

# **An Entrepreneur's Guide to Starting a New Agricultural Enterprise: Managing Risk**

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## **Using An Entrepreneur's Guide to Starting a New Agricultural Enterprise: Managing Risk**

An Entrepreneur's Guide to Starting a New Agricultural Enterprise: Managing Risk was developed by the University of Delaware's Cooperative Extension and is intended to be used by land owners in the State of Delaware, hoping for increased income and/or a raised awareness of agriculture and agricultural products. After determining that the farm or landowner would like to pursue a new agricultural enterprise, this publication should be utilized to determine what type of agricultural enterprise the landowner may wish to operate; how to start, manage, and market their enterprise; how to reduce risks for employees guests on the site; and how to comply with Delaware State and County regulations. An Entrepreneur's Guide to Starting a New Agricultural Enterprise: Managing Risk also includes helpful resource contact information and examples of specific operations. This publication deals specifically with operations involving agritourism, direct marketing, and on-farm value added products.

# Consider the Opportunities

## **Introducing Agritourism, Direct Farm Marketing and On-Farm Value Added Products**

1.) Rural tourism or agritourism, is the business of providing tours and services to people who travel to rural areas for pleasure. It includes resort stays, agricultural tours, off site farmer's markets and other leisure and hospitality businesses.

2.) Direct farm marketing involves offering services directly on the farm.

3.) On-farm value added products are those farm specific items created, marketed and sold on the farm.

Although rural tourism and agricultural businesses do take place in the country, they do not necessarily involve farmers or large land owners.

However, three kinds of rural tourism and businesses do include farmers and landowners, agritourism, direct farm marketing and on-farm value added product enterprises. They take place on agricultural land, diversify agricultural operations and can generate additional income. At the

same time they involve thoughtful care of the land.

## **Taking the Opportunity**

Agritourism, direct farm marketing and on-farm value added product operations are rapidly growing industries in Delaware and across the country and world.

They draw on our increasingly urbanized population, rising incomes, mounting search for "country fun" and declining recreation opportunities near home. People want to feel close to the country and want to know more about the rural life, especially those educating their children on the subject.

It is clear that tourists, local and regional, appreciate the qualities that agricultural areas possess. As a result, opportunity knocks at the doors of farmers and landowners with vision, skills and commitment. This opportunity unites tourists' needs with the landowners' increasing need to supplement their income. It provides operators an opportunity to diversify operations and to protect themselves from fluctuating markets. Also, it can

provide financial incentives for landowners to exhibit wise land use.

### **Good for the Land and the People**

Indeed, wise land use is as important to tourism as it is to farms, landowners, rural communities and the general public. Sustainable land practices help build sustainable economies. When rural residents take good care of the land - making decisions that strengthen options for future generations - they help to ensure their own long-term well-being. Everyone benefits from sound stewardship.

All in all, agritourism, direct farm marketing and on-farm value added product operations are good for the land and the people. These industries offer Delaware farmers and landowners a creative way to continue operating while caring for the land that supports them. These industries can diversify agricultural operations and supplement income enough to make the difference between profit and loss. They can diversify and help stabilize rural economies, promote economic development, foster community well-being and build community empowerment. They can encourage landowners to fully use their resources - land, facilities, equipment and talents - for

developing local expertise, providing off-season income, selling products across markets, strengthening existing markets and establishing new markets.

Perhaps the greatest long-term benefit offered by agritourism, direct farm marketing and on-farm value added product operation is the opportunities they provide for rural advocacy. These industries present landowners with the chance to teach visitors the values and benefits of agricultural land.

With the majority of the population in Delaware living in urban or intercity areas, our state's residents are increasingly removed from the land. Most urban dwellers have neither the knowledge nor personal experience to make informed decisions about product purchase or vote on policies that affect agriculture, but by their sheer number they profoundly affect rural Delaware.

Agritourism, direct farm marketing and value-added product enterprises could help to bridge this disconnect. Such businesses could turn tourists into strong allies of family farms and landowners, and of the wildlife, habitat and open space that these operations conserve.

## **What is Agritourism?**

Agritourism is a special kind of rural tourism. It is a business conducted by farmers or landowners on their working agricultural, horticultural or agribusiness operation for the enjoyment and education of visitors. It is intended to promote farm life and to generate additional income for the farm. In the process, agritourism provides visitors with entertainment, recreation, participation and education.

Agritourism operations could provide:

- new business opportunities
- supplemental income
- new or unique markets
- educational opportunities
- tourism opportunities
- market-driven land stewardship
- environmentally sound rural development

## **What is Direct Farm Marketing?**

Direct farm marketing operations are those in which the producer sells farm products to the consumer. The major types of direct marketing in Delaware are roadside markets, u-pick operations and farmer's markets.

## **What are On-Farm Value Added Products?**

On-farm value added products are those that the farm or landowner creates with a special service to the customer or with uniqueness from other farm or store products. On-farm value added products can range in distinctiveness from a single product itself, to the way it is packaged, to what it is packaged with. Also, the quality or purpose of the product is taken into consideration. The product could be used for medicinal purposes or have certain salutary features sought after by today's consumers.

## **A Call for Creative Ideas**

There is great potential for agritourism, direct farm markets and on-farm value added product operations in Delaware. This potential is only limited by the farm or landowner's imagination and according to state regulations. These businesses offer the farm or landowners the opportunity to operate and share their agricultural operation of choice. Whatever the preferences, whatever the season, prospects for agritourism, direct farm markets and

on-farm value added production beckon.

Agritourism, direct farm marketing and on-farm value added product operations might offer just a few of the following services or products:

- Recreational activities - water sports, archery/hunting, bird watching, corn mazes, gloving, ATV tracks, horseback riding, go-cart tracks, snow sports, photography, bicycling, camping, paintball course, etc.
- Equipment rental - binoculars, boats, camping equipment, hunting/fishing gear, pack animals, paintball gear, skis, etc.
- Lessons - cooking, wine/cider making, hunting/firearm safety, dog training, farm and ranch antiquing, food processing, fishing, horseback riding, gardening, photography, woodworking, etc.
- Demonstrations - roping, cattle drives, cow/goat milking, milling, gardening, quilt making, weaving, etc.
- Exhibits and lectures - animal husbandry, aquaculture, herbal medicine, natural history, rural crafts, sustainable agriculture, wildlife management, etc.
- Participant experiences - animal births, animal shows, barn raising, farm vacations, food/wine tasting, garden plot rentals, u-pick operations, hayrides, pony rides, etc.
- Tours - mills, aquaculture operations, bird/wildlife sanctuaries, flower/herb farms, historic sites, specialty livestock, wetlands, etc.
- Farm, ranch and community entertainment - bonfires, dances, guided tours, historic interpretation, concerts, talent shows, dinners, etc.
- Festivals and events - blossom festivals, Christmas tree lightings, harvest festivals, music festivals, rodeos, fairs, etc.
- Facilities for people - assisted living accommodations, business meetings, business picnics, church groups, wedding receptions, reunions, camps, etc.
- Hospitality services - bed and breakfasts, cabin rentals, catering, childcare, farm vacations, meeting and banquet rooms, pet day care, restaurants, field trips, etc.

- Alternative crops and value added products - water recreation, livestock products, aquaculture, bait, building wood products, canned/smoked/dried goods, Christmas trees, craft sales, farmer's markets, firewood, flowers/herbs, fruits, game dressing, gift shops, jellies, ground covers, guide services, hay sales, nursery production, organic goods, road-side markets, saw dust, milled goods, fish farming, etc.
- Alternative marketing-u-pick operations, rent-a-tree operations, community supported agriculture, direct marketing, internet sales, farmer's markets, roadside sales, direct sales to schools or restaurants.

## Evaluating Your Assets

After evaluating the potential opportunities that you may want to offer on your land, you must determine what you already have and what you will need to obtain to run your chosen operation. By evaluating your assets, the type of venture you may choose to open might be clearer. An asset is any item, property, building, etc. that you already own or have legal access to, that you may use in your business.

You must sit down and begin planning your operation to help organize your thoughts and business outline. Consider your business goals, long and short term. Think of those who will help you run your operation and what skills your management team offer. A landowner must also review pros and cons of opening a business. Agritourism, direct marketing, or on-farm value added product ventures can bring in supplementary income to the land, but some small businesses do not succeed. It is critical that the landowner plan and prepare for financial, operating, and management decisions. You must keep good records of all personnel, financial, and marketing operations. Sometimes, this record keeping may keep the business operator from doing other activities they would rather do, but it

is necessary for the business's success. A landowner should

understand these conditions before plunging into a new operation.

Positive considerations of an agritourism, direct marketing or on-farm value added product venture are plentiful. Pros include:

- Earning supplemental income for your current operation
- Allows the landowner to use unlimited possibilities to express their personality and creativity
- Allows the landowner to be their own boss and set their own hours
- Provides more job opportunities for your community including your family
- Allows the landowner to educate the public on agriculture
- Allows the landowner to financially profit from their hobby (woodworking, quilting, crafts, etc)

Negative aspects of an agritourism, direct marketing, or on-farm value added can be limited or avoided, all depending on how well the landowner prepares and on the operation at hand. Cons of these enterprises include:

- These operations can be extremely time consuming, especially in the beginning. Areas that detract time are in paperwork, low staffing,

and in time away from other operations on the land or your personal hobbies or family time.

- Reduces your privacy if the operation is on your home property.
- Increases liability by having more people on your land.
- Low income return for the first few years.

### **Begin the Planning Process**

After reviewing the costs and benefits of an agritourism, direct marketing, or on-farm value added product venture, the next step is to begin the initial planning stage. You may begin by looking into your own resources.

### **Evaluating Your Assets**

When beginning this process, it is best to pick a starting point, and with a paper and pen, write down all of the assets you have that you could use in your agritourism, direct marketing, or on-farm value added product venture. You could start with entrance to your farm and go to the farthest point of your property. You should always look for uniqueness and aesthetics as a drawing point. Make sure you put great care in your facilities- mow grasses, keep driveways clear and smooth, and always post signs so

guests will always know where to go. You may wish to draw out your current land and its usage and map where you would put in new activities, buildings, or roadways. In any case, your operation must offer high quality, meaningful, and fun activities or services for your visitors. Use the following points to help you determine what assets you already have.

### **Roadways**

- Are you close to a major town or city?
- Do you have good roadways leading to your farm?
  - Would large vehicles or buses be able to make the journey to your farm?
- Do you have a sign with your farm name, or will you need to purchase one?
- Do you have a driveway that can handle the traffic of extra visitors?
- Do you have adequate space for parking your guests?
- Would large vehicles be able to park and turn around in your parking area?

### **Facilities and Buildings**

- Do you have a building on your property to hold a gift shop?

- Do you have barns or greenhouses that are guest friendly?
- Do have space to add new buildings or additions to current buildings for lectures or demonstrations?
- Do you have lights or could you put lights up where guests will be in the dark?

### **Land**

- What is unique about your land?
  - Do you have scenic views?
  - Do you have ponds or other bodies of water?
  - Do you have hills or valleys?
  - Is there a forest or unique landmark on your land?
- Do you have unused land that could be utilized for petting areas, buildings, or parking?
- How can the weather be used as an asset?
  - Ice skating, snowmobiling, boating, outdoor activities, fall foliage?
- How is your land already being used and how could you adapt or add to that existing usage?
- Do you have unique soil types that may allow for interesting plants or wildlife?

- What is the history of your land; historical sites can bring many tourists.

### **Animals and Wildlife**

- What wildlife frequents your land?
  - Deer, fish in bodies of water, birds, etc can bring in wildlife fanciers.
- What animals can you use from your current land?
  - Horses, llamas, sheep, pigs, goats, beef or dairy cows, etc. can help bring in guests for many hands on activities, or demonstrations/ tours, or can be



attractive barns or fences that may add to your uniqueness?

## **Financial Assets**

You must next determine how you will fund your new venture. Do you have extra money to start and run your operation for up to three years? Will you need to apply for a loan for a small farm friendly bank? Once you determine the assets you already have, you will need to do some homework to determine how much it will cost to add the resources you are lacking. What will your start up costs be? How much of your own money do you want to invest in the initial business? Write your answers down on paper and keep them with your list of assets that you already have.

## **Evaluate Your Management Team**

You must determine who will be working in your operation. Will it just be you by yourself, you and your spouse, or your whole family? Will you need to hire people from the community? What will their expected knowledge level be, expert, or high school? Review your own management assets and write them with your other assets. Answer the following questions with paper and pencil:

- As landowner/ operator, what are your management skills?
  - Are you people oriented? Do you want to meet new people?
  - Are you willing to work long hours?
  - Are you organized? Can you maintain good work records?
  - Are you knowledgeable of your operation and its components and the community?
  - Are you a problem solver and decision maker?
  - Do you have experience managing others?
  - Do you have experience budgeting money and time?
  - Do you have experience marketing goods?
  - Are you willing to take suggestions from guests or customers to make for a better experience next time?
- Who do you know, including family, that could work for you?
  - What skills do they have to offer?
  - Do they have the ability to work with strangers?
  - Are they responsible?
- What does your community offer for your new venture?

- What activities or goods could your community bring to your land?
- Will the people in your community help bring new guests or drive them away?
- Are your neighbors inviting of the idea of your business or will they cause disturbances in your planning process?
- How will your business be interpreted by other businesses, legal divisions, and your local law/ fire enforcement?
- Who can help you with your business?
  - Are you interested in joining the Delaware Chamber of Commerce, Delaware Tourism Association, or Delaware Agritourism Association?
- Who will you serve?
  - Your customers may be local residence or you may choose to go regionally or nationally to serve customers.
  - Do you want to serve youngsters in elementary school, families, or senior citizens?
  - How many customers do you want to serve at one time?
  - What do your customers want from their experience
    - (education, relaxation, goods, etc)?
- Who will be your competition?
  - Who offers similar experiences or goods in your area? (you may want to visit them to see what exactly is offered and the prices)

## Components of A Business Plan

Anyone operating a business should first create a business plan. Components of a business plan include your business name, mission statement, goals and objectives, management plan, marketing strategy, financial strategy, and areas of concern-competition, risks, etc.

### Name and Contact Information

Once you determine what you will be doing for your new operation, you should determine your business name and list the contact information. Your business name should be unique to your operation, but should also be easy for customers to remember and pronounce. Your contact information includes the owner/manager's name, address or the business's, phone number and fax number of the business, and any email or websites that pertain to the business. See the example below:

Name of Company:  
Powell's Pet 'N Play  
Owner/ Operator: Lindsay Powell  
Address: 60 Mill Road  
Dover, DE 19904  
Phone #: (302) 555-6644  
Fax #: (302) 555-4455  
Email: [Powellspetnplay@aol.com](mailto:Powellspetnplay@aol.com)  
Website: [www.powellspetnplay.com](http://www.powellspetnplay.com)

You should also include in this area a brief company introduction. This introduction should include the nature of the business, marketplace, needs targeted, location, unique qualities, people involved, etc. This section will help you find your mind set for the planning of your operation. You may see this section more clearly in the example below:

*Powell's Pet 'N Play Introduction:* Powell's Pet 'N Play is a supplemental business within a family run vegetable farm. Inside the 3300 acres of the vegetable farm is a small, 10 acre animal operation with backyard flocks of chickens and ducks, 1 pot bellied pig, 3 pygmy goats, 1 miniature horse, 3 American Quarter Horses, 1 peacock, 1 Suffolk sheep, and 1 beef steer. All of the animals are family pets of the Powell's. The American Quarter Horses are used in horse shows and riding lessons and the Suffolk sheep is used for her wool.

The animals have access to stalls indoors and pens outside. There is a heated indoor riding area and a large outdoor arena. The ducks have access to a pond that is located nearby, but not on the property. The chickens are located in a shed near the Powell's home and they will not be a part of the tour due to the high population of poultry in the State of Delaware. The peacock lives in a bird cage outside with a fence around it to keep from spreading germs from one bird species to another. There is also a large indoor playground on the 10 acre lot and an outdoor play area.

Located just outside of the town of Wyoming, Powell's Pet 'N Play targets families with young children or school tours looking to bring children to the farm to see and pet the animals and to provide them with a safe clean playground to play on at any time of the year. The operation also offers riding lessons to the public and holds 2 horse shows on the facilities each year. There are no scheduled horse shows or riding lessons when there are scheduled school tours. The owner/operator, Lindsay Powell, is a certified elementary teacher and also holds a degree in Animal Science. Lindsay's husband, Andrew, runs the vegetable farm and assists with the petting areas and use of the playgrounds. The farm is very well maintained- grass is mowed, barns/ fences painted, and modern facilities. There are bathrooms with running water on the grounds.

