Freerange People – Lifestyle Enterprise Planning

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Freerange Lifestyle Enterprise – Survival Planning and Maintenance

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intro: 'exploring the range'

Leading a 'smaller' 'lifestyling' form of living may seem a little 'old hat' in this modern age of money, power and celebrity, with its seeming emphasis on 'big is beautiful'. For instance, leading a life following an interest which then, say, doesn't attract too high a financial return, may be considered less than wise in today's culture,. And yet, might following a more money-rich route then over the longer-run prove to be less satisfying and fulfilling - ? Such considerations then bring in questions such as 'what's life about?'*, which in a society which espouses individual freedom, is then presumably up to the individual to decide (within any anti-social limits), no matter how pervasive are the influences prevailing within that culture. Commercial concerns, for instance, seem to have become in recent times very large and influential, and governments seem to have taken a strong 'parental' style role, so maybe the micro-small organism that is the individual feels safer within rather than without one of these large power groupings-?*

Whilst such an arrangement may well give the individual a feeling of some level of security, the cost to pay may well be in losing some unique individuality by needing to 'toe the line' of the larger body(s). Some, many maybe, may see no problem in this, particularly when the 'largist' system appears to be offering a lot – for example , in material terms. Others, though, feeling the need to develop themselves and experience their own natures, may well want to feel less restricted and want more 'space' to explore. Psychologists (eg. Abraham Maslow) who've researched the needs for 'human health' have identified the need to 'develop to full potential' as one of the keys to fuller human fulfillment, for instance.

' To be what we are and to become what we are capable of becoming is the only end in life'

(Robert Louis Stevenson)

Whilst 'largist' life may be limiting at least for some, alternatives do exist, and one of the routes to facilitate natural and healthy growth and development is to opt for 'smaller' life – to follow more of a 'feeranger' type of lifestyle. In a 'largist' culture this option may be seen as foolhardy by many, but there may well yet be some who see this path as the route to longer-term fulfillment and courageously determine to follow it.. Their enterprise is supported by the modern movement and take on 'personal spirituality' which promotes the idea of personal growth as a real route to a form of longer-term human fulfillment.

Such a 'feerange' approach to life may well be that of 'taking the harder road', (one writer in this field, M. Scott-Peck, called one of his books 'The Road Less Travelled'*, for instance, beginning it with the words 'Life is hard')), but then, the need to take on challenges is well established. One criticism of taking a 'freerange' approach could be that it's seen as over self-orientated. An answer, though, maybe that the 'fuller developed' person could be then likely to be more socially adept with more to offer society, given that, as psychologists aver, humans have social as well as individual needs. Even some of those traditionally not seen in 'social' terms, such as, say, business people, are heavily involved in social activity, in that the act of business in terms of goods and/or services exchange could be said to be essentially a social transaction.*

'Freeranging', then, could be said to be about the 'fuller expression' of people, incorporating social nature as well as individual i.e. the 'full range' of human needs and capabilities and as such is a more comprehensive approach than, say, any style restricted to just an 'out-for-self' approach.

*This work, '*Freerange Lifestyle Enterprise – Survival Planning and Maintenance*' is offered in support of those seeking a more independent 'freerange' lifestyle. Whilst the author has had useful small business experience in the rural sector, plus relevant academic experience, it in no way attempts to be any sort of exhaustive 'manual': rather it's hoped that the content might be useful and encouraging to some of those interested, and that the case-studies, all taken from 'real life', mainly from the rural sector reflecting the author's actual experience, will be illustrative and again, possibly encouraging.*

'Going small' and 'freeranging' can be facilitated fairly obviously by setting up a small enterprise, which over time many have with varying types of outcomes. Setting up an enterprise which encompasses lifestyle values as well as financial returns can in practice be particularly tricky in the sense that the two areas can contain a certain amount of inherent conflict (the classic 'head v. heart' conundrum)- in practice often a balance has to be aimed for and found.

Sometimes, though, sentiments such as 'not mixing business with pleasure' are come across, although again in practice there are many examples of lifestyle enterprises doing just that successfully, particularly maybe in the rural sector, which can therefore provide as can be seen in this work, many 'live' examples, hopefully used to effect within these pages. Much of the thinking and many of the principles could well be transferable to non-rural situations. The planning processes presented are intended to be 'real', i.e. to provide real information to the planner to aid effective decision-making, and so be worthwhile in themselves.

The first piece, though, takes a quizzical look at the seemingly strong current culture trend of 'entrepreneurialisation', with the intention really of putting it an some sort of perspective – always useful to help with overview, even in a situation in which the trend can appear to be conducive. One of the natural phenomena linked to starting enterprises is, quite naturally, the high aspirations and expectations of the people involved, which are needed to fuel the high energy levels needed to launch and develop an effective lifestyle enterprise. The potential danger may then though lie in an over-focused 'drive forward' heading maybe onto a too narrow track, which is why experienced planners build in procedures to periodically touch base with 'reality', and tend to use over-conservative planning figures and data.

Any strong 'mass' trend can produce 'track narrowing' effects, and so examining the trend itself can be a useful perspective-gaining exercise. For example, one of the enterprise 'tenets' that appears to have emerged from the current 'entrepreneurialisation' trend is that enterprise/business growth is a pretty desirable event, so 'growth/expansion' gets taken on board as an 'automatic' goal. There are however, times in which growth may be good, but also times when it maybe inadvisable, and the dangers then of having 'growth' as an automatic *goal, pretty obvious. Such a strong focus message on 'growth' too may well have emanated from the larger competition-focused business sector: within the more multi-dimensional mix of smaller, lifestyle-type enterprise priorities, it may rightly not be quite such an overriding factor.*

Planning time and work involves time and effort and consciously delaying 'lift-off' time, so why do it? *- a question the next section addresses, quickly followed by a review of possible planning outcomes and responses to them.*
Smaller-scale lifestyle-type enterprise survival strategies are then the focus of the next section, with a couple of fuller case-studies described to 'put flesh on the bones'.
The actual procedures and mechanics of the planning processes are then the subject of the next few sections and presented at various levels:

- the 'minimum' planning approach
- the limited (or 'pared-down') planning approach
- the fuller planning approach

The aim behind all the different levels of approach is to try to ensure as far is possible the establishment of an enterprise which then has a sporting chance of being both feasible (i.e. workable), and viable (i.e. self-sustaining financially).

The phrase 'the best laid plans of mice and men---' alludes to the fact that planning an enterprise involves making projections into the future, so the possibility of 'counterproductive' events and effects is always present, a situation the next situation entitled 'Planning Pitfalls' particularly addresses, working hopefully on the principle 'forewarned is forearmed'.

Finally, there's a piece which focuses more on the need for the individual to 'stay alert and sharp' *whilst swimming in what could appear to be a large predator infested sea, and to develop strenghts and skills to cope, all of which can surely only help along the journey of any* 'survive and thrive' *freeranger-type lifestyle enterprise. And hopefully, 'the force and spirit will be with you'*

(Please note: the author is unable to accept liability for any business/enterprise results.)

ENTREPRENEURIALISM -------HOW MUCH -?'

What about community-?

Curious that we use the word 'entrepreneurial' when there is an English language word which covers the ground – 'enterprising', which for some reason also somehow sounds more positive, as well as saving some ink. 'Entrepreneurial' also seems to be inextricably linked to money-making with today's strong financial emphasis, whereas 'enterprise' seems to be a little more ubiquitous, covering wider ground and efforts. 'Socially enterprising', for instance, seems to ring better than 'socially entrepreneurial'.

Talking 'socially, with the modern entrepreneurial culture often seemingly encouraging us to chase self-interest and the accumulation of money, what then becomes of community ? After all , psychologists suggest that we are naturally social as well as individual animals-?
In a village local to us, sits a social club and village hall, which wonderfully serves two or three local villages and hamlets, now that the erstwhile country pubs hereabouts have passed away. For some years there was no local watering hole and if the need for social intercourse reared up, people had to travel three, four, even five miles to seek out rural community contact- a hard life.

Maybe this is a manifestation of what Maggie Thatcher mean't, people thought, when she uttered that immortal line 'there's no such thing as society'. At first sight it seemed such a baffling and plainly wrong statement to make, as clearly we do live in a society and are charged with following its laws and rules. No doubt, though, that what she mean't was 'look out, we're importing a 'dog-eat-dog', 'out-for-yourself' culture from good ol' USA'. Simon Jenkins, well-known journalist and social observer, recently said 'we (UK) are the USA'. Not perhaps undiluted good news for country traditionalists such as some of the good folks of this area, who actually like rural community, and its ways and mores- sociability, 'live and let live', helping people out (where necessary),enjoying individuality-eccentricity even- giving away spare produce(i.e. not maximising financial returns) and so on- ruralites seem to be natural 'freerangers'.

Back to the social club – it's an eye-opener to see the struggle to align thinking to the needs of such a situation. It's proven to be difficult to escape 'commercial' thinking, so imbued the powerful 'money-making' ethos of the current entrepreneurial culture seems to be at times, which being so strong, then maybe tends to by default de-value any other values, particularly maybe social values. So, for instance, it may be decided not to continue with a particular real ale, because its wholesale cost is higher than others, forgetting temporarily that the primary aim is actually not to make money, but *rather to facilitate and promote social interaction and welfare. Of course, even if the operation were commercially-based, it may still not a smart move to necessarily discontinue a line because of higher cost, in that a possible counter-productive effect maybe an overall fall in sales with customers spending elsewhere to get the product they want – real-ale drinkers tend to be independently-minded freerangers!*

Within the social club situation, no-one would presumably deny that money certainly has to be made, in that the facility would not survive into the longer-term if funds run out, but money making is not the primary objective, in fact it's debatable whether it's an objective at all, being in reality a 'means' not an 'end'. (there's even a suspicion of a thought that 'profit' is not necessarily the most appropriate commercial business objective- more on such 'heretical' thoughts later.) There appears to have been a reaction to what some certainly see as on over-strong focus on money-making as a prime objective area, with the appearance and rise of other entrepreneurial breeds, such as 'social entrepreneurs', the group to which those of us helping to run the afore-mentioned social club belong, and now lately a breed labelled 'anti-preneurs', people who reject the modern take on entrepreneurism as being overly one- dimensionally focused on financial outcomes. A potential problem with having a strong focus on money-making can be that it can narrow outlooks to single dimension proportions- freerangers, for instance may find such a position, to be too single a dimension in which to operate, although of course there are stages in life when such single-mindedness may have to occur.

The Bigger Picture-----?

One current University textbook currently forbids its readers- university students- to continue with the book , unless they unreservedly commit to the entrepreneurial cause, which appears to indicate that Universities are now attempting to narrow peoples' vision rather than upholding their traditional remit of widening horizons. Bio-diversity- ok for nature and animals- but for humans----?! Similarly, a Higher Education Senior Manager recruited from another culture, freely admitted he had no concept of 'vocational effort'. Have the vocations have tended to be eclipsed by the modern strong focus on financial outcomes, then by default been de-valued, which could be a contributing cause of some of society's current problems-?

The money-orientated modern Western entrepreneurial culture is well- fuelled and focused by TV programmes such as 'Dragon's Den' and 'The Apprentice',by business echoing government policy and funding, training programmes and conferences. The entrepreneurial battle cries of 'innovate, innovate' and 'change, change' have rung out everywhere loud and strong. Have they, though, *seemingly then by default diminished and de-valued expertise and knowledge accumulated from previous times?*

Does such a strong entrepreneurial emphasis and strong focus on 'change' then though run the risk of producing a situation of 'imbalance', of 'throwing out the baby with the bathwater', which some, possibly particularly experienced people, appear to suspect? Plainly money making is important in a modern western-style society, but an over-strong financial emphasis may put other important need areas, particularly those not necessarily always particularly associated with a financial outcome, such as say, personal development, too much in the shade - not necessarily the best news for freerangers.

That entrepreneurial flagship Millenium Dome project, a huge representation of modern lifestyles and modern success , in reality turned into a rather big lesson in 'reality thinking', with an allegedly pretty massive 100% over-expectation of visitor numbers and hence sales. Like learning to ride a bike, it's not though, the 'falling off' that's necessarily important, it's the learning the lessons and applying them for the future. Business failures have given many key experience and knowledge to then go on and succeed in the longer-term- it's perhaps unlikely in fact that the the 100% success business exists, or ever did exist.

Modern Entrepreneurial Life------

It's also been reported in some quarters, that the reason for the recent (2008/9) major financial crisis that's affected us all, is that bankers got too caught up in the 'change' entrepreneurial culture, abandoning the 'old hat' previous relatively cautious and conservative practices for the more modern 'profit chasing' approach, driven by the 'big bucks' lure- maybe they lost their baby too? Will one of the key lessons of modern events prove to be the recognition of a need to halt the onward on-rush and charge, and to follow Ernst Fritz Schumacher's advice in his seminal work 'Small is Beautiful', to 'Stop, Look and Think'. *Again, the ultimate failure might be not that of 'failing' –'falling off the bike' – but rather not taking on board the necessary lessons from the experience. The pressures to succeed, though, that a pressurised culture can produce may in practice result in 'failure denial' or inadequate possible 'downside' planning attention.*

The 'downside' analysis was a pre-modern banking practice, which was to assess investments and projects 'negatively' – i.e. what's the picture if things don't quite work out as positively anticipated – as well as positively. Such a process recognises the realities of possible counter-productivity, the possibility of adverse economic conditions occurring, and of course, the possibility of human error – possible outcomes may have over-estimated (the well-known 'rose-coloured specs' syndrome) or *under-estimated ,as all anticipation of future results involves a degree of risk. To assess possible non-positive outcomes is not necessarily an exercise in negativity, as sometimes seems to be seen, but rather a risk-aversing reality check, and an essential part of business enterprise planning.*

Maybe there is a need to look behind and beyond what used to be called 'the money veil', which can give at times a somewhat superficial and maybe simplistic view, and heed Fritz Schumacher's call to tale a deeper and longer-term look. In reality, life is complex and multi-dimensional – it maybe counter-productive to over-simplify one-dimensionally, needing rather to take an approach geared to achieving balance over time to cope with the multi-dimensional reality, and cater for the varied dimensions such as economic, social, environmental, personal/individual, longer-term safety and for some at least, spiritual.

What is 'entrepreneurial'? - Is low-impact living, for instance, entrepreneurial-?

A group of people in the west who've organised themselves into a mini-community, communually solve their resource needs within an environmentally-friendly framework– they hardly fit the bill of modern entrepreneurs. Yet the undertake contracts to manage and thin other peoples' woods, to then provide themselves with the considerable amount of wood they consume each year- 40 tonnes or thereabouts. This involves no money exchanges, and is certainly 'enterprising', so is plainly an entrepreneurial arrangement wherein it satisfies the needs of two differing groups of people. As business activity largely involves satisfying other peoples' needs, it is then inherently a social activity, which infers that to see entrepreneurial behaviour as individual activity could be a limited view.

The popular, public success image of today's entrepreneurial culture tends to be one of 'pots of dosh', high profile ('the celebrity culture') probably generally focused on the younger generations, yet there is evidence that within in' wider and deeper' society, there still exists differing views and values. A year or two back, for instance, a survey of American millionaires revealed that on average they drove a five year-old car, giving a picture of somewhat less conspicuous consumption within this older group of wealthy people, who then may have a more diverse set of values. Thrift, for instance, would not exactly be a feature of a modern materialistic, 'money-manic' culture, yet many people particularly maybe of the older generations might value thrift and the individual satisfactions to be gained from its practice.

Are thrift practices 'entrepreneurial'? Given a modern take on 'entrepreneurial', then probably not for some, but if the yardstick becomes 'is the practice/activity enterprising?' – then a raft of activities and measures can be seen to be 'entrepreneurial'.

Having recently fashioned one good axe here on the eco 'micro'-holding ('small smallholding') from 2/3 broken examples, the satisfaction experienced is real and considerable, and whilst some would undoubtedly argue that such practice is counter to good consumer citizenship (and very small beer), could it, though, be an efficient approach it terms of 'demands on world resources'? Is it 'entrepreneurial'? Not in a modern conventional culture view maybe, but it's using creative problem solving methods, it's using skills to produce the desired result and it's re-cycling unproductive resources into productive resources- so, yes, it's an 'enterprising' measure. And it's then leaving more cash to be spent in other areas- aah! - there's many a way of skinning cat, as they say. Always good, too, to have an axe to grind.

The axe tale indicates tha following a low-impact life-style here on the micro-holding, wood is used as a main source of fuel, which is reportedly good in that it is a renewable source and has a good carbon footprint effect. The main woodburner is situated strategically in the main living room of the cottage and runs the hot water and 'background' radiators,
The fire is also in effect a fertiliser production unit, producing potash rich ash to contribute to the fertility of the organic veg patch- also keeps the soil acidity neutral over time, avoiding the need for lime applications, whilst it has multiple outputs, not only keeping the micro-holding 'workers' physically warm, but also 'psychologically' warm, especially in the harsher winter weather. No press buttons involved of course –often firstly the wood has to be fetched (barn conversions have been a useful recent source), then stacked and stored – good 'fuel security'- then processed by splitting/chopping.

Does active participation in such a life process mean that such a lifestyle is in fact being more 'entrepreneurial' than, say, operating a press-button system? Granted, hardly big-time entrepreneurial- thankfully small-time - but still requiring creative thought, application and resourcefulness. The small open fire in the 'front' room is definitely not conventionally entrepreneurial- it's run it virtually for free. Wood is collected, begged, borrowed and being a small room with thickish stone walls, doesn't need a huge energy input- all good news for us eco-entrepreneurs. There you go- a new breed – eco-preneurs!

In a culture/world seemingly geared towards 'large', with then by default less focus and emphasis on 'small' i.e. the individual, and in which the 'large' often seems intent on influencing and controlling even the 'small', if not exploiting them, then one way in which the individual can hope to create conditions more suited to their own self-motivation and self-responsibility needs, is to go 'freerange' and strike out bravely on their own by creating their own lifestyle enterprise. The path, though, can be strewn with obstacles, and the ride can get bumpy at times. The current culture itself can present potential problems, with its 'pots of dosh' focus and seeming preoccupation with 'size matters':

Case-study:
In one rural locality, for instance, two building firms were located. One was business results and growth orientated, the other a committed two-man micro-business band run by two sociable guys more interested in community and doing a good job, and having a decent lifestyle than making a fortune. The growth orientated business expanded rapidly in credit-fuelled times, investing both in plant and people. Harder economic times hit, as they are wont to do, and work dried up, the larger outfit now with bigger overheads finding things tough. It was tougher too for the smaller outfit but their more 'social' approach helped them out, with their clients now finding smaller jobs for them, to help them through, whereas the larger firm had to give up the struggle.

The 'human contact' factor within the smaller firm came to the rescue of the firm in harder times i.e. it was a business security asset over the longer-term – a demonstration that business and humanity/sociability can be a successful mix. *Such an illustration is not mean't to imply that 'small' is per se automatically better than 'large', but is mean't to demonstrate against the reverse i.e. 'large' isn't* automatically *better than 'small'.*

It's probably pretty unlikely that any business journey is going to be automatically 'trouble-free', and coping with the reverses and obstacles is part of the challenge and a prompter and aid to the growth and development of the individual(s) involved. As in any journey, it's useful to have a map, whether on screen or on paper, to give vision as to the route ahead, so that a successful course can be steered, and equally important, when obstacles and reverses do occur, their implications can be accurately assessed by referencing them against the original plan (i.e. map).
The following sections offer a guide as to the areas of the enterprise potential journey which its useful to map (plan) out, and some 'how to' guidelines, as well as documenting some potential 'planning pitfalls', which is not, as is sometimes seen, an exercise in negativity; rather it's useful in managing to be 'forewarned, then forearmed'.

