

# Linking Agriculture, Tourism, Economics and Education through Cluster Development in Rural Communities

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# *What is Agritourism and Farm-based Education*

West Virginia agritourism/farm-based education refers to travel or visit by the general public to a working farm or other commercial agricultural, aquacultural, horticultural or forestry operation for the purpose of enjoyment, education and or participation in agritourism activity(ies). An activity is an agritourism activity whether or not the participant paid to participate in the activity.



# Why Emphasis Farm-Based Education (Interpretation)

Farm-based education is among the most effective and promising forms of environmental, experiential, and place-based education because of the innate ability in all people to connect to farms.

"A form of experiential, interdisciplinary education that connects people to the environment, their community, and the role of agriculture in our lives".



"Farm-based education reinforces that raising food is fundamental to our society and that all people should know about agriculture and where their food truly comes from. ".





## *Agritourism in West Virginia*

- Culinary tourism-local, Appalachian
- Vineyards, wineries, breweries & distilleries
- Heritage/cultural crafts, foods & activities-farm focused
- Farm to School, table, plate, "X"
- Farm B&B's/vacations
- Wagon/sleigh/hayrides
- Pick Your Own
- Weddings

- Picnics, parties & campfires
- School field trips
- Seasonal festivals
- Farm based education (classes, workshops)
- Field mazes
- Roadside & farmers markets
- Agriculture festivals & events
- Trail rides
- Local-focused restaurants



# The Times they are a Changing!

## 2014 Traveler Happiness Study - The Thirst for Authenticity

One of the key ingredients in having a happy travel experience was making a local connection and creating a connection with people and places, cultures and histories allows us to open our minds and increase our chances of experiencing happiness

*Tourism + Agriculture + Education + Entertainment  
+ Engagement + Attitude = Economics*

## Experiential Travel Checklist

**73%**  
of travelers surveyed  
would rather spend money on  
experiences than on things. \*

*Experiential travel is the new, hot trend.  
Luckily, most regions already have the raw  
materials necessary to create authentic  
experiences for groups.*



Passionate storytellers and interpreters transform history into memorable experiences. As for culture, showcase your area's quirky, hidden gems as well as your famous sites.



**Tip:**  
Combine multiple  
components to  
create a richer,  
themed experience.



Does your area boast natural wonders? Great! If not, don't write off nature. Seek out local environmentalists, outdoor enthusiasts, hunters and farmers and ask what is special about your region? You'll discover amazing nature right under your nose.



Groups will appreciate your area's foods and beverages even more after they learn the stories behind the flavors. Interactive farm/production tours, comparative tastings, hands-on cooking classes all give insights and add value to your culinary offerings.



Join forces with local art galleries, craft studios, antique dealers and boutiques to reinforce the idea that your area's unique treasures cannot be found anywhere else. Just like with foods, groups will value your products more if they can meet the makers and see the workshops.



Take a pass on passive. Today's groups want to DO more than to watch. Plus they love a takeaway to show off to family and friends back home.



**Tip:** Make  
the experience  
share-worthy. Social  
media buzz thrives  
on great photos.



**Tip:** Ready to embrace experiential travel?  
Chat with your regional Group Tour Media consultant today.  
Contact information is on page 7.



