

Natural Resource

ENTERPRISES

FOREWORD

This informational binder is designed to assist landowners in developing natural resource enterprises on their properties. Such enterprises include fee access hunting and angling, wildlife watching, horse trail riding, agritourism, and bed and breakfast businesses. These enterprises can be integrated successfully with agriculture and forestry. If you are interested in obtaining information on a subject that is not represented here, please contact us and we will be delighted to assist you. We hope you find this information useful and look forward to assisting you in starting your natural resource enterprise.

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Starting a Business In Minnesota

Steps to Take



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Essentials to Get Started on Your Plan

Take the following Free Webinars:

Go to www.umdced.com/workshops

- Click on **Starting a Business in Minnesota** - make sure to have your sound on and scroll down to see the webinar, take notes as they will relate to page 3 of this outline.
- Return to previous page and click on **Writing a Business Plan** - make sure to have your sound on and scroll down to see the webinar, take notes as they will relate to pages 4-8 of this outline. Page 4 information is directly related to setting up your business in MN and the required State registration for that business.

Start working on your Business Plan:

- Review pages 5-8 of this handout and respond to the questions.
- If you are having difficulty in completing Pages 4-8 of this handout register for the following workshops:
 - Starting a Business in Minnesota
 - Writing a Business Plan

To register for the workshops return to www.umdced.com/workshops

- Click on **Workshop Registration** on the right.
- Register online for Starting a Business in Minnesota and Writing a Business Plan workshops or call 218-726-7298 to register.

Set up a Counseling Session with a Consultant:

- Gather the information noted on pages 4 -7 of this handout.
- Return to the UMD CED, complete a *Request for Counseling form (641)* and drop off your data.

Starting a Business in Minnesota

1. To get a free guide to starting a business in Minnesota, call the Minnesota Small Business Assistance Office at (651) 296-3871 or 1-800-657-3858 and ask for the free publication “A Guide to Starting a Business in Minnesota.”
<http://www.deed.state.mn.us/publications/index.htm>
2. To get a free tax guide for a small business, call the Internal Revenue Service at 1-800-829-3676 or go to the Federal Building in Duluth, RM 105. <http://www.irs.gov>
3. Prepare a comprehensive business plan. <http://www.sba.gov/>
<http://www.northspan.org/financingresourceguide2004.pdf>
4. Use Support Professionals: an accountant, an attorney, and an insurance agent.
5. Determine type of business organization: Proprietorship- Partnership- Corporation- Limited Liability Company.
6. Register your Certificate of Assumed Name for the business and/or file Articles of Incorporation with Minnesota Secretary of State by calling (651) 296-2803. Publish notice in newspaper.
<http://da.sos.state.mn.us/minnesota/home/home-corp.asp>
<http://www.sos.state.mn.us/business/forms.html>
7. Secure appropriate business licenses and permits. Call 1-800-657-3858 or 1-888-234-5520; in Duluth, call 730-5500.
<http://www.state.mn.us/portal/mn/jsp/home.do?agency=LicenseMN>
<http://www.bizlinks.org/license.html>
8. Obtain a Sales and Use Tax Permit. Must be displayed at the business location. Call (651) 296-6181. <http://www.taxes.state.mn.us/taxes/sales/forms.shtml>
9. Register for your IRS Business ID number (Form SS-4). Call 1-800-829-3676 or 1-800-829-1040 or go to the Federal Building in Duluth, RM 105. <http://www.irs.gov/pub/irs-pdf/fss4.pdf>
10. Register for your Minnesota Business ID number (Form ABR). Call 1-800-657-3595 or (651) 282-5225 or go to 2701 West Superior Street in Duluth.
http://www.taxes.state.mn.us/business_taxpayers/business_registration/index.shtml
11. If you intend to hire employees in your business, call the Minnesota Department of Economic Security at (651) 296-6141 and ask for a free copy of “Unemployment Insurance Information for Employers” (publication MDES-130). <http://www.deed.state.mn.us>
12. Establish a bank account and learn QuickBooks.
13. Acquire a domain name, print your business cards, stationary, and issue press release.

Writing A Business Plan

Start by responding to the each question noted below by completing as much as possible prior to requesting a meeting with a CED consultant.

I. EXECUTIVE SUMMARY

- A. Business name, location, product, or service?
- B. What is your market?
- C. Who is your management team?
- D. How much money is required at start-up?
- E. When do you plan to open?

II. THE BUSINESS

- A. What type of business are you planning? Is it a startup, expansion, franchise or buy out of an existing business?
- B. What products or services will you sell?
- C. What is the history of the business/idea?
- D. What industry is the business in?
- E. Is the business seasonal and what makes it unique?
- F. Will the business be regulated (Federal, State, County, Local)?
- G. Do you have trademarks, copyrights, or patents for your product/service?

III. THE MARKET

- A. Who are your potential customers – who are most likely to buy your products or service?
- B. Where will you sell your product/service – online, store front, etc?
- C. Will you have seasonal changes in your business?
- D. Who are you competitors and how will your business differ from the competition?
- E. How will you determine a price for your product/service?
- F. How will you distribute your products, and service your customers?
- G. What advertising and promotional plan will you use to sell your product/service?

IV. THE ORGANIZATION

- A. Are you a sole proprietorship, partnership, corporation (C or S), or limited liability company (LLC)?
- B. Who are the owners of the business and who will manage the business?
- C. What are the key responsibilities of the managers?
- D. How many employees will you need? What will they do?
- E. Who is your accountant and who is your attorney?
- F. Will you need licenses and permits to do business?
- G. Where will the business be located and why?
- H. What equipment will you need and what will it cost (list on page 7)?
- I. What type of insurance will you need?

V. TECHNOLOGY

- A. Will your business require internet service?
- B. Will your business require computer and software to manage?
- C. Will your business try to take advantage of e-commerce opportunities by marketing online via a website?
- D. If you will operate using a website, are you knowledgeable about building and managing a website?

VI. THE FINANCIALS

- A. What will it cost you to start this business – equipment/inventory/working capital (list on page 7)?
- B. What will your estimated monthly expenses be (list on page 8)?
- C. Will you need to borrow money to get started (based on a review of pages 7 – 8 and your personal ability to contribute dollars to this startup)?
- D. What are your profit margins on each product you are going to sell?
- E. Prepare your Personal Financial Statement.

STARTUP COST WORKSHEET

(This is a list of suggested costs that can be involved in business startup. Only calculate those costs that will reflect on your business.)

Template
Detailed Sources & Uses of Cash

Sources		Uses	
Owners Equity	<input style="width: 100%;" type="text"/>	Land	<input style="width: 100%;" type="text"/>
Land (Equity)	<input style="width: 100%;" type="text"/>	Building	
Vehicle (Equity)	<input style="width: 100%;" type="text"/>	Construction Cost	<input style="width: 100%;" type="text"/>
Building (Equity)	<input style="width: 100%;" type="text"/>	Furniture	<input style="width: 100%;" type="text"/>
Loan	<input style="width: 100%;" type="text"/>	Fixtures	<input style="width: 100%;" type="text"/>
		Décor	<input style="width: 100%;" type="text"/>
		Installation	<input style="width: 100%;" type="text"/>
		Remodeling	<input style="width: 100%;" type="text"/>
		Signage	<input style="width: 100%;" type="text"/>
		Total	\$ -
		Equipment	
		Computer	<input style="width: 100%;" type="text"/>
		Printer	<input style="width: 100%;" type="text"/>
		Machinery	<input style="width: 100%;" type="text"/>
		Software	<input style="width: 100%;" type="text"/>
		Cash Register	<input style="width: 100%;" type="text"/>
		Tools	<input style="width: 100%;" type="text"/>
		Telephone	<input style="width: 100%;" type="text"/>
		Credit Card Machine	<input style="width: 100%;" type="text"/>
		Vehicle	<input style="width: 100%;" type="text"/>
		Total	\$ -
		Inventory	
		Total	<input style="width: 100%;" type="text"/>
		Start-Up Costs	
		Rent Deposit	<input style="width: 100%;" type="text"/>
		Insurance 1st Payment	<input style="width: 100%;" type="text"/>
		Utility Deposits	<input style="width: 100%;" type="text"/>
		Research & Development	<input style="width: 100%;" type="text"/>
		Logo Design	<input style="width: 100%;" type="text"/>
		Other Deposits	<input style="width: 100%;" type="text"/>
		Business Name	<input style="width: 100%;" type="text"/>
		Licenses/Permits	<input style="width: 100%;" type="text"/>
		Lease Payments	<input style="width: 100%;" type="text"/>
		Merchant Account	<input style="width: 100%;" type="text"/>
		Cash for Register	<input style="width: 100%;" type="text"/>
		Consulting	<input style="width: 100%;" type="text"/>
		Web Site	<input style="width: 100%;" type="text"/>
		Initial Ads/Promo	<input style="width: 100%;" type="text"/>
		Professional Fees	<input style="width: 100%;" type="text"/>
		Cleaning Service	<input style="width: 100%;" type="text"/>
		Other Services	<input style="width: 100%;" type="text"/>
		Office Supplies	<input style="width: 100%;" type="text"/>
		Cleaning Supplies	<input style="width: 100%;" type="text"/>
		Other Supplies	<input style="width: 100%;" type="text"/>
		Miscellaneous	<input style="width: 100%;" type="text"/>
		Unanticipated (10%)	<input style="width: 100%;" type="text"/>
		Total	\$ -
		Goodwill	<input style="width: 100%;" type="text"/>
		Working Capital	<input style="width: 100%;" type="text"/>
TOTAL	----- <input style="width: 100%;" type="text"/> -	TOTAL	----- <input style="width: 100%;" type="text"/> -

Projected			
MONTHLY INCOME STATEMENT			
Gross Sales			
Less: Cost of Good Sold			
Gross Profit			
EXPENSES:			
Accounting			
Advertising			
Bad Debts			
Bank Charges			
Car Rental			
Cellular Phones			
Commissions			
Consulting			
Contract Labor			
Credit Card Services (3%)			
Depreciation			
Donations			
Dues & Subscriptions			
Education			
Electricity			
Employee Benefits			
Freight			
Garbage			
Gasoline & Oil			
Heat			
Insurance			
Internet			
Interest (Loan Payment)			
Legal			
Licenses			
Meals & Entertainment			
Miscellaneous			
Office Supplies			
Outside Services			
Pager			
Parking			
Parts			
Officer's Salary			
Payroll			
Payroll Taxes (12%)			
Permits			
Postage			
Printing			
Promotions			
Real Estate Taxes			
Refunds			
Rent			
Repairs & Maintenance			
Research & Development			
Security System			
Shop Supplies			
Snow Plowing			
Taxes			
Telephone			
Tools			
Training			
Travel			
Uniforms			
Utilities			
Vehicles			
Web Site			
Total Expenses			
NET INCOME BEFORE TAXES			



HOLISTIC MANAGEMENT A WHOLE-FARM DECISION MAKING FRAMEWORK

FUNDAMENTALS OF SUSTAINABLE AGRICULTURE

www.attra.ncat.org

ATTRA is the national sustainable agriculture information center funded by the USDA's Rural Business -- Cooperative Service.

Abstract: This publication serves as an introduction to holistic management and provides resources for further information. Holistic Management™ is a decision making framework that assists farmers and others in establishing a long-term goal, a detailed financial plan, a biological plan for the landscape and a monitoring program to assess progress toward the goal. Holistic Management helps managers to ask the right questions and guides them in setting priorities. In holistic financial planning, profit is planned at the beginning of the year. This is in stark contrast to conventional financial planning where the net profit is often non-existent or a small amount left over once expenses are accounted for.

By Preston Sullivan
NCAT Agriculture Specialist – July 2001

Sustainable agriculture seeks in principle to “sustain” economic viability, environmental stewardship, and social responsibility. These three tenets are to be embraced as one functional unit. Decisions concerning a sustainable agriculture should then enhance the environment and the farmer’s economic situation and benefit the regional society. Holistic Management™ gives us a way to move forward on these three tenets. It gives us a way to design agriculture to truly mimic nature’s principles of sustainability. It gives us a way to make decisions that automatically take into account the society, the economics, and the environment before they are made.

What is Holistic Management?

Holistic Management is a simple decision-making framework that can be learned like any

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other skill. People who manage holistically can realize an improved quality of life and generate real wealth, while at the same time improving the land and community around them. They develop the ability to ask the right questions and to confidently proceed toward the future they design for themselves. Holistic Management is for anyone who wants consistent profit from agriculture, a high quality of life, and more time to enjoy it. In short, it’s a way to have fun, make money and conserve our natural resource base, all at the same time.

Holistic Management is a process for sorting out and making sense of all the tools and choices that face us each day. Once a person begins to manage holistically, he or she learns what to say no to, and what to say yes to. Being a *proactive*



process, holistic managers learn how to move beyond crisis management and toward planned prosperity. They are able to manage their finances wisely, have more time for enjoyment, live life according to their values, and gain the confidence of knowing that their decisions are improving the environment and the community they live in – leading to a better world for their grandchildren.

The Holistic Management Process

As the name “holistic” implies, resources are managed in whole units rather than as parts in isolation from their surroundings. In order to have a clear description of what is being managed, people begin by defining their whole. This definition involves a listing of all the decision-makers involved in management, the resources they have to work with, and the money available. From there, a detailed holistic goal is developed. The holistic goal includes a values-based quality of life statement, a listing of forms of production that will make the quality of life possible, and a description of how the land base needs to be far into the future, in order to sustain the production.

Defining the whole and writing a goal is a powerful exercise. People who have written goals are much more likely to succeed than those who do not. Since the holistic goal is based on the deeper underlying values of the decision-makers, it empowers them to ask better questions, to ask the deeper questions, to ask appropriate questions from which they can make better decisions. Some examples include: “Why am I farming in the first place?” “What is it that I’m trying to accomplish?” “What kind of world do I want for my grandchildren?” Building a farm plan on these questions makes for a powerful plan.

The holistic goal remains the centerpiece of holistic management and is referred to constantly when management decisions are being made. The goal is what drives the decision-making. But there’s more. In order to sustain a farm operation, profit must come from somewhere. Most likely, at least some of the profit will come from on-farm enterprises.

Financial Planning

Holistic managers use a potent financial planning process that empowers them to make decisions that are simultaneously good for the environment, the local community and the bottom line. The holistic financial plan provides a road map to help people navigate through their financial year, assured that the profit will be there at year’s end.

The financial plan allows managers to select enterprises that do not conflict with their values, and then to plan a profit up front. Once the profit is planned from the expected income, expense dollars are allocated sequentially where they will do the most good.

Holistic financial planning differs from conventional financial planning in several ways. Conventional cash flow budgeting involves estimating income from an enterprise, then allocating expenses for capital investment, variable costs, and fixed costs. Attempts are made to keep costs below anticipated gross income by using past records and other information and adjusting for cost trends. As long as the expenses appear cost effective and the plan predicts no cash shortages the bank won’t cover, all should go well. Still, the results of cash flow planning often include considerable anxiety towards year’s end over the profit margin. In many cases, the expenses nearly equal the planned gross income, producing very little profit (1). Usually there are plenty of excuses to make up for the small margin – weather, markets, and pests. All too often we may take the attitude of, oh well, things will be better next year.

With holistic financial planning the projected income is planned, then the desired profit is allocated at the outset, heavily affecting how the remainder of the budget will be allocated. Planning a hefty profit before any expenses are allocated is a key distinction. After profit is planned, expenses are allocated into three categories: Wealth generating, Inescapable, and Maintenance (W I M for short). Wealth generating expenses produce profit for the operation this year. Inescapable expenses must be paid regardless (taxes, land payments, etc.), while maintenance expenses, though essential to the business, do not produce profit this year.

Overhead and variable categories are not used at all because they don't describe what the expenses within each category do for the enterprise. Once the holistic financial plan is written, it is monitored monthly to stay on track toward the planned profit. Monthly monitoring allows deviations from plan to be caught early and corrected before there is serious financial trouble. The financial planning process helps control three human tendencies that work against financial success: 1) the tendency to allow cost of production to rise to the level of optimistically anticipated income, 2) the tendency to borrow heavily against the optimistically anticipated income, 3) the tendency to do little planning ahead of time on paper. Even when planning is done

using conventional cash flow budgeting, production is the goal, not profit. With holistic financial planning, profit is the goal and production is the means of achieving it. That's why profit is allocated right off the top of anticipated income. Planning a hefty profit up front forces the manager to overcome the three tendencies that lead to low profit margins. From there, meeting necessary expenses after planning our profit requires creativity. How the profit is used at the end of the year is unimportant, but the objective of holistic planning is to make sure there will be a substantial profit at the end of the year. Some of the key distinctions between holistic financial planning and the conventional cash flow model that most farmers use are shown in Table 1.

Table 1. Distinctions between holistic financial planning and cash flow planning.

Holistic	Cash-flow
profit is the goal	production is the goal
profit is planned first	profit is what's left over
expenses put into W I M categories	expenses put in overhead and variable costs
monthly monitoring to stay on track	annual monitoring?

Figure 1 below shows a comparison between a cash-flow budget and a holistic budget for a dairy farm in Ohio (2). Each budget used the same projected income; however, the cash-flow budget uses expense categories which in effect mask any knowledge of where to cut expenses without affecting profit. Notice that no debt service is broken out and a shortfall of \$26,000 is shown.

With the holistic budget, the expenses are put into categories of wealth generating expenses, inescapable expenses, and maintenance expenses. Using these categories, one can easily see where to cut expenses, while preserving our planned profit and still meeting our debt obligations. The excess maintenance expenses of \$26,000 will have to be cut by creative means to preserve our profit and still meet the debt obligation.

There is much more to holistic financial planning than has been introduced here. Some additional aspects include managing debt, testing financial decisions toward a well-defined goal, creating and using a livestock production worksheet to plan cattle buying and selling, and brainstorming new enterprises.

The Landscape That Sustains Us

Since we all depend directly on the landscape for our very existence (food, clothes, water, etc.), we benefit greatly from gaining a complete understanding of how the landscape functions. The very essence of the term "holistic" is that nature functions only in wholes, not in parts, and that we will understand nature better when we manage it as a whole rather than as separate parts. Holistic Management gives people a way to make decisions that more accurately mirror the way nature functions (in wholes) and thereby ensure that our farming is truly sustainable over time.

To better understand how nature functions, her basic processes need to be considered. Looking closely, four basic processes can be found in all natural systems. First, water falls to earth as rain, filters through the soil and is either taken up by plants or continues downward to become ground water. When water is cycling effectively, floods are infrequent and of lower impact, water is released slowly through underground flow into springs and streams, and erosion is virtually non-

Cash-flow Budget	
Income.....	150,000
Operating Expenses.....	110,000
Administrative Expenses.....	62,000
Capital Expenditures.....	4,000
Cash flow.....	<26,000>
Holistic Budget	
Income.....	150,000
Debt Service.....	36,000
\$ Available for Operations.....	114,000
<i>Less 25% profit.....</i>	<i>28,500</i>
\$ Available for Expenses.....	85,500
Wealth generating expenses.....	9,100
Inescapable expenses.....	3,400
\$ Available for Maintenance.....	73,000
Maintenance expenses.....	99,000
Excess maintenance expenses to be cut.....	26,000

Figure 1. Comparison of budgeting process in holistic & conventional management

existent. If on the other hand, bare soil is exposed and plant density is low, most water runs off the landscape rapidly resulting in soil erosion, much less water entry into the soil, and severe and more frequent flooding. So, an effective water cycle is apparent in nature and essential to a sustainable agriculture.

A second natural process we can observe in nature is the mineral cycle through the biological system. Minerals needed for biological growth are constantly recycled from soil to plant to animal and back to soil again. There is very little waste in the natural mineral cycle. There is no need for fertilizer in nature, as all the fertility is recycled again and again with very little loss. Ultimately, to be sustainable, we need to find ways to utilize the natural mineral cycle while minimizing our off-farm purchase of minerals. Farming practices that inhibit the natural mineral cycle, only reduce the sustainability of our farm.

A third natural process shows us that plant and animal communities strive toward high biodiversity. Not only is diversity high in the numbers of species, but also the genetic diversity within species, and a wide age structure of each population present. Greater diversity produces greater stability within the system. It also assures minimal pest problems. Large expanses of

monoculture represent a simple level of diversity. Monocultures are almost never present in nature. Monocultures require great energy expenditure, either with fossil fuels or animal and human power to maintain. Weed invasion is nature’s way of injecting diversity into monocultural cropland. When biodiversity is increased, the cost of pest control and fertilizer is decreased. Crop rotation is the first step toward increasing biodiversity on the farm. It helps break weed and pest life cycles and provides complementary fertilization to crops in sequence with each other. Advancing from rotation to strip intercrops represents an even higher level of biodiversity. Strip intercrops of corn and soybeans or cotton and alfalfa are two examples. Increasing habitat for more beneficial organisms with more borders, windbreaks, and special plantings for natural enemies of pests represent even higher levels of biodiversity and stability. For more information on biodiversity, request the ATTRA publications entitled *Intercropping Principles and Production Practices* and *Farmscaping to Enhance Biological Control*.

The fourth natural process involves the flow of energy from the sun through the biological system. The sun is the fuel driving the biology of our farm. Energy flows from the sun through the ecosystem from one level to the next. Sunlight is

absorbed by the green plant, enabling it to grow. Plants are eaten by animals that are in turn eaten by predators which are eaten by even higher predators. During each step, energy is being transferred from one level to the next. Energy is transferred below ground through plant roots that eventually die. The dead roots become food for decomposer organisms. The waste and by-products from the primary decomposers are consumed by another set of secondary decomposers. Finally the residue is broken down into plant available nutrients and soil humus. At each step of the decomposition process, energy is either transferred from one organism to another or is lost as heat.

High energy flow is typified by a thick stand of green plants covering the soil for as long a time as possible. Growing mixtures of two or more plant types increases the leaf area available to capture sunlight. The volume of plants (tight spacing) also enhances energy flow. By growing two or more crops per year, we can lengthen the time that plants are in the field collecting solar energy. If soils are left bare, no sunlight is being converted into energy. When energy flow is reduced by periods when the soil is bare or without a crop, the decomposer organisms living in the soil are on a starvation diet.

When we modify any one of these natural processes (water cycle, mineral cycle, biodiversity, and energy flow) we affect the others as well – after all, they function as a whole. When we build our farm enterprises around these natural processes, we have a plan that will sustain our family today and future generations tomorrow. After all, these are nature's rules. The sooner we live by them rather than fighting them, the sooner we will produce a sustainable farm. When we fight nature's rules, we only hurt ourselves in the end.

Deciding Which Tools to Use

The word "tools" is used broadly in holistic management. Though we tend to think first of technology in all its many forms when we think of tools (include everything from hand tools to high tech computers), there are several other tools available to us. The additional tools

include: fire, rest (non-disturbance or letting the land lay idle), grazing, animal impact (trampling the land with very high stock density for a short time) and living organisms (naturally occurring plants and animals which can be harnessed to our benefit). Three additional tools we may not consider as tools are money, labor, and creativity. These last three tools cannot be used alone but only in conjunction with other tools.

Each of the above mentioned tools affects the landscape depending on when and how they are used and in what climatic region. For example, in moist regions with frequent rainfall, rest restores biodiversity to natural landscapes. In dryer areas with seasonal rainfall, rest reduces biodiversity. In those drier regions, animal impact is most beneficial in restoring rangeland health (1).

Many of the technology tools we often use can be replaced by living organisms in creative ways. One example comes from a Canadian rancher who solved his gopher problem by erecting hawk perches over his pastures. When the hawks patrolled the area regularly by using the perches, the gophers left in search of safer feeding areas.

Testing Decisions

Decision making (choosing tools and how to use them) is handled in an organized fashion in Holistic Management. Each decision is subjected to several simple testing questions that enable the decision-maker to see the likely effects of that decision on the whole. By quickly running a decision through the testing questions you get some assurance that the decision will be sound environmentally, economically, and socially.

There are seven tests but not all will apply to every decision. If information is lacking to make the decision, the testing will catch it. Testing forces the manager to consider much more than just cost or gut feel. If the decision fails one or more tests, the decision may be modified and run back through the testing guidelines again. After a second testing failure the decision might be abandoned all together. After a person gains experience, the testing questions become internalized. From that point

on, appropriate testing guidelines automatically come to mind when faced with decisions.

One way to look at testing decisions in this manner is to consider testing as the needle on a compass and the holistic goal as the magnetic north the compass is attracted to. All testing is done toward the holistic goal. In fact, the first question a person should ask is: does this decision take me closer to my holistic goal? If the answer is clearly no, then drop the decision. If the answer is yes or maybe, then test the decision further.

Monitoring Our Decisions

Because nature is so complex that we can only begin to understand it, decisions affecting the landscape are assumed wrong and closely monitored for early warning indicators of need for change. For example, if range burning is used to increase the plant density, one would look at the plant density later to determine if the effort was successful. By assuming the decision is wrong, we humble ourselves to the great complexity in nature, thus forcing us to monitor to keep on track toward our holistic goal. If we assume our decision is right, we might not monitor at all, or if we did, it would be only to record the results. Once this new holistic perspective is internalized and decisions are made accordingly, things begin to change for the better. Profits increase, the environment improves, and rural families prosper.

Holistic Management—In Practice

Example # 1

Oklahoma rancher Walt Davis realized a number of benefits after he started managing holistically.

The following is adapted from an article he published in the *HRM Quarterly*, Spring 1996: p. 3–4. Table 2 shows major changes and observations before and after holistic management.

Ranching is a biological process, not an industrial process (3). The objective is to promote life and turn it into dollars. Prior to managing holistically, Davis was using many chemicals that kill life. Spraying for horn flies also killed the beneficial insects. When he stopped spraying, the number of horn flies went down. When the cattle were moved regularly, the horn fly larvae that hatched from the cow manure were left behind where parasites could feed on the fly larvae. Their horsefly problem also went away because the solitary wasps that feed on horseflies were able to increase their population without the sprays. Working with nature causes many problems to be designed out of the system while at the same time reducing operating costs.

When Walt changed his calf-weaning program, the need for medications for stress induced by the weaning became unnecessary. Up until this time Davis had looked to technology to fix problems. Taking a closer look at the root cause of this problem led to a new way to wean the calves. He simply separated them from the mother cows with an electric fence.

At first the calves bawled for about 45 minutes, then the mothers and calves laid out next to each other along opposite sides of the fence and were happy. The stress was psychological, not from hunger that formerly made the calves sick. Since starting to manage holistically, Walt prevents most problems rather than solving them with purchased inputs after they happen.

Table 2. The Walt Davis ranch before and after holistic management.

Before Holistic Management

Cost \$378/cow
Fall calving
Spraying for flies
Rotating cattle
Terrible cattle performance

After Holistic Management

Cost \$83/cow
Spring calving
Flies no longer a problem
Planned grazing
Stopped fertilizing pasture
More pasture plant diversity
Stopped spraying

The financial planning aspects of holistic management have allowed the Davises to remain profitable for over 15 years in a row. Even through the tough years of 1988 with ¼ of normal rainfall, and 1989 with a short grass season and 1990 when 80% of the ranch went under water, the ranch was still profitable. The most progress in the beginning came from a better understanding of the ecosystem processes. This understanding led to long-term success. When the Davises set their holistic goal, they had a clear picture of where they were going and what they wanted. All their decisions were based on pursuit of that holistic goal.

Example # 2

The following discussion is adapted from “Building the Soil First—a successful organic farm” published in *Holistic Management Quarterly*, April 1998. p. 4-5.

Dave Washburn and Meg Anderson, organic vegetable farmers of Stillwater, Minnesota, were an urban couple with a dream of becoming organic farmers. Both had careers in Minneapolis when they quit their corporate jobs and bought a 35-acre farm in Stillwater. They quickly ran into financial challenges and could see no way to recoup their initial investment. Two years into their farming operations they took a course in Holistic Management. Holistic Management made sense to them immediately. Through using the decision-making process they could see clearly which tools were really needed, and that most of the tools on their “wish list” were not needed at all. They quickly learned that marketing and pricing were key to their success. Washburn and Anderson find they can meet their labor needs with local college graduates who want to go into farming. They also hire Hmong workers (Asian hill tribe immigrants) and provide them with land to grow gardens for their own use. When they have decisions to make, they sit down and test them towards their holistic goal. It takes about 5 minutes to come to agreement without any arguments (4).

As of 1998 they serve 250 local families that receive weekly seasonal vegetables through their community supported agriculture operation. The

families pay a set amount at the start of the season for this weekly delivery. All the produce is delivered within 24 hours of harvesting, which gives customers the ultimate in freshness.

Another 55 people signed up for a weekly bouquet of flowers from the farm also. The financial planning helped Dave and Meg see the optimum level of production that allows them to control their own prices. They used the financial planning software to play “what-if” games with different levels of production. Seven years into operation they have more business than they can handle.

Example # 3

The following is adapted from “Learning Success” by Ann Adams, published in *Holistic Management In Practice*, July 1998. p. 6-7.

Robert and Cheryl Cosner and their three children operate an 800-acre ranch in the south central part of Washington. They first learned about holistic management in 1984. It wasn't until 1989 that they took their first introductory course and wrote their first holistic plan. They raise registered Angus cattle but have recently started running 40 ewes with their 75 head of cattle with plans to venture into art-quality wool. Since managing holistically they are more able to see the options open to them and are more patient in letting those options unfold.

The impetus to investigate Holistic Management coincided with the breakup of a ranching partnership. The dissolution left them operating in crisis mode and without adequate machinery.

This situation required them to use their creativity. Misfortune actually forced them out of conventional thinking mode and slowed down their decision making. By looking at a problem from a number of angles, they eventually got more information or understanding about the larger issues surrounding the problem. “You have to keep being open,” says Robert. “Change comes in small steps unless you have an instant paradigm shift” (5). Two questions they continue to ask themselves are “How can we solve this problem for free?” and, “What is the least expensive way of getting it done?”

Asking the right kind of questions led them to create a holistic financial plan. They needed some after-tax profit and to pay off their operating loan free and clear so they could build their own line of credit. Paying off their loan became the focus of the financial plan. This focus helped them to make more decisions holistically. Though they wanted to get out of the hay-cutting business, they decided to continue to cut hay until the debt was paid off. Within 5 years, it was paid off. They were pleased at how well the financial planning gave them a target to shoot for and a way to judge their progress. When their banker learned of their financial plan he was so impressed that he discussed the possibility of the Cosners teaching holistic financial planning to some of the banker's other customers. After that, the Cosners realized that their concerns about finances drew them more deeply into practicing holistic management. "The financial planning was a tool that helped us get past the crisis and on to the next stage."

Training is Available

With rare exceptions, most holistic managers take training from a certified educator in a classroom setting. The Savory Center for Holistic Management in Albuquerque, New Mexico (6), certifies a limited number of educators who have undergone specific training in helping others learn to practice holistic management.

Certified educators are located throughout the world and can also provide technical assistance when necessary. These educators are committed to practicing holistic management in their own lives, seek out opportunities for staying current with the latest developments in holistic management, and maintain high standards of ethical conduct in their work. The coursework each educator offers varies somewhat but generally falls into the following headings:

Holistic Decision Making

In the introductory course one learns how to:

- make sense out of all the choices faced daily,
- move from crisis management to planned prosperity,
- create more time to enjoy life,

- live life according to one's values,
- test decisions to see if they conflict with the desired lifestyle,
- monitor decisions to stay on track toward a desired lifestyle,
- understand the effect of decisions on the landscape.

Students leave the decision making class with their own values-based holistic goal. There is ample opportunity to practice the decision-making skills in class with the instructor's aid. The holistic goal provides a descriptive road map to the future and a guidepost to decision making for the people who are managing the whole.

Holistic Financial Planning

In financial planning you will learn: the business of agriculture, why some farmers fail to make a profit, how to select enterprises which are profitable, how to plan a profit and produce it rather than striving for production only, how to allocate expense dollars where they do the most good, how to produce a list of potential enterprises in 20 minutes and pick out the most profitable ones which do not conflict with your values. The financial planning class utilizes many of the decision-making skills learned earlier to make financial decisions.

Holistic Biological, Grazing, and Land Planning

In this class, people learn how to manage landscapes holistically. You develop skills to create a detailed land plan that includes not only the crop and livestock arrangements but also wildlife and recreational needs and the quality of life defined in the holistic goal. You learn how to manage your landscape in tune with nature's principles, which assures sustainability. You get practice in monitoring rangeland, grassland, and cropland for indicators of how well nature's principles are working on your land. The grazing and land plan complement the financial plan to assure economic, social, and environmental sustainability.

For More Information

Contact the Savory Center for Holistic Management for more information and a referral to a certified educator in your area or a local network

(see reference #6). Or visit their web page at: www.holisticmanagement.org Holistic management was first developed by Allan Savory who wrote the book *Holistic Resource Management*, published in 1988. Since that time the book has been updated and the title now is simply: *Holistic Management*. The Savory Center for Holistic Management, which Savory founded in 1985, offers training in holistic management through its network of certified educators across the US and several foreign countries. The Savory Center, staffed by 9 dedicated individuals, operates under the non-profit status. Additionally, they supply many useful materials to holistic managers and educators.

Summary

In summary, the holistic decision-making process incorporates values-based goal setting, the appropriate use of tools, financial planning, land planning, biological planning, and careful monitoring of effects. All these aspects are managed as a whole unit. The benefits are higher quality of life, financial stability, consistent profitability, and the confidence of knowing that your decisions are improving the environment and the community you live in. It provides people with a means to make decisions that more accurately mirror the way nature functions (in wholes), and thereby ensure that our civilization is truly sustainable over time.

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July 2001

IP154

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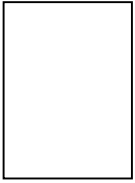


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1. Does this publication provide the information you were looking for?
How could it be improved?
2. Do you know a farmer who is implementing techniques discussed in this publication? Can you provide their address and phone number?
3. Do you know of any related research that would add to the information presented here?
4. Do you know a good related website not listed in this publication?
5. Please add any other information, or comments that you wish to share.



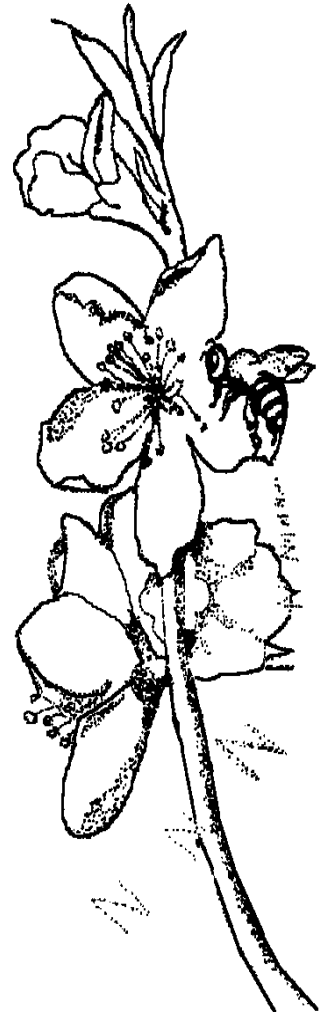
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family members, if appropriate, who will be involved in operating and managing the enterprise.

■ *Financial Resources Inventory*

The financial resources inventory should consider the available capital as well as all outstanding loans for assets identified in the physical resources inventory. You must consider opportunity costs. These costs are identified as revenue you might have received if crops, timber or livestock had been managed for maximum production instead of the new enterprise. You may also have input costs, which might not be the same for the alternative enterprise. You must also assess risks costs. For some alternative enterprises involving access for recreational use, you must think about the additional costs of appropriate liability insurance coverage. The exercise of developing this and other listed resource inventories should create a base of information that will help develop the overall business plan.

BUSINESS PLAN

An introductory section should explain and describe the type of enterprise you are proposing.

- ✓ Include a summary of why you are considering the enterprise and the history behind the creation of it
- ✓ Develop a mission statement for the enterprise and include it in this section.
- ✓ List clear and concise objectives that can be measured to evaluate the progress and success of the plan.
- ✓ Develop a timetable for accomplishing specific objectives identified.
- ✓ Include general information about the demand for the products, services, or access associated with the enterprise.
- ✓ Include information known about the growth of this type of enterprise statewide and nationally.

MARKETING PLAN

No one should try to develop a natural resource-based enterprise without first identifying a market. The first part of the marketing plan is the market research.

- ✓ Identify several different possibilities for marketing the enterprise.
- ✓ Visit similar existing enterprises and talk with people in the business. You may even want to visit as a paying guest one of these similar enterprises to get a feel for both sides of the equation, both as an owner and as a guest.
- ✓ Read trade journals associated with the industry.
- ✓ Seek information from university Extension specialists and other agencies that work with the industry you are planning to enter.

Once you have the industry information, you should develop a plan of action to attract customers. Develop a plan to advertise and promote the enterprise. If you want to target people in your local area as clients, your advertising budget may be relatively inexpensive using local newspapers and magazines. However, if you want to attract regional or national clientele, the costs of advertisement will, of course, be higher. Advertising will be most effective once you determine the type of enterprise and have thought about how to describe and illustrate what you are offering potential clientele. What is unique about your enterprise, and what other attractions or amenities are in the area where your enterprise is located that would be of interest to people who would travel to visit your enterprise? Web sites are now a great way to advertise but will require consideration of what you can illustrate and communicate to potential clientele, what you have to offer, and how that information can be shared through a web site. Consider the following:

- ✓ What type of customer will the enterprise target?

- ✓ Will individuals or family units be targeted as primary customers?
- ✓ Is there a certain clientele characteristic unique to this business enterprise?
- ✓ What will the enterprise offer that makes it attractive to clients?
- ✓ Consider the population demographics of the potential clientele in the area.
- ✓ Is the local population base large enough to support the enterprise, and is it likely to be viewed positively or negatively by the local population, including neighbors?
- ✓ Does the enterprise need to focus on a regional or national basis?
- ✓ What other products, services, or activities can be offered clients?
- ✓ The enterprise may need to create package plans with other area businesses that benefit all involved. It may benefit the enterprise to team up with a regional transportation company, local motel, local processing facility, restaurant, or other appropriate businesses in the community.
- ✓ Use state tourism and economic development agencies to help promote the business.
- ✓ Many state agencies (some are listed at the back of this publication) provide assistance that may be of help to your enterprise at low cost or no direct cost.
- ✓ A number of private consultants are available in Mississippi and neighboring states who provide their services for a fee.

Pricing a service or experience offered to the public is critical in the marketing plan. Pricing will be unique to each enterprise. The first step in determining a profitable retail price is determining the total cost to the enterprise. It begins with understanding cost concepts. Total cost can be divided into two parts: variable and fixed costs. Fixed costs include items such as insurance, interest on invest-

ment, property taxes, depreciation of assets, and rent. These costs are referred to as “fixed” because they are set and do not change over a given time period. Variable costs are those direct operating costs that change with the quality of the operation and the quantity of production or services rendered. Variable costs include things like labor, supplies, utilities, marketing, and the range of amenities you provide to your clientele.

The second step is determining the actual price of what to charge for the product, service, or access to the enterprises that will be provided. The cost analysis you conduct will be useful in setting prices. Prices may be determined on “break-even” plus 10 or 20 percent, what similar enterprise competitors prices are, what the market can bear, or other objectives.

OPERATING PLAN

This section of the business plan details what the enterprise provides.

- ✓ Describe a normal working day for the enterprise.
- ✓ Provide a physical address for the enterprise.
- ✓ Tell where the enterprise is located and the most direct way to get to it.
- ✓ Give a mailing address if different from the physical address.
- ✓ Include telephone and fax numbers.
- ✓ Identify by name, who the contact person(s) will be.
- ✓ Provide by e-mail or web site, if available.

Remember that for most natural resource-based enterprises, and especially those that involve people’s spending extended time at your facilities or on your land, service to the customer is the key to repeat business. Developing your enterprise to provide a quality experience for customers will also be a significant benefit to your marketing success. A good quality experience will create a positive

impression on customers that will encourage repeat business and their personal recommendations to other potential customers. Word-of-mouth advertisement is the best return you can expect on your investment.

ORGANIZATIONAL PLAN

Based on the inventory list you developed and the previous information on labor availability, develop an organization chart showing the chain of command for operating the enterprise. Describe the duties and responsibilities of each employee. Include resumes for the management team and owners. Be sure to include any special training, experience, or education employees need to have that make them specifically beneficial to the enterprise. Also be sure to consider what employee benefits will be provided.

FINANCIAL PLAN

The financial plan must consider budgeting of the enterprise. Budgeting is the tool the business manager uses to identify costs. A budget is a plan that helps the manager identify all costs associated with the enterprise, even costs you might otherwise overlook. A budget lets you compare forecasted and actual results of putting the plan to work. A realistic budget that includes the total costs of operating the enterprise will help determine a feasible pricing schedule for the products, services, or access that are to be provided, and it will help determine an appropriate marketing strategy.

The financial plan has four parts: a statement of sources and uses, a profit and loss statement, a cash flow statement, and a balance sheet.

- ✓ The sources and uses statement lists available funds and where they will come from, whether they are owner's funds, investors funds, or if they come from lending agencies. It also lists all the uses for the funds, such as for land, equipment, machinery, blinds, stands, and renovations or inventory. In other words, it includes anything you will purchase for the

enterprise from start-up funds.

- ✓ The profit and loss statement is the estimated income from the enterprise operations and all the related expenses involved in doing business. It must be directly coordinated with the proposed budget. It shows total income less total expenses, of the enterprise, and the bottom line, which is either an income or a loss for a fixed period of time (usually one year).
- ✓ The statement of cash flow is generally developed on a monthly basis, usually for a year, and shows only cash receipts and cash outflows for each month. The statement of cash flow is a tool that helps management and lenders understand how and when cash flows into and out of the enterprise. It can help management identify when funds are needed and how to schedule debt repayment. It is an extremely useful management tool for highly seasonal enterprises.
- ✓ The balance sheet lists enterprise assets, liabilities, and owner equity. It is a snapshot of the health of the enterprise on a given day. It indicates what the enterprise owns and the debt structure of the business.
- ✓ Consult your tax and/or financial planning advisor about your enterprise development plan.
- ✓ Consult with your attorney to be sure he or she understands what your operation is going to do and if there are any legal ramifications you have not considered.

The financial plan helps identify the economic feasibility of the proposed business enterprise and provides the financial tools to better manage the operation.

The following checklist is a good place to start if you are considering starting a business/enterprise in Mississippi:

- ✓ Request a Mississippi Entrepreneur's Tool Kit from the Mississippi Development Authority www.mississippi.org (601/359-3593), or access it electronically through the Mississippi State University Extension Service web site at www.msucare.com.
- ✓ Request a copy of Mississippi Reporting

Requirements for Small Businesses from the Mississippi Development Authority www.mississippi.org (601/359-3593), or access it electronically through the Mississippi State University Extension Service web site at www.msucare.com.

- ✓ Choose a name and logo, if you want one, for the enterprise. To protect the name and logo, complete an Application To Register a Trademark. You can get one of these from the Mississippi Secretary of State (601/359-1633) or online at www.sos.state.ms.us.
- ✓ Decide on the form of business ownership (sole proprietorship, partnership, or corporation). In order to be incorporated, you must file an articles of incorporation with the Mississippi Secretary of State (601/359-1633). Register with the Mississippi Secretary of State if the enterprise is a limited liability company (LLC).
- ✓ Obtain a local business permit or privilege license from city/county officials.
- ✓ Obtain any special licenses and permits some enterprises may require. You may need to meet additional regulations, as well (example: ventures that handle or process food). Contact the Mississippi Secretary of State for information (601/359-1633).
- ✓ Contact the IRS online at www.irs.ustreas.gov to obtain a federal employer identification number or EIN (call 800/829-3676 and request FORM SS-4). An EIN is required for all partnerships, corporations, and sole proprietorships with one employee or more.
- ✓ Complete a Mississippi Business Registration Application (FORM 70-001-00-1). You can get one of these from the Mississippi State Tax Commission (601/923-7000) or online at www.mstc.state.ms.us.
- ✓ Purchase workers' compensation insurance. This is required if you will have five or more employees. www.mwcc.state.ms.us
- ✓ Open a DBA (doing business as) bank account for the enterprise.
- ✓ Check on needed insurance and/or bonding coverage for the enterprise.

- ✓ Write and use a business plan for the enterprise.
- ✓ Secure financing, if needed.
- ✓ Establish prices, fees, and enterprise operation policies.
- ✓ Obtain copies of IRS publication 334 (Tax Guide for Small Business) and IRS publication 533 (Self-Employment Tax). Contact the IRS at 800/829-3676 or electronically at www.irs.ustreas.gov
- ✓ Determine record keeping requirements and set up a bookkeeping system.
- ✓ Obtain an answering machine and/or a phone/fax line for business.
- ✓ Obtain business cards, stationery, forms, and such.
- ✓ Do advertising and publicity.
- ✓ Start the enterprise!

You may get additional information for Mississippi business/enterprises through the Mississippi State University Extension Service Food and Fiber Center or Business Briefs web site at www.msucare.com



msu*cares.com*

By **James E. Miller**, Research/Outreach Professor/ Wildlife & Fisheries; and **Dr. Kenneth W. Hood**, Associate Extension Professor, Food & Fiber Center.

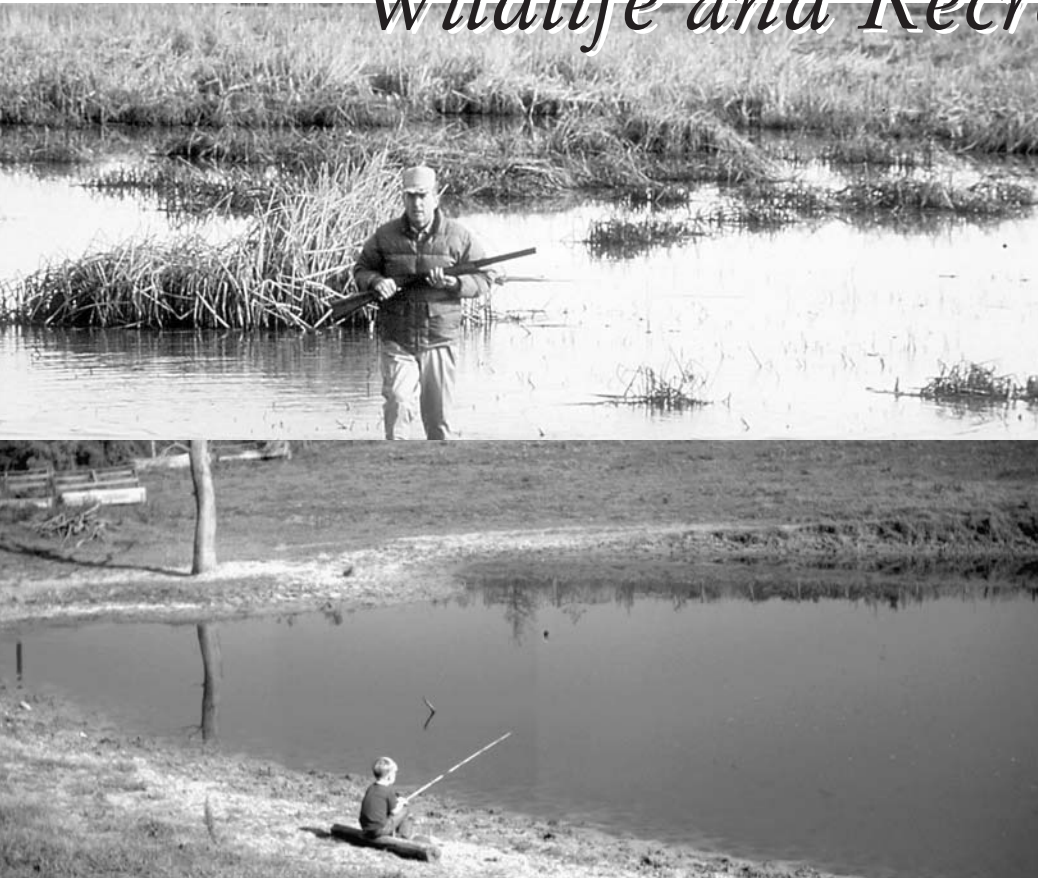
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Publication 2312

Extension Service of Mississippi State University, cooperating with U.S. Department of Agriculture. Published in furtherance of Acts of Congress, May 8 and June 30, 1914. **JOE H. MCGILBERRY**, Director (5M-12-02)

NATURAL RESOURCE ENTERPRISES

Wildlife and Recreation



A CHECKLIST OF CONSIDERATIONS FOR LANDOWNERS

Many private landowners are interested in how to begin a natural resource-based enterprise on their lands. This interest is in response to the general public's increased desire for natural resource-based products from private lands and/or access and use of private lands for recreational use.

According to national surveys, the public is not only interested in obtaining access for products and recreational pursuits, they are willing to pay for this access. As a result, many private landowners are evaluating their potential for providing such products or for offering such activities on their lands. However,

landowners are struggling with some serious land-use management decisions.

This checklist and accompanying explanations should be helpful to landowners in making decisions before they initiate and make investments in such an enterprise. This checklist is not all-inclusive; however, it does discuss some serious issues that should be evaluated before starting any type of natural resource-based enterprise. A sample worksheet is also provided for landowners to use in evaluating individual and family goals and objectives for considering a new natural resource-based enterprise.

CONSIDERATION CHECKLIST

The first consideration in planning for a natural resource-based enterprise is the development of a NATURAL RESOURCE INVENTORY, *including facilities that are pertinent to the enterprise*. This information is essential in determining the best use of existing resources and facilities. It will be useful in determining the type of enterprise(s) your lands and waters are best suited for, and the various options that can be provided or offered.

■ *Natural Resource Inventory*

- ✓ What type of land do you have? Is it predominantly flat, hilly, open, forested, pastureland, currently in agricultural production, etc.?
- ✓ How much of the land acreage is in different types? For example, if your enterprise is hunting leases, how much land is in woodlands that provide quality habitat for deer and turkey, or how much is in wetlands that provide quality habitat for waterfowl?
- ✓ Is this land already owned, or is some of it rented or leased?
- ✓ Do you have an aerial photo or map of the land showing roads, access points, and portions that are fenced? Are property boundaries clearly defined?
- ✓ Is it gated or on a private road?
- ✓ What type of land use is on adjacent/surrounding property owned by neighbors or other ownership, such as corporate, state, or federal owners?
- ✓ Are there ponds, lakes, or streams on your property, and if so, how many, and of what amount? Example: (2 lakes, 3 ponds, totaling 50 acres, and $\frac{3}{4}$ mile of permanent or intermittent streams.)
- ✓ What kind of buildings are on the property? What size are they, and what kind of condition are they in? Can you provide lodging, dining space, cooking and restroom facilities with the existing structures? Are they restorable for use by guests?

- ✓ Do you have some idea of the populations of major wildlife species residing on your lands, and are your ponds and lakes stocked and managed for fishing?
- ✓ Do your long-term objectives for your property and its management include adding and sustaining this natural resource-based enterprise as an integral part of the operation?

■ *Compatibility*

- ✓ Does your current use of your land's natural resources for farming, forest management, or livestock grazing lend itself to being used for other purposes?
- ✓ If so, are such other uses compatible with recreational use by paying-clients without conflicts or compromises to the integrity of your major income-producing operation? For example, if your major use of the property is an agricultural operation, can you tolerate a hunting operation during your planting or harvest season without having a conflict in time and resource management?
- ✓ Is your labor force (family or existing employees) sufficient to handle additional work, and will the new enterprise conflict with or complement normal down times in the work load? For example, will someone be available to guide or direct clients to hunting places or provide lodging and food for them, if needed, during the hunting season, or is that a busy time or vacation time for you, your family, and employees?

■ *Liability Insurance*

Insurance is a contract where an insurer (insurance company) undertakes to indemnify the insured (person or family owning the insurance) against loss, damage, or liability arising from an unknown or contingent event. The insured pays the insurer a premium for this coverage.

Liability insurance covers loss caused by negligence but not loss caused by a willful act of the insured. Negligence is one of the conditions that can be greatly reduced on most private lands

through risk planning. Anyone who allows public use of their lands for recreational use, whether or not a fee is charged for access and/or use of the property, should consider acquiring sufficient liability insurance coverage. Liability insurance companies generally limit the total liability of the insurance company to a specific sum per occurrence, which may be much less than the liability incurred by the insured, but it does reduce the risk of loss.

If you already have insurance on your property, you can work with your present insurer to see if a rider can be added as a supplement to your existing policy to obtain adequate liability coverage. Others who plan to lease their land to an individual or group may require the lessee(s) to obtain liability insurance as a part of their written lease agreement. There are a number of insurance companies who offer a rider for coverage of public recreational use, or for hunting clubs. If you have questions about the need for liability insurance for the type of natural-resource enterprise you are considering, you may want to consult your attorney.

■ *Resource Sustainability*

- ✓ Can you sustain your existing operation and still add some type of recreational access opportunity such as deer hunting?
- ✓ Can you sustain and/or enhance a productive deer population over time that clients are willing to pay for, or will such exploitation on the existing land base be unsustainable given the limited amount of deer habitat?
- ✓ Can you allow a certain number of fishing days on your ponds or lakes and still be able to provide quality fishing in the years to come by limiting use and ensuring maintenance of good harvest records, or will you have to drain and restock periodically?

■ *Personal and Family Inventory/Assessment*

After the NATURAL RESOURCE INVENTORY, this assessment may be the most important consideration that should be evaluated:

- ✓ Will you and/or members of your family or employees enjoy dealing with people who will

be using your land and having access to your natural resources?

- ✓ Do your and your family's long-term objectives for ownership require adding an alternative enterprise to your existing operation for increased or more dependable annual income?
- ✓ Do you and/or members of your family or existing employees have some practical experience or knowledge about the type of enterprise you are considering?
- ✓ Are you and your family or employees willing to keep records and manage the business aspects of the new enterprise?
- ✓ Are you and your family willing to take the risks associated with investing in the management and operation of a new enterprise?

■ *Other Options for Consideration*

- ✓ Will the enterprise be seasonal or operated year-round?
- ✓ Can the existing natural resources be enhanced to meet the needs and demands of the client base for the enterprise, and can they be sustained for future needs?
- ✓ Will the enterprise offer consumptive use of the resources, such as hunting and fishing, or so-called nonconsumptive uses, such as horse riding, bird watching, or both?
- ✓ Will the enterprise offer primarily land-based activities, water-based, or both?
- ✓ Will the enterprise be compatible with the other existing operation(s)?
- ✓ Can the enterprise be operated with existing resources, or will investments, loans, and additional labor be necessary?

MARKETING

The considerations listed above should be evaluated and answered before moving forward. To this point, no major investments or risks have been incurred. However, before a decision is made to initiate one or more alternative natural resource-based

enterprises, you must consider the market and client base. Marketing the product, service, or access for recreational use is essential to consider if the enterprise is to be successful.

One way to get some idea of the market for the enterprise is to visit an operation that offers similar kinds of products, services, or recreational access, and talk to the people who manage and operate this business. If you know of trade associations who work with such enterprises, talk to their representatives and review materials they have available that relate to the enterprise you are considering. Attend available educational programs that relate to the type of operation you are considering. Learn as much as possible about such enterprises and their operation and management as you consider whether, in fact, this is an appropriate business for you and your family.

■ *Marketing Your Natural Resource-Based Enterprise*

- ✓ Develop a customer/client profile.
- ✓ Do you want to market to corporations or groups?
 - ✓ To individuals or families?
 - ✓ To certain income levels?
 - ✓ To certain age groups?
 - ✓ To the diverse public at large?
 - ✓ To urban clientele or to local people in nearby communities?

■ *Location*

- ✓ Is your land near major metropolitan areas or population centers?
- ✓ Are there similar operations nearby that you will be competing with, or are there other types of operations nearby that are complementary and may provide clients for your business?
- ✓ Does your enterprise or some other attraction nearby offer something unique that may be a draw for regional or national clientele?

■ *Accessibility*

- ✓ Is your location accessible to clients? For example, is your enterprise on or near a major highway system?
- ✓ Do you have a good road system to access your property and enterprise by automobile, or is it accessible only by 4-wheel truck or all terrain vehicle?
- ✓ Is your enterprise within 60-80 miles of a major airport or even a private airport?
- ✓ Can you provide transportation to your enterprise from the nearest airport for clients who would fly in to visit your operation?

■ *Potential Partners and Cooperators*

- ✓ State, regional, and local tourism agencies
- ✓ Trade or industry associations or groups
- ✓ Local and State Chambers of Commerce
- ✓ State and local economic development agencies or groups
- ✓ Nearby tourism businesses/operations
- ✓ Corporate trade or industry publications
- ✓ Youth associations and organizations, such as Boy Scouts, 4-H, or Campfire Girls
- ✓ Senior citizen organizations, such as AARP
- ✓ Community groups, school groups, and others

PLANNING

Following this thought process of things to consider and do, if the potential looks promising for developing your enterprise, now is the time to develop a written business plan and begin to realistically weigh the pros and cons of the investments (labor and capital) that will be necessary to operate the enterprise. This necessary step will help in weighing the costs of doing business against the potential market demand, and help in determining the feasibility of the enterprise, the time

required to get the business up and running, and the amount of time it will take to make the operation profitable and to become an integral part of your total operation.

■ *Business Plan Outline*

- ✓ Introduction and 3- to 5-year plan for the enterprise
- ✓ Organizational plan
- ✓ Marketing plan
- ✓ Operating plan
- ✓ Financial plan, including feasibility perspective
- ✓ Evaluation and monitoring plan

SUMMARY

Although this checklist of considerations appears to require extensive study before making final decisions about start-up of a new alternative enterprise, it will be in your best interest, as well as your fami-

ly's best interest, to do so. There is no "silver bullet" or "one plan fits all" for initiating a natural resource-based enterprise. Each individual site/location has different capabilities biologically, socially, and economically, just as each landowner is different and has different interests, capabilities, and objectives for developing a natural resource-based enterprise.

Therefore, this checklist should be useful for any individual, family, or group who is thinking about diversifying and initiating a new alternative natural resource-based enterprise, or expanding their existing operation to include such an enterprise.

Once the type of enterprise is determined and a business plan is being developed, another suggestion is to make two lists. First, list the realistic short-term objectives, (1-3 years). Second, list the projected long-term objectives for this enterprise (3-7 years) and be as specific as possible. These lists can be modified as the enterprise moves forward, but should serve as good benchmarks for enterprise evaluation.



Photograph by *Glen "Tink" Smith*

WORKSHEET: GOALS AND OBJECTIVES FOR SUSTAINABLE NATURAL RESOURCE-BASED ENTERPRISES

1. List the family members and/or employees who are likely to be actively involved in this enterprise, and briefly describe their anticipated roles.

2. List the types of sustainable natural resource-based products, activities, services, or access you are considering as an alternative enterprise in order of preference. (hunting or fishing lease, permit hunting or fee fishing, horse trail riding or other equestrian activities, guide services, bird or wildlife watching tours, group canoe trips, off-road vehicle trails, specialty crops, such as pine straw, mushroom, or ginseng production)

1. _____

2. _____

3. _____

3. If you already have an agricultural or forestry operation as your primary business, what are your short- and long-term goals for the existing operation of the next 1-3 and 3-7 years? Check one or more of the following goals as appropriate:

Maintain at about the same level as in the past.

Expand. Describe how _____

Cut back on specific parts. Explain _____

Quit altogether

Other _____

4. How compatible do you think a new sustainable natural resource-based enterprise will be with whatever goals you listed above for your existing operation?

Very compatible - explain _____

Likely to require tradeoffs, identify _____

Not compatible, explain _____

5. What role will this new enterprise play in the next 1 to 3 years in terms of annual income and employment? Check one or more of the following:

Provide supplementary income to existing operation, or off-farm income

Replace part of your existing operation

Completely replace existing operation and off-farm income

Other roles/tradeoffs

6. After the new enterprise is established, what amount of family living income would you like the following sources to contribute annually? (present dollars)

Current farm or forestry operation _____

New enterprise _____

Off-farm employment _____

Other _____

Total _____

7. What special features do you and your family desire and/or expect the new enterprise to provide? (Level of risk, labor requirements, seasonality, use of special skills or resources, total management and use, sustainability of the integrated operation, etc.)