WHY PLAN?

'WHAT'S THE PAYOFF OF THE PLANNING EFFORT?'

*A 'small' lifestyle enterprise – what is it? Business activity is undertaken to meet the needs of those involved in it – it needs to meet the owner's and the employees' needs by undertaking activity for which there is a monetary return, so also meeting society's needs, (i.e. if it's not 'socially useful' there'll be no monetary return as people won't buy) and this monetary return needs to be larger, by a necessary sum, (the 'viability' level) than the total of the costs involved in undertaking the activity. To those involved in the business it is, then, the **means** by which their objectives are realised i.e. the **vehicle** which delivers the meeting of needs.*

'Businessisation' Effects

In modern times there's been a strong emphasis on the financial returns involved in a business, which has somewhat obscured the other forms of returns available from running a business, many of which, such as lifestyle and personal satisfaction, social need fulfillment, are not easily measurable . Simplifying the process to restricting objectives for a business to purely financial returns could well though be an over-simplification, particularly within the rural sector with its tradition of lifestyle and environmental values. The term 'business' may be somewhat one-dimensionally limited by such emphasis on material returns – the term 'Lifestyle Enterprise' ('LE') or 'Rural lifestyle Enterprise within the rural sector ('RLE') can give a wider scope which encompasses both material and non-material returns.

The Way Ahead

*If, then, the business is the vehicle by which to achieve satisfaction of peoples' needs, there needs to be identification of the route which the vehicle needs to travel to bring successful need fulfillment, which is where business **plans** come in. Essentially, a plan is a map of the business's likely forward journey – it gives a guide to those involved in running and directing a business. Of course, just like using a map for any journey, there may be occurrences – roads up, jams, adverse weather conditions - which may necessitate a revision of the route as it's travelled. Having the original planned route facilitates such a revision in that it can be used to assess the efficacy of the diversion route – both the original and the re-planned routes are necessary to see the whole picture. This is the same principle with business planning – no-one can totally predict the future,* *but by having a 'master' route planned, control and direction of the business is facilitated, even when a diversion is necessary.*

Types of Planning

*Basically, each planning layer follows on from each other, with the initial or foundation layer being the overall business ideas and plans – this is called the **strategic** planning stage – the creation of longer-term business strategic plans – What are the key current objectives? Which enterprises/activities? What production levels? What resources and organisation?*

*Once the overall business system plan has been identified this then needs to be converted to shorter-term overall **tactical** plans, which take account of current resource availabilities, production constraints and new opportunities. This, in effect, would be the plan of campaign for the coming year translating the overall strategic plan into practice for that year – which firm/process will be used to produce the product, what markets and marketing moves will be used, which legal processes will have to be pursued etc.*

*Emanating from the overall farm business tactical plan will then be the **individual enterprise** plans (if there's more than one business strand)– what level of sales per strand to target, allied with input levels – for instance, what labour and supervisory levels will be needed.*

*Finally, of course, in the very short-term, there needs to be day-to-day **operational** planning to put all this planning actually into practice and to make the short-term, immediate amendments which will always be needed.*

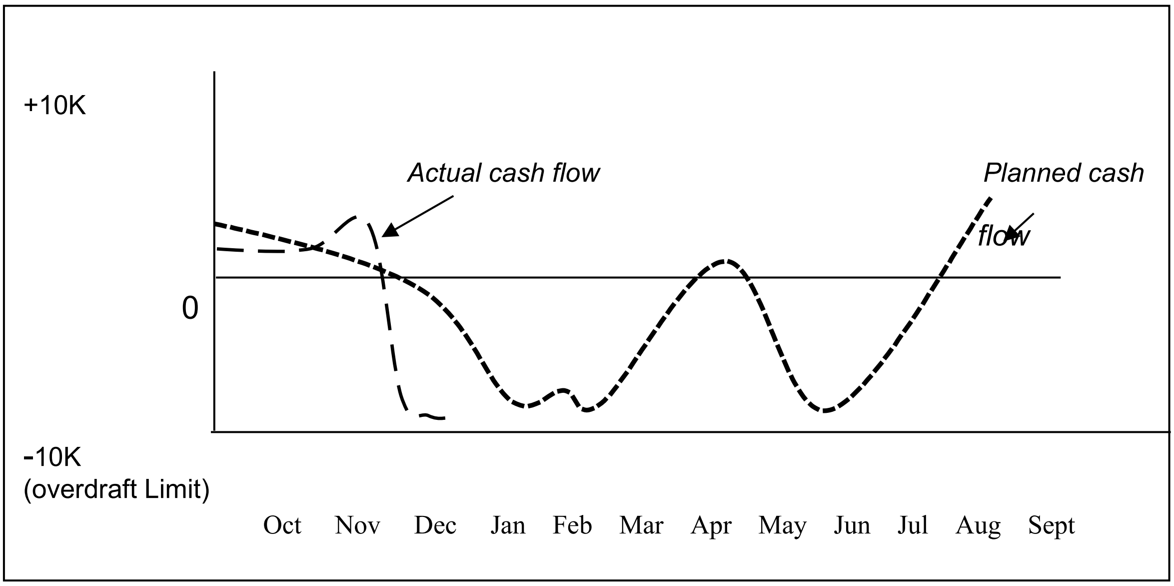
The whole process, then, looks as follows:

***Strategic** plans > **Tactical** plans >**IndividualEnterprise** plans >**Operational** plans*

Example Planning in Practice – financial tactical and operational plans

The example (in this case for a small farm business enterprise) below shows the financial tactical plan of a business, i.e. the overall strategic plan broken down to the next year's implications, in terms of 'cash flow' (which simply means identifying the amounts and *timings of money coming in and out of the business), with the 'actual' results recorded against the master plan:-*

The planning data can be displayed as a graph for easy visual identification – example:-



For the first couple of months, things were going pretty much to plan but then a potential problem occurs a third of the way through the year. This was due to grain selling problems – not as much as anticipated had left the farm due to a problem back-end with priorities elsewhere. Fortunately grain monies did then flow in to avert problems with exceeding overdraft levels, and the business was back on track. It's a useful illustration to show that it's easy to get into difficulties because attention is taken up elsewhere. Doing this type of 'real' financial planning helps owners/ managers stay aware of the ***business*** *priorities even when* ***task*** *priorities press. The effects of a sudden, unexpected change of business conditions – say an increase in feed price of £10/tonne – can also be quickly assessed if this type of planning is in place. The assessment may be, for instance, that whilst the increase in costs is not particularly welcome, the business can, in fact, take it in its stride. This, in turn, may avoid the situation of taking knee-jerk management action, such as, say, reducing feed rates on a high output dairy herd, which may ultimately unnecessarily reduce margins over the longer period.*

Harnessing the Planning Process

By undertaking the planning process, the lifestyler not only gets direct help in the complex task of effectively managing the enterprise, but can reap indirect benefits too. The very nature of planning means sitting down and identifying the objectives that are relevant for the particular business's situation and time, and then converting the objectives to specific goals. This process helps clarify the situation and such clear vision contributes to a lifestyler's ***determination*** *and* ***will-power****. The absence of specific goals can give a' fuzzy' picture which tends to* ***dissipate*** *determination hence action.*

Example

The objective is a common one – 'to make a profit'. This in itself is somewhat fuzzy in that a yearly profit of £10 could fulfil it, but £10 would clearly be inadequate. Such a general aim does not give a clear picture and lead to the formation of a clear action plan. If it's now made ***specific****, the situation will become more concrete – e.g. why is profit needed? What's it for? Well, it has to cover:*

'minimum'	-	*yearly private* ***drawings***
yearly	-	*any yearly* ***tax*** *liability*
'norm'	-	*a yearly* ***re-investment*** *(machinery & equipment) allowance*
need	-	*any* ***repayment*** *of loans, overdrafts, mortgages*
levels		

plus, ideally an extra amount to act as hedge against risk, be available to fund development etc.

If the profit is sufficient to cover these 'minimum' needs, the enterprise is ***viable****, if not, it is* ***non-viable –*** *i.e. just 'making a profit' is inadequate****.*** *Each set of business needs will be absolutely unique to each business – no generalisations can be made, each smaller 'lifestyle enterprise' business is by definition, a unique 'freerange' enterprise.*

Example case studies:

In one region, a smaller farm business was producing a profit of under £20 K p.a. and was viable – a larger farm up the road was showing a profit of over £60K p.a. and was non-viable.

These viability constituents can be estimated reasonably accurately - e.g.:

Example:

Private drawings - £23K p.a. (often **under** estimated)

Tax allowance - £ 4K p.a. (based on recent years)

Re-investment allowance - £12K p.a. (based on replacing annual depreciation amount)

Loan repayment - £ 4K p.a. (private loan – actual repayment amount (not interest))

Total = £43K p.a. 'cash' profit (i.e. before a depreciation charge) to cover 'minimum' needs level

Plus 10%

'reserve' allowance £ 4.3K p.a.

£47.3K TOTAL 'REAL' PROFIT OBJECTIVE

A ball-park figure of around £47K p.a. cash profitability has been identified for this business, as its viability level. This, then, becomes a very meaningful figure for this enterprise/ business. When the overall likely profit of this enterprise/ business is assessed via a profit budget, instead of being just 'interesting' it now becomes highly meaningful, in that if the expected level of cash profitability does not show up at least to £46K p.a. – i.e. the viability level – questions have to be asked, re-planning undertaken and management action taken then – in appropriate time before any problem. The planning process has then fed back to the lifestyler(s)) what will/won't work, so it has significantly helped make effective decisions. There are valid non-financial objectives in running a lifestyle enterprise/business – e.g.s lifestyle, job/work satisfaction, environmental – but in the longer-run no objectives will be achieved unless the enterprise provides viable financial results.

Compromise in Planning

Such an example above also illustrates the oft-reality that lifestyle enterprises/businesses have not only to be run to meet peoples' interests and personal satisfaction/fulfillment, but also to meet certain key levels of enterprise/business performance, necessary for the enterprise to 'survive and thrive'. Many, if not most, enterprises have to be run on a compromise basis which probably means that the owner(s) cannot operate completely via their personal desires, but have to compromise to some extent to have a viable on-going enterprise(the classic 'heart/head' balance). The planning process feeds the necessary information back to the lifetyler to give him/her the picture as to what is needed for the *enterprise/ business to be an on-going entity. The individual (s) concerned then decides – i.e. will the system the planning is indicating be acceptable to them?*

Case- study example:

Not long after leaving College, 'Ben' was unexpectedly left a nice 120+ ha (300 acres) farm by an uncle, and as he could raise a reasonable amount of working capital (money with which to equip the business and get it up and running), decided he'd like to go farming and in a low-cost low overhead style which he thought would be financially sound. He picked his favoured enterprises – a beef suckler herd, a sheep flock and some cereals. For a couple of years or so things went well but then money began to get tight and the going became rougher. When the system was examined it was found not to have enough impetus to generate the amount of yearly profits required. More initial strategic business planning would have alerted him to this and to the fact that he'd need a system which was capable of producing more output – i.e. a compromise between personal and business factors – to avoid getting into the financial mire.

Profit Maximisation

Economists in particular often refer to 'profit maximisation' as a key objective for business/entrepreneurial endeavour. Profit maximisation would indicate the 'best' input/output relationship – the one that gives the widest margin between the two and hence the maximum 'profit.' There are, though, some problems with using profit maximisation as a specific business objective for those involved in the practical job of running a lifestyle enterprise/ business:-

(i) It is unspecific and therefore a clear target can't be identified.

(ii) It is, at times, hard to know – there can be shorter-term and longer-term factors affecting profitability. Take, for instance, on a dairy farm, a long, hot, dry summer with seriously impeded forage (mainly grass) production. Introducing supplementary bought-in feed for the herd, will adversely affect profits - in the short-term. However, if it is not done then profits may be hit further on when yields decline, and indeed even in the longer-term, i.e. the next lactation where yields are hit due to lack of body reserves at calving. Decisions can be relatively complex.

(iii) Such a business objective tends to be one-dimensional – in practice many other objective areas potentially clash with 'profit maximisation' – e.g.s adequate leisure time, environmental care, social responsibilities and

(iv) individual/personal development needs. (in one study by this author, 75% of farming respondents reported this difficulty).

The last point re-emphasises the case that for those involved in running smaller rural businesses, a complex set of values and objectives exist, in which material objectives, e.g. profit-making, are just part of the mix – running a lifestyle enterprise/ business in practice tends to be a three-dimensional rather than one-dimensional experience. Profit maximisation as a 'general aim taken in context,' though, may still be a good approach to have, in that the underlying force is that of seeking efficiency, which can be a good disciplined management approach to business thinking and decision-making, as long as an overall perspective of the enterprise/business and its full complement of objectives is maintained.

Influencing key players

Lifestyle enterprise planning can also help significantly when a lifestyler has to enlist the help of others for his/her business to 'survive and thrive'. Following the previous cash planning example, for instance, the shortfall of cash was a result of work pressures within the enterprise. The owner(s) of the enterprise, having identified the forthcoming 'cash csisis' problem via their planning sequences, could then communicate them to the bank with a fair chance of getting a short-term increase in their borrowing limit. Without such planning, of course, there'd also be a fair chance of getting into problems by suddenly finding themselves being unable to trade due to unwittingly overstepping their borrowing limit.

Case study example:

A University College graduate student now farming at home was interested in farming an adjoining farm that had come available on a partnership basis. The farm was considered highly desirable and there was much interest in it. The ex-student, though, was successful in his bid and was specifically told by the land owner and his agent that it was the comprehensive and high quality nature of the business planning he presented which had won the day.

WHAT TO PLAN

'WHAT EXACTLY IS BEING PLANNED?'

Rural small businesses/enterprises, for instance, come in a variety of forms from production outfits such as food producing farms, to service-type enterprises such as fishing lakes, to a mix of the two, especially given the trend in the last decade or two to diversify farm businesses. The 'production' medium for food production is the soil to which are applied inputs, e.g. fertilisers, and processes, e.g. seed drilling, in order to produce outputs. These outputs need to be socially useful, in that farms specialise in providing food for the rest of society, who can then get on with spending their time on other things, e.g. being a lawyer. If the products are useful, they are in demand from others and a common medium of exchange, i.e. money, facilitates the transactions between producers of food and non-producers who nevertheless need it.

Basically a farm production business plans to produce X litres of milk, Y tonnes of beef meat, Z tonnes of wheat, P tonnes of sheep meat, etc. This may be a somewhat unusual and astringent way of looking at it but it is, nevertheless, the business of operating a successful production business. The process looks as follows:

INPUTS: (examples) Fertilisers, Seeds, Labour, Fuel, Machinery, Postage stamps, Telephone.	> >	**PROCESS:** (examples) Knowledge/skill Natural processes (e.g. photosynthesis) Infrastructure (e.g. buildings)	> > >	**OUTPUTS:** (examples) Milk, Beef, Wheat, OS rape, Onions.

*From the business/enterprise survival point of view, the sum **value** of the **outputs** needs to exceed the **cost** of the **inputs**, then a financial profit is made. Even more importantly, though, this profit needs to come to at least a specific sum, i.e. the amount needed to cover the yearly demands on profit, for the business to be **viable**. These yearly demands on profit are private drawings, tax, re-investment and repayment (of loans). Profit planning is, therefore, very important and meaningful to the on-going survival of the business.*

The Longer-Term

*Other business returns can also accrue in the longer-term, known generally as 'capital gains'. For instance, if a commercial dairy herd is gradually turned over time into a pedigree herd and, say, the stock are then worth double their commercial value, then a longer-term increase in capital worth has been gained by the business. It's generally better that the **net capital value** (capital worth) of a business is increasing via the enterprise's normal yearly trading activities, in that if it's increasing it can't be decreasing – when capital value decreases and then disappears is when a business is bankrupt.*

Not Just Production, Though (1)

*With so many entrepreneurial lifestyle activities available these days, (see 'Add-on' 1 p.89, for instance), considerable business/enterprise activity will focus not so much around production but, say, **service-**type business activity or say, **marketing** business activity. A service operation, such as say, a farm visitor enterprise, does not produce a tangible product as such, the products are intangibles such as interest, occupation, enjoyment, education, fun. The same principles apply in that people are willing to pay for these intangible products and the provider of them has to organise and pay for an array of inputs in order for the outputs to materialise. In other words, the basic equation of the enterprise is, as a production business, **input/output** – and the same relationship, i.e. value of outputs exceeding cost of inputs by a specific amount, needs to exist if the business is to be on-going successful. In the other example quoted – that of a **marketing-activity** business, it's the same story. If a lifestyler decides to make, say, a quality food processed product, say a high-class unique cheese, on top of a basic milk production operation, then in a sense he/she is adding on a processing/marketing business to the existing production business, which will have its own set of input costs needing to be justified by the extra output value from marketing to processed ('finished') product. Such an operation will call on different skills and knowledge from that required in a production-type business.*

Not Just Production, Though (2)

Whatever the type of business being run, management attention to several key areas, not just production, will be needed. These can be identified as:

- *PRODUCTION*
- *MARKETING*

- *FINANCING*
- *STAFFING*

The levels needed in each area will differ according to the type of business, as already mentioned, but certain levels of awareness, knowledge and skills are generally necessary in all the key areas for the effective running of a lifestyle business/enterprise. It's this spread of awareness, knowledge and skills that can be a problem in that lifestyle enterprises are often one-manager businesses as opposed to larger businesses which can afford to hire specialist managers for each of the key areas. At times managers of lifestyle enterprises may need to be aware of their own natural limitations and be prepared to seek specialist help when extending their activity into a previously 'quiet' area, e.g. ***marketing.***

THE NEED FOR GOOD ENTERPRISE/ BUSINESS DECISIONS

'GOOD BUSINESS DECISIONS CREATE A GOOD BUSINESS'

One of the ***key limitations*** *in decision making in practice often is having too narrow a reference frame, which tends to operate from past and current influences rather than these relating to future, or for instance, heading down a track 'automatically' due to a 'grand passion, say. This can also mean that paths are chosen and decisions made without consideration of* ***alternatives****. Maintaining a wide view is not the easiest thing to do, particularly when already fully involved and engaged at the business end of a particular enterprise, with physical work as well as managerial often involved. There are sequences that can help an effective decision-making process – a straightforward one being as follows:-*

Establish objectives	*What is needed to be achieved*
Review available resources	*All resources e.g. land, capital, buildings, labour, have limits*
Generate options/alternate	*At this stage they may sound 'far-fetched'. The aim is to narrow down courses of action and appraise them in a wider frame of reference*
Choose	*This also acts as good decision- making*

discipline, e.g. not just diving headlong into a pet project

↓

DECIDE PLAN OF ACTION — *In the light of the information supplied by the planning process*

↓

ORGANISE/PUT INTO ACTION

↓

CONTROL/MONITOR RESULTS

For major decisions, e.g. enterprise start-up, a major re-plan of enterprise strategy it will be good to get soundings from trusted, knowledgeable, friends/acquaintances and/or advisors/consultants.

It can also be useful to review business/enterprise decision-making in its overall context:

Successful
MANAGEMENT
should begin with

SETTING OBJECTIVES
It then involves

PLANNING	*DECISION MAKING*	*CONTROLLING*
in pursuit of objectives	*to implement and convert plans into action*	*in an endeavour to meet objectives*

These processes are applied to the following main areas of a business

PRODUCTION	*MARKETING*	*FINANCING*	*STAFFING*

It all takes place within an

economic, political, social, natural and legal environment

(Giles & Stansfield, 1990)

The diagram above successfully portrays an overview picture of the role and scope of the management function, showing decision-making at the heart of the process and needed over a wide array of key business areas – not just production but also marketing, financing and staffing.