## **Plan Summary**

The plan summary for a business plan is a brief description of how the business will run. In the example of Powell's Pet 'N Play, the summary would be as follows:

Powell's Pet 'N Play will be open Tuesday through Saturday, 9 am to 5 pm, February through November. The farm provides riding lessons, horse shows, petting areas, and playgrounds for year round walk in visitors or scheduled school tours. Animals that visitors can see include a peacock, ducks, horses, and a beef steer. Animals that guests can pet are the miniature horse, pygmy goats, Suffolk sheep, and a potbellied pig. Toys in the indoor and outdoor playground include jungle gyms, swings, sliding boards, see saws, and a trampoline. Riding lessons are \$30 an hour, school tours of 20+ students are \$5 a student, for +50 students are \$2 a student. For walk in visitors, children between 1 and 14 years of age are \$5, visitors over 14 are \$2. Tours include 30 minutes with the animals and 2 hours on the playground. To rent the farm for a horse show for one day is \$100. The farm hosts two shows a year with 30 events at each show, each event is \$5.

## **Mission Statement**

Your mission statement for your business plan should tell what your business is about and what you would like people to know about your business. Mission statements should be measurable and quantifiable so you can tell if you are accomplishing what you set out to do. Powell's Pet 'N Play's mission statement is listed as follows:

The mission statement for Powell's Pet 'N Play is to hold 2 horse shows a year, host 1 school tour a week, and to give 15 riding lessons in a week. Lindsay and Andrew are seeking to educate young people about farm animals and to provide them with a safe play area. Both individuals come from farming backgrounds and are extremely knowledgeable about children and agriculture.

## **Goals**

The goals for your business are a list of short and long term goals that you would like to accomplish for your farm. Short term goals should be less than a year. Long term goals should be 1-5. The Powells had several goals for their business: Short Term Goals: 1. Pave parking area in 6 months. 2. Install spectator area for riding rings in 10 months- including bleachers and shaded overhang.

Long Term Goals: 1. Offer boarding and training of horses year round in 3 years. 2. Offer fall farm package in 2 years of corn mazes, pumpkin painting, and scarecrow building.

## **Background information for your Business Idea**

Think back to when you first had an idea to start in agritourism, direct marketing, or on-farm value added product venture. Where did you get the idea, why do you think it is a good idea, what needs will it fill? The Powells shared their information below:

Lindsay said that she got the idea because she had always ridden horses and went to college for a degree in Animal Science. While there, she also majored in Elementary Education. After graduating and getting married to Andrew who was working on his family's vegetable farm, she decided that with the time needed to run the household and manage the farm bills (which she handles for the wholesale operation) and tending to her horses, that she would like to work from the home.

She started out giving riding lessons, but missed the very young people she had wanted to teach. Lindsay and Andrew decided that they could expand

the horse operation that Lindsay already had to include some more pet animals and add the playground to make the operation more complete for visitors.

Lindsay felt it was a great idea to stay at home to be near family and the animals, but also utilize her college degrees.

It provides an outlet for young people to learn about farm animals and have a safe place to play.

### **Description of the Products or Services that you Plan to Sell or Offer**

After determining what type of operation you will be running and determine what you will offer to the public, you will need to list and describe the products or services you sell or offer. The Powells decided the following:

Powell's Pet 'N Play will host horse shows, school tours, and riding lessons. They also offer drop in visits by the public to pet the animals and play on the playgrounds. There are two playgrounds, one indoor and one outside with jungle gyms, swings, sliding boards, see saws, and a trampoline. Riding lessons are for 1 hour and are offered in a heated indoor arena or outside in an outdoor arena. The petting area includes an indoor, heated area to pet and see animals and an outdoor area to pet and see animals. Animals that visitors can see include a peacock, ducks, horses, and a beef steer. Animals the guests can pet are the miniature horse, pygmy goats, Suffolk sheep, and a potbellied pig. There are bathroom facilities with running water on the grounds.

### **Description of the Industry or Sector you are in and How your Business fits into that industry or sector (including trends).**

You will need to determine which industry or sector your operation falls into and how your business fits in with that industry. You will also need to think over trends of the business sector when you consider your operation. Powell's Pet 'N Play's sector descriptions are listed below as an example:

Powell's Pet 'N Play falls into two business sectors. The first sector is the animal operation sector. It includes the riding lessons that are offered on the farm. There are several facilities in the area that offer riding lessons, but there is a need for high quality lessons from certified educators in the area. The location of the facilities also make it a gem in the sector as most

horseback riding operations are located farther away from the towns in the state.

The second sector is the playground/ petting area. Although not agriculturally related, the playground does offer an on-farm value added service in that people who come to see the animals are also offered a safe place to play year round, regardless of weather. Although there are other parks in the area, none offer indoor facilities without having to sign up for gymnastics classes or membership. Powell's Pet 'N Play only charges for the time used the day of the visit. Again, the location of the facility to surrounding towns and the capital city of Dover, makes the operation highly competitive in this sector.

### **Description of the Competition**

After determining how your business will fit in with other business sectors, you will also need to look at how it will fit in with other businesses in the area. This includes a list of competitors in the county or state, and their strengths and weaknesses. The Powells reviewed this idea when they considered starting their operation, their findings are listed below:

Competition in Kent County: HoofBeats Equestrian Center- strengths include a huge indoor facility, certified handicap instructor, and boarding and training year round. Weaknesses- lessons are very expensive (\$50 an hour), located in western Kent County, away from the City of Dover and other more populated towns.

Competition in Kent County: Sports World- strengths include indoor batting cages, mechanical training aids for golf club and baseball/ softball bat swings, gymnastics lessons, and swimming pool; offer one on one lessons with instructors certified in each sports area. Weaknesses- membership is mandatory (\$400) a year for weekly sports lessons.

Competition in Kent County- Whitely Farms- Strengths-offer corn maze, petting zoo, and harvest tours for apples, peaches, and pumpkins. Weaknesses- located on poor roads in country area away from County population.

### **Market Analysis**

A market analysis of a business plan includes three major areas. 1. A description of customers targeted including their characteristics (age, sex, values, etc). 2. A total customer base both major and secondary and location. 3. An expected customer base, which is a portion of total customer base that you expect to have as customers. The Powell's market analysis can be viewed below as an example:

Customers for Powell's Pet 'N Play will include elementary school children from the Caesar Rodney, Capital, and Lake Forest School Districts and families with children under 14 years of age from Camden, Wyoming, Dover, Smyrna, Felton, Canterbury, and Magnolia for the petting area and playground. Customers for the horseback riding lessons and horse shows will come from the towns of Camden, Wyoming, Dover, Smyrna, Felton, Canterbury, and Magnolia as well. The Powells estimated that 50% of the total customer base would be coming to their facilities as visitors.

## **Market Strategies**

There are many components to market strategies. Among them include identifying and reaching the target market; plans for market growth; distribution channels; promoting your product or service; sales strategies including how you will sell the product or service; and how you will determine the price of your goods or services. Powell's Pet 'N Play listed their market strategy below. If you need more information, see the marketing section of this publication as well.

The Powells identified one of their target markets as local elementary schools. Because Lindsay studied to be an elementary school teacher, she knew a lot of teachers who would be interested in coming to the farm. From this she also knew that, if student's had fun on their field trips, they would come back with their families. Lindsay sent letters to the districts and teachers she knew personally to invite them to an open house and to explain to them what the operation was about.

The horseback riding customers Lindsay also knew from her experiences with horses and she also sent them letters inviting them to a separate open house during a demonstration by some individuals she had been giving riding lessons to for about a year while going to college.

Market growth plans for the Powell's includes renting out the show facilities to those wishing to use the grounds. Lindsay will send information on the facilities to 4-H leaders and other horse related groups that might be interested.

Lindsay uses mass mailings to distribute the letters she sends about her facilities.

Other ways that the Powells promote their services is in newspaper ads, word of mouth, in horse journals/ newsletters, and on the radio.

The sales strategy used to sell the services is a laid back family environment that is educational and high quality. Lindsay says because parents and teachers always push for educational aspects and the young people always push for the fun aspects, it is important to market to both areas.

Pricing is set for the Pet 'N Play by looking at competitors across the state and at the quality and time offered at the operation. Riding lessons are \$30 an hour, school tours of 20+ students are \$5 a student, for +50 students are \$2 a student. For walk in visitors, children between 1 and 14 years of age are \$5, visitors over 14 are \$2. Tours include 30 minutes with the animals and 2 hours on the playground. To rent the farm for a horse show for one day is \$100. The farm hosts two shows a year with 30 events at each show, each event is \$5.

## **Sales Forecast**

A sales forecast is an estimate of how much you hope your operation can sell of a product or service. The Powells used their competitors sales as a comparison and also looked at the cost of barns, feed, and materials to make the playgrounds. They estimated that to cover the cost of all of their materials and upkeep and make a profit, they needed to make \$700 a week, 10 months of the year.

## **Milestones**

Milestones in business plans are exactly what they sound like. They are major accomplishments in your business that you would like to have done by a certain date. The Powells had several that they felt would make their operation worthwhile.

The Powells wanted to supplement their vegetable farm with income from the Pet 'N Play to cover the costs of showing Lindsay's horses and their family expenditures (vacations, house additions, etc). In order to promote her operation, Lindsay hopes that one of her own horses will place well at a show, or that she'll have the students that she gives riding lessons to be very successful at horse shows. Her goal is to use this promotion to grow the business, and in three years time to open a full time boarding and training facility. The playground could then pay for itself, and the Powells

could afford to hire two people to handle the petting area and the playgrounds.

## **Financial Planning**

As in many new businesses, financial planning is a necessity. Where will you find the money to pay for the start up costs of your new operation? You will need to determine how much money you have to give to use in the operation and how much you may have to borrow from a financial institute. Financial planning includes funding preparation, profit/ loss, and cash flow. The Powell's had to list their financial plan for their playground only, as the horse operation was already in place.

Total Requested each year:	2005	2006	2007
	\$30,000	\$15,000	\$5,000

How will the Money be Used: 2005- Gym Materials (4 slides= \$400 each, 4 swing sets with 4 swings each= \$200 each, 4 sea saws= \$300 each, trampoline= \$400, 2 jungle gyms= \$400 each, pole building for indoor playground= \$15,000) Petting Area Costs (\$5000 fencing, overhangs).

2006- \$10,000 paving parking area, \$5000 spectator area by horse rings

2007- Materials for extra stalls for boarding/ training operation

## ***Projected Profit/ Loss Statement***

In the projected profit/ loss statement, the business owner looks into how much money they will have to payback at a certain interest and how much money their operation will be bringing in per year. In any operation, one must realize that there is little profit the first three years due to high start up costs. Sometimes, business owners feel that the start up costs outweigh the purpose of the supplemental business. You must do a thorough analysis of your resources to determine what you really need before you start your operation. Read the Evaluating Your Assets section of this publication for more information. The Powell's Profit loss statement can be viewed below:

Year:	2005	2006	2007
Sales expected in:	\$28,000	\$35,000	\$40,000
Expenses	\$35,000	\$20,000	\$10,000
Profit/ Loss	-\$7,000	+\$15,000	+\$30,000

## ***Cash Flow***

Cash flow includes all incoming sales of your product or service from the operation, how much you have to borrow from a financial institute, expenditures for the operation to run, and short and long term assets. The Powell's cash flow statement can be seen below.

Year	2005	2006	2007
Sales	\$28,000	\$35,000	\$40,000
Borrowing	\$35,000	\$20,000	\$10,000
Expenditures			
Operation	\$5,000	\$5,000	\$10,000
Short Term Assets		\$5,000	
Long Term Assets	\$30,000	\$10,000	\$10,000
Net Cash Flow	-\$7,000	+\$15,000	+\$20,000
Balance on Hand	-\$7,000	+\$15,000	+\$20,000

### **Company Structure**

The company structures tells what type of legal entity the operation is. Is it a sole proprietorship, partnership, corporation, cooperative, limited liability, etc? For more information on this, see the Considering Local, State, and Federal Regulations section of this publication. The Powell's Operation is a Sole Proprietorship.

### **Operations Plan**

The operations plan of the business plan includes how the operation will be run. You should list production procedures, how services will be provided, capabilities, sources, an animal or crop production plan (for large scale operations), etc. The Powell's Pet 'N Play operating plan can be viewed below.

The Pet 'N Play will be open Tuesday through Saturday, 9 am to 5 pm, February through November. Lindsay Powell will give riding lessons and handle school tours and drop in guests. Andrew Powell will assist by monitoring the playgrounds during scheduled school trips. There will be no horse shows or riding lessons during scheduled school trips. Riding lessons are on a one-on-one basis. The petting areas and playgrounds will be at free will, but will be monitored by Andrew and Lindsay Powell. Feed for the animals will be provided by Powell's Produce, the family run vegetable farm.

### **Labor Plan**

The labor plan includes who will work for the operation, who will operate the operation, and who will be responsible for various jobs on the operation. The Pet 'N Play's labor plan is:

Lindsay Powell will own and manage the operation. Lindsay Powell will give riding lessons and handle school tours and drop in guests. Andrew Powell will assist by monitoring the playgrounds during scheduled school trips. The petting areas and playgrounds will be at free will, but will be monitored by Andrew and Lindsay Powell. Feed for the animals will be provided by Powell's Produce, the family run vegetable farm, Andrew will plant, tend to and harvest the feeds.

### **Management Plan**

The management plan includes how the business will be managed, the oversight, responsibilities, checks and balances, key indicators, etc. This section is similar to the labor plan.

Lindsay Powell will own and manage the operation. Lindsay Powell will give riding lessons and handle school tours and drop in guests. Andrew Powell will assist by monitoring the playgrounds during scheduled school trips. The petting areas and playgrounds will be at free will, but will be monitored by Andrew and Lindsay Powell. Feed for the animals will be provided by Powell's Produce, the family run vegetable farm, Andrew will plant, tend to and harvest the feeds.

The Powells will monitor the goals set forth by the mission statement. They will utilize more advertising where needed and increase/ decrease prices accordingly.

### **Summary and Conclusions**

This section is utilized to make any notes that may help you better prepare for your business. The Powells included that they would like to promote their operations during special times like Halloween, Christmas, and July 4<sup>th</sup> with festivals and set up special decorations to set the mood.

### **Supporting Information**

The supporting information section can be a place to add the sources of information you used to create your business plan, attachments, and appendices. The Powells supporting information included excerpts from newsletters and

journals about their type of operation, ads from their competition or similar operations, and catalogues / websites where they might find materials for their operation.

The following is a series of worksheets where you may wish to write your business plan. You may want to copy it first and then write your answers in the blanks.

## Market Planning

Carl L. German, Extension Marketing Specialist- University of Delaware

### Why Develop a Marketing Plan?

Market Planning is an ongoing process that is done for several reasons. The first of which is to take the emotion or guesswork out of starting or expanding a business. Market planning involves the process of determining the profitability of the business or enterprise as well as the manner in which the products or services will be marketed. Using a plan to establish a business or enterprise greatly improves the chances for success.

Marketing plans can be developed to answer simple questions e.g., should a specialty crop be added to the product mix? Marketing plans can also be used to answer more complex questions such as whether a business should be established, starting a retail direct marketing venture, a hunting operation, restaurant, landscaping firm, etc. *Remember, good market planning is flexible allowing for adjustments to be made as the operator develops the plan or gains experience.*

This chapter will introduce the key elements of market planning as related to completing a business plan. A business plan is something that can be taken to the bank for the purpose of garnering the necessary financing

to embark on a new business or enterprise.

### Key Factors in Market Planning

When completing a marketing plan a number of factors must be considered. They include:

- Defining goals/strategies for the business or enterprise. Develop and write a *Mission statement*.
- Options available for selling products.
- Available Resources.
- Describing the target market in terms of demographic characteristics and demand for products.
- Identifying marketing trends in terms of consumer preferences.
- Determining price objectives necessary to achieve profits.

The data collected and analyzed will help to decide whether to proceed with the business or enterprise. For a complete discussion of the steps involved in completing a marketing plan go to <http://www.agriculturehealth.com>, Farm Market Resources, Planning the Farm Retail Market, Chapter 1.

### Goal Setting and Strategies

Determined people have specific goals. A few examples might be to open a farm retail direct market, develop a unique agritourism enterprise, or to make a net profit by the second year of operation. Sometimes overlooked in market

planning are the strategies that people will need to employ in order to accomplish their goals and objectives. More recently, it has become advisable to write a mission statement that outlines the purpose, goals, strategies, and values of the entrepreneur in a brief statement.

### **Market Resources**

A primary factor influencing a business or enterprise is the competition in the area. Businesses selling similar items or providing similar services within a certain geographic location compete for customers. In order to assess local competition, map the area to indicate the location and distance to each competitor. Clearly, an additional similar business in an already saturated area has a lower potential for success.

Successful marketing requires one to know the customer base. Compile population data for surrounding towns. Determine travel distances to towns and cities from the proposed business.

*Location* can be a critical factor to the success of a business. Traffic volume passing a site will have a direct effect upon the potential number of customers.

Unless one is considering an Internet, or a farm vacation business be wary of secluded sites where traffic flow is scarce limiting customer exposure.

