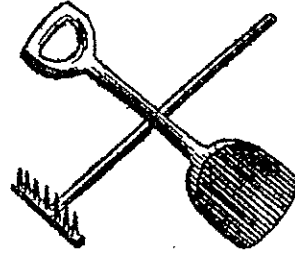


## Pricing checklist of do's and don'ts

### *Do*

- ☞ Review your pricing problems and opportunities and your marketing strategies before developing your pricing plan.
- ☞ Closely monitor the competition and keep consistent records of your competitors' pricing.
- ☞ Be flexible. Be prepared to adjust to competitive pressures and the marketing environment.
- ☞ Be willing to change your price and use it as a tool for achieving marketing strategies.
- ☞ Remember, the more intangible services offered or the more unique your product, the more flexibility you will have in setting higher prices.
- ☞ Price your product to provide ultimate value to your customers. Remember, you can still give real value through high price (for example, the product is a little higher priced than the competition, but the customer receives a unique or better service).
- ☞ Be aware of not only the obvious costs, but also the hidden costs when determining your selling price (for example, crop losses, waste, and spoilage).



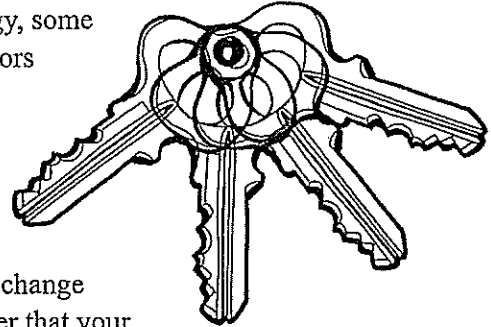
### *Don't*

- ☞ Don't look at pricing as being static. Your cost of doing business and the competitive activity in your marketplace is not fixed. Your pricing shouldn't be either.
- ☞ Don't confuse potential customers by constantly changing prices while you're trying to be flexible.
- ☞ Don't set pricing without first determining how it will affect sales, margins, and your ability to cover variable, fixed, and hidden costs.
- ☞ Don't be afraid to use price to achieve other marketing goals such as getting customers to try your products. However, testing this premise is a good idea to make sure you are receiving adequate repurchase from the new customers to justify a period of lower prices.
- ☞ Don't over react to the competition. Before you change your long-run pricing strategy, wait to see if the competitive price changes are temporary or permanent. At the same time, learn to anticipate and react to short-run competitive price changes.
- ☞ If you are attempting to build an image based on quality or value, don't lower an already competitive price, put greater emphasis on the quality of your product or services.



## Checklist of key pricing success factors

One of the most difficult, yet important, issues you must decide is how much to charge for your product or service. While no one single right way exists to determine your pricing strategy, some guidelines will help you with your decision. Some factors to consider are



- ✎ **Cost** Calculate the fixed and variable costs associated with your product or service. How much of which cost is associated with each item sold or service delivered, and how much is doesn't change unless you changes dramatically in size? Remember that your gross revenue has to cover your fixed costs for you to make a profit. Many entrepreneurs underestimate this amount, and it gets them into trouble.
- ✎ **Positioning** How are you positioning your product in the market? Is pricing going to be a key part of that positioning? If you're running a discount store, you're always trying to keep your prices as low as possible (or at least lower than your competitors). On the other hand, if you're positioning your product as an exclusive luxury product, a price that's too low may actually hurt your image. Pricing has to be consistent with positioning. People really do hold strongly to the idea that "You get what you pay for."
- ✎ **Demand Curve** How will your pricing affect demand for your products? You're going to have to do some basic market research to find this out, even if it's informal. Get 10 people to answer a simple questionnaire, asking them, "Would you buy this product/service at X price? Y price? Z price?" You can chart a basic curve that says that at X price, R percent will buy; at Y price, S percent will buy; and at Z price, M percent will buy.
- ✎ **Legal and competitive factors** Do you face any legal or competitive constraints on pricing? For example, you want to sell produce to the local prison. Because they are required to get competitive bids, they will only pay based on the lowest bid, no matter what the quality of the produce or services are included. Will you be able to accept that price? How much competition do you have for the prison contract? If you set your price lower to get the contract, will you trigger a price war? Find out what external factors may affect your pricing.

## What are you trying to accomplish with your pricing?

- ✎ **Short-term profit maximization** While this objective sounds great, it may not actually be the optimal approach for long-term profits. Companies having cash flow problems use this method as the overriding consideration.
- ✎ **Maximize quantity** You may choose this strategy for a couple of reasons. You may focus on reducing long-term costs by achieving economies of scale so that you increase profits by reducing costs.

- Ⓐ **Maximize profit margin** This strategy is most appropriate when you expect the number of sales either to be very low or sporadic and unpredictable. An example is luxury items.
- Ⓐ **Differentiation** At one extreme, being the low-cost leader is a form of differentiation from the competition. At the other extreme, a high price suggests high quality and/or a high level of service. Some people really do order lobster just because it's the most expensive thing on the menu.
- Ⓐ **Survival** In certain situations such as a price war, market decline, or market saturation, you must temporarily set a price that may only cover costs but allows you to continue operation.

## How do you combine all of these pricing strategies to come up with a selling price?

- Ⓐ **Your price must be enough higher than costs to cover reasonable variations in sales volume.** If your sales forecast is inaccurate, how far off can you be and still be profitable? Ideally, you want to be able to be off by a factor of two or more (i.e. your sales are half what you forecast) and still be profitable.
- Ⓐ **You have to make a living.** Have you included salary for yourself in your costs? If not, your profit has to be enough for you to live on and still have money to reinvest in the business.
- Ⓐ **Your price should almost never be lower than your costs or higher than what most consumers consider "fair."** Obvious perhaps, but many entrepreneurs seem to miss this simple concept, either by miscalculating costs or by inadequate market research to determine fair pricing. Simply put, if people won't readily pay enough more than your cost to give you a fair profit, you need to reconsider your business model entirely. Can you cut your costs substantially or change your product positioning to justify higher pricing?



## Resources

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- Farmer-to-Consumer Marketing: Merchandising, Pricing, and Promotional Strategies*. Pacific Northwest Extension Publication No. 203.
- Gibson, Eric. *Sell What You Sow! The Grower's Guide to Successful Produce Marketing*. New World Publishing, Carmichael, CA, ISBN 0-9632814-0-2.
- Giddens, Nancy, J.Parcell, and M. Brees. *Selecting an Appropriate Pricing Strategy*, MU Extension Fact Sheet G649, <http://muextension.missouri.edu/explore/agguides/agecon/g00649.htm>.
- Methods to Price Your Product*, AG Strategies Fact Sheet Agdex 845-2, February 1999, [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex1133](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex1133).
- Pricing Horticultural Products*, AG Strategies Fact Sheet Agdex 845-4, February 1999, [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex918?opendocument](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex918?opendocument).
- Sullivan, G., V. Kulp, R. Treadway and P. Kirschling. *Direct Farm to Consumer Marketing—A Profitable Alternative for Family Farm Operations*. HO-160. Indiana Cooperative Extension Service.





## Chapter 8 References: How Do You Set Your Price?

Agricultural Alternatives: Enterprise Budget Analysis

[http://agalternatives.aers.psu.edu/farmmanagement/enterprise/enterprise\\_budget\\_analysis.pdf](http://agalternatives.aers.psu.edu/farmmanagement/enterprise/enterprise_budget_analysis.pdf)

Break-even Pricing, Revenue and Units

<http://www.extension.iastate.edu/agdm/wholefarm/pdf/c5-180.pdf>

Financial Record Keeping for Farmers and Ranchers

<http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-2483/F-302web.pdf>

Twelve Steps to Cash Flow Budgeting

[http://www.econ.iastate.edu/research/webpapers/paper\\_10213.pdf](http://www.econ.iastate.edu/research/webpapers/paper_10213.pdf)



# Chapter 9. Directory of Marketing Regulations, Licenses, Permits, Taxes, and Insurance

## Considerations for your clients

Who do you call before you start direct marketing  
What are you thinking of producing?  
What market outlet do you think you'll use?  
Do you employ people other than your family members?  
What is the legal structure of your business?  
What additional structures are needed?  
What does your insurance cover?



## Who do you call before you start direct marketing?

Local land use and planning authorities  
Insurance Agent  
Federal, State, and Local Department of Taxation/Revenue  
State Department of Agriculture and Consumer Services (North Carolina and Virginia) or South Carolina Department of Agriculture, Marketing Division  
Attorney  
Accountant

**Land Use, Planning, and Zoning:** Check with the local planning and zoning office to be sure that the property can be used for the intended purpose. Setbacks, road access, signs, and intended use may all be subject to restrictions. Talk to the person in charge if possible.

**Insurance Agent:** Liability insurance is a big issue no matter what type of marketing someone is considering. If the marketing is to take place on the farm, it becomes an even bigger issue. Vehicle insurance needs to cover all potential drivers (consider especially those under 25). Casualty insurance to cover fire, theft, inventory, and so forth is necessary. Flood insurance must be purchased separately and may be required if the operation is in a flood plain. Life and disability insurance for the owners and partners is a good idea. Health insurance for the family is



necessary; for the employees, it is a nice benefit, but costly. Product liability insurance may be a good idea, especially if processed food is being sold.

**Department of Taxation/Revenue:** The U. S. Internal Revenue Service (IRS) website offers help with tax issues. From the IRS website go to business then "Starting a Business" for help. A business must register with the state Department of Taxation/Revenue. The local Commissioner of Revenue must also be contacted.

**Department of Agriculture and Consumer Services, Marketing Division:** This group can supply regulatory information, signage for point-of-sale, and information about local and regional farmers' markets.

**Attorney:** Your attorney "helps you choose the right form of business; makes sure the proper papers are filed; drafts and interprets contracts and leases; defends you if legal action is brought against [you or] your business; represents you if you bring legal action against someone else; provides you with legal advice related to the operation of your business" (Business owner's toolkit. "Choosing professionals to assist you." [http://www.toolkit.cch.com/text/P01\\_4100.asp](http://www.toolkit.cch.com/text/P01_4100.asp)). Furthermore, negligence on the part of the land owner is a major liability issue.

Negligence, careless acts or the failure to act, can be the source of large damage suits. Negligence can be the cause of financial ruin. The liability of a producer who is engaged in production and direct marketing is likely to arise from negligence in (1) personal actions; (2) trespass or injury by livestock; (3) the negligent acts of employees, in the course of their employment, that result in injury to others; (4) injury to employees arising from personal actions, defective machinery or equipment, or defective conditions on the premises; (5) the condition of the premises with respect to the customer (business invitees); or (6) defective or contaminated products (Geyer, 10-1).

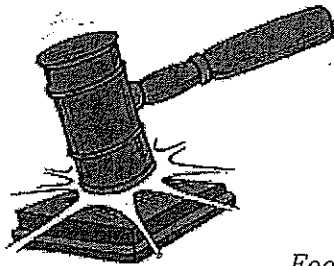
The **legal structure** of the business is also a matter to discuss with the attorney. The legal structure effects what taxes need to be paid, which state offices need to be contacted, what states it's possible to do business in, what records and accounts need to be kept, who is financially liable for the business, how money can be raised, and how management decisions are made.

**Products sold** will determine which departments at the local, state, and federal level require inspections, licenses, or permits. *Processed foods* require health department inspections. *Meat and poultry processing* may require both state and federal inspection of the slaughter facilities. These products also have restrictions on how they can be sold depending on the type of slaughter facility. *Dairy processing* also requires inspection and permits, but these requirements are state-level. *Eggs* have an optional inspection up to a threshold level, at which point they must be inspected. *Aquaculture* is regulated at state and local level and the Army Corps of Engineers may need to be contacted as well. *Live plants* for interstate sale will need to be inspected by state inspectors--contact the state Department of Agriculture and Consumer Services, Plant Inspection Division. *Fresh produce* generally does not need to be inspected.

**Location of sales** can have multiple requirements. If someone is interested in selling interstate, he/she will need to check with the other state where he/she plans to sell. State, regional, and local

government run farmers' markets may have requirements for origin of the products being sold. On-farm sales will dictate liability insurance, zoning compliance, and possibly noise levels.

**Employees** are those people outside the family that are paid for their services. Once an employer has paid wages of \$20,000 or more in any calendar quarter in either the current or preceding calendar year; **OR** employed 10 or more individuals on any day in each of 20 different weeks in either the current or preceding calendar year, he must pay unemployment insurance. Employers are required to pay workmen's compensation, comply with Occupational Safety and Health Administration (OSHA) regulations, and withhold employees' income tax and employees share of social security. Employers are required to post information about unemployment eligibility (download poster from state Department of Labor), workmen's compensation (download poster from state Department of Labor), and OSHA's Safe and Healthful Workplaces poster (<http://www.osha.gov/Publications/osh3165.pdf>).



**Federal agencies** that have a role in the food safety regulatory system are the Food and Drug Administration (FDA), the Food Safety and Inspection Service (FSIS), the Environmental Protection Agency (EPA) and the National Marine Fisheries Services (NMFS).

*Food and Drug Administration (FDA):* It is FDA's job to see that all domestic and imported foods marketed in interstate commerce (except for meat and poultry products) are safe and wholesome. Feed and drugs for pets and farm animals, cosmetics, and medicines also come under FDA scrutiny. FDA also ensures that products are labeled truthfully with the information that people need to use them properly.

FDA investigators and inspectors visit more than 15,000 facilities a year, seeing that products are made under the proper conditions and labeled truthfully. If a company is found violating any of the laws that FDA enforces, FDA can encourage the firm to voluntarily correct the problem or to recall a faulty product from the market. A recall is generally the fastest and most effective way to protect the public from an unsafe product. When a company can't or won't correct a public health problem voluntarily, FDA has legal sanctions it can bring to bear.

