

Owens Garden Center: Marketing for a new Generation

Mark Owens never imagined four years ago the long road that lay ahead for he and his family when they decided to build a new garden center on the family farm. Now that the grand opening is only weeks away, Mark is the first to admit that seeing their dream become a reality has been worth the effort.

The Family Farm

"My parents were born and raised in Pulaski County, and when they moved to Cincinnati to work they kept the farms as an investment," explained Mark. "After school I decided I wanted to farm, so I came back to the family farm and began raising vegetables."

Mark was more than just a gardener, as an entrepreneurial young farmer, he looked at ways to be more efficient in his opera-

tion. He saw cost savings in raising his own vegetable transplants and built his first greenhouse in 1985. Mark soon saw another business opportunity when neighbors began asking if he had extra vegetable transplants they could purchase for their small gardens.

"First it was just neighbors coming out and purchasing vegetable transplants, but then the word spread," said Mark. "After a couple of years I started having people ask if I also had flowers, and that is when we decided to start raising flowers."

Mark realized he wouldn't have enough room in the single greenhouse to grow both his vegetable transplants and flowers for his growing customer base, so he built another green-



Mark, Tyler, & Ian Owens

house. As his customer demand grew so did his operation, soon the family had eight greenhouses at two locations on the farm.

While the greenhouse and nursery business was growing, so were Mark's two sons Ian and Tyler. As the boys began helping more in the operation and showed an interest in coming back to the farm, Mark decided it was time to get out of vegetable production and focus for the future on the greenhouse and nursery operation.

"With the vegetables I had to have several employees on the farm, but I realized if

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Save the Date

KCARD Spring Board Meeting

April 28, 2011

Succession Planning

Winter 2011

2

KCARD

KCARD has provided assistance to many family-owned Kentucky agribusinesses over the years. Most of them have become successful, sustainable businesses that provide a good living for family members. As the individual businesses have developed and grown their net worth has increased to where the owners have substantial equity in the business. The owners take great pride in the business that they created for themselves, their family and their community. They generally want the business to continue beyond their ownership.

A family-owned business is often held and controlled by a husband or wife (or both) with their children working during their adolescent years to develop the business (in some instances as adults). The owners and family members have invested "blood, sweat and tears" in the business to achieve success and the owners owe it to themselves and to their family members to carefully plan for the future ownership and continuance of the business.

There are many important questions that owners should ask themselves and decide upon to do successful succession planning. They should ask themselves what is the future ownership of the business. Will the business be passed to the children and if so, how will the ownership be equitably divided to where the business is controlled by the sibling(s) that you have hopefully trained to manage the business? Are the

children interested in continuing the business? If the children are not interested do you want the business to continue? If so, would you consider selling it to an employee or employees, to someone in the community that you trust to own and operate the business the right way?

Once the ownership and control of the business has been decided you will need to bring in professional estate and tax planning professionals to help you. The cash flow consequences of succession planning are crucial to success. It is not advisable to attempt to do this on your own as you may not achieve the results that you desire. Seek out skilled advisors and listen to what they recommend. Often they suggest alternative ways to reach your goals for the succession of the business and ultimately they give you the final say in the matter.

The purpose of succession planning is to ensure that your business does not disappear due to lack of planning for its continued existence far into the future. After all the "blood, sweat, tears" have gone into building the business to have it disappear would be a true tragedy. Family owned Kentucky agribusinesses are important to the future of Kentucky agriculture and with proper succession planning they will continue to provide needed products and services for many years going forward. Don't delay – do succession planning today!

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Don't delay - Do succession planning today.

Owen Greenhouse *cont...*

we were just focusing on the greenhouses and nursery the boys and I could do most of the work,” explained Mark. “So I decided to get out of growing vegetables and began making plans to develop the greenhouse operation.”

A New Direction

Mark knew that the existing farm set-up was not the most efficient way to operate the business. He decided if the family business was going to grow he needed to look at how to create a true destination location to expand his customer base.