Traffic Counts can be obtained from the Department of Transportation:

Delaware Department of  
Transportation  
Planning Department  
800 Bay Road Route 113  
Dover, DE 19901  
(302) 760-2111

### **Target Market Description**

While location and number of customers in a market area are important, behavioral traits and consumer characteristics are equally important. A study of the demographics such as age, income level, household size, location of residence and/or work place, ethnic group, and education level will reveal the diversity of the customer base. From these characteristics, the population's life-style patterns can be determined. Are there common interests, beliefs, values, and behavior patterns for the demographic groups in the area?

When the demographic traits become known, it becomes easier to predict what consumers expect from the products they buy and from the places the products are purchased. Are the consumers expected to frequent the outlet representative of the target area's population? Product offerings must line up with consumer wants, needs, and desires.

### **Existing Market Demand**

Once the demographic profile of the target consumer is decided and the size of the target market determined, the next step is to estimate or derive the total demand. Demand can be derived by multiplying the population in the target market by the per capita consumption of the item(s) in question, when appropriate.

### **Product Differentiation**

Product or customer services differentiation plays an important role in the development of a marketing venture. In any marketing venture, a comparative advantage needs to be established over other ventures.

There are several ways that one can establish a comparative advantage. For example, offering a new product, adding value to product offering(s), by providing superior customer service, or by selecting a better location.

### **Rule of Thumb**

A good 'rule of thumb' to follow for starting most businesses is to *start out small* with the idea of expanding as opportunity, profits, and experience permits.

### **The Business Plan/Management Audit**

Simply stated every marketing plan should encompass a business plan, and every business plan needs to entail a marketing plan. Farm retail direct marketing and agritourism

business ventures that are seeking financing from a bank will be required to submit a well documented and thorough marketing/business plan.

Marketing and/or business planning experts may go about advising their clients a little differently. However, if one expects to be able to take their marketing plan to the bank the next phase of market planning is of vital importance.

### **Management Audit**

The next step in market planning is to explore how the business will be managed. The purpose is to consider how demands identified in the previous section of the planning process will be met. This phase of the market analysis should result in a plan that includes the objectives, organization, finances, personnel and technologies necessary to operate the business.

The management audit is an informal set of procedures for asking pertinent questions that relate to a given business activity. Management, engineering, technological, and economic principles are the criteria by which the projected performance of the total enterprise is judged.

It is important to study all of the segments or profit centers of an enterprise for strengths and weaknesses, both as separate elements and how each one relates to the

others. For a procedure for conducting a management audit go to <http://www.agriculturehealth.com>, Farm Market Resources, Planning the Farm Retail Market, Chapter 1. *Sample Questions in the Management Audit*

1. What experience and/or training do you have to start this venture?
2. What will the areas of responsibility and authority be for the respective jobs necessary to conduct the business or enterprise?
3. What are the objectives of this firm? What are your personal goals?
4. Who will be responsible for decision-making?
5. How will you measure success of this firm?
6. What are the avenues of communication within the firm, both formal and informal?
7. What are the likely sources for managing the business?
8. What business are you in?
9. What training do you need in order to do a better job of management?
10. How does the community view the business?
11. Who is your competition?
12. Who is your back up? Can he or she do the job?
13. Do you plan to run or manage the business?
14. Are there any other considerations that need to be described?

### **Financial Planning and Budgeting**

Financial planning is an important aspect of any marketing plan. The following financial instruments are all important and useful when completing a marketing plan:

- Enterprise budget
- Profit and loss statement
- Balance sheet
- Cash flow statement
- Pro forma statement

*The use of these statements is likely to vary in different planning situations.*

### **Operating (Profit and Loss) Statement**

The operating statement depicts the results of expected or actual business operations over the course of a year. Operating statements assist financial institutions in deciding whether a business is likely to repay a loan and are generally prepared once a year.

### **Balance Sheet**

The balance sheet identifies a firm's capital assets balanced against liabilities plus owner's equity. The term balance sheet refers to the fact that total assets must equal total liabilities, including owner's equity.

### **Cash Flow Statement**

The cash flow statement is used to project income and expenses over the course of a year. Financial institutions are interested in the cash flow of a business for debt service, used to pay

interest and principal payments on current and long-term liabilities.

### **Pro Forma Statement**

The pro forma statement is simply a projection of the balance sheet and the operating statement into the future. Pro forma statements help to give an indication of a firm's future earnings and potential problems.

### **Enterprise Budget/Break-Even Analysis**

The enterprise budget projects revenues and costs, usually over the course of a growing season. This type of analysis is useful when a decision is pending regarding the selection of a crop. While the budget doesn't guarantee the success of a new enterprise, it serves as a gauge in determining potential profitability.

To view sample financial statements and to get a more detailed explanation go to:

<http://www.agri-culturehealth.com>,  
Farm Market Resources, Planning the Farm Retail Market, Chapter 1.

#### *Selected Sources of Information for Completing a Marketing Plan*

- U.S. Census Bureau  
Philadelphia Regional Office  
833 Chestnut Street, Suite 504  
Philadelphia, PA 19107
- State Extension System  
-Delaware State University  
Cooperative Extension  
Ulysses S. Washington Center

1200 N. DuPont Highway  
Dover, DE 19901  
(302) 857-6424

-University of Delaware Cooperative Extension

<http://ag.udel.edu/estension/index.php>

New Castle County Office  
910 S. Chapel Street  
Newark, DE 19716  
(302) 831-2506

Kent County Office  
69 Transportation Circle  
Dover, DE 19904  
(302) 730-4000

Sussex County Office  
16684 County Seat Highway  
Georgetown, DE 19947  
(302) 856-7303

- U.S. Department of Agriculture  
1400 Independence Ave.  
S.W. Washington D.C. 20250  
[www.usda.gov](http://www.usda.gov)
- Delaware Chamber of Commerce  
[www.dsc.com](http://www.dsc.com)
- Small Business Administration  
1007 N. Orange Street  
Suite 1120  
Wilmington, DE 19801  
(302) 573-6294  
[www.sba.gov/de/](http://www.sba.gov/de/)  
[www.sba.gov](http://www.sba.gov) (Nationally)
- Suppliers
- Competitors
- Trade Publications
- Banks
- Internet

- County Planning and Zoning Offices

New Castle County Office of Planning

87 Reads Way  
New Castle, DE  
(302) 395-5400

<http://www.co.new-castle.de.us/LandUse/>

Kent County Office of Planning  
414 Federal Street  
Dover, DE 19901  
(302) 744-2300

<http://www.co.kent.de.us/PlanningDivision/planhome/index.html>

Sussex County Office of Planning  
2 The Circle PO Box 589  
Georgetown, DE 19947  
(302) 855-7878

<http://www.sussexcounty.net>

- State Economic Development Office

-Delaware Economic Development Office

Carvel State Office Building  
Wilmington, DE  
(302) 577-8477

## Summary

Some of the information needed for completing a marketing plan is readily available. Getting it is sometimes a matter of contacting the right source. Other aspects of completing the plan are going to require creative and analytical thinking. For example, when computing the derived demand for an item it then becomes necessary to estimate the percentage of the

demand in a given geographic location that one intends to capture with sales offerings.

The importance of completing a marketing plan before starting a new business or enterprise cannot be overemphasized! When the marketing plan is complete, a picture of the market potential for products and services begins to emerge.

## Selected References

German, Carl L., et al, "Guide to Planning the Farm Retail Market", Farm Market Resources, Farm Market Planning, Chapter 1, go to:

[www.agri-culturehealth.com](http://www.agri-culturehealth.com)

An interactive web site designed for the wholesale fresh market grower, direct farm market operator, and the fresh market consumer.

Schuck, Nancy Grudens, et al., "Farming Alternatives; A Guide to Evaluating the Feasibility of New Farm-Based Enterprises", NRAES-32, Natural Resources, Agriculture and Engineering Service, Cornell University, 152 Riley-Robb Hall, Ithaca, New York 14853-5701

Minnesota Institute for Sustainable Agriculture, Saint Paul, MN and The Sustainable Agriculture Network, Beltsville, MD "Building a Sustainable Business; a Guide to Developing a Business Plan for Farms and Rural Businesses", Handbook

Series Book 6. View online at  
[www.misa.umn.edu/publications/bizplan.html](http://www.misa.umn.edu/publications/bizplan.html).

## **Delaware and its Local Legislations**

### **Zoning and Building Codes in Delaware**

Zoning in all Delaware counties is the first area to look at when beginning an agritourism, direct marketing, and on-farm value added product enterprise. Each township has its own local zoning code. The zoning commission is the head of how the local land will be used. Some activities done on the land can be done without a permit, other activities will need a permit.

As the land's owner, you should contact the county planning office for specific zoning requirements at the very start of planning the new agricultural venture. These laws change very frequently and it is important to remember to check with the county zoning office for the proper way to run a new agritourism, direct marketing, or on-farm value added product endeavor. See the section in this chapter regarding the permit approval process for more information as well. The Sussex County Planning Office can be reached at:

County Planning and Zoning  
Commissions of Sussex County  
2 The Circle, P.O. Box 589  
Georgetown, DE 19947  
(302) 855-7878

The Kent County Office is available at:  
Kent County Office of Planning  
414 Federal Street  
Dover, DE 19901  
(302) 744-2300

The New Castle Office of Planning can be contacted at:

87 Reads Way  
New Castle, DE  
(302) 395-5400

### **Building Codes in Delaware Counties**

Each building structure on any land must meet the standards set forth by the building code. This includes new buildings or changes to old buildings. This includes handicap accessibility laws in public buildings. For non-residential buildings, permits are required for:

- construction of new buildings,
- renovations of old buildings,
- construction of demising or separation walls,
- tenant fit-outs,
- any structural alteration or repair to a building,
- when removing any permanent structure on the property,
- whenever new signs are erected, for fairs, carnivals, and circuses, involving tents, rides, food and/or beverages,

- the sale of holiday flowers, Christmas trees, etc (good for 45 days).
- All new installation of plumbing fixtures, waste or water piping.
- Installation or replacement of sewer laterals or water service lines.
- Installation of new and replacement of water heaters, heating, and A/C equipment.
- Conversion of fuel types for heating appliances,
- Installation of gas fireplaces and space heaters and associated gas piping.
- Installation of gas piping for dryers, stoves, pool heaters, etc.

To build these structures or change existing ones, the landowner must obtain a building permit from the county building inspection department. In Sussex County the permits can be received from:

The Sussex County Planning Office  
 2 The Circle, P.O. Box 589  
 Georgetown, DE 19947  
 (302) 855-7878

The Kent County Office is available at:

Kent County Office of Planning  
 414 Federal Street  
 Dover, DE 19901

(302) 744-2300

The New Castle Office of Planning can be contacted at:

87 Reads Way  
 New Castle, DE  
 (302) 395-5400

### **Use of Public Lands**

If your business requires that you utilize state or federal lands for your activities, you must contact and propose your business idea to the national agency which manages the land. These agencies would include the District Office of the U.S. Forest Service, Bureau of Land Management or other appropriate agency. Permits from these agencies may be required to do business on the property. There is a fee for the permits, which varies depending on the type of permit used.

### **Sign usage in Delaware**

When advertising your venture with signs, it is important to meet county development and design codes. The zoning classification of the land is to be used to assess the allowance of road side signs. The owner must also obtain a permit from the Delaware Department of Transportation. Separate permits are needed for each sign. Size requirements must be met, the limits of which are set

by DelDOT. Delaware's sign laws also involve the Right of Way (ROW) Law. The Law states that land owned by the government on which it has built a road, sidewalk, bike path, parking lot, etc., which is available for public use, must have signage approval by DelDOT and installed by its crews, contractors or agents. Private signs of all kinds are prohibited anywhere in ROW. Most of this land is owned by DelDOT. These include interstates 1, 13, and 113 and their median strips and the on and off ramps. DelDOT can be reached at:

Division of Highways  
State of Delaware  
Department of Transportation  
800 Bay Rd, Route 113  
Dover, DE 19901  
(302) 855-1111

Counties also have their own laws about signage. The Sussex County Planning office can be reached at:

2 The Circle, P.O. Box 589  
Georgetown, DE 19947  
(302) 855-7878

The Kent County Office is available at:

Kent County Office of Planning  
414 Federal Street  
Dover, DE 19901

(302) 744-2300

The New Castle Office of Planning can be contacted at:

87 Reads Way  
New Castle, DE  
(302) 395-5400

## **Delaware Public and Environmental Health**

### **Food Safety**

In all of Delaware, food safety laws are governed by the Delaware Department of Agriculture and the Division of Public Health. They inspect the “non-potentially hazardous” (see list of requirements in **Section 10 - Safe Food Handling**) food products sold in agritourism, direct marketing, and on-farm value added product ventures. The Division of Public Health only handles the selling of ready-to-eat products sold at the enterprise.

The Delaware Department of Agriculture ensures that food sold to consumers is safe, wholesome, unadulterated, and correctly and fully labeled. They also provide grading services to fruit and vegetable growers.

The DDA follows the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Delaware Egg Law. The DDA will educate the public,

including you the seller or producer, to properly handle, prepare, and store meat, poultry, dairy and egg products to minimize food-borne illnesses. Federally this branch operates out of the USDA's Food Safety and Inspection Service (FSIS).

Both potentially and non-potentially hazardous food production requires the producer to undergo training courses. See Section 10 for details.

Another option for those wishing to sell value-added products, is to have the food processed at an off-site kitchen for which all the necessary training, permits,

labeling requirements and regulations have been already been met.

For more information on Food Safety, please see the **Safe Food Handling Appendix in Section 10**, at the end of this publication.

To contact the Division of Public Health, write or call:

Health Systems Protection  
Division of Public Health  
Department of Health & Social  
Services  
1901 N. DuPont Highway  
Main Building  
New Castle, DE 19720



(302) 255-9040

The Delaware Department of  
Agriculture may be reached at:

Department of Agriculture  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500

### **On Farm Accommodations**

Those wishing to create on-farm accommodations including bed and breakfasts, inns, etc., must abide by health and safety codes put in place by the State of Delaware. This includes Title 16 of the Delaware Code involving Health and Safety, Chapter 21, Mattresses, Pillows, and Bedding. For

more information regarding this matter, contact:

Department of Health and Social Services

1901 N. DuPont Highway  
Main Building  
New Castle, DE 19720  
(302) 255-9040

### **Public Safety and Your Operation**

Any agritourism, direct marketing, or on-farm value added product venture inviting the public onto the property

(302) 738-5665  
(800) 432-8500

### **Water Health Concerns**

The State of Delaware Department of Health and Social Services review agritourism, direct marketing, and on-farm value added product ventures to ensure that there is an adequate supply of high quality water available to visitors on your land:

DHSS  
1901 N. DuPont Highway  
New Castle, DE  
(302) 255-9040

### **Septic Systems**

Each facility wishing to add a septic system to the premises will need to contact the Delaware Division of

must abide by state and federal regulations involving this matter. This includes handicap accessible areas, emergency-exit access, and restroom facilities. The Fire Marshal should be contacted to find regulations on fire prevention and the maximum capacity for your parking area and buildings:

Fire Marshal  
1537 Chestnut Grove Road  
Dover, DE 19901

Natural Resources for the repair, upgrade, and construction of the system. You will have to file for a permit for this maintenance.

DNREC  
89 Kings Highway  
Dover, DE 19901  
(302) 739-9948

### **Road Systems**

When visitors will be coming to your agritourism, direct marketing, or on-farm value added product enterprise, traffic to your farm will obviously be higher. When you begin to plan your venture, the zoning commission will also review how your business will affect the traffic flow onto your land.

It is recommended that driveways not be placed on sharp turns, steep grades, or within 10 feet of an intersection radius or on acceleration or deceleration lanes. No driveway is allowed to be located within 5 feet of the property line. There is also a limit to the number of driveways allowed in businesses. Frontage lots of 100 feet or less can only have one driveway (combined entrance and exit). For businesses with lots of 100-1000 feet there may be 2 combined entrances and exits.



In Delaware, all enterprises must file for an entrance permit. The permit must be obtained if the business will be creating a driveway that crosses a state highway. Before the permit will be granted, the landowner must prove that sufficient parking will be offered. To file for the permit in Sussex

County, the landowner should contact:

South District Permit Supervisor  
Division of Highways  
P.O. Box 490  
Georgetown, DE 19947  
(302) 853-1340

In Kent County, contact:

Central District Permit Supervisor  
PO Box 778  
Dover, DE 19903  
(320) 760-2433

And in New Castle County:

New Castle County Permit Supervisor  
250 Bear- Christiana Road  
Bear, DE 19701  
(302) 326-4679

Paving the driveways is also regulated. Where two paved driveways from a single property are separated by less than 100 feet at the shoulder line, the shoulder area between the driveways should be paved by the property owner. Also, Portland Cement Concrete curbs must be used on minor or principal arterials as shown on the Department Functional Classification map, in municipalities and urban areas, where existing highways are curbed, or where necessary to control access. Curbing

may not be necessary in all rural areas if access can be effectively controlled.