*Food Safety And Inspection Service (FSIS):* FSIS seeks to ensure that meat and poultry products are safe, wholesome and correctly marked, labeled and packaged if they are transported out of state. FSIS also shares responsibility with FDA for the safety of intact-shell eggs and processed egg products. States are responsible for the inspection of meat and poultry sold in the state where they are produced, but FSIS monitors the process and will assume responsibility if a state fails to do so.

*Environmental Protection Agency (EPA):* EPA licenses all pesticide products distributed in the United States and sets standards on the amount of pesticides that may remain on food. The 1996 Food Quality Protection Act requires the EPA to consider the public's overall exposure to pesticides (through food, water, and in home environments) when setting the standard for pesticide use on food. EPA is also responsible for protecting against other environmental, chemical and microbial contaminants in air and water that might threaten the safety of the food supply.

*National Marine Fisheries Services (NMFS):* NMFS conducts a voluntary seafood inspection and grading program that checks mainly for quality. Seafood is the only major food source that is both "caught in the wild" and raised domestically. Quality and safety standards vary widely from country to country and inspection of processing is a challenge because much of it takes place at sea. Mandatory regulation of seafood processing is under FDA and applies to exporters, all foreign processors that export to the United States and importers.

*Other Federal Agencies:* The Agricultural Marketing Service, Grain Inspection, Packers and Stockyards Administration, and Animal and Plant Health Inspection Service of the USDA oversee the USDA's marketing and regulatory programs.

The Centers for Disease Control and Prevention of the Department of Health and Human Services engages in surveillance and investigation of illnesses associated with food consumption in support of the USDA and FDA regulatory missions. The Federal Trade Commission, through regulations of food advertising, plays an indirect role in food safety regulations.

Several other federal agencies have smaller but important regulatory responsibilities in food safety. For example, the Department of the Treasury's Bureau of Alcohol, Tobacco and Firearms is responsible for overseeing the production, distribution and labeling of alcoholic beverages. The department's Customs Service assists other agencies in ensuring the safety and quality of imported foods through such services as collecting samples (Clemson Extension, Home and Garden Information Center, HGIC 3863, <http://hgic.clemson.edu>).



**State agencies** that need to be contacted will depend on the product sold and the state where they are sold. Many of these agencies are part of the state department of agriculture or are part of the College of Agriculture at the state Land Grant University. The tables that follow give addresses, websites, and phone numbers. Other agencies may need to be contacted as well. Ask questions about the specific products to be sold to determine if other agencies need to be contacted as well.

*Aquaculture: Shellfish:* In *tidal* waters both shellfish and land-based aquaculture are regulated.

*Bees:* beekeepers are required to maintain healthy hives and report any departure from a sound state of health. The regulation also identifies hive equipment and inspection requirements. An apiary inspection program ensures that diseases and pests of the honey bee are not inadvertently introduced into or spread within the State.

*Certified Seed:* To sell seed labeled "certified," the marketer must have the seed inspected for purity by a seed certifier.

*Dairy:* State milk commission's role is to supervise, regulate, and control the production, transportation, processing, storage, distribution, delivery, and sale of milk, and to make regulations to carry out the Milk Control Act.

*Eggs:* Up to a certain number of eggs can be sold without grading. For handling and labeling information contact the egg division.

*Export:* regulations are commodity and country specific. USDA and the state department of agriculture need to be contacted to obtain help.

*Food Safety and Processed Foods:* This division is responsible for home kitchen inspections and high risk foods which may require the processor to attend processor's school.

*Interstate sales:* if the marketer is planning to sell in other states, he/she needs to check with that state for applicable licenses and taxes.

*Mail Order:* Regulated by the Federal Trade Commission (FTC). Sales of seed and growing plants are exempt from the FTC rule. For details about the rule go to <http://www.ftc.gov/bcp/online/pubs/buspubs/mailorder.htm>

*Meat and Poultry:* Selling meat requires state and/or federal inspection of the slaughtering facility. Poultry depends on quantity sold. Contact the poultry division for specifics. Information on how meat/poultry can be sold is provided by this division as well.

*Nursery Sales:* The primary goal of the nursery inspection program is to prevent the spread of insect, weed, and disease pests into or out of the Commonwealth, and to ensure that consumers are purchasing quality plant products, relatively free of plant pests.

*Organic Food/Feed:* To label products "organic," the farm must be certified. This division provides information on when certification is necessary, who can certify the operation, and potential state assistance with certification fees.

*Pet Food and Pet Treats:* This division is responsible for licensing and registering operations producing pet food and pet treats.

*Product Labeling:* Regulates what information goes on the label of a product.

*Weights and Measures:* This department certifies that scales are accurate.

*WIC and Senior Nutrition Programs:* These programs are administered by the local health department and the local department on aging.

*Wine:* to make or sell wine, one must register with the Federal Alcohol and Tobacco Tax and Trade Bureau (ATTB). The ATTB is part of the Department of the Treasury (<http://www.ttb.treas.gov/index.htm>). For advertising information call (866) 927-2533. Federal and state excise taxes apply.

**Miscellaneous taxes, licenses, and assessments:** Other taxes, licenses, and assessments may be required by the individual state. For example, Virginia assesses a litter tax on any retailer of food for humans, pets, or groceries that sells soft drinks/carbonated water. See tables for more specific information for your state.

The following tables provide contact information for the agencies that regulate various aspects of the agricultural industry. Acronyms used are

NCDACS--North Carolina Department of Agriculture and Consumer Services

SCDA--South Carolina Department of Agriculture

VDACS--Virginia Department of Agriculture and Consumer Services



## North Carolina

Many aspects of direct marketing are regulated. What is regulated and who regulates it varies both within state and across states. The following list may not be complete. You need to ask questions of each agency as you work through their requirements to see if you also need to go to another agency for additional regulation and licensing information. One of the best sources in North Carolina for additional help is Department of Revenue's Business Service Consultants on the web at <http://www.nccommerce.com/servicenter/blio/startup/> or in N.C. only 800-228-8443 from elsewhere 919-715-2864. Another excellent source is The North Carolina Small Business Development Centers. You can download their guide at <http://www.sbt dc.org/publications/index.asp>. To find the office nearest you, use <http://www.sbt dc.org/offices/index.asp>. Another source is the Small Business and Technology Development Center's *Business Start-up and Resource Guide* found at <http://www.sbt dc.org/pdf/startup.pdf>.

If you are doing business in other states as well as North Carolina, check with the other states for any required permits, licenses, or taxes.

"The State of North Carolina has no single business license that will ensure compliance with the numerous state licenses, permits and regulatory requirements. Additionally, the proposed business may be subject to local and/or federal requirements.

The Business ServiCenter does not keep records of existing businesses or issue state business licenses, but assists prospective business owners in identifying and meeting these requirements" (BusinessServiCenter found at <http://www.nccommerce.com/servicenter/blio/>).

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
Aquaculture/fish	Federal U.S. Comps of Engineers USAED, Wilmington P.O. Box 1890 Wilmington, NC 28402-1890 General Information (910) 251-4625	NCDACS Marketing Division Agribusiness Development 1020 Mail Service Center Raleigh, N. C. 27699 Phone: (252) 633-1477 N.C. Wildlife Resources Commission 1701 Mail Service Center Raleigh NC 27699 (919)-707-0010 N.C. Dept. of Environ. & Natural Resources 601 Mail Service Center Raleigh, NC 27699 (919) 733-4984	Local Planning & Zoning
Bees The State Apiarist shall enforce the law, regulations, and quarantines and clean-up areas to protect honeybees in North Carolina from diseases and disorders		NCDACS state apiarist 1060 Mail Service Center Raleigh, NC 27699-1060 (919) 233-8214 <a href="http://www.ncagr.com/plantind/plant/apiary">http://www.ncagr.com/plantind/plant/apiary</a>	
Building codes Business license Business name registration—sole proprietorships and partnerships operating under an assumed name (AKA)		Dept. of the Secretary of State PO Box 29622 Raleigh, NC 27626-0622 919-807-2225 <a href="http://www.secretary.state.nc.us/corporations/">http://www.secretary.state.nc.us/corporations/</a>	County Administration O. Local Register of Deeds to assumed name (AKA) for business

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
Dairy	Federal	NCDACS Food and Drug Protection Division 1070 Mail Service Center Raleigh, NC 27699-1070 (919) 733-7366	
Eggs		NCDACS Marketing Division, Regulations, Grading Services 020 Mail Service Center Raleigh, NC 27699-1020 (919) 733-9724 <a href="http://www.ncagr.com/markets/gradnre">http://www.ncagr.com/markets/gradnre</a> <a href="http://www.ncagr.com/markets/gradnre">http://www.ncagr.com/markets/gradnre</a>	
Export—regulations are commodity and country specific. Check the USDA website for specifics and NCDACS export specialists.	USDA Food Safety and Inspection Service, Regulations and Policy <a href="http://www.fsis.usda.gov/regulations">http://www.fsis.usda.gov/regulations</a> <a href="http://www.fsis.usda.gov/regulations">http://www.fsis.usda.gov/regulations</a> <a href="http://www.fsis.usda.gov/regulations">_&amp;_policies/export_information</a> <a href="http://www.fsis.usda.gov/regulations">/index.asp</a>	NCDACS Marketing Division 1020 Mail Service Center Raleigh, NC 27699 (919) 733-7912 <a href="http://www.ncagr.com/markets/internal/index.htm">http://www.ncagr.com/markets/internal/index.htm</a>	
Facilities (including farmers' markets and roadside stands)		NCDACS Marketing Division 1020 Mail Service Center Raleigh, NC 27699-1020 (919) 733-7887	County Administration Office Zoning Office
Food Safety & prepared foods		NCDACS Food and Drug Protection Division 1070 Mail Service Center Raleigh, NC 27699-1070 (919) 733-7366	County Health Department
Food stamps and WIC	USDA Food and Nutrition Service Raleigh Field Office (824) Cedar West Building, Suite 102 3109 Poplarwood Court Raleigh, NC 27604 Phone: 919-790-2927	NC Public Health Division of Public Health 1931 Mail Service Center Raleigh, North Carolina 27699-1931 (919) 707-5510 <a href="http://www.nutritionnc.com/wic/pdf/2005/Vendor%20Manual%20-%20effective%2010.01.05.pdf">http://www.nutritionnc.com/wic/pdf/2005/Vendor%20Manual%20-%20effective%2010.01.05.pdf</a>	

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
Insurance: Vehicle; Liability; Casualty (fire, flood [need to request], theft, inventory, etc.); Business interruption; Life and disability for owners and partners; Group health, Product liability	Federal	NC Dept. of Insurance 1201 Mail Service Center Raleigh, NC 27699 877-885-0231 <a href="http://www.ncdoi.com/Consumer/Consumer.asp">http://www.ncdoi.com/Consumer/Consumer.asp</a>	Local insurance agent Local Farm Bureau agent
Interstate—check with state in which you plan to do business for what their requirements are			
Legal entity—to file for any legal structure other than sole proprietorship		Department of the Secretary of State Corporations Division PO Box 29622 Raleigh, NC 27626-0622 919 807-2225 Toll-free: 1 888 246-7636 (leave message) <a href="http://www.sosnc.com">www.sosnc.com</a>	
Mail order Wine is restricted in some states	Federal Trade Commission 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580 202-326-2222 <a href="http://www.ftc.gov/bcp/online/pubs/buspubs/mailorder.htm">http://www.ftc.gov/bcp/online/pubs/buspubs/mailorder.htm</a>		



What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
<p>Meat &amp; slaughter Farmers may slaughter animals of their own raising for use by themselves, their families, and nonpaying guests. Such meats may not be sold into commerce. Individuals may slaughter up to 1,000 chickens or rabbits of their own raising for retail or wholesale sale without benefit of inspection. Individuals who slaughter greater than 1,000 but less than 20,000 chickens or rabbits of their own raising for retail or wholesale sale are required to do so in a facility that is inspected for sanitation by our agency. Turkeys may also be slaughtered under this exemption, but at a volume of one-fourth that of chickens and rabbits.</p>	<p>Federal USDA Food Safety and Inspection Service</p>	<p>NCDACS Meat and Poultry Inspection Services Agriculture Building 1001 Mail Service Center Raleigh, NC 27699 Phone: (919) 733-4136 <a href="http://www.ncagr.com/vet/meat_poultry">http://www.ncagr.com/vet/meat_poultry</a></p>	
<p>N. C. certified seed Seed sellers must comply with law for labels and inspection.</p>		<p>NCDACS Plant Industry Division 1060 Mail Service Center Raleigh, NC 27699-1060 (919) 733-3930 <a href="http://www.ncagr.com/plantind/Seed/seedinsp.htm">http://www.ncagr.com/plantind/Seed/seedinsp.htm</a></p>	