“I started doing research about four years ago and then two years ago we began developing our business plan for the new market and expansion,” explained Mark. “It was around that time that we brought KCARD to the table to help us with our business planning.”

KCARD staff worked with the Owens family to take their research and ideas and develop a business plan. They also worked with them to identify opportunities for grant and loan funds through both state and federal programs.

“Mark came to us with more than just an idea, he had financial projections and benchmarks for the project” explained Brent Lackey, KCARD business specialist. “We were able to take the information he had and put it into a busi-

ness plan that he could use to secure grant and loan funds.”

Mark and Ian have spent hours working with KCARD and others on financial projections, business plans, and designs for the new market.

“I had a vision of where I wanted to go and I knew where I was, but I didn’t know the path to get there” said Mark. “KCARD took me by the hand and led me down the path and helped me develop a plan to take me where I wanted to go with my business.”

The work and dedication paid off for the Owens family. They have secured a no interest loan through the Ag Development Fund and a low interest loan through the KY Ag Finance Corporation. They also received an USDA Energy grant for construction costs on the new market to make it energy efficient.

More than a Greenhouse

“We will be opening the doors at our new market this spring,” said Mark smiling. “After years of hard work it is exciting to see everything finally come together.”

The new marketing center and greenhouse includes a 16,000 square foot building with a retail market and larger display area for seasonal flowers. The building will then open up to the greenhouses which will



Owens Garden Center under construction

house the Owens’ wide selection of transplants, annuals, perennials, shrubs and trees.

“This isn’t just about the new building, we are making the new market an agritourism destination for our customers,” said Ian. “We are planning to have educational workshops at the retail market and even some cooking workshops when produce is in season.”

Education is one way the Owens family sets themselves apart from the large box stores. The family will not only will host workshops, but they will be at the market every day to share their knowledge of the product they carry with their customers.

While the new market and greenhouses are a big step for this family farming operation, all three Owens men agree it is just the beginning.

“The new market and greenhouse location are just the beginning for our family farming operation,” said Mark. “We are looking to host events at the market, expand into the landscaping service, and more. Most of all I am looking forward to having a chance to work together with my boys to build our family business.”

Record Keeping & Cost Analysis

Record keeping and cost analysis are often overlooked areas of financial management, but they are two of the most critical functions to business success. Business owners have been faced these past few years with one of the most severe recessions in recent memory. As a result, many business owners have realized the importance of keeping accurate records that enable the ability to analyze costs.

Making sound financial decisions that improve profitability relies on accurate records. KCARD encourages business owners to realize the value of accurate record keeping and detailed cost analysis, providing hands on assistance to business owners and managers helping them develop and implement good record keeping systems and assist with analysis of costs.

Record Keeping

Record keeping systems are mechanisms for tracking business activity in an organization. This involves keeping track of revenues, costs, receivables, payables, inventory, assets, and liabilities. In order to track important business information, a good record keeping system will often include a combination of computer software and physical tracking systems. The only way for business owners and managers to make informed

decisions is through the use of strategic information that comes from a comprehensive record keeping system.

For startup businesses, KCARD often helps with choosing appropriate software, developing the most efficient physical tracking systems, and developing specialized templates such as invoices, bills of lading, and appropriate financial reports. It is important to put into place a good record keeping system in the beginning to get a clear picture of the financial health of a business. Smart management decisions can be made as a result. Without good records, business owners and managers cannot make informed decisions which can lead to many problems.

For existing businesses, KCARD provides similar services that are tailored to specific client needs. Record keeping systems need to be evaluated periodically and changed as needs and business activity change. In addition, record keeping needs usually get more complex as businesses grow. Record keeping also becomes more important as a result of growth because owners and managers must be able to make decisions based on accurate reports. For smaller businesses, it may be possible for managers to make decisions based on their own ballpark estimates, but it is

increasingly dangerous to do this after a business experiences growth.

