

Building An Alpaca Business Plan

The Plan Is All In The Planning

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Many people believe that building a business plan is a long and complicated process. In addition, many people do not understand why they need a business plan in the first place.

“Aren’t business plans for big companies looking for investor dollars?”

“Why would I need a business plan for an alpaca farm?”

A business plan is a roadmap for how your farm will be developed. There are four dominant reasons that I believe that creating a business plan is important:

1. A business plan provides an organized set of research, thoughts and activities that allow you build and run a successful farm. Would you build a house without an architectural blueprint? Would you drive to Spotsylvania Virginia (unless you lived there) without a map? Would you make a chocolate mousse cake without a recipe? Most people wouldn't. *In that case, why would you spend a significant amount of money over a long period of time in the hope of building up your farm without a plan?*
2. A business plan will allow you to see what you have not thought through or what you may need to think more about. It is also a lot easier to modify a plan before it is put into practice than it is to correct a “surprise” 6 months down the road. If you had taken the time and thought through your plan, unplanned “surprises” can be prevented or kept to a minimum.
3. A business plan is particularly important if you have partners that you are working with as you start the farm. The more you can discuss and document strategies and budgets, the less chance you will have areas of disagreement in the future.
4. One last point on why one would want to build a business plan. Building a plan can prevent you from being distracted or sidetracked by refreshing your memory on exactly what should and should not be undertaken. This will allow you to use your time, energy, and money wisely and in a coordinated manner.

A Business Plan is a dynamic roadmap that allows you to think through and reach agreement on your future farm activities as well as track your accomplishments to meet your farm goals.

There are many different kinds of business plans that can be written and they can range from a couple of pages to hundreds. The point to remember as you are designing your plan is that a business plan is supposed to be designed to meet your farm vision – nobody else's. Some points or parts of a business plan may not apply to your farm plan.

In that case, don't include them. However, always understand why you are not including them.

Before taking the first step in writing a business plan, one has got to understand what you are planning for. As with most things that I do, I always like to start with the end in mind. Think ahead five years and in a perfect world, what would your farm look like? Talk about it with friends, family, and other farm owners. Below are twenty planning questions that I had to ask myself and answer before I was able to take the next step and sit down to write my business plan.

Planning Questions

1. **How committed am I for this farm to be successful?** Was this going to be a hobby or money making enterprise? Was I going to be in it for the long haul or just dabble at being a farmer?
2. **How much money am I willing to spend in order for the farm to become self-sufficient?** How much of the infrastructure did I already have or could I get? How much was I willing to spend on the animals? What was I willing to sell if I had to in order to create the funds necessary to be self sufficient? Was I willing to go into debt in order to become self sufficient later on? Was there a total dollar limit I was not willing to go over?
3. **How much time am I willing to give the farm to become self-sufficient?** Was my measure of success a month, a year, 5 years?
4. **When will I consider the farm a success?** Is success going to be measured by monetarily breaking even? Having a champion animal? Being able to retire from my other job?
5. **Do I have the facilities currently to start a working farm?** Where will I put the animals? What will I have to build or buy? How quickly can the proper facilities be built or modified to meet my needs? Do I have to move? How will that affect my current employment?
6. **How big do I want to grow the farm?** Do I just want a big enough farm to occupy my free time? Do I want the farm to only be as big as my current location? Do I want to become the largest farm on the east coast?
7. **How quickly do I want the farm to grow?** Do I want to start small and grow naturally? Do I want to buy/finance as many animals as I can in order to grow quicker?
8. **What will I buy and sell?** Am I going to be a breeder? Do I want to sell fiber? What about farm commercial products like halters and sweaters? Will I conduct education and training classes?
9. **Is there a market for what I want to buy and sell?** Have I done my research? What is the long term outlook for what I want to buy and sell? How confident am I that it will work in my location? Have I talked to the right people?
10. **What are my plans for farm expansion?** Do I really want to expand? Will I expand or move to a bigger location? Have I considered to costs and benefits of moving versus expending?