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
Nursery sales	Federal APHIS USDA, Animal and Plant Health Inspection Service, 4700 River Road, Riverdale, MD 20737 <a href="http://www.aphis.usda.gov/subjects/plant_health/">http://www.aphis.usda.gov/subjects/plant_health/</a>	NCDACS Plant Protection Section 1060 Mail Service Center Raleigh, NC 27699-1060 (919) 733-0461 ext. 235 <a href="http://www.ncagr.com/plantind/plantnursery/ictbl.htm">http://www.ncagr.com/plantind/plantnursery/ictbl.htm</a>	
Certified annually, more than 1 acre or sells outside N. C.			
Organic food/feed	USDA-AMS-TMP-NOP Room 4008 - South Building 1400 Independence Avenue, SW Washington, D.C. 20250-0020 Phone: 202-720-3252 <a href="http://www.ams.usda.gov/nop/">www.ams.usda.gov/nop/</a>	NCDACS Marketing Division 1020 Mail Service Center Raleigh, NC 27699-1020 Phone: (919) 733-7136 ext. 234	
Pet food & pet treats		NCDACS Food and Drug Protection Division Feed Administrator 1070 Mail Service Center Raleigh NC 27699-1070 (919) 733-7366	
Product labeling	FDA Food Labeling and Standards Staff (HFS-820) Office of Nutritional Products, Labeling, and Dietary Supplements Center for Food Safety and Applied Nutrition Food and Drug Administration 5100 Paint Branch Parkway College Park, MD 20740-3835 Telephone: (301) 436-2371 <a href="http://www.cfsan.fda.gov/label.html">http://www.cfsan.fda.gov/label.html</a>	NCDACS Food and Drug Protection Division Food Compliance 1070 Mail Service Center Raleigh, NC 27699-1070 (919) 733-7366 <a href="http://www.ncagr.com/fooddrug/fdrprog.htm">http://www.ncagr.com/fooddrug/fdrprog.htm</a>	
Weights & measures		NCDACS Measurement Section Manager 1050 Mail Service Center Raleigh, NC 27699 Phone: 919-733-3313 <a href="http://www.ncagr.com/standard/sections/sections.htm#Measurement">http://www.ncagr.com/standard/sections/sections.htm#Measurement</a>	

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
	Federal		
Taxes Register with tax office for a variety of taxes	IRS <a href="http://www.irs.gov/businesses/index.html">http://www.irs.gov/businesses/index.html</a> go to "Starting a Business" for help with various taxes to be paid; select either "Farmer" or look at individual selections presented for "Starting a Business."	N.C. Dept. of Revenue PO Box 25000 Raleigh, NC 27640-0640 919-733-7211 <a href="http://www.dor.state.nc.us/business">www.dor.state.nc.us/business</a>	Local Commission Revenue
Corporate franchise and income tax		N. C. Department of Revenue Corporate Income and Franchise Tax Division Post Office Box 25000 Raleigh, NC 27640-0640 877 252-3052 <a href="http://www.dornc.com">www.dornc.com</a>	
Employer Income Tax Withholding	Internal Revenue Service Center Attn. Entity Control Memphis, TN 37501	N.C. Department of Revenue PO Box 25000 Raleigh, NC 27640-0640 877 252-3052 <a href="http://www.dornc.com">www.dornc.com</a>	
Personal Property		N.C. Department of Revenue PO Box 25000 Raleigh, NC 27640-0640 877 252-3052 <a href="http://www.dornc.com">www.dornc.com</a>	County Assessor's
Privilege tax		N.C. Department of Revenue PO Box 25000 Raleigh, NC 27640-0640 877 252-3052 <a href="http://www.dornc.com">www.dornc.com</a>	



What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
<p>Retail Sales and Use Tax:  applies to use/consumer  tax for any tangible  personal property used,  consumed, stored that was  purchased outside N.C.  and would be subjected to  sales tax if purchased  within N.C.</p>	<p>Federal</p>	<p>N. C. Department of Revenue  Sales and Use Tax Division  Post Office Box 25000  Raleigh, NC 27634-0001  Toll-free: 1 877 252-3052  www.dornrc.com</p>	
<p>Unemployment tax  A tax on employer payrolls  paid by employers and  used to provide funds  from which  unemployment benefits  are paid to qualified  unemployed workers.  Unemployment tax is not  deducted from employee  wages.</p>		<p>Employment Security Commission  700 Wade Ave.  Raleigh, NC 27605  919 733-4329  www.ncesc.com  For explanation, see  <a href="http://www.ncesc.com/business/UI/UITax.asp?init=true">http://www.ncesc.com/business/UI/UITax.asp?  init=true</a></p>	
<p>Workmen's Compensation</p>		<p>N. C. Industrial Commission  4319 Mail Service Center  Raleigh, NC 27699-4319  919 807-2501  1 800 688-8349  www.comp.state.nc.us</p>	

## South Carolina

Many aspects of direct marketing are regulated. What is regulated and who regulates it varies both within state and across states. The following list may not be complete. You need to ask questions of each agency as you work through their requirements to see if you also need to go to another agency for additional regulation and licensing information. One of the best sources in South Carolina for additional help is The South Carolina Small Business Development Centers. You can download their guide at <http://www.sccommerce.com/teamscpdfs/StartABusiness.pdf>. To find the office nearest you, use <http://scsbdc.moore.sc.edu/> and click on the county for which you want information.

*Business license:* Business licenses are issued by the city or county in which the business is located and can be obtained through the city/county hall. This also applies to businesses conducting business within the city or county limits. The fee for a business license is based upon the projected sales and category of business. Before opening a business, South Carolina law requires that it must be registered with the South Carolina Secretary of State's Office. Most businesses must also register with the South Carolina Department of Revenue and Taxation through Form S. C. SCTC-111 (S. C. Dept of Commerce, p17).

What's regulated/licensed	Regulatory/Licensing Agency		County/City
	Federal	State	
Aquaculture/fish	U.S. Corps of Engineers USAED, Wilmington P.O. Box 1890 Wilmington, NC 28402-1890 General Information: (910) 251-4625	S.C. Dept. Health & Environ Control Regulatory 2600 Bull Street Columbia, S.C. 29201 (803) 898-3432 <a href="http://www.scdhec.net/">http://www.scdhec.net/</a>	
Building codes			Local Cou Office
Business License	Issued by the city or county in which the business is located and can be obtained through the city/county hall. This also applies to businesses conducting business within the city or county limits. The fee for a business license is based upon the projected sales and category of business.		Local Cha Commissi Dept. of Fi Town/Cou
Dairy	For the production, storing, labeling, transportation and selling of milk and milk products, filled milk and filled milk products, imitation milk and imitation milk products, synthetic milk and synthetic milk products, milk derivatives and any other products made in semblance of milk or milk products	S.C. Dept. Health & Environ Control Dairy Foods & Soft Drink Program 2600 Bull Street Columbia 29201 (803) 896-0644 <a href="http://www.scdhec.gov/health/envhlth/food_protection/programs.htm">http://www.scdhec.gov/health/envhlth/food_protection/programs.htm</a>	

What's regulated/licensed	Regulatory/Licensing Agency	County/City
Federal		
<p>Eggs Section 39-39-170. Exemptions: selling eggs at a roadside stand near the farm on which the eggs were produced. Title 39 - Trade and Commerce Chapter 39. Eggs and Baby Chicks</p>	<p>U. S. Dept. of Commerce International Trade Administration <a href="http://trade.gov/index.asp">http://trade.gov/index.asp</a></p>	<p>State SCDA Poultry and Egg Grading and Inspection Service 1001 Bluff Road Columbia, SC 29201 (803) 737-4835 <a href="http://www.scdastate.sc.us/pro&amp;services/consumerservices/gandioffices.htm">http://www.scdastate.sc.us/pro&amp;services/consumerservices/gandioffices.htm</a></p>
<p>Export</p>	<p>Export Assistance 1201 Main Street Suite 1720 Columbia, SC 29201 (803) 765-5345 <a href="http://export.gov/eac/index.asp">http://export.gov/eac/index.asp</a> 1362 McMillan Avenue Suite 100 North Charleston, SC 29405 843-746-3404 216 S. Pleasantburg Drive, Suite 243 Buck Mickel Center Greenville, SC 29607 864-250-8429</p>	<p>Local County Admini Office for business lic and building permits Local health dept.</p>
<p>Facilities (including farmers' markets and roadside stands</p>	<p>S. C. Dept. Health &amp; Environ Control Food Protection 2600 Bull Street Columbia, S. C. 29201</p>	<p><a href="http://www.scdhec.gov/health/enwhith/food_protection/programs.htm">http://www.scdhec.gov/health/enwhith/food_protection/programs.htm</a></p>
<p>Food Safety &amp; prepared foods</p>		

What's regulated/licensed	Regulatory/Licensing Agency	Federal	State	County/City
<p>Insurance: Vehicle; Liability;            Casualty (fire, flood [need to request], theft, inventory, etc.);            Business interruption; Life and disability for owners and partners; Group health, Product liability</p>				<p>Local insurance agent            Local Farm Bureau ag</p>
<p>Mail order</p>	<p>Federal Trade Commission            600 Pennsylvania Avenue, N.W.,            Washington, D.C. 20580            202-326-2222  <a href="http://www.ftc.gov/bcp/online/pubs/buspubs/maillorder.htm">http://www.ftc.gov/bcp/online/pubs/buspubs/maillorder.htm</a></p>			
<p>Meat &amp; slaughter            Meat sold in SC is required to be inspected by SC Meat and Poultry inspection service, a part of Clemson University and then must be sold directly from the processor, or maybe sold as prepackaged frozen meat as it came packaged from an approved facility.</p>	<p>USDA Food Safety and Inspection Service</p>		<p>SC Meat-Poultry Inspection Dept.            P. O. Box 102406            Columbia, SC 29224-2406            (803) 788-8747            Fax: (803) 788-8114  <a href="http://www.clemson.edu/LPH/meatinspection.htm">http://www.clemson.edu/LPH/meatinspection.htm</a></p>	
<p>Nursery sales            All nursery stock entering or sold in S. C. must be inspected and certified.</p>			<p>Dept. Plant Industry Regulatory Services            511 Westinghouse Road            Pendleton, SC 29670            Phone: 864-646-2140  <a href="http://dpi.clemson.edu/PI_Index.htm">http://dpi.clemson.edu/PI_Index.htm</a>            regional contact information  <a href="http://dpi.clemson.edu/specialists.htm">http://dpi.clemson.edu/specialists.htm</a></p>	
<p>Organic food/feed</p>	<p>USDA-AMS-TMP-NOP            Room 4008 - South Building            1400 Independence Avenue, SW            Washington, D.C. 20250-0020            Phone: 202-720-3252  <a href="http://www.ams.usda.gov/nop/">www.ams.usda.gov/nop/</a></p>		<p>Dept. Plant Industry Regulatory Services            511 Westinghouse Road            Pendleton, SC 29670            Phone: 864-646-2140  <a href="http://fscs.clemson.edu/Organic/Organic.htm">http://fscs.clemson.edu/Organic/Organic.htm</a></p>	



What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
Nursery sales	Federal APHIS USDA, Animal and Plant Health Inspection Service, 4700 River Road, Riverdale, MD 20737 <a href="http://www.aphis.usda.gov/subjects/plant_health/">http://www.aphis.usda.gov/subjects/plant_health/</a>		
Poultry Products Inspection See for exemptions Retail license: Obtained for any business that will sell a product to the end user. Retail licenses are available by submitting Form SCTC-111 to the Department of Revenue. Businesses with more than one business outlet must obtain a separate retail license for each location.	Poultry Products Inspection law <a href="http://www.clemson.edu/LPH/t47c019.pdf">http://www.clemson.edu/LPH/t47c019.pdf</a> Taxpayer Assistance Service: to find office nearest you go to <a href="http://www.scitax.org/Contact+Information/Taxpayer+Service+Centers.htm">http://www.scitax.org/Contact+Information/Taxpayer+Service+Centers.htm</a> or satellite offices <a href="http://www.scitax.org/Contact+Information/Satellite+Offices/default.htm">http://www.scitax.org/Contact+Information/Satellite+Offices/default.htm</a> Retail License 898-5872		
South Carolina certified seed program involves voluntary adherence to a set of standards imposed on the production of seed which ensures its purity and germination.	Dept. Plant Industry Regulatory Services 511 Westinghouse Road Pendleton, SC 29670 Phone: 864-646-2140 <a href="http://dpi.clemson.edu/">http://dpi.clemson.edu/</a>		
Vendor's License		Commissioner Dept. of Finan	Town/County

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
	Federal		
Weights & measures ensures the accuracy of weights and other measurements taken of commodities being purchased or sold in bulk by licensing those individuals providing this function.		SC Dept. of Weights and Measures 1101 Williams St. Columbia 29201 (803) 737-9715 <a href="http://www.scds.state.sc.us/pro&amp;services/co&lt;br/&gt;nsumerservices/weightsandmeas.htm">http://www.scds.state.sc.us/pro&amp;services/co nsumerservices/weightsandmeas.htm</a>	
WIC Counties participating in WIC at Farmers' Markets: Aiken, Allendale, Anderson, Beaufort, Berkeley, Charleston, Darlington, Dorchester, Florence, Georgetown, Greenwood, Hampton, Horry, Jasper, Lexington, Newberry, Orangeburg, Richland, Saluda, Williamsburg, and York	USDA Food and Nutrition Service Columbia Field Office (821) Food and Nutrition Service, USDA Strom Thurmond Federal Bldg., Room 825 1835 Assembly Street Columbia, SC 29201-2424 Phone: 803-765-5717	SC Dept Health & Environ Control 2600 Bull Street Columbia, SC 29201 (803) 898- <a href="http://www.scdhec.net/health/mch/wic/farmers.htm">http://www.scdhec.net/health/mch/wic/farmers.htm</a>	
Taxes Register with tax office for a variety of taxes	IRS <a href="http://www.irs.gov/businesses/index.html">http://www.irs.gov/businesses/index.html</a> go to "Starting a Business" for help with various taxes to be paid; select either "Farmer" or look at individual selections presented for "Starting a Business."	SC Dept. of Revenue <a href="http://www.sctax.org/dor_help/default.htm">http://www.sctax.org/dor_help/default.htm</a> go to "DOR"	Local Commissi Revenue
Corporate and franchise income tax required of all corporations and franchises.	IRS <a href="http://www.irs.gov/businesses/index.html">http://www.irs.gov/businesses/index.html</a> go to "Starting a Business" for help with various taxes to be paid; select either "Farmer" or look at individual selections presented for "Starting a Business."		

