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Farm and ranch recreation

N. R. Rimbey, R. L. Gardner, and L. D. Makus

In the search for alternative agricultural enterprises, you must be willing to explore beyond traditional concepts. Some farm and ranch owners in Idaho are discovering the income potential of a resource they had previously given away — recreation on their farm or ranch.

This publication offers a general overview of farm and ranch recreation and discusses how the idea might work as an alternative enterprise for rural Idaho residents. Before going into greater detail, 4 major points should be stressed:

- A recreation enterprise may take several years to reach its full potential. Initially, the business is not likely to generate much income, and it may never become the primary source of family income. Developing and marketing "the product" takes time; the markets may be extremely narrow, and much ingenuity may be required to develop the enterprise and remain competitive.
- Recreation enterprises are offering a service (an enjoyable experience for your customer), not a commodity. Traditional concepts of marketing farm commodities don't apply. Value is added and income potential increased by offering better services, not producing more bushels.
- Providing recreation services is a people-oriented activity. Communication and public relations skills are critical factors that will impact the success or failure of the business. If you really don't enjoy catering to the needs of people, you should consider another enterprise.
- Farm and ranch recreation does not have to be an all-or-nothing decision. With imagination and persistence, a recreation enterprise can be added to your existing operation and be consistent with your overall business goals.

Initial considerations

Resources inventory

An obvious first step is to consider your resources. How much land do you own? How much is leased from a private party? Do you use public lands? Would a recreation enterprise be dependent on adjoining public lands? What recreation activities could your farm or ranch offer? You also need to tally buildings, spare bedrooms, campsites, and human resources available in the family and community.

Be creative in your brainstorming. Recreational activities include much more than the obvious fishing, hunting, and camping. Hiking, swimming, boating, snowmobiling, cross-country skiing, horseback riding, wagon rides, cattle drives, trap shooting, rockhounding, and just plain soaking up the beauty of the outdoors are a few examples of recreational activities. Do you have wooded draws or old line camps that would make good campsites? Are there spare bedrooms or buildings that could be converted into guest rooms or cabins? Do you have horses or an old wagon? Don't forget attractions off your land, such as nearby lakes or trout streams, hot springs, rodeos, fairs, museums, and parks. They could help make a stay at your place a unique and enjoyable experience.

Time management

One motivation for starting a recreation enterprise may be to convert family members' free time into an income-earning opportunity. Perhaps the primary wage earners are seasonally employed and have consistent periods of being unemployed, or grandparents may no longer be employed outside the home and have time on their hands. A son or daughter may need part-time work and want the responsibility of managing some aspect of the farm business.

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Labor requirements of each task in the recreation enterprise need to be estimated. Timing of these tasks must be matched against available free time of family members (and hired help, if applicable). It may be helpful to construct a table with weeks or months of the year along the top and each family member in rows to see where time is available. Some tasks, like improving trails or remodeling cabins, can be scheduled into the off-season, while the tasks of directly serving customers cannot. Labor requirements can change over time with the structure of the enterprise, but initial requirements are an important dimension to analyze in detail.

People management

In addition to figuring out your time resources, consider the personal characteristics of the people who will work with your customers. In delivering a recreation service, they may be the biggest asset — or hindrance — you have. Many customers will be unfamiliar with agriculture and rural life, and they may say things that seem obnoxious, insulting, or incredibly ignorant. However, most are genuinely and warmly curious about your lifestyle. Do your family and employees really like people? Are they willing to answer the same questions and repeat the same stories over and over with enthusiasm? Can they make guests feel special and welcome? Providing a people-oriented service requires patient individuals who enjoy serving the public.

Another dimension of people management involves those you interact with off the farm or ranch. Extension agents, federal and state agency personnel, and business development specialists may be valuable resources. Notifying neighbors of your plan is not only considerate but can be vital to your success. Gaining cooperation from your fish and game officer, sheriff, county commissioner, and chamber of commerce is certainly worth the effort and diplomacy.