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By **James E. Miller**, Extension Outreach/Research Professor, and **Ken Hood**, Associate Extension Professor, Food and Fiber Center

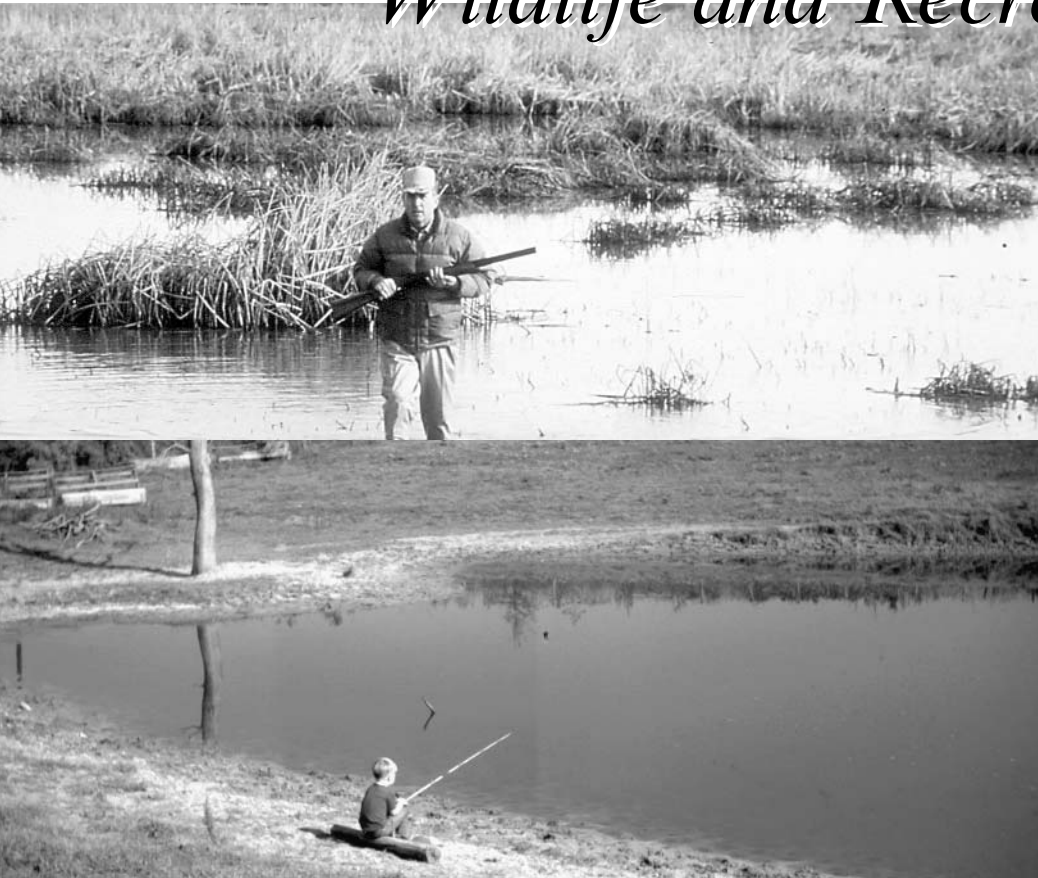
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Publication 2308

Extension Service of Mississippi State University, cooperating with U.S. Department of Agriculture. Published in furtherance of Acts of Congress, May 8 and June 30, 1914. JOE H. MCGILBERRY, Director (5M-10-02)

NATURAL RESOURCE ENTERPRISES

Wildlife and Recreation



FINANCING YOUR NATURAL RESOURCE-BASED ENTERPRISE

Wildlife, fisheries, and other natural resource-based recreational pursuits constitute America's newest billion-dollar industry. In 2001, expenditures on wildlife-related recreation in the United States were estimated at \$108 billion. Expenditures on wildlife, fisheries, and related outdoor recreation exceeded \$974 million in Mississippi alone in 2001. Mississippi is uniquely positioned to receive a wealth of economic benefits as a result of the increasing public interest in and demand for access to wildlife, fisheries, and outdoor recreation.

Starting a business is hard work, and you must conduct a large amount of research to be sure that

you want to get involved in this venture and to ensure that you will be successful in it. You must consider and address issues like tax laws, state and federal laws and regulations, liability issues, and safety issues before you approach a lender.

If you are already a landowner and have sufficient capital available for the development of an enterprise, there is little need to seek financing. If, on the other hand, you desire to establish and sustain a wildlife- or fisheries-related recreational enterprise and have limited funds or land available, financing is likely to be of utmost importance to you.

NATURAL RESOURCE ENTERPRISES

FINDING A LENDER

If you conclude that financing your natural resource-based enterprise is a necessity, you will need to find out which lender will best serve your purposes. Several financing options are described below.

Commercial Banks

Most borrowers contact their local commercial bank first. Unfortunately, in many cases a commercial bank is only interested in short-term loans, so you may need to look elsewhere for financing.

Farm Credit Lending Institutions

- ✓ Federal Land Bank Associations
(www.landbanksouth.com,
www.mslandbank.com)
- ✓ First South Farm Credit
(www.farmcreditsouth.com)

The Farm Credit System, through its locally owned and operated cooperative lending operations, is a source of financing that offers long-term loans at competitive and attractive interest rates. Loans through the Farm Credit System can be for the purpose of purchasing real estate, improving real estate, debt refinancing, and consolidation. Interest rates can be variable or fixed with monthly, quarterly, semi-annual, or annual payments. Also, the Farm Credit institutions have “young,” “beginning,” and “small farmer” programs with several attractive features for those that qualify.

Farm Service Agency

(www.fsa.usda.gov)

The Farm Service Agency (FSA) is a part of the United States Department of Agriculture (USDA). The FSA makes and services both direct land ownership and operating loans. FSA also has a guaranteed loan program and a participation loan program. FSA guaranteed loans provide conventional lenders with up to a 95 percent guarantee of the principal loan amount. In the participation loan program, FSA lends up to 50 percent of the amount financed and the conventional lender provides the other 50 percent.

Mississippi Development Authority

(www.mississippi.org)

Mississippi Development Authority (MDA) makes interest-free loans to eligible start-up operations. MDA funds up to 20 percent (or \$200,000 — whichever is less) of the cost to construct or update facilities interest-free for up to 15 years. The conventional lender guarantees this loan and MDA is assured of repayment.

Owner Financing/Family Members/Investors

Owner financing may be an option to consider when a seller is interested in the sustainability of the property and is willing to finance the sale. Interested investors may also want to finance a natural resource-based enterprise if they expect a fair return on their investment and/or use of the enterprise once the operation is up and running. A family member with money to invest and confidence in the ability of the borrower to repay may also be willing to extend a loan.

WHAT LENDERS NEED

The Five Cs of Credit

All commercial lenders look for the same basic characteristics in a borrower. They are known as the “Five Cs of Credit”:

- Character - Personal credibility of the borrower,
- Capital - Financial position and progress toward financial stability,
- Capacity - Ability to repay the loan,
- Collateral - Other property or capital to secure the loan,
- Conditions - Basis of ultimate loan approval.

Business Plan

The most important information required by a lender is an up-to-date, complete, and accurate business plan. There are several good business plan models on the World Wide Web that can assist you in developing a sound business plan. A few sites available for this purpose include:

- ✓ www.bplans.com/sp/
- ✓ www.mississippi.org. This comprehensive web site was created by the Mississippi

Development Authority, whose principle purpose is economic development. At this site, the “Entrepreneur's Tool Kit” found under the Business Development section is very useful, containing a detailed explanation and example of each area of the financial plan, as well as a universally accepted personal financial statement.

(Note: Because web links can change, if you have trouble locating any of the links provided in this publication, please refer to the appendix on page 4 which gives the mailing address and phone number for each organization.)

Within the larger business plan, lenders will look for a sound and detailed financial plan. Critical components of a financial plan are:

- ✓ A cash-flow statement,
- ✓ Sources and uses of funds,
- ✓ Income statement,
- ✓ Balance sheet.

When you approach a lender, it is important to establish a personal relationship with a loan officer who understands a borrower's needs. It is the loan officer's job to assess the borrower's credit quality, or the “Five Cs of Credit,” to understand strengths and weaknesses of the business plan, and, if they have experience with natural resource-based enterprises, to offer sound advice on plans and goals of such an enterprise. It is a good idea to call ahead and find out what information the loan officer will need as they consider an application for loan. Be prepared to answer questions and give all information as required by the lender.

Inventory

A lender will also be very interested in reviewing an inventory of your physical resources and labor resources. This inventory includes:

- ✓ Number of acres in the enterprise
- ✓ Unique physical, biological, or landscape features

- ✓ Water resources availability
- ✓ Type and extent of vegetative cover
- ✓ Current land use (crop, pasture, timber)
- ✓ Other comparable enterprises in the area (competition)
- ✓ Adjacent land use and management history (if known)
- ✓ Supplies, vehicles, equipment owned or needed
- ✓ Potential risks (environmental hazards, unsafe structures)
- ✓ Status of existing wildlife and fisheries populations
- ✓ Number of employees on hand or that will be needed
- ✓ Employee special expertise needed
- ✓ Level of employee compensation (base pay, benefits)
- ✓ Need for customized services (guided hunts, tours)
- ✓ Opportunities for expansion

Financing a natural resource-based enterprise does not have to be a frightening or cumbersome process. Be sure to have a sound, complete, and comprehensive business plan, and be prepared to answer any and all questions about your enterprise. It is the loan officer's job to evaluate credit quality and to determine what, if any, special programs are available to make your plan work. Consider the lender as a partner, ask pertinent questions, draw on their financial expertise, and heed their advice.

APPENDIX

Bplans.com

www.bplans.com/sp/
144 E. 14th Ave.
Eugene, OR 97401
Phone: (541) 683-6162
Fax: (541) 683-6250

Mississippi Development Authority

www.mississippi.org
501 North West Street
P.O. Box 849
Jackson, MS 39201
Phone: (601) 359-3449
Fax: (601) 359-2832

Federal Land Bank Association of South Mississippi

www.landbanksouth.com
500 Greymont Ave., Suite D
Jackson, MS 39202-3446
Phone: (601) 355-8500
Fax: (601) 355-8511

Land Bank of North Mississippi

www.mslandbank.com
P.O. Box 667
Senatobia, MS 38668-0667
Phone: (662) 562-9664
Fax: (662) 562-7783

First South Farm Credit

www.firstsouthfarmcredit.com
P.O. Box 1709
Ridgeland, MS 39158
Phone: (800) 955-1722
Fax: (601) 977-8368

Farm Service Agency, Mississippi Office

www.fsa.usda.gov
P.O. Box 14995
Jackson, MS 39236
Phone: (601) 965-4300
Fax: (601) 965-4184



msucares.com

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This publication is sixth in the series *Natural Resource Enterprises: Wildlife and Recreation*.

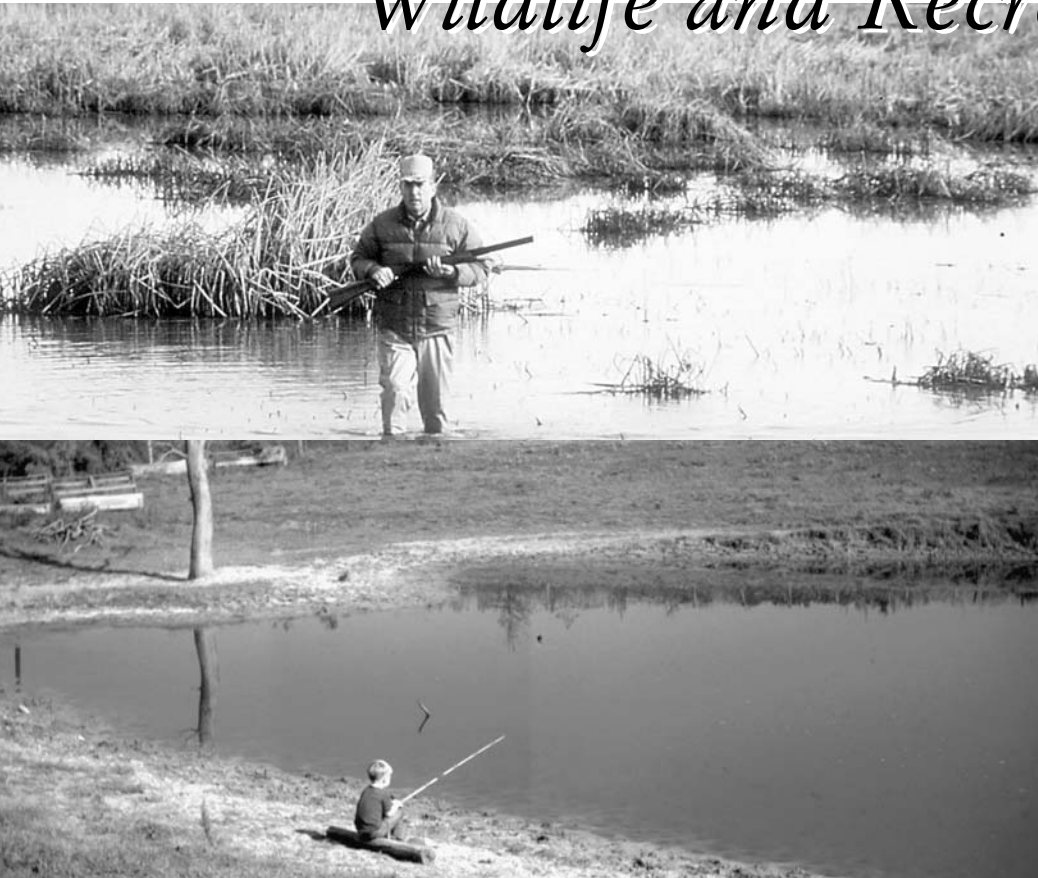
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Publication 2353

Extension Service of Mississippi State University, cooperating with U.S. Department of Agriculture. Published in furtherance of Acts of Congress, May 8 and June 30, 1914. JOE H. MCGILBERRY, Director. (5M-1-05)

NATURAL RESOURCE ENTERPRISES

Wildlife and Recreation



Hunting Leases: Considerations and Alternatives for Landowners

Interest is growing in the South and throughout the United States for landowners to provide recreational access to their land for sportsmen and others to hunt, fish, and enjoy other types of outdoor recreation. For many farm, ranch, forest, and other landowners, alternative enterprises may provide an opportunity to sustain their natural resource base, maintain their quality of life, and increase annual profits.

Offering access to private land for recreational uses by the public can be a viable alternative enterprise. Natural resource-based alternative enterprises on private land range from producing products such as pine straw for

mulching, to providing access for bird watching, trail riding, and hunting and fishing.

Recreational hunting and fishing leases have become an important source of supplemental income for many landowners in recent years, and the demand for access to private lands for recreational uses continues to grow. When these enterprises are appropriately developed and implemented, they will contribute to local community economies in many ways. However, there are many things to consider before implementing a hunting lease.

Not all private landowners will want to open their lands for such access and use, but for those who feel they would like to explore such

enterprises, some tradeoffs will be necessary. Landowners must consider and manage such enterprises as an integral part of their total operations. They must also keep in mind the long-term sustainability of their natural resource base on which the total operation depends.

The information in this publication helps you as a landowner make informed decisions about one potential alternative natural resource-based enterprise – hunting leases. Much of the information in this publication comes from a number of sources, including scientific papers presented at various conferences, and from personal experience working with private landowners and recreational users over the past 35 years.

This publication does not provide all-inclusive, definitive information on hunting leases for any individual. Natural resource produc-

tivity and sustainability capabilities in different areas are not necessarily the same. Each geographic site capability is different. Each landowner's objectives and management skills are different. Figures in this publication for fees charged per acre and minimum amounts of acreage suggested for specific kinds of hunting operations may not be appropriate for every operation. Some of the figures provided are "rule of thumb" or "ballpark" estimates for consideration based on regional or statewide surveys and informal discussions with enterprise operators. Liability insurance sources provided are simply sources known, and it is very likely there are many other providers. Sample lease agreements and sample hunting club bylaws are simply templates that you, a manager, or a hunting club group may find useful to customize for individual and operation needs.

TYPES OF HUNTING LEASES

A hunting lease is an agreement between you as the landowner (lessor) and hunters (lessees) that grants the hunter access rights for hunting game animals (and other specified activities) on your property for a specified time period. Hunters usually pay you an agreed-upon dollar amount per acre or per hunter. However, in some leases you may agree to a smaller combination of dollars per acre or per hunter with a written agreement that the hunter or hunters perform some service in exchange for the privilege of hunting access. There are numerous kinds of leases and agreements based on the agreed-upon collaboration (usually in writing) between the lessor and lessee. Following are some common types of hunting leases:

■ *Long-Term*

- ✓ Seasonal lease – all species of game legal to hunt
- ✓ Seasonal lease – specified animal or animals
- ✓ Annual or multi-year lease – all species
- ✓ Annual or multi-year lease – specified game animal or animals.

■ *Short-Term*

- ✓ Daily hunting, often by permits
- ✓ Weekly hunts
- ✓ Multi-day (three to five) day hunts
- ✓ Special Season Hunts – such as bow, muzzle-loader, or rifle only.

The most common types of hunting leases are the long-term annual and long-term seasonal. Under this type of leasing system, you generally provide individual hunters or groups of hunters the privilege of access to your land for hunting for a season, a full year, or for several consecutive years.

This type of leasing usually allows the hunter or hunters the privilege of hunting legal game species during specified open seasons, with fees assessed on a cost per-acre or lump sum basis. These leases let you specify which game species can be hunted, and you can reserve hunting rights for yourself, your guests, and immediate family. In fact, depending on the interests of the lessee and your willingness, these leases can be customized to the satisfaction of both you and the lessee, as well as the agreed-upon price paid for the privilege of leasing.

For many landowners, such long-term seasonal or annual leases for a set price per acre or lump sum seem to be the easiest to negotiate and require the least oversight. If you are satisfied with this type of arrangement, the lease fee is satisfactory, and the lessee(s) has demonstrated appropriate and responsible care of the land and resources, you can continue such annual leases on a multi-year arrangement.

Long-term leases have advantages and disadvantages. The advantages are that such leases generally result in better landowner-sportsmen relationships, because you get to know the lessee(s) personally, helping to build trust over time, and the sportsmen get to understand what your objectives are, and they become interested in helping manage the properties to meet these objectives. The longer time that lessee(s) lease a property, the better they come to know it, and the more likely they will become interested in working with you to improve habitat management for wildlife. The more provincial interest they develop in the property, the more they will help to prevent trespass and poaching. If you are satisfied with the long-term arrangement, you can project anticipated income.

The disadvantage is that sometimes such long-term lease arrangements make it difficult to increase lease fees when you need to, and some lessee(s) take such an interest that they begin to think of the property as theirs and forget to honor your rights. However, both sportsmen and landowners are more often willing to make time, labor, and financial investments in leased property when they know they have a secure arrangement for more than one year or season. Such long-term lease arrangements can be for specific game species only or offer hunting for all legal game species to the lessee(s). It can include such other activities as scouting before hunting seasons, camping, and fishing if available.

If you are active in the day-to-day management of the property, you may also choose to lease access rights for hunting one particular species to one hunter or group of hunters and to yet another hunter or group of hunters for hunting another species. An example would be deer hunting to one group and spring turkey hunting to another, or dove hunting to one group and waterfowl hunting to another. Obviously this works best when seasons do not overlap, and it generally requires intensive involvement by you or someone you assign such management responsibilities to. These leases usually return the most annual income but clearly also require the most intensive involvement of you or a

manager. They also require more labor, time, and habitat management investments, such as providing dove fields, food plots, waterfowl blinds, and other requirements.

Short-term leases can be on a daily permit basis, such as for dove hunting; a per weekend basis for deer or waterfowl hunting; a weekly basis during a special season, such as bow hunting or muzzle-loader hunting; or for a one-season, special management type of hunt, such as a late-season doe hunt only. Some of these hunts can be packaged to include guides, lodging if available (on the lease property or at a local motel), and meals. Clearly this type of leasing arrangement requires intensive management and marketing for greatest success, but it can yield a higher rate of return and does not obligate the entire property for an entire hunting season or year. In other words, you can provide access to limited portions of the land for shorter periods of time and can limit the hunting to the species desired.

Hunting leases can be developed by sportsmen contacting you directly about the potential of leasing your land for hunting rights access. Or a broker may make such arrangements. However, more and more landowners interested in leasing their land for hunting access are finding that newspaper and magazine ads or a web site will often locate willing hunters or groups of hunters interested in leasing tracts of land for hunting privileges. There can be some advantage for some owners, particularly non-resident landowners, in having a broker take care of the advertising and locating and dealing with responsible lessee(s) and with neighboring landowners. Another advantage is the broker can help ensure the lessee(s) honor their lease and pay on time. However, such brokers will come at a cost.

Before beginning a hunting lease program, you need to consider a number of things and be prepared to spend some time, labor, and resources to determine the value of your resources, how to manage and sustain them as renewable natural resources, what your long-term objectives are, and if such a leasing program is compatible with your other land management objectives. You also should recognize the advantages and disadvantages of leasing your land for hunting, such as these:

■ *Advantages*

- ✓ Can be a dependable source of additional annual income

- ✓ Can provide in-kind labor assistance from lessee(s)
- ✓ Can help reduce trespass problems
- ✓ Can help you gain better control of who is using the land for what purposes
- ✓ Can complement other land management operations
- ✓ Can improve other recreational opportunities
- ✓ Can benefit local community economy
- ✓ Can help you better manage wildlife habitat and populations

■ *Disadvantages*

- ✓ Increased liability concerns and costs
- ✓ Will require increased landowner or manager involvement of dealing with lessee(s)
- ✓ Could mean some tradeoffs in other operations
- ✓ Could present conflicts with neighbors
- ✓ Likely to require some investment in habitat and access management
- ✓ Will require record keeping, evaluation, and business management

HUNTING LEASE AGREEMENTS

Without question, most hunting leases should be undertaken only with a written agreement. Such an agreement serves as a contract that protects the agreed-upon rights of both you (lessor) and the sportsman (lessee). The significance of a well-considered written lease agreement cannot be over emphasized, since it is the foundation for a successful hunting lease program. Effective hunting lease agreements protect your interests yet allow enough flexibility to permit enjoyment of the access rights provided to the sportsmen or lessee(s). Such leases can be developed from “boiler-plate” examples but can be customized to protect you against later conflicts. A lease must be well thought out before being finalized and agreed to by you and lessee(s). Most of the potential conflicts between you and lessee(s) can be prevented, and a good working relationship can be maintained by having a mutually agreed-upon written lease. Some “boiler-plate” examples of written hunting leases are provided in the back of this publication for examination and modification

to meet individual needs. Your needs and desires are paramount but must be tempered by recognizing the needs and desires of the lessees and what they are willing to pay for.

■ *Considerations when Developing A Lease Agreement*

- ✓ **References** – If you are not familiar with sportsmen or groups who desire to lease your property, you should not hesitate to ask for references. You may get references from other landowners who leased to the lessee(s) previously or from Conservation officers or community leaders who know the person(s).
- ✓ **Proof of liability insurance** – As part of the lease agreement you can require the lessee(s) to pay for liability insurance (with your name listed on the policy) and provide proof of coverage by keeping a copy of the insurance policy with proof of purchase. Requirements for liability insurance can be written into the lease agreement. Be sure such policies cannot be canceled during the lease time. This precaution transfers a large portion of the liability to the lessee(s). Otherwise you are responsible for the costs of appropriate liability insurance coverage to ensure your protection.
- ✓ **Establish and maintain open communication** – An open channel of communication from the beginning prevents potential misunderstanding between you and sportsmen. For hunting clubs or organized groups of lessees, try to arrange a time before the hunting season to meet with the group and get to know them.
- ✓ **Organized groups/hunting clubs** – Hunting clubs should be well organized and governed by self-regulating bylaws and have a contact person designated. A sample of hunting club bylaws is provided in the back of this publication. You should receive a copy of adopted bylaws.
- ✓ **Lease to local sportsmen when possible** – Local sportsmen, if willing to pay, can often help look after property. Having such local participation often avoids the local resentment of the “outsider” image.
- ✓ **Annual meetings** – You should meet with sportsmen groups or hunting clubs who lease your land at least once each year before the hunting season to discuss land use changes,

modifications that may be needed to the lease agreement, or your need for some help improving habitat or hunting opportunities.

- ✓ **Limit hunters and guests** – For the benefits of safety, enjoyment, and protection of the resource, the number of hunters must be restricted. For example, too many hunters using the property at any one time during the season may compromise the safety, enjoyment, and sustainability of the resources. Here are some rules of thumb for consideration with exceptions for different kinds of habitat and hunting: for deer hunting, one hunter per 100 acres; for waterfowl hunting, one hunting party per 100 acres of wetlands or waterfowl habitat; and for turkey, one hunter per 200 acres.
- ✓ **Written rules** – Consider drafting written rules aimed at preventing potential accidents and protecting property, especially if there are known hazards, such as old wells, sinkholes, and other risks to personal safety on the property. Make sure all lessees are aware of these written rules, and have them sign a statement that they have read and understand these rules.
- ✓ **Incorporation** – Hunting clubs representatives (officers) cannot legally represent the entire club when signing a lease agreement unless the club or group is incorporated. If the club or group is not incorporated, each member of the club/group must sign and date the written lease agreement.
- ✓ **Liability risk reduction** – In addition to requiring the club/group to purchase an insurance policy to cover liability, you should practice a risk reduction program that reduces all known hazards on the property. Keep records of such efforts to reduce or eliminate known and potential risks to lessees. You should keep accurate records in case of a libel suit. Identify hazards you cannot reduce or eliminate, and explain them to lessees with a map and written description.

Here are other considerations: If ATVs are to be used on property, require additional rider insurance from lessees. Avoid single-strand cable gates, or have them clearly marked and flagged. If portable tree stands are to be used, make sure lessees' liability insurance covers such use, or require permanent stands to be used. In accord with state law, require sportsmen to pass an approved hunter safety program and

show a certificate of completion. (Anyone born after January 1, 1972 is legally required to complete a hunter education course before purchasing a Mississippi hunting license. Also, anyone 12 years of age but under 16 years of age must have a certificate showing completion of a hunter education course approved by the Department of Wildlife, Fisheries, and Parks before hunting in Mississippi.)

- ✓ **Attorney lease review** – Have an attorney review the written lease before it is agreed to and signed by either party. This helps protect both parties and clarifies that the agreement is legal and binding.
- ✓ **Up-front payment** – The agreed-upon lease payment should be made before the hunting season begins, preferably before the date of the lease period. This ensures that payment is made before the hunt begins, and it allows the owner the potential of investing the funds and earning interest.
- ✓ **Permanent structure policy** – You may or may not want the lessee to put up permanent structures, such as buildings, sheds, or cabins. If you do permit any of these, you should decide what types of structures to allow and what should happen to these structures if and when the lease is terminated.
- ✓ **Vehicle restriction** – You may want to restrict what type of vehicles may be used on identified roads and trails and/or restrict the use of particular types of vehicles to certain roads on the property.
- ✓ **Notification of presence** – You may require hunters to check in and out via a check station or notify you in advance by phone or in writing when hunting or otherwise accessing the property.
- ✓ **Arbitration** – Disputes can arise, regardless of how well the lease agreement is written. Some leases specify using arbiters who were agreed upon in advance by both parties. The arbiter should be a neutral party, such as an attorney, conservation officer, or other mutually agreed-upon individual.
- ✓ **Game law violations** – In case game laws are violated, unintentionally or intentionally, the club/group bylaws need to ensure the violation is reported to both the local conservation officer and to the landowner.

- ✓ **Automatic lease renewal** – If you are pleased with the lessee(s), you may want to provide for an automatic lease renewal agreement consideration. This can be put into effect barring conflicts or need for some change in the agreement, if agreed upon 90 days before the lease terminates. This may be an advantage for both parties if things are going well.

■ *Suggested Items To Include In a Written Hunting Lease*

- ✓ Your name, address, and phone number and the same information for the sportsmen, group, or club (lessees).
- ✓ The purpose of the hunting lease, describing the species of game allowed to be hunted as well as other activities allowed on the property, such as camping, fishing, scouting, permanent structure placement, and disposal.
- ✓ A description of the property with the location of the tract, boundaries, and areas off limits to hunting access. You should also provide a map with the property description. It is wise to conduct a tour of the property or tract to be leased with lessees to point out clearly marked property boundaries as well as any known restricted-use areas or hazards. In the description it is helpful to point out the present condition of the property, such as 20-year-old pine plantation, row crop areas, pasture, restricted areas, and reasons for restrictions.
- ✓ The duration of the lease, describing the beginning and ending dates of the lease, whether seasonal or annual, or longer term.
- ✓ The method of lease payment, stating how much the lessee(s) must pay and a date when payment must be received. Penalties for late payment can be described but must be well in advance of the beginning of the hunting season.
- ✓ Damage provisions and a deposit (if you think this is needed) to cover the costs of damage or loss of your property, livestock, or other resources if not repaired or compensated. Such damage provisions should specify that the lessee(s) are responsible for any damages or losses they or their guests (if allowed) cause to the property or to your assets. You should return damage deposits to the lessee(s) if damage is cor-

rected or does not occur during the effective lease period.

- ✓ A termination of a lease clause with provisions to cancel a lease agreement if either party fails to abide by the terms of the written lease agreement, such as a lessee's violating state or federal game regulations. It must also ensure your or your heirs' rights to cancel a lease if you sell the property or if you die within the effective lease period.
- ✓ A subleasing clause that specifies whether the lessee(s) can sublease or assign leasing rights to a third party. You should avoid the idea of subleasing your property to third party access by the original lessee(s).
- ✓ The lessee's responsibilities should be clearly defined within the agreement to include these items: closing gates and repairing broken fences; obeying all state and federal game regulations; helping put out wildfires; evicting trespassers or at least immediately contacting the owner or local law enforcement personnel; adhering to the management plan regarding game harvest recommendations; keeping good game harvest records; appropriate posting of the property; restrictions on the use of alcohol; and off road vehicles as you determine.
- ✓ Your (lessor) responsibilities should be clearly defined within the lease to include duties (as you agree to provide) such as maintaining roads, planting food plots or preparing fields for dove hunting, and providing facilities for lodging or for cleaning and storing harvested game. Obviously these duties and amenities have a cost, and you will have to consider them in the cost of the lease.
- ✓ Your rights as the landowner must be clearly stated in the lease, such as the right to continue to manage the land to meet your identified objectives, the right to allow family members defined hunting privileges, and the right to request removal of a club or group member who violates property or approved behavior codes.
- ✓ You can add indemnity clauses or "hold harmless" disclaimers to the lease agreement. These may protect you from liability if someone is injured on your land. You can use them as proof that an injured lessee assumed the risks of doing a particular activity like climbing a tree or

crossing a fence. They do not, however, relieve you of liability associated with demonstrated negligence.

- ✓ The number of members allowed in lessee club/group.
- ✓ The number of guests, if allowed, and the number of total lessee(s) and invited guests that may be on the property to hunt at any specific time.

■ *Determining Hunting Lease Price Structure*

If you have no experience leasing land for hunting access, one of the most difficult decisions is determining a fair market price that is competitive yet gives you a reasonable return for the lease and any services or amenities provided. The following are known methods but are by no means the only methods:

- ✓ **Break even plus 10 percent** – The lease price is based on management and costs associated with the lease operation plus 10 percent to cover unforeseen costs and the need for the lease to cover operational costs and land taxes.
- ✓ **Habitat valuation** – The lease price is determined from a subjective rating of the quality and quantity of wildlife habitat available. For example, if the wildlife habitat and populations have been managed to provide high populations of wildlife and better than average hunting opportunities, the value of the lease may be higher, or if the lessee(s) want to limit or keep out other hunters that the property could reasonably sustain, they may have to pay a premium price for that.
- ✓ **Baseline plus value-added** – You charge a base price per acre plus charges on improvements made, amenities, or services provided.
- ✓ **Competitive pricing** – You base the lease price on the going rate of other leases in the area or lease prices charged elsewhere for similar access, services, and amenities provided.
- ✓ **Sealed bid** – This is similar to timber sales in that you develop a description of the hunting lease and what it offers, and you request sealed bids. You can do this via advertising or by contacting individuals or sportsmen groups who may have an interest.

HOW TO FIND A RESPONSIBLE LESSEE

It may be difficult to identify and locate responsible hunters who will take an interest in the land and resources being leased and who will respect the property and abide by terms and conditions in a written lease. It will pay dividends in the long-term, however. Without appropriate screening of lessee(s), you may find yourself with an unmanageable group who have no regard for your rights or maintaining the property and the sustainability of the habitat and wildlife. Many problems could arise, such as trash dumping, wildfires, road and tree damage, illegal hunting, damage to facilities and livestock, and over harvest of the game resource. For the most part, you can avoid these problems by using these practices:

- ✓ leasing to known sportsmen with some local members
- ✓ developing and using a well-constructed written lease that protects your interests and that every member, if the club or group is not incorporated, must sign, or if incorporated, that the representative makes sure every member has read and understands.

Remember that after you locate interested lessee(s) ask them to provide a list of references, and use this list to ensure they have not had problems in the past leasing lands from other landowners and are known to be responsible and ethical sportsmen. If the lessee(s) pass this background check, conduct a personal interview with the lessee(s) or their representative, if the group is incorporated. Develop a list of questions in advance that you want to have answered, and don't be afraid to ask tough questions. Then use all the information to make an informed decision about leasing to the lessee(s) and if you think they are willing to accept and abide by the terms of the written lease agreement.

■ *Trespass*

Mississippi law forbids all persons to enter private lands without permission from the landowner. Hunting, fishing, or trapping on land without permission of the landowner is a misdemeanor punishable by a fine and possible imprisonment. The trespass law is enforceable by conservation officers and county sheriffs.

SUMMARY

Recreational access leases have become an important source of alternative income for many forest and agricultural landowners in the South as well as in other parts of the United States. Most forest industry landowners and managers now consider income from recreational access leases as a vital part of their resource and financial decision-making process.

If you as a private landowner consider such leases as an alternative enterprise to supplement your income, you should understand the advantages and disadvantages of the leases. You also must consider and remember you are not selling wildlife, which is publicly owned. You are selling the opportunity and privileges that go with access to your land for the purposes specified in the written lease agreement. Having some idea of the habitat quality and status of wildlife populations on your land will be important in making decisions. The sustainability of

your renewable resources is the key to long-term income potential as well as sustainability of the operation. Recreational access/hunting leases can become an enjoyable and rewarding experience for you (lessor) and sportsmen (lessees) with advance planning, preparation, management, and communication.

As far as the economic potential of hunting leases, the range of returns varies considerably based on the type of lease. One example would be high quality waterfowl blinds leases that bring the highest annual returns per acre of access, versus leases for small game hunting that may be as low as 50¢ per acre, to high quality big game leases that may go for as much as \$25.00 per acre or more in some areas. A recent study of fee hunting in Mississippi reported that for the 1997-98 season, annual net revenues averaged \$3.91 per acre statewide by landowners leasing their lands for hunting.



SAMPLE HUNTING LEASE AGREEMENT

This hunting lease agreement is for educational purposes only. It is important to check with your attorney before writing and signing a binding legal agreement. You may want this lease to be more detailed or include more requirements, or you may want it to be less detailed. If you want to provide other services or rights, such as guides, cleaning game, or allowing the lessee to improve the habitat, you should include those provisions.

STATE OF:

COUNTY OF:

TRACT:

This Lease Agreement (the "Lease") entered into as of the day of _____, by and between _____ hereinafter referred to as Lessor, and _____ a/an (state whether an individual, a partnership, corporation, or unincorporated association) hereinafter referred to as Lessee.

The Lessor agrees to lease the Hunting Rights, as defined below, on _____ acres more or less, to Lessee for _____ (\$_____/Acre), for a term commencing on _____, (the "Commencement Date") and ending on _____ (the "Expiration Date") on the following described property (the "Land").

See Attached Description

The Hunting Rights shall consist of the exclusive right and privilege of propagating, protecting, hunting, shooting and taking game and waterfowl on the Land together with the right of Lessee to enter upon, across and over the Land for such purposes and none other.

This Hunting Lease Agreement shall be subject to the following terms and conditions:

PAYMENT

1. The Lessee shall pay to the Lessor _____, the amount of one (1) year's Rent in full, on or before _____ by check payable to Lessor.

COMPLIANCE WITH LAW

2. Lessee agrees for itself, its licensees and invitees to comply with all laws and regulations of the United States and of the State and Local Governments wherein the Land lies relating to the game or which are otherwise applicable to Lessee's use of the Land. Any violation of this paragraph shall give Lessor the right to immediately cancel this Lease.

POSTING

3. Lessee shall have the right to post the Land for hunting to prevent trespassing by any parties other than Lessor, its Agents, Contractors, Employees, Licensees, Invitees, or Assigns provided that Lessee has obtained the Lessor's prior written approval of every sign designed to be so used. Every such sign shall bear only the name of the Lessee. Lessor reserves the right to prosecute any trespass regarding said Land but has no obligation to do so.

LESSOR'S USE OF ITS PREMISE

4. Lessor reserves the right in itself, its Agents, Contractors, Employees, Licensees, Assigns, Invitees, or Designees to enter upon any or all of the Land at any time for any purpose of cruising, marking, cutting or removing trees and timber or conducting any other acts relating thereto and no such use by Lessor shall constitute a violation of this Lease. This right reserved by Lessor shall be deemed to include any clearing, site preparation, controlled burning and planting or other forestry work or silvicultural practices reasonably necessary to produce trees and timber on the Land. Lessee shall not interfere with Lessor's rights as set forth herein.

GATES/BARRIERS

5. Lessor grants to Lessee the right to install gates or other barriers (properly marked for safety) subject to the written permission of Lessor and the terms and conditions relating thereto as set forth elsewhere in the Lease, on private roads on the Land, and Lessee agrees to provide Lessor with keys to all locks prior to installation and at all times requested by Lessor during the term of this Lease.

ROAD OR FENCE DAMAGE

6. Lessee agrees to maintain and surrender at the termination of this Lease all private roads on the Lands in at least as good a condition as they were in on the date first above-referenced. Lessee agrees to repair any fences or other structures damaged by itself, its licensees or invitees.

ASSIGNMENT

7. Lessee may not assign this Lease or sublease the hunting rights the subject of this Lease without prior written permission of Lessor. Any assignment or sublease in violation of this provision will void this Lease and subject Lessee to damages.

FIRE PREVENTION

8. Lessee shall not set, cause or allow any fire to be or remain on the Land. Lessee covenants and agrees to use every precaution to protect the timber, trees, land, and forest products on the Land from fire or other damage, and to that end, Lessee will make every effort to put out any fire that may occur on the Land. In the event that any fire shall be started or allowed to escape onto or burn upon the Land by Lessee or anyone who derives his/her/its right to be on the Land from Lessee, Lessor shall have the right immediately to cancel this Lease without notice, and any payments heretofore paid shall be retained by Lessor as a deposit against actual damages, refundable to the extent such damages as finally determined by Lessor are less than said deposit. In addition, Lessor shall be entitled to recover from Lessee any damages which Lessor sustains as the result of such fire. Lessee shall immediately notify the appropriate state agency and Lessor of any fire that Lessee becomes aware of on Lessor's lands or within the vicinity thereof.

INDEMINIFICATION AND INSURANCE

9. Lessee shall indemnify, defend and hold harmless Lessor, its directors, officers, employees and agents from any and all loss, damage, personal injury (including death at any time arising therefrom) and other claims arising directly or indirectly from or out of any occurrence in, or upon, or at the said Lands or any part thereof relating to the use of said Land by Lessee, Lessee's invitees or any other person operating by, for or under Lessee pursuant to this Lease. Lessee further agrees to secure and maintain a \$1,000,000 public liability insurance policy in connection with the use of the Land with Lessor named as

insured and with such insurance companies as shall be agreeable to Lessor. This indemnity shall survive the termination, cancellation or expiration of this Lease.

RULES AND REGULATIONS

10. Lessor's rules and regulations attached hereto as Exhibit "A" are incorporated herein by reference and made an integral part hereof. Lessee agrees that any violation of said rules and regulations is a material breach of this Lease and shall entitle Lessor to cancel this Lease as its option effective upon notice by Lessor to Lessee of such cancellation.

Lessor reserves the right from time to time, to amend, supplement or terminate any such rules and regulations applicable to this Lease. In the event of any such amendment, supplement, or termination, Lessor shall give Lessee reasonable written notice before any such rules and regulations shall become effective.

MATERIAL TO BE SUBMITTED TO LESSOR

11. If this Lease is executed by or on behalf of a hunting club, Lessee shall provide Lessor, prior to the execution hereof, a membership list including all directors, officers, and/or shareholders, their names and addresses and a copy of Lessee's Charter, Partnership Agreement and By-Laws, if any. During the term of this Lease, Lessee shall notify Lessor of any material change in the information previously provided by Lessee to Lessor under this paragraph 11.

LESSEE'S LIABILITY RE: TREES, TIMBER, ETC.

12. Lessee covenants and agrees to assume responsibility and to pay for any trees, timber or other forest products that may be cut, damaged, or removed from the Land by Lessee or in connection with Lessee's use of the Land or any damages caused thereupon.

NO WARRANTY

13. This Lease is made and accepted without any representations or warranties of any kind on the part of the Lessor as to the title to the Land or its suitability for any purposes; and expressly subject to any and all existing easements, mortgages, reservations, liens, rights-of-way, contracts, leases (whether grazing, farming, oil, gas or minerals) or other encumbrances or on the ground affecting Land or to any such property rights that may hereafter be granted from time to time by Lessor.

LESSEE'S RESPONSIBILITY

14. Lessee assumes responsibility for the condition of the Land and Lessor shall not be liable or responsible for any damages or injuries caused by any vices or defects therein to the Lessee or to any occupant or to anyone in or on the Land who derives his or their right to be thereon from the Lessee.

USE OF ROADS

15. Lessee shall have the right to use any connecting road(s) of Lessor solely for ingress, egress, or regress to the Land; such use, however, shall be at Lessee's own risks and Lessor shall not be liable for any latent or patent defects in any such road nor will it be liable for any damages or injuries sustained by Lessee arising out of or resulting from the use of any of said Lessor's roads. Lessee acknowledges its obligation of maintenance and repair for connecting roads in accord with its obligation of maintenance and repair under paragraph 6.

SURRENDER AT END OF TERM

16. Lessee agrees to surrender the Land at the end of the term of this Lease according to the terms hereof. There shall be no renewal of this Lease by implication or by holding over.

MERGER CLAUSE

17. This Lease contains the entire understanding and agreement between the parties, all prior agreements between the parties, whether written or oral, being merged herein and to be of no further force and effect. This Lease may not be changed, amended or modified except by a writing properly executed by both parties hereto.

CANCELLATION

18. Anything in this Lease to the contrary notwithstanding, it is expressly understood and agreed that Lessor and Lessee each reserve the right to cancel this Lease, with or without cause, at any time during the Term hereof after first giving the other party thirty (30) days prior written notice thereof. In the event of cancellation by Lessee, all rentals theretofore paid and unearned shall be retained by the Lessor as compensation for Lessor's overhead expenses in making the Land available for lease, and shall not be refunded to Lessee.

APPLICABLE LAW

19. This Lease shall be construed under the laws of the State first noted above.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be properly executed as of the day and year first above written.

WITNESSES:

SAMPLE HUNTING LEASE AGREEMENT

This hunting lease agreement is for educational purposes only. It is important to check with your attorney before writing and signing a binding legal agreement. You may want more details or fewer details than this lease includes. If you want to provide other services or rights, such as guides, cleaning game, or allowing the lessee to improve the habitat, they should be included.

_____, owner of _____ farm, (legal description of the land), County, (state), herein referred to as "Landowner," for good and sufficient consideration, as hereinafter set forth, leases hunting rights on those portions of the _____ farm, hereinafter described, to _____ and others so executing this agreement and hereinafter referred to as "Lessees," on the following terms and conditions:

1. The tract of land, hereinafter referred to as "lease" upon which hunting rights are granted, is the _____ farm described herein consisting of approximately _____ acres.

(description of land with aerial photograph if available)

Lessees understand the location and boundaries of said tract and agree that no hunting rights are granted hereunder on any tract other than the tract herein designated and that no hunting or discharging of firearms shall be done by Lessees while traveling to or from the lease.

2. This agreement and the rights and duties granted and incurred hereunder shall be for a term commencing with the opening of _____ season in 20____, and the closing of _____ season in 20____, as set for _____ County, (state), under regulations enforced by the (state wildlife agency) unless terminated pursuant to provisions of this agreement hereinafter set forth. Provided that either the Landowner or Lessee may cancel this agreement by giving written notice of its intent to do so thirty (30) days prior to the date that rental for the second or third year of the term here provided is due. In which event, Lessee shall be relieved of the obligation to pay further rental under the terms and shall deliver possession of the premises.
3. The consideration to be paid by Lessee to Landowner at _____ County, (state), is \$_____ in cash, one-half to be paid on or before June 1, 20____, and the balance to be paid on or before October 1, 20____. Failure to pay the second installment shall thereupon terminate and cancel the lease and the amount already paid shall be forfeited as liquidated damage for the breach of the agreement. A \$_____ deposit will be required to insure that lease premises are left in a clean and orderly condition. Farm personnel will inspect the premises within 30 days after the lease expires. If cleanup is necessary, the farm will accomplish such, and the \$_____ deposit will be forfeited by the Lessees. If the premises are determined by farm personnel to be clean and orderly, the \$_____ deposit will be returned to the Lessees within 60 days after expiration of the lease.
4. Lessees shall not assign this lease or sublet the leased premises without the written consent of _____.

5. Lessees shall at all times abide by and obey all state and federal hunting laws and regulations and Lessee shall be responsible for the conduct of Lessee's guests or members in connection with said hunting laws and shall be responsible for any violation of said hunting laws or regulations by said Lessee, its guests, or members. Any violation of the hunting laws or regulations of any governmental authority shall give rise to the right of immediate cancellation of this lease by the Landowner upon written notice to Lessees, and in the event of the cancellation of said lease due to violation of game laws by Lessees, its guests or members, no prorata of the rent previously paid shall be made, same to be forfeited as liquidated damages, and Lessees shall, upon receipt of such notice, immediately vacate and surrender unto the Landowner possession of the leased premises.

Lessees shall, during the period in which it has access to the leased premises, continually protect same against trespassers and squatters, and to the best of Lessee's ability have such persons apprehended and prosecuted.

6. This lease agreement is expressly made subject to the "General Conditions of the Lease," which are attached hereto as Exhibit "A," and made a part hereof for all purposes the same as if copied herein verbatim.
7. If Lessees default in the performance of any of the covenants or conditions hereof, including the "General Conditions of Lease," which are attached hereto as Exhibit "A," then such breach shall cause an immediate termination of this lease and a forfeiture to Landowner of all consideration prepaid. The Lessee shall have no further rights under the term of this lease agreement. In the event a lawsuit arises out of or in connection with this lease agreement and the rights of the parties thereof, the prevailing party may recover not only actual damages and costs but also reasonable attorneys' fees expended in the matter.
8. Landowner shall not be liable for any injuries, deaths, or property damage sustained by (1) any Lessees hereto, (2) any employees of Lessees, (3) any business invitees of Lessees, (4) any guest of Lessees, (5) any person who comes to the leased premises with the express or implied permission of Lessees on the _____ farm with permission of the Lessee hereunder except for such injury, death, or property damage as may be sustained directly as a result of Landowner's sole negligence. Lessee hereunder jointly and severally agrees to indemnify Landowner, his agents or employees against any claim asserted against Landowner or any of Landowner's agents or employees as a result of personal injury, death or property damage arising through: (1) the negligence of a Lessee or any persons on the farm with the permission of a Lessee, or (2) through the concurrent negligence of a Landowner or his agents or employees any one or more of Lessees or any person on the _____ farm with the permission of the Lessee.

All minors permitted by Lessee to hunt, fish, or swim on the leased premises shall be under the direct supervision of one of their parents (or guardian) and when children are present on the leased premises, the parents shall be fully responsible for their acts and safety and agree to hold Landowner harmless therefor, regardless of the nature of the cause of damage, whether property or personal injury, to themselves or others.

9. The leased premises are taken by Lessee in an “as is” condition, and no representation of any kind is made by _____ regarding the suitability of such premises for the purpose for which they have been leased.
10. This lease may not be terminated or repudiated by Lessee except by written notice signed and acknowledged in duplicate before a Notary Public by Lessee, and such termination or repudiation shall not be effective until Lessee has mailed one executed copy thereof to Landowner by registered mail and filed the other executed copy thereof for record in the Office of the County Clerk, _____ County, (state). This lease shall be binding upon the distributees, heirs, next of kin, successors, executors, administrators, and personal representatives of each of the undersigned. In signing the foregoing lease, each of the undersigned hereby acknowledges and represents:

- (a) That he has read the foregoing lease, understands it, and signs it voluntarily; and
- (b) That he is over 21 years of age and of sound mind;

In witness whereof, the parties have set their hands this the _____ day of _____, 20____.

LESSEES:	DATE:	LANDOWNER:	DATE:
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

STATE OF _____

COUNTY OF _____

The foregoing instrument was subscribed, sworn to, and acknowledged before me this _____ day of _____, 20____, by _____ and _____.

My commission expires: _____

Notary Public

**EXHIBIT "A," GENERAL CONDITIONS OF LEASE
(EXAMPLES OF OPTIONAL CLAUSES)**

_____ LANDOWNER, LEASE TO _____ LESSEE

These general conditions of lease are applicable to the lease agreement between _____, hereinafter referred to as LANDOWNER, and _____, LESSEE. Lessee and all persons authorized to Lessee to hunt upon the leased premises shall be hereinafter collectively referred to as "Hunters."

1. It will be the responsibility of the Lessee to furnish each hunter or guest with a copy of these general conditions of lease.
2. Lessees understand and agree that the leased premises are not leased for agricultural or grazing purposes and, consequently, taken subject to the rights thereof.
3. Lessee acknowledges that Landowner owns the property herein leased, primarily for agricultural purposes and the growing of timber. Lessee shall in no manner interfere or obstruct Landowner's farming, forestry, or livestock operations.
4. Landowner reserves the right to deny access to the leased premises to any person or persons for any of the following reasons: drunkenness, carelessness with firearms, trespassing on property of adjoining landowners, acts which could reasonably be expected to strain relationships with adjoining landowners, or any other activities which to the ordinary person would be considered objectionable, offensive, or to cause embarrassment to Landowner or be detrimental to Landowner's interest. Failure of Lessee to expel or deny access to the premises to any person or persons after being notified to do so by Landowner may result in the termination of this lease at discretion of Landowner.
5. No hunter shall be allowed to:
 - (a) Shoot a firearm from a vehicle;
 - (b) Erect a deer stand within 150 yards of the boundary of the herein leased premises;
 - (c) Permanently affix a deer stand in trees;
 - (d) Abuse existing roads by use of vehicles during wet or damp conditions.
 - (e) Fire rifles or other firearms in the direction of any house, barn, other improvements or across any haul road located on the leased premises;
 - (f) Build or allow fires on the leased premises, except in those areas specifically designated by Landowner in writing, and, in event, shall be kept fully liable for such fires; and
 - (g) Leave open a gate found closed or close a gate found open.
6. Hunters shall at all times maintain a high standard of conduct acceptable to _____.

HUNTING CLUB BYLAWS

Hunting Club bylaws should contain provisions that govern the day-to-day operation of the club. The bylaws should be adapted to local conditions that affect the club, its relationship with landowners(s), and the well-being of the land and wildlife resources. You should keep the bylaws as simple, concise, and understandable as possible for the benefit of the members and yourself. Some clubs develop bylaws that are too complex and too extensive for the basic needs and are too difficult to manage or enforce adequately. Bylaws should be written to be basic to the operation of the club or group's interest and to add others as needed based on the club/group's growth, changing needs, changing wildlife regulations, or changes you need. Some examples of items that need to be considered when drafting bylaws are as follows:

- ✓ Guest privileges and/or regulations.
- ✓ Safety for members, for the landowners, and/or property.
- ✓ Land management and stewardship of the property.
- ✓ Appropriate disciplinary procedures for all members and guests, if allowed.
- ✓ Rules of the hunt for all participants.
- ✓ Strict adherence to all state and federal wildlife regulations.
- ✓ Functional/operational committees, such as camp operation and maintenance, stand or blind placement and maintenance, food and cooks for organized hunts, and such.
- ✓ Maintenance of appropriate member and landowner(s) relations.
- ✓ If management for quality deer management is a club/group objective, this needs to be made clear in the bylaws.
- ✓ Any club/group self-imposed management requirements, such as no dogs, use of trailing dogs for retrieving cripples, or for chasing deer. Also consider if other species are allowed to be hunted during regulated seasons, such as turkey, squirrels, raccoons, waterfowl and such, and doves.

Obviously hunting club/group bylaws are essential for many organized hunting operations, and if you have concerns about the legality of the bylaws and their enforcement, you may consult a lawyer. Clearly one of the most important considerations must be that all members and invited guests must understand and agree in writing to the adopted bylaws for them to be useful and effective. The items listed above for consideration are not all you need to consider. The list can be expanded based on the desires and needs of you and the membership.

LIABILITY INSURANCE FOR LANDOWNERS AND HUNTING CLUBS

Insurance is a contract where an insurer (insurance company) undertakes to protect the insured (person purchasing the insurance) against loss, damage, or liability from an unknown or possible event. The insured pays the insurer a premium for this coverage.

Liability insurance covers loss because of negligence. It does not cover loss because of an intentional act. You can greatly reduce negligence on most private lands through risk planning.

Liability insurance companies generally limit the total liability of the insurance company to a certain amount, which may be much less than the insured person may suffer. Therefore, liability insurance may not completely eliminate the loss that occurs, but it does reduce the risk of loss.

If you already have liability insurance on your property, you may be able to work with your insurer to add liability coverage for a hunting lease. Your insurer may require that the hunting club or lessees get liability insurance as part of the written lease agreement. You may want to prepare or have an attorney prepare a hunting club disclaimer that all hunting club members or lessees must sign that points out potential risks on the land. Some of these might be an abandoned well, livestock that may need to be avoided, and such. Disclaimers may not be legal, but they do serve to warn lessees of potential risks and may prevent a liability suit if the lessees ignore the identified risks they signed a waiver for.

Many insurance companies offer liability for hunting clubs or for landowners who lease their land for hunting or other recreational access. **The following list by no means includes all sources of information, but it does provide some sources of information about liability insurance, coverage, costs, and comparisons.** Another source you should not overlook is a rider to existing policies to cover recreational access including hunting.

If someone pays for access to your land to hunt or fish or other recreational use, you owe that person certain duties of care, such as posting warnings as to dangerous conditions on the property, including potentially dangerous animals, abandoned wells, old buildings, and other structures. You may be liable for injuries to a hunter caused by another hunter if not you are not covered by insurance. For example, liability may be based on your negligence if you allow too many hunters in a given area, or if you admit an intoxicated hunter who injures another hunter.

■ *Some Known Sources of Liability Insurance*

Southeastern Wildlife Federation's Hunting Club Liability Insurance Program

Contact – Ms. Carol Cash Turner, Insurance Agent, Southeastern Wildlife Federation, P.O. Box 1109, Montgomery, Alabama 36102. Telephone: (334) 832-9453. Premium rates are based on the number of members in the club and the limit of liability selected. SWF offers liability limits of \$300,000, \$500,000 and \$1,000,000 in either Limited or Broad form. The Limited form excludes occurrences between members and/or guests. The Broad form also has \$25,000 Fire Legal Timber coverage. Both forms include a \$25,000 Accidental Death benefit and a \$1,000 medical Expense benefit for each member. There are no hidden charges, and as many as four landowners may be listed as “Additional Insured” at no extra cost. For any landowners over four, the cost per landowner is \$10 plus tax.

Davis-Garvin-Agency

Contact – Dr. Ed Wilson, Account Executive, P.O. Box 21627, Columbia, South Carolina 29221-9961. Telephone: (800) 845-3163, or (803) 732-0060. This agency provides two types of hunting lease liability packages: (1) for an individual hunting club; or (2) for a landowner with a large acreage or groups of landowners representing large acreages. The premium for hunting clubs is determined by the number of members and

guests, with the minimum premium being \$364 for a \$1 million per occurrence liability limit. The premium for large properties or groups of landowners is determined by the acreage involved, with the minimum acreage being 10,000 acres. The rate for a \$1 million per occurrence liability limit varies from 24¢ per acre plus tax for 10,000 to 49,000 acres to 17¢ per acre plus tax for 50,000 + acres.

Bramlett Agency

1000 Energy Center, Suite 104, P.O. Box 369, Ardmore, Oklahoma 73042, (405) 223-7300. This company sells liability insurance for most types of hunting leases.

ISERA (International Special Event and Recreation Association)

Contact – Jim Quist, Underwriting Specialist, 8722 South Harrison Street, Sandy, Utah 84070. Telephone (toll free): (877) 678-7342 or (801)-304-3735. This company insures primarily shooting preserves and shooting ranges.

Worldwide Outfitters and Guide Association, Outfitters and Guides Underwriters Inc.

Contact – Jim Quist, 8722 South Harrison Street, Sandy, Utah 84070. Telephone (toll free): (877) 678-7342 or (801) 304-3735. This company insures primarily guides and outfitters for a variety of outdoor recreation activities, including hunting and fishing.

Outdoor Underwriters, Inc.

Contact – R. Tim Reed, CLU, Outdoor Recreation Insurance, P.O. Box 431, Wheeling, West Virginia 26003. Telephone: (800) 738-1300. This company is affiliated with the Philadelphia Insurance Companies and insures guides, outfitters, hunting clubs, and landowners with hunting leases for up to \$1,000,000 per occurrence.

These are just some examples. Many other insurers may offer such insurance, including your present property insurer through an additional rider. However, the above contacts provide the opportunity to contact these insurers and compare coverage and costs.

For more information, these publications are available from your county Extension office:

P2308 – Natural Resource Enterprises – Wildlife and Recreation, A Checklist of Considerations

P2310 – Natural Resource Enterprises – Wildlife and Recreation, Hunting Leases

SRAC #479a – Fee Fishing: An Introduction

SRAC #480 – Fee Fishing Ponds: Management of Food Fish and Water Quality

SRAC #481 – Development and Management of Fishing Leases

SRAC #482 – Fee Fishing: Location, Site Development, and Other Considerations

The authors wish to express appreciation for permission to use artwork from the Wildlife Management Institute from its publication *Improving Access to Private Land* and to artist Charles Schwartz in the publication *Big Game of North America*.” Excerpts of this publication were adapted from (Yarrow, G.A. 1998) “Developing A Hunting Lease.” Dr. Greg Yarrow is Associate Professor of Wildlife, at Clemson University, Clemson, South Carolina and a former Mississippi State University Extension Wildlife Specialist.



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Publication 2310

Extension Service of Mississippi State University, cooperating with U.S. Department of Agriculture. Published in furtherance of Acts of Congress, May 8 and June 30, 1914. **JOE H. MCGILBERRY**, Director (5M-10-02)

NATURAL RESOURCE ENTERPRISES

BUSINESS TO CONSUMER E-COMMERCE: SELLING ON THE INTERNET

Buying and Selling Online is Here to Stay!

A true story . . . a 40-something woman working full time and living in a small rural town decided during the 1999 Christmas season that she did not have the time or energy to go shopping in the traditional way. This year she vowed she would try an alternative shopping method and purchase ALL Christmas gifts over the Internet. And that's exactly what she did. She found everything she was looking for and more, she saved time, she saved money, she did not have to drive two hours to a mall, she did not have to battle holiday crowds, and everything she ordered was delivered on time and to her doorstep. Her conclusion --- it was the most pleasurable holiday shopping experience she had ever had --- it was the most pleasurable way to shop, period --- and that's the way she intends to shop year-round now.

There's no doubt about it. The way we buy and sell consumer goods is changing -- and it's changing quickly! The reason for the big change can simply be explained with one word, Internet. Estimates indicate that approximately 600 million people are online worldwide. By the year 2005, the global Internet population will reach 1.17 billion. [1] In a report released by the U. S. Department of Commerce, U.S. retail e-commerce, or e-tail, sales for 2003 were 1.6 percent of total retail sales. [3] E-commerce in the U.S. generated \$54.9 billion in 2003, a 26 percent increase over 2002. Research by Forrester stated that e-commerce sales will increase at a steady 19 percent year-over-year rate, rising to \$229 billion in 2008. By 2008, online retail sales will account for 10 percent of total U.S. retail sales.

Why are people buying products over the Internet? A survey of Internet shoppers gave the following reasons [5]:

- Ease of placing an order
- Large selection of products
- Cheaper prices
- Fast service and delivery
- Detailed and clear product information
- No sales pressure
- Easy payment procedure

What are people buying over the Internet? The following product categories are currently selling: [6]:

- Airline tickets
- Hotel reservations
- Computer hardware
- Apparel
- Consumer electronics
- Car rental
- Health/Beauty
- Books
- Music
- Computer software
- Jewelry
- Toys/Video games
- Food/Beverage
- Office supplies
- Flowers
- Linen/Home decorations

- Sporting goods
- Videos
- Appliances
- Furniture
- Tools/Hardware
- Footwear
- Small appliances

What does all this mean to small business? It means the Internet is a new way to expand business opportunities. It is proving to be a great equalizer, allowing the smallest of businesses and those in rural locations to access markets and have a presence that allows them to compete on equal footing. It also means businesses should watch this trend and develop a strategy to position themselves in the new Internet economy. In developing a strategy, first ask, Does the business need a website? and, What does the business want to accomplish by establishing a website? Don't make the mistake of hurriedly creating a website without serious thought and business planning.

Small businesses are using the Internet to create new markets, provide information about products/services 24 hours a day, service customers, get customer feedback, and sell products. Basically, these can be boiled down into three main reasons why businesses establish websites: marketing, customer support, and sales.

Many businesses have sites that create a presence on the web and are what some term a "brochure" site. They serve as an advertising/promotional tool for the business, providing information about the business but not actually selling products online. The Internet has significantly reduced the cost associated with obtaining information about products, and many people use the Internet to research products and then purchase them off line. A website may provide a telephone number and/or fax number for actual ordering. Many companies have found this type of website an effective tool for servicing customers by providing product information and specifications, providing answers to frequently asked questions, and communicating with customers. Some businesses start out with brochure sites and grow into full-service transactional sites.

A full-service transactional website not only creates a web presence, it also is designed for accepting and processing orders online in real time.

Like any other marketing or sales effort, setting up and running a business website will cost money. The cost can range from next to nothing to thousands of dollars, depending on the purpose of the site, size of the site, how much is done in-house, and how much is out-sourced. The bottom line is that a small business with a well thought-out strategy and plan can be doing business online in a short period of time and for a reasonable amount of money.

