purchase)

Takes cash out of the equation, goes right into the bank, no labor in counting

Provides wonderful reports

Ringling into the cash register and going to the adjacent credit card machine—are they connected?

If not:

\$ tend to not get entered into the cash register when they are busy or forget

Entering the wrong \$ amount

Entering as a refund

And other things, how do you find out?? Check the print out at the end of the day and check the actual copies of receipts

Project Fresh: Not getting the signature or “spoiling” the coupon—you have just lost the \$2

The Human dynamic—it is there—what can you do??

Cheap security camera's, switch things up, trust your instincts, use mystery shoppers, audit

Theft: Internal

Some interesting statistics on retail theft, how it happens, why it happens and who it usually is

Do you know how much an employee could skim with your system before you would know?

If they are stealing \$ from the cash register, they are probably taking other things as well

Do you have an employee policy on what they can take from your retail sales, if anything?

What do you do when you catch an employee stealing?

Theft: External the worst: getting robbed. Have you told your employees what to do? Do you have an internal code?

Conclusion: It's time for you to write your policies down, if only for yourself to see where there are gaps and room for improvement---alas, another winter project!

|| BARKOW

LAW COMPANY, PLLC

R. Benjamin Barkow and Lindsey A. Barkow
PO Box 96 • Conklin, MI 49403
ben@barkowlaw.com • lindsey@barkowlaw.com
(616) 581-8117 • (906) 369-2485

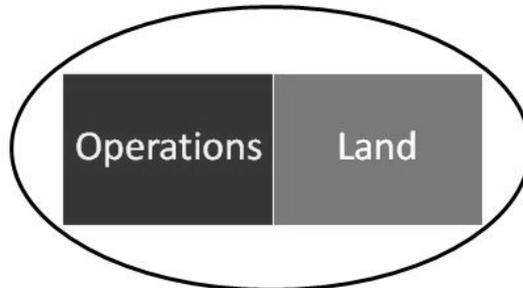
Don't Bet the Farm: Best Practices for Choosing the Right Business Structure for Your Agritourism Operation

There are plenty of stories where putting in a cider press saved the farm or deciding to add a packing shed caused everything to unravel. A poorly structured operation puts everything at risk, regardless if you risk capital like a riverboat gambler or play it slow and conservative. This outline explains some of the basic issues to consider when structuring your operation to avoid continual risk.

LIABILITY BASICS

You don't need a law degree to know that it is not a good idea to put all your eggs in one basket. If your operation is a sole proprietorship or partnership, you have essentially put all your eggs in one basket. Sole proprietorships and partnerships receive no liability protection under the law; in this situation, your personal assets can be used to satisfy a judgment resulting from your business liability. If you have formed a limited liability entity, you still may be putting all of your eggs in one basket. Consider Operation 1 below:

Operation 1



In this scenario, the land and business are all tied together in one limited liability entity. While personal assets are protected in this situation, if the egg cracks, this operation stands to lose both business assets and land. For many of our agricultural clients, land is a significant portion of the client's net worth. Even though Operation 1 is a limited liability entity, the end result is the same: liability will wipe out a majority of assets.

As attorneys, our main goal is to keep personal assets and land shielded from business liability. The bulk of agritourism liability stems from interacting with the public. Think of all the risk in selling a donut to a customer: an employee uses electrical power to mix batter, puts the batter in oil heated to 375°, scans a credit card, and sells the donut to someone who may or may not have an allergy. That operation is one electrical short, 3rd degree burn, identity thief, or peanut allergy away from facing tremendous liability.

Alternatively, owning land is a passive activity and has a lower liability exposure. Using the donut analogy, if your agritourism operation owns both the donut maker and the land the business is operated on, your donut maker and your land could all be used to satisfy liability against you. Instead, separate the land from the donut maker.

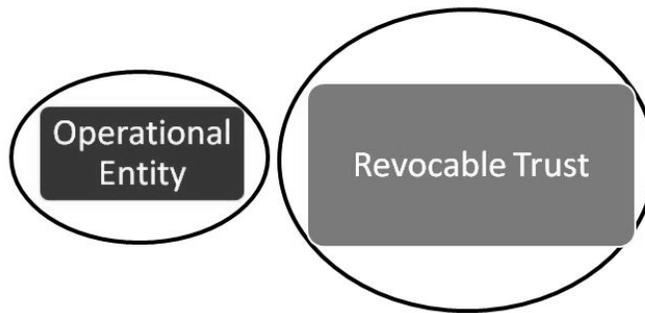
PRACTICAL STRUCTURES

You may notice that this heading is labeled as “Practical Structures,” not “Ideal Structures.” Attorneys would prefer to structure an agritourism business as each parcel of land in a different legal entity, numerous leases, and several different entities within the agritourism business itself. This complex and cumbersome arrangement—though legally sound—is simply not practical for many small businesses.