Risk Management

All this happens in a changing environment – change seemingly having become almost an end in itself in recent years. The fact remains though, that for an enterprise to 'survive and thrive' it has to have strategies to cope with such dynamic conditions. Such strategies could range from, say, producing a product in limited quantities which due to its uniqueness and quality (e.g. Morgan cars) will maintain a strong demand – this could well apply to, say, producing a quality food product for sale in a local/regional marketplace - to building in such flexibility to business/enterprise processes so as to be able to respond to business climate changes fast.

Risk identification and evaluation - together with the development of risk management and risk countering measures and strategies – could be said to be increasingly important for today's small business, and assessing the enterprise plans specifically from a risk and risk management point of view, has now become an essential part of the small business/enterprise planning process. 'Big' business being now so predominant, one of the routes that can be explored, for instance, is to explore areas perceived to be weaker. Larger retail shopping could be said to be quite an impersonal process, for instance, so being able then to offer a more individual, personal service may well be a positive.

Case-study: One semi-rural area was served by a large garden centre and a smaller family run nursery/garden centre. The family running the latter were knowledgeable on plants and gardening and built up a base of loyal customers due to this 'added-value' factor, which was not available at the large garden centre.

ASSESSING PLANNING OUTCOMES

'FIGURES DON'T MAKE DECISIONS – PEOPLE DO'

Planning provides information with which to make better business/enterprise decisions, i.e. people plan to put themselves in the best informed positions, thereby making good decisions for their enterprises. Allied to this is the fact that in the process they may also need to persuade others, e.g. bank managers, of the soundness of their decisions. The outcomes of the planning investigations are therefore crucial and need to be highlighted and used in the planning/decision making process.

Feasibility

*Are the plans **feasible**? By which is meant, can the system be put into place and run realistically? A key first area to look at is resources – are there sufficient resources to effect the planned system? Simple c**apital** budgets (see later) demonstrate whether or not there is sufficient capital available to finance not only the initial capital requirements of the planned system – stock, machinery and equipment, etc., but also the production costs of the point at which returns make the process **self-financing**. This is a key area to examine to ensure **feasibility** of plans. The other key resources need to be checked – land use , if relevant, work loads/labour and, of course, management – not only quantity but whether there exists sufficient knowledge, skills and experience.*

Workability

*The planned system then needs to be looked at in terms of **workability.** For example – will it run OK in practical terms? - sufficient/adequate buildings? - access suitable? - sufficient labour to sensibly cover workloads? - adequate managerial cover and managerial skills?*

Viability

*The two key areas relating to using the planning information to assess the likely **viability** of the planned system are **profit** and **cash-flow**. Viability simply means whether the planning process identifies that there will likely be a **sufficiency/adequacy** of profit and cash-flow ('viable') or a **non-sufficiency*** *('non-viable'). The key assessment lies in the word 'sufficiency'. It's incomplete, for instance, to produce a profit budget which shows £X of likely profit. £X has to be related to £Y – the yearly requirement of profit to cover the demands on it. Without such an examination, potential viability cannot be established and the danger is that budget might show a tempting level of profit which then seemingly gives the green light to that particular system, even though in practice the profit level may not be enough to reach viability. Such a situation would then likely cause the enterprise to subsequently have to borrow to survive, thus putting more pressure on it and inducing a vicious circle of slow decline.*

Cash Viability

Cash is interlinked strongly with profit but not exactly the same. Cash-flow can perhaps be best interpreted as how the business/enterprise funds are looking on an on-going month by month basis. The cash-flow planning needs to demonstrate that there is cash viability – that the enterprise can exist and trade within its cash limits – often an overdraft limit, for instance – and that over the whole period – usually a year, there is sufficient cash for the business to meet all its needs. In a normal trading year, such as one with absence of one-off major capital expenditure, the closing overdraft position at the end of the year should ideally be lower than the opening overdraft position at the beginning of the year, indicating that the enterprise had met all the cash demands on it and also lowered its debt - or in the case of no overdraft, increased its credit balance at the bank, by the end of the trading year.

Sustainability *(how well will the business/enterprise system continue to produce adequate financial results?)*

Various aspects can be assessed under this heading – a key business aspect would be ***vulnerability*** *of the business. This relates directly to risk and the enterprise plans need to be assessed in regards to the degree of risk or vulnerability they contain. It's virtually impossible to eradicate risk completely, but some places will definitely be more sustainable than others, i.e. the survival chances of the business will be better. Factors such as the overall proportion of high risk enterprises in the plan, the degree of specialisation and vulnerability to one product price, the overall level of borrowing and finance charges, will all feature in risk assessment.*

Suitability

The degree of suitability of the planned system(s) will also need to be assessed. How suitable are they to the people involved? If the suitability level is low and therefore the on-going motivation levels of those involved suspect, then a planned system which looks successful on paper may still be in practice questionable, for instance.

PLANNING OUTCOMES: TYPES OF DECISIONS

The information gained by the use of the planning techniques is just that – information - ***decisions*** *are made by people, not facts and figures. For instance, if someone sees from the planning data produced that the enterprise system being looked at looks financially sound, but they still have reservations as to whether personally they want to go down that particular route, they may need to think this through and decide what's right for them, not necessarily automatically going with the financial flow.*

Assuming now that the enterprise system being planned is fully acceptable and that the information produced by the planning process will be a key ingredient of the decision-making process, then there are three possible broad outcomes that the planning data can indicate:

Red light *the planning information is showing that the plans investigated are definitely not sound - financially and/or otherwise.*

Amber light *the plans are not watertight but show some promise and it may be with additional* realistic *changes and attention, a viable system can emerge.*

Green light *the plans are financially sound, are feasible and viable and show up well in other areas such as workability, vulnerability, suitability.*

Red light

This possible planning outcome is important to consider, i.e. it's important to recognise that a negative result is a possibity. It's only natural when faced *with situations people want to be involved in, that they are optimistic and hopeful. If the enterprise opportunity, though is to stand a good chance of on-going success, then a degree of 'feet-on-the-ground' realism is needed – not necessarily the easiest thing to achieve (maybe it can be useful to employ an experienced 'outsider' e.g. advisor/consultant, to help achieve this). If the planning data is indicating that the business plan being looked at is not financially sound – a **red** light situation – this is important information for decision-making, guarding against a wrong route being taken. (*'Running is of no use if on the wrong road' – *German origined saying) Of course, it can be a disappointing outcome but in the longer term generally leads to alternative routes being looked at and one taken up which is better likely to succeed from an enterprise/ business point of view. If the system does succeed business-wise, then it is also' in business' to deliver the other pay-offs people look for – such as personal and job satisfaction, quality of life, environment life-style, social contribution.*

Amber light

*The planning information shows, say, that the system being planned is not that far away from being financially workable (i.e. viable), and that therefore with some **tweaking** it can be a viable system.*

*The possible danger, though, is that the 'tweaking' is 'theoretical' and in practice the revised plan would not hold up. For example, a farming system has been planned which has involved the employment of three people. The financial planning shows that as it stands it is £7K p.a. short of profit, i.e. £7K away from being viable – i.e. making enough profit to meet its yearly needs. The plan is re-examined and it's now decided to run it with two staff instead of three, with a resulting saving of yearly costs of £18K, thus improving yearly profitability by the same amount, now well ahead of the viability level. But – this is theoretical - what will be the implications of losing 33% of the workforce? If it is within an arable context and the work could be done by contractors at say, a cost of £9K per year, then the work requirements are covered and the extra yearly profitability would be the yearly labour cost saving - £18K – less the additional contractor charge - £9K – leaving a planned (and realistic) extra £9K p.a. profitability thus bringing the whole revised system now into a financially viable position, but one that's also **workable** and **sustainable**.*

Alternative scenario

Or, if it's a stock context – say dairy – will the reduction in labour impact on results per unit (cow) due to, say, a now over-stretched work force able to give less attention to detail? It's important to consider such an effect, which is a likely consequence of such a change. But now, say, in this instance, the farmer has held his own labour 'in reserve', i.e. with three employed most of the physical farm demands would be covered by employed staff. The consideration now is that in a reduced labour situation, the farmer employs himself strategically half time on the dairy herd – the other half of his time devoted to managerial responsibilities, would this situation avoid any potentially negative impacts of making the change? In this situation, these implications were looked at and it was decided that this would be a feasible situation which in turn would in practice lead to a financially viable business situation. It's a good example of the planning process feeding back to the decision-maker(s) what will and won't work to ensure on-going business financial survival.

Green light

The planning information clearly indicates the system is viable and looks OK/good from all angles. In this case, it is still information, but information which puts the decision-maker(s) in a reasonable position of knowledge and confidence – i.e. if he/she embark on this route, invest his/her money, invest a considerable portion of time and emotion, it stands a reasonable/good chance of working out. The natural temptation of this position is then maybe to relax and a danger in this is not following-through and keeping an eye on the ball. It's then useful to highlight some key facets and facts from the planning and use them as an on-going 'reminder' list of what's needed for a successful application of the plan. Such a reminder list could include, for example:-

- *What is the **key performance** data?*
  e.g.s: weekly sales to average £1800
  enterprise borrowings to stay within a £10k limit
  lifestyle enterprisers to get six clear days/month to 're-charge'

- *What is the **market niche**?*
- *What **type/level** of service(s)/product(s)?*
- ***What** will customers be buying?*

e.g. : organic produce – yes, but also:

  - *food*
  - *health*
  - *individuality*
  - *taste experience*
  - *quality*

- *What key **price(s)** to be used?*
- *What **key associated activity(s)** needed, e.g. promotion and advertising?*
- *Who are the **key co-operators**? e.g.s landlord, bank manager, partners*
- *What are the main **risk** areas and the **strategies** to counteract them?*
- *What's the level of **interest** and **determination** needed to succeed with the planned enterprise?*
- *What is the **fallback** position?*
- *Is there a **mentor** source to help/support?*

Such planning investment work is, of course, primarily for the well-being of those involved in the enterprise, and as a secondary, but important, benefit can help considerably in getting co-operation from others, e.g. bank managers. No planning can be totally definitive – the future is not totally predictable. If changes occur, as they will, then by having an outline map of the business route being undertaken, the degree of disturbance to the original plans can be ascertained and used to decide whether timely corrective action is needed. This dynamic *aspect of planning is the one which ultimately makes it worthwhile and meaningful, in that it facilitates use of and benefit of the planning work in a changing economic environment – i.e. effective planning is in reality a* non-static *process, which effectively contributes significantly to a risk managing style of business management.*

SURVIVAL STRATEGIES FOR SMALLER – SCALE RURAL LIFESTYLE ENTERPRISES ('RLE'S')

The Survival Concept

The possible strategies or combination of strategies for a successful survive and thrive lifestyle, are quite likely to be many and varied. Certainly in doing case-study investigations for this work, the striking phenomena was the diverse and unique nature of each rural enterprise. Before looking at some differing survival strategies it might be useful to look at what a survival concept might be. This may well involve some generalisations and assumptions, and of course it in the nature of such smaller scale lifestyle enterprises that they tend to be highly individual, and will therefore reflect the needs and character of those involved in them, who will be trying to satisfy or achieve a number of different aims and objectives, some of which will have potential conflicts with others. Hence, for instance, the picture will be somewhat more complex than, say, simply trying to achieve X percentage rate return on capital.

A Survival Definition

An overall specification of smaller-scale lifestyle enterprise survival could be:-

A survival strategy that:-

- has reasonable achievement of the required level of basic material needs plus some extra for 'Extra' lifestyle, reserves and/or any development. To which, according certainly to the case studies investigated, should be added:-
- has reasonable achievement of the unique personal and lifestyle goals of those involved,
- has reasonable achievement of making a social contribution via say, care of environment, providing good healthy and enjoyable products – or a mix of these and/or similar wider objectives.

This last area came over strongly from the case studies, illustrating the point raised in the rationale section – i.e. that because people are leading individualistic lifestyles does not automatically imply they are socially unaware, insensitive, or are social non-contributors. It could well be argued that individuals who decide not to maximise resource access are more rather than less, social sharers.

The strategies looked at below are those that have tended to crop up in the course of the case-study investigations – they are not intended to be either an exhaustive list nor blueprints, on the basis that creative individual solutions will likely be needed to meet each set of unique individual needs.

Actual case studies are then looked at to illustrate each strategy and then some general key factors ideas/guidelines are presented. In following sections, illustrative case studies for each strategy are then discussed, and some key points/guidelines for the application of such strategies are considered.

SMALLER-SCALE RURAL LIFESTYLE ENTERPRISE('RLE') STRATEGIES

'Sustainer' Strategy

This option is generally small-scale and involves varying degrees of self-sufficiency off the land. A major attraction is that such an enterprise can be set up at relatively low cost, although UK planning laws do present difficulties, with only normally about 120 acres (49 ha's) plus holdings, assessed to be "commercially viable", granted a living planning permission, the use of cheaper forms of living accommodation e.g. mobile homes, thereby not being generally encouraged. A possible downside is whether such an 'sustainer' enterprise can create the on-going momentum needed to be long-term sustainable in terms of meeting living needs/demands – generally some level of cash economy is needed to complement the 'self-sufficiency' side. This can be provided often without immense difficulty by undertaking some part-time paid work or by cash produce/stock sales. This strategy is very much a "lifestyle" strategy and may not suit those with larger cash needs.

Case-study:

A prime example of such a strategy would be the successful case study looked at in depth in the 'pared down' lifestyle enterprise planning case-study (see p.47), a 6+ acre holding producing organic produce for the occupiers with a surplus being sold locally to supply the small cash economy needs.

Small-scale production and sales

This strategy is often linked with the sustainer strategy and facilitates small-scale viability via relatively low cost levels and hence low cash demands. The two strands of production and sales can be important in terms of gaining sufficient cash generation to be viable in the longer term. It's also probably important to either find a small local market to provide to e.g. local organic production and sales or a more distant niche market, e.g. specialist cheese market.

Case-study example: a 45 acre small North Midlands UK farm carrying beef and sheep, also locally buying-in organic milk to make into a relatively high value specialised cheese for the specialist higher-priced London market.

Such an enterprise can be located in a lower-cost area, hence lowering the capital needed to start it.

'Part-time' strategy

This route is fairly self-explanatory, in that, say, a small-farm/smallholding is supported by off-farm part-time cash earnings. Often these come from agriculture-related jobs such as milk recording, relief milking, or peak seasonal farmwork, which can be fitted in with the home farm/smallholding work schedules and can provide a valuable seasonal labour service to larger farms.

***C*ase-study example**: a Welsh 50 acre beef and sheep small farm and 'lifestyle' farming operation where one of the partners works as a part-time milk recorder 'to add the jam'.

Examples of other part-time work ideas could be:-

- working at key periods for other probably larger farms, providing a useful service of supplying labour at peak-need times
- contracting services – e.g. hedging, tractor work, timber work, farm work
- farm maintenance – fencing, barn painting, building etc.
- erection of agricultural buildings
- continuing former work on part-time/consultancy basis
- acquiring/using new home-based work skills e.g.s:
    - computer related activities
    - editing/proof reading
    - writing
- new employment in area
- setting up 'dovetail' small enterprise e.g.s. van & driver for hire, retailing/mobile retailing, window-cleaning etc.

This approach retains the considerable benefit of having the farm/smallholding as the base to the lifestyle requirements which can be organised generally to fit in with any of the other activities entered into. These activities can bring added benefits such as contacts and social opportunities.

'Portfolio' strategy

This strategy borrows a more 'modern life' term. The intention in relation to rural lifestyle enterprise is that a, for instance, farm/smallholding only contributes a proportion of the viability income needed and other – often related – activities provide the rest.

Case-study example: an 80 acre (32.6 ha's) beef/sheep farm in Shropshire – other activities: agricultural building erection, bed and breakfast, and self-contained farm holiday accommodation.

'Personal skills' dovetail strategy

Another version of the portfolio route is that where the personal skills and knowledge of the occupants dovetails in nicely with, say, a farming side and a home-based rural occupation lifestyle is achieved.

Current case-study examples of this route are:-

- 100 (40.7 ha's) plus acres stock farm in Wales – much of the land rented out on a short-term contract – owners also producing a subscription magazine within the farming field,

- 12 acre (4.9 ha's) Shropshire holding with additional income from home-based Internet publishing operation.

Not only does the farming side provide income and lifestyle, but often spare resources i.e. buildings, can be made use of to provide relatively cheap premises.

Alternative uses of Existing Rural Assets – 'Diversification'

Diversifying some of the farm's resources into non-conventional production areas is now common amongst farm businesses of all sizes. Restrictions imposed by various methods on agricultural output expansion has at least partially closed farmers' traditional response to tightening margins i.e. that of expanding output – hence the emphasis in recent years on trying to maintain/expand incomes by other means – although of course many farms still remain viable solely via agricultural production. The use of land resources for cash-generating purposes can be particularly important to the smaller-scale farm enterprise to enable the all-important income viability threshold to be attained – an achievement which can at times, due to size of business, be more critical for the smaller enterprise. If use can be made of a farm's natural assets and advantages this can contribute significantly to the success of the diversification activity.

Some examples of such alternative uses are:-

- use of farm/farmhouse for rural tourism:-
  - e.g.s: farmhouse bed/breakfast
    holiday caravan(s)
    campsites
    camping barns etc
- use of other physical attributes:-
  - e.g.s. water for angling/niche market production e.g..crayfish
    cross-country horse courses
    livery and riding
- use of "spare" farm reserves e.g. buildings
  - -kennels/cattery -workshops -storage etc.

- use of human resources, e.g. fostering

Case-study example: a 50 acre (20.4 ha's) holding in Staffordshire which developed a successful boarding kennels enterprise. The actual premises for this enterprise were relatively spartan, but its success lay in the level of repeat business generated by its good reputation gained by the good and genuine care taken of people's pets while they were holidaying.

Other small rural enterprise strategies

Again, due to the individual nature of small rural enterprise reflecting the individual natures of their participants, there can be a variety of strategies or mix of strategies which can work. Three such further example strategies are:-

Post-career enterprises

These can and do occur after retirement or maybe increasingly after early retirement, where for instance the sale of a decently valued property in an urban area can cover the cost of a rural property and any capital setting-up costs, with pensions and/or spare capital providing a basic regular cash income. This takes the pressure off the cash demands from the business which can then be used to provide intrinsic lifestyle benefits plus augment cash income if necessary/desired.

Case-study examples: an 80 plus acre rare-breed sheep farm run by a widow in Shropshire. As long as this farm breaks even, it is viable, as pensions etc., provide living expenses, hence there is less pressure to farm intensively.

Another actual example is the early-retired professional-class couple who moved from the south to a rural midlands county to set up a B&B/guest house enterprise.

Small-scale on-farm processing and marketing

Case-study example: a 25 acre holding in the West country with 20 milking cows and milk processed on-farm to produce unique high quality and high value dairy products, providing reasonable livings and good lifestyles for two families. The processing is well done and care was taken to identify a good and convenient market outlet (in this case a specialist distributor of high class unique food products).

For such a business, it's not only import that such production is high quality and relevant, but that the appropriate relatively high value marketing outlets are found and established.

Retailing

A small-scale retailing operation can be established, such as described later in the 'sustainer' case study looked at in depth (see p.47) . Alternatively, a retail outlet, e.g. shop, can be established in which an existing farm's output is sold and/or provides an outlet for produce from other local producers, or from wholesalers. There may well be a smaller market available in many towns frequented by customers looking for more locally produced unique produce – quite possibly at least in part a reaction to food generally being supplied these days by mainly large powerful, conglomerate supermarket chain outlets. The local, "healthy" food image can well be an attraction along with good customer service supplied by sociable and knowledgeable staff – the concept is 'the farm shop brought to town'. Actual farm shops too, are an alternative possibility, although if less than 90% of the produce is home-grown then planning permission is needed. The advantages of high-street retailing can be:

- the marketing outlet already exists
- shops can be rented hence avoiding major capital expense
- they are located where the customers are already likely to be
- they can provide further employment/supplementary income opportunities
- retailing can increase margins and incomes, as long as retailing costs do not swallow up the extra margins

- retailing costs could be kept low by a co-operative retailing venture of local food growers/processors

Case-study example: a larger Wiltshire organic farm which successfully markets a proportion of its produce via two retail outlets (local shops).