### **Parking on your Property**

Parking in agritourism, direct marketing, or on-farm value added product ventures, should not interfere or cause the backing up of traffic on the traveled way. Parking will not be permitted in Delaware on the shoulder of a highway or on any portion of the ROW roadways.

Parking lots should be large enough to handle the maximum number of expected vehicles, they should be smooth and level with pavement or grass covering, they should drain well to prevent flooding, and should have a desirable shape for parking efficiently. In all of Delaware, parking questions should be directed to:

Subdivision Engineer  
State of Delaware  
Department of Transportation  
Division of Highways  
800 Bay Road  
P.O. Box 778  
Dover, DE 19901  
(302) 760-2266

## **Direct Marketing Concerns**

### **Weights and Measures**

When items in direct marketing or on-farm value added products are sold in net weight, the Department of Agriculture Division of Weights and Measures should be contacted for an inspection of all scales. The Division of Weights and Measures' purpose is to protect the public in matters involving commercial determinations of quality. In this situation, all commodities must be represented to be sold in the amount of weight, measure, or count. All printing on the product or advertisement must be in English. For more questions on this subject, contact:

Department of Agriculture  
Weights and Measures  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 739-4811

### **Labeling Goods**

The Delaware Department of Agriculture's Division of Weights and Measures enforces the regulations involving package labeling. This includes all packaging of fresh or packaged goods that you produce. These items will need a label to identify the products, the containers net contents

in weight or other measure, and your business name and address.

### **Organic Registration**

If you plan on growing or selling organically grown goods should refer to the appendix at the end of this publication. Produce growers wishing to follow organic growing practices should contact the Delaware Department of Agriculture for more information:

Delaware Dept. Of Agriculture  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500

### **Farmer's Market Permits**

If you operate a booth at a certified farmer's market, you might have to obtain a permit from the Delaware Department of Agriculture, depending on where you will be selling and follow the rules of the farmer's market.

### **Obtaining Licenses**

#### **Business Licensing**

With any agritourism, direct marketing, or on-farm value added product enterprise, the owner must next acquire a business license.

A business license can be obtained from the Delaware State Department of Finance, Division of Revenue.

Some agritourism, direct marketing, and on-farm value added product ventures will not need a business license. Any operation selling a good grown by the farm will not need a business licenses. If the landowner is selling another person's product, then they will need a business license.

### **Liquor License**

The Delaware Bureau of Alcohol, Tobacco, and Firearms Office of the Commissioner handles the issuance of liquor licenses and permits. Vineyards who will be processing and selling wines should contact the Bureau for an application for a Farm Winery License. This allows for the manufacturing, tasting, and sales of alcohol on the premises.

Farms hosting special festivals that will be selling and serving alcohol, will need to apply for a Gathering License. The group applying for the license must be file as a non-profit organization. It is also recommended that farms purchase liquor liability insurance to be safe from the chance of an accident by an attendee of the farm or festival. This insurance is not required, however. The Bureau may be reached at the following address:

Office of the Commissioner  
Alcohol Beverage Control  
Carvel State Bldg. Wilmington, DE  
(302) 577-5222

The application could take 1-3 months to be issued, so allow time in your planning. You may also have to apply in person and supply fingerprints of all employees in certain circumstances. Ask the Delaware ABC Commission for more information.

## **Taxation**

### **Lodging Tax**

If you offer on-farm accommodations, you must pay a Lodging Tax in the State of Delaware. This is a state tax on revenues made by all accommodation businesses. As the business owner you will be responsible for collecting the tax from your guests.

### **Labor Taxes and Laws**

There are many laws that pertain to labor in the state of Delaware. Depending on the type of operation you are running, you may have to meet several types of labor laws. Laws pertaining to agricultural labor, state wage labor, and workplace safety all could apply to your operation.

The Delaware State Chamber of Commerce is an excellent place for assistance in the area of labor laws, both state and federal. They are available at [www.dsc.com](http://www.dsc.com). Also, check out the Human Resources and Risk Management sections of this book for more specific information.

### **Your EIN- Employer Identification Number**

If you will be having employees for your new operation, you have to file for an Employer Identification Number with the Internal Revenue Service. Once you do this, you will receive a federal tax identification number. Please contact the U.S. Department of Labor at <http://www.dol.gov> or the Delaware Division of Labor for more information:

Delaware Division of Labor  
Pencader Courtyard Route 896  
Newark, DE  
(302) 761-8085

Dover, DE  
(302) 386-6622

### **Occupational Health and Safety**

On issues regarding Occupational and Health Safety in the State of Delaware, please see the Risk Management Section of this publication.

## **Employee State Tax Registration**

Employees must register with the State of Delaware, Division of Revenue for their employee state tax to be taken from their paychecks.

## **Planning for Success: *Working with the State of Delaware and your County to plan your Business***

Although planning for your agritourism, direct marketing, or on-farm value added product enterprise can be intense and stressful, remember that the better prepared you are for your business, the more successful your business will be. You have to be prepared and plan ahead for your how your business will be operated and what will be offered. Below are some helpful steps to begin the planning process.

### **Think before you Meet**

Begin by meeting with your county planning and zoning office and your local zoning committee. Be sure that the type of enterprise you wish to operate is allowed in your county where you will be operating. You may wish to ask them about land use and zoning conditions, zoning maps,

any local, state, and federal laws about your operation, and the use of signs, building codes, road systems and parking, and Americans with Disabilities regulations.

County offices are able to be reached at:

Sussex County Planning and Zoning  
Commissions of Sussex County  
2 The Circle, PO Box 589  
Georgetown, DE 19947  
(302) 855-7878

The Kent County Office is available at:

Kent County Office of Planning  
414 Federal Street  
Dover, DE 19901  
(302) 744-2300

The New Castle Office of Planning can be contacted at:

87 Reads Way  
New Castle, DE  
(302) 395-5400

Determine if you will need a certificate of use or conditional use permit. Your county planning agent can help you determine which type you will need.

## **Plan a Project Description**

As a business owner, it is imperative that you sit down and plan out exactly how you will present your new enterprise to regulators in the town, county, and state. You are dealing with real legal issues and the future of your operation, put forth the time to write your description.

A project description should include: how many and when visitors will be attending your operation, how you will use water and sewage systems, any environmental health concerns your project may create, how the land around your property is being used, and how road systems will be utilized.

## **Completing the Application**

You may have to apply at several levels (local, county, and state) to begin your operation depending on where you are located and the nature of your business. These applications will include a zoning application; your project description; scaled maps of all uses and sections of the property- existing streams or forests, building elevations, floor plans, and maps of surrounding property. These materials must also be dated, marked with a north arrow, and include the name, address, and phone number of

the owner and engineer working on the papers.

## **Putting the Pieces Together: The Permit Approval Process**

All Delaware counties are very similar in their permitting process, however you will need to contact your local and county planning/ zoning departments to discuss more specific information for your operation.

### **-Getting Started**

Once you do your homework and finalize if your type of operation is allowed in the place where you live and you have questioned county and local staff as to what types of permits you will need to apply for, you are ready to move into the application procedure. In this stage, prepare a meeting with all of your project information to present with a county or local staff agent. They can then set you up for the submission of all your forms and application.

### **-Proposing your Application**

Your county and local staff can help you find the information you will need to finish your application and related forms. You will need to, in a timely fashion, complete the application and forms and submit them to the county/ local planning staff. You may have to turn in supporting documentation

(project description) and possibly a fee with your application.

Next, your application will be reviewed by agency staff to ensure you have covered all areas of the application process. They will then let you know if your application will be processed or if it is incomplete.

### **-Planning Development**

When your application is found to be complete, the local or county planning department will send your application to all other divisions in departments in the county and throughout the State of Delaware. There, it is reviewed and those agencies will make comments about your proposal to let you know if you need to change something in your operation or if the application will be accepted. They will contact you or your planning department if additional information is needed.

### **-Conditional Use Permits- How you can inform the public of your operation?**

Upon being informed that your application is complete and accepted, you may have to notify the public of a hearing about your new operation. These hearings will only be deemed mandatory in some cases involving Conditional Use Permits. The

notification will need to be sent to the people on the surrounding land and in nearby properties. The notice should have the date, time, and location of the hearing. At the hearing your neighbors, other agencies, and yourself are allowed to present and comment on the enterprise.

### **-Results of a Hearing**

There are several potential results from holding a public hearing. Your application can be approved as is by your zoning commissioner and neighbors. They may only accept certain aspects of your enterprise, and other areas will have to be changed. Or they will deny all aspects of your operation.

In cases of substantial land development plans and conditional use plans (as well as subdivisions), it is the Regional Planning Commissioner, and in some cases the Levy Court, who conducts the hearing and renders the decision.

### **-Making Appeals**

The Regional Planning Commission's decisions are appealed to Levy Court and Levy Court decisions can be appealed to Superior Court.

### **What time is involved?**

The time involved between the starting of the planning process through the application process will depend on the operation involved, what permits are needed, and how your neighbors accept your operation proposal. The time frame can be anywhere from 1 month to several years.

### **Finalizing Your Project**

Regardless of the type of permit you have for your new operation, you will still have to stay up to date on all conditions and safety regulations. You will be inspected by the appropriate legal agency.

Read the section at the end of this chapter on working with your local, county, and state regulators to make this experience more positive for everyone. Knowing these people well, will help you better your business so you will always meet health and safety regulations and maintain proper business agreements.

If you have a negative observation, you may wish to talk to the inspectors again on ways you can correct the issue. If these inspectors are unable

to help you with the problem, discuss the matter with the planning commissioner, your local agricultural representative, or University of Delaware's Cooperative Extension Staff.

### **Permit Types**

*Certificates of Use*- the certificate of use is to allow for lands that are zoned for the proposed use but whose neighbor's land might have negative effects from the operation. In these permits, the planning or zoning department can review the operation and suggest ways to make the use less harmful to the neighboring land. If a better solution is not established, the permit may be denied. Sometimes, the suggested solutions can be very expensive to the land owner. New buildings, roadways, and water facilities can be costly if you have not planned for them in your financial preparation.

The Certificate of Use permit is similar to a conditional use permit. In any case, all related agencies must sign off on the project including DNREC, DDA, State of Delaware Divisions, and Delaware Department of Transportation, etc.

## **Putting the Pieces Together: The Permit Approval Process**

Although each county may have different requirements and procedures, Delaware Counties are very similar in their permit process. The basic steps are outlined here.

### **Step One: Exploring the Permitting Process**

After you have determined that the county allows your planned activity in its land use zone and you need to use a permit, then you must explore the permitting process ahead of you. You must meet informally with the County Planning and Zoning Office to discuss your plans and to determine the required permits. This is your pre-development meeting.

### **Step Two: Submitting the Application and Forms**

After meeting with planning department and other agency officials, use what you learned to complete the required forms. You must submit your use permit application and other pertinent documents to the planning department, along with an application fee.

### **Step Three: Making Sure It is Complete**

The planner assigned to your project makes sure your application is complete. They will send you an application notice revealing your status: whether your application is complete and if it is not, then what items must be submitted before processing can begin.

### **Step Four: Processing the Application**

The planner assigned to process your application sends it with your plans and other materials, to county departments of environmental health, building, and public works and agricultural commissioner. They review, comment and provide recommendations on if your application should be approved, approved conditionally or denied. If additional information is needed to fully assess your proposal's impact and conditions, the planner will request it if you at this step.

### **Step Five: Notifying the Public**

Once it is determined that your application is complete, the county planning office will send a notice to landowners near your property. This notice will state the date, time, and place of a public hearing.

### **Step Six: Determining the Action:**

At the public hearing, your application can be approved, approved with conditions or denied. The zoning administrator will consider public testimony and any information or comments from relevant departments, agencies and design review boards.

### **Step Seven: Appealing the Action**

The action of the zoning administrator is final unless appealed.

### **How Long Does it Take?**

The number of weeks, months or years it takes to obtain all of the necessary permits varies with the project and agencies involved. A simple project with few conditions might receive its use permit within a month. Larger projects often take many months.

### **Surviving Inspections: After the Permit is Issued**

If you have a conditional (or minor) use permit, you should anticipate regular inspections for health or environmental regulations. Depending on your activities, you could be visited by representatives of the environmental health department,

the planning department, the agricultural commissioner and other departments and agencies in the county and the state. Get to know these inspectors. A personal and positive relationship makes all the difference in how they perceive your operation. Accompany them around your property. Ask questions. Seek their advice. And ask for a business card so you can follow up with them.

When you find yourself disagreeing with a violation or what you consider an inappropriately applied regulation, get help. Follow-up with the inspector or county staff. If you are unable to reach a resolution, talk with the planning department director, your local agricultural commissioner, or University of Delaware's Cooperative Extension Staff. Clearly describe your situation. If necessary, contact your board of supervisors and work with your supervisor and their aide to resolve the problem.

### **Matters that Occur in the Beginning Steps of the Process**

*Zoning Clearance* - a zoning clearance is a routine land use approval. It involves the planning department reviewing the proposed development to make sure all

applicable zoning requirements will be satisfied - setbacks, height limits, parking requirements, etc. Zoning clearance is required of land uses that are consistent with the basic purposes of the particular zone (houses in residential zones) and are unlikely to create problems that will not be adequately handled by the development standards.

**Administrative Review Permit** - The administrative review permit (ARP) approval is required of land uses that are consistent with the purposes of the zone but - if designed without sensitivity land uses - could create minor problems for adjoining properties. The purpose of administrative review permit is to allow the planning department and the zoning administrator to 1) evaluate a proposed use for potential problems, 2) work with the applicant to adjust their project via conditions of approval and thus receive approval and 3) disapprove a project if problems identified cannot be acceptably corrected.

**Minor Use Permit** - Minor use permit approval (MUP) is required of land uses that are consistent with the purposes of the zone but - is not designed to be compatible with surrounding land uses - could create

problems for adjoining properties, the surrounding area and the population. The purposes of a minor use permit are to allow the planning department and the zoning administrator to evaluate a proposed use to 1) determine whether problems might arise, 2) provide the public an opportunity to review the proposed project and express concerns at a public hearing, 3) work with the applicant to adjust their project via conditions of approval and thus receive approval and 4) disapprove a project if its identified problems cannot be acceptably corrected.

**Conditional Use Permit** - Conditional use permit (CUP) approval is required of land uses whose suitability depends on the project's design and the characteristics of the proposed site and surroundings. If not appropriately located and designed, these land use policy issues or create serious problems for adjoining properties, the surrounding area and the population. The purpose of a conditional land use permit is to allow the planning department and the planning commission to evaluate a proposed use to 1) determine if problems might arise, 2) provide the public an opportunity to review the proposed project and express concerns at a public hearing, 3) work with the applicant to adjust their project via

conditions of approval and thus receive approval and 4) disapprove a project if its identified problems cannot be acceptably corrected.

*Who needs to sign off on the project?*

For septic approval, it is Delaware Division of Natural Resources and Environmental Control. Sometimes the fire district needs to review proposed building layout, vegetation setbacks, road access, etc. The building inspector may need to review your plans for code compliance, safety and electric.

### **Estimate the Costs of Compliance**

You are responsible for all the costs. When you modify your facilities to meet use permit conditions or you construct a new barn in compliance with building codes, you pay the cost. Therefore, it makes sense to learn about regulatory requirements. Identify requirements early on so you can anticipate expenses and build them into your business plan. Whether you can handle the added expense probably depends on your financial situation and your project's scale. Sometimes the cost of complying is prohibitive, requiring that you modify your plans or abandon your project.

# Protecting Your Business Using a Risk Management Plan

Upon entering into an agritourism, direct marketing, or on-farm value added product business venture there are many risks and safety precautions that will have to be considered. Part one of your risk management plan will deal with farm safety. Liability and insurance will have to be examined closely.

The liability of a land/business owner is their legal responsibility to those individuals who are on their property, whether these persons are employees or visitors. One way to protect your operation is to obtain liability insurance. There are two risks you must be aware of: farm safety risk and financial risk. The risks that involve employee and customer/consumer issues are the financial risks. The purchase of an insurance policy will serve to shift a portion of the financial risk of certain losses to the insurance company. Farm safety risk refers to the physical operations of tending to crops, production, and animals on the land.

## Reviewing Risks Associated With Your Venture

In considering ways to protect your business from risks, you are formulating a risk management plan. In Delaware, it is *YOU*, the owner of the land and facilities, who is liable for the wellbeing of any of those who are on your property. There are many ways to protect your business. Operate a safe and organized business, issue liability waivers, select appropriate legal structure for your business, and purchase insurance. When developing employees, learn and follow good management rules about hiring and training.

*Re-Evaluate business plan:*  
Your plan will require you to re-evaluate your venture. This will allow you to decrease your operation's physical hazards. Has your plan considered all the aspects associated with your venture? Are you prepared? If venture is a partnership, do you and your partner agree on this plan? If not, now is the time to discuss issues *before* you open your business.

*Crowd Control:* While reviewing your venture always keep in mind how many people you expect to have on your property. Make sure that your property can physically handle the amount of people you are expecting. All of your visitors should be accounted for at all times. No persons should ever be unsupervised while visiting your establishment.

