

Farm Start-up Cost Checklist

Estimating how much you will need to launch a new farm enterprise requires a careful analysis of several factors. Put together a list of the various one-time initial costs of opening your doors - those expenses that you only have to pay once. Each of the items below could be turned into a long list of its own. Attach separate pieces of paper as needed. Record totals in the table below.

START-UP EXPENSES	AMOUNT OF CASH NEEDED
Housing your Business: Constructing a building? List costs per contractor estimate. Renovating a building? Purchasing a building? Renting? Your rental deposit is a start-up cost.	\$
Outfitting your Place of Business: Now take a look at what it will cost to outfit your business. You will need to consider the interior of your place of business, as well as the exterior.	\$
Fixtures: Counters, built-in storage shelves and cabinets and window display fixtures. Greenhouse/season extension fixtures. Fixtures in outbuildings.	\$
Transportation and Installation of Fixtures:	\$
Office Equipment: The one-time cost, if paid in full with cash, of office computer hardware and software, printers, fax machines, copier machines, telephone and telephone systems, cash registers, office safe and delivery equipment, if needed. Record the cash down payment if you will be purchasing the equipment on contract.	\$
Farm Equipment & Business Machinery: Additional farm equipment needed for your new operation? Processing equipment? Packaging equipment? Sales equipment (cash register/credit card machine)? Vehicles? Security Systems? If your business will require machinery or equipment to produce or display your product, record the one-time cost of purchasing that equipment, if paid in full with cash, or the cash down payment, if purchased on contract. If you will be leasing your equipment, record the lease fees that must be paid before opening.	\$
Transportation and Installation of Equipment: Record what you expect to pay for the transportation and installation of your various pieces of equipment. Will you need to hire a computer consultant to advise you on your hardware needs, or to install software? Someone to program a cash register or install a vent hood in a food preparation area? An electrician?	\$
Furniture: If you need office furnishings (desks, credenzas, file cabinets, bookcases, sofas, chairs, end tables, lamps), record the cost of each. If you're paying cash in full, enter the full retail price. If you are going to pay by installments, make note of the down payment as your start-up cost. Outdoor furniture may be important for farm visitors.	\$
Decorating and remodeling: It can take significant work to make a home/farm setting appealing and welcoming to the public. If your farm office or retail space will need to be reconfigured, or you will need to redecorate, anticipate what you will spend to do so. Talk to suppliers with whom you plan to purchase these services, and record in this category the cash price of such services.	\$
Business Exterior: You may also incur some costs to prepare the exterior of your place of business for opening. Consider whether you will need to purchase outside signs or exterior lighting and record the cost. Anticipate other expenses you will incur to ensure an attractive, safe entry to your place of business. Ask local officials about parking requirements and codes. Get estimates.	\$

Your Product:	
Farm Inputs: Will your new enterprise cause a change in your use of soil amendments, herbicides, pesticides, seed, landscape fabric or plastic, stakes, etc? Record those costs that will occur prior to opening.	\$
Raw Materials: If you are launching a new product line that you make yourself, you may need to buy ingredients or an initial stock of packaging to create your new product.	\$
Beginning Inventory: If you are selling gifts or food items to the public in a farm store setting, you will need to buy an initial inventory of finished product. Include any shipping costs.	\$
Protecting your Business and Employees:	
Insurance: Obtain a bid from your insurance agent for property insurance and other types of business insurance you will need. If you plan to offer your employees health insurance, talk to your agent about the up-front fee. Record the premium payment you will need to make before opening your business.	\$
Office and Employee Security: If you will be engaging the services of an office security firm, record any up-front fees.	\$

Promoting your Business:	
Advertising and promotion for your opening: Record the dollar cost of any initial advertising and marketing that you plan to do to announce the launch of your new farm enterprise. Include the cost of flyers, sales letters and calls, signs, brochures and other promotional items. Also, in this category include the cost for printing office letterhead and business cards, if you are doing this.	\$
Operating your Business	
Deposits with Public Utilities: Starting any new utility accounts for your farm tourism enterprise? Record the cash you will need to establish telephone service, electricity and other public utilities. Include line connection charges, the cost of any inside and outside installation and any initial deposits.	\$
Attorney, CPA and other Professional Fees: Determine what initial fees you will need to pay your attorney, accountant and any other professional to retain their services.	\$
Business Licenses and Permits: Find out from local and city authorities the cost of any business license, building permit or name registration fees.	\$
Supplies: This category will include costs for purchasing office supplies (paper, pens, staplers, etc.), cleaning supplies and other supplies you and your employees will need in order to produce your product or provide services.	\$
Services: Will you be hiring a cleaning service or a landscape service? If these services require a start-up fee or down payment, you'll want to record them with your start-up costs.	\$
Unanticipated Expenses: Include an estimate of cash that will be required for unexpected expenses or losses, special purchases and the like.	\$
Other: Miscellaneous expenses like Merchant Association fees, amount of cash needed for the cash registers, bank service fees, etc. should be recorded here.	\$
TOTAL START-UP COSTS FOR OPENING.	\$

Below is an example of a first-year budget for establishing asparagus. Because there is zero income from asparagus in the first year, all of these expenses could be considered start-up costs. From Penn State.

Asparagus Budget for Establishment Year (Asparagus does not yield until the second year.)					
Summary of estimated costs and returns per acre.					
Item	Quantity or number of operations	Unit	Price	Total	Your Total Estimate
Variable costs					
Custom					
Applying calcium lime	1	ton	\$20.00	\$20.00	_____
Disking	1	acre	\$4.00	\$4.00	_____
Disking and harrowing	1	acre	\$9.40	\$9.40	_____
Tons of manure (incorporated)	5	acre	\$10.00	\$50.00	_____
Bed establishment	1	acre	\$20.00	\$20.00	_____
Pest scouting	2	acre	\$10.00	\$20.00	_____
Pesticide spraying	2	acre	\$7.20	\$14.40	_____
Fertilizer					
Nitrogen	60	pound	\$0.22	\$13.20	_____
Phosphorus	150	pound	\$0.28	\$42.00	_____
Potassium	50	pound	\$0.15	\$7.50	_____
Fungicide					
Ridomil Gold	4	pint	\$89.00	\$356.00	_____
Herbicide					
Gramoxone extra	0.375	gallon	\$29.40	\$11.00	_____
Fusilade	0.09	gallon	\$121.50	\$11.39	_____
Insecticide					
Methoxychlor 2E	0.75	quart	\$16.60	\$12.45	_____
Other variable costs					
Asparagus transplants	8.4	thousand	\$65.00	\$546.00	_____
Non-irrigated labor	11	hour	\$10.00	\$110.00	_____
Fuel	5	gallon	\$0.93	\$4.65	_____
Repair and maintenance					
Tractors and implements	1	acre	\$5.00	\$5.00	_____
Interest charge	1	acre	9.5%	\$29.85	_____
<i>Total variable cost</i>				\$1,286.85	_____
Fixed costs					
Tractors	1	acre	\$15.86	\$15.86	_____
Irrigation (drip)	1	acre	\$500.00	\$500.00	_____
Implements	1	acre	\$12.32	\$12.32	_____
<i>Total fixed cost</i>				\$528.18	_____
Total cost				\$1,815.03	_____