# Studies Support the Need for a more Defined Agritourism Product

## 2012 Economic Impact

Direct Spend  
Employment  
State/Local Tax

Activities of

### Hot Buttons for Staying Longer In West Virginia

#### Top 10 Hot Buttons

Provides A Unique Vacation Experience

A Fun Place For A Vacation

A Place Everyone Should Visit At Least Once

A Place I'd Really Enjoy Visiting On A Day Trip

Good For An Adult Vacation

Good Place To Relax

Good Place For Families To Visit

A Place I Would Feel Welcome

An Exciting Place

Children Would Especially Enjoy This Place

Good or  
Excellent

ities

96%

lliness of

95%

tivities

95%

tractions

60%

tions

43%

ities

34%

River Gorge, WV Competitiveness Study  
/Virginia University



Source: Longwoods International 2013 West Virginia Overnight Visitor Report

Percent

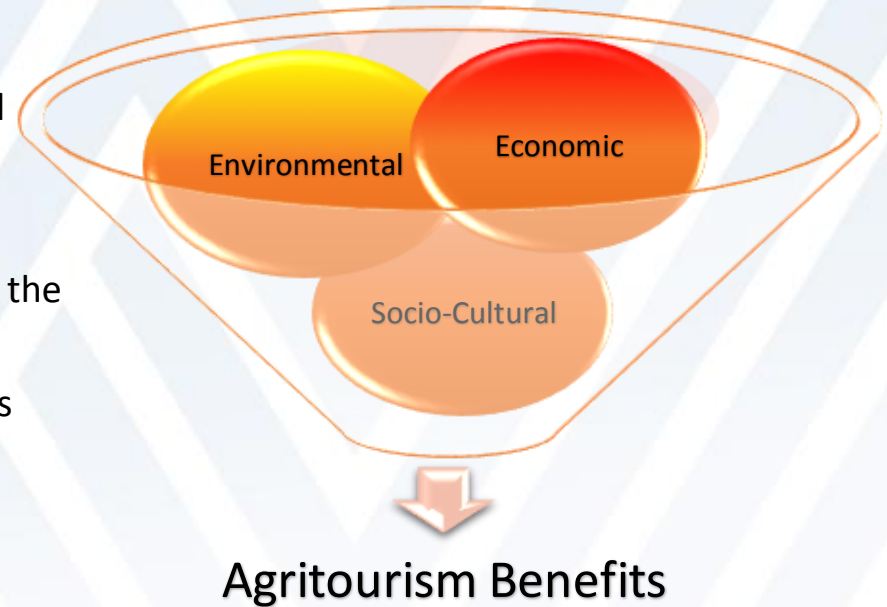
West Virginia

U.S. Norm

# Why Visit an Agritourism/Farm-Based Education Operation?

## *(Demand Motivations – Visitors' Motivations)*

- More people traveling as a family, with multi-generations
- More people traveling by car
- Looking for more activities combining educational and recreational experiences
- Multi-activity but shorter trips
- Growing interest in experiential travel – connecting to the culture, history, people and food of a place.
- Growing interest by the public to support local farmers
- Agritourism growth ties directly back to the local food movement
- Growing interest in rural life and environmental stewardship

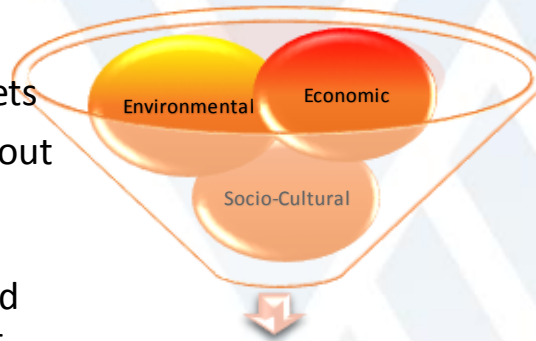


# Why Have an Agritourism/Farm-Based Education Operation?

## (Supply Motivations vs Supply Limitations)

### Supply Motivations

- Diversify the income stream
- Improve cash flow
- Diversify product lines and markets
- Get feedback from customers about preferences for products and services
- Educating visitors- agriculture and local foods, and the environment
- Help community development
- Work at home
- Social rewards