*Parking:*

Review your parking plan and have handicapped parking available. If you are going to be entertaining school children make sure you have ample parking for buses. Consider if you have enough room for “overflow”, if one bus is late leaving, will you have enough space for the next bus to park? Consider that parents/chaperones may follow the buses in their own vehicles. Room for the additional cars/minivans will be needed. Cars should be off the road and out of turn lanes. Your parking area should be large enough for the buses to unload and load easily. Provide ample room for the buses to turn around and or back up.

*Restroom Facilities:*

Restrooms will need to be provided. In many cases it will be

a portable restroom “porta-potty”. Make sure these will be in an area easy for the public to find and in a location that is convenient for them to have the waste pumped out. These restrooms will have to remain sanitary, clean, and well stocked with toilet tissue at all times.

*Postings and signs:*

To also help reduce physical hazards post boundaries and no trespassing signs at areas you do not wish to have the public enter. Block all access to areas that are closed to visitors. Use arrow signs, maps, and well-labeled signs to show visitors where they are allowed and not allowed. The layout of your farm and farm buildings will need to be reviewed in detail. Determine the areas where the visitors will be and where activities will be taking place. Make sure that the visitors movement from one activity to the next will flow and decide how much supervision will be needed.

Post safety rules in these areas and make sure they are implemented. Block off ponds, lakes, marshes, pools...any body of water on your property. Post signs of warning, or keep away, use fencing, ropes, or orange warning cones. Water

tends to attract children. A child can drown in just a few inches of water. If you do have any areas of water on your property make sure that your visitors know to stay away from these areas.

### **Safety Issues**

The persons on your property will fall into 3 different categories;

#### Invitee:

One who visits the premises lawfully at the express or implied invitation of the occupant, for the mutual benefit.

#### Licensee:

One who enters the another's premises of his own convenience benefit, or pleasure, with the knowledge and express implied consent of the occupant.

#### Trespasser:

A person on your legal premises without any legal right to do so and without invitation.

Your duty to your invitee is to make sure that the premises are reasonably safe for his/her visit. Your invitee is your customer. In this chapter we will review all the steps that need to be taken to make your property safe. You will need to warn an invitee of any unsafe condition that you are aware

of. For example, if you had electrical fences on the property use signs stating "Warning Electric Fence" or if there were areas that the invitee is not to enter post "No entrance" or no trespassing signs.

Your duty to the licensee is to use ordinary care to make conditions safe and to warn of unsafe conditions. As with the invitee, use signage to help protect yourself and keep your customers safe.

Believe it or not, you do have a duty to the trespasser. You want to show that you are not willfully or want only going to cause injury to anyone on your property.

This just means you want to post no trespassing signs, and warning signs anywhere and everywhere on your property that should require special warning. Do not set any "traps" to catch trespassers which to harm them, this would show that you were wishing to cause harm or injury. If a trespasser were to enter your property and be injured, the signs could help you defend yourself against charges the

trespasser could file against you.

*Activities:*

Make sure your operation is as safe as possible. Avoid all dangerous activities. Identify all activities; if any activity could be potentially hazardous avoid them. Test all activities before advertising them to costumers. Have guidelines and rules clearly posted in well visible areas. Check the entire area where individuals will be walking, parking, and or driving. Anything that may cause problems to your guests needs to addressed and corrected before your business opens. Go over your land verycritically. Look for holes, stumps, low branches, and flooded areas. Any low branches should be removed; potholes in lanes and walkways filled, rusty nails or sharp edges should be removed.

*Buildings, Sheds, & Barns:*

Demolish unused out building or barns. Remove old machinery that is not being used on the farm any longer. Farm implements, equipment, and tools amaze people. Do not allow visitors to climb on your machinery. An old, rusted plow is an eye soar and an added “unwanted” attraction to a

child that may have strayed from his or her group. Operating machinery such a tractors and mowers should be parked in buildings or away from where your Visitor’s will be walking and playing. Do not allow visitors to drive any of your machinery. If machinery is sitting in view of your guests remove keys, and fold up steps and ladders to eliminate any temptations.

If your business allows your visitors inside of barns, houses and / or buildings make sure the facilities have proper lighting. Inspect and repair railings, stairs, furnaces, heaters, and fences. Make sure emergency exit signs are posted. Guard against carbon monoxide poisoning by having an approved carbon monoxide detector in rooms where visitorsand employees will be. Have properly functioning smoke detectors and fire extinguishers where needed and where required by law.

*Personal Space:*

Lock up farm shops and repair facilities, as these can be hazardous places. Your home and private area on your farm is considered your personal space and should be kept off limits to the public visitors. Lock doors, shut

windows, rope off entrances, and hang “do not enter” signs. This is a way to protect your home and valuables. During times of operation when visitors are at your farm, these areas need to be viewed by you or your staff frequently to make sure none of your guests have decided to take their own tour.

*Farm Chemicals:*

All farm and or garden chemicals and other potentially poisonous materials need to be stored in a safe area. These products need to be locked away out of reach. Discard your hazardous waste according to environmental regulations.

*Animals & Livestock:*

Unsafe animals should be secured where they will have no contact with your visitors. This includes your family dog, a horse or pony that may kick, or any animal that may become aggressive in a “petting” type area. Although these animals are your pets, they may react differently to the public visiting your farm. If you have an animal that has caused harm to someone, such as a dog that bites, do not have this animal anywhere that could cause harm to someone in or at your operation. In general

the owner is not strictly liable for injuries that an animal causes if they are unaware of the danger. **IF** you are aware that the animal can be dangerous you are liable for the actions of that animal. If you post a dog bites sign or horse or pony kicks sign, it may not protect you against charges if the animal hurts someone because you were aware of the dangers of having that animal in your operation. Animals behave differently around crowds of people, it is better to be safe than sorry.

Depending on what type of animals you may be using in your venture, special precautions will need to be taken. If you will have birds, you will need to limit the birds stress. Lots of interaction with people may cause birds to become irritable and unfriendly. It would be wise to rotate the viewing of the birds. You may want to allow visitors to feed your birds. Chickens, ducks and other poultry can be considered. Geese can be very aggressive; therefore geese may not be a good choice.

Wisely choose animals that you will allow your visitors to interact with. Small livestock such as goats and sheep are better in a petting type situation. The smaller

livestock such as goats and sheep are lighter in weight, and lack top front teeth. If one of these animals were to step on your visitors toes their lightweight and lack of teeth would be less injurious.

Horses and ponies are very popular with people of all ages.

Remember that these animals can practice bad behaviors such as stepping on toes, kicking, bucking, and biting. Cattle and calves are always an added attraction, but remember that these animals are large and can step on a guest's feet or knock over a guest. If you plan to use horses, ponies, cows, and / or calves warn your guests of their behavior. Have the animals handled only by you and or your employees that know how to control these animals. NEVER allow guests to be unsupervised while with these animals. If you are planning on any type of horse or pony rides, make sure you are covered for this activity under your liability insurance.

#### *Personal Pets:*

Most farms have cats and dogs roaming around. As mentioned earlier it is wise to keep "family

pets" such as dogs and cats away from your visitors. Even the friendliest little puppy has sharp teeth and the fluffiest, cutest kitten can have sharp claws. If these animals are going to be around your visitors warn them of the damage that sharp claws and teeth can do!

#### *Health Precautions:*

Any hand-mouth activities should be avoided in animal viewing areas. Do not allow eating, drinking, and smoking in these areas. If mothers are traveling with infants or toddlers that may have a pacifier or toys that they are prone to put their mouth, ask the mothers to put these items away while visiting the farm, especially in the animal area.

#### *Vaccinations of Animals:*

Employee and visitor safety will be one of your top priorities, but your animal welfare is very critical. Take good care of your animal provide vaccines and preventative care to your animals. Keep records of your vaccines for your own protection in the case that someone is bitten, scratched or cut while on your farm. Avoid using animals that are not up to date or due for their vaccines.

Viewing animals on your farm need to be vaccinated against rabies. If animals are too young to vaccinate, do not use them in the viewing area. Exclude any animal that is sick, under weight, or that you may think is ill and contact your veterinarian. Animals with signs of diarrhea, encephalitis like stumbling, in- coordination or paralysis should be removed from exhibit area. You should report these conditions to the:

Delaware Dept. Of Agriculture's  
State Veterinarian  
2320 S. DuPont Highway  
Dover, DE 19901  
302-698-4500

Bites or scratches should be reported to:

Health Systems Protection  
Delaware Division of Public  
Health Dept. of Health and Social  
Services  
1901 N. DuPont Highway  
Main Building  
New Castle, DE 19720  
302-255-9040

Keep visitors from non-viewing animals. Prevent visitors from areas where livestock live that are not a part of their visit to your farm.

### *Animal Rights:*

Animals have rights also. In our society there is a growing concern for the rights of an animal. At this point there are only a few regulations and laws that mandate care to animals. Cruelty and neglect are the center of these laws. Though there are only a couple laws, there are many animal care guidelines. Visit the following sites to familiarize yourself with animal rights and guidelines to animal care.

National Safety Council  
Guidelines  
<http://www.ncs.org/farmsafe/facts.htm#5>

Poultry United Egg Producers  
poultry care handbook  
[www.fda.gov/ohrms/dockets/dockets/97n0074/c000101.pdf](http://www.fda.gov/ohrms/dockets/dockets/97n0074/c000101.pdf).

### *Manure Handling:*

No matter what the animals on your farm are used for, whether they are part of your venture or an existing farm entity, you will need to stay on top of certain issues that involve animals. Odors, ventilation, manure, and fly and pest control will need to be managed on a regular basis. In the viewing animal's area you want to

pay particular attention to these matters. The smell and look of the manure may offend your visitors. Have areas cleaned out often. Remember most of your guests will not be familiar with manure and its smell.

### *Weather Related Disaster Planning:*

Even though natural disasters are not frequently on our minds, you should consider these and establish an emergency plan. Have a plan in place in case of fires, flood, earthquakes, tornadoes, and or hurricanes. Keep a well-stocked first aid kit. You and your staff should be trained in CPR and first aid. Post emergency numbers by telephones and make all employees aware of these numbers.

### **Visit local agtourism businesses**

Look at established agritourism, direct marketing, and on farm added product ventures in Delaware once again. Write down any questions or concerns you may have to ask the person you're visiting. If the person you have contacted is not willing to share information, make an appointment with a different business owner. Many people are willing to share

their story. Ask these individuals what they did to get started, things that were successful, and not successful for them. Ask them about anything they would have done differently or things that they did which helped them get to where they are. Attend some of these farms as a visitor. Take the tour, hay ride, or pick your own vegetables at a local business. Experiencing another business as a visitor will allow you to see how it feels to be guest on their farm. You will see the operation through the eyes of a customer or visitor.

### **Various other forms of liability to be considered**

There are other forms of activities that your business may get involved in. All activities on your farm need to be addressed as to what kind of liability they are responsible for.

Different activities associated with fee-recreation events and activities often involve different kinds of liability, and therefore, different kinds of liability protection

A landowner wishing to sell alcoholic beverages must apply and display a Farm Winery License (for wineries) or a

Gathering License (for special festivals. If you are going to have liquor sold on your property you should carry liquor legal-liability insurance. This is not required by law, but is added protection for you and your business.

As a business owner you will possibly be employing people to work for you and possibly hiring independent contractors. You as the owner are responsible for the actions of people working for you or working at your farm. This is a vicarious liability and will need to be included in your insurance plan.

In the case something was to happen to an adjoining property, for example a chemical drifting onto your neighbors land and / or a visitor to your farm trespassing onto your neighbor's farm, off-farm liability insurance would help cover you in this type of situation. If your neighbor considered one of your activities to be a nuisance, this would fall in to the off-farm category.

Providing transportation on your farm in a personal vehicle will need to be covered under a commercial automobile insurance policy.

Make sure you discuss any and all activities with your lawyer and insurance agent. It is wise to go over every detail even if you believe it to be a minor issue, discuss it. Fully disclose all activities and the extent of each activity to your lawyer and insurance agent. If you fail to discuss an activity or add on an activity without your agent knowing about it, the activity may not be covered in the insurance policy.

### **Choosing a Legal Team**

To protect your business you will need to choose an appropriate legal structure. Having a lawyer and an insurance agent will help protect you in the case of a legal conflict. Bringing members of the public onto your property increases the risks of accidents, sometimes accidents can happen on the safest operations. Having a lawyer and insurance agent part of your management plan and business structure will only further protect you and your business. These individuals will also be able to help you with management decisions, estate & future planning, and taxations. Choose a lawyer that you are comfortable with and feel like you will be able to have a compatible working

relationship. Having a lawyer that is familiar with agriculture would be an advantage.

### **Choosing an Insurance Agent & Purchasing an Insurance Policy**

Just like in choosing a lawyer, choose an insurance agent. Your agent should be someone that you are comfortable and compatible with. Make sure the insurance agency you choose is a quality company. The cost of a policy may vary from company to company. Most farm and land insurance policies discourage agritourism activities because of the added risk, but with the vast amount of agritourism business insurance companies can provide adequate coverage. You will want to understand and review your insurance coverage. You want the right kinds of insurance and the right amount of coverage. Most likely your policy will have special coverage to suit your needs with added exclusions, and

possibly be more expensive than the average insurance policies.

### **Purchasing Liability Insurance:**

Liability insurance shifts the risk from you to your insurance company if an accident was to happen. Your insurance company will protect you if you have taken all the steps to help prevent accidents. Unfortunately no matter how careful you may be, an accident can happen. Having the liability insurance will protect your assets. If you do face a lawsuit the policy will pay for added costs. You will risk everything you own if you do not carry liability insurance.

#### *Meeting with agencies:*

Meet with various insurance companies to give you a variety. The following sheet can help with items to ask and allows space for you to write down your own questions.

## Questions to review with insurance agent when purchasing a policy

Is there a deductible?

Are each of my employees added as an additional insured individual?

Is the premium a set fee?

What is the premium based on, percentage of base sales or on client days?

Do I need to belong to an association to purchase insurance? If yes, how much will the membership cost?

Does the insurance agent understand my proposed business venture?

What will the insurance apply to...?

Premises and operations liability?

Products and operations liability?

Contractual liability to others?

Personal injuries due to others.. slander, libel, invasion of privacy?

Property liability damage due to others?

Incidental medical malpractice liability?

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Before you purchase a policy be sure to ask yourself...

- ✓ *Does the difference between the insurance premium and the income gained allow me to make my new venture worthwhile?*
  
- ✓ *Can I realistically pass the cost of insurance onto the costumers through my services and goods offered, or will the prices that I set to meet my cost of insurance, limit the demand of my products?*
  
- ✓ *Have I disclosed all the information about my venture to the agent and have I reviewed in detail all activities, goods, and services I will be offering.*

One of the most important sections of your policy will be the *exclusions section*. This section will list activities and items that *will not* be covered under your policy. You should carefully read and understand this part of your policy.

## **Listing of Local Insurance Companies**

Farm Family Insurance Company  
Albany NY (518)-431-5000

Or

[www.farmfamily.com](http://www.farmfamily.com)

You can contact this number or email address for agents in your area.

Local Farm Family  
Insurance Agent  
***Ronnie Carter***  
1485 South Governors Ave  
Dover, DE 19904  
(302)-734-8006

Fetterman Insurance Agency  
Insurance / Risk Management  
***Ask for Kurt Fetterman***  
(302)-736-3283 ext 116  
or (302)-422-3079

**FETTERK@Nationwide.com**

***\*Disclaimer – The University Of Delaware does not constitute an endorsement of any companies listed above and does not imply approval to the exclusion of other suitable agencies. This information was provided for informational purposes only.***

## **Liability Waivers**

Depending upon the scope of your agritourism, direct marketing, or on farm added value business, another way to protect yourself is to issue liability

waivers. Once you have discussed your venture with your insurance agent and have purchased a policy ask the agent about liability waivers. A liability waiver asserts that your guests assume responsibility for certain risks. It will not completely absolve you of your responsibility for your visitor's health and safety, but an issued liability waiver is a safe guard against any accidents and will be recognized as a legal, valid document in court.

Ventures that

include high risk activities for your guest to participate in should issue liability waivers. Examples of high-risk activities are horseback riding, hunting, and or rodeo style events. Have your lawyer assist you in creating a waiver that is suitable for your business. Discuss with both your lawyer and insurance agent which activities on your farm should have liability waivers. Issuing liability waivers is another way to inform your visitors of any risks involved in your businesses activities.

### **Drafting and issuing a liability waiver**

With the help from your legal team you will draft a waiver that is suitable for your business. On the waiver you should identify the type of property use or activity the waiver is to cover. Define the terms under which of the person or group may enter your property.

You should include the names and addresses of all parties participating in the activity.

Once the agreement has been completed have the participants sign and date the agreement.

Describe all the activities in detail. State specifically the uses permitted under the agreement.

