

# Agritourism in Focus

## A Guide for Tennessee Farmers





*This publication has been developed as part of the Tennessee Agritourism Initiative under agreement with the Tennessee Department of Agriculture and funded in part by USDA Rural Development.*





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September 2005

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## Foreword

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Agriculture, like every endeavor of man, changes with time, technology, opportunity and constantly shifting human needs and circumstances. Tennessee's agricultural industry has been on a continuum of progress and adaptation since the first settlers crossed the Appalachian Mountains into the Tennessee territory. Today this change continues. Some Tennessee farmers choose to grow increased acreages of traditional row crops in order to maximize profits; others strive to improve the genetics and management of their livestock to increase returns. Some producers explore alternative or specialty crops, and still others seek direct marketing opportunities to keep their farms viable and successful.

For some, agritourism has become another pathway to success in an increasingly urban world where many people crave farm experiences and a connection to their rural heritage. Agritourism can be any experience or business enterprise that brings visitors to the farm, stimulating economic activity on farms and in rural communities.

The Tennessee Departments of Agriculture, Tourist Development, and Economic and Community Development, in association with USDA Rural Development, the Tennessee Farm Bureau Federation, and the University of Tennessee Center for Profitable Agriculture are primary partners in the Tennessee Agritourism Initiative. The goal of this initiative is to increase farm income for interested Tennessee farmers through agritourism and direct marketing opportunities. Farmers who already have direct marketing operations may seek to make them more profitable and to enhance their customers' experiences. Others farmers may be looking for new ways to generate farm income.

As one product of the initiative's efforts, this guide is designed to help farmers operate profitable agritourism enterprises. The initiative partners recognize that some of the information contained in the guide is dynamic and will need to be updated as experience and time dictate. Please feel free to contact the Tennessee Department of Agriculture or the University of Tennessee Center for Profitable Agriculture for additional information concerning agritourism or direct marketing of farm products.

Joe Gaines

*Assistant Commissioner and Chair of the Tennessee Agritourism Initiative  
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Rippavilla, page 58 and front cover (aerial photos)  
Celeste Blackburn, Columbia Daily Herald, page 58 (field damage)  
Ken Hammond, USDA, page 49, front cover (quilt, flowers), back cover (kids in barn, apple picking)  
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## **Introduction**

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This guide has been developed to assist Tennessee farmers and agri-entrepreneurs in evaluating agritourism enterprise opportunities, planning agritourism enterprises, and dealing with issues and obstacles faced by existing agritourism enterprises. It also serves as a resource for professionals working with existing or potential agritourism entrepreneurs. While this guide cannot guarantee success in planning and managing an agritourism enterprise, the concepts it contains are important in enhancing the potential for success.

This guide contains 10 chapters and an appendix dealing with topics critical to the success of agritourism operations. It is designed to be interactive, allowing users to work through exercises and relate the material presented to their specific situations. The order in which topics are presented is not intended to imply the relative importance of one topic over another. All of the topics discussed are important, and many topics are interrelated.

## **Disclaimer**

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The information contained in this publication is deemed correct and accurate to the best of the ability of the authors, based on information utilized at the time of writing. This publication is for educational purposes only and does not constitute legal advice or an interpretation of the law.





## Chapter 1

# An Introduction to Agritourism

### Chapter Overview

As you begin to explore the opportunities that may exist for agritourism on your farming operation, it is important to understand the concepts, background and trends surrounding the agritourism industry. To help you develop this understanding, this chapter will

- Define agritourism
- Discuss potential target markets for agritourism enterprises
- Describe the history of agritourism
- Discuss agritourism in the United States and in Tennessee

### What Is Agritourism?

Agritourism — also called agritainment, agricultural tourism, agrotourism or farm tourism — has several definitions. In 2003, members of the Tennessee Agritourism Initiative steering committee defined agritourism as

An activity, enterprise or business that combines primary elements and characteristics of Tennessee agriculture and tourism and provides an experience for visitors that stimulates economic activity and impacts both farm and community income.



The committee also included the following list of enterprises that usually meet the definition:

- Agriculture-related museums
- Agriculture-related festivals and fairs
- Century Farms
- Corn-maze enterprises
- Farmers markets
- On-farm tours
- On-farm retail markets
- On-farm vacations
- On-farm festivals and fairs
- On-farm petting zoos
- On-farm fee-fishing
- On-farm horseback riding
- On-farm bed and breakfasts
- Pick-your-own farms
- Wineries

Although other definitions exist as well, most definitions of agritourism have a common theme that combines elements of the tourism industry with elements of the agriculture industry. This common theme involves bringing members of the public to farms. The ultimate goal of an agritourism enterprise is often to increase farm income by providing education and/or recreation to consumers.

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## Agritourism Target Audiences

Many types of consumers are potential target audiences (or markets) for agritourism enterprises. The types of consumers vary as widely as the types of activities that may be offered at an operation. Target audiences for agritourism operators, in very general terms, may include but are not limited to

- School teachers/school groups
- Youth civic and church groups
- Adult civic and church groups
- Garden clubs
- Business leaders
- Birthday-party planners
- Brides and grooms-to-be
- Married couples
- Local families with children
- Families on vacation
- Business travelers
- Fair and festival goers
- Teenagers
- History buffs
- Wine connoisseurs
- Hunters
- Wildlife watchers
- Landscape and wildlife photographers
- Outdoor enthusiasts (hikers, bikers, boaters, rafters, etc.)
- Equine enthusiasts
- Travel/tour firm

Each target audience may be looking for something different at an agritourism enterprise. One may be looking for an educational program while another may be looking for a relaxing or romantic getaway. Still other target audiences may be looking for recreational activities, entertainment, an event location (for business or organizational meetings, family reunions, birthday parties, weddings, receptions or other events), an authentic farm experience or a source of direct-from-the-farm products.



## History of Agritourism

Agritourism has been around for a lot longer than one might think. The history of agritourism is discussed in the following excerpt from a University of Tennessee Extension publication, *Considering an Agritainment Enterprise in Tennessee?*<sup>1</sup>

Agritainment (agritourism and entertainment farming enterprises) has an extensive history in the United States. Farm-related recreation and tourism can be traced back to the late 1800s, when families visited farming relatives in an attempt to escape from the city's summer heat. Visiting the country became even more popular with the widespread use of the automobile in the 1920s. Rural recreation gained interest again in the 1930s and 1940s by folks seeking an escape from the stresses of the Great Depression and World War II. These demands for rural recreation led to widespread interest in horseback riding, farm petting zoos and farm nostalgia during the 1960s and 1970s. Farm vacations, bed and breakfasts, and commercial farm tours were popularized in the 1980s and 1990s.

The demand for a slower-paced farm experience, once supplied by rural family members, seems to be somewhat difficult to satisfy today because of the four- and five-generation gap between farm and non-farm citizens.

<sup>1</sup>Holland, Rob and Kent Wolfe. *Considering an Agritainment Enterprise in Tennessee?* University of Tennessee Extension publication PB1648. Available online at <http://www.utextension.utk.edu/publications/pbfiles/pb1648.pdf>. Accessed March 10, 2005.

## Agritourism Today

Today, agritourism continues to be an opportunity to increase income for some farmers and agribusinesses around the nation. Some producer organizations, state and federal government agencies, university Extension programs, state tourism offices, professional consultants and the media are recognizing agritourism as an industry and devoting resources to address it.

The United States Department of Agriculture (USDA) estimates that more than 62 million people age 16 years and older visited farms during a one-year period in 2000 and 2001.<sup>2</sup> This does not count the numerous children and youth under 16 years of age who visited farms during this time period. One estimate suggests approximately 20 million children under the age of 16 also visited farms during the year, making the total number of visitors to farms approximately 82 million.<sup>3</sup>

The USDA also investigated the reasons people made trips to farms. Responses included "enjoy rural scenery," "learning where food comes from," "visit family or friends," "watch or participate in farm activities," "purchase agricultural products," "pick fruit or produce," "hunt or fish," or "spend a night." Responses are summarized in the table below. The reason most often given, by a total of 53 million respondents, was to "enjoy rural scenery." "Learning where food comes from" and "visit family or friends" received the next highest numbers of responses with 44 million and 40 million respectively.

Reason for Trip	Number of Responses* (millions)	Percent of Respondents
Enjoy rural scenery	53	86
Learning where food comes from	44	71
Visit family or friends	40	63
Watch/participate in farm activities	41	64
Purchase agricultural products	27	39
Pick fruit or produce	27	43
To hunt and fish	16	27
Spend a night	19	8
*Sum of "important" and "somewhat important" responses.		

The study found that farm visitors traveled an average distance of 80 miles, and responses ranged from zero to 1,000 miles. Farm visitors reportedly spent an average of \$45 on the trip, including gas and other travel expenses, with trip costs ranging from zero to \$450.

Among farm visitors and rural sightseers responding to the survey, the average respondent is described as being in the early 40s with a median family size of three. The average family income is approximately \$50,000. The average respondent has at least some college education with approximately one-third of respondents having at least a bachelor's degree. They typically work a 40-hour week.

A survey of Tennessee agritourism enterprises was conducted in the fall of 2003 as part of the Tennessee Agritourism Initiative. Results from the study are available in UT Extension publication PB1747, *A Snapshot of Tennessee Agritourism*. The following is a reprint of the publication's Executive Summary.

A total of 210 existing agritourism enterprises were successfully contacted in the fall of 2003 to participate in a survey by the Tennessee Agritourism Initiative. The purpose of this study was to identify characteristics of the agritourism industry in Tennessee and to identify issues and obstacles faced by agritourism enterprises that may be addressed through research, teaching and outreach.

Approximately 80 percent of enterprises offer visitors more than one attraction, and 60 percent of enterprises are open only seasonally. The operators identified advertising, marketing and promotions as the most important factors of success for their enterprises.

Additional information was learned about typical agritourism

<sup>2</sup>USDA Forest Service, Interagency National Survey Consortium. *National Survey on Recreation and the Environment (NRSE)*. 2000-2003. Visit [www.srs.fs.fed.us/trends](http://www.srs.fs.fed.us/trends) for more information.

<sup>3</sup>Maetzold, Jim. National Alternative Enterprise and Agritourism Leader, USDA/NRCS. Personal Correspondence. March 9, 2005.

enterprise customers. Survey respondents reported that 85 percent of total visitors to their enterprises were from in state. Half of visitors were reported as being one-time visitors to enterprises. Ten percent of total visitors in 2002 were part of organized group visits. Half of the visitors in groups were part of school groups, and another 15 percent of visitors in groups were part of travel or tour groups.

Agritourism has a significant impact on Tennessee's economy. Respondents accounted for approximately 3.5 million visitors in 2002. Customers spent up to \$400 per visit at agritourism enterprises in 2002 with 30 percent of enterprises earning between \$1 and \$10 per visitor. Annual gross sales for enterprises in 2002 ranged from \$0 to more than \$1 million. Enterprises accounted for a significant number of full- and part-time jobs both year-round and seasonally. Approximately 63 percent of respondents had plans to expand their operation in the next three years.

The inventory also provided information on the issues and obstacles faced by agritourism operators and identified topics in need of research, education and outreach. Survey respondents reported that they have the most difficulty on average in 'promoting their enterprises' and 'finding and hiring qualified employees.' They also experience 'some difficulty' with 'liability insurance,' 'identifying markets,' 'signage,' 'preparing business plan' and 'financing issues.' Approximately one-third of enterprise operators identified 'advertising, marketing and promotions' issues as being an area where service is needed. Approximately 11 percent of respondents reported that 'money and funding' was needed. The relatively large number of respondents who did not know answers to several key benchmark evaluation measures also indicated a need for education and outreach.

## Chapter Review

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Understanding the basics of the agritourism industry will help you begin to explore the opportunities that may exist for your operation. Some key points to remember are as follows:

- Agritourism has several definitions, but most combine elements of the tourism industry with elements of the agricultural industry by bringing consumers to farms.
- The ultimate goal of an agritourism enterprise is often to increase farm income by filling customer needs for education and recreation.
- Many different target audiences (or markets) exist for agritourism enterprises. Different audiences have various reasons for seeking out an agritourism operation.
- The concept of agritourism dates back to the late 1800s and continues to evolve today.

## Additional Resources

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**Annual Economic Impact Reports** from the Tennessee Department of Tourist Development are available online at <http://www.state.tn.us/tourdev/reports>.

The **USDA Forest Service, Recreation, Wilderness, Urban Forest, and Demographic Trends Research Group** has information available online at <http://www.srs.fs.usda.gov/trends/>.

The results of the **2001 National Survey of Fishing, Hunting, and Wildlife Associated Recreation-Tennessee** are available online at <http://www.census.gov/prod/2003pubs/01fhw/fhw01-tn.pdf>.

The **USDA Natural Resources Conservation Service** provides information about the agritourism industry, including success stories, on their Web site at <http://www.nrcs.usda.gov/technical/ress/altenterprise/index.html>.

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## Chapter 2

# Preliminary Evaluation

## A Snapshot of Your Potential



### Chapter Overview

When considering whether to start and operate an agritourism enterprise, you should evaluate many factors. These include personal characteristics and skills, target markets, market potential, land and property resources and characteristics, individual and family goals, time and labor considerations, and financial needs and resources. This chapter serves as a preliminary evaluation tool designed to give you a better understanding of factors to consider. Completing the exercises will help you understand your potential for success. In this chapter, you will

- Evaluate your personality traits compared to traits of typical entrepreneurs
- Identify and analyze your goals
- Evaluate the characteristics of your land and property
- Evaluate time considerations and labor needs
- Assess preliminary market information
- Brainstorm and develop ideas for agritourism activities
- Identify financial needs and resources

After completing the exercises, you may decide agritourism is not for you. If after completing this evaluation you believe agritourism is still a possibility for you, your next step should be to develop thorough business and marketing plans to evaluate your potential for success in greater detail.

The entire set of exercises should be completed to achieve a comprehensive evaluation. It is recommended that everyone who will be involved with the agritourism enterprise participate in completing these exercises.

### Personal Evaluation: Are You Ready to be an Agritourism Entrepreneur?<sup>1</sup>

One of the keys to a successful agritourism enterprise is your ability to manage the multiple components of the business. These include financial management, accounting, personnel management, operations, marketing, safety, customer service and legal considerations. Several personality traits are common among successful entrepreneurs. Successful entrepreneurs tend to be risk takers, lifetime learners, independent, responsible, patient, efficient, resourceful, determined, goal-oriented, self-confident, creative, perseverant, objective, proactive, strong leaders and effective communicators. The following personal evaluation exercise was developed to help you analyze your potential to be an agritourism entrepreneur.

<sup>1</sup>Adapted from the following sources:

- Small Business Administration. *Checklist for Going into Business*. Small Marketers Aids #71. 1977 Revision, pp. 4-5.
- Holland, Rob. Evaluating the Potential of Value-Added Agricultural Ideas: A Series of Worksheets to Assess Feasibility. ADC Info #16. October 1998.

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## Personal Evaluation Exercise

For each of the following 25 statements, circle the letter corresponding to the response that describes you best. Circle **A** if you **agree** with the statement, **SA** if you **somewhat agree** with the statement, **SD** if you **somewhat disagree** with the statement and **D** if you **disagree** with the statement.

Statement	Agree	Somewhat Agree	Somewhat Disagree	Disagree
1. I am a self-starter.	A	SA	SD	D
2. I relate well with others.	A	SA	SD	D
3. I enjoy being around and responsible for a large number of people, including children.	A	SA	SD	D
4. I look forward to meeting people and opening my farm up to the public.	A	SA	SD	D
5. I am an effective leader.	A	SA	SD	D
6. I am responsible and enjoy being responsible.	A	SA	SD	D
7. I have effective organizational skills and abilities.	A	SA	SD	D
8. I have a strong work ethic.	A	SA	SD	D
9. I am comfortable making important decisions.	A	SA	SD	D
10. I am honest even if the truth is not what people want to hear.	A	SA	SD	D
11. If I make up my mind to do something, I do not let anything stop me.	A	SA	SD	D
12. I am in good health, have plenty of energy and rarely get sick.	A	SA	SD	D
13. I am patient.	A	SA	SD	D
14. My family is 100 percent committed to starting and operating an agritourism venture.	A	SA	SD	D
15. I am courteous and understanding.	A	SA	SD	D
16. I have a strong desire to succeed.	A	SA	SD	D
17. I have experience in managing and operating a business.	A	SA	SD	D
18. I am an effective communicator.	A	SA	SD	D
19. I enjoy learning new things.	A	SA	SD	D
20. I am competitive in nature.	A	SA	SD	D
21. I am effective at setting and meeting deadlines to accomplish tasks.	A	SA	SD	D
22. I adapt well to change.	A	SA	SD	D
23. I am willing to risk losing an investment.	A	SA	SD	D
24. I will be able to survive financially if a new enterprise does not generate a profit for a few years.	A	SA	SD	D
25. I am prepared to invest substantial time in planning and operating a new enterprise.	A	SA	SD	D



Once you have circled answers to all of these statements, follow the directions below to score your responses.

1. Count the number of times you circled each response (A, SA, SD, D) and write the number in the table below under **Number of Responses**.
2. Multiply the **Number of Responses** times the given **Points per Response** and write the product in the table under **Points**.
3. Add the points for each of the four categories of responses and write the sum in the table next to **Total Score**.

	Number of Responses	Points per Response	Points
Agree (A)		x 4 =	
Somewhat Agree (SA)		x 3 =	
Somewhat Disagree (SD)		x 2 =	
Disagree (D)		x 1 =	
<b>Total Score</b>			

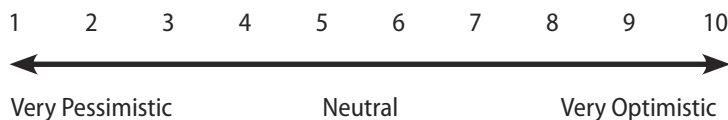
4. Compare your total score to the ranges below.

**90-100** Your personality and skills are similar to individuals who have succeeded as entrepreneurs.

**75-89** You have some characteristics similar to individuals who have succeeded as entrepreneurs. You should consider whether others involved in the operation are strong in areas challenging to you.

**0-74** You do not have characteristics similar to individuals who have succeeded as entrepreneurs, and you should reconsider your entrepreneurial project.

After evaluating your personal characteristics, how do you feel about your overall potential to operate and manage an agritourism venture? Circle the corresponding number below on a scale of 1 (very pessimistic) to 10 (very optimistic).



## Goal Identification<sup>2</sup>

If you don't know where you are going, how will you know when you get there? This is the essence of goal setting, and it has a direct relationship to evaluating a new agritourism venture. Starting and operating a successful enterprise is often only a means to a much larger end. Therefore, identifying your ultimate ambition is critical to properly assessing the true merit of the agritourism enterprise idea.

Identifying your goals focuses your attention and provides a basis for making decisions. Setting and achieving goals keeps an enterprise going in the right direction. Without goals, an idea's ultimate feasibility cannot be evaluated.

You should develop goals, but not just once. Goals, personal and business, change over time. Therefore, goals should be developed early in the life of a business and then evaluated and adjusted to address changing times and changing desires.

Your agritourism enterprise goals should meet the S.M.A.R.T. criteria. That is, each goal should be *Specific, Measurable, Attainable, Rewarding* and *Timed* in order to be effective. Use the following exercise to assist in the identification and development of the goals for your agritourism enterprise idea. Make sure that each of your goals is S.M.A.R.T.

<sup>2</sup>Adapted from Holland, Rob. *Evaluating the Potential of Value-Added Agricultural Ideas: A Series of Worksheets to Assess Feasibility. Preliminary Worksheet #2*. Center for Profitable Agriculture publication. ADC Info #16. October 1998.

## Goal Identification Exercise

1. What are your ultimate lifetime goals?


2. What are your goals for the next three to five years?


3. What are your goals for the coming year?

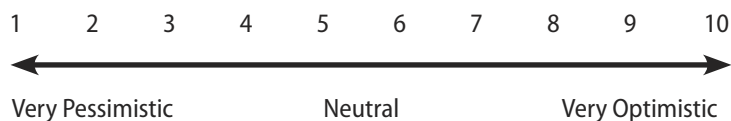

4. How might an agritourism enterprise fit into these goals?


5. If you were to develop an agritourism enterprise, would it be profit driven or is profit not a main consideration?

☐ Profit Driven    ☐ Not Profit Driven

If not profit driven, what factors would drive your enterprise?


After identifying and analyzing your goals, how do you feel about the overall potential of your agritourism enterprise idea? Circle the corresponding number below on a scale of 1 (very pessimistic) to 10 (very optimistic).



## Land and Property Evaluation

As with all businesses and tourism activities, the natural environment and the experience or product offered are at the heart of success. Therefore, it is extremely important to analyze all property assets and characteristics to maximize the potential for success. The following exercise will assist in the analysis of your land and property resources and help you develop an agritourism enterprise that is unique and marketable. Remember, something you believe is ordinary may be unique and interesting to others.



### Land and Property Evaluation Exercise

Fill in the table below with the location, number of acres and current use(s) of available land. Consider all activities for which the property is currently being used. This would include the raising of livestock, growing of crops, living/residential space and recreational activities. Be very specific and list all activities that currently take place on the property throughout the year.

Land Location	Number of Acres	Current Use(s)

List any unique or interesting characteristics of your land and property. Consider the topography of the farm; vantage points; special crops grown; wildlife; springs, ponds and creeks; caves; structures; wooded areas; plant life; and other unique characteristics. You may want to ask friends, neighbors or others what they think are the unique or interesting characteristics of your land and property.


List any potentially hazardous characteristics of your land and property. Some of the characteristics listed above may also be listed here. Consider old wells or mines; streams and ponds; barbed wire fences; cliffs or drop-offs; fuel or chemical storage; areas where farm equipment is parked; potentially dangerous plants, wildlife or livestock; and other characteristics.

[illegible]

Another approach to identifying special features of your land and property is to create a map of the farm that specifies unique or interesting characteristics as well as potential hazards. It is also important to think about areas of the farm or business that you do not want accessible to individuals. The map will be particularly useful when you begin to plan parking locations, activity locations, trails and other activities that involve land resources. Use the grid on the next page to map your farm and agritourism enterprise.

After identifying your land and property assets and characteristics, answer the following questions.

Do you have an adequate amount of property available for use in an agritourism operation, including room for activities/attractions and parking?

☐ Yes    ☐ No    ☐ Do Not Know

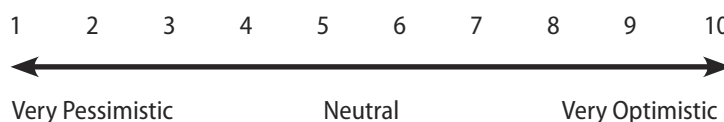
Do you have some unique land or property resources that will be strengths of your agritourism operation?

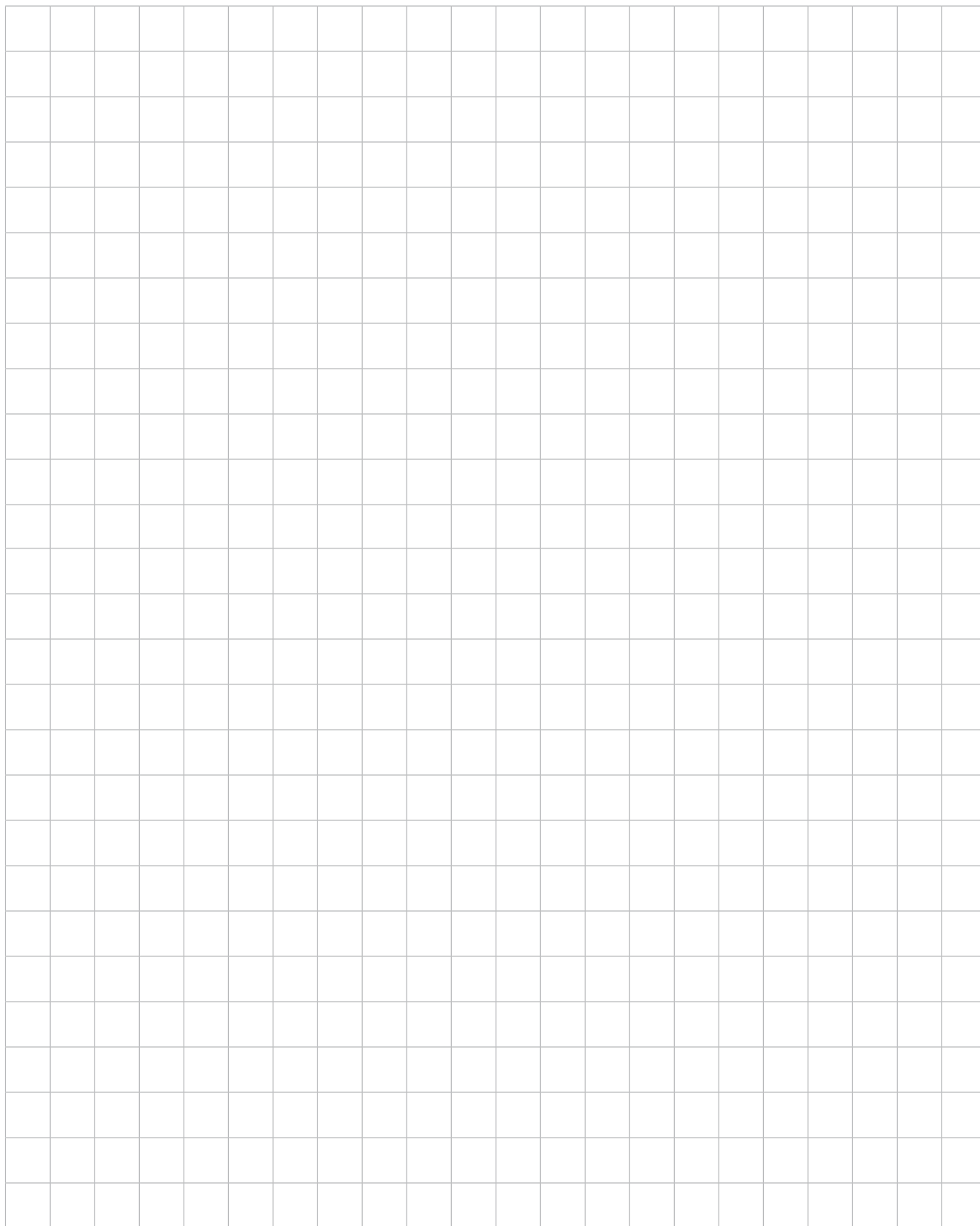
☐ Yes    ☐ No    ☐ Do Not Know

Does your land or property have particular characteristics that may be liabilities to an agritourism enterprise?

☐ Yes    ☐ No    ☐ Do Not Know

After assessment, how do you feel about the overall potential of an agritourism venture? Circle the corresponding number below on a scale of 1 (very pessimistic) to 10 (very optimistic).





Be sure to return to the previous page to complete the Land and Property Evaluation Exercise.

## Time and Labor Resource Evaluation

Time is one major limitation for agritourism entrepreneurs. When considering an agritourism venture, it is important to analyze the amount of time available for preparation for and accommodation of visitors in addition to existing farm activities. The following exercise will assist you in evaluating your time and labor resources.

### Time and Labor Resource Evaluation Exercise<sup>3</sup>

Fill in the following table by listing your current farm operations or tasks and placing an X under the columns corresponding with months when the operation requires labor. Include time spent in all aspects of the task including planning and preparation, actual implementation, and follow-up activities. Then, following the same process, add proposed agritourism activities and their labor requirements.

Task Schedule												
Tasks	January	February	March	April	May	June	July	August	September	October	November	December
Current Tasks												
Proposed Agritourism Tasks												

<sup>3</sup>Adapted from Woods, Tim and Steve Isaacs. *A Primer for Selecting New Enterprises for Your Farm*. AEES No 2003-13. University of Kentucky. August 2000.



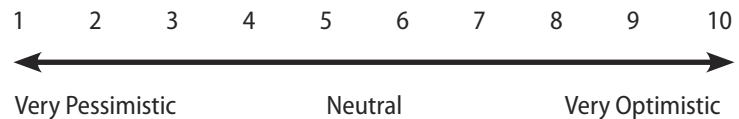
Considering the information from the task schedule, do you have the necessary time and labor resources to manage and operate your existing farm enterprises, take care of personal obligations and conduct agritourism activities effectively?

☐ Yes   ☐ No   ☐ Do Not Know

Are family members and hired employees committed to taking on the additional time, effort and responsibility for an agritourism operation?

☐ Yes   ☐ No   ☐ Do Not Know

After evaluating time and labor resources, how do you feel about your overall potential to operate and manage an agritourism venture? Circle the corresponding number below on a scale of 1 (very pessimistic) to 10 (very optimistic).



## Preliminary Market Analysis

Considering the potential market(s) for an agritourism enterprise is vital in determining the potential for success of such an enterprise. The following exercises will assist you in assessing some very basic market considerations.

### *Preliminary Market Analysis Exercise*

Describe the type of people you envision visiting your agritourism enterprise. For example, are they school groups, families with children, gardeners, interstate travelers, bus tour groups or others? Many potential agritourism target audiences are listed in Chapter 1.


Describe the types of people, if any, that you would rather not target with your enterprise. For example, you might decide not to target school groups because you become nervous around groups of children.



[illegible]

1 2 3 4 5 6 7 8 9 10

Very Pessimistic Neutral Very Optimistic

## 14

### Attraction Brainstorming Exercise

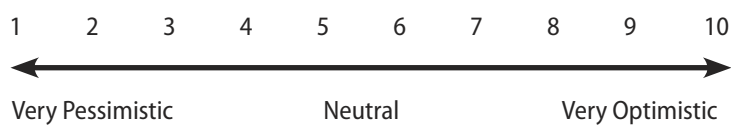
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A list of some possible agritourism activities and operations follows. Read through the list and mark activities that best fit the strengths of your resources.

- |  |  |
|--|--|
| <input type="checkbox"/> Bed and breakfast   | <input type="checkbox"/> Hiking Trails                                   |
| <input type="checkbox"/> Bicycle trails and rentals  | <input type="checkbox"/> Historical museums and displays                 |
| <input type="checkbox"/> Bird watching   | <input type="checkbox"/> Haunted barn or house                           |
| <input type="checkbox"/> Boating, canoeing, kayaking, tubing or rafting  | <input type="checkbox"/> Horseback trail riding                          |
| <input type="checkbox"/> Camping   | <input type="checkbox"/> Hunting dog training and competitions           |
| <input type="checkbox"/> Catering services   | <input type="checkbox"/> Laser tag                                       |
| <input type="checkbox"/> Cave tours  | <input type="checkbox"/> Living history events                           |
| <input type="checkbox"/> Children's camps  | <input type="checkbox"/> Mountain biking                                 |
| <input type="checkbox"/> Classes, clinics or demonstrations (farming, ranch skills, cooking, planting, harvesting, fishing, hunting, wildlife viewing) | <input type="checkbox"/> Off-road vehicle driving areas                  |
| <input type="checkbox"/> Community supported agriculture (CSA)   | <input type="checkbox"/> On-farm retailing                               |
| <input type="checkbox"/> Corn cannon   | <input type="checkbox"/> Pack trips                                      |
| <input type="checkbox"/> Corn maze (educational, haunted)  | <input type="checkbox"/> Paint ball                                      |
| <input type="checkbox"/> Cut your own Christmas trees  | <input type="checkbox"/> Petting zoo                                     |
| <input type="checkbox"/> Dairy shares  | <input type="checkbox"/> Photography/painting                            |
| <input type="checkbox"/> Display gardens (flowers, greenery, herbs)  | <input type="checkbox"/> Picnic area                                     |
| <input type="checkbox"/> Educational or technical tours  | <input type="checkbox"/> Playground                                      |
| <input type="checkbox"/> Event hosting (birthday parties, family reunions, corporate retreats, receptions, weddings)                                   | <input type="checkbox"/> Pony rides                                      |
| <input type="checkbox"/> Farm or ranch work experience   | <input type="checkbox"/> Pumpkin painting                                |
| <input type="checkbox"/> Farm stays  | <input type="checkbox"/> Refreshment sales                               |
| <input type="checkbox"/> Fee fishing   | <input type="checkbox"/> Rent a cow or tree                              |
| <input type="checkbox"/> Fee hunting (dove, duck, goose, pheasant, turkey, deer, small game)   | <input type="checkbox"/> Roadside markets                                |
| <input type="checkbox"/> Festivals (seasonal, harvest, food, holiday)  | <input type="checkbox"/> Rock climbing or rappelling                     |
| <input type="checkbox"/> Game preserve or guided hunts   | <input type="checkbox"/> Rodeos  |
| <input type="checkbox"/> Goat walk   | <input type="checkbox"/> School tours or activities                      |
| <input type="checkbox"/> Go-carting  | <input type="checkbox"/> Self-guided driving tours                       |
| <input type="checkbox"/> Guided crop tours   | <input type="checkbox"/> Shooting range (firearm or moving-target skeet) |
| <input type="checkbox"/> Guiding and outfitting  | <input type="checkbox"/> Sorghum maze                                    |
| <input type="checkbox"/> Habitat improvement projects  | <input type="checkbox"/> Swimming area                                   |
| <input type="checkbox"/> Hay bale maze   | <input type="checkbox"/> Pick-your-own operations                        |
| <input type="checkbox"/> Hay rides   | <input type="checkbox"/> Wagon trains                                    |
|  | <input type="checkbox"/> Wilderness experiences                          |
|  | <input type="checkbox"/> Wildlife viewing                                |
|  | <input type="checkbox"/> Winery tour or wine tasting                     |
|  | <input type="checkbox"/> Working farm stays                              |

What other types of activities or services could be considered for your operation? Remember to consider your unique personality and skills, land and property characteristics, and defined goals. Are there activities other than those listed on the previous page that you might offer at your agritourism operation? List them here.


After evaluating your agritourism activity options, how do you feel about your potential agritourism venture. Circle the corresponding number below on a scale of 1 (very pessimistic to 10 (very optimistic).



## Financial Situation Evaluation

Adequate financial resources for start-up and operations are critical to the potential success of any business. Often, starting a new enterprise is not an effective way to save an operation already experiencing financial difficulty. The following exercise will help you evaluate your financial situation.

### Financial Evaluation Exercise

In the following table, list any liabilities and debts you currently owe and calculate your total debt.

