A Case Study for New Entrepreneurs: Padgetts’ Dairy Goat Farm

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Introduction
This publication is a teaching case study. A teaching case study is a collection and presentation of detailed information about a company or group. It develops participants’ skills in group learning, speaking, and critical thinking. It also enriches formal lectures on a subject and allows participants to discuss concrete problems/decisions without having to share their own business information.

In this case study, we illustrate the challenges facing new entrepreneurs by looking at Padgetts’ Dairy Goat Farm. While the names are fictional and certain information has been disguised to protect confidentiality, the situation and the business description are based on real events and activities. In this case, Ryan and Julia Padgett, the owners of the farm, want to earn a living from their dairy goat farm and cheese business. They are currently evaluating opportunities to expand the business. Discussion questions are available at the end of the case.

Situation
Padgetts’ Farm is nestled in the heart of New York’s Finger Lakes (a favorite destination for tourists, with several wineries and other attractions). Padgetts’ Farm is a dairy goat farm producing cheese and selling it to wineries, restaurants, grocery stores, and distributors. The farm is a family-run business owned by Ryan and Julia Padgett. They are considering several alternatives for expansion.

History
The Padgetts began to consider farming in 1993. They thought about running a dairy cow farm first, but their analysis showed that they did not have the capital necessary to invest in a dairy large enough to establish the economies of scale required to be profitable. In 1995, the Padgetts met a couple (the Feldmans) who wanted to lease their dairy goat farm. The Padgetts loved the idea of trying a business to see if it would fit before investing lots of money. So, a month later, they started leasing the farm from the Feldmans. They leased the farm for three years, loved the experience, and decided to continue in the dairy goat cheese business. In 1998, they purchased 36 goats from the Feldmans and the Feldmans’ recipes and client contact list. They also bought some farming facilities a couple of miles down the road from the Feldmans and relocated the business to the new facilities.

Description of the Farm
The herd is comprised of 116 goats, and a year-round milking schedule is used to maintain constant cheese production. The Padgetts own 22 acres (10 being tillable) on or really close to the cheese-production facilities. Thirty-seven additional acres are leased, seven being used for alfalfa production and the rest for hay. The farm also buys additional hay, as well as purchasing their entire needs for corn and protein.

Facilities
The facilities consist of a barn with a second floor to store hay, corn, and grain; a milking parlor and milk house; a cheese-making plant; and two additional buildings to store equipment. To host tourists, a tasting room/gift store/deli and a porch adjacent to the farm buildings have been built. Benches have also been added around the farm patio. The family house is also on-site and
contains two three-bedroom apartments. Ryan, Julia, and their two teenage sons live in one apartment, and the other apartment serves to host temporary workers such as interns.

**Human Resources**

Julia works on the farm full-time. She is, above all, the cheese maker, but she also takes care of the cheese deliveries. She has an undergraduate degree in social work and worked several years as a volunteer in refugee camps. When the Padgetts took on the farm, Julia had neither a farming background nor any cheese-making experience. All Julia knew about cheese making and goat care was what the Feldmans taught her during the first three weeks of transition and what she learned from one online cheese-making course.

Julia learned by trial and error. She started with the recipes from the Feldmans and made her own adjustments to speed up the cheese-making process or to change the taste. She also created her own recipes. She bought several books on making cheese and ran some experiments. She recorded each experiment and its results. “For the simple recipes (like chèvre), it took me about three weeks to master the process. For more complicated cheeses, such as blue cheese, I’m still adjusting.”

Ryan is employed as a full-time engineer for a private company. In the evening and week-ends, he takes care of the financial and marketing aspects of the business. Ryan earned his undergraduate degree in civil and environmental engineering and completed a Master’s degree in cross-cultural communications. For most of the last 10 years, Ryan has been employed with various engineering consulting firms while simultaneously building the business together with his wife Julia. Five years ago, Ryan came back to the farm on a full-time basis. But after three years on the farm, Ryan decided to seek off-farm employment again because he was apprehensive regarding the family’s lack of financial stability and health care.

In 2005, Ryan and Julia brought two new people into the business. The first was a bookkeeper hired for a couple of hours a week. The second was a young farmer, Philip. Philip was brought into the business because Ryan and Julia did not have the motivation and the skills to run the farming part of the business. Phillip has a degree in dairy management and grew up on a sheep farm. He works for Ryan and Julia as an independent contractor.