Include a description of the land the liability waiver covers. Describe the boundaries, and the size of the land. It is wise to also include areas on the land that are off limits to the visitors and safety zones around the buildings, barns, pastures, and houses. Choose a specified location of entry and require that all visitors check in and out at this certain location on your land. State the location of entry on the waiver.

Describe any specifics about your property on the waiver. Specifics such as, uneven terrain, wild

animals, sharp edge locations, poison ivy, poison oak, anything that may cause harm to your visitors. Note that the guests have acknowledged the risks that are associated with the activity they will be involved in on your property.

On the waiver state an “indemnify by user”. This means that the guest will not sue or otherwise attempt to make a claim against the owner regarding their land use and activities. This can be stated as “The user agrees to indemnify and hold harmless the landowner from any claims made by the user of their parties arising from the use of the land or activities”.

A way to reduce the risk of disagreements between you and the visiting parties is to specify that any problems, injuries, and or differences will be discussed in *mediation* before either party resort to legal action. Mediation is a confidential, voluntary process where a neutral third party assists participants to develop their own resolution to the dispute. If a resolution is not reached, all participants may pursue other dispute resolutions. The process of mediation can be faster, cheaper, and may allow relationships to be preserved.

For possible mediation references contacts:

Toby Treem

Center for Dispute Resolution at the University of Maryland School of Law

1-410-706-6228

[ttreem@law.umaryland.edu](mailto:ttreem@law.umaryland.edu)

[www.cdrum.org](http://www.cdrum.org)

Or visit

[www.mediate.com/Delaware/](http://www.mediate.com/Delaware/)

On the waiver also state the financial transaction information. Specify the amount to be paid to you from the user, payment method, when, where and how the transaction is to take place and failure to pay provisions. You may require a damage or safety deposit. If so have this information clearly stated

on the waiver. Specify the amount of the deposit and that the deposit will not be returned if damages to your property do occur.

Within the waiver also list the conditions of cancellations, renegotiations, and or renewal in case either party decides to terminate, renegotiate, or renews the agreement for various reasons.

Once again, the waiver that you develop will be suitable to your business. Any concerns that you have you will want to include in your waiver. Depending on your venture, your waiver might include items for trespassing enforcements, limitations to particular areas, campfire use, garbage, and or sanitation issues.

If your venture deals with hunting on your property, or additional protection, you can incorporate firearm guidelines, and require that all hunters have completed a hunter safety course. As always it is wise to prohibit alcohol consumption on your land during any of your activities.

On the next page you will find a copy of a *sample waiver*.

#### *Employee Safety & Health Issues:*

Make sure that you provide a safe working environment for your employees. The working conditions at your business should be safe and clean. Provide clean drinking water, clean restrooms, and convenient hand washing facilities.

As silly as it sounds, review how important it is for your employees to be clean and neat. Poor personal hygiene of workers causes 25 to 40 percent of all foodborne related illnesses in the country. Proper attention to good personal hygiene is essential. You do not want anyone to become ill or injured on your premises. Remind employees the proper way the wash their hands, and to wash hands often. If the employees are working around food remind them to wash their hands and their arms as far up as will make contact with food. If in your venture employees will be working around food, make sure the employees know the proper way to dress. Hair should be pulled back, the use of hats or hairnets could be required. If employees have uniforms, they will know what to wear, if not, make sure you give them detailed instructions on the type of attire you want your employees to wear.

Again, depending on your venture, your employees may have to wear safety shoes or boots. It is very important for safety and health precautions that your employees dress appropriately. Your employees will be representing your business, so you should always be aware of their appearance.

Successful business owners dedicate time out of their busy schedules for employee training. Well-trained and motivated employees can prove to be the difference between success and failure. You should require all employees to attend a job safety training session, whether you sponsor it or send them to a local training class. It would be a good idea for your employees to take a first aid class and be trained in CPR. No matter how hard you may try to provide safe working conditions, accidents can happen. If an accident does occur you want to get medical treatment for the person ASAP, you should go with them to be treated, get the injured persons name and address, call your insurance agent, and make a detailed document on the accident.

For CPR and First Aid training classes in Delaware you can contact the following places:

American CPR Training  
[www.cpr-training-classes.com](http://www.cpr-training-classes.com)

or

ERT Safety Training & Consulting  
[www.ertsafety.com](http://www.ertsafety.com)

or The American Red Cross

Northern DE Office (302)-656-6620

Southern DE office (302)-335-5031 ext 6264 or visit

[www.redcrossdelmarva.org](http://www.redcrossdelmarva.org)

### ***Chapter Summary***

In this chapter we've discussed ways to avoid risks in your agritourism, direct marketing, or on-farm value added product venture. The following is a review of items that should be addressed in your business plan.

- Operate your business as safely as possible. Be aware of crowd control, parking issues, restroom facilities, postings and signs.

- Safety issues involving planned activities, land, buildings, your personal space and personal pets, farm chemicals, machinery, and livestock.
- Health precautions with animals. Animal vaccines and animal rights.
- Manure handling.
- Weather related disasters.
- Visiting local agritourism businesses.
- Forms for liabilities.
- Choosing a legal team.
- Choosing an insurance agent & purchasing an insurance policy.
- Purchasing liability insurance.
- Liability Waivers and tips on how to draft a waiver.

**Checklist: Risk Management Plan:**

*Complete this worksheet by checking off items as you successfully complete each item.*

\_\_\_\_ Prepared for crowds

\_\_\_\_ Parking plan complete

\_\_\_\_ Restroom facilities installed and functioning

\_\_\_\_ Special posting and signs in place in necessary areas

\_\_\_\_ Bodies of water are blocked off

\_\_\_\_ Activities well planned and tested by a “trial run through”

\_\_\_\_ Buildings, Sheds and barns...hazardous buildings demolished

\_\_\_\_ non-functioning farm machinery or equipment cleared away out of sight from visitors?

\_\_\_\_ Functioning equipment stored in buildings

\_\_\_\_ Functioning equipment in sight of visitors has keys removed and steps/ladders folded up?

\_\_\_\_ Building to be used in operation prepared for visitors

\_\_\_\_ Smoke detectors installed and working

\_\_\_\_ Carbon monoxide detectors installed and working

\_\_\_\_\_ Farm shops, repair facilities and personal living space, any space considered as a private area is clearly blocked off from the public by using signs, fences, and or roping.

\_\_\_\_\_ Chemicals; farm and / or garden stored and locked away

\_\_\_\_\_ Unsafe animals secured away from public view and contact

\_\_\_\_\_ Food area is NOT located near animal viewing areas

\_\_\_\_\_ All animals to be used in the business are vaccinated and healthy

\_\_\_\_\_ Manure handling facilities complete

\_\_\_\_\_ Legal team intact with an insurance agent and a lawyer

\_\_\_\_\_ Disclosed all information about the business venture to the legal team

\_\_\_\_\_ Purchased liability insurance policy

\_\_\_\_\_ Read and completely understand entire policy

\_\_\_\_\_ Have copies of liability waivers that were approved by legal team.

\_\_\_\_\_ Employees safety & health issues covered

\_\_\_\_\_ Job safety training review/classes completed by employees

\_\_\_\_\_ CPR and first aid classes completed by YOU and the employees

\_\_\_\_\_ First aid kit intact

## Human Resource Considerations

### Labor Training Information

Whether your workforce will be composed of yourself, your family, or additional employees, all of your workers must be well trained in the running of your operation. They will also need to be knowledgeable about the products and services that you offer. In this chapter you will read about issues finding, hiring, and dealing with employees, the steps that need to be taken to set up your payroll system, and resource contact information. Enclosed you will find a list of resources and organizations that will help you train yourself and your workforce to best operate your new agritourism, direct marketing, or on-farm value added product venture.

### Employee Issues

The size of your venture will determine how much help you will need to make your business a success. You may have employees through your existing farm operation or you may be hiring individuals for the first time. This section will discuss hiring practices and various precautions you should take to protect yourself legally from employee related incidents.

#### *Getting started:*

You should discuss with your lawyer that you will be hiring

employees to work on your operation. Delaware has laws covering personnel issues and contracting.

Every business needs to have a tax identification number, whether it is an Employer Identification Number (EIN) or a Social Security Number (ID). Employers, sole proprietors, corporations, and partnerships, nonprofit organizations, trusts, estates of decedents, government agencies, and other business entities use EINs. Businesses with employees absolutely must have an EIN. Sole proprietors with no employees have the option of using their social security number as the tax ID number. You can apply online for a Federal Employer Identification Number (EIN) at [www.irs.gov/](http://www.irs.gov/) or call the Business & Specialty Tax Line toll free at 1-800-829-4933 between the hours of 7:00 am to 10:00 pm (EST) Monday through Friday.

Employers with one or more employees are required to carry workers' compensation insurance, however, farm workers are exempt from the workers' compensation statute, but employers may elect to provide coverage. It would be wise for you to review this with your insurance agent. For more information regarding employer's responsibilities

in Delaware visit  
[www.delawareworks.com/industrialaffairs/services/WorkersCompInfo](http://www.delawareworks.com/industrialaffairs/services/WorkersCompInfo)  
or  
[www.state.de.us/dedo/information/smart\\_all\\_business\\_faq.shtml](http://www.state.de.us/dedo/information/smart_all_business_faq.shtml)

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*Before hiring process begins:*

Before you start your hiring process review the following

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- If I have existing employees, can I use them in my new enterprise without overloading them?
- How can I hire additional employees?
- What process will I follow to screen and hire people?
- What training will I provide for my employees and what will the cost be?
- How will I set salaries and wages?
- Can I provide benefits?

Now that you have answered the questions above, make a list of the employees you will need by duties. Note the title, duties, and possible skills required. To decide how much pay your employees will receive research similar jobs elsewhere to find out what the average pay rate is for that type of job. You will need to know the equal employment opportunity requirements and abide by these laws.

*Targeting Possible Employees:*

If you know of any people that would be knowledgeable about your business and would positively fit into your business structure ask them if they would be interested in working for you. If you will be interested in hiring part time or seasonal employees, look around in your community. Responsible residents such as retirees or local high school or college students would be a choice for your part-time employment.

*Advertising for help:*

It is best for you to ask people to work for you, don't wait for them to come to you. This way you can choose the better applicant. You could advertise in the local papers. Advertise in a manner that will attract people to your ad. Advertise the position as required by law, supply applications, and have a job description available for all interested individuals. In your ad state that you require references. Interview qualified people and thoroughly check their references.

*Hiring your staff:*

Once you have decided on the individual or individuals you want to employ, have a statement of wages and salary, a work schedule including weeks, days and hours to be worked, days and times, have pay days listed,

and any benefits that you may offer. Once the person accepts the job offer have all appropriate forms ready for the individual to complete. You will need to get their social security number and have them fill out I-9 and W-4 forms. If the worker is young, obtain a copy of his or her proof of age and make sure you have a copy of work permits for minors. If you are hiring immigrant, get a copy of their work visa.

#### *Training employees:*

Depending on your venture you may decide to train and educate your workers by yourself. If you train your staff yourself; make sure that you are prepared. Take a course, watch a video, listen to tapes, read books, and talk to people you know who have experience with employee training. You may wish to write yourself a training guide to help keep you organized. In the training guide you could list your jobs, responsibilities for each, and expected outcomes.

If you have existing employees and or family members that will be working with you at your new agritourism, direct marketing, or on-farm value added venture you should train them along with your newly hired employees. Regardless of the position all employees should have training. Take all employees on a

tour together. Orient them to your operation, pointing out how they fit into the big picture. You want to make sure that all employees know and understand your business. Share with them why you pursued your new venture, and what your goals are for the business. Establish an open line of communication with your employees so that they feel comfortable coming to you at any time with a question or concern. If you had an employee manual you would want to hand it out at this time along with job descriptions, task list, and safety rules. You will want to train and retrain employees. Trained employees are more confident and competent as those not trained. Educate them about the tourism and sales industry. You may have videos or publications for them to view. Any outside programs that you feel will be beneficial for your employees to attend, encourage them to go.

#### *Wages:*

Pay your employees fair wages. Set up your payroll schedule and pay employees on a regular basis. Depending on the amount of employees you have, you may have a computer payroll system. No matter how many employees you have, you

must document their pay with a receipt or a payment stub. The employees name, social security number, pay date, pay period covered, salary or base wage, and tax deduction, gross and net pay information will all need to be on the pay stub. Local computer stores, such as Staples and Office Max, carry various payroll programs.

### *Empowering Employees*

Treat your employees with respect; treat them as you want them to treat your customers. You must manage your employees at all times. Make sure their job gets done well and that your customers are continually satisfied with your employees' work. Rarely will your employees do their work exactly like you would do it, but if they are doing a good job and you are happy with the results, commend your employees. Thank them for a job well done. If a customer comments on great service, tell your employees. Try to create a pleasant atmosphere. Have regular meetings; don't just have a meeting when something goes wrong. Holding regular scheduled meetings will help the communication between you and your employees. These meetings will enable relationships to grow and create a team spirit. You and your employees are a team, make sure you encourage, empower, and reward your employees for a job well done; this will most definitely boost morale.

### *Documentation:*

Document your employees' hiring, training, and performance. Have your employees sign and date the training record. It is wise for your own protection to keep very good records of your employees. Keep a personal file on each employee. In the

file you can keep notes on performance, exceptional or poor. Documentation of verbal warnings and copies of written warnings are vital records to have if you fire an employee. Copies of any paper work that takes place between you, the business, and the employee should be in this file. Papers such as workers' compensation claims, discrimination complaints, customer complaints, promotion or pay increases, signed resignation forms, vacation and leave requests, medical release to work, and annual and / or seasonal pay summaries, should be included in each file.

*Special Needs; Americans with Disabilities Act (ADA):*

You will need to consider people with special needs as your customers and possible employees before you open your doors to the public. People with special needs can be children, elderly and the disabled. Title III of the Americans with Disabilities Act (ADA) states that commercial businesses serving the public are to be designed, constructed, and altered to comply with its specified accessibility standards. This applies to access to all lodging, facilities, restrooms, transportation and parking spaces. To obtain details visit the ADA website:

[www.usdoj.gov/disabilities](http://www.usdoj.gov/disabilities) or phone 1-800-514-0301.

Items you want to review in order to meet the ADA requirements are as followed...

- ✓ Parking spaces clearly marked for disabled people?
- ✓ Do the spaces comply with the Delaware law and with the ADA?
- ✓ Are the parking spaces near the main entrance?
- ✓ Are the door entrances wider than thirty-two inches and open easily.
- ✓ Do the doors require grasping, twisting, or gripping?
- ✓ Do the doors have less than 8.5 pounds of pull and does the door's hardware hinder entry?
- ✓ Are the hallways free of obstacles and at least thirty-two inches wide?
- ✓ How is the floor surface; slippery, level, hard?
- ✓ Are the restrooms easily accessible and large enough for a wheelchair?
- ✓ Is railing provided in necessary locations?
- ✓ Do the pathways have a hard surface, are they sloped, or slippery?
- ✓ Do viewing sites allow viewing from seated or low position?

## **Resources for the Employer**

There are several programs for employers offered by the Delaware Department of Labor's Division of Employment and Training Office.

*Alien Labor Certification (or Foreign Labor Certification):* this program assists employers in meeting requirements for recruitment of alien workers and assures that regulatory processes are followed to document that American workers are not available. The program ensures the employment of the foreign worker will not adversely affect the wages and working conditions of the U.S. workers that are employed.

*Apprenticeship & Training Program:* the Apprenticeship and Training program is a combination of on the job training and related technical instruction in which workers will learn the practical and theoretical aspects of the work required for a skilled occupation, craft or trade. Employers conduct the programs often jointly with labor and / or management. Related technical instruction is given in local vocational schools.

*The Bonding Program:* this program provides fidelity bonding insurance coverage to ex-offenders and other

high risk job applicants who are qualified for a job but fail to get it because regular commercial bonding is denied due to their backgrounds.

*The Welfare to Work Tax Credit:* this incentive program offers benefits to employers to hire members of families that have been long term assistance recipients.

*Work Opportunity Tax Credit:* this program offers a federal income tax credit that encourages employers to hire eight targeted groups of job seekers. The tax incentive is designed to help the job seekers most in need of employment gain on the job experience and move toward economic self sufficiency.

## **Resources for the Workforce**

The State's Department of Labor Division of Employment and Training also offer programs for your workforce. You may direct them towards these programs as you see fit.

*Migrant and Seasonal Farm workers Program:* there is a variety of services to help migrant and seasonal farm workers and their families in this program to find alternative job opportunities in year round employment, or to improve their well being if they remain in seasonal

agricultural work. Vocational counseling and referrals to training, help with child care, medical aid, legal aid, food stamps, or other needed services are also available. This program also assists farmers and growers in job recruitment, placement, and information in the form of federal and state laws.

*The State Summer Youth Employment Program:* this job program offers grants to qualifying nonprofit agencies and organizations for the hiring of Delaware youth during the summer months. The program targets economically disadvantaged households and should be of some benefit to the community. The work performed by the youth should be meaningful and teach some basic prerequisites for career employment.