A recent retailing development – an idea adopted from 'across the pond' has been farmers' markets which by all accounts have achieved mixed success. They may well be proving to be useful outlets, attracting empathetic customers, in the battle small local producers inevitably have with the powerful large supermarket retailers, with the focus on 'real' and local values: taste, freshness, uniqueness, environment friendliness and food health status.

Key Points/Practices

For the longer-term survival of the smaller-scale rural enterprise, some of the key factors that have emerged from the case-study lifestyle enterprises looked at were:

- creating/producing a product which can have enhanced value due to location, production methods, processing or whatever

- successfully making use of local marketing advantages e.g.'local healthy farm produce'

- creating additional income generating activities which make use of:-
- a farm's unique advantages
- the skills and interests of the participants

- seeking work opportunities which 'dovetail' –

e.g. seasonal farmwork in area - suits farmers
- suits participants

- tailoring demands on enterprise to be in line with its capabilities e.g. keeping capital expenditure in line:
- buying 2nd hand equipment/vehicles
- strategic use of contractors

- clear view of objectives/priorities/limitations

- making use of effective co-operation - e.g. machine sharing/syndicates

- simple but effective small enterprise/ business management planning and practices

- identifying specific market niches egs. rural gastro pub, fresh quality local produce, rural activity-based holiday accommodation etc.

PART-TIME INCOME STRATEGY CASE STUDY:

This 75 acre (30.6 ha) small West Wales grass, stock farm of variable land quality, is run by a couple originating from England and with a farm originally funded by a property sale in England. The farm system is basically a flock of 100 breeding ewes, 15 shearlings (young sheep) and 7 suckler cows plus offspring. There is also a small herd of Exmoor ponies mainly run for pleasure and interest. The farm business is run on a low-capital base with a lean complement of machinery, which is generally bought at relatively low cost second-hand. The owners recognise the financial limitations stemming from the size of business and the aim is that the business provides the basic living expenses plus some development of the business – the farm has been improved and extended.

There is a minimal borrowing policy and developments and purchases made on a 'when-able' basis. Extras – i.e. living costs above basic - have been provided by one partner undertaking part-time employment i.e. milk recording, which has fitted well within overall activities. Up until the end 1990's the system has worked well in terms of providing for material needs at the level needed and required lifestyle, but in more recent years the basic farm business has been under more pressure, with lower stock prices and higher production and living costs. The solution to this pressure is seen as increasing non-farm income in the form of earnings, as well as some increase in stocking within environmental concern limits. In practice, the partner formerly engaged in part-time work off the farm extended this to full-time work.

Some relevant features:

- size and type of business restricts e.g. capital expenditure - emphasising the need to 'cut cloth' eg. buy 2nd hand machinery etc
- the mix of the business and personal objectives is under some pressure
-

- the farm business is dependent on and subject to the general agricultural production market influences and pressures – there are no insulation factors e.g. ability to raise prices
- the material level of standard of living has to be geared to the earning capacities i.e can be restricted and under pressure

S.W.O.T. Analysis:

Strengths/potential strengths

- enterprise allows for multi-objectives and has sustained over time
- low capital usage enterprise system
- high lifestyle capability along with meeting reasonable cash expenditure needs
- good environmental status
- relatively low-cost production system
- more than one income source
- opportunity to give attention to detail to stock enterprises

Weaknesses/potential weaknesses

- system can experience financial pressure
- vulnerability due to exposure to agricultural markets and low 'insulation' factor
- limited scope to expand farm income
- potential future marketing weakness due to size of production

Opportunities/potential opportunities

- increase off-farm earnings
- increase size of farming enterprise via land purchase/rent
- alter production to supply more specialised higher value markets
- longer-term reduction in financial demands (family grown up)
- possible change in agricultural support emphasis – more direct support(?)

Threats/potential threats

- factors influencing markets e.g. beef export ban
- over–stretching land capacity with higher-needed stocking

Some key factors summarised

- this type of relatively simple and straightforward small stock farm appears to be currently under some degree of pressure

- it may be important when planning any similar type of enterprises to be able to incorporate some insulation factors e.g. specialist product, specialist markets.

- depending on material requirements it could be likely that a full rather than part-time (or more than one part-time) off farm income is required to give overall viability and sustainability.

- such a smaller-scale stock farming enterprise may well fit in well with a retirement or early-retirement situation.

- such an enterprise could often be funded by, say, the sale of a property in a higher value suburban area, if the participants are having to move to a relatively lower valued rural area – West Wales being an example.

'PORTFOLIO' STRATEGY CASE STUDY

A 100 acre (41ha) scenic Shropshire UK stock farm run by a husband and wife team. Stock enterprises on the farm are breeding sheep (120) and beef cattle (50). The system can be and is run on a relatively low investment basis with limited and simple farm machinery bought second-hand on an as-and-when-needed basis. The aims of the owners are to continue and enjoy a rural lifestyle whilst maintaining decent income levels, and to have social contact via their lifestyle. To this end a successful farm bed, breakfast, evening meal (optional) enterprise was established and which has been particularly successful due to the close contact of its customers with the couple as farmers – much of the business is repeat (word-of-mouth).

There are plans to convert redundant buildings to facilitate a moderate expansion in this enterprise to improve income from it to combat static/falling agricultural production farm income. Further income is gained off the farm with the male partner involved in agricultural buildings construction, which again provides further income, business stability, and varied and social lifestyle. Farming margins have been under pressure over time but the portfolio economy should remain sound due to the diverse income sources and the scope to extend the diversification (i.e. farm holiday accommodation) part of the business.

Some relevant/key features:-

- size and type of farm restricts capital expenditure – the need to 'cut cloth' e.g. keep equipment simple and buy second-hand.
- the 'portfolio' of differing activities serves to meet a varied array of objectives – e.g. – living, lifestyle, interest, environmental, security and social.
- the diversification enterprise and outside earnings bring in sufficient to cushion to a useful degree the impact of agricultural recession on the farming activities.
- with three major activities and income strands, the lifestyle can be busy, particularly at peak seasonal times. On the other hand, there are off-peak periods to offset the busy periods.
- such a farm business can be started part-time and small and then grown to meet the needs of the situation – particularly as sheep and cattle can be farmed at a distance from the main holding, facilitating access to additional land.

Summary Swot Analysis

Strengths/potential strengths

- *complementary activities that can (mostly!) fit together.*
- *as above – farming enterprises not continually demanding on labour*
- *a diversification activity that can be built on a sound basis by personal skills/sociability skills – which also meets personal needs*
- *sought-after tranquil and pastoral surroundings*
- *the diversification enterprise fortunes are not tied-in with agricultural economic factors – can act to offset lower agricultural returns*
- *a good result achieved in lifestyle – varied, to suit personal needs etc – and in terms of providing a good level of reasonably stable income*
- *spin-off benefits of building/construction skills which can be used to effect at home*
- *basic resources i.e. farm, put to additional use in attracting visitors interested in on-farm stay and contact with farming*
- *ability to provide perceived 'healthy eating' facility*
- *good levels of 'human contact' strengthening customer loyalty*

Weaknesses/potential weaknesses

- *strong dependency on individual partners – not easily inter-changeable*
- *limit to expansion of activities due to multiplicity*
- *limited 'spare' capital created to facilitate future development.*
- *limited time at times to gain lifestyle advantages*

Opportunities/potential opportunities

- *use of redundant farm buildings to facilitate expansion of holiday accommodation enterprise, and make it more varied e.g. addition of self-catering option*
- *farm enterprises facilitate expansion of agriculture side via renting more land*
- *scope to convert agricultural enterprises to, say, organic and improve margins/provide added visitor attraction*
- *arrange level of activities to fit in with changing personal needs/abilities*

Threats/potential threats

- *competitive factors – e.g. holidaying abroad*
- *agricultural market factors*
- *poor health of agricultural industry affecting infrastructure investment e.g. less buildings development*
- *E.C. regulations/ red tape*

Some key factors summarised:

- the pressure that this relatively simple farm system is currently under is being successfully counteracted by having two other main activities.

- there is some scope to expand the currently viable holiday accommodation enterprise, without putting other objective areas e.g. lifestyle, too much at risk.

- longer-term possible farm developments such as converting to organic production may be useful from the farm's financial performance and sustainability points of view, as well as providing a) the best image and b) the 'right' food for the holiday accommodation enterprise.

- such a portfolio, multi-activity lifestyle can be demanding and busy – built-in safe-guards such as definitive off-seasons, may need to be built in to protect reasonable levels of priorities and satisfaction for the full range of relevant objectives.

Setting up a freerange lifestyle enterprise (i)

Organising the mini-micro enterprise here that is the 'eco micro-holding' is haphazard, to say the least – more of a case of wandering out and letting the work find the worker. It's quite an amazingly effective style sometimes, with nearly always the priorities being met. Another slightly amazing find is that everything usually 'fits', even though no particular attention to any planning has been made, with the 'piece de resistance' last year being the exact fit of several tonnes of logs into the new log store, right down to the last log. Maybe it's an advantage of a somewhat 'laissez-faire' approach, limiting the human control element, working in tandem with the universe, which then helps back – 'serendipity' can work-?

Sometimes, 'practical' people scoff at 'planners', and, of course, planning like virtually anything can probably be overdone, or done over-precisely, and yet, on the author's evidence of some hundreds of rural business/enterprise people in action, it's hard to escape the notion that everyone plans, some just not necessarily putting it down on paper – back of a fag packet often used to be the form.

When it comes to 'life planning', of course, there are probably plenty who instinctively let their particular little ship 'go with the tide' and see where they end up, one advantage being that this mode fits the 'following the heart' way of seeing things, suited maybe to people for whom spending their time at what interests them and what they're passionate about is important (sounds like freerangers-?)

Such a mode of existence operandi might be anathema to others who like to be more organised and self-controlled , and for whom 'life planning' can be important - ah well, it takes all sorts – a case of 'vive la differences', and thank the Lord for people bio- diversity. So, it might be useful to have a look at life enterprises from several angles –the minimum planning *approach, the* 'pared-down' bare essential planning *approach, and the* fuller planning *approach.*

Setting up a lifestyle enterprise(i)----------the 'minimum' planning approach

In more olden times, before the factoryisation of chicken farming, and for those of us old enough to remember, when eating a chicken was a rare and delicious treat – crikey, they seemed so tasty in those far-off, halcyon, days- much egg and chicken production in the UK was carried out under the auspices of 'the farmer's wife', and any income made was hers.

'Tight farmers making the missus work to get her housekeeping money', *some might say. Anyway- whatever – the good lady would buy some chickens from the market in the local market town, set about rearing them, in the case of meat chickens, or getting them to lay if they were egg producers, then when the produce was ready, off she'd go back to market and sell it there- or* *rather probably, get the auctioneers to sell it for her – then, with the dosh, off she'd go on the razzle, get blind drunk---oops, no of course she wouldn't- she'd go and buy some stuff for the kiddies and get some groceries in. Business plans, business models, budgets, risk analyses- not for her, it just all happened 'organically', as it were.*

And in fact, in such times, many businesses were started in a similar manner. People saw an opportunity to produce something or provide a service, started doing it on a small scale, often part-time, and over time it either developed, or didn't as the case may be. No initial major planning had been carried out, so no unique selling points or customer buying prompts had been identified – these were rather learn't as the business/enterprise travelled through time.
In modern times, though, there seems to be emphasis, pressure even, to start 'big'- maybe it's the lure of big money profits – but there are advantages to starting the enterprise relatively small:

- the risk is less, not so much borrowed capital for instance,
- it gives time to learn fully about the product/service and the levels/qualities needed,
- and it allows time to learn fully about customers wants an d needs, and to build a solid and loyal customer base.

Case-study: 'Have a go, Joe! ------'

B was in engineering but not loving the modern, competitive, cut-throat world of it a lot, even though he'd not long had promotion and was earning relatively highly. Things came to a head when he was ordered to make some long-standing loyal employees redundant and he had a falling out with his more senior bosses, in the end resulting in his own redundancy.
He was still relatively young, and very fit, and had an extensive practical background with his engineering work and his own extensive DIY projects. He suddenly decided to turn his back on his previous work sector and 'go-it-alone' as a handyman/small builder/kitchen and bathroom fitter – no major planning, no market research (although talking to existing local small builders in the local hostelry had indicated there was work 'out there'), just a 'let's have a go', ' let's suck it and see' attitude. Now, a couple of years or so on, and sticking to his own values of giving good service and good value for money, his chief difficulty is trying to fit in all his would-be customers.

A nice problem to have, though, particularly as one or two of the larger local firms have been struggling a bit in the same period – size isn't everything, as they say, and in tighter times the smaller outfit with lean overheads and a 'quality' personal service approach can often be in a good position to ride the storm.

Setting up a life enterprise(ii)--------the 'pared down' planning approach

It would be incorrect to say that in the example above, B had done zero planning – of course he'd thought ahead, he'd weighed up his resources and his chances and he'd found informal market researches in his chats at the bar- but mostly in his head , next to nothing formal.
This next stage is a stage of 'pared down' formal planning, which in most cases, probably means getting things down on paper or on screen. A reasonable way to do this would appear to be to develop informed responses to a limited series of key questions. It probably also means that the enterprise starter is or has to be, reasonably flexible in that she/he is prepared to be influenced by the planning outcomes.

Maybe if you're passionate about, say, exotic hats and feel the world should have them regardless, a 'suck it and see' approach is viable – it's not been unknown for people to create a demand from scratch, and one which would not have been identifiable from market research, for instance. Many, though, might want to feel somewhat reassured that their enterprise plans stand a reasonable chance of 'working out', without necessarily having to become virtual accountants, in which case the 'pared down' approach could suit.

What might then be some key 'minimum planning' questions? :

------what needs to be achieved? (financial, social, personal, environmental etc.)

Having a reasonably worked out set of 'goals' can be a real help in assessing ideas and plans in that they act as a form of useful discipline by asking 'how does this idea/move contribute to the goals?*', and if the answer is that it doesn't at this point of time, then ditch – not all ideas are necessarily suited to the present situation.*

-------what are the available resources?-finance, available physical resources, skills, manpower etc. etc. – and are they sufficient*?*

Over-expectation and over-optimism are not unnaturally common areas of pitfall in the rush of enthusiasms of setting up an enterprise. Setting out the 'available resources' sets the limits and brings a clearer awareness and mindfulness of them, helping keep feet on the ground and realism in the planning. Sometimes it's relatively easy to forget something in the enthusiasms of planning – such as, for instance, working capital – money needed for day-to-day finance .

-------what are the enterprise options and how do they work?

There may of course just be one, but if there are options it helps with perspective and the process of 'weighing things in the balance'. Options also extend across the whole process – growing veg for sale maybe the big idea, for instance, but where to sell (i.e 'marketing') – market stall, retail unit, veg box scheme, existing retailers etc?

--------which is the enterprise that seems most likely to fulfil the goals?

This is again where having clear, aware goals can really help – if there are options, obviously they need weighing in the balance and the most promising version selecting. There's no rule that every enterprise idea is necessarily economically viable – at one stage, for instance, nearly two-thirds of enterprise ideas to diversify farm businesses were proving to be non-viable.

-------- is there an available market for the intended goods/services, who are likely to be the customers, and what will their 'buying prompts' be?

Another common pitfall area is that of getting over- absorbed in the 'production' /technical aspects of the enterprise, to the detriment of thought and awareness of the marketing side – if on-going and sustainable sales to a certain level don't happen, then normally, in the longer run, the enterprise won't survive.

-------- how well is the enterprise likely to meet financial lifestyle needs, and any other relevant 'business' needs, and when is such an income stream likely to occur?

It's relatively common to see budgets which build in full sales figures from month one, which is probably unlikely and unrealistic in most instances – 'trade' takes time to build up and often full production will take some time to occur (in the case of, say, starting a vineyard from scratch, for instance, it can take up to 7 or 8 years for the enterprise to get in its full stride). In situations in which it's not yet too clear as to whether the enterprise will produce enough income for it to be full-time, then the compromise tactic of getting some part-time income in can be a good move.

--------what are likely to be the key risk threat areas, can the enterprise adapt to cope and can any counter-risk measures be put in place?

It might take a bit of 'loin girding' to think about the possibility of 'nasties' coming along, but 'forewarned is forearmed' and ups and downs do occur. If the proposed enterprise looks as though *it could cope in a downturn, this is in fact comforting and good news, giving confidence in the enterprise's ability to deliver the goals set for it.*

-------- what legal/procedural needs will the enterprise incur?

Many enterprise ideas may need permissions before enactment. A farmer may, for instance, rent a building out for an enterprise – a storage enterprise, say, but planning permission would be needed for 'change of use' from agricultural to commercial, and then a commercial rates charge would be incurred. Converting, say, farmland to a golf course would then need road traffic legal permissions, for example.

Whist for some such a limited planning approach may not be up to the mark, it does have the advantage of focusing attention on some basic key areas and the potential to raise awareness of those key areas. It also brings in some discipline at least, so that the planner does not necessarily just go down the first route thought of without considering at least some of the potential consequences.

Case-study: Lifestyle enterprise – ' pared down' planning

Adapted to semi self-sufficient lifestlyers - six and a half acre smallholding supplying self-sufficient needs (egs. food and fuel) and growing 'biologically grown' veg for sale at market)

.

Goals: *--- to live a self-determined independent lifestyle*

--- to work with, and close to nature

--- to contribute to wider community

--- to meet material needs

--- to have opportunity (eg time) to pursue interests

Available resources*:------ 6.5 acres of land*

------ of which 2 acres is woodland

------ stream

------ mobile home/chalet residence

------- £9,500 cash

------- manpower (x2)

-------- experience/knowledge of growing (via allotment)

Enterprise options*:* --------- *one partner full-time work, one work smallholding*

--------- *both partners work part-time, & part-time on holding*

--------- *both work holding full-time: grow veg for sale*

Enterprise chosen*:* --------- short-term – *one partner work part-time, 1.5 partners work to develop veg for sale enterprise*
longer-term – *both run semi self-sufficient and veg for sale holding*

n.b *a compromise fitted the bill, as is often the case, for the short-term to get them through to the stage where the veg receipts would be in full flow (approx a 6-9 months lead-in period). Many if not most businesses/enterprises represent a compromise between what people want to do, and what they need to do to survive and thrive.*

Marketing: Is there a market, and what will be customers likely buying prompts?

-------- *'organic' produce is currently 'awkward' to get hold of in nearby market town. Existing written material indicates a significant proportion of food is sold 'organic', and health issues, freshness and taste are key buying prompts, all of which should be, erm, well catered for*

Financial viability: How will is the enterprise likely to meet its financial need level, and any other business needs, and when will income streams come available?

------- *the likely veg sales income (from once a week selling on market stall) is at this stage relatively unknown, and along with a potential 8-9 month lead-in period, it's decided to go for the compromise two-phase strategy, having the security of part-time cash income until the viability of the veg growing & selling operation can be later better assessed*

Key risk areas: What are the likely risk areas, can the enterprise adapt to cope, and can any anti-risk measures be put in place?

-------- potential risk areas:

growing risk (eg drought)-

can be counteracted egs. rainwater tanks,

'no-dig' production method*,*

physical impairment risk- counteracted by two involved

financial risk: counteracted by short-term strategy,

marketing risk: eg. easy for competitors to set up.