### Agritourism Benefits

### Supply Limitations

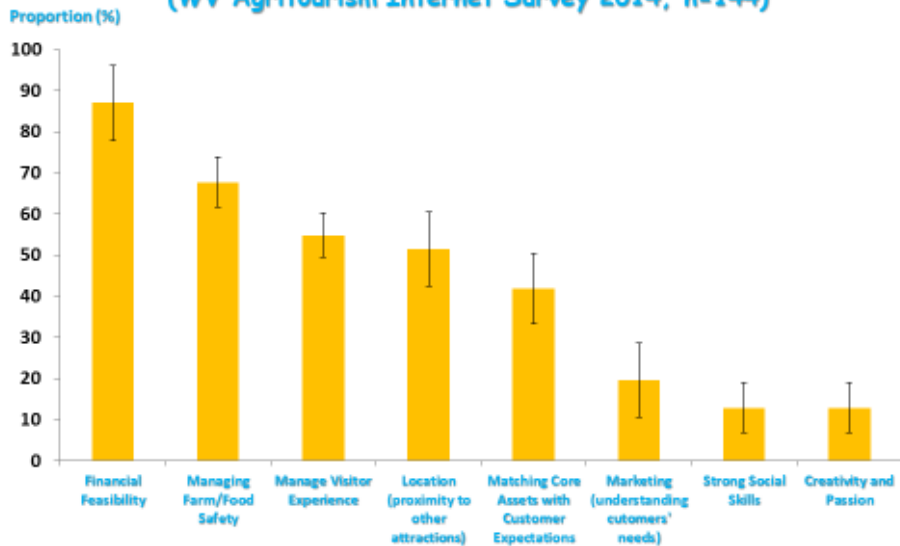
- Rural, remote, face depopulation
- Inadequate infrastructure
- Lack of access to resources
- Lack entrepreneurial skills and new skills set (e.g., hospitality, retail marketing, customer service)
- Increased liability exposure
- Tension with neighbors
- Tourism and agriculture are fragmented
- Lack of shared planning has led to weak competitive power of WV



# Needs Assessment Response for Proposed Agritourism Course

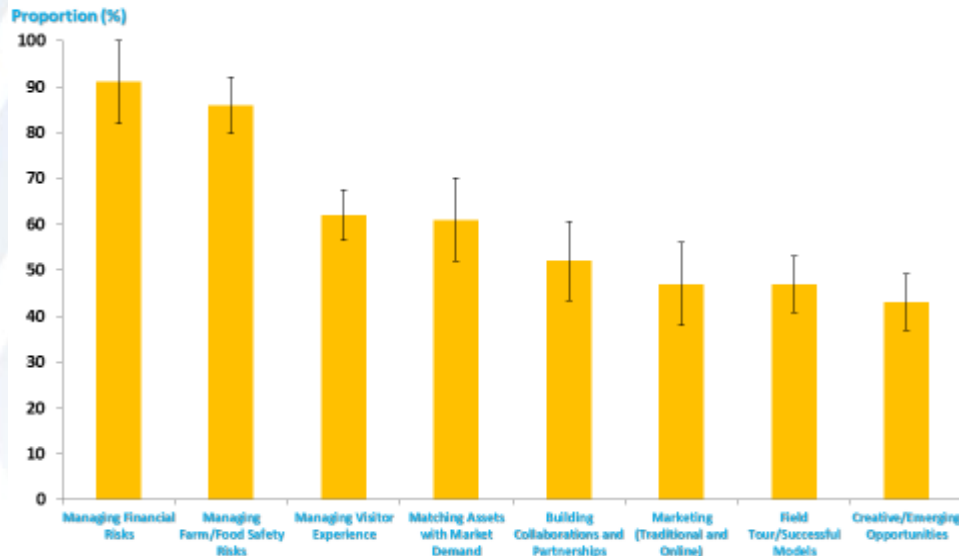
## Rank of Critical Success Factors in Agritourism

(WV Agritourism Internet Survey 2014, n=144)



## Rank of Priority Training Needs for Proposed Agritourism Course

(WV Agritourism Internet Survey 2014, n=144)



# Need for New Paradigm – SMEs Micro-Cluster Networks

- Porter, 1990 - cluster is a “geographically close grouping of mutually interlinked firms and dependent institutions in a given discipline, which compete together, cooperate, have joint symbols and complement each other.”
- Porter, 1998 - understands clusters as one of the main sources of microeconomic competitiveness (productivity and economies of scale).
- Clusters of SMEs provide model of complementarity and competitiveness (Novelli et al, 2006; Shin, 2009; Shone & Memon, 2008; Sonnino 2007).
- Differentiated locality and image - first step to empower their place-destination through "localness" and quality and become more visible
- Facilitate relations with other entities, better meeting consumer needs
- Stimulate local competitiveness - contribute positively to innovative processes and favorably affect productivity
- Reap the economies of accumulative and scale effects and diversify geographical risks - improve the status and the significance of smaller firms
- Solidifies partnerships - culture/attitude of businesses serving the tourists, state, and community.