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
<p>Employer Income Tax</p> <p>Withholding</p> <p>Every employer/withholding agent having an employee earning wages in South Carolina and who is required to make a return or deposit with the Internal Revenue Service (IRS) shall make a return or deposit to the SC Department of Revenue any taxes that have been withheld for state purposes</p> <p>OSHA: you must post OSHA information</p>	<p>Federal</p>	<p>Taxpayer Assistance Service: to find office nearest you go to  <a href="http://www.sctax.org/Contact+Information/Taxpayer+Service+Centers.htm">http://www.sctax.org/Contact+Information/Taxpayer+Service+Centers.htm</a> or satellite offices  <a href="http://www.sctax.org/Contact+Information/Satellite+Offices/default.htm">http://www.sctax.org/Contact+Information/Satellite+Offices/default.htm</a></p>	
<p>Retail Sales and Use Tax: Sales tax is imposed on the sale of goods and certain services in South Carolina. Use tax is imposed on goods and certain services purchased out of state and brought into South Carolina or on which no sales tax has been paid. The statewide sales and use tax rate is 5%. Counties may impose an additional 1% local sales tax if voters in that county approve the tax. Generally, all retail sales are subject to the sales tax. Twenty-seven counties have additional 1% sales tax.</p>	<p>S, C. Dept/ of Labor, Licensing, and Regulation                      Koger Office Park, Kingstree Building                      PO Box 11329                      Columbia, South Carolina 29210                      (803) 896-4300  <a href="http://www.ltr.state.sc.us/osha.asp">http://www.ltr.state.sc.us/osha.asp</a></p>	<p>Taxpayer Assistance Service: to find office nearest you go to  <a href="http://www.sctax.org/Contact+Information/Taxpayer+Service+Centers.htm">http://www.sctax.org/Contact+Information/Taxpayer+Service+Centers.htm</a> or satellite offices  <a href="http://www.sctax.org/Contact+Information/Satellite+Offices/default.htm">http://www.sctax.org/Contact+Information/Satellite+Offices/default.htm</a>                      Local Option Sales Tax 898-5800                      Sales and Use Tax 898-5788</p>	

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
<p>Unemployment tax</p> <p>Agricultural employers are considered liable under the SCES Law if the following requirements are met:</p> <p>Employer has paid wages of \$20,000 or more in any calendar quarter in either the current or preceding calendar year; <b>OR</b></p> <p>Employer employed (10) or more individuals on any day in each of (20) different weeks in either the current or preceding calendar year.</p>	Federal	<p>Taxpayer Assistance Service: to find office nearest you go to</p> <p><a href="http://www.sctax.org/Contact+Information/Taxpayer+Service+Centers.htm">http://www.sctax.org/Contact+Information/Taxpayer+Service+Centers.htm</a> or satellite offices</p> <p><a href="http://www.sctax.org/Contact+Information/Satellite+Offices/default.htm">http://www.sctax.org/Contact+Information/Satellite+Offices/default.htm</a></p> <p><a href="http://www.sees.org/ui/Index.htm">http://www.sees.org/ui/Index.htm</a></p>	
<p>Workers' Compensation: you must post workmen's comp information</p>	<p>Workforce Compliance &amp; Oversight Information</p> <p>Compilation of federal legislation, rules, regulations, and provisions impacting workforce compliance</p>		

## South Carolina State Agencies

Three of the primary state agencies responsible for food safety inspections in South Carolina are S.C. Department of Health and Environmental Control (DHEC), the S.C. Department of Agriculture, and the S.C. Meat and Poultry Inspection Department.

**DHEC:** This agency has the responsibility of ensuring that food prepared for retail sale in restaurants and grocery stores is safe. DHEC provides training to assist retail establishments with information regarding food safety and makes inspections to determine the level of compliance.

**South Carolina Department of Agriculture:** The South Carolina Department of Agriculture regularly conducts statewide inspections of food and cosmetic manufacturers, warehouses, storage and transportation facilities, and food salvage operations. Labels for foods and cosmetics manufactured or sold in South Carolina are subject to review and approval. Consumer complaints dealing with foods and cosmetics are investigated.

The Laboratory Services Division performs over 100,000 analyses per year on food samples gathered from around the state to determine safety, quality and conformance to standards of identity. The samples come from food outlets throughout the state and are tested for such things as pesticide residues, microbial contaminations, mycotoxins, vitamins, minerals, label guarantees, adulteration and misrepresentations. Foods tested include raw fruits and vegetables, frozen desserts, producer milk, ground meats, enriched foods, canned goods, honey, syrup, grains, and a variety of other foods.

**S.C. Meat and Poultry Inspection:** The mission of this department of the Clemson Livestock-Poultry Health program is to protect the health of consumers by providing a comprehensive inspection service to assure that meat and poultry products are safe, wholesome and accurately labeled. All processing plants must have sanitation standard operating procedures and are routinely evaluated using a performance-based inspection system. Microbiological monitoring is an essential feature of the inspection program. Food supplies are monitored for adulteration of animal tissues and antibiotics, sulfonamides, pesticides, and a variety of toxic chemicals.

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Clemson Extension  
Home and Garden Information Center  
HGIC 3863  
1-888-656-9988 (South Carolina only)  
<http://hgic.clemson.edu>

## Virginia

Many aspects of direct marketing are regulated. What is regulated and who regulates it varies both within state and across states. The following list may not be complete. You need to ask questions of each agency as you work through their requirements to see if you also need to go to another agency for additional regulation, permitting and licensing information. One of the best sources in Virginia for additional help is the Virginia Small Business Development Centers. You can download their guide at <http://www.virginiasbdc.com/VASBDCPubs.asp>. To find the office nearest you, use <http://www.virginiasbdc.com/>.

If you are doing business in other states as well as Virginia, check with the other states for any required permits, licenses, or taxes. North Carolina, for example, requires LLCs and Corporations to register if they are doing business in N.C., even if they are headquartered in another state. N.C. also requires sales tax be collected on applicable items sold in N.C., even if the business is headquartered in another state.

What's regulated/licensed	Regulatory/Licensing Agency	State	County/City
<p>Aquaculture/shellfish Shellfish production and land-based aquaculture in tidal areas must comply with structure regulation. These regulations are found at the Va. Marine Resources Commission website. Land-based aquaculture G&amp;IF requires permits to Propagate and Sell, Hold and Sell, Hold and Sell—Fee Fishing Ponds</p>	<p>Federal U.S. Corps of Engineers USAED, Wilmington P.O. Box 1890 Wilmington, NC 28402-1890 General Information (910) 251-4625.</p>	<p>Dept. of Game and Inland Fisheries 4010 West Broad St. Richmond, VA 23230 (804) 367-1292 Va. Marine Resources Commission Habitat Management 2600 Washington Ave. Newport News, VA 23607 <a href="http://www.mrc.state.va.us/hmac/hmoverview.shtml">http://www.mrc.state.va.us/hmac/hmoverview.shtml</a> (757) 247-2200 Dept. Conservation &amp; Recreation 757-247-2243</p>	<p>Local Planning and Zoning</p>
<p>Bees</p>	<p>VDACS Virginia Pollinator 102 Governor St. Richmond, VA 23219 804/786-3515 <a href="http://www.vdacs.virginia.gov/plant&amp;pest/pollinator.html">http://www.vdacs.virginia.gov/plant&amp;pest/pollinator.html</a></p>	<p>County Administration O Building permits County Administration O Commissioner of Revenue and Zoning; Town Admin Office</p>	
<p>Building codes/permits required to build or renovate structures Business License/Peddlers License (Type required depends on jurisdiction). Must obtain within 75 days of starting the operation. May be required by both county and town or by neither</p>			

What's regulated/licensed	Regulatory/Licensing Agency	State	County/city
Dairy Regulations dealing with dairy products	Federal	VDACS Food Safety & Security Office 102 Governor St. Richmond, VA 23219 Phone: 804-786-3520 <a href="http://www.vdacs.virginia.gov/regulatory/index.html">http://www.vdacs.virginia.gov/regulatory/index.html</a>	
Eggs Labeling, handling, and grading. If sold on-farm where produced, no grading or labeling required. Inspection at discretions of Food Safety & Security Office		VDACS Food Safety & Security Office 116 Reservoir Street Harrisonburg, VA 22801 Phone: 540-434-2585 <a href="http://www.vdacs.virginia.gov/poultry&amp;egg/index.html">http://www.vdacs.virginia.gov/poultry&amp;egg/index.html</a>	
Export—regulations are commodity and country specific. Check the USDA website for specifics and VDACS export specialists.	USDA Food Safety and Inspection Service, Regulations and Policy <a href="http://www.fsis.usda.gov/regulations_&amp;_policies/export_information/index.asp">http://www.fsis.usda.gov/regulations_&amp;_policies/export_information/index.asp</a>	VDACS Regulatory Services Plant & Pest Services 102 Governor Street Richmond, VA 23219 Phone: 804-786- <a href="http://www.vdacs.virginia.gov/plant&amp;pest/export.html">http://www.vdacs.virginia.gov/plant&amp;pest/export.html</a>	
Facilities (including farmers' markets and roadside stands) building permits, parking, etc.			County Administration (Planning and Zoning, Building permits)
Food Safety & Prepared Foods inspection of processing facility and high risk food processing school requirements		VDACS Food Safety & Security Office 102 Governor Street Richmond, VA 23219 Phone: 804-786-3520 <a href="http://www.vdacs.virginia.gov/regulatory/index.html">http://www.vdacs.virginia.gov/regulatory/index.html</a>	Local health department



What's regulated/licensed	Regulatory/Licensing Agency	State	County/city
Insurance: Vehicle, Liability; Casualty (fire, flood [need to request], theft, inventory, etc.); Business interruption; Life and disability for owners and partners; Group health, Food liability	Federal	State Corporation Commission Bureau of Insurance Attn: Consumer Services P.O. Box 1157 Richmond, Virginia 23218 800-552-7945 (Virginia only) <a href="http://www.scc.virginia.gov/division/boi/webpages/boiwhendisasterstrikeswhattodoafter2b5.htm">http://www.scc.virginia.gov/division/boi/webpages/boiwhendisasterstrikeswhattodoafter2b5.htm</a>	Local Insurance Local Farm Bur
Interstate—check with state in which you plan to do business for what their requirements are Legal entity filing File documents related to legal entity other than sole proprietorship		Va. State Corporation Commission Document Control Center Office of the Clerk - SCC P.O. Box 2118 Richmond, Virginia 23218 (804) 371-9733 866-722-2551 (Virginia only) <a href="http://www.scc.virginia.gov/commission/contact.htm">http://www.scc.virginia.gov/commission/contact.htm</a>	
Mail order other than seed and live plant sales	Federal Trade Commission 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580 202-326-2222 <a href="http://www.ftc.gov/bcp/online/pubs/buspubs/mailorder.htm">http://www.ftc.gov/bcp/online/pubs/buspubs/mailorder.htm</a>		
Meat Slaughter facility inspection, allowable sales at direct markets		VDACS Meat & Poultry Services 102 Governor Street Richmond, VA 23219 Phone: 804-786-4569 <a href="http://www.vdacs.virginia.gov/meat&amp;poultry/inspection.html">http://www.vdacs.virginia.gov/meat&amp;poultry/inspection.html</a>	
Nursery sales Inspection of nursery plants for pests and weeds. Required for all nurseries and garden centers	APHIS USDA, Animal and Plant Health Inspection Service, 4700 River Road, Riverdale, MD 20737 <a href="http://www.aphis.usda.gov/subjects/plant_health/">http://www.aphis.usda.gov/subjects/plant_health/</a>	VDACS Plant & Pest Services 102 Governor Street Richmond, VA 23219 Phone: 804-786-3515 <a href="http://www.vdacs.virginia.gov/plant&amp;pest/nursery.html">http://www.vdacs.virginia.gov/plant&amp;pest/nursery.html</a>	



What's regulated/licensed	Regulatory/Licensing Agency	State	County/city
	Federal		
Organic food/feed certification requirements	USDA-AMS-TMF-NOP National Organic Program Room 4008 - South Building 1400 Independence Avenue, SW Washington, D.C. 20250-0020 Phone: 202-720-3252 <a href="http://www.ams.usda.gov/hop/">www.ams.usda.gov/hop/</a>	VDACS Marketing Services Certified Organic 102 Governor Street Richmond, VA 23219 Phone: 540/377-2564 <a href="http://www.vdacs.virginia.gov/organic/index.html">http://www.vdacs.virginia.gov/organic/index.html</a>	
Pet Food & Pet Treats licensing and registration		VDACS Product & Industry Standards 102 Governor Street Richmond, VA 23219 Phone: 804-786-2476 <a href="http://www.vdacs.virginia.gov/regulatory/index.html">http://www.vdacs.virginia.gov/regulatory/index.html</a>	
Product Labeling (format, weights, nutritional labeling, etc.)		VDACS Food Safety & Security Office 102 Governor Street Richmond, VA 23219 Phone: 804-786-3520 Weights & Measures Phone: 804-786-2476 <a href="http://www.vdacs.virginia.gov/regulatory/index.html">http://www.vdacs.virginia.gov/regulatory/index.html</a>	
Vendor's License required for some operations			Commissioner of Revenue, Finance; Town/County Adm
Virginia certified seed			
Certifies agricultural and vegetable seed and potato tubers. Laboratory tests done by VDACS.		Virginia Crop Improvement Association 9142 Atlee Station Road Mechanicsville, VA 23116 Office: 804-746-4884 <a href="http://www.virginiacrop.org">http://www.virginiacrop.org</a>	
Weights & Measures calibrates scales		VDACS Weights & Measures 102 Governor Street Richmond, VA 23219 Phone: 804-786-2476 <a href="http://www.vdacs.virginia.gov">http://www.vdacs.virginia.gov</a>	