Operations need to adopt a structure that limits liability, protects land and personal assets, and is simple to administer. There is no one-size-fits-all solution for every operation. Invariably, we advise clients that are starting agribusinesses differently than those who are looking to modify an existing operation. The common thread among all our clients is to separate land from the farming operations.

For many of our clients that own land individually or with a spouse, we put a structure together like in Operation 2 below:

Operation 2



In this arrangement, land is titled to a revocable trust and separated from the farming operations, which are in a limited liability entity. The operational entity leases the land from the revocable trust and covers expenses, insurance, etc. Notice the difference in the size of the eggs and the separation. If the operational entity is lost, the client still keeps a large majority of their net worth. We often utilize a revocable trust to keep land out of probate and to achieve a client’s estate planning goals. In this scenario, the land could simply be held personally and achieve the same liability protection as being held in a trust.

When the land involved in a farming operation is owned by two or more families or multiple generations, the concept of separating the land from the business remains the same but the organizational structure is different:

Operation 3



In Operation 3, the land is owned by a limited liability entity and the farming operations are organized as a limited liability entity. The farmland entity leases the land to the operational entity. This protects each owner's personal assets from liability and the land is still protected from the operation's liability.

As stated before, those two examples don't fit every situation. In some cases, land may not be the single most valuable asset to operation. In other cases, there may be different business areas that should be split into different legal entities in order to spread out risk. For example, if you operate a farm market and make wine that is sold both at your market and others, it could be prudent to make your wine as one entity and operate your farm market as another entity. Before making any business-structuring decisions, obtain advice from your attorney and accountant.

SELECTING A LIMITED LIABILITY ENTITY

There are several types of entities available in most states. S corporations, C corporations, limited liability companies (LLCs), limited liability partnerships (LLPs), family limited partnerships (FLPs), sole proprietorships, and partnerships exist in almost every state. Each type of entity is treated differently under the law and has different advantages and disadvantages. Selecting the right entity for your operation requires input from both your attorney and accountant. They can best advise you of what works best in your state and fits the way you do business. The two main characteristics to consider are: 1) how the entity is taxed; and 2) whether the entity protects the owner from liability.

For our agricultural clients in Michigan, we mainly work with LLCs and S corporations. Both LLCs and S corporations are taxed using a flow-through calculation, which means the company avoids being taxed and all taxes are recognized on the owner's personal income tax. They also provide excellent liability protection for owners.

We primarily advise clients to use LLCs because of their flexibility and adaptability. LLCs have fewer formal requirements than S corporations. LLCs can also make an election to be taxed as an S corporation in the eyes of the IRS, which can save on self-employment taxes. Be sure to ask both your attorney and accountant about whether being taxed as an S corporation would be advantageous to your bottom line.

USE THIS OPPORTUNITY TO PLAN

When going to the time and expense to structure your operation, make sure you use this opportunity to put your estate plan in order. Your business and estate planning documents should complement each other to ensure your business interests are protected and your estate planning goals will ultimately be achieved.

If you are in business with someone other than your spouse, take the time to create a buy-out plan in your operating agreement. It is hard to contemplate a break up when your business is in the honeymoon phase, but time spent deciding how to transfer business interests can avoid toxic arguments in the future and protect the business continuity.

A simple way to transfer your business interest at death in Michigan is a "Transfer on Death" (TOD) designation. Owners of LLCs or S corporations can make TOD designations to direct their ownership interests to automatically pass to another person at death, outside of probate. Although they may be called a different name, TOD designations are available in many other states. This planning tool is very, very simple and is a low-cost addition to most operating agreements.

USE YOUR PROFESSIONALS

This handout is for informational purposes only and cannot be construed as legal advice. You should seek the advice of licensed professionals in your jurisdiction that are familiar with your operation. If you need a referral, email or call us and we will try to connect you with someone in your state.