Liability and insurance

The risk of being liable for an accident on your land is a key legal and cost consideration. Many insurance companies are uncertain how to calculate risks and costs for farm and ranch recreation enterprises, and there is little consistency in treatment. Your insurance company may simply add the enterprise to your policy with little additional cost, or it may be a major and expensive stumbling block until you find a company familiar with recreation businesses.

Most farm policies will not cover business pursuits other than farming and ranching unless run by a minor. Read your insurance policy and discuss it with your insurance agent to be sure you are covered. Your agent may be able to develop a policy that will cover those things your regular policy does not. Also, certain industry groups may provide access to needed insurance. For example, liability insurance is available

for members of the Idaho Bed and Breakfast Association. This insurance is underwritten by a private firm, and the cost is fairly modest.

Asking customers to sign a simple liability waiver (or "hold harmless" form) may reduce, but not eliminate, liability. Liability waivers can be strengthened by including a checklist of all the hazards on your property. These hazards are then shown to each customer during his or her orientation tour (which is a must) and checked off the list. The customer then signs that he or she has been shown the potential hazards and absolves the business owner of liability. Of course, the best thing is to remove as many hazards as possible and make those that remain as safe as possible.

Leases and contracts should be carefully drawn up to ensure that you and the customer understand exactly what services are being provided. This should include a description and map of your land boundaries, your rules of conduct, what activities are permitted, exactly who is permitted to visit, and other factors. Be specific and detailed to avoid later problems. Visits to your insurance agent and lawyer are recommended to review liability and legal risk issues before starting a recreation enterprise.

Improvements

You may want to invest in improvements of physical structures (building, trails, roads, etc.) or the environment (wildlife habitat, reforestation, waterway protection, etc.) on your property, depending on the focus of the recreational experience you offer. Details of such improvement are not addressed here, but each investment should be analyzed carefully. Costly improvements should be delayed or done in stages as sufficient cash flow from the recreation enterprise develops. Improvements that benefit several ranch enterprises should receive higher priority than those directed to a single purpose.

Technical and financial assistance for habitat improvement may be available from Soil Conservation Service, Soil Conservation District, Bureau of Land Management (BLM), the Forest Service, and your Extension agent. Enrollment in the Conservation Reserve Program offers a unique opportunity to improve wildlife habitat. The Soil Conservation Commission and your local Soil Conservation District offer low-interest loans for rangeland improvements, conservation investments, or protecting riparian habitat.

Public land use

Almost two-thirds of Idaho is owned by federal or state governments. While public recreation may compete with private enterprises, public lands can offer private landowners increased opportunities. Using public lands may add some management complications to your recreation business. Your use of

public lands may be as simple as your guests hiking, fishing, or hunting on public land. However, regular use of public lands by persons who view that land use as part of their purchased recreation package will require you to get an outfitter's or special use permit. Consult the BLM, Forest Service, or Idaho Department of Land personnel in these cases.

Outfitter's license

Idaho's strong Outfitter's and Guide's Act assures consumers they will experience a safe, quality recreational experience in Idaho. The act requires an outfitter's license of anyone who, for pay, furnishes facilities, equipment, or services for a broad array of outdoor recreation activities. This means an outfitter's license is required any time a paying ranch guest is escorted on an activity, regardless of whether the recreation occurs on your land or public land.

The point at which a landowner is outfitting or guiding a guest, rather than simply allowing recreation, is not always clear. For instance, is a license required for the farmer who loans his guest a fishing pole and points the way to a stream or pond? for a rancher who carries a deer off his pasture in his four-wheel drive pickup? for a bed and breakfast operator whose guests bring their own snowmobiles? for a farmer whose vacation guests ride in the combine or stack hay? The answers to these questions aren't certain, and the Outfitter's and Guide's Licensing Board needs to clarify policy.

Check with the board before starting your business if you are at all unsure, for outfitting without a license is a misdemeanor. Securing a license for recreation on your deeded ground should be fairly easy, but will take at least 90 days. The fee for an outfitter's license is currently around \$250. If public land is involved, you will need to explain in your plan of operation exactly what land will be used and obtain signatures from the public land manager. Outfitters can receive exclusive rights to public lands for commercial operations, just as with special use permits.