While the traditional ways of doing business should not be totally abandoned, given current trends and predictions, it is essential that small businesses embrace the use of the Internet as a vehicle for sales. The businesses that position themselves now for a technology-driven future increase their chances of survival.

What Do E-Customers Want?

A true story . . . two years ago a first-time Internet shopper decided to check out amazon.com to see what all the hype was about. While at the site, he had a blast because it was so easy to navigate and he was able to check out books and authors, and read reviews by people just like him. He quickly realized that he literally had access at his fingertips to any book in print. And on top of that, the prices were reasonable! He had so much fun that within 15 minutes he had purchased three books. That same day, amazon.com sent him an e-mail summarizing his order and thanking him for shopping. The next day amazon.com sent him another e-mail letting him know that his

books had been shipped and when to expect them. A few days later, the books were in his hands. The next time he needed a book, it was back to amazon.com. and as the screen popped up, it greeted him with a hello, using his name, and there was even a list of books they thought he might be interested in. He made another purchase, and this time used the 1-click method. In less than two minutes, he had purchased two books. What was all the hype about? A company that puts its customer FIRST in every way!

Do what amazon.com does, and you won't go wrong. Online imitation is not just the sincerest form of flattery -- it's good business. Value the customer above all else. Be customer-centric. Steve Strauss

An important question that needs to be answered before an electronic e-tail website is created is, Who are the people that will be visiting my website? Or, who is my customer or target market? The more you know about your target market, the more you can adjust your website contents. For instance, is the purpose of your website to provide information or to market and sell a product or service? These are two very different objectives and creating a website to address each objective may result in significantly different end products.

Before you start building your electronic storefront, do your homework. Go to the web and look very closely at existing e-tail sites. Evaluate them from a customer standpoint. Here's what customers say they want:

- Clear/accurate product information and representation
- Real-time answers through self-help features and toll-free telephone numbers
- Good prices and clear representation of all charges
- Secure transactions
- Easy to use return/exchange policy
- Quick processing and delivery time
- Elimination of unknowns
- Shopper privacy

A good place to start is with some of the most successful business sites, such as amazon.com and qvc.com. Even if your online business is going to be much smaller in scale than these sites, there are still lessons to be learned from them such as site design from a selling and customer standpoint. In addition, Internet and e-tail customer research can provide guidance in website development. According to a recent report on e-commerce from Forrester [7], exceptional customer service strongly increases future sales through return visits and word-of-mouth. The study showed that 90 percent of satisfied customers are likely to visit again, and 87 percent will tell family and friends about the site. A report by Jupiter [12] said 45 percent of online shoppers choose Web sites based on word-of-mouth recommendations. The Forrester [7] report further indicated that Internet shoppers expect e-commerce sites to have customer service readily available throughout the buying experience.

So when it comes to building an e-tail web store, the question becomes, Precisely what do e-customers want? Internet shoppers want the following:

- Fun and easy to navigate sites -- make the shopping experience at your e-tail site a pleasurable experience by making it user-friendly and easy to navigate. The site should be concise and informative. Potential customers may be reluctant readers, and by encumbering them with volumes of information, you may just encourage them to go elsewhere. Remember the three-click rule: If a customer can't accomplish what he or she wants to do within three clicks, then the system isn't working right. [8]
- Quick download time -- A major complaint among Internet users is long load times. Research indicates that 80 percent of web users cite download time as the number one

problem. [9] Pages should be fast-loading and not keep customers waiting. A couple of seconds is ideal, 10 to 15 seconds is ok, but take more than 20 seconds and your customer is gone. Keep in mind as you design your site that most consumers are connecting to the Internet via slow modems and large graphics increase load times. Recent studies indicate that slow-loading websites cause online consumers to abandon up to 50 percent of online transactions. [10]

- Pages that appear professional -- clean and simple is better than cluttered and complicated. In e-tail, you are selling and your site should be designed to display and highlight what you are selling. The web store should reflect good use of the elements art and principles of design, while at the same time be designed for online shopper usability. Don't get caught up in the latest bells, whistles, glitz, and flash at the sacrifice of service and sales.
- Clear and accurate product information and representation -- since customers cannot actually see, touch, and feel products in person, the graphic representations must be clear and visually accurate. Product descriptions must be thorough and eliminate any guessing. The more clearly and accurately you represent your products on your web store, the less time you will have to spend answering questions about products and restocking returned merchandise from dissatisfied customers.

Another feature that web shoppers find helpful is displaying an in-stock inventory count for products, particularly for items that tend to be in short supply. Shoppers do not want to waste time ordering an item that is not even available. Inventory software is available that can make this an automated function on your website.

- Real time answers through self help features, e-mail, and a toll-free telephone number -- Internet shoppers want answers and they want them quickly. E-mail and the telephone are the most used and the most preferred forms of contact, with e-mail ranking first. In both circumstances, it is key to customer satisfaction that someone be available to answer questions in a timely manner, preferably in real time. Real people providing real time answers add a human touch to doing business. Even online shoppers still prefer doing business with real people. According to a study by Jupiter Communications, 47 percent of people are more likely to buy online with the addition of real time interaction. [11]

However, many Internet shoppers prefer to find the information about products themselves. Provide easy-to-find answers to anticipated questions such as product information, minimum orders, shipping, warranties, and pricing schedules. You must design your storefront so customers can easily find answers to their questions at your site, not your competitors. Offer self-help through the use of searchable databases, online videos, and frequently asked question and answers sections.

Ideally, web-based customer service should include both self help and real time or live help capabilities. [11]

- Good prices and clear representation of all charges -- price is a major factor in closing a sale, so your prices must be competitive. Any additional charges such as shipping, handling, special delivery, gift wrapping, custom or special orders, etc. should be clearly presented to the customer.
- Payment options -- most Internet shoppers want to buy online in real time; however, there are people who prefer to purchase using an alternative method. Offer customers various means of ordering and paying for the items they select. You should offer the visitor

the opportunity to order online, by telephone number (preferably a toll-free number), by fax, or by mail.

- Secure transactions -- customers consistently indicate credit card security is a primary concern when shopping online. Statistics indicate that you lose 50 to 60 percent of potential sales when you don't offer a secure transaction site. Include a statement about your website's security system to help alleviate fears of using a credit card online to make a purchase.
- Easy to use return or exchange policy -- online shoppers want the same or even better return and exchange policies that they are used to receiving in traditional retail. Your return policy should be clearly stated on your e-tail website and should be as liberal as possible given the merchandise you are selling.
- Quick processing and delivery time -- "we want it now" is the motto of Internet shoppers. It is critical that you have a delivery plan and system in place before you go online with your business. Inform customers as to when they can expect delivery at the time they place the order and after they place the order. Send another email message the day the product is actually shipped. Follow-up communication via e-mail is a frequently used and proven model for e-commerce.
- Shopper privacy -- many consumers are concerned about protecting personal information and are leery about how the information they provide at e-tail sites might be used. Consider posting a privacy statement or policy on your website, explaining to customers what information you collect about them and how you use it. Remember that from an ethical standpoint, if you post a policy, it is your responsibility to follow it.

Getting Started Building A Web Store

Usability rules the web. Simply stated, if the customer can't find a product, then he or she will not buy it. The Web is the ultimate customer-empowering environment. He or she who clicks the mouse gets to decide everything. It is so easy to go elsewhere; all the competitors in the world are but a mouseclick away. Jakob Nielsen

As with any business venture, there must be something to sell -- a product, service, or combination of the two. And as with any business venture, the more planning that goes in on the front end, the higher the chance of business success. These same principles hold true for e-commerce, whether it be a new virtual business or an existing business wanting to expand by selling via the Internet.

The information covered in this document provides the basics of how a small business can establish an electronic retail website. This information is intended as a starting point for the many businesses thinking about going online but don't know where to begin. Establishing and maintaining an e-commerce website takes a lot of research, planning, and plain old hard work. However, the rewards can be great!

A small business venture that establishes a website or web store that represents their products AND actually accepts and processes orders online is called a transactional e-tail website. This type of online selling basically requires:

- a domain name/web address
- a web store
 - online product catalog
 - ordering system/shopping cart
 - merchant account/payment processing

- customer communication system
- tracking system
- a web server/host
- site marketing

Domain Names

Early in the process of setting up an e-tail site, you need to decide on the domain name for the business, which is the name that will be in the URL (universal resource locator). The URL is the web address or location on the Internet for your e-tail website -- www.yourname.com. The name you choose is important. It should reflect what you sell and be easy for customers to remember. Once you have chosen your name, the next step is to see if it is available. If the name is available, you need to register it. Domain name extensions most commonly used for business sites include:

- .com - a general domain extension intended for commercial use;
- .net - a general domain extension primarily used for Internet infrastructure organizations/companies;
- .org - a general domain extension primarily used for not-for-profit organizations;
- .biz - a general domain extension intended for businesses;
- .info - a general domain extension intended for both commercial and non-commercial use;
- .pro - a restricted domain extension intended for use by certified professionals and professional entities.

There are free websites that allow you to search domain names and determine if a specific URL has already been registered. For example, the register.com and networksolutions.com sites allow you to search domain names to determine if a particular website address has been registered.

If the name has not been registered, you can register the domain name with one of the many registrars (companies that can provide domain name registration services). To view a list of all entities accredited by ICANN (Internet Corporation for Assigned Names and Numbers) to register names in .com, .net, and .org, refer to the ICANN List of Accredited and Accreditation-Qualified Registrars.

Registration gives you the right to a particular domain name for a specified number of years after which it has to be renewed annually. Currently, initial and renewal registrations are available in one-year increments, with a total registration period limit of ten years. Compare the different companies fees and accreditation and use the one with which you feel most comfortable.

According to InterNIC, the Internet domain name system (DNS) consists of a hierarchically organized directory of all the domain names and their corresponding computers registered to particular companies and persons using the Internet. When you register a domain name, it will be associated with the computer on the Internet you designate during the period the registration is in effect.

Registering your domain is a simple process that can be accomplished in a short time, so put your time and effort into coming up with just the right name. You have heard the saying, What's in a name? -- Everything! When it comes to selling on the Internet, this can be very true. Your customers need to know how to reach you without having to think about it. So choose a name and choose it carefully -- think like a customer!

It is important from a business standpoint to have your own unique domain name. Using your company's name or your product's name in your domain name makes it easy for customers to recall and remember the name at a future date. Including additional characters or words in the domain

name only increases the likelihood of customers not being able to accurately recall your complete domain name. Some web hosting services and electronic shopping malls will help you get your site up and going, but your name is embedded within their domain name -- www.theirname/your-name.com. Try to avoid this set up because it is often hard for customers to find your site and hard to build your own web identity.

Another issue to consider is buying multiple domain names or variations of the name you choose. For example, if you were growing and selling all varieties of red roses, a natural choice would be redroses.com. Variations might be red-roses.com, redrose.com, etc. You may also want to consider registering the name as a .com, .net, and .org. That means you have to register (and pay for) each domain name separately. However, from a business standpoint, that is a small investment to protect yourself from lost sales to a competitor who registers a variation of your domain name to draw your customers to their site. If you do register multiple domain names, each domain name can be structured so that it directs the customer to a single website. Registering multiple domain names does not necessarily mean multiple websites have to be developed.

[Note: For more detailed information and answers to frequently asked question regarding domain names, go to the U.S. Department of Commerce's InterNIC, website.]

Online Product Catalog

Your web store is more than just a website -- it must be designed from an e-tail perspective and contain features that make it easy to access and buy products. First it needs to contain an online product catalog that offers good quality and accurate graphic representation of each product you are selling. This is fundamental to selling on the web. Remember that customers cannot touch and feel your products, they can only see what is up on their screen, so products must look good and make customers want to buy them. (Many businesses that are already selling via mail order catalogs are a natural for selling on the web. They already have a print catalog that they can adapt to a virtual catalog as well.)

Keep in mind that download time for any website should be quick. Internet shoppers are impatient and don't want to wait more than a couple of seconds. Keep your graphic files as small as you can without distorting your product images. Many sites use small graphics that when clicked, open to a larger view of the product.

Ordering System/Shopping Cart

Incorporate an ordering system that is easy to use to allow customers to pick and choose the products they want to order from your online catalog. To date, the most successful online shopping model is the shopping cart ordering system. The electronic shopping cart is modeled after the way most of us shop for groceries in the United States -- with a cart that we fill with products as we push it around the store. The online shopping cart system allows customers to place items they choose into their own personal virtual shopping cart. When online customers are through shopping, they then proceed to check-out where items are totaled, including shipping/handling and any other charges. If you are building your own web store, there are many software packages available that utilize the shopping cart model. Shopping cart software ranges in price from free to thousands of dollars depending on the quality and functionality. Look for a fully integrated software package that takes the process all the way from product selection to order total.

Merchant Account/Payment Processing

Many online businesses have had difficulty establishing a "merchant account," a special type of bank account that holds the proceeds from credit card transactions. Without a merchant account, web businesses can't accept credit cards and may miss out on more than 60 percent of their sales

opportunities. David Johnson

Currently, credit cards are the quickest and most efficient way to accept payment for online purchases. The two ways for accepting credit cards for online purchases are manual processing and real time processing. In manual processing, the online customer enters the credit card number for payment of purchase. The information is sent to you and the transaction is processed by hand with a terminal keypad. You enter the numbers into the terminal where it then connects to a processing network and returns the status as approved or declined.

In real time processing, the customer enters the credit card number and the transaction is processed entirely online. After the transaction has been completed, the processor will deposit the money from the transaction into your bank account. The process for accepting real time credit card payment via the Internet requires communication between your web store shopping cart and payment processor using your merchant account. It is critical that these functions are compatible with one another.

Either way, you need to set up the ability to accept credit card payments online by establishing a merchant account and a way to process payments. There are many services set up to do this for small e-tail businesses. Go to a search engine and type in "merchant account" and a long list of merchant account and processing service providers will come up. Compare and evaluate companies in terms of costs (set-up fee, per transaction fee, percentage of sales, monthly/annual fee), secure transactions, how long they have been in business, compatibility with your system, and the services they provide (an impartial listing of merchant account providers can be found at MerchantWorkz.com). It is easiest and simplest to go with a fully integrated service that provides you with the merchant account and payment processing at a secure location; however, this can be more expensive.

From a customer standpoint, having a secure site where they actually submit their credit card number is critical. This is done by using a SSL (Secure Socket Layer) secure server where the transactions take place. Insuring secure transactions is currently the number one customer issue when it comes to buying online. Experts say that you lose 50 percent to 60 percent of potential sales when you don't have a secure transaction site.

Customer Communication System

In addition to an ordering system, your web store needs to incorporate a way to communicate with customers. There should be a telephone number on each web page where customers can call with questions and there should be an easily accessible e-mail system where customers can send questions. A recent study by Forrester indicated e-mail and the telephone were the most-used and the most-preferred form of contact, with e-mail ranking first. In both circumstances, it is key to customer satisfaction that someone be available to answer the questions in a timely matter --- within 24 hours or less. Remember, your competition is just a click away!

The communication system you incorporate should have a mechanism that e-mails customers once they have placed an order, thanking them and letting them know when to expect shipment. The customer database can also be used to send customers information about new products, sales, etc. This communication system should be as automated as possible.

Tracking System

In addition to a communication system, the web store should incorporate a system that tracks each customer order from placement through delivery.

Web Server/Host

Once your e-tail website is designed and ready to go, you must have a place for it to reside, or an ISP (Internet Service Provider) to host it. The two basic choices are to purchase your own web server or “rent” space on a web server. The key word here is web server -- not just any server will do. The first choice, buying your own server, can be costly both in initial hardware and software and in maintaining the system. If you don't have the necessary skills, you will have to hire someone to set up and maintain your server for you, and that can be quite expensive. Most small businesses choose to rent space on a server. Either way, you will pay a monthly fee to an ISP to host your site or your server. It is important to start locating the ISP while you are working on your web store. Don't wait until you have your web store done. Make sure that the service provider has adequate space, bandwidth, reliability, knowledge, and capability to handle a transactional e-tail website.

Outsourcing and Web Building/Hosting Services

Many e-commerce solutions providers have teamed up with ISPs and Web hosting services, a trend that is certain to make it very easy for you to find a one-stop solution for doing business on the Internet. These new partnerships often combine site hosting and store set-up and credit card processing into a single package specifically designed for e-commerce beginners. E-Commerce-Times

At this point, if you have decided that you do not have the time, talent, staff, or inclination to build your e-tail website in-house, then do what many small businesses do and out-source it to a company or person with expertise in building websites. Make sure that whoever you hire not only knows how to build websites, but they also know how to build e-tail websites. There is a lot more to building a site for doing commerce on the Internet than building a personal web page or an informational web page for a business. Always take an online look at work they have done and evaluate it before you hire someone for your business. The cost to out-source your website design will vary from a couple hundred dollars to thousands of dollars depending on the complexity of site, size of site, who you hire, and what you want done.

Another option -- what some call the “one-stop” method of getting an e-tail website up and going for minimal costs and in minimal time -- is to use a web building/hosting service. These are services that take you through the entire process of setting up your web store starting with securing your domain name and going all the way through the marketing of the site. These companies provide templates for designing your web store, shopping cart software, forms, a place to host your site, a source for setting up a merchant account and processing, secure transaction locations, and more. Go to a search engines and type in “web hosting service” and a long list of web hosting service providers will come up. Compare and evaluate companies in terms of costs, services they offer, and ease of use. This is a real option for many small businesses, especially those companies that don't have a large number of different products to sell, have a small budget dedicated to this effort, or just want to start out on a small scale.

Design and Technical Considerations

There are many design and technical issues that need to be considered when designing a website. The more knowledge you have before building your site, the better your site will be. The following are some of the more critical issues to consider:

- **Bandwidth** -- bandwidth affects the speed with which a user can access the Internet. The dominant design criterion should be download speed in all web projects until about the year 2003. [5] Design your website for the masses aiming at optimal usability over a 56K modem. Apply the KISS rule to your website -- Keep It Short and Simple! The more you use large graphics, animation, video streaming, audio streaming and other multime-

dia design features, the slower the download time. Recommendations are to keep page sizes (file sizes) below 34K to prevent loss of viewers. [5] Internet customers don't like to wait!

- **Browser Compatibility** -- design your website so that it looks good on all browsers. What looks OK on Netscape might not look OK on Internet Explorer or AOL browsers. And what looks OK on Netscape 4.0 might not look OK on Netscape 3.0.
- **Color Palette** -- color configuration varies from computer to computer from multi-million color displays to 256-color and 16-color monitors. For consistence in graphical appearance, it is recommended using a 256-color/16-color default in your web design.
- **Continuity** -- the overall look of the website should be consistent from page to page. There should be a unified look and feel as the user navigates within the site. Pages should incorporate similar layout, logos, fonts, colors, styles, graphics, etc., creating a comfort factor and a sense of familiarity with customers.
- **Frames** -- avoid using frames in the design of your site. Frames decrease the dynamic space you have to work with, thereby decreasing the amount of space for featuring products. They often present navigation problems for the user, some browsers cannot print framed pages accurately, and search engines have trouble with framed sites.
- **Home Page** -- the most prominent design element on the home page should be the name and logo of the company. They should also appear in smaller scale on every page of the website. In addition, a business website should provide customers with a brief description of the business and available products. Briefly describe any unique aspects of your business from inception to the current operation to include unique manufacturing, service, distribution, and other processes. This type of seemingly useless information provides your company the opportunity to differentiate itself from competing products. Be careful not to overdo it; too much seemingly useless information may actually become useless if you cannot retain the customer's interest.
- **Navigation** -- use directories, site maps, and navigation bars throughout your site. Be consistent in your format from page to page. The goal is to enable customers to move around your site with ease. No matter where a customer is on the site, they should be able to get wherever they want to go quickly. According to an internetday.com article 20 to 40 percent of users don't purchase because they can't figure out how to easily move around the website.
- **Page Width** -- do not design for a specific screen width. Experts recommend creating page layouts that will work across a range of window sizes -- a resolution-independent page which can adapt to various screen sizes. However, if this is not possible or you do choose to design for a specific size, at least for the immediate future stay with the current standard page size of 800 x 600 pixels. Currently, about 93 percent of the web population can view a page at 800 x 600 without unnecessary scrolling. [13] Taking into account the actual viewable browsing area, this means you would design pages that are about 770 x 430.
- **Readability** -- design your site so that it is easy to read. The background should not impair the visitor's ability to read and see the information on the page. Use colors with high contrast between the background and text. For example, a black background with dark blue text can make reading extremely difficult. Don't use patterned backgrounds that interfere with the ability to read information and see products. Use fonts that people can see and read easily. Be brief, concise, and succinct in your writing. Make your words

count. Use short paragraphs and bulleted lists. The rule of thumb when writing for the web is to reduce by 50 percent the amount of text used to write the same material for print.

- Screen Compatibility -- screen size and resolution vary from user to user. Design your website so that it will look good on all screen sizes and screen resolutions.
- Text Only Default -- ten percent of Internet users are using text-only browsers. A well-designed website will include a text-only option that will display alternate information for browsers without graphics capability. In addition, a text-only version of your site makes it easier for visually-impaired users to access your information with a talking browser that reads the text aloud.
- Accessibility -- a website should be designed so that it is accessible to people with disabilities. For example, consider the following design issues that affect Web site accessibility:
 - The visually impaired use special readers that read only text.
 - Blinking text can trigger seizures in some visitors.
 - Poor color choices may render text unreadable to color blind visitors.
 - Mouse-dependent site navigation can be difficult for visitors with physical limitations.
 - Information contained in sound clips is inaccessible to hearing-impaired visitors.
- Bobby is a web-based tool that analyzes web pages for their accessibility to people with disabilities. The Center for Applied Special Technology (CAST) offers Bobby as a free public service in order to further its mission to expand opportunities for people with disabilities through the innovative uses of computer technology. To analyze your web site, go to www.cast.org/bobby and type in the URL of the page that you want Bobby to examine and click submit. Bobby will display a report indicating any accessibility and/or browser compatibility errors found on the page. Additional information regarding accessibility for the disabled is available through the Web Accessibility Initiative (WAI).
- User Interface -- a website must be easy to use, period. Ease of navigation is critical. And the easier and more logical you make this process on your site, the happier the user will be. Navigation interfaces need to help customers answer three fundamental questions relative to the web as a whole and relative to the site's structure [5]:
 - Where am I?
 - Where have I been?
 - Where can I go?

There are several excellent books on the market that address these issues and more:

Collaborative Web Development: Strategies and Best Practices for Web Teams
Jessica R. Burdman

Designing Large-Scale Web Sites: A Visual Design Methodology
Darrell Sano

Designing Web Usability: The Practice of Simplicity
Jakob Nielsen

Information Architecture for the World Wide Web

Louis Rosenfeld and Peter Morville

Designing Large-Scale Web Sites: A Visual Design Methodology
Darrell Sano

Web Concept & Design: A Comprehensive Guide for Creating Effective Web Sites
Crystal Waters

Site Marketing

So the storefront is open, the banner is flashing, the products are ready, but the cart is still empty. What to do? How do you get customers to your site? Don't despair. There are many ways to drive eyeballs to your new e-commerce site. Steve Strauss

"Build it and they will come!" They may, and then again, they may not. You must put some effort into marketing your e-tail web store. Many companies are not satisfied with their website as a marketing and sales tool. It is not unusual for a business to expend significant resources constructing a professional website only to leave it unattended. To make your website work, it must be a critical part of your marketing plan and receive the same attention other components receive. The website needs to be updated periodically and marketed continually to be successful. There are millions of websites on the Internet, and without rigorous marketing, the chances of your site generating the desired level of customer traffic and/or sales is quite small. The key is to get your site known so potential customers will come and take a look. There are several things that you can do to increase the hits on your site.

Submit your site to the "big 3" search engines (alltheweb, alta vista, and Google), and the Yahoo! directory. You need to be listed with the search engines because this is the number one way people find sites selling products they are interested in purchasing. It is estimated that 85 percent of all web users find sites via search engines [7]. To submit your site, go to the main page of the search engine and click the button for site submission. For example, yahoo.com has a "How to Suggest a Site" link at the bottom of their page that takes you to a page of instructions on how to do it.

When you submit your URL to search engines, don't expect your site to show up immediately. Some search engines take a while before your listing shows up. A month or so after submitting your URL to search engines and directories, check to make sure it is listed properly. Some search engines and directories have links that allow you to verify that your website has been registered. Don't stop there; it is important to frequently check on your website pages as pages sometimes disappear, dead links may develop or the page may be deleted from a search engine or directory catalog.

For optimal indexing of your website by search engines, Dr. R. F. Wilson of Web Marketing Today recommends the following:

- Write a Page Title. Write a descriptive title for each page of five to eight words. Remove filler words from the title, such as "the" and "and." This page title appears on the Web search engines when your page is found. Entice surfers to click on the title by making it a bit provocative. Place this at the top of the Web page between the <HEADER></HEADER> tags, in this format: <TITLE> Web Marketing Checklist -- 26 Ways to Promote Your Site </TITLE>. Hint: use some descriptive keywords along with your business name on your home page. Instead of "Acme Cutlery, Inc." use "Acme Cutlery -- Pocketknives, Butchering Sets, and Kitchen Knives." The more people see in the blue highlighted portion of the search engine that interests them, the more likely they are to click on the link.

- **List Keywords.** To get your juices flowing, sit down with some associates and brainstorm a list of 50 to 100 keywords or keyphrases -- the kind of words or phrases someone might search on to find a business or site like yours. Then refine the list to the most important 20 or so. Place those words at the top of the Web page, between the <HEADER></HEADER> tags, in a META tag in this format: <META NAME="KEYWORDS" CONTENT="promoting, promotion, Web marketing, online sales ... ">. Note, however, that some research on search engine algorithms indicates that a fewer number of keywords may help you better target the most important search if you're working to increase your page's ranking on the search engines. Consider using both lowercase and capitalized forms of your most important words, since some search engines are capitalization-specific. Make sure you don't repeat any word more than three times so you're not penalized for "keyword spamming."
- **Write a Page Description.** Select the most important 20 keywords, and write a careful 200 to 250 character (including spaces) sentence or two. You don't need to repeat any words used in the page title. Keep this readable but tight. Eliminate as many filler or throwaway words as you can (such as: and, the, a, an, company, etc.) to make room for the important words, the keywords which do the actual work for you. Place those words at the top of the Web page, between the <HEADER></HEADER> tags, in a META tag in this format: <META NAME="DESCRIPTION" CONTENT="Increase visitor hits, attract traffic through submitting URLs, META tags, news releases, banner ads, and reciprocal links">.
- It is important to resubmit a web page after major changes have been implemented. By resubmitting the page, search engines and directories have the opportunity to index your new page. The new index may significantly impact your search engine results ranking or place the page in another category. Resubmitting a website after significant changes have been made is one way to ensure that your site's content is current within the various search engines and directories.

[Note: The following websites have excellent information on the subject of web marketing via search engines, meta tags, etc. -- searchenginewatch.com, searchengines.com and <http://home.eol.ca/~lillyb>]

Reciprocal linking and cross promotion -- if you provide a link to my site, I will provide a link to your site -- is another way to increase traffic to your site. This takes full advantage of the way the web works. It is well known that word of mouth is a powerful form of advertising. With the web, verbal referrals are replaced with links or click referrals. A recent study by Forrester showed that 90 percent of satisfied online customers are likely to visit again, and that 87 percent will tell friends and family about the site.

Affiliate programs are becoming an extremely good way to generate traffic and revenue. An affiliate program works like this: You sign up to become an affiliate of a company (for example, amazon.com) on the web. Once you become an affiliate and provide a link to their site, any time someone visits them via your link and makes a purchase, you receive a percentage of the sale. It costs you nothing to do this, and you can use an affiliate program to promote your own site. You would give affiliates a percentage of sales they generate by linking customers to you. Tracking is crucial to affiliate programs, and you would have to incorporate such a system into the design of your site if you go with this type of program.

Advertisements are another way to increase traffic and to generate revenue. You can purchase ad space on sites that receive a lot of traffic, hoping to capture potential customers to your site, or you can sell ad space on your site to others. Don't forget to include your URL or web address

with your traditional forms of advertising and on all collateral business material such as radio, television, print, business cards, brochures, stationary, fax cover sheets, invoices, quotes, etc. www.yourname.com should be highly visible in all aspects of your business. Including your Web address on all business material allows you to expose current and potential customers to your address. The key is to get your Web address in front of as many people as possible.

The Bottom Line

The bottom line in business is, of course, profit -- and profit from e-tail is achieved by:

- getting customers to come to your site,
- getting customers to make a purchase once they get to your site, and
- getting customers to return to your site and purchase again, and again, and again!

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Making Federal Farm Programs Work for You

by Wes and Leslie Burger

As a society, and as individuals, we think of sustainable wildlife populations as an integral component of a healthy environment. We value our encounters with wildlife of all kinds. Whether the sound of rushing wings in a covey rise, the twitter of songbirds about a backyard feeder, or frogs croaking from quiet backwater, all have intrinsic value that is worth protecting. However, as urban areas expand and production demands increase, remaining rural areas face additional pressure to meet commodity, financial, environmental, and recreational demands. Increasingly, the future viability of the environment in the U.S. is inextricably linked to land use decisions by private landowners. A recent study of motivations of non-industrial forest landowners in the Southeast reported that nature/aesthetics, family, and recreational opportunities were among the primary values of ownership. Economic returns, although important, ranked number 6 behind these more intangible values. Yet only 3% of landowners had a written management plan that prescribed how they intended to achieve their conservation objectives.

Conservation planning is becoming more complex as producers, land owners, government agencies, industry, and conservationists work to implement cost-effective production systems that meet landowner and world demands, compete in global markets, and yet maintain the integrity of natural ecosystems. This process is further complicated by the realization that the health of local wildlife populations and ecosystems is not only influenced by local environmental conditions, but also by conditions of the landscape at larger scales (such as watershed or regional levels).

In recognition of these complex and seemingly competing factors, the Natural Resources Conservation Service's (NRCS) Watershed Science and Wildlife Habitat Management Institutes recently published *Conservation Corridor Planning at the Landscape Level: Managing for Wildlife Habitat, Part 190* National Biological Handbook (<http://www.wsi.nrcs.usda.gov/products/tools.html>).

The NRCS, an agency within the United States Department of Agriculture (USDA), provides assistance to private landowners who voluntarily participate in federal conservation programs. The Corridor Manual gives an overview of the principles of landscape ecology and shows how these principles can be applied to planning at watershed and larger scales.

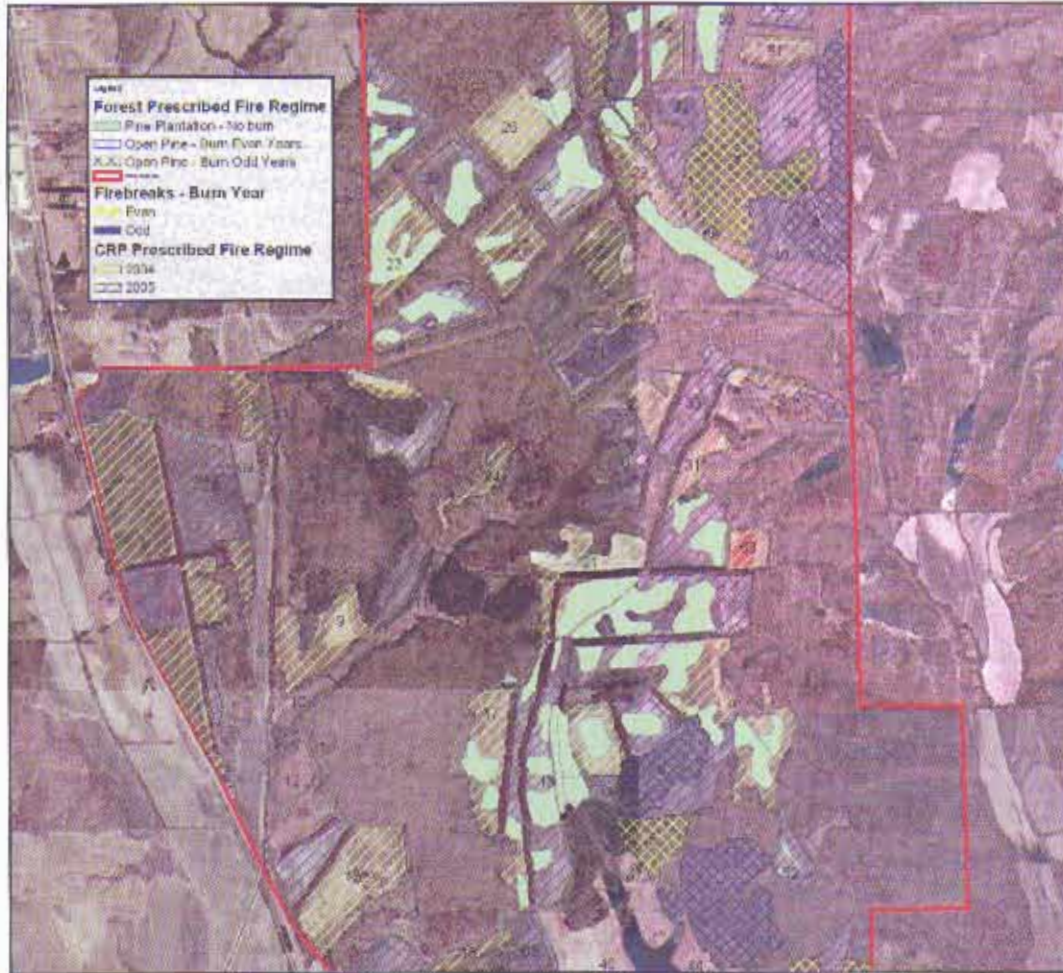
Ultimately, the success of area-wide conservation planning is a function of the success of conservation planning and implementation at the farm or property level. However, many landowners do not have a clear vision of their land management objectives or the practices and financial means by which they will achieve these objectives. Federal farmland conservation programs are an important vehicle for accomplishing conservation on private lands. Numerous studies have shown that lands enrolled in federal conservation programs, such as those administered by the USDA, can provide wildlife habitat and contribute to the stability or enhancement of some wildlife populations.



Annual mowing of grass CRP fields eliminates winter roosting cover and early season nesting cover and creates dense duff layer. Provides poor habitat for bobwhite.



Unmanaged grass CRP fields develop dense stands of grass with deep litter accumulation and little bare ground. Provides poor habitat for bobwhite.



Management plan map illustrating prescribed fire regime on CRP grasslands and thinned mature pine stands. CRP prescribed fire cost-shared with CRP mid-contract management practices, mature pine prescribed fire cost-shared with WHIP.

However, despite the potential conservation benefits of programs such as the Conservation Reserve Program (CRP), millions of acres of CRP provide relatively poor wildlife habitat. This is often because the landowner did not have a vision of the wildlife habitat objectives they intended to accomplish with their program enrollment. Proverbs 29:18 says "Where there is no vision, the people perish." The same could be said of wildlife populations. Producing wildlife habitat through federal conservation programs requires a vision of desired outcomes.

The value of conservation program lands as wildlife habitat will vary with target animal species, the size and shape of the enrolled parcels, the cover crop selected, the land management regime employed, and the surrounding landscape. For example, in the Southeast

today more than 980 thousand acres are enrolled in mid-rotation CRP pines (CP11). Many of these stands provide relatively poor wildlife habitat because they are densely stocked, closed canopy pine stands with dense accumulation of litter and no herbaceous ground cover. In short, they are unmanaged. Studies of CRP pine plantations in the Southeast have shown that active management, including thinning, selective herbicide, and prescribed burning, increases ground cover of grasses, forbs, and legumes, biomass of preferred deer forage, nutritional quality, and abundance and diversity of bird species, particularly regionally declin-

ing early successional species. In the Southeast, another 769 thousand acres are enrolled in CRP as either exotic forage grasses or existing grass (CP1 or CP10), much of which is fescue or Bermuda. Exotic forage grasses provide relatively poor habitat quality for grassland birds and lack of management results in dense grass-bound fields. Studies of CRP grasslands in Kentucky, Mississippi, and Missouri, have shown that eradication of exotic forage grasses and conversion to native grasses substantially enhances habitat quality for bobwhite. In the Southeast, even those CRP fields that are not planted to pine trees or forage grasses are seldom intentionally managed. This limits their wildlife habitat value. Studies in Kentucky, Mississippi, and Missouri have shown that on CRP fields without fescue or Bermuda grass, disking and prescribed fire improve wildlife habitat quality by reducing litter accumulation and increasing bare ground, abundance of legumes and seed-producing annuals, and insects. The point is, that simply enrolling land in a conservation program and establishing the prescribed cover does not equate to wildlife habitat. Careful selection of both a cover crop and management regime determine the quality of the wildlife habitat produced. Wildlife habitat does not happen by accident.

These landowners did not intentionally set out to create poor wildlife habitat, they just signed up for a program without much thought as to how it might affect their wildlife management objectives. For many private land-holdings, the management practices employed on their property are driven by the requirements of the specific conservation program in which the landowner enrolled. These practices may or may not meet the producers stated or unstated objectives for the property; they are simply required by the program in which he has elected to enroll.

Objective-driven Planning Process

The USDA-NRCS National Planning Procedures Handbook (NPPH) and the Corridor Manual provide an alternative to this approach. This objective-driven approach is illustrated in a new planning product from the NRCS Wildlife Habitat



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Management Institute, called "Creating Early Successional Wildlife Habitat Through Federal Farm Programs" (<http://www.whmi.nrcs.usda.gov/technical/fieldborder.html>). Under this objective-driven approach, landowner objectives drive management



Strip disking renovates dense sod-bound grassfields, creates bare ground, can stimulate germination of important annual weeds and legumes. Strip-disking is a cost-shared mid-contract management practice on CRP fields.

NRCS Planning Process

Pre-planning

- Identify conditions that triggered the planning process
- Collect materials and information needed for planning process

Phase 1. Collection and analysis at the conservation planning scale

- Step 1. Identify problems and opportunities
- Step 2. Determine objectives
- Step 3. Inventory resources
- Step 4. Analyze resources

Phase 2. Decision support at the conservation planning scale

- Step 5. Formulate alternatives
- Step 6. Evaluate alternatives
- Step 7. Make decisions

Phase 3. Application at the conservation planning scale

- Step 8. Implement the plan
- Step 9. Evaluate the plan

practices, and management practices lead to conservation program selection, instead of program requirements driving management practices. In this scenario, the landowner's objectives for the property are clearly defined, the desired state of the landscape is visualized, the management practices required to produce this landscape are identified, and then the conservation programs under which these practices can be implemented are selected. Often, the necessary management practices can be accomplished under more than one government program, and in many cases, conservation practices from multiple programs are required to meet landowner objectives. Additionally, various programs differ in their eligibility requirements, cost share, incentive payments, or duration. This approach allows selection of programs that optimize both wildlife and economic objectives.

Clearly, this scenario is more involved than simply signing up for an appropriate conservation program and planting the required cover crop. However, this method has the additional benefits of providing quality wildlife habitat, improving overall local environmental quality, maximizing financial incentives as well as maintaining adequate commodity production.

The NPPH and the Corridor Handbook thoroughly describe a 9-step planning process (see side bar) that assists landowners in implementing objective-driven, rather than program-driven, management on their property. A brief summary of this process will be introduced here.

The process begins with meetings between the landowner and a natural resource professional to identify and document the resource problems and opportunities of the property under consideration (Step 1). If federal farm programs are involved the NRCS District Conservationist will be an essential resource professional. However, if wildlife is a landowner objective, a competent wildlife biologist should be involved early in the process. Additionally, in the Southeast, most wildlife management involves forested lands, therefore, a competent registered forester should provide input. The resource professionals help the landowner to identify their objectives. These objectives, including production and conservation concerns, are clearly outlined and recorded (Step 2). The next steps require gathering all necessary information (Step 3) and analyzing the current,

baseline conditions of the area with respect to landowner objectives (Step 4). This process will include identifying the presence or distribution of wildlife species of interest, mapping existing plant communities and land use types, and inventorying those resources specifically related to the landowner's goals. Aerial imagery and Geographic Information Systems (GIS) are indispensable tools for this step. It is important at this stage that the resource professional have a good understanding of the basic habitat requirements of the focal species. To be effective, District Conservationists need an understanding of basic wildlife biology and wildlife biologists need an understanding of federal farm programs. Landowners may need to put together a team of resource professionals that bring the desired set of skills to the planning table. This baseline information is then used to make comparisons between existing conditions and potential future opportunities that might be accomplished through management (Step 5). These comparisons allow for formulating various alternative management regimes that address the landowner's objectives (Step 6).

The alternative management scenarios are evaluated individually to determine their ability to solve resource problems, meet the landowner's objectives, and provide financial compensation and incentive. Finally, a conservation management system is finally selected (Step 7), and the landowner should have adequate information and understanding to implement, operate and maintain the planned conservation system (Step 8). Periodic evaluations of the success of the plan, including ecological, economic, and social values, will need to be performed, and, if necessary, adaptations made to the plan.

Case Study

Perhaps the best way to illustrate the methodology of this planning process is through an example from actual experience. The authors worked with a landowner who acquired a 3100 acre property in north Mississippi. The property had historically been managed for bobwhite and up until the mid nineties carried good bird densities, supporting

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Wildlife Trends

as many as 140 coveys (1 bird/1.8 acres) in some years. During the late nineties, the property traded hands and during the transition the management program was in flux. As they say, natural succession happens, and in the absence of a regular disturbance regime, things grew up and quail populations declined to less than 1/3 of their previous levels. About 3 years into their ownership, the new owners decided they needed a plan to follow to ensure that their bobwhite population objectives were achieved. They engaged a professional wildlife biologist to develop this plan and help identify financial assistance programs to carry out the plan. The property was approximately 1/3 CP10 grass CRP, 1/3 second-growth hardwoods, and 1/3 open pine, mixed pine hardwood, and pine plantings. The 1000 acres of grass CRP was predominantly broomsedge, with very little fescue or Bermuda, however, the fields were annually clear-mowed and as such provided little bird habitat. The hardwoods had been high-graded and fire damaged. About 220 acres of mature pine had been thinned and regularly

burned, but in recent years an irregular fire regime had allowed understory hardwoods to creep in. About 245 acres of mature pines had a substantial midstory and understory hardwood problem. About 50 acres of 25-yr old pine corridors badly needed to be thinned. The landowners purchased the property explicitly for quail hunting and did not mind investing additional resources in habitat management, however, they were interested in any cost-share or incentive programs that might be available.

Analysis

This was a perfect example of land enrolled in a conservation program producing very little wildlife habitat value. The quickest and easiest habitat improvement was to shift the CRP CP10 fields from an annual mowing regime to a strip-disking and prescribed fire regime. The annual mowing eliminated standing residual cover essential during winter and early breeding season. Additionally, annual mowing shifts the plant community to a grass-dominated stand with thick



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thatch. The strip-disking would maintain approximately 1/3 of each field in an annual weed community providing brood habitat and winter food resources. The prescribed fire would manage litter accumulation and maintain the broomsedge at an appropriate density for nesting cover. Both diskings and fire would manage succession. In Mississippi, strip-disking and prescribed fire are cost-shared mid-contract management practices on CRP (\$9/ac and \$10/ac, respectively). After modifying the CRP Conservation Plan of Operation (CPO), the landowners were eligible for approximately \$1000/year for strip-disking and \$3500/yr for prescribed fire. As a result of the long-term mowing, sweet-gum thickets had become a problem in some of these CRP fields. The mowing was in part to control woody invasion, but had the effect of simply top-killing the trees, leaving a living below-ground root-mass that would resprout with a vengeance. Long-term control of the trees required an initial herbicide treatment. With a second modification to the CPO, the owners received \$50/ac for selective herbicide (Imazapyr) control of invasive woody species. The thinned, mature pines were not enrolled in CRP, so they were not eligible for this cost-share. However, in Mississippi prescribed fire and selective herbicide are eligible practices under both the Wildlife Habitat Incentive Program and the Forest Land Enhancement Program. Separate contracts (on different stands) under WHIP and FLEP provided about \$5000 each to apply selective herbicide to control the hardwoods and implement a 2-year prescribed fire rotation. A substantial thin, followed by herbicide and fire was planned for 50 acres of pine corridors. The thinning would open the canopy, allowing sunlight to hit the forest floor. This would stimulate herbaceous ground cover. The one-time herbicide application was planned to control the sweetgum which would also respond to the sunlight availability. The prescribed fire would maintain the desired herbaceous ground cover. The herbicide and fire would be cost-shared under WHIP. The net result of thoughtful implementation of prescribed management practices was a dramatic improvement in wildlife habitat quality across the property. The landowners were able to achieve their wildlife habitat objectives and use federal farm conservation programs to ease the financial burden.

In a recent USDA News release, the Secretary of Agriculture touted the conservation achievements of federal conservation programs. These programs have certainly provided substantive environmental benefits. However, it does not happen by accident. Careful planning, using an objective-driven approach, followed by thoughtful and selective enrollment in these programs can help to accomplish landowner wildlife objectives and provide economic assistance as well. Programmatic enrollment should involve development of a conservation plan of operation that maintains the desired wildlife habitat over the life of the contract. As illustrated in this case study, involvement of a wildlife biologist who is knowledgeable about federal farm programs will increase both wildlife habitat value and economic returns from federal farm program participation. For additional information on the objective-driven planning process and 3 more case studies see "Creating Early Successional Wildlife Habitat Through Federal Farm Programs" (<http://www.whmi.nrcs.usda.gov/technical/fieldborder.html>).

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***Leslie Burger** has B.S. and M.S. degrees in Biology from Murray State University and University of Missouri, respectively. She has conducted field research from the Galapagos Islands to Hudson Bay, and several places in between. She has held professional positions with the Missouri Department of Conservation as an assistant research biologist and Vertebrate Ecologist. She currently works full time home schooling the Burger's 3 sons.*



Conservation Reserve Program

Overview

USDA Farm Service Agency's (FSA) Conservation Reserve Program (CRP) is a voluntary program available to agricultural producers to help them safeguard environmentally sensitive land. Producers enrolled in CRP plant long-term, resource-conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years.

The Food Security Act of 1985, as amended, authorized CRP. The program is also governed by regulations published in 7 CFR, part 1410. The program is implemented by FSA on behalf of USDA's Commodity Credit Corporation.

Benefits

CRP protects millions of acres of American topsoil from erosion and is designed to safeguard the Nation's natural resources. By reducing water runoff and sedimentation, CRP protects groundwater and helps improve the condition of lakes, rivers, ponds, and streams. Acreage enrolled in the CRP is planted to resource-conserving vegetative covers, making the program a major contributor to increased wildlife populations in many parts of the country.

CRP Administration

FSA administers CRP, while technical support functions are provided by:

- USDA's Natural Resources Conservation Service (NRCS);
- USDA's Cooperative State Research, Education, and Extension Service;
- State forestry agencies;
- Local soil and water conservation districts; and
- Private sector providers of technical assistance.

CRP General Sign-up

Producers can offer land for CRP general sign-up enrollment only during designated sign-up periods. For information on upcoming sign-ups, contact your local FSA office. To find your local office, visit FSA's Web site at: http://oip.usda.gov/scripts/ndisapi.dll/oip_agency/index?state=us&agency=fsa

CRP Continuous Sign-up

Environmentally desirable land devoted to certain conservation practices may be enrolled at any time under CRP continuous sign-up. Certain eligibility requirements still apply, but offers are not subject to competitive bidding. Further information on CRP continuous sign-up is available in the FSA fact sheet "Conservation Reserve Program Continuous Sign-up."

Eligible Producers

To be eligible for CRP enrollment, a producer must have owned or operated the land for at least 12 months prior to close of the CRP sign-up period, unless:

- The new owner acquired the land due to the previous owner's death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right or redemption in accordance with state law; or
- The circumstances of the acquisition present adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP.

Eligible Land

To be eligible for placement in CRP, land must be either:

- Cropland (including field margins) that is planted or considered planted to an agricultural commodity 4 of the previous 6 crop years from 1996 to 2001, and which is physically and legally capable of being planted in a normal manner to an agricultural commodity; or
- Certain marginal pastureland that is enrolled in the Water Bank Program or suitable for use as a riparian buffer or for similar water quality purposes.

Fact Sheet

Conservation Reserve Program

Additional Cropland Requirements

In addition to the eligible land requirements, cropland must meet one of the following criteria:

- Have a weighted average erosion index of 8 or higher;
- Be expiring CRP acreage; or
- Be located in a national or state CRP conservation priority area.

CRP Payments

FSA provides CRP participants with annual rental payments, including certain incentive payments, and cost-share assistance:

■ **Rental Payments**

In return for establishing long-term, resource-conserving covers, FSA provides annual rental payments to participants. FSA bases rental rates on the relative productivity of the soils within each county and the average dryland cash rent or cash-rent equivalent. The maximum CRP rental rate for each offer is calculated in advance of enrollment. Producers may offer land at that rate or offer a lower rental rate to increase the likelihood that their offer will be accepted.

■ **Maintenance Incentive Payments**

CRP annual rental payments may include an additional amount up to \$5 per acre per year as an incentive to perform certain maintenance obligations.

■ **Cost-share Assistance**

FSA provides cost-share assistance to participants who establish approved cover on eligible cropland. The cost-share assistance can be an amount not more than 50 percent of the participants' costs in establishing approved practices.

■ **Other Incentives**

FSA may offer additional financial incentives of up to 20 percent of the annual payment for certain continuous sign-up practices.

Ranking CRP Offers

Offers for CRP contracts are ranked according to the Environmental Benefits Index (EBI). FSA collects data for each of the EBI factors based on the relative environmental benefits for the land offered. Each eligible offer is ranked in comparison to all other offers and selections made from that ranking. FSA uses the following EBI factors to assess the environmental benefits for the land offered:

- Wildlife habitat benefits resulting from covers on contract acreage;
- Water quality benefits from reduced erosion, runoff, and leaching;
- On-farm benefits from reduced erosion;
- Benefits that will likely endure beyond the contract period;

- Air quality benefits from reduced wind erosion; and
- Cost.

For More Information

For more information on CRP, contact your local FSA office or visit FSA's Web site at: <http://www.fsa.usda.gov/dafp/cepd/crp.htm>

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Fact Sheet

March 2005

Conservation Security Program

Overview

The Conservation Security Program (CSP) is a voluntary conservation program that supports ongoing stewardship of private agricultural lands by providing payments for maintaining and enhancing natural resources. CSP identifies and rewards those farmers and ranchers who are meeting the highest standards of conservation and environmental management on their operations.

CSP provides financial and technical assistance to promote the conservation and improvement of soil, water, air, energy, plant and animal life, and other conservation purposes on Tribal and private working lands. Working lands include cropland, grassland, prairie land, improved pasture, and range land, as well as forested land that is an incidental part of an agriculture operation.

CSP is available in all 50 States, the Caribbean area and the Pacific Basin area. The program provides equitable access to benefits to all producers, regardless of size of operation, crops produced, or geographic location.

The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) (Pub. L. 107-171) amended the Food Security Act of 1985 to authorize the program. CSP is administered by USDA's Natural Resources Conservation Service (NRCS).

Benefits

CSP will help producers maintain conservation stewardship and implement additional conservation practices that provide added environmental enhancement, while creating powerful incentives for other producers to

meet those same standards of conservation performance.

The conservation benefits gained will help farms and ranches be more environmentally sustainable and will increase the natural resources benefits provided to all Americans.

How CSP Works

1. The CSP sign-up will be offered in selected watersheds across the Nation. Selected watersheds are listed on the Internet from:
<http://www.nrcs.usda.gov/programs/csp/> and in NRCS offices nationwide.
2. Producers complete a self-assessment, including description of conservation activities on their operations, to help determine eligibility for CSP at this time. The self-assessment is available from:
<http://www.nrcs.usda.gov/programs/csp/> and in NRCS state offices on compact disk or as a printed workbook.
3. Eligible producers in the selected watersheds complete the self-assessment and schedule an interview to submit an application at their local NRCS office.
4. Based on the application, description of current conservation activities, and the interview, NRCS determines CSP eligibility and in which program tier and enrollment category the applicant may participate.

Eligibility

The producer and the producer's operation first must meet the basic eligibility criteria:

- The land must be privately owned or Tribal land and the majority of the land

must be located within one of the selected watersheds.

- The applicant must be in compliance with highly erodible and wetland provisions of the Food Security Act of 1985, have an active interest in the agricultural operation, and have control of the land for the life of the contract.
- The applicant must share in the risk of producing any crop or livestock and be entitled to a share in the crop or livestock marketed from the operation.

All applicants must meet the following minimum tier eligibility and contract requirements, plus any additional requirements in the sign-up announcement:

- For Tier I, the producer must have addressed soil quality and water quality to the described minimum level of treatment for eligible land uses on part of the agricultural operation prior to acceptance.
- For Tier II, the producer must have addressed soil quality and water quality to the described minimum level of treatment on all eligible land uses on the entire agricultural operation prior to acceptance and agree to address one additional resource by the end of the contract period.
- For Tier III, the producer must have addressed all applicable resource concerns to a resource management system level that meets the NRCS Field Office Technical Guide standards on all eligible land uses on the entire agricultural operation before acceptance into the program and have riparian zones adequately treated.

Soil quality practices include crop rotations, cover crops, tillage practices, prescribed grazing, and providing adequate wind barriers.

Water quality practices include conservation tillage, filter strips, terraces, grassed waterways, managed access to water courses,

nutrient and pesticide management, prescribed grazing, and irrigation water management.

CSP Contract Payment

Applicants may submit only one application for each sign-up. Producers who are participants in an existing conservation stewardship contract are not eligible to submit another application.

CSP contract payments include one or more of the following:

- An annual stewardship component for the existing base level conservation treatment.
- An annual existing practice component for the maintenance of existing conservation practices.
- An enhancement component for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level.
- A one-time new practice component for additional needed practices.

Enhancements will be made for exceptional conservation effort and additional conservation practices or activities that provide increased resource benefits beyond the prescribed level. There are five types of enhancement activities:

1. The improvement of a significant resource concern to a condition that exceeds the requirements for the participant's tier of participation and contract requirements.
2. An improvement in a priority local resource condition, as determined by NRCS, such as water quality and wildlife.
3. Participation in an on-farm conservation research, demonstration, or pilot project.
4. Cooperation with other producers to implement watershed or regional resource conservation plans that involve at least 75 percent of the producers in the targeted area.
5. Implementation of assessment and evaluation activities relating to practices

included in the conservation security plan, such as water quality sampling at field edges, drilling monitoring wells and collecting data, and gathering plant samples for specific analysis.

Total payments are determined by the tier of participation, conservation treatments completed, and the acres enrolled:

- For Tier I, contracts are for 5 years; maximum payment is \$20,000 annually.
- For Tier II, contracts are for 5 to 10 years; maximum payment is \$35,000 annually.
- For Tier III, contracts are for 5 to 10 years; maximum payment is \$45,000 annually.

For More Information

If you need more information about CSP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the Internet at:

<http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

Note: This is not intended to be a definitive interpretation of farm legislation. Rather, it is preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.

Fact Sheet

October 2004

Environmental Quality Incentives Program

Overview

The Environmental Quality Incentives Program (EQIP) is a voluntary program that provides assistance to farmers and ranchers who face threats to soil, water, air, and related natural resources on their land. Through EQIP, the Natural Resources Conservation Service (NRCS) provides assistance to agricultural producers in a manner that will promote agricultural production and environmental quality as compatible goals, optimize environmental benefits, and help farmers and ranchers meet Federal, State, Tribal, and local environmental requirements.

EQIP is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill). Funding for EQIP comes from the Commodity Credit Corporation.

Benefits

Since EQIP began in 1997, USDA has entered into 117,625 contracts, enrolled more than 51.5 million acres into the program, and obligated nearly \$1.08 billion to help producers advance stewardship on working agricultural land. These efforts have concentrated on improving water quality, conserving both ground and surface water, reducing soil erosion from cropland and forestland, and improving rangeland. EQIP also was used to improve riparian and aquatic areas, improve air quality, and address wildlife issues. The increased funding for EQIP in the 2002 Farm Bill greatly expands program availability for optimizing environmental benefits.

How EQIP Works

The objective of EQIP, optimize environmental benefits, is achieved through a process that begins with the definition of National priorities. The National priorities are:

- Reduction of non-point source pollution, such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds, consistent with Total Maximum Daily Loads (TMDLs) where available, as well as reduction of groundwater contamination and conservation of ground and surface water resources;
- Reduction of emissions, such as particulate matter, nitrogen oxides (NO_x), volatile organic compounds, and ozone precursors and depleters that contribute to air quality impairment violations of National Ambient Air Quality Standards;
- Reduction in soil erosion and sedimentation from unacceptable levels on agricultural land; and
- Promotion of at-risk species habitat conservation.

These priorities are used by the Chief of NRCS to allocate available EQIP funds to State Conservationists. The State Conservationist, with advice from the State Technical Committee, then identifies the priority natural resource concerns in the State that will be used to help guide which applicants are awarded EQIP assistance. After identifying the priority natural resource concerns, the State Conservationist, with advice from the State Technical Committee, decides how funds will be allocated, what practices will be offered, what the cost-share rates will be, the ranking process used to prioritize contracts, and which of these

authorities will be delegated to local level. The local designated conservationist, with the advice of local work groups, adapts the State program to the local conditions. As a result, EQIP can be different between states and even between counties.

The selection of eligible conservation practices and the development of a ranking process to evaluate applications are the final steps in the optimization process. Applications will be ranked based on a number of factors, including the environmental benefits and cost effectiveness of the proposal.

More information regarding State and local EQIP implementation can be found at http://www.nrcs.usda.gov/programs/eqip/EQIP_signup/2004_EQIP/2004_EQIP.html

New Provisions

The 2002 Farm Bill added EQIP funding for Ground and Surface Water Conservation (GSWC) which provides cost-share and incentive payments to producers where the assistance will result in a net savings in ground or surface water resources in the agricultural operation of the producer. In Fiscal Year (FY) 2002, eight states, considered high plains aquifer states, received funding (Colorado, Kansas, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, and Wyoming). In FY 2003, in addition to the high plains aquifer states, eight western drought states (Arizona, California, Idaho, Montana, North Dakota, Oregon, Utah, and Washington) also received GSWC funding. GSWC provided \$45 million for FY 2003. An additional \$50 million was appropriated for fiscal years 2002-2007 to support use and installation of ground and surface water conservation practices in the Klamath River Basin, located on the Oregon and California state boundary.

Eligibility

Persons engaged in livestock or agricultural production are eligible for the program. Eligible land includes cropland, rangeland, pasture, private non-industrial forestland, and

other farm or ranch lands. Persons interested in entering into a cost-share agreement with the U.S. Department of Agriculture (USDA) for EQIP assistance may file an application at any time. To be eligible to participate, applicants must:

- Be an agricultural producer;
- Be in compliance with the highly erodible land and wetland conservation provisions of the 1985 Farm Bill;
- Provide the Social Security number of all individuals who will benefit from the assistance; and
- Develop an EQIP plan of operations, including:
 - The participant's specific conservation and environmental objectives to be achieved;
 - One or more conservation practices in the conservation management system to be implemented to achieve the conservation and environmental objectives; and
 - The schedule for implementing the conservation practices.

If an EQIP plan of operations includes an animal waste storage or treatment facility, the participant must provide for the development and implementation of a comprehensive nutrient management plan.

NRCS works with the participant to develop the EQIP plan of operations. This plan becomes the basis of the cost-share agreement between NRCS and the participant. NRCS provides cost-share payments to landowners under these agreements that can be up to 10 years in duration.

The 2002 Farm Bill limits the total amount of cost-share and incentive payments paid to an individual or entity to an aggregate of \$450,000, directly or indirectly, for all contracts entered into during fiscal years 2002 through 2007.

The Adjusted Gross Income provision of the 2002 Farm Bill impacts eligibility for EQIP and several other 2002 Farm Bill programs. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately preceding the year the contract is approved are not eligible to receive program benefits or payments. However, an exemption is provided in cases where 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

Practice Payments

Cost-sharing may pay up to 75 percent of the costs of certain conservation practices, such as grassed waterways, filter strips, manure management facilities, capping abandoned wells, and other practices important to improving and maintaining the health of natural resources in the area. The EQIP cost-share rates for limited resource producers and beginning farmers and ranchers may be up to 90 percent. USDA has established a self-determination tool for applicants to determine eligibility as a limited resource producer. The tool can be found at: <http://www.nrcs.usda.gov/programs/smlfarmer/tool.asp>.

Incentive payments may be made to encourage a producer to perform land management practices, such as nutrient management, manure management, integrated pest management, irrigation water management, and wildlife habitat management. These payments may be provided for up to three years to encourage producers to carry out management practices that they otherwise might not implement.

How to Apply for EQIP

Applications may be obtained and filed at any time with your local USDA Service Center or conservation district office. Applications also may be obtained through USDA's e-gov Web site at: <http://www.sc.egov.usda.gov>. Enter "Natural Resources Conservation Service" in the Agency field, "Environmental Quality Incentives Program" in the Program Name field, and "CCC-1200" in the Form Number field. Applications also may be accepted by cooperating conservation partners approved or designated by NRCS.

Applications are accepted through a continuous sign-up process. The local decision makers periodically will announce a ranking date when applications received will be ranked.

For More Information

If you need more information about EQIP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

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At a Glance:
**Environmental Quality
Incentives Program**

May 2008

Overview

The Environmental Quality Incentives Program (EQIP) is a voluntary program that provides financial and technical assistance to farmers and ranchers who face threats to soil, water, air, and related natural resources on their land. Through EQIP, the Natural Resources Conservation Service (NRCS) provides financial incentives to producers to promote agricultural production and environmental quality as compatible goals, optimize environmental benefits, and help farmers and ranchers meet Federal, State, Tribal, and local environmental regulations.