Description of Liability/Debt	Amount of Liability/Debt
	\$
	\$
	\$
	\$
	\$
	\$
	\$
<b>Total Debt</b>	\$

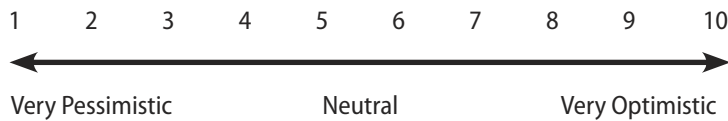
How much capital do you have available for start-up and operating expenses?

\$ \_\_\_\_\_

Do you have a source for additional, affordable capital if needed?

☐ Yes      ☐ No

After evaluating your financial situation, how do you feel about your potential agritourism venture? Circle the corresponding number below on a scale of 1 (very pessimistic) to 10 (very optimistic).



## Summary Analysis

By completing the previous exercises, you have considered several important factors to help you determine whether agritourism is an enterprise you would like to investigate further. This final exercise will help you to summarize what you learned.

### Summary Analysis Exercise

The factors examined in the previous exercises are listed in the following table. Indicate whether the information learned about yourself and your resources for each of these factors is a positive (pro) or negative (con) in your decision to pursue agritourism as an enterprise. Summarize your reasoning in the appropriate space. Some factors may be both positive and negative in different ways.

	Positive	Negative
Entrepreneurial experience and skills		
Goals		
Land and property resources		
Time and labor resources		
Preliminary market analysis		
Agritourism activity options		
Financial situation and resources		

**Consider all the information learned through the evaluation exercises included in this chapter. Do you feel agritourism is right for you?**

☐ Yes      ☐ No

If yes, this analysis is only the beginning of evaluating your potential and planning for an agritourism enterprise. More in-depth analysis of your potential through business planning, market planning, risk assessment and management, and consideration of government regulations is needed.

## Chapter Review

The exercises contained in this chapter were designed to help you determine whether agritourism might be right for you and your family. Here are some key points to remember.

- Everyone in your family should be involved in completing evaluation exercises
- Factors that should be considered in a preliminary evaluation include
  - Personal skills and traits
  - Goals
  - Land and property characteristics
  - Time considerations and labor resources
  - Potential target market and competition information
  - Financial needs and resources
- If you are still interested in pursuing an agritourism enterprise, you should complete thorough business and marketing plans including a complete consideration of risk and government regulations

## Additional Activity

Visit several agritourism operations as a customer and observe the enterprise in action. Talk with the owners and employees to get a feel for how the business works and how you would feel about being responsible for a similar operation.

## Additional Resource

***Taking the First Step: Farm and Ranch Alternative Enterprise and Agritourism Resource Evaluation Guide*** is a document published by the Southern Maryland Resource Conservation and Development Board with similar evaluation exercises. The document focuses more heavily on evaluating your natural resources. The guide is available online at <http://nracs.usda.gov/technical/RESS/altenterprise> or by calling (202) 720-2307.

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## Chapter 3

# Business Planning



### Chapter Overview

This chapter walks you through the key steps of a business plan. A business plan is vital to entrepreneurial success because it provides a clear understanding of your agritourism enterprise, facilitates business management and is helpful in obtaining financing. To assist in the development of a business plan for your agritourism enterprise, this chapter will

- Define a business plan
- Describe the components of a business plan
- Provide tools to assist in developing your business plan
- Describe potential financing sources
- Discuss threats to success

### What Is a Business Plan?

A business plan clarifies the values, goals, challenges and strategies of your agritourism enterprise. A business plan allows you to make mistakes on paper by providing you the chance to work through business decisions before committing resources. Then, it provides guidance and focus for managing your operations. A business plan may also be helpful in securing financing by providing lenders a look at your financial situation and expectations. The business plan should be a dynamic document and should be kept up-to-date and reevaluated periodically to reflect changes in your values, goals, challenges and strategies.

#### 1. Executive summary

The executive summary is a one-page summary of your business plan. The summary should briefly describe your agritourism enterprise idea and discuss the conclusions made in your financial strategy. This section comes first in your business plan, but it is normally written last.

#### 2. Mission statement

The mission statement reflects the core purpose of your business, stating your values in a focused sentence of less than fifty words.

#### 3. Business concept or idea

Your business idea consists of a one-page, concise, complete and persuasive statement describing the what, where, why and how of your agritourism enterprise. This section includes a description of your

- Agritourism enterprise idea
- Product(s) and/or service(s)
- Target audience
- Enterprise's "fit" with others in the region, both competitive and complementary

#### 4. Measurable goals, expected outcomes, objectives and action steps

This component of your business plan describes the goals of your enterprise as well as the outcomes you expect, objectives and

### Components of a Business Plan

The business plan has ten major components, which are described in a suggested, but not required, order. Later in the chapter, exercises are provided to help you develop information for these plan components.

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Threats to Success .....	29
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the steps you will take to reach your goals. Goals describe the long-term plans (three to five years) you want to achieve. Objectives are your short-term (one year or less) plans that identify how you will meet your goals. Goals are *what* is to be accomplished, and objectives are *how* it is to be accomplished.

5. *Background information (industry research and market analysis)*

Background information relative to your agritourism enterprise is explained in this section. It includes background on why you are choosing to develop an agritourism enterprise and market analysis information. You may describe the need for your enterprise in your area and trends in the agritourism industry. Much of this information will be collected as part of your marketing plan, as described in Chapter 4.

6. *Management needs and management history*

The management needs and history section of the business plan explains how you will run your business and describes your management team, the legal structure of the enterprise, insurance needs and staffing needs. It also notes what regulatory agencies you will be working with and how you will address their requirements.

7. *Marketing strategy*

This section of the business plan describes the strategies you will use to market your agritourism enterprise. Marketing strategies should be developed for “the four P’s of marketing” — product, price, place and promotion. These strategies will be developed as part of your complete marketing plan in Chapter 4.

8. *Financial strategy*

Your financial strategy is basic to making management decisions and obtaining financing. In this section, you will identify sources of existing debt and financing needs. You will also develop financial statements including a profit-loss statement, a balance sheet and a cash flow projection that includes sales projections. These statements will be summarized in this section of the business plan.

9. *Exit strategy*

An exit strategy specifies situations in which you would plan to exit the business or situations that might necessitate closing the business. The exit strategy should also outline the method you will use to exit the business.

10. *Appendix*

The appendix is located at the end of the business plan, furnishing supporting documents. Financial statements, customer support statements and credit terms available should all be included.

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## Developing Your Business Plan

Developing a business plan takes time and commitment from everyone involved in the management of the enterprise. This portion of the chapter will assist you in the developing the many components of a business plan.

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### *Establish a Mission Statement*

Your first task should be the development of a mission statement. To do this, you must first clarify and understand your own values.

Differences exist between your enterprise and others because of the values that you and your family live by. Since those values are expressed in your agritourism enterprise, it is important that you identify them so they can guide your decision-making processes.

The following worksheet can be used to explore your values. Start by making more copies of the worksheet. Each person involved in the enterprise should complete one. Then combine everyone’s answers on one form.

## Values Worksheet

To use the worksheet, consider the values listed in the far left column. For each value listed, indicate how important that specific value is to you by putting a check mark in the corresponding column.

Values	Least Important	Not So Important	More Important	Most Important
Spending time with family				
Embracing spirituality or church				
Enjoying privacy				
Participating in the community				
Building a stronger local community				
Keeping land in the family				
Maintaining family heritage or history				
Restoring the farm				
Protecting the resource base				
Enjoying the natural environment				
Displaying land stewardship				
Making land available for children and grandchildren				
Leaving a legacy				
Continuing the family business				
Ensuring economic security and sustainability				
Producing food for others				
Providing the highest quality product				
Providing the most affordable product				
Raising unique crops or animals				
Sharing "lessons learned" with others				
Teaching others				
Continuing to learn				

Once the values worksheets are complete, talk about the results. Then discuss the following questions.

- What do we want this ranch or farm to look like at the end of our stewardship?
- What quality of life is important to us?
- What relationship do we want with family members? The local community? Vendors? Clients?
- What changes are we willing to make to the farm so the above can happen?
- What changes are we willing to make about ourselves so the above can happen?
- Who can help us make the above happen?
- What resources do we have to make the above happen?

Once discussions of your values and the previous questions are finished, you should be prepared to construct your mission statement.

Your mission statement should describe who you are (you meaning your agritourism enterprise), whom you will serve, what you will do and what you aim to accomplish. The statement should be clear and concise. Try to limit it to one sentence.

Mission Statement

### ***Describe Your Idea***

After developing your mission statement, the next step in writing a business plan is to describe your business idea or concept. Your business idea is the what, where, why and how of your enterprise. It is a particularly dynamic component of your business plan, and will likely change throughout the creation of your plan. This section should also be written clearly and concisely and limited to a one-page summary. The business idea component of the business plan is also used as the first portion of the business plan's executive summary.

In the business concept or idea component of the business plan, describe your enterprise, product(s) and/or service(s) to be offered and how your enterprise fits with other businesses in your geographic area. You may need information from your thorough marketing plan to be discussed in Chapter 4.

#### *Your agritourism enterprise*

Explain when your enterprise was started or is projected to start. Describe why it was started, who started it and how it fits into your overall farm operation. Identify your business structure.

#### *Your product(s) and/or service(s)*

Describe your product(s) and/or service(s). Explain why people should buy your product(s) and/or service(s), how your product(s) and/or service(s) are unique, what it will cost to provide them and what you will charge. Also describe how your business compares to other similar enterprises.

#### *Your customers*

Describe your target customers. Define their gender, age, income, occupation, location, family status, education and interests.

*How your enterprise fits with others in the region*  
Explain what complementary and competitive enterprises exist in your area. Describe how you might collaborate with these businesses.

Develop a business concept or idea for your agritourism enterprise. Remember to keep your mission in mind and be aware that this concept may change as you continue to develop your business plan.

## Business Concept

### *Set Goals, Expected Outcomes, Objectives and Action Steps*

Having developed a mission statement and described your business concept, you are now prepared to set goals for your enterprise. From these goals, you will also describe expected outcomes, create objectives and define action steps.

As discussed in Chapter 2, goals should meet the S.M.A.R.T. criteria. That is, each goal should be Specific, Measurable, Attainable, Rewarding and Timed in order to be effective. It is often helpful to begin a goal with an action verb such as “provide,” “create,” “ensure” or “develop.”

You will need to set goals for several areas of your business. Consider setting goals for sales volume, profits, customer satisfaction, owner compensation and employee training, although you may decide other areas are more appropriate for your endeavor.

Once measurable goals are defined, it is helpful to describe expected outcomes. Expected outcomes specify the conditions that will indicate when you meet the goal. They help clarify the goals and guide the development of annual objectives. Like goals, they should be measurable. Try to create at least three expected outcomes for each goal.

Once expected outcomes are developed, you can develop objectives. Objectives identify how a goal will be accomplished. They are specific, measurable, realistic and obtainable within one year.

The final phase of the goal setting process is to develop action steps, the specific activities needed to accomplish each objective. These describe specific tasks to be done, who will do them and when the work will be completed.

With members of your family, establish three to five measurable goals for your enterprise and their expected outcomes, objectives and action steps. A worksheet is provided below. You will need to make copies of the worksheet to accommodate the number of goals you set.

### Goal Worksheet

<b>Goal #</b> _____
<b>Expected Outcomes</b>
The goal will be satisfied when
1.
2.
3.
<b>Objectives (How)</b>
<b>Detailed Action Steps (Who, What, When)</b>



## ***Discuss Enterprise Management***

The way you run your enterprise constitutes the enterprise management component of your business plan. The enterprise management section includes a description of your management team, legal structure of your business, internal organizational structure of your business, insurance needs, employee management strategies and regulatory requirements.

Your management team runs the day-to-day operations of the enterprise and strives to meet your goals and objectives. The management team may include paid advisors — people with whom you already have a business relationship or to whom you pay for services — and perhaps individuals within your operation. For example, a management team may include a lawyer; an accountant; an insurance agent; and experts in research and development, marketing, strategic planning and information. A well-rounded management team will provide a strong technological, administrative and institutional knowledge base. Such a group will give you alternatives and help you avoid pitfalls. Make sure to list each team member's name and qualifications in the appendix of your business plan.

In consultation with your management team, consider the appropriate legal structure for your agritourism enterprise. Possible business structures for an enterprise include a sole proprietorship, partnership, corporation, cooperative or limited liability company. The differences among these structures are described below. Some of the most often used factors considered in the selection of a specific business structure include control, capital, liability, earnings, taxation and lifespan.

**Control** Control refers to the person or group of people who make final management decisions. Control may reside with an owner, the partners, a board of directors or members.

**Capital** Capital refers to the person or people who invest funds in the business.

**Liability** Liability is the degree to which your personal assets are exposed to business risks.

**Earnings Distribution** Earnings distribution refers to the person or people who receive the distributed earnings.

**Taxation** Taxation (both state and federal) refers to the people, group or entity, if any, who is liable for taxes on the earnings of the enterprise.

**Lifespan** Lifespan refers to the point in time when the business dissolves, if any.

The major business structures in Tennessee<sup>1</sup> are

### ***1. Sole Proprietorship***

The sole proprietorship is the simplest form of business. An individual owns and controls the business.

### ***2. Partnership (General and Limited)***

A partnership consists of two or more people who jointly own and control a business. The partnership is operated according to a partnership agreement.

### ***3. Corporation***

A corporation is a taxable entity considered by law to be an artificial person possessing the same rights and responsibilities as an individual.

### ***4. Cooperative***

A cooperative is operated as a corporation whose members use the products or services that the cooperative provides.

### ***5. Limited Liability Company (LLC)***

An LLC is a hybrid of a corporation and a partnership. Personal assets of members/owners are protected.

Each of these structures is summarized in the following table according to the factors described above. Your management team, including your legal and accounting advisors, should determine which business structure best fits the needs and goals of your enterprise.

<sup>1</sup>Holland, Rob and Megan Bruch. *Commentary and Overview for the Tennessee Processing Cooperative Law*. University of Tennessee Extension publication. PB1748. November 2004.

**Business Structure Characteristics<sup>2</sup>**

	<b>Control</b>	<b>Capital</b>	<b>Liability</b>	<b>Earnings Distribution</b>	<b>State Franchise &amp; Excise Taxes*</b>	<b>Federal Taxes</b>	<b>Lifespan</b>
<b>Sole Proprietorship</b>	Owner	Owner	Owner	Owner	Exempt	Owner	Life of the Owner
<b>Partnership</b>	Partners	Partners	Partners	Partners	General-No Limited-Yes	Partners	Life of the Partners
<b>Corporation</b>	Board of Directors	Stockholders	Business Entity	Stockholders	Franchise & Excise Taxes	Corporation & Stockholders (Taxed Twice)	Continual
<b>Cooperative</b>	Board of Directors	Members	Business Entity	Members	Exempt	Cooperative or Members (Taxed Once)	Continual
<b>Limited Liability Company (LLC)</b>	Members/ Owners	Members/ Owners	Business Entity	Members/ Owners	Franchise & Excise Taxes	Option of Members (Taxed Once) or Corporation (Taxed Twice)	Continual or Life of Owners

\*As of September, 2005, Tennessee has no personal income tax.

It is likely you will need several types of insurance for your agritourism enterprise — property, health, auto, liability, crop, disability, life and others. These insurance needs should be detailed in your business plan. Use the information in Chapter 6, Risk Assessment and Management to discuss your operation with your insurance agent and determine your specific insurance needs.

A description of your staffing needs should also be included in the enterprise management section of your business plan. Identify the number of employees your enterprise will need and list their titles, duties and necessary skills. You should describe the process you will use to recruit, screen and hire employees. Discuss the training these employees will need and specify the cost of training. Explain the salaries or wages and benefits you will offer employees. Finally, create a plan to keep your business running in the event a key employee (including yourself) is prevented from working due to illness, injury or personal reasons.

Regulations on employment for your agritourism enterprise will likely differ significantly from those imposed on a traditional agriculture operation. Chapter 8 discusses some employment issues, and you should investigate how regulations will impact your enterprise.

The final topic included in the enterprise management section of the business plan is your interaction with regulatory agencies. When you manage an agritourism operation, you may find yourself working with regulatory agencies at the local, state and federal levels. It is important to understand the regulations governing your enterprise and any financial implications they may have. Chapter 8 discusses some regulations that may impact your agritourism enterprise.

<sup>2</sup>Holland, Rob. *Cooperatives in Agriculture: Focusing on the Tennessee Processing Cooperative Law*. University of Tennessee Extension Center for Profitable Agriculture presentation. October 2004. Available on line at [http://cpa.utk.edu/pptpresentations/CPA 104cooperatives.pdf](http://cpa.utk.edu/pptpresentations/CPA%20104cooperatives.pdf). Accessed March 31, 2005.

### ***Form a Marketing Strategy***

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A marketing strategy is crucial to your enterprise's success and is important to discuss in your business plan. Your marketing strategy explains the product(s) and/or service(s) you are selling, why you are selling it(them) [industry research and market analysis] and how you are selling it(them) [product, price, place and promotion]. You will develop all this information into a thorough marketing plan, as discussed in Chapter 4.

### ***Devise Your Financial Strategy***

---

A financial strategy is also an important component of a business plan. The financial strategy identifies your sources of existing debt and your financing needs. It specifies your fixed assets, start-up costs and payments (if debt financing is required) as well as several basic forecasts for your business.

This component of your business plan is important for two major reasons. First, the financial strategy is fundamental to your primary evaluation of the business idea and in the management of the enterprise. Second, your financial strategy is fundamental to a lender's evaluation of your enterprise and key to obtaining financing.

In order to understand your financial situation, you need to know how your financial statements are developed and be able to read and analyze them. Make sure your numbers are verified, needs are justified and sources of capital are accurately researched. Adopt systems for record keeping and bookkeeping that allow you quick access to accurate data and create a system of management checks and balances.

In your business plan, you should include the following financial statements. In each case, include assumptions made to create estimates and forecasts.

1. Enterprise budget — a projection of income and expenses
2. Cash-flow forecast — an estimate of how income and expenses will "flow" through the operation, usually over a period of one year

3. Profit and loss statement — a projection of revenues and expenses including adjustment categories such as capital gains or losses and depreciation
4. Balance sheet — an accounting of assets, liabilities and owner equity
5. Income statement — a projection of revenue and expenses for a specific period of time
6. Break-even analysis — an analysis describing how many visitors or what amount of sales would be needed to cover costs
7. Sources and uses of cash — a description of funding sources and uses of funds

These documents are likely similar to what you use for your farm operation and will not be detailed here.

A summary of your financial strategy should be included in your business plan. The summary describes your financial documents and explains how your new enterprise will fit into your current operation. It also serves as the second part of your business plan's executive summary.

### ***Create an Exit Strategy***

---

The exit strategy is the next-to-last component of the business plan. An exit strategy specifies situations in which you would exit the business or situations that might necessitate closing the business. The exit strategy also outlines the methods you would use in these situations.

Situations in which the business would be exited or closed will vary. Your personal goals may indicate that you plan to retire at a certain age, or your goals may include plans to grow the business to the highest value and sell it or pass it on to your children. In addition, it may become infeasible to continue to operate your enterprise due to changes in competition, market trends, regulations, personal goals or circumstances.

Methods for exiting a business also vary. Some examples include selling the business to a competitor, selling the business to a family member or employee, selling your share of the business to a partner or other shareholders, passing the business on to a family member or liquidating the business inventory and assets.

Each method will have implications for tax liability, retirement finances, and relationships with family members and other business interests. You may want to discuss your exit strategy with your management team to determine the best strategy for you and to make preparations to effectively implement the strategy in the future.

### ***Include an Appendix***

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The appendix is located at the end of your business plan. Include supporting documents such as

- Tax returns
- Financial statements
- Resumes of owner and key employees
- Resumes of your management team, including your outside consultants and advisors such as accountants, lawyers, bankers and insurance agents
- Certificates of completion of all business planning, management and technical courses taken

### **Finding Financing**

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**A**s discussed previously, your business plan should describe sources of funding. If you are like most small-business owners, you will require financing to start your agritourism enterprise. There are a number of financing sources including personal funds, debt financing, equity financing, traditional agricultural lenders, small farm-friendly banks and holding companies, Small Business Administration (SBA), rural economic development agencies and sponsorships.

Personal funds include savings, current income from a spouse or other enterprises, second mortgages, gifts or loans from family and friends, revenue from sale of property, and credit cards.

Debt financing is financing in which you borrow funds or “take on debt” to further your business. You still own your business, and you still make all of your business decisions.

Equity financing comes from selling a piece of your business. You no longer own the entire business, and you usually are accountable to other people when making decisions. Equity financing

includes limited partnerships and stock offerings, both of which require professional legal advice and assistance.

Traditional farm lenders include the Farm Credit Service and the USDA Farm Service Agency. The Farm Credit Service is a collection of federally chartered, borrower-owned credit cooperatives — the Farm Credit Cooperative Banks. They lend to agricultural operations and provide rural home loans. Log onto their Web site for information (<http://www.fcsamerica.com/home/index.asp>). The Farm Service Agency has a direct lending program and a loan-guarantee program. It may provide funding when other lenders will not. Visit its Web site (<http://www.fsa.usda.gov/tn/>).

The United States Small Business Administration Office of Advocacy keeps records of loans made by banks and financial holding companies to small farms. (It publishes this information online (<http://www.sba.gov/advo>)). Small rural businesses are more apt to get funding from local banks than from national banks. Although the interest rate is often slightly higher, you are more likely to get the loan and develop a working relationship locally.

The Small Business Administration (SBA) offers two primary loan programs that provide funding to small businesses unable to obtain capital through normal lending channels. SBA loans are made through private lenders—both bank and non-bank lenders. Many rural and small town banks are able to make SBA guaranteed loans. The SBA itself has no funds for direct lending or grants. More information is available from your lender, your local SBA office and the Small Business Development Center. The SBA Web site can be accessed at <http://www.sba.gov>.

Rural economic development agencies oversee, distribute and lend monies from federal and state community-development block grants and from USDA Rural Development lending programs. Their funds are often tagged for specific purposes, such as job creation or retention, housing rehabilitation, rural infrastructure tied to increased employment, micro loans to start-up businesses with job creation potential, and rehabilitation of community facilities. Contact your local economic develop agency or USDA Rural Development. The USDA Rural Development Web site is <http://www.rurdev.usda.gov/>.

Corporate sponsorships may also be a source of funding for some agritourism enterprises. By developing relationships with other businesses having similar target markets, you may be able to benefit your own enterprise as well as that of the sponsor. You will gain start-up or operating capital, and the sponsor will be recognized and promoted through your activities. Developing a sponsorship program, however, takes significant time and commitment to details in planning and implementation.

## Threats to Success

**D**espite the optimism that surrounds a small business start-up, most small businesses fail. In fact, 80 percent of small businesses fold in their first five years according to the Small Business Administration. Unquestionably, all entrepreneurs make mistakes, but those who recognize and correct mistakes are more likely to succeed.

Why do small businesses fail? The answer varies with entrepreneurial skills and business conditions. It is important to have good managerial, analytical, communication and interpersonal skills, in addition to drive and vision. It is also important to understand common threats to business success.<sup>3</sup>

### *Failure to understand or predict the difficulty of owning your own business or adding an enterprise*

Owning and running a business is hard and stressful work. As a service business operated from your home on family land, your agritourism enterprise can be particularly difficult, requiring tremendous commitment and effort. Learn how to cope with stress and try to find a balance with family, friends and activities you enjoy.

### *Lack of strategic planning*

Make mistakes on paper before you risk assets. Understand that planning is an on-going and cyclical process. In other words, plan strategically.

### *Not knowing how to manage and operate an agritourism enterprise*

Agritourism enterprises require a different set of skills from production agriculture. Take courses, read books, attend seminars, listen to tapes, get a mentor or do whatever you can to gain the skills you need.

### *Lack of cash, poor cash flow, lack of financial savvy, poor money management, under-financing*

"Do not have the 'build it and they will come' mentality!" said one agritourism operator. Instead, know and fill demand and then expend capital. Learn about available financing opportunities, tools and techniques. Understand the basics of business finance.

### *Growing too fast*

When a business grows too fast, entrepreneurs often lose control, quality of products and service deteriorate and customers go elsewhere. Business growth should be done strategically and at a rate you can manage.

### *Poor interpersonal skills*

Relationships within a business are complex; important; and worthy of time, attention and feedback. You will need to develop relationships with members of your management team, employees and customers.

### *Poor communication skills*

Good communication skills consist of good listening skills as well as good verbal skills. Develop a system for reporting feedback and suggestions from employees and customers. You might consider holding regular meetings of your management team.

### *Failure to innovate*

Markets are dynamic. It is important to monitor market conditions and make adjustments to meet the needs of consumers.

### *Trying to go it alone*

Businesses can sink when the operator wears too many hats. Having strong, well-rounded management and working teams is important. Pay for and use the services of professionals when needed. Hire employees that complement your weaknesses and delegate responsibility. You should also form networks with people involved in agritourism activities locally and regionally.

<sup>3</sup>Nelton, Sharon. June 1992. "Ten Key Threats to Success." *Nation's Business*.



#### *Failure to recognize your own strengths and weakness*

The better you know yourself, the better your chances of avoiding problems and achieving success. Ask for help when you need it.

#### *Failure to seek and respond to criticism*

Many of the problems listed can be corrected or avoided with the help of candid feedback. Do not automatically blame external causes for failures, but take a look at internal causes. Have people you trust critique your management skills. Talk with management team members, friends and peers. Use the information to learn how to improve your skills.

## Chapter Review

A business plan is critical to your success. Here are some key points from the chapter.

- A thorough business plan contains ten main components: the executive summary, mission statement, business concept or idea, goals and objectives, background information (industry research and market analysis), management needs and management history, marketing strategy, financial strategy, exit strategy, and appendix.
- Creating a business plan allows you to anticipate your new enterprise's opportunities and challenges on paper, before you commit substantial resources.
- A business plan provides guidance and focus for managing your enterprise and is essential if you plan to seek outside financing.
- Potential sources of financing include personal funds, traditional agricultural lenders, small-farm-friendly banks, the Small Business Administration, rural economic development agencies and sponsorships.
- This chapter documents a number of threats to business success. Understanding these threats will help you prevent them from affecting your agritourism enterprise.

## Additional Resources

***Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses***, developed by the Minnesota Institute for Sustainable Agriculture, is a comprehensive tool designed to assist those developing a business plan. The document is available online at <http://www.misa.umn.edu/publications/bizplan.html>.

The ***Agricultural Marketing Resource Center*** Web site at <http://www.agmrc.org> has a section on business development with tools and examples useful for business planning.

***Tennessee Small Business Development Centers*** offer assistance to entrepreneurs wishing to start businesses or expand existing businesses. The centers offer one-on-one assistance and group training on many topics including business planning. Learn more about TSBDCs at <http://www.tsbdc.org>.

## Chapter 3 Authors

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## Chapter 4

# Marketing



### Chapter Overview

**M**arketing is very important to the success of agritourism enterprises but is often neglected in the planning stages of new ventures. Before capital is spent to develop a new enterprise, it is vital to determine if adequate demand exists for the products or services. If indeed demand exists, then strategies need to be developed to meet this demand. While market planning does not guarantee success, the potential for success is greatly enhanced. In a 2003 survey of 210 Tennessee agritourism operators, advertising, marketing and promotions were identified most often as the most important factors for success.<sup>1</sup>

This chapter will help you create a marketing plan for your agritourism enterprise by

- Defining marketing
- Explaining the seven key components of a marketing plan
- Providing tools to assist you in the development of a marketing plan

### What Is Marketing?

**M**arketing is often thought of as simply product advertising or sales pitches; however, marketing includes much more. Marketing is “planning and executing a set of objectives to bring buyers and sellers together so that a sale can take place.”<sup>2</sup> It requires thorough planning and execution. In the case of agritourism, marketing has four main goals:

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1. Identify a target audience and their needs.
2. Attract the target audience to the enterprise.
3. Meet the needs of the target audience and entice them to spend their money at the enterprise .
4. Create a desire in the audience to return again and again to the enterprise.

Marketing requires focusing on customer values in order to develop and market a product or service to meet unfulfilled needs of consumers. Thus, it is important to understand the concept of “consumer values.” When making purchase decisions, consumers generally consider four factors, often referred to as the Customer’s 4 C’s:<sup>3</sup>

1. *Customer Benefit* — What benefit will customers receive from the product or service?
2. *Customer Cost* — What cost will the customer incur to acquire the product or service?
3. *Convenience* — How convenient is the process of acquiring the product or service?

<sup>1</sup>Bruch, Megan and Rob Holland. *A Snapshot of Tennessee Agritourism: Results from the 2003 Enterprise Inventory*. University of Tennessee Extension publication PB1747. October 2004. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1747.pdf>. Accessed April 1, 2005.

<sup>2</sup>Dalton, Anne, Rob Holland, Shasta Hubbs and Kent Wolfe. *Marketing for the Value-Added Agricultural Enterprise*. University of Tennessee Extension publication PB1699. May 2002. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1699.pdf>. Accessed April 1, 2005.

<sup>3</sup>Marshall, Maria I. *The Marketing Mix: Putting the Pieces Together*. Presentation available online at <http://www.foodsci.purdue.edu/outreach/vap/materials/marketing.pdf>. Accessed April 1, 2005.

4. *Communication* — How do customers learn about products, services and how to acquire them?

Agritourism entrepreneurs should keep these factors in mind when developing products and services as well as when developing their marketing plan.

## Components of a Marketing Plan

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The first step to successful marketing is to develop a thorough marketing plan. This allows you to evaluate the market potential for your products or services and to develop strategies to meet that potential. A complete, written marketing plan contains seven main components:

1. *Market research and analysis* is the process of gathering pertinent information about the potential market for your product(s) and/or service(s), evaluating strengths and weaknesses, and identifying a target audience.
2. *Setting marketing and financial goals and objectives* will help you focus and evaluate your marketing efforts.
3. *Marketing mix* describes the specific strategies you will implement to reach your target audience, entice the target audience to spend money and create a desire in them to return to your enterprise. Strategies covering the 4 P's of marketing (product, price, place and promotion) are developed.
4. A *marketing budget* will allow you to plan for marketing expenditures.
5. *Monitoring and evaluating market response* describe the strategies you will use to evaluate the effectiveness of your marketing plan so you can make adjustments when needed.
6. A *contingency plan* describes possible adjustments to make if your marketing tactics are either more or less effective than originally planned.
7. A *marketing plan checklist*, the final component of your marketing plan, summarizes the tasks necessary to put your plan into action.

## Developing Your Marketing Plan

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Developing a marketing plan takes time and commitment, but it is well worth the investment. This portion of the chapter contains a more detailed description of each component of a marketing plan and includes space for you to brainstorm and compile information to build your own marketing plan.

### Market Research and Analysis

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The market research and analysis portion of a marketing plan is like doing homework to prepare for an examination. The background information you gather will help you identify and learn about your target audience, refine your operation description, evaluate strengths and weaknesses, and analyze opportunities and threats in the marketplace. The market research and analysis component contains the following subsections:

- Enterprise description
- Market situation
- Target audience or customer profile
- Competitor analysis
- Strengths, weaknesses, opportunities and threats (SWOT) analysis

### Enterprise Description

The first step of the market research and analysis component is to describe in detail the products or services to be offered. As you continue to research your potential market and identify your target customer, new ideas will evolve so you may need to revise this section later. This information will also help you develop the "business idea or concept" portion of your business plan as described in Chapter 3.



**Describe the products and/or services to be offered by your agritourism enterprise.**

### ***Market Situation***

After you have written an initial enterprise description, you will need to investigate the market situation in your area. It is important to develop an understanding of what is happening in the market you are preparing to enter and to keep up with trends as time goes on. This information may be found by researching publications, visiting with the local Chamber of Commerce or tourism organization, and/or by personal observation.

**Answer the following questions to analyze the market situation.**

What are the trends in agritourism, tourism and entertainment? What activities are popular and unpopular with different types of people or specific groups?

What types of people are underserved by tourism or entertainment venues, and what types of activities are these people looking for?

What is the population within an hour's drive of your farm?

### Target Audience or Customer Profile

Once you have made an initial description of your enterprise and studied the market situation, it is critical to identify your specific target market or audience. Identifying a target audience will allow you to design your marketing efforts effectively by focusing directly on customers you are seeking rather than mass marketing to the general public.

A target audience is defined as a specific portion of the population that has

1. A need the product or service can fulfill
2. A willingness to purchase the product or service
3. The financial ability to purchase the product or service

#### Describe the customers in your target audience by answering the following questions.

1. Where do your target customers live?


2. What age or in which age range are your target customers?


3. What is the marital status of your target customers?


4. Are your target customers families, individuals or groups?


5. Do your target customers include or exclude children?


6. What is the income range of your target customers?

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7. What sources or types of advertising or promotion influence the purchasing decisions of your target customers (newspaper, radio, TV, publicity, word-of-mouth referrals, Internet, brochures or other types of advertising)?


8. What are your target customers' hobbies and interests?


9. When are your target customers available for the services your venture plans to provide?


10. What are your target customers looking for in an agritourism enterprise (entertainment, relaxation, action/adventure/hands-on-experience, education, social interaction, genuine farm experience or other)?


11. How far are your target customers willing to travel to obtain such an experience?


Answer the following questions about your target audience to test for the three components of the target audience definition.

1. Do your target consumers have a need that your agritourism enterprise can fulfill that has not already been fulfilled by other businesses in the area?

☐ Yes   ☐ No   ☐ Do Not Know

2. What are the target-customer needs that your enterprise can fulfill? How will customers benefit from your operation?


3. Does your target customer have adequate disposable income to spend at your enterprise?

☐ Yes   ☐ No   ☐ Do Not Know

4. Is your target customer willing to pay an acceptable price for the products or services you can offer at your enterprise?

☐ Yes   ☐ No   ☐ Do Not Know

5. Does your target customer have convenient access to your proposed operation? Consider distance to the operation, access from major roadways, quality of roadways and difficulty in finding the operation.

☐ Yes   ☐ No   ☐ Do Not Know

6. Will enough of your target customers be willing to travel the distance to visit your location?

☐ Yes   ☐ No   ☐ Do Not Know

If you answered "Yes" to each of the six questions above, it is likely that your identified target customer meets the three components of the definition of a target audience. If you answered "No" or "Do Not Know" to any of the questions above, your identified target customer is most likely not a suitable target audience for your enterprise. Consider whether other customer types will fit your personality, skills and goals and whether they meet the target audience criteria.

