



The Business of Farming

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The business of agriculture or agribusiness is about making money through farming. The same principles that guide corporations also apply to agribusiness because the farm is actually a business. The farmer should operate the farm as a business in order to maximize his/her returns from it. This week, we look at some key areas that a farmer must tackle in order to operate the farm as a successful business.

Planning

This is the first step that the farmer must take in treating the farm as a business:

- Planning what to do
- Organizing who should do it
- How it should be done to maximize returns
- Managing the labour force to execute the plan
- Monitoring the achievements of the farm

Farmer as Manager

In agribusiness, the farmer is a manager. He or she has to have the technical knowhow of farming as well as business. The farmer must set financial objectives and plans on how to achieve those objectives. This involves among other things obtaining funds for the farm and making the best use of these; ordering the best inputs and keeping stocks at economic levels. Today's farmers have a lot more avenues available to them when it comes to organizations setup to provide them with the necessary training and finance they may need.

Technical Support

Institutions such as the Ministry of Agriculture do offer serious technical assistance to farmers going into business. Recently, an initiative sponsored by Bank of Saint Lucia, IICA (Inter-American Institute on Cooperation in Agriculture) and the Ministry of Agriculture facilitated a trip by a group of farmers to Costa Rica. The farmers went to

observe the operations of some Biogas plants there and they got first-hand experience of how to set up their own plants. Some financial institutions like the newly formed Bank of Saint Lucia's Agribusiness Unit also provide technical assistance as part of their lending service.

Financial Support

The issue of funding has become simply a matter of finding out where it is available. Bank loans are the most common means of obtaining adequate finance for the farm or agribusiness. These loans may be short, medium or long-term depending on the requirements of the farm. Under-capitalization or inadequate funds to start and operate the farm business is a major issue that can prevent the farm enterprise from achieving its financial objectives. The farmer must therefore, be extremely careful not to over stretch the level of credit as this can hinder the profitability of the farm if income has to be used to service loans.

Adequate financial planning and prudent management of financial and other farm resources are crucial if farming is to be profitable and rewarding to the farmer. Should you have any questions about funding or technical support for your agribusiness project, feel free to contact the Agribusiness Unit At Bank of Saint Lucia at 457-7120.