Legislative Changes

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) clarifies EQIP purposes to include forest management and energy conservation, as well as practices related to organic production and fuels management.

The 2008 Farm Bill authorizes increased payments for socially disadvantaged farmers or ranchers in addition to beginning and limited resource producers – up to 90 percent. It further allows these individuals to receive in advance up to 30 percent of the amount needed for purchasing materials or contracting.

Priority will be given to water conservation or irrigation efficiency applications that will reduce water use or where the producer agrees not to use any associated water savings to bring new land under irrigation production.

Assistance to organic production operations will be based on producers agreeing to develop

and carry out organic system plans. Payments for conservation practices related to organic production may not exceed \$20,000 per year or \$80,000 during any 6-year period.

The overall payment limitation is reduced to \$300,000 per person or legal entity over a 6-year period. The Secretary of Agriculture may raise the limitation to \$450,000 for projects of special environmental significance, including those involving methane digesters.

Applications that improve conservation practices or systems already in place at the time of offer acceptance will be given priority. Offers shall be grouped by similar crop or livestock operations for evaluation purposes.

Funding for each fiscal year is authorized as follows: \$1.2 billion for 2008; \$1.337 billion for 2009; \$1.45 billion for 2010; \$1.588 billion for 2011; and \$1.75 billion for 2012.

More Information

For more information and updates about EQIP and other Farm Bill topics, please refer to the U.S. Department of Agriculture Web site <http://www.usda.gov/farmbill> or the Natural Resources Conservation Service Web site <http://www.nrcs.usda.gov/programs/eqip>.





Farm Bill 2002

Fact Sheet

September 2004

Grassland Reserve Program

Overview

The Grassland Reserve Program (GRP) is a voluntary program that helps landowners and operators restore and protect grassland, including rangeland, pastureland, shrubland, and certain other lands, while maintaining the areas as grazing lands. The program emphasizes support for working grazing operations; enhancement of plant and animal biodiversity; and protection of grassland and land containing shrubs and forbs under threat of conversion to cropping, urban development, and other activities that threaten grassland resources.

GRP is authorized by the Food Security Act of 1985, as amended by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill). The USDA Natural Resources Conservation Service (NRCS) and USDA Farm Service Agency (FSA) administer the program, in cooperation with the USDA Forest Service. Funding for the GRP comes from the Commodity Credit Corporation (CCC).

Benefits

Restoring and protecting grasslands contributes positively to the economy of many regions, provides biodiversity of plant and animal populations, and improves environmental quality.

How GRP Works

Applications may be filed for an easement or rental agreement with NRCS or FSA at any time. Participants voluntarily limit future use of the land while retaining the right to conduct common grazing practices; produce hay, mow, or harvest for seed production (subject to certain restrictions during the nesting season of bird species that are in significant decline or

those that are protected under Federal or State law); conduct fire rehabilitation; and construct firebreaks and fences.

GRP contracts and easements prohibit the production of crops (other than hay), fruit trees, and vineyards that require breaking the soil surface and any other activity that would disturb the surface of the land, except for appropriate land management activities included in a conservation plan.

Each state will establish ranking criteria that will prioritize enrollment of working grasslands. The ranking criteria will consider threats of conversion, including cropping, invasive species, urban development, and other activities that threaten plant and animal diversity on grazing lands.

The program offers several enrollment options:

Permanent Easement. This is a conservation easement in perpetuity. Easement payments for this option equal the fair market value, less the grassland value of the land encumbered by the easement. These values will be determined using an appraisal.

Thirty-year Easement. USDA will provide an easement payment equal to 30 percent of the fair market value of the land, less the grassland value of the land of the land encumbered by the easement.

For both easement options, USDA will provide all administrative costs associated with recording the easement, including appraisal fees, survey costs, title insurance, and recording fees. Easement payments may

be provided, at the participant's request, in lump sum or annual payments (equal or unequal amounts) for up to 10 years.

Rental Agreement. Participants may choose a 10-year, 15-year, 20-year, or 30-year contract. USDA will provide annual payments in an amount that is not more than 75 percent of the grazing value of the land covered by the agreement for the life of the agreement. Payments will be disbursed on the agreement anniversary date each year.

Restoration agreement. An approved grassland resource management plan identifying required restoration activities will be incorporated within the rental agreement or easement. CCC may provide up to 90 percent of the restoration costs on lands that have never been cultivated, and up to 75 percent of the cost on restored grasslands and shrub lands that were previously cropped. Participants will be paid upon certification of the completion of the approved practice(s) by NRCS or an approved third party. Participants may contribute to the application of a cost-share practice through in-kind contributions. The combined total cost-share provided by Federal or State Governments may not exceed 100 percent of the total actual cost of restoration.

Eligibility

Landowners who can provide clear title on privately owned lands are eligible to participate for either easement option. Landowners and others who have general control of the acreage may submit an application for a rental agreement.

There is no national maximum limitation on the amount of land that may be offered for the program. However, there is a minimum requirement established in law. Offers for enrollment must contain at least 40 contiguous acres, unless special circumstances exist to accept a lesser amount. These special circumstances are determined by the NRCS State Conservationist.

The Adjusted Gross Income provision of the 2002 Farm Bill impacts eligibility for GRP and several other 2002 Farm Bill programs. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately preceding the year the contract is approved are not eligible to receive program benefits or payments. However, an exemption is provided in cases where 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

Eligible land includes privately owned and Tribal lands, such as grasslands; land that contains forbs (including improved rangeland and pastureland or shrubland); or land that is located in an area that historically has been dominated by grassland, forbs, or shrubland that has the potential to serve as wildlife habitat of significant ecological value. Incidental lands may be included to allow for the efficient administration of an agreement or easement.

For More Information

If you need more information about GRP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/> and <http://www.fsa.usda.gov/dafp/GRP/default1.htm>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

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At a Glance: Grassland Reserve Program

May 2008

Overview

The Grassland Reserve Program (GRP) is a voluntary program for landowners and operators to protect, restore, and enhance grassland, including rangeland, pastureland, shrubland, and certain other lands. The program emphasizes support for working grazing operations; enhancement of plant and animal biodiversity; and protection of grassland and land containing shrubs and forbs under threat of conversion.

In the last 5 years, GRP has closed on over 250 easements covering more than 115,000 acres in 38 states.

The USDA Natural Resources Conservation Service (NRCS) and USDA Farm Service Agency (FSA) jointly administer this program. Funding for GRP comes from the Commodity Credit Corporation (CCC).

Legislative Changes

- The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) increases the acreage that may be enrolled in the program by 1.2 million acres during the years 2009 through 2012.
- The 2008 Farm Bill provides priority for enrollment of expiring acreage from the Conservation Reserve Program (CRP), limited to 10 percent of the total acres enrolled in any year. Eligible lands can be enrolled into either a permanent easement (or maximum allowed under State law); or a 10-, 15-, or 20-year rental contract. Restoration agreements, based on a 50 percent cost-share, may be placed on land enrolled under a rental contract or easement.

- The definition of eligible land has also been expanded to include land that contains historical or archeological resources and land that addresses State, regional, or national conservation priorities.
- The Bill requires a grazing management plan for participants.
- Valuation of an easement is required to be at the lowest of either an appraisal or market survey; a rate set by the Secretary of Agriculture; or the landowner's offer.

Easements may now be acquired by eligible entities based on a 50 percent cost-share with the Federal government. Eligible entities are defined as units of State, local or Tribal government or nongovernmental organizations that have a charter describing a commitment to conserving ranchland, agricultural land, or grassland for grazing and conservation purposes.

Enforcement of the easement is the responsibility of the eligible entity; failure to do so will result in Federal enforcement, as mandated by the 2008 Farm Bill.

The 2008 Farm Bill establishes an annual payment limitation of \$50,000 for both rental and restoration agreements.

More Information

For more information and updates about the GRP and other Farm Bill topics, please refer to the U.S. Department of Agriculture Web site <http://www.usda.gov/farmbill> or the Natural Resources Conservation Service Web site <http://www.nrcs.usda.gov/programs/grp>.



Fact Sheet

September 2004

Wildlife Habitat Incentives Program

Overview

The Wildlife Habitat Incentives Program (WHIP) is a voluntary program that encourages creation of high quality wildlife habitats that support wildlife populations of National, State, Tribal, and local significance. Through WHIP, the Natural Resources Conservation Service (NRCS) provides technical and financial assistance to landowners and others to develop upland, wetland, riparian, and aquatic habitat areas on their property.

WHIP is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill). Through WHIP, NRCS works with private landowners and operators; conservation districts; and Federal, State, and Tribal agencies to develop wildlife habitat on their property. Funding for WHIP comes from the Commodity Credit Corporation.

Benefits

Since WHIP began in 1998, nearly 14,700 participants have enrolled more than 2.3 million acres into the program. Most efforts have concentrated on improving upland wildlife habitat, such as native prairie, but there is an increasing emphasis on improving riparian and aquatic areas. The 2002 Farm Bill greatly expands the available tools for improving wildlife habitat conditions across the Nation.

Species that have benefited from WHIP activities include the grasshopper sparrow, bobwhite quail, swift fox, short-eared owl, Karner-blue butterfly, gopher tortoise, Louisiana black bear, Eastern collared lizard,

Bachman's sparrow, ovenbird, acorn woodpecker, greater sage grouse, and salmon.

How WHIP Works

The State Technical Committee advises the State Conservationist in the development of a State WHIP plan. The State WHIP plan serves as a guide for the development of the State WHIP ranking criteria.

Persons interested in entering into a cost-share agreement with the U.S. Department of Agriculture (USDA) to develop wildlife habitat may file an application at any time. Participants voluntarily limit future use of the land for a period of time, but retain private ownership.

NRCS works with the participant to develop a wildlife habitat development plan. This plan becomes the basis of the cost-share agreement between NRCS and the participant. NRCS provides cost-share payments to landowners under these agreements that are usually 5 to 10 years in duration, depending upon the practices to be installed.

There are shorter-term agreements to install practices that are needed to meet wildlife emergencies, as approved by the NRCS State Conservationist. NRCS also provides greater cost-share assistance to landowners who enter into agreements of 15 years or more for practices on essential plant and animal habitat. NRCS can use up to 15 percent of its available WHIP funds for this purpose.

NRCS does not place limits on the number of acres that can be enrolled in the program or the amount of payment made; however, some

States may choose to establish such requirements. NRCS welcomes projects that provide valuable wildlife habitat and does not want to discourage any landowner who desires to implement practices that will improve habitat conditions for declining species.

NRCS continues to provide assistance to landowners after completion of habitat development activities. This assistance may be in the form of monitoring habitat practices, reviewing management guidelines, or providing basic biological and engineering advice on how to achieve optimum results for targeted species.

Applications are accepted through a continuous sign-up process. Applications may be obtained and filed at any time with your local USDA Service Center or conservation district office. Applications also may be obtained through USDA's e-gov Internet site at: www.sc.egov.usda.gov. Click on Register to open a USDA account and then have access to a WHIP application (CCC-1200) or other USDA programs. Applications also may be accepted by cooperating conservation partners approved or designated by NRCS.

Eligibility

Eligible lands under the program are:

- Privately owned land;
- Federal land when the primary benefit is on private or Tribal land;
- State and local government land on a limited basis; and
- Tribal land.

If land is determined eligible, NRCS places emphasis on enrolling:

- Habitat areas for wildlife species experiencing declining or significantly reduced populations;
- Practices beneficial to fish and wildlife that may not otherwise be funded; and

- Wildlife and fishery habitats identified by local and State partners and Indian Tribes in each State.

The Adjusted Gross Income provision of the 2002 Farm Bill impacts eligibility for WHIP and several other 2002 Farm Bill programs. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately preceding the year the contract is approved are not eligible to receive program benefits or payments. However, an exemption is provided in cases where 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

For More Information

If you need more information about WHIP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

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At a Glance:
**Wildlife Habitat
Incentives Program**

May 2008

Overview

The Wildlife Habitat Incentives Program (WHIP) is a voluntary program for private landowners to develop and improve high quality habitat that supports wildlife populations of National, State, Tribal, and local significance. Through WHIP, the USDA's Natural Resources Conservation Service (NRCS) provides technical and financial assistance. WHIP agreements generally last from 5 to 10 years.

Legislative Changes

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) extends the authority to the Secretary of Agriculture for carrying out the program during fiscal years 2008 through 2012.

Non-agricultural lands, as well as State, county, or local government-owned lands are now ineligible for WHIP.

Land eligible for WHIP includes:

- Private agricultural land,
- Non-industrial private forest land, and
- Tribal land.

The 2008 Farm Bill authorizes WHIP cost-share payments to be made to landowners to develop other types of wildlife habitat including habitat developed on pivot corners and irregular areas.

The total of WHIP funds available for use in long-term agreements to protect and restore

plant and animal habitat is increased from 15 percent to 25 percent. Such agreements have a term of at least 15 years.

Priority will be given to projects that address issues raised by State, regional, and national conservation initiatives.

WHIP payments made, either directly or indirectly, to a person or legal entity, may not exceed \$50,000 per year.

Funding for WHIP is authorized at \$85,000,000 per fiscal year through 2012.

More Information

For more information and updates about WHIP and other Farm Bill topics, please refer to the U.S. Department of Agriculture Web site <http://www.usda.gov/farmbill> or the Natural Resources Conservation Service Web site <http://www.nrcs.usda.gov/programs/whip>.



Fact Sheet

September 2004

Wetlands Reserve Program

Overview

The Wetlands Reserve Program (WRP) is a voluntary program that provides technical and financial assistance to eligible landowners to address wetland, wildlife habitat, soil, water, and related natural resource concerns on private lands in an environmentally beneficial and cost-effective manner. The program provides an opportunity for landowners to receive financial incentives to restore, protect, and enhance wetlands in exchange for retiring marginal land from agriculture. WRP is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill). The Natural Resources Conservation Service (NRCS) administers the program. Funding for WRP comes from the Commodity Credit Corporation.

Benefits

WRP participants benefit by:

- Receiving financial and technical assistance in return for restoring, protecting and enhancing wetland functions and values;
- Seeing a reduction in problems associated with farming potentially difficult areas; and
- Having incentives to develop wildlife recreational opportunities on their land.

Wetlands benefit the Nation by providing fish and wildlife habitat; improving water quality by filtering sediments and chemicals; reducing flooding; recharging groundwater; protecting biological diversity; as well as providing opportunities for educational, scientific, and recreational activities.

How WRP Works

Landowners and Tribes may file an application for a conservation easement or a cost-share restoration agreement with the U.S.

Department of Agriculture (USDA) to restore and protect wetlands. Participants voluntarily limit future use of the land, but retain private ownership.

The program offers three enrollment options:

Permanent Easement. This is a conservation easement in perpetuity. Easement payments for this option equal the lowest of three amounts: the agricultural value of the land, an established payment cap, or an amount offered by the landowner. In addition to paying for the easement, USDA pays 100 percent of the costs of restoring the wetland.

30-Year Easement. Easement payments through this option are 75 percent of what would be paid for a permanent easement. USDA also pays up to 75 percent of restoration costs.

For both permanent and 30-year easements, USDA pays all costs associated with recording the easement in the local land records office, including recording fees, charges for abstracts, survey and appraisal fees, and title insurance.

Restoration Cost-Share Agreement. This is an agreement (generally for a minimum of 10 years) to re-establish degraded or lost wetland habitat. USDA pays up to 75 percent of the cost of the restoration activity. This enrollment option does not place an easement on the property. Other agencies, conservation districts, and private conservation

organizations may provide additional incentive payments as a way to reduce the landowner's share of the costs. Such special partnership efforts are encouraged.

NRCS and its partners, including conservation districts, continue to provide assistance to landowners after completion of restoration activities. This assistance may be in the form of reviewing restoration measures, clarifying technical and administrative aspects of the easement and project management needs, and providing basic biological and engineering advice on how to achieve optimum results for wetland dependent species.

Applications are accepted through a continuous sign-up process. Applications may be obtained and filed at any time with your local USDA Service Center or conservation district office. Applications also may be obtained through USDA's e-gov Internet site at: www.sc.egov.usda.gov. Enter "Natural Resources Conservation Service" in the Agency field, "Wetlands Reserve Program" in the Program Name field, and "AD-1153" in the Form Number field.

Eligibility

To offer a conservation easement, the landowner must have owned the land for at least 12 months prior to enrolling it in the program, unless the land was inherited, the landowner exercised the landowner's right of redemption after foreclosure, or the landowner can prove the land was not obtained for the purpose of enrolling it in the program. To participate in a restoration cost-share agreement, the landowner must show evidence of ownership.

To be eligible for WRP, land must be restorable and be suitable for wildlife benefits. This includes:

- Wetlands farmed under natural conditions;
- Farmed wetlands;
- Prior converted cropland;

- Farmed wetland pasture;
- Farmland that has become a wetland as a result of flooding;
- Range land, pasture, or production forest land where the hydrology has been significantly degraded and can be restored;
- Riparian areas which link protected wetlands;
- Lands adjacent to protected wetlands that contribute significantly to wetland functions and values; and
- Previously restored wetlands that need long-term protection.

Ineligible Land. Ineligible land includes wetlands converted after December 23, 1985; lands with timber stands established under a Conservation Reserve Program contract; Federal lands; and lands where conditions make restoration impossible.

The Adjusted Gross Income provision of the 2002 Farm Bill impacts eligibility for WRP and several other 2002 Farm Bill programs. Individuals or entities that have an average adjusted gross income exceeding \$2.5 million for the three tax years immediately preceding the year the contract is approved are not eligible to receive program benefits or payments. However, an exemption is provided in cases where 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations.

Uses of WRP Land

On acreage subject to a WRP easement, participants control access to the land and may lease the land for hunting, fishing, and other undeveloped recreational activities. At any time, a participant may request that additional activities be evaluated to determine if they are compatible uses for the site. This request may include such items as permission to cut hay, graze livestock, or harvest wood products. Compatible uses are allowed if they are fully consistent with the protection and enhancement of the wetland.

For More Information

If you need more information about WRP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmbill>

Note: This is not intended to be a definitive interpretation of farm legislation. Rather, it is preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.

At a Glance: Wetlands Reserve Program

May 2008

Overview

The Wetlands Reserve Program (WRP) is a voluntary program that provides technical and financial assistance to private landowners and Tribes to restore, protect, and enhance wetlands in exchange for retiring eligible land from agriculture. Over 1.9 million acres are currently enrolled in WRP.

Wetlands provide habitat for fish and wildlife, including threatened and endangered species; improve water quality by filtering sediments and chemicals; reduce flooding; recharge groundwater; protect biological diversity; and provide opportunities for educational, scientific, and limited recreational activities.

The program offers three enrollment options:

1. *Permanent Easement* is a conservation easement in perpetuity. USDA pays 100 percent of the easement value and up to 100 percent of the restoration costs.
2. *30-Year Easement* is an easement that expires after 30 years. USDA pays up to 75 percent of the easement value and up to 75 percent of the restoration costs.

For both permanent and 30-year easements, USDA pays all costs associated with recording the easement in the local land records office, including recording fees, charges for abstracts, survey and appraisal fees, and title insurance.

3. *Restoration Cost-Share Agreement* is an agreement to restore or enhance the wetland functions and values without placing an easement on the enrolled acres. USDA pays up to 75 percent of the restoration costs.

Legislative Changes

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) changes the process for determining the easement value, directing the Secretary of Agriculture to pay the lowest of:

- the fair market value of the land according to the Uniform Standards of Professional Appraisal Practices or an area-wide market analysis;
- the geographic area rate cap as determined by the Secretary of Agriculture; or
- the landowner's offer.

Other important legislative changes include:

- The total number of acres that can be enrolled in the program is 3,041,200 – an increase of 766,200 additional acres.
- Payments for easements valued at \$500,000 or more will be made in at least five annual payments.
- For restoration cost-share agreements, annual payments may not exceed \$50,000 per year.
- No easement shall be created on land that has changed ownership during the preceding 7 years.
- Eligible acres are limited to private and Tribal lands.

More Information

For more information and updates about WRP and other Farm Bill topics, please refer to the U.S. Department of Agriculture Web site <http://www.usda.gov/farmbill> or the Natural Resources Conservation Service Web site <http://www.nrcs.usda.gov/programs/wrp>



Summary of NRCS Conservation Programs

July 2002

Landmark Legislation for Conservation

The Farm Security and Rural Investment Act of 2002 (Farm Bill) is landmark legislation for conservation funding and for focusing on environmental issues. The conservation provisions will assist farmers and ranchers in meeting environmental challenges on their land. This legislation simplifies existing programs and creates new programs to address high priority environmental and production goals. The 2002 Farm Bill enhances the long-term quality of our environment and conservation of our natural resources. The Natural Resources Conservation Service (NRCS) administers the following programs authorized or re-authorized in the 2002 Farm Bill.

Conservation of Private Grazing Land Program

The Conservation of Private Grazing Land Program (CPGL) is a voluntary program that helps owners and managers of private grazing land address natural resource concerns while enhancing the economic and social stability of grazing land enterprises and the rural communities that depend on them.

Conservation Security Program

The Conservation Security Program is a voluntary program that provides financial and technical assistance for the conservation, protection, and improvement of soil, water, and related resources on Tribal and private lands. The program provides payments for producers who historically have practiced good stewardship on their agricultural lands and incentives for those who want to do more. The program will be available in fiscal year 2003.

Environmental Quality Incentives Program

The Environmental Quality Incentives Program (EQIP) is a voluntary conservation program that promotes agricultural production and environmental quality as compatible National goals. Through EQIP, farmers and ranchers may receive financial and technical help to install or implement structural and management conservation practices on eligible agricultural land.

Farmland Protection Program

The Farmland Protection Program is a voluntary program that helps farmers and ranchers keep their land in agriculture. The program provides matching funds to State, Tribal, or local governments and non-governmental organizations with existing farmland protection programs to purchase conservation easements or other interests in land.

National Natural Resources Conservation Foundation

The National Natural Resources Conservation Foundation (NNRCF) promotes innovative solutions to natural resource problems and conducts research and educational activities to support conservation on private land. The NNRCF is a private, nonprofit 501(c)(3) corporation. The foundation builds partnerships among agencies and agricultural, public, and private constituencies interested in promoting voluntary conservation on private lands.

Resource Conservation and Development Program

The Resource Conservation and Development Program (RC&D) encourages and improves the capability of civic leaders in designated RC&D areas to plan and carry out projects for resource conservation and community development. Program objectives focus on “quality of life” improvements achieved through natural resources conservation and community development. Such activities lead to sustainable communities, prudent land use, and the sound management and conservation of natural resources.

Wetlands Reserve Program

The Wetlands Reserve Program is a voluntary program that provides technical and financial assistance to eligible landowners to address wetland, wildlife habitat, soil, water, and related natural resource concerns on private land in an environmentally beneficial and cost-effective manner. The program provides an opportunity for landowners to receive financial incentives to enhance wetlands in exchange for retiring marginal land from agriculture.

Wildlife Habitat Incentives Program

The Wildlife Habitat Incentives Program (WHIP) is a voluntary program that encourages creation of high quality wildlife habitats that support wildlife populations of National, State, Tribal, and local significance. Through WHIP, NRCS provides technical and financial assistance to landowners and others to develop upland, wetland, riparian, and aquatic habitat areas on their property.

For More Information

If you need more information about these and other conservation programs, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at:

<http://www.nrcs.usda.gov/programs/farmland/2002/>



Visit USDA on the Web at:
<http://www.usda.gov/farmland>



ENTERTAINMENT FARMING AND AGRI-TOURISM

BUSINESS MANAGEMENT GUIDE

Abstract: *Agri-entertainment and -tourism – new, highly consumer-focused types of agriculture – may offer additional options for diversification and adding stability to farm incomes. Farmers have invented a wide variety of “entertainment farming” options.*

By Katherine L. Adam
NCAT Agriculture Specialist
September 2004
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*El Rancho Nido de las Golondrinas, Lemitar, NM
 Living History Farm Herb Garden
 Photo by K. Adam*

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Diversification into ... such opportunities as agricultural or educational tours, u-pick operations, farm stores, pumpkin patches, agricultural festivals, and farm stands is not a substitute for a pro family farm agenda.... [However,] one of my fears is that if farmers and ranchers are too tardy in their response to this emerging opportunity, theme park operators will develop simulated farms and operate them as agri-tourism attractions.

– Desmond Jolly, Director
 Small Farm Program
 University of California – Davis

ATTRA is the national sustainable agriculture information service operated by the National Center for Appropriate Technology, through a grant from the Rural Business-Cooperative Service, U.S. Department of Agriculture. These organizations do not recommend or endorse products, companies, or individuals. NCAT has offices in Fayetteville, Arkansas (P.O. Box 3657, Fayetteville, AR 72702), Butte, Montana, and Davis, California.



Introduction

Joel Salatin, innovator in small-scale agriculture and proprietor of Polyface Farm in Virginia, has published a handbook for beginning farmers. (1) In it he offers a perspective on an important dimension of the future of American farming – education and entertainment. At least one state – Vermont – has re-directed the bulk of its support for agriculture into rural tourism. Salatin and other agricultural writers believe that this is what the public wants and will pay for.

While the popularity of specific enterprises – such as pumpkin patches or U-Pick orchards – may ebb and flow, the public’s desire for a “farm experience” remains. Small diversified farms are ideally suited to agri-entertainment. Unlike the mega-hog facility or a corn/soybean operation producing bulk commodities, the small farm can recreate an earlier, simpler, human-scale vision of farming. The chief qualification for the rural landowner who expects to make a living from the land through agri-tourism is the desire and the ability to cater to tourists and meet their expectations of a farm visit.

Tourism is an important industry in many states. For example, it is the second largest industry in New York and the largest in Arkansas. Most writers agree on three main components of rural tourism: small businesses, agricultural events, and regional promotion. Some state agri-tourism promoters lump direct-marketing methods such as CSAs, as well as farm sales of such specialty crops as flowers, garlic, and Asian pears, within the general category of agri-tourism. State-led agri-tourism initiatives work to expand existing businesses, create new festivals and farm markets, and tie this all together regionally to attract visitors. Federal, state, and corporate grants funded the 500-mile Seaway Trail along Lake Ontario in New York, providing advertising and promotion of its agri-tourism enterprises along the way.

There are three agri-tourism basics: Have something for visitors to see, something for them to do, and something for them to buy. How well you relate the various components (through a theme or otherwise) will determine how successful your entertainment enterprise will be. Things to see and do are often offered free, but there is still a lot

of money to be made selling to visitors. Research shows that tourists buy mainly food, beverages, and souvenirs.(2)

Advice for New Ag Entrepreneurs

Starting any new enterprise can be risky. Before investing money, time, and energy in an unconventional agricultural business, new entrepreneurs should complete personal, market, project feasibility, and financial evaluations. Workbooks are available to help work through the questions that arise in enterprise planning. Technical and managerial assistance in these evaluations is available from a wide variety of sources. These include county Extension educators, local and regional organizations committed to rural economic development, small business development centers, state departments of agriculture, economic development agencies, banks, tourism agencies, state universities, and local community colleges. For a brief agri-tourism development checklist, see Appendix A. A business plan can then be developed (basically a spreadsheet) to evaluate the enterprise financially. For guidelines, see the 2004 ATTRA publication *Agricultural Business Planning Templates and Resources*.

Things to See

Educational tours

In 1993, 14 farmers in largely agricultural Dutchess County, New York, cooperated in creating an educational tour using “crop art” as the focal point. Their aim was to publicize the plight of the family farmer and create a positive image of agriculture for the next generation of urban voters and consumers. The art consisted of large sculptures made from hay bales and other farm crops. (Different types of crop art will be discussed in more detail below.) One of the tour’s sponsors, Farm Again, is an organization that matches beginning farmers with retiring farmers to ensure that land is kept in family-sized agricultural production. Others involved in sponsoring the

project included Cornell Cooperative Extension, the local Farm Bureau, and the Dutchess County tourism agency.

At the same time, Farm Again sponsored a farm tour project for school children as part of its aim to “re-invent agriculture” in a farming community on the edge of suburban sprawl.(3) This type of tour is part of an overall regional public education strategy, exemplifying comprehensive organization and far-reaching goals. At the other end of the scale, the Wachlin farm (“Grandma’s Place”), Sherwood, Oregon, provides a package deal for its specialty – school tours. They charge \$4 per child, and the children get any size pumpkin they can carry from the field, food for animals in the petting zoo, and a 20-minute talk on farming.(4)

While having several tour farms in close proximity is always desirable, most farmers interested in agri-tourism develop individualistic farm attractions. Many herb farms open to the public include a tour of the different herbs they are growing, and may include “nature walks” to show wild plants in their native habitat – riverbank vegetation, scarce examples of native prairie, rock outcroppings, or natural woods. (Former pasture land or plowed ground let go to weeds is not recommended for a nature walk.) For a profile of an herb farm that offers tours, see the ATTRA publication *Lavender Production, Products, Markets, and Entertainment Farms*.

Archeological sites are usually too fragile to become the focus of regular tours by the public. However, many farms have done well with recreations of former eras.

Historical re-creations

Creating an agri-tourism attraction on your farm can be a lot of work and must be a labor of love. Some attractions grow out of the owners’ hobby collections – old farm machinery, log buildings, heirloom seeds, old bird houses, even a narrow-gauge railroad. Most, however, are created new from the owner’s concept – especially one that appeals to children.

A unique Iowa “little village”

A unique form of agri-entertainment is the “little village” run by Farn and Varlen Carlson of Stanhope, Iowa. The tiny community includes a school, general store, church, livery stable, and blacksmithy. Appropriate artifacts fill the buildings, which are one-half to two-thirds scale. The Carlsons hope to add a barber shop, telephone office, bandstand, and fire station. There is an admission charge for viewing all the buildings, and the Carlsons cater to bus tour groups. Groups can also arrange to have barbecues at the village. Special events scheduled during the year include a threshing bee, an ice cream social on Father’s Day, Apple Cider Days in August, and a Christmas Stroll, when the Village is decorated for the season.(5)

Processing demonstrations

Wineries and microbreweries have long appealed to the public’s fascination with how foods and beverages are made. Other possibilities are water-powered grist milling, sorghum milling, apple butter making, cider pressing, maple sugaring, sheep shearing, wool processing – all activities with an old-timey flavor.

A rural theme park

Smiling Hills Farm, Westport, Maine, converted from a dairy farm into an agri-tourism business in the 1980s. The farm now draws 100,000 people a year and employs 100. Attractions include ice cream and sandwich sales, a petting zoo, a retreat center specializing in one-day mini-retreats, and activities for the 700 school children per day that may visit. Kids can climb in, on, and over a wooden train, a fire truck, and a small barn with a loft and places for cute photo opportunities. They can dig sand with kid-powered backhoes and steam shovels. Children mingle with animals in the petting barn area. Ducks and rabbits have the run of their own doll-house-like “Duck House” and “Rabbit House.” Group activities include tours, birthday parties, summer farm programs, wagon and sleigh rides, Halloween and maple season events, and cross-country skiing and skating in the winter.

Crop art

Invite a crop artist to turn one of your cornfields into a work of art. It will be the talk of the countryside and may attract national media attention (especially if an actor dressed in a pale blue wetsuit with antennae on his head runs around and periodically pops up at unexpected times near the artwork). The crop art displayed by the fourteen Dutchess County, New York, farmers attracted thousands of visitors, including 1,000 school children, a month. Additional people came to their summer on-farm educational programs intended to strengthen urban ties to agriculture. Many farms that encourage school tours aim to build goodwill and long-term customers, rather than charging for the tours.(6)

Crop art runs the gamut from the fanciful sculptures of Dutchess County to floral designs, from designs mowed in a field to Halloween pumpkin displays like those seen on the Rohrbach Farm near St. Louis. Most crop art—at least in the Midwest—consists of designs cut into standing grain crops in a field, or alternatively, designs created by different colored plantings. Such crop art is best viewed from the air or from a raised structure. There have also been proposals for creating mound-like structures with Native American designs outlined in edible native plants, and there are agricultural mazes—which provide something to do as well as see. There are a number of full-time professional crop artists advertising on the Worldwide Web, as well as maze designers and franchisers. (Mazes are discussed more fully below.)

Madera County, California, farmer Darren Schmall originated the “Pizza Farm” concept, a subspecies of crop art. One field is devoted to a circular arrangement of crops and animals. Pie-shaped wedges of pepper plants, wheat, tomatoes, and so on represent pizza ingredients. Several sections house hogs and cattle (representing sausage and cheese). This is reportedly one of the fastest-growing types of crop art. Children use a coin-operated feed pellet machine to feed the animals.

Visitors expect to pay admission to farm attractions—even to view (and photograph) crop art. Maze operators generally charge admission. Joel Salatin advises farmers to build a haybale observation deck with a view of the maze, so that grandparents can take photos. Sales of food, beverages, and photographic supplies can take place here. Charge for some things, and give something away free. “While no one is certain that providing some activities free of charge improves the net return to the farm, they undoubtedly increase the farmer’s gross receipts through increased customer traffic.”(7)

Natural features

An outstanding natural feature on a farm may become a tourist attraction—a bluff or rock outcropping, a waterfall, a grove of persimmon trees, a stream, or a spectacular view. Water is a popular natural attraction; sometimes natural features of interest to a visitor may have been overlooked by the farmer.



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Festivals/ pageants/ special events

Special events can mean either private parties or public events. They range from offering food, drink, and overnight accommodations to sportsmen to birthday parties, weddings, company picnics, and Halloween festivals. To put on an annual festival or pageant open to the public may be beyond the scope of all but the largest farm entertainment businesses. Individual farms often participate in a countywide or regional festival, with significant government and organizational sponsorship. A few farms are now hosting 700 to 1,000 visitors per day for their unique offerings. Farms along the road to well-known annual festivals can find many ways to participate in opportunities created by the increased tourist traffic.

Children's Activities for a Harvest Festival

- Vegetable Contest (from children's gardens)
- Vegetable Bingo (cards with names and/or pictures; veggie seed prize)
- Flower Smashing (using rubber mallets to flatten flowers between thick sheets of paper, making nice, flower-patterned cards)
- Vegetable Shape Mobiles (sticks and cutouts from old office paper)
- Ecopots (newspapers made into little pots for planting seeds)
- Chia Pets (paint faces on old footie stockings filled with soil and grass seed)
- Potato Prints (tried and true)
- Making Recycled Paper (need blender, water, flat strainers)
- Hair Wreaths (raffia, flowers, ribbon)
- Bookmarks (tried and true – wax paper, flowers, and an iron.)
- Root/Stem/Bud/Seed (kids have cards with words and must match to appropriate produce after brief lesson)
- Seed Sprouts in Baggies (soaked bean seeds, paper towels, baggies)
- Leaf Prints (leaves, crayons, paper)

(from Karen Guz, Horticulture Associate, Bexar County, Arizona, listserve: communitygardening@ag.arizona.edu, 6/25/98)

living for the developmentally disabled. Many small herb or vegetable farms offer classes in cooking, arranging flowers, or making herbal medicines. They depend on these activities to help build a clientele for their main products.

Farms have traditionally offered field days, sometimes sponsored by a farm organization. Many tours are also considered educational.

Some of the best examples of farm diversification involve education. Two of the most notable are The Land Institute (which has just received a grant to launch a 50-year research project on perennial grains) and Heritage Farm, home of the Seed Savers Exchange and Seed Saver publications.

Launching such an enterprise takes considerable connections, savvy, outside-the-box thinking, and dedication. It is a life's work dedicated to something beyond just farming, and is certainly not for everyone.

Things to Do

Farm schools/workshops/ educational activities

The educational activities offered on farms range from day classes or short-term workshops to full-scale, accredited courses of study. Farm schools accommodate interns or apprentices, and some charge tuition for the learning opportunity. There are also farm schools geared toward residential

Many of the farms listed in the on-line database of Sustainable Farming Internships and Apprenticeships, maintained by the National Center for Appropriate Technology (www.attra.ncat.org), have elements of an educational or entertainment farm. Several plantations on the Potomac River, including Mt. Vernon, have been turned into educational farms. The workers on Mt. Vernon grow 18th-Century crops and gardens, use 18th-Century tools, and dress in period costumes.

Accommodations for outdoor sports enthusiasts

Some farms adjacent to recreational areas build a business catering to the needs of visitors to those areas. A farmer in Missouri opened a lunch counter for the convenience of parents bringing children to a nearby summer camp. Farmers in the Adirondacks regularly accommodate skiers and hikers with shade, food, and drink, sometimes extending to overnight accommodations. A 1500-acre wheat farm on the Great Plains became a pheasant hunting ranch in the off-season, with a lodge and a gift shop (more about fee hunting below).

Petting zoos/children's amusements/playgrounds/horseback riding/hayrides

Old McDonald's Children's Village, Sacket's Harbor, is the largest petting farm in New York. Near Watertown, on the Seaway Trail, the Children's Village was started as a way to increase cash flow to expand a market hog and feeder pig business. Ponies, rabbits, ducks, lambs, baby goats, calves, and piglets are sure-fire attractions for city children (and their parents). Pony and wagon rides are part of the mix. Playgrounds and hayrides also provide something for children to do at Pick-Your-Own farms.

Balky Farms in Northfield, Massachusetts, invites school classes to visit during lambing season in March and April. Baby crias, pygmy goats, and bunnies are also winners. Cheviot, Dorset, and Navajo Churro sheep, geese, peacocks, emus, oxen, Black Angus cattle, relief heifers, miniature horses, and donkeys succeed with the more venturesome. Tendercrop Farm in Newbury offers "buffalo viewing," while Valley View in Charlemont hosts llama-picnic treks. More information on animal entertainment can be found in the 2004 NRCS publication *Success Stories – Agritourism, Direct Marketing, Education, Conservation, Agritainment*. (Call 1-888-LANDSCAPE or see www.nhq.nrcs.usda.gov/RESS/econ/ressd.htm.)

Pick-Your-Own (U-Pick)

In the 1970s U-pick farms were at their height of popularity. Families with three or four hungry teenagers and full-time homemakers were still common. Canning a couple of bushels of green beans or putting a flat of strawberries in the freezer helped out the family budget significantly. Raw materials were harder to come by than labor, compared with today. Canning has been all but eliminated today as a home activity because it represents a lost opportunity for the housewife to be gainfully employed, instead of receiving nothing for her hard work (i.e., the opportunity cost of labor) putting up the winter food supply. Small batches of gourmet recipes may be stored in the family freezer, but more than 50% of U.S. meals are now commercially prepared and eaten away from home. While U-pick operations can still be found, successful ones are most likely to be part of the whole entertainment-farm enterprise mix.

U-pick offers several advantages to farmers. They are relieved of the burden of finding and paying temporary seasonal labor at harvest time. This type of labor is becoming harder and harder to find. The hours are long and hot; the work, back-breaking. If people can be persuaded to pick as entertainment and get a few cents off per unit, the farmer is way ahead. However, sustainable farmer Kelly Klober has observed, "The whole premise of 'here we are/come out and get dirty picking our crops/then pay us handsomely for the privilege' is a hard sell" (8) in today's world and may depend on how attractively the experience can be packaged and how aggressively it is marketed. Above all, the average farmer's natural distaste for selling must be overcome and he must learn to think like a customer. This means, at a minimum, creating adequate parking, having restrooms, having a safe entertainment area for small children, and working with an insurer on liability issues. Small children are best kept away from the picking area, as they contribute disproportionately to damaged crops and "inventory shrinkage." Attention to these basics will help build repeat sales, a primary goal of all direct marketing.

Related ATTRA Publications

- *Direct Marketing*
- *Lavender Production, Products, Markets, and Entertainment Farms*
- *Reap New Profits: Marketing Strategies for Farmers and Ranchers (with SAN)*
- *Agricultural Business Planning Templates and Resources*

U-pick operations do best when they are located within an hour's drive of a population center of at least 50,000 people. This stipulation leaves out much of the Midwest, mountain states, eastern Kentucky, and parts of the Deep South. U-pick is about selling to families who do not have the space to grow their own seasonal vegetables in quantities sufficient for canning and freezing. The mix of vegetables and fruits will depend on customers' tastes (constantly becoming more sophisticated), rather than on what can most easily be grown. Like other forms of entertainment farming, U-Pick will be adversely affected by any dramatic rise in the price of gasoline.

Themes for entertainment farming

Most entertainment farming depends in large part on attracting visitors from urban centers. Your neighbors in all likelihood won't be your customers. Something about your farm must be so distinctive that it draws people from long distances—even Canada or Europe. Perhaps you could invite a Native American group to hold regular pow-wows on your land; you operate the food concession and give tours of your farm dressed in a pioneer costume. Hold a summer festival. Add a historical garden to increase the draw. Add a gift shop, an antique shop, a lunch counter, crafts, botanical products. Add a herd of buffalo. People will come from Europe to see a herd of buffalo or prehistoric White Park cattle when they won't cross the road to see your prized Black Angus. Have a widely publicized farm festival—harvest festivals with music and plenty of good food and drink, and maybe face painting and personalized cupcakes. In the fall, public schools emphasize the American fall holidays,

in which the pumpkin plays a significant role. Pumpkins are easy to grow, readily available, large, and colorful. Invite busloads of school children to visit your farm.

Following the disastrous Missouri/Mississippi River flood in 1993, the Rohrbach Farm, 50 miles from St. Louis, turned a significant portion of corn/soybean acreage into an entertainment farm featuring pumpkins. One field became a parking lot, with ample room for tour buses. When visitors come (by busloads) to view the large, attractive, free crop-art displays constructed by the Rohrbach clan, few leave without buying a pumpkin or something from the farm store.

The pumpkins are, of course, not pumpkins of eating quality. Those pumpkins remaining after the season is over are taken out into the woods to compost. One lesson the modern farmer learns, according to Joel Salatin, is that you have to accept a certain amount of waste and have to give something away free at times. (For a more complete account of activities at the Rohrbach Farm, see the ATTRA publication *Direct Marketing* and the Winter 1999 issue of USDA's *Small Farm News*).

Mazes

Mazes are another option. In 1993 Don Frantz (a former Disney producer) created a 3.3-acre dinosaur maze in a Pennsylvania cornfield, and later created the American Maze Company, now producing increasingly elaborate mazes around the country and advertising on the Internet. The success of this farm entertainment venture has inspired a number of competitors throughout the American Cornbelt. Frantz says, "We try to keep them entertained for about two hours (about the length of a movie), and charge them about what they'd pay for a movie." He recommends good crowd control, ample restroom facilities, refreshments, and other farm products to sell. Most important is an integrated marketing plan, which the top maze designers now all sell as part of their design packages.

The Jamberry Farm, Madill, Oklahoma, features a 3-acre maze, funded in part by a grant from the Kerr Center in Poteau, Oklahoma. Visitors pay \$5 to walk through the maze and the farm's 5-acre



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Maze puts Colorado farmer in the black

A cornfield “Bronco” maze has put the Glen Fritzler 350-acre vegetable farm in the black for the first time in 10 years. Busloads of school-children and tourists pay \$6 each to walk through the maze, created by Utah designer Brett Herbst’s patented process. By the fall of 2000 Herbst had done 61 mazes. The Bronco is, of course, the mascot of Denver’s professional football team.

Herbst gets a fee for the design and a percentage of the gate. The Fritzler family mans the ticket booth and sells t-shirts, often until 10 p.m. on weekends. Fritzler is thankful to have found a good way out of the agriculture boom-bust cycle by offering to entertain the public and create a new stream of steady income. For more information on Fritzler’s maze, call 970-737-2129.

From the listserve Market Farming, Sept. 12, 2000. Market-farming@franklin.oit.unc.edu.

pumpkin patch (or ride a hay wagon). The farm also features a picnic area, a playground, and pumpkin sales. Personnel from the nearby Noble Foundation assisted in setting up the maze.

Joel Salatin’s List of Farm Activities

- | | |
|---------------------|-----------------------------|
| ✎ Petting zoo | ✎ Straw bale maze |
| ✎ Baked treats | ✎ Arts and crafts |
| ✎ Hay rides | ✎ Haunted house |
| ✎ Homemade toys | ✎ Miniature golf |
| ✎ Full food service | ✎ Observation deck |
| ✎ Company parties | ✎ Catering |
| ✎ Pumpkin patch | ✎ Face painting |
| ✎ Concessions | ✎ Bonfire with marshmallows |

See **Appendix B** for more ideas about entertainment farming enterprises.

Things To Buy

The bottom line for most entertainment farms is how much you can sell — either now or later — to the people attracted to your farm. Surprisingly, many farmers feel that even farmers’ markets are primarily useful in building a steady customer base, not in daily sales. These potential customers will get to know you and later seek you out to meet their unique needs. This is the principle of “relationship marketing.” Sell to people who come to know you and count you as a friend. Your farm store or gift shop should display your farm’s finest products to maximum advantage to build repeat sales.

Food and drink

Outdoor activities on a warm day will make anyone thirsty. Ready-to-eat food and a selection of beverages are part of the experience of your entertainment farm. They can also be a profit center. Be as creative as you can, and try to have refreshments that fit your farm’s theme.

If you operate a winery, you will naturally have your products displayed. Think of opportunities for selling cold beverages to the grandparents photographing the maze, the u-pickers, the children who have just done 100 turns on the slide out on the miniature hay-mow. On a recent visit to an herb farm, I was offered the opportunity to buy a commercially bottled nutraceutical drink – containing St.

Johnswort, valerian, and guarana. Apple cider is a good drink for the Midwest, and people may want to buy a gallon to take home.

Homemade ice cream, sandwiches, fresh fruit, barbecue, and roasting ears are all possibilities for ready-to-eat food sales.

Gifts and souvenirs

There is a huge industry overseas manufacturing regional souvenirs for the U.S. If at all possible, have your gift items represent your farm, something that is actually produced locally. Stick to a theme, something that truly represents the uniqueness of your farm and your region. Items for sale on an herb entertainment farm can include everything from potted rosemary plants to a complete set of essential oils for aromatherapy. Wood carvings (traditionally done in the slow winter months), dolls, quilts, basketry, wheat weavings, pottery, packets of heirloom seeds, and decorative items such as fresh and dried flowers, pumpkins, corn shocks, and handloomed wool – as well as foods, such as meats, cheeses, other milk products, and winter squash – are all possibilities. One farmer realized that decorative shocks were worth more than his corn. Another sold echinacea flowers when the bottom dropped out of the market for echinacea root. Research by the North Central Region Extension Service revealed that wood is the medium preferred by tourists for crafts. This research also determined that women probably don't charge enough for the craft items they market, since men typically charge two to four times as much.

You will need an approved commercial kitchen for any value-added food products produced on the farm. This type of facility can cost \$100,000

Farmers who have become successful in value-added enterprises typically find retail profits so attractive that they begin to purchase, rather than grow, much of their raw material. The farm then takes on the character of a land-based business enterprise, not just a producer of commodities.

or more – if, typically, you must build a separate building from the ground up. You will need access to an approved slaughterhouse for any meat products. (For more information, see Joel Salatin's book.) Alternatives include a cooperative community kitchen or renting a commercial kitchen. Cornell University is even developing a mobile commercial kitchen. Be familiar with

your state's processing regulations if you are planning to sell on-farm processed food to the public. State health departments or departments of agriculture, universities, and business incubators can assist.

Shopping at the farm store

Maureen Rogers of The Herbal Connection provides this advice (originally from *Bottom Line/Business*, 1/97).

The key to successful retailing for [the next few years] will be to make shopping not merely pleasant but entertaining as well. Despite the growth of catalog shopping, consumers will continue to go to stores. But the stores they visit will be the ones where they not only find what they like at the right price, but where they can have a good time. Bookstores with coffee bars are a good example.

A 1992 study of tourists' shopping habits, conducted by the North Central Regional Extension Services, determined that "after meals and lodging, [tourists] spend most of their tourist dollars on clothing, crafts, and local food products. Almost 70 percent buy gifts for future events and for mementos" (*Small Farm News*, September-October, 1993, p. 3). Consider installing a convenient automatic teller machine (ATM).⁽⁹⁾

Farmers must be prepared to sell themselves as well as their businesses, so image is all-important. People want to see an attractive facility and personnel – neat and clean. Location and appearance are the most important aspects of a farm business that caters to the public – not necessarily price.

Remember that return customers are the key to success. Eighty percent of your business comes from 20% of your customers, and it takes five times as much money/time/effort to get a new customer as it does to keep an old one.

A Maine farm store

In the mid-1980s Gregg and Gloria Varney bought his parents' Maine farm after they sold their dairy herd. The farm included excellent crop land. The Varneys' first farm business was Gloria's yarn shop, which started people coming to their farm. This became the impetus for the Varneys to expand their offerings at the farm store to include their own meats (beef, veal, lamb, pork, chicken, and turkey), raw milk, and baked goods. In 1994, with the help of apprentices, Gloria and Gregg implemented a five-year plan to "learn how to make cheese and raise small scale animals with minimal grain purchases." After initially hitting a wall when they realized they needed a state-inspected cheese facility and pasteurizer that could cost \$10,000, they arranged to borrow the money from future customers, paying off the loans with food from the store. For example, a \$100 loan could be redeemed at a later time for \$110 worth of farm-raised food.

The goat-cheese operation has been a huge success, and it allows an April to November schedule that fits in well with their farmers' market schedule and the Thanksgiving season, giving them a break from the end of November for the next six months. In 1995 the Varneys became 100% organic with the conversion of the dairy cow operation. They now have more than 100 organic cows.

Their product line in the farm store has expanded, as well. Surplus vegetables go into value-added products such as pickles, relishes, and stewed tomatoes. Other excess is used to feed the pigs and chickens. This integrated operation is a big hit with customers, who now have no question about where their food originates. People now come to the farm not just to buy their food but to spend time there and let their children see the animals.(10)

The Varney Farm is not the only farm in Maine oriented toward tourism, and there are regularly

scheduled regional farm tours. Tickets to farm daytrip tours in Maine, generally including two or three farms in a single county, cost \$12 to \$15 per person, with children under 12 free. Lunch is extra.

Highlight a garden path

Appleton Creamery is a small-scale goat farm and dairy where Brad and Caitlin Hunter also grow flowers and organic vegetables, including many heirloom varieties. Brad, a home brewer and wine maker, has included in the garden two essential ingredients for beer and wine – hops and grapes. A collection of bird houses surrounds the traditional cottage garden, where the Hunters grow edible flowers and herbs to use in the farm's goat cheeses, and a path through the garden leads to the barn, where visitors can see the goats.

The grounds also house "garden sculpture" created out of found objects – old farm equipment, flea market furniture, cast-off children's toys.

Nature-based tourism

A further option for recreational farming is leasing wooded land or marginal cropland for hunting, fishing, or hiking. Hunting leases are the most common form of recreation leases and can range from one-day trespass fees to guided trips and lodging. Of course liability, licenses, and regulations are important considerations in planning for a recreational lease.(11) Such use can sometimes be combined with overnight lodging, campgrounds, and a farm store. Texas A&M University, <http://survey.tamu.edu/ntactivities>, has a program at its La Copita Ranch to train land managers in hosting this type of tourism.

For information and technical advice on licenses and regulations, contact local offices of the following agencies.

- Fish and Wildlife Service
- USDA Natural Resources Conservation Service
- State Department of Natural Resources

Another source of information on hunting leases is *Managing Your Farm for Lease Hunting and a Guide to Developing Hunting Leases*.(12)

e-Commerce

With a click of the mouse a worldwide audience can gain access to your information. More and more sites featuring particular farms and selling farm products directly to consumers are joining the organization-sponsored producer directories now on-line. Some farm Web sites are listed in ATTRA's *Direct Marketing* publication.

Liability

Liability issues for farms that host the public are generally resolved with appropriate insurance. Insurance needs will vary by operation. Neil Hamilton's book *The Legal Guide for Direct Farm Marketing* provides guidance on choosing and consulting with an independent insurance agent (see **Resources**, below). Insurance representatives can provide guidance on specific steps for reducing risks of your operation. A new database on farm injuries can be found at www.nsc.org/necas/.

Specific examples of how individual farms have handled insurance needs may be found in the NRCS publication *Success Stories – Agritourism, Direct Marketing, Education, Conservation, Agritainment*. (Call 1-888-LANDSCAPE or see www.nhq.nrcs.usda.gov/RESS/econ/ressd.htm.)

Complying with the Americans With Disabilities Act (ADA)

Modifications to allow the differently abled access to your farm attraction include the following.

- space reserved for handicapped parking
- a farmstand with a hard packed or paved surface
- one bathroom accessible to the handicapped (can be rented)

- a ramp to a platform that's slightly higher than the hay wagon (for handicapped access to hayrides)
- a "long reacher" for apple picking
- raised beds for strawberry picking
- for seasonal events, a sign saying, "If you need assistance...."
- large-print signs, brochures, or audiotapes of brochures.
- door openings at least 32 inches wide (to accommodate wheelchairs) and doors able to be opened with a closed fist (knobs are out).
- rugs taped to the floor with velcro.

Guarding against risks to children on the farm

Age 0-5

Careful supervision by adults. Physical barriers such as locks and fences. Safe distractions. No riding on farm machinery.

Age 5-10

Consistent rules; discussing safe behavior; careful supervision of activities.

Age 10-16

Consistent rules, with consequences for infractions and rewards for safe behavior.

Age 16-18

Prohibition of drugs and alcohol. Emphasis on acceptance of adult responsibilities. Opportunity to be role models for younger children.

An Americans with Disabilities Act (ADA) representative will usually be glad to come out and advise you on specifics.

Risks incurred when the public is invited to a farm may include soil compaction, damage to orchards and crops, litter, and of course increased liability. Such costs have been estimated at \$1 to \$2 per visitor, which should be factored into fees and prices.

Conclusion: The New Outlook

Professor Duncan Hilchey of the Cornell Sustainable Agriculture program advises American farmers:

Growers have to adopt a new outlook and switch their thinking away from production toward giving today's consumers what they want. That might include farm tours, value-added products, or even adding a petting zoo. People come out to the farm these days not so much to buy large quantities of produce, but for the immersion experience for themselves and their children. They are looking for a farm-fresh feeling—not just food.(6)

The University of California's Small Farm Center has developed an on-line agricultural tourism directory (www.calagtour.org) to provide tourists with an easy way to "search for a farm experience." Farm proprietors interested in a listing are encouraged to contact the Center.(13) A national agri-tourism database (www.farmstop.com) complements those developed by Illinois, Texas, and other states.

The number-one requirement for a successful agri-entertainment venture is an abundance of energy and enthusiasm. A willingness to think unconventionally may be equally important. Whatever you do, do it with a flair for showmanship. Let your creative side come out. With enough thought, ingenuity, determination, and capital, almost any farm anywhere could be adapted to agri-entertainment. Stiff-necked individualism and suspicion of change work against success in entertainment farming. A willingness to provide what the public truly wants and is willing to pay for is the way to success. Just as the railroad barons of the 19th century needed to start thinking of themselves as being in the transportation business (instead of the railroad business) in order to compete successfully in the 20th; so the farmers of the 21st century must begin thinking of themselves as being in the land management business, rather than the farming business, in order to reach their farm family goals and dreams.

Databases

- **National:** www.farmstop.com
- **California:** www.calagtour.org
- **Texas Nature Tourism Database and Workbook:** <http://survey.tamu.edu/ntactivities>
- **Illinois:** www.leisurestudies.uiuc.edu/agritourism

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- 12) Delaware Cooperative Extension Service. 1988. Managing Your Farm for Lease Hunting and a Guide to Developing Hunting Leases. No. 147. DCES, Georgetown, DE.
- 13) Small Farm Center
University of California
One Shields Ave.
Davis, CA 95616-8699
530-752-8136
530-752-7716 FAX
sfcenter@ucdavis.edu

Resources

Comprehensive

USDA/NRCS. 2004. *Alternative Enterprises and Agritourism, Farming for Profit and Sustainability – Tool Kit*. 2300 p. Available at www.nrcs.usda.gov/technical/RESS/altenterprise/resmanual.html.

Agricultural tourism business development

Agri-Business Council of Oregon. 2003. *Agri-Tourism Workbook*. 110 p. www.aglink.org.

Cornell University Materials

- Agritourism (Resource Packet)
- Agritourism in New York: Opportunities and Challenges in Farm-Based Recreation and Hospitality (Publication)

- Considerations for Agritourism Development (Publication)
- Farming Alternatives: A Guide to Evaluating the Feasibility of New Farm-Based Enterprises (Publication)

May be ordered from:

Educational Resources Program:
607-255-9252

Media Services: 607-255-2080

Community Food and Agriculture Program: 607-255-9832 or 255-4413

Farm and Ranch Recreation Handbook.
uwadmnweb.uwyo.edu/RanchRecr

Hamilton, Neil. 1999. *The Legal Guide for Direct Farm Marketing*. Drake University Press, Cedar Rapids, IA. 235 p.

New Mexico Department of Tourism. 2000. "Ag" Tourism.
www.nmsu.edu/~redtt/Resources/html/AgTours.html

University of Minnesota. 2003. *Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses*. Minnesota Institute for Sustainable Agriculture, St. Paul, MN.

\$14.00 plus 3.95 s/h; 411 Borlaug Hall, St. Paul, MN 55108; 1-800-909-MISA.
Misamail@umn.edu
Make checks payable to University of Minnesota.

USDA/AMS. 2000. *Direct Marketing Today: Challenges and Opportunities*. 58 p. www.ams.usda.gov/directmarketing/DirectMar2.pdf.

Order publication from: velma.lakins@usda.gov.

Articles of general interest

Adam, Katherine. 2002. Agritourism: Profit from your lifestyle. *Mother Earth News*. June-July. p. 18.

Jolly, Desmond. 1999. Agricultural tourism: Emerging opportunity. *Small Farm News*. Summer. p. 1, 4-5.

Jolly, Desmond, and Jeanne McCormack. 1999. Agri-tourism: A desperate last straw? *Small Farm News*. Fall. p. 2.

Lyson, Thomas. 2000. Some thoughts on civic agriculture. *Farming Alternatives* [Cornell]. p. 1, 4.

A substantial number of smaller-scale, locally oriented, flexibly organized farms and food producers are taking root [to] fill the geographic and economic spaces passed over or ignored by large ... producers. These farms will articulate with consumer demand for locally produced and processed food. Civic agriculture is not only a source of family income for the farmer, but contributes to the social, economic, political and cultural health and vitality of the communities in which they exist.

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SAN. 2000. Marketing Strategies: Farmers and Ranchers Reap New Profits. *Small Farm Today*. May. p. 35-38.

Entertainment Farming and Agri-Tourism

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NCAT Agriculture Specialist

September 2004

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Edited by Paul Williams

Formatted by Cynthia Arnold

IP109

Slot #95

Version 032505

The electronic version of **Entertainment Farming and Agri-Tourism** is located at:
HTML
<http://www.attra.ncat.org/attra-pub/entertainment.html>
PDF
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Appendix A

Checklist of Agri-tourism Development Considerations*

Agri-tourism businesses

- Personal evaluation
- Market evaluation
- Project feasibility evaluation
- Financial evaluation
- Business plan development
- Marketing plan development
- Insurance needs
- Regulations and permits

Farm festivals

- Planning committee
- Festival mission
- Location of festival
- Licenses and permits
- Attractions, entertainment, food
- Budget strategy
- Promotional campaign
- Insurance needs
- Management considerations
- Public safety plan
- Evaluation

Farmers' markets

- Market coordinator
- Planning meetings
- Advisory committee
- Organizational structure
- Visitor market groups
- Location of market
- Vendor fees
- Promotional campaign
- Insurance needs
- Appearance of market
- Customer amenities
- Vendor support and policies
- Coupon programs
- Evaluation

Regional agri-tourism planning

- Region identification
- Community involvement
- Concerns about development
- Visitor market groups
- Planning sessions
- Goals and objectives
- Resource and attraction inventory
- Theme
- Action plan
- Promotional plan
- Evaluation

* from: Kuehn, Diane et al. 1998. *Considerations for Agri-tourism Development*. p. 1.

Appendix B: Some Successful Entertainment Farming Enterprises and Techniques (farm recreation and hospitality businesses)

Wineries with Friday happy hours	Educational tours	Historical re-creations
Arts & crafts demonstrations	Farm schools	Living history farms
Farm stores	K-12 schools	Heirloom plants and animals
Roadside stands	Outdoor Schools	Civil War plantations
Processing demonstrations	Challenge Schools	Log buildings
Cider pressing	Movement-based retreat centers	Maple sugaring
Antique villages	Native American villages	Sheep shearing
Herb walks	Frontier villages	Wool processing
Workshops	Collections of old farm machinery	Sorghum milling
Festivals	Miniature villages	Apple butter making
Cooking demos	Farm theme playgrounds for children	Fee fishing/hunting
Pick-your-own	Fantasylands	Farm vacations
Pumpkin patches	Gift shops	Bed and breakfasts
Rent-an-apple tree	Antiques	Farm tours
Moonlight activities	Crafts	Horseback riding
Pageants	Crafts demonstrations	Crosscountry skiing
Speakers	Food sales	Camping
Regional themes	Lunch counters	Hayrides
Mazes	Cold drinks	Sleigh rides
Crop art	Restaurants	Rest areas for snowmobilers or cross-country skiers
Pancake breakfasts during sugaring season	Pizza farms	Themes (apple town, etc.)
Bad weather accommodations	Native prairies preservation	Picnic grounds
Tastings	August "Dog Days" – 50% off dogwoods if customer brings picture of family dog, etc.	Shady spots for travelers to rest
Buffalo	Campgrounds	Hieroglyphics, rock art
Dude ranches	Indian mounds, earthworks art	Hunting lodges

Nature-Based Tourism & Agritourism Trends: Unlimited Opportunities

James A. Maetzold, National Alternative Enterprises and Agritourism Leader, USDA/NRCS, Washington, DC

If you own and operate an agritourism or alternative enterprise or have visited an agritourism farm or purchased products directly from a farmer, you are supporting your local farmer.