### ***Competitor Analysis***

The next step in the market research analysis component of your marketing plan is to identify and evaluate your potential competitors. Often, entrepreneurs underestimate their competition. Think broadly about the other activities or products available to people in your target audience. Your competition will likely include other agritourism operations, tourism attractions, recreational activities and entertainment venues.

**Consider the other agritourism operations, tourism attractions and entertainment venues in your area that will be competing with your business.** Fill in the table below with information about your potential competitors including name, location, activities offered, prices, seasons and hours open, strengths, and weaknesses. Use additional paper, if necessary, to evaluate all potential competitors.

Competitor	Location	Activities Offered	Price(s)	Seasons/Hours	Strengths	Weaknesses

### SWOT Analysis

The final exercise in market research and analysis is a SWOT analysis of your enterprise and the market. A SWOT analysis is a summary of the strengths and weaknesses of you, your business, and the products and services to be offered. The SWOT analysis also summarizes the opportunities and threats presented by your competition, the market situation and market trends.

**Perform a SWOT analysis of your personal and farm characteristics, resources and market potential.** In the table below, describe the strengths, weaknesses, opportunities for and threats to your potential agritourism enterprise.

Internal (You and your operation)	Strengths	Weaknesses
External (Market trends, competition, regulations, etc.)	Opportunities	Threats

## Marketing and Financial Goals and Objectives

The second component of your marketing plan is an explanation of marketing and financial goals and objectives. This component should define detailed and measurable goals for your enterprise that may be influenced through marketing activities. Your goals should be S.M.A.R.T. (Specific, Measurable, Attainable, Rewarding and Timed<sup>4</sup>) as described in Chapters 2 and 3. These goals will be useful in planning and evaluating the effectiveness of your marketing activities. Some examples of goals include setting a number of visitor days for a particular season, reaching a certain level of average sales per customer (or, for existing enterprises, increasing average sales per customer by a specific percentage over a certain time period) or reaching a certain percentage of repeat customers by a certain date. Some of these goals may be the same as those developed for your business plan in Chapter 3.

**Write your marketing and financial goals and objectives here.**

<sup>4</sup>Holland, Rob. *Evaluating the Potential of Value-Added Agricultural Ideas: A Series of Worksheets to Assess Feasibility*. Preliminary Worksheet #2. ADC Info #16. Center for Profitable Agriculture. October 1998. Available online at <http://cpa.utk.edu/pdf/adc16.pdf>. Accessed May 5, 2005.

## Marketing Mix

The marketing mix component of your marketing plan describes the methods you will use to attract customers to your operation. Strategies developed and used to gain market share should be tailored to the specific target audience and the values of those customers. The strategies should also be developed to meet your goals for the operation. Marketing strategies include product and/or service positioning, price, distribution and sales location(s), and promotions.

### Product and/or Service Positioning

A product positioning statement describes the image you would like your product or service to have in the marketplace in order to create demand. This statement should use terms related to the values of your target audience and the strengths of your product. The positioning statement should help customers determine the benefit they will receive from the product and will help you focus your marketing message.

The following are examples of positioning statements for two hypothetical agritourism enterprises:

- Smith Family Farm offers a genuine farm experience through structured educational programs designed for school children in grades 3 to 5.
- The Dogwood Valley Farm on-farm retail market provides customers with a wide selection of wholesome, high-quality, farm-fresh produce.

**Compose a positioning statement for your agritourism enterprise.**

### Price

Pricing relates to the value of customer cost described earlier in this chapter. For agritourism activities, pricing may be based on a per-activity basis, where a specific fee is charged for each different activity, or on a general admission basis, where a single fee is charged that includes all activities. Product pricing may be specified per item or by weight. Pricing may also be developed for a package of activities, products and/or services. Consider the labor, equipment and logistics of collecting payment for each option.

**Answer the following questions to help focus your pricing strategy.**

Will you charge a general admission fee to your agritourism enterprise or charge a fee per attraction or package of attractions?

☐ General Admission Fee

☐ Pay per Activity

If you offer products for sale, will you offer them at a price per item or by weight? In the following table, list products or product categories you plan to offer. Then indicate how you plan to price these products by putting a check mark in the appropriate column.

Product	Price per Item	Price per Weight

In order to earn a profit, prices must be set high enough to cover the costs of operation while being acceptable to your target audience. In setting prices, consider these factors:

- Operating (fixed) and variable costs
- Product positioning
- Financial goals and objectives
- Customers' willingness to pay
- Consumer preferences
- Strengths, weaknesses, prices and market share of competitors
- Market prices

Calculating a break-even price will determine the minimum price you would need to charge to cover costs based on an expected number of customers or expected number of product units sold. A break-even price can be calculated for each activity or product using the following formula:

$$\text{Break-Even Price} = \frac{\text{Total Annual Operating Costs}}{\text{Estimated Number of Customers Per Year (Or Units of Product Sold)}} + \text{Total Variable Costs per Customer or Per Unit}$$

*Total annual operating costs* include expenses such as an annual payment for start-up expenses, insurance premiums, permit fees, structure and equipment maintenance, marketing expenses, management and administrative costs, professional service and other expenses associated with doing business.

*Total variable costs per customer or per unit* are expenses incurred in the production of products or by offering a particular service and will vary with the number of customers who visit your enterprise or with the units of products produced. For example, variable costs for a school tour operation may include the cost of a pumpkin, a portion of compensation for a tour guide, a portion of the cost of fuel used for a hayride and the cost of a coloring book. You must also estimate the number of customers you expect to visit your operation in a year. (Almost 60 percent of Tennessee agritourism enterprises reporting number of visitors in a 2003 survey indicated they had 5,000 or fewer visitors to their enterprise during a one-year period.<sup>5</sup>)

The break-even price tells you what price you need to receive to cover your annual operating and variable costs based on an estimated number of customers. Assuming one of your goals is to earn a profit with your agritourism enterprise, the admission or sales price should be higher than the break-even price. How much higher you set your price should be determined by the willingness of your potential customers to pay, competition pricing (as found previously in this chapter in your competitor analysis), your enterprise's

competitive advantages, positioning, and financial goals and objectives.

<sup>5</sup>Bruch, Megan and Rob Holland. *A Snapshot of Tennessee Agritourism: Results from the 2003 Enterprise Inventory*. University of Tennessee Extension publication PB1747. October 2004. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1747.pdf>. Accessed April 4, 2005.

**Follow the instructions to summarize information and develop your agritourism activity and product pricing.**

1. List your activities and products in the first column.
2. Calculate break-even prices for each activity and product and list in the second column.
3. List competitor or market prices for each activity or product in the third column.
4. In the fourth column, indicate whether you may be able to charge a price higher (premium) or lower (discount) than the market or competition based on your enterprise's competitive advantages and customer willingness to pay.
5. Using the information you have summarized, assign a price for each activity and product. You may need to revise pricing strategies as market conditions change and as you are able to evaluate the market response.

1	2	3	4	5
Activity/Product	Break-even Price	Competitor or Market Prices	Premium/ Discount	Activity/ Product Price

**Place — Distribution or Sales Location**

"Location, location, location" is often emphasized as a key to successful businesses. Place, or location, is related to the customer value of convenience. In the case of agritourism, however, you likely already own a farm where you plan to locate your agritourism enterprise and are not looking for a farm to purchase. Your farm location may be a bit off the beaten path, so it may be unlikely that potential customers will just happen to drive by. You will need to use promotions, including effective roadside signage, to draw customers and help them find your operation easily. Promotions will be discussed in more detail later in this chapter.

The discussion of place or location in your marketing plan may include the strategies used to design your operation to effectively manage the flow of vehicles and people to avoid congestion and confusion. This design should also include methods to meet visitors' needs for adequate

parking, hand washing and restroom facilities, and other needs. You may consider offering concession stands where people may purchase drinks and snacks.

You will also want to consider which areas of the farm should not be accessible to customers for safety or other reasons. Safety considerations are discussed in more detail in Chapter 7. Use the operation map you began in Chapter 2 to continue your operation design, keeping your customers' needs in mind.

Place and sales location may also involve the ambiance of the operation. Design the atmosphere of your operation to match the expectations and needs of your target customers. Is your target audience looking for a genuine farm experience, education, entertainment or a relaxing getaway? Whatever they are looking for, you should create an ambiance to match. An ambiance can be created through landscaping, displays, employee



dress, employee and customer interaction, and more. In all cases, first impressions — what potential customers see as they arrive and enter your operation — and cleanliness throughout your operation are critical. Brainstorm ways to match your enterprise to customer expectations using the next exercise.

**Describe the type of experience your target customers need and desire. (Education, entertainment, relaxation, genuine farm experience, etc.)**


**List ways in which you can create an ambiance to match these expectations.**


### ***Promotional Strategies***

Promotion is defined as the act of furthering the growth or development of something and includes activities to prompt or entice customers. The role of promotion is to fill the customer value of communication. Potential buyers need to know that a certain product or service is available and may meet their needs or desires.

Several options exist for promotional strategies including paid advertising, publicity, sampling, discounting and word-of-mouth referrals. Each of these promotional strategies has different advantages and disadvantages to consider. An effective promotional strategy will most likely include a combination of several of these options.

**Paid advertising** is probably the first strategy thought of when discussing marketing. Advertising is done to call attention to a product or service. It emphasizes desirable qualities so as to stimulate a desire to buy a product or patronize a business. Advertising must be purchased and can be expensive.

You can advertise through many types of media including newspapers, radio, magazines, television, direct mail, point-of-sale, outdoor (signage and billboards) and the Internet. It is important to consider the advantages and disadvantages of each media type and match the type you use to your target audience.

The table on page 42 describes advantages and disadvantages associated with each type of advertising media.

### Advantages and Disadvantages Associated with Specific Advertising Media<sup>6</sup>

Media	Advantages	Disadvantages
<b>Newspaper</b>	<ul style="list-style-type: none"> <li>Potentially large coverage area</li> <li>Low cost relative to other media</li> <li>Immediate/timely (daily or weekly)</li> <li>Access to many socioeconomic groups</li> <li>Ability to target specific audience via specialty section</li> <li>Can use color</li> <li>Flexibility in ad size and cost</li> <li>Visibility of the product (i.e., picture)</li> <li>Use of coupons to measure effectiveness</li> <li>Short lead time</li> </ul>	<ul style="list-style-type: none"> <li>Inconsistent reproduction</li> <li>Typically one-day exposure</li> <li>Clutter (can be lost among other ads)</li> <li>May be limited to text or black-and-white</li> <li>Lack of movement and sound</li> </ul>
<b>Radio</b>	<ul style="list-style-type: none"> <li>Specific audience (demographics)</li> <li>Immediate/timely/multiple exposures</li> <li>Possible high entertainment value of ad</li> <li>Celebrity endorsement or pitch</li> <li>Time and content flexibility</li> <li>Use of a human voice (celebrity)</li> <li>Sound reinforcement</li> </ul>	<ul style="list-style-type: none"> <li>Time limitations restrict message</li> <li>Need for repetition</li> <li>Clutter (can be lost among others)</li> <li>Ad recall is low</li> <li>"Station surfing" during commercial breaks</li> <li>Short ad exposure</li> </ul>
<b>Magazines</b>	<ul style="list-style-type: none"> <li>Potentially large coverage area</li> <li>Can target a specific audience</li> <li>Can use color</li> <li>Flexibility in size and cost</li> <li>Visibility of the product (i.e., picture)</li> <li>Use of coupons to measure effectiveness</li> <li>Large repeat and secondary exposure</li> </ul>	<ul style="list-style-type: none"> <li>Clutter (can be lost among others)</li> <li>Cost associated with repeat exposure</li> <li>Lack of movement and sound</li> <li>Not immediate; publication may be weekly, monthly or less frequent</li> </ul>
<b>Television</b>	<ul style="list-style-type: none"> <li>Large coverage area</li> <li>Can target a specific audience</li> <li>Uses both visual and auditory stimuli</li> <li>Large repeat exposure</li> </ul>	<ul style="list-style-type: none"> <li>Costly to produce and air</li> <li>Time limitations restrict message</li> <li>Need for repetition</li> <li>Short ad recall</li> <li>Clutter (can be lost among other ads)</li> <li>Inverse relationship between hours watched and audience income</li> </ul>
<b>Direct Mail</b>	<ul style="list-style-type: none"> <li>Can target a specific audience</li> <li>More opportunity to educate on product/service benefits</li> </ul>	<ul style="list-style-type: none"> <li>Expensive (\$1 to \$2 per piece)</li> <li>Difficult to obtain "clean" mailing list</li> <li>May be perceived as junk mail</li> <li>Not immediate, 2- to 3-week lag time</li> <li>May be discarded unopened</li> </ul>
<b>Point of Sale</b>	<ul style="list-style-type: none"> <li>Can influence impulse purchasing</li> <li>Helps product stand out among competition</li> <li>Customer has opportunity for direct response at time of ad presentation (i.e., purchase)</li> </ul>	<ul style="list-style-type: none"> <li>Can be expensive</li> <li>Clutter (ad can be lost among other point-of-sale material)</li> </ul>
<b>Outdoor</b> (signage and billboards)	<ul style="list-style-type: none"> <li>Large audience exposure depending on placement</li> <li>Use of color</li> <li>Can provide information and directions</li> <li>Continuous exposure</li> </ul>	<ul style="list-style-type: none"> <li>Limited message length</li> <li>Initial production and preparation costs</li> <li>Ideal sites are difficult to access</li> </ul>
<b>Internet</b>	<ul style="list-style-type: none"> <li>Information available 24/7</li> <li>Customers access in their environment and at their convenience</li> <li>Relatively cost effective</li> <li>Can target types of viewers</li> <li>Messages can be timely</li> <li>Ads can be interactive</li> <li>Ability to use coupons to measure effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance necessary</li> <li>Not effective as a stand-alone strategy</li> <li>Difficult to gauge impact</li> <li>Costs of development and maintenance can vary dramatically</li> </ul>

<sup>6</sup>Dalton, Anne, Rob Holland, Shasta Hubbs and Kent Wolfe. Adapted from *Marketing for the Value-Added Agricultural Enterprise*. University of Tennessee Extension publication PB1699. May 2002. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1699.pdf>. Accessed April 4, 2005.

**Publicity** is non-paid communication about a company or product. Although it often requires an investment in time and materials, publicity is beneficial because it is seen by consumers as being objective and credible. It is also relatively inexpensive. The major disadvantage of publicity is the lack of control you have over what actually appears in the media.

While news agencies may sometimes contact you to do a story on your enterprise, you can also use several methods to seek out publicity.

#### Ways to Gain Positive Publicity<sup>7</sup>

- Write an article and submit it to a newspaper or magazine
- Contact local TV and radio stations and offer to be interviewed or let them know about a unique or special farm occurrence (such as twin calves or blossoming fruit trees)
- Publish a mail or e-mail newsletter for your customers or people who subscribe
- Speak at local functions about your enterprise
- Offer or sponsor a seminar, demonstration or special event at your enterprise and inform the media
- Write news releases and fax them to the media
- Volunteer
- Sponsor a community project or support a nonprofit organization or charity
- Promote a cause

**Sampling** includes providing a free trial of a product or service to customers or potential customers. Sampling can be very effective, especially when selling food products. Although sampling can be expensive upfront, its major advantage is that customers get to try the product without financial risk.

The promotional strategy called **discounting** may be accomplished through the use of coupons, quantity discounts or punch cards. Discounting may help attract price-sensitive customers or entice customers to try your operation for the first time. Discounting can also help you track the effectiveness of paid advertising if you include a coupon in advertisements. Disadvantages to discounting include difficulty in estimating

coupon usage, potential expense in producing and distributing coupons, and profit lost on sales that would have occurred without a coupon.

**Word-of-mouth referrals** are the passing of information by verbal means, especially through recommendations, in an informal, person-to-person manner. Word-of-mouth referrals can be effective but should not be relied upon as a sole method of promotion, especially in the early years of a business.

It pays, however, to work toward positive word-of-mouth referrals. A satisfied customer will tell four or five others about a pleasant experience, while an unsatisfied customer will tell seven to 13 others. Satisfied customers are also more likely to return, which also saves on the financial bottom line as it costs three to five times more to replace than to keep a customer.<sup>8</sup>

A single promotional strategy that is effective for every enterprise does not exist. Promotion strategies must be developed for your particular situation and target audience. There are, however, several key concepts to keep in mind.

1. Determine the types of promotional strategies that will influence your target audience and utilize those.
2. Plan strategies to meet your marketing and financial goals and objectives and to fit your marketing budget.
3. Plan strategies to partner with tourism organizations and other businesses in your area as well as areas from which your customers will travel.
4. Include plans for roadside signage to direct customers to your operation.
5. Work to build positive word-of-mouth referrals.
6. Take advantage of or seek out publicity when possible.
7. Consider developing a Web site as one component of your marketing strategy.

<sup>7</sup>Adapted from Marshall, Maria I. *The Marketing Mix: Putting the Pieces Together*. Purdue University. Available online at <http://www.foodsci.purdue.edu/outreach/vap/materials/marketing.pdf>. Accessed April 5, 2005.

<sup>8</sup>Wreden, Nick. *How to Recover Lost Customers*. Available online at <http://www.smartbiz.com/article/articleview/112/1/7/>. Accessed April 4, 2005.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no text or other markings on the paper.

Summary of Planned Promotional Strategies			
	Year #1:_____	Year #2:_____	Year #3:_____
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

## Marketing Budget

Marketing requires planning as well as the investment of time and financial resources. Budgeting is a critical part of planning for marketing activities. Marketing budgets should include the costs of market analysis, market research and marketing strategies. Marketing budgets are often set at 5 percent to 10 percent of expected gross sales. In a 2003 survey of Tennessee agritourism operators, almost half indicated that they spent between 5 percent and 10 percent of their gross sales on promotions.<sup>9</sup>

Now develop a monthly marketing budget for the next three years. Include the cost of all marketing activities such as continuation of market research and analysis, promotional materials, and strategies.

Estimated Marketing Budget <sup>10</sup>			
	Year #1: _____	Year #2: _____	Year #3: _____
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total Budget	\$ _____	\$ _____	\$ _____

## Monitoring and Evaluating Market Response

Your marketing plan must also include methods to monitor and evaluate the effectiveness of your chosen marketing strategies in meeting your marketing and financial goals. Monitoring the response to your marketing mix will allow you to adjust strategies, if needed, in a timely manner.

Depending upon your operation and goals, you should use a variety of available statistics to measure and evaluate your progress. These can be compared to your goals, marketing expenses and the previous year's statistics. Examples of possible evaluation measures are

- Number of admissions or customers
- Total gross sales
- Average sales per customer = number of admissions divided by total sales
- Amount of sales per product line or attraction/activity
- Notations of significant circumstances such as weather conditions or special events in the area that might have affected your business during a specified time period
- Observation of customer reactions
- Notations of how new customers learned about your operation

<sup>9</sup>Bruch, Megan and Rob Holland. *A Snapshot of Tennessee Agritourism: Results from the 2003 Enterprise Inventory*. University of Tennessee Extension publication PB1747. October 2004. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1747.pdf>. Accessed April 1, 2005.

<sup>10</sup>Adapted from Dalton, Anne, Rob Holland, Shasta Hubbs and Kent Wolfe. *Marketing for the Value-Added Agricultural Enterprise*. University of Tennessee Extension publication PB1699. May 2002. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1699.pdf>. Accessed April 4, 2005.

**Describe other methods you might use to monitor and evaluate the response to your marketing activities.**

[illegible]

## Contingency Plan

With methods to evaluate your marketing activities in place, you will know whether you are meeting your marketing and financial goals and objectives. Your evaluation may find that you are either falling short or exceeding your goals. This is where a contingency plan is helpful.

The contingency plan component of a marketing plan describes actions you will take when your marketing strategies are either not working the way you planned or working better than planned. For example if your goals regarding number of customers are not being met, you may decide to increase the number of paid advertisements or distribute coupons to entice consumers to try your business. If you are exceeding your expectations and reaching capacity, you may decide to reduce the number of paid advertisements or decrease the number of coupons distributed.

**Describe strategies you might use if the market response is under your goals and if the market response exceeds your goals.**

[illegible]

## Marketing Plan Checklist<sup>11</sup>

The final component of a marketing plan is a plan checklist. This tool is used to summarize the tasks that need to be done to put your marketing plan into action. The list can be used to assign responsibility for the tasks and to check off the tasks as they are accomplished.

Create a checklist for your planned marketing activities.

Marketing Plan Checklist					
✓	Marketing Activity	Deadline	Expected Cost	Method of Evaluation	Person Responsible

## Chapter Review

**M**arketing an agritourism enterprise is complex and challenging. A complete marketing plan should be developed and implemented to enhance your potential for success. Markets are dynamic so the plan should be continually evaluated and adjusted. Understanding customers' values, identifying a target audience, developing and implementing appropriate marketing strategies, budgeting, and evaluating the market response are critical to effectively marketing your enterprise.

- Marketing is "planning and executing a set of objectives to bring buyers and sellers together so that a sale can take place." It requires thorough planning and execution.
- In the case of agritourism, marketing has four main goals:
  1. To identify a target audience and its needs
  2. To attract customers to your enterprise
  3. To entice customers to spend their money at your enterprise
  4. To create a desire in customers to return again and again

<sup>11</sup> Adapted from Dalton, Anne, Rob Holland, Shasta Hubbs and Kent Wolfe. *Marketing for the Value-Added Agricultural Enterprise*. University of Tennessee Extension publication PB1699. May 2002. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1699.pdf>. Accessed April 4, 2005.

- A complete marketing plan contains seven main components. These components include

1. Market research and analysis
2. Marketing and financial objectives/goals
3. Marketing mix
4. Marketing budget
5. Monitoring and evaluating market response
6. Contingency plan
7. Marketing plan checklist

- It is critical to clearly identify, understand and focus your market planning and execution around your target audience's characteristics and needs.

Once a thorough marketing plan is developed, implementation is vital. This can be just as challenging as developing the plan. The appendix of this publication provides some helpful hints for developing promotional materials and implementing your strategies. Materials related to Chapter 4 start on page 111 and include the following topics:

- Building relationships with the tourism industry
- Media relations and publicity
- Coloring your marketing message
- Developing Paid Advertisements
- Brochure development
- Planning a successful direct mail campaign
- Developing a Web presence
- Creating an effective roadside sign
- Sixty-second guide to building word-of-mouth referrals

## Additional Resources

***The Horticultural Business Information Network*** is a database of marketing and management resources assembled by Charles Hall, Professor, University of Tennessee Department of Agricultural Economics. The database can be accessed at <http://www.utextension.utk.edu/hbin/>.

***PB 1711 Direct Marketing Guide for Producers of Fruits, Vegetables and Other Specialty Products***, written by Charles Hall, provides information on methods to market products directly to consumers. The publication is available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1711.pdf>.

The ***Agricultural Marketing Resource Center*** (<http://www.agmrc.org>) Web site has a section called Market and Industry Trends, which contains information on agritourism.

***PB1699 Targeting School Groups for Agritainment Enterprises: A summary of a Schoolteacher Survey in Tennessee***, written by Rob Holland and Kent Wolfe, provides helpful information for those enterprises targeting schoolteachers. This document is available online at <http://www.utextension.utk.edu/publications/pbfiles/pb1669.pdf>.

### Chapter 4 Author

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## Chapter 5

# Customer Service



### Chapter Overview

Customers are the lifeblood of your business so the happier they are, the better for you. Customer satisfaction is often linked to customer service, and customer service is a major factor in customer retention and whether you receive positive or negative word-of-mouth referrals. Customer retention is important to the bottom line: research shows that it costs three to five times more to replace than to keep a customer.<sup>1</sup> Customer service is also one area where you can gain a competitive advantage.

This chapter will help you create a customer service plan for your agritourism enterprise by helping you

- Develop customer service policies
- Establish methods to train employees
- Learn to evaluate customer service

### What is Customer Service?

Customer service is defined as an organization's ability to meet the needs and desires of its customers. Excellent customer service is a vital part of marketing for agritourism enterprises. It is the ability of an organization to consistently exceed the expectations of its customers.

Customer service is displayed in the presentation of your agritourism enterprise and facilities as well as in the attitude, knowledge and behavior of you and your employees. Customer service begins before a customer arrives and ends long after the customer leaves your enterprise.

#### ***What is a Customer?***

*A customer is the most important person ever in this office — in person or by mail.*

*A customer is not dependent on us — we are dependent on him.*

*A customer is not an interruption of our work — he is the purpose of it.*

*We are not doing a favor by serving him — he is doing us a favor by giving us the opportunity to do so.*

*A customer is not someone to argue or match wits with. Nobody ever won an argument with a customer.*

*A customer is a person who brings us his wants. It is our job to handle them profitably to him and to ourselves.*

*A sign at L.L. Bean Inc.  
Philip Kotler, 1997, Marketing Management*

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<sup>1</sup>Wreden, Nick. *How to Recover Lost Customers*. Available online at <http://www.smartbiz.com/article/articleview/112/1/7/> 14 July 2004.

What is customer service? <sup>2</sup>	
Customer service is —	Customer Service is not —
Attention	Neglect
Courteous Words	Sharp Replies
Smiles	Bored Looks
Enthusiasm	Dullness
Response	Indifference
Warmth	Coldness
Understanding	Closed Mind
Patience	Irritation
Sincerity	Being Mechanical
Consideration	Annoyance
Remembering Details	Forgetting Details
Facts	Arguments
Creative Ideas	Humdrum
Giving	Receiving
Action	Delay
Appreciation	Apathy

## Components of a Customer Service Plan

The importance of customer service to your agritourism enterprise dictates the need for a comprehensive customer service plan. A customer service plan has five major elements:

1. Customer Needs, Wants and Expectations — Find out what services your customers need, want and expect to receive from your enterprise.
2. Customer Service Goals and Objectives — Establish goals and objectives for your enterprise based on these needs, wants and expectations.
3. Customer Service Policies — Develop customer service policies for your enterprise.
4. Employee Training Policies — Train employees to implement your customer service policies.
5. Customer Service Evaluation — Evaluate the effectiveness of your customer service plan and make changes where needed.

## Developing Your Customer Service Plan

Developing a written customer service plan for your agritourism enterprise may take some time and effort. The effort, however, is well spent as you strive to retain customers and build positive word-of-mouth referrals.

### Customer Needs, Wants and Expectations

Your customer service planning should begin with a review of the needs, wants and expectations of your target audience. Does your target audience expect full-service and luxury amenities, self-service with only very basic amenities or something in between? Will your customers require individual attention from your employees to assist them with choosing products, an employee to serve as a guide to a group or just someone to point them in the direction of activities? Do your customers expect to have access to restroom facilities with running water or are port-a-johns acceptable? Do customers expect an employee to answer the business phone during business hours or is a recorded message acceptable?

You may learn more about your customers' needs, wants and expectations by

- Surveying, interviewing or holding focus groups to ask target consumers questions about their needs and expectations
- Reviewing customer comments and complaints
- Asking employees for observations and suggestions
- Evaluating sales and inventory data for returns and special orders
- Evaluating wait times for activities, check-out at register and phone calls
- Considering the service provided by competitors

<sup>2</sup>Adapted from Ramay Winchester and Lee Curtis. Tennessee Department of Tourist Development. *One Visitor/Customer at a Time Hospitality Training Program*. April 2002.

**Describe the customer service needs, wants and expectations of your target audience.**


### ***Customer Service Goals and Objectives***

The second component in a customer service plan is the establishment of goals and objectives for customer service. Your goals and objectives should be consistent with

- The needs, wants and expectations of your target audience
- Your overall enterprise goals
- The market positioning of your enterprise

Customer service goals may cover a wide variety of topics, including your attitude and the attitude of your employees, number and type of amenities provided or offered, number and type of services provided or offered, cleanliness of the enterprise, convenience of products and services offered, speed of service, and availability of and interaction of employees with customers.

**Develop customer service goals for your agritourism enterprise.**




## Employee Training Policies

Customer service should be the responsibility of everyone involved with an agritourism enterprise. Agritourism enterprises may be staffed by employees, volunteers or family members, all of whom should be trained to provide the quality of service your customers expect. Assume, for the purposes of this chapter, that the term "employees" includes all those who will serve customers. Once policies are established, it is important to communicate them to employees and train employees to implement them. Do not expect your employees to already know how to provide excellent customer service. Take the necessary steps to ensure that your employees are prepared to provide, and do provide, the standard of service that you expect.

It is also important for you to invest in employee relations and employee motivation. You may want to think of your employees as "internal customers" and your customers as "external customers." If you treat your employees with courtesy and respect, they are more likely to treat your customers with that same courtesy and respect. By offering your internal customers (employees) recognition and praise, the feeling of achievement will likely be reflected in the service they provide to your external customers.

The following steps will help ensure that employees provide excellent customer service:

- Communicate goals, objectives and expectations about customer service to your employees.
- Train employees to be knowledgeable about the products and services offered.
- Train employees in how to answer telephones and give simple, accurate directions to your business.
- Help your employees develop a sense of pride in their position and praise them for specific efforts.
- Empower employees to responsibly manage customer problems.
- Treat your employees with care and respect.
- Recognize and praise employees immediately. Tell employees specifically what they did well.

These steps may be implemented through employee training meetings, one-on-one training, job shadowing sessions, role-playing exercises and everyday interaction.

Describe how you will train employees to implement your customer service policies.

## Customer Service Evaluation

A customer service plan is not complete without methods to evaluate its effectiveness. The evaluation methods chosen will depend upon the components of the plan. The following are some examples of methods you can use:

- Create a means for employees to communicate problems or suggestions to you, such as a suggestion box or regular meetings.
- Periodically observe employee performance to determine how well their actions match your expectations.
- Ask customers for feedback or suggestions or ask them to fill out a short survey about their experiences at your enterprise.
- Review customer comments and complaints.
- Continue to monitor sales and inventory data.
- Continue to evaluate wait times.
- Hire a secret shopper to visit your operation undercover and report on the customer service experience.

**Describe the methods you will use to evaluate the effectiveness of your enterprise's customer service plan.**

[illegible]

Once an evaluation is complete, you should determine whether

- Your customer service policies are effective in meeting your customers' needs, desires and expectations
- Your customer service policies need changes or adjustments
- Your employees are properly trained to implement your customer service policies
- Your employees are motivated to implement your customer service policies

## Chapter Review

Providing excellent customer service based on the needs, wants and expectations of your target market is important in retaining customers and gaining positive word-of-mouth referrals. Excellent customer service, however, starts with a specific customer service plan that should include these steps:

1. Research your customers needs, wants and expectations
2. Establish customer service goals and objectives
3. Develop customer service policies
4. Train employees to implement the policies
5. Evaluate the effectiveness of your customer service plan

## Additional Resources

***1001 Ways to Reward Employees*** written by Bob Nelson (Workman Publishing, New York, 1994) provides some creative ideas on how to reward your employees.

***FISH!*** (New York. Hyperion Press, 2000) and related books by Stephen C. Lundin, Ph.D.; Harry Paul; and John Christensen. A philosophy of choice for creating a team of alive, joyful, passionate and fully present employees. More information is available at <http://fishphilosophy.com>.

### Chapter 5 Authors

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## Chapter 6

# Risk Assessment and Management

### Disclaimer

The information contained in this chapter is deemed correct and accurate to the best of the ability of the author, based on information utilized at the time of the review. This chapter is for educational purposes only and is not an interpretation of any laws.

### Chapter Overview

By engaging in agritourism, you are taking on several types of risk. Although liability is likely the first one thought of — and an important risk to consider — other types of risk are also important to bear in mind. It is important to assess and manage risk to increase your potential for success.

This chapter will help you

- Identify the types of risk agritourism enterprises may face
- Understand Tennessee liability laws
- Assess risk specific to your enterprise
- Identify methods to manage your risk
- Learn basic insurance concepts

### Types of Risk<sup>1</sup>

Risk is the uncertainty regarding the likelihood or magnitude of loss, damage or injury. Six main categories of risk may be relevant to agritourism enterprises. Legal risk is perhaps the most commonly recognized risk, but you also



face human resources risk, business interruption risk, production risk, marketing risk and financial risk when you operate an agritourism business.

- **Legal Risk** — An agritourism enterprise carries several forms of legal risk. You are responsible for following all laws and regulations relevant to your enterprise. Like traditional farming operations, agritourism enterprises should take precautions to follow environmental protection laws and regulations,<sup>2</sup> although the additional activities of an agritourism enterprise may present additional environmental concerns. Agritourism operations also risk injuring customers or employees while they are at the place of business or when customers are utilizing products purchased from the enterprise. If an injury occurs, you and/or your agritourism enterprise may be required to pay damages to the injured party as well as expenses for legal counsel in the event of a lawsuit.
- **Human Resources Risk** — Death, divorce, disability and disagreement are often referred to as the four Ds of human resources risk. Commitment to the agritourism enterprise by everyone involved with the operation is important. For the people responsible for management and daily operation, it is critical.

Employee turnover can also be costly as it takes time and financial resources to find, hire and train new employees.

- **Business Interruption Risk** — An agritourism operation risks loss of income from business interruptions. Your operations may be slowed or halted due to hazardous weather, natural disasters or any number of other interruptions.

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<sup>1</sup>Adapted from Green, Joanna. Cornell Small Farms Program. *Don't Break a Leg: Managing Risk on Your Small Farm*. Available online at [http://hortmgt.aem.cornell.edu/pdf/risk\\_mgt/smallfarms/Dont\\_break\\_a\\_leg.pdf](http://hortmgt.aem.cornell.edu/pdf/risk_mgt/smallfarms/Dont_break_a_leg.pdf). Accessed May 5, 2005.

<sup>2</sup>USDA, RMA. *Introduction to Risk Management*. Revised December 1997. Available online at <http://www.rma.usda.gov/pubs/1997/riskmgmt.pdf>. Accessed April 25, 2005.



- **Production Risk** — Agritourism enterprises that incorporate or rely on the production of agricultural commodities, specialty crops or livestock face production risks. Weather conditions, disease or pests may decrease or eliminate yields. Biosecurity may be compromised by increased traffic, which increases the potential for disease or pathogens to spread among crops, livestock or products.
- **Marketing Risk** — In most cases, marketing is not simply “build it and they will come.” What happens if people do not come? Marketing risk may include not being able to attract enough customers, attracting more customers than you can accommodate for a quality experience or the negative effects of a new source of competition.
- **Financial Risk** — Business start-up and operation costs may require significant capital, which is oftentimes financed by taking on debt. Financial risk can include meeting cash flow needs, obtaining affordable debt capital and maintaining or growing equity in the agritourism enterprise. In addition, the increased number of people and vehicles may increase the risk of having personal property damaged or stolen.

