

EVALUATING ALTERNATIVE FOREST CROPS

A. Opening Comments

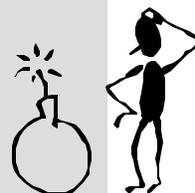
- ❖ Key question: Is this a real opportunity for income or just another fad?
- ❖ Key question: Is this really something I WANT to do?
- ❖ How do you find out?



B. First Stage: Information Gathering

- Round-up everything you can on the subject. Consult various Extension offices, government agencies, associations, libraries, magazines, Internet, etc. Be a sponge!
- Talk to so-called experts and other already experienced at doing it. Ask a lot of questions. Be aware that proprietary information may not be divulged.
- Think through what's involved from production to marketing. Collect information on materials, equipment, methods, and especially the COSTS of business.
- Production is usually the easy part, but how will you sell it?! Here are the type of marketing questions to ask:

What is the size of the market?
What type of customers will buy it?
How many potential customers are there?
Where are these customers located?
How will they learn about the product?
Is there room for new/additional producers?
Is the market growing or declining?
Who else is making the product?
What's the future demand for this type of product?



C. Second Stage: Analyzing the Alternative Crop

- Look for possible "red flags", make note of them, and determine if they can be overcome or are real obstacles to success.
- Determine how well this venture fits my existing operation. Is it compatible with all aspects of my life?

- To the best of your ability, project some sort of cost of operation for the proposed venture. Use actual costs when available; otherwise make “best guesses”, estimates, or assumptions. Use industry averages or rules-of-thumb. Adjust them to fit your situation. Remember to always be conservative in your estimates to account for your inexperience, unpredictable weather, and other such unknowns.
- Some more questions to ask yourself:



How can I produce this product better than existing producers?
 Is there a niche that I can capitalize on?
 Is this a fad or a real opportunity for income?
 Do I have the necessary resources and skills (financial & otherwise) to successfully undertake this venture?
 Are the risks reasonable and manageable?
 Am I glossing over the obstacles just because I really want to do this?

- And the answer is ...



D. Concluding Remarks

- Don't believe everything you read or hear! Verify with facts. If this venture is so easy or so perfect why isn't everyone doing it or the market already flooded?
- Attention to detail is usually what makes the difference between success and failure in most ventures.
- Making mistakes is a good teacher. Repeating the same mistakes, however, is not so good.
- Keep good records of what you do, spend, and learn along the way to help you perfect your operation.
- There will always be risks and unknowns from the start. However, if you did your “homework” properly, hopefully you have minimized the number of risks or unknowns involved, or at least accounted for their possibility. At some point, you just have to “stop cutting bait and start fishing”!