

6. It takes money. Raising equity is a major effort, especially for larger group projects with sizeable capital investment required. New enterprises need more than just equity capital; they also need adequate working capital or startup money. Working capital is usually critical to survive the start-up and initial production phases of the operation.

What about grants? It is important to understand that, while many promote them, grants don't usually provide easy money. They are usually targeted for specific objectives and usually can't be used for construction or equipment. However, some may offer funds for business start-up activities or doing feasibility studies.

7. It takes persistence. Most projects suffer through several set backs, disappointments and unexpected problems or unfamiliar barriers. Each project needs dedicated leaders or champions to stick with it through difficult times.

8. Management is expensive, but don't be cheap! Large projects nearly always require experienced management that demands significant compensation and they should be hired early on to insure construction and beginning operations are done correctly. Even smaller value-added enterprise may need management assistance. Management of a new business operation is demanding and time consuming. There have been examples of value-added enterprises that were originally successful, but the management demands become too great and took too much time away from the farming operation and family activities, so the value-added business was abandoned.

9. Attorneys and consultants aren't all bad.

Legal, marketing and production expertise are essential to success. Business organization and startup requires complex arrangements and documents that only attorneys should prepare. Marketing and business consultants can help avoid many costly marketing, construction, management and production mistakes while improving the chances for new business success.

10. Value-added investments don't make managing the farm easier or more profitable. The value-added business should generate profits, but it is a separate activity from the farm production enterprises. Farm profits still depend upon good farm financial and production management. In addition, while the value-added business provides a market for the farm production, it is still up to the farm manager to manage commodity marketing and production risks.

... and justice for all

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