KCARD encourages clients to recognize the value of investing in the appropriate assets for accurate record keeping. These include a good accounting system and/or trained personnel to keep records up to date and generate meaningful reports. KCARD stresses that investing in the appropriate technology and staff will pay a positive return to the business and is just as important as a sound production process.

As an additional service to clients, KCARD provides software specific training through third party trainers. This has included Quickbooks software training in the past. It is important that the appropriate personnel know how to use the record keeping software employed by a business, and custom training is sometimes needed.

Cost Analysis

For any business owner or manager, knowing the cost of production for all products and services sold is an important factor that contributes to success. Not knowing the costs of production can lead to marketing and pricing miscalculations. Both production costs and overhead costs are major drivers for profitability (or lack of), and managers who understand these costs

KADF 2011 Regional Workshops

The Governor's Office of Agricultural Policy will hold KY Agricultural Development Fund (KADF) Regional Workshops across the state. Attendance at a workshop is mandatory for organizations that administer KADF programs. The workshop dates and times are:

March 11
Allen Co. Extension
Office (9am-12pm)

March 15
Bullitt Co. Extension
Office (6pm-9pm)

March 16
Owen Co. Extension
Office (9am-12pm)

March 22
Pulaski Co. Extension
Office (6pm-9pm)

March 23
Clay Co. Extension Of-
fice (9am-12pm)

March 24
Marion Co. Extension
Office (9am-12pm)

March 25
Morgan Co. Extension
Office (9am-12pm)

March 31
Fayette Co. Extension
Office (9am-12pm)

USDA Grant Opportunities

USDA *Business and Industry Guaranteed Loan program* is currently available year round. The program intention is to create jobs and stimulate rural economies by providing financial backing for rural businesses. Special emphasis has been placed to assist in energy efficiency or generation projects as well as local food processing projects that can further assist the development of "Kentucky Proud" type products. For further information contact the USDA Rural Development State Office at 859.224.7435

USDA Value Added Producer Grant program application is anticipated to be released by the USDA National Office in late February. The Notice of Solicitations of Applications (NOSA) will provide all of the details required to complete an eligible application and the time frame for this year's program. The NOSA will be posted on the internet at <http://www.rurdev.usda.gov/rbs/coops/vadg.htm> once

it is released. For further information you may also contact Dean Tandy at the USDA Rural Development State Office at 859.224.7435 or dean.tandy@ky.usda.gov

USDA Rural Energy for America Program (REAP) Grant and Guaranteed Loan application is anticipated to be release by the USDA National Office in late March. NOSA will provide all the details required to complete an eligible application and the time frame for this year's program. However, the Agency is receiving applications year round and would encourage submission of REAP applications prior to publication of the NOSA. The NOSA will be posted on the internet at <http://www.rurdev.usda.gov/Energy.html> once it is released. For further information you may also contact Scott Maas at the USDA Rural Development State Office at 859.224.7435 or scott.maas@ky.usda.gov

Record Keeping *cont...*

will be able to make informed decisions that will result in improvement.

KCARD assists startups and existing businesses determine all costs to produce their various products and services. Key goals for cost analysis are to determine break even prices and/or volumes for clients, and to help clients make pricing decisions. KCARD also performs sensitivity analysis for clients by answering "what if" questions, such as what would be the effect on profitability if certain

costs change. KCARD develops cost analysis models that are tailored to specific client needs and account for all costs.

KCARD stresses that accurate records are a key prerequisite for performing accurate cost analysis. Record keeping and cost analysis are related services in this manner. It is much easier to perform accurate cost analysis when good records are in place and KCARD first assists clients with record keeping before performing cost analysis.

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growth by developing and
delivering technical
assistance and by providing
Business Advisory services
for agricultural and
rural businesses seeking
to enhance their
economic opportunities
in and around the
Commonwealth of Kentucky.*



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