Feasibility

The profitability of any added enterprise should be estimated with a partial budget reflecting changes in revenues and costs associated with the activity. These budgets may be rough at first since some things, such as the demand for your product, will not be known. Budgets are a management tool; in the planning stage they need to be flexible. Initial expenses should obviously be kept to essentials until you are more familiar with the business. There may be ways to make do with less investment or by substituting sweat equity for cash outlays.

In assessing costs, remember to include only the additional time over and above what you are already doing. Pricing the labor of hired help is straightforward enough, but pricing family labor is another

matter. The owner-operator's time during harvest or when seasonal employment is available may be worth a lot. On the other hand, a family member may be unable to find off-farm employment and be willing to work for any additional income. One way to handle family labor is to not value it except to measure the hours required. Net income after covering all other costs is the return to land, management, and family labor. The cost of some improvements can be spread (depreciated) over several years. Habitat improvements, extra horse tack, remodeling guest rooms or cabins, and equipment for guests are some things that will help your recreation enterprise for years.

The budgeting effort is the main part of analyzing the feasibility of a recreation enterprise. You must estimate the costs of operating this new business. This cost information will serve as the basis for financing and marketing your business.

Marketing

There is no local elevator or saleyard to which you can deliver your recreation service. Marketing your new enterprise will be an unfamiliar, but extremely important, process. You will need to carefully define your product, know your targeted customer, treat customers so that they will want to return, and price your service competitively. The successful operator will spend considerable time researching and planning a marketing strategy.

Learn from your competition

The single best marketing lesson is to visit one or more operations that offer a recreational service similar to what you are planning. Several things will be accomplished. Most important is that you will experience the enterprise from the customer's point of view, which should help you understand what it is you are selling and how to sell it. You can observe someone else's hospitality and how they create an image. If you explain why you are visiting, most experienced farm recreation hosts will be happy to share information with you on the advertising, pricing, and business management aspects of their operation. Most will recognize that competition in recreation does not have to be cutthroat, and cooperation can help this young industry grow. There may even be advantages to cooperating with others in advertising and marketing your service.

Define your product

For successful marketing, you must have planned carefully so you know what service you are offering. Then compare your service to your competition's to determine your marketing edge. Is your location more accessible or less than most? Is your area ordinary or especially scenic? How do your accommodations rank? How good is the fishing or hunting? Are there truly unusual off-farm attractions? This process is called "positioning" — learning how your service

stands in relation to others in the market. With this understanding, you will be better able to price and promote your enterprise to compete effectively in the market place.

Target your customers

After looking closely at yourself and what you are offering, you must examine your potential customer. You cannot effectively serve your clientele or promote your recreation service if you don't know your targeted customer. Who is this individual, and what does he or she want? With some research you should be able to describe your intended customer in some detail. What is their age, sex, family size, occupation, income level, and interests? Where do they live? Are they passing through or is your place their destination? How long will they usually stay and what do they want to do? Are they seeking a unique experience, adventure, rest and relaxation, solitude, or a chance to meet genuine ranchers?

Advertising and promotion

Having defined your product and your customer, the next task is to get the word out. Broad-scale advertising is quite expensive, so promotion must be done carefully and creatively. A good first step is to select a name and logo for your operation that communicates the image you want. Someone with creative design talent may be helpful at this point. Stationery and business cards with your logo are inexpensive and essential; an advertisement in the telephone directory may also be worthwhile.

The next expenditure for all but the smallest operation is to write and design a brochure. It should include your services, nearby attractions, rates, location, and directions. Avoid being too wordy; use photos to fill in space. Don't be afraid to get help on this task, because there is a knack to creating an attractive, informative brochure.

At this point, much of your advertising may be free. Brochures can be left where tourists or hunters go: cafes, motels, sport shops, and chambers of commerce. Free publicity can also be gained by exploiting the human interest angle of your new venture. Local newspapers, radio, or TV stations may be interested in doing a feature on a new farm recreation enterprise and the people who started it. Travel editors of metropolitan newspapers or even magazines could be given a free sample of your hospitality and services. The Idaho Department of Commerce lists all bed and breakfasts and ranch vacations in its *Idaho Vacation Planner*, which is distributed free to hundreds of thousands of tourists.