*C*ounteracted by strong emphasis on giving value for money, and developing personal empathy with customers via personal contact

Legal: What legal/procedural measures need to be taken into account?

-------- *in this case remarkably few, although weights and measures and trading standards rules would come into play on selling produce to the public. To describe the produce as 'organic', the holding needs to be registered with the Soil Association and regulated by them – if not, and it can be relatively expensive for small producers, it could be described alternatively – 'non-chemical', or 'biologically grown' for instance.*

'Tailoring the cloth------'

In practice, this lifestyle enterprise went very well, and having stood the test of time, has given good satisfaction levels over a variety of key areas, although it has to be said, not too much use in the pursuit of the 'quick' buck' or the longer-term 'pots of dosh'. Why, though, would they have needed to pursue the dollar any more vigourously, given that their multi-dimensional set of needs are more than adequately catered for?

It, of course, on the grand scale of things was a very small 'micro' business, small but very nearly 'perfectly formed', and in terms of meeting customer needs and customer satisfaction, might even teach some considerably larger businesses a thing or two, as it could in terms of setting up a *multi-dimensional operation, one which strived to meet a range of key and important human goals.*

No planning at whatever level is capable of 100% accurately predicting the future, but if it's done realistically with feet on ground, it can greatly help in the establishment of a successful lifestyle enterprise, particularly if there's a degree of willingness to consider at least some level of compromise. Having gone through an effective planning process can then bring useful 'operator' benefits, such as greater awareness of key performance areas, key risk areas, and personal confidence at a potentially challenging time.

Setting up a freerange- lifestyle enterprise (iii):
A fuller enterprise planning approach

The following section is culled from the author's farm business consultancy/advisory experience and aims to focus on the key business planning functions and indicate how they can be carried out in a relatively (!) simple, straightforward way, following K.I.S.S. principle (Keep It Simple, Stupid) or Henri David Thoreau's urging - 'our life is frittered away with detail….. simplify, simplify'.

As has already been seen, objectives for the smaller lifestyle businesses/enterprises can be many, varied, complex and often potentially in conflict with each other. The people likely to be involved in independent lifestyles running LE's (Lifestyles Enterprises) or RLE's (rural lifestyle enterprises) are likely to be often those choosing some complexity in their lives – rather than simplification to purely financial objectives, and a workable balance between material and non-material goals probably needs to be struck. It is important that the micro-economics of such a lifestyle enterprise work, though – otherwise the other complex goals and objectives are unlikely to be achieved, in that the enterprise is unlikely to survive into the medium and long-term unless the enterprise has sound and viable micro-economics.

Rationale of Planning Ahead

Probably no-one is going to predict the future exactly – the points of planning are ***a)*** *to identify a route ahead that looks likely to 'work out' and* ***b)*** *have the likely outcomes of this route eg. likely profit levels, identified to use as yardsticks against which to measure the likely effects of any divergences (which over time are likely to happen) to be able to assess the significances of the divergences, to give very apt and timely information to the decision maker(s). Other ways, such as 'suck it & see', are probably feasible if security is provided by , say for instance, one partner having a full-time job.*

(note: adaptions may be needed, according to type of enterprise)

STAGE I

*Base Question – **What is the Lifestyle('LE')/Rural lifestyle Enterprise ('RLE') trying to achieve?***

- material needs/ goals (egs. yearly profit, cash flow, capital building)

- *relevant 'other' goals egs. lifestyle, environmental, social, security etc.*

Are these goals measurable?

.

eg. What is the yearly viable profit level the enterprise needs to achieve?

Add together: estimated yearly living costs
est. yearly allowance for tax
est. yearly capital needs (eg, for equipment, machinery)
est. yearly loan repayments –if any (not interest)

*Total - **£X***

***NB**: If one or more entries have to be left blank at this stage, but are relevant to the enterprise, this needs to be returned to later to fill in when this information is evident.*
*This **(£X)** is the VIABILITY LEVEL needed. If the enterprise margin (profit) budget shows it has the potential to reach at least this level, then it demonstrates business/enterprise viability, i.e. it looks like having good potential to meet the yearly financial-need goals of the enterprise.*

But - if the yearly budget (see later) shows a margin (profit) of less than this figure then there is a need to:-

- *Re-examine/check the basic data - if OK, proceed to:-*

- *Are there any* realistic *changes, which can be* *made to the plans to achieve this level? i.e. to increase the figure to the required level.*

- *Any ways income can be added, e.g. from elsewhere?*

- *If there is a large discrepancy - then either:*

    - *back to drawing board*

    - *and/or question whether enterprise should be taken further*

.

CASH FLOW REQUIRED:

This can be looked at a later when cash flow patterns are looked at.

CAPITAL GROWTH

If the enterprise grows in capital worth over time, this can give higher security levels, and also be useful in building up a pension capital pot over time. It's also a measure of business soundness, as falling capital value could well eventually lead to bankruptcy. So, for instance, if the venture was to, say, be the creation of a caravan/campsite, once it was up and running and trading successfully, a capital asset would have been created which could then be sold to realise the capital value. Another way capital value is commonly created is from the yearly surplus of profit less profit uses (as above). It is of course optional if capital building is included in the goals of the enterprise.

To measure capital value in an enterprise, it's done at one point in time , often at the end of the trading year via a balance sheet, which is in its simplest form a relatively straightforward exercise, valuing the assets (anything of value which could be sold) plus any money owed by others , then deducting any money owed to others (debts) at that point of time, which could be bank borrowing (loans/overdrafts), other loans, bills outstanding ('creditors'), relevant mortgages, etc. If the result of the exercise is a positive

balance, this is called the net worth of the enterprise, if it's negative then technically there is no positive net worth and the situation is generally one of bankruptcy.
If net worth of an enterprise is falling, then it might pay to consider calling it a day before the capital worth is eroded.
The exercise can be done at the same time once a year to compare capital worth figures. It's better if the capital worth figure rises – if it goes down it indicates financial pressure and loss of basic capital, potentially leading over time to bankruptcy.

STAGE II

What resources are available?

What is available that could be used by the enterprise, such as :

- *capital (eg. savings)*
- *premises*
- *tools/equipment*
- *natural resources (egs. land, water, terrain, deposits (eg. minerals),*
- *people (full, part,*
- *people skills/ potential people skills*
- *etc.*

It can be quite a useful exercise to carry out, as it can heighten awareness that there are limits within which the enterprise has to operate, and can aid self-discipline by identifying the levels of these limits.

STAGE III

What Activities/Enterprise(s) suit the resources situation and suit aims/objectives, interests, skills?

The idea of bringing a range of possible activities to consider is again a bit of self-discipline to avoid any 'fools rushing in' syndrome, and to deliberately widen the vision to encapture any possible positive ideas not previously thought of. One way of doing it is to employ the well-used 'swot' analysis to identify the strengths, possible weaknesses, opportunities and threats to each.

STRENGTHS *WEAkNESSES* *OPPORTUNITIES* *THREATS* *(OTHER)*

PROMPTS: Some example smaller-scale rural-based activities which could be relevant: -
(see Add-on 1 p. 87 for sample general enterprise ideas)

Growing and selling organic veg in local market	*Part-time holding - seasonal work for other farmers.*
Self-sufficient smallholding	*Partial self-sufficiency*
Growing and selling organic veg by veg box delivery	*Part-time holding – contract work for other farmers*
Vineyard	*Part-time holding and agric. building erection.*
Growing and selling organic veg in retail premises (with others?).	*Part-time holding and mobile farm to schools.*
Small dairy herd making high quality products – cheese, yoghurt etc.	*Natural meat production and direct to customer selling.*
Small pedigree herd/flock	*Ice-cream production and sales.*
Small agricultural historic open farm.	*Herb/dried flower production*
Wholesale/distribution for organic produce.	

N.B.'s *Can be a brain-storming session – note ideas without judging at this stage.*
Above list generated for possible lifestyle rural-based enterprises- adapt to suit other sectors if needed.
It may be important to consider levels of natural/personal interest - a potentially important ingredient in maintaining longer-term motivation - ?

A suggested sequence:

(i) *Brain-storm ideas – no judgements*
(ii) *Sift list of ideas in an initial sort - reject/include to build a 'short-list'.*

(iii) *SWOT analysis of each short-list idea: Strengths, Weaknesses, Opportunities, Threats.*

(iv) *Decide on most likely plan/activities to plan/investigate.*

STAGE IV

***Which activity/mix of activities to form the 'enterprise plan' seems to be the most promising route to achieving aims and at same time providing a sufficient financial result to meet needs? (£X** from Stage I – see earlier)*

- *Outline planned activity(s)*
- *Further description of how the enterprise(s) work(s)*
  This is the route which needs to be examined/tested to see whether it will successfully meet aims and be viable.

STAGE V: **Planning Tests & Checks**

It may be a good idea to do the 'marketing' check first – if the product(s)/service(s) don't fit the market place, or if there's no 'gap' in it, then the enterprise will likely struggle.

(i) Market opportunities test

What is being sold? *(know your customers)*

- primary buying prompts *e.g. organic veg i.e .food (human physical need)*
- secondary buying prompts – *eg. organic veg.*
  - *health*
  - *taste*
  - *individuality,*
  - *personal service etc.*
  - *food security*
  - *eco footprint effect*

(identifying what is driving your customers means you become more aware of your product/service's selling points – always a useful bit of knowledge, and, for instance, very handy

in formulating, say, advertising material which you can then direct to the customer's direct wants- how can then she/he resist-?)

Is there a market (i.e. customer demand) for the product/services?

Identity of the market/market place (egs. Internet, physical location)

Is there current space in the market?

What type/level of product/service is needed to fulfil the market opportunity?

what price(s) can be charged realistically?

If this information is not readily available and/or further information needed, how can such market information be gained? [info. sources e.g. tourist boards, survey of shoppers, survey of food sellers etc.]

Case-study example:
Setting up a D.I.Y horse livery service – ring round existing DIY enterprises in area posing as a prospective customer (all's fair in love and lifestyle enterprises)- if the general message is that all have available spaces, then supply in the area is greater than demand, and it might then be a 'sticky wicket'. If they mostly all have waiting lists, it would be a sign of too little available supply for the existing demand, therefore an indication of a 'market gap' – good news. Getting them to send their brochures will give further useful info. on pricing, needed feature/services for customers etc.

ii) ***Capital Viability Test***

How much initial capital is available? *(from stage (ii))*
(savings, sale of shares, sale of property, possible initial borrowings – if relevant.)
What is the estimate of initial capital needed?
(for machinery/equipment, premises, goodwill, stock, lead-in working capital to finance till sufficient sales materialise etc.)
Does the calculation show that initial capital needs are more than met by amount of capital available?
If so, the plan is capital viable, so ok. If not, a re-plan or re-think is needed.

(iii) Profit Viability test - can planned system meet yearly needs via yearly margin?

i.e. achieve profit viability.

Making enough margin (profit) between the yearly sales/receipts/income total and the yearly costs, is the vital step to on-going financial viability. It is likely that this margin requirement is relatively low in self-sufficient/semi-self-sufficient, systems, higher in other systems. It is a unique *figure for a particular business/enterprise which it needs to be covered if the enterprise is to survive and thrive and be on-going*

.

Case-studies:

In one farming area, a small dairy farm made a modest yearly profit. The family running it got their kicks from doing the farming, and didn't spend an awful lot on themselves, or on high-cost equipment, so even with a modest profit, their enterprise was viable.

Not too far away, a larger mixed farm made considerably more yearly profit than the small dairy farm above. However, because spending was higher than the profit level could sustain, this business was in a non-viable position.

A yearly budget of anticipated yearly receipts against estimated yearly cost level is needed and then tested for on-going viability.

NB: Time period - it may well take more than 1 year to reach the full system i.e. allow for the fact that sales (receipts) are likely to take some time to build up and reach anticipated norm level. Will finances withstand a year – possibly two years (more, for instance, in the case of establishing a vineyard) at lower margin (profit) levels? This can be looked at when the cash flow budgets are done. Margin (profit) needs to be calculated on a fully-operating norm year, to see whether the system fully up and running can meet the normal yearly financial demands on it.

Example budget layout for, say, organic box operation – producing organic vegetables and marketing via a weekly box system direct to customers:

Anticipated Yearly Sales/Receipts (for a fully operating 'norm' year)	*£*
Anticipated weekly box sales x 52 (or 50?)x av.price/ box	________
Any other receipts e.g. doorstep sales of vegetables	________
	________

Other e.g. part-time seasonal earnings elsewhere ________

Total anticipated yearly sales/receipts (£) ________

Anticipated Yearly Costs

E.g.s: Seed ________

Fertiliser (organic) ________

Miscellaneous e.g. packaging ________

Fuel, elec, vehicle/mach/equip spares/repairs ________

Vehicle(s) tax + insurance ________

Rent(s), business rates ________

General overheads: water, insurances, phone, ________

accounting general.

accountancy, general. ________

Wages + N.I. Stamps

Interest payments, bank charges.

Other:

Total yearly costs £

(not including depreciation)

Yearly margin (i.e. Profit/loss before charging depreciation) *£ V*

(total yearly sales less total yearly costs)

Profit viability test:

Compare £V with £X (identified yearly margin (profit) requirement from stage (i)).

If £V greater than £X i.e. V-X is positive, then financial viability looks likely to be established.

If £V less than £X i.e. V-X is negative, then likely financial viability is not established so:

- *can relatively minor realistic changes be made to improve margin and reach viability level?*
- *is more of a major re-think needed?*
-
-

- *Should this particular plan/system be ditched now?*

NB's: *This is the value of practical 'real' planning – the planning data indicates the likely level of financial viability/non-viability, acts as a good discipline for effective enterprise decision making and establishment and identifies specifically key enterprise performance data to monitor.*

It may also be important to remember that it's people, not data, who make decisions.

Notes:

Repayment yearly allowance:

If borrowed capital is necessary, divide borrowed capital amount by the likely/possible repayment period to give a yearly repayment figure to complete £X.

Re-investment yearly allowance:

To calculate capital re-investment figure to complete £X, take say, 10 – 20% of machinery and equipment capital figure as an annual re-investment figure.

Yearly tax payment:

As a very rough rule of thumb, some people estimate a tax liability of 15% for all profit under £40,000. If it's a low cash profit (eg. semi self-sufficient) situation – say £15.000 or under, the tax is likely to be zero for a couple.

NB: *All businesses/enterprises take time to build-up – for word to get around etc. Full financial performances/viability may be unlikely to be achieved, say, in the first year.*

Cash viability test – will the planned enterprise(s) produce enough on-going cash?

Yearly margin (profit), has been measured over a normalised, full production 12 month period. Finances will fluctuate within that period and the establishment period. For instance, on setting up the organic vegetable enterprise, little cash income will be received from veg. production for say, the first 4 - 6 months – this period is likely to be a period of mainly outgoing cash. From months 6 – 12 then there is likely to be incoming cash as well as outgoing but this may well vary within this period as sales build. How do these *varied cash patterns add up to affect overall finances? Can finances cope with potentially lower amounts of incoming cash in the build-up period to full sales and production?*

To answer this question and whether finances will be sufficient to cope with such a potentially varied cash flow, the likely anticipated patterns of incoming and outgoing cash on a monthly basis can be examined and assessed as to their effects on the overall financial position i.e. how it affects the likely credit or overdraft monthly bank balances.

As ventures take time to build up, particularly sales, the varied cash patterns - for 1 or 2 years normally - need to be looked at and followed by a normal 'full-production' 12 month cash cycle view to check that the 'norm' year will supply sufficient cash for needs. So commonly, when planning a new enterprise, a fairly normal cash flow planning period might be 3 years (some ventures, though, e.g. vineyard establishment, will take considerably longer). If expected sales are tricky to forecast, then 'reasonable' estimates can be used which then can act as sales targets indicators.

Cash Planning Format

Estimate the likely sales income per month, less the likely outgoings per month on a form such as below. The starting balance can then be adjusted for each monthly balance, to show the likely financial position at any part of the year. Exact predictions are not possible – the important point is to be able to assess what's happening each month financially by comparing the actual results with the planned results, which gives a 'fix' and, for instance, can sound any appropriate warnings in time.(see next page).

Months													*Yearly Totals*
Receipts													
Receipts monthly totals													
Expenses													

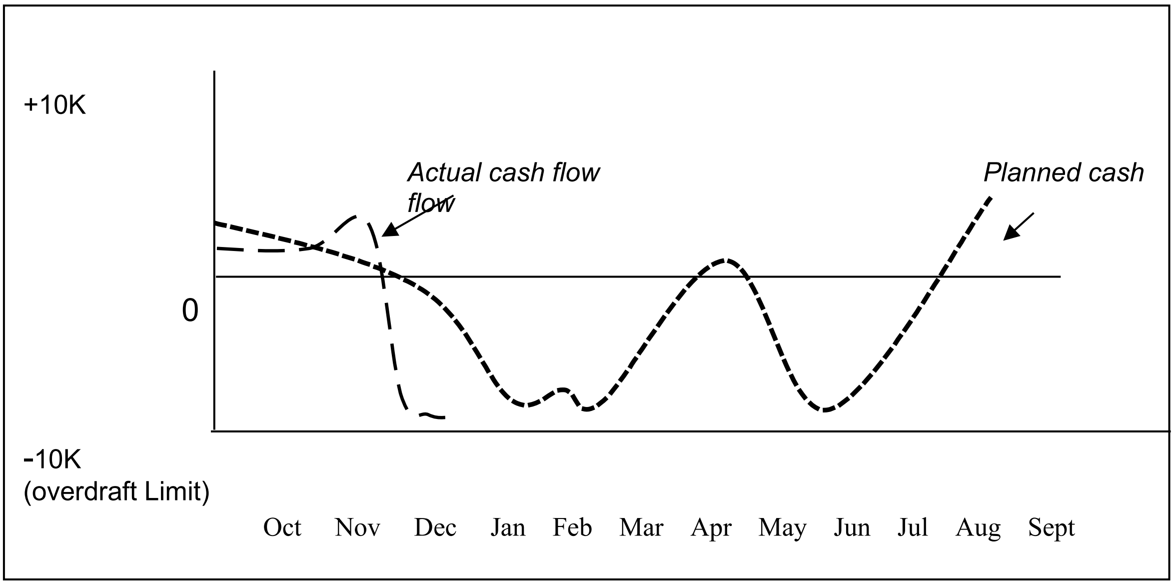
Expenses monthly totals													
**Monthly Balance*													
***Rolling bank Balance*													
Initial Balance		/	/	/	/	/	/	/	/	/	/	/	/

** Receipts monthly total less expenses monthly total.*

*** Initial balance – then amend by month I's monthly balance to become rolling balance month I. Then amend this by month 2's monthly balance to become month 2's rolling balance – and so on.*

NB: Initial (opening) balance for year 2 will be closing balance for year 1 (and so on).

The planning data can be displayed as a graph for easy visual identification – example:-



NB: *Banks are keen on cash flow planning and need to be provided with it if they are to be convinced to lend money to facilitate business enterprises. Bankers have a saying 'Profit is a matter of opinion, cash is a matter of fact'. Profit projections will still be required but a banker's first love is cash!*
If only limited business/financial planning is undertaken, cash flow planning is a prime candidate in that it gives a yearly overview as well as an 'up-to-the-minute' monitoring system to enable a grip to be kept on the current financial situation.

Legal/process aspects

Does planning permission need to be gained?

Are there legal requirements which need to be adhered to? (egs. building regs. for processing food, access requirements from a public road, weights and measures/packaging regulations)
Are there other permissions/registrations needed? (egs. campsite licence, Soil association verification)

Are there any accounting/tax requirements? (egs. if limited company, certain accountancy measures are needed, self-employed registration with taxman, VAT registration with taxman – if relevant.