Ryan and Julia maintain ownership of the facilities, goats, equipment, building, and land. Philip rents everything from Ryan and Julia, and sells the milk to Julia’s cheese plant. Philip is in charge of buying the feed and paying all the other operating costs. Philip can buy and sell the goats at his own discretion. However, if Philipp wishes to leave, he needs to give back to Ryan and Julia a herd of the same value as what he started with. If Philip cannot produce enough milk, Ryan and Julia have the option to purchase milk from other suppliers. Currently, Philip is not producing enough because of the low number of goats, so Ryan and Julia have been buying about 30% of the milk used in the cheese plant from an Amish operation. The arrangement to date between the Padgetts and Philip has had mixed success. Philip handles the milk production in an adequate way. But communication has been strained between Phillip and the Padgetts.

Ryan and Julia’s two teenage sons also help on the farm in the evenings, on week-ends, and during their vacation days. They milk for the stockbreeder when he is sick, needs to travel, or takes time off; help him make hay in the summer and to construct fences and animal pens; and do general barn upkeep when needed. They also help keep the farm clean and do minor construction. In the summer, they are heavily involved in the tourist business and work in the cheese room. They are about to go off to college, but they are expressing interest in coming back to the farm in the summer to help and in maybe taking over the farm in the future. Providing their children with the opportunity to come back to the farm has become an additional incentive for Ryan and Julia to make the farm sustainable and profitable.

**Products**

Padgetts’ Farm uses its entire production of milk to manufacture cheese. The cheese-making plant has an annual production capacity of 25,000 lbs. of cheese.

**Production Steps**

Five main stages are necessary to make and package the cheese: coagulation, draining, ripening, cutting, and packaging. Most of the production process is done manually.

1. **Coagulation.** Once the milk is pasteurized, it’s transferred into different vats. First, the bacteria are cultured, and then rennet is added to obtain the curds.
2. **Draining.** Curds are put into molds or cheesecloth (depending on the type of cheese) for the whey to evacuate.

3. **Ripening.** The cheeses are placed in a cooler to ripen for a specific amount of time, depending on the cheese type.

4. **Cutting.** Once the cheese is ripened, it is cut into pieces of specific weight or sold in bulk.

5. **Packaging.** For the cheese sold in bulk, the packaging consists of wax paper or cellophane wrap. The small pieces of cheese are put into small, transparent bags and vacuum packed. For the bags to take the shape of the cheese, the package is plunged in boiling water for a few seconds. Finally, each bag is dried, labeled, and packed in cardboard boxes.

The cheese-making plant consists of a tank to pasteurize, vats, refrigerators to store the bacteria, three walk-in coolers for the cheese to age, a scale to weigh the cheese, two small, outdated vacuum machines, a pot to shrink the packaging bag around the cheese, sinks, and several tables.

### Varieties of Cheese

The farm currently produces three varieties of goat cheese, all introduced at the start of the business in 1982. Over the years Ryan and Julia have perfected the quality of these products and developed a variety of packaging and distribution options to fit the retail and wholesale markets they serve. The three varieties are fresh goat cheese (or chèvre), feta, and blue cheese.

#### CHÈVRE

Chèvre is what is commonly understood as “goat cheese.” It is a fresh white cheese, soft and creamy. It is not aged, and Padgetts’ Farm chèvre is often on the retail shelf within one week of pasteurization of the raw milk from which it was made. It is sold plain or herbed. Pagetts’ Farm chèvre products include small retail logs of 4 or 8 oz. and tubs of 1 or 5 lbs. that are typically sold to wholesale customers, such as restaurants. The chèvre represents 65% of the Padgetts’ cheese production. About half of the demand for chèvre comes from restaurants and the rest from retail stores.

The chèvre is the most profitable of the products for several reasons. First, there is less competition and a large demand. Second, the chèvre recipe is fairly easy to master and reliable, so Julia rarely has to throw away a batch. Finally, chèvre is not kept to age, so there is no loss associated with improper aging and no conflict between the age of the cheese and the market demand. However, because the chèvre is mostly sold in 4 oz. packages, it needs to be weighed and packaged by hand because they lack capital to invest in available technology. These labor intensive requirements shrink the margins.

#### FETA

Feta is a classic Baltic and Mediterranean cheese traditionally made from goat or sheep milk or a combination of both. In order to preserve the cheese, it was traditionally salted heavily and stored in strong brine in caves or other cool locations. This traditional method of making feta is followed at the Padgetts’ Farm because the heavy salting and aging of this cheese in brine gives it a very unique taste and character.