Each of these risks has the potential to be very costly to your business. The planning

and operations of an agritourism enterprise should, therefore, include risk assessment and the development and implementation of a risk management plan.

## Liability Laws in Tennessee

Liability is one kind of legal risk of major concern to many agritourism entrepreneurs; therefore, it requires some additional discussion. Of course, no owners want to have a customer or employee injured on their premises or by utilizing their products at some other location. All agritourism entrepreneurs should be diligent about keeping customers and employees safe. Agritourism entrepreneurs certainly do not want to be taken to court to pay damages for an injury. In addition, they do not want to be taken to court for a fraudulent or frivolous claim.

Tennessee law has at least two main sections relevant to liability risk for agritourism entrepreneurs. The first section relates to landowner liability, and the second section applies to liability with equine activities. Remember that laws are often amended or repealed, and new



*Agritourism enterprises face business interruption and financial loss due to the negative effects of Mother Nature. In September 2004, several Tennessee operations with corn mazes were damaged by wind and rain from the remnants of Hurricane Ivan. The Rippavilla corn maze in Spring Hill was blown down before it opened for the season. According to the Columbia Daily Herald, Rippavilla had projected approximately \$70,000 in gross revenue from the corn maze.*



*Pictures provided by Rippavilla and Celeste Blackburn of the Columbia Daily Herald.*

bills are signed into law. It is important to stay informed of changes in the law.

### ***Landowner Liability Law***

Title 70 chapter 7 of Tennessee Code Annotated addresses landowner liability. The law relates to the duty of care owed by landowners to others using the land or premises for recreational purposes. Although the law does not specifically mention agritourism, it does address the use of land or premises for “recreational activities” by listing specific activities that could be agritourism-related.

Section 70-7-102, effective until July 1, 2006, indicates landowners typically do not owe others a duty of care with a few exceptions that may be relevant to agritourism operations.

1. The landowner is liable in the event he or she is grossly negligent in failing to warn of a dangerous condition (70-7-104).
2. A landowner is also liable if a third party is injured by a person given permission by the landowner to engage in recreational activity on the premises.
3. Finally, a landowner is liable when a person to whom the landowner “owes a duty of care” is injured. Unfortunately, a simple definition of “a person to whom the landowner owes a duty of care” does not exist, as it is based on a variety of written and case law.

Until May 2004, another subsection of 70-7-104 existed, which added landowner liability when a consideration or fee was paid to the landowners by persons engaging in recreational activities. The subsection was deleted in May 2004 as part of the Tennessee Off-Highway Motor Vehicle Act.<sup>3</sup> The deletion of this subsection has received some attention, and additional changes to the law may be made in the future to reenact the exception in some form. In addition, the law without this subsection has not been tested in court. Therefore, it is difficult to determine how the deletion of the subsection will affect court rulings.

<sup>3</sup>Tennessee Public Acts. Chapter 622. 2004. Available online at <http://www.state.tn.us/sos/acts/103/pub/pc0622.pdf>. Accessed April 25, 2005.

<sup>4</sup>LexisNexis. Accessed online at <http://www.michie.com/>. Accessed April 25, 2005.

<sup>5</sup>Skateboarding was added as an amendment to 70-7-102 as part of Public Acts, 2004, Chapter 952 signed on June 15, 2004. The amendment will be effective through July 1, 2006.

The applicable sections of Tennessee Code Annotated title 70 chapter 7 are printed below.<sup>4</sup>

### ***70-7-102. Landowner's duty of care***

*The landowner, lessee, occupant, or any person in control of land or premises owes no duty of care to keep such land or premises safe for entry or use by others for such recreational activities as hunting, fishing, trapping, camping, water sports, white water rafting, canoeing, hiking, sightseeing, skateboarding,<sup>5</sup> animal riding, bird watching, dog training, boating, caving, fruit and vegetable picking for the participant's own use, nature and historical studies and research, rock climbing, skeet and trap shooting, skiing, off-road vehicle riding, and cutting or removing wood for the participant's own use, nor shall such landowner be required to give any warning of hazardous conditions, uses of, structures, or activities on such land or premises to any person entering on such land or premises for such purposes, except as provided in § 70-7-104.*

### ***70-7-104. Conditions under which liability unaffected***

*This part does not limit the liability that otherwise exists for*

- (1) *Gross negligence, willful or wanton conduct that results in a failure to guard or warn against a dangerous condition, use, structure or activity; or*
- (2) *Injury caused by acts of persons to whom permission to hunt, fish, trap, camp, hike, sightsee, cave, or any other legal purpose was granted, to third persons or to persons to whom the person granting permission, or the landowner, lessee, occupant, or any person in control of the land or premises, owed a duty to keep the land or premises safe or to warn of danger.*

Title 70 chapter 7 also allows in section 105 for a person 18 years of age or older who is paying a fee to camp, fish, hunt, hike, train dogs or cut firewood on a premises to waive the landowner's duty of care in writing. A written waiver signed by agritourism customers engaged in these or other activities may provide an added level of protection for landowners. The waiver itself may provide an opportunity for agritourism operators to reiterate to customers the existence of inherent risks of activities as well as rules of the operation

they must follow for safety purposes. Title 70 chapter 7 section 105 is printed below.

#### **70-7-105. Waiver of landowner's duty of care**

*Any person eighteen (18) years of age or older entering the land of another for the purpose of camping, fishing, hunting, hiking, dog training, or cutting or removing firewood for such person's use for a consideration may waive in writing the landowner's duty of care to such person for injuries that arise from camping, fishing, hunting, hiking, dog training, or cutting or removing firewood for such person's use, if such waiver does not limit liability for gross negligence, or willful or wanton conduct, or for a failure to guard or warn against a dangerous condition, use, structure or activity.*

#### **Equine Activity Liability Law**

---

Title 44 chapter 20 of Tennessee Code Annotated applies to liability with equine activities. The law defines equine activities as

- (A) *Equine shows, fairs, competitions, performances, or parades that involve any or all breeds of equines and any of the equine disciplines, including, but not limited to, dressage, hunter and jumper horse shows, grand prix jumping, three-day events, combined training, rodeos, driving, pulling, cutting, polo, steeplechasing, English and western performance riding, endurance trail riding and western games, and hunting;*
- (B) *Equine training or teaching activities, or both;*
- (C) *Boarding equines;*
- (D) *Riding, inspecting, or evaluating an equine belonging to another, whether or not the owner has received some monetary consideration or other thing of value for the use of the equine or is permitting a prospective purchaser of the equine to ride, inspect, or evaluate the equine;*
- (E) *Rides, trips, hunts, or other equine activities of any type, however informal or impromptu, that are sponsored by an equine activity sponsor; and*
- (F) *Placing or replacing horseshoes on an equine.*

The law does not apply to the horse racing industry. For applicable activities, the law recognizes equine activities have certain inherent risks of injury or death to participants. The law does not hold equine professionals or event sponsors liable for these inherent risks for injuries.

Some exceptions to this protection are included in the law as well. Liability is not limited if the equine professionals or event sponsors

- (1) (A) *Provided the equipment or tack, and knew or should have known that the equipment or tack was faulty, and such equipment or tack was faulty to the extent that it did cause the injury; or*  
(B) *Provided the equine and failed to make reasonable and prudent efforts to determine the ability of the participant to engage safely in the equine activity and determine the ability of the participant to safely manage the particular equine based on the participant's representations of the participant's ability;*
- (2) *Owns, leases, rents, or otherwise is in lawful possession and control of the land or facilities upon which the participant sustained injuries because of a dangerous latent condition which was known to the equine activity sponsor, equine professional, or person and for which warning signs have not been conspicuously posted;*
- (3) *Commits an act or omission that constitutes willful or wanton disregard for the safety of the participant, and that act or omission caused the injury; or*
- (4) *Intentionally injures the participant.*

The law requires that signs with warnings be posted and maintained in visible locations where the activities are conducted. The law also requires that the letters in the warning sign be black and at least one inch in height. In addition, written contracts must contain the warning. The signs and contracts must read

*Under Tennessee Law, an equine professional is not liable for an injury to or the death of a participant in equine activities resulting from the inherent risks of equine activities, pursuant to Tennessee Code Annotated, title 44, chapter 20.*

#### **Risk Assessment**

---

The first step to reducing and managing risk is to recognize which particular risks are associated with your agritourism enterprise. Risk assessment should be a continuous process because new risks may arise at any time. Use the *Risk Identification Exercise* to document the specific risks your agritourism enterprise may face.

### ***Risk Identification Exercise***

Consider the types of risk discussed earlier in the chapter and think about what specific risks your agritourism enterprise may face in each category. Describe the risks in the space provided.

#### **Legal Risk**


#### **Human Resources Risk**


#### **Business Interruption Risk**


#### **Production Risk**


#### **Marketing Risk**


#### **Financial Risk**


The risk assessment process also involves estimating the likelihood that a risk will result in loss, damage or injury as well as the potential magnitude of the loss. You will be able to accomplish this phase of the risk assessment process later in the chapter with the *Risk Assessment and Management Worksheet*.



## Risk Management

Simply identifying risks does not diminish or eliminate them. A risk management plan should be developed and implemented to help reduce or eliminate potential risks. Risk may be managed using four general methods:<sup>6</sup>

1. Avoid risk
2. Reduce risk
3. Transfer risk
4. Accept risk

You can **avoid risk** simply by choosing not to engage in agritourism activities altogether. By using the risk assessment process, you may also decide that a specific agritourism activity has more risk associated with it than you want to take on. Therefore, you can decide not to offer that activity.

You can **reduce risk** by implementing preventative measures and procedures. For agritourism enterprises, customer and employee safety is one area where risk reduction can be effective. A proactive approach to safety for customers and employees should be a major priority. Safety considerations for agritourism enterprises are discussed in detail in Chapter 7.

Another method for managing risk is to **transfer risk** to another party. The most common way is through insurance coverage. An insurance company accepts risk on your behalf in return for compensation in the form of premiums. In return, the company will reimburse you for damages, if incurred, according to the details of your policy.

You may not be able to reduce or transfer all risk associated with

some kinds of agritourism activities and still decide to offer the activity. In this case, you have decided to **accept risk** and should take action to prepare for loss or damages in other ways. For example, you can create an emergency fund to pay for expenses you might incur as a result of the risk.

Certain risk management methods are more suited to managing specific risks based on the expected severity and frequency of damage, loss or injury. The *Risk Management Method Matrix* illustrates which methods logically relate to severity and frequency combinations. If an event is expected to occur only occasionally and the potential for injury, damage or loss is low, then inexpensive risk reduction strategies and steps to accept risk may be logical. If the severity of losses will be high with a low frequency of occurrence, more intensive risk reduction and acceptance strategies may be necessary. If the expected severity is low but the frequency is high, once again reduction of risk as well as risk transfer is recommended. With both high severity and frequency, you may also reduce and transfer risk or decide that the activity is too risky and avoid it altogether.

Risk Management Method Matrix		
	Low Severity	High Severity
Low Frequency	Reduce or Accept	Reduce or Accept
High Frequency	Reduce or Transfer	Reduce, Transfer or Avoid

Some strategies to help reduce, transfer or accept risk in an agritourism enterprise are listed below. Check the items which may be applicable to your agritourism operation.

### Reduce

- ☐ Familiarize yourself with laws and regulations and follow requirements relevant to your operation.
- ☐ Develop and implement safety measures and procedures for customers and employees.
- ☐ Develop and implement an emergency response plan.
- ☐ Develop and implement an incident reporting system to preserve contact information for injured parties and witnesses, incident-site photos and other relevant information.
- ☐ Develop and implement safe food handling procedures.
- ☐ Train employees in proper operational procedures.
- ☐ Make hand-washing facilities available for employees and customers.
- ☐ Get first-aid training and require employees to get training.
- ☐ Purchase and make available first-aid supplies, fire extinguishers and a weather radio.

<sup>6</sup>Kratzer, Connie. "Insuring Against Catastrophes." *Cashing in on Business Opportunities*. June 2003. Southern Rural Development Center.

- ☐ Place lists of emergency phone numbers with directions to your operation at all phones.
- ☐ Seek assistance from professionals such as lawyers, accountants, production specialists and regulators when needed.

### **Transfer**

- ☐ Obtain property insurance.
- ☐ Obtain liability insurance.
- ☐ Obtain health and disability insurance.
- ☐ Obtain crop insurance.
- ☐ Learn and follow insurance requirements and claim procedures.
- ☐ Require customers to sign lease or rental agreements for appropriate activities (such as fee-hunting or equipment rental).
- ☐ Require vendors and independent contractors to maintain current licenses and insurance while operating on your property.
- ☐ Require customers to sign hold harmless agreements or liability waivers.

### **Accept**

- ☐ Develop a business analysis and management system.
- ☐ Choose a beneficial business structure for your agritourism enterprise.
- ☐ Monitor market conditions.
- ☐ Create an emergency fund to pay for insurance deductibles and unplanned, necessary repairs.

Now that you have listed potential risks and have read about different methods and strategies to manage risk, use the *Risk Assessment and Management Worksheet* on page 64 to further assess your risks and develop risk management strategies for each.

### ***Hold Harmless Agreements***

Hold harmless agreements or liability waivers signed by customers or the legal guardians of minor customers may be one method to manage risk for some enterprises, especially high-risk activities. A hold harmless agreement indicates that the person signing the agreement will not hold an individual or business liable for damage or injury sustained at a location or during an activity.

Many questions exist about the effectiveness of hold harmless agreements in managing risk. These agreements may not prevent liability claims or lawsuits and do not decrease your obligations to create a safe environment for your customers. If used, hold harmless agreements should not be the sole method of risk management but, rather, used in combination with other methods such as liability insurance. The agreements may provide an opportunity for you to formally remind customers of risks they are taking in visiting the enterprise and provide further evidence of your diligence in informing and caring for your customers.

Ultimately, you should consult with your insurance agent and lawyer to determine if hold harmless agreements are an appropriate risk management strategy for your operation. If appropriate, your lawyer should also be able to draft an agreement to fit the specific needs of your enterprise.

### ***Risk Assessment and Management Worksheet***

1. Refer to the *Risk Identification Exercise* you completed on page 61. List the risks you identified on that worksheet in the numbered rows under the column heading *Potential Risks*. (You may need to make additional copies of the worksheet.)
2. Rate the likelihood that each of the potential risks will result in actual loss, damage or injury on a scale of 1 (Low Risk) to 5 (High Risk) by circling the corresponding number under the column heading *Likelihood of Injury*.
3. For each potential risk, rate the magnitude of the potential loss, damage or injury on a scale of 1 (Small Risk) to 5 (Large Risk) by circling the corresponding number under the column heading *Magnitude of Potential Loss*.
4. Develop appropriate strategies to avoid, reduce, accept and/or transfer each of the risks identified.
5. Finally, estimate the cost of your planned risk management strategies. Reassess activities and potential risks where costs are too great.

Risk Assessment and Management Worksheet				
Potential Risks	Likelihood of Injury	Magnitude of Potential Loss	Methods to Avoid, Reduce, Accept and/or Transfer Risk	Estimated Cost of Risk Management Methods
	Low– High	Small– Large		
1.	1 2 3 4 5	1 2 3 4 5		
2.	1 2 3 4 5	1 2 3 4 5		
3.	1 2 3 4 5	1 2 3 4 5		
4.	1 2 3 4 5	1 2 3 4 5		
5.	1 2 3 4 5	1 2 3 4 5		
6.	1 2 3 4 5	1 2 3 4 5		
7.	1 2 3 4 5	1 2 3 4 5		
8.	1 2 3 4 5	1 2 3 4 5		
9.	1 2 3 4 5	1 2 3 4 5		
10.	1 2 3 4 5	1 2 3 4 5		
11.	1 2 3 4 5	1 2 3 4 5		
12.	1 2 3 4 5	1 2 3 4 5		



## Insurance Concepts

Insurance is a method used to manage risk by transferring it to another individual or entity. Insurance is defined as “a legal contract whereby risks are transferred from one party to another in exchange for a premium.”<sup>7</sup>

Several types of insurance may be relevant to agritourism enterprises, including:

1. Commercial or general liability
2. Product liability
3. Special events liability
4. Property and loss
5. Health and disability
6. Crop

Insurance purchased for your farm operation may not be adequate to manage the risk from your agritourism enterprise. For example, a general farm liability policy may not include liability coverage for agritourism activities or products since revenue is earned through non-production agriculture activities.

Another example relates to property insurance. Property insurance coverage on your tractor as part of your general farm policy may not be in effect during a time when you will use that tractor for income-generating agritourism activities. If the tractor were to be damaged while you were conducting a hayride, the damage may not be covered by your existing insurance. Be sure to check with your insurance agent to make sure you have adequate coverage for both production agriculture and agritourism uses.

When searching for and obtaining insurance, you should contact the carrier for your other insurance policies, such as your farm policy. Since that company has a history with you, it may be more likely to provide coverage for your agritourism activities. It may be beneficial, however, to compare similar policies from other companies every couple of years to be sure you have the policy that best meets your needs at the most economical price.

Many insurance companies have little or no experience with agritourism enterprises and, therefore, may be reluctant to provide coverage. Although agritourism in its earliest form began in the 1800s, very little information is available on which to evaluate potential risks. When the risk cannot be quantified, companies cannot accurately set premiums or the price for coverage to ensure that they will be able to cover claims and maintain a profitable business. Insurance companies may decide not to write a policy for agritourism enterprises in order to avoid financial risk for their companies. Companies may also decide to reduce financial risk by offering policies to certain types of enterprises or for a limited number of enterprises. As the industry continues to grow, the demand for liability insurance products for agritourism is increasing; and as more information becomes available about risk exposure, it is likely that more insurance companies will offer options for coverage.

When considering insurance coverage as a risk management strategy, it is helpful to understand some specific terminology and concepts. The following table lists some common insurance terms with general definitions.

Common Insurance Terms and Definitions	
Term	Definition
Policy	Written contract for insurance coverage.
Coverage	The dollar amount available from the insurance company to meet liabilities or cover damages as defined in the policy.
Premium	The price paid to the insurance company for the policy.
Deductible	The amount specified in an insurance policy that the insured party must pay out of pocket. It relieves the insurer of responsibility for an initial specified loss.
Covered Peril	Something that imperils or causes risk of injury or loss that is eligible for coverage.
Excluded Peril	Something that causes risk of injury or loss that is not eligible for coverage. Usually, perils not specifically listed as covered are assumed to be excluded.
Claim	A request for payment for damages or loss sustained.
Exposure	The potential for damages or loss.

<sup>7</sup>Barnett, Barry. *Risk and Insurance Principles*. Available online at [http://www.ageconmsstate.edu/Aquaculture/workshop\\_1/Insurance\\_Principles.pdf](http://www.ageconmsstate.edu/Aquaculture/workshop_1/Insurance_Principles.pdf). Accessed October 2, 2003.

When visiting with an insurance agent regarding insurance for your agritourism enterprise, you should be prepared to provide some information. It is important to communicate fully and clearly to make sure the agent understands your enterprise and the potential risks. Consider inviting the agent to your operation to give a better idea about what you are planning to do or are doing.

Read each insurance policy carefully and make sure you understand what perils are included and excluded in the coverage, the amounts of deductibles, levels of coverage and details on how to file a claim. Do not rely solely on the agent to tell you all the details of the policy. Generally, you should not share details of your insurance coverage with customers except for what is necessary to file a claim.

Two worksheets to help you collect and organize information necessary to discuss your liability insurance options are provided. The *Insurance Information Worksheet* provides space to list some information about your operation that an insurance agent is likely to need. The *Insurance Policy Evaluation Worksheet* on page 67 provides a list of questions you may want to ask insurance agents.

### Insurance Information Worksheet

Write a detailed description of ALL activities to be conducted at the enterprise and the methods implemented to reduce risk.


Hours/seasons of operation


Type of customers expected (adults, teenagers, elementary school children, senior citizens)


Number of customers expected


Number of employees


Estimated gross sales/revenue


Insurance Policy Evaluation Worksheet <sup>8</sup>	
Insurance Company Name	
Contact Name	
Phone Number	
Date	
Is the company licensed to sell insurance in Tennessee?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does the agent understand my enterprise or proposed enterprise?	<input type="checkbox"/> Yes <input type="checkbox"/> No
What is the amount of coverage?	\$
Is the premium a set fee?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the premium based on a percentage of gross sales or on client days?	<input type="checkbox"/> % Sales <input type="checkbox"/> Days
How much is the premium?	\$ /
Is there a deductible?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, how much is the deductible?	\$ /
Does the insurance apply to	
my premises and operations liability?	<input type="checkbox"/> Yes <input type="checkbox"/> No
my products and operations liability?	<input type="checkbox"/> Yes <input type="checkbox"/> No
my contractual liability to others?	<input type="checkbox"/> Yes <input type="checkbox"/> No
my personal liability to others (libel, slander, invasion of privacy)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
my personal injury liability to others (libel, slander, invasion of privacy)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
my advertising injury to others?	<input type="checkbox"/> Yes <input type="checkbox"/> No
my property liability damage to others?	<input type="checkbox"/> Yes <input type="checkbox"/> No
incidental medical malpractice liability resulting from my helping an injured person?	<input type="checkbox"/> Yes <input type="checkbox"/> No
non-owned watercraft liability?	<input type="checkbox"/> Yes <input type="checkbox"/> No
host liquor liability?	<input type="checkbox"/> Yes <input type="checkbox"/> No
court costs for defense?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are court costs covered above the liability coverage limit or included in liability policy limit?	<input type="checkbox"/> Above <input type="checkbox"/> Included
Are there any specific exclusions to the policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are my employees insured under this policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do I have to belong to an association to purchase this insurance?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, what is the cost of membership?	\$ /
Notes	

<sup>8</sup>Insurance Policy Evaluation Worksheet adapted with permission from Keith, Diana, Holly George and Ellie Rilla. 2002. *Agritourism and Nature Tourism in California: A How-To Manual for Farmers and Ranchers*. University of California Small Farms Center.

## Chapter Review

**A**gritourism introduces entrepreneurs to many types of risk. It is important to be able to assess and manage these risks effectively. Some key points to remember from this chapter are as follows

- Risk assessment and management is a continuous process.
- Risk to agritourism enterprises may include legal risk, human resources risk, business interruption risk, production risk, marketing risk and financial risk.
- Liability is one type of legal risk of major concern to many agritourism entrepreneurs.
- Risk may be managed by avoiding risk, reducing risk, transferring risk or accepting risk.

## Additional Resources

The **Tennessee Department of Commerce and Insurance, Consumer Insurance Services** can tell you if a company is licensed to sell insurance in Tennessee. This agency is also responsible for the investigation and mediation of insurance claims and other insurance related disputes as well as education of the public on insurance issues. Contact the agency at (615) 741-2218 or 1-800-342-4029 (inside Tennessee).

**Managing Risks and Liability at California Certified Farmers Markets** was written by Desmond Jolly and Chris Lewis and published by the University of California Small Farms Center. Although written for California, many of the concepts in the publication are relevant to Tennessee markets. The publication is available online at <http://www.sfc.ucdavis.edu/pubs/brochures/rmafmall0504.pdf>.

The **United States Department of Agriculture Risk Management Agency** (RMA) has many publications available on the Web site at <http://www.rma.usda.gov/pubs/>. Two publications of particular interest may be **Building a Risk Management Plan: Risk Reducing Ideas That Work** (August 1998. 16 pp. Stock No. MP-36) and **Introduction to Risk Management** (December 1997. 20 pp. Stock No. MP-35.) To order a paper copy, write to FSA-KCMO Warehouse, 9420 Troost, Kansas City, MO 64131-3055, or fax your order to: 1-816-363-1762.

The **National Ag Risk Education Library** at <http://www.agrisk.umn.edu/> has links to publications on various topics related to risk. Look for the sections on agritourism and recreational use.

The **Horticultural Business Information Network** produced by the University of Tennessee Extension contains a large collection of resources for direct marketers and green industry firms. The network can be accessed by visiting <http://www.utextension.utk.edu/hbin/>.

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## Chapter 7

# Safety Considerations



### Disclaimer

Information contained in this chapter does not constitute legal counsel. The information is believed to be correct and current with regulations in force and information available at the time of publication. Regulations, however, are subject to interpretation and are often amended, repealed or added.

## Chapter Overview

**A**gritourism enterprises offer farmers opportunities to diversify and increase their income. Opening the farm to these new opportunities, however, also introduces new risks and legal obligations that should not be ignored. It is vitally important that the safety risks be identified and properly managed in order to minimize the potential for injuries, illnesses and resulting financial losses.

Agritourism enterprises must provide a safe and healthy environment for customers and employees — usually defined in regulations as anyone other than owners, their spouses and their dependents who work for the enterprise. The purpose of this chapter is to highlight potential safety risks and provide suggestions and information that can help agritourism operations run safely and in compliance with relevant regulations.

## Hazards Inherent in Agriculture

**F**arms are typically production-oriented and also include homes for most of the nearly 2 million United States farmers and their families. Although farming is often portrayed as a laid-back lifestyle, people who have lived or worked on farms most of their lives understand that farming is, in reality, a challenging occupation with inherent risks. Powerful machinery, large animals, exposure to the elements, varied and physically demanding tasks and often long working hours leave little room for error. Consequences of unsafe actions can be severe, and the National

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Safety Council has ranked agriculture among the deadliest occupations in the United States for many years. Agritourism operators must understand that risks they are willing to accept as farmers cannot be imposed upon customers or employees.

In addition to the hazards inherent in running a farm, opening the farm to customers introduces new risks. You may have

- Additional employees who may not be familiar with agricultural practices or the risks of working on a farm or running a retail business
- Increased vehicular traffic, especially on your driveways and farm roads
- Customers who may
  - not understand hazards that exist on a farm
  - not follow your instructions
  - steal/vandalize your property
  - be involved in an “accident”

Do not assume customers will understand the hazards and risks present on the farm or that they will pay attention and follow instructions. The challenge will be to operate the farm and the agritourism enterprise in ways that protect the customers and the farming operation from each other.

Risks, liability exposures and legal obligations of agritourism operations will vary greatly, depending on the nature of the businesses and location and condition of the facilities. However, regardless of the nature of the business, it is imperative that the owner becomes familiar with the relevant local, state and federal rules and regulations from which traditional farms may have been exempt.

You might consider including farm safety as part of the education provided through your agritourism enterprise. This could be incorporated into the customer's experience by providing

brochures or signs explaining why certain areas are off-limits and why you will not provide tractor rides for children. Many customers do not realize the risks that exist on your farm, and most will accept gentle but firm explanations for not doing certain things. In certain situations, carefully planned demonstrations can be staged to educate employees and customers. Contact your local UT Extension staff, the UT Extension Agricultural Safety Web site (<http://bioengr.ag.utk.edu/agsafety>) or other sources of information listed at the end of this chapter for safety education information.

## What Is an Accident?

Before going any further, pause for a moment to consider the meaning of the term "accident." When someone gets hurt or something gets damaged or broken, we often refer to it as an accident. But, is it really an accident? The following definitions were taken from *Webster's New Collegiate Dictionary*.<sup>1</sup>

### ac-ci-dent

- a. an unforeseen and unplanned event or circumstance
- b. lack of intention or necessity; chance (met by *accident* rather than by design)
- c. an unexpected happening causing loss or injury which is not due to any fault or misconduct on the part of the person injured but for which legal relief may be sought.

These definitions suggest that an "accident" is something that cannot be predicted. And, if it cannot be predicted, then it cannot be prevented. While there are some unforeseeable events that lead to accidents, most of the events we call accidents really are not. Why? Because, in most cases, we can predict the outcome of a chain of events. We make the decisions along the chain of events, so the undesirable outcomes should not be called accidents. We should not use terms that imply an event was unpredictable and unpreventable. Some appropriate terms we can use in place of the word "accident" are incident, event, occurrence and mishap. Conscientiously planning for safety can help reduce the incidence of mishaps.

### **Put it in Perspective**

If it can be **predicted**,  
it can be **prevented**.

If it can be **prevented**,  
**it is not an accident!**

<sup>1</sup>*Webster's New Collegiate Dictionary*. G. & C. Merriam Co. 1981.



## Planning for Safety

**S***afety First* is a slogan we have all heard before. Safety is likely not the primary goal of your agritourism enterprise, however; if you fail to provide a safe and healthy environment for employees and customers, it is likely that your business will not be profitable. Therefore, you must make a conscious effort to plan and operate a safe agritourism operation. Safety does not happen by itself. You must identify the safety risks, develop plans for managing the risks and have a plan for dealing with emergencies as they occur.

A written safety and emergency response plan is important for all agritourism enterprises. While good insurance policies can help minimize the financial impacts of mistakes, implementing good safety management plans minimizes the likelihood of having to file insurance claims. Written safety and emergency response plans are also required by numerous state and federal regulations.

Safety plans need to be written so they can be used as a reference when training employees, planning activities and responding to various situations. The written plan and records of training, inspections, repairs and injury investigations can be helpful in the event of a lawsuit, an inspection or in dealing with the media.

While the content and degree of detail will depend on the size and scope of your business, certain components of the safety and emergency response plan should be included for every business. Components of safety and emergency response plans include, but are not limited to

1. Cover page
2. Emergency contacts and communication plan
3. Identification and business description
4. Emergency response plan
5. Maps
6. Purpose of the safety and emergency response plan
7. Responsible party
8. Applicable regulations
9. Procedures for compliance
10. Employee training requirements and records of training

11. Inspections and corrective actions

12. Records of all incidents and injuries

A description of each of the 12 components follows

- **Cover page** — Title the document “Safety and Emergency Response Plan,” and then list the name, address and contact information for the business.
- **Emergency contacts and communication plan** — Place this page inside the cover of the plan, as this information needs to be readily available. List the telephone numbers of appropriate emergency agencies. In most of Tennessee, the first call for any serious or life-threatening emergency should be to the 911 dispatcher. Because there can be non-life threatening emergencies that need specific responses, list additional emergency contacts, such as your electric utility, gas company and veterinarian. List the name, address and directions to the agritourism enterprise. Also, list the addresses and telephone numbers for each owner, manager and supervisor. Place copies of this page at each telephone and in each vehicle. (There should be a telephone or two-way radio at each area of the agritourism business during operating hours.) Also, provide a copy for each owner, manager and supervisor.
- **Identification and description of the business** — List the name, address and contact information for the business, each owner and each manager or supervisor. Provide a brief description of the nature of the business and of any significant hazards that might be of interest to emergency responders and regulators.
- **Emergency response plan** — You should have a plan for responding to any foreseeable emergencies such as injury, medical emergency, fire and severe weather. The plan should include procedures for seeking assistance, detailed directions to your operation for responders, crowd control and traffic control. If it would normally take more than three minutes for emergency medical services to respond, employees and volunteers should be trained in first aid and CPR.



- **Maps** — An accurate map of the farm that identifies all structures and significant hazards can be helpful during planning, training and emergency response and should be included in your plan. Write street addresses on the map for the driveway or entrance to each farm or field. Having these addresses on a map can improve response times from emergency personnel. There have also been reports of emergency agencies failing to respond to non-life-threatening emergencies because the caller on a cell phone was unable to provide a street address. Keep copies of the maps at the office, at telephones and in vehicles so they can be readily accessed for use during emergencies.

- **Purpose of the safety and emergency response plan** — The plan should include a statement that explains why you are creating a safety plan and whom the plan covers. This may seem obvious, but the statement of purpose is important for establishing the authority and credibility of the safety and emergency response plan. A statement of purpose might look like this:

*The purpose of this safety, health and emergency response plan is to establish procedures for protecting the ACME Agritourism Farms from losses due to injuries, illnesses or property damages that could occur during the course of normal business and to establish procedures to be followed during emergency situations including, but not limited to, severe weather, fire or criminal activity. This plan covers all ACME Agritourism Farms activities, employees, volunteers, customers and guests. This plan is accomplished through regular training, inspections, repairs and improvements to correct unsafe conditions and through maintaining records of these actions. This plan will be reviewed at least annually as well as whenever there are significant changes in the nature of the operations of this establishment.*

- **Responsible party** — You must designate a person, either by name or position, to be responsible for implementing the plan. This person must have the ability, knowledge and authority to do the job. The responsible party must also be held accountable for the success or failure of the plan.

- **Applicable regulations** — List the rules and regulations that apply to the business. It may be helpful to develop a list for each aspect of the agritourism operation. For example, the

list of regulations that apply to the agricultural production portion of the enterprise is quite different from the regulations for a food-service portion of the enterprise. Refer to Chapter 8 of this guide for an overview of the various rules and regulations that may apply to your business.

- **Procedures for compliance** — Applicable regulations generally provide the minimum standards for performance but do not describe how these minimum standards must be accomplished. Business owners must develop their own procedures. The procedures may include specific items, such as inventories of hazardous materials, proper disposal of hazardous wastes or used hypodermic needles, records of pesticide applications, posting required warning signs and proper dish washing procedures in food-service kitchens.

- **Employee training requirements and records of training** — The Occupational Safety and Health Administration (OSHA) requires employers to provide employees with safe working conditions and train employees to perform their jobs safely. For each category of employee, list the training requirements. There may be specific training required by law for some tasks, such as for agricultural tractor operators. Keep written records of all training completed for each employee.

- **Inspections and corrective actions** — Develop a procedure for conducting routine safety and health inspections. Some inspections may need to be made only once or twice a year, but some areas may require more frequent or even daily inspections. Using an appropriate checklist, inspect every building or structure, machine, workspace, hazardous materials storage area, and attractive nuisance, as well as any area open to the public. Keep records of the date of each inspection, any items that need correction and the corrective actions taken. A sample inspection checklist is included on page 133 of the Appendix.

- **Records of all incidents and injuries** — Even with diligent planning and implementation of safety procedures, injuries and other incidents will likely occur. It is important to keep detailed records of all injuries and incidents. When possible, include photographs or other evidence that can help explain the causes and outcomes. Take corrective action when needed. Consult your insurance

provider for recommended procedures and be sure to inform your agent of incidents that may result in a claim.

## Managing Safety Hazards

The remainder of this chapter will review some of the safety hazards found in agritourism enterprises and some possible solutions.