Risk Analysis and Management test
Analyse plan from the risk perspective – are risk levels acceptable/ manageable? How can they be countered/managed?

How vulnerable might the project be to competitor ventures taking trade away?

Some example strategies to counteract competitive risk:

- give very good value for money, building longer-term customer loyalty
  e.g. selling organic veg. retail but at normal veg. prices.

- give strong personal service (often comes over naturally if interested in and enjoying the venture, and can contrast favourably with some of the large retail outlets e.g. share skills/knowledge with customers.

- demonstrate high and real care levels
  e.g. with pets in kennels/cattery.

- give 'something for nothing'
  e.g. within a farm visitor operation, looking at farm animals free

- try to give a unique experience to customers
  e.g. farm shop - coffee stop, kiddies play area – free coffee?

- aim to encourage customer loyalty/repeat sales – via good service, value – vouchers – 10% off next £5 spent etc., 'extras' given free. Maybe don't overdo, as this could counter the basic process eg. i.e. good value for money

- make genuine customer care and help a strong priority – choose staff/people who relate to people and their needs.

How stable is the project/plan?

- is it a livery? (sorry!)

- is it high margin, high risk?

  (*highest margin activities not necessarily the most sustainable)*

- does it have stabiliser elements e.g. lower margin but lower risk activities?

- can the risk be spread? e.g. produce various qualities of ice-cream for different market sectors.

- can more stability be built-in? e.g. entering into period contracts with buyers/suppliers.

- can 'bread and butter' 'secure' income be built-in, e.g. agree regular/fixed number of hours/wk contracting with one client.

How financially secure/vulnerable is the project?

Does it have a lot of capital invested and at risk?
Could it be reduced by:-

- renting/leasing not buying?
- buying 2^{nd} hand not new?
- getting partner(s)?
- starting at a smaller-scale and growing enterprise 'organically'?
- staging investments in phases.

Does the project have significant amounts of borrowed capital (say 25% or more)?

- can it cope with possible future higher interest rates?
- is there the scope to repay loan/overdraft over a realistic period?
- will there be assets which could be sold to cover risk in the event of, say, a downturn in economic conditions.
- is there any scope for reducing capital investment (see above) to reduce borrowing dependency?

Have anti-risk measures been written in?

e.g.

- used relatively conservative figures for expected sales/costs etc in business projections?
- allowed to make an extra amount of margin as a hedge against risk?
- built-in relevant insurances e.g. key-man insurance, self employed health insurance etc.

- ‘banker’ activities included? e.g. post-office within village shop.

STAGE VI ***DECISION TIME***

Enterprise planning decisions:

Does the outcome of the planning tests indicate: ***Green, Amber, Red*** *light?*

If **Red***, ‘back to drawing board’.*

If **Amber**, *can the system realistically be amended to produce a viable result?*

If (or when) **Green** *, final check list:*

- Does the planning process indicate any ammendments necessary to initial outline plans – if so what?
    - Will any ammendments be realistic in practice?
- What is the market niche?
- What type/level of service(s)/product(s)?
- What will customers be buying?

(e.g.: organic produce , food – yes, but also:
- health
- individuality

- taste experience
- quality etc.)

- What price(s) to be used?

- What associated activity(s) needed eg promotion and advertising?

- What are the main risk areas and the strategies to counteract them?

- What's the level of interest and determination to succeed with the planned enterprise?

Is there a mentor source to help/support? *Bon chance et bon voyage!*

POTENTIAL PLANNING PITFALLS

The following examples of planning pitfalls have been culled from the author's farm business advisory/consultancy experience. They are by no means meant to be an exhaustive list – rather as examples of how things might go awry in the planning process, and in the task of human business decision-making.

It is highly unlikely that the perfect business/enterprise and perfect business/enterprise manager exists/will ever exist and the learning gained from mistakes made can be a positive experience in the longer-run – many people running successful businesses have experienced failures in their past. Hopefully, though, awareness of some of the possible pitfalls will assist in minimising some of their negative effects and will contribute to successful risk management within the enterprise.

(see below)

POTENTIAL PLANNING PITFALL:

'UNDER-ESTIMATING RESOURCE USE'

Comment: *One of the more neglected areas of business planning at times can be that of identifying level/amount of resource use needed.*

Case study I: Small farm being re-planned by farming widow – including conversion of barn to holiday cottage. Capital expenditure seriously (i.e. 100%) under-estimated – a more detailed investigation needed.

Case study II: New beef unit being planned involving provision of new cattle shed. Again, capital expenditure under-estimated significantly due to attention being consumed by capital cost of new shed and its provisions – **working** capital needs i.e. capital needed to run enterprise to point of sale (£30-40K per 100 animals) overlooked.

Conclusion(s):

Important to have some degree of detailed examination of resources needed- especially capital. Ball-park figures can be misleading.

POTENTIAL PLANNING PITFALL:

'SEDUCTION'

Comment: *A common selling 'seduction' technique when dealers are trying to sell vehicles or machinery/equipment is the use of the '0' figure – i.e. you can buy this £30K machine over 2-3 years and do not have to pay any interest -* ***zero*** *interest. Can't be bad? Well – it could be.* ***Firstly****, it may tempt machines to be bought where they maybe cannot really be justified for the business.* ***Secondly****, it might tempt the buying of new machines where lower-cost second-hand may be more appropriate (although repairs costs will normally be low on new machines, yearly depreciation costs will be high).* ***Thirdly****, 0% finance deal may still be dear, in that discount will often not be available:*

Case study example:-

Route I: ***Cost of machine £30K*** *– and over 3 years at 0% interest =* ***£10K*** *per year payment.*

Route II: ***Alternatively*** *use own source of finance – say overdraft and get, say, 15% discount on price, i.e. machine cost now* ***£25,500*** *– over 3 years =* ***£8.5K*** *p.a.*

Av. loan per year over period $\frac{25{,}500}{2}$ *= 12,750 @ say 7%=* ***£892*** *p.a.*

average interest charge

Using own finance: Cost per year
over 3 years £8.5K + £892 = ***£9,392***

Route I annual cost = £10K
Route II annual cost = £9.39K

It would be ***lower*** *average yearly cost* ***not*** *taking the 0% finance deal, using overdraft money and getting discount. (In some instances where there is no alternative source of capital and a machine which will work hard is a necessity, then the 0% deal may still be a valid option).*

Conclusion(s):

'Only be seduced when you want to be' is the old saying. Avoid the salesman's trap and make the decision which best ***suits*** *the business/entereprise. Other*

'seductive' examples are, for instance, when the salesperson asks, 'Do you need product X or Y?' The mind then sets off down the road of choosing X or Y, rather than deciding whether either product is needed. Becoming over-friendly with the salesperson can also lead to for instance, paying more for requirements, than is needed – an example of business and pleasure not necessarily being a good mix.

POTENTIAL PLANNING PITFALL:

'EXPAND OR DIE'

Comment: *How often is it heard that businesses must expand or they will flounder? How many small builders, though, for instance, have got into financial trouble due to this dictum, and then re-learnt that they were more viable as 'small' builders -?*

*In fact, all sizes of businesses have got into problems due to ill-advised expansionism. It's not wrong to expand, but it is dangerous to have 'expansion' as an **automatic** business objective. The question needs to be asked '**Why** is 'expansion' wanted/needed?' Is it for more profit/better standard of living? More security? More status? The **reason(s)** for expansion is the objective - expansion itself is just one possible route to achieving it, i.e. a 'means'.*

Case study example: a largish farm had expanded by buying more local land at the top of the market and via the use of loans. The cost (interest) of the loans rose, the value of the land declined - the trading position of the farm became unviable. To get out of the problem situation and back to a viable business, land had to be sold at a lower price and the business contracted, involving an overall loss of land from the original size. This was a difficult but brave decision and one needed for the on-going survival of the business.

There are right times to expand and less right times, there are situations for which expansion can be right, and situations for which it may not be the answer.

Conclusion(s):

The base reasons i.e. objectives, need to be clearly thought through, then the route (means) identified by which to achieve them. If its not the right time to expand, then expansion may well not be the right answer for that time and situation – indeed there are some situations for which contraction/consolidation would be the better move. Over-focus on expansion may be due to levels of insecurity, which are not necessarily assuaged by an expansion.

POTENTIAL PLANNING PITFALL:

'LACK OF OR INCOMPLETE PLANNING'

Comment: *Planning is useful (and necessary) when it's **meaningful**. For instance, looking at the future profitability of a system is interesting but not meaningful unless that information is used in good business decision-making.*

***Case study example**:* A profit budget shows that a particular system has a normal profit potential of £38K p.a. This looks useful and it's tempting to conclude that the system will be financially successful. However, if the yearly needs of the business (drawings, tax, investment, loan repayment) have already been assessed at, say £48K, then a system which produces £38K will fall short and not be viable, producing over time a situation of financial difficulty due to likely increases in borrowing. If the business's needs are £48K p.a. and the profit expectation budget shows £53K p.a., then the system can be deemed viable and proceeded with with some confidence.

An area often neglected, particularly when significant change in a business is planned, is that of capital needs, - particularly working capital – the amount of money needed to finance production to the point of self-financing.

Conclusion(s):

*Full planning **skills** and **awareness** are needed – use skilled help if needed.*

POTENTIAL PLANNING PITFALL:

'TRIPPING UP ON LEGALITIES'

Comment: *When planning future business activities – and particularly diversification-type activities – it can be important to plan legal aspects.*

Case study example 1*:- A p-y-o asparagus operation ran into problems because the grower had to provide customers with knives, which his insurance company then vetoed.*

Case study example II*:- An added-value operation to poultry was shut-down by inspectors because the premises used had not been upgraded to food hygiene standards.*

Case study example III*:- An added-value operation ran into financial difficulties because the cost of business rates had not been anticipated and built into the costings (business rates can be an appreciable cost in some operations which process basic agricultural products).*

Case study example IV*:- A golf course development was prevented from opening on time due to its road entrance being located incorrectly – result – double access costs and loss of two months' revenues.*

Conclusion(s):

It's important to take into account the ***legal*** *and* ***procedural restrictions*** *when planning activities, particularly those of a diversification nature.*

POTENTIAL PLANNING PITFALL:

'BIG IS BEAUTIFUL : BIGGER IS BETTER'

Comment: *Some time ago, 'Farmers Weekly' reported the sad demise of a very large 16,000 sow pig enterprise. One of the current popular business myths or mantras is that you have to be 'big' to be successful in business, which seems to convert to a sure-fire recipe for business success. As the illustration above shows this is not the case and, anyway, as the saying has it, 'to generalise is to be an idiot' – there are in practice many small, sound businesses/enterprises. To perhaps go to the other end of the illustrative scale, what about the couple who've survived and thrived on their 6 acre eco-holding, selling organic veg. locally for the last thirty years?*

Conclusion(s):

Care always has to be taken to avoid generalistic answers/recipes and particularly for unique lifestyle type of 'freerange' enterprises. Economies of scale can be had by creating larger enterprises but there comes a level when more investment and cost is needed to support the expanded production level, and at that point there can then occur dis-economies of scale. If part of the business's success is built on, say, 'exclusivity' – e.g. producing high-quality and unique cheese – a major expansion in production could even be self-defeating. Sometimes expansion can result in enterprise performance (e.g. dairy) falling, so the scenario becomes more capital invested, more risk, more work, more worry, same (or less) financial results. The current level of focus on 'business expansion' may to some extent reflect a 'knee-jerk' type of reaction to a more cut-throat, less secure business environment.

POTENTIAL PLANNING PITFALL:

'PAPER PLANNING IS PERFECT BUT REALITY SELDOM/NEVER IS'

Comment: ***Case study example:*** A youngish farmer planned a dairy herd of 200 Jersey cows on his 35 Ha holding, on the basis that you could keep 3 Jerseys to 2 Friesians/Holsteins and that winter fodder could be bought in cheaply. Planned profits looked good and due to the cheaper capital cost of his stock, the return on capital looked very healthy.

The crunch came when there were two consecutive very dry years and fodder became pretty expensive for a two year period and, unfortunately, his business was unable to withstand such a 'hit' and folded.

Conclusion(s):

It would have been hard to foresee two such dry back-to-back years which emphasises that planning cannot cover all eventualities, and for the need for 'something up the sleeve' capacity to withstand the non-anticipated. It also illustrates the need to test plans for their ***risk vulnerability*** *level – it may not always be the most profitable plan on paper that's the best route forward - and illustrates the need for risk-countering decision-making. In this case, for instance, an investment in a certain level of reserve fodder supply – bought when it was relatively cheap – could have been built in at the planning stage.*

POTENTIAL PLANNING PITFALL:

'OVER-ESTIMATING CUSTOM'

Comment: *One danger lies in assuming that a full level of custom will occur pretty much straight away – e.g. livery stables for 15 horses will be 100% occupied. This is likely to be* ***over-optimistic*** *and the plans should include a build-up phase of custom to reflect reality.*

At times it's difficult to assess the overall level of custom, in which case it's probably wise to err on the side of caution – if financial assistance is required from banks they will be looking for this.

Case study example: A classic planning faux-pas – the Millennium Dome – situated in an undesirable location from an accessibility point of view and yet one million visitors per month planned for (reality – less than 50% of this).

Conclusion(s):

Anyone can put anything down on paper – the acid test is 'How well is this (paper) planning likely to materialise in practice?' Over-optimism and over-expectation in planning are common occurrences (the 'rose-coloured spectacles' or 'shiny' syndrome) – ***realism*** *is the name of the game.*

POTENTIAL PLANNING PITFALL:

'UNDER-ESTIMATING PRIVATE DRAWINGS'

Comment: *Business/financial enterprise planning is not done for fun – it's a 'survival' tactic to ensure as far as possible a '**survive** and **thrive**' journey for the enterprise. It's made meaningful by firstly identifying the needs of the enterprise and then planning a system producing a profit level capable of meeting those needs. The base yearly needs of the lifestyle enterprise are:*

Sufficient profit to cover:

- private drawings
- payment of tax
- re-investment in machinery and equipment
- repayment of loans

Ideally, of course, there should also be additional profit available to fund some development of the business/enterprise, hedge against risk, etc.

These needs can be reasonably accurately identified, although, private drawings can easily be under-estimated, as they are not just the £80 or so drawn in cash each week. Enough needs to be allowed to cover cash drawings, personal insurances and health plans, school/college fees, holiday and other payments etc – it all mounts up.

Conclusion(s):

Another of those 'think of a figure and add another 50% situations – (?!)

POTENTIAL PLANNING PITFALL:

'A LOT OF WHAT YOU FANCY …'

Comment: *An old dilemma, particularly relevant for 'lifestyle' enterprises, is how much of business activity should be what you* ***want*** *(lifestyle) and how much what* ***needs*** *to be done to make money.*

It's the ***heart v. head*** *conundrum. If an individual's own money, effort and emotions are being invested it's reasonable to expect him/her to be able to follow their interests – it's an important part of job/life satisfaction. On the other hand, it's not ideal if by doing this – and by definition maybe not paying enough attention to the business side of things – the business flounders after 3-4 years. In fact, in practice, it's unlikely that many small enterprises run exactly as those involved want – it's a question of reaching an acceptable compromise so that the business activities are giving adequate financial returns whilst also facilitating a reasonable level of job/personal satisfaction/fulfilment.*

Conclusion(s):

The enterprise can be planned in such a way that there is room for compromise and if it's felt that too much compromise is needed, alternative courses of action can be considered.

POTENTIAL PLANNING PITFALL:

'SPECIALISATION IS THE KEY TO PROFITS'

Comment: *In recent decades there's been a trend towards specialisation – in the rural sector, for instance, dairy farming getting larger herds and less agricultural production diversification and arable farmers concentrating on crops and dropping livestock enterprises. Specialisation of systems can show via planning the potential for larger profits but whether they are as sustainable in the longer-run may be more open to question:*

***Case study example I*:** Small (37 Ha) farm – 35 high performing cows, beef, sheep and cereals – small enterprises all integrated. Result – profit per acre/ha higher than most farm profits via cutting cloth/low overheads and very high performance due (a) the attention to detail, (b) farmer not getting bored because of lack of 'life variety'.

Case study example II: 120+ Ha acre farm, son back from college – traditional mixed farming system dropped – big accent on roots (potatoes and carrots). High profits first two years, high losses following two years causing considerable financial difficulties.

Conclusion(s):

*Specialisation often involves putting eggs in one basket and increasing **risk vulnerability**. More diverse system may show lower profit levels but be more sustainable in the longer term.*

POTENTIAL PLANNING PITFALL:

'TAKING UP CONTRACTS IS GUARANTEED SUCCESS'

Comment: *Getting contracts for produce is sound practice in that it is thinking and planning ahead from a marketing point of view. The potential danger is the thinking that the job's sorted – there have been plenty of instances where large powerful buyers have changed the goal posts, thereby being able to reject produce – or demand cash payments to continue the contracts. Large buyers tend to have a lot of power and often think short-term in the sense that if they can find a cheaper source, they'll go for that. Their approach is that this is 'free-market' business (in which supplier/buyer loyalty does not necessarily feature highly). Some contracts without, for instance, a mechanism to adjust price for major input cost rises, may in fact be a source of risk rather than risk-countering.*

Conclusion(s):

It may pay to consider alternatives *to contracts with large-scale buyers.*

***Case study example*:** Medium-size potato grower – becoming disillusioned by 'buyer inconsistency'. Carried out own market research and found a local market for prepared raw chips. This led further on to extending his product range by adding pre-cooked chips. *Result:* A higher-value more reliable, relatively loyal market for his potatoes and the creation of a considerable added-value business, with its own capital worth.

POTENTIAL PLANNING PITFALL:

'DON'T EXPECT TO MAKE A PROFIT FOR 2-3 YEARS'

Comment:	*This is a relatively old dictum applied to the starting-up of a new rural business. In the 'good old days' it was a workable situation and recognised the longer-term nature of farming and the fact that a lot of production cycles – e.g. that of wheat – were fairly protracted. The problem in today's conditions is that such thinking may lead to an over-relaxed approach to establishing a business.*
Conclusion(s):	*Generally a reasonable sufficiency of profit should be aimed for in the second year – the first year inevitably will be a build-up year. This may mean having to start off at a faster pace than hitherto was the case.*

Maintaining Freerange ('small') Operation in a 'Largist' Culture

As well as trying to prepare for and survive 'pitfall's, as above, it may well also be useful to have a look at the on-going maintenance of 'freerange' operations, given that arguably the odds these days appear to be more stacked in favour of the larger organisations.

Money bags----?

Being entrepreneurial, being highly focused on profit-making, being wealth orientated , how often and with what force do these messages come across in today's culture - at times it can seem as if anything non-monetary-orientated is of no consequence, is insignificant. It can seem too at times, that many of the larger firms are at the 'profiteering' game, trying to relieve us of as much dosh as possible rather than, say, focusing on giving really good service, really good value for money.

It came almost a shock here on the micro-holding when one (smaller) firm did give great service and terrific value for money, being so used these days to 'financially sharp' practices from the commercial world, of which reportedly the financial services sector has been amongst the worst. It'd be quite easy really to slip into world-weariness and the prevailing culture conditioning, but nevertheless a freeranger type of response might be to refuse to be driven down such a narrowly materialistically-focused motorway, and to seek the backwaters in which human longer-term values and life multi-dimensions might yet survive.

'Straight are the roads of improvement (and 'efficiency'-?), crooked are the byways of genius'

So said Willy Blake, who at the time, a couple of hundred years or so ago, was universally deemed to be a few bob short of a pound, but who's genius has perhaps been more recently recognised and valued.

So, getting on to a more practical level, how to keep such a seemingly all-pervasive , 'demanding' culture at least to some extent, 'at bay'-and 'survive and thrive' as a fully functional individual – a 'David' in a 'Goliath' world?