The feta from Padgetts’ Farm is sold in small retail packages of 4 oz. (vacuum packed) or ½-lb. tubs (in brine). It is also sold in 5 or 30 lb. pails to wholesale customers. The packaging for feta is somewhat limited because the Padgetts sell their feta in bulk. Almost 60% of the feta is sold to retailers, and the remainder is sold to restaurants.

The feta represents 23% of the Padgetts’ sales but is the least profitable product. Unfortunately, in the United States, the term “feta” has been inappropriately applied to similar products made from cow milk, which bear almost no resemblance in flavor or texture to real goat or sheep milk feta. According to Ryan, “The price for goat feta has been depressed by the inexpensive “fake” feta [made with cow milk].”

#### BLUE CHEESE

Blue cheese is an aged cheese with a strong taste. The taste varies slightly from wheel to wheel as well as seasonally, mirroring the change in the odor of the farm throughout its annual cycle of production. It is sold by the wheel (3 to 5 lbs.), which limits packaging labor costs, or in 4 oz. retail packages. Sales of aged blue cheese have increased at the Padgetts’ farm over the last couple of years and are currently 12% of the sales mix.

Losses happen occasionally because of improper aging or oversupply. Also, the market for blue cheese is in large urban areas. Because Padgetts’ Farm is in a rural area...
far from these large urban areas, the majority of the blue cheese is sold to cheese brokers, who have the appropriate delivery channels to market blue cheese. The use of a middleman cuts into the Padgetts’ profits.

Customers Channels and Product Distribution

Padgetts’ Farm has experienced great success with its cheese. The farm’s gourmet cheeses have been recognized in New York State and around the nation in such venues as Forbes and Gourmet magazines and national cable television. Ryan and Julia were recently featured in The All American Cheese and Wine Book, by author Laura Werlin.

Chefs love the Padgetts’ cheese for the freshness, the taste, and the “homemade” feeling. Wegmans’ supermarket chain, which has done a lot to support outstanding products made in New York State, has appreciated Padgetts’ cheese since the first day and has continued to increase orders. Ryan and Julia have five primary customer channels (see Table 1): supermarkets, restaurants/health food stores, wineries, distributors, and farm tourism.

Most of the supermarket sales are to the Wegmans’ supermarket chain. Orders from Wegmans are sent through the Internet, and Julia delivers cheese every two weeks to the closest Wegmans’ warehouse (located about an hour away from the farm). Wegmans then ships the cheese to the specific locations.

The farm targets restaurants and health food stores in two major cities that are each located about one and a half hours away. Restaurants and health food stores are visited every two weeks, and Ryan and Julia replenish as needed without calling in advance to get an order.

Ryan and Julia also showcase their products at wineries in the neighborhood. There are about 10 of them located in a one-hour radius. They call once a week during the tourist season to see if they have orders to place. They supply the wineries with the ordered cheese within two or three days. Some wineries use the cheese in their restaurants and/or sell the cheese as is in their tasting rooms.

The farm works with four distributors to target Chicago, Long Island, Manhattan, and other large cities it cannot reach. Distributors generally provide restaurants and retail stores with an efficient and cost-effective way of accessing a large line of items. Ryan and Julia try to select distributors who have loyal customers and good warehousing, trucking, and distribution so that their product maintains freshness. They also look for distributors who pay on time, who offer good prices, and who order regularly with enough lead time, but more important, they favor distributors who pay attention to their product and advertise it well.

Ryan and Julia have also developed sales on-site. This represents about 5% of their sales. Located next to the Finger Lakes, the farm offers a great location to attract tourists who are touring the wineries that surround the farm. Five years ago, to offer a better experience to customers, the farm started organizing tours. They have also added animals such as turkeys, pigs, chickens, and ducks, giving tourists (particularly young ones) the opportunity to see and pet numerous farm animals. In 2003, they built a small deli/gift shop to give the tourists the opportunity to buy snacks and gifts in addition to the cheese.

Padgetts’ Farm is open for tours from May to October. Tours of the farm and cheese-making operation are offered for a fee and followed up by cheese tasting/sales in the small on-farm deli and gift store. Many tourists locally, regionally, and nationally visit the farm and subsequently request the farm’s products back home at their favorite supermarkets. Currently, because the on-site sales represent such a small volume of sales, Ryan and Julia are supplying the farm sales with leftover inventory. If on-site sales were to grow significantly, Ryan and Julia would have to factor it into their production schedule.