There are numerous other safety risks not covered. The uniqueness of your enterprise requires that you examine each area carefully in order to develop your own list of hazards and procedures for safeguarding the customers, employees and the business.

When reviewing or inspecting the various areas and activities around the farm to identify potential hazards, try to consider how others without your farm knowledge and experience would view each situation. Consider the perspectives of customers with little or no knowledge of potential farm hazards, especially your most at-risk customers such as children or the elderly. Also consider the perspectives of your employees who may also have little or no knowledge of potential farm hazards and may need training in identifying and handling hazards.

You may consider asking a friend or representative from an appropriate agency to assist in this process. Friends who have operated similar enterprises can point out potential hazards or management difficulties. Your insurance agent may be able to identify items with a history of contributing to claims. Activities subject to regulation should be reviewed and may require inspection prior to opening as well as at other times. It is better to discover and correct problems before injuries and, perhaps, legal problems occur.

## Access to the Enterprise

You have heard the old adage, "You never get a second chance to make a first impression." The entrance to your enterprise is often one of the first impressions customers will have of your business, and the entrance should, of course, be

free of hazards. In particular, make sure traffic can safely enter and leave the farm. The following suggestions may help to ensure safe access to your enterprise. Use the check boxes provided to indicate items relevant to your planned or existing venture. You may also want to mark actions you want to explore further.

- ☐ Your driveway or entrance should be visible from at least 500 feet in either direction so motorists can see vehicles entering and leaving your driveway and have time to stop safely. According to the *Tennessee Driver's Handbook*, the total stopping distance for a car traveling at 50 mph is 201 feet, and at 60 mph the total stopping distance is 281 feet. But, a large truck traveling at the same speeds can take more than 450 feet to stop. In low traction conditions, such as wet roadways, dirt roads, mud or leaves on the road, and snow or icy conditions, stopping distances from a speed of 20 mph can be as much as 200 feet.<sup>2</sup>
- ☐ Keep the entrance free of brush, weeds, signs, junk and other obstructions that could block drivers' views of the driveway and highway from all vehicle heights (low cars to high SUVs or pickups). Signage must not be on the public right-of-way and must not obstruct visibility for people entering and leaving your property.
- ☐ The driveway entrance must be wide enough and must provide turning space for the longest vehicles, such as school buses, to enter and leave without swinging across the highway center line into oncoming traffic, dropping wheels off the drive or backing up.
- ☐ Remove limbs, brush and other items that can scratch or damage vehicles.
- ☐ The driveway should be wide enough for the largest vehicles to meet and pass. If not, provide pullouts adequate for even the largest vehicles or use one-way routing.
- ☐ If your driveway has a steep slope, sharp turn or other characteristics that could be problems, create a plan for alternative routes, closures or transportation for customers. Consider the hazards in both good and bad weather conditions.

<sup>2</sup>Tennessee Department of Safety. *Tennessee Driver Handbook*. Nashville, Tenn. Pp 53, 77, 99. Available online <<http://www.tennessee.gov/safety/handbook.html>>. Accessed April 11, 2005.

- ❑ If there are bridges on the property, they should be inspected by a professional engineer and posted with the maximum load limit. Your highway department may be able to provide assistance or the names of qualified inspectors.
- ❑ All bridges and drop-off hazards, for both vehicles and pedestrians, should have adequate guardrails that will prevent vehicles from falling from the roadway or people falling from the walkway and must be designed by qualified engineers. Railings or barriers for people should meet standards published by OSHA and the National Fire Protection Association (NFPA) or the building codes for your jurisdiction. If the drop-offs are along a public road, contact the highway department for assistance.
- ❑ If vehicles are required to drive through a creek, ditch or other waterway, you must have a plan to prevent vehicles from attempting to cross during flash floods. As little as a foot of flowing water pushing against the body of a vehicle can lift and carry it away.
- ❑ If your driveway is along a busy highway or if you are planning a major event, consider hiring off-duty law enforcement officers to provide traffic assistance.

### ***Parking and Traffic Control***

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The second impression customers get of your business might be the parking lot. Check local ordinances regarding parking requirements for businesses. Some local jurisdictions may have specific requirements based on the type of business and expected number of vehicles. Here are some general recommendations for parking areas:

- ❑ Provide parking spaces adequate for the largest expected crowd, including spaces for both automobiles and larger vehicles such as RVs and buses, depending upon the customers you expect.
- ❑ Traffic lanes in the parking area must be at least 20 feet wide so automobiles can enter and leave parking spaces easily. Lanes and turnarounds in bus parking areas must have a minimum turning radius of 55 feet.

- ❑ Parking areas must be firm, smooth and adequately drained to minimize the risk of vehicles getting stuck.
- ❑ Fill all holes to prevent falls and injuries.
- ❑ Keep the area mowed low so customers' shoes and clothes do not get wet from dew or rain on the grass.
- ❑ If the parking area also serves as a pasture, remove the livestock a couple of days before parking vehicles there and use a drag harrow to scatter manure piles.
- ❑ Be prepared to order a load of gravel to fill muddy areas that develop in the drives and lanes during wet weather. You can avoid the expense and potential liability of towing stuck vehicles, as well as the negative publicity certain to follow, by maintaining good driveways and parking areas.
- ❑ If used between dusk and dawn, the parking area should have adequate lighting for security and for customers to see where they are going.

You must provide parking and reasonable accommodations for people with disabilities or mobility limitations. Reasonable accommodations could include the following:

- ❑ Provide a pick-up and drop-off location closer than the parking area.
- ❑ Provide wheelchair/handicap accessible parking spaces. These spaces must be level, on a firm surface and as close as possible to activities.
- ❑ Offer valet parking or golf cart shuttle services for customers with disabilities.

### ***Walkways***

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The walkways between parking and other facilities may be the next opportunity to make a good impression and prevent safety hazards. Walkways should be easily identified, with clear signage directing customers to the areas they wish to visit.

- ❑ Walkways must have firm, smooth surfaces to minimize risk of trips, slips or falls. The surfaces should be safe for all customers, including customers with disabilities. Avoid loose materials like sand, gravel and mulch. However, a smooth surface of firmly packed crusher-run

$\frac{3}{8}$  inch and under gravel (includes particles  $\frac{3}{8}$  inch diameter down to fines) can accommodate wheelchairs and scooters.

- ❑ Walkways must have a minimum clear width of 36 inches for wheelchairs and scooters used by individuals with disabilities.
- ❑ Walkways must have adequate drainage and be free of puddles and mud.
- ❑ Steep grades should be avoided whenever possible. The maximum grade for walks and ramps used by wheelchairs is 1:12 (1 inch rise for every 1 foot of horizontal run).
- ❑ Minimize the use of steps and stairs as much as possible. They are not only tripping and falling hazards but are also barriers to customers with some disabilities.
- ❑ Provide handrails on all stairways and guardrails or other barriers around all drop-offs, including wheelchair ramps.
- ❑ Remove or barricade all overhangs, obstructions, sharp objects or other hazards that could cause injury if customers bumped against them. Check regularly for loose bolts, nails and other protrusions and correct identified hazards immediately.

### ***Access to Buildings, Food Services and Rest Rooms***

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Customers must have safe access to business facilities. While regulations permit some exceptions to the accessible design guidelines, you must provide reasonable accommodations for all customers. Building codes for both new construction and for remodeling older facilities require accessible design. Structures that can accommodate individuals with disabilities are also easier for able-bodied people to use. Refer to the section on the *Americans With Disabilities Act (ADA)* in Chapter 8. Consider the following access guidelines:

- ❑ Provide step-free access to the entrance, either by designing the ground surface and doorway at the same elevation or by installing an ADA-compliant ramp. Many customers will use the ramp instead of the stairs because they feel safer. You can also use hand trucks and carts on the ramp.

- ❑ Doorways must have a minimum clear-opening width of 32 inches to accommodate wheelchairs.
- ❑ Avoid installation of raised thresholds and elevation changes from room to room. These can trip customers and are also difficult for wheelchair users.
- ❑ Door hardware must have handles that do not require a strong grip. Replace round knobs or install handle extensions. Test existing door-knobs, bathroom fixtures and other fixtures yourself. You should be able to operate them with a closed fist. If not, the devices should be replaced or upgraded.
- ❑ Wheelchair-accessible bathroom stalls should be a minimum of 5 feet by 5 feet to accommodate the wheelchair. If using portable toilets for events, you must provide a wheelchair accessible toilet. These also benefit customers with small children by providing enough space to change diapers or assist children.
- ❑ Place portable toilets in shaded locations, especially wheelchair-accessible toilets. Summertime temperatures can become dangerously high in portable toilets located in full sun. Customers with disabilities may require more time in the toilet, and heat-related conditions are a real threat to those who no longer have the ability to regulate their body temperature.

### ***Lighting***

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Proper lighting is essential both for preventing injuries and as a security measure. Lighting considerations include the following:

- ❑ All public areas must be lighted if customers are present at night. If darkness is a key ingredient of parts of the business, walkways can have low-level lighting to help prevent trips and falls.
- ❑ All stairs or steps must be lighted to minimize trips and falls.
- ❑ Position lights so they do not blind drivers using driveways or public roads.



## **Security**

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It is important for your customers to feel safe and secure at your enterprise. Customers may be unlikely to return if they feel unsafe or uneasy, for either their personal safety or the safety of their vehicle and belongings. Adopting the following procedures will help customers feel safe:

- ❑ Clearly identify all staff, whether paid employees or volunteers, so customers will know whom to contact for assistance.
- ❑ Train all staff to recognize potential safety and security threats and to implement proper communications and response procedures.
- ❑ Monitor parking, walkways and other public areas. Staff should occasionally walk or ride through the various areas to look for problems and offer assistance.
- ❑ Check off-limits and restricted areas for trespassers, who should be escorted back to the proper locations. If they refuse to cooperate, contact law enforcement for assistance. Be sure to document any incidents.
- ❑ Enforce a zero-tolerance anti-drug policy — including illegal use of tobacco and alcohol. Contact law enforcement for assistance immediately upon discovery of illegal activities and document any incidents.

## **Animal Control and Biosecurity**

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Animals are part of the farming experience, but safety should be a major consideration when deciding how animals are to be included in your agritourism enterprise. Animal control and biosecurity procedures may include the following:

- ❑ Dogs and other farm pets should not be permitted to roam freely. Some people are afraid of dogs, and many people are allergic to cats. Maybe your dog has never bitten anyone, but there is a first time for everything. Also, customers may not want your dog marking their vehicles as his territory.
- ❑ All livestock pens, stables, dairies, pastures and kennels should be secured and off-limits. This is necessary for the safety of people as well as the animals and also as a biosecurity measure to prevent introduction of diseases.

- ❑ Petting zoos, in addition to the federal licensing requirements, should have animals appropriate for the intended audiences. Supervision by adults with proper training and experience can minimize injuries to customers.
- ❑ Provide hand-washing facilities and insist that everyone wash their hands upon leaving the petting zoo area.
- ❑ Customers should not be permitted to bring personal pets to the enterprise.
- ❑ Customers from other farms or who have recently returned from other countries should be restricted to non-livestock areas to prevent introduction of diseases.

## **Pest Control**

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West Nile Virus and other diseases can be spread to animals and humans by insects and other vectors (a vector is an organism that does not cause disease itself but which spreads infection by conveying pathogens from one host to another). Rabies can be spread by mammals, particularly skunks, raccoons and bats. Flies, roaches, mice and other pests can also be vectors for diseases. Therefore, a pest control program must be in place. Consult regulations for the particular enterprise you will be operating to determine specific requirements. Pest control methods may include the following:

- ❑ Develop an Integrated Pest Management (IPM) plan. An IPM is a safer and usually less costly option for effective pest management. It employs commonsense strategies to reduce sources of food, water and shelter for pests. IPM programs take advantage of all pest-management strategies, including judicious, careful use of pesticides when necessary.
- ❑ Always use pesticides in strict compliance with label instructions. Restricted-use pesticides should be applied only by licensed applicators.
- ❑ Keep records of all pesticide applications. Areas that have been treated with pesticides must be posted as required by the EPA Worker Protection Standard. Contact your county Extension office for information on the EPA Worker Protection Standard requirements for worker training and compliance, or visit [http://eppserver.ag.utk.edu/PSEP/Worker\\_Protection.htm](http://eppserver.ag.utk.edu/PSEP/Worker_Protection.htm).

## ***Food Safety***

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All food and drinks must be stored, prepared, served and sold in strict compliance with health department regulations and guidelines. All food service establishments should pass the health department inspection, even concession stands that may not require a permit. Contact your county health department regarding permits and requirements. Contact UT Extension for information on proper food handling and your county health department for information on food service employee classes.

One often-ignored aspect of food safety is customer sanitation practices, particularly hand washing. Provide hand-washing facilities and/or waterless hand sanitizers and post signs encouraging proper sanitation. When hosting school groups and similar tours, direct employees or chaperones to require hand washing before serving snacks or meals.

## ***Fire Prevention***

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A fire can have a devastating impact on any business, but particularly if it occurs in crowded areas. Therefore, you should develop a fire prevention and control strategy for your agritourism enterprise.

- ❑ One of the first aspects of a fire prevention strategy is proper storage of flammable and combustible materials. This includes minimizing the accumulation of combustible materials against and near buildings. Maintain fire-safe zones that are kept clean and green — free of combustible debris — and use low-flammability landscaping plants and materials.
- ❑ Enforce a strict no-smoking policy except in designated smoking areas located downwind of other customers. Smoking, besides its negative health impacts, contributes to many fires. Careless disposal of ashes or cigarette remnants can ignite hay, dead grass, crop stubble and other materials.
- ❑ Purchase and install Class A-B-C multipurpose fire extinguishers in all vehicles; on all tractors and major equipment; and in the office, cooking areas, barns and fuel storage areas. These extinguishers are safe for almost all fires likely

to be encountered on the farm. If you have sufficient pressure and flow, water hoses can be installed for controlling small fires in barns and outdoors.

- ❑ Finally, develop an emergency exit plan for all areas of the enterprise and train all staff on how to evacuate customers in the event of a fire or other emergency.

## ***Operation of Machinery***

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Farm machinery is fascinating to children of all ages. However, tractors and other machinery are designed for one operator and no passengers, with few exceptions. Therefore, operation of machinery should be kept to a minimum and incorporated in only very carefully planned activities that do not place staff and customers at risk. Some safety procedures for machinery operation include the following:

- ❑ Do not operate tractors or other machinery in public areas. There can be significant blind spots around farm machinery, and children in particular can be run over. Mowers and other machinery that can eject objects should never be operated near people.
- ❑ Do not permit passengers on tractors for any reason.
- ❑ Keep all guards and shields in place on all machinery or equipment, even tabletop exhibits. In cases where installing guards would be impractical or detract from the historical significance of the machine, such as with antique engines, rope off or barricade safety zones to prevent access and contact with the equipment.
- ❑ Equipment must never be left running unattended. Instruct staff to shut down any unattended equipment.
- ❑ Chock wheels on all parked equipment, even on level ground, and never rely solely on parking brakes. People examining or climbing on the equipment could release the brake, resulting in a runaway.
- ❑ Lower all implements to the ground and cover all blades and sharp protrusions.

## ***Transportation of Employees and Customers***

When transporting employees and customers, use vehicles designed for that purpose. When transporting people on public roads, use only licensed motor vehicles with manufacturer-provided seating for each passenger. Golf carts and other off-road utility vehicles are suitable choices for many off-road trips.

As suggested earlier, there may be times when it is desirable or necessary to transport personnel and customers for events such as hayrides. This should be done with great care. Properly used, tractors and wagons can be safe for off-road transportation. Proper use includes

- ❑ Being sure the tractor is heavier than the loaded wagon in order to have adequate braking ability
- ❑ Using a locking coupler and safety chain
- ❑ Putting front, rear and side walls or rails on wagons to keep people from being jostled off
- ❑ Requiring every passenger to stay seated with no legs dangling over the sides or ends of the wagon
- ❑ Traveling at speeds safe for the operating
- ❑ Using an experienced operator who can start and stop smoothly

## ***Recreational Activities***

Providing recreational activities can increase customers' enjoyment of their visits and allows them to spend more time or visit more often, perhaps increasing sales. However, as with other aspects of the enterprise, recreation is not without certain risks. Research the activities and learn the potential risks; then select appropriate activities and enforce safe behavior. Here are some examples:

- ❑ Require proper personal protective equipment (PPE) for the activity.
  - Horseback riding — Proper dress is long pants, shirt, shoes or boots with heels, and approved equestrian riding helmet
  - Bicycling — Proper dress is close-fitting pants and shirt, closed-toe shoes, and approved cycling helmet

Shooting — Approved eye protection (ANSI Z87 rating) and hearing protection

Boating — U.S. Coast Guard approved Personal Flotation Device (PFD)

- ❑ Use only large-diameter natural fiber ropes for tug-of-war games because they will not stretch and cause recoil injuries if broken. The working load limit should be at least 100 pounds times the number of children on each side and 200 pounds times the number of adults on each side of the game. Never use nylon ropes for tug-of-war as they can stretch considerably and will recoil like a giant rubber band if they break, severing fingers and causing other injuries in the process.

## ***Attractive Nuisances***

Some places and things around the farm and agritourism enterprise are what are called attractive nuisances. Although the legal definition of an attractive nuisance targets its risk to children, there are hazards that attract adults as well.

An attractive nuisance is any inherently hazardous object or property condition that can be expected to attract someone, particularly children, to investigate or play. Property owners are required to safeguard customers, visitors and even trespassers from attractive nuisances. Note that laws and court judgments concerning attractive nuisances address their risks to children, but similar concerns may exist for adults unfamiliar with farms and for individuals with developmental disorders.

There are five elements in the definition of an attractive nuisance:

1. Children are likely to trespass.
2. The possessor knows or has reason to know of reasonable risk of death or serious bodily harm.
3. Children are unaware of the risk.
4. The burden of eliminating the danger and benefit of maintaining safe conditions are slight when compared to the risk.
5. The owner fails to exercise reasonable care to eliminate the risk.

If you have areas on your property that correspond to the five elements listed above, then



you must take steps to either remove or prevent access to the attractive nuisance. It is your duty to take precautions that are reasonable in light of the normal behavior of young children, which is a much higher degree of care than required for adults, or to provide the same care as that owed to invited guests or customers.

- ❑ Swimming pools, old appliances and construction sites are often cited as examples of attractive nuisances. Other areas around the farm that might be attractive nuisances include
  - Pens or cages with animals
  - Hay storage areas
  - Grain bins and grain wagons
  - Tractors and other machinery
  - Barns
  - Water bodies such as ponds and lagoons
  - ATVs
  - Bee hives
- ❑ Attractive nuisances must be eliminated or properly secured with adequate fencing and locked gates, locked doors, or other appropriate security measures. Remember, attractive nuisances are attractive to children who cannot be expected to recognize the dangers. Simply posting Keep Out or No Trespassing signs will not be sufficient. Even when children were obviously trespassing, courts have passed judgments against property owners when children were injured by an attractive nuisance.

### ***Weather-Related Emergencies and Natural Disasters***

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Perhaps no other business is as impacted by weather as farming. Even the best plans can be wiped out by unfavorable growing conditions. Similarly, agritourism enterprises can be impacted by weather.

Severe thunderstorms may be the most threatening situation. They pose multiple threats such as lightning, high winds and tornados, hail, and heavy rains and flash flooding. They can also arrive quickly. Other elements such as heat, cold, sun and wind can also be hazardous.

Tennessee experiences almost every form of natural disaster. Some can be forecast several days in advance, such as tropical and winter storms. Others can occur without any warning, such as earthquakes. Your safety and emergency response plan should include procedures and preparations to protect customers and employees from weather or natural-disaster-related injury.

- ❑ You should have at least two ways to keep yourself and your employees informed of approaching storms. Most local radio and television stations routinely broadcast weather forecasts, and many broadcast emergency information from the National Weather Service. Cable television channels, such as The Weather Channel®, can also provide up-to-date radar images, forecasts and warnings. The Internet offers a variety of sources for weather information and warnings. The National Weather Service Web site provides local weather forecasts, current warnings and radar images. You can also subscribe to notification services that deliver e-mail and text messages for local warnings and watches. Finally, consider purchasing a NOAA Weather Radio, especially one of the newer models with Specific Area Message Encoding (SAME) that can be programmed to deliver warnings for only your county.
- ❑ Designate shelters for customers during storms. Shelters should be structurally sound and not in danger of collapse during severe thunderstorms and should provide protection from wind, blowing debris and lightning. Do not permit anyone to seek shelter near trees or other tall objects and keep them away from doorways, windows, electrical appliances and plumbing. Wired telephones should not be used during thunderstorms because of the risk of electrocution, but cordless and cellular phones are safe to use.
- ❑ Provide access to shaded or air conditioned areas during hot weather and access to heated areas in cold weather.
- ❑ Provide adequate supplies of cool drinking water and paper cups at various locations around the farm. Water coolers must be sanitized daily.

- ❑ Train staff to recognize symptoms of hypothermia and heat stress. They should also be familiar with at least basic first aid measures.
- ❑ Consider taking the National Weather Service Storm Spotter classes. You will learn to identify dangerous weather conditions and report them to the Weather Service to aid them in tracking and predicting storms. Contact your nearest National Weather Service office at <http://www.weather.gov> or SKYWARN group at <http://www.skywarn.org> for more information.

### ***Responding to Injuries and Medical Emergencies***

Because quick response is critical in medical emergencies, someone trained in basic first aid and CPR should be on the premises whenever the business is open. In fact, the Occupational Safety and Health Administration (OSHA) standard for general industry, 29 CFR 1910.151, requires that employers provide personnel trained to administer first aid and that first aid supplies be made available unless there is a hospital, clinic or infirmary in "close proximity" for treating all injuries.

The purpose of this standard is to provide first aid until emergency medical services can respond. OSHA does not define "close proximity." Past interpretations from OSHA, however, suggest that a response time of three to four minutes is needed in incidents involving suffocation, severe bleeding and other life-threatening or permanently disabling injuries.<sup>3</sup>

Other injuries or conditions may permit longer response times, but prompt treatment is still needed. Medical personnel often refer to the first hour immediately after a serious injury, when caring for the victim is critical to survival, as the golden hour. For many conditions, the prospects of survival and full recovery decrease drastically if medical care is delayed beyond the first hour.

- ❑ Several employees should complete the American Red Cross courses for Community First Aid and Safety, Adult CPR, and Infant and Child CPR. These employees should keep their certification cards in their possession.

There should be enough trained employees to provide emergency first-aid in all areas of the agritourism business. Each should have a functional cell phone or two-way radio available for emergency communications.

- ❑ Inform customers of the location of the first-aid station with an appropriate sign. There should be at least one first-aid kit that can be readily accessed by any staff member. Inspect the kit often, replacing any missing or out-of-date supplies. Additional first-aid kits might be placed at locations that are more than a few minutes walk from the first aid-station.

## **Chapter Review**

While the primary goal of a business is usually to earn a profit, failing to maintain a safe environment for your family, employees and customers can contribute to injuries, illnesses and property damage. This can result in significant financial losses from direct expenses, fines, legal fees and lost income due to disruptions in the business and negative publicity. In other words, safety matters. Developing and implementing a safety and emergency response plan should be an integral part of planning and starting an agritourism enterprise.

## **Additional Resources**

**The Access Board** – a Federal agency committed to accessible design. <http://access-board.gov> (Information on accessibility issues, regulations and accessible design for businesses, recreation and public facilities.)

**Accident Facts, 2004.** National Safety Council, 1121 Spring Lake Drive, Itasca, IL 60143-3201. Page 2. <http://www.nsc.org/product/samplechapters/if/injuryfactspreview.pdf> (Accident Facts is the National Safety Council's annual publication of statistics for many categories of unintentional injuries and deaths. A preview of the publication is available at the Web site listed above.)

<sup>3</sup>Interpretation of the First Aid Standard. US Department of Labor, Occupational Safety & Health Administration, 200 Constitution Avenue, NW, Washington, DC 20210. Available online [http://www.osha.gov/pls/oshaweb/owadisp.show\\_document?p\\_table=INTERPRETATIONS&p\\_id=22314](http://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=INTERPRETATIONS&p_id=22314). Accessed April 11, 2005.

**Agricultural Safety Resources.** National Safety Council, 1121 Spring Lake Drive, Itasca, IL 60143-3201. <http://secure.nsc.org/issues/agrisafe.htm> (An assortment of fact sheets related to agricultural safety and health.)

**Estimating the Costs of Unintentional Injuries,** 2003. National Safety Council, 1121 Spring Lake Drive, Itasca, IL 60143-3201. <http://www.nsc.org/lrs/statinfo/estcost.htm> (Provides estimated costs of unintentional injuries and deaths.)

**Health Status of Tennesseans,** Tennessee Health Status Report, 2001-2002. June 2003. Tennessee Department of Health, Cordell Hull Building, 3rd Floor, Nashville, TN 37247-0100. <http://www2.state.tn.us/health/statistics/index.html> (Statewide and county health and population statistics.)

**Interpretation of the First Aid Standard.** US Department of Labor, Occupational Safety & Health Administration, 200 Constitution Avenue, NW, Washington, D.C. 20210. [http://www.osha.gov/pls/oshaweb/owadisp.show\\_document?p\\_table=INTERPRETATIONS&p\\_id=22314](http://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=INTERPRETATIONS&p_id=22314) (OSHA's requirements for providing first aid capabilities in the workplace.)

**Safety Matters: Protecting AgriTourism Enterprises from Unintentional Losses.** PowerPoint presentation for 2004 Tennessee Agritourism Workshops. Tim Prather, Extension Specialist, Department of Biosystems Engineering & Soil Science, University of Tennessee Extension, 2506 E.J. Chapman Drive, Knoxville, TN 37996-4531. <http://bioengr.ag.utk.edu/agSafety/Presentations/AgriTourism/SafetyMatters-AgroTourism.htm> (PowerPoint presentation presented during 2004 AgriTourism workshops.)

**Talking About Disasters: A Guide to Standard Messages.** National Disaster Education Coalition. <http://www.disastereducation.org/guide.html> (Developed by 17 agencies participating in the National Disaster Education Coalition (NDEC), contains educational materials and checklists for all major natural disasters. (The materials are available for free download.)

**Tennessee Driver Handbook,** Tennessee Department of Safety, Nashville, TN. <http://www.state.tn.gov/safety/handbook.html> (The complete Tennessee Driver Handbook in PDF format for free download.)

**UT Extension Disaster Education Network.** <http://bioengr.ag.utk.edu/eden> (UT Extension's disaster information web site that includes information specific to Tennessee plus links to other sources of information.)

**UT Extension Agricultural Safety Web Site.** <http://bioengr.ag.utk.edu/agsafety> (UT Extension's agricultural safety web site. Includes information specific to Tennessee plus links to other sources of information.)

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## Chapter 8

# Regulations

### Disclaimer

The information contained in this chapter is deemed correct and accurate to the best of the ability of the authors, based on information utilized at the time of their review. Not all regulations governing agritourism enterprises are discussed, however. This chapter is for educational purposes only and is not an interpretation of any laws.

### Chapter Overview

**A**gritourism enterprises may be affected by a wide variety of regulations depending upon the type of attractions offered, location of the enterprise, whether employees are hired and a number of other factors specific to each enterprise. These regulations may be imposed at the federal, state and local levels of government. It is important to investigate all regulations applicable to your agritourism enterprise in order to avoid penalties, fines or interruptions to your business.

This chapter provides an introduction to a number of regulations that may impact agritourism operations. Regulations discussed in this chapter have been organized into three categories:

1. General regulations — regulations that likely impact a majority of agritourism enterprises
2. Employment regulations — regulations that impact enterprises employing personnel
3. Permits and licenses for specific attractions — regulations specific to certain types of attractions

### General Regulations

**N**early all agritourism entrepreneurs must comply with several general regulations, which include, but are not limited to, zoning ordinances, business licenses, sales tax collection and remittance, and the Americans with Disabilities Act.

### Regulations Checklist

The following list of regulations is discussed in this chapter. You should check each regulation that applies to your operation and then become familiar with the details of those regulations. You are also encouraged to contact the appropriate governing agency for more information on how the regulations may directly impact your agritourism enterprise.

#### General Regulations

- ☐ Zoning Regulations (county, city)
- ☐ Business License and Taxes (county, city)
- ☐ Sales Tax Collection and Remittance (state, county, city)
- ☐ Americans with Disabilities Act (federal)

#### Employment Regulations

- ☐ Fair Labor Standards Act (federal, state)
- ☐ Child Labor Act (federal, state)
- ☐ Occupational Safety and Health Act (federal, state)
- ☐ Workers' Compensation (federal, state)
- ☐ Unemployment Taxes (federal, state)
- ☐ Income Tax Withholding (federal)

#### Permits and Licenses for Specific Enterprise Types

- ☐ Food Service Permits and Inspections (state, county)
- ☐ Retail Food Store Permits and Inspections (state)
- ☐ Animal Exhibitor Licensing (federal)
- ☐ Nursery Licensing (state)
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## **Zoning**

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Zoning ordinances regulate the use of land in a specific area. According to Tennessee law, zoning is regulated either by the city, if within city limits, or by the county, if outside city limits. Some cities and counties do not have zoning ordinances.

Zoning ordinances may dictate

- The location, height and size of buildings and other structures
- The percentage of a lot which may be occupied
- The size of yards, courts and other open spaces
- The density and distribution of population
- The uses of buildings and structures for trade, industry, residence, recreation or other purposes
- Use of land for trade, industry, residence, recreation, agriculture, forestry, soil conservation, water supply conservation or other purposes
- Regulations for signage and parking

Violation of zoning ordinances is a Class C misdemeanor in Tennessee. Each day of violation is considered a separate offense. Government officials or neighbors may ask a court to impose an injunction to stop or correct a violation. An injunction could interrupt your business or force you to close your agritourism operation.

A 2003 survey of 210 agritourism entrepreneurs found that 27 operators (12.8 percent) had at least “some difficulty” with zoning for their enterprises.<sup>1</sup> The addition of structures, increased traffic, type of activities offered, length of season, operating hours and feelings of neighbors may all be impacted by zoning regulations.

Some areas in the United States are amending agricultural zoning ordinances to allow some value-added agricultural activities, including agritourism.<sup>2</sup> The ordinances may specify requirements for access from various road types, parking area surfaces or bus parking. Special- or temporary-use permits are used in some areas to authorize agritourism activities.

Traditional farm operations are typically zoned specifically for agriculture. While agritourism retains some characteristics of agriculture, it may go beyond what are thought to be traditional production agriculture activities. A bill giving a definition of “agriculture” that includes recreational and educational activities was signed into Tennessee law as of April 2005. According to Tennessee Code Annotated Title 43, Chapter 1, Part 1,<sup>3</sup> “agriculture” is defined as

1. The land, buildings and machinery used in the commercial production of farm products and nursery stock
2. The activity carried on in connection with the commercial production of farm products and nursery stock
3. Recreational and educational activities on land used for the commercial production of farm products and nursery stock

You should consult the appropriate zoning authority for your location before investing in an agritourism operation or adding additional activities to an existing one. If your plans are not consistent with current rules, you may need to seek a change in zoning status for your land or a portion of your land.

## ***Business Licenses and Taxes<sup>4</sup>***

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The state authorizes counties and cities to levy a privilege tax for operating a business in their jurisdictions. If your agritourism operation is located within city limits, you may need to obtain both a county business license and a city business license. County and city business licenses must be renewed annually. Temporary vendors may obtain daily business licenses.

As of May 2005, the minimum privilege tax is \$15 with an additional recording fee. City and county governments may also collect business taxes based on a percentage of gross sales and the assigned business classification. Tax rates range from  $\frac{1}{10}$  of 1 percent of gross sales for small retail

<sup>1</sup>Bruch, Megan and Rob Holland. *A Snapshot of Tennessee Agritourism: Results from the 2003 Enterprise Inventory*. University of Tennessee Extension publication PB1747. Available online at <http://cpa.utk.edu/pdf/files/PB1747.pdf>. Accessed May 25, 2005.

<sup>2</sup>Retzlaff, Rebecca. “Agritourism Zoning Down on the Farm.” *Zoning Practice*. The American Planning Association. March 2004.

<sup>3</sup>Tennessee Code Annotated, § 1-3-105 and Tennessee Code Annotated, Title 43, Chapter 1, Part 1. Information found online through <http://www.legislature.state.tn.us/>. Accessed May 25, 2005.

<sup>4</sup>Tennessee Department of Revenue. *Business Tax – Business License*. Available online at [http://www.state.tn.us/ecd/rg\\_ch3.htm](http://www.state.tn.us/ecd/rg_ch3.htm). Accessed May 25, 2005.



stores to  $\frac{3}{80}$  of 1 percent of gross sales for food wholesalers. Businesses with less than \$3,000 in annual sales may be exempt from paying business tax.

Contact your city clerk and/or county clerk for specific information on local business license and tax requirements.

### ***Sales and Use Taxes***

Sales and use taxes are imposed by state government and often by county and city governments. Sales and use taxes are imposed on the retail sale, lease or rental of tangible personal property, the gross charge for specified taxable services and the gross sales for amusements. Although the tax is imposed on the purchaser, the seller is liable for collecting and remitting the taxes.<sup>5</sup>

Your agritourism enterprise may be responsible for sales and use taxes depending upon the types of activities and services sold. You may, however, benefit from sales tax exemptions for the sale of farm products grown or produced on the operation. Some generic agritourism circumstances and corresponding sales and use tax liability are described below.

### ***Admission Fees<sup>6</sup>***

- Admission fees or other charges for any activity that can be described as recreational, entertaining or for amusement are subject to sales tax under Tennessee Code Annotated 67-6-212. Most agritourism activities, such as corn mazes, hayrides, trail riding and festivals would, most likely, be considered recreation, entertainment or amusement.
- If your operation offers strictly educational tours of your farming operation without any activities that could be described as recreation, entertainment or amusement, the fees or charges may be sales tax exempt.

### ***Farm or Nursery Product Sales<sup>7</sup>***

- If more than 50 percent of the farm or nursery products you sell in a calendar year are grown or produced by your operation, then sales of all farm or nursery products sold by your operation are exempt from sales and use tax.
- If more than 50 percent of the farm or nursery products you sell in a calendar year are not grown by your operation and instead purchased from others, then tax must be collected on the sale of the products that were purchased from other producers.