# Visitors Don't Care About County Lines!!



The Greenbrier Hotel,  
Greenbrier County



J.Q. Dickinson Salt Works,  
Kanawha County



Autumn Breeze Farm,  
Greenbrier County



Farmers' Market,  
Nicholas County



Swift Level Farm Stay,  
Munroe County



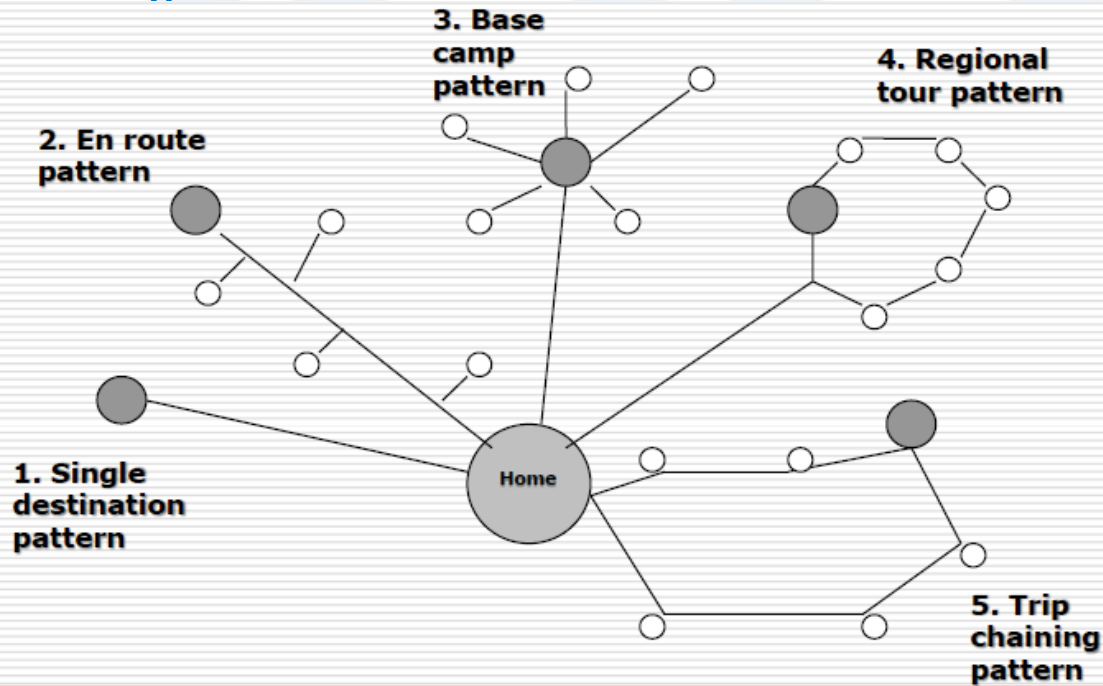
Ace Adventure Travel,  
Fayette County



New River Gorge Bridge,  
Fayette County



# Models of SMEs Micro-Cluster Networks



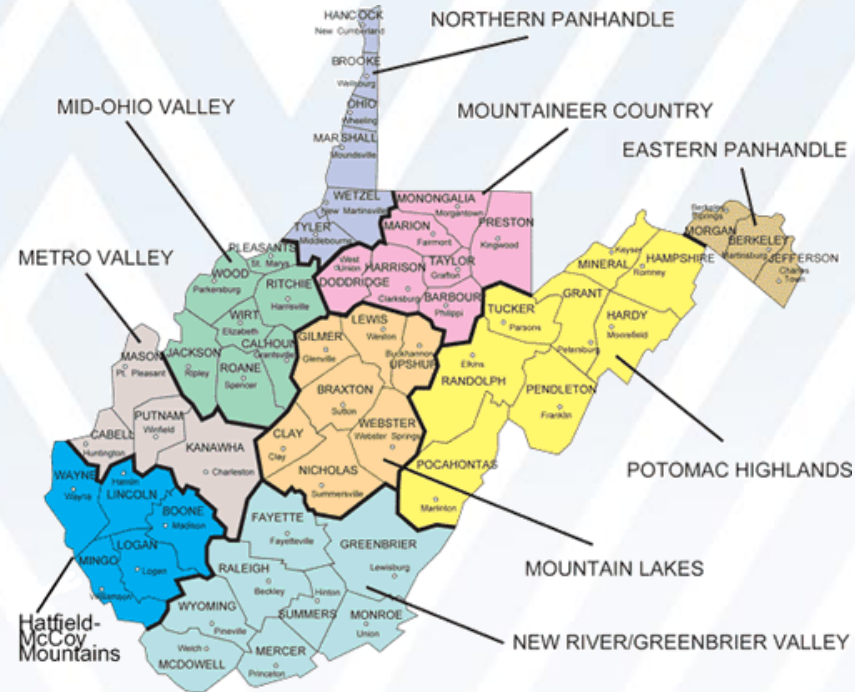
\* Adapted from Lue, Crompton, & Fesenmaier, 1993

# Overcoming the Generic Challenges of SMEs Micro-Cluster Networks

- Geographic limitations
- Flow of information
- Lack of innovation - homogeneity
- Lack of linkages/interconnectedness of cluster actors
- Success of the cluster initiative is conditional on:

- **Quality/success of the individual entities within cluster**

- the quality of the engaged internal/external stakeholders;
- the appropriate choice of the strategic focus; and





Visit [anr.ext.wvu.edu/agritourism](http://anr.ext.wvu.edu/agritourism)



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"Would you tell me, please, which way I ought to go from here?"

"That depends a good deal on where you want to go to," said the Cat.

"I don't much care where," said Alice.

"Then it doesn't matter which way you go," said the Cat.



## Whole-Farm Business Planning for Profitability

Beginning with the End in Mind!

Dwight Eisenhower: "In preparing for battle I have always found that plans are useless, but planning is indispensable."