The on-farm sale of cheese is a profitable business. Because there are no middlemen, prices can be almost doubled. Revenue is also generated through snacks and gifts. However, on-farm selling also requires a lot of investment in labor and advertising. In addition, farm upgrades are always required to continue attracting more tourists. In short, over the last couple of years, the farm has just broken even, generating about $10,000 in sales but spending about $8,000 in operating costs and $2,000 in capital investment.
Promotion

The former owners used to sell their production at the farmers’ market in the nearest town. However, Ryan and Julia thought that the farmers’ market was “more a craft market” and was not attracting the audience they needed. The fees were also very high, making this distribution channel no more profitable than wholesaling the cheese. So Ryan and Julia started looking for other distribution avenues. They visited local wineries, supermarkets (like Wegmans), health/food stores, restaurants, etc. Every first contact with customers was made face to face. Ryan would walk into the store/restaurant/winery and propose a cheese tasting. In 2001, Ryan and Julia also “bought” some customers from a dairy cheese producer who was going out of business.

Because Ryan and Julia do not currently have the ability to increase production, they have not promoted their products heavily. Word of mouth, chef loyalty, and Wegmans’ interest in the cheese have been a big part of their steady increase in sales. The Padgetts have not lost many accounts. Most of the losses were either due to a customer going out of business or Ryan and Julia stopping business with customers who would not pay their bills. Ryan and Julia’s cheeses have had exposure at the local, national, and international level. Their promotion strategies vary with location.

Local and Regional Promotion

Padgetts’ Farm is an associate member of their area’s wine trail. This includes being featured in the annual wine trail brochure and map, which direct tourists to Padgetts’ Farm for on-farm sales. Ryan and Julia also participate in wine-trail events. The farm is also a member of a Cooperative Extension culinary program, which links area farmstead food producers with local restaurants, distributes literature, and holds a number of publicity events throughout the year. Furthermore, Padgetts’ Farm actively sponsors local events by placing ads in the fundraising materials of area organizations, such as the high school yearbook, local fairs, etc. Finally, Padgetts’ Farm is often featured in local newspapers and periodicals.

Padgetts’ Farm is listed on the New York State Agriculture and Markets Farmstead Food Producers website and on its promotional material. The farm also displays its products at the annual New York State Fair. The farm also won the New York State agri-tourism grant and was featured in its tourism promotional material. And the farm has been featured in major area publications such as Life in the Finger Lakes and in widely distributed regional newspapers. Finally, the farm has developed a tourism brochure and distributed it to hotels, motels, and wineries located throughout the Finger Lakes area.

National/International Promotion

As previously mentioned, the farm has been featured in Laura Werlin’s nationally distributed book, All American Wine and Cheese. It was mentioned in several articles in Gourmet Magazine and was included in a nationally aired production of Sarah’s Secrets, done in cooperation with Laura Werlin on cable television’s Gourmet Channel. Padgetts’ Farm blue cheese was listed in Saveur magazine’s special edition of the top 50 artisanal cheeses in the United States. The farm is listed in various published tourist guides for New York State available in various book stores. Padgetts’ Farm products have been featured in national and international shows and events sponsored by Slow Food USA, which promotes the culinary industry of the United States both at home and abroad. Padgetts’ Farm is a member of the American Cheese Society (ACS), and their products have been included in various ACS events in locations across the United States. Finally, the farm has had its own website since 2001 and is linked or listed on numerous other related websites involving tourism, farming, gourmet cheese, wineries, and restaurants.

Product Pricing

Ryan and Julia determine their prices by monitoring prices for similar cheese products. They get a small
premium by selling to restaurant and wineries. The premium is the largest with on-site sales. As Ryan says, “Prices are based on what the market will bear, which is usually less than what we need. We try to look a little bit at margins, but usually the market is king.”

**Competition**

The competition is everywhere Padgetts’ cheeses are sold. On the retail side, they are competing with all kinds of cheese, foreign (Canada, Europe), domestic, and local. To compete, the Padgetts are betting on freshness and superior quality by offering a product that is homemade and not mass produced. However, their lack of production capacity makes them really vulnerable, and there is always a chance for them to be replaced by other producers if they cannot meet the varying retail demand.

For restaurants and health food stores, the competition is also with other cheeses and other food categories. To compete, the Padgetts provide convenience by offering a frequent (every two weeks) on-site delivery. They avoid any extra efforts on the chefs’ part by replenishing themselves. For wineries, because each tourist can afford to spend only so much on his/her trip, the Padgetts try to maintain an attractive cheese area, with recipes and suggestions of cheese/wine combination. They also provide the option of buying small and thus less expensive cheese quantities.