In most cases, sales and use taxes are a combination of state taxes (7 percent) and a local option tax from city and/or county governments (up to 2.75 percent).<sup>8</sup> Local option tax rates are listed on the Tennessee Department of Revenue Web site at <http://www.state.tn.us/revenue/pubs/taxlist.pdf>.<sup>9</sup>

You are required to register your business with the Tennessee Department of Revenue if your enterprise will conduct activities necessitating sales tax collection and remittance. Registration can be done in person at Department of Revenue offices, or applications can be submitted by mail. Registration forms are available on the Department of Revenue Web site at [http://www.state.tn.us/revenue/forms/general/f13005\\_1.pdf](http://www.state.tn.us/revenue/forms/general/f13005_1.pdf).<sup>10</sup>

Once you have registered, you should notify the Department of Revenue if your business is sold or closed, ownership or partners are changed, or if the structure of the business is changed to require a new charter. The department should also be notified if the location of your business changes.<sup>11</sup>

Sales tax and use regulations are very complex. It is important to take time to learn how the laws specifically affect your agritourism enterprise. Although some circumstances are described here, you should contact the Tennessee Department of Revenue at (800) 342-1003 or refer to their Web site at <http://www.state.tn.us/revenue> to address your specific situation.

<sup>5</sup>Tennessee Department of Revenue. *Sales and Use Tax Guide*. June 2003.

<sup>6</sup>Todd, Ray. Tennessee Department of Revenue. Personal Correspondence. September 2, 2004.

<sup>7</sup>Tennessee Department of Revenue. *Sales and Use Tax Exemptions and Benefits for Farming and Nursery Operations*. November 2002.

<sup>8</sup>As of May 2005, these are the effective state and local option tax rates.

<sup>9</sup>Tennessee Department of Revenue. *Sales and Use Tax Guide*. June 2003.

<sup>10</sup>Tennessee Department of Revenue. Available online at <http://www.state.tn.us/revenue/forms/general/regbusn.pdf>. Accessed May 25, 2005.

<sup>11</sup>Tennessee Department of Revenue. Available online at <http://www.state.tn.us/revenue/didyouknow/closebiz.htm>. Accessed May 25, 2005.

## ***Americans with Disabilities Act***<sup>12</sup>

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All businesses are required to comply with the Americans with Disabilities Act (ADA). The ADA ensures equal opportunity in employment as well as accommodation in public places, commercial facilities and transportation for persons with disabilities.

Title I of the ADA prohibits discrimination against persons with disabilities in employment by businesses having 15 or more employees or by state and local governments.<sup>13</sup> Title I, with respect to private employers, is enforced by the Equal Employment Opportunity Commission (EEOC). For employment issues related to the ADA, contact the Equal Employment Opportunity Commission at (800) 669-4000 or <http://www.eeoc.gov>.

Title III of the ADA prohibits discrimination against persons with disabilities in commercial facilities and places of public accommodation.<sup>14</sup> Commercial facilities include office buildings, factories and warehouses. A place of public accommodation is a facility whose operations affect commerce and fall within at least one of the following categories:

- Place of lodging
- Establishment serving food or drink
- Place of exhibition or entertainment
- Place of public gathering
- Sales or rental establishment
- Service establishment
- Public transportation terminal, depot or station
- Place of public display or collection
- Place of recreation
- Place of education
- Social service center establishment
- Place of exercise or recreation

Public accommodations and commercial facilities must<sup>15</sup>

- Provide goods and services in an integrated setting, unless separate or different measures are necessary to ensure equal opportunity

- Eliminate unnecessary rules that deny individuals with disabilities an equal opportunity to enjoy the goods and services of a place of public accommodation
- Make reasonable modifications in policies, practices and procedures that deny equal access to individuals with disabilities, unless a fundamental alteration would result in a change to the nature of the goods and services provided
- Ensure effective communication through the use of auxiliary aids and services when necessary, unless an undue burden or fundamental alteration would result
- Remove architectural and structural communication barriers in existing facilities where readily achievable
- Provide goods and services through alternative measures when removal of barriers is not readily achievable

When private owners of places of public accommodations or commercial facilities design and construct new facilities or alter existing facilities, they must comply with the ADA Standards for Accessible Design, a handbook available online at <http://www.usdoj.gov/crt/ada/adastd94.pdf>.

Title III is enforced by the U.S. Department of Justice. More information may be obtained from the ADA Web site at <http://www.usdoj.gov/crt/ada> or by calling the Department of Justice ADA Information Line toll free at (800) 514-0301, voice; and (800) 514-0383, TDD.

## ***Employment Regulations***

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**I**f you employ personnel for your agritourism enterprise, you will be affected by several employment regulations. These employment regulations vary according to the type and size of your enterprise, the nature of an employee's job and the number of employees you employ.

<sup>12</sup>U.S. Department of Justice. *ADA Guide for Small Businesses*. Available online at <http://www.usdoj.gov/crt/ada/smbusgd.pdf>. Accessed May 25, 2005.

<sup>13</sup>Equal Employment Opportunity Commission. *Disability Discrimination*. Available online at <http://www.eeoc.gov/types/ada.html>. Accessed May 25, 2005.

<sup>14</sup>U.S. Department of Justice. *ADA Regulation for Title III*. Available online at <http://www.usdoj.gov/crt/ada/reg3a.html>. Accessed May 25, 2005.

<sup>15</sup>U.S. Department of Justice. *ADA Title III Highlights*. Available online at <http://www.usdoj.gov/crt/ada/t3highlight.htm>. Accessed May 25, 2005.

## ***The Fair Labor Standards Act<sup>16</sup>***

The Fair Labor Standards Act (FLSA) of 1938, as amended, establishes standards for minimum wage, overtime compensation, equal pay, child labor and certain mandatory record keeping affecting your full- and part-time workers.

Minimum wage rates are set by the U.S. Congress and are periodically adjusted by statute. As of May 2005, the minimum wage rate is \$5.15 per hour.

Overtime pay is set at a rate of not less than one and one-half times the regular rate of pay. Overtime pay is required after an employee works 40 hours during a calendar workweek.

Specific provisions apply to agricultural operations. Employees who are employed in "agriculture" are exempt from overtime pay provisions. The FLSA<sup>17</sup> defines "agriculture" as farming in all of its branches including

- Cultivation and tillage of the soil
- Dairying
- Production, cultivation, growing and harvesting of any agricultural or horticultural commodities
- Raising of livestock, bees, furbearing animals or poultry
- Any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as an incident to or in conjunction with such farming operations including preparation for market, delivery to storage or to market or to carriers for transportation to market

"Agriculture" does not include work performed on a farm that is not incidental to or in conjunction with the farmer's agricultural operation.

"Agriculture" also does not include operations performed off a farm if performed by employees who are employed by someone other than the farmer whose agricultural products are the basis of the work.<sup>18</sup> Any employee who falls under these two sets of circumstances must be paid overtime when the proper conditions are met.

Equal pay requirements prohibit differences in wages based on gender. Men and women employed in the same establishment, doing jobs that require equal skill, effort and responsibility and which are performed under similar working conditions must be paid similar wages.

Records should be kept on employees' wages, hours worked and other information (such as age, gender, entrance pay and job duties) as specified by the Department of Labor record keeping regulations available online at <http://www.dol.gov/esa/regs/compliance/whd/whdfs21.htm>.

It should be noted that the FLSA does not regulate the following areas (i.e. as the employer, you determine):

- Vacation, holiday, severance or sick pay
- Holidays off or vacations
- Premium pay for weekend or holiday work
- Pay raises or fringe benefits

You can find additional information on wage rates and benefits prevalent in your geographic area by contacting the Tennessee Department of Employment Security Labor Market Information Field Office at (615) 741-1729 or visit their Web site at <http://www.state.tn.us/labor-wfd/lmi.htm>.

## ***Child Labor Act<sup>19</sup>***

The Child Labor Act prohibits the employment of minors in certain occupations and in particular working conditions that may be hazardous. In Tennessee, a minor must be 14 years of age to be employed. Child labor regulations differ depending on a youth's work activities and the type of agritourism enterprise providing employment.

- A minor must have a thirty-minute unpaid break or meal period if scheduled to work six consecutive hours.
- Breaks cannot be scheduled during or before the first hour of scheduled work activity.

<sup>16</sup>Tennessee Department of Economic and Community Development. *Business Services: Business Regulations*. Available online at [http://www.state.tn.us/ecd/rg\\_ch4.htm](http://www.state.tn.us/ecd/rg_ch4.htm). Accessed May 25, 2005.

<sup>17</sup>The Fair Labor Standards Act of 1938 as Amended. Available online at <http://www.dol.gov/esa/regs/statutes/whd/FairLaborStandAct.pdf>. Accessed May 25, 2005.

<sup>18</sup>Thilmany, Dawn, M. Miller, and J. Tranel. *Overtime Pay*. PB 09161. Colorado State University Cooperative Extension. Aug. 2002. Available online at <http://www.ext.colostate.edu/pubs/consumer/09161.html>. Accessed May 25, 2005.

<sup>19</sup>Tennessee Department of Labor and Workforce Development. *Child Labor Act*. Available online at <http://www.state.tn.us/labor-wfd/childlab.html>. Accessed May 25, 2005.



- Minors 16 and 17 years of age may not be employed<sup>20,21</sup>
  - During the hours the minor is required to attend classes.
  - Between the hours of 10:00 p.m. and 6:00 a.m. on Sunday through Thursday evenings preceding a school day, except with parental or guardian consent. Even with consent, the minor may work until midnight no more than three nights Sunday through Thursday.
- Minors 14 and 15 years of age may not be employed
  - During school hours.
  - Between 7:00 p.m. and 7:00 a.m. if the next day is a school day.
  - Between 9:00 p.m. and 6:00 a.m.
  - More than 3 hours a day on school days.
  - More than 18 hours a week during a school week.
  - More than 8 hours a day on non-school days.
  - More than 40 hours a week during non-school weeks.

Note: The U.S. Department of Labor does not allow 14- and 15-year-old minors to work past 7:00 p.m. from Labor Day to June 1.

In farm work, permissible jobs and hours of work, by age, are as follows:<sup>22</sup>

- Youths 16 years and older may perform any job, whether hazardous or not, for unlimited hours.
- Youths 14 and 15 years old may perform any non-hazardous farm job outside of school hours.
- Youths 12 and 13 years old may work outside of school hours in non-hazardous jobs, either with a parent's written consent or on the same farm as the parent(s).
- Youths under 12 years old may perform jobs on farms owned or operated by parent(s). With a parent's written consent, they may work outside of school hours in non-hazardous jobs on farms not covered by minimum wage requirements.

Minors of any age may be employed by their parents at any time in any occupation on a farm owned or operated by the parents.

The Child Labor Act is enforced by the Division of Labor Standards. For more information, call the Division of Labor Standards at (615) 741-2858 or visit their Web site at <http://www.state.tn.us/labor-wfd/lstdiv.html>.

### ***Occupational Safety and Health<sup>23</sup>***

The Occupational Safety and Health Administration (OSHA) works to ensure a safe and healthy workplace for all citizens, regardless of age. All employers are covered by the provisions of federal and state OSHA regulations. If you employ eleven or more employees, you must maintain records in accordance with OSHA rules.

OSHA requires the employer to

- Provide a safe working environment
- Inform employees of safety regulations
- Warn employees of existing hazards
- Supervise employee activities
- Supply and maintain necessary equipment inherent in the workplace

Records should be kept on any hazardous materials that may be encountered or used by employees. In addition, records should be maintained on any injuries or illnesses that may have occurred during employment or on the job.

To find more information on the guidelines regarding OSHA and how they may apply to you, contact the Tennessee Department of Labor and Workforce Development at (615) 741-2793 or visit their Web site at <http://www.state.tn.us/labor-wfd/tosha.html>.

<sup>20</sup>Consent forms are available from the Tennessee Department of Labor and Workforce Development's Division of Labor Standards by calling (615) 741-2858 or at <http://www.state.tn.us/labor-wfd/forms/pconsent.pdf>.

<sup>21</sup>Forms shall remain valid until the end of the school year in which it is submitted or until termination of employment, whichever occurs first.

<sup>22</sup>Department of Labor. *Handy Reference Guide to the Fair Labor Standards Act*. Available online at <http://www.dol.gov/esa/regs/compliance/whd/hrg.htm#11>. Accessed May 25, 2005.

<sup>23</sup>Tennessee Occupational Safety and Health Administration. Available online at <http://www.state.tn.us/labor-wfd/tosha.html>. Accessed May 25, 2005.

## ***Workers' Compensation***<sup>24</sup>

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If you have five or more full- or part-time employees, you are required to obtain workers' compensation insurance for your employees. This insurance protects a business from lawsuits filed by an injured employee and provides insurance benefits to employees injured while on the job. Family members who work for your agritourism enterprise are considered employees. Businesses are responsible for obtaining coverage from a licensed insurance carrier.

All employers are required to display the Tennessee Workers' Compensation Insurance notice. The notice is available at [http://www.state.tn.us/labor-wfd/forms/WC\\_Certificate.pdf](http://www.state.tn.us/labor-wfd/forms/WC_Certificate.pdf).

For more information about workers' compensation, contact the Tennessee Department of Labor and Workforce Development at (615) 741-2395 or visit their Web site at <http://www.state.tn.us/labor-wfd/wcomp.html>.

## ***Unemployment Insurance Taxes***<sup>25</sup>

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Unemployment insurance taxes provide benefits to unemployed workers who have lost their jobs through no fault of their own. The Tennessee Division of Employment Security administers the Unemployment Insurance Program in Tennessee.

All employers doing business in Tennessee are subject to the provisions of the Tennessee Employment Security Law and Regulations. As an employer, you are liable for unemployment insurance premiums if you meet one of the following conditions:

- You have a total payroll of \$1,500 or more in any calendar quarter of the current or preceding calendar year.
- You employed one or more people during some part of a day in each of 20 weeks in the current or preceding calendar year.
- You are liable under the Federal Unemployment Tax Act and have at least one employee in Tennessee.

As an employer, you are not liable for unemployment insurance premiums if you are self-employed and also the sole employee, a sole proprietorship without employees, general partners without employees, or general partners in a limited liability company without employees. Wages paid to workers under the H-2A Temporary Agricultural Worker Program are not subject to unemployment insurance since these workers are not eligible for unemployment benefits.<sup>26</sup>

Employers must pay federal unemployment taxes if they pay cash wages totaling \$20,000 or more in any calendar quarter to an employee or employees or if, in each of 20 different calendar weeks in the current or preceding calendar year, there was at least one day in which they had 10 or more employees performing service in agricultural labor. The 20 weeks do not have to be consecutive weeks, nor must they be the same 10 employees, nor must all employees be working at the same time of the day.

Your local Employment Security Office may be contacted for a helpful booklet titled *Handbook for Employers*, which provides more information in the area of unemployment insurance. To find your local Employment Security Office, contact the Division of Employment Security at (615) 235-4809 or visit their Web site at <http://www.state.tn.us/labor-wfd/Employers/taxoffices.html>.

## ***Income Tax Withholding***

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All employers are required by the federal Internal Revenue Code to deduct and withhold taxes on wages paid to their employees. You may need to use either the tax guide for agricultural employers or the tax guide for small business entrepreneurs depending upon whether your employees are involved with the agricultural activities or other activities of your operation. It may be important to contact your personal accountant for more information on these taxes.

The IRS provides the *Farmer's Tax Guide* (Publication 225) for agricultural employers. It

<sup>24</sup>Tennessee Department of Labor and Workforce Development Worker's Compensation Division. Available online at <http://www.state.tn.us/labor-wfd/wcomp.html>. Accessed May 25, 2005.

<sup>25</sup>Tennessee Department of Economic and Community Development. *Unemployment Insurance*. Available online at [http://www.state.tn.us/ecd/rg\\_ch3.htm](http://www.state.tn.us/ecd/rg_ch3.htm). Accessed May 25, 2005.

<sup>26</sup>Kenkel, Phil L. *Tennessee Farm Labor Regulations and Legal Issues*. University of Tennessee Extension publication AE&RD #75. Available online at <http://economics.ag.utk.edu/pubs/resource/ae&rd75.pdf>. Accessed May 25, 2005.

includes the necessary information and forms to withhold federal income taxes. The *Farmer's Tax Guide* can be found online at <http://www.irs.gov/publications/p225/index.html> or by contacting your local IRS office.

The IRS also provides a similar tax guide for small business entrepreneurs (Publication 334) found online at <http://www.irs.gov/publications/p334/index.html> or by contacting your local IRS office.

### ***Forms and Additional Resources about Employment Regulations***

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The Tennessee Department of Labor and Workforce Development Web site has forms related to unemployment, workers' compensation and OSHA regulations. You can find these forms at <http://www.state.tn.us/labor-wfd/mainforms.html>.

### **Permits and Licenses for Specific Attractions**

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**Y**ou may be required to obtain a special permit or license for your agritourism operation depending on the type of activities being conducted on your enterprise. There are several permits and licenses that are required for only specific types of attractions.

### ***Food Service Permits and Inspections***

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The Tennessee Department of Health and local health departments are responsible for issuing permits and inspecting food service establishments, bed and breakfasts, organized camps and other establishments serving food. Several types of permits are offered for food-service establishments including full-service, mobile-unit and temporary-unit permits.

Tennessee requires a permit to operate a food service establishment in the state.<sup>27</sup> Applications for the permit must be submitted to the local Department of Health with an initial permit fee at least 30 days before the establishment begins operation. The amount of the initial fee will depend upon how many seats will be available in the establishment and the date of application. An inspection will also be conducted before a permit

is issued. Renewal of the permit must be made before July 31 of each year.

You must submit plans for the construction or remodeling of a structure for a non-temporary food service establishment to the Department of Health at least 15 days in advance of starting the work. Once construction is complete and before operation of the facility begins, the Department of Health must complete a pre-operational inspection.

Food service establishments are required to follow regulations to ensure proper sanitation. Facilities will be inspected to ensure compliance. A permit may be revoked for serious or repeated violations.

A temporary food service permit is required to operate a temporary food establishment for an event lasting two or more days, such as a fair or special event.<sup>28</sup> A temporary food establishment may include tents, open booths, mobile units or permanent structures. Permits valid for up to 14 days of operation at a single location are available for a \$30 fee.<sup>29</sup> Health regulations for food preparation and service must be followed.

To learn more about specific health regulations that may affect your food service establishment or to obtain a permit, contact your local health department. A list of local health departments is available at <http://www2.state.tn.us/health/LocalDepts/index.html>.

### ***Retail Food Store Permits and Inspections***

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The Tennessee Department of Agriculture Division of Regulatory Services Food and Dairy Section is responsible for issuing permits and inspecting retail food stores. According to the regulations, a retail food store is defined as,

any establishment or a section of an establishment where food and food products are offered to the consumer and intended for off-premise consumption. The term does not include establishments which handle only prepackaged, non-potentially hazardous foods;

<sup>27</sup>Rules of Tennessee Department of Health, Bureau of Health Services Administration, Division of General Environmental Health. *Chapter 1200-23-1 Food Service Establishment*. November, 2000 (Revised).

<sup>28</sup>Tennessee Department of Health, Division of General Environmental Health. *Requirements for Temporary Events*.

<sup>29</sup>Permit fee price based as of May 2005.

roadside markets that offer only fresh fruits and fresh vegetables; food and beverage vending machines; or food service establishments not located within a retail food store.<sup>30</sup>

Additional permits and inspections are required for establishments selling potentially hazardous food. Potentially hazardous food is defined as,

any food that consists in whole or in part of milk or milk products, eggs, meat, poultry, fish, shellfish, edible crustaceans, or other ingredients, including synthetic ingredients, and which is in a form capable of supporting rapid and progressive growth of infectious or toxigenic microorganisms. The term does not include foods that have a pH level of 4.6 or below or water activity (aW) value of 0.85 or less under standard conditions; food products in hermetically sealed containers processed to prevent spoilage.<sup>31</sup>

All new retail food businesses must submit plans to the Tennessee Department of Agriculture Regulatory Services Division for approval before building and operating the business. Plans for changes to an existing business must also be approved. The Regulatory Services Division must be notified if a business changes ownership or location.

Retail food stores must follow sanitation guidelines as outlined in the Rules of the Tennessee Department of Agriculture Division of Regulatory Services Food and Dairy Section. These rules are available online at <http://www.state.tn.us/sos/rules/0080/0080-04/0080-04-09.pdf>.

Contact the Food and Dairy Section at (615) 837-5103 with questions regarding these regulations or to obtain a retail food store permit.

The University of Tennessee Extension has developed a publication titled *Adding Value to Tennessee Agriculture through Commercial Food-Processing Enterprises*. It is a useful guide providing basic information on requirements and regulations for value-added food businesses; and it also provides information on construction, quality

control, marketing, cost analyses and assessing the feasibility of a commercial food business. The publication is available from your county Extension office or online at <http://www.utextension.utk.edu/publications/pbfiles/pb1710.pdf>.

### ***Animal Exhibitor Licensing<sup>32</sup>*** ***(Petting Zoos)***

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Petting zoo owners or operators are required to obtain an animal exhibitor license under the federal Animal Welfare Act (AWA). The regulations state that “anyone exhibiting farm animals for nonagricultural purposes (defined in the regulations as exhibition at carnivals, circuses, animal acts, petting zoos and educational exhibits) must be licensed.” The Animal Care Division of the USDA Animal and Plant Health Inspection Service (APHIS) is responsible for the licensing and enforcement of the laws under the AWA.

According to AWA requirements, animals must be exhibited for no longer than set periods of time and under conditions consistent with their health and well being. Exhibitors must handle animals carefully and humanely to prevent unnecessary stress or discomfort. Animals must also be protected from rough handling during public contact sessions. Young and immature animals should be limited to shorter exhibition and contact periods.

Anyone who arranges and takes part in showing farm animals at state and county fairs, livestock shows, rodeos, field trials, and any other fairs or exhibitions intended to advance agricultural arts and sciences is exempt. However, anyone exhibiting farm animals for nonagricultural purposes (defined in the regulations as exhibition at carnivals, circuses, animal acts, petting zoos and educational exhibits) must be licensed.

Exhibitors of foreign farm animals (including camels) not commonly kept on American farms must be licensed. Petting zoos with regulated animals must be licensed and are subject to special regulations protecting animals and the public.

<sup>30</sup>Rules of the Tennessee Department of Agriculture, Division of Food and Dairy. *Chapter 0080-4-9 Retail Food Store Sanitation*. Available online at <http://www.state.tn.us/sos/rules/0080/0080-04/0080-04-09.pdf>. Accessed May 25, 2005.

<sup>31</sup>Rules of the Tennessee Department of Agriculture, Division of Food and Dairy. *Chapter 0080-4-9 Retail Food Store Sanitation*. Available online at <http://www.state.tn.us/sos/rules/0080/0080-04/0080-04-09.pdf>. Accessed May 25, 2005.

<sup>32</sup>USDA, Animal Plant Health Inspection Service, Animal Care. *Licensing and Registration under the Animal Welfare Act*. Available online at <http://www.aphis.usda.gov/lpa/pubs/awlicreg.html>. Accessed May 25, 2005.



Licensed exhibitors must maintain on their premises accurate records of the animals in their possession and of the veterinary care the animals receive. This information must be made available to APHIS during inspection.

Before APHIS will issue a license, the applicant must be in compliance with all standards and regulations under the AWA. To ensure that all licensed facilities continue to comply with the act, APHIS inspectors may make unannounced inspections. Traveling exhibits are required to submit their performance schedules to APHIS in advance so that APHIS inspectors may regularly inspect their premises at any location. APHIS officials also conduct inspections of exhibitors in response to public concern about possible animal welfare violations.

Animal exhibitor license fees are dependent upon the number and species of animals you have on hand for exhibition and the annual income you expect to receive from exhibiting those animals. You must obtain an application kit from APHIS for licensing and registration. You may request an animal exhibitor license application kit online at <https://web01.aphis.usda.gov/ApplicationKit.nsf/application?OpenForm>.

You may contact the Eastern Regional Animal Care office for more information about licensing and fees pertaining to your agritourism enterprise at (919) 855-7100.

### ***Nursery Licensing***<sup>33</sup>

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The Tennessee Department of Agriculture Division of Plant Industries oversees the licensing and certification of nurseries. A Nursery Certificate is required on any grounds or premises on or in which nursery stock is grown, kept, or propagated for sale or distribution. If you have a nursery that is smaller than 600 square feet, you will need to obtain a Hobbyist Certificate.

You will need to apply for nursery stock certification by or before June 1 of each calendar year. Applicants are required to furnish information as to the amounts and kinds of stock for which application for certification is made and locations where such stock is being grown or held. In the case of native wild plants, applicants are required to furnish information as to the kinds to

be collected and the area from which collections will be made.

As of May 2005, the Nursery Certificate fee was \$200 while the Hobbyist Certificate fee was \$100. The applications for both certificates can be found online at [http://www.state.tn.us/agriculture/regulate/permits/app\\_general.pdf](http://www.state.tn.us/agriculture/regulate/permits/app_general.pdf).

You may contact the Division of Plant Industries at (615) 837-5130 or visit their Web site at <http://www.state.tn.us/sos/rules/0080/0080-06/0080-06.htm>.

### ***Winery Licensing***

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The Tennessee Alcoholic Beverage Commission (ABC) regulates the production, sale and transport of wine through Chapter 0010-7 of the ABC rules. In order to operate a winery in Tennessee, a winery license must be obtained. As of May 2005, a winery license fee was \$150 in addition to a \$300 non-refundable application fee.<sup>34</sup> License and application fees are subject to change on July 1 of each year.

For questions about the rules and regulations of the Alcoholic Beverage Commission or to obtain an application for a winery license, call the commission headquarters at (615) 741-1602 or visit their Web site at <http://www.state.tn.us/abc/>.

The University of Tennessee Extension has developed a publication titled *Starting Your Own Wine Business*. It provides basic information on regulatory approval needed at the county, state and federal level. This publication also provides information on equipping a winery, chemical analyses and some common mistakes and misconceptions about wineries. The publication on starting your own wine business is available from your county Extension office or online at <http://www.utextension.utk.edu/publications/pbfiles/PB1688.pdf>.

<sup>33</sup>Tennessee Department of Agriculture Division of Plant Industries. *Regulations Governing Nurseries Dealers and Agents*. Available online at <http://www.state.tn.us/sos/rules/0080/0080-06/0080-06-01.pdf>. Accessed May 25, 2005.

<sup>34</sup>Tennessee Alcoholic Beverage Commission *Annual Liquor-by-the-Drink License Fees*. Available online at <http://www.state.tn.us/abc/licensefees.html>. Accessed May 25, 2005.

### ***Fee-Fishing Regulations<sup>35</sup>***

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Fish farming and fee-fishing or catch-out operations are regulated under the rules of the Tennessee Wildlife Resources Agency (TWRA). Fish farming is defined as “the business of rearing for sale legal species of fish and other aquatic life or the selling of legal species of fish and other aquatic life reared in private facilities. Selling may be by direct purchase or by catch-out operations.” A catch-out operation is defined as “the business of making legal species of fish placed in a pond, tank, or other constructed container available to persons wishing to purchase them after catching them by legal sport fishing methods.”

According to the regulations, catch-out operations must apply for a Fish Dealer License from TWRA and pay an annual license fee. As of May 2005, the fee was \$250 per year. The license can be obtained from TWRA. Customers of catch-out operations are not required to have sport fishing licenses. State creel and size limits do not apply for these operations nor are these operations limited by a season.

Fee-fishing operations are limited in the species that may be offered. TWRA-approved species include all species of native catfish; all species of trout, salmon and common carp; and buffalo and other legally obtained native non-game fish.

Additionally, the TWRA regulations address invoicing and record-keeping requirements. The rules state,

Whenever the owner or operator of any catch-out facility shall sell, donate, deliver or otherwise dispose of any game fish, alive or dressed, he shall immediately issue to the person receiving such fish an invoice signed by him or his agent, and such invoice shall be consecutively numbered and must contain the name and location of the catch-out facility, the date of sale or delivery, and the species and number of fish delivered. The name and

address of the person receiving the fish must also appear on the invoice. One copy of the invoice shall be retained by the owner or operator of the catch-out facility issuing same for an inspection by any representative of TWRA at all times. Any person transporting or possessing game fish obtained from a catch-out facility must have a copy of the invoice on their person. A catch-out operator shall make his records available for inspection by TWRA personnel. A catch-out operator shall make available to TWRA personnel any specimens needed for laboratory analysis.

For questions about catch-out operations, contact TWRA Fisheries Management Division at (615) 781-6575 or online at <http://www.state.tn.us/twra/fish/fishmain.html>.

### **Chapter Review**

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This chapter provides a brief introduction to the numerous regulations that could affect your agritourism operation. Regulations vary depending upon the type of enterprise operated and where it is located as well as a number of other factors specific to your particular activities. It is very important to investigate applicable regulations in order to avoid penalties, fines or obstacles that could interrupt your business.

Many of the regulations covered in this chapter are very complex, and it is impossible to cover every regulation that might affect an agritourism operation. This chapter is not a complete listing of all such regulations and is not intended as legal advice. You need to take time to learn how laws and regulations will affect your enterprise. Contact the appropriate government agency for more specific information on fees and to obtain the most current regulations.

<sup>35</sup>Tennessee Wildlife Resources Agency. *Rules and Regulations for Fish Farming, Catch-Out Operations, and Bait Dealers*. Chapter 1660-1-26. Available online at <http://www.state.tn.us/sos/rules/1660/1660-01/1660-01-26.pdf>. Accessed May 25, 2005.

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## Chapter 9

# Agritourism Resources



### Chapter Overview

This chapter provides a sampling of useful programs and resources in table format, although not all of them will be applicable to your particular enterprise. As you continue to do research on your venture, you may discover additional resources beyond those listed in this chapter.

Resources for agritourism entrepreneurs can be classified into three major categories: technical, financial and marketing.

- *Technical resources* are available in the form of consultations and educational materials/publications on production practices, financial management, marketing planning and business planning.

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- *Financial resources* are available in the form of loans, grants and tax incentive programs.

- *Marketing resources* are available in the form of promotions and marketing programs.

The following table lists resources in each of these categories. Resource name, category of assistance, description of assistance and agency contact information are included.

### Agritourism Resource Table

Program/ Resource	Category of Assistance	Description of Agritourism Assistance Available	Agency Contact Information
Alternative Enterprises and Agritourism	Technical <ul style="list-style-type: none"><li>• Educational materials and publications</li></ul>	<ul style="list-style-type: none"><li>• Provides educational resources such as case studies, information sheets and publications</li><li>• An evaluation guide, <i>Taking the First Step: Farm and Ranch Alternative Enterprise and Agritourism Resource Evaluation Guide</i>, is available to assess farm resources and the potential to start an alternative enterprise or agritourism venture</li></ul>	National Alternative Enterprises and Agritourism Leader USDA Natural Resources Conservation Service P.O. Box 2890 Washington, D.C. 20013 Phone: (202) 720-0132 Fax: (202) 720-6473 <a href="http://www.nrcs.usda.gov/technical/RESS/altenterprise">http://www.nrcs.usda.gov/technical/RESS/altenterprise</a>
Americans with Disabilities Act Tax Incentive Program	Financial <ul style="list-style-type: none"><li>• Tax credit</li><li>• Tax deduction</li></ul>	<ul style="list-style-type: none"><li>• Tax credit for architectural adaptations, equipment acquisitions and services such as sign language interpreters<ul style="list-style-type: none"><li>- Tax credit is equal to 50% of the eligible expenditures</li><li>- Maximum tax credit is \$5,000</li></ul></li><li>• Tax deduction for architectural or transportation adaptations<ul style="list-style-type: none"><li>- A business may use the deduction for the removal of architectural or transportation barriers</li><li>- Maximum tax deduction is \$15,000</li></ul></li></ul>	Internal Revenue Service Office of the Chief Counsel CC:PSI:7 1111 Constitution Ave. NW, Room 5115 Washington, D.C. 20224 Phone: (202) 622-3120 <a href="http://www.irs.gov">http://www.irs.gov</a>  Refer to IRS Publications 535 and 334.