# *Business Planning- Five Planning Tasks (5 Page Business Plan)*

Identify  
Values-What's  
important to  
you?.

Where are  
you and what  
have you got?

Where do you  
want to go?

How can you  
get there?

Which routes  
will you take?  
How will you  
monitor  
progress?



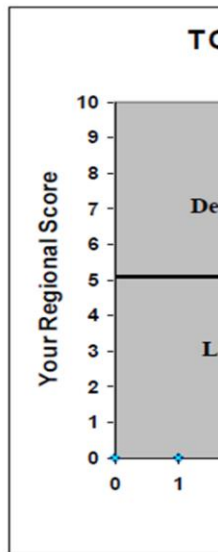


# *Agritourism is NOT for Everyone – Assessing your Agritourism Potential*

Assessing your Agritourism and Farm-Based Education Potential based on your Regional and Farm/Property Characteristics			
REGIONAL CHARACTERISTICS	SCORE per Category (25)	PROPERTY CHARACTERISTICS	SCORE per Category (25)
1. Natural Beauty 2. Cultural and Social Characteristics 3. Recreational Offerings in Your Region 4. Shopping and Commercial Characteristics 5. Public Infrastructure to Support Tourism 6. Attitudes Towards Tourists 7. Accessibility of your Region 8. Existing Tourism Activity in your Region		1. Natural or Farm Features 2. Built Features and Cultural Artifacts 3. Site Infrastructure 4. Business Potential and Human Resource Features 5. Business Skills and Personal Qualities	
<b>Regional Characteristics Gross Total</b>	<b>Max 200</b>	<b>Property Characteristic Gross Total</b>	<b>Max 125</b>
Divide Gross Total by Standardizing Factor	<b>20</b>	Divide Gross Total by Standardizing Factor	<b>12.5</b>
<b>NET REGIONAL CHARACETRISTIC SCORE</b>	<b>Max 10</b>	<b>NET PROPERTY CHARACETRISTIC SCORE</b>	<b>Max 10</b>

# Choosing a Marketing Strategy Based the Tourism Grid Placement

What else is there to do around here?