Introduction

Rural tourism has been increasing rapidly over the last two decades. Many factors have contributed to this trend. Briefly, people are taking more and shorter trips, doing more traveling by car, combining business travel with vacations, looking for new experiences, adding diversity to their experiences, traveling as a family, and looking to "get back to their roots." In most cases, one family member has a grandparent who grew up on a farm/ ranch or in a rural community. These are the "roots" tourists want to visit.

I have five take-home points I would like you to learn from my presentation: (1) What are alternative enterprises and agritourism? (2) tourism trends and projections, (3) income-producing ideas, (4) available resource material, and (5) tourism ideas for Oklahoma. My goal is to get you to think outside the box about your farm/ranch and rural community. How can you use your natural and human resources differently for income-producing opportunities? Or, as George DeVault of the Rodale Institute says, "Get small and get in."

What are Alternative Enterprises and Agritourism?

1. An "alternative enterprise" is marketing what you produce differently, adding value to the product you produce or adding a new enterprise. It is also using your natural or other resources differently or using the same resource in multiple ways.

2. Agritourism is an alternative enterprise where you invite the public onto your farm or ranch. It can also be defined as "a set of activities that occur when people link travel with the products, services, and experiences of agriculture." The product itself can be an "experience."
3. Agritainment is the fun side of agritourism and includes mazes, petting farms, pumpkin picking, haunted houses, horseback riding, and the like.
4. Agrieducation is teaching your visitors about agricultural production, how food and fiber are produced, rural values, and quality of life. It is building support for agriculture through educational experiences. I have no data to prove this point! But I firmly believe that farmers and ranchers like you teach more people about agriculture than any other form of education in the United States. When they visit your farm, you have children's undivided attention for twenty minutes to an hour to teach them about their food and how farmers and ranchers produce it. At the same time you teach, you also provide an experience about cultural and heritage tourism, two of the fastest-growing tourism niches.
5. Nature-based tourism ranges from hunting and fishing (consumptive tourism) to bird watching, flower/tree/rock identification, hiking, rock climbing, or just being with nature (nonconsumptive tourism), and
6. Avitourism or bird watching is the fastest growing nature-based tourism activity in the nation.

Twenty-First-Century Agriculture-Consumer

About James Maetzold

"I was born and raised on a small grains and livestock farm in North Dakota. I have been a Federal employee for over 39 years. I began my career in the US Army followed by two years as county extension agent in North Dakota. Following graduate school in agricultural economics at North Dakota State University and University of California, Davis, I have worked in Washington, D.C., since 1969. I have had the opportunity to work for the Economic Research Service, Farmers Cooperative Service, Farmers Home Administration, Executive Office of the President, and the Natural Resources Conservation Service for the last 22 years. I worked on the Soil and Water Resources Conservation Act for 17 years and as the National Alternative

Enterprises and Agritourism Leader for the past 5 years."

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Industry Structure

Today's agricultural production, marketing, and distribution system can be described as an hourglass. We have more than two million farmers/ranchers producing the nation's food who sell to a few firms that add value through processing, packaging, and transporting, like the neck of the hourglass, and then sell it to the 290 million domestic and foreign consumers. These firms incur the costs, risks, and management, add value, and store and transport these products before they are sold.

With alternative enterprises, the farmers "add value" to their own products and realize a larger income by performing marketing activities and incurring the risks by processing, packaging, storing, transporting, and selling directly to the consumer. The farmer becomes a competitor with agribusiness firms for a larger share of the consumer's dollar.

In 1913, farmers received 46 percent of the consumer's dollar compared to less than 20 percent today. This occurred because many small farmers carried out the marketing at the local level such as delivering milk, manning the butcher and bake shop, and selling "in-season produce," or consumers visited farms to buy directly from the farmer/rancher. In 1950, farmers received 50 to 80 percent of the consumer's dollar spent on fruits and vegetables. Today, the figure is less than 30 percent.

A farmer or rancher entrepreneur who diversifies into value-added agriculture or agritourism has several market opportunities. These can be categorized as: food (processing, packaging, branding, specialty markets, farmers' markets), roots (heritage and culture), agrieducation (schools, retreats, conferences), experiences (farm stays, ranch stays, B&Bs pick-your-own), agritainment (petting farm, mazes, hayrides), and nature-based adventure (horseback riding, rock climbing, hunting, fishing). Most entrepreneurs develop several of these activities as alternative enterprises or as their agritourism activity grows. It is a natural fit. You have a very important and responsible job: You are developing friends for agriculture forever! It is not just for the profit! This fits nicely into the values of rural America.

Income-Producing Opportunities for Your Farm or Ranch and Community

Agritourism or any other alternative enterprise is a different business than farming. Two major changes will occur. First, you are no longer a price-taker but a price-setter. You are not going to the elevator or livestock auction and asking, "What will you give me?" Now, you are telling the consumer how much you want for your product or service. Secondly, you are now in the people business. You are working directly with the consumer in a relationship just as important if not more important than the product

you are selling. Someone in your family must enjoy working with people to succeed at agritourism or other alternative enterprises. You are marketing directly to the consumer. You are producing memories, adventure, experiences, and friendships.

Thinking about the "customer" is probably more important than thinking about "production" in this scenario.

When you think about your customer, you must think about how you operate your business. When are you going to be open? How many people will you hire? What type of facility will you need? How small can you be to start? These are just a few of the questions you will need to answer when developing an agritourism or other alternative enterprise.

These farm or ranch income-producing opportunities may be put into fourteen groups:

1. **Farm Markets and Specialty Products**—These markets provide an excellent opportunity to sell all types of value-added products from food to crafts, depending upon the rules of the farmers' market. Specialty product markets exist everywhere. The Internet has made this a more easily accessible market. Also, many farmers are now marketing to restaurants, schools, and nursing homes. Many state government and local communities support this type of activity. If they don't, help them get started!
2. **Product Processing**—These products include maple syrup, wood products, dairy products, and wine production, to name a few. They can become an education activity as well as resulting in product sales. The ideas are almost limitless as to what you can do with product processing and packaging. Customers like to shop, so you need to provide them with the opportunity to take something home for themselves or for friends.
3. **Fairs, Festivals, and Special Events**—Farms hold festivals as well as communities. People just need something to rally around. These festivals range from food and crafts to nature, flowers, art, heritage, and cultural themes. Farmers have found festivals to be a very profitable way to attract customers. Many economic development or chamber of commerce groups will sponsor these events. Plan your activities around these festivals or hold your own.
4. **Horses and Other Farm Animals**—This can range from petting farms to the training of horses or raising buffalo. These enterprises can be educational, produce food, fiber, and fun, or develop skilled horsemen. Exotic animals often attract many visitors. Many entrepreneurs raise llamas, sheep, and other fiber-producing animals. They market the fiber in both the finished and unfinished form and sell the meat and

in some cases milk to local customers. Some dairy goat producers deliver milk more than three hundred miles. Others have raised ostrich and emus. The changing diversity of the American population has led to the development of many niche markets for goats, sheep, and other livestock products.

5. **Unique Dining Experiences**—Opportunities exist for farms and ranches to serve food to the public. You may have a special location and setting with a view, provide plays, or other entertainment, develop a catering service, or have a dining/fun experience on the farm with great country cooking. People are looking for a new experience, and dining on the farm is a "new experience." Dining is the number-one tourist activity!
6. **Wildlife and Fish**—This includes fish production, bird watching, hunting, and fishing. You can raise several different species and release the game birds for hunting or manage your land for improved game habitat. You can offer guided or unguided hunts.
7. **Nature-based Recreation**—Opportunities exist on farms and ranches to market natural resources as nature-based recreation for a fee. These include hiking, biking, walking, snowmobiling, all-terrain vehicles, swimming, canoeing, float trips, boating, picnicking, water-skiing, paintballing, and other outdoor team sports. Water-based activities are a very popular form of outdoor recreation.
8. **Floriculture**—The raising and marketing of flowers at farmers' markets, community supported agriculture groups, and other markets have increased rapidly in the past decade. Fresh flowers on the table have a high priority in most of our homes today. In addition, one can raise bedding plants for the wholesale and retail markets as well as wildflowers and herbs. There are many niche markets for floriculture products. It is surprising how much people will pay for fresh cut flowers.
9. **Education**—Education can become a part of almost every agritourism and alternative enterprise. Education may even be the focus of the enterprise. Either approach provides for many income-producing opportunities on the farm and ranch. Public and private education systems are looking for ways to broaden students' educational experiences. Most schools are open to an invitation to visit your farm once you explain your education program. Be sure to have different programs for the various age groups, from preschool to senior citizens.
10. **Heritage and Culture**—This is one of the fastest-growing tourism activities. American and foreign visitors are very interested in the history of the United States. Since most people come from an agricultural ancestry, they want to learn more about what their great grandparents or grandparents did for a living. This is a great opportunity to sell the rural "quality of life." Agriculture has a tremendous heritage and culture that can also be marketed to tourists by people staying and/or working on the farm or ranch. The more original the better, including the antiques, claim cabins, homesteads, and the like.
11. **Arts and Crafts**—Tourists' second-favorite activity is shopping. Local arts and crafts have always been in demand by domestic and foreign tourists. This includes food items and other value-added food products produced on the farm. Quality products are needed to attract and keep tourists coming back. There are several regions in the United States where journeyed crafters live and market their products. They have succeeded in establishing high-quality products and experiences for the customer.
12. **Farm/Ranch Stays**—There are three types of stays: vacation (visitors are looking for rest and relaxation), working vacation (visitors participate in the farm/ranch daily chores and work), and dude ranches/farms (visitors are specially treated by staff members, who do all the necessary preparation for the activities during their stay).
13. **Tours and Touring**—These enterprises are generally tied to activities involving a group of farms/ranches or community festivals or events. Tourists travel to see foliage or blossoms or farm harvest activities such as maple syrup, cheese, or ice cream processing or events such as threshing bees or fall harvest activities. Either a group of farmers or a community/county sponsors such events. It is a time to open your enterprise to the public.
14. **Pick, Cut, Gather or Grow Your Own**—Farmers have been selling the pick-your-own fruits and vegetables events for decades, and some have been renting land to people who want to grow their own. A relatively new enterprise is rent-a-tree, cow, or bush.

Here the farmer still maintains complete control in the production management aspects and the customer pays the farmer for these services. For example, you can rent/lease an apple tree to a customer. You still prune, spray, and perform the functions involved in production. The customer is invited to watch the pruning, see the apple blossoms, and watch other production practices. When the apples are ready to pick, the customer can bring friends and pick whatever quantity they want from the tree they rented. The farmer then harvests the remainder for himself.

This type of program allows the farmer to get the customer to visit his farm several times a season, providing opportunities for sales of other value-added items and development of a loyal relationship.

We have just identified several agritourism and alternative enterprises possible on your farm or ranch. I suggest talking these ideas over with neighbors, your local extension agent, or other entrepreneurs. This is a difficult time for most farmers/ranchers; they are concerned their neighbor will do the same thing if they talk to them about their ideas. This should not be a concern because research has proven that the more tourist attractions there are in an area, the more people will come. Customers recognize they have an opportunity to pick and choose. Don't be afraid of getting your neighbor involved in an alternative enterprise a little bit different than yours. This is where teamwork really pays off.

As you start to develop your business, you will need to consider the type of customer you want to attract or serve. For example, do you want to lease your place to hunters who guide themselves and hunt whatever game is in season for about \$1,500 per week, raise and release game, or manage your game so there are more trophy animals available and provide guided hunts for \$12,000 per week? These decisions need to be made when you are developing your business and marketing plan.

Some people get very nervous as they think about these new and different enterprises. You need to look at it the same as you do new farm and ranch production practices: Read about them, attend seminars, talk to peers, read research reports, and discuss with technical staff. Finally, try to test your new business by selling your services or products to family, friends, church groups, and other civic groups. Don't make a big investment immediately. Build and learn.

The NRCS has a put together a publication (see resource list) describing seventeen success stories. The stories tell you how people started and built their business, the mistakes they made, and how they took advantage of things that went right.

Tips for Staying on Track and Getting Started

(Recommended for a one to two-year period)

1. Assess your resources–

- Look at the notes you have made in considering alternative enterprises and use them to make a more in-depth assessment of the resources available to you and your family.

2. Get informed–

- Attend seminars, workshops, trade shows, and schools.
- Purchase books, videos, newsletters, magazines,

and other publications.

- Go to the library and do some research. Use the Internet to get the most up-to-date information. If you don't have an Internet connection at home, one should be available to you at the library.
- Look through the resources listed in the NRCS "Alternative Enterprises and Agritourism: Farming for Profit and Sustainability" tool kit available at your area Resource Conservation & Development Office.

3. Find out what other entrepreneurs are doing–

- Talk to neighbors, friends, and strangers about their businesses.
- Visit businesses in your surrounding area and in neighboring counties and see what they are doing.

4. Consult potential customers–

- Ask your relatives, friends, and neighbors about the product(s) you are thinking of providing through your new enterprise. Are they interested?

5. Research the market for your products.

6. Network–

- Join organizations or groups for people involved in enterprises similar to the one you are interested in.
- Join the chamber of commerce, rotary, and other business and planning organizations or committees in your community.
- See if other local entrepreneurs would like to join you in your business venture or start their own agritourism or alternative enterprise.

7. Get help–

- Visit resource people in your county, region, or state. County agents, RC&D coordinators, state Extension staff, Department of Agriculture staff, state tourism directors and staff, small business development center staff, and other specialists should all be willing to answer questions and help you get started.

8. Develop a business and marketing plan–

- Various books, worksheets, and programs designed to help you develop a successful business and marketing plan are available through
 - the Internet
 - your local library
 - your local outreach program
 - your local college
 - SCORE
 - SBDC
 - your local RC&D office

9. Create a financial plan–

- Decide how you will finance your business.
- Find out about financial assistance (grants and loans) available to you.

10. Start small, learn from your experience, and expand the business.

In summary, there are many income-producing opportunities available on your farm and ranch. Search out the ones you are interested in pursuing and that seem of interest to the public. Then gather your information and develop a business plan and a marketing plan. There are many resources and people available to assist you.

WHAT DO RURAL TRAVELERS LIKE TO DO?

(Source: Travel Industry Association of America, 2001
Rural Tourism Travel Poll)

ACTIVITY	PERCENT
Dining	70
Shopping	58
Going to Beach/River/Lake	44
Visit Historical Sites	41
Fishing/Hunting/Boating	32
Attend Festival/Fair	29
Bike Riding/Hiking	24
Attend Religious Service	23
Camping	21
Attend/Participate in Sport Event	18
Visit Winery/Working Farm/Orchard	15
Gambling/Gaming	12
Visit Native American Community	11

NATIONAL SURVEY ON RECREATION AND THE ENVIRONMENT: AGRICULTURE RECREATION QUESTIONS

(Preliminary, September 2002)

REASON FOR TRIP	PERCENT
Enjoy Rural Scenery	75
Pet a Farm Animal	67
Source of Information Is Family/Friend	62
Less Nonfarm Development	58
Visit Family or Friends	55
Like to See More Grazing Animals, Orchards, Vines, Woodlands	47-50
Learning Where Food Comes From	48
Watch/Participate in Farm Activities	42
More Pasture, Farmsteads, and Croplands	28-35
Pick Fruit or Produce	28

Opportunities for Oklahoma

- **Western theme**— Both domestic and especially foreign tourists enjoy the West, the dress, festivals, rodeos, and culture in general.
- **Heritage and culture**
 - Cowboy and ranching—On-ranch working stays, B&B, dude ranches
 - Oil industry—Most people do not understand the role of oil in Oklahoma.

-American Indians—Both domestic and foreign tourists are interested in Native American history, culture, and handmade products.

-Black history—Most people do not understand the role African-Americans had in developing Oklahoma.

- **Open spaces**—Driving, horseback, camping, bird watching, hunting, and fishing
- **Land and landscape opportunities**—Tourists love to drive, see, and photograph the landscape, especially in the West.
- **Route 66 or Chisholm Trail**—Provides a great variety of activities, and tourists look for this experience and history
- **Hunting and Fishing**—Leases, catch and release, viewing
- **Opportunities lie in the people**—The opportunity lies in you here today and with your friends at home. Just sit back and dream about what you can do. Then, make it a reality.

You have some great resources in Oklahoma. The Resource Conservation and Development Councils (RC&D) of the Natural Resources Conservation Service (NRCS) are very active in developing agritourism and other alternative enterprises. The Oklahoma Department of Agriculture has some very good programs. The Extension Service also has a good support system available to you. You will need to work closely with the tourism industry to have them promote Oklahoma agritourism. This is new to most tourism agencies, so a team effort needs to be implemented.

Finally, I want you to continue to THINK OUT OF THE BOX!

NRCS resource material is readily available on the website www.nrcs.usda.gov/technical/RESS/altenterprise or you may order it by contacting Jim Maetzold at (202) 720-0132 or email, jim.maetzold@usda.gov

The following information is available free:

- *Agritourism and Alternative Enterprises: Farming for Profit and Sustainability Resource Manual*, 2002 update.

Also available: A 175 page summary of the 3,000 page resource manual

A compact disc version of the manual. Includes websites and lists of people working in the area

- Brochure: "Alternative Enterprises for Higher Profits and Healthier Land"
- Information sheet AE-1, "Alternative Enterprises for Higher Profits, Healthier Land—General Introduction to the topic, including a list of 150 ideas for alternative enterprises
- Information sheet AE-2, "Alternative Enterprises—

- Community-Supported Agriculture"
- Information Sheet AE-3, "Alternative Enterprises—Heritage Tourism"
- Information Sheet AE-4, "Alternative Enterprises—Value-added Agriculture"
- WSSI Technical Note 1: Sustainable Agriculture
- "Taking the First Step: Agritourism and Alternative Enterprise Opportunity Identification Guide (Making the Right Decisions to Sustain Your Farm or Ranch and Natural Resources)—Draft
- Stories (17) in Agritourism and Nature-Based Tourism and Alternative Enterprises
- Press Release Drafts
- Alternative Enterprises and Agritourism Information—Talking Points, Definitions, Key Points for Speeches, Media, and Workshops.

Funding Sources and Other Resource Considerations

1. Resource Manual Chapter 16 has a number of websites for nonprofit groups and farmers
2. Rural Business Services (RBS)—multimillion—value-added grants in the 2002 farm bill
3. RBS loans and grants—B&I Guaranteed Loan Program, Intermediary Relending Program, RBEG, RBOG, VT, IL, CA examples, recreation approval is pending.

4. Farm Service Agency—Beginning Farmers Program
5. Sustainable Agriculture, Research, and Education (SARE)
6. "Using Free Money to Grow Your Agribusiness" Workshop, AZ
 - Need one-on-one to see how you can make USDA programs work for you and tips on how to use them
 - Grant-writing, proposal review, and competitiveness
7. Small Business Innovation Research Grants (CSREES)
 - Community Food Program
 - Value added
 - Federal and State Market Improvement Program
 - Initiative for future agricultural and food systems
8. Building Better Rural Places—More than fifty programs are discussed. To obtain a copy, go to www.attra.ncat.org or call (800) 346-9140
9. Business planning and marketing—Such as NxLevel, Fasttrack, Chapters 12 and 15 of the Resource Manual
10. Small Business Development Centers
11. Chamber of Commerce
12. County Extension Educator
13. Convention and Visitor's Bureau
14. RC&D Coordinator
15. State Departments of—Tourism, Agriculture, and Natural Resources/Conservation

*Beginning
a
Bed and Breakfast
in
South Carolina*



**GUIDELINES FOR
DEVELOPMENT**

*Beginning
a
Bed and Breakfast
in
South Carolina*

GUIDELINES FOR DEVELOPMENT

**Dr. Thomas D. Potts, Extension Tourism Specialist
Clemson University**

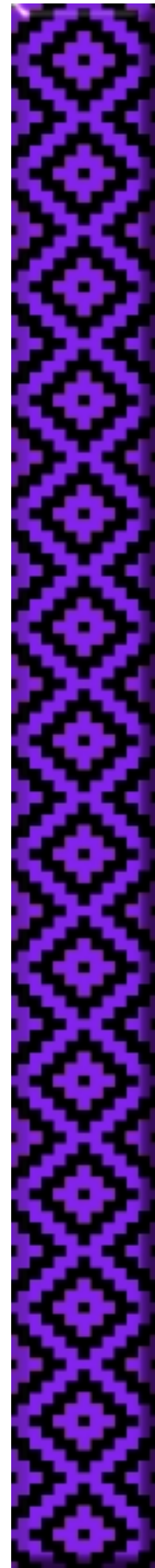
**Carole Jones Amos, Rural Development Coordinator
Community Development Division,
South Carolina Department of Parks, Recreation & Tourism**

**Strom Thurmond Institute
Clemson University**



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Country Victoria Bed & Breakfast, Charleston, SC
<http://www.virtualcities.com/ons/sc/z/scz3701.htm>



1790 House Bed and Breakfast, Georgetown, SC
<http://www.1790house.com/index.htm>

I. INTRODUCTION

Although Bed and Breakfast (B&B) operations were possibly the earliest form of accommodations for travelers, in many areas they were completely replaced by inns and hotels. In the United States B&Bs are making a comeback, serving travelers who want a special personal home-like hospitality and a good breakfast to start the day. Today we have over one hundred B&Bs in South Carolina, most of which were started in the past decade,

Owning and operating a B&B can provide both financial and personal rewards for some individuals and families. This manual will provide information needed to decide if operating a B&B is ideal for your situation. If your decision is to began a B&B, the information in this manual will assist you by providing the guidelines for a successful enterprise.

This manual is not intended to serve as a source of planning and health regulations which vary from region to region. Be sure to contact the appropriate regulatory authorities in your area early in your decision-making process.

Additional assistance is currently available both to existing operations and prospective hosts regarding operations, financial planning, and marketing. For additional information contact:

Developing Naturally
Strom Thurmond Institute of Government & Public Affairs
Perimeter Road
Clemson, SC 29634-0125
Telephone: 864/ 656-0372
<http://www.strom.clemson.edu/>

Rural Development Coordinator
Division of Community Development
SC Department of Parks, Recreation & Tourism
1205 Pendleton Street
Columbia, SC 29201
Telephone: 803/ 734-1449



1790 House Bed and Breakfast



II. PLANNING AND DEVELOPMENT

A. Is a Bed & Breakfast for me?

Nicholls-Crook
Plantation House Bed and Breakfast
Woodruff, South Carolina
<http://www.bbonline.com/sc/nicholls/>

Many of us at some time in our lives think about owning our own business. Before starting a venture, it is important to be aware that the majority of small businesses that are started end in failure. Careful analysis of ourselves and our resources in conjunction with proper planning will greatly increase our chances for starting a profitable and enjoyable Bed & Breakfast (B&B) enterprise.

Although you may have had a great experience as a guest at a B&B during a business or vacation trip, you and your family might not be suited to being the gracious, thoughtful hosts that are required for a successful operation.

You should ask yourself the following questions:

- Does my family like meeting all types of people?
- Do I like to fix attractive, interesting and tasty breakfast dishes?
- Do I like to entertain strangers?
- Do I mind giving up some of my privacy at home?
- Can I always be cheerful and helpful around my guests?
- Is my home always clean and neat?
- Am I successful at managing and organizing my home expenses?

If “yes” is your response to all of the above questions, you might prove to be a successful B&B owner operator. If your response is less than positive, you would be well advised to consider some other type of endeavor.

B. Meet the professionals

One of the first things you should do is talk to those who are operating B&Bs. Bed & Breakfast operations have many characteristics that are unique. Obtain as much insight into other B&Bs as possible before planning your own operation

- Talk to as many B&B owners as you can about their operations and your B&B plans. Don't be afraid to ask simple and complex questions. It is far more efficient to learn from the experiences of others.
- If possible, offer to help at someone's B&B for a few days.
- Take advantage of any educational programs that are available through associations, university extension programs, and state tourism agencies.
- Be sure to review available books, pamphlets and articles for ideas on management, decor, and pricing. (See list in Appendix.)

C. Defining your bed & breakfast theme

Most guests who visit B&B establishments do so for home-like atmosphere that offers a unique decor and personalized treatment. Every B&B offers a different experience. You must evaluate your home resources and determine what unique qualities you might offer to your guest.

Define the amenities that you might be able to provide at your home such as:

- a scenic view
- antique furnishings
- types of rooms
- library
- fireplace
- swimming pool
- proximity to attractions
- unique menus and services

Seriously consider how well your amenities will meet the potential customer's needs and what image you should market. Be sure to deliberate the following:

- How attractive is the neighborhood?
- How accessible is transportation?
- How close are good restaurants?
- What is your home's image?
- Is the floor plan acceptable?
- Is the kitchen adequate?
- Are there enough bathrooms?
- Do the water and sewage systems work well?
- Are private quarters possible?

Be sure to put your evaluation **in writing**. In your summary ask yourself:

- What makes my B&B concept different and better?
- How will it best serve my guests?
- Does my B&B concept have the potential to become successful?
- How might it grow?



D. Planning for development

An initial step in the development process is the drafting of a **business plan**. Many wonderful business ideas fail because they were not logically thought out. **A business plan is the framework and includes:**

- **A basic description of your proposed business**
- **The related goals and objectives**
- **How you plan to become successful**

The plan organizes on paper your thoughts of why you are in business, what your market is, what your strengths and weaknesses are, and your financial and management environment. The plan will help you make insightful business decisions and inform potential lenders about your business. An excellent guide to developing a plan is the Clemson University Cooperative Extension Service publication “The Business Plan.”

There are planning considerations in the B&B business that have special industry related characteristics. These variables include:

- **Revenue Forecasting**
- **Start-Up Costs**
- **Operation Expenses**

You should understand these thoroughly prior to starting your plan.

Revenue Forecasting: Accurately forecasting sales revenue is an extremely difficult task. Even after you have begun your operation you should continuously review your forecast. Your perception of future sales is the guide to expense and operation planning. Sales revenues are calculated by multiplying the number of rooms rented during a given period by the rate. Your best background information for predicting sales is the data available on past occupancy in your area.

Occupancy is the measure of the percentage of available rooms that are rented. The South Carolina Department of Parks Recreation and Tourism, The American Bed and Breakfast Association and reservation service organizations can supply occupancy information. Occupancy varies with seasons, holidays, days of the week, and the weather. The occupancy rate during your first year will depend on your market, the uniqueness of your B&B, and the amount of promotion you undertake. Usually the occupancy rates for new B&B operations are roughly forty percent of the average occupancy rate of the hotels and motels in your area. For example, if the hotels in your area have an occupancy rate of 60 percent in June you might have an occupancy rate of 24 percent that month. However, some rural B&Bs average as low as 10 percent occupancy during the first year.

After estimating your rate for the first year, you should estimate for the second and third years of operation. The occupancy rate for these years will be affected by word-of-mouth recommendations, marketing, and referrals. **A well managed should increase its occupancy by over 10 percent per year.** Projected occupancy alone will not allow you to forecast your sales revenue.

To forecast sales revenues you must also set your room rates. **Revenues are determined by multiplying room rates by occupancy.** Your rates should take into account start up and operational costs. Remember

that the rate you charge should represent “fair value for the dollar.”

There are many factors that influence the value of a room. For example, rooms with private baths, luxury amenities, excellent location, or in a heavy demand area should have a higher rate. Lower rates would be charged for rooms that lack private baths or have single beds. The location and quality of accommodation and services you provide will have a strong bearing on the rates visitors will be willing to pay.

As a rule of thumb, you can probably set a rate somewhere between what a small motel and a large hotel in your area are charging. Check around with other operators in the state and determine the average current rate for your type of bed and breakfast.

E. Identifying expenses

As a beginning B&B operator you will face both **start-up costs** and **operating expenses**. Start-up cost must also be considered in your B&B plan. Although you might feel that your home is ready for your first guest you will probably find that improvements will be required to create an ideal B&B facility.

Start-Up Costs: The first step in determining your start-up cost is to make a list of all the expenses that you will incur. Your estimated cost will help you determine if the B&B concept will profitably work in your home.

Be sure to review your cost list with knowledgeable people in the industry and also make sure that you have covered any costs that might be incurred due to local fire & health ordinance requirements.

Operating Expenses will begin when you open for business. These expenses will vary monthly and will be greatly influenced by the number of guests. These expenses will include:

- **food & beverage**
- **soaps, dry cleaning, laundry**
- **office supplies**
- **maintenance**
- **utilities**
- **salary, wages and employee benefits**
- **marketing**



It is important to identify your expenses as accurately, as you can. Your profit is revenue brought in which exceeds your costs. Your expenses will have an influence on determining the rates you must charge to your guests.



TABLE I
START-UP COSTS

Development Costs:

Renovations (electrical, plumbing, etc.)	\$ _____	
Redecorations (painting, wallpaper, etc.)	\$ _____	
Other Improvements	\$ _____	
Sub Total	\$ _____	\$ _____

Other:

Furniture/Beds	\$ _____	
Fixtures/Furnishings	\$ _____	
Linens/Bedding	\$ _____	
Towels	\$ _____	
Cutlery/Dishes	\$ _____	
Smoke Detectors	\$ _____	
Entrance sign	\$ _____	
Promotion & Advertising	\$ _____	
Permits	\$ _____	
Insurance	\$ _____	
Telephone	\$ _____	
Reservation Service	\$ _____	
Miscellaneous Expenses	\$ _____	
Sub Total	\$ _____	\$ _____
Total Start-Up Costs		\$ _____

F. Planning for insurance

Your current insurance likely will not be suited to the needs of a B&B. Take a close look at your current coverage with insurance professionals and determine what additional coverage is needed.

TABLE 2

INSURANCE CHECKLIST

Liability (Minimum \$1,000,000)	_____
Comprehensive Personal Liability	_____
Business Liability for B&B Operations	_____
Personal Liability for Non-Owner Host	_____
Products Liability for Food Served	_____
Premises Medical for Business Guests	_____
Premises Medical for Personal Guests	_____

Property

All Risk Coverage-Building	_____
Replacement Cost on Building	_____
Peril Coverage on Contents	_____
Replacement Cost Coverage on Contents	_____
Contents Coverage for Non Owner Resident Host	_____
Appurtenant Structure Coverage Business Related	_____
Personal Property of Guests	_____
Antiques and Fine Arts Coverage	_____
Credit Card Coverage	_____
Loss of Rental Income	_____

Be sure to discuss your needs with several insurance companies which offer special coverage. Do some comparative shopping, but remember that the least expensive source might not be the best insurance. **Seek out companies that have special B&B packages.**

G. Planning for taxes

Taxes for home businesses can be extremely complicated. Be sure to have a **professional accountant who is familiar with home-based businesses** assist you in understanding your legal obligations and developing a tax plan that best suits your operation.



H. Meeting local requirements

Early in your planning process review your local zoning, fire safety, and health regulations. Many of these requirements are set at the local level. It is important to contact the municipal planning and building departments in your area and to inquire about business license and operating permit requirements.

Zoning problems in rural areas are unlikely. At the local or municipal level, there is a wide diversity in zoning ordinances from town to town. If you perceive any difficulties, work with zoning administrators and assist them in understanding the type of business that you propose. It is a good idea to provide them with B&B zoning guidelines from other towns as examples. Zoning review boards consider the beneficial or negative impacts a B&B might have on the local area. They are concerned about keeping the neighborhood values. Visual impacts, and changes in traffic and parking will be considered by the board. If it is necessary to obtain a zoning change be sure to discuss your plans with neighbors and be considerate of any associated concerns they may have. Remember that obtaining a zoning variance will take time and involve a public meeting. The assistance of an attorney may be required.

Health regulations vary greatly from area to area, and it is quite likely that you will have to meet state and local regulations. You will have to meet requirements pertaining to water quality, sewage disposal, food storage and handling. Early in your planning process meet with your health officials and become familiar with the legal requirements. Have your health officials make a preliminary examination of your home and discuss any changes in facilities or planned operations that may be required.

Fire Safety is another item that requires the understanding of state and local codes. In many areas the building codes cover fire safety. Your B&B should have **smoke alarms, marked exits, and visible fire extinguishers**. Local regulations may also require fire doors, additional exits, and storage areas for flammable materials. Be sure to thoroughly review your requirements with the local officials.



Two Suns Inn Bed & Breakfast, Beaufort, SC
<http://bnblist.com/sc/twosuns/>



Liberty Hall Inn Bed & Breakfast
Pendleton, SC

<http://www.usagetaways.com/sc/liberty/>



Two Suns Inn Bed & Breakfast, Beaufort, SC

<http://bnblist.com/sc/twosuns/>

III. ADMINISTRATION:

Developing Policies and Procedures

Prior to accepting your first reservation, it is important to develop basic **operating and administrative policies and procedures**.

A. Reservation Requests

Reservation requests usually will be made by telephone or through the mail. Experience has shown that most individuals who call for reservations expect to get through on the first or second attempt and few will continue trying.

Restrict family use of your reservation telephone line. It may be worthwhile to install an additional telephone for family and personal needs. Consider the purchase of a telephone answering machine to cover for you during your absence. The best solution to the problem is to ensure that telephone lines are kept open and that someone is available to provide information and take reservations.

B. Handling Reservations

RESERVATION REQUESTS SHOULD BE ANSWERED IMMEDIATELY

All inquiries for reservations should be handled in a professional manner. A map indicating your location should always be enclosed with your confirmation. You may include information about events, attractions and tourist facilities in the area. Your local Chamber of Commerce and/or South Carolina Travel Information Centers (list in Appendix) can supply this information. (Copies of these forms may be found in the Appendix.)

- **Telephone Reservation Request:**

This form outlines the type of information that you require from anyone wishing to make a reservation over the telephone. Advise callers that reservations will be confirmed after you receive their deposit. Set a date by which the deposit has to be in your hands (i.e. within 14 days).

- **Deposit Receipt/Reservation Confirmation:**

Once you receive the deposit, prepare a confirmation and forward it to the guest. Keep a copy for your records. Ensure the deposit/cancellation/refund policy is clear on this form. Staple your copy to the original reservation request form.

- **Tracking Reservations:**

Enter all reservations in a date book or calendar page such as outlined in the Appendix.

Where more than one room is available, divide your calendar into the desired number of spaces and indicate the type of bedding available in each room.

Once a host has committed a room, the visitor's name is entered in pencil in the appropriate space. When you receive a deposit the guest's name may be entered in ink, or the letter "D" for "Deposit" placed in the space.

A one-page/month calendar enables the host to see, at a glance, what reservations are expected.

C. Deposit/Cancellation/Refund Policy

It is standard policy to request a one-night's deposit at the time reservations are made, if possible. A credit card number can be given over the phone for a deposit if you accept credit cards. Confirmation is mailed only upon receipt of the deposit.

Have a policy related to refunding in cases where cancellations are made. Most hotels and motels will refund deposits if cancellations are received up to 48 hours prior to arrival date. In determining your policy, bear in mind that your ability to re-rent cancelled accommodation decreases as you get closer to that date.

Ensure that your policy is understood by all guests by clearly outlining it on your registration confirmation form. An example of a refund policy is outlined on the confirmation form included in the Appendix.

D. Handling Long Distance Calls

Charges for long distance calls are normally paid by the caller. Remember however, responses to messages will result in charges to you, the host. With this in mind, you may want to advise callers that messages will be returned on a "collect call" basis. (Unless they are trying to make a reservation.)

E. Office Equipment and Supplies

Keep a supply of stationery items, such as receipt books and postage stamps on hand. Consider purchasing a typewriter or personal computer to give your correspondence a professional look. A personal computer will go a long way to assist you in keeping records.

F. Bookkeeping/Accounting

The best time to set up a record-keeping system is before you start the business. **Experience clearly indicates that the use of an adequate record-keeping system increases the chances of business survival.** Too often, those entering a business think they must keep records only because it is required by the Internal Revenue Service. However, accurate and complete financial records can help the owner monitor the business and make plans for the future based on financial knowledge rather than guesswork.

Contact an accountant who is familiar with home-based businesses, and develop a simple accounting procedure which will make year-end calculations easy. Additional bookkeeping information may be obtained by contacting your local Clemson Extension service or technical college.

G. Setting House Rules

Every business that operates smoothly runs with guidelines. It is important to your guests to know what is acceptable to you. It would be to everyone's advantage to have your guidelines available to answer any questions they may have. Making the list will also clarify the boundaries to yourself

When determining your house rules and regulations, keep in mind that your guests may be overwhelmed by a lengthy list. Focus on the rules that you feel are most important for a well run business. State your rules in a positive manner. A long list of negative rules is a turn-off to customers. Post your policies in the rooms and at the front desk; they will be respected if you make them clear. Important or unusual items should be mentioned in your advertising and reservation material.

Items To consider When Developing House Rules:

- Pets
- Children
- Smoking
- Alcohol
- Check in/check out times
- Keys
- Breakfast hours
- Kitchen privileges
- Housekeeping
- Visitor
- Telephone usage
- Laundry facilities
- Tourist information
- Credit cards/personal checks
- Reservations/cancellations
- Deposits or advanced payment
- Provisions for handicapped guests
- Equipment rentals
- Use of house and ground areas
- Emergencies





Beauguard House, Charleston SC
<http://www.charlestonbedbreakfast.com/>



IV. OPERATION: Developing an Operations Plan

To develop an operation plan, you should begin by deciding the following:

- The activities to be carried out in the operation of the business.
- Who will carry out these activities. (This decision is very important. Couples and families should work out who will do what in advance.)
- What talents are necessary to make the business operate smoothly.
- How any inadequacies will be handled.
- The objectives for the major activities, and the policies and procedures for reaching them.

In a small B&B business you are both manager and employee. As manager, you plan, implement, direct policies and procedures, and evaluate the effectiveness of the business operation. However, as employee, you are also responsible for carrying out the following activities involved in running the B&B business:

- **Front Desk Operation:** Taking reservations, registering guests, receiving payment and handling complaints.
- **Housekeeping:** Cleaning procedures and schedules for rooms and public areas, cleaning materials, room furnishings, guest supplies, laundry supplies and facilities, and contract cleaning.
- **Food Preparation and Service:** Menu, food preparation and storage, kitchen supply inventory, service location, meal hours, dishwashing equipment, sanitation policies and health regulations.
- **Selling Your Area:** Promoting area attractions for the entertainment of your guests.
- **Extras:** Guest relations and amenities.

A. Front Desk Operation

Ensure that everything is ready for the arrival of guests.

Take the time to welcome your guests upon their arrival. Enquire about your brochure and other information to get feedback as to whether it was helpful. Escort your guests to their bedroom, and provide assistance with their luggage.

Invite your guests into your living room following their “settling-in period,” and offer them a complimentary beverage such as coffee or tea. This casual meeting will allow you to:

- Answer any questions regarding directions, attractions, events, etc. in your area.
- Discuss breakfast hours. If you provide a choice of breakfast items, this will be a good time to ask your guests what they prefer.
- Discuss house rules (smoking, parking, etc.)
- Find out about your guests’ plans. Knowing their plans will allow you to plan your own time. Make suggestions about what to see. (Literature, maps, and brochures about your area should be readily available for them to browse through at their leisure. These are available from your local Chamber of Commerce, Parks, Recreation and Tourism, or Regional Tourism office. See Appendix for addresses.) Always have someone available while your guests are in your home.
- Explain your key policy. Provide a key to the front door to the guests for the duration of their stay. This allows freedom of, movement at minimum inconvenience.
- Register your guest. For the protection of the host, all guests should register upon arrival. Registration should include name and address of party, car license number, and dates of stay. A simple guest register can be a guest book like those commonly used at social functions. These books are available at most card or gift stores.

B. Housekeeping

Standard housekeeping procedures should be followed in cleaning bedrooms and making-up beds.

Fresh bedding and linens should always be provided after guest checkout or every few days if the guests’ stay is for an extended period. Basic housekeeping should always be provided daily.

Making the Bed:

- Strip and shake-out all bed linens to ensure no valuables are left behind by guests.
- Replace mattress pad if badly soiled or stained.
- Spread bottom sheet over pad and smooth it out, tucking both sides under mattress. If fitted sheets are not being used, allow bottom of the sheet to hang free over the foot of the bed.

- Spread top sheet, making sure it is centered and that you will have at least 8 inches to overlap blankets at head.
- Tuck sheet and blankets together under mattress at foot of bed only, making neat “hospital” corners and leave the sides to hang. (Do not tuck top sheet under mattress at sides because the bottom sheet will come loose when the guest pulls down the top sheet and blanket to get into bed.)
- Replace pillow cases, place pillow on bed with open ends toward the outside.
- Cover bed with a clean bedspread or comforter, which should hang evenly around the bed.

Dusting:

Dust build-up can become a serious problem. Dust all woodwork and furniture, picture frames, window sills, clothes rack and shelving, heating/air conditioning units, vents, and other furnishings.

Vacuuming:

Vacuum all carpeted areas. Hardwood floors should be dry-mopped.

Furnishings:

- Wash all ashtrays
- Empty waste basket
- Discard disposable items
- Replenish glasses
- Replace burned-out light bulbs
- Arrange any literature/stationery supplied in drawers
- Adjust curtains/drapes
- Check for proper mechanical function of all items provided
- Replace all used towelings.

Extending Mattress Life: To ensure a longer mattress life, turn mattresses over two to three times per year.

Personal Belongings Left Behind: In order to ensure that no personal belongings were left behind by departing guests, CHECK: Under beds, inside all drawers, backside, of washroom door, and bathroom cabinets. Make arrangements to return all such items to the guest.

One Last Look: After room is cleaned, stand at the door a second, and take a good look around. Correct any discrepancies. Deodorize each room.

Cleaning The Bathroom:

It is important from the health standpoint that bathrooms are kept clean and sanitary at all times. Due to humidity, unsanitary bathrooms quickly become a breeding ground for germs and other harmful bacteria. The following cleaning procedures should be followed on a regular basis:

- The toilet bowl should shine clean with absolutely no sign of staining. Place small amounts of bowl cleaner on swab and clean inside of bowl, let the cleaner stay on for awhile-before flushing, wipe outside of bowl with clean sanitized cloth.

- Sanitize toilet seat, check to ensure that it is not loose-if so, tighten bolts.
- Bathtubs/showers, washbasins and tiles should be cleaned and wiped dry with a sanitized cloth. All chrome should be polished.
- Check and wipe dry inside shower curtain to remove any buildup of soap and stains.
- Clean and polish mirrors, vanity top and under rim of washbasin.
- Arrange clean towels, washcloths, bath mat and soap.
- Check and refill facial tissue and toilet tissue dispensers.
- Mop bathroom floor.

C. Food Preparation And Service

The objective of developing a food plan is to provide the guest with a memorable culinary experience. A number of factors can add considerably to the guest's enjoyment of the breakfast, such as a pleasant dining atmosphere, attractive food presentation, stimulating conversation, and a unique regional menu.

Always remember that a basic rule in food preparation is to serve hot foods HOT and cold foods COLD. It is also imperative that the kitchen area, the utensils, and the person preparing and serving the food be clean and sanitary.

State and local health regulations will restrict the kinds of food you may serve. Due to the lack of elaborate food preparation facilities, many B&Bs are limited to serving a CONTINENTAL breakfast, which normally includes rolls, fruit, coffee, and juice. However, you can make a continental breakfast distinctive by offering high quality pastry and fresh fruit that are attractively garnished and presented.

In addition to serving breakfast, it is good to have coffee, tea, soft drinks, sherry or wine available to guests when they arrive or throughout the evening. Furthermore, a homemade cake or cookies are greatly appreciated.

Preparing Breakfast:

Be creative in the planning and development of breakfast menus. Croissants, muffins, and bread rolls can be varied and specialized. A variety of home baked goods, and homemade preserves also provide a nice touch. Garnish the plate with slices of fresh fruit to provide color and fill the plate. It is better to charge a little more and provide a quality breakfast, than to skimp and disappoint your guests. A variety of breakfast menus and ideas may be found in cookbooks. Some are specifically developed for small country inns and B&B operations. Browse through a bookstore or library to obtain new ideas.

Serving Breakfast:

Take care to create a pleasant breakfast environment for your guests:

- The table should be set with a nice cloth and napkins, and your best china and flatware. Freshly-cut flowers from your garden and crystal glasses for juice provide an elegant touch to any morning meal.

- Serve breakfast in the dining room, not in the kitchen.
- Unless invited by the guests, neither the host nor his/her family should eat with the guests. It is acceptable to join guests for coffee or tea once the meal is concluded.
- When more than one group of guests share the breakfast table, the host should take the time to introduce everyone.
- Breakfast may be served by preparing individual portions for each guest or by letting the guests serve themselves, country style, from dishes centrally placed on the table. You may choose to serve buffet style from a separate table or buffet.
- Ample coffee and tea should always be available.

Breakfast in Bed:

You may choose to provide the option of breakfast in bed to guests celebrating special occasions. (Consider that accidents will occur and permanent food stains may result to comforters, blankets, or carpets.)

D. Selling Your Area

When guests come to your property to stay they may depend on your expertise in determining what they should do for entertainment. As a service to your guests it is important to be aware of all of the different opportunities available in your area. You should make yourself an ambassador for the area. Not only should you be aware of the attractions in your particular town, but within a radius of about 30 miles, as well. Local museums, historic homes, theme parks, zoos, restaurants, state parks, theatres, tours, parks, shopping opportunities, night clubs, hiking trails, tennis, golf, birdwatching, photographic opportunities, anything special in the area should be compiled on a list of “Things To Do” for your guests. Your local Chamber of Commerce, SC Parks, Recreation and Tourism or Regional Tourism Organization are all good resources for information.

Be sure to keep abreast of events and festivals that could be attended. Keep a supply of MAPS and brochures on hand to give to your guests to assist them in planning their activities. Some properties have bicycles available. You may consider assisting your guests in making reservations at restaurants or other attractions.

E. Extras

A word about **SERVICE**: Most of your guests select a Bed and Breakfast or Inn over a standard hotel or motel because they are searching for “something more than the same old thing.” The extras that you provide to enhance their visit are limited only to your imagination. Here are only a few ideas that you may choose to incorporate:

SOME “SECRETS” OF GREAT GUEST RELATIONS

- Greet each visitor with a SMILE!!! 😊
- Present a clean and neat appearance.

- Be attentive and friendly, listen carefully to what visitors say.
- Think of the visitor as a **welcome guest**. Treat them as you would want to be treated.
- Don't be "right," be polite.
- Make a friend.
- Speak of your community with pride. Never be negative.
- Anticipate the needs of your guests and have materials and information on hand.
- Collect menus from popular restaurants to have available.
- Provide a list of churches in the area along with worship service hours.
- If yours is a historic home, guests may be interested in its history and architecture. Keep a write-up handy for them to read.
- Provide a copy of public transportation schedules.
- Provide turn-down service in the evenings, with a candy on the Pillow.
- Follow up visit with personal note, invite them back.

Amenities create a sense of luxury, build the image of your B&B, and encourage favorable word-of-mouth advertising. Consider the full range of amenities listed below in relation to the projected image and cost of your B&B.

Adapters	Cotton balls
Aftershave	Courier service
Air freshener	Curling iron
Airport transportation	Departing gift
Antique furnishings	Deodorant
Art gallery	Drinking glasses
Baby strollers	Drinks (complimentary champagne, wine, sherry, coffee, tea, sodas)
Babysitting service	Extension cords
Baggage storage	FAX
Bar	First-aid supplies
Bath salts, bubbles	Flowers
Bathrobes	Fruit basket
Beach towels	Gardens, trails, woodlands
Bicycles, mopeds	Hair conditioner
Boat charters	Hairdryer
Books, library	Hand cream
Brochures	Hobby displays/collections
Candy dish	Homemade items/meals
Card tables	

Cheese tray
Children's games
Chocolates
Clothes brush
Cologne
Comforter
Computers, word-processors
(in room)
Corkscrew
Letter openers
Limousine service
Lint removers
Luggage tags
Lunch/dinner
Maps
Membership in club/fitness center
Message-taking service
Mineral water
Mints/candy on pillow
Mouthwash
Nail polish remover
Newspapers
Piano
Pens
Photocopying
Picnic basket
Pillows (extra)
Playing cards
Radio
Raincoat
Reading material
Restaurant discounts
Sachet/potpourri in drawers
Safe for valuables
Safety pins
Secretarial services
Sewing kits

Hors d'oeuvres
Hot tub/sauna
Ice bucket in room
Insect repellent
Interpreter
Iron, ironing board
Kitchen privileges
Laundry privileges/service
Laundry soap, bags
Shampoo
Shaving cream
Shoehorns
Shoe polish, mitts
Shoeshine service
Shopping discounts, gift certificates
Shower cap
Sightseeing tours
Skirt hangers
Slippers
Soap
Special rooms-music, billiard
Sports equipment
Spot remover
Stamps/stationery
Sunscreen
Swimming pool
Tee time reservations for nearby golf
Television/VCR
Telex
Tickets to events
Toothbrush
Toothpaste
Tourist information packets
Towels (large)
Typewriters
Umbrellas
Wheelchairs





V. PROMOTION: Developing A Marketing Plan

Serendipity Inn, Myrtle Beach, SC
<http://www.serendipityinn.com/index.htm>

Marketing is simply a way to inform people about what you have to offer, thereby encouraging them to visit your B&B. Always remember “**MARKETING IS MORE THAN ADVERTISING!**”

The success or failure of many businesses is often linked to the operator’s promotional (marketing) effort. Give careful consideration to the development and implementation of a promotional strategy which is realistic in terms of cost, time availability, and overall attainability.

To be successful you must know your market. Thinking that your product will sell itself is the most common marketing misconception of new entrepreneurs.

The key elements in marketing are: **product design, identifying the market, promotion and advertising.**

PRODUCT DESIGN

A product can be a physical object or a service, such as a Bed & Breakfast. You must be committed to producing and providing a **quality** product or service as discussed in the Development, Administration and Operation chapters.

IDENTIFYING THE MARKET

After you have planned your product you should know **to whom you are trying to sell.** Is your market individuals, retired couples, business travelers, groups, vacationers, honeymooners? You will also want to determine the income level, location and any other specific characteristics of your potential customers. This will determine how you advertise, where you advertise, and also whether the product is likely to be successful or whether you need to change it.

The customers’ needs, wants, and wishes are very important to the entrepreneur who wants to be successful in the marketplace. Market research has shown that the price tag is NOT the first thing customers notice. First, customers note the product, its general appeal, and their desire to use it. Then they ask the price.

After you have done your market research, you should have a fairly good idea of whether or not your business will succeed. Your research also tells you where and how to promote your product.

Marketing is a **continuous** process that should not be neglected once you have launched your business. If your product is not selling, consider changing the product, the price, the services or special features you offer, the name of your product, your target customers, or your advertising methods. Remember, **flexibility** can keep you in business when your competitors fail.

PROMOTION AND ADVERTISING

Few products on the market appeal to everyone. Your financial success depends on your appeal to enough customers to cover your expenses and a profit percentage. Establishing your business requires a certain amount of assertive personal selling. **If the public does not know that your facility exists, there will be little demand for it.** Creating public awareness and demand for your product involves commitment to a promotional strategy, and some hard work, especially in the initial years. Careful thought should be given to the development of a descriptive promotional brochure, and the implementation of a marketing strategy which is realistic and cost-effective.

A. Brochure Development

A brochure advertising your operation will be **THE MOST IMPORTANT PROMOTIONAL ITEM** you can use to build awareness of your bed and breakfast operation. It does not need to be expensive if you keep it simple. Select images and words that will represent your B&B in an accurate and inviting manner. Obtain as many brochures as possible from other bed and breakfast operators, particularly those nearby. Study them carefully and see which appeal to you.

The brochure that you develop should be as informative as possible, without appearing cluttered and distracting. As your major selling tool, the brochure should contain all the information about your facility that a guest requires in order to make an informed decision to stay with you.

As a general rule, the basic brochure should contain:

- Address of facility and names of hosts
- Details about facilities and rates
- Reservation procedure (credit cards accepted)
- List of attractions nearby
- Map of your location
- Addresses of Visitors' Bureaus or Chambers of Commerce (where more information may be obtained about attractions in your area)



The brochure can be distributed locally to hospitals, nursing homes, area chambers of commerce, restaurants, area convention and visitor's bureaus, regional tourism offices, PRT Travel Information Centers, and airports. (See Appendix for list of addresses.) For wider exposure, consider distributing the brochure to B&Bs in adjacent counties and states. It is also the most important piece that you would use in any direct mailing campaign.

B. Public Relations and Personal Selling Program

Building strong credibility within the community will also help promote your B&B. Many guests are referred by people living in your area. Local residents and businesses like to recommend places that are an asset or a unique feature of the community. **If they believe you are well prepared to offer a pleasant experience, they will recommend you.** Your community public relations and personal selling program may include the following:

- Make local residents aware that you are offering bed and breakfast. This can be an excellent source of referral business, particularly in smaller communities.
- Support community programs. Become a member of the chamber of commerce, better business bureau, local merchant association and the nearest convention and visitors bureau. Volunteer to give presentations on the B&B business at local clubs and community gatherings. Learn if you can advertise in annual or seasonal mailings. **Request permission to display your brochures.** Become active in civic and community groups and offer your B&B as a meeting place to build rapport and cooperation.
- Work with community, regional and state support groups to develop tourism. Help develop promotional literature on the history, seasonal events, and unique features of your community. Be sure to contact the Regional Tourism Organization in your area and the South Carolina Division of Tourism. The S.C. Division of Tourism produces a statewide brochure listing B&Bs in the state, so be sure that you are listed in the latest publication.
- Work with the PRT Travel Information Centers: Please be sure that each Travel Information Center has a good supply of your brochures. Contact the central office for approval of your brochure and they will advise you on distribution to the centers. (A complete list of these centers is included in the Appendix.) Each center is capable of making reservations for you. Many reservations are made through their “discount coupon” program. This program is offered to travelers requesting assistance with reservations, offering them a discounted rate in properties across the state who participate by offering discounts to be used through the centers. The coupons are featured on a board at each center and the staff makes reservations for the traveler after they have made a selection. This is offered as a FREE service to you and at no charge to the traveler. It is important that the Travel Information Center staff is also familiar with your property. YOU should visit each center, introduce yourself, take them a supply of brochures and invite each staff member to come for a COMPLIMENTARY stay at your B&B.
- PRT FAMS: Contact PRT to advise them that you are willing to participate in FAMS (familiarization tours) that they may be planning in your area. Providing complimentary lunch, room inspections, personal contact, printed information to FAM. participants would be a good marketing investment. Follow up with a letter to each participant telling them that you are glad that they came and that YOU WANT THEIR BUSINESS.
- **Market your B&B through the local press.** Send regular news releases to area newspapers and radio and television stations. Give guest TV and radio appearances describing the amenities of your B&B. Consider hiring a freelance writer to develop articles for submission to regional newspapers. The S.C. Division of Tourism, Communications Services, can assist you in this

endeavor. Some newspapers have a weekly calendar and tourism section that lists the area's lodging accommodations. Finally, develop a press kit including: a black and white photograph, a brief history, and a description of your B&B to give to newspaper reporters and freelance writers. Some regional and local papers may wish to do a human interest feature about your facility which will provide free local publicity.

- Visit large companies, manufacturing plants, regional offices in your area to personally meet the executives. Make them aware that you are in business and can provide quality accommodations for incoming executives. Identify key executive secretaries who are responsible for **making reservations** for business travelers. Establish a program for key secretaries, offering a bonus program as an incentive for bookings. Keep in constant touch with these contacts, they are your best bet for weekday, repeat business.
- Entertain the key secretaries at a special dinner or drop-in to acquaint them with your property.
- Send out a special Christmas gift or card to the key secretaries with an invitation to spend the night to see what the property offers to the business traveler. This enables the secretaries to recommend a familiar property.
- Cooperate with area businesses. Make personal sales calls on businesspeople, especially restaurant managers, plant managers, personnel directors, stores, purchasing agents, real estate salespeople, gas stations and convenience stores. Follow up each visit with a personal letter. See if they will stock your brochures, as well. Local word-of-mouth referrals are a very solid way to attract guests at little or no cost.
- Contact private citizens and community leaders. Read the local newspaper carefully and make personal calls to local people holding family reunions, weddings, confirmations, bar mitzvahs, and other events where out-of-town guests may be involved. Send out letters of congratulation concerning awards, promotions, and accomplishments to keep your business profile high among community leaders.
- Participate in Community Events. Keep abreast of activities and events in the community, particularly where these activities generate visitor traffic. For example, if an annual sporting event takes place in the community, contact the organizers and request that your facility be listed in their promotional literature as an alternate accommodation.
- Answer inquiries promptly. People who make inquiries are your most promising potential customers. Such inquiries should be answered **promptly**, and with the information requested. You should make it easy for those who inquire to make a reservation by including a phone number they can call collect or a self-addressed, stamped reservation form.



C. Special Promotions

- Consider offering holiday and weekend packages that include activities such as hiking tours, biking, theatre tickets, fishing, golfing or historic tours. During the off season, advertise special rates in newsletters, newspapers, and regional magazines for families and senior citizens, and offer family and friend promotions to regular clients. Special events and package deals such as these will create interest and generate publicity for your B&B.
- Try to plan special events for each season of the year and encourage local merchants to co-sponsor and promote the events. Nonprofit sponsorship may entitle you to free public service announcements on radio and television.
- Consider donating a free night at your B&B as a prize at fund-raising events.

D. Newsletters

An important tool for reminding former guests about your B&B and generating repeat business is the newsletter. Ideally, a newsletter will contain information on the accommodations offered by your B&B, a history of the home, promotional events and package deals, special community attractions, and announcements of improvements or additions to the B&B. You might also consider sending out Christmas cards and other appropriate seasonal greetings to past guests.

E. Business Cards and Other Promotional Items

Incorporating the name and logo of your B&B on business cards, fact sheets, stationery, and policy sheets is a relatively inexpensive promotional tool. Professional business cards can help establish credibility, while attractive, well written fact sheets can gain exposure and promote the image you have created. Fact sheets can be placed on bulletin boards, handed out to guests, included in mailings, and sent to other B&Bs in your region. Policy sheets posted in each room will outline the rules of your establishment while reminding guests of your business's name and logo. Also consider incorporating the name and logo on in-house items such as informational posters, placemats, and stationery and on complimentary gifts such as matchbooks, pens, and postcards. Making your name and logo as visible as possible will make guests more likely to remember your particular B&B.

F. Listing the Yellow Pages

If you have a business phone number you are entitled to one free listing in the yellow pages. Because B&Bs are still a relatively uncommon form of lodging, your listing may be most visible in the motel section. The majority of people who consult the yellow pages are passing through town and calling at the last minute to find a place to stay.

G. Advertising

- **Print advertising** can be a very effective medium in creating awareness among buyers. (Remember that advertising is only one of the tools at your disposal. In order to be effective, it should be used in support of other promotional efforts and not stand alone.)

Note that one or two well-placed ads may be more effective than a multitude of scattered ads in a variety of publications. Consideration should be given to advertising in publications which a visitor to the area would consider while looking for overnight accommodations.

When placing a large advertisement give a brief history and description of your B&B in regional newspapers of your major market. Then follow up with a series of smaller reminder ads. You might also evaluate the cost effectiveness of placing small and frequent ads in the classified section under “Bed and Breakfasts” and in the travel sections of regional magazines. Consider purchasing advertising space in local chamber of commerce brochures and specialty publications on local activities such as golfing and hunting. When buying ad space, compare prices based on cost and circulation.

Another consideration is to contact the South Carolina Division of Tourism for its ad campaign schedule and consider advertising where they have selected to advertise the state. This is called “piggy-back advertising.” It compounds the effect of your advertising dollar, gives you greater exposure and could give you a price break by being part of a South Carolina section in a publication.

- **Listing In Guidebooks:** Listing your B&B in guidebooks is a relatively **simple and inexpensive** way to attract guests, particularly distant customers. The cost ranges from \$15 to \$60 per guidebook. (Some are FREE.) To decide which books you would like to be listed in, browse through the travel section of a bookstore. (See Appendix for a listing of B&B guidebooks.) Ask other B&B operators which ones have proven to be the most effective for them. Select a reasonable number of guidebooks that look attractive and compare them based on the following factors:

- Cost
- Circulation volume
- Market
- Updating frequency
- Membership requirements
- Type of B&B descriptions
- Exclusivity stipulations
- Certain standards that must be met
- Inspection policies



You may also want to inquire about liability and group life insurance policies available to members. Also ask about newsletters and other benefits. Because it may be one to two years before a new or updated guidebook reaches the bookstores, contact the guidebook’s writers before you open.

- **Broadcast Advertising.** Broadcast advertising usually is a more expensive form of advertising. Television and radio are seldom used by a B&B, however, you might consider using it to announce your opening and to promote your B&B early in the busy season. Select a station that more or less shares your target market segment. For radio promotion to be effective, listeners should hear the name of your B&B several times a day during a period of a week. Seek professional advice in writing copy and choosing background music so that you project the image you want.