Program/ Resource	Category of Assistance	Description of Agritourism Assistance Available	Agency Contact Information
Building Better Rural Places	Technical <ul style="list-style-type: none"> <li>Educational publication</li> </ul>	<ul style="list-style-type: none"> <li>Resource guide that describes federal programs offering assistance in community development, sustainable land management, and value-added and diversified agriculture and forestry</li> <li>Guide summarizes federal programs on technical and financial assistance in agriculture and forestry</li> </ul>	<p>Appropriate Technology Transfer for Rural Areas (ATTRA)</p> <p>This publication is available online at <a href="http://attra.ncat.org/guide/resource.pdf">http://attra.ncat.org/guide/resource.pdf</a></p>
Center for Profitable Agriculture	Technical <ul style="list-style-type: none"> <li>Educational materials and publications</li> <li>Consultations</li> </ul>	<ul style="list-style-type: none"> <li>Work one-on-one with agri-entrepreneurs and farmers through county Extension agents to evaluate the market potential or feasibility of a value-added venture</li> <li>Aid in developing business or marketing plans</li> <li>Perform market analysis for value-added enterprises</li> <li>Explore regulations for value-added enterprises</li> <li>Coordinate technical production assistance for value-added enterprises</li> </ul>	<p>University of Tennessee Extension Center for Profitable Agriculture P.O. Box 1819 Spring Hill, TN 37174-1819 Phone: (931) 486-2777 Fax: (931) 486-0141 <a href="http://cpa.utk.edu">http://cpa.utk.edu</a> <a href="mailto:cpa@utk.edu">cpa@utk.edu</a></p>
Century Farm Program	Marketing <ul style="list-style-type: none"> <li>Promotions</li> </ul>	<ul style="list-style-type: none"> <li>Program identifies, documents and recognizes farms owned by the same family for at least 100 years</li> <li>Farm is eligible if <ul style="list-style-type: none"> <li>It has been in the family continuously for over 100 years</li> <li>At least one owner is a Tennessee resident</li> <li>It is 10 acres or more of the original farm</li> <li>It produces at least \$1,000 in farm income annually</li> </ul> </li> <li>Century Farms receive a certificate suitable for framing</li> <li>Metal exterior sign from Tennessee Department of Agriculture</li> <li>Recognition on the Century Farm Program Web site</li> <li>Recognition in Tennessee Farm Bureau News</li> </ul>	<p>Center for Historic Preservation Middle Tennessee State University 1416 East Main Street P.O. Box 80 Murfreesboro, TN 37132 Phone: (615) 898-2947 Fax: (615) 898-5614 <a href="http://histpres.mtsu.edu">http://histpres.mtsu.edu</a></p>
Farm Service Agency (FSA)	Technical <ul style="list-style-type: none"> <li>Educational materials and publications</li> <li>Consultations</li> </ul> Financial <ul style="list-style-type: none"> <li>Direct loan</li> <li>Guaranteed loan</li> </ul>	<ul style="list-style-type: none"> <li>Informational fact sheets are available online about marketing, business management, conservation and environmental compliance</li> <li>Direct and guaranteed loan programs for farm ownership and operation are available for farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution, or other lender</li> </ul>	<p>Find your local FSA office online at <a href="http://www.fsa.usda.gov/TN">http://www.fsa.usda.gov/TN</a></p> <p>The educational materials and publications are available online at <a href="http://www.fsa.usda.gov">http://www.fsa.usda.gov</a></p>

Program/ Resource	Category of Assistance	Description of Agritourism Assistance Available	Agency Contact Information
Historic Preservation Federal Tax Incentive Program	Financial <ul style="list-style-type: none"> <li>Tax credit</li> </ul>	<ul style="list-style-type: none"> <li>Program reduces the cost of rehabilitating a historical, income-producing property</li> <li>Owners of certified historic structures who undertake a certified rehabilitation project may qualify for a federal income tax credit equal to 20% of the rehabilitation expenses</li> <li>A 10% federal income tax credit is available to qualifying property owners who rehabilitate non-historic buildings built before 1936</li> </ul>	Center for Historic Preservation Middle Tennessee State University 1416 East Main Street P.O. Box 80 Murfreesboro, TN 37132 Phone: (615) 898-2947 Fax: (615) 898-5614 <a href="http://www.cr.nps.gov/hps/tps/tax/incentives">http://www.cr.nps.gov/hps/tps/tax/incentives</a>
University of Tennessee Extension, MANAGE Program	Technical <ul style="list-style-type: none"> <li>Consultations</li> <li>Educational materials and publications</li> </ul>	<ul style="list-style-type: none"> <li>Analyze total farming business using individualized information</li> <li>Review current financial situation</li> <li>Identify strengths and weaknesses in the farm business</li> <li>Develop individualized farm and financial plans</li> <li>Explore alternatives both on and off the farm</li> <li>Evaluate capital investment opportunities including land and/or machinery purchases</li> <li>Analyze likely consequences of changing the scope of enterprises</li> <li>Determine appropriate production practices</li> </ul>	Contact your county Extension office or call the toll-free MANAGEment information line at (800) 345-0561 or visit the MANAGE Web site at <a href="http://economics.ag.utk.edu/mang.html">http://economics.ag.utk.edu/mang.html</a>
Agritourism Coordinator, Tennessee Department of Agriculture	Marketing <ul style="list-style-type: none"> <li>Promotions</li> </ul> Technical <ul style="list-style-type: none"> <li>Consultations</li> </ul>	<ul style="list-style-type: none"> <li>Assists agritourism entrepreneurs in establishing and maintaining marketing plans and promotions</li> <li>Listing of your enterprise on the Pick Tennessee Products Web site</li> <li>Provides advice on marketing issues</li> </ul>	Agritourism Coordinator Market Development Division Tennessee Department of Agriculture P.O. Box 40627, Melrose Station Nashville, TN 37204 Phone: (615) 837-5160 Fax: (615) 837-5194 <a href="http://picktnproducts.org">http://picktnproducts.org</a>
National Registry of Historic Places	Marketing <ul style="list-style-type: none"> <li>Promotions</li> </ul>	<ul style="list-style-type: none"> <li>Program recognizes and documents historic buildings and other cultural resources worthy of preservation</li> <li>Listing provides recognition and a detailed statement of a property's history along with a metal exterior plaque from the United States Department of the Interior</li> <li>Listing encourages preservation of the property</li> </ul>	Tennessee Historical Commission 2941 Lebanon Road Nashville, TN 37243-0442 Phone: (615) 532-1550 Fax: (615) 532-1549 <a href="http://state.tn.us/environment/hist">http://state.tn.us/environment/hist</a>
Pick Tennessee Products (PTP)	Marketing <ul style="list-style-type: none"> <li>Promotions</li> <li>Marketing program</li> </ul>	<ul style="list-style-type: none"> <li>Ability to use Pick Tennessee Products logo on product packaging and in promotional materials for qualified product or services</li> <li>Pick Tennessee Products Web site listing for producers of qualified products or services</li> <li>Products bearing the Pick Tennessee Products logo must be high quality agricultural products produced or processed in Tennessee that meet or exceed U.S. government and/or State of Tennessee standards where applicable</li> </ul>	Market Development Division Tennessee Department of Agriculture P.O. Box 40627, Melrose Station Nashville, TN 37204 Phone: (615) 837-5160 Fax: (615) 837-5194 <a href="http://picktnproducts.org">http://picktnproducts.org</a>

Program/ Resource	Category of Assistance	Description of Agritourism Assistance Available	Agency Contact Information
Regional Tourism Organizations	Marketing <ul style="list-style-type: none"> <li>Promotions</li> </ul>	<ul style="list-style-type: none"> <li>Eight organizations located across the state promote agritourism enterprises in their regions</li> </ul>	<p>Tennessee Department of Tourist Development 312 8th Avenue North, 25th Floor Nashville, TN 37243 Phone: (615) 741-9001 <a href="http://tnvacation.com">http://tnvacation.com</a></p> <p>Contact information for each regional director is located on page 135 of the Appendix along with a map showing the coverage area of each region.</p>
Service Corps of Retired Executives (SCORE)	Technical <ul style="list-style-type: none"> <li>Consultations</li> <li>Educational materials</li> </ul>	<ul style="list-style-type: none"> <li>Provide small business counseling and training through professional guidance</li> <li>Mentor entrepreneurs through confidential one-on-one business advising sessions or group workshops</li> <li>Templates for business plans and financial plans</li> <li>Online educational resources on business planning and management</li> </ul>	<p>Nashville SCORE Vantage Way, Suite 201 Nashville, TN 37228-1500 Phone: (615) 736-7621 <a href="http://www.scorenashville.org">http://www.scorenashville.org</a></p> <p>The educational materials are available online at <a href="http://www.score.org">http://www.score.org</a></p>
Small Business Administration (SBA)	Technical <ul style="list-style-type: none"> <li>Educational publications</li> </ul> Financial <ul style="list-style-type: none"> <li>Loan guarantee program</li> </ul>	<ul style="list-style-type: none"> <li>Offers educational publications on financial planning and management</li> <li>Entrepreneurs may work through a bank to obtain SBA guaranteed loans to start, grow and expand a business</li> <li>Loan Guarantee Program proceeds may be used to purchase machinery, land, equipment, buildings or for working capital with varying terms and interest rates</li> </ul>	<p>Tennessee SBA District Office 50 Vantage Way, Suite 201 Nashville, TN 37228 Phone: (615) 736-5881 Fax: (615) 736-7232 <a href="http://www.sba.gov/tn">http://www.sba.gov/tn</a></p>
Sustainable Agriculture Research and Education (SARE) Producer Grant Program	Financial <ul style="list-style-type: none"> <li>Competitive grant program</li> </ul> Technical <ul style="list-style-type: none"> <li>Educational publications</li> </ul>	<ul style="list-style-type: none"> <li>Grant available to promote research and education about sustainable agriculture</li> <li>Farmers may apply for producer grants on a competitive basis</li> <li>Educational publications on sustainable agriculture, developing business plans and alternative marketing are available online</li> </ul>	<p>Southern Region SARE Director 1109 Experiment St. Room 206, Stuckey Building University of Georgia Agricultural Experiment Station Griffin, GA 30223-1797 Ph: (770) 412-4787 Fax: (770) 412-4789 <a href="http://sare.org">http://sare.org</a></p>
Tennessee Landowner's Incentive Program	Financial <ul style="list-style-type: none"> <li>Cost share</li> </ul> Technical <ul style="list-style-type: none"> <li>Consultations</li> </ul>	<ul style="list-style-type: none"> <li>Program designed to protect, enhance or restore rare species habitats on private lands in Tennessee</li> <li>Program provides 75% cost-share assistance to land-owners making improvements to enhance and restore land</li> <li>Agritourism entrepreneurs may implement best management practices on their property to enhance habitats of game species like deer, turkey, quail and aquatic species</li> </ul>	<p>Tennessee Wildlife Resources Agency P.O. Box 40747 Nashville, TN 37204 Phone: (615) 781-6610 Fax: (615) 781-6654 <a href="http://www.state.tn.us/twra/wildlife/tnlip.html">http://www.state.tn.us/twra/wildlife/tnlip.html</a></p>

Program/ Resource	Category of Assistance	Description of Agritourism Assistance Available	Agency Contact Information
Tennessee Small Business Development Center (TSBDC)	Technical <ul style="list-style-type: none"> <li>Educational materials and publications</li> </ul>	<ul style="list-style-type: none"> <li>Provide business advice to all types of businesses including retail, manufacturing, service provider or professional</li> <li>Provide one-on-one consulting to small business entrepreneurs</li> <li>Training available in e-commerce, marketing, preparing financial statements, starting and managing a small business and writing a business plan</li> </ul>	TSBDC Lead Center Middle Tennessee State University P.O. Box 98 Murfreesboro, TN 37132 Phone: (615) 849-9999 <a href="http://tsbdc.org">http://tsbdc.org</a>
Tennessee Travel News	Marketing <ul style="list-style-type: none"> <li>Promotions</li> </ul>	<ul style="list-style-type: none"> <li>Registered partners can submit a story idea or press release online <ul style="list-style-type: none"> <li>Agritourism entrepreneurs can register online by providing name, name of business or organization, address, phone number, and e-mail address</li> </ul> </li> <li>Submitted ideas or press releases are evaluated to meet specified criteria, organized for distribution to appropriate media outlets and then distributed to the outlets</li> </ul>	Tennessee Travel News Tennessee Department of Tourist Development <a href="http://tenntravelnews.com">http://tenntravelnews.com</a>
Tennessee Vacation Guide	Marketing <ul style="list-style-type: none"> <li>Promotions</li> </ul>	<ul style="list-style-type: none"> <li>List agritourism enterprise in the guide</li> </ul>	Data Coordinator Miles Media Group 6751 Professional Parkway West Sarasota, FL 34240-8443 Phone: (941) 342-2331 <a href="http://milesmedia.com">http://milesmedia.com</a>
Tourist-Oriented Directional Signage	Marketing <ul style="list-style-type: none"> <li>Promotions</li> </ul>	<ul style="list-style-type: none"> <li>Tennessee program for signage along state highways to direct tourists to local attractions, services and businesses</li> <li>Signs have business name, distance to business and a directional arrow</li> <li>Qualified businesses must pay required application, permit and sign fees</li> </ul>	Tourist-Oriented Directional Sign Program Tennessee Department of Transportation Suite 400 James K. Polk Building Nashville, TN 37243 Phone: (615) 532-3452 Fax: (615) 532-5995 <a href="http://www.tdot.state.tn.us">http://www.tdot.state.tn.us</a>
Value-Added Producer Grant Program	Financial <ul style="list-style-type: none"> <li>Competitive grant program</li> </ul>	<ul style="list-style-type: none"> <li>A competitive grants program which provides funding for planning activities or as working capital to start a value-added agricultural business</li> <li>Cash or in-kind match funds are required</li> <li>Planning activities include legal services, feasibility analysis, market study, and business or marketing planning</li> <li>Working capital activities include payment of salaries, utilities and office space rents; purchase of inventory, office equipment and supplies; or conducting a marketing campaign</li> </ul>	USDA, Rural Development 3322 West End Ave., Suite 300 Nashville, TN 37203 Phone: (615) 783-1300 Fax: (615) 783-1301 <a href="http://www.rurdev.usda.gov/rbs/coops/vadg.htm">http://www.rurdev.usda.gov/rbs/coops/vadg.htm</a>

## Chapter Review

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**M**any resources are available to assist agritourism entrepreneurs. Technical resources through consultations and educational materials/publications on production practices, business and financial management, and marketing planning; financial resources in the form of loans, grants and tax incentive programs; and marketing resources are all available through a variety of programs and agencies. It is important for agritourism entrepreneurs to become familiar with applicable programs.

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## Chapter 10

# Personal Evaluation II

## A Snapshot of Your Progress



### Chapter Overview

Although many factors determine whether or not an enterprise is or will be successful, many fundamental concepts important to agritourism enterprises have been discussed in this publication. Although not a guarantee, implementation of these concepts will improve your potential for success.

This final chapter is designed to help assess your progress in applying these fundamental management concepts to your operation through a personal evaluation tool. You can use the tool to measure progress and help identify concepts you need to address.

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### Personal Evaluation

The personal evaluation tool consists of 50 statements presented in six sections:

1. Business Planning
2. Marketing
3. Customer Service
4. Risk Assessment and Management
5. Safety Considerations
6. Government Regulations

Read each statement as though it were written for you and your agritourism enterprise and management activities. Then circle the response that best describes your situation, product(s) and/or service(s). If you **agree** with the statement, circle **A**. If you **somewhat agree** with the statement, circle **SA**. If you **somewhat disagree** with the statement, circle **SD**, and if you **disagree**, circle **D**.

### Personal Evaluation Tool

Section 1: Business Planning		Response A=Agree SA=Somewhat Agree SD=Somewhat Disagree D=Disagree			
1.	I have developed a complete, written business plan for my agritourism enterprise.	A	SA	SD	D
2.	My mission statement reflects the core purpose of my agritourism enterprise.	A	SA	SD	D
3.	My business plan contains a clear description of my agritourism enterprise.	A	SA	SD	D
4.	I have written, measurable goals and objectives for my agritourism enterprise.	A	SA	SD	D
5.	My business plan identifies the management team and legal structure of my agritourism operation.	A	SA	SD	D
6.	I routinely forecast start-up expenses, operating expenses and sales for my agritourism enterprise and use this information to make management decisions.	A	SA	SD	D
7.	The financial records for my agritourism operation are accurate and up-to-date.	A	SA	SD	D
8.	I develop financial statements for my agritourism enterprise, which I use to analyze the financial health of my business.	A	SA	SD	D
9.	My business plan includes an exit strategy that I have discussed with my accountant and/or lawyer.	A	SA	SD	D
10.	I update my business plan as my goals and objectives, financial situation, business concept, and the market situation changes.	A	SA	SD	D

Section 2: Marketing		Response A=Agree SA=Somewhat Agree SD=Somewhat Disagree D=Disagree			
11.	I have developed a complete, written marketing plan for my agritourism operation.	A	SA	SD	D
12.	I use my marketing plan to dictate the marketing activities for my agritourism operation.	A	SA	SD	D
13.	I have a clear understanding and definition of the target audience for my agritourism enterprise.	A	SA	SD	D
14.	My marketing activities are designed to reach the identified target audience.	A	SA	SD	D
15.	All of my marketing activities and materials are consistent with the positioning/image of my agritourism enterprise.	A	SA	SD	D
16.	Roadside signs direct customers to my operation safely and effectively from all major access points.	A	SA	SD	D
17.	When setting prices for my agritourism enterprise, I consider operating (fixed) and variable costs, financial goals and objectives, product positioning, customers' willingness to pay, consumer preferences, and competitors.	A	SA	SD	D
18.	My marketing budget is approximately 5 percent to 10 percent of projected sales (or I have chosen a budget based on market information).	A	SA	SD	D
19.	I measure both the number of customers who visit my agritourism enterprise and my sales volume over some specified time period.	A	SA	SD	D
20.	I routinely re-analyze the market for my agritourism operation, evaluate the effectiveness of my marketing activities and make appropriate adjustments to my marketing plan.	A	SA	SD	D
Section 3: Customer Service					
21.	I have developed a written customer service plan for my agritourism enterprise.	A	SA	SD	D
22.	My customer service plan is based on the target market's needs, desires and expectations as well as the goals and objectives for my agritourism operation.	A	SA	SD	D
23.	My employees are well-trained in my enterprise's customer service goals and policies.	A	SA	SD	D
24.	I strive to positively motivate employees to provide excellent customer service.	A	SA	SD	D
25.	I have developed and implemented a system to evaluate the effectiveness of my customer service plan in meeting my customers' needs and expectations.	A	SA	SD	D
26.	I have developed and implemented a system to evaluate the effectiveness of my employees in implementing my customer service policies.	A	SA	SD	D
27.	My customer service policies include methods to effectively resolve customer problems and complaints.	A	SA	SD	D
Section 4: Risk Assessment and Management					
28.	I understand the types of risks I face in my agritourism enterprise.	A	SA	SD	D
29.	I have evaluated the likelihood of these risks causing a loss or injury as well as the magnitude of the potential loss.	A	SA	SD	D
30.	I have chosen a method for managing each risk to my operation.	A	SA	SD	D
31.	I am knowledgeable about current laws and regulations pertinent to my operation and follow requirements.	A	SA	SD	D



Section 4: Risk Assessment and Management		Response A=Agree SA=Somewhat Agree SD=Somewhat Disagree D=Disagree			
32.	I have sought and obtained legal counsel for all legal matters.	A	SA	SD	D
33.	My employees are well trained in risk assessment, management activities and policies of my operation.	A	SA	SD	D
34.	I have fully discussed my agritourism activities with my insurance agent and purchased liability and other applicable insurance coverage.	A	SA	SD	D
35.	Risks to my agritourism enterprise are constantly assessed, and management strategies to address them are chosen and implemented.	A	SA	SD	D
Section 5: Safety Considerations					
36.	I have developed a written safety plan for my agritourism enterprise.	A	SA	SD	D
37.	My employees are trained in appropriate procedures in case of an emergency at my enterprise.	A	SA	SD	D
38.	First aid kits, ABC fire extinguishers and communication devices (such as phones, cell phones or radios) are easily accessible to my employees in case they are needed.	A	SA	SD	D
39.	Customers are informed of the enterprise rules and procedures they are expected to follow for their safety.	A	SA	SD	D
40.	Hazardous areas and attractive nuisances of my agritourism operation are clearly designated, and access by customers is restricted.	A	SA	SD	D
41.	Personnel are trained in the proper and safe use of equipment.	A	SA	SD	D
42.	I have developed an inspection form to guide a safety inspection process, and I maintain a written record of findings and corrective action needed and taken.	A	SA	SD	D
43.	I have a procedure in place to keep informed and to warn employees and customers of approaching hazardous weather conditions.	A	SA	SD	D
44.	Entrances and exits to the property are clearly visible with unobstructed views of oncoming traffic and are wide enough for vehicles to pass and easily maneuver.	A	SA	SD	D
Section 6: Government Regulations					
45.	My agritourism enterprise has an up-to-date business license from the city and/or county where I operate.	A	SA	SD	D
46.	I have determined whether or not my agritourism enterprise is responsible for remitting sales tax and, if so, have registered with the Tennessee Department of Revenue.	A	SA	SD	D
47.	My agritourism enterprise is compliant with the Americans with Disabilities Act.	A	SA	SD	D
48.	I have contacted the county or city planning commission or zoning authority to determine whether my agritourism operation will meet existing zoning ordinances.	A	SA	SD	D
49.	My agritourism enterprise is in compliance with all labor laws including child labor, minimum wage, worker's compensation and payroll withholding.	A	SA	SD	D
50.	My agritourism operation holds all necessary permits for specific products and services offered, such as for a winery, petting zoo, fee-fishing operation, food retail store or food service establishment.	A	SA	SD	D

### Scoring, Preferred Responses and Explanations

Once you have circled answers to ALL 50 statements, follow the directions below to score your responses.

1. Count the number of times you circled each response (A, SA, SD and D) and write the number in the table below under **Number of Responses**.
2. Multiply the **Number of Responses** times the **Points per Response** indicated and write it in the table under **Points**.
3. Add the points for each of the four categories and write the total in the box next to **Total Score**.

	Number of Responses	Points per Response	Points
Agree (A)		x 4 =	
Somewhat Agree (SA)		x 3 =	
Somewhat Disagree (SD)		x 2 =	
Disagree (D)		x 1 =	
Total Score			

Use the following scoring key to find out what your score indicates.

**200** You apply fundamental management concepts that have been found to be positive components of a successful enterprise. Continuation of these basic, important practices will benefit your enterprise.

**150-199** You apply many fundamental management concepts to your enterprise. To strengthen the chances for success, however, evaluate areas where you are weak or consider concepts that have not been addressed and implement these fundamental concepts as well.

**100-149** Although you implement some fundamental concepts at your enterprise, your potential for success may be greatly enhanced by investing time and energy in improving your implementation of fundamental management concepts.

**0-99** There is a significant lack of implementation of fundamental management concepts. If you are serious about continuing to operate your enterprise, you should develop and implement written business, marketing, customer service, risk management and safety plans; investigate laws and regulations impacting your business; and seek professional assistance when appropriate.

Finally, check your responses against the preferred responses given in the following table and read the explanations to the right of each preferred response.

Preferred Response and Explanation	
Section 1: Business Planning	
1.	AGREE — The process of developing a written business plan greatly enhances your potential for entrepreneurial success by allowing you to work through and evaluate business decisions on paper. The business plan then provides guidance and focus for your enterprise.
2.	AGREE — Your mission statement should reflect the core purpose of your business and serve to focus your business decisions and actions.
3.	AGREE — Although your business may evolve over time, a current, clear description of your business will help you to communicate effectively with others involved in the management of the enterprise or with potential investors or lenders.
4.	AGREE — “If you don’t know where you’re going, how will you know when you get there?” Setting measurable goals and objectives helps determine how you will measure success.

5.	AGREE — Identifying the operational and management structure of an enterprise may help to add credibility to the business idea for potential investors or lenders. It will also help clarify responsibilities and resources to management staff.
6.	AGREE — Forecasting start-up expenses, operating costs and sales helps you to make informed decisions based on expected impacts to your bottom line.
7.	AGREE — Maintaining accurate and up-to-date financial records allows you to keep abreast of the financial condition of your enterprise.
8.	AGREE — Developing and analyzing financial statements is key to evaluating financial goals and objectives.
9.	AGREE — A sound exit strategy will enable you to harvest the value of the business in a way that will meet your goals. Potential lenders will also be interested in your exit strategy.
10.	AGREE — Updating your business plan as your goals and objectives, financial situation, business concept, and market situation change is important in keeping the management team focused and in providing current information to lenders or investors.
<b>Section 2: Marketing</b>	
11.	AGREE — Although developing a marketing plan does not guarantee success, the potential for success is greatly enhanced when you define a target audience, identify methods to reach potential customers and entice them to visit your enterprise.
12.	AGREE — A marketing plan serves as a road map to help you meet your goals and reach your target audience.
13.	AGREE — Clearly understanding and defining your target audience will allow you to focus your marketing efforts on the portion of the population that is most likely to generate sales for your operation.
14.	AGREE — By designing your marketing activities to reach your specific target audience, you are effectively and efficiently investing your marketing efforts and budget.
15.	AGREE — Designing all marketing materials and activities to consistently portray the desired positioning/image of your enterprise will help build customer recognition.
16.	AGREE — The customers' abilities to find and access your operation easily and safely are critical to generating customer visits and revenue.
17.	AGREE — Setting prices for products and services is an important part of your marketing plan. It requires the consideration of several factors including operating (fixed) and variable costs, financial goals and objectives, product positioning, customers' willingness to pay, consumer preferences, and competitors.
18.	AGREE — Although marketing budgets will vary, a marketing budget of 5 to 10 percent of sales is sometimes described as a benchmark. In a 2003 survey of Tennessee agritourism operations, almost half of respondents indicated they spent between 5 and 10 percent of sales on marketing activities.
19.	AGREE — Tracking basic measures of business progress, such as number of customers who visit your enterprise and its sales volume, will allow you to monitor the status of your business compared to other time periods and to evaluate the effectiveness of your marketing plan.
20.	AGREE — Market conditions are dynamic. It is important to evaluate changes occurring in the marketplace and make appropriate adjustments to your business, including your marketing plan.
<b>Section 3: Customer Service</b>	
21.	AGREE — A written customer service plan helps you develop customer service policies that meet the needs and expectations of your customers and develop methods by which to effectively implement your policies.
22.	AGREE — By keeping your target audience's needs, desires and expectations, as well as your goals and objectives, in mind while developing your customer service policies, your customer service plan will help your business provide excellent customer service that will bring customers back again and again.
23.	AGREE — In order to implement your customer service plan, everyone on your staff needs to be educated about your policies and trained to enforce them.
24.	AGREE — Positively-motivated employees are more likely to provide excellent customer service.

25.	AGREE — Monitoring the effectiveness of your customer service plan in meeting the needs, desires and expectations of customers will help you to maintain an appropriate customer service plan and a high standard for customer service.
26.	AGREE — It is important to evaluate employee effectiveness in implementing your customer service plan in order to determine training needs, disciplinary action or positive reinforcement or rewards.
27.	AGREE — Customer problems and complaints can lead to negative word-of-mouth referrals and loss of sales. Having methods in place to resolve problems and complaints will help you and your employees find a mutually satisfactory solution.
<b>Section 4: Risk Assessment and Management</b>	
28.	AGREE — Recognizing and understanding the types of risks faced by your enterprise is the first step in being able to assess and manage those risks to minimize negative impacts on your operation.
29.	AGREE — Assessing the likelihood that risks will occur as well as the magnitude of the potential loss will help you make decisions on which methods to use to effectively manage those risks.
30.	AGREE — A risk management method should be chosen and implemented for each identified risk faced by your operation in order to minimize negative impacts.
31.	AGREE — Knowledge of current laws and regulations pertinent to your enterprise will allow you to comply with requirements and reduce risk of legal implications.
32.	AGREE — Obtaining legal counsel for all legal matters is critical in the management of your operation and an important risk management strategy.
33.	AGREE — Employees can assist you in recognizing risks to your enterprise and are important in implementing your chosen risk management methods in the daily operation of your enterprise.
34.	AGREE — Your insurance agent will be able to help you decide which types and amounts of coverage are best for your situation. Your agent must be fully aware of the risks you face in order to provide accurate information.
35.	AGREE — As your personal situation and goals, enterprise activities, market conditions, and regulatory environment change, your risks may also change. It is important to constantly be aware of these changes and adjust your risk management plan to deal with these new challenges.
<b>Section 5: Safety Considerations</b>	
36.	AGREE — By developing an appropriate written safety plan and successfully implementing it, you will minimize risks to your operation related to injury of customers and employees.
37.	AGREE — All personnel should be prepared to take appropriate action in case of an emergency, whether that emergency is caused by injury, illness, weather or fire.
38.	AGREE — Having first aid kits, ABC fire extinguishers and communication devices (such as phones, cell phones or radios) on hand will assist your personnel in responding to incidents or emergencies.
39.	AGREE — Customers may not be aware of the hazards of your operation. It is important that you inform them of these hazards and of the safety precautions they need to take.
40.	AGREE — Certain areas of your operation may pose extraordinary safety risks to your customers. Customers should be restricted from entering these areas by appropriate signage, locked doors and gates, fences, temporary barricades, or stationed employees.
41.	AGREE — Employees must be trained to use machinery and equipment properly and safely to protect your customers and employees from injury, thus mitigating your risk of financial losses.
42.	AGREE — An inspection form will help you in conducting regular, formal safety checks and in correcting hazards.
43.	AGREE — Many agritourism activities are conducted outside. Weather can change quickly, and your employees and customers need time to protect themselves from dangerous conditions.
44.	AGREE — Customers need to be able to access your operation safely and easily.

## Section 6: Government Regulations

45.	AGREE — Business licenses are required by most cities and/or counties in Tennessee and must be renewed annually.
46.	AGREE — State sales tax laws may require operators to collect and remit sales tax as many agritourism activities are considered amusements or recreation.
47.	AGREE — All businesses must comply with the American's with Disabilities Act.
48.	AGREE — Enterprises violating zoning ordinances may be required to cease operations.
49.	AGREE — Employees must comply with many laws and regulations affecting wages, hours, payroll withholding and more.
50.	AGREE — Several types of activities that may be components of an agritourism enterprise require special licenses, permits or regulatory oversight. You may be operating illegally if you do not have the correct license or permit.

## Chapter Review

**F**undamental management concepts are critical factors for success in business, including agritourism. Evaluation of your progress in implementing these concepts is part of measuring your progress and identifying areas where you can become a more effective entrepreneur. The personal evaluation tool contained in this chapter was designed to help you in this process.

Use the previous chapters of this guide to assist you in implementing the concepts you still need to address. Remember that industries are dynamic. You must also make appropriate adjustments to your enterprise as changes occur in consumer needs and desires; competition; and local, state and federal regulations.

### Chapter 10 Author

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# Building Relationships with the Tourism Industry

**B**uilding relationships with tourism industry organizations such as convention and visitors bureaus, chambers of commerce or other businesses can be an effective promotional strategy. Tourism-industry organizations exist to bring tourist dollars to their communities, and tourism professionals are looking for additional attractions to entice tourists to visit and stay longer.

Tourism organizations may be able to assist you in developing promotional materials such as brochures and news releases. They may be able to include your business in regional brochures or on their Web sites. These organizations are also recognized by media outlets and may be able to obtain publicity more readily than an individual business. The more these professionals know about your operation, the better they will be able to promote it.

Methods to help build relationships with tourism-industry organizations include

- Joining these organizations and getting involved by attending meetings and events
- Making presentations at their meetings
- Inviting the organization leadership and membership to your operation and offering to host meetings
- Keeping the organizations informed about your schedule and special events
- Participating in "FAM" (familiarization) tours by offering complimentary services that tourism organizations can give to media reporters who will then visit your operation

Individual businesses may also build mutually beneficial relationships. Businesses may agree to display brochures, offer package deals to customers or combine resources to pay for advertising and promotional materials.

Tying in to tourism is challenging, especially in busy seasons. It takes a time commitment to build relationships and stay involved. These relationships, however, can be valuable and help you get the most out of your marketing efforts.

A list of regional tourism organizations is also included in the appendix of this guide.



# Media Relations and Publicity<sup>1</sup>

The media, particularly local media, can be a friend to agritourism entrepreneurs. Newspapers, television programs and radio spots can help publicize special events, new products and awards. Through coverage of special activities or exceptional employees, the media can also raise public awareness of services or products or of the enterprise's community-minded goals. For the plugged-in public, media Web sites can be vital links for news and information about an organization and its products and services.

## Publicity

The trick to getting publicity or media coverage is to match your organization's needs to those of each of your chosen media outlets. Here are seven tips to help you determine how your organization can best use the media.

### 1. Determine your organization's needs.

For most businesses, the need for publicity will fall into one of four categories:

- a) Announcement of a special event or new product.
- b) Article about an award (for the organization or an employee).
- c) Feature article about something associated with the business and also related to the community.

Examples might include autumn events, school projects or holiday-specific products. A feature about something unique going on with the business like a new product line or a building expansion may also be of interest.

#### d) News.

Whether an item is news is best determined by the media outlet. Small businesses should submit a news item as an idea for a feature story. The news outlet will determine the best usage for their audience. If they really think

your item is newsworthy, they will contact you or send a reporter. Newsworthy stories have a demonstrable impact on the target audience. For example, a 50-percent-off sale is not news. Businesses have sales all the time. News would include an event where you donate your profits to disaster victims.

### 2. Identify which media outlets suit your needs and will value your information.

It is best to research your chosen media outlets. Does the newspaper have a special section that lists meeting announcements or specialize in community-related articles? Does the TV or radio station run business announcements on a daily or weekly basis, say between their weather and sports segments? How far in advance of the event do you need to submit information? The research method is simple: read, watch, listen and scan Web sites.

Submit routine items (announcements and information regarding awards or special events) by the methods described in the newspaper or magazine or outlined on the outlet's Web site. Often these submission procedures involve sending an e-mail or filling in a form available on the Web site. List events in the calendars featured on local radio stations (usually public stations), TV news shows that list community activities, local cable access TV and newsletters of other similar organizations in the community. Such entries are generally free of charge, except for your personnel time involved. Keep a record of calendars used for future reference.

If your organization or employee has won a significant award, consider informing the local media in advance of when the award will be conferred. They may choose to send a reporter to cover the event if it's local. Note:

<sup>1</sup>Contributed by Patricia Clark McDaniels, The University of Tennessee Institute of Agriculture, Marketing and Communications Services.

The author recognizes the contributions of her colleague Charles Walker, who is well known to the UT Extension community as a retired member of the Marketing and Communications Services news and information team. Charles authored the original version of the publicity portion of this manuscript. His original work has appeared in many forms in various UT Extension publications, particularly the Master Gardener Handbook. Chuck Denney, a producer with UTIA Marketing and Communications Services, also provided valuable input.

The award must be significant within your community or your trade. Employee of the month, while admirable, does not generally rate media coverage.

Submit feature articles or ideas for articles directly to the appropriate editor of a local outlet or to the appropriate editor of a specific (and pertinent) trade newspaper or magazine. If the outlet is big enough for beat reporters, approach an appropriate reporter with your idea. With agritourism topics, the most appropriate reporters may be the business or entertainment reporter. You can contact reporters by telephone or by e-mail. Both have their advantages.

If you submit an actual article, do not be surprised if the article is used, but not in its original form and without attribution to the actual writer or submitter. Remember, you are after positive recognition for the business, not personal recognition. The larger the media outlet, the less likely it will use your original copy. If an outlet chooses to have a reporter enhance or cover the story, then the topic is likely of interest to their audience.

Local-interest talk shows (morning shows, for example) might also be interested in story ideas or potential people to interview. Positioning yourself as an expert featured in local media can be valuable exposure for your business.

### **3. Answer the typical questions.**

Successful news articles are short, factual and informative. They also answer six questions asked by journalists: Who? What? Where? When? Why? and How?

As a guideline, ask yourself this question: Can your article answer the above questions in 300 words or fewer? Fewer are better. If the outlet thinks the idea merits more discussion, the editor or producer will happily allocate more space or time.

Finally, be sure your announcements and articles appeal to the target audience. A media outlet is not likely to use a submission that will not hold the interest of its audience.

### **4. Submit items to media in the correct format.**

Each media outlet has a preferred method for receiving information. E-mail is the most accepted

format, and most outlets have contact names and forms on their Web site for submitting story ideas. If you directly e-mail a reporter, do not send any attachments to the file. Attachments are viewed with great suspicion and mail can be dumped, unopened.