With the cheese brokers and distributors, they are competing again with lots of other cheeses and sometimes other food items. The key to success here for the Padgetts remains to bet on quality and great relationships with cheese brokers and distributors. Finally, on-farm cheese sales are competing with other tourism activities (wineries and others). To successfully compete, they have created farm tours, added farm animals, a deli, and a gift shop.

**Finances**

Figure 1 shows how the Padgetts’ gross revenues have evolved over time. The total increase in annual sales since 1998 has been about 326%, for an average annual growth rate of 20%. Factors contributing to the growth have been the promotion, word of mouth, the purchase of customer accounts from another dairy, and the farm tourism.

**Mission and Vision**

Ryan and Julia hope to have a business that is profitable and stable enough to be the sole source of family income. They also want to achieve some social goals through the farm. They would like to use the farm as a social and community center hosting and employing refugees, persons recovering from drugs, and others. They would like to use the farm to help the marginalized integrate into the American mainstream.

**Risk Management**

Ryan and Julia have now worked on the farm for over 10 years and expected to be further along than they are by this time. They anticipated that the cheese business would be much more profitable and did not expect the farm economy to be as bad as it has been. Additionally, their social goals have been hard to achieve. It has been difficult to find former drug addicts stable enough to work on a farm. As for refugees, since September 11, requirements for sponsors have been difficult to meet. Sponsors have to be financially responsible for the refugee for 20 years.

Ryan and Julia are also facing product challenges. First, because goat cheese is something of a luxury product, the fluctuating economy affects the demand. Second, cheese is a food product, and, as with all food products, demand fluctuates every time the media advertise diseases and health catastrophes related to food. Finally, regulations are particularly stringent and costly for food products.
Ryan and Julia also find it difficult to deal with risk. One of their major risks is personal health. Both Ryan and Julia are about 45 years old and can expect higher health expenses in the years to come. To manage this risk, Ryan got a job off the farm, and they hired Philip to reduce Julia’s physical activity. Ryan and Julia also have to think about succession, whether or not the farm will be financially profitable if their kids want to join.

The Decision

With about 116 goats, Ryan and Julia have gained so much success and recognition that they are not producing enough cheese to meet demand and have started evaluating two options.

1. Increase Cheese Production Capacity

Padgetts’ Farm does not have a marketing or demand problem—it has a production problem. Ryan and Julia cannot make enough product to keep up with their sales growth. One option is therefore to increase the production capacity of their cheese plant so that they can continue to capture the market growth that is already coming their way as a result of marketing efforts successfully in progress. They can achieve an increase in production capacity by acquiring the following equipment, which will require as little manpower as possible.

- Extrusion Machine: This machine is available from the Netherlands and would cost approximately $30,000 to import. The machine automatically cuts and sizes the cheese into small retail logs, something Padgetts’ Farm currently does individually by hand.
- Shrink Tunnel: This machine facilitates the automatic shrink-wrapping of product and would replace Padgetts’ current manual hand dipping of products in boiling water. The machine would cost about $10,000.
- Automated Vacuum Packing Machines: Currently, Padgetts’ products are vacuum packed via a small, hand-operated vacuum-packing machine. This needs to be replaced by a larger, faster unit, which costs approximately $10,000.
- Additional Drain Facilities for Hanging and Draining Curd: This equipment would cost about $10,000.

In order to supply the increased cheese production capacity described above, the Padgetts will have to increase the milk supply through the addition of goats to the herd or the purchase of more milk from other dairies. Once they increase production capacity, they will gain the first increase in sales by expanding business with existing clients, the most significant of which is Wegmans. Wegmans has offered on several occasions to implement a major marketing effort for the farm’s products, which they have had to postpone until production can be increased. In addition, marketing consultants have offered to act as salespeople on behalf of the Padgetts to promote the Padgetts’ product lines for introduction into other supermarket chains besides Wegmans and in other areas of the United States. Ryan and Julia could also build contracts with distributors in the Boston, Philadelphia, and Washington D.C. areas.

The equipment described above will allow Padgetts’ Farm to approximately double its cheese production. By maintaining a growth rate of about 13% annually (the rate in 2005), Padgetts’ Farm can double its sales in about six years.