H. Listing with a Reservation Service Organization (RSO)

B&B Reservation Service Organizations maintain and publish listings of B&Bs in various locations that travelers may consult when deciding on lodging. The B&B host pays a listing fee of anywhere from \$5 to \$200. **RSOs do charge a commission**, usually twenty percent of the guest’s lodging fee. The commission

is charged for repeat guests as well. In exchange for the fees and commission the RSO screens guests, handles deposits, and provides some publicity. Most arrangements between B&B hosts and an RSO are clearly described in the form of a signed contract. Some RSOs require that your B&B conform to certain standards.

There are many B&B reservations organizations to choose from, so you will want to shop around in selecting the RSO that best suits your needs. (You can obtain a current listing of RSOs from: The American Bed and Breakfast Association, P.O. Box 23486, Washington, D.C. 20008.)

I. Travel Agents

(Remember that travel agents are **professionals who are paid a commission** per room night that they book in your property.)

Target travel agencies in nearby large cities for a sales blitz. (Charlotte and Atlanta, for example) Get a phone book from the targeted cities or contact their state tourism offices and request a listing of the travel agencies in their state. Consider a direct mail piece to all agencies offering them a free night stay per travel agency. This will give you an opportunity to have them familiar with your property and better sell the area as a destination. Send travel agents information on the area as well as a cover letter. Consider offering a travel agent's discount to any other agents from their agency who wish to come. They may not recommend your property if they are not familiar with it. (This could be done in the form of a postcard with a picture of your property on the front, if you want to watch costs.)



The Ashley Inn Bed & Breakfast
Charleston, SC

<http://www.Charleston-sc-inns.com/>

J. Group Tours

(NOTE: Marketing to attract groups should only be attempted by inns with at least twenty-four rooms.)

South Carolina PRT maintains the names of group tour operators who are presently coming to or through South Carolina if you decide to do a **direct mail** piece.

Include:

- a cover letter inviting the tour operator for a COMPLIMENTARY night's stay to "experience" your property and see your area.
- a brochure on your area as well as the brochure and fact sheet of your property.
- The most important information you need to include are one-night and two-night packages which they could offer to their clients. This should include a suggested itinerary, PRICES, (including tax and gratuities) and booking procedures. The price should be a NET price as most tour operators add a commission.

Generally, tour operators will RARELY bring a group somewhere that they have not personally stayed before ... they have to sell their own programs and answer the questions of their travelers. PERSONAL calls need to follow-up each possible lead. just sending them a brochure WILL NOT sell your property! They HAVE to have the packages.

Contact the South Carolina Division of Tourism's Group Tour Marketing Division (803/ 734-0128) and ask to receive their contact lists from the National Tour Association, American Bus Association and Travel South Market Places. These are lists of tour operators that they have met with who have expressed an interest in bringing group tours into the state. These tour operators should receive the information described above from you as well.



[The Cannonboro, Charleston, SC](#)



VI. APPENDIX

Bed and Breakfast guidebooks:

The Schell Haus Bed & Breakfast
Pickens, SC

<http://www.bbonline.com/sc/schellhaus/>

Following is a partial list of guidebooks that you may choose to contact for listing your property. This is by no means a complete list. Browse in your local bookstore to find names of others and to get an idea of what they are like. Most of the costs range from \$0 to \$50, according to their circulation. Each have different publishing dates, and **their copy deadline is usually six months prior to their publishing deadline.** **CONTACT THEM EARLY!**

Bed and Breakfast USA: A Guide to Tourist Homes and Guest Houses, Betty Rundback and Nancy Ackerman, \$10.95, 725 pages, illustrated, Sandy Soule, Editor, E.P. Dutton, 2 Park Avenue, New York, NY 10016 (212/725-1818) Contains listings in all 50 states, plus Canada. A chapter on how to start your own B&B is included as well as sixteen pages of mouth-watering recipes from B&Bs around the U.S.

The Official Bed & Breakfast Guide, For the US and Canada, Phyllis Featherston and Barbara Ostler, \$13.95, illustrated, 148 East Rocks Road, P.O. Box 332, Norwalk, CT 06852 (203/847-6196).

Country Inns and Back Roads, Jerry Levitin, (formerly Norman T. Simpson) illustrated, 80 pages, \$4.95 Harper and Rowe Publishers, 10 East 53rd Street, New York, NY 10022 (707/255-2211).

Bed & Breakfast American Style, Jerry Levitin, (formerly Norman T. Simpson) Harper and Rowe Publishers, 10 East 53rd Street, New York, NY 10022 (707/255-2211).

Complete Guide to Bed & Breakfasts, Inns & Guesthouses, Pamela Lanier, John Muir Publications, Santa Fe, NM 87504.

Bed And Breakfast North America, Norma Buzan, Betsy Ross Publications, 3057 Betsy Ross Drive, Bloomfield Hills, MI 48013 (313/646-5357). Guidebook of B&Bs featuring specialty recipes from each. You may get some good ideas for breakfasts!

Additional books that may be useful to you:

How To Open A Country Inn, Karen L. Etsell. The Berkshire Traveler Press. Stockbridge, Massachusetts 01262.

Start Your Own Bed & Breakfast Business-Earn Cash From Your Extra Room, Beverly Mathews, \$5.95, 1.80 pages, Pocket Books, 1230 Avenue of the Americas, New York, NY 10020.

So You Want To Be An Innkeeper, Mary Davies, Pat Hardy, JoAnn Bell and Susan Brown. 101 Productions of San Francisco, 228 pages, order from Inn Review, PO Box 1789, Kankakee, IL 60901.

How to Start Your Own Bed & Breakfast, Mary Zandec. Golden Hill Press, Box 122, Spencetown, New York 12165.

How to Open and Operate a Bed & Breakfast Home, Jan Stankus. 290 pgs, Globe Pequot Press, \$12.50.

Open Your Own Bed & Breakfast, Barbara Notarius and Gail Brewer, 230 pgs, John Wiley and Sons, Business Law/General Books Division, 605 Third Ave, New York, NY 10520.

Innkeeping Supplies and More Innkeeping Supplies, New Sources & Resources, Beverly Mathews, \$5.00 Rocky Point Press, PO Box 602, Santa Monica, California 90406. These two booklets feature information about products for inns.

How to Make Money at Innkeeping, Michael Vincent Kuntz, Southern Hospitality Concept, Inc., 142-02 Eighty-fourth Drive, Briarwood, NY 11435. Details budgeting, housekeeping, front desk, food and restaurant departments, etc. for medium to large-sized operations.

Guest Services-500 Ideas, Innkeeping World, P.O. Box 84108, Seattle, WA 98124. Creative ideas from the "big guys" in the hotel industry. Unique services and amenities, adaptable to inns.

Secrets of Entertaining from America's Best Innkeepers, Gail Greco, Globe Pequot Press, \$12.95. Contains wonderful tips on a variety of subjects. Efficient ways and time-saving ideas on how to clean house. Example: Glassware clouded by mineral buildup will come clean when soaked in a half gallon of water combined with a few denture-cleaning tablets!

Associations:

The American Bed & Breakfast Association, 16 Village Green, Suite 203, Crofton, MD 21114 (301/261-0180) Membership of \$150.00, newsletter, guidebook published, also other publications and information for members.

Association of Professional Innkeepers, International, JoAnn M. Bell, Executive Director, P.O. Box 90710, Santa Barbara, California 93190 (805/965-0707) Membership offers: newsletter, workshops, technical assistance, index of members.

Starting a Bed & Breakfast Business

GETTING STARTED

Are you thinking about converting your home into a Bed & Breakfast (B&B) business? There are several reasons why people choose to open a B&B --- supplemental income, restoration of a historic residence, preservation of a family home or farm, tax benefits. Whatever your reason, there are many issues that you need to think about and plan for just as you would for any business venture.

Do I Have What It Takes?

First and foremost, do you or more importantly does your family have what it takes to own and operate a B&B? Sit down with all family members and discuss the answers to the following questions:

- Does the family enjoy meeting, talking, and interacting with people?
- Is the family trusting of others?
- Is the family comfortable with having and entertaining strangers in the home?
- Is the family comfortable with all types of people from different cultures and socioeconomic backgrounds?
- Is the family calm and relaxed around children?
- Does the family mind giving up their privacy?
- Does the family like to cook, clean, and keep the home neat?

If the answers to these questions are an enthusiastic "yes," then you and your family might prove to be successful B&B owners-operators. If the response is less than positive, you should reconsider opening a B&B.

It is important to understand that unless you are located in a popular tourist destination area and have more than just a couple of rooms to book, it will be difficult to make much money in a B&B business venture. From a financial standpoint, it may be necessary to consider additional ways to generate revenue from your B&B. There are other typical ways to add-on income from your B&B, these include opening a full scale restaurant in the facility that is open to the public for lunch and/or dinner; catering events on and/or off premises; renting facility for special events (such as receptions, retreats, etc.); and selling retail products (such as specialty food products, soaps/lotions, candles, T-shirts, etc.).

What Will It Cost?

The initial cost of going into a business is your start-up costs. It usually ends up costing a lot more than you first anticipate, that is why it is so important to actually put a pencil and paper to it --- so you will have an accurate picture of the amount of money you will need to get started. Costs to consider may include the following:

- renovations (electrical, plumbing, kitchen, landscaping, fixtures, security system, etc.)
- interior decoration (painting, wallpapering, furniture, lighting, etc.)
- linens (bed and table)
- towels
- dishes and utensils
- smoke and carbon monoxide detectors, fire extinguishers, and other emergency equipment

- signage
- promotion and advertising (brochures, ads, etc.)
- permits and licenses (MS Business Registration, local privilege or business license, and MS food service permit)
- insurance (liability, medical, property, workers comp, etc.)
- telephone and answering service/machine
- office equipment and supplies (front desk, computer, copier, fax machine, etc.)
- reservation service(s)

Your start-up list may include more or less depending on your facility. The bottom line is that you need to know what the 'bottom line' is in terms of the dollars it will take to get the business started.

Do I Need Any Special Permits/Licenses?

Early in the planning process, check the local zoning, fire safety codes, and business permit requirements you must comply with at the appropriate agencies. At the state level you will need to complete a Mississippi Business Registration Application ([FORM 70-001-00-1](#)), which can be obtained from the [Mississippi State Tax Commission](#) (601/923-7000); obtain a [MS Food Service Permit](#) (not all B&B's must have this --- you need to check to see if you do or don't); and complete [Food Safety Certification](#). At the federal level you will need an [Employer's Identification Number](#) (EIN) if you have one employee or more. Contact the [IRS](#) to obtain a federal EIN (telephone 800/829-3676).

It is also important that you understand at the front end, all of your tax obligations as a self-employed business owner and employer. The IRS resources listed below will assist you with this.

OPERATING PLAN

Once you have made the decision to open a Bed & Breakfast (B&B), it is essential that you develop an operating plan for the business to insure that it will run smoothly. Included in the operating plan are guidelines and procedures for handling the day-to-day operation of the business, including policies and procedures, finances, facility maintenance, food preparation/service, and guest relations.

Policies and Procedure

Reservations --- The telephone is the lifeline to your business because this is the primary way customers will make contact with your B&B. It is important that the telephone lines are kept open and that someone is available to answer questions and take reservations. If this is going to create a family problem, it may be necessary to install a separate telephone line for the business. In the event that no one is at home to answer calls, an answering machine with a professional sounding message needs to be activated. Calls should be returned promptly.

You should develop some type of reservation system that works best for your B&B. When a reservation request is received (by telephone, mail, or e-mail), if the date(s) are available, a reservation form should be completed. Customers need to be advised that reservations will be confirmed only with a deposit (by credit card, check, or money order). Once the deposit is received, written confirmation should be forwarded to the customer (by mail, e-mail, or fax). The confirmation should include information regarding your cancellation/refund policy. It is also nice to send directions and/or map to the B&B along with the confirmation, especially if it is in an out-of-the way location. Some B&B's will also include a brochure outlining guest services, check-in/check-out times, final payment, meal times, local tourist information, and any other information that guests need to know about ahead of time.

House Rules --- Since B&B's generally operate in a more intimate manner and in closer proximity to the family, it is important that guests know what is and what is not acceptable to you. You and your family need to set guidelines for the following and communicate those guidelines in an effective, yet tactful manner to your guests:

- Pets (yours and theirs)
- Telephone usage
- Kitchen privileges
- Use of television/radio
- Smoking restrictions
- Laundry privileges
- Use of alcoholic beverages

- Keys
- Children (yours and theirs)
- Use of home and grounds
- Visitors
- Parking
- Etc.

Finances

Keeping track of the financial health of your business is essential to its long-term survival. Begin by implementing a good record keeping system. There are many excellent small business record keeping software packages on the market. Using computer technology to manage your business finances will save you a lot of time and money. However, the "old fashioned way" of keeping records by hand in a ledger will work just as well. The bottom line is --- implement some type of system and stick with it!

A good system will help you keep up with your operating expenses, which begin the day you open for business. These expenses include maintenance, utilities, office supplies, food & beverage, salary, wages and employee benefits, mortgage, licenses/permits, advertising/promotion, professional services (attorney, accountant), insurance, reservation service/travel agent fees, association dues, guest supplies, etc. From your records, you should be able to determine a figure for your average monthly operating expenses. You should then compare this figure to the revenue generated from your business to assess the financial health of the business on a regular basis.

Your record keeping system should also help you determine the taxes you must pay (employee, income, etc.). Refer to the IRS tax information resources listed below for more detailed information on business taxation.

Facility Maintenance

Research has shown that first impressions are indeed lasting impressions. The overall appearance of your B&B inside and outside is important. It should be neat, clean, and inviting --- it should make a guest excited to be there and want to come back again! Housekeeping standards should be implemented for guest bedrooms and bathrooms, as well as for the rest of the home.

Food Preparation/Service

Remember that "breakfast" is an integral part of a B&B, therefore it deserves special attention. Your food plan should be well thought out and cover every detail of the meal including types of food (continental or full), food presentation, serving location (kitchen, dining room, in bed, terrace, etc.), table setting (dishes, utensils, linens, fresh flowers, etc.), serving hours, special diet requests, and cleanliness of preparation and serving areas. If meals in addition to breakfast are served, the same attention to detail is required. Be creative in the planning and serving of your meals --- delight your guests, don't disappoint them!

[NOTE: Depending on your particular business, you may need to obtain a [Mississippi Food Service Permit](#) (not all B&B's must have this --- you need to check to see if you do or don't); and may need to complete a [Food Safety Certification](#) course.]

Guest Relations

The keyword here is provide your guests with the "extras." The majority of people who stay in B&B's rather than motels or hotels do so because they want something special --- not the same old thing. It should begin the moment they arrive and follow through until the time they depart --- your guests should be made to feel extra special. Many B&B's charge room rates well above the going rate for nearby motels or hotels --- if you charge more, your guests will expect more and it is up to you to provide the extra service they are seeking. Some extras to think about:

- Airport transportation
- Antique furnishings
- Baby stroller
- Bath products (salts, bubbles, soaks)
- Bathrobe
- Beach/pool towels
- Bicycle
- Books/videos

- Candy
- Clothes brush
- Computer
- Cotton balls
- Down comforter/pillows
- Extension cord
- Fax machine
- Fishing gear
- Flowers
- Fruit basket
- Games
- Hair dryer/curling iron
- Hair products (shampoo, conditioner, spray)
- Hand lotion
- Mail service
- Maps
- Mineral water
- Mouthwash
- Nail polish remover
- Newspapers
- Photocopying
- Picnic basket
- Rain poncho
- Safety pins
- Sewing kit
- Shower cap
- Slippers
- Soaps
- Stationary/postcards
- Sunscreen
- Swimming pool
- Television/VCR
- Tooth brush/paste
- Tourist information
- Umbrella
- Wheelchair

Follow-up is important to future business. Have a guest evaluation card in each room to be filled out before they leave or simply ask them about their stay --- What did they like the most? What could be done better next time? Send a postcard or personal note to their home a couple of weeks after each guest's stay, thanking them for their business and inviting them back.

MARKETING

Two of the biggest mistakes new business owners often make are 1) thinking that everyone will want to buy what they are selling, and 2) thinking that their product will sell itself. A good marketing plan will help eliminate both mistakes. The key elements of marketing are knowing the product and/or service you are selling, identifying the market or target customer, and then promoting/and advertising to that target customer so they will buy the product and/or service --- and in this case the product and/or service is your B&B.

Knowing Your Product/Service

In a B&B business you are primarily selling lodging or overnight accommodations. However, there are other ways to add-on income from your B&B, these include opening a full scale restaurant in the facility that is open to the public for lunch and/or dinner; catering events on and/or off premises; renting facility for special events (such as receptions, retreats, etc.); and selling retail products (such as specialty food products, soaps/lotions, candles, T-shirts, etc.). These add-ons become part of what you are selling. It is important to

understand exactly what you are selling and in most cases it is much more than just a single item.

Identifying Your Market

The customers' needs and wants are very important to the entrepreneur who wants to be successful in the marketplace. But first, you have to "know thy customer and know thy customer well! A good place to start is with your marketing plan, and a good place to start your marketing plan is with the answers to the following questions:

- Are the trends right?
Are you located in a vacation destination spot?
Are you a convenient travel stop for business travelers?
Are you located in a rural area with no or limited local lodging accommodations?
- Is the idea realistic?
Can you operate a B&B the way you want to and make enough money at it to keep it going?
Can the family cope with this type of business?
- Would it be worth it if the business succeeds?
What are your expectations from your B&B --- part time supplemental income or a full time job and income?
Are you ready and able to handle success and all the work that comes along with it?
- Who is the customer?
Individuals, retired couples, business travelers, groups, vacationers, honeymooners?
What is the primary age group - young adults, middle-agers, senior citizens?
What is income level - B&Bs that provide special services often cater to higher income levels, while others cater to the budget conscience?
- Where is the market?
Where do they live - where are they coming from to stay at your B&B?
- How many people will actually purchase?
Are there enough potential customers out there that even would consider staying at a B&B in your location?
- How many people will purchase product from you?
How many of these people will stay at your B&B?
What makes your B&B better than the competition --- what gives your business the competitive edge?

Promoting and Advertising Your Business

In order to bring customers into your business, they have to know you exist. Creating public awareness and demand for your product or service involves a commitment to promoting and advertising it. A brochure about your B&B will be the single most important promotional tool you can use to build awareness of your operation.

The brochure needs to be well done. It does not have to be expensive, but it must be good. If you do not have a good working knowledge of the elements of art and principles of design, then you may need to hire a graphic artist to do it for you. The brochure can be distributed locally to chambers of commerce, restaurants, convention/visitors bureaus, Mississippi Welcome Centers, airports, etc. In some cases you may need to distribute the brochure to similar locations and to B&Bs in adjacent states.

Additional methods to consider for promoting your B&B include:

- Building strong credibility within the community. Many guests are referred by people living in your area. Local residents and businesses like to recommend places that are an asset or a unique feature of the community.
- Making local residents aware that you are offering bed and breakfast. This can be an excellent source of referral business, particularly in smaller communities.
- Supporting community programs. Become a member of the chamber of commerce, better business bureau, local merchant association, and the nearest convention/visitors bureau.
- Working with community, regional and state support groups to develop tourism. Help develop promotional literature on the history, seasonal events, and unique features of your community. Be

sure to contact the tourism organization in your area and the [Mississippi Division of Tourism](#). The [Mississippi Division of Tourism](#) produces a [statewide listing of B&Bs](#) in Mississippi.

- Working with the Mississippi Welcome Centers. Supply each Welcome Center with your brochures. Each center is capable of making reservations for you. Contact Rosie Herron-Williams at 601/358-3297 for information about this program.
- Working through the local press. Send regular news releases to area newspapers and radio and television stations. Consider hiring a freelance writer to develop articles for submission to regional newspapers. Some newspapers have a weekly calendar and tourism section that lists the area's accommodations. Some regional and local papers may wish to do a human-interest feature about your facility, which will provide free local publicity.
- Contacting companies and manufacturing plants in your area to make them aware that you are in business and can provide quality accommodations for incoming business travelers.
- Cooperating with area businesses. Call on local business people, especially restaurant managers, plant managers, personnel directors, stores, purchasing agents, real estate salespeople, gas stations and convenience stores. See if they will stock your brochures, as well. Local word-of-mouth referrals are a very solid way to attract guests at little or no cost.
- Contacting private citizens and community leaders. Read the local newspaper carefully and make personal calls to local people holding family reunions, weddings, confirmations, and other events where out-of-town guests may be involved. Send out letters of congratulation concerning awards, promotions and accomplishments to keep your business profile high among community leaders.
- Participating in community events. Keep abreast of activities and events in the community, particularly where these activities generate visitor traffic.
- Answering inquiries promptly. People who make inquiries are your most promising potential customers. Such inquiries should be answered promptly, and with the information requested.
- Developing a logo for your B&B. Use the logo on such things as business cards, brochures, stationary, T-shirts, "give-aways" or complimentary gifts, signage, matchbooks, pens and pencils, advertisements, etc.

Advertising can be an effective promotional tool. It should be used in support of other promotional efforts and not stand-alone. The traditional ways of advertising may be beneficial to your B&B --- newspaper, magazine, radio, television, direct mail, outdoor signs, Internet, and word-of-mouth. You will need to assess the situation and determine what form or forms of advertising will be most beneficial to your B&B. The key to advertising is to spend your advertising dollars on the most effective way to reach your target customer.

Other Considerations

Other avenues to consider include:

- Listing your B&B in a B&B guidebook. Check bookstores for guidebooks, there are many.
- Participating in the Mississippi Division of Tourism [online Mississippi B&B listings](#). Contact Diana O'Tool at 601/359-3297 for information.
- Listing with a reservation service organization (RSO). You can obtain a current listing of RSOs from [The American Bed and Breakfast Association](#), 1407 Huguenot Road, P O Box 1387, Midlothian, VA 23113, telephone 800/769-2468.
- Contacting travel agents in nearby large cities like New Orleans, Memphis, Birmingham, etc.
- Listing in the yellow pages of the telephone directory.

RESOURCES

[Mississippi Bed & Breakfast Association](#)

Mr. Loren Quart, President
601/437-2843

How to Open a Bed and Breakfast in Your Home (free publication)

Mississippi Development Authority - Division of Tourism

Diana O'Tool
601/359-3297

Mississippi Tour Guide (free publication - listing of B&B's in MS)

Mississippi Development Authority - Division of Tourism
Cheryl Eley
601/359-3297

Reporting Requirements for Mississippi Small Businesses

Request a copy of Mississippi from the [Mississippi Development Authority](#) (601/359-3593), or access it [online](#).

[IRS Tax Information](#)

IRS Publication 533 - Self-Employment Tax

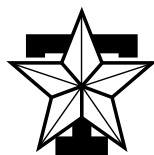
IRS Publication 334 - Tax Guide for Small Business

IRS Publication 587 - Business Use of Your Home

IRS Publication 535 - Business Expenses

[Basic Business Start-Up Guide](#)

Mississippi State University Extension Service



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Texas Agricultural Extension Service
THE TEXAS A&M UNIVERSITY SYSTEM

Establishing a Birding-Related Business

A Resource Guide





David Scott and Ashley Callahan

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The Texas A&M University System; and Expo Coordinator,
Texas Parks and Wildlife Department

This report was funded in part by grants from the Renewable Resources Extension Act and the Trull Foundation. We would like to express our gratitude to the many individuals who were interviewed for this report. Their insights will help others who are considering developing birding-related businesses.

Many of the photos in this publication were taken by Bert Frenz. The authors are grateful for his permission to use them.

Birdwatching is the fastest growing outdoor recreation activity in the United States (Outdoor Recreation Coalition of America, 1996). Many communities are enjoying substantial economic benefits from visiting birders. This has led many landowners and communities to consider establishing birding and wildlife watching enterprises and events as a means of generating income. Attracting birders and nature tourists is one way to diversify a landowner's income and a community's economic base.

Birding and nature tourism are also compatible with environmental preservation. They take advantage of natural scenic areas and habitats that attract specific bird species.

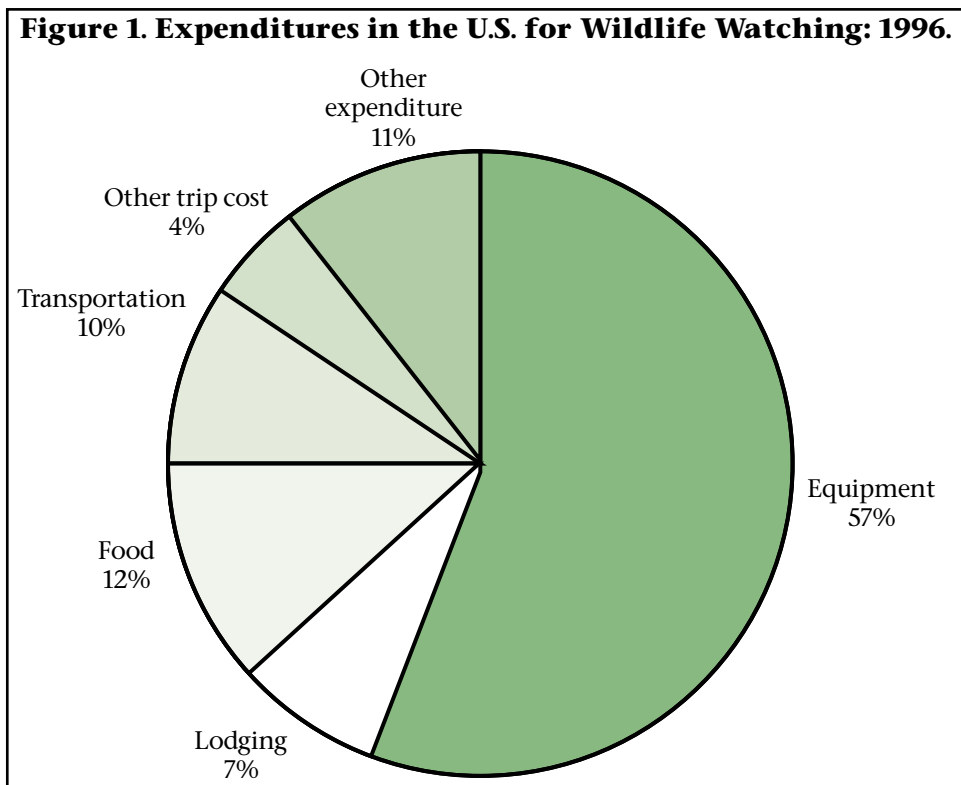
As with any business, success depends on understanding the industry and the customers one is trying to reach. The purpose of this guide is to present current information about the birding industry and birders themselves, and to help those who may want to establish birding-related enterprises.

Information in this publication came from several studies, including the *1996 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation* (referred to as the National Survey), and the *1993-1994 National Survey of Recreation and the Environment* (referred to as NSRE).

Understanding the Birding Market

Economics

The *National Survey* reported that, in 1996, Americans spent approximately \$29 billion on observing, feeding and photographing wildlife. Trip-related expenditures accounted for more than \$9 billion (32 percent) of that total. Figure 1 shows a detailed breakdown of how wildlife watchers spent their money. "Other trip costs" includes such things as guide fees and public land use fees. "Other expenditures" includes magazines and books, membership dues, contributions, land leasing and ownership, and plantings.



Source: 1996 National Survey of Fishing, Hunting and Wildlife-Associated Recreation





Wildlife watchers spent an average of \$554 per person for these activities in 1996, far less than the average amounts spent by hunters (\$1,497) or anglers (\$1,112). Still, wildlife watchers, particularly birders, generate substantial income for some communities and landowners.

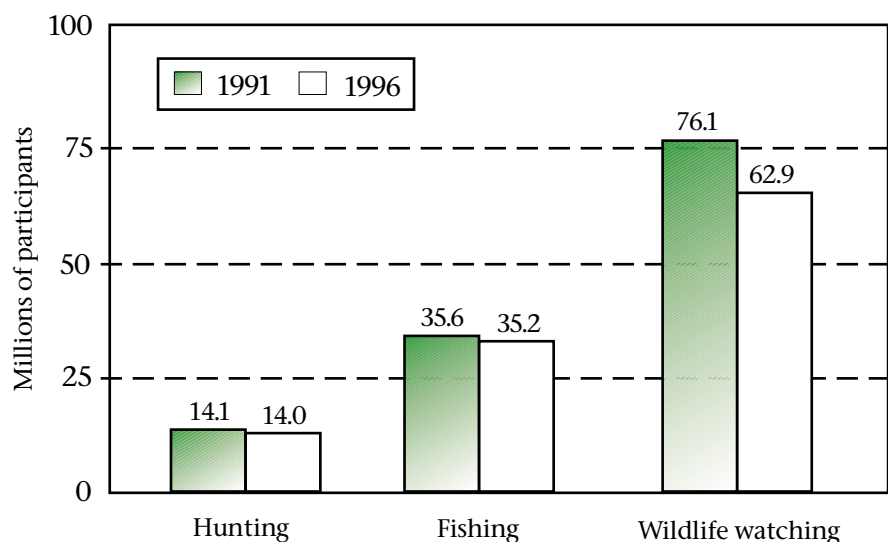
For example:

- The annual Hummer/Bird Celebration in Rockport/Fulton, Texas, attracted 4,500 visitors in 1995. They spent more than \$1.1 million during the 4-day event (an average of \$345 each). Of this amount, \$316,000 was spent on lodging, \$237,000 on meals in restaurants, and \$278,000 on shopping.
- An estimated 20,000 birders spent \$3.8 million at Point Pelee National Park in Ontario during May 1987.
- Approximately 38,000 people visited two birding “hot spots” in southeast Arizona (Ramsey Canyon and San Pedro Riparian National Conservation Area) from July 1991 to June 1992 and spent about \$1.6 million.
- Roughly 100,000 birders visited Cape May, New Jersey in 1993 and spent \$10 million.
- About 6,000 birders traveled to the High Island area of Texas during April and May of 1992 and spent more than \$2.5 million for lodging and other activities.
- The Santa Ana National Wildlife Refuge near McAllen, Texas attracted some 100,000 birders from November 1993 to October 1994. These visitors spent \$14 million in the area.
- About \$5.6 million was spent by the 48,000 people who visited Laguna Atascosa National Wildlife Refuge in south Texas from November 1993 to October 1994.

Participation Trends

The National Survey reported that 63 million Americans over the age of 16 participated in wildlife watching in 1996. Although this is 17 percent fewer people than was reported in 1991, the number of Americans who said they watched wildlife far outnumbered those who said they hunted or fished (Fig. 2).

Figure 2. Changes in Outdoor Recreation Participation: 1991-1996.

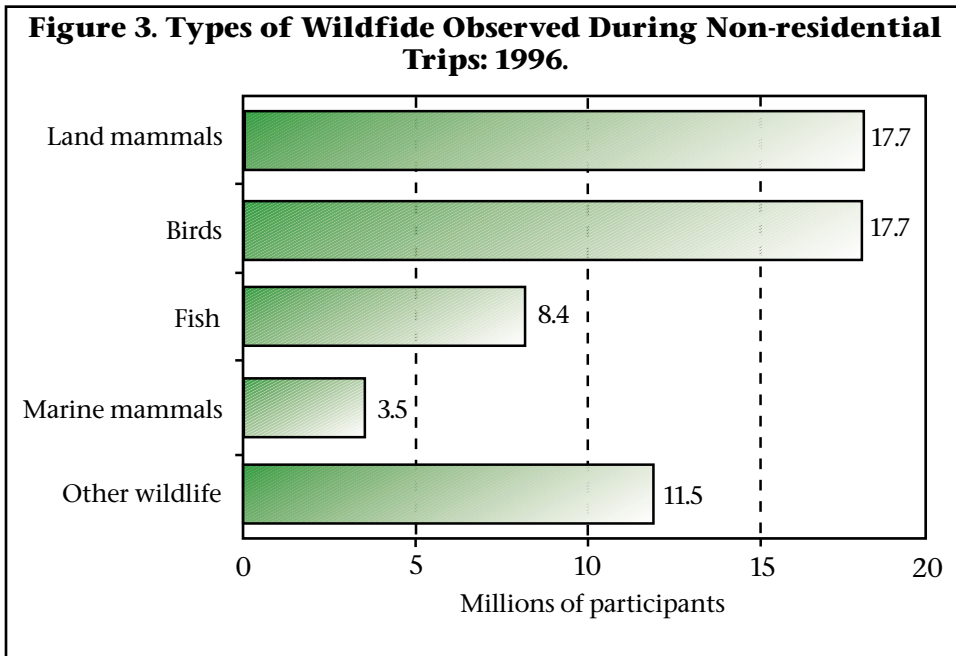


Source: 1996 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation

Of these 63 million Americans, 23.7 million said they traveled more than 1 mile from home to observe, photograph or feed wildlife. These are considered non-residential wildlife watchers. Residential wildlife watchers (some 61 million) are those who enjoyed wildlife watching within a mile of their homes.

The residential wildlife watchers said they fed birds or other wildlife (54 million), observed wildlife (44 million), photographed wildlife (16 million), maintained special plantings or natural areas for wildlife (13 million), and visited public parks (11 million). Almost all the residential wildlife watchers (96 percent) said they observed birds; many (87 percent) also like to observe mammals.

The non-residential wildlife watchers reported feeding birds (10 million), observing birds (18 million), and photographing wildlife (12 million). During their trips to observe wildlife, an equal number were interested in birds and land mammals (Fig. 3).



Source: 1996 National Survey of Fishing, Hunting and Wildlife-Associated Recreation

Only 25 percent of Texans said they engaged in wildlife watching in 1996, and the number of Texans who were non-residential wildlife watchers had decreased from 1.5 million to 1.3 million since 1991. However, Texas is a prime **destination** for wildlife watchers from across the country and around the world. About 1.4 million Americans said they traveled to Texas to observe wildlife (primarily birds). Only California, Pennsylvania and Florida attract more wildlife watchers. These visitors spent about \$1.2 billion on wildlife watching in Texas.

Table 1 shows the rates of participation in wildlife watching among the U.S. population in 1996 (National Survey).

Birdwatching Trends

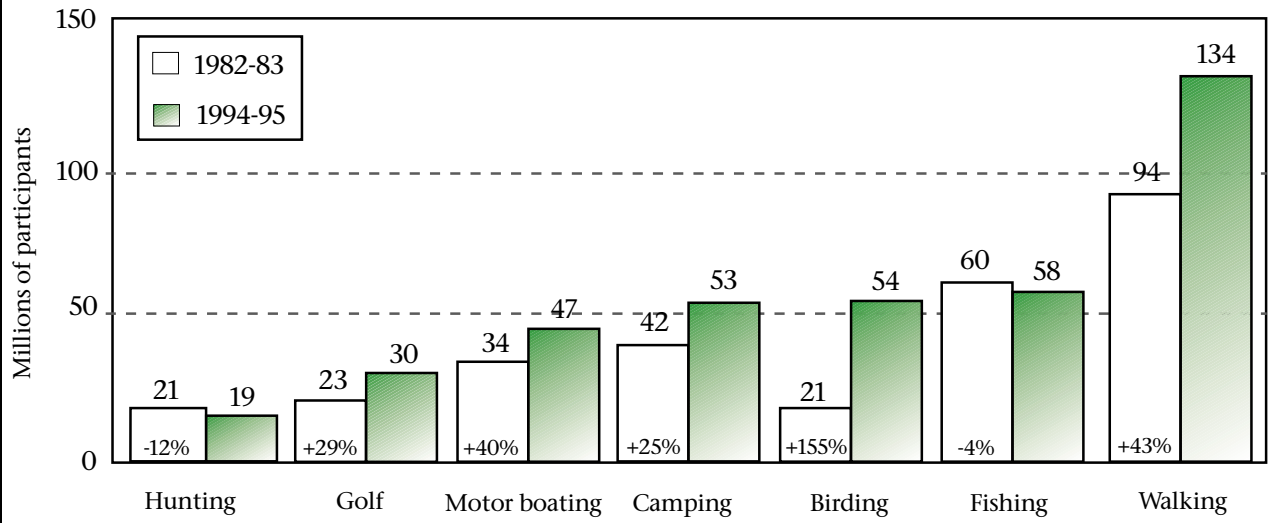
The number of Americans 16 years of age and older who watch birds grew from 21 million in 1982 to more than 54 million in 1994—a 155 percent increase (Fig. 4). However, it is important to keep these figures in perspective.



Table 1. Rates of Participation in Wildlife Watching.

Characteristics	% Engaging in residential wildlife watching	% Engaging in non-residential wildlife watching
Total U.S. population	30.1	11.7
Gender		
Male	29.0	12.1
Female	31.2	11.4
Race/Ethnicity		
Anglo-American	33.8	13.2
African-American	10.3	2.5
All others	14.7	7.3
Age		
16 to 17 years	17.6	8.6
18 to 24 years	14.6	8.5
25 to 34 years	26.4	13.0
35 to 44 years	34.4	15.5
45 to 54 years	34.4	14.8
55 to 64 years	35.5	10.6
65 years and older	32.2	6.0
Level of education		
11 years or less	20.6	5.4
12 years	27.2	8.9
1 to 3 years college	32.3	13.2
4 years college	35.1	15.6
5 years or more college	43.2	22.0
Annual household income		
Less than \$10,000	22.1	5.8
\$10,000 to \$19,000	25.7	9.7
\$20,000 to \$29,999	29.6	11.7
\$30,000 to \$39,999	32.3	13.1
\$40,000 to 49,999	36.1	14.4
\$50,000 to \$99,999	36.0	16.2
\$100,000 or more	37.4	17.0

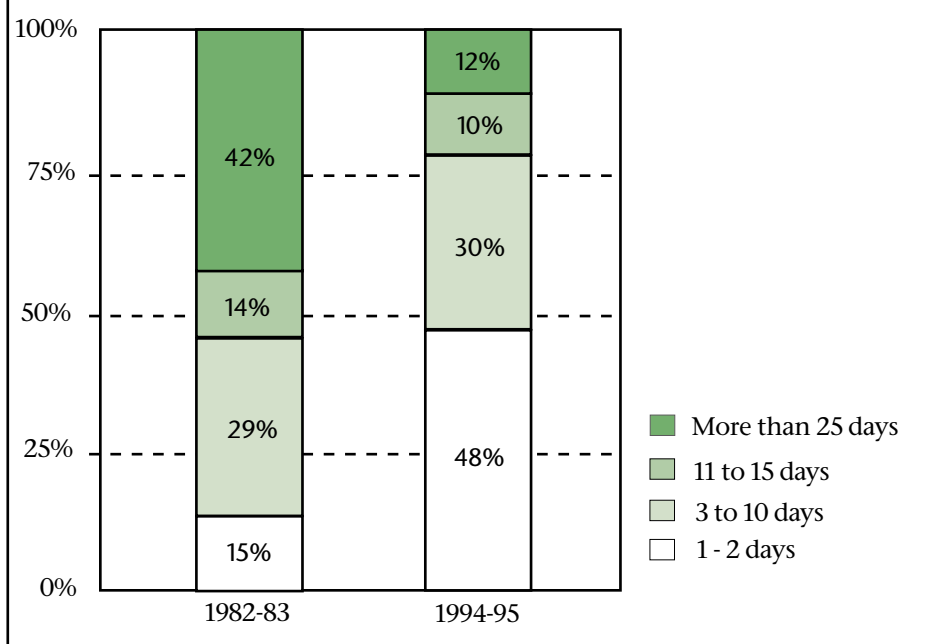
Figure 4. Changes in Participation in Selected Outdoor Recreation Activities: 1982-1994.



Source: 1994-95 National Survey of Recreation and the Environment

While the overall number of birders has increased, the average number of days per year they spend birdwatching may have decreased (Fig. 5). According to the *NSRE*, 42 percent of those who said they birdwatched in 1982 reported doing so on 25 or more days that year. Only 15 percent said they observed birds on just one or two occasions. In 1993 the percentages were very different—only 12 percent of birders reported spending 25 or more days on the activity and nearly 50 percent said they went bird watching on only one or two days.

Figure 5. Comparison of Days Spent Birdwatching: 1982-94.



Also, these data from the *NSRE* don't reveal whether people were residential or non-residential bird watchers. There are far more bird watchers who do so close to home than who travel to watch birds (*NSRE*).

Finally, there is wide variation in the skills and commitments of birders. A national study of birders reported that 60 percent of those who had gone birding in the last 2 years said they could identify ten or fewer species of birds (Fig. 6). Only 3.2 percent could identify more than 40 birds; only 30 percent said they used binoculars; and only 4 percent said they used a field guide.

So it is important for landowners and communities to be realistic about the birdwatching market. Despite the fact that a large number of Americans say they birdwatch, only a small percentage of them is committed to the activity in a serious way.

Characteristics of Wildlife Watchers and Birders

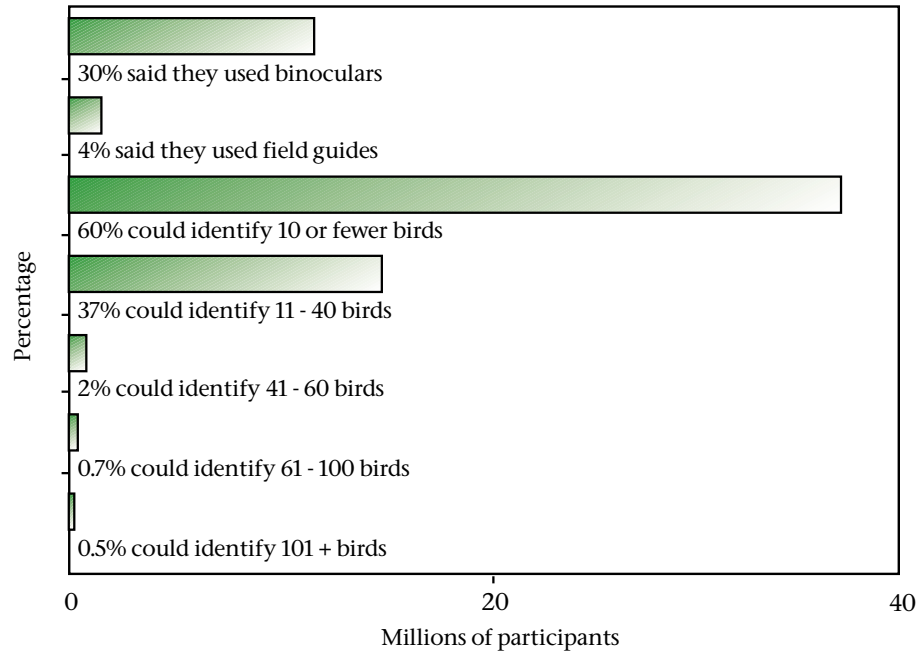
In Table 2, the demographic characteristics of residential and non-residential wildlife watchers are shown (*National Survey*). This a breakdown of the data in Table 1 for the 41.8 percent of the U.S. population who said they participated in either residential or non-residential wildlife watching. Characteristics of these groups are compared to characteristics of members of the American Birding Association. ABA members are generally serious birders, almost all of whom could be expected to travel away from home to watch birds.





Figure 6. Characteristics of Birders.

“Of the 43 million Americans who said they birdwatched during the last two years . . .”



Source: Kellert, 1985

From this table we can see that those who travel away from home to watch wildlife tend to be Anglo-American, 25 to 54 years old, have at least a high school education, and have incomes of about \$40,000 or more

Among the ABA members, 66 percent are male, 25 percent are 65 or older, most have a college degree or graduate degree, and 27 percent have annual household incomes of \$100,000 or more.

Kinds of Birdwatchers

Birdwatchers are not all alike. Knowing the different segments of the birdwatching population can help landowners and communities create and promote attractions for particular segments of the market. The two studies discussed below shed light on the various kinds of birdwatchers.

1994 Study of Birders in Alberta, Canada (McFarlane, 1994)

Birders were asked about their birding habits, perceived skill levels, number of species on their life lists, number of birding magazines to which they subscribed, and the total value of their birdwatching equipment. From this data, the researcher identified four distinct groups of birders: casual birders; novice birders; intermediate birders; and advanced birders (Table 3).



Casual birders comprised 43 percent of the respondents. They had the lowest level of skill and experience, and had invested the least in equipment. They were motivated by an appreciation for birds and nature (43 percent), their desire to learn about and conserve the environment (39 percent), and their desire to improve their birdwatching skills (17 percent). Only 33 percent of them main-

Table 2. Demographic Characteristics of Wildlife Watchers and ABA Members.

Characteristics	Unites States population %	Residential participants %	Non-residential participants %	ABA members %
Gender				
Male	48.0	46.2	50.0	65.9
Female	52.0	53.8	50.0	34.1
Race/Ethnicity				
Anglo-American	83.1	93.1	93.3	98.3
African-American	9.3	3.2	1.9	0.0
All others	7.6	3.7	4.7	1.7
Age				
16 to 17 years	3.5	2.1	2.6	0.0
18 to 24 years	10.1	4.9	7.3	0.4
25 to 34 years	17.4	15.2	19.3	5.6
35 to 44 years	22.0	25.2	29.1	20.1
45 to 54 years	17.8	20.3	29.1	30.4
55 to 64 years	11.6	11.5	7.7	18.2
65 years and older	17.6	18.8	8.9	25.0
Level of education				
11 years or less	16.8	11.5	7.7	0.5
12 years	35.3	31.8	26.9	4.0
1 to 3 years college	22.3	24.2	25.5	18.6
4 years college	13.9	16.2	18.4	34.4
5 years or more college	11.4	16.4	21.5	42.5
Annual household income				
Less than \$10,000	9.2	6.4	4.1	1.6
\$10,000 to \$19,000	12.1	9.7	8.9	1.2
\$20,000 to \$29,999	15.6	14.4	13.9	8.9
\$30,000 to \$39,999	14.3	14.4	14.2	10.9
\$40,000 to 49,999	11.2	12.6	12.3	11.9
\$50,000 to \$99,999	29.1	32.7	35.7	38.5
\$100,000 or more	8.5	9.9	10.9	26.9

tained lists of birds they had identified. However, 41 percent had participated in organized bird censuses.

Thirty-eight percent of respondents were **novice birders**. They had greater skill and commitment than the casual birders. Their motivations were: learning about and conserving the environment (46 percent); appreciation for birds and nature (28 percent); and improving their birdwatching skills (25 percent). Fifty-six percent kept lists of birds and had participated in bird censuses.

Intermediate birders made up 12 percent of the people in the study. They were more skilled and committed than both casual and novice birders. Like novice birders, they were motivated primarily by conservation (40 percent). However, many also wanted to improve their birding skills and see new or rare species (37 percent). About 23 percent were motivated by an appreciation of birds and nature. Three out of four said they listed birds, and seven out of ten had participated in bird censuses.

Advanced birders comprised only 7 percent of respondents. They had the highest skill and experience levels. More than half were motivated by a desire to improve their skills and see new or rare species (55 percent). One-third wanted to learn about and conserve the environment. A large percentage of them (91 percent) kept lists of birds they had seen. Nearly eight out of ten had participated in bird censuses; in addition, many of them had led bird walks and made presentations.

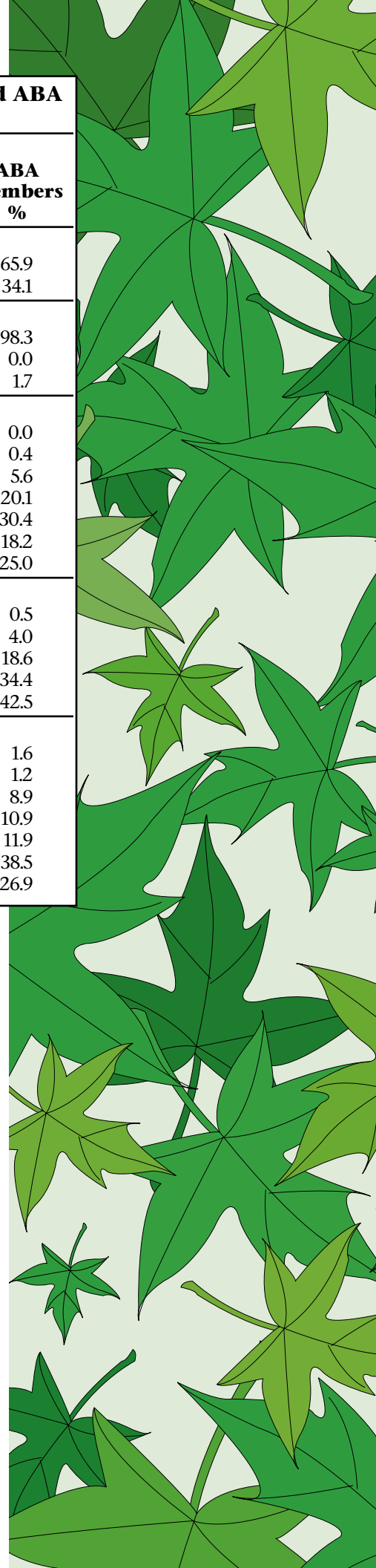


Table 3. Characteristics of Birder Groups Identified by McFarland.

Characteristic	Casual birders	Novice birders	Intermediate birders	Advanced birders
Days on birding trips in 1991 (<i>M</i>)	0.98	8.60	48.03	96.47
Perceived skill level (4-point scale from casual to advanced) (<i>M</i>)	1.90	2.72	3.17	3.38
Number of species on life list (<i>M</i>)	3.29	33.95	65.46	362.82
Number of birding magazine subscriptions (<i>M</i>)	0.04	0.16	0.39	2.32
Replacement value of equipment (9 categories from \$0 to >\$5000) (<i>M</i>)	1.32	3.05	3.03	5.07
Farthest distance traveled to go birding in 1991 (6 categories from 0 to >500 km) (<i>M</i>)	0.55	2.16	3.87	3.95

Adapted from McFarland, 1996

 **1996 Study of Visitors to the Annual Hummer/Bird Celebration in Rockport/Fulton, Texas (Scott, et al., 1996)**

Based on answers to a survey, visitors to this event were categorized into four groups (Table 4).

Twenty-one percent of survey respondents were **generalists and water seekers**. They are not highly skilled birders, take relatively few birding trips, and do not spend a great deal of money on birding. They are attracted to places where they can enjoy water activities such as fishing and marine life tours, as well as nice lodging and restaurants. They like to combine birding with shopping, visiting small towns and historic sites, and other outdoor recreation. They especially like coastal areas.

Heritage recreationists and comfort seekers also are not highly skilled or committed birders. They made up about 40 percent of those surveyed. This group is attracted to communities that can provide heritage tours or historical sites, as well as birding opportunities, along with a restful environment and comfortable amenities. They are not interested in other outdoor activities. These individuals spend more money on trips than other groups.

Outdoor recreationists are relatively skilled birders. Twenty-five percent of the visitors in the survey were in this group. They are more likely than other birders to make trip decisions on the basis of other outdoor recreation available nearby. That is, outdoor recreationists are likely to birdwatch while involved in other activities such as skiing, hiking, camping and biking. These individuals have little interest in shopping, visiting historic sites or seeking comfortable amenities.

The fourth group was the **serious birders**, who made up 14 percent of the festival visitors. They are the most skilled and the most involved in birdwatching, and travel approximately 1,975 miles per year to pursue their hobby. Their interests are highly specialized. In short, they want to



Table 4. Characteristics of Birder Groups Surveyed at Hummer/Bird Celebration.

Characteristics	Generalists and water seekers	Heritage recreationists and comfort seekers	Outdoor recreationists	Serious birders
Number of birding trips taken last year (<i>M</i>)	6	9	14	28
Miles traveled last year to go birding (<i>M</i>)	667	1,415	1,930	1,976
Money spent last year on birding (<i>M</i>)	\$335	\$778	\$1,134	\$1,727
Number of field guides owned (<i>M</i>)	2.2	3.8	3.8	7.9
Number of organizational memberships (<i>M</i>)	0.6	1.4	1.4	1.8
Percent who keep a life list	15%	31%	37%	50%
Species able to identify by sight (<i>M</i>)	37	60	119	150
Total expenses at H/B Celebration (<i>M</i>)	\$254	\$353	\$242	\$289

M = Mean

Source: Scott et al., 1996

observe either new, rare, or a variety of birds, and are not overly concerned with lodging and food accommodations, shopping, or non-birding activities. While serious birders spend the most money overall for birding equipment and travel, it is interesting to note that the heritage recreationists and comfort seekers spent the most at the Hummer/Bird Celebration.

The popular media may portray all birdwatchers as being alike, but as these two studies show, there are many differences among them. Understanding the diversity among birdwatchers is helpful when developing a birding-related enterprise.

Beginning the Business

To establish any successful business you must first think about your personal motivations for starting the business. Then you should study the industry, determine the market segment you want to reach, and strategies for doing so. Deciding how to package, price and promote your product are other important decisions. The insights and experiences of people who operate birding-related businesses can be very helpful. Ideas in the following section were generated during interviews with seventeen such individuals. Five of them are birding tour guides, five own/operate birding locations and/or lodging, three are birding festival coordinators, and four own businesses that sell birding products (field guides, binoculars, birdhouses, artwork, etc.).

Recognize Your Motivations

Among the people interviewed, the most common reason for starting a birding-related business was a personal interest in nature, particularly birding. They wanted to transform a





hobby into a money-making business. A second reason, mentioned primarily by landowners, was the need to diversify economically.

While a personal interest in nature and birding is important, it is not sufficient to ensure business success. Those who cater to the public, in any business, must have a strong customer orientation. That means enjoying dealing with all kinds of people, being enthusiastic about entertaining and serving guests, having public relations skills, and having the stamina to work long hours. It is also important to be familiar with finance, accounting, business operations and marketing. Expertise

at birdwatching may also be very important, depending on the product or service you offer.

It is important to realize that a birding-related business is not likely to generate a huge profit. Business owners interviewed said they typically did not turn a profit for 3 years, and often their businesses are not fully self-supporting. One owner said his business simply allows him to pursue his birding hobby: "I'm thrilled if I make enough money at these festivals to cover my expenses. Having a booth at birding festivals allows me to travel to some of the best birding spots in the state and helps pay for my associated costs." Some owners said they probably would not attempt to make their birding businesses their main sources of income, especially if their businesses were rather small-scale.

Research the Industry and Determine Marketing Strategies

An owner of a birding enterprise made the following observation: "One thing I wish I had done to prepare myself for opening this type of business was to read up on it more. I could have saved myself a lot of time, money and energy if I hadn't learned about this market the hard way."

One way to learn about the market is to study the kinds of information presented earlier in this publication. Knowing the preferences, characteristics, and demographics of the individuals who might be attracted to your product or service will help you make crucial business decisions.

Subscribe to birding magazines and analyze articles about birdwatching. Ads in magazines can provide information about products and services with which you will be in competition. Also attend birding festivals to find out about the competition and meet others who are in the birding business.

Academic or professional journals such as the *Journal of Wildlife Management* and *Human Dimensions in Wildlife* can be helpful. These journals usually can be found in libraries at large universities.

A few national and state birding organizations provide information about their members and about birders in general. The American Birding Association and the National Audubon Society publish magazines and newsletters and have Web sites with information about the latest trends in birding.

State tourism, wildlife, and economic development agencies are another good source of information. In addition to distributing publications, they may also organize educational seminars or conferences or have experts who will consult with you. Local and regional information can be obtained through chambers of commerce and convention and visitors' bureaus.

Once you understand the birding market you can decide which segment of that market you will try to reach with your product or service. The birding market may be segmented by geographic area, demographics, skill level and commitment, or interest in particular products. Or, you may choose to market to more than one segment by developing two or more products, each with its own marketing strategy.

For example, a ranch might be habitat for a number of rare species, and have easy access to an international airport. The ranch owner might decide to pursue serious European birders as his desired market. His marketing strategy might be to advertise in European birding magazines aimed at serious birders.

Or, like the King Ranch in Texas, you might want to attract more than one market segment by offering different services for each. The ranch offers several different birding tours, from a 1-day tour for novice and intermediate birders in which the object is to see many different species, to a specialized tour for serious birders who want to see only rare species.

Develop the Product “Package”

Many birding enterprises rely on partnerships between two or more individuals or businesses. Small businesses that pool their resources often can create a more attractive product together than they could individually. Tour packages are a good example. A tour package groups several products and services to attract customers. The package might include lodging at a good birding location, meals, guided tours, etc. Some tour packages allow birders to visit areas, both public and private lands, to which they would not otherwise have access. Tour packages are attractive to customers because they include all necessary arrangements and services.

Birding festivals and events are also examples of partnerships in packaging products and services. Communities team up with members of the birding industry. The community provides the location, facilities, advertising, planning and event coordination. Members of the birding industry provide guide services, expert speakers for workshops, and products to purchase. Restaurants, hotels and non-birding businesses also can be part of these cooperative events.

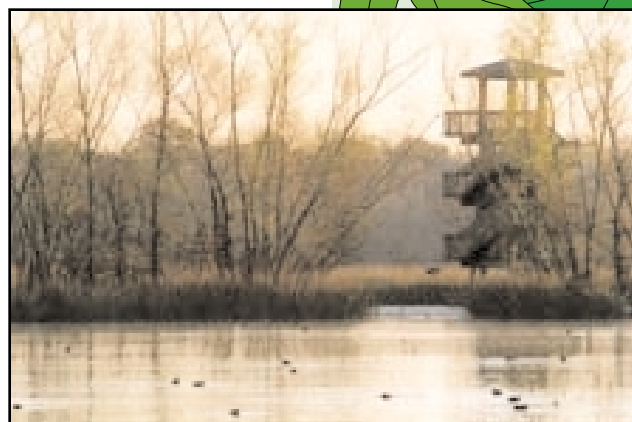
The product “package” also can be quite simple; for example, a landowner might offer access to good birding habitat on a day-fee basis.

Determine the Price

Whatever the product, its price is important to potential customers. It can be complicated to set a price that strikes a balance between what the customer is willing to pay and what the business needs to charge in order to be profitable. One business owner gives this advice: “People won’t always like, value or appreciate the same things you do. Just because you would be willing to pay a certain price for something doesn’t mean your customers will. Check out what the competition is offering its customers and what they are charging. How does your product compare? Then price accordingly. If your price seems particularly high, make sure to point out the differences between your product and everyone else’s.”

Promote Your Business

Promotion helps you gain the attention of potential customers. In the birding industry, a good promotional mix includes advertising, publicity and marketing to industry insiders.



Advertising is any paid communication about a product or service through the mass media. It can be a good way to reach a wide audience. Ads should be timely, and they should be placed in media that reach the business's intended audience. The King Ranch advertises its tours in birding magazines and newsletters, and reports good response.

Karankawa Plains Outfitting Company, Prude Ranch, B-Bar-B Ranch and other businesses have developed Web pages to reach birders who are scouring the Internet for information on new birding locations. To increase their site hits, these businesses have made an effort to link their sites to different search engines that provide information on birding. Such directories are often regional in nature, and are sponsored both by individuals and by organizations such as the Texas Parks and Wildlife Department.

Birding festival organizers and large-scale tour operators often use direct mail to advertise. Costs of direct mail include purchasing mailing lists, postage and printing, but this can be an effective way to reach people in a given market segment.

Favorable **publicity** can be a powerful promotional tool for any business. An example is an article about a product or service, such as the opening of a new birding/wildlife watching business, in the state's fish and wildlife magazine or in a newspaper. News publicity has two advantages over other forms of promotion—it may influence people who are skeptical about advertisements, and it has the credibility of an unbiased news source.

Satisfying customers and gaining the acceptance of other birding business owners can be the most important way to promote your business. These **industry insiders** have information, contacts and influence that can help you succeed. An excellent way to meet and establish business relationships with others in the industry is to attend birding festivals and other events. You can also invite industry representatives to tour your location, or send them product samples, to gain their opinions and familiarize them with what you have to offer. They may then help spread the word to others.

Networking with nature tourism/birding associations, chambers of commerce, and visitors' bureaus will establish relationships that can help your business.

Birders are being bombarded with information from the many new businesses established in recent years. With so many choices, they are influenced by what they hear from other birders. Positive word-of-mouth promotion may be the most effective kind of all.

One owner of a birding location/accommodation explained how customer references and her association both with industry insiders and local organizations helped her business succeed: "An individual from Texas and Parks and Wildlife explained to us that the diversity of birds and wildlife on our ranch would be attractive to birders from around the country. From there, word got around that we had sort of a birding spectacle, which resulted in visitors coming to our ranch. Because of all the interest, we looked into building an observation room and a bed and breakfast. Now we place ads in various birding magazines, which brings us a lot of customers; but many of our guests are not heavy bird-



ers. The local visitors' bureau directs many tour groups to us for general interest tours. By far, I believe that guests who told others about their positive experiences are our greatest source of advertisement."

Developing Your Unique Product

Deciding what your product will be, and then developing it, requires some research and forethought. The steps in this process are:

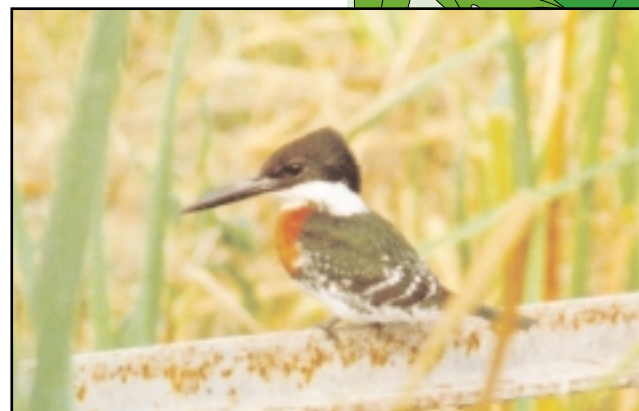
- Identifying your resources.
- Understanding what the true product is.
- Molding resources and experiences to meet customers' demands.