### **Resources for Employers and Employees**

The *Delaware Department of Labor's Division of Employment and Training Office* can be reached at the following locations:

New Castle County  
The Fox Valley Shops  
4425 North Market Street  
Wilmington, DE 19802  
(302) 761-8085

Pencader Corporate Center  
225 Corporate Blvd. Suite 211  
Newark, DE 19702  
(302) 453-4350

Kent County  
1114 S. DuPont Highway Suite 104  
Dover, DE 19901  
(302) 739-5473

Sussex County  
600 N. DuPont Highway Suite 207  
Georgetown, DE 19947  
(302) 856-5230

*Delaware Chamber of Commerce:* The Delaware Chamber of Commerce helps businesses run smoother. They offer information important to starting and maintaining a business in Delaware, including information on workforce training resources. They are available at [www.dsc.com](http://www.dsc.com) or at: 1201 N. Orange Street Suite 200 P.O. Box 671 Wilmington, DE 19899  
(302) 655-7221  
(800) 292- 9507

*Delaware Economic Development Office:* Offers a website devoted to workforce development. The site has information on jobs in Delaware and training information for jobs as well. [www.delawareworkforce.com](http://www.delawareworkforce.com)

*Virtual Career Center:* Also available through the Delaware Department of Labor is the Virtual Career Center. There, applicants can find information on jobs, post their resumes, and find information on jobtraining. Employers can post a job, search resumes, and locate training services in Delaware. They may be reached at their website at [www.vcnet.net](http://www.vcnet.net)

review the Delaware Code Title 10 Courts and Judicial Procedure Part IV Special Proceedings Chapter 57Uniform Arbitration Act. All contract disputes are under the jurisdiction of the Chancery Court of the State. Following is a sample of a labor contract, if you choose to use one.

## **Contract Information**

There are several reasons an employer may want to use labor contracts in their business. They can protect the employer, employee, and the business at hand. Labor contracts are also known as hiring agreements, job contracts, employment forms, and employment agreements. They are not required by law, but if you choose to use them, you should seek the advice of a lawyer to help you create a labor contract best suited for your business.

Labor contracts will hold up against any argument or dispute that should come up after the signing date of the contract. Both parties, and usually, a witness are needed to sign the contract and date it. For more specifics on the laws related to the use of labor, or any other type of contract,

*Labor Contract*

*Employer's Name:* \_\_\_\_\_  
(Last) (First) (M.I.)

*Employer's Complete Address:* \_\_\_\_\_  
(Street) (City) (State/ Zip)

*Employer's Phone Number:* \_(\_\_\_\_\_)\_\_\_\_\_

*Employer's Fax Number:* \_(\_\_\_\_\_)\_\_\_\_\_

*Employer's Email Address:* \_\_\_\_\_

*Employer's Type of Business:* \_\_\_\_\_

-----  
*Employee's Name:* \_\_\_\_\_  
(Last) (First) (M.I.)

*Employee's Complete Address:* \_\_\_\_\_  
(Street) (City) (State/ Zip)

*Employee's Phone Number:* \_(\_\_\_\_\_)\_\_\_\_\_

*Employee's Fax Number:* \_\_\_(\_\_\_\_\_)\_\_\_\_\_

*Employee's Email Address:* \_\_\_\_\_

*Is employee operating as an individual or a corporation?* \_\_\_\_\_

*Employee's Gender:* \_\_\_\_\_

-----  
*Position Title:* \_\_\_\_\_

*Position Description:* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Term of Employment (how long):* \_\_\_\_\_

*Type of Employment (full/ part time):* \_\_\_\_\_

*Commencement Date:* \_\_\_\_\_

*Will there be a probation period? \_\_\_\_\_ If yes, for how long?*  
\_\_\_\_\_

-----  
*Employee Compensation (commission, hourly wage, yearly salary, yearly salary and commission, according to employer's policy):* \_\_\_\_\_

*How often are employees paid?* \_\_\_\_\_

*Is there compensation for overtime (paid/ not paid/ time off in lieu)?* \_\_\_\_\_  
\_\_\_\_\_

*Vacation time:* \_\_\_\_\_  
\_\_\_\_\_

*Should employer have the opportunity to terminate if the employee is permanently disabled for 60 days consecutively or 120 days in a 1 year period?* \_\_\_\_\_

-----  
*Non Compete- How long is an employee prevented from competing after termination of employment? (not prevented to 5 years)* \_\_\_\_\_

*Non Solicit- How long is an employee restricted from soliciting other employees from the employer? (not prevented to 5 years)* \_\_\_\_\_

*Confidentiality- How long do duties and obligations of confidentiality exist after termination of employment? (1 year to indefinitely)* \_\_\_\_\_  
-----

*How long must be given by the employer before termination of the employment agreement? (1 week to 3 months) \_\_\_\_\_*

*How long must be given by the employee before termination of the employment agreement? (1 week to 6 months) \_\_\_\_\_*

*Laws of which state will govern this contract? Delaware*

*Any additional clauses to this contract may be listed below: \_\_\_\_\_*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Signing Details- Agreement must be signed by what date? \_\_\_\_\_*

*Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_*  
\_\_\_\_\_

*Employer Signature: \_\_\_\_\_ Date: \_\_\_\_\_*

*Witness Signature: \_\_\_\_\_ Date: \_\_\_\_\_*

## **Checklist for Success**

The following checklist is a general checklist for success for any agritourism, direct marketing, or on-farm value added product venture to get started. Following this general checklist is a checklist for beginning more specific operations such as wineries, nurseries/ greenhouses, on-farm markets, farmer's markets, bed & breakfasts, animal based operations, and food businesses for meat or dairy. These additional checklists should be used in conjunction with the general checklist for success. All of these checklists come from sections in this publication. The section is noted at the beginning of each group of statements from which they can be found in this publication.

### **Introducing Agritourism, Direct Marketing, and On-Farm Value Added Products**

- Decide whether agritourism, direct marketing, or on-farm value added product ventures are for you and your land.
- Choose a few operations that interest you and research them further.

### **Evaluating Your Assets**

- Consider pros and cons associated with starting a new operation on your land.
- Evaluate yourself as a

businessperson.

- Make a list of any and all assets your land and community has to offer.
- Consider how you will fund your operation.
- List those people in your family or community who can help you run your operation.
- Consider your competition- who are they? What do they offer?
- Who will be your customer, what do they want from you?

### **Components of a Business Plan**

- Develop a mission statement for your business.
- List all goals and objectives for your new venture.
- Create a management plan for your business listing who will help run and maintain the company.
- Create a marketing strategy for your new operation. Consider your purpose, how you will advertise, how your competition is advertising, customer service techniques.
- How can you work with your community both locally and regionally to make your business venture better?
- Create a financial strategy for your new venture.
- Reduce areas of concern that could cause failure in your venture.

### **Considering Local, State, and Federal Regulations**

- Review all laws that would affect your new venture at the local, state, and federal level.
- Register your business with the state of Delaware (choose a legal structure).
- Follow all zoning and building codes that pertain to you.
- Investigate sign laws for your town.
- Follow all public and environmental safety laws including those pertaining to food safety, on-farm accommodations, public safety, water, septic systems, road systems, and parking.
- Consider direct marketing concerns including labeling regulations, weights and measures, business and liquor licenses, and taxation for lodging and labor.
- Work cooperatively with you legislators, community, and neighbors to ensure support for you new venture

### **Creating a Risk Management Plan**

- Re-Evaluate business plan
- Review risk associated with venture
- Preparation for crowds
- Parking plan in place
- Restroom facilities in place
- Special postings and warning signs up and in view
- Activities have been tested for safety and ready for public participation

- Buildings, sheds and barns safe, old ones demolished
- Personal space off limits to public
- Farm chemicals safely stored and locked away
- Animals & livestock ready for visitors: non-viewing animals & viewing animals
- Personal pets ready for visitors
- Food area not located near animal viewing areas
- All animals vaccinated and healthy
- Manure handling system intact
- Visited local agritourism facilities
- Reviewed various forms of liability
- Choose a legal structure; a lawyer & insurance agent
- Buy Liability insurance for your venture
- List all possible risks on your venture and list ways you can reduce them and implement them
- Notify insurance company of all activities to that will be taking place at your business
- Write a liability waiver. (See form)
- Reviewed employee safety & health issues
- Reviewed CPR & First aid training facilities

### **Human Resource Considerations**

- Consider all employee issues

- Obtain a tax EIN number
- Train all employees on how to safely do their job and about the product
- Pay fair wages
  - Empower employees
  - Use documentation on hiring, training and employee performance
  - Follow all Americans With Disabilities Act Laws
  - Utilize labor training for your employees- have specific days for training and monitor employee progress regularly.
  - Create contracts for employees to protect you as the employer and the employee
  - Use the Delaware Department of Labor as a resource to stay within labor regulations.





## **Helpful Contacts and Resources for Agritourism, Direct Marketing, and On-Farm Value Added Product Ventures**

The following resources and contacts will be very helpful to anyone starting an agritourism, direct marketing, on-farm value added product venture in Delaware. These are books, websites, companies, magazines, and government agencies that could assist you further in specific areas that you are interested in. You may find them on the internet, in a bookstore, or call the University of Delaware Cooperative Extension for more information (302) 730-4000. They are listed in alphabetical order below.

*A Farmer's Guide to Hosting Farm Visits for Children.* 1998. San Francisco, CA:

The Center for Urban Education about Sustainable Agriculture and Market Cooking for Kids.

<http://www.sarep.ucdavis.edu/>

Agricultural Health and Safety Center at UC-Davis (Center for Disease Control and Prevention)

<http://agcenter.ucdavis.edu/agcenter/>

Agricultural Safety and Health (National Institute for Occupational Safety and Health, Center for Disease Control)

<http://www.cdc.gov/niosh.agtopics.html>.

Agriculture in the Classroom (USDA)

<http://www.agclassroom.org>

Delaware Department of Agriculture

Ag in the Classroom

2320 S. DuPont Highway

Dover, DE 19901

(302) 698-4500

[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Agriculture Marketing Service (USDA)

<http://www.ams.usda.gov/>

[www.ams.usda.gov/directmarketing](http://www.ams.usda.gov/directmarketing)

Agritainment: Farm and Ranch Recreation Directory (North Dakota State University Extension Service)

<http://www.ag.ndsu.nodak.edu/ced/resources/farmranch/introduction.htm>

Alexander, Ben. 2000. *The New Frontiers of Ranching: Business Diversification*

*and Land Stewardship*. Bozeman, MT: Sonoran Institute.

Americans with Disabilities Act (U.S. Department of Justice)

<http://www.usdoj.gov/disabilities>

<http://www.attra.ncat.org/attra-pub/entertainment/other.html>

Animal and Poultry Health

Delaware Department of Agriculture

2320 S. DuPont Highway

Dover, DE 19901

(302) 698-4500

[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Animal Health and Plant Health Inspection Service (U. S. Department of  
Agriculture Marketing and Regulatory Programs)

<http://www.aphis.usda.gov>

Appropriate Technology Transfer for Rural Areas

PO Box 3657 Fayetteville, AR 72702

(800) 346-9140

<http://attra.ncat.org/index.html>

A Safer Site: Agricultural Safety and Health (National Safety Council's Youth  
Activities Division)

[http://www.nsc.org/mem/youth/9/\\_top.htm](http://www.nsc.org/mem/youth/9/_top.htm)

Business Owner's Tool Kit

<http://www.toolkit.cch.com>

Canadian Business Service Center

[http://www.cbosc.org/ibp/home\\_en.cfm](http://www.cbosc.org/ibp/home_en.cfm)

Community Development Financial Institutions

<http://www.ustreas.gov/cdfi>

Copeland, John C. 1998. *Recreational Access to Private Lands: Liability  
Problems and Solutions*. 2<sup>nd</sup> ed. Fayetteville, AR: National Center for  
Agricultural Law, Research, and Information. University of Arkansas,  
School of Law.

Fayetteville, ARK 72701

(501) 575-7646

<http://www.nationalaglawcenter.org/index.html>

Corum, Vance, Marcie Rosenzweig, and Eric Gibson. 2001. *The New Farmers'*

*Market: Farm-Fresh Ideas for Producers, Managers, and Communities.*  
Auburn, CA: New World Publishing.

Delaware Agritourism Association  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.defunonthefarm.org/](http://www.defunonthefarm.org/)

Delaware Agritourism Directory  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri/agritour/index.shtml](http://www.state.de.us/deptagri/agritour/index.shtml)

Delaware Chamber of Commerce  
<http://www.dsc.com>

Delaware Christmas Tree Growers Guide  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Delaware Convention and Visitors Bureau  
[www.2chambers.com/tourist48.htm](http://www.2chambers.com/tourist48.htm)

Delaware Department of Agriculture  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Delaware Department of Alcoholic Beverage Control  
Carvel State Building  
Wilmington, DE  
(302) 577-522

Delaware Department of Education

Townsend Building  
Dover, DE 19901  
(302) 739-1475  
<http://www.doe.state.de.us>

Delaware Department of Transportation  
Planning Department  
800 Bay Road Route 113  
Dover, DE 19901  
(302) 760-2111

Delaware Division of Corporations  
(302) 739-3073

Delaware Division of Finance and Administrative Services  
Dover, DE  
(302) 739-4661

Delaware Division of Health and Social Services  
1901 N. DuPont Highway  
New Castle, DE  
(302) 255-9040

Delaware Division of Labor  
Pencader Courtyard Route 896  
Newark, DE  
(302) 761-8085  
  
Dover, DE  
(302) 386-6622

Delaware Division of Revenue  
Thomas Collins Building  
Dover, DE 19901  
(302) 744-1085

Delaware Economic Development Office  
99 Kings Highway  
Dover, DE 19901  
(302) 739-4271

Delaware Economic Development Office

Carvel State Office Building  
Wilmington, DE  
(302) 577-8477

Delaware Farm Bureau  
3457 S. DuPont Highway  
Camden, DE 19934  
(302) 697-3183 (800) 273-0012  
[www.defb.org/home.html](http://www.defb.org/home.html)

Delaware Farm Friendly Banks	Bank	Location
	Bank of Delmarva	Seaford
	Christiana bank and Trust	Greenville
	County Bank	Rehobeth Beach
	First National Bank of Wyoming	Wyoming
	Wilmington Trust	Wilmington

Delaware Farm Market Directory  
Delaware Department of Agriculture  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[http://66.173.241.168/dda/farm\\_market.html](http://66.173.241.168/dda/farm_market.html)

Delaware Fire Marshal  
1537 Chestnut Grove Road  
Dover, DE 19901  
(302) 738-5665  
(800) 432-8500

Delaware Hay and Forage Directory  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Delaware Humane Association  
<http://www.dehumane.org>  
Delaware Office of State Planning and Coordination

Suite 7, 3<sup>rd</sup> Floor  
Thomas Collins Building  
540 S. DuPont Highway  
Dover, DE 19901  
(302) 739-3090  
<http://www.state.de.us/planning>

Delaware Potato Growers Guide  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Delaware Small Business Administration  
1007 N. Orange Street, Suite 1120  
Wilmington, DE 19801  
(302) 573-6294  
[www.sba.gov/de/](http://www.sba.gov/de/)

Delaware Small Business Development Network  
[www.Delawaresbdc.org](http://www.Delawaresbdc.org)

Delaware Specialty and Value-Added Food Companies Guide  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Delaware State Museums  
Administrative Office  
Dover, DE 19901  
(302) 739-5316

Delaware State University Cooperative Extension  
Ulysses S. Washington Center  
1200 N. DuPont Highway  
Dover, DE 19901  
(302) 857-6424

Delaware Sweet Corn Grower's Guide

2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Delaware Tourism Office  
99 Kings Highway  
Dover, DE 19901  
(302) 739-4271  
1-866-2-VISIT-DE  
[www.visitdelaware.net](http://www.visitdelaware.net)

Delaware Watermelon's Grower's Guide  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Delaware Wholesale Produce Buyer's Guide  
2320 S. DuPont Highway  
Dover, DE 19901  
(302) 698-4500  
[www.state.de.us/deptagri](http://www.state.de.us/deptagri)

Division of Fish and Wildlife  
Delaware Department of Natural Resources and Environmental Control  
89 Kings Highway  
Dover, DE 19901  
(302) 739-9910  
[www.dnrec.state.de.us/dnrec2000](http://www.dnrec.state.de.us/dnrec2000)

Direct Marketing Series (Appropriate Technology Transfer for Rural Areas)  
[www.attra.org/attra-pub/directmkt.html](http://www.attra.org/attra-pub/directmkt.html)

Dr. Temple Grandin's Web Page: Livestock Behavior, Design of Facilities, and  
Humane Slaughter.  
<http://www.grandin.com>

Duryea, Mary (ed.) *Alternative Enterprises for your Forest Land*. University of  
Florida Extension, Extension Bulletin #810, June 1988

<http://www.sfrc.ufl.edu/Extension/pubtxt/cir810.html>

Facts About Agricultural Safety and Health (National Institute for Occupational Safety and Health, Center for Disease Control)

<http://www.cdc.gov/niosh.agfc.html>

Farm and Ranch Recreation (University of Wyoming)

<http://uwadmnweb.uwyo.edu/RanchRecr/>

Farmland Trusts

American Farmland Trust and Land Trust Alliance <http://www.lta.org/>

Farm Management Publications (Farm Management Resources, Washington State University)

<http://farm.mgmt.wsu.edu/misc.html>

Farm Service Agency (FSA) (USDA)

[www.fsa.usda.gov/](http://www.fsa.usda.gov/)

Fermata Inc. (tourism)

PO Box 5485

Austin, TX 78763-5485

(512) 472-0052

[www.fermatainc.com](http://www.fermatainc.com)

FoodSafe Program (University of California-Davis)

<http://foodsafety.ucdavis.edu>

FSA Delaware State Office

1221 College Park Drive

Dover, DE 19904

(302) 678-4250

<http://www.fsa.usda.gov>

New Castle County FSA Office

2430 Old County Road

Newark, DE 19702

(302) 832-3100 ext. 2

Kent County FSA Office

800 S. Bay Road Ste 2

Dover, DE 19901

(302) 741-2600

Sussex County FSA Office  
408 N. DuPont Highway  
Georgetown, DE 19947  
(302) 856-3990 ext. 2

Gibson, Eric. 1994. *Sell What You Sow! The Grower's Guide to Successful Produce Marketing*. Auburn, CA: New World Publishing.

