

# OPERATING A PROFITABLE SMALL FARM

## FACT SHEET 6

### *Selecting an Enterprise*

Terry E. Poole  
Extension Agent, Agricultural Science  
Frederick County, MD

#### **I. Interest vs. Work**

Presumably, when you purchased the farm, you had some ideas, or interests for the farm. It is important that you pursue an enterprise that interests you. If not, the hard work, in sometimes unfavorable conditions, is going to get very old.

#### **II. Scale and Capital**

Despite what you may have heard, bigger is not always better. Large scale production is not necessary in order to ensure profitability. If anything, over expansion is one of the fastest ways to the “poor house”. Efficient, well planned operations that work within the finances and labor restraints of the operator are going to be profitable whatever the farm size. Select an enterprise that meets the limits of size and financial commitment you set in your long range plan. Start out small, learn as you go, and try not to place such a debt load on your enterprise that you lose the fun of farming.

#### **III. The Do’s and Don’ts**

*Do produce labor intensive products.* The easy stuff is already being done. Look for high value production on small acreage.

*Do diversify.* There are advantages, but do your homework.

*Do experiment.* This is how you learn new things. Be daring and flexible.

*Do locate, or develop new market niches.* Remember the old saying about the early bird getting the worm.

### **III. The Do's and Don'ts (continued)**

*Don't market to middlemen.* Select an enterprise that allows you to market directly to the consumer. This allows you to keep more of the profits.

*Don't hire outside labor if it can be avoided.* Hiring outside labor increases costs and is very unreliable. If you do need outside labor, pay them a decent wage and plan on keeping them.

*Don't get too far in debt.* No one gets into small scale farming to get rich, so remember why you wanted to farm. Keep the pressure of a large debt load down. Be realistic and well planned with respect to your farm finances.

### **IV. Avoid Over-working**

Remember why you got into farming. If you select an enterprise that takes up too much of your time and energy, pretty soon necessary work and quality of work will slide. This will spell doom to your enterprise and cost you money. Factor in some days off and rest periods. This is supposed to be fun, and as long as it stays that, your operation will prosper.

### **V. Diversification**

Diversification is your hedge against drastic changes in the market and the environment. It is basically spreading out your risk. Diversification can be as simple as planting more than one variety of the same crop, or producing multiple types of crops. Many farms today are operating multiple farm enterprises. This can be done successfully depending on the resources of the farm and operator.

### **VI. Fitting Enterprises Together**

It is especially important on a small farm that enterprises support each other. Where efficiency is key, you cannot afford to waste any efforts or resources. Livestock and crop operations are an example where manure from the livestock can be used for compost, or fertilizer for the crops and crop residues or excess can be used for the livestock. In cropping operations, diverse crop enterprises help to support the need for crop rotation and soil fertility between different crop plantings.

Reference: *Successful Small-Scale Farming: An Organic Approach* by Karl Schwenke