What's regulated/licensed	Regulatory/Licensing Agency		County/city
	Federal	State	
WIC & Senior Nutrition Programs WIC is overseen by the local health department and the Senior Nutrition Programs by the local agency on aging. VDACS provides training, stamps, and posters for a limited number of local markets	USDA Food and Nutrition Service Richmond Field Office (637) Food and Nutrition Service, USDA 1606 Santa Rosa Road, Suite 129 Richmond, VA 23229 Phone: 804-287-1705 Fax: 804-287-1726	VDACS Direct Marketing Services 102 Governor Street Richmond, VA 23219 Phone: 804-786-4046 <a href="http://www.vdacs.virginia.gov/">http://www.vdacs.virginia.gov/</a>	
<b>Taxes</b>			
Register with tax office for a variety of taxes	IRS <a href="http://www.irs.gov/businesses/index.html">http://www.irs.gov/businesses/index.html</a> go to "Starting a Business" for help with various taxes to be paid; select either "Farmer" or look at individual selections presented for "Starting a Business."	Va. Dept. of Taxation Office of Customer Services Post Office Box 1115 Richmond, VA 23218-1115 Combined Registration Application Form (Form R-1) (888) 268-2829 or (804) 367-8037	Local Commiss Revenue
Corporate and franchise income tax required of all corporations and franchises.		Va. Dept. of Taxation Office of Customer Services Post Office Box 1115 Richmond, VA 23218-1115 (804) 367-8037 <a href="http://www.tax.virginia.gov/site.cfm?alias=Contacts">http://www.tax.virginia.gov/site.cfm?alias=Contacts</a>	
Employer Income Tax Withholding required of all business with employees.		Va. Dept. of Taxation Office of Customer Services Post Office Box 1115 Richmond, VA 23218-1115 (804) 367-8037 <a href="http://www.tax.virginia.gov/site.cfm?alias=Business">http://www.tax.virginia.gov/site.cfm?alias=Business</a> FAQ	
Litter Tax: retailers of food for humans or pets, groceries, soft drinks/carbonated water		Va. Dept. of Taxation Office of Customer Services Post Office Box 1115 Richmond, VA 23218-1115 (804) 367-8037 <a href="http://www.tax.virginia.gov/site.cfm?alias=Contacts">http://www.tax.virginia.gov/site.cfm?alias=Contacts</a>	

What's regulated/licensed	Regulatory/Licensing Agency	State	County/city
<p>Miscellaneous assessments: commodity and excise taxes: Sheep, forest products, corn, cotton, eggs, soybeans, small grains vending machine sales, peanut, sort drinks</p> <p>OSHA you must post OSHA information</p>	<p>Federal</p>	<p>Va. Dept. of Taxation Commodity and Excise Tax Post Office Box 1115 Richmond, VA 23218-1115 804-786-2450 <a href="http://www.tax.virginia.gov/site.cfm?altas=Contacts">http://www.tax.virginia.gov/site.cfm?altas=Contacts</a></p> <p>Virginia Department of Labor and Industry Powers-Taylor Building 13 South 13th Street Richmond, Virginia 23219 (804) 786-2377 OSHA information to post <a href="http://www.doli.state.va.us/infocenter/publications/req_posters/Job%20Safety_english_web.pdf">http://www.doli.state.va.us/infocenter/publications/req_posters/Job%20Safety_english_web.pdf</a></p>	
<p>Retail Sales and Use Tax: applies to use/consumer tax for any tangible personal property used, consumed, stored that was purchased outside Va. and would be subjected to sales tax if purchased within Va.</p>		<p>Va. Dept. of Taxation Office of Customer Services Post Office Box 1115 Richmond, VA 23218-1115 (804) 367-8037 <a href="http://www.tax.virginia.gov/site.cfm?altas=Contacts">http://www.tax.virginia.gov/site.cfm?altas=Contacts</a></p>	
<p>Unemployment tax you are required to post information about unemployment eligibility</p>		<p>Va. Employment Commission Poster for unemployment eligibility <a href="http://www.vec.virginia.gov/pdf/vecb29eng.pdf">http://www.vec.virginia.gov/pdf/vecb29eng.pdf</a></p>	
<p>Workers' Compensation: you must post workmen's comp information</p>	<p>Workforce Compliance &amp; Oversight Information Compilation of federal legislation, rules, regulations, and provisions impacting workforce compliance <a href="http://www.vec.virginia.gov/vecportal/docs_toc.cfm">http://www.vec.virginia.gov/vecportal/docs_toc.cfm</a></p>	<p>Virginia Workers' Compensation Commission 1000 DMV Drive Richmond, VA 23220 Phone: 1-877-664-2566 <a href="http://www.vwc.state.va.us/employers_guide.htm">http://www.vwc.state.va.us/employers_guide.htm</a> Workmen's compensation information to post: <a href="http://www.vwc.state.va.us/forms/bwc1_form.pdf">http://www.vwc.state.va.us/forms/bwc1_form.pdf</a></p>	

**Department of Agriculture and Consumer Services - (804) 786-2372** Licenses anyone involved in the production, marketing or distribution of agricultural or food products. Registers every pesticide manufactured, distributed, sold, offered for sale, used, or offered for use in Virginia.

**Department of Conservation and Recreation - (804) 786-1712** Regulates, manages, and licenses state parks and outdoor recreational facilities. Issues permits for concessionaires in state parks. Approves and inspects floodwater structures.

**Department of Environmental Quality - (804) 762-4570** Issues pollution control permits for any business that emits particles or gases into the air, water discharge, management of solid and hazardous waste materials.

**Department of Forestry - (804) 977-6555** Licenses and regulates the use of state forests, forest reserves including mineral exploration; develops and administers forest management plans for state owned lands.

**Department of Game and Inland Fisheries - (804) 367-1000** Regulates the taking, possession and sale of wild animals, birds and freshwater fish and endangered species of any form of wildlife. Licenses shooting preserves, fur farming and dealing, hunting dog trails, commercial trout rearing, fishing, seine hauling, breeding and raising game birds and animals, game bird and animal exhibits, and stuffing and mounting of birds and animals. Also titles and registers motorboats, licenses watercraft dealers, regattas and boat races, and drilling and dredging in the Back Bay area.

**Department of Health - (804) 786-3561** Licenses emergency medical agencies, vehicles and attendants, bedding and upholstery service businesses and commercial blood banks; inspects businesses to certify health standards; prescribes standards governing planting, taking and marketing of fish, crustaceans and shellfish; licenses hospitals, nursing homes and related institutions, home health agencies, hotels, summer camps, campgrounds and other lodging facilities, restaurants, milk processors, radiation materials, equipment and construction waterworks serving the public, water supply systems, sewage disposal systems, sewage treatment works, and migrant labor camps; regulates sanitation facilities at public gathering places, septic tanks, construction of private wells, and the production and use of toxic substances.

**Marine Resources Commission - (757) 247-2200** Licenses the taking of various fish, shellfish and organisms below the fall line on tidal waters; licenses the exportation of oysters, purchasers of shellfish and the conversion of oysters shells to lime; assigns and leases oyster and clam planting grounds; designates certain public grounds closed and open areas; fixes and alters open seasons; restricts methods of taking; fixes minimum size and maximum size and maximum quantity of catch; makes other regulations for the conservation and promotion of the seafood industry; inspects records and vessels; prescribes guidelines for the use of wetlands; issues general permits for the use of state-owned underwater beds; and establishes bulkhead and private pier lines on or over waters under state jurisdiction.

**Milk Commission - (804) 786-2013** Supervises, regulates and controls the production, transportation, processing, storage, distribution and sale of milk; licenses and audits distributors of milk; established prices paid to producers and prohibits sales of fluid milk products at less than cost; allocates marketing areas; establishes accounting system for distributors.

**Potomac River Fisheries Commission - (804) 224-7148.** Licenses and regulates the taking of seafood from the Potomac River; and licenses boats, vessels and equipment used to take seafood from the Potomac River.

**Virginia Workers' Compensation Commission (Formerly Industrial Commission of Virginia) - (804) 367-8600** Collects the taxes imposed to finance the Workers' Compensation Act from insurers and self-insured employers; adjudicates claims by workers and their dependents for death and disability awards arising from occupational diseases or injury.

## Resources

Hamilton, Neil D. The legal guide for direct farm marketing. USDA, SARE. 1999. Excellent resource worth purchasing.

Appropriate Technology Transfer for Rural Areas. Direct Marketing: Business Management Series. Found at [www.attra.ncat.org](http://www.attra.ncat.org).

Internal Revenue Service: <http://www.irs.gov/businesses/index.html> click on either "Farmer" or work through the topics on the Starting a Business page. You'll find information on a variety of tax related topics from legal structure to various taxes to "Recommended Reading for Small Businesses" guide. Excellent tutorials but takes patience to work through all the ins and outs.

SBA guide to starting a small business. Has section on regulations. For each state go to

North Carolina District Office	South Carolina District Office	Richmond District Office
6302 Fairview Road	1835 Assembly Street	Federal Building, Suite 1150
Suite 300	Suite 1425	400 N. 8th Street
Charlotte, NC 28210-2227	Columbia, SC 29201	Richmond, VA 23240-0126
(704) 344-6563	(803) 765-5377	(804) 771-2400
<a href="http://www.sba.gov/nc/">www.sba.gov/nc/</a>	<a href="http://www.sba.gov/sc/">www.sba.gov/sc/</a>	<a href="http://www.sba.gov/va/">www.sba.gov/va/</a>

North Carolina Department of Commerce Business service center. [http://](http://www.nccommerce.com/servicenter/bliol)

[www.nccommerce.com/servicenter/bliol](http://www.nccommerce.com/servicenter/bliol) Helps people determine what licenses are required for their businesses. "The Business ServiCenter does not keep records of existing businesses or issue state business licenses, but assists prospective business owners in identifying and meeting these requirements." Call (919) 715-2864 or Toll-free in N. C. at (800) 228-8443. Go to Starting a Business in N. C.

South Carolina

The Frank L. Roddey Small Business Development Center of South Carolina. Found at <http://scsbdc.moore.sc.edu/about.html>

How Do I Start a Business? <http://www.sc.gov/HowDoI/StartABusiness.htm>

Starting a Business in South Carolina [PDF] <http://www.sccommerce.com/teamscpdfs/StartABusiness.pdf> Publication to aid potential business owners with the process of starting a business.

Tax Guide for Starting a Small Business. Found at <http://www.sctax.org/Publications/startbusns.htm>

Tax obligations for new small businesses in South Carolina.

SC Business One Stop. Found at <http://www.scbos.com/default.htm> Resource guide for the Licenses, Permits, and Registrations (LPRs) required for doing business in South Carolina. Excellent step-by-step site. Requires registering.

Business Filings. Found at <http://www.scsos.com/corporations.htm> Registration of incorporated businesses, limited liability companies (LLC's), non-profit organizations, and professional associations

# Worksheet

What is your legal structure of your business?

Sole proprietorship \_\_\_\_\_ S-Corporation \_\_\_\_\_

Partnership \_\_\_\_\_ Limited liability corporation \_\_\_\_\_

Other \_\_\_\_\_

Do you employ people other than your family members?

How many? \_\_\_\_\_

For what length of time? \_\_\_\_\_

What market outlet do you think you'll use?

On-farm \_\_\_\_\_ Agritourism \_\_\_\_\_

Farmers' market \_\_\_\_\_ CSA \_\_\_\_\_

Direct to restaurant \_\_\_\_\_ Internet \_\_\_\_\_

Other \_\_\_\_\_

\_\_\_\_\_

What additional structures are needed?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

What does your insurance cover?

What are you thinking of producing?

## Chapter 9 References: Regulatory & Legal

Agricultural Alternatives: Agricultural Business Insurance

<http://agalternatives.aers.psu.edu/farmmanagement/startbusiness/AgBusinessInsurPM7.pdf>

Recreational Use of Private Lands

[http://www.nationalaglawcenter.org/assets/articles/mceowen\\_recreationaluse.pdf](http://www.nationalaglawcenter.org/assets/articles/mceowen_recreationaluse.pdf)

Zoning Limitations and Opportunities for Farm Enterprise Diversification

[http://www.nationalaglawcenter.org/assets/articles/branan\\_zoninglimitations.pdf](http://www.nationalaglawcenter.org/assets/articles/branan_zoninglimitations.pdf)

Laws and Regulations

<http://www.sba.gov/library/lawroom.html>

Starting a Small Business: Licenses and Regulations

[http://www.nylovesmallbiz.com/starting\\_a\\_business/licenses\\_regulations.asp](http://www.nylovesmallbiz.com/starting_a_business/licenses_regulations.asp)

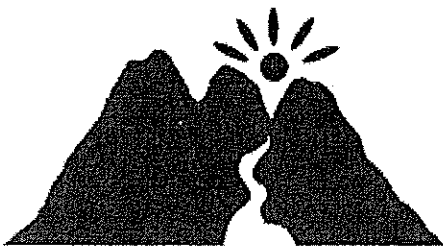




# Case Study 1.

## Appalachian Sustainable Development

### Abingdon, Virginia



Anthony Flaccavento is the executive director of Appalachian Sustainable Development (ASD), but he's also a farmer and an environmentalist. As one of the founders of ASD, he has watched it grow from a small, food co-op to an umbrella organization that serves as a model for developing a sustainable agricultural economy.