Hospitality

Put yourself in your customer's shoes and "walk" through all aspects of his or her visit. First impressions usually stick. Were you courteous over the

phone? Is your entrance neat and pleasing? Is there a sign for easy identification? Ask friends or relatives for their opinions. Customers are there to relax and enjoy themselves, not to hear or see your problems. Your job is to fulfill their wants. For instance, some customers will be tired from traveling when they arrive and much prefer a hot bath to the grand tour and rules of the premises. Or they may prefer to go to town one day, rather than do the activity you have offered. Be flexible, attentive, cordial, and not too forward.

As a host or hostess, you represent your entire community, and for out-of-state guests, Idaho. Be positive and don't run your hometown down. Knowledge of the geography, history, and attractions in your area will prove most useful and be much appreciated. You should know where other services can be found, such as banks, stores, repair shops, golf courses, churches, movie theaters, laundromats, and the post office.

Another idea is to remember that marketing Idaho helps make your place special. Serving Idaho-grown foods, a glass of Idaho wine, or selling local handicrafts all help create vivid, lasting memories. You could even take your customer's picture against an Idaho backdrop or on a horse. A Christmas card of an Idaho scene, or better, a familiar spot on your ranch or farm, is a good way to rekindle fond memories and maintain contact with previous customers.

Finally, ask each customer on his or her last day what could be improved. What would they like to see different the next time they come? These suggestions can be invaluable. Repeat customers are extremely important to any recreation enterprise. With regard to advertising, it usually takes less effort and expense to keep an existing customer than to find a new one. Also, word of mouth is the best form of advertising for good hosts. Ask customers to refer your recreation enterprise to their friends.

Pricing

Setting a price on a recreation service is difficult because each is unique, and much of the cost may be in the time and effort of your family. The budgets discussed earlier should offer an idea of breakeven prices and cost per customer for some level of demand. The cost-plus approach (establishing the price at a certain amount above your cost) can be used for pricing, but be sure to include all costs and allow for risk of failure. Farm and ranch recreation experts say many farmers tend to undervalue their services because they do not realize the value of their surroundings to urban middle- and upper-class outsiders. On the other hand, it is better to build up customers and gradually increase the price than it is to initially price yourself out of the market.

Another pricing method is to base your price on comparable recreational experiences. Your visits to

other similar operations should provide the necessary information. However, don't ignore your operating costs when using this approach.

A technique called "differential pricing" can help spread the demand for your service and maximize income. For instance, you may want to charge a higher price for weekends or opening day of the fishing or hunting seasons. You might offer a lower price in the off-season for tourists (spring and fall). Prices for fee hunting could be two-tiered with lower rates for local sportsmen who help protect your property. You may want to favor or discourage families with your pricing for children. Longer stays can be encouraged with special weekly rates, or four nights for the price of three. Think of pricing as a way to regulate the demand for your recreation service and maximize use of your facilities.