Also, do not expect reporters, especially those working for larger outlets to respond to every submission. If they are interested, they will call you. For smaller outlets, such as weekly papers, you might try a personal contact first, and then follow the outlet's requested submission process.

You'll have the best success with feature articles or outside-the-box ideas if you contact the editor in advance of submission and follow his or her recommendations.

### **5. Submit photographs if you have them.**

Every print media outlet has its own guidelines regarding the submission of photographs. Most of the larger outlets will send their own photographer for news or feature articles, but some will accept photo submissions. Weekly papers often accept photos. Just ask the editor whether a photo may accompany an article.

For the greatest success, be sure to follow the outlet's formatting guidelines. Color digital photographs are the norm. If you do not know whether a photo will be needed or used, or whether it might appear in a magazine or a newspaper or on a Web site, compose or scan the original photo as a TIF file or as a high-resolution JPG. Not all outlets use TIFs, but more data is preserved in a TIF file or a high-resolution file than in a normal JPG file. Submitting a larger-format file will give the outlet some flexibility in terms of final photo quality.

### **6. Follow up on your submissions.**

If your organization is submitting announcements and articles that never get used, give the editor or producer a call. Start with the least-senior editor and assume that you have somehow erred in the submission process. One common mistake is missing the outlet's production deadline. Media outlets have strict production schedules. In the case of magazines, schedules run weeks (sometimes months) ahead of the publication date. Newspapers and television run on much tighter

schedules, but they, too, like to plan ahead, especially for holiday or seasonal items. Since neither print nor broadcast media have unlimited space or time, submitting your announcement or story idea in a timely manner can increase its chances of being used.

A second common publicity mistake is failing to understand the outlet's editorial needs and policies. If the outlet does not regularly use announcements and articles similar to what you want to submit, chances are such items do not fit their editorial format. Observing the outlet over time will give you a sense of what ideas and announcements are appropriate to submit.

Also, remember a simple "thank you" never hurts. Reporters like to hear compliments if they have captured the essence of a situation and written or produced an informative piece. On the other hand, let relatively small errors pass unnoticed unless they can affect your business. Chances are the general public is ignorant of whether the correct term is straw or hay, so let small errors go unless the point of the story involves the sale of the particular commodity.

## **7. Measure your success.**

While the successful placement of announcements in target media is exciting, the question remains "Has the effort contributed to the greater goals of the business?" Perhaps your goal is to increase attendance at an event or to enhance the business's standing in the community and to demonstrate that you are a good citizen. Be sure that your use of publicity is tailored to your organization's specific goals.

Measure success with a critical eye. If your announcements are being placed, but attendance is falling off, perhaps your organization needs to review its choice of media. One example of ineffective choice of media is placing announcements about literacy enhancement programs in a local newspaper. Radio or television spots are likely to be more effective if you want to generate attendance by those who are challenged as readers.

## ***Beyond Publicity***

Media relations involve more than just publicity. It includes building a level of trust between your business, the media, your customers and the entire community. The goal is for your organization to be viewed as an asset to the local area as well as to its clientele. Following several simple guidelines can help you earn that trust.

First, suggest only stories that have some value to the entire community (i.e., have value beyond publicity for your organization). Pure publicity puff pieces are easily spotted, and all media outlets have a limited amount of space or air time. They must be judicious in how they allocate it. The only exception to this rule would be announcements of employee achievements or items submitted to community calendars.

Next, always be honest and forthright. Answer all questions truthfully, and if you do not know an answer, say so. If you are unsure of an answer, tell a reporter that you want to check a fact before you give an answer that is incorrect. Do not forget to call the reporter back.

Next, do not be a bother. Constantly submitting article ideas or calling local reporters with tips that are not newsworthy will get you an unflattering nickname in the newsroom.

Finally, be prepared in the event of an emergency. How will you handle an environmental or personal injury accident on your facility? What if one of your products causes a consumer to become ill? What if a child falls off your hayride? Every organization should maintain a crisis communications plan.

Whole volumes have been written on developing crisis communications plans. Some plans are extremely detailed and include contact numbers for local emergency services, specific federal or local regulatory agencies, the business's owner/operator, and a designated spokesperson. Many businesses include contact information for their attorney in the event of an emergency. Your business and your perceived level of risk will dictate the level of detail in your plan.

With respect to crisis communications, remember the first rule in dealing with the media during a crisis is the same rule as for dealing with the

media in general: answer all questions truthfully. If you do not know an answer, say so. If you are not prepared or are uncomfortable commenting at the time say something like, "I am not prepared to comment on that topic." Never say, "No comment." It always sounds negative.

### ***References and Additional Resources***

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***Feeding the Media Beast: An Easy Recipe for Great Publicity.*** Mark E. Mathis. Purdue University Press (2002).

***On Deadline: Managing Media Relations*** (Third Edition). Carole Howard and Wilma Mathews. Waveland Press (2000).

***Soundbites: A Business Guide to Working With the Media.*** Kathy Kerchner. Savage Press (2001).

***The Handbook of Strategic Public Relations and Integrated Communications.*** Clarke L. Caywood (Editor). McGraw-Hill Trade (1997).

Many public relations resources are available online. Use search terms such as "media relations tips," "crisis communications plan" and "publicity for small businesses." Keep in mind that much of the information on the Web is intended as a marketing tool for the agency that posted the information in the first place.

# Coloring Your Marketing Message

Color choice is an important consideration in developing marketing materials. Colors have a psychological effect on people and can be used to your advantage (or disadvantage).

Consumer studies have found that some colors affect males and females differently. This may be related to the visibility of the color, the retention of the color, the preference for the color and the feelings associated with the color. For your marketing materials, choose colors with high visibility, retention, preference and positive associations your target audience, if possible. Reactions to basic colors by gender are described in the following table.

Reactions by Consumer Gender to Basic Colors <sup>2</sup>					
Color	Consumer Gender	Visibility	Retention	Preference	Association
Blue	Female	Low	Low	Low	Depressing, Business-Like, Leadership
Blue	Male	Low	Low	High	Reliable, Intelligent, Secure
Pink	Female	Low	Low	High	Therapeutic, Feminine
Pink	Male	Low	Low	Low	Calm, Relaxing, Feminine
Black	Male and Female	Low	Low	High	Male = Rich Female = Sensuous
White	Male and Female	High	Low	Low	Pure, Clean
Red	Male and Female	High	High	High	Male = Danger, Bargain, Excitement Female = Warm, Intimate
Yellow	Male and Female	High	High	Low	Sun, Outdoors
Brown	Male and Female	Low	Low	High	Rich, Earthy
Green	Male and Female	Low	Low	Low	Money, Leisure
Gray	Male and Female	Low	Low	High	Security
Orange	Male and Female	High	High	Low	Healthful, Warm

<sup>2</sup>Adapted from Bill Gallagher, "Winning Colors and Shapes for Your Company," June 10, 1996. Available online at [http://www.gmarketing.com/tactics/weekly\\_29.html](http://www.gmarketing.com/tactics/weekly_29.html).

# Developing Paid Advertisements

**P**aid advertisements for your agritourism enterprise should be developed to reach your target audience and designed around your enterprise's positioning statement. Advertising is effective only if the message reaches your target audience and registers with them.

Paid advertisements, like all other promotional materials, should portray a consistent image for your enterprise. The development and use of an appealing business name and an attractive logo will help to build awareness and recognition of your enterprise and to create consistency in

marketing efforts. A graphic artist could assist you in the development of your logo. You may choose to trademark the logo so that it cannot be used by other businesses.

Preparations for paid-advertising should begin at least two months prior to the time when the advertisements will be run. This includes contacting media for costs and scheduling information. If you plan to outsource the development of the advertisements, more time will be needed. If possible, advertisements should be developed by the same source to maintain consistency.

Consider this six point advertising strategy when developing paid advertisements. This strategy will assist in creating a focused and comprehensive advertisement that will effectively communicate needed information to potential customers.

## Six Point Advertising Strategy<sup>3</sup>

1. Primary Purpose—*What results do you expect from the ad? or Why are you advertising?*

2. Primary Benefit—*What unique benefit can we offer customers? What customer value or need can my enterprise meet?*

3. Secondary Benefit—*What other key benefits will customers receive from our products or services?*

4. Target Audience—*At whom (what target audience) are we aiming this advertisement?*

5. Audience Reaction—*What response do we want from our audience (come to the operation, visit a Web site, call an information line)?*

6. Company Personality—*What image do we want to convey in our advertisements?*

Once an advertisement has been developed, make sure to double-check it for grammar and spelling errors. You may choose to test your advertisements with a small group of customers to determine whether they have the desired effect.

<sup>3</sup>Adapted from: Marchall, Maria I. *The Marketing Mix: Putting the Pieces Together*. Purdue University. Available online at <http://www.foodsci.purdue.edu/outreach/vap/materials/marketing.pdf>. July 15, 2004.



# Brochure Development

**B**rochures can be effective paid-advertising tools for agritourism enterprises, depending on the target audience. They can be used as rack cards in visitor centers, chambers of commerce or other businesses; distributed personally at speaking engagements; or used as direct mail pieces. Brochure design is critical to catching the attention of potential customers. Effective brochures will present pertinent information in an organized and easily understood format.

## ***Catching Attention***

The top one-third of the front cover should contain your business name and logo. For rack cards, the back cover should also include the business name and logo on the top one-third, in case the cards get turned backwards.

Photographs really are worth a thousand words. Using them on the cover and throughout a brochure helps in catching and holding attention. Photos should be of good quality, honestly depict your products and/or services, be current, and include people when possible.

Paper weight and quality are important. Brochures need to stand up in racks or withstand mailing. A brochure size of 4 inches by 9 inches fits in racks, can be mailed easily and is easy for customers to carry.

## ***Legibility***

The design should be appealing to the eye and easy to read. Color of paper, text and pictures should be attractive to your target audience. Although bright, neon colors are attention grabbers, these colors can make brochures very difficult to read.

Typeface and font size are also important. Text should be in at least 12-point type. If your target market includes senior citizens, your font size should be even larger. The type should be clear and easy to read. Serif typefaces are considered more legible in blocks of text than are sans serif typefaces.

## ***Content***

The following table lists information to include as well as the suggested placement in the brochure.

Placement	Information to Include
Top ⅓ front	Business name and logo City, state
Middle front	Days/hours of operation Picture Keywords, phrases or short text to describe activities, producers, services
Bottom front	Contact information Business name Mailing and street address Phone and fax E-mail and Web site
Top ⅓ Back	For rack cards: same as top ⅓ front
Back	Map and directions with easiest route
Bottom back	Contact information Month and year printed (To avoid confusion with reprints)
Alternative back	Mailing panel with logo and return address "To:"

The brochure may also contain other information if space is available, such as in a tri-fold brochure. This may include

- More detailed information about products and services
- Information about your family or operation history
- Price lists

- Tips related to customer visits
- Coupon

Remember that your brochure should focus on the benefits potential customers may receive from your operation. Use the Six Point Advertising Strategy discussed in the *Developing Paid Advertisements* section of the appendix to help develop the content of your brochure.

If you plan to use the brochure over a long period of time, do not include dates or information, such as prices, that would be likely to change. Brochures containing outdated information could do more harm than good.

### ***Brochure Printing Tips***

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Getting a brochure printed can be a time consuming and somewhat complicated task. Here are some useful tips.

- Request bids from several printing businesses. The lowest bid is not always the best bid. Consider quality of paper and printing as well as services included.
- Begin design and consult with your printer well in advance of your deadline. It can easily take one to two months to produce a brochure. Short turn-around times can result in rush charges and less than the printer's best work.
- Verify that you have ownership of any artwork, logos, pictures and designs used in your brochure.
- Consider looking for other businesses with similar printing needs. If a printer does not have to adjust equipment and paper between jobs, he may be willing to reduce the price.
- Printers vary a great deal in the services they provide. If you want assistance with graphic design and typesetting, ask questions and shop around for a printer who can provide the level of service you need.

# Planning a Successful Direct Mail Campaign<sup>4</sup>

**D**irect mail can be an effective way to target a specific group of customers with advertising flyers, brochures, postcards, specials, price lists and countless other types of promotional materials. As with all promotional strategies, careful planning and implementation are important.

Although a number of factors are critical to implementing a successful direct mail campaign, the single most critical factor is having an accurate and well-targeted mailing list. One simple and inexpensive way to generate a mailing list is to collect basic information from customers (name, address, city, state, zip code, telephone number and e-mail address). You may be able to do this by using a guest book or by assigning an employee to collect information from visitors as they enter or exit your enterprise.

Other methods to obtain mailing lists do exist but are much less effective and often more expensive than developing your own list from customers. Mailing lists can be obtained through list brokers, organization membership lists, news articles, magazines, trade lists and show exhibitor lists. You may also be able to work with your post office to deliver a mailing to each residence in a specified area. Be careful to choose a method that will allow you to reach your target audience. Response rates for residential mailings are often only one in 1,000, while responses to a target-customer list may be more than three per 100.<sup>5</sup>

Besides the careful compilation or selection of a mailing list, a number of other factors can significantly impact the success of your direct mail campaign. The basic elements<sup>6</sup> to consider are

- The product and/or service offer
- Presentation of the offer
- Envelope considerations
- Mailing considerations

**Product and/or service offer.** The focus of the mailing should be a product/service offer that must somehow appeal to potential consumers and entice them to visit your operation. The offer must convince them that you can provide a benefit they want and/or need.

**Presentation of the offer.** The presentation of the offer is critical to a successful mailing campaign since the recipient is not able to evaluate the product in the traditional manner (i.e., taste, touch, see or smell the product). Therefore, the presentation of your company and product/service is critical to build the customer's perception of your enterprise. The material should emphasize product and/or service benefits, be presented in a professional manner and clearly written so your potential customer can easily and fully understand your offer. Pictures of people enjoying activities at your enterprise are an effective way to help in the presentation of your offer.

**Envelope considerations.** The envelope (or outside of the direct mail piece if no envelope is used) should look professional and avoid the appearance of junk mail to decrease the chances of having your mail tossed out unopened. Although the envelope should not look like junk mail, it should create some level of curiosity. If recipients are curious about the contents of the envelope, you increase the chances of them opening it. Hand writing the address on the envelope may arouse recipient curiosity.

**Mailing considerations.** First-class mail is less likely to be perceived as junk mail and is more reliable than bulk mail. The Direct Marketing Association estimates that anywhere from

<sup>4</sup>Adapted from Wolfe, Kent. *Planning a Successful Direct Mail Campaign*. University of Tennessee Extension Center for Profitable Agriculture publication ADC Info #44. March 2000.

<sup>5</sup>Attard, Janet. *Using Direct Mail to Build Business*. Available online at <http://www.businessknowhow.com/marketing/usingdm.htm>. July 19, 2004.

<sup>6</sup>Adapted from WGSC Publications. *Direct Mail Works Like Magic*. Phone: (909) 924-8831, FAX: (909) 924-8431 or online at [www.wgsc.com](http://www.wgsc.com).

5 percent to 15 percent of bulk mail is not successfully delivered. Check with your local branch of the United States Postal Service before designing your direct-mail piece. The post office has strict requirements for things like envelope dimensions, weight and acceptable address formats. In addition, you will want to know postage costs before you produce your direct-mail item. The benefits and costs associated with both first-class and bulk mail need to be compared when deciding on a class of mail.

# Developing a Web Presence

**W**eb sites can be an effective and important advertising tool for agritourism enterprises. A large segment of the public now relies on the Internet as a primary source of information. If you do not have a Web presence, Internet-savvy consumers may not know you exist.

According to a study by the Pew Internet and American Life Project in 2002, approximately 63 percent of adult Americans used the Internet, and more than 75 percent of minors between the ages of 12 and 17 were online. The study also found that more than 80 percent of Internet users had researched a product or service using the Internet and that the number of people who bought tickets or made travel reservations online had grown by 87 percent between 2000 and 2002.<sup>7</sup>

The in's and out's of using a Web site as a marketing tool are very detailed and change rapidly. One marketing specialist described Web marketing this way:

Before deciding to dedicate effort and funds toward creating a Web site, it is important to be well informed and knowledgeable so that it can become a positive and important part of the business. This could take the form of reading books, talking with professionals, or attending seminars and workshops. Just as a new office building would not be built without doing extensive research, a virtual office should not be built without giving it the same relative amount of consideration.<sup>8</sup>

Using a Web site as a marketing tool requires four main activities:

1. Development
2. Hosting
3. Promotion
4. Maintenance

## Web Site Development

The first step in using a Web site as a marketing tool is to develop the actual Web site which, will likely consist of several different pages (or screens). This can be done using either of two approaches.<sup>9</sup>

You may create a Web site using software available online or purchased at office supply stores. This software tends to be user-friendly and provides instruction and tutorials. This option may be inexpensive and would allow you to have complete control over the design, look and content of the site. However, learning an unfamiliar software program will take time and may cause frustration.

You may choose to hire a professional Web-site designer. This person will take information you provide and design a Web site using that information. Hiring a designer will be more expensive than creating a site by yourself using a software program. Since a professional designer may not fully understand the concepts or ideas behind the specific business or product, you will need to clearly communicate your needs and ideas. If this approach is chosen, it is important that you establish a good relationship with the designer and play an active role in the creation and maintenance of the site.

Here are several points to remember when developing a Web site:

- Use attractive colors but remember that colored type can be harder to read than black type.
- Your Web site should contain at least a description of your attractions and services, days and hours of operation, prices, clear directions/map to your operation, and contact information.

<sup>7</sup>Madden, Mary and Lee Rainie. *America's Online Pursuits*. Washington, DC: Pew Internet & American Life Project, December 28, 2003. Available online at [http://www.pewinternet.org/pdfs/PIP\\_Online\\_Pursuits\\_Final.PDF](http://www.pewinternet.org/pdfs/PIP_Online_Pursuits_Final.PDF). Accessed April 11, 2005.

<sup>8</sup>Hubbs, Shasta. *Creation of an Internet Presence*. University of Tennessee Extension Center for Profitable Agriculture publication ADC Info #67. Available online at <http://cpa.utk.edu/pdffiles/ad67.pdf>. Accessed April 11, 2005.

<sup>9</sup>Adapted from Hubbs, Shasta. *Creation of an Internet Presence*. University of Tennessee Extension Center for Profitable Agriculture publication ADC Info #67.

- Use pictures to give potential customers a visual description of your enterprise.
- Make sure that customers can easily maneuver through the site.
- Your Web site should portray a positive image of your enterprise consistent with your other marketing materials.

### ***Web Site Hosting***

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Once you have your Web site designed, you must find a host to place the site on the Internet. Since it is unlikely that you own or would care to own a Web server, you will need to use space on someone else's Web server. Hosting services are available for a fee, and some are even free. Choosing a hosting service should be done carefully, however. Cost should be only one of the factors influencing your decision. You should also consider reliability, speed of the connection to the Internet and ease of updating and maintaining your site.

You will also need to register for a domain name (Internet address) for your Web site, most likely through your hosting service. Your complete Web address is also referred to as a URL (Uniform Resource Locator). Choose a short, easy to remember domain name to identify your enterprise, such as [www.smithsorchar.com](http://www.smithsorchar.com) or [www.tnstrawberries.com](http://www.tnstrawberries.com). Avoid a domain name that includes the name of the hosting company such as [www.hostingcompany.com/~smithsorchar](http://www.hostingcompany.com/~smithsorchar), which is more cumbersome. You can determine whether your chosen domain name is available as well as register your domain name online through several companies. They charge a nominal fee for the service. Your registration will need to be renewed periodically.

### ***Web Site Promotion***

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You will need to invest some time in promoting your Web site to ensure that it gets used by your target audience. There are several things you can do to increase usage:

- Place your Web site address (URL) on all possible promotional materials including brochures, advertisements, publicity materials, signage, business cards and product labels.
- Submit your Web site address to search engines by following the instructions on each search engine's Web site.
- Make sure your Web site design incorporates an appropriate title and descriptive keywords as Meta tags that can be picked up by search engines.
- Request that other businesses or appropriate groups such as your tourism organizations add links from their Web site to yours.

### ***Web Site Maintenance***

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To be effective, a Web site must be maintained. Maintenance includes keeping content up-to-date, accessible and functioning properly. Web sites containing incorrect or out-of-date information will give potential customers a bad impression of the enterprise. Regularly testing the functionality of your Web site will alert you to any problems that may arise.



# Creating an Effective Roadside Sign<sup>10</sup>

Roadside signage can be an effective promotional strategy for agritourism operations and can assist customers in finding your business. In a 2003 survey of 210 agritourism operations, 75 percent of respondents had an average of 4.5 signs.<sup>11</sup>

There are several ways to maximize the effectiveness of signs. Remember, motorists will typically be passing the sign at 30 mph or more and may be unable to read or react to your sign if it is not designed correctly; therefore, content, design and placement are especially important. Always consult local and state regulations concerning signage before you produce and display signs. Some information on state signage programs is included in Chapter 9.

- Your sign should contain at least your business name and some indication of location, such as a directional arrow with an estimate of mileage or some instruction such as "Next Right."
- Your signs should attract the attention of potential customers and send a message consistent with your other marketing strategies. You may consider including your enterprise logo on the sign.
- Signs should be easy to read. Choose colors that will appeal to your target audience. Contrasting colors for the background and

lettering will help to make the sign more visible.

- Choose letter heights and widths to allow for legibility at the typical speeds for traffic at that location. The following table contains some recommendations.

Example Distances and Words Read at Various Speeds with Recommended Letter Heights and Widths						
Distance (feet)	Letter Width (inches)	Letter Height (inches)	Number of Words at Speed			
			30 (mph)	40 (mph)	50 (mph)	60 (mph)
50	$\frac{3}{8}$	$1\frac{3}{4}$	4	2	1	0
100	$\frac{3}{4}$	$3\frac{1}{2}$	8	5	4	3
200	$1\frac{3}{8}$	7	15	11	8	6
300	$2\frac{3}{16}$	11	22	16	13	10
400	$2\frac{7}{8}$	14	30	22	17	14
500	$3\frac{1}{2}$	$17\frac{1}{2}$	38	28	22	18

- Signs need to be placed so customers can read and react to them safely. Use the following information to calculate the distance a driver needs to slow down safely in order to make a turn or pull off the road at your location.

Examples of Distances Drivers Need to Slow Down and Make Safe Turns or Pull-offs	
Speed	Distance Needed
at 30 mph	$\frac{2}{10}$ of a mile
at 40 mph	$\frac{1}{4}$ of a mile
at 50 mph	$\frac{3}{10}$ of a mile

For example, if traffic goes 30 mph on the road where your sign will be placed, your sign needs to be at least  $\frac{2}{10}$  of a mile before your driveway or the turn.

- A number of signs should be placed on busy roadways to ensure customer exposure from all directions and from all major roads. Consider the different directions and roads customers might travel to reach your enterprise. You may need to erect several signs to cover all the major routes.

<sup>10</sup> Adapted from Holland, Rob and Kent Wolfe. *Considering an Agritainment Enterprise in Tennessee?* University of Tennessee Extension publication PB1648. Available online at <http://www.utextension.utk.edu/publications/pbfiles/pb1648.pdf>. Accessed April 11, 2005.

<sup>11</sup> Bruch, Megan and Rob Holland. *A Snapshot of Tennessee Agritourism: Results from the 2003 Enterprise Inventory*. University of Tennessee Extension publication PB1747. October 2004. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1747.pdf>. Accessed April 1, 2005.

# 60-Second Guide to Building Word-of-Mouth Referrals<sup>12</sup>

**E**ven in today's media-driven world, there is no better form of advertising than word-of-mouth – a personal referral from someone whose opinions others trust and respect. Small business owners are among the biggest beneficiaries of word-of-mouth referrals, as they require no advertising and marketing budget.

While you cannot always control how and when referrals come about, there are many ways to start and sustain a positive buzz about your business. In just 60 seconds, we will show you how to attract those high-value but low-cost word-of-mouth referrals.

## **0:55 Recruit Cheerleaders**

Build a team of supporters for your business — friends, family members and colleagues who routinely talk up your business to their friends and acquaintances. Make sure that they know enough about your qualifications and capabilities to make an accurate and convincing case to others.

## **0:49 Network, Network, Network**

Get involved with professional associations related to your industry or field. You will get to know experts and colleagues in your specific market. And, they may know of immediate or potential opportunities for your business. Other good networking opportunities include local or regional business associations, Chambers of Commerce and non-profits aligned with your field.

## **0:34 Capitalize on Your Current Customers**

At the conclusion of all successful projects, thank your customers for their support and express your interest in working with them again. Also encourage them to pass along your name to others. If your operating budget can handle it, consider offering discounts for customer referrals.

## **0:27 Become a Knowledge Source**

Take advantage of opportunities to show what you know by offering free presentations or articles on timely issues for business, professional and community organizations and publications. Make sure that your presentation/article is relevant to listeners' interests, not a thinly veiled commercial for your business.

## **0:20 Keep in Touch**

Do not wait for customers to call you. Contact them from time to time to see how things are going, personally and professionally; what issues or trends they're dealing with; or perhaps to alert them to an event, article or Web site that may be of interest. Also consider issuing a newsletter to current and prospective clients with relevant news, tips and other information that can help their business or simply brighten their day.

## **0:13 Give as Well as Receive**

Every small business should have a referral network of colleagues and associates to call on to handle excess workload or to provide service or experience you may not have. These relationships almost always result in reciprocal referrals to you.

## **0:01 Do a Good Job**

There is no better source for a positive referral than a happy customer. Remember, the quality of your service says as much about you as the quality of your work or product. Responsiveness, the ability to help out with tight deadlines, and a willingness to do those all-important "little things" (e.g., working in small jobs for no charge) build goodwill and a good reputation for your business.

<sup>12</sup>Printed with permission from Service Corps of Retired Executives (SCORE). Available online at [http://www.score.org/60\\_building\\_referrals.html](http://www.score.org/60_building_referrals.html). July 14, 2004.

# Handling Customer Complaints

inevitably, you will have complaints from some customers no matter what quality of service you provide. Here are some tips to help you deal with the situation:<sup>13</sup>

- Show respect. Never argue with the customer.
- Do not take the complaint personally.
- Listen closely. Do not interrupt.
- Be patient.
- Do not make excuses.
- Do not quote policies and rules.
- Remain calm.
- Be understanding. Use phrases such as "I understand," "I will address that right away," "You have a right to feel that way," and "I am sorry that happened."
- Thank customers for bringing the problem to your attention.
- Indicate that you want to help.
- Be creative in finding a mutually beneficial solution if at all possible. Ask for the customer's assistance in reaching a satisfactory solution.
- Write down the solution you and the customer agree on then take action immediately. Follow-up with the customer to confirm the solution was satisfactory.
- Instruct employees to call a supervisor when appropriate.

<sup>13</sup>Adapted from Ramay Winchester and Lee Curtis, Tennessee Department of Tourist Development, *One Visitor/Customer at a Time Hospitality Training Program*, April 2002.

# Sample Safety Inspection Checklist

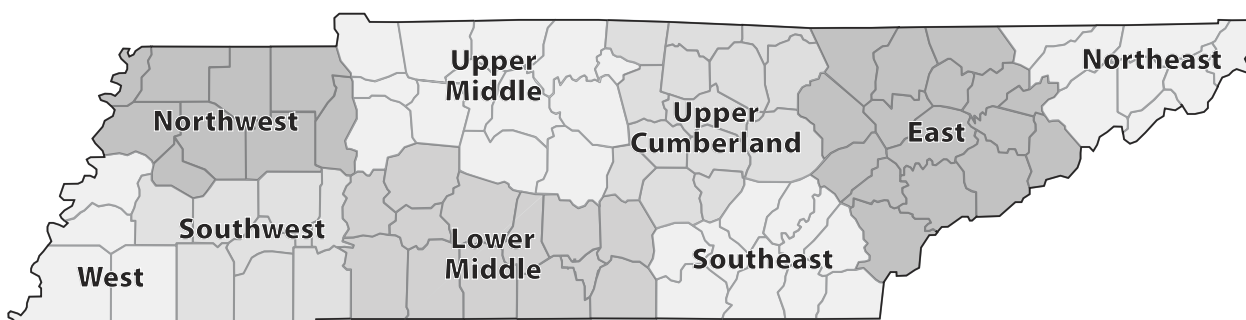
Area/Location _____	Date _____	Date last inspected _____
I. <b>Customer environment</b> ____ satisfactory ____ unsatisfactory (housekeeping, first aid/emergency station identified, first aid kits available, telephones or radios available and in working order, restrooms and hand-washing facilities availability, food or smoking in designated areas only, aisles and exits clear, parking lot and walkways smooth)	Abatement period _____  Date corrected _____	
Notes: _____		
II. <b>Fire/electrical safety</b> ____ satisfactory ____ unsatisfactory (storage and use of flammable/combustible materials, condition of electrical system, all fuses/circuit breakers labeled, GFCI where required, smoke detectors, fire extinguishers, alarms, proper clearances)	Abatement period _____  Date corrected _____	
Notes: _____		
III. <b>Hazardous materials</b> ____ satisfactory ____ unsatisfactory (access denied to customers, MSDS availability, warning signs in place, containers labeled, proper storage, proper use, proper disposal, high pressure gas cylinders supported, proper ventilation)	Abatement period _____  Date corrected _____	
Notes: _____		
IV. <b>Hazardous equipment</b> ____ satisfactory ____ unsatisfactory (access denied to customers, properly guarded/shielded, warning signs / decals in place, proper maintenance and use, manuals available)	Abatement period _____  Date corrected _____	
Notes: _____		
V. <b>Training</b> ____ satisfactory ____ unsatisfactory (records of training available, knowledge of safe work practices, selection and use of protective equipment, emergency procedures, First Aid, CPR, etc.)	Abatement period _____  Date corrected _____	
Notes: _____		
VI. <b>Other comments</b> (anything not covered above or additional safety suggestions)	Abatement period _____  Date corrected _____	
Inspected by _____ Department head/supervisor _____ Report corrective actions to Safety Officer		Copies to 1. Departmental File 2. Supervisor 3. Safety officer

***Guidelines for using this checklist:***

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1. The checklist is divided into general categories of hazards that might be found at a variety of enterprises. The lists of items under each category are not intended to be all-inclusive. Your facilities may have hazards that are not listed but that should be included in your inspections. You may consider developing checklists specific to your operation or portions of your operation.
2. When conducting an inspection, consider the circumstances in each area. What is the nature of the work or activities that are conducted in that area? Imagine interacting in that area from several different perspectives: as a customer visiting the enterprise, as an employee assigned to work there, as a supervisor, as the business owner and as an investigator attempting to determine the cause of an injury that might occur there.
3. Record the findings, both good and bad, as appropriate under each category.
4. Set an abatement period, or deadline for correcting each deficiency recorded. Situations that can easily be corrected should have very short deadlines. Likewise, situations posing serious risks of injury or property damage should have short deadlines. Conditions that will require significant investment of time or funding may deserve longer deadlines, but be reasonable.
5. Record when each correction was accomplished, along with any additional information that might be useful in the future.
6. Keep records of inspections and corrections on file.

# List of Regional Tourism Organizations



Map shows the counties included in each of the regional tourism districts. Contact information for each region is listed below.

## Northwest

Northwest Tennessee Tourism  
130 Valley Oak Dr.  
Buchanan, TN 38222  
Phone: (731) 642-9955  
Fax: (731) 644-3051  
<http://www.kentuckylaketourism.com>  
<http://reelfootlakeoutdoors.com>

## Upper Middle

Middle Tennessee Tourism Council  
501 Union Street, 6<sup>th</sup> Floor  
Nashville, TN 37219-1705  
Phone: (615) 862-8848  
Fax: (615) 862-8840  
<http://www.middletennesseetourism.com>

## Upper Cumberland

Upper Cumberland Tourism Association  
34 North Jefferson Avenue  
Cookeville, TN 38501  
Phone: (931) 520-1088  
Fax: (931) 520-8996  
<http://www.uppercumberland.org>

## East

Middle East Tennessee Tourism Council  
10205 South River Trail  
Knoxville, TN 37922  
Phone: (865) 777-2606  
Fax: (865) 675-5026  
<http://www.vacationeasttennessee.org>

## Northeast

Northeast Tennessee Tourism Association  
109 Fox Avenue  
Jonesborough, TN 37659  
Phone: (423) 913-5550  
Fax: (423) 913-5555  
<http://www.netta.com>

## West

Memphis Convention & Visitors Bureau  
47 Union Avenue  
Memphis, TN 38103  
Phone: (901) 543-5300  
Fax: (901) 543-5350  
<http://www.memphistravel.com/>

## Southwest

Tourism Association of Southwest Tennessee  
250 Chapel Creek  
Jackson, TN 38305  
Phone: (731) 616-7474  
Fax: (731) 668-6914  
<http://www.tast.tn.org>

## Lower Middle

South Central Tennessee Tourism Association  
2018 Joann Road  
Pulaski, TN 38478  
Phone: (931) 616-363-3606  
Fax: (931) 363-5355

## Southeast

Southeast Tennessee Tourism Association  
535 Chestnut Street, Suite. 300  
Chattanooga, TN 37402  
Phone: (423) 424-4263  
Fax: (423) 267-7705  
<http://www.southeasttennessee.com>





## **About the Center for Profitable Agriculture**

Adding value to food and fiber products through processing, packaging and marketing offers many opportunities to improve farm income. The mission of the *Center for Profitable Agriculture*, put simply, is to assist farm families in the successful and profitable pursuit of these opportunities.

### ***The Center's efforts are focused in three general areas:***

- Work with farm families and entrepreneurs to analyze value-added agriculture enterprises
- Conduct educational programs for Tennessee farmers and agricultural leaders
- Conduct market development studies and analyses to guide the development of value-added agricultural enterprises

### **Center for Profitable Agriculture**

University of Tennessee Extension

P.O. Box 1819

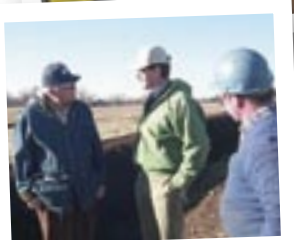
Spring Hill, TN 37174-1819

Phone: 931-486-2777

Fax: 931-486-0141

[cpa@utk.edu](mailto:cpa@utk.edu)

<http://cpa.utk.edu>





1M 9/05 R12-4010-013-001-06 05-0227

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