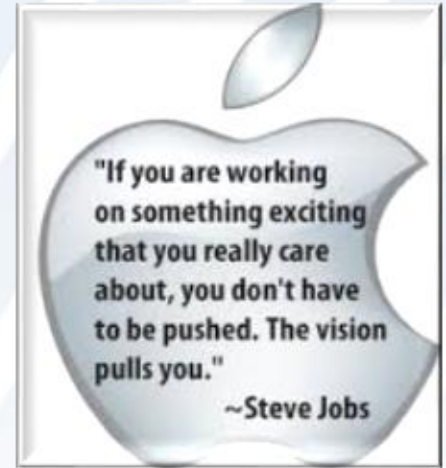
# Developing the Business Idea – Vision and Mission Statement



Our MISSION  
shapes our  
today

Our VISION  
prepares us for  
tomorrow

We can prepare  
for tomorrow if  
we believe in our  
VALUES and set  
realistic GOALS

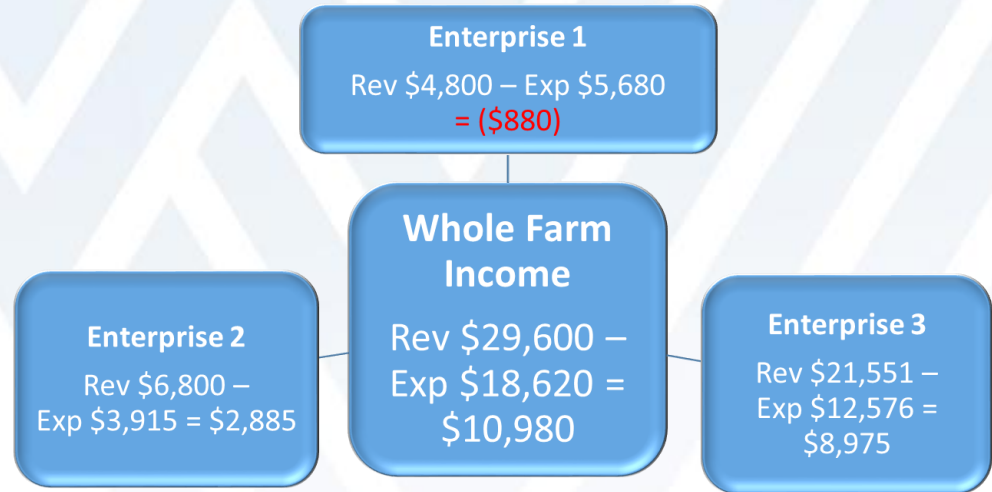




# Whole-Farm Planning for Profitability

- **Supplementary enterprise** - Agritourism as a minor activity (profit center) that supports other products (main profit centers) on the farm.
- **Complementary enterprise** - Agritourism activities share equal importance with other enterprises in the farm's product mix.
- **Primary enterprise** - Agritourism as the dominant/primary activity on the farm.

Understand how each Enterprise Contributes to Whole-Farm Income



# Calculate your Cost of Production to Determine Financial Feasibility and Market Feasibility

Enterprise Budget - Name of Enterprise					
Assumptions					
Income	Quantity	Unit	Unit Price	Sub-Total	Total
Sales			\$	\$	
Sales			\$	\$	
Sales			\$	\$	
Sales			\$	\$	
Total Income				#VALUE!	#VALUE!
Variable Expense		Quantity	Unit	Unit Price	Sub-Total
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Total Variable Expenses				#VALUE!	#VALUE!
Fixed Expenses		Total Cost	Useful Life	Cost/Year	Sub-Total
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Expense			\$	\$	
Total Fixed Expenses				\$ -	\$ -
Net Income (Profits or Losses)					#VALUE!
Profit Margin (Net Income/Total Expenses)					#VALUE!
Break-Even Price per Unit (Total Expenses/Quantity Sold)					#VALUE!
Break-Even Output (Total Expenses/Est. Market Price)					#VALUE!