ASD is a non-profit, 501(c)3 organization which employs 11 full-time staff and 12-15 seasonal workers in addition to a network of nearly 100 participating farmers.

The mission of ASD is to strengthen the region's economy, enhance the community, and preserve/restore the ecosystem. It's no surprise that farming and forestry are the backbone industries of the organization. What is surprising is that it's organic farming and sustainable forestry...deep in Appalachia.

Anthony knows that they are, supposedly, in the wrong demographic for an organic foods initiative. Organic consumers are typically college-educated, high income, urbanites. The realities of rural Appalachian communities include: fewer college graduates, high unemployment, and traditional industries of coal mining and tobacco farming.



He credits part of the program's unlikely success to the fact that people want fresh, local produce. The regions growers have chosen organic production methods, and because that's what's locally available, that's what consumers buy.

One of the main programs operated under ASD is Appalachian Harvest. Appalachian Harvest is a network of certified organic farmers who collectively market and distribute their produce under one identifiable, regional

brand. At this time they have 40 participating farmers in the network. Most of these farmers sell 90 percent of their produce through the network. A few sell some through the network and direct market the rest.

ASD also works to promote individual farms in expanding areas of agricultural productions. One such area is pasture-based livestock production. Volume and uniform quality are the limiting factors currently facing the 15 to 20 livestock operations utilizing the Appalachian Harvest brand.

Additionally, 40 to 50 ASD participants are direct marketers selling agricultural products, including produce, poultry, and eggs primarily at local farmer's markets. Many of these producers are in the transition process from traditional to certifiable organic production.

ASD has become a concept that others want to adopt. Through workshops and tours, they are frequently sharing their concept with other communities. This case study explores the idea process, market development, capitalization, and regulatory issues. It serves as a touchstone for those who are ready to consider a similar project in their own community.

## The Idea

In the early 1990s, "jobs versus the environment" emerged as a recurring conflict in small communities throughout the Virginia and Tennessee mountains. Manufacturing companies would come in the area promising jobs to a depressed economy with double-digit unemployment. They would offer low wages, but at least jobs were available. Sometimes, they would use the area's natural resources with reckless abandon and pollute the air and the water with little regard to the affect such neglect had on the region's ecosystem.

Communities were forced to choose: jobs or the environment. Neither answer was a winning solution. Choosing jobs brought short-term economic relief, but in 10 short years the company would often pick-up and move to another area, leaving the environment worse for the wear and the community again looking for a reliable source of income. Choosing the environment meant few jobs that provided a livable income and an emigrating population in search of good jobs outside the region.

Lumber and produce were two commodities of the area; however, they were marketed globally, shipped out of the area. Local companies couldn't get local product. While tomatoes were being vine-ripened in the community, folks were buying produce from the grocery store that was in all likelihood picked early and shipped across the country. Anthony, along with 8 to 10 others, shared a vision for creating an organization that provided for the distribution of locally produced, organic goods. By shortening the supply lines, they could generate local job opportunities, practice environmentally sound agriculture, and put better quality products in their stores. They saw an opportunity to develop sustainable communities by practicing sustainable agriculture and sustainable forestry.

A group of 20 committed individuals worked for a year on strategic planning for ASD. They analyzed the economy of the region and its environmental problems (and opportunities). From



the beginning, the group chose to be action oriented rather than focused on research, deliberation and policymaking. Over time they've adopted those tasks as well; however, they are proud of what they've been able to achieve by doing. Anthony recalls, "Before we had even completed our incorporation papers, we had two demonstration projects under way: a horse logging and solar kiln drying project, and an organic produce co-op, selling to local restaurants."

The original group of farmers that participated in the co-op were back to the land, small-scale producers. Though part of their mission was to provide alternative opportunities to conventional tobacco farmers in the region, there was not a single traditional Appalachian farmer in the founding group.

Successful aspects and challenging experiences from the co-op were considered when forming Appalachian Harvest. As Appalachian Harvest grew as a business, they exchanged ideas with other communities, especially through their involvement in Southern Sustainable Agricultural Working Group and the Kellogg Foundation's Food and Society Network. Anthony recalls, "Beyond those resources, it is accurate to say that there was no model we were able to follow, nor any group or agency with substantial experience in creating the type of integrated, field-to-table model of sustainable ag that we set out to build."

## Market Development

Appalachian Harvest began by following in the footsteps of the co-op by selling certified organic produce to restaurants. In four years, they had also expanded to include a CSA (Community Supported Agriculture) and were also selling to some small specialty stores. While these markets supported the concept, ASD had bigger goals. Supermarkets would be the next step.

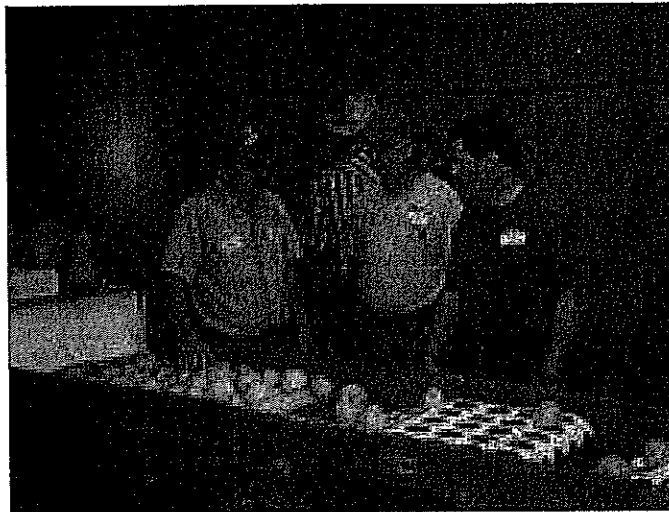
Anthony outlines three reasons this market shift was necessary: 1. it provides a much larger market potential; 2. ASD could attract more conventional growers to make the switch to organic since the supermarkets would have a lower demand for exotic produce; and 3. ASD could reach ordinary folks as customers.

While those three reasons have been realized, the market shift was not without its challenges. They feel fortunate to have started with a "Mom and Pop" grocery chain consisting of only 18 stores. The volume requirements were small enough for the participating farmers to meet the demand and the quality, uniformity, and packaging standards were more forgiving than larger chains. At the onset, they had no grading or packing facility. Though they managed to provide a suitable product, they recognized the need for such a facility to accommodate further growth.

In 2001, they built a centralized grading and packing facility, and they began recruiting more farmers and began building relationships with new buyers, including larger grocery stores. They sought buyers who were regionally located, interested in organic foods, willing to help promote locally-grown organic products, and willing to pay a modest premium.

Price is still an issue, but Anthony says, "Generally, we're able to get farmers a substantially better price than their previous wholesale markets." With good weather and farm management, organic produce can yield two to four times as much as tobacco, though some folks continue to keep some land in tobacco production. It takes time for conventional growers to meet the certified organic requirements, but usually ASD has found that farmers have some land that qualifies allowing them to slowly make the transition and steadily increase acreage as they learn the cultural differences in the two production methods.

ASD wants to make organic affordable to all and remove it from the niche market category. It's a difficult task considering they often see a supermarket mark-up of 70 to 100 percent. They continually work to improve on-farm efficiencies and the distribution flow.



ASD employs a full-time sales and market manager. In addition to the branded product label, Appalachian Harvest utilizes extensive in-store Point of Purchase materials to educate consumers and make their products distinctive and recognizable. ASD farmers host tours and sponsor local meals that connect consumers with their food.

## Capitalization

The farms that participate in ASD are typically already in operation, so the funding requirements of ASD are primarily that of a distribution facility. In the beginning, a delivery van and an old, donated reefer box were the only major assets. The packing and grading facility that was added with the shift to supplying supermarkets was built and financed incrementally. A barn was loaned to ASD by one of the growers, and the grading area was set up in the barn. Labor was supplied by the Job Corps and volunteered time from the participating farmers.

When they expanded the facility to accommodate the demands of the supermarket volume and standards, they tapped several funding sources including The Virginia Tobacco Commission (grant), a Community Development Finance Institution (loan), Blue Moon Fund—a foundation focused on social enterprise (loan/grant), and private bank loans. As suggested by this list of

financers, ASD is not simply an agribusiness, it's a contributor to the social fabric of the community.

As a non-profit, Anthony laments, "It seems it's always a struggle to stay afloat." To buoy the organization through tough patches, they hold regular local fundraising campaigns. The homepage of their website, [www.appsusdev.org](http://www.appsusdev.org), prominently features a button to "Donate now." But they forge ahead providing farmers with new opportunities, providing consumers with healthy food choices, and providing their communities with sustainable choices.

In 2006, ASD hired a full-time Business Operation Manager to improve their finance, management, and record keeping processes.

## **Regulations**

The decision was made early on that all producers selling under the Appalachian Harvest brand would be certified organic. Certification requires meeting the qualifications set forth by the USDA and undergoing the annual certification process by the USDA-approved Organic Certification Agency. Some farmers produce certified organic and conventional crops, but the conventionally produced crops are marketed elsewhere.

Quality Certification Services are used by the farmers and the packing house facility. The USDA and particularly the Virginia Department of Agriculture and Consumer Services (VDACS) have been valuable resources helping determine grading standards and ensuring that they meet the packaging and labeling requirements.

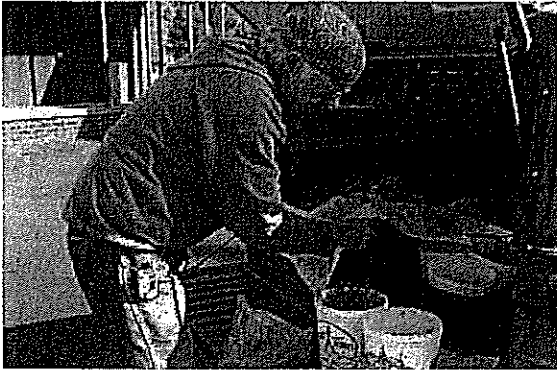
## **Future Plans**

ASD hopes to continue growing its network of farmers and increasing the diversity of organic agricultural products it offers. They are currently exploring the possibility of providing free-range eggs to a supermarket chain. Though produce has previously been the only Appalachian Harvest branded product, they are considering extending the brand to egg producers since multiple farms would be needed to provide the weekly quantity demanded by the supermarket.

In addition to providing healthy, locally-produced food, ASD will continue its education efforts toward environmental awareness and the feasibility of creating sustainable communities. ASD also spends a significant amount of time and resources encouraging other communities, telling their story—the successes and the failures, and planting seeds of possibility across the country.



# Case Study 2. Ayrshire Farm Pittsboro, North Carolina



In the past five years, organic agriculture has gained increased recognition in mainstream America; in fact, demand currently outpaces supply. However, Bill Dow of Ayrshire Farm, Pittsboro, North Carolina, was ahead of the trend. He's been growing organically for the past 26 years.

He has built eight terraces on his sloping property, located a couple of miles off NC Highway 64. Each terrace utilizes raised

beds for irrigation efficiency and ease of production. In the spring and fall, he grows a variety of greens and herbs. Through the summer, his main crops are tomatoes, peppers, basil and blueberries, with several other smaller crops. He also grows flowers, some—like marigolds and nasturtium—for culinary garnishes, others—like Asiatic lilies and sunflowers—as cut stems. Tree fruits such as apple and pear round out his variety of produce.

Currently, Bill has three acres in cultivation. He figures that one full-time person can manage one acre, so he usually maintains six part-time employees. Usually, his employees seek him out for employment. Some, he's found, have a rather romantic idea of agrarian labor, but most understand (or quickly find out) that the toil can be intensive. Most are young folks, some are older, and others include local Hispanics that come to work at the farm after their shift at the poultry plant in town. Bill has observed that agriculture is a social occupation where the common labor tasks transcend age and cultural differences. Unfortunately, students are usually only available for one or two seasons, and new folks must be trained every year.

## The Idea

Bill Dow grew up on a farm in Mississippi where they grew row crops like soybeans and raised beef cattle. Chemicals were an integral part of their production practices. When he left the farm to go to college, he found himself in medical school where he gained a deep realization that those chemicals were toxins he didn't want to put in his body.



Though he spent time working at health clinics in the eastern Tennessee coal mining towns, his medical career wasn't one that brought tremendous wealth as some might suspect. The most he ever made in the medical profession was \$13,000 a year. Bill came to the Triangle area in the late 1970s on a fellowship. While here, he helped organize the Carrboro Farmer's Market, which opened in 1978.

In 1980, Bill bought land in Pittsboro and started farming following organic agricultural practices. In many ways, he says that his reason for choosing organic production was a result of the skepticism his father and the Extension Agents showed toward his no chemical approach. He recalls thinking, "I'll show them."

He had no previous business experience to draw on, but says so much of it is "common sense." He did go to the Extension for more information about growing organically in the Piedmont. At the time, he found that they lacked innovative ideas in production and marketing. They seemed to be stuck on conventional practices and traditional markets. He plowed ahead, and in a short time, Ayrshire Farm became the first certified organic farm in North Carolina. Prior to the 2002 introduction of the federal certification program, Carolina Farm Stewardship Association offered certification to qualifying farms.



In many ways, Bill feels like he is still practicing medicine by promoting healthy, fresh food. He also encourages folks to garden and realize the exercise benefits that hoeing, weeding, and picking offer. He asserts that preventative medicine is the key to a healthy life and prevention of disease and that deterioration often begins with what people consume.