A free 'feeranger' world-?

Assuming from the outset that in the west, it's still a 'free world', even though many might have concerns that individual freedom could be gradually be being eroded , heading down a type of 'Brave New World' large organisation control path, as it were.

Then it follows that the individual has the right to think for themselves, to act for themselves (within socially protecting parameters) and to decide on the values that are personally important.

Social values are not precluded and could be at their strongest if freely opted for by the individual, who, as psychologists aver, is after all still a social animal as well as an individual.

Maybe such an individual realisation of basic individual rights witin a social context is a key underpinning awareness necessary for effective freeranging. To further develop such awareness, and with it a fuller realisation of personal values, the individual can choose to go 'off track', as literally many do, using, say, the solitude of remote walking to gain the calmness said to be necessary for deeper realisations and awarenesses. Others may use relevant literature, creative activities egs, music, crafts, nature culture and arts, to assist their particular searches, and/ or seek 'other culture' experiences to better gain a 'fix' on their home culture.

A considerable number of personal awarenes/development courses exist to help the individual along their own particular and unique routes, which may at times be of considerable help, and of course there's always the stimulating if not always enjoyable and edifying sport/pastime of 'culture watching', from which can be learn't quite a bit. Books, of course, can be inspirational and supporting, and may not have to be necessarily 'new' and 'exiting' - quite possibly the reverse. For instance, John Heider's 'The Tao of Leadership' is an interesting – and probably relevant - book based on the sayings of Lao-Tsu, who lived quite a time ago, around 5th-6th century B.C. in fact. Another interesting and relevant read is 'The Path of Paradox' by Osho, transcribed in the 1970's, and of course many 'spiritual' genre books cover timeless topics and material.

Media management

Crikey – has there ever been another age with remotely similar levels of 'personal media bombardment' with its inherently potentially forceful agenda of human behaviour modification? Just getting onto the internet, for instance, involves running a commercial gauntlet of ads, which continue apace on it seems very nearly every website. What's the level of advertising, though, at which there could be natural human adverse reaction, rendering it then counter-productive? Evaluating counter-productive possibilities doesn't necessarily appear to have been over-high on agendas in recent times, which, though, presumably doesn't necessarily mean they don't exist. Surely TV ads proliferate these days far more than they ever used to, to the point that they can become invasive, giving then though guiltless opportunities to channel hop, make that cuppa, have the comfort break, or, pressing the mute button instantly shooting through their prospective power and giving control back to the individual.

Newspapers –which one to have? Aren't they all pushing a line, promoting an 'ism'-? Some presumably more than others, but even the less 'tied' variety can end up taking relatively fixed stances at times. Perhaps the answer could be to have no particular fixed newspaper allegiance, but rather to 'mix' and 'match' – being 'with them but not of them', as the saying goes.

P was regularly seen in his regular reading broadsheet newspapers of varying hues. On closer inspection it was noted they were inevitably around six months old, P not being a man given to too much short-term excitement, preferring to exercise his independent perogative to take a different, longer-term view.

'Ismic' consciousness -?'

Such musings bring up the knotty question of 'isms' and squaring them with the' freeranger' tendancy of wanting to keep the mind relatively open. At one level an 'ism' could be said to represent a form of 'group security' which could then work against, for instance, an individual having the space and freedom to think for themselves.

At another level, perhaps such collectivity is necessary to some extent, not only in terms of group security, but even as stepping stones on the journey of individual self-discovery and development- the ability to transcend the need for 'ism' allegiance might occur at a relatively advanced stage involving considerable personal strength, knowledge and awareness, for instance.

As 'isms' normally involve subscription to packages of knowledge and values, which in their nature tend to be in static rather than fluid or dynamic mode, maybe one way of coping with them is to view them as such shorter-term 'stepping stones' of which there's always the potential to move beyond. After all, it was no less formidable person than Winston Churchill who said:

'Consistency is the dogma of small minds'.

As a bald statement, maybe it's a bit on the harsh side, but carrying the message of the importance to cultivate the ability to have when needed, an open mind.

Many – most?- 'ism's can tend to accumulate quite a bit of 'baggage', and can be potentially restrictive towards individuals seeking to be a part of the particular 'ism', seemingly one of the key reasons why general ambivalence towards cults exists.

One, though, which does aim to limit such baggage and even eliminate it, is Zen, which encourages people to find and focus on their 'true' natures, again maybe not always the easiest process within a given culture, but one probably of natural interest to many freerangers.

Commercial counterings------

When they ring up, usually , say, just after tea in 'snooze time', the first thing they say is 'how are you today?', which maybe being that bit older, always seems to be just a tad over familiar. They're not really interested, of course, it's an opening sales gambit to draw the potential 'victim' into the net. Several freeranger ripostes have come to light, from not biting i.e.not resonding directly to their question - simply responding with 'I'm busy right now, what do you want?', to *starting a long tirade into just how unwell you are – they'll soon tire of that - to saying you're in the middlle of a kip then 'playing dozy', or the simplest freeranger response, to just put the phone down again when there's that little delay on answering it. The key maybe lies in not letting them set the agenda.*

W let a phone salesperson ramble on with his computer sales pitch for a long time- well, ten minutes which can seem quite long under the circumstances. After the ten minutes he then said to the guy, who suspected he was making good progress, '*hang on, does all this mean I have to have a computer?*' to which the answer was a rather perplexed affirmative, on which he then said ' *no, mate, haven't got one, too much like a busman's holiday, have to use 'em all day at work!'* Not strictly the truth, but an effective way of getting a pushy salesperson off the line pretty quick.

Such a simple mistake, the salesman hadn't checked, simply assuming everyone was computer mad. Phone business such as getting say car insurance quotes can take a bit of freerange strength to cope with to ensure the right result – that is for the individual the consumer, and whose dosh it is. Again, a sort of 'customer disrespect' can come into play, with the insurance agent virtually always up front demanding to know the details of other quotes. This is confidential information and as such not really their business, yet they often seem affronted if they're not told and puzzled why they can't know it.

Interesting though, in that it does clearly convey their companies attitudes to their clients, which don't often appear to be of maximum respect. A polite rejection such as 'sorry, that's classified info' may then have to be repeated when they demand to know why you won't tell them – eventually, hopefully, they'll get the message , and they may then realise they are dealing with reasonably savvy people.

The easiest way out is to tell them theirs is the first quote, but even better is to find people to deal with who are aiming for real customer service and satisfaction, rather than seeing customers mainly in terms of pound signs. Dealing with real people face-to-face can also be a considerably more freerange human experience than being led robot- like through any standardised phone procedure.

Because firms are often quite large, and possibly then inhibiting folk both in the private and public sectors, it can take a degree of individual strength to question and at times challenge procedures and systems, but the same can also build and develop individual strength –the saying 'give thanks for our enemies' comes to mind. Similarly, negotiating and/or bartering over a deal can over time be an empowering process, and one which will probably improve and refine over time:

D was a small and relatively inconspicuous old lady who had refined a well-suited bartering/negotiating technique which played on her strengths, i.e. a public perception of a weak and vulnerable person. Not for her any aggressive negotiating technique, instead she would quietly and almost plaintively wheedle her way to getting the seller to knock what she wanted off the price, and then, cunningly, she would thank them for their kindness, so that in spite of having been taken to the cleaners by this little old lady, they would actually feel good about it.

'No-one has the right to arbitrarily set a price- every price is and should be negotiable' she would say.

Freerange frugal forays------------

Modern times in the west have been described as an era of 'affluenza', the inference being that such an epidemic of materialistic bounty may, in the longer-term, not necessarily be particularly good for people physically and psychologically. Those experiencing the joys of such conspicuous consumption are perhaps unlikely to subscribe to the idea that such a lifestyle could be unhealthy and notions such as 'frugality is good for you' would perhaps seem to be very old hat.
On the other hand, those who might currently support the 'economic' approach might argue that such an approach helps the individual to be more aware of basic needs and values and hence more self-aware, and to then understand better the relative values of things.

There is too, the personal achievement and satisfaction that the 'economic' approach can deliver, which may not be available when life is over-abundant and things come easily. In fact, taking generally the more frugal approach (eg 'make-do-and-mend' as opposed to automatically buying new) might even offer the individual a greater harvest of achievement and satisfaction in life than a super opulent lifestyle- ?? It has been said that much consumerism is a sop to the fact that modern life can be, to the individual, at times unfulfilling – could adopting a more economic approach then help to fulfil the 'unfulfillment' gap, offering as it does more independent action and achievement?:

Family E were literally as happy as 'pigs in larter'. They lived up a fairly remote lane on a small farm in the west country. Their farming system didn't follow any modern business model – it had just developed as a reflection of their interests and passions. So on their little farm, they had their precious animals, all superbly looked after. They had milking cows, calves, growing dairy cattle, a little herd of suckler beef cows, complete with Albert, a big, gentle beef bull, a few sows of mixed sorts and generally plenty of pig youngsters about, plus Soddy, a huge, contented boar, a couple of goats, a small flock of sheep, ducks, geese and laying chickens – variation was certainly an important spice in their lives.

By modern farm business rights, their farm was not economically viable, and for many, that'd have been the case. This family, though, so enjoyed their lifestyles and lives, that possessions did not seem to have too much relevance for them, (their means of transport for example was the farm pick-up) and their private cash expenditure was lower than average by a considerable margin. They were frugal not only because they had to be, but also because they'd chosen to be, much preferring the joys and satisfactions of their lifestyle to having more cash and possessions. One of their 'economic' tricks was to get their winter veg greens by going to the kale (winter cattle fodder greens) field and cutting some for themselves. They were truly 'frugal masters' – freerangers supreme, and again, 'happy as pigs in larter! (larter *an old time word for 'muck').*

Maybe in current times, there's a kick-back against the 'have now, pay later' philosophy of modern, materialistic times, and given that in this area it was recently reported that plastic-type debt was running at £20k per adult, plus a degree of disenchantment with it. At the end of the day, people have the right to make decisions for themselves, they have the responsibility for the security and well-being of themselves and their loved-ones. The 'system' has apparently come unstuck, as the banking-induced financial crisis has demonstrated, and people may well need tol have to safeguard themselves (of which adopting 'freeranger' lifestyles could of course be one way). Intuition must also surely play a part – having been, due to the aforesaid financial fiasco, recently 'taken to the brink', wouldn't personal intuition tend to suggest a leaning towards a bit more security, for instance? One current movement which could well indicate a reaction to modern life, could be that of the considerably expanded 'grow-your-own' movement, potentially pointing to people needs for more independent living, more food safety, more environmental care and more collectivity/community.

Frugal for free-------?

On the micro-holding here,' economic' activity' is an established approach, originating from the days of when there was no spare dosh, but now a chosen and valued path. Broad beans, for instance, are an important mini crop here- they put nitrogen fertiliser into the ground, they provide a lot of 'waste' vegetation for the fertility cycle (compost), they can be grown early and a second crop (leeks) can then be grown after them, they freeze beautifully giving summer-fresh produce in the middle of winter, and picked fresh and quite young, nothing beats them for taste - and to cap it all, some can be then saved for next year's seed.

One recent broadsheet commentator recently identified 'living beyond means via a credit boom' *as the root cause of the current (2012) financial and economic hardships/difficulties, and that, like it or not,* 'living within means' *was the longer-term answer. It takes a lot, though, to stop a* *'juggernaut', and the microcosm which is the individual has pretty limited power and influence, which is then one of the base arguments for people adopting a 'freerange' approach to individually sort a sustainable, and hopefully enjoyable lifestyle for themselves, and in the process exercise their free-world individual rights, and their own talent for self-responsibility. Such individual steps might range from simple re-cycling to leading, say, a creative arts lifestyle, to setting up a lifestyle enterprise- the important thing being exercising individual values, choices and responsibilities.*

And, more frugal, 'economic' living – living within rather than without, our means, which surely in the longer-run, surely has to be, at least to some, a reasonably sane way of living? Frugalists could then be counted as 'far see-ers', in the 'van'? A major recent scientific report recently stated that at current rates of consumption, a planet 1.5 times the size of earth is needed. Frugal freerangers – your country (and world) need you!

ADD-ONS

1)

Enterprise Ideas – a selection of 'freerange' type enterprise/business ideas

Fresh organic baby food	***Moonlight walks/stargazing***	***Tropical fish***
Respite care home support	***Posh frock hire***	***Worm farming***
Fostering	***Maternity wear hire***	***Bottled water***
Mobile farm accountancy	***Telephone answering service***	***Cyber-pub or mobile***
Granny fostering	***Etiquette courses***	***Teenage activity holidays***
Retreats	***Pet headstones***	***Terracotta pots***
Alternative medicine	***Humanist funerals***	***Microbrewery***
Massage	***Farmhouse painting***	***Cyber-justice***
Weather watching	***Grassboarding***	***Essential oils***
Health farms	***Designing travelling loos***	***Cufflinks for women***
Holidays for diabetics	***Designing children's play areas***	***Maggot/termite farm***
Sugar-free products		***Lavender farm***
Fitness	***Soup kitchen***	***P.Y.O.***
Rural counselling	***Gift wrapping services***	***Gilding***
Playschemes	***Listening devices***	***Tapestry kits***
Footwear for farmers	***Evening out/tour planning***	***Clog making***
Crock shop	***Marriage guidance***	***Specialised honey***
School run/Taxis	***Singles parties***	***Proof-reading***
Garden structures	***Corporate hospitality***	***Charcoal making***
Historic trails	***Bereavement support***	***Basket/hurdle making***
Meatboxes by post	***Recruitment agency***	***Medieval banquets***

Internet sausages Milk by post American style mailboxes Furniture restoration/decoration Birdseed Badger-watching Meditation weekends Aromatherapy Neighbour tolerance Piano lessons Co-ordinating our sixth sense Assertiveness training Rugmaking Walking guides House exchange co-ordination Toy library Sock matcher Correspondence courses Co-ordinating talents Plait care Recycling Home entertainer Jewellery design Herb gardens After school clubs	***Wholesale flower market Willow growing Fish smokery Magpie traps Picnic sites Rabbit extermination 4X4 instruction Teashop Breadmaking Small animal hotel Arboretum Clay pigeon shoots Lambing time visits Building developments Trading centres Import/export Archery ranges Clock making Golf course Tandem racing Music weekends Line dancing classes Treasure hunts Chauffeur vintage cars/wagons Wills online***	***Soap making Bellringing weekends Parties in barn Mystic weekends Horse jumps Mushroom picking Marsh watch Life swap for a week Businessmen's lunches Nappies-terries Homecured products direct Drying facilities Paper storage Management games Opera house Rock concerts Animal rehabilitation Car boot sales Cider Craft directory Speed dampener/stopper Video conferencing Estate agent searching Helpgroups directory Portable dinner party Produce co-operatives***

Horse B & B Children's B & B Livery Day-care centre Redundant farm buildings Storing/packaging Parking caravans Camping fields Guided day walks Activity holidays Disabled holidays Dog/cat minding	***Beautician Manicuring Family history investigation Frozen yoghurt Farm shops Ice cream Dog training Pet cemetery Dog walking Car valeting Car mechanics Friendly follow-up PC service***	***Hairdressing Home made stenciling House/garden sitting Hanging basket maintenance Xmas trees Ironing Birthday cards Writing course Calligraphy Form-filling service Children's parties Wedding service***

Making flyscreens	***Mobile phones***	***Balloon service***
Mail order	***Home cooking***	***Cake decoration***
Internet	***New cheese***	***Pudding service***
Local distinctiveness	***Interior design***	***Rural waste advisory service***
Regional marketing	***Jam, Pickles***	***Holiday cottages***
Advertising	***Photography***	***Marketing own lamb***
Spot gaps in high street	***Bin cleaning***	***Log cabins in woods***
Training	***Weekly farmers markets***	***Saunas***
Mentoring/support	***Hiring own dining room***	***Website design***
Specialist foods	***Sandwich van***	***Soft furnishings***
Microbrewery	***Flower arranging courses***	***Children's play equipment or***
Counselling	***Desktop publishing***	***furniture***
Networking	***Magazine production***	***Pet funerals***
Granny sitting	***Selling clothes***	***Specialist holidays; foreign***
Granny activity holidays	***Crime stopping***	***clients***
Second-hand clothes	***Farm security***	***Wedding venue***
Mobile second-hand	***Voluntary work***	***Conference venue***
books/magazines	***Hat selling and hire***	***Fishing***
Mobile post office/bank	***Mountain biking***	***Beekeeping workshops***
Access to Internet	***Quad biking***	***Village based marketing***
Telecottaging	***Go-Karting***	***Smallholder services***
Childminding	***Grass-tracking***	***Puppet theatres in poshmags***
.com coffeehouse	***Paintballing***	***Farm trails***
Bookbinding/specialist paper	***Walking tours***	***Mudpies***
sales	***Kid picking-up service***	***Market old listed farmhouse***
Garden fertilisers	***Curtain making***	***Buffalo farming***
Worm farms	***Pet sculptures***	***Gallery***
Fishbreeding	***Pigeon pie***	***Offices***
Garden design	***Overnight babysitting***	***Creche***
Garden/house maintenance	***Secretarial services***	***Teambuilding venue***
Specialist plants on the net	***Translation***	***Teenage disco venue***
Dating agency	***Pet B & B***	***Stag and hen weekends***
Domestic agency	***Grass-cutting service***	***Junque shop***
Au Pair agency	***Stained glass***	***Internet farm foods***
Wreaths	***Tree nursery***	***Market stall***
Salt dough	***Bay tree production***	***Internet swap shop***

ADD-ON 2) : ENTERPRISE PLANNING FORMS – for use
(Mini-planning form in ADD-ON 3)

Practical 'Real' Business Planning for the Smaller-Scale Enterprise.
(geared to rural lifestyle enterprises- adapt as needed for non-rural)

The following is a practical, simplified and straightforward enterprise, 'real planning', format which hopefully may be useful in achieving focused business thinking via relatively simple KISS – type procedure.

FINANCIAL PLANNING TO ENSURE A 'SURVIVE AND THRIVE' RURAL LIFESTYLE VENTURE

STAGE I:
Base Question – What is the Rural Lifestyle Enterprise trying to achieve?

<u>Examples:</u>		*Identifiable goals (i.e. can be specified)*		*Other goals*
	-	*Level of Margin (Profit)*	-	*Lifestyle*
	-	*Level of Cash (Cash Flow)*	-	*Personal Growth*
	-	*Capital Growth? (i.e.become worth*	-	*Independence*

a certain amount) — *Environmental*

etc. *etc.*

<u>Step I</u> – List relevant 'other' goals:-

<u>Step II</u> - Measure Identifiable goals

e.g. MARGIN (Profit) REQUIRED

a) Yearly private drawings need *<u>£</u>*

Include
- *cash drawings e.g. for food/spends*
- *direct debits e.g. Life Assurance*
- *child, other maintenance payments*
- *other e.g. holidays, courses etc.*

(A)

[(A)is a unique figure to the individual's situation]

What proportion of living expenses (above) will the rural enterprise need to provide?

100 %	75%	50%	other	(B) (%)

(A x B) Yearly cash for living need = (1) *£*

b) Yearly capital reinvestment allowance

What machinery/equipment capital will be needed for enterprise?

Include
- *capital to buy machinery*
- *capital to buy equipment*

£

(C)

*Allow *10 – 20% of machinery + equipment capital expenditure*
(C) for yearly replacement allowance in (2)

(2) £

**dependent on estimation of length of life, likely cost of replacement etc.*

c) *Tax – is Income likely to be liable for tax @ 22% average (approximately £5K tax free single allowance)*

If so, how much tax? (if any)

[If unknown at this stage, leave blank or put in an estimated figure]

(3)

d) *Loan repayment – Any loans to repay?*

If so, how much per year? (4) £

[If not known yet leave blank]

The yearly survival MARGIN (i.e. Profit) needed i.e.
[1+2+3+4]

(£X)

N.B. This may not be able to be completed until a later stage, when more is known re the plans. This (£X) is the VIABILITY LEVEL needed. If the enterprise margin (profit) budget shows it has the potential to reach at least this level, then it demonstrates business/enterprise viability, i.e. it looks like having good potential to meet the financial-need goals.

