

Feasibility Plan

Situation Overview:

- A. *Why did the farm need a feasibility study?* A feasibility study would help us determine if we could successfully move forward with a new business entity.
- B. *Where did the farm turn for help in developing the plan?* Family accountant, Larry Smeltz, and the Center for Dairy Excellence helped us develop our plan.
- C. *What peripheral resource people did the team use to build the plan?* We looked at the production history of the farmers we rented land from for potential costs. We also received some input from other beginning farmers to predict operating costs.

Challenges and Opportunities:

- D. *What challenges, if any, developed during the feasibility study process?* One of the original studies was completed with higher cow numbers. We realized that this option would not work for our family financially, in order to achieve our long term plan.
- E. *How did the team overcome those challenges?* We had to develop another plan to combine herds, without incurring such a large debt load. This led us to the idea that we ultimately implemented – retrofitting an existing barn, rather than building a new barn.

Actions:

- F. *What are the key components to the feasibility study?*
- Overview
 - Cash-flow projections
 - Recommendations
 - Appendixes, with supporting information
- G. *Approximately how much did the feasibility study cost?* \$1,500

Feasibility Plan...continued

Results:

I. *How did the feasibility study help the farm move forward and make better decisions?* The feasibility study helped us develop a realistic option for farm expansion. This allowed us to determine our capital needs and move forward with an operating plan.

J. *Did the feasibility study reveal any surprising information about various scenarios?* We learned that little fluctuations in milk price and production levels could have a big impact on our farm's profitability.

K. *What might you have done differently in regards to the feasibility study?* We might have included more sensitivity analysis regarding changes in other price and production input costs.

The farm's feasibility study is attached in the Resources and Contact Information Section. [Click here to view the study.](#)