## Market Development

Bill's first customers were local individuals, friends, and folks who came to the Carrboro Farmer's Market. One of his market customers was a gentleman named Russell who worked at the Flying Burrito, a Mexican restaurant in Chapel Hill. Russell would buy whatever produce was left at the end of the market. It didn't matter what produce was left, he simply adjusted the menu to accommodate that week's fresh supply.

When Bill realized other area restaurants were interested in fresh produce, he decided to shift his market strategy. Instead of selling first at the market, he would sell first to the restaurants and take what was left to the Farmers' Market. In the early days, he made plenty of "cold calls" to area restaurants peddling his fresh, locally grown, organic produce. He currently has a clientele of 16 to 20 different restaurants that account for 85 percent of his sales.

Every Monday and Thursday, Bill calls the restaurants to tell them what's available and finds out what they need. He personally delivers to each restaurant on Tuesday and Friday. The contact with the chef is one of the tenants of the farm-to-table relationship that Bill cultivates. In addition to weekly communication opportunities, Bill sits down with the chefs at the end of each season for feedback. Often the chef's need for a certain product is what drives Bill's crop selection for the following year. He once found that an herb that was being shipped in from Italy could be easily grown in North Carolina. The end result was a new fall crop for Bill and lower cost and fresher product for the chef.



Bill would like for the wait staff at each of the restaurants to visit the farm for a tour. He recognized that it is the wait staff that communicates with the public. He believes that it is important for them to appreciate and understand the benefits of organic, locally produced ingredients.

Initially, the farm's location was not particularly important, except to be close to the Farmer's Market. However, as they developed a market with the restaurants, the farm's location, less than 30 miles outside Durham and Chapel Hill, has become important. Bill notes that land values nearer either city were prohibitive, even when he was looking for property more than 20 years ago.

Bill attends the Farmers' Market on Saturdays from mid-March through Christmas. The Carrboro Market is mostly produce with some crafts and some value-added products. The Carboro Market has built its success by allowing only vendors to sell products that they produced. Bill

feels that the special events hosted by the Market throughout the year are beneficial to the vendors. These events include cooking demonstrations and tastings of the latest harvest.



This year was the first time that Bill contributed to a CSA. He and fellow local farmer, Judy Lesler, offered CSA shares to 49 participants. Bill and Judy combined their produce to offer the CSA members a more diverse box each week. They also might add

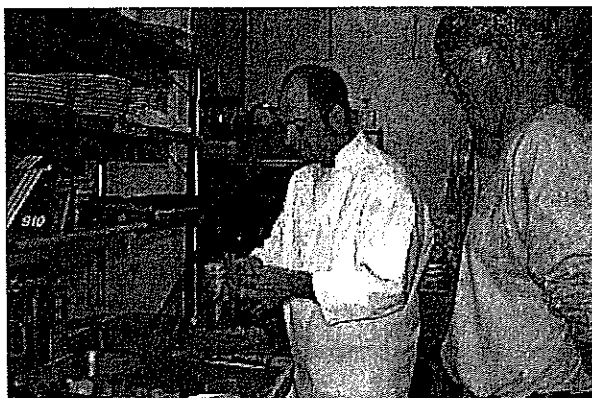
produce from other local farmers whose quality they are familiar with. For instance, Bill doesn't grow broccoli, cauliflower, or cabbage because on a cost per square foot basis, he can make more money growing other crops. However, most customers would expect to receive broccoli, cauliflower, and cabbage in the spring and fall, so Bill and Leslie buy it from another farmer to round out their CSA boxes. They have several drop off locations and a few direct deliveries.

Word of mouth is one of the most valuable marketing tools that Bill relies on. He recalls that as they begin gauging interest in the CSA, folks who bought from the market would be eager to participate. He would explain that given their location, they would need to find some friends or neighbors who were also interested to make the drop-off worthwhile. One the drawbacks of the CSA that is worrisome to Bill is the lack of contact between the CSA participants and the farmers. He believes the development of a relationship between the producer and consumer is a valuable aspect of the CSA concept, but presently they aren't achieving that relationship.

## Capitalization

When Bill bought his property and started farming, he used accumulated savings, inheritance and some borrowed money from a friend. He never developed a business plan; he simply set out to farm. He spent several years building terraces for raised beds on his south-facing slope that is surrounded by hardwoods.

He doesn't own a tractor, only a "walking tractor." He quickly decided that it was best to have two of everything as "insurance." With years of wisdom, he's observed, "It only breaks when you're using it, and you're not using it unless you need it." He also considers the availability of local mechanics when making his purchases.



Bill keeps ledger books for each year recording sales and expenses daily. He keeps track of which restaurant bought what produce for how much. He totals the daily sales, weekly sales, and so forth.

## Regulations

When Bill started farming, he didn't anticipate any regulations, though he did self-impose regulations for his farm, making a commitment to abstain from using synthetic chemicals and fertilizers. One run-in with regulations that he did not foresee was actually a lack of regulation on the part of his power supplier. Ayrshire Farm is located off the main road and the power lines are located along the dirt roads next to forested land. As part of their line maintenance, the power company occasionally clears brush and trees that pose a threat to the power supply. What caught Bill off guard was the use of chemical herbicides uncomfortably close to his fields without his notification or permission.

Though Bill has let his organic certification lapse, he continues to practice organic agriculture. He's confident in his cultural practices and his customers are familiar with his quality and

commitment to organic production. However, he encourages new farmers to get certified to remove any question of proper practices. He points out that it is a good way to build a customer base, since the certification encompasses a known set of regulations. Once established, farmers might drop the certification, but at anytime they should be confident in their ability to regain it.

## Future Plans

At 61, Bill doesn't have any plans for slowing down. While he plans to continue farming, and teaching others how to farm, he doesn't expect his crop selection will be the same for very long. He says, "If you're not experimenting you're dying." He listens carefully to the needs of his customers and is open to trying new crops.

Employees who return for a second season are also encouraged to experiment with a new crop. One year, an employee wanted to try cucumbers. Bill didn't think there would be much of a market for cucumbers, but when they served up a cucumber soup at the Carrboror Market, cucumber sales ballooned. Considering the cost and return per square foot, cucumbers were a keeper. This year, they tried cucumbers as a fall crop, and though the results weren't favorable, they wouldn't have known if they hadn't tried.

Restaurant patrons in Chapel Hill and Durham will continue to enjoy the fruits of Bill's labor and hopefully be healthier for it. Locally grown, organically produced fruits and vegetables are just what the doctor ordered.



# Case Study 3. Barefoot Farms St. Helena, South Carolina



Barefoot Farms is a destination site...sort of. Most would say the South Carolina's Treasured Coast was the destination. But as travelers make their way to Hilton Head, Beaufort, and Bluffton, the display of fresh produce at Barefoot Farms' roadside stand beckons passersby. Watermelons, cantaloupes and tomatoes are the biggest sellers, but Barefoot Farms grows and sells the complete assortment of typical summertime fruits and vegetables.

The stand opens in March whenever the strawberries are ready and stays open through the end of the year. There is a greenhouse on-site that is partially devoted to U-pick berries. The majority of the greenhouse is used for production though. Farm fresh produce, rather than value-added products, occupies the display area, well, with the exception of shelled beans.

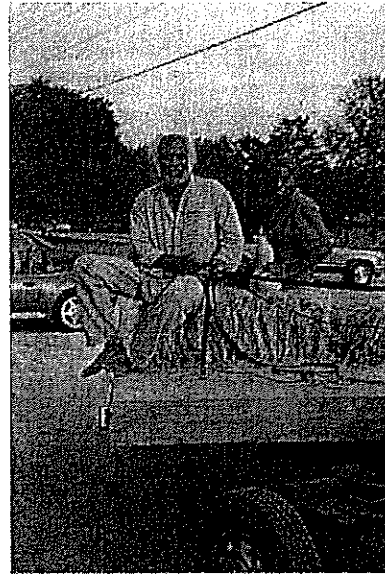
John A. "Jacky" Frazier offers insight to others who are considering opportunities outside wholesale production agriculture. His experience developing a successful roadside market offers invaluable lessons of the ease and difficulty in making the transition.

## The Idea

Jacky has been farming all his life, with only a brief hiatus when he went to college for a degree in agricultural economics. When he felt that he wasn't getting enough return from wholesale buyers, he began considering other options. He had often traveled to the South Carolina coast with friends to fish. The sandy soil and the warm air seemed perfect for melon production. And with a steady stream of traffic through the summer, Jacky saw the opportunity to boost profits in a new market—a direct market. In 1999, he and business partner, Betty Strickland, opened a roadside stand along Highway 21, a tourist thoroughfare to and from the South Carolina coastal resort towns.



Considering Jacky's previous farm experience, the shift to retail was simply a new distribution system. They did very little initial research, choosing to test the strength of the market over time. They started with roadside watermelons and grew to a diverse selection of produce that fills a 60 ft x 45 ft market. They continue to look for ways to enhance the market, such as adding the U-pick opportunity.



## Market Development

Jacky says that location is very important to their success. The beach traffic—coming and going—stop by the stand for fresh produce. Their initial marketing efforts were minimal. In fact, they did little to attract those first customers beyond displaying the produce that was available. They have since done surveys to find out what crops customers are interested in and used those results to add to production. Starting with watermelons and cantaloupes they now produce 35 different fruits and vegetables. They do buy in some produce too meet the market demand, but they grow at least 80 percent of what they sell.

Jacky and Betty have found no real demand for organically produced goods. Jacky says his customers look for “good, clean, safe produce, but blemishes or insect damage are unacceptable.” Considering the insect and disease pressures of the coastal climate, he has no plans to move toward organic production.

Though he continues to wholesale excess produce, his goal is to sell as much through the stand as possible to secure the premium retail price. Barefoot Farms is advertised in the local newspaper and on the radio. Jacky estimates that, at best, up to 50 percent of his sales goes to local customers. However, through much of the summer, tourist account for nearly 80 percent of sales.

In 2000, Barefoot Farms was featured on ETV (Educational Television) show, *Making it Grow*. The traveling host visited the stand to discuss Jacky's practice of vertical strawberry production. Folks from across the country visiting the coast made a special effort to stop at the stand to see the strawberries. Though that strawberry production method is no longer cost effective, and therefore, has been discontinued, the nationwide exposure was an unanticipated promotional boost.

They participate in the South Carolina Department of Agriculture's Roadside Market Program, which lists the farm in the on-line directory of South Carolina roadside markets. Before next spring, Fraziers hope to launch their own site on the web.

## Capitalization

Since Jacky was a farmer prior to his direct marketing venture, he already had the equipment, land and know-how for production. In fact, in the early 1980s, Jacky was a pioneer in watermelon production when he began growing on plastic utilizing trickle irrigation. He and his partner developed a business plan and continue to grow the operation.

He takes out operating loans to get the crops in the ground, but those loans are short term and commonplace for seasonal production operations.

The recordkeeping tasks are performed daily, by hand, without the assistance of accounting software.



## Regulations

Jacky anticipated several regulations as he shifted to a retail business. Some were state requirements such as using certified scales. Others were local regulations including zoning and sign laws. Barefoot Farms is located in Beaufort County one hour north of Hilton Head Island. Though the farm is in an area that is still predominantly agriculture, the strict county ordinances are largely a result of the desired resort atmosphere in other parts of the county. The sign ordinance has been a particularly difficult regulation. Essentially, only one sign, with size limitations—presumably announcing the business name—is allowed. Any signs that do not comply with the ordinance result in a warning. The commercial nature of the county also leads to permit requirements for any changes to the business.

Jacky encourages perspective business owners to check into the county codes and ordinances before starting a business. In his case, the resort traffic that indirectly contributed to the strict codes make up his customer base, so despite the limitations imposed by regulations, he's able to market his product for a premium return.





Jacky and Betty have worked with the extension service and the soil conservation program in managing various farm and market regulations.

## **Future Plans**

Barefoot farm is in a unique situation with its link to coastal tourism. Jacky notes that the economy, especially gas prices, affect the number of vacationers traveling to the beach. If folks don't go to the beach, they don't drive by the stand; and if they don't drive by the stand, they likely won't be buying produce from Barefoot Farms. He sees little opportunity for growth in the local population. He observes "They prefer to buy their produce at the grocery store."

Jacky and Betty continue looking for ways to enhance the business and make sure that returning beachgoers remember their experience and add the produce stand as down-home destination on their way to (and from) a resort vacation.

# Case Study 4. Bettini Farm Browns Summit, North Carolina



Randy and Deb Bettini had always grown fresh produce in their garden on land that has been in the Bettini family for three generations. They appreciate the health value of quality, in-season fruits and vegetables and that is their motivation to farm for others. The business is still relatively young, but their diversification into mushroom production has proven a successful venture that holds opportunity for further market growth beyond the local produce stand.

The 50-acre farm where Randy's grandfather taught him how to grow everything from tomatoes to collards is situated just beyond the city limits of Greensboro, N.C. In addition to the two-acre garden, Randy has built two mushroom cultivation areas, manages a greenhouse primarily for winter tomato production and tends three beehives.

While produce stands are gaining prominence in suburban areas where folks are increasingly interested in locally produced produce, the Bettinis expect their offering of fresh mushrooms to set them apart. They were introduced to mushroom cultivation through a friend who shared an article about research on shiitake mushrooms being conducted at N.C. A&T State University. Shiitake mushrooms are viewed by many as a potential cash crop, given the market's high demand and limited supply.