- Estimated Market Price
- VC/unit sold
- FC/unit sold
- Net Income/unit
- Profit Margin
- Revenue to Meet Net Income Goals
- Break-even price (short vs long run)
- Break-even output
- Cash Flow
- Net Worth
- Profitability

# Partial Budgeting - Proposed Change on my Current Operation's Profits

Example: Adding agritourism enterprise to existing sheep, goat and value-added farm

Increases in Net Income		Decreases in Net Income	
Increase in Income		Decrease in Income	
Entrance fees	\$10,000		\$0
Gift shop sales	\$4,000		\$0
<b>Total Increase</b>	<b>\$14,000</b>	<b>Total Decrease</b>	<b>\$0</b>
Decrease in Cost		Increase in Cost	
Eliminate need for one employee	\$3,000	Adding seating, washrooms, signs	\$4,500
	\$0	Play area for kids	\$1,500
	\$0	Construction and utilities for gift shop	\$3,000
	\$0	Liability insurance	\$400
	\$0	Employ one part-time employee	\$6,160
<b>Total Decrease</b>	<b>\$3,000</b>	<b>Total Increase</b>	<b>\$8,260</b>
<b>Increase in Net Income</b>	<b>\$17,000</b>	<b>Decrease in Net Income</b>	<b>\$15,660</b>
<b>Change in Net Income</b>		<b>\$1,440</b>	

# *Managing Legal Liability and other Important Considerations*

## *Legal Liability*

- Farm risk assessment
- Farm and food safety plan
- Insurance Considerations
- Emergency Planning
- Standard Operating Practices for farm tours, artisan classes, etc.

## *Other Considerations*

- Other Record-Keeping and Financial Analysis
- Market Analysis and Consumer Demand
- Hospitality and Tourism Management Training
- How to create a 'Good First Impression'
- Marketing (online vs traditional)
- Micro-cluster stimulation – 'What Works'
- Building inter-connections



Business Plan for \_\_\_\_\_

Date Prepared \_\_\_\_\_

Owner /Manager \_\_\_\_\_

VISION STATEMENT

MISSION STATEMENT

KEY VALUES

KEY FARM NUMEBRS

KEY VARIABLE		WHOLE FARM	ENT. 1	ENT. 2
Revenue				
Variable Expenses				
Fixed Expenses				
Net Income				
Units Sold				
Break-Even Price				
Break-Even Output				
Net Income/Unit				
Profit Margin				
Net Income Goal				
BEP to Meet NI Goal				
BEO to Meet NI Goal				
Current Net Worth				
Current Liquidity	QR 1	QR 2	QR 3	QR 4

**Date Prepared** \_\_\_\_\_ **Owner /Manager** \_\_\_\_\_

**Date Prepared** \_\_\_\_\_

Owner /Manager \_\_\_\_\_

## CRITICAL SUCCESS FACTORS

What do You Need More of	What do You Need Less of

Business	Strength	Weakness	CA

<b>Business Plan for _____</b>	
<b>Date Prepared</b> _____	<b>Owner /Manager</b> _____

PRIORITIZED STRATEGIC GOALS (YEARS 1-5)	
1.	
2.	
3.	

Strategic Goal 1:			
Tactical Objectives	Operational Plan	Expected Costs	Milestones

Strategic Goal 2:			
Tactical Objectives	Operational Plan	Expected Costs	Milestones

Strategic Goal 3:			
Tactical Objectives	Operational Plan	Expected Costs	Milestones

<b>Business Plan for</b> _____	
<b>Date Prepared</b> _____	<b>Owner /Manager</b> _____

MILESTONES – SCHEDULE FOR IMPLEMENTATION				
Milestone	Start	End	Budget	Person

METRICS FOR MEASURING PROGRESS			
Strategic Goal	Measurement	When	Person



<b>Business Plan for _____</b> <b>Date Prepared _____ Owner /Manager _____</b>
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OVERALL RISK MANAGEMENT PLAN					
	People	Financial	Production	Marketing	Legal
Identify Risks	1. 2. 3.	1. 2. 3.	1. 2. 3.	1. 2. 3.	1. 2. 3.
Prioritize Risks					
Evaluate Risk Management Tools					
Select Appropriate Strategies					
Evaluate Outcomes					

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