Conclusion

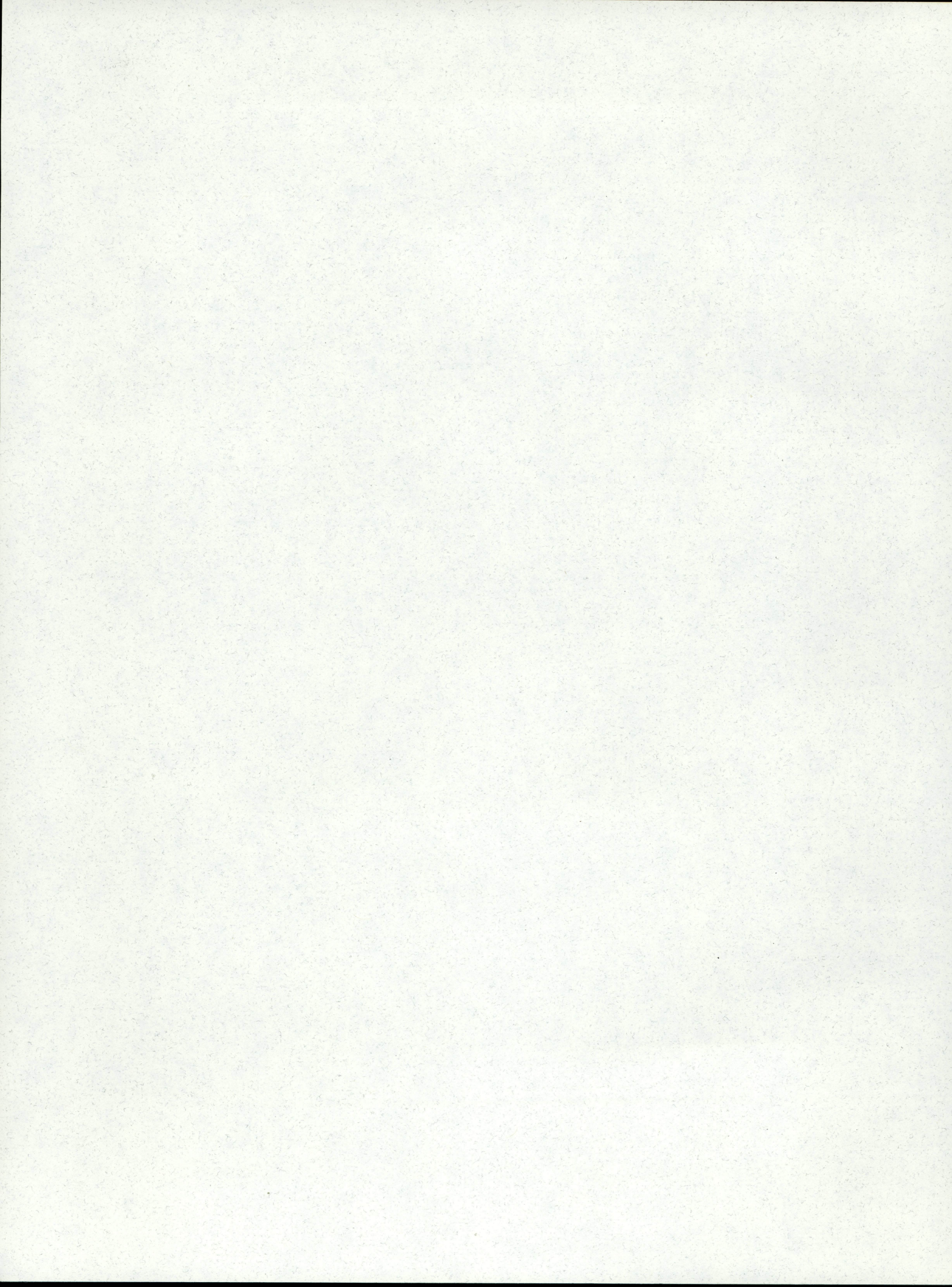
The primary purpose of this publication is to communicate the potential for rural residents to generate supplemental income through farm and ranch recreation. Farm and ranch recreation is new to Idaho. With communication and cooperation, a new recreational resource for the state can be developed, and new income opportunities for rural residents and communities provided.