Identifying your resources means determining what it is you have to work with. To do this, list all possible resources, such as: indigenous birds on your land; facilities; business knowledge; familiarity with the outdoors; birding expertise; high quality optics; and business contacts. If you need help identifying resources, you might want to hire a wildlife biologist, wildlife consultant or expert birder to help you analyze your habitat, list the species, and evaluate your land for "birder appeal." A business consultant can help determine other resources.

Although they might not recognize it, customers of birdwatching and other nature-based recreational activities are looking for a mix of things that offers a total experience. For birders, this experience might include seeing a life bird, relaxing, enjoying beautiful surroundings, seeing new places, socializing with travel companions, and making new acquaintances. For some market segments, these and other benefits have a greater effect on customer satisfaction than the number or species of birds seen. For this reason, prospective business owners should be careful to adopt a benefits rather than a product perspective. In other words, what you have to offer is more than a product; it is an experience.

Some aspects of a birding business may be beyond human control. Weather isn't always predictable; rare and indigenous bird species may be present but not always seen; migration timing can vary. It's important to remember that while you may offer an exceptional product or service, these other factors may sometimes cause customers to have unsatisfactory experiences.

The ultimate success of a business often depends on identifying what it has to offer that meets customer demands. This seems to be especially true for the birding industry. To attract birders and their dollars, you need a rare species (or an abundance of species), a desirable atmosphere, or a special method of viewing. Your goal is to mold the resources you have with the experiences you can provide to deliver what customers want. Because not all birders are alike, your product or service may not be appealing to all birders. For examples of this, we can look again at the King Ranch and the B-Bar-B Ranch near Kingsville, Texas. The King Ranch offers a special guided tour for serious birders who want to see two rare Texas specialties—the Ferruginous pygmy owl and the Tropical parula. The tour guide concentrates on helping birders see just these two species in a minimum amount of time.





There are no rare birds to attract serious birders to the B-Bar-B, but the owners capitalize on their location along the route to South Texas and offer upscale accommodations for less devoted birders who may want a different kind of experience. Birders make up just one segment of the business's clientele. The owners recognize that their product consists of an opportunity to relax and socialize in comfortable surroundings, in addition to the birds that may be seen. Both the King Ranch and the B-Bar-B illustrate the way products should be molded from the resources and benefits you have to offer in light of the experiences customers seek.

Summary

Texas' diverse landscape and large number of bird species draw tourists and birders from all over the world. Many individuals and communities are looking for ways to profit from these visitors. Developing a birding-related business requires research, planning, business sense, personal commitment, customer relations skills, and patience. Those who succeed will recognize that this is a customer service industry; the goal is to provide an enjoyable experience for one's guests.

Sources of Information

For information on bird censuses and natural resource evaluation:

Texas Parks and Wildlife Department

Wildlife Diversity Branch

4200 Smith School Rd.

Austin, TX 78744

(512) 389-4800

<http://www.tpwd.state.tx.us>

Gulf Coast Birding Observatory

9800 Richmond Ave., Suite 150

Houston, TX 77042

(713) 789-GCBO

<http://www.nol.net/~criley>

The Nature Conservancy of Texas

P.O. Box 1440

San Antonio, TX 78295-1440

(210) 224-8774

<http://www.tnc.org>

For information on birding clubs:

Texas Audubon Society

2525 Wallingwood Dr., Suite 301

Austin, TX 78746-6922

(512) 306-0225

<http://www.audubon.org>

American Birding Association

P.O. Box 6599

Colorado Springs, CO 80934

(719) 578-1614

<http://www.americanbirding.org>

For information about how to develop lodging for guests:

Historic & Hospitality Accommodations of Texas

P.O. Box 1399

Fredericksburg, TX 78624

(800) 428-0368

<http://www.hat.org>

Texas Hotel & Motel Association

900 Congress, #201

Austin, TX 78701

1-800-856-4328

<http://texaslodging.com./index.phtml>

For information on the nature tourism industry:

Texas Department of Economic Development

Tourism Division

P.O. Box 12728

Austin, TX 78711-2728

(512) 462-9191

<http://research.travel.state.tx.us>

Texas Nature Tourism Association

812 San Antonio, Suite 401

Austin, TX 78701

(512) 476-4483

<http://www.tourtexas.com/tnta>

Texas Agricultural Extension Service

Recreation, Park and Tourism Sciences

Texas A&M University

2261 TAMU

College Station, TX 77843-2261

(979) 845-5419

<http://agextension.tamu.edu>

Other helpful organizations:

National Fish & Wildlife Foundation

1120 Connecticut Ave. NW, Suite 900

Washington, D.C. 20036

(202) 857-0166

<http://www.nfwf.org>

National Wildlife Federation

8925 Leesburg Pike

Vienna, VA 22184

(703) 790-4000

<http://nwf.org>

United States Small Business Administration

Office of Marketing and Customer Service

409 Third Street SW, Suite 7600

Washington, D.C. 20416

(202) 205-6744

<http://www.sbaonline.sba.gov>

U. S. Fish & Wildlife Service

Ecological Services Field Office

Hartland Bank Building

10711 Burnet Rd., Suite 200

Austin, TX 78758

(512) 490-0057

<http://ifw2es.fws.gov/AustinTexas>





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Professor and Extension Communications Specialist

Typesetter/Designer: Vera Johnson

Produced by Agricultural Communications, The Texas A&M University System
Extension publications can be found on the Web at: <http://agpublications.tamu.edu>

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Issued in furtherance of Cooperative Extension Work in Agriculture and Home Economics, Acts of Congress of May 8, 1914, as amended, and June 30, 1914, in cooperation with the United States Department of Agriculture. Chester P. Fehlis, Deputy Director, Texas Agricultural Extension Service, The Texas A&M University System.

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Report 2001-1



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Survey of Fishing, Hunting and
Wildlife-Associated Recreation*

Report 2001-1



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This report is intended to complement the National and State Reports for the 2001 National Survey of Fishing, Hunting and Wildlife-Associated Recreation. The report's opinions are the author's and do not represent official positions of the U.S. Fish and Wildlife Service.

The author thanks Sylvia Cabrera, Richard Aiken, Grant La Rouche, John Charbonneau and Jim Caudill for reviewing earlier drafts of this report.

Introduction

In January 2002 an unprecedented major media event unfolded in a Louisiana swamp. A team of top ornithologists set out to find the ivory-billed woodpecker, a bird last seen in the United States in 1943 and, until a recent credible citing by a turkey hunter, considered extinct in the U.S. The expedition, funded by a corporate sponsor, received worldwide media attention including coverage by the New York Times, USA Today, and National Public Radio.

This high-profile search for the ivory-billed woodpecker is just one indicator of the growing popularization of birds and birding. Other evidence abounds. A field guide, *Sibley's Guide to Birds*, became a New York Times bestseller. And a quick search of the Internet yields numerous birding sites, some of which list hundreds of birding festivals held around the country each year.

“For me, the thrill of bird-watching is catching the glimpse of alien consciousness — the uninflected, murderous eye, the aura of reptilian toughness under the beautiful soft feathers, the knowledge that if I were the size of a sparrow, and a sparrow were as big as I am, it might rip my head off without a second’s hesitation.”

Jonathan Rosen. *The Ghost Bird*.
The New Yorker. 5/14/01.

This growing awareness of birding comes at an odd time; birds are in jeopardy. According to 35-year trend data (1966-2001) from the U. S. Geological Service, almost one-in-four bird species in the United States show “significant negative

trend estimates” (Sauer et al. 2003). This decline is attributed primarily to the degradation and destruction of habitat resulting from human population growth and short-sighted environmental practices such as the razing of wetlands



American Kestrel (*Falco sparverius*) by Dave Menke, USFWS

needed by migratory birds. Although there is a certain irony in people becoming enthusiastic about birds as they disappear, it also presents an opportunity: birders may be the economic and political force that can help save the birds.

The following report provides up-to-date information so birders and policy makers can make informed decisions regarding the protection of birds and their habitats. This report identifies who birders are, where they live, how avid they are, where they bird and what kinds of birds they watch. In addition to demographic information, this report also provides two kinds of economic measures. The first is an estimate of how much birders spend on their hobby and the economic impact of these expenditures. The second is the net economic value of birding, that is, the value of birding to society.

By understanding who birders are, they can be more easily educated about pressures facing birds and bird habitats. Conversely, by knowing who is likely *not* a birder, or who is potentially a birder, information can be more effectively tailored. The economic values presented here can be used by resource managers and policy makers to demonstrate the economic might of birders, the value of birding — and by extension, the value of birds. In fact, research shows that these kinds of values help wildlife managers make better decisions and illustrate the value of wildlife to American society (Loomis 2000).

All data presented here is from the wildlife-watching section of the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation (FHWAR). It is the most comprehensive survey of wildlife recreation in the U.S. Overall, 15,300 detailed wildlife-watching interviews were completed with a response rate of 90 percent. The Survey focused on 2001 participation and expenditures by U.S. residents 16 years of age and older.



Jim Hudgins, USFWS

Birding Trends

Is birding increasing? Despite recent popularization (high visibility within the media and popular culture and increased recognition of the sport within American homes) of birding, past FHWAR Survey results point to a more complicated story. A comparison of results from the 1991, 1996, and 2001 estimates show that bird-watching around the home has decreased rather than increased over that 10-year period (USFWS). In 1991, 51.3 million people reported observing birds around their homes. In 1996 that number dropped to

42.2 million and in 2001 to 40.3 million. Because the 2001 Survey is the first time people were asked if they specifically watched birds on trips away from home, it cannot be said conclusively if this activity increased or decreased. However, in all three Surveys, people were asked if they observed, fed, or photographed birds away from home. These numbers indicate a net decrease in away-from-home birding from 24.7 million in 1991 to 18.5 million in 2001 but a slight uptick from 1996 (17.7 million) to 2001.

Birders

In 2001 there were 46 million bird-watchers or birders, 16 years of age and older, in the United States — a little over one in five people. What is a birder? The National Survey uses a conservative definition. To be counted as a birder, an individual must have either taken a trip a mile or more from home for the primary purpose of observing birds and/or closely observed or tried to identify birds around the home. So people who happened to notice birds while they were mowing the lawn or picnicking at the beach were not counted as birders. Trips to zoos and observing captive birds also did not count.

Backyard birding or watching birds around the home is the most common form of bird-watching. Eighty-eight percent (40 million) of birders are backyard birders. The more active form of birding, taking trips away from home, is less common with 40 percent (18 million) of birders partaking.



Red-winged Blackbirds (*Agelaius phoeniceus*) by John and Karen Hollingsworth, USFWS

Chart 1. Birders in the United States: 2001
(16 years of age and older.)

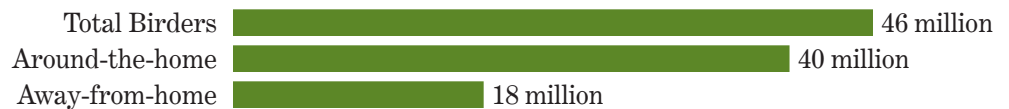
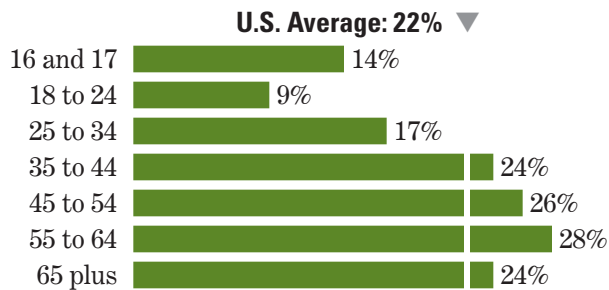


Table 1. Age Distribution of the U.S. Population and Birders: 2001
(Population 16 years of age and older. Numbers in thousands.)

Age	U.S. Population	Number of Birders	Participation Rate
16 and 17	7,709	1,043	14%
18 to 24	22,234	1,894	9%
25 to 34	35,333	5,990	17%
35 to 44	44,057	10,414	24%
45 to 54	40,541	10,541	26%
55 to 64	25,601	7,177	28%
65 plus	36,823	8,893	24%

Chart 2. Birders' Participation Rate by Age



The average birder is 49 years old and more than likely has a better than average income and education. She is slightly more likely to be female, and highly likely to be white and married. There is also a good chance that this birder lives in the northern half of the country in a small city or town. Does this paint an accurate picture of a birder? Like all generalizations the description of an “average” birder does not reflect the variety of people who bird, with millions falling outside this box. The tables and charts show in numbers and participation rates (the percentage of people who participate) birders by various demographic breakdowns.

The tendency of birders to be middle-age or older is reflected in both the number of birders and participation rates. Looking at the different age breakdowns in Table 1, the greatest number of birders were in the 35 to 44 and 45 to 54 age groups. People age 55 to 64 had the highest participation rates while the participation rate was particularly low for people ages 18 to 24. Birders who take trips away from home to pursue their hobby were on average slightly younger at 45 years old compared to backyard birders who were on average 50 years old.



Tina Watson, USFWS

The higher the income and education level the more likely a person is to be a birder. Twenty-seven percent of people who live in households that earn \$75,000 or more were bird-watchers — 5 percent above the national average of 22 percent. Education, which is often highly correlated with income, shows the same trend. People with less than high school education participated at 14 percent — far below the national average — while people with five or more years of college had the highest participation rate at 33 percent. See Tables 2 and 3 for more information.

Table 2. Income Distribution of the U.S. Population and Birders: 2001
(Population 16 years of age and older. Numbers in thousands.)

<i>Income</i>	<i>U.S. Population</i>	<i>Number of Birders</i>	<i>Participation Rate</i>
Less than \$10,000	10,594	2,212	21%
\$10,000 to \$19,000	15,272	2,754	18%
\$20,000 to \$24,000	10,902	2,335	21%
\$25,000 to \$29,000	11,217	2,392	21%
\$30,000 to \$34,000	11,648	2,618	22%
\$35,000 to \$39,000	9,816	2,005	20%
\$40,000 to \$49,000	16,896	4,116	24%
\$50,000 to \$74,000	31,383	7,476	24%
\$75,000 to \$99,000	17,762	4,771	27%
\$100,000 or more	19,202	5,224	27%

Detail does not add to total due to non-response.

Chart 3. Birders' Participation Rate by Income

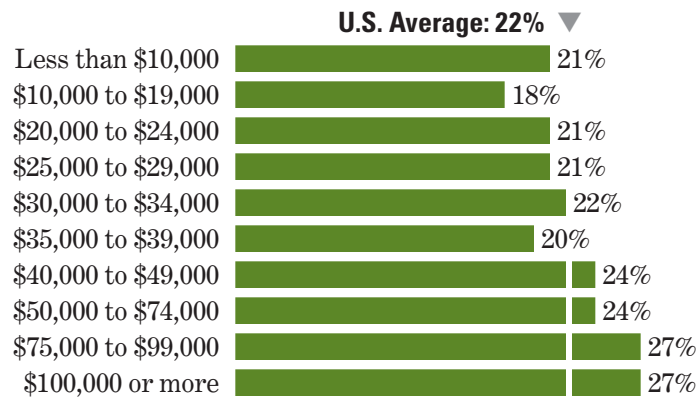


Table 3. Educational Distribution of the U.S. Population and Birders: 2001
(Population 16 years of age and older. Numbers in thousands.)

	<i>U.S. Population</i>	<i>Number of Birders</i>	<i>Participation Rate</i>
11 years or less	32,820	4,627	14%
12 years	73,719	13,933	19%
1 to 3 years college	49,491	11,363	23%
4 years college	34,803	8,922	26%
5 years or more college	21,646	7,107	33%

Chart 4. Birders' Participation Rate by Education

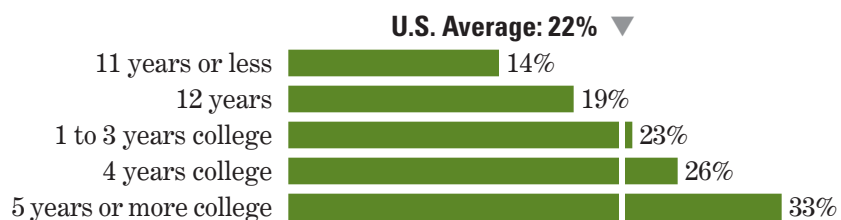
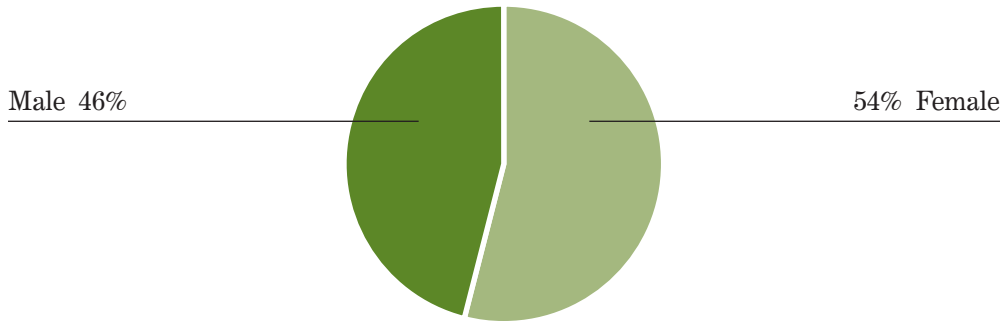


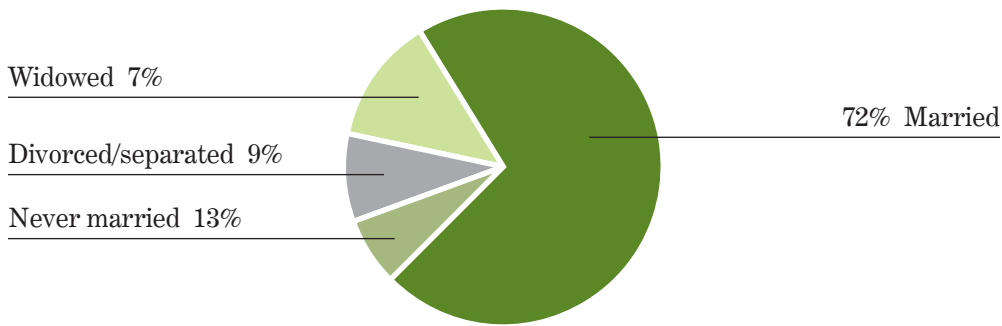
Chart 5. Percent of Birders — by Gender

(Population 16 years of age and older. Numbers in thousands.)



Unlike hunting and fishing where men were overwhelmingly in the majority, a slightly larger percent of birders were women — 54 percent in 2001. And most birders, 72 percent, were married.

Chart 6. Percent of Birders — by Marital Status



Tami Heilmann, DOI

Excepting Native American participation, birders are not a racially or ethnically diverse group. Ninety-four percent of birders identified themselves as white. The scarcity of minority birders is not just a reflection of their relatively low numbers in the population at large, it's also a function of low participation rates. The participation rates of African-Americans, Asians, and Hispanics were all 9 percent or lower while the rate for whites, 24 percent, was slightly above the 22 percent national average. Native Americans on the other hand had a participation rate (22 percent) on par with the national average.

The sparser populated an area, the more likely its residents were to watch birds. The participation rate for people living in small cities and rural areas was 28 percent — 6 percent above the national average. Whereas large metropolitan areas (1 million residents or more) had the greatest number of birders, their residents had the lowest participation rate, 18 percent. See Table 5.

Table 4. Racial and Ethnic Distribution of the U.S. Population and Birders: 2001
(Population 16 years of age and older. Numbers in thousands.)

	U.S. Population	Number of Birders	Participation Rate
Hispanic	21,910	1,880	9%
White	181,129	43,026	24%
African American	21,708	1,243	6%
Native American	1,486	321	22%
Asian	7,141	436	6%
Other	833	55	7%

Chart 7. Birders' Participation Rate by Race and Ethnicity

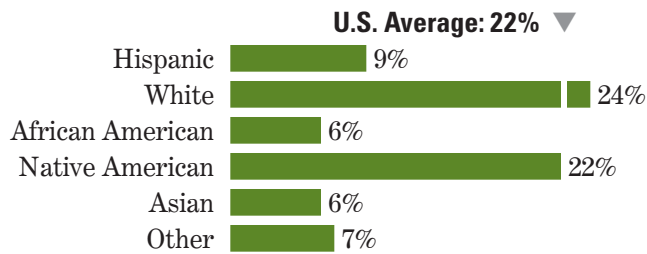


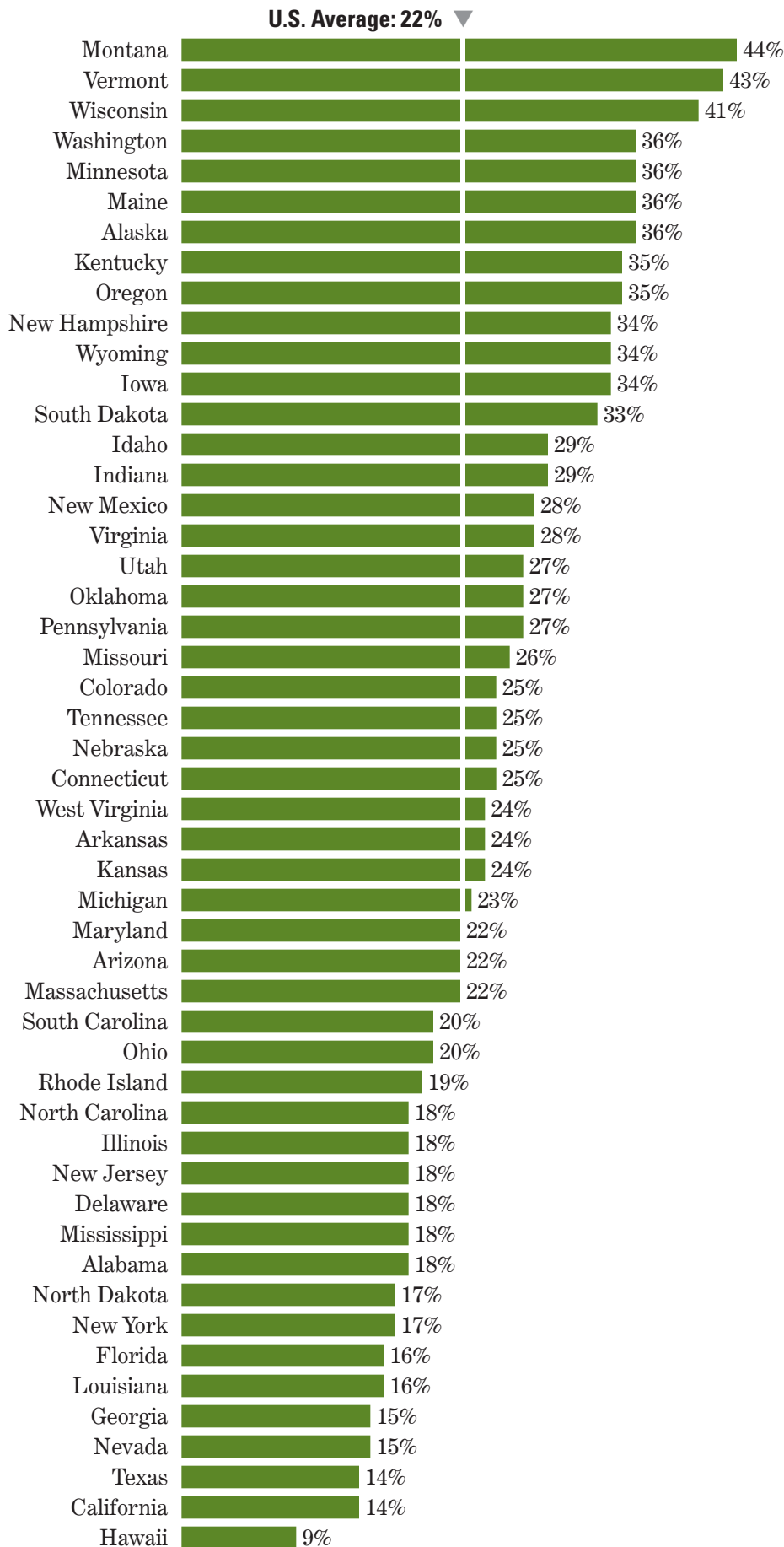
Table 5. Percent of U.S. Population Who Birded by Residence: 2001
(Population 16 years of age and older. Numbers in thousands.)

Metropolitan Statistical Area (MSA)	U.S. Population	Number of Birders	Participation Rate
1,000,000 or more	112,984	20,868	18%
250,000 to 999,999	41,469	8,991	22%
50,000 to 249,000	16,693	4,622	28%
Outside MSA	41,151	11,470	28%



Prothonotary Warbler (*Protonotaria citrea*) by John and Karen Hollingsworth, USFWS

Chart 8. Birding Participation Rates by State Residents: 2001
(Population 16 years of age and older)

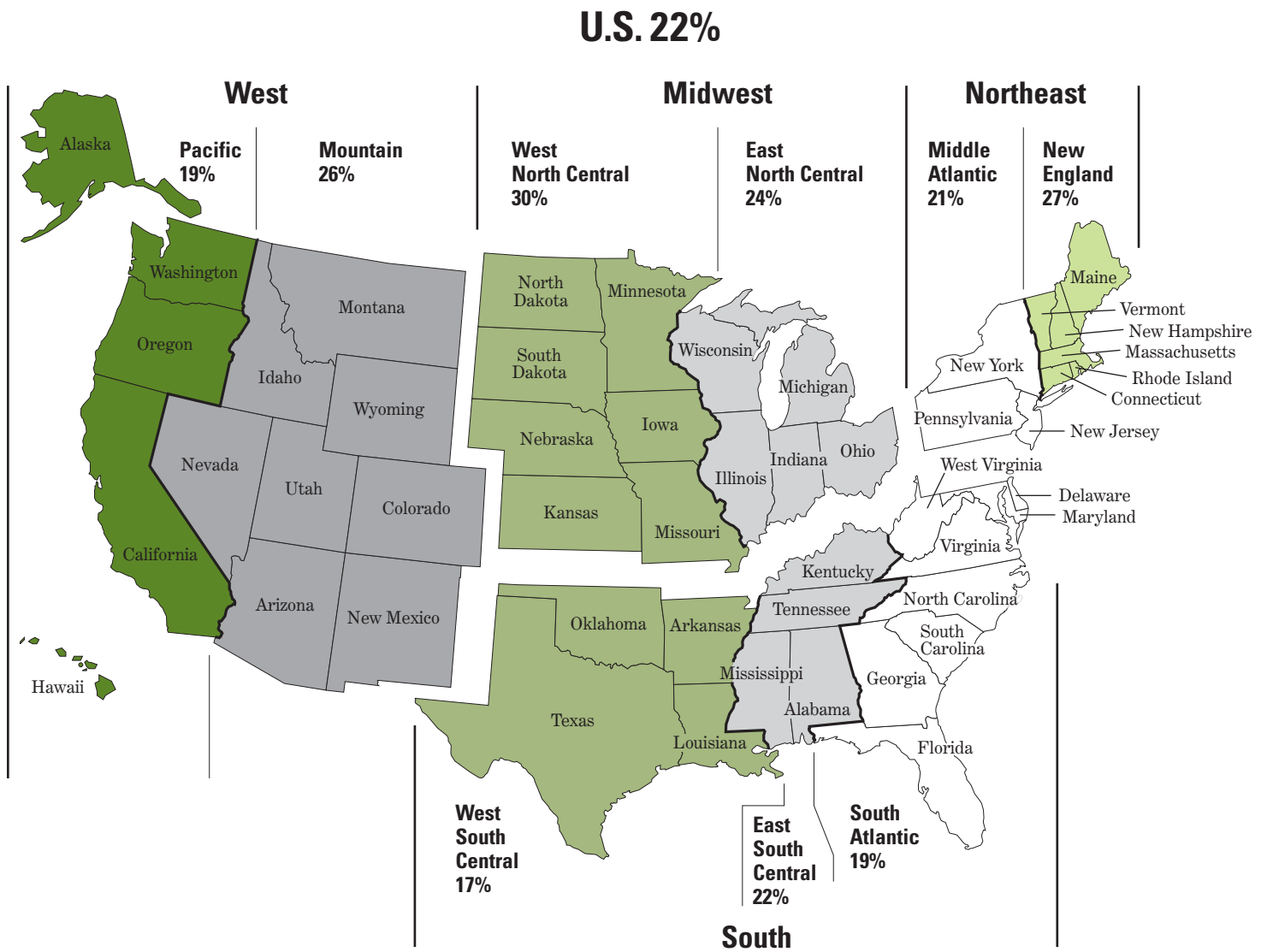


When measured in terms of the percent of state residents participating, states in the northern half of the United States generally had higher levels of participation than did states in the southern half. While 44 percent of Montanans and 43 percent of Vermonters watched birds, only 14 percent of Californians and Texans did. See Chart 8.



Jim Hudgins, USFWS

Figure 1. Birders' Participation Rates by Region of Residence: 2001
 (Population 16 years of age and older. Numbers in thousands.)



The participation rate was highest (30%) in the West North Central region of the United States (see Figure 1). The New England states had the second highest participation rate at 27 percent with a close third going to the Rocky Mountain states (26 percent). The West South Central states had the lowest rate of 17 percent while the Pacific and South Atlantic states yielded slightly higher rates, both 19 percent. However, in terms of sheer numbers, the Pacific and South Atlantic states had the most resident birders — 7 million and 8 million respectively, while New England had the least, 3 million.

Table 6. Birding by State Residents and Nonresidents: 2001
(Population 16 years of age and older. Numbers in thousands.)

<i>State</i>	<i>Total Birders</i>	<i>Percent State Residents</i>	<i>Percent Nonresidents</i>
Alabama	703	90	10
Alaska	321	51	49
Arizona	1,168	70	30
Arkansas	548	88	12
California	3,987	91	9
Colorado	1,077	74	26
Connecticut	732	88	12
Delaware	172	63	37
Florida	2,363	80	20
Georgia	1,063	84	16
Hawaii	164	48	52
Idaho	478	60	40
Illinois	1,815	90	10
Indiana	1,423	94	6
Iowa	813	93	7
Kansas	569	87	13
Kentucky	803	91	9
Louisiana	608	86	14
Maine	595	61	39
Maryland	1,068	82	18
Massachusetts	1,263	86	14
Michigan	1,961	88	12
Minnesota	1,471	90	10
Mississippi	437	88	12
Missouri	1,299	85	15
Montana	558	55	45
Nebraska	386	83	17
Nevada	343	63	37
New Hampshire	569	57	43
New Jersey	1,335	85	15
New Mexico	531	70	30
New York	2,802	88	12
North Carolina	1,296	80	20
North Dakota	134	60	40
Ohio	1,899	93	7
Oklahoma	760	91	9
Oregon	1,187	77	23
Pennsylvania	2,721	91	10
Rhode Island	193	76	25
South Carolina	742	84	16
South Dakota	271	68	32
Tennessee	1,420	76	24
Texas	2,268	94	6
Utah	616	67	33
Vermont	383	53	47
Virginia	1,818	86	14
Washington	1,877	86	14
West Virginia	428	80	20
Wisconsin	1,944	86	14
Wyoming	388	33	67

Bird watching by state residents tells only part of the story. Many people travel out-of-state to watch birds and some states are natural birding destinations. Wyoming reaped the benefits of this tourism with a whopping 67 percent of their total birders coming from other states. The scenic northern states of New Hampshire, Vermont, Montana, and Alaska also attracted many birders — all had more than 40 percent of their total birders coming from other states.

Where and What Are They Watching?

Backyard birding is the most prevalent form of birding with 88 percent of participants watching birds from the comfort of their homes. Forty percent of birders travel more than a mile from home to bird, visiting a variety of habitats on both private and public lands.

Of the 18 million Americans who ventured away from home to watch birds, public land rather than private land was visited more frequently, although many visited both. Eighty-three percent of birders used public land such as parks and wildlife refuges, 42 percent used private land, and 31 percent visited both. See Chart 9.

The most popular setting to observe birds was in the woods (73%), followed by lakes and streamside areas (69%) and brush-covered areas and fields (62% and 61%). Less popular sites were the ocean (27%) and manmade areas (31%) such as golf courses and cemeteries. See Table 7.

What kinds of birds are they looking at? Seventy-eight percent reported observing waterfowl, making them the most spied on type of bird. Songbirds were also popular with 70 percent of birders watching them, followed in popularity by birds of prey (68%) and other water birds such as herons and shorebirds (56%). See Chart 10.

Table 7. Sites Visited by Away-From-Home Birders: 2001

(Population 16 years of age and older. Numbers in thousands.)

	<i>Number of Birders</i>	<i>Percent</i>
Total, all birders	18,342	100
Woodland	13,405	73
Lake and Streamside	12,615	69
Brush-covered areas	11,324	62
Open field	11,184	61
Marsh, wetland, swamp	8,632	47
Man-made area	5,770	31
Oceanside	4,921	27
Other	2,418	13

* Detail does not add to total because of multiple responses.

Chart 9. Percent of Away-From-Home Birders — by Public and Private Land Visited

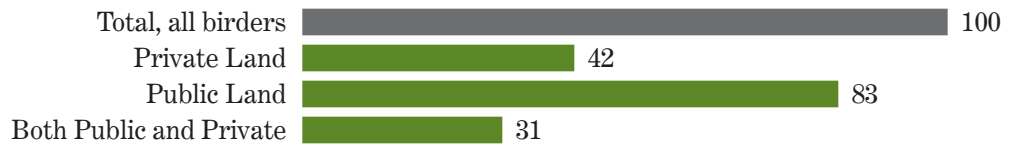
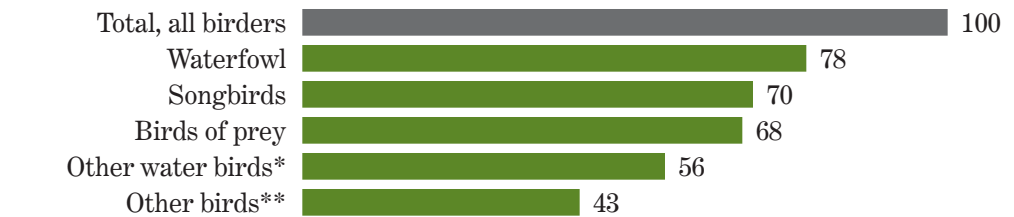


Chart 10. Percent of Away-From-Home Birders — by Type of Birds Observed



*shorebirds, herons, etc.

**pheasants, turkeys, etc.



Kathryn Truett, USDA FS

Chart 11. Percent of Around-the-Home Birders Who Can Identify Birds by Sight or Sound

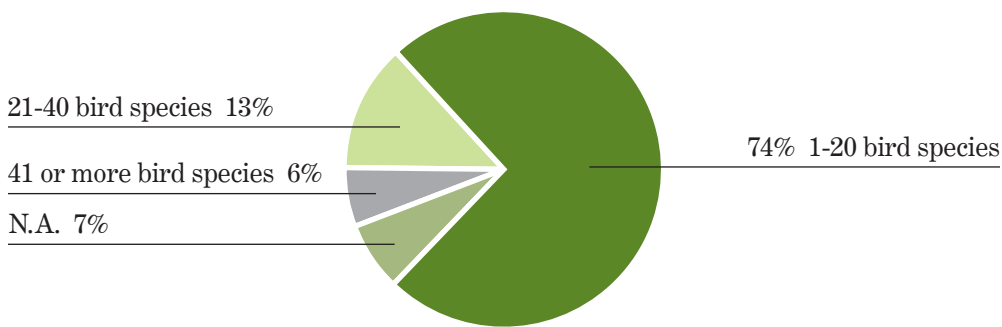
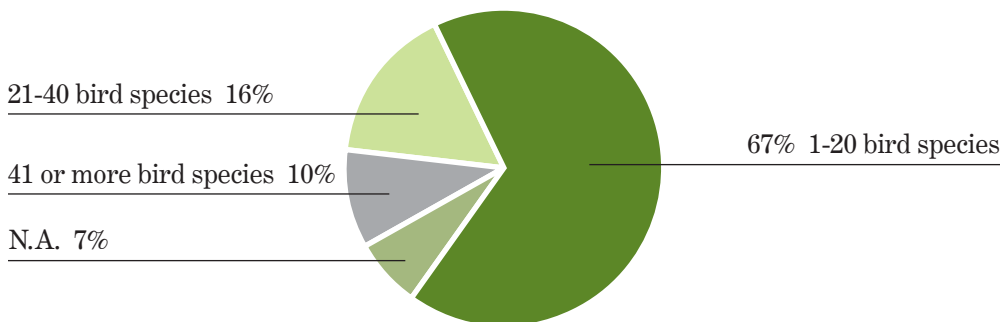


Chart 12. Percent of Away-From-Home Birders Who Can Identify Birds by Sight or Sound



Avidity

All people identified as birders in this report said that they took an active interest in birds — defined as trying to closely observe or identify different species. But what is the extent of their interest? In order to determine their “avidity” the following factors were considered: the number of days spent birdwatching; the number of species they could identify; and if they kept a bird life list.

Presumably because of the relative ease of backyard birding, birders around the home spent nine times as many days watching birds as did people who traveled more than a mile from home to bird watch. In 2001, the median number of days for backyard birders was 90 and for away-from-home birders it was 10.

Although birders are investing a fair amount of time pursuing their hobby, most do not appear to have advanced identification skills. Seventy-four percent of all birders could identify only between 1 to 20 different types of bird species, 13 percent could identify 21 to 40 birds and only 8 percent could identify more than 41 species. Skill levels are higher for birders who travel from home to bird watch compared to backyard birders — 10 percent of away-from-home birders could identify 41 or more birds as opposed to 6 percent of backyard birders.

Tallies of birds seen during a birder’s life, sometimes called birding life lists, were kept by only 5 percent of birders. This was roughly the same for backyard birders and away-from-home birders alike.

Avidity Trends

If we can’t say there are more birders can we say that birders are more knowledgeable about their hobby than in the past? In order to gauge birders’ avidity and level of expertise, the 2001 Survey asked birders how many birds they can identify — a question last asked in the 1980 Survey* (USFWS). A comparison of responses show that skill levels did not change much in that 20 year time period. For both years, the same percent, 74, was in the

beginner category (1 to 20 species of birds) and roughly the same percent, 13 and 14, respectively, fell into the intermediate (21 to 40 birds) level. A slightly higher percentage of expert birders, however, (41 or more species) was found in the 2001 Survey, 8 percent versus 5 percent in the 1980 Survey. Yet in another sign that the more things change the more they stay the same, almost the same portion, 4 and 5 percent, kept birding life lists.

Table 8. Percent of Birders* Who Can Identify Birds by Sight or Sound and Who Kept Birding Life Lists: 1980 and 2001 Comparison

	1980	2001
1-20 bird species	74%	74%
21-40 bird species	14%	13%
41 or more bird species	5%	8%
Kept bird life list	4%	5%

* In 1980 the question was asked of all wildlife-watchers (formerly called non-consumptive) and in 2001 the question was asked of only birders.

The Economics of Bird Watching

Measures of Economic Value

Putting a dollar figure on birding can appear a tricky business. How can dollars be used to value something as intangible as the enjoyment of birds and birding? Looked at from a practical perspective we live in a world of competing resources and dollars. Activities such as golfing and industries such as computer software are regularly described in terms of jobs generated and benefits to consumers. The same economic principles that guide the measure of golf and software apply also to birding.

Expenditures by recreationists and net economic values are two widely used but distinctly different measures of the economic value of wildlife-related recreation. Money spent for binoculars in a store or a sandwich in a deli on a trip has a ripple effect on the economy. It supplies money for salaries and jobs which in turn generates more sales and more jobs and tax revenue. This is economic output or impact, the direct and indirect impact of birders' expenditures and an example of one of two economic values presented in this paper. Economic impact numbers are useful indicators of the importance of birding to the local, regional, and national economies but do not measure the economic benefit to an individual or society because, theoretically, money not spent on birding (or golf, or software) would be spent on other activities, be it fishing or scuba diving. Money is just transferred from one group to another. However, from the perspective of a given community or region, out-of-region residents spending money for birding represents real economic wealth.

Another economic concept is birding's economic benefit to individuals and society: the amount that people are willing to pay over and above what they actually spend to watch birds. This is known as net economic value, or consumer surplus, and is the appropriate economic measure of the benefit to individuals from participation in wildlife-related recreation (Bishop, 1984; Freeman, 1993; Loomis et al., 1984;

McCullum et al. 1992). The benefit to society is the summation of willingness to pay across all individuals.

Net economic value is measured as participants' "willingness to pay" above what they actually spend to participate. The benefit to society is the summation of willingness to pay across all individuals. There is a direct relationship between expenditures and net economic value, as shown in Figure 2. A demand curve for a representative birder is shown in the figure. The downward sloping demand curve represents marginal willingness to pay per trip and indicates that each additional trip is valued less by the birder than the preceding trip. All other factors being equal, the lower the cost per trip (vertical axis) the more trips the birder will take (horizontal axis). The cost of a birding trip serves as an implicit price for birding since a market price generally does not exist for this activity. At \$60 per trip, the birder would choose not to watch birds, but if birding were free, the birder would take 20 birding trips.

At a cost per trip of \$25 the birder takes 10 trips, with a total willingness to pay of \$375 (area acde in Figure 2). Total willingness to pay is the total value the birder places on participation. The birder will not take more than 10 trips because the cost per trip (\$25) exceeds what he would pay for an additional trip. For each trip between zero and 10, however, the birder would actually have been willing to pay more than \$25 (the demand curve, showing marginal willingness to pay, lies above \$25).

The difference between what the birder is willing to pay and what is actually paid is net economic value. In this simple example, therefore, net economic value is \$125 ($(\$50 - \$25) 10 \div 2$) (triangle bcd in Figure 2) and birder expenditures are \$250 ($\25×10) (rectangle abde in Figure 2). Thus, the birder's total willingness to pay is composed of net economic value and total expenditures. Net economic value is simply total willingness to pay minus expenditures. The relationship between net economic value and

Figure 2. Individual Birder's Demand Curve for Birding Trips

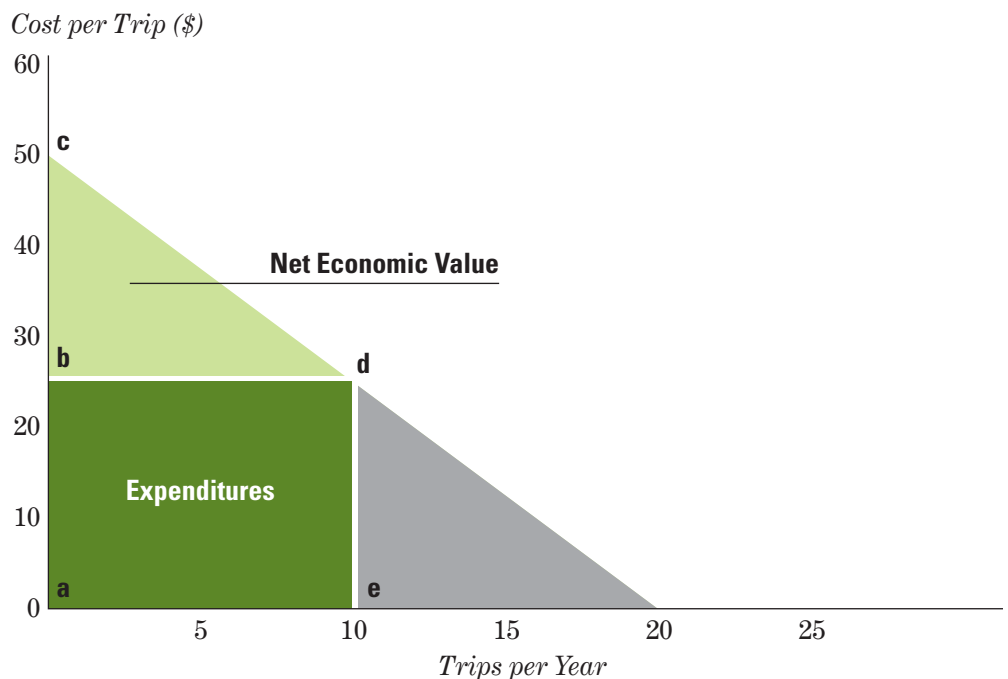


Table 9. Birders' Expenditures for Wildlife Watching: 2001
(Population 16 years of age and older. Thousands of dollars.)

<i>Expenditure item</i>	<i>Expenditures (\$)</i>
Total, all items	31,686,673
Trip-Related Expenditures	
Total, trip-related	7,409,679
Food	2,646,224
Lodging	1,851,206
Public transportation	682,202
Private transportation	1,790,951
Guide fees, pack trip or package fees	110,374
Private land use fees	48,999
Public land use fees	108,414
Boating costs	135,381
Heating and cooking fuel	35,928
Equipment and Other Expenses	
Total, equipment and other expenses	24,276,994
Wildlife-watching equipment, total	6,010,141
Binoculars, spotting scopes	471,264
Cameras, video cameras, special lenses, and other photographic equipment	1,431,807
Film and developing	837,868
Bird food	2,239,259
Nest boxes, bird houses, feeders, baths	628,060
Daypacks, carrying cases and special clothing	288,648
Other wildlife-watching equipment (such as field guides, and maps)	113,235
Auxiliary equipment, total	523,700
Tents, tarps	163,999
Frame packs and backpacking equipment	121,217
Other camping equipment	238,835
Other auxiliary equipment (such as blinds)	117,267
Special equipment, total	11,158,302
Off-the-road vehicle	5,512,624
Travel or tent trailer, pickup, camper, van, motor home	4,657,752
Boats, boat accessories	946,688
Other	41,238
Magazine	297,780
Land leasing and ownership	4,197,666
Membership dues and contributions	808,101
Plantings	639,986

Facts-at-a-Glance

46 Million Birders

\$32 Billion in Retail Sales

\$85 Billion in Overall Economic Output

\$13 Billion in State and Federal Income Taxes

863,406 Jobs Created

expenditures is the basis for asserting that net economic value is an appropriate measure of the benefit an individual derives from participation in an activity and that expenditures are not the appropriate benefit measure.

Expenditures are out-of-pocket expenses on items a birder purchases in order to watch birds. The remaining value, net willingness to pay (net economic value), is the economic measure of an individual's satisfaction after all costs of participation have been paid.

Summing the net economic values of all individuals who participate in an activity derives the value to society. For our example let us assume that there are 100 birders who bird watch at a particular wildlife refuge and all have demand curves identical to that of our typical birder presented in Figure 2. The total value of this wildlife refuge to society is \$12,500 ($\125×100).

Birders' Expenditures and Economic Impact

Birders spent an estimated \$32 billion (see Table 9) on wildlife-watching in 2001. This estimate includes money spent for binoculars, field guides, bird food, bird houses, camping gear, and big-ticket items such as boats. It also includes travel-related costs such as food and transportation costs, guide fees, etc.

When using the numbers in Tables 9 and 10 it is important to know that these dollar figures represent the money birders spent for all wildlife-watching recreation — not just birding. The 2001 Survey collected expenditure data for people who fed, photographed, or observed wildlife. Expenditure data was not collected solely for birding. It is possible that people who watched birds in 2001 may have spent money on other

Table 10. Economic Impact of Birders: 2001*
(Population 16 years of age and older.)

Retail Sales (expenditures)	\$31,686,673,000
Economic Output	\$84,931,020,000
Salaries and Wages	\$24,882,676,000
Jobs	863,406
State Income taxes	\$4,889,380,000
Federal Income taxes	\$7,703,308,000

* Amount that birders spent on all wildlife watching.

types of wildlife-related recreation such as binoculars for whale-watching or gas for a moose-watching trip rather than only bird-watching. Therefore, these estimates for birding expenditures may be overestimates.

This \$32 billion that birders spent generated \$85 billion in economic benefits for the nation in 2001. This ripple effect on the economy also produced \$13 billion in tax revenues and 863,406 jobs. For details on economic impact estimation methods see Appendix A.

The sheer magnitude of these numbers proves that birding is a major economic force, driving billions in spending around the county. On a local level, these economic impacts can be the life-blood of an economy. Towns such as Cape May, New Jersey, and Platte River, Nebraska, attract thousands of birding visitors a year generating millions of dollars — money that would likely otherwise be spent elsewhere.

Estimated Net Economic Values

As stated earlier, the willingness to pay above what is actually spent for an activity is known as net economic value. This number is derived here by using a

survey technique called contingent valuation (Mitchell and Carson, 1989). Respondents to the 2001 Survey were asked a series of contingent valuation (CV) questions to determine their net willingness to pay for a wildlife watching trip. *Please note that the data presented here are net economic values for wildlife watching trips — not for bird watching trips solely.* However, since the vast majority of away-from-home wildlife watchers are birders (84 percent), the values presented here are acceptable for use in valuing birding trips. For details on net economic value estimation methods please see Appendix A.

As seen in Table 11, the net economic value per year for a wildlife watcher in their resident state is \$257 per year or \$35 per day. Wildlife watchers who travel outside their state have a different demand curve (they generally take fewer trips and spend more money) and therefore have their own net economic values of \$488 per year and \$134 per day.

When and how can these values be used? These numbers are appropriate for any project evaluation that seeks to quantify benefits and costs. They can be used to evaluate management decisions (actions)

that increase or decrease participation rates. In a simple example, if a wildlife refuge changed its policies and allowed 100 more birders to visit per year, the total value to society due to this policy change would be \$25,700 ($\257×100) per year (assuming all visitors are state residents). This value, however, assumes that these 100 birders could and would watch birds only at this refuge and that they would take a certain number of trips to this refuge. In a more realistic example, if the refuge changed its policy and stayed open two more weeks a year and knew that 100 people visited each day during this period then the benefit to society could be estimated by multiplying the number of people by days (100×14) by the average value per day (\$35) for a total of \$49,000. If the refuge had data on the number of in-state and out-of-state visitors then the numbers could be adjusted to reflect their appropriate value.

Net economic values also can be used to evaluate management actions that have a negative affect on wildlife watching. For example, if a wildlife sanctuary was slated for development and birders were no longer able to use the site, and if the sanctuary manger knew the number of days of birding over the whole year (e.g, 2,000 days) it is possible to develop a rough estimate of the loss from this closure. This estimate is accomplished by multiplying net economic value per day (\$35) by the days of participation (2,000) for a value of \$70,000 per year.

Two caveats exist to the examples above: (1) if bird watchers can shift their birding to another location then the values are an over-estimate; and (2) if a loss of wildlife habitat causes an overall degradation in the number of birds and in the quality of birding then the values are an under-estimate.

Table 11. Net Economic Values for Wildlife Watching: 2001
(Population 16 years of age and older.)

	<i>Net economic value per year</i>	<i>Standard error of the mean</i>	<i>95 percent confidence interval</i>	<i>Net economic value per day of birdwatching</i>	<i>Standard error of the mean</i>	<i>95 percent confidence interval</i>
State Residents	\$257	12	\$233 – 282	\$35	2	\$32 – 39
Nonresidents	\$488	37	\$415 – 561	\$134	12	\$110 – 158

Conclusion

Back in Louisiana, the search for the ivory-billed woodpecker ended in disappointment. After an exhaustive two week search, none were found. Optimism, however, continues to prevail. In a group statement the expedition team said they think the bird may exist based on the availability of good quality habitat and other evidence.

This optimism of always looking hopefully into the next tree is the esprit-de-corps of birders. As this report shows, birders come from many walks of life and watch a variety of birds in different settings. Their enthusiasm for birding also translates into spending, thereby

contributing significantly to national and local economies. The high values birders place on their birding trips is a solid indicator of birding's benefit to society.

While the numbers of birders may not have grown statistically, the power of a mobilized birding community and the willingness of mass media sources and the general public to give play to birding issues has an impact felt deeply in the economy and promotes the sustainability of bird habitats. Hopefully, the information in this report will allow resource managers and policy makers to make informed management decisions when birds and birding are involved.



Grant La Rouché

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Cape May Warbler (*Dendroica tigrina*)
by Steve Maslowski, USFWS

Appendix A. Methods

Economic Impact Methods

The 2001 National Survey contains estimates of annual travel and equipment expenditures by wildlife-watching participants. Travel expenditures were obtained only for away-from-home participants while equipment expenditures were obtained for both around-the-home and away-from-home wildlife watchers. To obtain the economic impact figures, these expenditures were used in conjunction with an economic modeling method known as input-output analysis. The estimates of economic activity, jobs, and employment income were derived using IMPLAN, a regional input-output model and software system. State and federal tax impacts are based on industry-wide averages for each industrial sector.

Contingent Valuation Methods

Using expenditure and trip data collected from respondents earlier in the survey, respondents were presented with their average number of wildlife-watching trips in 2001 and average cost per trip. If the respondents did not think this information was accurate they were allowed to change it to what they thought was the accurate number of trips and/or an accurate cost per-trip. The respondent was then asked how much money would have been too much to pay per trip. This question was reiterated in another form in case there was misunderstanding (the full series of questions is in Appendix B). Assuming a linear demand curve, annual net economic value was then calculated using the difference between current cost and the maximum cost at the intercept and the number of trips taken in 2001.

The valuation sequence was posed in terms of numbers of trips and cost per trip because respondents were thought more likely to think in terms of trips. The economic values here are reported in days to facilitate their use in analysis.

Outliers were deleted if respondents answered in a way that resulted in zero or negative willingness to pay. Observations were also dropped from the sample if the CV responses resulted in an annual net economic value for an activity that exceeded 5 percent of an individual's household income.



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Appendix B. Contingent Valuation Section from the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation

RESIDENT STATE

Note: These series of questions were asked about ALL trips taken for the PRIMARY PURPOSE of observing, photographing, or feeding wildlife during the ENTIRE calendar year of 2001 in the respondent's state of residence.

You reported taking [X] trips for the PRIMARY PURPOSE of observing, photographing, or feeding wildlife in [RESIDENT STATE]. Is that correct?

- 1—Yes
- 2—No

[IF NO] How many trips did you take for the PRIMARY PURPOSE of observing, feeding or photographing wildlife in [RESIDENT STATE] (from Wave 1) during 2001?

Zero was allowed as a valid response.

In your current and/or previous interview(s), you reported that you spent on average \$[X] per trip during 2001 where your PRIMARY PURPOSE was to observe, photograph, or feed

wildlife in [RESIDENT STATE]. Would you say that cost is about right?

- 1—Yes
- 2—No

[IF NO] How much would you say is the average cost of your current and/or previous trip(s) during 2001 where your PRIMARY PURPOSE was to observe, photograph, or feed wildlife in [resident state]? If you went with family or friends, include ONLY YOUR SHARE of the cost.

Zero was allowed as a valid response.

What is the most your trip(s) to observe, photograph, or feed wildlife in [RESIDENT STATE] could have cost you per trip last year before you would NOT have gone at all in 2001, not even one trip, because it would have been too expensive? Keep in mind that the cost per trip of other kinds of recreation would not have changed.

Zero was allowed as a valid response.

So, in other words, [X] would have been too much to pay to take even one trip to observe, photograph, or feed wildlife in 2001 in [RESIDENT STATE] ?

- 1—Yes
- 2—No

[IF NO] How much would have been too much to pay to take even 1 trip to feed, photograph, or observe wildlife in 2001 in [RESIDENT STATE] ?

Zero was allowed as a valid response.

RANDOM STATE NOT EQUAL TO RESIDENT STATE

Note: These series of questions were asked about ALL trips taken for the PRIMARY PURPOSE of observing, photographing, or feeding wildlife during the ENTIRE calendar year of 2001 in a state other than the respondent's state of residence. If the respondent took a trip in more than one state as a nonresident, one state was randomly chosen.

You reported taking [X] trip(s) for the PRIMARY PURPOSE of observing, photographing, or feeding wildlife in [STATE]. Is that correct?

- 1—Yes
- 2—No

[IF NO] How many trips did you take for the PRIMARY PURPOSE of observing, feeding and photographing wildlife in [STATE] during 2001?

Zero was allowed as a valid response.

In your current and/or previous interview(s), you reported that you spent on average \$ [X] per trip during 2001 where your PRIMARY PURPOSE was to observe, photograph, and feed wildlife in [STATE]. Would you say that cost is about right?

- 1—Yes
- 2—No

How much would you say was the average cost of your current and/or previous trip(s) during 2001 where your PRIMARY PURPOSE was to observe, photograph, and feed wildlife in [STATE]? If you went with family or friends, include ONLY YOUR SHARE of the cost.

Zero was allowed as a valid response.

What is the most your trip(s) to observe, photograph, or feed wildlife in [STATE] could have cost you per trip last year before you would NOT have gone at all in 2001, not even one trip, because it would have been too expensive? Keep in mind that the cost per trip of other kinds of recreation would not have changed.

Zero was allowed as a valid response.

So, in other words, [X] is too much to pay to take even one trip to observe, photograph, or feed wildlife in 2001 in [STATE]?

- 1—Yes
- 2—No

[IF NO] How much would be too much to pay to take even 1 trip to feed, photograph, or observe wildlife in 2001 in [STATE]?

Zero was allowed as a valid response.

U.S. Fish & Wildlife Service
Division of Federal Aid
Washington, DC 20240
<http://federalaid.fws.gov>

August 2003





Connecting Landowners and Sportsmen Together



The Hunting Lease Network is a division of Farmers National Company, which is an 80 year old farm and ranch management company. Being a part of FNC really helps us to better understand what farmers and ranchers needs are and how to add a hunting lease without interfering with the farm operations already in place.

The Hunting Lease Network is an internet based service for landowners and hunters. Our unique system is used to arrive at a fair lease arrangement. Many landowners

want to increase income while maintaining control of those who hunt or fish on your land. With competitive bidding and a managed lease, our hunting lease program provides both income and control.

We market and negotiate the lease from hunters from across the US, collect payments and help to establish rules. All hunters that use our service are required to carry \$1,000,000 in hunting liability insurance and to provide proof of such insurance before gaining access to your land.

You will be able to set the terms of the lease, access, rules and regulations and the minimum acceptable bid. There is a \$100 listing fee for us to build a specific webpage for your property with aerial photos, property photos and description of the available hunting. Once your property is listed thousands of hunters can review your property listing and submit a bid if it's the one they have been waiting for. HLN will take care of all the lease paperwork, hunting liability insurance paperwork, collect and disperse payments and monitor usage.

No one has this many leases across this many states. Hunting leases are what we do!

List Your Property with Us

To list your property, simply click on the button below and fill out the form. We will give you a call and discuss how our program works.



Submit Your Property for Lease

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UNIVERSITY OF ILLINOIS
EXTENSION

College of Agricultural, Consumer and Environmental Sciences



FEE HUNTING

Opportunities for Farmers and Rural Landowners

University of Illinois ~ U.S. Department of Agriculture ~ Local Extension Councils Cooperating
University of Illinois Extension provides equal opportunities in programs and employment. 2007

Written by John Pike, University of Illinois Extension, Community and Economic Development Educator

Farmers and rural landowners throughout Illinois are generating new profits by meeting the growing demand for the privilege to hunt on private property. But before entering into a fee hunting arrangement—whether leasing land or developing a commercial outfitting business—you need to consider all the factors and options with this type of enterprise. Due to the individual nature of these business arrangements, it is highly recommended that all parties involved with a hunting lease consult with their attorney, insurance agent, and other business advisors before granting access, or making or accepting payment for hunting privileges.

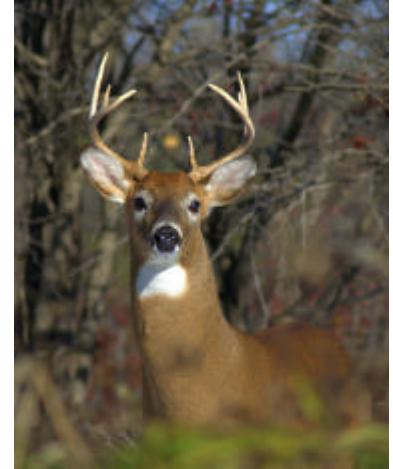
WHAT'S DRIVING FEE HUNTING?

The demand for fee hunting opportunities has been on the rise. The main factors include inadequate profit from traditional commodity production, efforts to use all of the farm's resources and, in some cases, the opportunity to develop a personal hobby (hunting) into a profitable business. While the income potential varies depending on farm location, topography, local wildlife habitat, and activities being conducted on surrounding properties, most farms do have some marketable possibilities. It is important to keep in mind, however, that even though wild game may seem abundant on the majority of Illinois farms, all farms are not necessarily premium hunting locations.

Another factor driving the development of fee hunting is demand. More and more hunters are actively seeking out private land for recreational purposes. For this reason, landowners are often approached by potential customers long before they investigate the possible options involved with leasing their land or starting an outfitter business on their own. Many landowners initially question why people would pay to hunt on private land when there are thousands of acres open to public hunting.

But, the opportunity to hunt on private land often provides hunters with a less hectic, higher quality hunt that is not so dependent on the actions of other hunters who can interfere with the experience. Whether the hunters are involved with a full-service guided hunt offered by a commercial outfitter or involved in a private hunting lease, paying for the privilege to hunt on private land can offer a higher likelihood of success in a more relaxed atmosphere.

For many hunters, this peace of mind carries a high value. Because of the growing demand from a diverse customer base, farmers need to realize the true value of what their land currently offers, or more importantly, what it could be worth if managed properly.



Landowners often say, “I wouldn’t pay to hunt on my land, so why would anyone else?” or “We really don’t have a lot of trophy game on our farm.” But, landowners need to look at their situation from a potential customer’s point of view. Although the majority of farm owners have regular access to wildlife and nature, they need to realize that many citizens do not enjoy the same privilege on a regular basis.

In other situations, location is the key. For example, deer are bigger, and waterfowl is more abundant in certain parts of Illinois than in other states. As a result, what is considered to be an “average” hunt in your area might rank as the *hunt of a lifetime* for a hunter from another part of the country.