Shiitake mushrooms prefer growing on oak, but other hardwoods will work. Randy has no problem harvesting logs of those species from the farm property. The logs are cut into four-foot lengths and holes are drilled every 5 inches in rows 5 inches apart around the log. Inoculum of mushroom spawn cultured at N.C.A&T are deposited into the hole and sealed with a wax (Randy uses cheese wax). The ends of the logs are also sealed, then they are stacked in Lincoln-log fashion three-feet high. The logs are placed in the shade and watered whenever a dry-spell hits or if they want to force fruiting; otherwise, they rely on rain.

Considering the best management practices for North Carolina shiitake mushroom production are still being modified, Randy keeps a log of weather conditions, spore lot, and fruiting times in an effort to fine-tune his cultivation. In addition to shiitakes, the Bettinis also grow Italian Oyster mushrooms. The logs must be kept a certain distance from one another so the spores do not cross-contaminate the logs. Randy believes the Oyster mushrooms, though not as familiar as shiitakes, will be in high demand for their slight, but distinctive seafood flavor.



While the business is still in a young—in the growth stage—the Bettinis are willing to share their experiences thus far with others. They offer encouragement and camaraderie especially to those who are considering mushroom production as a specialty crop.

## The Idea

Randy and Deb had been operating the produce stand for several years, but they saw the opportunity in 2005 to grow the business with the addition of the mushrooms. Providing Randy with the opportunity to work at the farm full-time. He continues to work part-time as a machinist, while Deb manages accounting and marketing for the farm and works full-time as an information technology analyst.

In addition to providing healthy, local produce, the Bettinis look forward to passing the farm on the next generation and teaching their grandchildren how to garden. Randy envisions creating memories for future generations much like his own childhood recollections. With his prior career as an air system technician, he and Deb rely on their gardening experience and education from workshops to guide their business endeavor.

The Guilford County Agricultural Extension Center became a tremendous resource of information as the couple considered the business potential for at least a year. County agent, Wick Wickliffe, and mushroom biologist at N.C.A&T, Dr. Omoanghe S. Isikhuemhen were key individuals in developing the mushroom production component of the business. Theresa Nartea, marketing specialist at N.C.A&T assisted the Bettinis in generating interest in the farm and promoting the specialty mushrooms.

## Market Development

Though Browns Summit, where Bettinis live, used to be a rural area outside of Greensboro, sprawl and industrial development has been encroaching on the area for years. In some ways, the

flow of traffic generated by a growing population has been a bittersweet element of the Bettinis success. From Greensboro, folks travel by the produce stand on their way to Bryan Park (Guilford County's soccer complex), a marina, a golf course, and an industrial park.



Some of their first customers were soccer moms and dads who told their neighbors about the produce stand and ultimately created community interest in farm fresh produce. Though the Bettinis used a sign by the road, those first customers essentially found them. Oddly enough, many were men—golfers on their way home who would pick something up to add to supper.

Marketing research has been conducted utilizing face-to-face queries. Deb would approach other farmers about their sales at the Farmers' Market and visit businesses, mushrooms in-hand, to see if they would be interested in buying any (either for resale or culinary use). Offering free samples is another tactic that's proved fruitful for this specialty crop.

They advertise the produce stand in local media outlets and have been the subject of feature articles in the local publications *Triad Business News* and *Triad Living Magazine*. Their son helped them design and launch a website, [www.bettinifarm.com](http://www.bettinifarm.com), which is included in their (free) listing on the national website, [www.LocalHarvest.org](http://www.LocalHarvest.org). Carrying high-tech marketing a bit further, the Bettinis have developed an e-mail list of gourmet cooks and local restaurants that are interested in fresh mushrooms. When the mushrooms are fruits (which can often be sporadic), they send an e-mail soliciting orders and then follow up with delivery.

The Bettinis have slightly altered their produce stand service since it began. Their sign used to list whatever was available and the notice, "We Pick." As folks would stop by, they would place an order and Randy would go to the garden, returning with their freshly harvested produce. Though building a display stand might require disposing of overripe produce that didn't sell, they decided it would be a better approach that allowed on-demand, self-service. Randy is often working near the stand and though he might swing by to visit with a customer, the monetary exchange is based on the honor system.

Theresa Nartea has been instrumental in assisting with the marketing of their farm stand. She even created a crest for Bettini Farm featuring tomatoes, greens, mushrooms, and a honeybee. Charlie Headington introduced the Bettinis to several restaurants that might be interested in purchasing mushrooms.

Randy and Deb were charter members of the North Carolina Mushroom Growers Association (NCMGA) on which Deb now serves as the Board Secretary. As a collective group, the NCMGA

has more market power to supply larger institutions such as a college or university. Such an arrangement would also offer a stable market for the growers as the mushrooms fruited. Being part of the NCMGA is also a way to network with a relatively small number of farmers working with this new crop.

## Capitalization

The Bettinis used accumulated savings and their disposable income to develop the business without borrowing money. When they purchased the greenhouse, they considered it a Christmas gift to each other. Though most of the farm equipment was already available, they did purchase a new tractor, financing it for two years through the dealership.

The development of a mushroom industry in North Carolina is being supported by the Golden LEAF Foundation, which has financed much of the research at the university level. Spawn is available at a low cost from N.C.A&T. The remaining supplies and equipment are available on the farm.

Though the Bettinis did not need to heavily finance the business, farmers interested in mushroom production may have grant opportunities for through the Golden LEAF Foundation or a grower Southern Region SARE Program.

## Regulations

In deciding to move from a side business to a full time operation, the Bettinis anticipated that a business license would be the first regulatory step. In fact, they learned that farming is a business that does not require a business license. To protect their personal assets, they chose to structure the company as corporation. Incorporating required the services of a lawyer and turned out to be a lengthy process. They also purchased liability insurance as further effort to minimize their risk.

The biggest unexpected regulatory roadblock they've faced was the limitation on their ability to sell value-added products. The restrictions for processing produce for value-added products, such as pickles, jams, and even dried mushrooms, are so tight that a second kitchen would be necessary to pass inspection from the Health Department. A processing facility may be a consideration in the future considering the premium price Randy is sure he could get for his pickled okra and pear preserves.

The Cooperative Extension was particularly helpful in addressing any regulatory concerns of the Bettinis. Randy advises "Know what applies to your business by contacting



regulators, telling them what you intend to do, and getting direct advice on how to comply.” The regulations are written in broad, general terms and since no two businesses will have the exact same circumstances, it may be best to inquire specifically for your business.

## Future Plans



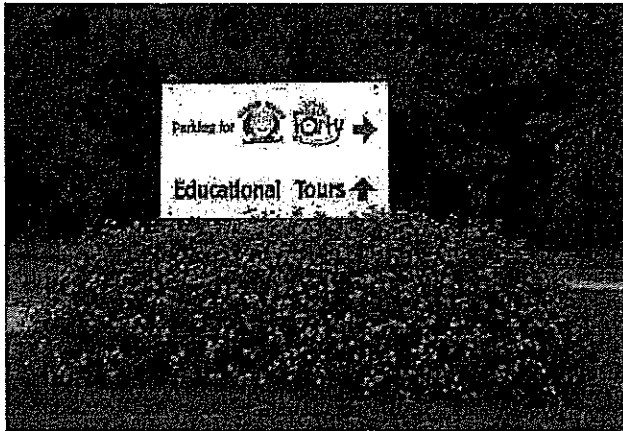
At this stage in their business offers a significant potential for further growth. In the immediate future, they plan to offer Community Supported Agriculture (CSA) memberships which provides a steady supply for fresh produce through the summer with an upfront cost to the members.

They currently supply only two area restaurants with fresh mushrooms and would like to grow that market to at least five or six. At this point they are refining the production practices to get as steady a supply as possible.

In an effort to share their enthusiasm for mushrooms and educate others about the cultivation of this culinary delight, Randy would like to host workshops on the farm either independently or in conjunction with the Cooperative Extension or N.C.A&T. He’s learned a lot about mushroom production since inoculating his first logs three years ago. Though he’s still learning, it’s a crop he’s come to enjoy growing, harvesting, and marketing.



# Case Study 5. Vollmer Farm Bunn, North Carolina



John Vollmer was a tobacco farmer in eastern North Carolina until the late-1980s, at which time he started growing pumpkins then strawberries. He farmed family land and also operated an agricultural chemical and supply store housed in a red metal warehouse. Today, the only tobacco grown on the farm are young transplants for local farmers and a small demonstration plot for school tours. The fertilizer warehouse has been converted into a retail market that serves as the home base for Vollmer Farm, an agritourism destination.

John and his wife, Betty, manage the spring operation that primarily consists of direct marketing strawberries from the on-farm market and area satellite stands. An ice cream shop, flowering plants, and other fresh produce are also spring attractions. The Vollmers grow much of their produce including organic and conventionally grown strawberries, tomatoes, corn, cucumbers, squash, spring onions, new potatoes, and organic salad mix. But some produce is bought in to provide the diversity of product they want to offer. For example, they've tried growing sweet potatoes, but found that the deer feast on them, so they're bought in. Though school tours had been limited to the fall, in 2006, nearly 2,000 students toured the farm in the spring.

John's son, Russ Vollmer and his wife Mary operate the fall festivities at Vollmer Farm. The fall business is based on school tours and family visits that feature a wagon ride, agriculturally-inspired activities and a retail shopping opportunity.

The retail area has been dubbed "Farmer John's Country Café and Farm Market," while the farm tour and activities take place on The Back Forty.

For \$9.00 per person (2006 price), The Back Forty offers

Hayride

Finger Fortune Corn Maze

2 Punkin' Playgrounds (now twice the fun!)

Tire Playground and Labyrinth

Organic Egg Hen House

Beehive Observatory



Learn-to-Milk Make-Believe  
Windmill Mountain (40' Underground Slide!)  
Fish and Duck Pond  
Strolling Characters

Cow-Pumpkin slingshot  
Goat Walk  
Puppet Shows

With admission the guest are given wristbands and boarded on a hay wagon for transport to The Back Forty. Beds of sunflowers are used to soften the transition areas between activity centers. Once delivered to The Back Forty, walking is the primary mode of transportation. For an additional cost, the Nibble Nook concession stand quenches thirst and satisfies cravings on The Back Forty.

Farmer John's Country Café, housed the big, red warehouse offers homemade sandwiches, soups, and desserts along with ice cream. The Farm Market serves as a retail area for seasonal home décor, kids toys, and specialty food products.

Mary is employed full time by the farm and her responsibilities include managing the retail store and handling marketing. The farm also employs 25 adults and teens in the fall. Ten to 15 adults are employed to man the strawberry stands; seasonal migrant labor is also used for production.

As one of the first agritourism operations in North Carolina, the Vollmer's are glad to share their experiences and offer advice to farmers who are looking for alternative uses of farmland while maintaining their agricultural heritage.

## The Idea

Agritourism in the form of on-farm markets and activity-filled tours was already a developed concept in the Northeast and Midwestern states 15 years ago. Friends of the Vollmer's in Illinois introduced Russ and Mary to the idea of operating a farm not for production, but for education and entertainment. With the goal of keeping the farm in the family and passing it on to future generations, the Vollmer's considered the idea of agritourism, and with little hesitation, thought it was something they could do.

The Vollmer's seemed to have a wealth of experience to draw upon as they began the new venture. John was previously a farmer, and he had management experience operating an agricultural chemical business. In addition, Russ had a degree in agronomy from North Carolina State University. However, Russ' full-time job, then and now, is a claims



manager for a crop insurance company. He recalls, "Retail was completely new to us. It requires displaying products in a way that makes folks want to buy them, but at the same time we have to work hard not to detract from the farm." Central to their agritourism philosophy is the integrity of the farm that, as a "working farm," is maintained and displayed with the same skill as the seasonal gift items.



Early on, the Vollmers joined the North American Farmers' Direct Marketing Association (NAFDMA), which promotes the development of agritourism and fosters ideas for the farm direct marketing industry. Through the NAFDMA, the Vollmers were able to identify successful agritourism farms in the Midwest and the Northeast and observe what aspects of the business worked for those farms and could be implemented on the Vollmer farm.

As recently as the late 1990s, agritourism was completely new in the Southeast with few local or regional resources to consult as they developed the business. Given the lack of competition at the time, the Vollmer's took a leap of faith by committing to the business idea and figuring out the details as they went. Russ would now direct folks who are interested in agritourism to the Cooperative Extension and the North Carolina Department of Agriculture and Consumer Services (NCDA&CS), which recently added an Agritourism Office. Of course, NAFDMA is another resource the Vollmers support. In fact, Mary currently serves on the Board of Directors for NAFDMA further enhancing the networking opportunities with other agritourism operations across the country.

While a hayride, corn maze, and 40-foot underground slide may sound like all fun and games, there are many obstacles that the Vollmers faced in starting the business and making it successful. Russ emphasizes, "It's still farming with lots of risks." This type of business is particularly at the mercy of the weather, competition, and the economy.

Four weeks before the 2006 opening weekend, the outer bands of Hurricane Ernesto passed over Vollmer Farm and the recently cut corn maze. The mild winds and heavy rain toppled the corn stalks nearest the maze paths requiring significant repair work and resulting in wider aisles. Deer have also shown a new interest in the corn maze, much to Russ's chagrin. A weak hurricane and hungry deer are nothing compared to a rainy weekend in the agritourism business. While considering the impact of the weather on an agritourism business compared to production farming, Russ laughs, "If you want to see a grown man cry, let it rain one or, heaven forbid, two or three weekends of our short season." The 2006 fall season is only six weeks long.

While the school tours provide some stability independent of the economy, the soaring fuel prices in the fall of 2005 even resulted in several canceled fieldtrips. While a poor economy might limit