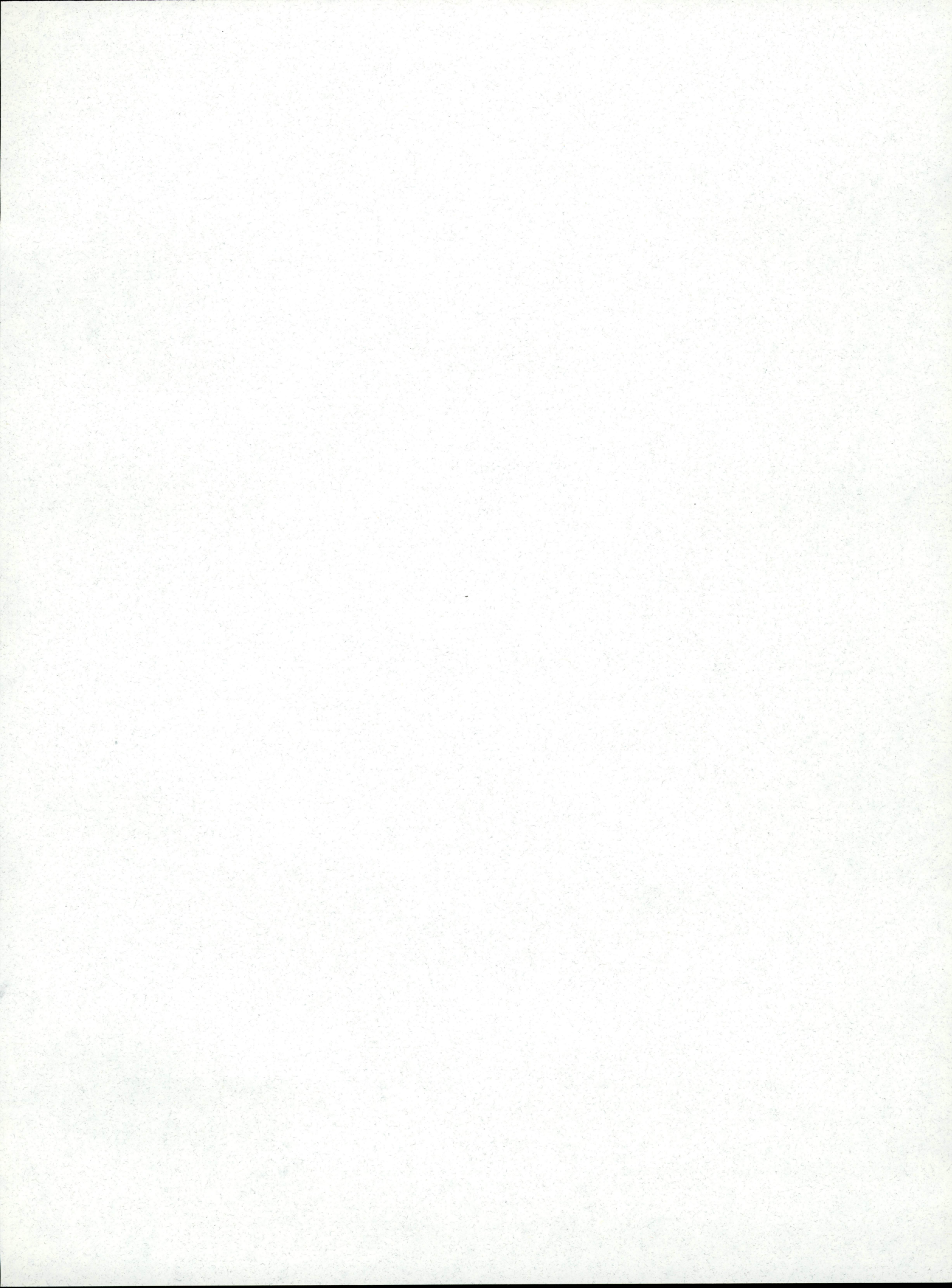
For further reading

- EC 1277 Managing a Fee-Recreation Enterprise on Private Lands (\$1.25). Publications Orders, Agricultural Communications, Oregon State University, Administrative Services A422, Corvallis, OR 97331-2119.
- EXT 699 Assessing the Potential for Farm and Ranch Recreation (\$1.00). University of Idaho.
- CIS 942 Pricing Non-Traditional Products and Services (50 cents). University of Idaho.

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The authors — **Neil R. Rimbey**, Extension range economist, University of Idaho Department of Agricultural Economics and Rural Sociology, Caldwell Research and Extension Center; **Richard L. Gardner**, agricultural economist for Idaho Department of Agriculture, Boise; and **Larry D. Makus**, associate professor of agricultural economics, University of Idaho Department of Agricultural Economics and Rural Sociology, Moscow.





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