From a revenue standpoint, their cheese currently sells for $6.39/lb. on average, and they expect to increase their price by 1.5% per year because of inflation. Operating expenses are currently at $4.43/lb. of cheese, and they assume an increase of 2% per year. Overhead expenses were at about $25,600 in 2010. The Padgetts hypothesize that 13% growth would require an increase of about 5% in overhead expenses for the six years to come and a 2% increase for the year afterwards.

The Padgetts do not have savings to finance this project and have discussed this with several bankers. Most have been reluctant to loan them money and would not propose an interest rate below 11%. Ryan and Julia have been talking to an investor willing to finance the cheese-room expansion to create a larger scale farm. Ryan and Julia would bring their marketing and cheese-making experience. Their own farm could be used to train the new employees or sell cheese on a small scale. They could also seek grants or Small Business Loans (SBA, USDA). Ryan and Julia are trying to develop a business plan to show to potential investors before exploring these avenues.
**2. Stay Small by Focusing on the High-Margin Markets**

Another alternative the Padgetts have is the opportunity to maintain the same production while increasing their income by focusing on a high-margin market. The main high-margin market is on-site sales. The Padgetts could maintain the same production and increase their revenues by growing the on-farm business (a larger gift store, restaurant services, and farmstead activities, such as hay rides, pony rides, games, and attractions), dropping unattractive accounts, and focusing on highly attractive accounts (such as Wegmans). During the six months of high tourism (May through Columbus Day), the farm could produce more cheese and sell on-site as well as deliver. The summer would be the busiest time and would require a substantial amount of labor for the tours, the deli, and the increased production. The Padgetts’ two sons have expressed an interest in the direct selling. They are planning on going to college but could be on the farm in the summer and assist with tourism.

The Padgetts have visited with a pig farm in the neighborhood that focuses on on-site sales and talked with the owners. The pig farm offers tours, a petting zoo, and a café to attract customers and families. The Padgetts currently sell 5% of their production on-site. Based on their discussion with the owners of the pig farm, they estimate that they could increase on-site sales by 5% every year for the next six years (i.e., 10% of the production sold on-site in a year, 15% in two years) to reach 35% of on-site sales in six years. To do this, they would need to spend $2,000 a year on construction to improve the facilities to host tourists.

From a revenue standpoint, the average wholesale cheese price is $6.39/lb., and the average on-farm cheese price is $11/lb. They expect to increase their prices by 1.5% per year to capture inflation. On-farm sales require a lot more labor, because tourists need to be hosted, and somebody needs to organize the tastings. The Padgetts assume that this extra labor constitutes the equivalent of 6,480 hours of labor per year paid at $12 per hour (including all employment expenses) for the first year. The extra labor in the cheese room and to host the tourist could be supplied by the kids. This brings the operating expenses to $7.11 per lb. of cheese sold on the farm for the first year, with an inflation rate of 2% per year. On-farm sales would also require additional advertising expenses, which would bring the overhead expenses at $26,500 for the first year of the project, with a growth rate of 4% to compensate for growth and inflation. For this first financial analysis, the Padgetts decide not to include the revenues from the tours they also provide to tourists.

**Conclusion**

Ryan and Julia are facing two interesting and opposite options. There are a lot of pros and cons with each decision. With the first option, they can try to think about ways to make the bankers less reluctant. Would a business plan help? If they go with the investor’s proposal, they have to wonder about their interest in becoming a big company and losing part of their control.

As for the second option, their children seem to be looking forward to having a summer job on the farm and making enough money to help pay for college. But are the attractive accounts and the potential of on-site sales increase enough to make a living?

We are challenging you to help the Padgetts make their decision. On the next page are some discussion questions to help in your decision-making process.
Discussion Questions

1. What are the farm’s strengths and weaknesses (assess the products, the human resource capital, the finance, etc)? Do a SWOT analysis.

2. What are the advantages and disadvantages of each option from your perspective?

3. What would you suggest Ryan and Julia do to make each option more appealing?
   - In your opinion, would a business plan help? How do you think it should look?
   - What should they do to convince the bankers?
   - What should they do to attract investors?
   - Is there any other way for a small operation to get funds?
   - How can they grow the on-site business?

4. Which of the two options seems like the best fit for Ryan and Julia? Think about each option from:
   - A financial standpoint—which one would generate the best revenue?
   - A strategic standpoint—which one would give them the best opportunity to leverage their strength and limit their weaknesses?
   - A personal standpoint—which one would best serve their vision and long-term goals?

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