Success Factors for Small-Scale Diversified Farms in the Intermountain West

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1. Background

- Small farms and ranches represent 90% of all farms in the Intermountain West (AgCensus, 2007). Hence, their long-term success and viability is important to the economic survival of their communities.
- New entrants into farming tend to be young and middle-aged individuals with little or no farming background looking to enter entrepreneurship in agriculture, usually involving specialty crops and sales through direct markets (Hoppe and Korb, 2006).
- Research finds that the success of small farms may be enhanced by the expansion of direct market outlets, access to and use of smaller fragmented lands, production of high-value crops, as well as multiple-enterprise or diversified activities such as agritourism (Hardesty and Leff, 2009; Watson and Thilmany, 2008; McGehee, 2007).
- Reports show a lack of profitability or sustainability among small farms, due to limited access to financial capital, land, and affordable health care (NYFC, 2011).
- Information regarding key success factors for small farms may aid small-scale growers in increasing profitability and overall success.

2. Objectives

- Identify and analyze measures of success for small-scale farmers.
- Examine and explain factors likely to increase the probability of small farm success.

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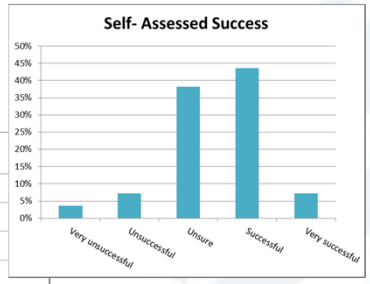
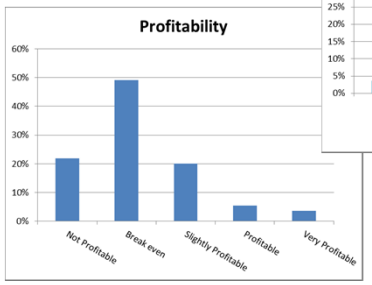
3. Data and Methods

- Data for this study were collected through an online survey administered to small-scale farmers in Utah, Idaho, Colorado, and Nevada in January/February 2012.
- Participants were solicited through email lists of farmers' market vendors and community supported agriculture program managers, as well as beginning farmer/rancher educational list serves.
- A total of 75 small-scale farmers completed the survey, resulting in 55 valid responses.
- Ordered logit models were used to examine owner, financial, farm, market, and governmental regulation factors significant in increasing the probability of small farm success.
- Measures of success included farm profitability, farmer self-assessed success, and farm debt load. These measures were chosen based upon previous literature and respondent feedback as to "relevant" measures of success (Muhammed et al., 2004; Yeboah et al., 2011).





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4. Results and Implications

The sample average farm size was 6-10 acres, average number of products 3.6 , average number of markets used 2.6. and 43.6% were involved in value-added or agritourism activities. The sample average age was 45-49 years, average experience farming 6-10 years, average education level of a 2 year associates degree, and 43% considered farming their primary occupation.

Table 1. Ordered Logit Model Results

Variables	Model 1 Profitability	Model 2 Self-Assessed Success	Model 3 Low Debt Load
NumProducts	0.0839	-1.107*	0.0184
	(0.166)	(0.630)	(0.201)
VA/AgTour	-1.191*	1.241*	-0.110
	(0.659)	(0.710)	(0.690)
FarmSize	-0.183	0.177	-0.0660
	(0.175)	(0.171)	(0.171)
NumMarkets	-0.0495	-0.0234	-0.139
	(0.226)	(0.173)	(0.222)
MarketDis	-0.00413	0.139	-0.00329
	(0.00499)	(0.224)	(0.00470)
AType	-1.042*	-0.411	0.414
	(0.622)	(0.669)	(0.630)
BusPlan	0.0353	0.0127**	-0.255
	(0.666)	(0.00575)	(0.716)
OutsideServ	-0.0259	-1.192*	-0.179
	(0.141)	(0.661)	(0.138)
GovRegs	-1.621***	0.161	1.122**
	(0.520)	(0.148)	(0.503)
PrimOcc	1.493**	-1.216***	0.350
	(0.691)	(0.469)	(0.711)
Bus/EconEdu	-1.257*	0.986	0.567
	(0.715)	(0.673)	(0.693)
AgEdu	0.914	0.485	-0.452
	(0.694)	(0.665)	(0.698)
Observations	55	55	55

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Results show distinct differences between those factors that influence actual farm profitability and those that influence farmer self-assessed success. These results may provide evidence as to the value of certain activities and attitudes farmers hold. For example, conducting value-added or agritoursim activities, having a written business plan, and offering fewer products enhanced farmer self-assessed success, but not actual farm profitability. Interestingly, use of outside services such as accountants, lawyers, consultants, etc. and considering farming as a primary occupation lowered self-assessed success.

As expected, difficult government regulations hamper profitability and positively impact debt load. Farming as a primary occupation strengthens profitability. Unexpectedly, an educational background in business or economics and a driver type personality (AType) hampers profitability. Additionally, farm size, distance to primary market, and an educational back ground in agriculture had no significant impacts on profitability.