Great Lakes Coastal Tourism Planning and Development (New York Sea Grant)  
<http://www.cce.cornell.edu/programs/seagrant/tourism/>

Grudens Schuck, Nancy, Wayne Knoblauch, Judy Green, and Mary Saylor. 1988. *Farming Alternatives: A Guide to Evaluating the Feasibility of New Farm-Based Enterprises*. Small Farm Series. NRAES-32, Natural Resources, Agriculture, and Engineering Service Cooperative Extension.  
<http://www.nraes.org/publications/nraes32.html>

Hamilton, Neil D. 1999. *The Legal Guide for Direct Farm Marketing*. Des Moines, Iowa: Drake University.  
(515) 271- 2947

Injury and Illness Prevention Program (University of California- Santa Cruz, Environmental Health and Safety)  
<http://ehs.ucsc.edu/>

Insurance Commissioner's Office  
Dover, DE 19901  
(302) 739-4251

Junge, Sharon, Roger Ingram, and Garth Veerkamp, eds. 1995. *Community Supported Agriculture: Making the Connection*. Auburn, CA: Regents of the University of California.

Kent County Office of Planning  
414 Federal Street  
Dover, DE 19901  
(302) 744-2300

<http://www.co.kent.de.us/PlanningDivision/planhome/index.html>

King, R. 2000. *Collaborative Marketing, A Roadmap & Resource Guide for*

*Farmers.* University of Minnesota Extension Service Bulletin BU-07539-GO.

<http://www.extension.umn.edu/distribution/businessmanagement/DF7539.html>

MidAtlantic Farm Credit

1410 S. State Street PO Box 418  
Dover, DE 19903

or

US 113 PO Box 570  
Georgetown, DE 19947

<http://www.midatlanticfarmcredit.com>

<http://www.fca.gov>

<http://www.fccouncil.com>

Mitchell, Susan. 2000. *American Generations: Who they are. How they live. What they think.* 3<sup>rd</sup> ed. Ithaca, NY: New Strategist Publications, Inc.

National Agricultural Library (USDA)

<http://www.nal.usda.gov>

National Center for Agricultural Law Research and Information

<http://www.nationalaglawcenter.org/aglaw/index.html>

National Center for Appropriate Technology

NCAT Headquarters  
3040 Continental Dr.  
Butte, MT 59701  
(800) 275-6228

<http://www.ncat.org/>

National Children's Center For Rural and Agricultural Health and Safety

<http://research.marshfieldclinic.org/children>

National Safety Council

<http://www.nsc.org/farmsafe/facts.html>

Natural Resource, Agriculture, and Engineering Service

<http://www.nraes.org/index.html>

Natural Resource Conservation Service (USDA)

<http://www.nrcs.usda.gov/>

Nature Tourism Information: Welcome to Texas! (Texas Cooperative Extension,

Dept of Recreation, Parks, and Tourism Science, and Texas A & M University.

<http://rptsweb.tamu.edu>

New Castle County Office of Planning

87 Reads Way

New Castle, DE

(302) 395-5400

<http://www.co.new-castle.de.us/LandUse/>

News and Information (USDA)

<http://www.usda.gov/news/news.htm>

New Strategist Publications, Inc.

PO Box 242

Ithaca, NY 14851

(800) 848-0842

<http://www.newstrategist.com/>

North American Farmers' Direct Marketing Association

62 White Loaf Road

Southampton, MA 01073

(413) 529-0386

<http://www.nafdma.com>

Pamela Lanier's Family Travel

<http://www.familytravelguides.com/>

Pizza Farm

[www.cobbranch.com](http://www.cobbranch.com)

Public Safety Department

Dover, DE 19901

(302) 744-2680

Safety and Health Resource Guide for Small Businesses (National Institute for Occupational Safety and Health, Center for Disease Control)

<http://www.cdc.gov/niosh.00-148.html>

Safety, Health, and Environmental Resources (National Safety Council)

<http://www.nsc.org/index.htm>

Savory, Allen. 1999. *Holistic Management: A New Framework for Decision Making*. Covelo, CA: Island Press.

Small Business Development Center (SBA)  
Delaware District Office  
Small Business Development Center  
1007 N. Orange Street Suite 1120  
Wilmington, DE 19801-1231  
(302) 573-6294  
<http://www.dscc.com>

Small Farm Center. 1994. *Small Farm Handbook*. Davis, CA: Regents of the University of California, University of California, Division of Agriculture and Natural Resources.

Sussex County Office of Planning  
2 The Circle PO Box 589  
Georgetown, DE 19947  
(302) 855-7878  
<http://www.sussexcounty.net>

Sustainable Development of Tourism (World Tourism Organization)  
[http://www.world-tourism.org/frameset/frame\\_sustainable.html](http://www.world-tourism.org/frameset/frame_sustainable.html)

The Business Plan: Road Map to Success (US Small Business Administration)  
<http://www.sba.gov/starting/indexbusplans.html>

The U.S. Small Business Administration's Small Business Start-Up Kit  
<http://www.sba.gov/starting/indexstartup.html>

Tourism Center (University of Minnesota Extension Service)  
<http://www.tourism.umn.edu/>

Tourism Database (Michigan State University)  
<http://www.tourism.msu.edu>

Travel Industry Association of America  
1100 New York NW, Suite 450  
Washington, DC 20005-3934

(202) 408-8422

<http://www.tia.org/home.asp>

Traveler's Use of the Internet

<http://www.tia.org/Pubs/domestic.asp?PublicationID=57>

*Understanding Farmers Comprehensive Personal Liability Policy. A Guide for Farmers, Attorneys, and Insurance Agents.* Fayetteville, AR: National Center for Agricultural Law, Research, and Information, University of Arkansas, School of Law.

National Center for Agricultural Law  
University of Arkansas, School of Law  
(501) 575-7646

<http://www.nationalaglwcenter.org/index.html>

United Egg Producers

(770) 587—5871

[www.fda.gov/ohrms/dockets/dockets/97n0074/c000101.pdf](http://www.fda.gov/ohrms/dockets/dockets/97n0074/c000101.pdf).

United Nations Environment Programme

<http://www.unep.org>

United States Small Business Administration

<http://www.sba.gov/>

USDA Rural Development

<http://www.rurdev.usda.gov>

U.S. Natural Resources Conservation Service

3500 S. DuPont Highway

Dover, DE 19901

(302) 697- 2600

Valdes, Isabel. 2000. *Marketing to American Latinos: A Guide to the In-Culture Approach.* Ithaca, NY: Paramount Market Publishing

(888) 787-8100

<http://www.paramountbooks.com>

Virtual Business Plan

<http://www.bizplanit.com>

Watchable Wildlife, Inc.

5097 Pine Ridge Dr.

Golden, CO 80403

(302) 291-7271

<http://www.watchablewildlife.org>

University of Delaware Cooperative Extension

<http://ag.udel.edu/extension/index.php>

New Castle County Office

910 S. Chapel Street

Newark, DE 19716

(302) 831-2506

Kent County Office

69 Transportation Circle

Dover, DE 19904

(302) 730-4000

Sussex County Office

16684 County Seat Highway

Georgetown, DE 19947

(302) 856-7303

World Tourism Organization

Capitan Haya 42 28020

Madrid Spain

(3491) 567 81 00

<http://www.world-tourism.org>

## **Value-Added Food Production: Safe Handling – What You Should Know Before You Start A Food Business**

Processing or preparing food for sale can be profitable and satisfying, but it does carry an obligation to produce the safest product possible. Food borne illness any harmful agent carried or transmitted by food. It can be the result of biological, chemical, or physical hazards.

State and federal regulations are designed to protect public health from these hazards. They set standards for the handling of food that should eliminate or minimize contamination of food products by harmful agents, especially disease-causing bacteria and viruses.

Non-meat items sold outside of Delaware come under the jurisdiction of the Food and Drug Administration (FDA).

Information related to these products can be found at their website (<http://www.fda.gov/>).

Items sold within Delaware, except for low-acid canned foods and meat and poultry, are currently regulated by the Delaware Department of

Social Services, Department of Public Health. To process low-acid canned foods, a processor must take a Better Process Control School course sanctioned by FDA.

New regulation has now taken place in Delaware for on-farm home food processing operations in Delaware. The regulations establish standards that safeguard public health and that provide consumers with a safe, unadulterated food that is honestly presented. It sets forth definitions and requirements. A copy of The Delaware Department of Agriculture Statutory Authority: 3 Delaware Code, Sections 101 and 302 regarding the Adoption of the State of Delaware Regulations Governing On-Farm Home Processing of Non-Potentially Hazardous Foods is enclosed in this chapter. For further information you can contact Anne Fitzgerald at:

Delaware Dept.Of Agriculture  
2320 S. DuPont Highway, Dover  
DE 19901  
(302)-698-4500

On-farm home food processing operations will be inspected and licensed by the Delaware Department of Agriculture (DDA).

A registration form will be

require the name, address, and telephone number of owner/operator. A list of non-potentially hazardous foods being processed and the geo-reference coordinates of the home kitchen (if not known, DDA will provide) are also necessary. Pending approval, the processor will receive an On-Farm Home Food Processing License.

Items that may be produced in on-farm home processing facilities include:

baked breads, muffins, cakes, or cookies with a water activity of 0.85 or less; candy (non-chocolate); containerized fruit spreads consisting of jellies, jams, preserves, marmalades, and fruit butters; fruit pies with an equilibrated pH of 4.6 or less; herbs in vinegar with an equilibrated pH of 4.6 or less; honey and herb mixtures; dried fruits and vegetables; spices and herbs; maple syrup and sorghum; snack items such as popcorn, caramel corn, and peanut brittle; and roasted nuts.

Foods that are classified as potentially-hazardous cannot be produced by on-farm home

available from the DDA and will

processing operations. Examples of these items include: Low-acid canned foods, such as home canned or jarred fruits, vegetables, pickled products, sauces, relishes; cream, custard, pumpkin, meat, or other single-crust pies or cream or cheese-filled baked goods; cured or fermented foods; seafood; and apple cider or other juices.

The regulation mandates that operators successfully participate in an approved food safety course.

An eight hour course will be provided by Delaware Cooperative Extension. Other educational options need approval by DDA. Standards such as sanitation procedures and labeling requirements are also outlined in the regulations.

Prepared by: Sue Snider, Ph.D.  
Professor/Food Safety and  
Nutrition Specialist  
University of Delaware  
Cooperative Extension  
12/05

## Things to Remember When Preparing Value-Added, non-Potentially Hazardous Foods

### Quality

Food products will be more appealing to a potential customer if you consider providing a unique, safe product, that combines good quality ingredients, good taste and a fair price. It is important that the product includes a label detailing the name of the product and a list of every ingredient. The list should begin with the ingredient that is used in the highest quantity and end with the ingredient used in the least quantity. Labels should also include address where food was prepared, net weight of product, the statement “This product is home-produced and processed” and the processing date. Detailed nutrition labels are not necessary on products produced at a small scale in a home kitchen operation.

### Safety

As mentioned, practicing good food preparation hygiene will include making sure that physical, chemical and biological hazards are controlled during food processing and preparation. Physical hazards include bits of contaminants that

may be a piece or pieces of items, containers or implements used during food processing. Chemical hazards include cleaning chemicals, pesticides or toxic metals that find their way into the ingredients. Biological hazards could be microorganisms (bacteria, viruses, etc.), biologically produced toxins or allergy inducing ingredients from cross-contamination.

To decrease the possibility of encountering these contaminants, consider the following measures:

- Clear labeling of possible allergens (all nuts, strawberries, etc). Single these items out in addition to their inclusion in the list of ingredients. Let there be NO doubt that the customer knows about the presence of these ingredients in your product.
- Removal of all cleaning products from workspace
- Use of hair nets, gloves and other clothing to protect the food from human contaminants

- Removal of all wrist and finger jewelry as it often contains crevices that can harbor bacteria
- Development of frequent and thorough hand washing procedures for individuals involved in each step of the food's preparation
- Use only "Food Grade" containers to store your ingredients, your final product and items at every in-between step, while processing food
- Be diligent in your record keeping. A log, including location and date purchased, of any ingredients that do not come from your farm, is a good idea.
- Don't let processed foods sit at room temperature. If they are finished being processed, cooked or heated, store them in at refrigerator or freezer temperatures.
- Avoid cross-contamination between food and surfaces
- Don't let others with a cold or other contagious sickness around foods that are being processed
- Keep ALL pets out of the room where food is being processed. Pets carry many potential biological contaminants.

#### Sanitization

It is imperative to work with clean dishes and preparation implements when processing food products. Making sure the dishes are free of remaining food particles, as well as contaminants from soil, pets, etc., is a two step washing of thorough washing and adequate sanitization technique.

For cleaning, the dishes, utensils and any object that will come in contact with food products that are being processed, should first be scraped of attached food or dirt rinsed and placed in a pre-wash, soak to remove any remaining particles. Following the soak they should be placed in hot (110° C)

water to which a detergent has been added and washed thoroughly. To complete the cleaning the dishes Following the cleaning process each dish, utensil or implement should be sanitized. The sanitization process should include very hot water (171° C) to which a sanitization chemical has been added. Acceptable sanitizing chemicals include diluted bleach, iodine solution or quat (quaternary ammonia compounds) solution. Each piece should be submersed in the sanitization solution, removed and allowed to air dry at room temperature.

Also be sure to clean and sanitize counter tops and surfaces in the food preparation area. Any appliances used in the processing should also be thoroughly cleaned and sanitized. If the appliance has removable parts, disassemble them and treat them with the dish washing/sanitizing procedure.

Always sanitize before beginning use and after each use of the implement or surface.

If you have employees or others working in the preparation area with you, train them using these cleaning and sanitizing procedures.

should be rinsed in cold water either by spraying or submersion.

Keep a Cleaning/Sanitation Plan of what should be done, who does it, when it was done and how it was accomplished. The log should include room next to each task, for the individual who completed the task to initial it and confirm that it was indeed completed.

### Regulations

As stated, it is important for whomever manages food processing to insure that safety issues are controlled for to protect against foodborne illness, gastrointestinal illness and any sores or colds that the workers may have, by instituting there own list of employee regulations.

Food should only be processed in a safe manner and in an amount that is reasonable for the extent of your facility. For tax purposes, an earnings amount less than \$40K per year will not necessitate the need to generate a gross receipts tax for your business.

Ingredients used for making value-added products for sale should be kept separately from your

domestic, “every-day use” ingredients. Foods that are finished being processed should also be stored separately from domestic domestic food preparation.

Make sure to review the regulations outlined in the following section on “The State of Delaware Regulations Governing On-Farm Home Processing of Non-Potentially Hazardous Foods”. These regulations will clearly state which products are considered non-potentially hazardous.

Those value-added products that are considered potentially hazardous will require you to receive further training and will require kitchen inspections and detailed permits from either the Delaware Dept. Of Agriculture, the Food and Drug Administration or the USDA Division of the Food Safety and Inspection Service.

Enclosed in this chapter you will find an On-Farm Processing Plan and Workbook. You should fill this worksheet out and perform the processing checklist. Also you will find a Processing Record. You will need to have a processing record at your operation for all your products. This record can serve as

food. Any utensils and implements used for processing value-added foods for sale should be different from those used for protection for you against charges brought towards you or one of your products. You can use this record or compose one of your own with the same data. This worksheet was prepared by Pamela B. King, University of Maryland Extension Agent, and Valerie Frances, MD Dept of Agriculture