11. **What are the tax implications to starting a farm?** Have I talked to a tax advisor and/or the small business administration? Do I understand what records I will need to keep? What additional resources can I find to help maximize my tax benefits?
12. **What level of annual expenses am I willing to invest in the first year?** Was I willing to change my current spending lifestyle? If not, how much money was I able to free up each month? Was I going to dip into savings, retirement, etc? Did I have to get another job? How would that affect my time on the farm?
13. **How many hours am I willing to put into the farm per day?** How many free hours a day could I spend on farming (total hours – sleep – commuting to/from work – work – family time – individual time = free time) Was it enough? Who else could help?
14. **Do I have all the necessary skills to run a farm? If not, where will I get them?** What skills am I willing to learn in order to run a farm? How long will it take to learn the needed skills? Are there activities that I absolutely will not do? Where will I find someone to do them? Are there enough hours in the day to do everything that needs to be done?
15. **Am I going to be a hands-on farm, or will I delegate to others?** What am I willing to do on the farm versus what needs to be done? If I am going to delegate, how will I know that they are going a good job?
16. **If I delegate, what sorts of tasks will I share?** Sales? Marketing? Medical? Feeding? Shows? Clean-up?
17. **Do I have the necessary support from friends, family, and partners in order to succeed?** Where will I go to for advice and assistance? Am I willing to ask for advice and support if I need it?
18. **Do I have to be in control of the farm?** Could I work with partners or investors who would participate in the farm's management? How would I deal with conflict? How much control am I comfortable giving up?
19. **What will I do with the farm if I need to take a vacation?** Are there people that can watch the animals while I am gone? How will I train them so that I will not be worrying all vacation about the health and well being of the animals?
20. **Will it be an adventure or a chore?** How will I ensure that it is enjoyable and never becomes a chore? Do I understand the lifestyle changes that will occur and are they acceptable?

Once you have thought about each of these questions, write down the answers. Wait a week and revisit your answers. If your answers remain the same then your answers probably reflect what you believe. However, it is important to check how realistic and logical your answers are in relationship to each other. How can you want your farm to grow quickly if you don't want to expand? You do not want to do anything on the farm but you also don't want to delegate. Your measure of success is breaking even in one year but you are going to start slow and grow naturally. You may have to rethink some of your answers in light of the fact that it would be impossible to achieve all of the results based on your answers. At the end of this exercise you should be able to take the answers and tell your business story.

However, don't worry if over time your answers evolve and change. That is natural and expected as you learn more about your farm business, your strengths and weaknesses, and other potential business opportunities. A business plan should never be a static document but rather one that changes as your business grows and changes.

A key in building a business plan is to think about all of the steps that you will have to go through in order for your farm to be successful. The questions above should prompt you realize what you do know and what you will have to find more information about so that you can make an informed business decision. There are many places that you can find additional information that will assist you to better understand how a business and farm will need to be operated.

Association Web Sites are a great place to learn what issues are on the forefront of current farms minds. For alpaca farming I would recommend both national and local sites since they both have important information as well as different focus'. For national information I would look at www.alpacanation.com and www.aoba.com. For local information, I looked at <http://alpaca.org/> and www.mapaca.org.

Magazines have a wealth of topics and include many topics for beginners. I would look at not only the most current issue but also back issues.

Farm owners can provide you with the good, the bad, and the ugly. I have found them to be very friendly, open and helpful for the new owner.

Small Business Administration (SBA) can provide a lot of free advice and information on how to start, manage and run a small business such as a farm. The SBAs are located in almost every community across the county as well as on the internet at www.sba.gov.

Local Community College and University sometimes provide classes in farm management, small business management, and other operational skills that will be required in order to run a farm.

Local Veterinary Service contacts can help you understand what types of facilities, care and costs are typically associated with the types of animals that you will have on the farm. They can also provide you with insight on who has similar farms in the area.

Armed with the answers to your twenty questions as well all of the additional research that you have been able to conduct; you are now ready to start to build a business plan. Your business plan will assume the following:

- You have made the decision to go into business
- You have developed a basic business farm approach that you are comfortable
- You have decided on your basic product(s) and/or service(s)
- You have decided on your location and facilities that will be necessary
- You have identified any assistance that you will need such as investors, accountants, attorney's, veterinarians, and partners

- You understand your current financial position and your start-up and long term investment costs
- You have a good idea of your timeline to become successful

The hardest part of developing a business plan has just been completed. The next phase is to actually document your findings, discussions, and decisions so that you will be able to refer and refine them over time.

About the Authors:

Renee and Barry Prokop have created and developed Black Meadow Suris to provide a diverse collection of suri alpacas. We have a passion for quality customer service and friendliness. Come experience the power that a small dedicated farm can bring to your breeding program! Services that we provide include long and short term agisting, breeding services, and alpaca sales. We also are opening two stores; one online and the other at the farm. Renee and Barry operate Black Meadow Suris just outside of Fredericksburg, Virginia. Fredericksburg is located in the rolling hills just below the falls of the Rappahannock River and halfway between the two Civil War capitals , Washington, D.C. and Richmond, VA.



Renee, who is no stranger to the farm, will manage the day-to-day operations of Black Meadow Suris. Both Barry and Renee will continue to explore, learn, and communicate better ways that they have found to manage their growing farm.

To find out more about Black Meadow Suris, call us at 703-764-9077; email us at Renee@prokops.com or visit us on the web at www.blackmeadowsuris.com