<u>But</u> - if the yearly budget (see later) shows a margin (profit) of less than this figure then there is a need to:-

- *Re-examine/check the basic data - if OK, proceed to:-*

- *Are there any realistic changes, which can be made to the plans to achieve this level? i.e. to increase the figure to the required level.*

- *Any ways income can be added, e.g. from elsewhere?*
- *If there is a large discrepancy - then either:*
    - *back to drawing board*
    - *and/or question whether you should proceed with this enterprise.*

NB: If (3) or (4) or both have been left blank, this needs to be returned to later to fill in when this information is evident.

CASH FLOW REQUIRED:

This can be looked at later when cash flow patterns are looked at.

CAPITAL GROWTH:

This can be looked at as follows:-

i) Do current capital worth position

- *need to itemise assets and their value*
- *need to itemise the outstanding amounts of any liabilities, and then deduct liabilities total from assets total (- use form below).*

List Assets and their worth	

Examples	*Property* *Vehicles* *Machinery* *Equipment* *Livestock* *Stocks Valuation* *- feed* *- fertilisers etc* *Value of Shares* *Insurance Policies* *Cash in Bank* *Other e.g. Loans to others* *Debtors (money owed)* *Total Asset Value: (A)*	*£*
Less any liabilities		
Amount of overdraft outstanding *Amount of Loan(s)/Mortgages outstanding* *Amount of Bills outstanding (creditors)*	*Total liabilities (B)*	*£*
	A – B = current capital worth	*£*

ii) The exercise can be done at the same time once a year to compare capital worth figures. It's better if the capital worth figure rises – if it goes down it indicates financial pressure and loss of basic capital – if O or below - bankruptcy.

STAGE II:

What resources are available?

Land: Total area:

Type (s) :

Topography:

Facilities (e.g. water, fences etc)

Location(s):

Actual Cropping/Stocking Area: (total less waste, tracks, woods, etc.)

Other features e.g. water, slopes etc.

Buildings: -   - Descriptions   - Capacities   - Possible uses

£

Money: *Own Capital :*

Bank
Building society:
Sale of shares:
Other e.g. Sale of property:
Other:

(i) ___________

Can capital be borrowed?] *Possible loans:*
] *Possible credit*

(ii) ___________

Total Capital available (i + ii) *£Y*

____

Any business enterprise will have to operate within this capital limit (£Y) and the plan will need to check this (see later – Capital Check)

Human: - - People (identity) - Skills - Availability

STAGE III:
What Activities/Enterprise(s) suit the resources situation and suit aims, interests, skills?

I*deas and examination to identify the strengths, possible weaknesses, opportunities and threats to each.*

Further opportunities

PROMPTS: Some example smaller-scale activities which could be relevant: -

Self-sufficiency,

Growing and selling organic veg in local market

Growing and selling organic veg by veg box delivery

Growing and selling organic veg in retail premises (with others?).

Small dairy herd making high quality products – cheese, yoghurt etc.

Small pedigree herd/flock

Small agricultural historic open farm.

Wholesale/distribution for organic produce.

Partial self-sufficiency.

Part-time holding and seasonal work for other farmers.

Part-time holding – contract work for other farmers

Part-time holding and agric. building erection.

Part-time holding and mobile farm to schools.

Natural meat production and direct to customer selling.

Ice-cream production and sales.

Herb/dried flower production

N.B.'s *Can be a brain-storming session – note ideas without judging at this stage.*

See list in appendix 1 to give more 'prompt' ideas

Important to consider levels of natural interest ? - an important ingredient of motivation to succeed.-?

Suggested sequence:

(ϖ) *Brain-storm ideas – no judgements*

(ϖι) *Sift list of ideas in an initial sort - reject/include to build a 'short-list'.*

(ϖιι) *SWOT analysis of each idea: Strengths, Weaknesses, Opportunities, Threats.*

(ϖιιι) *Decide on most likely plan/activities to plan/investigate.*

STAGE IV:

Which activity/mix of activities seems to be the most promising route to achieving aims and at same time providing a sufficient financial result to meet needs?

- ***Outline planned enterprises/ activity(s)***

- ***Further description of how the enterprise(s) work(s)***

(This is the route which needs to be examined/tested to see whether it will successfully meet aims and be viable.)

STAGE V: PLANNING TESTS & CHECKS

(i) Market Opportunities – Check/test

- *What is being sold – primary e.g. organic vegetables*
  - secondary e.g.s health
  taste
  individuality

- *Is there a market for the product/services?*

- *Identity of the market/market place:*

- *Is there space in that ?*

- *What type/level of product/service is needed to fulfil the market opportunity?*

- *What price(s) can be charged realistically?*

- *If this information is not readily available and/or further information needed, how can such market information be gained? [Info. Sources e.g. tourist boards, survey of shoppers, survey of food sellers etc]*

N.B. *This check appears here i.e. early-on, as it is a common pitfall area in that often too little attention is given to key market aspects in the general enthusiasm for the venture.*

(ii) Capital check/test - Capital Availability v Capital Required

£

How much capital is available?
(bring forward from Stage II - £Y)

How much capital does plan need for:
Machinery/vehicles
Equipment/plant
Livestock
Land/buildings
Other e.g. tenants in-going building improvements etc *Sub-total:*

Working capital needed to finance production to point of self-financing sales:

N.B. Establish (a) length of this period
(b) costs to be met in this period (i.e. to be met out of initial capital rather than on-going sales)

<u>egs</u>. - direct costs e.g. – seeds
fertilisers
rent
wages
Other e.g. own cash drawing

Total working capital

Total capital usage entries to give: Total capital required(£W)

Total capital available less total capital required (Y-W) =(£ Z)

If £Z is positive then plan has sufficient capital
If £Z is negative then plan is not currently feasible due to inadequate capital – need to:

- *Re-examine - any realistic changes to make it work e.g. not buying machine-using contractor instead.*

- *Re-examine its degree of realism – if wide discrepancy – back to drawing board.*

(ii) Profit Viability - Can plan system meet yearly needs via yearly margin (profit) ? i.e. achieve viability.

Making enough margin (profit) between the yearly sales/receipts total and the yearly costs, is the vital step to on-going financial viability. It is likely that this margin requirement is relatively low in self-sufficient/semi-self-sufficient, systems, higher in other systems. It is a unique figure for a particular business/enterprise, which needs to be covered if the enterprise is to survive and thrive and be on-going.

A yearly budget of anticipated yearly receipts against estimated yearly cost level is needed and then tested for on-going viability.

NB: Time period - it may well take more than 1 year to reach the full system i.e. to allow for the fact that sales (receipts) are likely to take some time to build up and reach anticipated norm level. Will finances withstand a year – possibly two years (more, for instance, in the case of establishing a vineyard) at lower margin (profit) levels? This can be looked at when the cash flow budgets are done. Margin (profit) needs to be calculated on a fully-operating norm year, to see whether the system fully up and running can meet the normal yearly financial demands on it.

EXPECTED YEARLY PROFITABILITY

EXPECTED YEARLY SALES: (for fully operating 'norm' year)

TOTAL	*£*

EXPECTED YEARLY COSTS (exclude yearly machinery/equip./building depreciation)

TOTAL	*£*
EXPECTED YEARLY PROFITABILITY *(Total yearly sales minus total yearly costs)*	*£(V)*

Profit viability test:

*Compare £V with £*X from Stage I (identified yearly profit margin requirement).*

If £V greater than £X , then financial viability looks likely to be established.

If £V less than £X , then likely financial viability is not established so:

- *can relatively minor realistic charges to be made to improve margin and reach viability level?*
- *is more of a major re-think needed?*
- *should this particular plan/system be ditched now?*

NB: This is the value of practical 'real' planning – the planning data indicates the likely level of financial viability/non-viability, and acts as a good discipline for effective enterprise decision making and establishment.

<u>Notes:</u>

Repayment yearly allowance:

IF £Z total from Stage V indicates borrowed capital necessary, divide borrowed capital amount by, say, 5 to give a yearly repayment figure to complete £X.

Re-investment yearly allowance:

To calculate capital re-investment figure to complete £X,(stage 1), take say, 10 – 20% of machinery and equipment capital expenditure, as an annual re-investment figure.

Yearly tax allowance:

To calculate tax for £X completion, take £V, deduct 20% of machinery and equipment capital expenditure, deduct approx. personal tax allowance (currently approx. £5K pa simple allowance) and charge tax at 22% of the remainder margin after tax deductions.

Break-even Analysis

This can be used to indicate how many units need selling to give financial viability and create a meaningful sales target – particularly useful when expected sales hard to predict.

e.g. from profit budget (above) :-

- *<u>yearly total costs + yearly needs figure</u> [£X - Stage I]*

  av. unit selling price (used to work out receipts)

- *This calculation indicates the yearly number of the box sales needed to meet yearly costs and yearly financial requirements (drawings, tax capital etc i.e. £X)*

- *Divide by 52 indicates the weekly sales target figure – how realistic are these weekly figures both from a production and a sales point of view?*

- *Gives a clear 'sales target' figure to aim for - if achieved will give financial viability. Is this 'sales target' a realistic one?*

NB: All enterprises/businesses take time to build-up – for word to get around etc. Full financial performances/viability is unlikely to be achieved, say, in the first year.

iv) Cash viability test

Yearly margin (profit), has been measured over a normalised, full production 12 month period. Finances will fluctuate within that period and the establishment period. For instance, on setting up the organic vegetable enterprise, no cash income will be received from veg. production for say, the first 2 – 4 months – this period is likely to be a period of mainly outgoing cash. From months 5 – 12 then there is likely to be incoming cash as well as outgoing but this may well vary within this period as sales build. How do these varied cash patterns add up to affect overall finances? Can finances cope with potentially lower amounts of incoming cash in the build-up period to full sales and production?

To answer this question and whether finances will be sufficient to cope with such a potentially varied cash flow, the likely anticipated patterns of incoming and outgoing cash on a monthly basis need to be examined and assessed as to their effects on the overall financial position ie how it affects the likely credit or overdraft monthly bank balances.

As ventures take time to build up, particularly sales, the varied cash patterns - for 1 or 2 years normally - need to be looked at and followed by a normal 'full-production' 12 month cash cycle view to check that the 'normal' year will supply sufficient cash for needs. So commonly when planning a new enterprise, a fairly normal cash flow planning period might be 3 years (some ventures, though, e.g. vineyard establishment, will take considerably longer).

Cash Flow Planning	*Notes*
Stages	
- *establish sales categories and yearly realistic sale estimate amounts for each.*	
- *establish any other yearly income amounts.*	*The same yearly totals as used in yearly margin (profit) budget to the full trading year but will differ for the build-up period i.e. sales may well take time to build up*
- *establish cost categories and realistic yearly cost estimates for each*	
- *establish other yearly cash expenditures e.g. private drawings, tax, capital expenditures.*	
- *plot timings of sales and expenses out on cash flow budget form (see below)*	
- *established monthly cash deficits/surpluses.total monthly receipts and expenditure columns*	
- *working from left to right establish first monthly rolling balance in 1^{st} month column (initial bank position plus/minus 1^{st} monthly balance). Complete the 12 months rolling balances by amending each opening balance (ie the previous month's closing balance) by the new month's balance.*	*Add in interest payable on negative (overdraft) balances into the next month's costs using the format: negative balance (of previous month) divide by 12 x interest rate (2.5% over base rate suggested)*
- *do this exercise to cover: -*	
-the initial set-up year	

-the development period after the set-up year (if there is one)

-then one full normalised trading year.

Assess: a) The trends the cumulative balances show – are they all within the available cash limits –if not the planning is demonstrating that the system being investigated/tested is not cash viable.

- can the system be realistically amended to bring about cash viability?

-if not, need to consider a new/different system?

Cash limits set by either amount available and/ or overdraft limit.

b) The yearly trend in the full, normalised yearly cycle: – does the final month's rolling balance show an improvement over the initial opening balance (last year's closing balance)? If so the planning for the normalised year indicates sufficient cash generation to meet normal yearly needs and some 'spare' as a reserve. If not the system needs to be re-examined as it is demonstrating lack of yearly cash availability in the normal fully-operating cycle

Year:-

Months													*Yearly Totals*
Receipts													

Receipts - monthly totals													
Expenses													
Expenses - monthly totals													
**Monthly Balance*													
***Rolling Bank Balance*													

**   Receipts monthly total less expenses monthly total.*

***   Initial balance – then amend by month I's monthly balance to become rolling balance month I. Then amend this by month 2's monthly balance to become month 2's rolling balance – and so on.*

NB: Initial (opening) balance for year 2 will be closing balance for year 1 (and so on).

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Months													*Yearly Totals*
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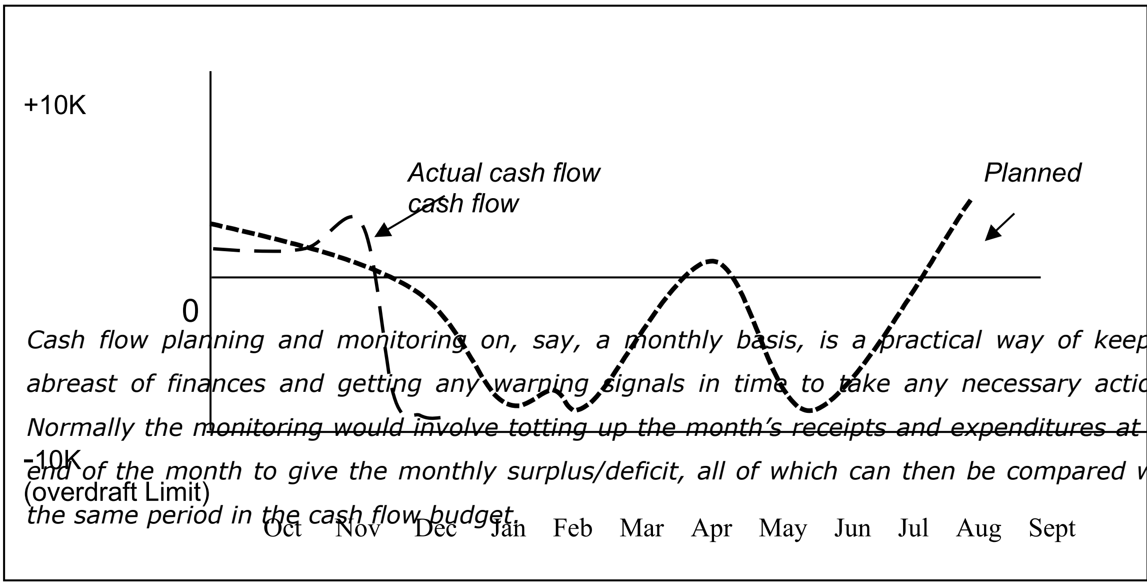
The planning data can be displayed as a graph for easy visual identification – example:-



Cash flow planning and monitoring on, say, a monthly basis, is a practical way of keeping abreast of finances and getting any warning signals in time to take any necessary actions. Normally the monitoring would involve totting up the month's receipts and expenditures at the end of the month to give the monthly surplus/deficit, all of which can then be compared with the same period in the cash flow budget.

NB: *Banks are very keen on cash flow planning and need to be provided with it if they are to be convinced to lend money to facilitate business enterprises. Bankers have a saying 'Profit is a matter of opinion, cash is a matter of fact'. Profit projections will still be required but a banker's first love is cash.*

(v) Risk Analysis and Management checks/tests - are risk levels acceptable/manageable/?

How vulnerable might the project be to competitor ventures taking trade away? (and counteracting strategies)

(Some example strategies to counteract competitive risk:

- *give very good value for money*
  e.g. selling organic veg. retail but at normal veg. prices.

- *give strong personal service (comes over naturally if interested in and enjoying the venture)*
  e.g. – use and share skills/knowledge with customers.

- *demonstrate high care levels*
  e.g. with pets in kennels/cattery.

- *give 'something for nothing'*
  e.g. within a farm visitor operation.

- *try to give a unique experience to customers*
  e.g. farm shop, coffee stop, kiddies play area)

- *aim to encourage customer loyalty/repeat sales – via good service, value – vouchers – 10% off next £5 spent etc., 'extras' given free.*

- *make genuine customer care and help a strong priority – choose staff/people who relate to people and their needs.)*

How stable is the project?

- *Is it high margin, high risk?*
  (the highest margin activities not necessarily the most sustainable)

- *does it have stabiliser elements e.g. lower margin but lower risk activities?*

- *can the risk be spread? e.g. produce various qualities of ice-cream for different market sectors.*

- *can more stability be built-in? e.g. entering into period contracts with buyers/suppliers.*

-
- *- can 'bread and butter' 'secure' income be built-in, e.g. agree regular number of hours/wk contracting with one client.*

How financially secure/vulnerable is the project?

- Does it have a lot of capital invested and at risk?

- can it be reduced by:-
  - *renting/leasing not buying?*
  - *buying 2nd hand not new?*
  - *getting partner(s)?*
  - *starting at a smaller-scale and growing 'organically'?*
  - *staging investments in phases.*

Does the project have significant amounts of borrowed capital (say 25% or more)?

- *can it cope with possible future higher interest rates?*

- *is there the scope to repay loan/overdraft over a realistic period?*

- *will there be assets which could be sold to cover risk in the event of, say, a downturn in economic conditions?.*

- *is there any scope for reducing capital investment (see above) to reduce borrowing dependency?*

Have anti-risk measures been written in? (what are they:)

(e.g.s

- *used relatively conservative figures for expected sales/costs etc in business projections? (note - millennium dome planning fiasco)*

- *allowed to make an extra amount of margin as a hedge against risk?*

- *built-in relevant insurances e.g. key-man insurance, self employed health insurance etc.*

- *'banker' activities included? e.g. post-office within village shop.)*

RISK ASSESSMENT/MANAGEMENT PLAN (summary):

STAGE VII - DECISION TIME

Enterprise planning decisions:

Does the outcome(s) of the planning tests indicate:

Green
Amber *light re a go-ahead decision?*
Red

IF ***Red,*** *'back to drawing board'.*

IF ***Amber,*** *what realistic changes could be made to the planned enterprise to make it viable?*

IF ***Green*** *, final check list:*

- Does the planning process indicate any amendments necessary to initial outline plans – if so what?

    - *Will any amendments be realistic in practice?*

- What is the market niche?

- What type/level of service(s)/product(s)?

- What will customers be buying?

e.g.: *organic produce*

- *food*
- *health*
- *individuality*
- *quality etc.*
-

- What price(s) to be used?

- What associated activity(s) needed eg promotion and advertising?

- What are the main risk areas and the strategies to counteract them?

- What's the level of interest and determination to succeed with the planned enterprise?

- Is there a mentor source to help/support?

Good luck and bon voyage!

ADD-ON 3) *– 'Minimum' Planning Format*
(for non-planners)

Useful questions to answer:

- why will proposed product(s)/service(s) be in demand?

- will proposed product(s)/service(s) have long-term staying power? (e.g. flexible availability to farmers for relief farm work, selling organic produce at non-premium prices etc.)

- will proposed product(s)/services(s) make enough money to meet the money demands? (Aim to broadly identify the level of money demand, and the likely (reliable) income from the enterprise – is there a 'fit'?)

- is there any 'reserve'/further development activity to fall back on/develop?

- what is likely to be the main risk source(s) and how can they be combatted?