Also remember that hunting is enjoyed by a broad range of people . . . white-collar, blue-collar and “no-collar.” Those with higher incomes might take multiple hunting trips during the course of the year or seek out the most premier leases. But, even hunters with a modest income will save up for the yearly *hunt of a lifetime*. For these reasons, there is an opportunity to capitalize on hunter demand, and everyone involved can benefit.

OPERATIONAL OPTIONS

Generally speaking, there is a market for about any type of hunting arrangement that a landowner might be willing to offer. From seasonal leases with individuals or groups of hunters, to building a full-service outfitting business, there are many good examples of successful fee hunting businesses throughout Illinois and other regions of the country.

Landowners have been enticed to maintain or improve wildlife habitat on their farms to maximize the hunting value. In many cases, habitat management and selective harvest of some game species, especially deer, have increased wildlife populations and hunter success. Keep in mind that, for many hunters, the successfulness of the hunt is measured by much more than harvesting game. Being surrounded by nature and sharing time with other hunters before and after the hunt are also important factors when evaluating fee hunting options.

While profit potential attracts the interest of many landowners, only a few want to operate a commercial hunting or outfitting business. And even though many properties have the potential to generate some profit from hunting or other recreational uses, the income produced in most situations is supplemental at best. It takes either a true entrepreneur or a premier hunting site to capture the highest returns that are frequently quoted through the “rumor mill.”

Leasing Hunting Land

In most situations, simply leasing land to an individual, group, or even another outfitter has been the best option. Two important factors that need to be considered from the start are liability and determining a fair value for the lease. (Liability is discussed in the next section.)

Prices for hunting leases vary widely, so you need to do some research prior to advertising or entering into a lease agreement. Prices for hunting leases will vary depending on farm size, agricultural practices, abundance and quality of game, habitat enhancement, reputation of the parcel as well as the general region, practices and activities on neighboring properties, and many other factors. Realtors, bankers, farm managers, Farm Bureau managers, university Extension personnel, and NRCS staff can help assess the price range for hunting leases in about any area.

There are also several websites that advertise available leases by state and, in some cases, even by county. The information from these sites can be useful, but it may be difficult to find an exact comparison. One of the firms that hosts a website to put landowners in contact with hunters interested in leasing land also employs field representatives who

will inspect land to determine how desirable the property would be in the lease market. These field reps then work with the landowner to determine what a fair price might be.

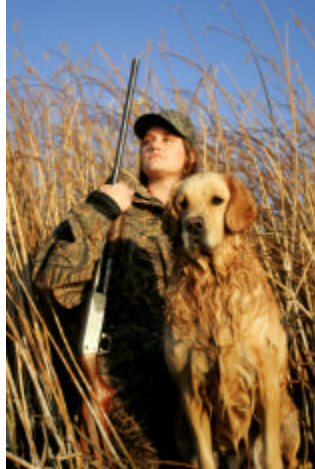
Remember that what is deemed to be a “fair” price is not always the highest price. There are situations where high-quality hunting land is being leased at what seems to be bargain prices; but, in these situations, landowners often value doing business with people with whom they have had a long-standing relationship and those whom they know will respect and look after the property as if it were their own. In other cases, land of moderate hunting quality might be leased at a premium price because of its convenient access or some other attribute that appeals to the hunter’s needs or desires. Marketing efforts can also play an important role in the value of a hunting lease.

Starting a Commercial Hunting Operation

Rather than leasing land to other hunters, some landowners have chosen to develop commercial hunting clubs and outfitter businesses on their farms. In these situations, the operator is involved in much more than merely offering access to the property. In most cases, services such as lodging, meals, guide services, game processing, and transportation are offered. As a result of the added services, the revenue potential is usually higher; but, the ability to offer the services comes as a result of an investment over and above owning the land. These added investments can be quite expensive depending on the facilities, equipment and personnel involved.



If you are interested in starting a commercial operation, you need to develop a business plan to determine whether sufficient revenue can be generated to cover the added costs and provide a profit. It takes time to establish a business reputation and a loyal clientele, so you'll need to develop a strategy to build the business over time. Large investments in amenities such as lodge facilities should generally be viewed as long-term goals. Many of the most successful hunting club operators and outfitters in Illinois have "rustic" accommodations, but they generally go all out where habitat and customer service are concerned.



To avoid large investments in the early stages of this type of business, some hunting club operators work with existing businesses in the community to provide lodging and meals. This way, the hunting club operator can offer a full service package to clients, avoid risky or unnecessary investments, and benefit local businesses at the same time. In some cases, the hunting business may grow to the point where it might be feasible to invest in a facility of its own; in other cases, it may be more beneficial to continue working with local hotels and restaurants and invest in other assets to expand the business.

Those interested in establishing or operating a commercial hunting business should investigate licensing requirements. This information is available through the Illinois Department of Natural Resources (IDNR), <http://dnr.state.il.us/>, 217/782-6302. Although all fee hunting arrangements do not require special licensing from IDNR, leases and commercial hunting operations involved with waterfowl will likely require licensing, and licensing provisions are also in place to regulate deer and turkey hunting outfitters. It is highly advisable for landowners to determine licensing requirements as part of the planning process.

LIABILITY

Liability is an issue that is usually at the forefront of concerns when fee hunting is considered. While the recognition of liability is generally a good thing, it is often misunderstood through false assumptions or a lack of understanding about how the insurance industry works.

Because fee hunting enterprises are often started as a sideline business to an existing farm operation, it is often assumed that liability issues related to fee hunting would be covered by the existing farm liability policy. The logic is that since the business is being conducted on the farm, it is part of the farming operation. While this could be the case, business operators should always check with their insurance agent prior to conducting any new business activity. Usually, farm liability insurance only covers activities involved with "typical" or "traditional" farming practices. Although the definition of a farming practice will vary from company to company, it is probably safe to say that activities such as charging the public to visit your farm to hunt wild game is not part of that definition and not covered by most general farm policies.

Securing adequate insurance coverage is no easy task. Since no two fee hunting arrangements are alike, it is difficult for the insurance industry to assess the true risk associated with these ventures. To compensate for the unknown, the companies often have to charge high rates or refuse to provide coverage at all. For companies that do provide liability coverage for fee hunting businesses, it is normal for premiums to be based on the expected revenue that will be or has been generated by the operation. It is important to keep this in mind when discussing insurance issues with others involved in fee hunting as the rates quoted from these sources will probably not be comparable to your situation.

The best advice for obtaining liability coverage for your hunting enterprise is to allow plenty of time for planning and investigation. Start with your current insurance agent as the first source of advice. Get several quotes and network with others in the industry to learn from their experiences.



In most cases, it is possible to find affordable liability coverage for the majority of proposed fee hunting ventures, but it

might take significant effort to identify the best solution for each situation.

While you want to be certain that you have adequate liability coverage, it is not always necessary that you secure the policy. If you are involved in operating a commercial hunting or outfitting business, commercial liability coverage will likely be a necessity. But in cases where your land is being leased to an individual hunter, group, or outfitter, you could require that the lessee provide their own liability insurance.

This responsibility should be explained in a written lease agreement. In these instances, it is recommended that the lessee provide the lessor (landowner) with a copy of the insurance policy to be reviewed by the lessor's business advisors (insurance agent and/or attorney) **before** signing the lease. By following this advice, you can be assured that your interests are adequately protected.

Accepting verbal notification of liability coverage can be risky because there is no way to verify that the policy provides adequate coverage for all parties involved. For example, the lessee who is the policy holder might be covered adequately but their guests, clients, employees, or the landowner might not have adequate or any coverage under that insurance policy. As an added precaution, insurance agents and attorneys often advise their clients to make sure they are listed as "additional insured" on the lessee's liability insurance policy. Consult with your insurance agent, attorney and other business advisors ahead of time for assistance in choosing the best option for your fee hunting arrangement.

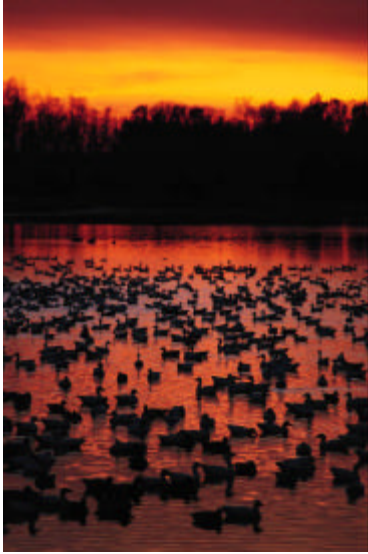
LEASING ISSUES

A written contract that outlines the expectations of all parties involved in a hunting lease is highly recommended. While a number of generic leases can be accessed on the Internet, it is always a good idea to consult with an attorney before using any of these documents. Even though a web-based document may seem to contain all the points you wish to address, laws differ from state to state as do personal situations. An attorney can help insure that all of your legal bases are covered as they apply in your state.

The wording of a hunting lease will vary depending on the situation, but these items are usually included:

- A description of the property.
- A description of what activities are allowed.
- A description of what activities are not allowed.
- Allowances or restrictions for sub-leasing or outfitting.
- A list of who is allowed to hunt or access the property, or at least a limit on the number of hunters allowed in the field at any one time.
- When access is allowed. Access is usually allowed for the duration of the hunting season. But depending on the agricultural practices being used on the land or the needs/desires of the hunters, access may be more or less restrictive. Some landowners allow year-round access so hunters can plant and maintain food plots and scout. In other instances, such as with livestock production, more restrictive access might be preferred.
- Amount of payment and payment date(s).
- Termination clause.
- Proof of insurance.
- Site specific or client specific issues.





MARKETING

Those interested in starting up a commercial hunting operation quickly see the need for marketing and advertising. But, landowners who are simply leasing their land should also consider the benefits of marketing.

While there are many instances where hunters actively search out land to lease, many others who are just as interested and willing to pay use a less aggressive approach. For hunters, websites, newspaper and magazine classified sections, and word of mouth are usually the search tools of choice. For a reasonable cost, or even free, you can usually spread the word about what you have to offer. Several websites allow landowners to post offerings for free and then charge hunters a small fee to access the listings. Websites of this type can easily be located through a web search.

If you pursue a commercial hunting operation, marketing will probably be more intensive, especially during the first couple of years. While marketing activities will be more involved, some of the most effective techniques can be employed at a low to moderate expense.

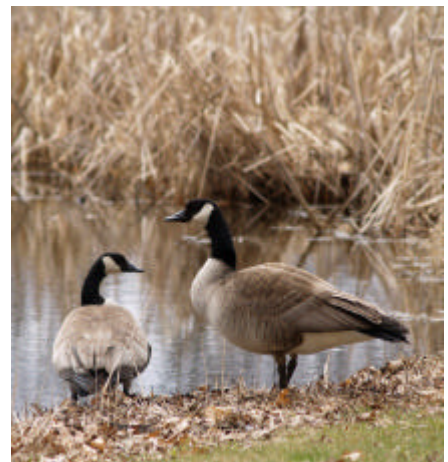
Donating hunts is one effective way to build the reputation of a new business. You can contact Ducks Unlimited, Pheasants Forever, Rocky Mountain Elk Foundation, Quail Unlimited and other organizations in your target market to donate a hunt that they can auction or use as a raffle item at a fund raising event. Since the majority of commercial hunting clubs and outfitters are patronized primarily by clients who do not reside in their immediate area, you'll want to target organizations that operate where your customers and potential customers live and work.

Depending on what your hunting club or outfitting business offers, the target market may be several states away. Hunts donated to local organizations generate good public relations in the community. But, these same donated hunts can have a bigger impact if you focus your efforts on distant markets, especially where deer and waterfowl hunting are concerned.

Networking is another marketing strategy. Inform your local Chamber of Commerce and/or tourism bureau of your enterprise. These organizations are in the business of promoting the local area and all it has to offer. Out-of-town hunters often contact the local Chamber or tourism bureau to find out about hunting opportunities. But, these organizations can only pass along information about your business if you provide it to them. In many cases, it would benefit a commercial hunting business to join the Chamber or business club in several local communities to generate awareness of the business and to network with other businesses that might steer potential clients in your direction. In addition, it is always advisable to make local convention and visitors bureaus (CVB), regional tourism development offices and the state bureau aware of your business operation and what you have to offer.

CONCLUSIONS

Farmers and landowners have several options to generate profits from fee hunting. Approach these opportunities like any other business proposition. Consult insurance professionals, attorneys and other business advisors to minimize your risks. The trend of fee hunting will most likely continue for years to come. This trend is an opportunity for landowners and communities to capitalize on local tourism development and maximize the potential for success.



RURAL ENTERPRISE SERIES

RES-07

Hunting Lease Enterprise

Lease hunting is an arrangement whereby the landowner grants access to his or her land for hunting for a certain period of time in exchange for fees or services. Landowners can lease some or all rights to hunt on their property by the day, week, season, or year. By choosing who you want to hunt on the property, you can solve many trespass problems because those hunters will tend to keep others off the property. A hunting lease enterprise may be a good option for absentee landowners because it can require little maintenance work once the arrangement is set up.

The disadvantages of offering a hunting lease include the loss of privacy, changes in your farm operation to accommodate hunters, liability concerns, safety concerns, and possible resentment from those who formerly hunted the property for free. Selecting responsible hunters, securing proper insurance, having a written lease, and communicating regularly with the hunters can minimize most concerns.

The profitability of a hunting lease enterprise will depend on the accessibility of other hunting lands, proximity to a population center, how good the hunting is, what species are available, the facilities provided, and the type of lease arrangement. You may decide to operate a full-fledged hunting lodge, let hunters camp on your land, or offer just hunting. You can charge by the acre, the day, the season, or the year. Most leases are done on a yearly or seasonal basis. These decisions will heavily influence the profitability of the enterprise and the skills and time needed to make it successful.

In most of the Northeast, hunting is primarily for white-tailed deer, wild turkey, and possibly squirrels. In coastal and river areas of the mid-Atlantic states, there is a sizable market for waterfowl hunting. Quail, pheasant, and/or dove hunting are sometimes offered at shooting preserves to which animals are brought.

Skills and Time Needed

Skills and time needed for a successful hunting lease enterprise depend on the type of operation. Seasonal and yearly leases tend to be best for landowners who do not themselves hunt and for those who want to minimize the time they spend dealing with the enterprise. For daily charge operations, the landowner or hired manager must enjoy dealing with the public. This type of operation will require the greatest investment of time to ensure safety and generally provides a greater level of service to hunters. Food and guide services are often provided in daily charge arrangements. In return for the extra services required, the profit per hunter can be considerably higher.

If you decide to do land management to improve the quality of hunting, you'll need to educate yourself on wildlife habitat management and understand what fea-

tures will attract the target species. You'll need to carry out the practices you select or pay someone else to do it. Assistance on planning for wildlife is available from state wildlife agencies, cooperative extension, and nonprofit wildlife organizations.

Equipment Needed

For a simple seasonal or yearly lease in which the landowner provides no additional services, all that's needed to start the operation is a signed and notarized lease with a hunt club or group of individuals. If the hunt club is incorporated, then the club representative may be able to notarize the lease for the other members. More commonly, the landowner is leasing to a group of individuals who adopt a club name. In this case, all members must sign and notarize the lease for it to be fully binding. The landowner can specify in the lease any terms he or she wishes—

archery or muzzle loader only, the number of hunters allowed at one time, maintenance of hunting rights for certain friends and family members, etc. You can even specify in the lease that the leaser must perform certain jobs, such as planting or mowing food plots. Check with your state's wildlife management agency for applicable regulations and seasons. A sample lease is available on the Internet <www.naturalresources.umd.edu/Pages/Hunting_Lease.html>. It may be helpful to have a qualified lawyer look over the lease before you offer it to hunters.

A daily lease operation may require a building in which hunters can gather to receive instructions from the landowner or manager. Food, lodging, and guide facilities may be offered for daily and/or weekly arrangements. Some landowners may have existing cabins on the land that they allow hunters to use. This can be an additional source of income. Many hunting liability policies provide a reasonable level of protection for fire damage, but check the policy you select for the conditions that apply. For more information on budgeting for lodging facilities, see our vacation cabin publication (RES-09). If your customers will be mostly out-of-towners and you don't plan to offer overnight accommodations, consider whether adequate overnight facilities and restaurants exist nearby to meet hunters' needs.

Waterfowl hunting will probably require the construction of blinds, and tree stands may be necessary for deer hunting. You can do habitat improvement such as timber cutting, planting, and mowing to increase the number or diversity of animals your land will support.

Liability and Licensing Concerns

Each state has recreational statutes that minimize liability for landowners who allow individuals to hunt on their property at no charge. The statutes vary by state, but none of these statutes apply when you charge a fee. General farm insurance usually does not cover fee hunting or hunting leases in which a fee is charged. This is considered a business relationship, so special coverage is needed. Many landowners require hunters to sign a liability waiver as part of

a lease agreement, but this will not protect the landowner in the event of an accident. Special liability coverage is needed. Fortunately, a number of landowner associations and insurance companies offer reasonably priced insurance. A list of sources of liability insurance can be found on the Internet at <www.naturalresources.umd.edu/Pages/Insurance.html>. You may wish to check with your present insurance provider as well.



Your state may require that you obtain a license for a fee hunting or hunting lease operation. Requirements will vary with the species. The costs are usually low, but penalties for not complying tend to be large. A special license may be needed to release and hunt pen-raised birds.

Marketing Concerns

To avoid resentment from neighbors, relatives, friends, and others who may have been hunting on the property, you may wish to offer them the opportunity first to lease the land. Absentee landowners must be especially concerned with this because vandalism can occur while they are away. You could try marketing your hunting lease rights through local sporting associations. County Cooperative Extension or state wildlife management agencies should be able to provide some contact information for these groups. You might place ads in sporting magazines or the sports section of local newspapers.

The largest amount of time spent in managing a hunting lease operation is in selecting a hunt club or individuals who will respect your property and your objectives. It is best first to do phone interviews to ask specific questions that are important to you. Check the references that potential leasers provide. You can then meet a few likely candidates at the property and make your decision. Once selected, cultivate a good working relationship with the group that can last years and require minimal effort.

If you have an elaborate operation, you may want to develop an attractive brochure or make a video to display at hunting shows and to send to interested individuals. You'll need letterhead and envelopes and probably a logo to market your business.

Some hunting preserves promote their businesses as year-round family fun places. They stage frequent seasonal events for members' families, such as hayrides and barbecues. This fosters goodwill among the hunters and their families and can increase hunter loyalty to the preserve.

What to Charge?

It can be difficult to find published information on the going price for hunting leases. Prices for a yearly lease for deer and turkey commonly range from \$3 to \$10 per acre. Waterfowl leases may bring in thousands of dollars if it is a prime location. What you charge will depend on how the lease is structured and if the land is actively managed, i.e., with food plots, tree stands, blinds, and many other factors. One way to find out is to talk with other landowners in the area who lease their land. Members of forest landowners associations and other agricultural associations will commonly share their experiences. Look in the paper and magazines and call other ads to see what others are asking.

Financial Picture

The budget that follows is for a year-long lease on deer and turkey hunting rights on a 70-acre parcel at a rate of \$7 per acre. Except for minor costs for mar-

keting and telephone, the enterprise netted \$440. If the owner had invested in tree stands or wildlife planting, the income would have been less, but the fee per acre may have been higher. Many landowners work out agreements with hunters to plant food plots and maintain roads and fences. You may decide to allow hunters to provide their own tree stands, but you should specify in the lease that they not damage your better timber trees.

Hunting lease income on a yearly basis typically will pay the property taxes and then some. This is very attractive to many landowners. When you look at the amount of money generated over 20 years, you may find that the income from a hunting lease is worth more than periodic income from timber harvests.

Hunting lease operations are widely variable in charges, sources of revenue, and extent of services. The enterprise can be as plain or as fancy as you wish. Just remember that hunters are more likely to judge the experience by the quality of the hunting than by the quality of the lodge.

Information Resources

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Yarrow, G.K. and D.C. Guynn, Jr. 1989. Fee Hunting on Private Lands in the South, symposium proceed-

ings. Clemson University Cooperative Extension Service, Clemson, SC.

Yarrow, G.K. 1998. Developing a Hunting Lease: Considerations, Options, and Realities. In: J.S. Kays et al., eds. Natural Resources Income Opportunities for Private Lands conference proceedings. University of Maryland Cooperative Extension Service, College Park, MD. (Order through www.nraes.org/publications/nraes140.html.)

Selected sources of liability insurance for hunt clubs and other recreational enterprises. Developed by Maryland Cooperative Extension in Spring 2000. www.naturalresources.umd.edu/Pages/Insurance.html.

Authors

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HUNTING LEASE ENTERPRISE BUDGET					
Property size	70				
Lease time frame	1 year				
Species	deer, turkey, squirrel				
Number of hunters	4				
Land use	50 acres forested, 20 in agriculture				
INCOME	\$/acre	\$/year			
Lease	7	490			
Cabin rental for season, year, etc	0	0			
Total		490			
VARIABLE COSTS		UNIT	AMOUNT	PRICE	TOTAL COST (\$)
Food plot (labor & seed)		acre	3	0	0
Marketing (newspaper-magazine ad)			1	30	30
Phone		1 month	1	20	20
Tree stand (labor/material)		stand	0	0	0
Lawyer review			0	100	0
Insurance (if not paid directly by club)					
Total variable costs					50
Annual net income over variable costs					\$440

Fee Hunting

An Income Source for Mississippi's
Non-Industrial, Private Landowners



By
W. Daryl Jones
Dr. Ian A. Munn
Dr. Stephen C. Grado
Dr. Jeanne C. Jones

Bulletin #FO164

FWRC RESEARCH BULLETIN



FWRC

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Forest and Wildlife Research Center

Mississippi State University

February 2001

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Introduction

Mississippi's ecologically rich and diverse land base extends from the longleaf pine savannahs of the southern Coastal Flatwoods and Lower Coastal Plain to the pine-hardwood forests of the northern Interior Flatwoods and Upper Coastal Plain. The majority of forests, agricultural lands, wetlands, and watersheds are privately owned and support a diversity of game and non-game wildlife species (USDA/NRCS 1996). Traditionally, agricultural and timber production have been major sources of income for non-industrial, private (NIP) landowners in Mississippi. With the popularity of wildlife-related recreation, particularly hunting, Mississippi landowners can diversify their income through fee hunting activities if they have adequate habitat to support game species.

The promotion of fee-based wildlife recreation on private lands encourages voluntary conservation and restoration of ecologically sensitive lands, with limited state and federal governmental involvement. Incentive-based federal programs, such as the U.S. Department of Agriculture's Conservation Reserve and Wetland Reserve Programs, have protected numerous acres of marginal lands within the state. However, enrollment in these programs is limited by the available funding, which is subject to the uncertainty of the federal budgeting process. Section 404 of the 1972 Clean Water Act and the Endangered Species Act of 1987 provide

regulatory measures for the protection of wetlands (CEQ 1989); however, private landowners are seldom supportive of such regulations (Pease et al. 1997).

Wildlife recreation on private lands can benefit many Mississippi stakeholders. Private landowners can derive additional income from hunting, fishing, and non-consumptive activities such as bird watching and nature tours. Landowners who improve wildlife habitat quality, and thereby increase game concentrations, increase the recreational value of their land (Guynn 1990). Many forest and habitat management practices, including vegetation plantings and prescribed burning, benefit wildlife populations (Yarrow 1990; Johnson 1995). The net effects of landowner involvement in fee-based wildlife recreation are more conserved and restored acreage without the use of traditional regulatory measures; additional income sources for landowners; and enhanced opportunities for outdoor enthusiasts.

Little information is available concerning the number of non-industrial private landowners engaged in fee hunting, the amount and type of land dedicated to fee hunting by landowners, the various wildlife management practices these landowners implement, the costs and revenues associated with fee hunting, and various other issues related to fee hunting. This study was designed to provide this information for Mississippi.

Methods

Non-industrial, private landowners owning a minimum of 40 acres in Mississippi were identified and randomly selected from the 1995 property tax records by the Survey Research Unit of the Social Science Research Center at Mississippi State University. Forty acres was selected as a minimum to eliminate urban and suburban properties included in the property tax records. A mail questionnaire was developed using a multi-disciplinary effort involving forestry, wildlife, social science, and environmental policy professionals. Four independent surveys were conducted consisting of a regional and a statewide survey for the 1996-1997 hunting season and a regional and statewide survey for the 1997-1998 hunting season. The 1996-1997 regional survey targeted the Mississippi counties of Issaquena, Sharkey, Warren, and Washington in the southern portion of the Mississippi River Alluvial Valley (Delta counties) and the 1997-1998 regional survey targeted the Mississippi counties of Jackson, Harrison, Hancock, Pearl River, Stone, and George along the state's gulf

coast (Gulf Coast counties). These regional survey areas were selected because they represent extremes in land use types. In the Delta, the percentage of the land base devoted to agriculture is among the highest in the state. Similarly, the percentage of the land base devoted to forestry in the Gulf Coast counties is among the state's highest (Hartsell and London 1995). The statewide surveys sampled the entire state and did not exclude respondents from the regional survey areas. Therefore, summaries of statewide surveys represent the entire state, not just the portions of the state outside the regional survey areas.

For the 1996-1997 hunting season, 1,363 questionnaires were mailed to a random sample of Mississippi landowners statewide and 1,293 questionnaires were mailed to a random sample of Delta county landowners at the end of March 1997. Landowners who did not return the questionnaire were sent a second questionnaire. Landowners were requested to confine their answers to the period March 1,

1996, to March 1, 1997, to reflect activities related to the 1996-97 Mississippi hunting season.

For the 1997-1998 hunting season, 2,030 questionnaires were mailed to a random sample of Mississippi landowners and 2,280 questionnaires were mailed to a random sample of Gulf Coast county landowners at the end of March 1998. The size of the original mailing was increased and the follow-up mailing eliminated to reduce survey time but still obtain approximately the same number of valid responses. Responses pertaining to the period March 1, 1997, to March 1, 1998, were requested to reflect activities related to the 1997-98 Mississippi hunting season.

The questionnaire was designed to obtain information on land ownership patterns, expenditures for wildlife management activities, and revenues and expenditures for fee hunting activities. Landowners were asked to report the acres owned by county and land-use type (e.g., forested, agriculture, wetlands, and other), whether they allowed hunting on their land, and whether they charged for hunting privileges.

Landowners who sold hunting privileges on their property were asked to report the payment method they used. Three payment methods were identified: hunting leases, permit hunting, and agreements with outfitters or guides. Hunting leases provide a group of hunters the sole right to

hunt specified portions of the landowner's property for a period of one or more years. Lease payments are specified in the lease agreement. Permit hunting allows individual hunters the right to hunt a specified portion of the landowner's property for a limited time - typically a day - in exchange for a permit or gun fee. Outfitter or guide arrangements provide outfitters with exclusive hunting privileges for a specified portion of the landowner's property. Outfitters then provide guided hunts on this land. Typically, the landowner receives an annual fee or a percentage of the outfitter's gross revenue.

For each payment method, landowners were asked to report the wildlife species included in the agreement and the acreage dedicated to fee hunting by land type. To estimate net returns, landowners were also asked to report hunting-related overhead expenses and wildlife management expenses. Overhead expenditures included manager or caretaker wages, liability insurance premiums, personal supervision, trespass prevention and property posting expenses, and guest accommodation costs. Wildlife management activities included vegetation management practices, establishment of food sources and cover, installation and maintenance of blinds and tree stands, and plantings and flooding for waterfowl. Property taxes were excluded from the study.

Results

Response Rates

For the 1996-1997 hunting season, 1,363 questionnaires were sent to a random sample of Mississippi landowners and 1,293 questionnaires were sent to a random sample of Delta county landowners. Landowners who did not return the questionnaire were sent a second questionnaire. Six hundred fifty three and 567 completed surveys were returned, respectively. After accounting for surveys returned because of incorrect addresses, property sales, or deceased landowners, the response rates were 48% and 49%, respectively.

For the 1997-1998 hunting season, 2,030 questionnaires were sent to a random sample of Mississippi landowners and 2,280 questionnaires were sent to a random sample of Gulf Coast county landowners. In order to reduce survey time but still obtain approximately the same number of valid responses, the size of the original mailing was increased and the follow-up mailing eliminated. For the statewide sample, 555 completed surveys were returned and for the Gulf Coast sample, 508 completed surveys were

returned. The response rates were 28% and 22%, respectively. No information was recorded for surveys returned due to incorrect addresses, property sales, or deceased landowners, so these rates are not adjusted for surveys sent to invalid addresses.

The percentage of respondents that charged for hunting privileges was very small, ranging from 8% in the Gulf Coast counties to 14% in the Delta.

Types of Hunting

Most respondents allowed hunting of some type on their land. Over the two year survey period, the percentage of respondents allowing hunting ranged from 50% in the Delta during the 1996-1997 season to 77% statewide during the 1997-1998 season (Table 1). Most of these respondents allowed people to hunt without paying a fee. For example, 68% of respondents to the 1997-1998 statewide survey did not charge for hunting privileges. However, these free hunting privileges were extended almost exclusively to family and friends only. Less than 5% of respondents allowed the general public to hunt for free without first obtaining permission.

Up to an additional 12% of respondents allowed the general public to hunt for free but only if the hunters obtained permission first. The percentage of respondents that charged for hunting privileges was very small, ranging from 8% in the Gulf Coast counties to 14% in the Delta.

Ownership Size and Composition

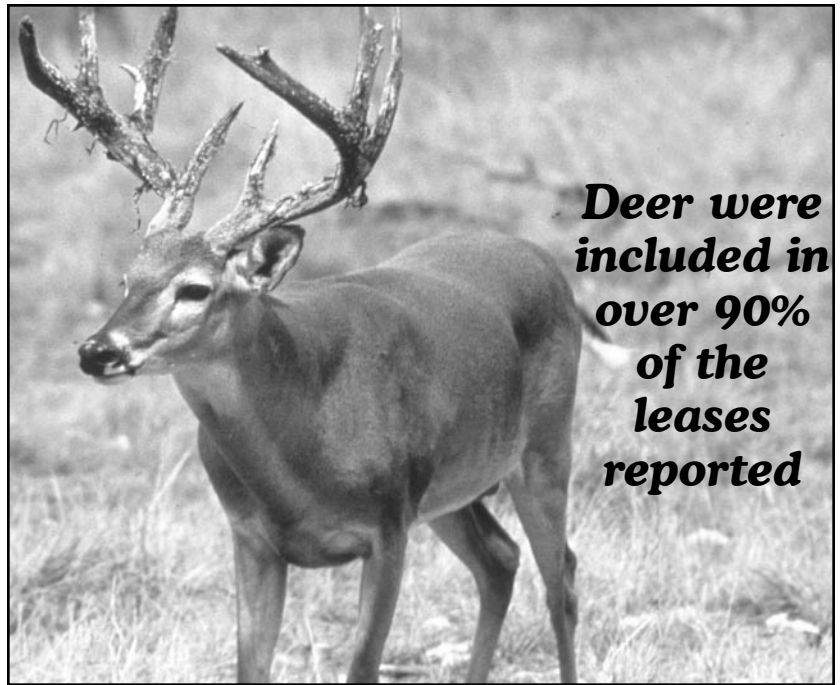
The land composition with respect to proportions of forest, agricultural, and other uses reported in these surveys reflects state and regional distributions. In the two statewide surveys, forests accounted for 56% and 60% of the average ownership (Table 2) which is consistent with the proportion of forest land on NIP ownerships in Mississippi as reported by Hartsell and London (1995). For the Delta counties, where agriculture predominates, forests accounted for only 32% of the average ownership. In contrast, for the Gulf Coast counties, where forestry predominates, forests accounted for 78% of the average ownership.

There were dramatic differences with respect to size of ownership between respondents that engaged in fee hunting and those who did not. For example, average ownership sizes for respondents engaged in fee hunting were 1,439 in the Delta counties and 1,590 in the Gulf Coast counties (Table 3), compared to 723 and 204 acres, respectively, for respondents not engaged in fee hunting (Table 4).

Furthermore, there were dramatic differences in land use composition with respect to proportions of forest, agricultural, and other uses between fee hunters and the general population. For all surveys, the proportion of forestland was substantially greater on ownerships of respondents engaged in fee hunting. For example, forests represented 90% of the average ownership of respondents engaged in fee hunting in the Gulf Coast 1997-1998 survey (Table 3), compared to only 78% for all Gulf Coast 1997-1998 respondents (Table 2). The difference was even greater in the statewide surveys.

Payment Methods

Hunting leases were the most common payment method used for fee hunting, ranging from 7% of respondents in the Gulf Coast survey to 13% in the 1997-1998 state survey (Table 5). In contrast, 3% or fewer respondents sold individual hunting permits (Table 6) and even fewer respondents (< 1%) had agreements with guides or outfitters (Table 7).



Respondents who leased hunting rights owned, on average, between 1,066 and 1,628 acres depending on the survey region (Table 5). These respondents dedicated, on average, between 52% and 73% of their total ownership to hunting leases. Forests represented the overwhelming majority of leased lands. In the Delta counties, forests accounted for 70% of leased lands. In the Gulf Coast counties, forests accounted for 97% of leased lands. The percentage of forests in hunting leases for the statewide surveys fell between these extremes. Over 90% of respondents that leased included white-tailed deer (*Odocoileus virginianus*) in their leases (Table 8). The wild turkey (*Meleagris gallopavo*) was the second most commonly included species, ranging from 64% in the Delta to 79% in the Gulf Coast. Waterfowl were commonly included in Delta leases (52%) but not in other regions. Quail (*Colinus virginianus*), dove (*Zenaida macroura*), and other game were also included by 22% to 45% of respondents, depending on the species and survey.

Respondents who sold individual hunting permits owned, on average, between 1,137 and 1,826 acres and dedicated between 33% and 68% of their ownership to permit hunting depending on the survey region (Table 6). As with hunting leases, forests accounted for the majority of lands dedicated to permit hunting. Deer were the most commonly featured species, ranging from 73% in the 1996-1997 state survey to 100% in the Gulf Coast survey (Table 9). Although dove hunting is a southern tradition (Hawkins 2000) that lends itself to permit hunting, the percentage of permit arrangements including dove was not substantially different than the percentage of hunting leases including dove.

Arrangements with guides and outfitters were not common in our study but were most frequent in the Delta. Delta landowners with arrangements with guides or outfitters dedicated 51% of their landholdings to the activity. Forested acreage accounted for 77% of the total lands committed to this arrangement (Table 7).

Overhead Expenditures

Overhead expenditures are reported two ways: expenditures averaged across all respondents engaged in fee hunting (Tables 10 - 11) and expenditures averaged across those respondents engaged in fee hunting that incurred each expense (Tables 12 - 13). The first illustrates average expenditures for fee hunting landowners as a group. The second illustrates the average size of these expenditures for the landowners that incur them.

Overhead expenditures are substantially greater in the Delta and Gulf Coast counties compared to the statewide surveys. Mean overhead expenditures averaged \$1,981 in the Delta for the 1996-1997 season and \$863 in the Gulf Coast counties for the 1997-1998 season. In contrast, mean overhead expenditures in the statewide surveys were \$290 for 1996-1997 and \$199 for 1997-1998 (Table 10). In addition to this difference in overall magnitude, there was also a difference in the composition of overhead expenditures between the regional and statewide surveys. In the Delta and Gulf Coast counties, managerial expenses were the largest category followed by "other expenses," liability insurance, and road and trail construction. Guest accommodations and personal supervision also represented substantial expenditures in the Delta counties. In the statewide surveys, liability insurance and road and trail construction were the primary expenditures.

Overhead expenditures for the Delta and Gulf Coast counties were \$2.21 per acre and \$0.71 per acre respectively for land dedicated to fee hunting. For the statewide surveys, overhead expenditures averaged \$0.31 per acre in the 1996-1997 season and \$0.24 in the 1997-1998 season (Table 11). The relative magnitude of the various categories did not vary substantially from total overhead expenditures.

Although overall means provide interesting information about average overhead expenditures incurred by respondents engaged in fee hunting as a group, it provides very little information about typical expenditures for those who incur specific costs. Fewer than 35% of fee hunting respondents in

**Statewide,
wildlife
management
expenditures
averaged \$1.54
per acre in the
1996-1997 season
and \$1.28 in the
1997-1998 season.**

each survey incurred any type of overhead expenditure. The percentage was even lower for any specific overhead category. Mean overhead expenditures for respondents who reported such expenditures varied greatly between surveys from a high of \$7,469 for the Delta survey to \$1,084 for the 1996-1997 state survey (Table 12). Although mean overhead expenditures for the statewide 1997-1998 survey were higher than those for the Delta counties, this higher total resulted from one landowner with a full-time manager. Respondents in the Delta who incurred overhead expenditures generally paid substantially more than respondents in other surveys. Delta respondents with overhead expenditures averaged \$3.61 per acre in total overhead expenditures compared to expenditures of less than \$1.00 per acre for respondents in the Gulf Coast counties and state 1997-1998 surveys (Table 13).

Wildlife Management Expenditures

For the 1996-1997 survey, respondents were asked to report their total wildlife management expenditures. Thus, the responses represent wildlife management expenditures for personal and/or fee hunting related purposes. Due to the survey design, it was not possible to isolate fee hunting and personal use related expenditures. Because most fee hunting landowners dedicated only part of their land to their fee hunting operations, some of their wildlife management expenditures may have been related to their personal hunting. Therefore, profits from fee hunting calculated using these expenditures are probably understated. For the 1997-1998 survey, only fee hunting respondents were asked to report their wildlife management expenditures and then only those related to their fee hunting operations. Thus, the responses represent wildlife management activities strictly for fee hunting on lands dedicated to fee hunting and can be used to provide a more accurate estimate of net revenues

About 23% of all respondents for the 1996-1997 season spent money on wildlife management (Table 14). Of those landowners actively managing for wildlife, Delta respondents spent, on average, \$3,504 per year compared to \$2,332 per year for respondents statewide. Vegetation management and planting food and cover crops were the most common activities. Twenty percent of respondents statewide and 18% of Delta respondents undertook these activities. Waterfowl management was more common in the Delta (9% of all respondents) than statewide (< 3%). Those respon-

dents who did manage for waterfowl spent considerable amounts, averaging over \$1,800 per year in the Delta and \$1,400 per year statewide.

About 19% of all fee-hunting respondents for the 1997-1998 season actively managed for wildlife as part of their fee hunting operation. Of those landowners engaged in fee hunting and actively managing for wildlife, Gulf Coast respondents spent, on average, \$2,798 per year for wildlife management and state-wide respondents spent, on average, \$2,556.

For all landowners engaged in fee hunting, wildlife management expenditures in 1996-1997, which included personal and fee hunting related expenditures, averaged \$1,477 and \$2,240 for the statewide and Delta surveys, respectively. Wildlife management expenditures in the 1997-1998 season, which included fee hunting related expenditures only, averaged \$401 and \$502 for the state-wide and Gulf Coast surveys, respectively (Table 15). For the statewide surveys, average wildlife management expenditures were \$1.54/acre in 1996-1997 and \$1.28/acre in 1997-1998 (Table 16). Per acre expenditures were greatest in the Delta counties (\$2.54/acre) and lowest in the Gulf Coast counties (\$0.42/acre). By comparing expenditures for the two seasons, it appears that, on average, landowners spend considerably more on wildlife management for personal hunting than for their fee hunting operation.

Gross Revenues

Annual gross revenues from fee hunting were greatest in the Delta counties, averaging \$4,007 for hunting leases, \$8,339 for permit hunting, \$10,450 for arrangements with outfitters and guides, and \$5,254 overall (Table 17). Gross revenues from hunting leases were reasonably consistent across all survey groups; however, gross revenues from permit hunting and outfitter and guide arrangements were substantially greater in the Delta, thus resulting in higher overall gross revenues than other survey areas. Total gross revenues for the Gulf Coast and statewide surveys were at least \$1,000 less. On a per acre basis, gross revenues averaged \$5.86 in the Delta versus \$3.28 in the Gulf Coast, and \$3.08 and \$4.63 statewide for the 1996-1997 and 1997-1998 seasons, respectively (Table 18).

Annual net revenues averaged \$3.91 per acre statewide during the 1997-1998 hunting season.

Net Revenues

Annual net revenues for the 1997-1998 season were substantially greater than the net revenues for the 1996-1997 season (Table 19). However, expenditures in the 1996-1997 season surveys included wildlife management expenditures related to personal hunting. Thus, net revenues from fee hunting for the 1996-1997 season are understated. Average net revenues for the 1997-1998 season more accurately represent typical net revenues available from fee hunting. Net revenues averaged \$3,244 per landowner for the statewide survey and \$2,655 for Gulf Coast counties. Although gross revenues were greater in the Gulf Coast counties, net revenues were lower due to higher overhead and wildlife management expenditures.

On a per acre basis, annual net revenues averaged \$3.91 statewide and \$2.17 in the Gulf Coast counties (Table 20). Net revenues for hunting leases ranged from \$4.59/acre statewide to \$2.29/acre in the Gulf Coast counties and, in general, were greater than net revenues per acre for permit hunting and outfitter/guide arrangements. The exception was guide/outfitter arrangements in the Delta where net revenues averaged \$4.91/acre.

Although net revenues for permit hunting appear to be low, many respondents engaged in permit hunting also had comparatively high overhead costs, particularly for guest accommodations and other permanent improvements. It appears likely that many of these landowners are in the process of developing a hunting based operation, and net revenues should increase once operations become fully established.

Landowner Attitudes

Statewide and Gulf Coast respondents engaged in fee hunting during the 1997-1998 season were asked to rate problems associated with fee hunting listed in the survey on a scale from 1 (not a problem) to 5 (big problem). None of the problems received an average rating above 3, indicating that landowners engaged in fee hunting generally do not experience serious problems (Table 21). Poaching and trespassing was the highest rated problem, averaging 2.24 statewide and 2.18 for the Gulf Coast counties. Accident liability was rated next highest, with average ratings of 1.91 statewide and 2.03 for the Gulf Coast counties. Ratings for the remaining problems listed were lower, ranging from 1.25 to 1.82.

Respondents not engaged in fee hunting were asked to rate reasons why they elected not to participate in this

activity on a scale from 1 (not important) to 5 (very important). The average ratings for loss of land control, loss of privacy, accident liability, damage to property, and poaching and trespassing were all above 4 for both the statewide and Gulf Coast surveys. Overharvest of wildlife, financial gain not worthwhile, and not wanting wildlife hunted were rated

between 3 and 4. These ratings indicate substantial differences between the actual and perceived problems. Twenty-four percent of statewide respondents and 14% of Gulf Coast respondents indicated that they would be more likely to sell hunting rights to their lands if their concerns were reduced.

Discussion

Forests provide substantial habitat for game and non-game wildlife species and are associated with the majority of our nation's remaining wetlands. However, these lands are under increasing pressures from agriculture, timber production, and development. Fee hunting provides monetary incentives to landowners for afforesting marginal agricultural land and protecting ecologically diverse forests and wetlands without the intervention of environmental regulations. Land-use planning by landowner cooperatives, economic development groups, and local communities can promote fee hunting on private lands as a viable alternative to development projects and agricultural production on marginal lands, thus protecting forests and emergent wetlands.

Respondents involved in fee hunting reported no appreciable problems associated with fee hunting on their land. In contrast, respondents not involved in fee hunting were very concerned about the potential problems, and this has deterred their participation. However, many non-fee-hunting respondents reported that if their concerns were reduced, they would be more inclined to sell hunting rights. Educational and outreach activities (e.g., Extension Service activities, Internet websites) are needed to inform landowners of the monetary returns associated with fee hunting, the wildlife management practices necessary to increase habitat quality, fee hunting marketing strategies designed to attract paying clients, and to reduce the perceived risks concerning

fee-hunting.

To diversify their income, landowners can combine activities that enhance fee-hunting opportunities with traditional land-use practices. For example, many forest management practices used to increase timber yields can also benefit wildlife populations (Rohweder et al. 2000). The supplemental income from hunting may encourage voluntary conservation and restoration of privately-owned lands. For example, because forestland is the dominant land use type in fee hunting arrangements, private landowners may elect to plant trees on marginal or abandoned agricultural land. Similarly, because ecologically sensitive lands, such as wetlands, typically provide excellent wildlife habitat, landowners engaged in fee hunting are likely to protect these lands, thereby reducing the need for governmental regulatory measures associated with environmental protection.

Future research should address why so few landowners sell hunting rights by examining landowner motivations, and the perceived and real barriers to fee hunting. Once these factors are better understood, outreach activities focusing on marketing strategies and wildlife habitat management practices can be directed toward private landowners to promote income diversification and ecological stewardship on private lands.

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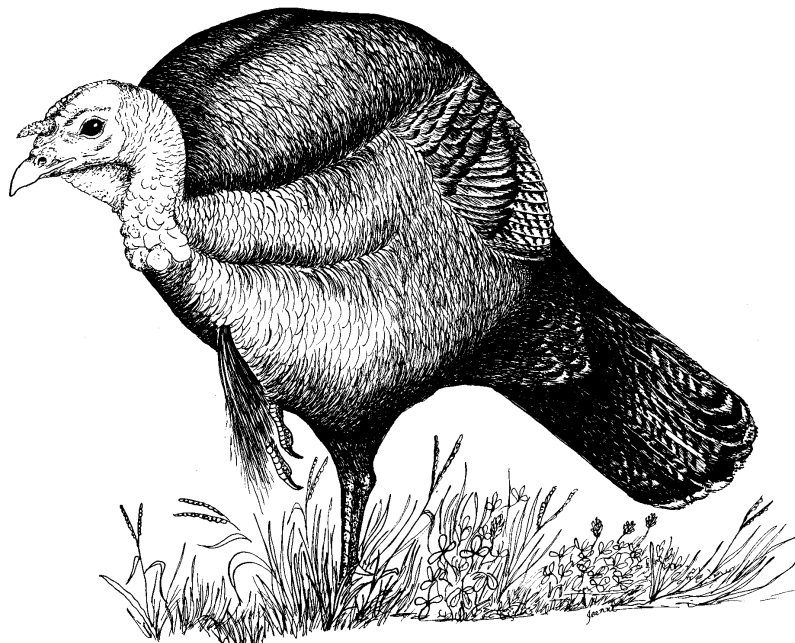


Table 1. Percentage of Mississippi respondents who allowed hunting on their land during the 1996-1997 and 1997-1998 hunting seasons.

Activity	State 1997 n = 653 %	Delta 1997 n = 567 %	State 1998 n = 555 %	Gulf Coast 1998 n = 508 %
Hunting Allowed	68	67	77	50
● Fee Hunting	11	14	14	8
● Hunting without a fee	64	60	68	44
✓ Family and friends	59	57	64	42
✓ General public by permission only	8	12	7	3
✓ General public without permission	4	1	3	2

Table 2. Average acreage owned in Mississippi by all survey respondents during the 1996-1997 and 1997-1998 hunting seasons.

Land Category	State 1997 n = 653	Delta 1997 n = 567	State 1998 n = 555	Gulf Coast 1998 n = 508
Forest	224	270	300	242
Agricultural	151	507	177	47
Other	23	54	22	23
Total	398	831	499	312
Wetlands ^a	23	158	28	25

^a May occur in all land categories.

Table 3. Average acreage owned in Mississippi by respondents engaged in fee hunting during the 1996-1997 and 1997-1998 hunting seasons.

Land Category	State 1997 n = 71	Delta 1997 n = 79	State 1998 n = 69	Gulf Coast 1998 n = 39
Forest	925	775	941	1,445
Agricultural	205	539	285	52
Other	75	179	32	93
Total	1,206	1,439	1,258	1,590
Wetlands ^a	62	381	63	42

^a May occur in all land categories.

Table 4. Average acreage owned in Mississippi by respondents not engaged in fee hunting during the 1996-1997 and 1997-1998 hunting seasons.

Land Category	State 1997 n = 582	Delta 1997 n = 488	State 1998 n = 486	Gulf Coast 1998 n = 469
Forest	138	188	208	141
Agricultural	144	502	161	46
Other	17	34	21	17
Total	299	723	391	204
Wetlands ^a	19	183	23	18

^a May occur in all land categories.

Table 5. Average acreage leased for hunting by Mississippi respondents involved in hunting leases during the 1996-1997 and 1997-1998 hunting seasons.

Region	% of total respondents	Acres owned	Acres leased %	Acres leased		
				Forested	Agricultural	Other
State 1997 (n = 56)	10	1,066	64	537	72	70
Delta 1997 (n = 60)	12	1,397	52	519	101	112
State 1998 (n = 64)	13	1,155	62	591	93	29
Gulf Coast 1998 (n = 38)	7	1,628	73	1,155	4	36

Table 6. Average acreage dedicated to permit hunting by Mississippi respondents involved in permit hunting during the 1996-1997 and 1997-1998 hunting seasons.

Region	% of total respondents	Permits sold	Acres owned	Acres permitted %	Acres permitted		
					Forested	Agricultural	Other
State 1997 (n = 10)	2	9	1,826	33	528	47	34
Delta 1997 (n = 9)	3	50	1,767	68	898	263	47
State 1998 (n = 12)	3	17	1,137	49	353	191	17
Gulf Coast 1998 (n = 2)	1	26	1,646	47	768	10	--

Table 7. Average acreage dedicated to hunting guides or outfitters by Mississippi respondents involved with guides or outfitters during the 1996-1997 and 1997-1998 hunting seasons.

Region	% of total respondents	Acres owned	Dedicated acres %	Acres leased		
				Forested	Agricultural	Other
State 1997 (n=2)	< 1	515	23	42	74	0
Delta 1997 (n=4)	< 1	3,340	51	1,349	272	75
State 1998 (n=0)	0	0	0	0	0	0
Gulf Coast 1998 (n=0)	0	0	0	0	0	0

Table 8. Game species featured in hunting leases by percentage of respondents involved in leasing during the 1996-1997 and 1997-1998 hunting seasons.

Region	Deer %	Waterfowl %	Turkey %	Quail %	Dove %	Other Game %
State 1997 (n = 56)	94	25	70	28	31	22
Delta 1997 (n = 60)	92	52	64	20	36	32
State 1998 (n = 64)	97	27	78	38	45	27
Gulf Coast 1998 (n = 39)	92	26	79	32	29	29

Table 9. Game species included in hunting permits by percentage of respondents involved in permit hunting during the 1996-1997 and 1997-1998 hunting seasons.

Region	Deer %	Waterfowl %	Turkey %	Quail %	Dove %	Other Game %
State 1997 (n = 10)	73	33	33	40	47	13
Delta 1997 (n = 9)	87	69	38	8	31	8
State 1998 (n = 12)	94	28	78	33	50	17
Gulf Coast 1998 (n = 2)	100	33	67	33	33	0

Expenditure Category	State 1997 n = 60	Delta 1997 n = 68	State 1998 n = 69	Gulf Coast 1998 n = 39
Manager	\$29	\$645	\$14	\$244
Consultant	0	0	0	37
Attorney	0	35	19	0
Accountant	39	71	11	15
Surveyor/appraiser	0	0	0	6
Liability insurance	47	146	41	135
Personal supervision	25	120	8	43
Road/trail construction	44	410	52	131
Trespass prevention/posting	13	14	5	17
Guest accommodations ^a	0	126	21	4
Purchasing released game	--	--	9	0
Other expenses	93	414	19	231
Total expenditures	\$290	\$1,981	\$199	\$863

^aConstruction costs were amortized over 27.5-year period.

Expenditure Category	State 1997 n = 60	Delta 1997 n = 68	State 1998 n = 69	Gulf Coast 1998 n = 39
Manager	\$0.03	\$0.72	\$0.02	\$0.20
Consultant	0.00	0.00	0.00	0.03
Attorney	0.00	0.04	0.02	0.00
Accountant	0.04	0.08	0.01	0.01
Surveyor/appraiser	0.00	0.02	0.00	0.01
Liability insurance	0.05	0.16	0.05	0.11
Personal supervision	0.03	0.13	0.01	0.03
Road/trail construction	0.05	0.46	0.06	0.11
Trespass prevention/posting	0.01	0.02	0.01	0.01
Guest accommodations ^a	0.00	0.14	0.03	0.01
Purchasing released game	NA	NA	0.01	0.00
Other expenses	0.10	0.46	0.02	0.19
Total expenditures	\$0.31	\$2.21	\$0.24	\$0.71

^aConstruction costs were amortized over 27.5-year period.

Table 12. Mean overhead expenditures by Mississippi respondents reporting expenditures during the 1996-1997 and 1997-1998 hunting seasons.				
Expenditure Category	State 1997 (n)	Delta 1997 (n)	State 1998 (n)	Gulf Coast 1998 (n)
Manager	\$583 (3)	\$8,778 (5)	\$32,225 (2)	\$1,900 (5)
Consultant	0 (0)	0 (0)	1,500 (1)	108 (4)
Attorney	0 (0)	392 (6)	331 (4)	0 (0)
Accountant	588 (4)	808 (6)	242 (3)	192 (3)
Surveyor/appraiser	0 (0)	0 (0)	0 (0)	250 (1)
Liability insurance	311 (9)	740 (13)	1,583 (6)	1,054 (5)
Personal supervision	750 (2)	2,038 (4)	290 (2)	415 (4)
Road/trail construction	441 (6)	2,532 (11)	900 (4)	850 (6)
Trespass prevention/posting	150 (5)	190 (5)	117 (3)	217 (3)
Guest accommodations ^a	0 (0)	1,714 (5)	968 (3)	80 (2)
Purchasing released game	NA	NA	1,700 (2)	0 (0)
Other expenses	505 (11)	2,820 (10)	1,433 (3)	1,499 (6)
Total expenditures	\$1,084 (16)	\$7,469 (18)	\$8,421 (11)	\$2,399 (14)

^aConstruction costs were amortized over 27.5-year period.

Table 13. Mean overhead expenditures per acre by Mississippi respondents reporting expenditures during the 1996-1997 and 1997-1998 hunting seasons.				
Expenditure Category	State 1997 (n)	Delta 1997 (n)	State 1998 (n)	Gulf Coast 1998 (n)
Manager	\$0.06 (3)	\$3.40 (5)	\$20.52 (2)	\$0.33 (5)
Consultant	0.00 (0)	0.00 (0)	1.32 (1)	0.28 (4)
Attorney	0.00 (0)	0.08 (6)	0.29 (4)	0.00 (0)
Accountant	0.16 (4)	0.19 (6)	0.20 (3)	0.04 (3)
Surveyor/appraiser	0.00 (0)	0.00 (0)	0.00 (0)	0.28 (1)
Liability insurance	0.13 (9)	0.30 (13)	1.09 (6)	0.34 (5)
Personal supervision	0.12 (2)	1.34 (4)	0.29 (2)	0.84 (4)
Road/trail construction	0.39 (6)	0.81 (11)	0.60 (4)	0.24 (6)
Trespass prevention/posting	0.12 (5)	0.09 (5)	0.07 (3)	0.04 (3)
Guest accommodations ^a	0.00 (0)	0.76 (5)	1.26 (3)	0.61 (2)
Purchasing released game	NA	NA	1.70 (2)	0.00 (0)
Other expenses	0.86 (11)	1.08 (10)	1.20 (3)	2.41 (6)
Total expenditures	\$0.66 (16)	\$3.61 (18)	\$5.49 (11)	\$0.92 (14)

^aConstruction costs were amortized over 27.5-year period.

Table 14. Mean wildlife management expenditures of Mississippi respondents engaged in wildlife management during the 1996-1997 and 1997-1998 hunting seasons.

Management Practice	State 1997 ^a (n)	Delta 1997 ^a (n)	State 1998 ^b (n)	Gulf Coast 1998 ^b (n)
Vegetation Management	\$1,125 (135)	\$1,020 (103)	\$1,244 (13)	\$346 (5)
Food and Cover	1,021 (134)	1,938 (110)	866 (11)	2,276 (6)
Stands and Blinds	542 (76)	738 (82)	1,258 (6)	840 (5)
Waterfowl Management	1,485 (15)	1,813 (52)	0 (0)	0 (0)
Total Expenditures	\$2,332 (151)	\$3,504 (135)	\$2,556 (13)	\$2,798 (7)

^a Includes wildlife management expenditures for fee hunting lands and lands for the personal use of landowners.

^b Includes wildlife management expenditures for fee hunting lands only.

Table 15. Mean wildlife management expenditures of Mississippi respondents engaged in fee hunting during the 1996-1997 and 1997-1998 hunting seasons.

Management Practice	State 1997 ^a n = 60	Delta 1997 ^a n = 68	State 1998 ^b n = 69	Gulf Coast 1998 ^b n = 39
Vegetation Management	\$745	\$398	\$164	\$44
Food and Cover	531	1,320	133	350
Stands and Blinds	121	309	104	108
Waterfowl Management	80	213	0	0
Total Expenditures	\$1,477	\$2,240	\$401	\$502

^a Includes wildlife management expenditures for fee hunting lands and lands for the personal use of landowners.

^b Includes wildlife management expenditures for fee hunting lands only.

Table 16. Mean wildlife management expenditures per acre of Mississippi respondents engaged in fee hunting during the 1996-1997 and 1997-1998 hunting seasons.

Management Practice	State 1997 ^a n = 60	Delta 1997 ^a n = 68	State 1998 ^b n = 69	Gulf Coast 1998 ^b n = 39
Vegetation Management	\$0.78	\$0.45	\$0.59	\$0.04
Food and Cover	0.55	1.50	0.40	0.29
Stands and Blinds	0.13	0.35	0.29	0.09
Waterfowl Management	0.08	0.24	0.00	0.00
Total Expenditures	\$1.54	\$2.54	\$1.28	\$0.42

^a Includes wildlife management expenditures for fee hunting lands and lands for the personal use of landowners.

^b Includes wildlife management expenditures for fee hunting lands only.

Payment Method	State 1997 (n)	Delta 1997 (n)	State 1998 (n)	Gulf Coast 1998 (n)
Leases	\$2,645 (56)	\$4,007 (60)	\$3,646 (64)	\$3,908 (38)
Permits	2,954 (10)	8,339 (9)	2,655 (12)	4,100 (2)
Outfitters/Guides	175 (1)	10,450 (4)	0 (0)	0 (0)
Total mean revenues	\$2,964 (60)	\$5,254 (68)	\$3,844 (69)	\$4,018 (39)

Payment Method	State 1997 (n)	Delta 1997 (n)	State 1998 (n)	Gulf Coast 1998 (n)
Leases	\$3.59 (56)	\$5.66 (60)	\$4.91 (64)	\$3.27 (38)
Permits	5.89 (10)	6.50 (9)	3.87 (12)	3.70 (2)
Outfitters/Guides	1.35 (1)	6.16 (4)	0.00 (0)	0.00 (0)
Total gross revenues	\$3.08 (60)	\$5.86 (68)	\$4.63 (69)	\$3.28 (39)

	State 1997 n = 60	Delta 1997 n = 68	State 1998 n = 69	Gulf Coast 1998 n = 39
Cash flows from hunting				
Gross Revenues	\$2,964	\$5,254	\$3,844	\$4,018
Overhead expenditures	290	1,981	199	863
Wildlife management expenditures	1,135	1,419	401	502
Net revenues ^a	\$1,539	\$1,845	\$3,244	\$2,655

^a Net revenues for 1997 surveys are understated because the corresponding wildlife management expenditures include expenditures on lands for the personal use of landowners.

Payment Method	State 1997 (n)	Delta 1997 (n)	State 1998 (n)	Gulf Coast 1998 (n)
Leases	\$2.85 (56)	\$3.10 (60)	\$4.59 (64)	\$2.29 (38)
Permits	2.44 (10)	0.96 (9)	1.91 (12)	1.80 (2)
Outfitters/Guides	0.00 (1)	4.91 (4)	0.00 (0)	0.00 (0)
Net Revenues ^a	\$1.60 (60)	\$1.95 (68)	\$3.91 (69)	\$2.17 (39)

^a Net revenues for 1997 surveys are understated because the corresponding wildlife management expenditures include expenditures on lands for the personal use of landowners.

Table 21. Mean ratings of problems associated with fee hunting reported by Mississippi respondents engaged in fee hunting during the 1997-1998 hunting season. Problems were rated on a scale from 1 (not a problem) to 5 (big problem).

Type of Problem	State 1998	Mean Rating	Gulf Coast 1998
Loss of land control	1.56		1.25
Loss of privacy	1.82		1.39
Accident liability	1.91		2.03
Damage to property	1.77		1.67
Overharvest of wildlife	1.37		1.54
Poaching and trespassing	2.24		2.18
Financial gain not worthwhile	1.71		1.79
Breach of contract by hunters	1.27		1.34
Other	1.59		1.25

Table 22. Mean ratings of problems that deterred respondents from engaging in fee hunting rated by Mississippi respondents not engaged in fee hunting during the 1997-1998 hunting season. Problems were rated on a scale from 1 (not important) to 5 (very important).

Type of Problem	State 1998	Mean Rating	Gulf Coast 1998
Loss of land control	4.19		4.27
Loss of privacy	4.26		4.41
Accident liability	4.34		4.49
Damage to property	4.29		4.30
Overharvest of wildlife	3.60		3.73
Poaching and trespassing	4.19		4.23
Financial gain not worthwhile	3.75		3.88
Inability to obtain bank credit for fee hunting operations	1.80		1.74
Not knowledgeable in fee hunting arrangements	2.10		2.04
Land tract too small	2.59		2.87
No demand for fee hunting	2.37		2.10
Do not want wildlife hunted	3.15		3.59
Other	4.23		4.47



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